

Third Amendment Fiscal Year 2024 Columbia Generating Station Annual Operating Budget

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Summary

Energy Northwest's Columbia Generating Station (Columbia) is a 1,174 megawatt boiling water nuclear power station utilizing a General Electric nuclear steam supply system. The project is located on the Department of Energy's Hanford Reservation near Richland, Washington. The project began commercial operation in December 1984.

This Columbia Generating Station Fiscal Year 2024 Annual Operating Budget has been prepared by Energy Northwest pursuant to the requirements of Board of Directors Resolution No. 640, the Project Agreement, and the Net Billing Agreements. This document includes all capitalized and non-capitalized costs associated with the project for Fiscal Year 2024. In addition, this document includes all funding requirements.

The total cost budget for Fiscal Year 2024 for Expense and Capital related costs are estimated at \$654,710,000 (Table 3), with associated total funding requirements of \$745,771,000 (Table 8). Using the Memorandum of Agreement basis for measuring Columbia's costs, budget requirements for Fiscal Year 2024 have been established at \$389,580,000 (Table 1) including escalation. In Fiscal Year 2024, Bonneville Power Administration will be directly paying the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This will take the net billing requirements to zero, for the statements which are normally sent to participants in the project and will be paid in accordance with the terms of the Net Billing Agreements. The Net Billing Agreements are still in place, but the direct cash payments from Bonneville Power Administration will simply take the participant payment amounts to zero. In the Direct Pay Agreements, Energy Northwest agreed to promptly bill each participant its share of the costs of the project under the Net Billing Agreements, if Bonneville fails to make a payment when due under the Direct Pay Agreements. Fiscal Year 2024 Capital costs will be funded by bond proceeds and are not included in the Fiscal Year 2024 direct pay requirements. Total direct pay requirements of \$625,277,000 (Table 8) will be the basis for billing directly to Bonneville Power Administration.

This budget is presented on a cost basis and includes a cost to cash reconciliation (Table 7) converting cost data to a cash basis. The Columbia Generating Station's Annual Budget (Table 8) is required by the various project agreements.

Comparison of the Fiscal Year 2024 Budget to the Fiscal Year 2023 Long Range Plan for Fiscal Year 2024 is included (Table 1).

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

Key Assumptions/Qualifications

This budget is based upon the following key assumptions and qualifications:

- Fiscal Year 2024 cost of power is based on net generation of 9,731 GWh.
- There is not a refueling outage planned for Fiscal Year 2024.
- Risk reserves consist of a total of \$11 million.
- Unknown NRC mandates are excluded.
- All assumptions associated with Nuclear Fuel are referenced in the Columbia Fuel Plan Section.
- Other Specific Inclusions:
 - Sales tax calculated at 8.7 percent for appropriate items
- All Fiscal Year 2024 Capital expenses are expected to be funded by proceeds of the 2023A/B transaction or will be funded by cash held as a result of Independent Spent Fuel Storage Installation Facility settlements with the Department of Energy.

Table 1
Memorandum of Agreement (MOA) (1)
(Dollars in Thousands)

<u>Description</u>	3rd Amended	2nd Amended	<u>Change</u>
	<u>FY 2024 Budget</u>	<u>FY 2024 Budget</u>	
Baseline	\$ 137,439	\$ 137,439	\$ -
Allocations O&M	84,091	84,091	-
Expense Projects	8,240	8,240	-
Risk Reserve	1,911	1,911	-
Operations & Maintenance Total	\$ 231,681	\$ 231,681	\$ -
Capital Projects	\$ 63,940	\$ 68,991	\$ (5,051)
Allocations Capital	31,074	31,074	-
Risk Reserve	9,074	9,074	-
Capital Total	\$ 104,088	\$ 109,139	\$ (5,051)
Nuclear Fuel Related Costs	\$ 53,811	\$ 53,811	\$ -
Fuel Total	\$ 53,811	\$ 53,811	\$ -
Total	\$ 389,580	\$ 394,631	\$ (5,051)
Net Generation (GWh)	9,731	9,731	-
Generating Cost of Power (\$/MWh)	\$ 40.03	\$ 40.55	\$ (0.52)
Production Cost Of Power (\$/MWh) (2)	\$ 29.34	\$ 29.34	\$ -

(1) Columbia Costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This cost measure includes operations and maintenance and capital additions, fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, and corporate programs).

(2) Production Cost of Power is calculated by dividing the sum of O&M plus Nuclear Fuel Cost by Net Generation.

Table 2
Columbia Station Costs - Memorandum of Agreement Comparison (1)
(Dollars in Thousands)

<u>Description</u>	<u>3rd Amended FY 2024 Budget</u>	<u>2nd Amended FY 2024 Budget</u>	<u>Change</u>
Controllable Costs			
Energy Northwest Labor	\$ 77,397	\$ 77,397	\$ -
Baseline Non-Labor	64,438	64,438	-
Incremental Outage	-	-	-
Expense Projects Non-Labor	6,633	6,633	-
Capital Projects Non-Labor	61,151	66,202	(5,051)
Allocations	115,165	115,165	-
Risk Reserve	10,985	10,985	-
Subtotal Controllable	\$ 335,769	\$ 340,820	\$ (5,051)
Nuclear Fuel Related Costs			
Nuclear Fuel Amortization	\$ 53,811	\$ 53,811	\$ -
Subtotal Nuclear Fuel Related	\$ 53,811	\$ 53,811	\$ -
Total	\$ 389,580	\$ 394,631	\$ (5,051)
Net Generation (GWh)	9,731	9,731	-
Generating Cost of Power (\$/MWh)	\$ 40.03	\$ 40.55	\$ (0.52)
Production Cost Of Power (\$/MWh) (2)	\$ 29.34	\$ 29.34	\$ -

(1) Columbia Costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This cost measure includes operations and maintenance and capital additions, fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, and corporate programs).

(2) Production Cost of Power is calculated by dividing the sum of O&M plus Nuclear Fuel Cost by Net Generation

Table 3
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>3rd Amended FY 2024 Budget</u>	<u>2nd Amended FY 2024 Budget</u>	<u>Change</u>
<u>Controllable Expense</u>			
Energy Northwest Labor	\$ 74,608	\$ 74,608	\$ -
Base Non-Labor	64,438	64,438	-
Expense Projects Non-Labor	6,633	6,633	-
Incremental Outage	-	-	-
Allocations	84,091	84,091	-
O&M Risk Reserve	1,911	1,911	-
Subtotal Controllable	<u>\$ 231,681</u>	<u>\$ 231,681</u>	<u>\$ -</u>
<u>Incremental</u>			
Nuclear Fuel Amortization	\$ 53,811	\$ 53,811	\$ -
Generation Taxes	5,522	5,522	-
Subtotal Incremental	<u>\$ 59,333</u>	<u>\$ 59,333</u>	<u>\$ -</u>
<u>Fixed</u>			
Treasury Related Expenses	\$ 118,776	\$ 118,776	\$ -
Decommissioning (1)	41,679	41,679	-
Depreciation	99,153	99,153	-
Subtotal Fixed	<u>\$ 259,608</u>	<u>\$ 259,608</u>	<u>\$ -</u>
Total Operating Expense	<u>\$ 550,622</u>	<u>\$ 550,622</u>	<u>\$ -</u>
<u>Capital</u>			
Energy Northwest Labor	\$ 2,789	\$ 2,789	\$ -
Capital Projects Non-Labor	61,151	66,202	(5,051)
Indirect Allocations	31,074	31,074	-
Capital Risk Reserve	9,074	9,074	-
Total Capital	<u>\$ 104,088</u>	<u>\$ 109,139</u>	<u>\$ (5,051)</u>
Total Expense and Capital	<u>\$ 654,710</u>	<u>\$ 659,761</u>	<u>\$ (5,051)</u>

(1) Includes ISFSI Decommissioning.

Table 4
Summary of Full Time Equivalent (FTE) Positions (1)

Organization	Direct Charge	Corporate Allocation (2)	Amended FY 2024 Budget	Original FY 2024 Budget	Change
Chief Executive Officer		2	2	2	-
Vice President Corporate Governance & General Counsel	38	12	50	50	-
Vice President Nuclear Generation/Chief Nuclear Officer (3)	722	1	723	723	-
Vice President Chief Financial Officer	15	18	33	33	-
Corporate Services General Manager	<u>84</u>	<u>42</u>	<u>126</u>	<u>126</u>	<u>-</u>
Total	<u>859</u>	<u>75</u>	<u>934</u>	<u>934</u>	<u>-</u>

Note: (1) Includes project positions, employees supporting Capital Projects and excludes temporary positions

(2) Includes allocation of Corporate FTE Positions (92.49% in FY 2024)

(3) Includes employment "pipeline" for Operations and Security

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Table 5
Projects Non-Labor
(Dollars in Thousands)

<u>Description</u>	3rd Amended	2nd Amended	<u>Change</u>
	FY 2024	FY 2024	
	<u>Budget</u>	<u>Budget</u>	
<u>Capital Projects</u>			
Plant Modifications	\$ 51,735	\$ 56,786	\$ (5,051)
Information Technology	8,026	8,026	-
Facilities Modifications	1,390	1,390	-
Subtotal Capital Projects	\$ 61,151	\$ 66,202	\$ (5,051)
<u>Expense Projects</u>			
Plant Modifications	\$ 5,626	\$ 5,626	\$ -
Facilities Modifications	1,007	1,007	-
Subtotal Expense Projects	\$ 6,633	\$ 6,633	\$ -
Total	\$ 67,784	\$ 72,835	\$ (5,051)

Table 6
Treasury Related Expenses
(Dollars in Thousands)

Description	3rd Amended	2nd Amended	Change
	FY 2024	FY 2024	
	Budget	Budget	
Interest Expense (1)	\$ 152,395	\$ 152,395	\$ -
Build America Bond Subsidy (2)	(2,762)	(2,762)	-
Interest on Note (3)	248	248	-
Commitment Fee on Note (3)	143	143	-
Amortized Financing Cost (4)	(29,502)	(29,502)	-
Investment Income (5)	(2,437)	(2,437)	-
Treasury Svcs/Paying Agent Fees (6)	691	691	-
Total	\$ 118,776	\$ 118,776	\$ -

Assumptions

- (1) Budget assumes approximately \$290.8 million in principal will be refunded in FY 2024 and approximately \$25.2 million will be repaid during FY 2024.
- (2) Build America Bonds were expected to receive a subsidy from the Treasury for 35% of the interest payments. Reductions have been implemented as part of the Congressional budget cuts.
- (3) A portion of Columbia bond interest expenses has been funded by lines of credit that enable the repayment of Bonneville federal debt obligations as part of the regional cooperation debt initiative.
- (4) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (5) Includes income on investment of monies held in the Interest and Principal Accounts and the Capital Fund which can be transferred periodically to the Revenue Fund.
Projected investment income earning rates are forecasted to average 3.00%.
- (6) Includes all non-interest costs of banking, debt and internal labor and overheads.

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Table 7
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2024 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2024 Total Cash
<u>Operating</u>						
Controllable - Expense	\$ 231,681	\$ -	\$ -	\$ -	\$ -	\$ 231,681
Controllable - Capital	104,088	-	3,707	-	-	107,795
Nuclear Fuel	53,811	(53,595)	43,174	-	-	43,390
Fuel Litigation	-	-	187	-	-	187
Spares/Inventory Growth	-	-	5,075	-	-	5,075
Generation Taxes	5,522	-	(433)	-	-	5,089
Subtotal Operating	\$ 395,102	\$ (53,595)	\$ 51,710	\$ -	\$ -	\$ 393,217
<u>Fixed Expenses</u>						
Treasury Related Expense						
Interest on Bonds	\$ 152,395	\$ -	\$ -	\$ -	\$ -	\$ 152,395
Build America Bond Subsidy	(2,762)	-	-	-	-	(2,762)
Interest on Note Payable	248	-	-	-	-	248
Commitment Fee on Note	143	-	-	-	-	143
Payoff of Note Principal	-	-	26,850	-	-	26,850
Bond Retirement	-	-	163,458	-	-	163,458
Amortized Cost	(29,502)	29,502	-	-	-	-
Investment Income-Revenue Fund	(2,437)	-	-	1,269	-	(1,168)
Treasury Services	691	-	-	-	-	691
Decommissioning and Site Restoration (1)	41,400	(41,400)	12,419	-	-	12,419
ISFSI Decommissioning	279	(279)	280	-	-	280
Depreciation	99,153	(99,153)	-	-	-	-
Subtotal Fixed Expenses	\$ 259,608	\$ (111,330)	\$ 203,007	\$ 1,269	\$ -	\$ 352,554
Total	\$ 654,710	\$ (164,925)	\$ 254,717	\$ 1,269	\$ -	\$ 745,771

(1) Decommissioning and Site Restoration paid directly by the Bonneville Power Administration

Note: Controllable cost and cash is equal due to BPA decision to Direct Pay and the institution of contractor time & labor.

Table 8
Annual Budget
Statement of Funding Requirements (Revenue Fund)
(Dollars in Thousands)

<u>Description</u>	3rd Amended	2nd Amended	<u>Change</u>
	FY 2024	FY 2024	
	<u>Budget</u>	<u>Budget</u>	
<u>Operating</u>			
Controllable Expense	\$ 231,681	\$ 231,681	\$ -
Controllable Capital	107,795	112,846	(5,051)
Nuclear Fuel	43,390	43,390	-
Fuel Litigation	187	187	-
Spares/Inventory Growth	5,075	5,075	-
Generation Taxes	5,089	5,089	-
Subtotal Operating Requirements	\$ 393,217	\$ 398,268	\$ (5,051)
<u>Fixed</u>			
Treasury Related Expenses			
Interest on Bonds	\$ 152,395	\$ 152,395	\$ -
Build America Bond Subsidy	(2,762)	(2,762)	-
Interest on Note	248	248	-
Note Commitment Fee	143	143	-
Payoff of Note Principal	26,850	26,850	-
Bond Retirement (1)	163,458	163,458	-
Investment Income-Revenue Fund	(1,168)	(1,168)	-
Treasury Services/Paying Agent Fees	691	691	-
Decommissioning and Site Restoration Costs (2)	12,419	12,419	-
ISFSI Decommissioning Costs (2)	280	280	-
Subtotal Fixed	\$ 352,554	\$ 352,554	\$ -
Total Funding Requirements	\$ 745,771	\$ 750,822	\$ (5,051)
<u>Funding Sources</u>			
Direct Pay from BPA / Net Billing (3)	\$ 625,277	\$ 625,277	\$ -
Note / Line of Credit Draws (4)	-	-	-
Bond Proceeds (Capital) (5)	112,846	112,846	-
Carryover Excess Capital Funds to FY25	(5,051)		(5,051)
Bonneville Direct Funding Decommissioning (2)	12,699	12,699	-
Total Funding Sources	\$ 745,771	\$ 750,822	\$ (5,051)

(1) \$152.4 million of maturing July 2024 bonds are expected to be extended while \$163.5 million will be repaid.

(2) BPA directly funds the requirements for the Decommissioning and Site Restoration Funds on behalf of Energy Northwest.

(3) Bonneville will direct pay the monthly funding requirements under the provisions of the Direct Pay Agreement.

(4) Draws against Note / Line of Credit for Tax-Exempt Interest Expense.

(5) Bond Proceeds do not include any funding related to the Energy Northwest Office Complex.

Table 9
Monthly Statement of Funding Requirements
 (Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2024 Total
Beginning Balance	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<u>Disbursements</u>													
<u>Operating</u>													
Controllable Expense	\$ 16,953	\$ 20,227	\$ 15,884	\$ 21,368	\$ 19,822	\$ 17,249	\$ 19,655	\$ 20,472	\$ 18,875	\$ 18,081	\$ 21,198	\$ 21,897	\$ 231,681
Controllable Capital	6,763	9,944	7,485	8,131	8,542	7,022	9,877	8,230	8,978	10,046	7,041	15,736	107,795
Nuclear Fuel In Process	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	43,390
Fuel Litigation	-	-	-	-	5	10	30	45	45	32	20	-	187
Spares/Inventory Growth	-	860	-	-	860	-	-	1,655	-	-	1,700	-	5,075
Generation Taxes	-	-	-	-	-	-	-	5,089	-	-	-	-	5,089
Subtotal Operating	\$ 27,332	\$ 34,647	\$ 26,985	\$ 33,115	\$ 32,845	\$ 27,897	\$ 33,178	\$ 39,107	\$ 31,514	\$ 31,775	\$ 33,575	\$ 41,249	\$ 393,217
<u>Fixed</u>													
Treasury Related Expenses													
Interest on Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,198	\$ 152,395
BABs Subsidy	-	-	-	-	-	(1,381)	-	-	-	-	-	(1,381)	(2,762)
Interest on Note	-	-	-	-	-	-	-	-	-	-	-	248	248
Commitment Fee on Note	-	-	-	-	-	-	-	-	-	-	-	143	143
Payoff of Note Principal	-	-	26,850	-	-	-	-	-	-	-	-	-	26,850
Bond Retirement (1)	-	-	-	-	-	-	-	-	-	-	-	163,458	163,458
Investment Income	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(1,168)
Treasury Services	58	58	58	58	58	58	58	58	58	58	58	58	691
Decommissioning and Site Restoration	-	-	12,419	-	-	-	-	-	-	-	-	-	12,419
ISFSI Decommissioning	-	-	280	-	-	-	-	-	-	-	-	-	280
Subtotal Fixed	\$ (40)	\$ (40)	\$ 39,509	\$ (40)	\$ (40)	\$ 74,777	\$ (40)	\$ (40)	\$ (40)	\$ (40)	\$ (40)	\$ 238,626	\$ 352,554
Total Disbursements	\$ 27,292	\$ 34,607	\$ 66,494	\$ 33,075	\$ 32,805	\$ 102,674	\$ 33,138	\$ 39,067	\$ 31,474	\$ 31,735	\$ 33,535	\$ 279,875	\$ 745,771
<u>Funding Sources</u>													
BPA Direct Pay (2)	\$ 20,529	\$ 24,663	\$ 46,310	\$ 24,944	\$ 24,263	\$ 95,652	\$ 23,261	\$ 30,837	\$ 22,496	\$ 21,689	\$ 26,494	\$ 264,139	\$ 625,277
Excess Direct Pay from FY 2023						\$ -		\$ -			\$ -	\$ -	-
Bond Proceeds (Capital)	6,763	9,944	7,485	8,131	8,542	7,022	9,877	8,230	8,978	10,046	7,041	15,736	107,795
Bond Proceeds (Interest / LOC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit (Interest Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-
BPA - Decommissioning	-	-	12,699	-	-	-	-	-	-	-	-	-	12,699
Total Funding Sources	\$ 27,292	\$ 34,607	\$ 66,494	\$ 33,075	\$ 32,805	\$ 102,674	\$ 33,138	\$ 39,067	\$ 31,474	\$ 31,735	\$ 33,535	\$ 279,875	\$ 745,771
Ending Balance	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

(1) \$290.8 million of 7/1/2024 maturing bonds are expected to be extended. The remaining \$25.2 million are expected to be paid off.
 (2) BPA is billed, through the Direct Pay Agreements, one month in advance for the following month's expenses.

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