

ENERGY NORTHWEST

Fiscal Year 2025 **Budget**

Fiscal Year 2025 Energy Northwest Budget Summary



Prepared 4/24/24

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Summary

This document contains a summary of budgets for all Energy Northwest business units. This section has been prepared for information purposes only.

Energy Northwest operates six business units under various contractual agreements and Energy Northwest Board Resolutions. These business units include Columbia Generating Station, Project 1, Project 3, Packwood Lake Hydroelectric Project, Business Development Fund, and the Nine Canyon Wind Project. Energy Northwest also manages an Internal Service Fund, commonly referenced as the General Business Unit, which acts as an agency clearing account for disbursing agency-wide costs such as employee benefits including incentive payments and corporate programs (administrative type costs like IT, HR, Finance, etc.) to the various business units.

Table 1
Funding Requirements
(Dollars in Thousands)

<u>Funding Requirements</u>	FY 2025 Budget	Original FY 2024 Budget	Change
Columbia (1)	\$ 838,149	\$ 628,225	\$ 209,924
Packwood (2)	3,596	3,725	(129)
Nine Canyon Wind Project (3)	13,572	15,221	(1,649)
Project 1 (4)	45,581	53,340	(7,759)
Project 3 (5)	47,557	59,451	(11,894)
Business Development Fund (6)	33,301	16,820	16,481
Total Funding Requirements	\$ 981,756	\$ 776,782	\$ 204,974

<u>Funding Sources</u>	FY 2025 Budget	Original FY 2024 Budget	Change
Net Billing Revenues/Direct Pay	\$ 655,660	\$ 483,682	\$ 171,978
Note/Line of Credit Draws	-	48,000	(48,000)
Bond Proceeds (Capital)	236,708	106,046	130,662
Excess Capital Funds from FY2024	20,000	-	20,000
Bond Proceeds (Interest/Line of Credit)	-	96,000	(96,000)
Revenues	43,858	32,853	11,005
Capital Reimbursement	3,147	1,120	2,027
Working Capital/Receipts from Participants	7,283	4,062	3,221
Bonneville Direct Funding Decommissioning	15,100	5,019	10,081
Total Funding Sources	\$ 981,756	\$ 776,782	\$ 204,974

- (1) See Table 8 on Page 13 of Columbia's Budget Documents
(2) See Table 5 on Page 9 of Packwood's Budget Documents
(3) See Table 4 on Page 9 of Nine Canyon's Budget Documents
(4) See Table 5 on Page 9 of Project 1's Budget Documents
(5) See Table 4 on Page 7 of Project 3's Budget Documents
(6) See Table 5 on Page 10 of Business Development's Budget Documents

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Table 2
Operating & Capital Costs
(Dollars in Thousands)

<u>Operating Costs</u>	FY 2025 Budget	Original FY 2024 Budget	Change
Columbia (1)	\$ 628,233	\$ 553,478	\$ 74,755
Packwood (2)	3,373	3,306	67
Nine Canyon Wind Project (3)	11,723	12,289	(566)
Project 1 (4)	25,705	23,337	2,368
Project 3 (5)	29,429	30,833	(1,404)
Business Development Fund (6)	30,247	15,848	14,399
Total Operating Costs	\$ 728,710	\$ 639,091	\$ 89,619

<u>Capital Costs</u>	FY 2025 Budget	Original FY 2024 Budget	Change
Columbia (1)	\$ 253,856	\$ 102,339	\$ 151,517
Packwood (2)	580	760	(180)
Business Development Fund (7)	4,106	672	3,434
Total Capital Costs	\$ 258,542	\$ 103,771	\$ 154,771

- (1) See Table 3 on Page 7 of Columbia's Budget Document
(2) See Table 1 on Page 5 of Packwood's Budget Document
(3) See Table 1 on Page 5 of Nine Canyon's Budget Document
(4) See Table 1 on Page 4 of Project 1's Budget Document
(5) See Table 1 on Page 4 of Project 3's Budget Document
(6) See Table 1 on Page 5 of Business Development's Budget Document
(7) See Table 3 on Page 7 of Business Development's Budget Document

Table 3
Summary of Full Time Equivalent Positions by Business Unit (1), (2)

<u>Business Unit</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
Columbia	1,047	934	113
Packwood	4	4	-
Nine Canyon Wind Project	12	12	-
Project 1	5	4	1
Project 3	1	1	-
Business Development Fund	74	66	8
Total Full Time Equivalent Positions	<u>1,143</u>	<u>1,021</u>	<u>122</u>

(1) Includes Full Time Equivalent (FTE) positions for transition of new employees taking positions of retiring employees.

(2) Corporate Programs (A&G) FTE positions of 162 in FY 2025 and 82 in FY 2024 have been allocated and are included in the Business Units above.

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Fiscal Year 2025 Columbia Generating Station Annual Operating Budget



Prepared 4/24/24

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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 2025 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 2025. In addition, this document includes all funding requirements.

The total cost budget for Fiscal Year 2025 for Expense and Capital related costs are estimated at \$882,089,000 (Table 3), with associated total funding requirements of \$838,149,000 (Table 8). Using the Memorandum of Agreement basis for measuring Columbia's costs, budget requirements for Fiscal Year 2025 have been established at \$625,762,000 (Table 1) including escalation. In Fiscal Year 2025, 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 2025 Capital costs will be funded by bond proceeds and are not included in the Fiscal Year 2025 direct pay requirements. Total direct pay requirements of \$566,341,000 (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.

A comparison of the Fiscal Year 2025 budget is made to the original budget issued for Fiscal Year 2024 (Table 1).

Key Assumptions/Qualifications

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

- Fiscal Year 2025 cost of power is based on net generation of 8,154 GWh.
- There is a refueling outage planned for Fiscal Year 2025.
- Risk reserves consist of a total of \$31.23 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 2025 Capital expenses are expected to be funded by proceeds of the 2024A/B/C 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)

Description	FY 2025 Budget	Original FY 2024 Budget	Change
Baseline	\$ 173,616	\$ 137,439	\$ 36,177
Allocations O&M	98,521	84,091	14,430
Expense Projects	51,514	8,240	43,274
Risk Reserve	3,499	1,911	1,588
Operations & Maintenance Total	\$ 327,150	\$ 231,681	\$ 95,469
Capital Projects	\$ 172,652	\$ 52,341	\$ 120,311
EPU	12,049	9,850	2,199
Allocations Capital	41,425	31,074	10,351
Risk Reserve	27,730	9,074	18,656
Capital Total	\$ 253,856	\$ 102,339	\$ 151,517
Nuclear Fuel Related Costs	\$ 44,756	\$ 53,811	\$ (9,055)
Fuel Total	\$ 44,756	\$ 53,811	\$ (9,055)
Total	\$ 625,762	\$ 387,831	\$ 237,931
Net Generation (GWh)	8,154	9,731	(1,577)
Generation Cost of Power (\$/MWh)	\$ 76.74	\$ 39.86	\$ 36.88
Production Cost of Power (\$/MWh)	\$ 45.61	\$ 29.34	\$ 16.27

(1) Columbia costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This measure includes operations and maintenance, capital additions and fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, A&G, and information technology expenses).

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

Description	FY 2025 Budget	Original FY 2024 Budget	Change
Controllable Costs			
Energy Northwest Labor	\$ 77,185	\$ 77,397	\$ (212)
Baseline Non-Labor	70,267	64,438	5,829
Incremental Outage	34,600	-	34,600
Expense Projects Non-Labor	49,772	6,633	43,139
Capital Projects Non-Labor	178,007	59,402	118,605
Allocations	139,946	115,165	24,781
Risk Reserve	31,229	10,985	20,244
Subtotal Controllable	\$ 581,006	\$ 334,020	\$ 246,986
Nuclear Fuel Related Costs			
Nuclear Fuel Amortization	\$ 44,756	\$ 53,811	\$ (9,055)
Subtotal Nuclear Fuel Related	\$ 44,756	\$ 53,811	\$ (9,055)
Total	\$ 625,762	\$ 387,831	\$ 237,931
Net Generation (GWh)	8,154	9,731	(1,577)
Generation Cost of Power (\$/MWh)	\$ 76.74	\$ 39.86	\$ 36.88
Production Cost of Power (\$/MWh)	\$ 45.61	\$ 29.34	\$ 16.27

(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).

Table 3
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
<u>Controllable Expense</u>			
Energy Northwest Labor	\$ 70,491	\$ 74,608	\$ (4,117)
Base Non-Labor	70,267	64,438	5,829
Incremental Outage	34,600	-	34,600
Allocations	98,521	84,091	14,430
Expense Projects Non-Labor	49,772	6,633	43,139
O&M Risk Reserve	3,499	1,911	1,588
Subtotal Controllable	\$ 327,150	\$ 231,681	\$ 95,469
<u>Incremental</u>			
Nuclear Fuel Amortization	\$ 44,756	\$ 53,811	\$ (9,055)
Generation Taxes	5,039	5,522	(483)
Subtotal Incremental	\$ 49,795	\$ 59,333	\$ (9,538)
<u>Fixed</u>			
Treasury Related Expenses (1)	\$ 117,178	\$ 121,632	\$ (4,454)
Decommissioning (2)	41,963	41,679	284
Depreciation	92,147	99,153	(7,006)
Subtotal Fixed	\$ 251,288	\$ 262,464	\$ (11,176)
Total Operating Expense	\$ 628,233	\$ 553,478	\$ 74,755
 <u>Capital</u>			
Energy Northwest Labor	\$ 6,694	\$ 2,789	\$ 3,905
Capital Projects Non-Labor	178,007	59,402	118,605
Indirect Allocations	41,425	31,074	10,351
Capital Risk Reserve	27,730	9,074	18,656
Total Capital	\$ 253,856	\$ 102,339	\$ 151,517
 Total Expense and Capital	\$ 882,089	\$ 655,817	\$ 226,272

(1) See Table 6 (page 10).

(2) Includes ISFSI Decommissioning.

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

Organization	Direct Charge	Corporate Allocation (2)	FY 2025 Budget	Original FY 2024 Budget	Change
Chief Executive Officer	-	2	2	2	-
Vice President Corporate Governance & General Counsel	42	15	57	50	7
Vice President Nuclear Generation/Chief Nuclear Officer (3)	789	-	789	723	66
Vice President Chief Financial Officer	14	51	65	33	32
Corporate Services General Manager	51	83	134	126	8
Total	896	151	1,047	934	113

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

(2) Includes allocation of Corporate FTE Positions (92.59% in FY 2025 and 92.49% in FY 2024)

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

Table 5
Projects Non-Labor
(Dollars in Thousands)

Description	Original		Change
	FY 2025 Budget	FY 2024 Budget	
<u>Capital Projects</u>			
Plant Modifications	\$ 156,420	\$ 40,520	\$ 115,900
EPU	10,306	9,466	840
Information Technology	8,509	8,026	483
Facilities Modifications	2,772	1,390	1,382
Subtotal Capital Projects	<u>\$ 178,007</u>	<u>\$ 59,402</u>	<u>\$ 118,605</u>
<u>Expense Projects</u>			
Plant Modifications	\$ 48,209	\$ 5,626	\$ 42,583
Facilities Modifications	1,563	1,007	556
Subtotal Expense Projects	<u>\$ 49,772</u>	<u>\$ 6,633</u>	<u>\$ 43,139</u>
Total	<u><u>\$ 227,779</u></u>	<u><u>\$ 66,035</u></u>	<u><u>\$ 161,744</u></u>

Table 6
Treasury Related Expenses
(Dollars in Thousands)

<u>Description</u>	Original		Change
	FY 2025	FY 2024	
	<u>Budget</u>	<u>Budget</u>	
Interest Expense (1)	\$ 155,391	\$ 154,822	\$ 569
Build America Bond Subsidy (2)	-	(2,762)	2,762
Interest on Note (3)	-	620	(620)
Commitment Fee on Note (3)	-	200	(200)
Amortized Financing Cost (4)	(32,412)	(29,502)	(2,910)
Investment Income (5)	(6,517)	(2,437)	(4,080)
Treasury Svcs/Paying Agent Fees (6)	716	691	25
Total	<u>\$ 117,178</u>	<u>\$ 121,632</u>	<u>\$ (4,454)</u>

Assumptions

- (1) Budget assumes approximately \$165.26 million in principal will be refunded in fiscal year 2024 and approximately \$236.80 million new capital bond financed in 2024 bond transaction.
- (2) Build America Bonds subsidy from the Treasury for 35% of the interest payments in prior years will end following fiscal year 2024. As a result \$0 is budgeted for fiscal year 2025.
- (3) The line of credit terms utilized in previous years to fund a portion of interest expense under the Regional Cooperation Debt 2 Initiative will expire in April of 2024. No expenses related to the line of credit are planned in fiscal year 2025.
- (4) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (5) Includes interest earned on cash holdings and investments. Capital Fund can be transferred periodically to the Revenue Fund. Projected investment income earning rates are forecasted to average 3.75%.
- (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 2025 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2025 Total Cash
<u>Operating</u>						
Controllable - Expense	\$ 327,150	\$ -	\$ -	\$ -	\$ -	\$ 327,150
Controllable - Capital	241,807	-	2,965	-	-	244,772
EPU	12,049	-	-	-	-	12,049
Nuclear Fuel Amortization	44,756	(44,482)	51,520	-	-	51,794
Fuel Litigation	-	-	188	-	-	188
Spares/Inventory Growth	-	-	7,395	-	-	7,395
Generation Taxes	5,039	-	86	-	-	5,125
Subtotal Operating	\$ 630,801	\$ (44,482)	\$ 62,154	\$ -	\$ -	\$ 648,473
<u>Fixed Expenses</u>						
Treasury Related Expense						
Interest on Bonds	\$ 155,391	\$ -	\$ -	\$ -	\$ -	\$ 155,391
Build America Bond Subsidy	-	-	-	-	-	-
Interest on Note Payable	-	-	-	-	-	-
Commitment Fee on Note	-	-	-	-	-	-
Payoff of Note Principal	-	-	-	-	-	-
Bond Retirement	-	-	19,585	-	-	19,585
Amortized Cost	(32,412)	32,412	-	-	-	-
Investment Income-Revenue Fund	(6,517)	-	-	5,401	-	(1,116)
Treasury Services	716	-	-	-	-	716
Decommissioning and Site Restoration (1)	41,683	(41,683)	14,805	-	-	14,805
ISFSI Decommissioning	280	(280)	295	-	-	295
Depreciation	92,147	(92,147)	-	-	-	-
Subtotal Fixed Expenses	\$ 251,288	\$ (101,698)	\$ 34,685	\$ 5,401	\$ -	\$ 189,676
Total	\$ 882,089	\$ (146,180)	\$ 96,839	\$ 5,401	\$ -	\$ 838,149

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

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

<u>Description</u>	Original		<u>Change</u>
	<u>FY 2025</u>	<u>FY 2024</u>	
	<u>Budget</u>	<u>Budget</u>	
<u>Operating</u>			
Controllable Expense	\$ 327,150	\$ 231,681	\$ 95,469
Controllable Capital	244,772	96,196	148,576
EPU	12,049	9,850	2,199
Nuclear Fuel Amortization	51,794	43,390	8,404
Fuel Litigation	188	187	1
Spares/Inventory Growth	7,395	5,075	2,320
Generation Taxes	5,125	5,089	36
Subtotal Operating Requirements	\$ 648,473	\$ 391,468	\$ 257,005
<u>Fixed</u>			
Treasury Related Expenses			
Interest on Bonds	\$ 155,391	\$ 154,822	\$ 569
Build America Bond Subsidy	-	(2,762)	2,762
Interest on Note	-	620	(620)
Note Commitment Fee	-	200	(200)
Payoff of Note Principal	-	53,850	(53,850)
Bond Retirement (1)	19,585	25,154	(5,569)
Investment Income-Revenue Fund	(1,116)	(837)	(279)
Treasury Services/Paying Agent Fees	716	691	25
Decommissioning and Site Restoration Costs (2)	14,805	4,739	10,066
ISFSI Decommissioning Costs (2)	295	280	15
Subtotal Fixed	\$ 189,676	\$ 236,757	\$ (47,081)
Total Funding Requirements	\$ 838,149	\$ 628,225	\$ 209,924
<u>Funding Sources</u>			
Direct Pay from BPA / Net Billing (3)	\$ 566,341	\$ 436,160	\$ 130,181
Note / Line of Credit Draws (4)	-	27,000	(27,000)
Bond Proceeds (Capital) (5)	236,708	106,046	130,662
Excess Capital Funds from FY2024	20,000	-	20,000
Bond Proceeds (Interest / LOC) (4)	-	54,000	(54,000)
Fuel Revenue	-	-	-
Bonneville Direct Funding Decommissioning (2)	15,100	5,019	10,081
Total Funding Sources	\$ 838,149	\$ 628,225	\$ 209,924

(1) \$19.585 million of taxable bonds maturing July 2025 and are expected to 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) The Note / Line of Credit will expire April, 2024. No funds will be drawn in fiscal year 2025.

(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 2025 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	\$ 22,216	\$ 20,094	\$ 18,301	\$ 22,306	\$ 18,744	\$ 20,742	\$ 20,604	\$ 20,944	\$ 22,828	\$ 40,714	\$ 48,857	\$ 50,800	\$ 327,150
Controllable Capital	16,956	15,994	15,757	16,213	9,972	14,153	17,361	16,382	15,715	27,290	24,739	54,240	244,772
EPU	901	851	801	951	701	801	851	751	851	901	801	2,888	12,049
Nuclear Fuel In Process	653	653	653	653	653	653	653	653	5,211	653	40,191	515	51,794
Fuel Litigation	-	-	-	-	5	10	30	46	45	32	20	-	188
Spares/Inventory Growth	-	2,465	-	-	2,465	-	-	-	-	-	1,233	-	7,395
Generation Taxes	-	-	-	-	-	-	-	5,125	-	-	-	-	5,125
Subtotal Operating	\$ 40,726	\$ 40,057	\$ 35,512	\$ 40,123	\$ 32,540	\$ 36,359	\$ 39,499	\$ 45,133	\$ 44,650	\$ 69,590	\$ 115,841	\$ 108,443	\$ 648,473
<u>Fixed</u>													
Treasury Related Expenses													
Interest on Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,695	\$ 155,391
Payoff of Note Principal	-	-	26,850	-	-	-	-	-	-	-	-	(26,850)	-
Bond Retirement (1)	-	-	-	-	-	-	-	-	-	-	-	19,585	19,585
Investment Income	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(1,116)
Treasury Services	60	60	60	60	60	60	60	60	60	60	60	56	716
Decommissioning and Site Restoration	-	-	14,805	-	-	-	-	-	-	-	-	-	14,805
ISFSI Decommissioning	-	-	295	-	-	-	-	-	-	-	-	-	295
Subtotal Fixed	\$ (33)	\$ (33)	\$ 41,917	\$ (33)	\$ (33)	\$ 77,663	\$ (33)	\$ (33)	\$ (33)	\$ (33)	\$ (33)	\$ 70,393	\$ 189,676
Total Disbursements	\$ 40,693	\$ 40,024	\$ 77,429	\$ 40,090	\$ 32,507	\$ 114,022	\$ 39,466	\$ 45,100	\$ 44,617	\$ 69,557	\$ 115,808	\$ 178,836	\$ 838,149
<u>Funding Sources</u>													
BPA Direct Pay (2)	\$ 22,836	\$ 23,179	\$ 45,771	\$ 22,926	\$ 21,834	\$ 99,068	\$ 21,254	\$ 27,967	\$ 28,051	\$ 41,366	\$ 90,268	\$ 121,821	\$ 566,341
Bond Proceeds (Capital)	7,857	6,845	16,558	17,164	10,673	14,954	18,212	17,133	16,566	28,191	25,540	57,015	236,708
Excess Capital Funds from FY2024	10,000	10,000	-	-	-	-	-	-	-	-	-	-	20,000
BPA - Decommissioning	-	-	15,100	-	-	-	-	-	-	-	-	-	15,100
Total Funding Sources	\$ 40,693	\$ 40,024	\$ 77,429	\$ 40,090	\$ 32,507	\$ 114,022	\$ 39,466	\$ 45,100	\$ 44,617	\$ 69,557	\$ 115,808	\$ 178,836	\$ 838,149
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.

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BPA Rate Case	BP24	BP24(25%) BP26(75%)	BP26	BP26	BP26(25%) BP29(75%)	BP29	BP29(25%) BP31(75%)	BP31	BP31(25%) BP33(75%)	BP33	BP33(25%) BP35(75%)
Columbia Fiscal Year/ \$ in Thousands	FY25 (R27)	FY26	FY27 (R28)	FY28	FY29 (R29)	FY30	FY31 (R30)	FY32	FY33 (R31)	FY34	FY35 (R32)
CASH RELATED REQUIREMENTS (1)											
Operations & Maintenance (O&M) Costs											
Total Baseline Costs	\$ 139,016	\$ 149,779	\$ 154,420	\$ 151,135	\$ 158,135	\$ 155,916	\$ 158,520	\$ 155,812	\$ 159,234	\$ 157,360	\$ 159,514
Total Outage Incremental	\$ 34,600	\$ -	\$ 50,764	\$ -	\$ 52,570	\$ -	\$ 42,639	\$ -	\$ 39,479	\$ -	\$ 33,000
Plant O&M Projects	\$ 49,951	\$ 7,017	\$ 41,412	\$ 15,694	\$ 45,683	\$ 8,236	\$ 38,031	\$ 7,900	\$ 41,916	\$ 17,279	\$ 44,231
Facilities O&M Projects	\$ 1,563	\$ 1,537	\$ 1,973	\$ 1,474	\$ 1,465	\$ 1,470	\$ 1,586	\$ 1,703	\$ 1,709	\$ 1,433	\$ 1,415
Indirect Allocations	\$ 98,521	\$ 103,411	\$ 107,977	\$ 112,180	\$ 110,870	\$ 109,900	\$ 106,037	\$ 108,969	\$ 109,164	\$ 115,337	\$ 109,940
Management Reserve	\$ 3,499	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Subtotal O&M Costs	\$ 327,150	\$ 266,744	\$ 361,546	\$ 285,483	\$ 373,723	\$ 280,522	\$ 351,813	\$ 279,384	\$ 356,503	\$ 296,409	\$ 353,100
Escalation (2)	\$ -	\$ 10,403	\$ 24,779	\$ 28,566	\$ 50,346	\$ 52,650	\$ 80,655	\$ 76,070	\$ 112,943	\$ 107,566	\$ 144,982
Total O&M Related Costs	\$ 327,150	\$ 277,147	\$ 386,325	\$ 314,049	\$ 424,069	\$ 333,172	\$ 432,468	\$ 355,454	\$ 469,446	\$ 403,975	\$ 498,083
Fuel Cash Requirements (3)	\$ 51,794	\$ 44,958	\$ 62,484	\$ 42,405	\$ 92,095	\$ 72,689	\$ 57,176	\$ 14,227	\$ 68,587	\$ 16,925	\$ 66,975
Other Cash Related Requirements (Escalation Included by categ											
Spares / Inventory	\$ 7,395	\$ 8,500	\$ 8,798	\$ 9,105	\$ 9,424	\$ 9,754	\$ 10,095	\$ 10,449	\$ 10,814	\$ 11,193	\$ 11,585
Generation Tax	\$ 5,152	\$ 4,633	\$ 5,851	\$ 5,150	\$ 6,718	\$ 6,386	\$ 7,611	\$ 7,262	\$ 8,805	\$ 8,373	\$ 10,053
Treasury Services (4)	\$ 716	\$ 741	\$ 767	\$ 794	\$ 822	\$ 850	\$ 880	\$ 911	\$ 943	\$ 976	\$ 1,010
Fuel Litigation	\$ 188	\$ 195	\$ 201	\$ 208	\$ 216	\$ 223	\$ 231	\$ 239	\$ 248	\$ 256	\$ 265
Facilities (ENOC Rentals) Capital (5)	\$ 113	\$ 518	\$ 536	\$ 554	\$ 574	\$ 594	\$ 615	\$ 636	\$ 659	\$ 682	\$ 706
Subtotal Other Cash Related	\$ 13,564	\$ 14,587	\$ 16,153	\$ 15,812	\$ 17,753	\$ 17,808	\$ 19,432	\$ 19,497	\$ 21,468	\$ 21,480	\$ 23,618
Total Other Cash Related	\$ 13,564	\$ 14,587	\$ 16,153	\$ 15,812	\$ 17,753	\$ 17,808	\$ 19,432	\$ 19,497	\$ 21,468	\$ 21,480	\$ 23,618
TOTAL CASH RELATED "IPR COSTS"	\$ 392,508	\$ 336,691	\$ 464,961	\$ 372,266	\$ 533,917	\$ 423,668	\$ 509,077	\$ 389,178	\$ 559,501	\$ 442,380	\$ 588,676
CAPITAL RELATED REQUIREMENTS (6)											
Life-Cycle Management (LCM) Capital Related											
Plant "Life Cycle Management" (LCM) Projects	\$ 161,372	\$ 106,164	\$ 319,050	\$ 157,574	\$ 186,716	\$ 86,094	\$ 236,440	\$ 122,112	\$ 131,155	\$ 45,082	\$ 63,028
Facilities Capital Projects	\$ 2,772	\$ 2,782	\$ 3,273	\$ 2,123	\$ 1,037	\$ 981	\$ 1,161	\$ 1,726	\$ 1,762	\$ 1,410	\$ 1,398
Information Technology Capital Projects	\$ 8,508	\$ 6,736	\$ 9,086	\$ 8,966	\$ 8,650	\$ 10,641	\$ 7,407	\$ 10,751	\$ 8,099	\$ 6,544	\$ 7,156
LCM Allocated Costs	\$ 41,425	\$ 33,729	\$ 38,841	\$ 27,748	\$ 28,813	\$ 25,536	\$ 37,309	\$ 30,345	\$ 31,243	\$ 19,637	\$ 26,920
Management Reserve	\$ 27,730	\$ 9,000	\$ 28,000	\$ 14,000	\$ 16,000	\$ 12,000	\$ 20,000	\$ 13,000	\$ 43,000	\$ 27,000	\$ 34,000
Escalation (2)	\$ -	\$ 5,400	\$ 28,518	\$ 22,045	\$ 34,619	\$ 24,262	\$ 64,587	\$ 42,793	\$ 66,126	\$ 36,103	\$ 55,761
Inflation Reduction Act Reimbursement (7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total LCM Capital Projects	\$ 241,807	\$ 163,812	\$ 426,769	\$ 232,455	\$ 275,835	\$ 159,514	\$ 366,904	\$ 220,727	\$ 281,384	\$ 135,777	\$ 188,263
Extended Power Uprate (EPU)											
Extended Power Uprate "Incremental"	\$ 12,049	\$ 96,000	\$ 142,000	\$ 127,000	\$ 106,000	\$ 76,000	\$ 132,000	\$ 39,000	\$ 11,000	\$ 6,000	\$ 5,000
Escalation (2)	\$ -	\$ 3,840	\$ 11,587	\$ 15,858	\$ 18,005	\$ 16,466	\$ 35,022	\$ 12,321	\$ 4,054	\$ 2,540	\$ 2,401
Inflation Reduction Act Reimbursement (7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Extended Power Uprate	\$ 12,049	\$ 99,840	\$ 153,587	\$ 142,858	\$ 124,005	\$ 92,466	\$ 167,022	\$ 51,321	\$ 15,054	\$ 8,540	\$ 7,401
ISFSI Capital Funding Requirements	\$ 2,965	\$ 13,117	\$ 555	\$ 2,963	\$ 2,895	\$ 13,979	\$ 666	\$ 2,730	\$ 2,758	\$ 17,806	\$ 801
TOTAL CAPITAL RELATED REQUIREMENTS	\$ 256,821	\$ 276,769	\$ 580,911	\$ 378,276	\$ 402,735	\$ 265,959	\$ 534,592	\$ 274,778	\$ 299,197	\$ 162,122	\$ 196,466

BPA Rate Case	BP24	BP24(25%) BP26(75%)	BP26	BP26	BP26(25%) BP29(75%)	BP29	BP29(25%) BP31(75%)	BP31	BP31(25%) BP33(75%)	BP33	BP33(25%) BP35(75%)
Columbia Fiscal Year/ \$ in Thousands	FY25 (R27)	FY26	FY27 (R28)	FY28	FY29 (R29)	FY30	FY31 (R30)	FY32	FY33 (R31)	FY34	FY35 (R32)
NON-CASH RELATED REQUIREMENTS (8)											
Fuel Amortization Costs	\$ 44,756	\$ 56,998	\$ 50,816	\$ 61,269	\$ 54,471	\$ 67,077	\$ 59,080	\$ 74,931	\$ 66,804	\$ 61,250	\$ 65,055
GENERATION ASSUMPTIONS (9)											
Total Net Generation (Gwh)	8,154	9,700	7,421	9,828	7,391	9,920	8,077	11,388	9,463	11,357	10,115
SUMMARY / COST OF POWER METRICS											
Total O&M Related Costs	\$ 327,150	\$ 277,147	\$ 386,325	\$ 314,049	\$ 424,069	\$ 333,172	\$ 432,468	\$ 355,454	\$ 469,446	\$ 403,975	\$ 498,083
Fuel Amortization Costs	\$ 44,756	\$ 56,998	\$ 50,816	\$ 61,269	\$ 54,471	\$ 67,077	\$ 59,080	\$ 74,931	\$ 66,804	\$ 61,142	\$ 59,502
Production Cost of Power (\$/MWh)	\$ 45.61	\$ 34.45	\$ 58.91	\$ 38.19	\$ 64.75	\$ 40.35	\$ 60.86	\$ 37.79	\$ 56.67	\$ 40.95	\$ 55.12
2-Year Production Cost of Power (\$/MWh)	\$ 36.76	\$ 39.55	\$ 45.05	\$ 47.10	\$ 49.59	\$ 50.76	\$ 49.55	\$ 47.36	\$ 46.36	\$ 48.10	\$ 47.63
Total LCM Capital Projects	\$ 241,807	\$ 163,812	\$ 426,769	\$ 232,455	\$ 275,835	\$ 159,514	\$ 366,904	\$ 220,727	\$ 281,384	\$ 135,777	\$ 188,263
LCM Generating Cost of Power (\$/MWh)	\$ 75.27	\$ 51.34	\$ 116.41	\$ 61.84	\$ 102.07	\$ 56.43	\$ 106.28	\$ 57.18	\$ 86.40	\$ 52.91	\$ 73.74
2-Year Generating Cost of Power (\$/MWh)	\$ 55.24	\$ 62.26	\$ 79.54	\$ 85.32	\$ 79.11	\$ 75.91	\$ 78.80	\$ 77.55	\$ 70.44	\$ 68.13	\$ 62.72
Total Extended Power Uprate	\$ 12,049	\$ 99,840	\$ 153,587	\$ 142,858	\$ 124,005	\$ 92,466	\$ 167,022	\$ 51,321	\$ 15,054	\$ 8,540	\$ 7,401
Generating Cost of Power w/EPU&SLR (\$/MWh)	\$ 76.74	\$ 61.63	\$ 137.11	\$ 76.38	\$ 118.84	\$ 65.75	\$ 126.96	\$ 61.68	\$ 87.99	\$ 53.66	\$ 74.47
2-Year Generating COP w/EPU&SLR (\$/MWh)	\$ 56.47	\$ 68.53	\$ 94.35	\$ 102.51	\$ 94.61	\$ 88.42	\$ 93.22	\$ 88.77	\$ 73.62	\$ 69.27	\$ 63.46

Note: Due to rounding totals may have slight variances from other reports

(1) Cash Related Funding Requirements represent cash related costs incorporated into Bonneville Power Administration's Integrated Program Review (IPR) rate setting process

(2) Escalation Note = FY26-29 (3.9%, 3.37%, 3.23%, 3.21%, respectively); FY30-35 (3.5%)

(3) Fuel Escalation included

(4) Treasury Services = finance related costs, does not include debt retirement

(5) ENOC Capital Requirements cannot be financed

(6) Capital Related costs funded with Bond Proceeds

(7) Inflation Reduction Act - inputs to be generated when information becomes available

(8) Defines Non-Cash Related Costs

(9) Net Generation Assumptions: 1153 MWe baseline, 1131 MWe in summer. Note = 1% unplanned/2.5% planned loss; FY28 12MWe increase MSR, FY30 14 MWe increase Main Turbine upgrade, FY32 ~170 MWe increase Main Generator replacement (assumes full EPU implementation). Generation increases slightly due to leap year every fourth year.

Fiscal Year 2025 Packwood Lake Hydroelectric Project Annual Operating Budget



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Summary

The Packwood Lake Hydroelectric Project (Packwood), the first electrical generating project undertaken by Energy Northwest, began commercial operation in June 1964. Occupying 660 acres of the Gifford Pinchot National Forest in south central Washington, Packwood consists of a dam at Packwood Lake; a five-mile-long system of pipeline, tunnels and Penstock; and a 27,500 kilowatt-rated, underground powerhouse located 1,800 feet below the lake elevation. The reservoir is fed by Upper Lake Creek and several small tributaries that rely exclusively on direct rainfall and snow melt for their water supply.

The total net Fiscal Year (FY) 2025 operating, and capital cost combined is estimated to be \$3,953,000 (Table 1), with associated funding requirements of \$3,596,000 (Table 5). The difference between total program cost and net funding requirements is due to depreciation (Table 4).

A comparison of the FY 2025 budget is made to the original budget issued for FY 2024.

Key Assumptions/Qualifications

- The Project budget has been reviewed and approved by the participants.
- Generation is estimated at 77,876 MWh, which reflects a 5-year average of the plant output decreased by approximately 10% due to the mitigation impacts of actions required under the new operating license.
- The Fiscal Year 2025 Budget includes costs for mitigation activities required under the new operating license which was obtained in October 2018.

Table 1
Summary of Operating and Capital Costs
(Dollars in Thousands)

Description	FY 2025 Budget	Original FY 2024 Budget	Change
<u>Operating Costs</u>			
Operating & Support Services	\$ 3,016	\$ 2,974	\$ 42
Generation Taxes	20	20	-
Depreciation	357	341	16
Subtotal Operating Costs	\$ 3,393	\$ 3,335	\$ 58
Interest/Financing (Net)	\$ (20)	\$ (29)	\$ 9
Total Cost	\$ 3,373	\$ 3,306	\$ 67
 Total Net Generation (MWh)	 77,876	 83,343	 (5,467)
 Cost of Power (\$/MWh) (1)	 \$ 43.31	 \$ 39.66	 \$ 3.65
 Total Capital Cost	 \$ 580	 \$ 760	 \$ (180)
 Total Operating and Capital Cost	 \$ 3,953	 \$ 4,066	 \$ (113)

(1) Cost of Power includes Operating & Support Services, Generation Taxes, Depreciation, and Net Interest/Financing costs.

Table 2
Summary of Revenues
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
<u>Revenues</u>			
Participant Billings	\$ 3,536	\$ 3,198	\$ 338
Substation Interconnection Billings	220	235	(15)
Total Revenues	\$ 3,756	\$ 3,433	\$ 323

Variance - () Unfavorable

Table 3
Summary of Full Time Equivalent Positions (1)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>FY 2024 Budget</u>	<u>Change</u>
Operations & Maintenance	4	4	-

(1) Includes Allocations of Corporate Full Time Equivalent Positions

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Table 4
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2025 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2025 Total
Operating						
O&M and Support Services	\$ 3,016	\$ -	\$ -	\$ -	\$ -	\$ 3,016
Generation Taxes	20	-	-	-	-	20
Depreciation	357	(357)	-	-	-	-
Subtotal Operating	\$ 3,393	\$ (357)	\$ -	\$ -	\$ -	\$ 3,036
Interest/Financing						
Interest Income	\$ (37)	\$ -	\$ -	\$ -	\$ -	\$ (37)
Interest on Note	-	-	-	-	-	-
Treasury Services	17	-	-	-	-	17
Subtotal Net Interest/Financing	\$ (20)	\$ -	\$ -	\$ -	\$ -	\$ (20)
Capital	\$ 580	\$ -	\$ -	\$ -	\$ -	\$ 580
Refund to Members	-	-	-	-	-	-
Total Disbursements	\$ 3,953	\$ (357)	\$ -	\$ -	\$ -	\$ 3,596
Funding Sources						
Participants Billings	\$ 3,536	\$ -	\$ -	\$ -	\$ -	\$ 3,536
Substation Interconnection Billings	220	-	-	-	-	220
Beginning Packwood Funds	-	-	1,268	-	-	1,268
Total Funding Sources	\$ 3,756	\$ -	\$ 1,268	\$ -	\$ -	\$ 5,024
Ending Working Capital	\$ (197)	\$ (357)	\$ 1,268	\$ -	\$ -	\$ 1,428

Table 5
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	Original		<u>Change</u>
	<u>FY 2025 Budget</u>	<u>FY 2024 Budget</u>	
Beginning Packwood Funds Balance	\$ 1,268	\$ 1,245	\$ 23
 <u>Funding Requirements</u>			
<u>Operating</u>			
Operating & Support Services	\$ 3,016	\$ 2,974	\$ 42
Generation Taxes	20	20	-
Subtotal Operating	\$ 3,036	\$ 2,994	\$ 42
<u>Interest/Financing</u>			
Interest Income	\$ (37)	\$ (44)	\$ 7
Treasury Services	17	15	2
Subtotal Net Interest/Financing	\$ (20)	\$ (29)	\$ 9
Capital	\$ 580	\$ 760	\$ (180)
Total Funding Requirements	\$ 3,596	\$ 3,725	\$ (129)
 <u>Funding Sources</u>			
Participants Billings	\$ 3,536	\$ 3,198	\$ 338
Substation Interconnection Billings	220	235	(15)
Total Funding Sources	\$ 3,756	\$ 3,433	\$ 323
 Ending Packwood Funds Balance	 \$ 1,428	 \$ 953	 \$ 475

Table 6
Monthly Statement of Funding Requirements
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2025 Total
Beginning Balance	\$ 1,268	\$ 1,279	\$ 1,295	\$ 1,308	\$ 1,325	\$ 1,342	\$ 1,356	\$ 1,372	\$ 1,388	\$ 1,402	\$ 1,417	\$ 1,412	\$ 1,268
Receipts													
Line of Credit Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Participants Billings	295	295	294	295	294	295	294	295	294	295	295	295	3,536
Substation Interconnection Billings	18	19	18	19	18	18	18	19	18	18	18	19	220
Total Receipts	\$ 313	\$ 314	\$ 312	\$ 314	\$ 312	\$ 313	\$ 312	\$ 314	\$ 312	\$ 313	\$ 313	\$ 314	\$ 3,756
Disbursements													
Operations Disbursements													
O&M and Support Services	\$ 251	\$ 251	\$ 252	\$ 251	\$ 251	\$ 252	\$ 251	\$ 251	\$ 252	\$ 251	\$ 252	\$ 251	\$ 3,016
Generation Taxes	-	-	-	-	-	-	-	-	-	-	20	-	20
Subtotal Operations	\$ 251	\$ 251	\$ 252	\$ 251	\$ 251	\$ 252	\$ 251	\$ 251	\$ 252	\$ 251	\$ 272	\$ 251	\$ 3,036
Interest/Financing													
Investment Income	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (4)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (37)
Interest on Note	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury Services	5	2	1	1	-	1	-	2	1	1	1	2	17
Subtotal Interest/Financing Related	\$ 2	\$ (1)	\$ (2)	\$ (2)	\$ (4)	\$ (2)	\$ (3)	\$ (1)	\$ (2)	\$ (2)	\$ (2)	\$ (1)	\$ (20)
Capital	\$ 49	\$ 48	\$ 49	\$ 48	\$ 48	\$ 49	\$ 48	\$ 48	\$ 48	\$ 49	\$ 48	\$ 48	\$ 580
Total Disbursements	\$ 302	\$ 298	\$ 299	\$ 297	\$ 295	\$ 299	\$ 296	\$ 298	\$ 298	\$ 298	\$ 318	\$ 298	\$ 3,596
Ending Balance	\$ 1,279	\$ 1,295	\$ 1,308	\$ 1,325	\$ 1,342	\$ 1,356	\$ 1,372	\$ 1,388	\$ 1,402	\$ 1,417	\$ 1,412	\$ 1,428	\$ 1,428

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Fiscal Year 2025 Nine Canyon Wind Project Annual Operating Budget



Prepared 4/24/24

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Summary

The Nine Canyon Wind Project is located in the Horse Heaven Hills area southeast of Kennewick, Washington.

Phase I of the project, which began commercial operation in September 2002, consists of 37 wind turbines, each with a maximum generating capacity of approximately 1.3 megawatts of electricity, for a total wind capacity of 48.1 megawatts. Phase II of the project, which was declared operational December 31, 2003, included an additional 12 wind turbines with an aggregate generating capacity of approximately 15.6 megawatts. Phase III of the project, which was declared operational April 1, 2008, included an additional 14 wind turbines, each with a maximum generating capacity of approximately 2.3 megawatts of electricity, for a total wind capacity of 32.2 megawatts. The total project generating capability is approximately 95.9 megawatts.

For Phase I and II the turbines are installed in rows with about 500 feet between turbines. Each three-blade turbine consists of a tubular steel tower 200 feet in height, three 100-foot turbine blades attached to a rotor, and a nacelle that houses a generator, gear box and braking mechanisms.

For Phase III the turbines are installed in rows with about 600 feet between turbines. Each three-blade turbine consists of a tubular steel tower 262 feet in height, three 147-foot turbine blades attached to a rotor, and nacelle that houses a generator, gear box and braking mechanisms.

Electricity generated by the project is purchased by Pacific Northwest Public Utility Districts whose customers have expressed an interest in purchasing at least a portion of their electricity from green power sources. Phase I, II, and III participants have signed a power purchase agreement with Energy Northwest through 2030. The project is connected to the Bonneville Power Administration transmission grid via a substation and transmission lines constructed by the Benton County Public Utility District.

For Fiscal Year (FY) 2025, the total funding requirements equal \$13,572,000 (Table 4) with revenue of \$14,040,000 (Table 1) resulting in a net cash deposit of \$468,000 (Table 4).

The FY 2025 Budget is presented on a cost basis and includes a cost-to-cash reconciliation (Table 3) illustrating the conversion of the cost data to a cash basis.

A comparison of the FY 2025 budget is made to the original budget issued for FY 2024.

Key Assumptions/Qualifications

This budget will provide funding for continued operation and maintenance of the project. This is based upon the key assumptions and qualifications stated below.

- The Project budget has been reviewed and approved by the participants.
- Billing Price for electrical output is estimated to be \$53.03 per MWh (Table 1) for Fiscal Year 2025. The difference between billing price and cost of power is due to depreciation and debt repayment.
- Estimated Generation is set at 220,937 MWh (Table 1) which is based off the most recent five-year average.
- Turbine manufacturer bonus A/S provided O&M services and training. Their support of Phase I was completed in August 2005. Phase II support was completed in December 2006. Siemens is currently providing support for Phase III with the Long-Term Service Agreement that was extended for a fifteen-year term beginning in August 2013.
- Energy Northwest implemented Governmental Accounting Standards Board (GASB) No. 83- Certain Asset Retirement Obligations as required in FY 2019. GASB 83 required a current estimate of the retirement obligation and a change in accounting on recognizing the liability. The major change is the full liability for the retirement obligation is to be booked at the current estimate in today's dollars. The offset to the liability is a deferred outflow, which is amortized over the remaining life of the asset. The resulting straight line charge each year for decommissioning continues until the end of the asset life. At the point of actual decommissioning, the liability is then reduced accordingly for any incurred cash expenditures each period until the asset is fully decommissioned and retired. Decommissioning costs through FY 2024 have been partially funded by Phase I & II participants. Estimated Asset Retirement Obligation liability is \$22.3 million in 2024 dollars. Phase I & II final debt services payments have been made. Phase I & II participants will fund \$1.623 million in decommissioning in FY 2025.

Table 1
Summary of Operations
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
<u>Revenue</u>			
Billings	\$ 11,717	\$ 11,716	\$ 1
Decommissioning Billings	1,623	3,168	(1,545)
BPA Transmission Revenue	700	700	-
Total Revenue	\$ 14,040	\$ 15,584	\$ (1,544)
<u>Operating Costs</u>			
Labor & Overheads	\$ 2,439	\$ 2,348	\$ 91
Equipment/Materials/Services	2,254	2,083	171
Insurance	393	356	37
Site Maintenance & Warranty	1,200	1,142	58
Lessee Payments	675	700	(25)
Risk Reserve	40	44	(4)
Subtotal Operating Costs	\$ 7,001	\$ 6,673	\$ 328
Generation Taxes	\$ 54	\$ 54	\$ -
BPA Transmission Costs	700	700	-
Decommissioning	998	1,224	(226)
Depreciation	3,239	3,313	(74)
Subtotal Operating, Taxes & Capital Cost	\$ 11,992	\$ 11,964	\$ 28
<u>Net Financing</u>			
Interest/Financing (Net)	\$ (269)	\$ 325	\$ (594)
Subtotal Net Financing	\$ (269)	\$ 325	\$ (594)
Total Cost	\$ 11,723	\$ 12,289	\$ (566)
Total Net Generation (MWh)	220,937	231,390	(10,453)
Cost of Power (\$/MWh) (1)	\$ 49.89	\$ 50.09	\$ (0.20)
Billing Price to Participants (\$/MWh) (2)	\$ 53.03	\$ 50.63	\$ 2.40

(1) Cost of Power excludes BPA Transmission and Capital related costs.

(2) Billing Price is the cash requirements for O&M, Capital, and Debt Service of the Project.

Table 2
Summary of Full Time Equivalent Positions (1)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
Project Manager / Supervisor	1	1	-
O&M Technicians	9	9	-
Admin & Technical Support	2	2	-
Total	12	12	-

(1) Includes Allocations of Corporate Full Time Equivalent Positions

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Table 3
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2025 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2025 Total Cash
Operating Costs						
Operating Costs	\$ 7,001	\$ -	\$ -	\$ -	\$ -	\$ 7,001
Generation Tax	54	-	-	-	-	54
BPA Transmission	700	-	-	-	-	700
Decommissioning (1)	998	(998)	1,623	-	-	1,623
Depreciation	3,239	(3,239)	-	-	-	-
Subtotal Operating, Taxes & Capital	\$ 11,992	\$ (4,237)	\$ 1,623	\$ -	\$ -	\$ 9,378
Net Debt Service						
Interest Expense	\$ 1,206	\$ -	\$ -	\$ -	\$ -	\$ 1,206
Bond Retirement	-	-	4,160	-	-	4,160
Amortized Cost	(303)	303	-	-	-	-
Interest Income	(1,210)	-	-	-	-	(1,210)
Treasury Services	38	-	-	-	-	38
Subtotal Net Debt Service	\$ (269)	\$ 303	\$ 4,160	\$ -	\$ -	\$ 4,194
Total Disbursements	\$ 11,723	\$ (3,934)	\$ 5,783	\$ -	\$ -	\$ 13,572
Revenue						
Billings	\$ 11,717	\$ -	\$ -	\$ -	\$ -	\$ 11,717
Decommissioning Billings	1,623	-	-	-	-	1,623
BPA Transmission	700	-	-	-	-	700
Total Revenue	\$ 14,040	\$ -	\$ -	\$ -	\$ -	\$ 14,040
Cash (Withdrawal) / Deposit						\$ 468

(1) FY2025 include \$1.623 million for Phase I & II decommissioning costs.

Estimated Asset Retirement Obligation liability is \$22.3 million in FY24 dollars.

Table 4
Statement of Funding Requirements
(Dollars in Thousands)

Description	FY 2025 Budget	Original FY 2024 Budget	Change
Operating Costs			
Labor/Benefits/Overhead	\$ 2,439	\$ 2,348	\$ 91
Equipment/Materials/Services	2,254	2,083	171
Insurance	393	356	37
Site Maintenance & Warranty	1,200	1,142	58
Lessee Payments	675	700	(25)
Risk Reserve	40	44	(4)
Subtotal Operating Costs	\$ 7,001	\$ 6,673	\$ 328
Generation Taxes	\$ 54	\$ 54	\$ -
Capital	-	-	-
Decommissioning Reserve Contribution	1,623	3,168	(1,545)
BPA Transmission	700	700	-
Subtotal Operating, Taxes & Capital Costs	\$ 9,378	\$ 10,595	\$ (1,217)
Net Debt Service			
Interest Expense	\$ 1,206	\$ 1,403	\$ (197)
Bond Retirement	4,160	3,960	200
Interest Income	(1,210)	(786)	(424)
Treasury Services	38	49	(11)
Subtotal Net Debt Service	\$ 4,194	\$ 4,626	\$ (432)
Total Funding Requirements	\$ 13,572	\$ 15,221	\$ (1,649)
Funding Sources			
Billings	\$ 11,717	\$ 11,716	\$ 1
Decommissioning Billings	1,623	3,168	\$ (1,545)
Participants for BPA Transmission	700	700	-
Cash Withdrawal / (Deposit)	(468)	(363)	(105)
Total Funding Sources	\$ 13,572	\$ 15,221	\$ (1,649)

Table 5
Monthly Statement of Funding Requirements
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2025 Total
Beginning Balance	\$ 27,781	\$ 28,011	\$ 28,635	\$ 28,960	\$ 29,583	\$ 30,206	\$ 29,925	\$ 30,549	\$ 31,173	\$ 31,495	\$ 32,119	\$ 32,690	\$ 27,781
Receipts													
Billings	\$ 977	\$ 976	\$ 976	\$ 976	\$ 976	\$ 976	\$ 977	\$ 976	\$ 976	\$ 976	\$ 977	\$ 978	\$ 11,717
Decommissioning Billings	135	135	136	135	135	136	135	135	135	136	135	135	1,623
BPA Transmission	59	58	58	59	58	58	59	58	58	58	59	58	700
Total Receipts	\$ 1,171	\$ 1,169	\$ 1,170	\$ 1,170	\$ 1,169	\$ 1,170	\$ 1,171	\$ 1,169	\$ 1,169	\$ 1,170	\$ 1,171	\$ 1,171	\$ 14,040
Disbursements													
Operations Disbursements													
Labor & Overheads	\$ 203	\$ 203	\$ 204	\$ 203	\$ 203	\$ 203	\$ 203	\$ 204	\$ 203	\$ 203	\$ 203	\$ 204	\$ 2,439
Equipment/Materials/Services	188	188	187	188	188	188	188	187	188	188	188	188	2,254
Insurance	393	-	-	-	-	-	-	-	-	-	-	-	393
Site Maintenance & Warranty	-	-	300	-	-	300	-	-	300	-	-	300	1,200
Lease Payments & Risk Res	60	59	59	60	59	60	60	59	60	60	59	60	715
Generation Taxes	-	-	-	-	-	-	-	-	-	-	54	-	54
BPA Transmission	59	58	58	59	58	58	59	58	58	58	59	58	700
Subtotal Operations	\$ 903	\$ 508	\$ 808	\$ 510	\$ 508	\$ 809	\$ 510	\$ 508	\$ 809	\$ 509	\$ 563	\$ 810	\$ 7,755
Decommissioning Reserve	\$ 136	\$ 135	\$ 135	\$ 135	\$ 136	\$ 135	\$ 135	\$ 135	\$ 136	\$ 135	\$ 135	\$ 135	\$ 1,623
Debt Service													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 603	\$ 1,206
Bond Retirement	-	-	-	-	-	-	-	-	-	-	-	4,160	4,160
Investment Income	(101)	(101)	(101)	(101)	(101)	(100)	(101)	(101)	(101)	(101)	(101)	(100)	(1,210)
Treasury Services	3	3	3	3	3	4	3	3	3	3	3	4	38
Subtotal Debt / Decomm	\$ 38	\$ 37	\$ 37	\$ 37	\$ 38	\$ 642	\$ 37	\$ 37	\$ 38	\$ 37	\$ 37	\$ 4,802	\$ 5,817
Total Disbursements	\$ 941	\$ 545	\$ 845	\$ 547	\$ 546	\$ 1,451	\$ 547	\$ 545	\$ 847	\$ 546	\$ 600	\$ 5,612	\$ 13,572
Ending Balance	\$ 28,011	\$ 28,635	\$ 28,960	\$ 29,583	\$ 30,206	\$ 29,925	\$ 30,549	\$ 31,173	\$ 31,495	\$ 32,119	\$ 32,690	\$ 28,249	\$ 28,249

Table 6
Bank Accounts
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
Phase I Bond Reserve Account (1)	\$ -	\$ -	\$ -
Phase II Bond Reserve Account (1)	-	-	-
Phase III Bond Reserve Account	4,757	4,357	400
Operating Reserve Account	814	847	(33)
Reserve and Contingency Account	864	797	67
Decommissioning Reserve Account	6,506	3,179	3,327
Revenue Fund	14,840	13,838	1,002
Total Beginning Balance	<u>\$ 27,781</u>	<u>\$ 23,018</u>	<u>\$ 4,763</u>
Addition / (Reduction) (2)	\$ 468	\$ 363	\$ 105
Use of Phase I / II Bond Reserves	-	-	-
Total Ending Balance	<u>\$ 28,249</u>	<u>\$ 23,381</u>	<u>\$ 4,868</u>

(1) Phase I & II Bond Reserve Accounts were utilized to help fund the final debt service payment on July 1, 2023.

(2) Includes \$1,623k funding for Phase I / II Decommissioning Reserve.

Table 7
Operations & Maintenance - Budget & Forecast
Long Range Plan
(Dollars in Thousands)

Description	Budget	Forecast				
	FY25	FY26	FY27	FY28	FY29	FY30
Operating Costs						
Labor & Overheads	\$2,439	\$2,500	\$2,562	\$2,627	\$2,692	\$2,760
Equipment/Materials/Services	2,254	2,128	2,181	2,190	2,245	2,348
Insurance	393	374	383	393	403	413
Long Term Service Agreement	1,200	1,230	1,261	1,292	1,325	1,358
Lease Payments	675	675	675	675	675	675
Risk Reserve	40	100	100	100	100	100
Subtotal Operating Costs	\$7,001	\$7,007	\$7,162	\$7,277	\$7,440	\$7,654
Taxes & Capital Costs						
Generation Taxes	\$54	\$54	\$54	\$54	\$54	\$54
Capital	0	71	73	75	77	79
BPA Transmission	700	700	700	700	700	700
Subtotal Taxes & Capital Costs	\$754	\$825	\$827	\$829	\$831	\$833
Total Operating, Taxes, & Capital Disbursements						
	\$7,755	\$7,832	\$7,989	\$8,106	\$8,271	\$8,487

Key Assumptions/Qualifications

Escalation Rate = 2.5% FY25 = Base Year, excluding lease payments and generation taxes.

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Fiscal Year 2025 Project 1 Annual Budget



Prepared 4/24/24

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Summary

The Project 1 Fiscal Year (FY) 2025 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 769, the Project Agreement and the Net Billing Agreements. The budget includes all costs associated with the project for FY 2025 including reuse funding, fixed and variable costs, and treasury related expenses. In addition, the budget includes all funding requirements identified for the project for FY 2025.

The total net cost for FY 2025 is estimated to be \$21,886,000 (Table 1). Total Funding Requirements of \$45,581,000 (Table 5) less revenue from restoration/demolition, leasing, and other financing receipts totaling \$3,819,000 will result in \$41,762,000 being direct billed to Bonneville Power Administration. Bonneville Power Administration directly pays the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This takes the net billing requirements to zero, for the statements which otherwise would be sent to participants in the project and 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 simply takes 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.

A comparison of the FY 2025 budget is made to the original budget issued for FY 2024.

Table 1
Summary of Costs
(Dollars in Thousands)

	FY 2025 Budget	Original FY 2024 Budget	Change
Revenue			
Restoration / Demolition (1)	\$ 3,813	\$ 2,263	1,550
Fixed Costs	6	6	-
Total Revenue	\$ 3,819	\$ 2,269	\$ 1,550
<u>Costs</u>			
<u>Site Costs</u>			
Restoration / Demolition (1)	\$ 3,813	\$ 2,263	1,550
Variable Costs	36	26	10
Fixed Costs	513	378	135
Subtotal Site Costs	\$ 4,362	\$ 2,667	\$ 1,695
<u>Other</u>			
Treasury Related Expenses	\$ 21,343	\$ 20,670	\$ 673
Decommissioning	-	-	-
Subtotal Other Costs	\$ 21,343	\$ 20,670	\$ 673
Total Costs	\$ 25,705	\$ 23,337	\$ 2,368
Total Net Costs	\$ 21,886	\$ 21,068	\$ 818

(1) Restoration / Demolition receipts from the Bonneville Power Administration restoration trust fund will be used to offset all costs of this initiative.

Table 2
Treasury Related Expenses
(Dollars in Thousands)

<u>Description</u>	Original		<u>Change</u>
	<u>FY 2025</u>	<u>FY 2024</u>	
	<u>Budget</u>	<u>Budget</u>	
Interest Expense (1)	\$ 39,960	\$ 40,137	\$ (177)
Interest on Note (2)	-	230	(230)
Commitment Fee on Note (2)	-	50	(50)
Amortized Financing Cost (3)	(18,944)	(20,006)	1,062
Investment Income (4)	(144)	(136)	(8)
Treasury Services (5)	471	395	76
Total	<u>\$ 21,343</u>	<u>\$ 20,670</u>	<u>\$ 673</u>

Assumptions

- (1) Budget Assumes \$237.900 million bond principal will mature in fiscal year 2025. Of this, \$236.965 million will be extended.
- (2) The line of credit terms utilized in previous years to fund a portion of interest expense under the Regional Cooperation Debt 2 Initiative will expire in April of 2024. No expenses related to the line of credit are planned in fiscal year 2025.
- (3) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (4) Includes interest earned on cash holdings and from investments. Earnings are transferred to the Revenue Fund. Investment income earnings rates are forecasted to average 3.75%.
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

Table 3
Summary of Full Time Equivalent Positions (1)

<u>Description</u>	FY 2025 Budget	Original FY 2024 Budget	Change
Restoration / Demolition	3	2	1
Site Support	1	1	-
Treasury	1	1	-
Total Positions	5	4	1

(1) Includes Allocations of Corporate Full Time Equivalent Positions.

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Table 4
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2025 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2025 Total Cash
Variable Costs	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ 36
Restoration / Demolition (1)	3,813	-	-	-	-	3,813
Fixed Costs	513	(3)	-	-	-	510
Subtotal Site Costs	\$ 4,362	\$ (3)	\$ -	\$ -	\$ -	\$ 4,359
Other						
Decommissioning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treasury Related						
Interest Expense	39,960	-	-	-	-	39,960
Bond Retirement (2)	-	-	935	-	-	935
Payoff of Note Principal	-	-	-	-	-	-
Interest on Note	-	-	-	-	-	-
Commitment Fee on Note	-	-	-	-	-	-
Amortized Cost	(18,944)	18,944	-	-	-	-
Invest. Income (Rev.)	(144)	-	-	-	-	(144)
Treasury Services	471	-	-	-	-	471
Subtotal Treasury Expenses	\$ 21,343	\$ 18,944	\$ 935	\$ -	\$ -	\$ 41,222
Subtotal Other	\$ 21,343	\$ 18,944	\$ 935	\$ -	\$ -	\$ 41,222
Total Funding Requirements	\$ 25,705	\$ 18,941	\$ 935	\$ -	\$ -	\$ 45,581

(1) Funding will be from BPA Restoration Trust Fund.

(2) Budget Assumes \$237.900 million bond principal will mature in fiscal year 2025. Of this, \$236.965 million will be extended.

Table 5
Annual Budget
Statement of Funding Requirements
(Dollars in Thousands)

Description	FY 2025 Budget	Original FY 2024 Budget	Change
Programs			
Variable Costs	\$ 36	\$ 26	\$ 10
Restoration / Demolition	3,813	2,263	1,550
Fixed Costs	510	375	135
Subtotal Site Costs	\$ 4,359	\$ 2,664	\$ 1,695
Treasury Related Expenses			
Interest Expense (2)	\$ 39,960	\$ 40,137	\$ (177)
Bond Retirement (1)	935	-	935
Payoff of Note Principal (2)	-	10,000	(10,000)
Interest on Note (2)	-	230	(230)
Commitment Fee on Note (2)	-	50	(50)
Investment Income (Revenue)	(144)	(136)	(8)
Treasury Services	471	395	76
Subtotal Treasury Related	\$ 41,222	\$ 50,676	\$ (9,454)
Total Funding Requirements	\$ 45,581	\$ 53,340	\$ (7,759)
Funding Sources			
Restoration / Demolition	\$ 3,813	\$ 2,263	\$ 1,550
Fixed Costs	6	6	-
Note / Line of Credit (LOC) Draws (2)	-	10,000	(10,000)
Bond Proceeds (Interest / LOC) (2)	-	20,000	(20,000)
Net Billing/BPA Direct Payments	\$ 41,762	\$ 21,071	\$ 20,691
Total Funding Sources	\$ 45,581	\$ 53,340	\$ (7,759)

(1) Budget Assumes \$237.900 million bond principal will mature in fiscal year 2025. Of this, \$236.965 million will be extended.

(2) The line of credit terms utilized in previous years to fund a portion of interest expense under the Regional Cooperation Debt 2 Initiative will expire in April of 2024. No expenses related to the line of credit are planned in fiscal year 2025.

Table 6
Monthly Statement of Funding Requirements - Revenue Fund
(Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2025 Total
Beginning Balance	\$ 3,000	\$ 2,613	\$ 2,225	\$ 1,838	\$ 2,404	\$ 2,017	\$ 2,533	\$ 3,100	\$ 2,712	\$ 2,325	\$ 2,891	\$ 1,569	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,881	\$ 41,762
Restoration / Demolition (2)	-	-	-	953	-	-	953	-	-	953	-	954	3,813
Note / Line of Credit (LOC) (4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds (Interest / LOC) (4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue - Leasing	-	-	-	-	-	3	-	-	-	-	-	3	6
Total Receipts	\$ -	\$ -	\$ -	\$ 953	\$ -	\$ 20,884	\$ 953	\$ -	\$ -	\$ 953	\$ -	\$ 21,838	\$ 45,581
Disbursements													
Treasury Related Expenses													
Interest Expense (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,980	\$ 39,960
Bond Retirement (3)	-	-	-	-	-	-	-	-	-	-	935	-	935
Interest on Note (4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Commitment Fee on Note (4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Payoff of Note Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(144)
Treasury Services	39	39	39	39	39	39	39	39	39	39	39	42	471
Subtotal Treasury Related	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 20,007	\$ 27	\$ 27	\$ 27	\$ 27	\$ 962	\$ 20,010	\$ 41,222
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	36	36
Restoration / Demolition	318	318	318	317	318	318	317	318	318	317	318	318	3,813
Fixed Costs	42	43	42	43	42	43	42	43	42	43	42	43	510
Total Disbursements	\$ 387	\$ 388	\$ 387	\$ 387	\$ 387	\$ 20,368	\$ 386	\$ 388	\$ 387	\$ 387	\$ 1,322	\$ 20,407	\$ 45,581
Ending Balance	\$ 2,613	\$ 2,225	\$ 1,838	\$ 2,404	\$ 2,017	\$ 2,533	\$ 3,100	\$ 2,712	\$ 2,325	\$ 2,891	\$ 1,569	\$ 3,000	\$ 3,000

(1) BPA is billed, through the Direct Payment Agreements, one month in advance for the following month's expenses.

(2) Funding will be from BPA Restoration Trust Fund.

(3) Budget assumes \$935k of maturing bonds will be retired in fiscal year 2025.

(4) The line of credit terms utilized in previous years to fund a portion of interest expense under the Regional Cooperation Debt 2 Initiative will expire in April of 2024.

No expenses related to the line of credit are planned in fiscal year 2025.

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Fiscal Year 2025 Project 3 Annual Budget



Prepared 4/24/24

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Summary

Energy Northwest's Project 3 was terminated in June 1994. Transfer of the Project 3 site to the Satsop Redevelopment Project was completed during Fiscal Year 2000.

This Project 3 Fiscal Year 2025 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 775, the Project Agreement, and the Net Billing Agreements. The budget includes all costs and funding requirements associated with the debt on Project 3. No other costs are incurred on this project.

The total net cost for Fiscal Year (FY) 2025 is estimated to be \$29,429,000 (Table 1). The total net funding requirements for FY 2025 are \$47,557,000 (Table 4). Bonneville Power Administration directly pays the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This takes the net billing requirements to zero, for the statements which otherwise would be sent to participants in the project and 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 simply takes 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.

A comparison of the FY 2025 budget is made to the original budget issued for FY 2024.

Table 1
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
Interest Expense (1)	\$ 47,243	\$ 47,913	\$ (670)
Interest on Note (2)	-	230	(230)
Commitment Fee on Note (2)	-	50	(50)
Amortized Financing Costs (3)	(18,128)	(17,618)	(510)
Investment Income (4)	(147)	(123)	(24)
Treasury Services (5)	461	381	80
Total	\$ 29,429	\$ 30,833	\$ (1,404)

Assumptions

- (1) Budget assumes no principal will be repaid and \$63.3 million extended in fiscal year 2024
- (2) The Line of Credit term ends April, 2024. No expenses related to the Line of Credit will be carried into fiscal year 2025.
- (3) The amortized financing costs are driven by the amortization of the premiums on bonds.
- (4) Includes interest earned on cash holdings and from investments. Earnings are transferred to the Revenue Fund. Investment income earnings rates are forecasted to average 3.75%
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

Table 2
Summary of Full Time Equivalent Positions (1)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
Treasury Related	<u>1</u>	<u>1</u>	<u>-</u>

(1) Includes Allocations of Corporate Full Time Equivalent Positions.

Table 3
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2025 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2025 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 47,243	\$ -	\$ -	\$ -	\$ -	\$ 47,243
Bond Retirement (1)	-	-	-	-	-	-
Payoff of Note Principal	-	-	-	-	-	-
Interest on Note	-	-	-	-	-	-
Commitment Fee on Note	-	-	-	-	-	-
Amortized Financing Costs	(18,128)	18,128	-	-	-	-
Investment Income	(147)	-	-	-	-	(147)
Treasury Services	461	-	-	-	-	461
Subtotal Treasury Related	\$ 29,429	\$ 18,128	\$ -	\$ -	\$ -	\$ 47,557
Total Funding Requirements	\$ 29,429	\$ 18,128	\$ -	\$ -	\$ -	\$ 47,557

(1) Budget assumes no principal will be repaid and \$120.44 million extended in FY2025.

Table 4
Annual Budget
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
Treasury Related Expenses			
Interest Expense (1)	\$ 47,243	\$ 47,913	\$ (670)
Bond Retirement (2)	-	-	-
Payoff of Note Principal (3)	-	11,000	(11,000)
Interest on Note (3)	-	230	(230)
Commitment Fee on Note (3)	-	50	(50)
Investment Income (Revenue)	(147)	(123)	(24)
Treasury Services	461	381	80
Total Funding Requirements	\$ 47,557	\$ 59,451	\$ (11,894)
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 47,557	\$ 26,451	\$ 21,106
Note / Line of Credit (LOC) Draws (3)	-	11,000	(11,000)
Bond Proceeds (Interest / LOC) (3)	-	22,000	(22,000)
Total Funding Sources	\$ 47,557	\$ 59,451	\$ (11,894)

(1) No principal will be repaid and \$120.44 million extended in fiscal year 2025.

(2) Budget assumes no principal will be repaid and \$63.3 million extended in fiscal year 2024.

(3) The Line of Credit term ends April, 2024. No expenses related to the Line of Credit will be carried into fiscal year 2025.

Table 5
Monthly Statement of Funding Requirements - Revenue Fund
(Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY2025 Total
Beginning Balance	\$ 3,000	\$ 2,974	\$ 2,948	\$ 2,922	\$ 2,896	\$ 2,870	\$ 3,001	\$ 2,975	\$ 2,948	\$ 2,921	\$ 2,895	\$ 2,869	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,778	\$ 47,557
Note / Line of Credit (LOC) (3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds (Interest / LOC) (3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,778	\$ 47,557
Disbursements													
Treasury Related													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,621	\$ 47,243
Bond Retirement (2)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Interest on Note (3)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Commitment Fee on Note (3)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Payoff of Note Principal (3)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Investment Income (Revenue)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(13)	(13)	(13)	\$ (147)
Treasury Services	38	38	38	38	38	38	38	39	39	39	39	39	\$ 461
Total Disbursements	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 23,648	\$ 26	\$ 27	\$ 27	\$ 26	\$ 26	\$ 23,647	\$ 47,557
Ending Balance	\$ 2,974	\$ 2,948	\$ 2,922	\$ 2,896	\$ 2,870	\$ 3,001	\$ 2,975	\$ 2,948	\$ 2,921	\$ 2,895	\$ 2,869	\$ 3,000	\$ 3,000

(1) BPA is billed, through the Direct Payment Agreements, one month in advance for the following month's expenses.

(2) No principal will be repaid and \$120.44 million extended in fiscal year 2025.

(3) The Line of Credit term ends April, 2024. No expenses related to Line of Credit will be carried into fiscal year 2025.

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Fiscal Year 2025 Business Development Fund Annual Budget



Prepared 4/24/24

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Summary

The Business Development Fund (BDF) was created by Executive Board Resolution No. 1006 in April 1997 for the purpose of holding, administering, disbursing, and accounting for Energy Northwest costs and revenues generated from engaging in new energy-related business opportunities.

The BDF is managed as an enterprise fund. The budgets are divided by business sector: Business Support, Energy & Professional Services, Laboratory Services, Nuclear Development, O&M Services, and Overhead Costs. Each sector may have one or more programs that are managed as a unique business activity. Revenues, expenses, and margins are reported for each program and sector.

For Fiscal Year 2025, the revenue for the BDF equals \$26,699,000 with \$3,147,000 of reimbursable capital while total funding requirements equal \$33,301,000 creating a decrease in fund balance of \$3,455,000 (See Table 5).

A comparison of the Fiscal Year 2025 budget is made to the original budget issued for Fiscal Year 2024.

Key Assumptions/Qualifications

- Manage, operate, maintain, modify, and support facilities related to power generation.
- Assist members with generation resources, transmission integration, and power management issues.
- Offer cost competitive resource options that manage risk and promote environmental stewardship.
- Invest in key strategic focus areas:
 - Develop New Nuclear
 - Expand Hydro and Wind O&M Services
 - Build new Solar Project on 300 Acres
 - Become a more comprehensive and active Joint Operating Agency
 - Electric Vehicle Charging Stations
 - Grant Funding Program
 - Information Technology + Cyber Security Expansion
 - Optimize Laboratory Services

Table 1
Summary of Revenues and Expenses by Business Sector
(Dollars in Thousands)

Description	FY 2025 Budget	Original FY 2024 Budget	Change
<u>Revenues (1)</u>			
Business Support	\$ 55	\$ 54	\$ 1
Energy & Professional Services	10,736	1,738	8,998
Laboratory Services	7,557	7,469	88
Nuclear Development	4,990	3,271	1,719
O&M Services	3,361	3,193	168
Total Revenues	<u>\$ 26,699</u>	<u>\$ 15,725</u>	<u>\$ 10,974</u>
<u>Expenses (1)</u>			
Business Support	\$ 27	\$ 31	\$ (4)
Energy & Professional Services (2)	11,185	1,571	9,614
Laboratory Services (3)	7,161	7,293	(132)
Nuclear Development	8,115	3,714	4,401
O&M Services (4)	3,359	3,210	149
Overhead Costs (5)	400	29	371
Total Expenses	<u>\$ 30,247</u>	<u>\$ 15,848</u>	<u>\$ 14,399</u>
Net Margin	<u>\$ (3,548)</u>	<u>\$ (123)</u>	<u>\$ (3,425)</u>

(1) Does not include capital

(2) Includes \$209,000 in depreciation

(3) Includes \$333,000 in depreciation

(4) Includes \$392,000 in depreciation; \$2,000 in decommissioning

(5) Includes \$116,000 in depreciation

Table 2
Detailed Financial Summary
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Revenue</u>	<u>FY 2025 Cost</u>	<u>FY 2025 Margin</u>
<u>Business Support</u>			
Co-Location Rentals	\$ 55	\$ 27	\$ 28
Total Business Support	\$ 55	\$ 27	\$ 28
<u>Energy & Professional Services</u>			
Electric Vehicle Initiatives	\$ 8,443	\$ 8,902	\$ (459)
Solar Development	25	201	(176)
Support / Member Services	197	297	(100)
Packwood SSM Storage Study	46	46	-
Benton Co LDES Study	46	46	-
APPA DEED	56	56	-
Legislative Services	17	15	2
Internship Program	90	82	8
PNNL HRSST Meas System (EXP)	46	26	20
Grant Funding Program	508	462	46
IT & Cyber Security Services	462	385	77
Bechtel Lab Support	800	667	133
Total Energy & Professional Services (1)	\$ 10,736	\$ 11,185	\$ (449)
<u>Laboratory Services</u>			
Columbia Calibration Services	\$ 2,748	\$ 2,748	\$ -
Commercial Calibration Services	2,400	1,989	411
Columbia Environmental Services	2,251	2,251	-
Commercial Environmental Services	158	173	(15)
Total Laboratory Services (2)	\$ 7,557	\$ 7,161	\$ 396
<u>Nuclear Development</u>			
EN Site 1 Nuclear Project Study	\$ 4,460	\$ 7,362	\$ (2,902)
Natrium Support	530	529	1
Westinghouse eVinci	-	224	(224)
Total Nuclear Development	\$ 4,990	\$ 8,115	\$ (3,125)
<u>O&M Services</u>			
Horn Rapids O&M	\$ 76	\$ 472	\$ (396)
Portland Hydro Project	1,494	1,300	194
O&M New Project Development	216	216	-
Stone Creek Hydro Project	500	435	65
Tieton O&M Services	1,075	936	139
Total O&M Services (3)	\$ 3,361	\$ 3,359	\$ 2
<u>Overhead Costs</u>			
Net Overhead Costs and Allocations	\$ -	\$ 400	\$ (400)
Total Overhead Costs (4)	\$ -	\$ 400	\$ (400)
Total	\$ 26,699	\$ 30,247	\$ (3,548)

Margin - () Unfavorable

(1) Includes depreciation of \$209,000

(2) Includes depreciation of \$333,000

(3) Includes depreciation of \$392,000 and \$2,000 in decommissioning

(4) Includes depreciation of \$116,000

Note: \$6,603,000 in BDF Business Support is allocated to Energy Services & Development programs.

Table 3
Summary of Capital
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>FY 2025 Budget Reimbursable (1)</u>	<u>FY 2025 Net Budget</u>	<u>Original FY 2024 Net Budget</u>	<u>Change</u>
<u>Business Sector / Project</u>					
<u>Energy & Professional Services</u>					
Electric Vehicle Capital	\$ 3,474	\$ 3,076	\$ 398	\$ 250	\$ 148
PEAKS Capital	133	40	93	-	93
DVRI Capital	31	31	-	-	-
Total Energy & Professional Services	\$ 3,638	\$ 3,147	\$ 491	\$ 250	\$ 241
<u>Laboratory Services</u>					
Calibration Laboratory Services	\$ 384	\$ -	\$ 384	\$ 325	\$ 59
Environmental Laboratory Services	59	-	59	37	22
Total Laboratory Services	\$ 443	\$ -	\$ 443	\$ 362	\$ 81
<u>Overhead Costs</u>					
MEC - ENOC - Capital	\$ 25	\$ -	\$ 25	\$ 60	\$ (35)
Total Overhead Costs	\$ 25	\$ -	\$ 25	\$ 60	\$ (35)
Total - Capital	\$ 4,106	\$ 3,147	\$ 959	\$ 672	\$ 287

(1) Reimbursed by expected Grant Proceeds and/or receipts under established Participants Agreements.

Table 4
Summary of Full Time Equivalent Positions (1)

<u>Description</u>	Original		Change
	FY 2025 Budget	FY 2024 Budget	
Laboratory Services Sector	25	24	1
Energy & Professional Services Sector	9	5	4
Nuclear Development	13	12	1
Indirect Support / Overhead Costs	19	17	2
O&M Services Sector	8	8	-
Total Positions	74	66	8

(1) Includes Allocations of Corporate Full Time Equivalent Positions

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Table 5
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025</u>	<u>Original</u> <u>FY 2024</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
<u>Funding Requirements</u>			
Expense Requirements (1)	\$ 29,195	\$ 15,028	\$ 14,167
Capital Requirements	4,106	1,792	2,314
Total Funding Requirements	<u>\$ 33,301</u>	<u>\$ 16,820</u>	<u>\$ 16,481</u>
<u>Funding Sources</u>			
Revenues	\$ 26,699	\$ 15,725	\$ 10,974
Capital Reimbursement	3,147	1,120	2,027
Total Funding Sources	<u>\$ 29,846</u>	<u>\$ 16,845</u>	<u>\$ 13,001</u>
Change in Fund Balance from Operations	<u>\$ (3,455)</u>	<u>\$ 25</u>	<u>\$ (3,480)</u>

(1) Expenses exclude \$1,052,000 of depreciation and decommissioning (non-cash item).

Table 6
Business Development Fund - Cash Flow
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2025 Total
Beginning Balance	\$ 12,957	\$ 12,669	\$ 12,381	\$ 12,093	\$ 11,805	\$ 11,517	\$ 11,229	\$ 10,940	\$ 10,653	\$ 10,365	\$ 10,077	\$ 9,790	\$ 12,957
Receipts													
Revenues	\$ 2,225	\$ 2,225	\$ 2,225	\$ 2,225	\$ 2,225	\$ 2,225	\$ 2,224	\$ 2,225	\$ 2,225	\$ 2,225	\$ 2,225	\$ 2,225	\$ 26,699
Capital Reimbursement	262	262	262	262	262	262	262	263	262	262	263	263	3,147
Total Receipts	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,486	\$ 2,488	\$ 2,487	\$ 2,487	\$ 2,488	\$ 2,488	\$ 29,846
Disbursements													
Expense Requirements	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,433	\$ 2,432	\$ 29,195
Capital Requirements	342	342	342	342	342	342	342	342	342	342	342	344	4,106
Total Disbursements	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,775	\$ 2,776	\$ 33,301
Ending Balance	\$ 12,669	\$ 12,381	\$ 12,093	\$ 11,805	\$ 11,517	\$ 11,229	\$ 10,940	\$ 10,653	\$ 10,365	\$ 10,077	\$ 9,790	\$ 9,502	\$ 9,502

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**Fiscal Year 2025
General Business Unit
Annual Budget**

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Summary

Presented within the Internal Service Fund (General Business Unit) fiscal year (FY) 2025 budget are the costs for benefits, corporate programs (administrative type costs like IT, HR, Finance, etc.), organizational overhead and general purpose projects.

The total FY 2025 General Business Unit cost is estimated to be \$138,531,000 (Table 1).

Corporate program costs and staffing are shown separately to identify the services being provided to each business unit as opposed to employee related benefits. FY 2025 corporate costs are estimated to be \$31,962,000 (Table 2).

Benefits which include health care, personal time/holidays, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, and other related costs are estimated to be \$80,144,000 (Table 3).

Organizational overhead which includes at-risk compensation, tuition and relocation reimbursements as well as other related costs is estimated to be \$21,242,000 (Table 4).

General purpose projects are composed of corporate IT projects. The corporate IT Projects are estimated to be \$5,183,000 (Table 5).

The General Business Unit costs are allocated to each business unit as explained on page 10. Also, the allocation process is depicted in a diagram on Table 7.

A comparison of the FY 2025 budget is made to the original budget issued for FY 2024.

Table 1
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
Corporate Programs	\$ 31,962	\$ 19,747	\$ 12,215
Benefits/Personal Time	80,144	72,475	7,669
Organizational Overhead	21,242	18,309	2,933
Total O&M Costs	\$ 133,348	\$ 110,531	\$ 22,817
Information Technology	\$ 5,183	\$ 5,275	\$ (92)
General Purpose Project - Capital	\$ 5,183	\$ 5,275	\$ (92)
Total Costs	\$ 138,531	\$ 115,806	\$ 22,725

Table 2
Corporate Program Costs
(Dollars in Thousands)

Description	FY 2025 Budget	Original FY 2024 Budget	Change
Information Services	\$ 11,957	\$ 8,377	\$ 3,580
Corporate Finance	6,205	2,202	4,003
Public Affairs	2,772	2,440	332
Senior Management	3,644	2,439	1,205
Human Resources	2,623	2,035	588
Legal	678	509	169
Organizational Effectiveness	325	432	(107)
Environmental & Regulatory Programs	255	210	45
Other	3,503	1,103	2,400
Total	\$ 31,962	\$ 19,747	\$ 12,215

Table 2A
Corporate Program Full Time Equivalent Positions

Description	FY 2025 Budget	Original FY 2024 Budget	Change
Information Services	67	30	37
Corporate Finance	52	17	35
Public Affairs	11	9	2
Senior Management	6	6	-
Human Resources	21	15	6
Legal	3	2	1
Organizational Effectiveness	-	1	(1)
Environmental & Regulatory Programs	2	2	-
Total	162	82	80

Table 3
Employee Benefit Costs
(Dollars in Thousands)

Description	FY 2025 Budget	Original FY 2024 Budget	Change
Medical Benefits	\$ 20,657	\$ 20,557	\$ 100
F.I.C.A.	12,829	10,583	2,246
Retirement:			
WA PERS Contribution	16,049	15,018	1,031
401(k) Match	5,037	4,242	795
Personal Time/Holidays	22,378	20,139	2,239
Unemployment/Disability/Other	1,662	1,936	(274)
Subtotal	\$ 78,612	\$ 72,475	\$ 6,137
Outage	\$ 1,532	\$ -	\$ 1,532
Total	\$ 80,144	\$ 72,475	\$ 7,669

Table 4
Organizational Overhead
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025 Budget</u>	<u>Original FY 2024 Budget</u>	<u>Change</u>
At-Risk Compensation/Retention/ Employee Recognition	\$ 20,274	\$ 17,341	\$ 2,933
Relocations	825	825	-
Tuition	143	143	-
Total	<u>\$ 21,242</u>	<u>\$ 18,309</u>	<u>\$ 2,933</u>

Table 5
General Purpose Projects
(Dollars in Thousands)

<u>Description</u>	<u>FY 2025</u> <u>Budget</u>	<u>Original</u> <u>FY 2024</u> <u>Budget</u>	<u>Change</u>
<u>Capital Projects</u>			
Information Technology (1)	\$ 5,183	\$ 5,275	\$ (92)
Total Capital Projects	\$ 5,183	\$ 5,275	\$ (92)
<u>Expense Projects</u>			
Information Technology (1)	\$ -	\$ -	\$ -
Total Expense Projects	\$ -	\$ -	\$ -
Total General Purpose Projects	\$ 5,183	\$ 5,275	\$ (92)

(1) Information Technology costs are managed centrally within Energy Northwest for the benefit of all Business Units. Items must have a useful life greater than one year, and have a procurement cost of greater than \$1,000. Internally developed software projects must be greater than \$250,000 to be capitalized.

Table 6
Business Unit Allocation of Costs
(Dollars in Thousands)

<u>Business Unit Allocations (Dollars)</u>	FY 2025 Budget	Original FY 2024 Budget	Change
Project 1	\$ 470	\$ 363	\$ 107
Columbia	123,460	102,251	21,209
Project 3	120	92	28
Packwood	419	502	(83)
Nine Canyon Wind Project	963	1,039	(76)
Business Development Fund	<u>7,916</u>	<u>6,307</u>	<u>1,609</u>
Total Allocations	<u>\$ 133,348</u>	<u>\$ 110,554</u>	<u>\$ 22,794</u>

<u>Business Unit Allocations (Percentages)</u>	FY 2025 Budget	Original FY 2024 Budget	Change
Project 1	0.35%	0.33%	0.02%
Columbia	92.59%	92.49%	0.10%
Project 3	0.09%	0.08%	0.01%
Packwood	0.31%	0.45%	(0.14%)
Nine Canyon Wind Project	0.72%	0.94%	(0.22%)
Business Development Fund	<u>5.94%</u>	<u>5.71%</u>	<u>0.23%</u>
Total Allocations	<u>100.00%</u>	<u>100.00%</u>	<u>(0.00%)</u>

Note:

Total Business Unit Allocation dollars shown exclude non-allocated costs, thus, will not agree with Table 1.

Overview of Indirect Cost Pools

Energy Northwest makes use of three indirect cost pools. Allocation of these pools is conducted in three sequential steps. A graphical depiction of allocation steps are provided on the following page (Table 7).

Step 1 - Employee Benefits (Resource Category 703)

Contains all costs incurred by Energy Northwest for medical and dental benefits, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, Personal Time (e.g., vacation, holiday, sick, etc.) and other costs associated with employee wellness. Employee benefit costs are allocated to business units and other intermediate cost pools based on regular labor costs. Overtime, temporary and special pay costs receive a reduced rate.

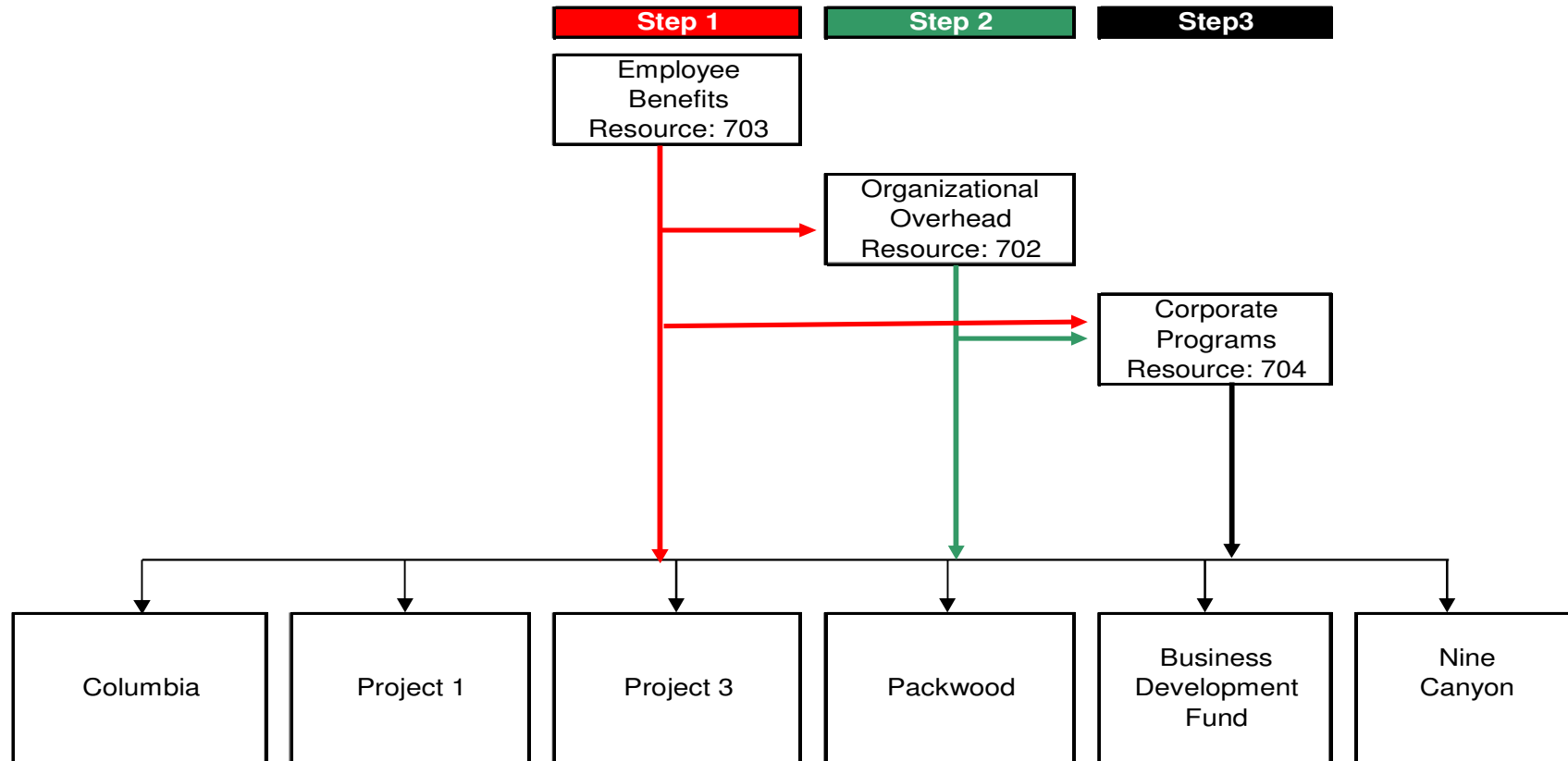
Step 2 – Organizational Overhead (Resource Category 702)

Contains costs for education reimbursement, new employee relocation, and employee recognition programs determined when goals are evaluated. Also, included is a pro-rata allocation of employee benefits. These costs are allocated to business units and the corporate programs cost pool based on regular labor costs.

Step 3 – Corporate Programs (Resource Category 704)

Contains all costs associated with management of Energy Northwest's corporate activities. These costs include costs of corporate finance, legal, public affairs, human resources, and information technology. Also, included is a pro-rata allocation of employee benefits, and organizational overhead. These costs in FY 2025 are allocated to business units based on regular labor costs. In FY 2024 these costs were allocated to business units based on total operating and capital costs.

Table 7
Indirect Cost Allocation Diagram



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ALLOCATION: A process to spread indirect overhead costs to other business units based on a common cost pool.

AMORTIZATION: A method of allocating (accruing) costs to fiscal periods to match costs with the revenues or benefits generated from a specific activity.

AMORTIZED FINANCING COSTS: Reflects the capitalized financing costs that were incurred to issue long-term bonds to finance construction of the project or refinance outstanding project bonds, which are being amortized over the life of the bonds.

ANNUAL BUDGET: The amount of resources, expressed in dollars, allocated to a specific project for a given fiscal year.

BASELINE COSTS: Columbia Generating Station (Columbia) direct and indirect costs not associated with projects. Estimated labor associated with projects has been included in the project line item budgets.

BILLING STATEMENTS: A contractual notification to project participants indicating their percentage and dollar share of a net-billed project's annual budget.

BOND PROCEEDS: Monies received from the issuance of bonds.

BOND RESOLUTION: A resolution passed by Energy Northwest's Board of Directors establishing a plan and system for the acquisition and construction of a particular Energy Northwest project. Each of Energy Northwest's projects has a bond resolution. Among other things, the resolution authorizes the issuance of bonds to construct the project and establishes special rules pertaining to the accounting and funding of each project. Each resolution mandates that separate funds and books of accounts be maintained and strictly prohibits the payment of obligations of one project with funds of another project.

BOND RETIREMENT: Funds deposited into the Bond Fund Principal or Bond Fund Retirement accounts used to retire maturing debt or meet sinking fund requirements.

BPA DIRECT PAY AGREEMENTS: Energy Northwest and Bonneville entered into an agreement with respect to each Net Billed Project ("Direct Pay Agreements") pursuant to which, beginning May 2006, Bonneville pays at least monthly all costs for each Net Billed Project, including debt service on the Net Billed Bonds, directly to Energy Northwest. Each Participant pays directly to Bonneville all costs associated with its power sales and other contracts with Bonneville instead of making such payments to Energy Northwest. The Net Billing Agreements provide that Energy Northwest is to bill budgeted costs less

amounts payable from sources other than the Net Billing Agreements to Participants. Direct payments received from Bonneville under the Direct Pay Agreements are considered a source other than the Net Billing Agreements and, therefore, the Net Billing Agreements were not amended. In the Direct Pay Agreements, Energy Northwest agrees to promptly bill each Participant its share of the costs of the respective Project under the Net Billing Agreements if Bonneville fails to make a payment when due under the Direct Pay Agreements.

BUSINESS DEVELOPMENT FUND (BDF): A special enterprise fund created for the purpose of holding, administering, disbursing and accounting for Energy Northwest costs and revenues generated from new energy-related business opportunities. Created by Executive Board Resolution Number 1006 in April 1997.

BUSINESS UNIT: A plan and system authorized by Energy Northwest's Board of Directors. Columbia, WNP-1, WNP-3, Packwood, Business Development Fund, Nine Canyon Wind Project, and General Business Unit are all Business Units. The General Business Unit includes indirect costs that are subsequently allocated to all other business units.

CAPITAL ADDITIONS: Includes improvements and modifications that will be made throughout the operating life of the plant that will be necessary to assure plant safety, reliability, efficiency and cost effectiveness.

CAPITAL COSTS/EQUIPMENT: Costs related to improvements and modifications to the plant or the purchase of equipment. Generally, an item is considered to be capital equipment if it exceeds \$10K, except computer equipment which is \$1K, in value and has a service life of greater than one year. Capital items are depreciated over their estimated service-lives.

CONSTRUCTION FUND: Established pursuant to Bond Fund resolutions, the Construction Fund pays for all costs of construction.

CONTROLLABLE COSTS: Controllable costs include operations, maintenance, capital and overhead costs. They exclude costs related to depreciation, fuel, and financing.

CORPORATE PROGRAMS: The administration, management and general programs that support Energy Northwest as a business entity are accumulated into a Corporate Program indirect cost pool. The Corporate Program costs are distributed based upon total Operating and Capital costs charged to Energy Northwest projects or other final cost objectives. Corporate Programs include, but are not limited to, accounting, human resources, legal services and general management.

COST OF POWER: A measurement, expressed in dollars per megawatt-hour, designed to measure the cost effectiveness of plant operations. Also see Memorandum of Agreement.

COST-TO-CASH RECONCILIATION: A schedule depicting how cost numbers, which are used to manage and control Energy Northwest business units, are converted to cash and funding requirements.

DEBT SERVICE: Amounts paid or required to be paid into the applicable Bond and Reserve & Contingency Fund for purposes of paying the semi-annual coupon interest and annual bond principal redemption.

DECOMMISSIONING: Refers to the plan of dismantlement and site restoration of Columbia. The decommissioning plan for Columbia reflects a 60-year plant life, three years to prepare for protective storage, 60 years of protective storage, and 3.5 years for facility dismantlement and site restoration. A special fund has been established to provide monies necessary to pay for decommissioning.

DEPRECIATION: A systematic and rational basis for allocating capital costs over the service life of an asset. Depreciation may be based on estimated service life in years or production capacity. Depreciation can be viewed as the wear and tear of an asset over time.

ESCALATION: The dollar amount or percentage rate that costs are expected to increase in future periods due to inflation, changes in labor contracts, tax increases, etc.

EXCESS WORKING CAPITAL: The amount in excess of \$3 million that has been designated as the required amount of working capital for the Revenue Fund. To the extent that on June 30, there is more than that amount of monies in the Revenue Fund, such amounts for the current fiscal year are excess amounts to be used to reduce the funding requirements for the project for the subsequent fiscal year.

FISCAL YEAR: The twelve-month period July 1 through June 30. Energy Northwest's accounting and budgeting cycle is based on a fiscal year that spans this period.

FIXED COSTS: Includes non-variable costs that will be incurred regardless of plant operations, output or conditions (e.g., bond interest, depreciation, decommissioning, etc.).

FUND: Established by bond resolutions, a fund is a pool of money set aside to pay specified obligations of the projects. Typically, Energy Northwest project bond resolutions call for construction costs to be paid from the Construction Fund, operations and maintenance costs to be paid from the Revenue Fund,

bond interest payments to be paid from the Interest Account within the Bond Fund, etc. Fund restrictions were established by bond resolutions as a form of security for bondholders.

FUNDING REQUIREMENTS: Identification of the amount of cash required for a given budget period to meet business unit needs.

GENERAL BUSINESS UNIT (GENERAL FUND): A fund established for accounting purposes to pay multi-project obligations and collect and allocate overhead costs to projects.

GENERATION TAXES: Pursuant to RCW 54.28.025, a tax is assessed on Columbia net generation equal to one and one-half percent of the wholesale value of energy produced. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

INCREMENTAL COSTS: Includes those costs that are variable in nature and are directly related to the amount of power produced (e.g., nuclear fuel amortization spent fuel disposal fees, generation taxes, etc.).

INCREMENTAL OUTAGE COSTS: Includes those costs that are needed to support an outage that are not specific to an individual project (e.g., overtime, supplies and materials).

INDIRECT COSTS: Includes costs charged to intermediate cost pools for later allocation. Includes costs associated with Administrative & General (A&G), Information Technology, Organizational Overhead, Employee Benefits, and Absence (see General Business Unit tab for further definition of these cost pools).

INTEREST EXPENSE: The interest on outstanding bonds. Funds are transferred monthly from the Revenue Funds to the Bond Fund Interest Accounts in order to pay the semi-annual coupon interest.

INVENTORY: Operational spare parts, common stock and general materials and supplies purchased by Energy Northwest and stored in warehouses for later use.

INVESTMENT INCOME: Income earned on investment securities.

MATERIALS: Included in materials is the cost of office supplies, software, fuels, oils, chemicals, gases, support materials, and resins.

NET-BILLING: A payment procedure established by net-billing agreements. More than 100 Northwest utilities have purchased all of the project capability of Nuclear Project No. 1, Columbia and Energy Northwest's 70 percent ownership

share of Nuclear Project No. 3. Project Participants have resold such capability to BPA and, in return, BPA is obligated to pay annual costs of these projects, including debt service, by a procedure referred to as net-billing. Project Participants pay Energy Northwest their respective share of annual costs, and BPA pays Project Participants identical amounts by reducing amounts due to BPA by Participants under power sales agreements.

NUCLEAR FUEL AMORTIZATION: Represents the amortization of nuclear fuel costs in a given fiscal year. The cost of nuclear fuel is first capitalized as an asset in order to reflect the value of the unused fuel. At the time the fuel is placed in the reactor, the cost of the fuel is amortized to fiscal periods on the basis of quantity of heat produced.

NUCLEAR FUEL IN PROCESS: The cost of nuclear fuel that is being converted, fabricated, enriched, etc. not having reached a finished state.

OPERATING COSTS: Includes controllable and incremental costs.

ORIGINAL BUDGET: The beginning fiscal year budget for a Business Unit.

OUTSIDE SERVICES: Includes the cost of services provided by outside companies. Energy Northwest uses outside services for various functions including data systems, legal assistance, engineering support, craft support, paying agent and trustee fees, health physics and chemistry, maintenance services and radwaste disposal.

PRIOR YEAR'S RESERVE AND CONTINGENCY FUND SURPLUS: Annually, funds remaining are to be transferred back to the Revenue Fund to be utilized to reduce the funding requirements of the project for the subsequent fiscal year. Monies deposited in the Reserve and Contingency Fund can be expended only for special purposes.

PRIVILEGE TAXES: Pursuant to RCW 54.28.020, a tax is assessed on Packwood and Nine Canyon net generation equal to five percent of the first four mills per kilowatt-hour of revenue obtained from the sale of energy for resale. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

PROJECT PARTICIPANT: Municipalities, public utility districts, investor-owned utilities and electric cooperatives that have purchased a share of project output.

REFINANCING: An Energy Northwest and BPA program to refund higher coupon outstanding debt issued for Projects 1, 3 and Columbia with the goal of reducing total debt service of the projects over the life of the bonds.

RESERVE AND CONTINGENCY FUND REQUIREMENT: Funds equal to 10 to 15 percent of the aggregate required monthly transfers from the Revenue Fund to the Bond Fund Debt Service Accounts are to be transferred monthly from the Revenue Fund to the Reserve and Contingency Fund.

RISK RESERVE: A reserve in the budget set aside for unplanned events.

SPENT FUEL DISPOSAL FEE: The Nuclear Waste Policy Act of 1982 specifies that a waste disposal of one mill be paid to the United States Department of Energy (DOE) for each kilowatt-hour of electricity generated. In return, DOE will accept and dispose of spent nuclear fuel.

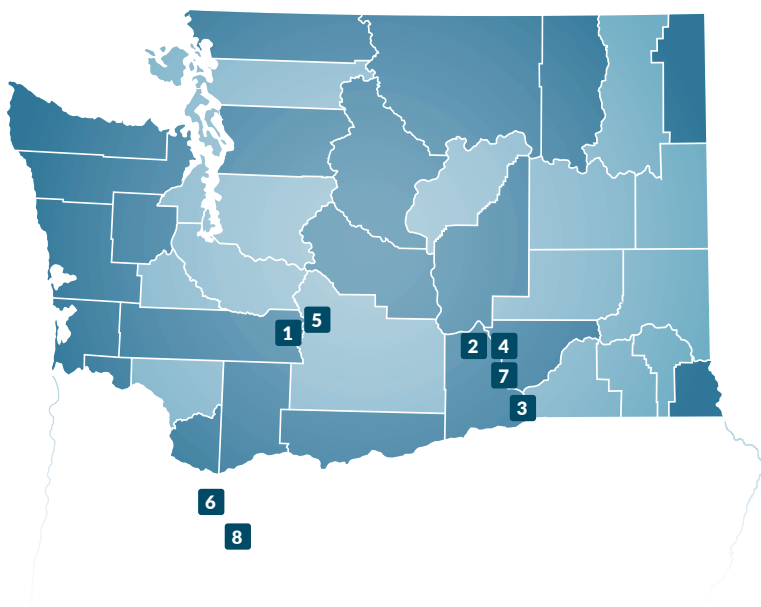
STRATEGIC PLANNING: A process undertaken by key managers and staff, approved by the Executive Board, to establish a vision of what Energy Northwest should be in five or more years.



Manage Energy Northwest as a **joint operating agency**

Operate Columbia Generating Station for **80+ years**

Support **clean energy** transformation



- 1 Packwood Lake Hydroelectric Project
- 2 Columbia Generating Station
- 3 Nine Canyon Wind Project
- 4 White Bluffs Solar Station
- 5 Tieton Hydroelectric Project
- 6 Portland Hydroelectric Project
- 7 Horn Rapids Solar, Storage & Training Project
- 8 Stone Creek Hydroelectric Project