

# **Fiscal Year 2010 Project 1 Annual Budget**



**Table of Contents**

	<b><u>Table</u></b>	<b><u>Page</u></b>
Summary		3
Key Assumptions/Qualifications		4
Summary of Costs	Table 1	5
Treasury Related Expenses	Table 2	6
Summary of Full Time Equivalent Positions	Table 3	7
Cost-to-Cash Reconciliation	Table 4	8
Annual Budget and Statement of Funding Requirements	Table 5	9
Monthly Statement of Funding Requirements- Revenue Fund	Table 6	10

### Summary

The Project 1 Fiscal Year 2010 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 Fiscal Year 2010 including reuse study, annual fixed charges, minimum maintenance, and treasury related expenses. In addition, the budget includes all funding requirements identified for the project for Fiscal Year 2010.

The total cost for Fiscal Year 2010 is estimated to be \$89,351,000 (Table 1). Total Funding Requirements of \$179,342,000 (Table 5) will be direct billed to Bonneville Power Administration. Bonneville Power Administration pays directly 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 Fiscal Year 2010 budget is made to the original budget issued for Fiscal Year 2009.

**Key Assumptions/Qualifications**

This budget provides funding for costs associated with the project for Fiscal Year 2010 including reuse study, annual fixed charges, minimum maintenance, and treasury related expenses. Key assumptions and qualifications of this budget are:

- Interest on Debt includes interest on \$51,890,000 of principal maturing in July 2009 that will be refunded in the spring of 2009.
- The budget assumes that all \$84,670,000 of principal maturing in July 2010 will be paid off with no principal being refunded.

**Table 1**  
**Summary of Costs**  
(Dollars in Thousands)

<b><u>Description</u></b>	<b>FY 2010 Budget</b>	<b>Original FY 2009 Budget</b>	<b>Variance</b>
Reuse Study	\$ 132	\$ 75	\$ 57
Annual Fixed Charges	39	33	6
Minimum Maintenance	161	123	38
<b>Subtotal Site</b>	<b>\$ 332</b>	<b>\$ 231</b>	<b>\$ 101</b>
<b><u>Other</u></b>			
Treasury Related Expenses	\$ 88,497	\$ 100,956	\$ (12,459)
Decommissioning	522	503	19
<b>Subtotal Other Costs</b>	<b>\$ 89,019</b>	<b>\$ 101,459</b>	<b>\$ (12,440)</b>
<b>Total</b>	<b>\$ 89,351</b>	<b>\$ 101,690</b>	<b>\$ (12,339)</b>

**Table 2**  
**Treasury Related Expenses**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2010</u> <u>Budget</u>	<u>Original</u> <u>FY 2009</u> <u>Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 95,487	\$ 100,589	\$ (5,102)
Amortized Financing Cost (2)	(8,039)	130	(8,169)
Investment Income (Rev. Fund) (3)	(85)	(956)	871
Treasury Services (4)	<u>1,134</u>	<u>1,193</u>	<u>(59)</u>
<b>Total</b>	<b><u>\$ 88,497</u></b>	<b><u>\$ 100,956</u></b>	<b><u>\$ (12,459)</u></b>

#### Assumptions

- (1) Interest on variable rate debt remains at 3.50%. Interest expense includes interest on \$51,890,000 maturing in July 2009 that will be refunded.
- (2) The amortized financing costs are driven by the amortization of the premiums on bond issues more than offsetting debt expense and loss on bonds.
- (3) Includes income on investment of monies held in the interest and principal accounts and the Reserve and Contingency Fund which are transferred periodically to the Revenue Fund. Investment income earnings rates are forecasted at 0.375%.
- (4) Includes all non-interest costs of fixed and variable rate debt, internal labor and overheads of \$189,000.

**Table 3**  
**Summary of Full Time Equivalent Positions**

<u>Description</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Treasury Related	<u>3</u>	<u>3</u>	<u>-</u>

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

<b>Description</b>	<b>FY 2010 Total Cost</b>	<b>Non-Cash Items</b>	<b>Non-Cost Items</b>	<b>Deferred Cash Req'ts</b>	<b>Prior Year's Commitments</b>	<b>FY 2010 Total Cash</b>
Reuse Study	\$ 132	\$ -	\$ -	\$ -	\$ -	\$ 132
Annual Fixed Charges	39	-	-	-	-	39
Minimum Maintenance	161	-	-	-	-	161
<b>Subtotal Site</b>	<b>\$ 332</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 332</b>
<b>Other</b>						
Decommissioning	\$522	(\$522)	\$ -	\$ -	\$ -	\$ -
Treasury Related						
Interest Expense	95,487	-	-	-	-	95,487
Bond Retirement (1)	-	-	84,670	-	-	84,670
Amortized Cost	(8,039)	8,039	-	-	-	-
Invest. Income (Rev.)	(85)	-	-	16	(153)	(222)
Treasury Services	1,134	-	-	-	(175)	959
R&C Fund (2)	-	-	293	-	-	293
Prior Year's R&C Surplus	-	-	(2,177)	-	-	(2,177)
Subtotal Treasury Expenses	88,497	8,039	82,786	16	(328)	179,010
<b>Subtotal Other</b>	<b>\$ 89,019</b>	<b>\$ 8,039</b>	<b>\$ 82,786</b>	<b>\$ 16</b>	<b>\$ (328)</b>	<b>\$ 179,010</b>
<b>Total Funding Requirements</b>	<b>\$ 89,351</b>	<b>\$ 8,039</b>	<b>\$ 82,786</b>	<b>\$ 16</b>	<b>\$ (328)</b>	<b>\$ 179,342</b>

(1) It is assumed that all \$84,670,000 of the bond retirement requirements will be paid off.

(2) The budget reflects R&C Fund for prior lien bonds only. Newer bond resolutions have eliminated R&C Fund requirements.



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

<u>Description</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
<u>Programs</u>			
Reuse Study	\$ 132	\$ 75	\$ 57
Annual Fixed Charges	39	33	6
Minimum Maintenance	161	123	38
<b>Subtotal Programs</b>	<b>\$ 332</b>	<b>\$ 231</b>	<b>\$ 101</b>
<u>Treasury Related Expenses</u>			
Interest Expense	\$ 95,487	\$ 100,589	\$ (5,102)
Bond Retirement	84,670	52,915	31,755
Reserve & Contingency Fund	293	2,973	(2,680)
Investment Income (Revenue)	(222)	(1,879)	1,657
Prior Year's R&C Surplus	(2,177)	(7,890)	5,713
Treasury Services	959	1,193	(234)
<b>Subtotal Treasury Related</b>	<b>\$ 179,010</b>	<b>\$ 147,901</b>	<b>\$ 31,109</b>
<b>Total Funding Requirements</b>	<b>\$ 179,342</b>	<b>\$ 148,132</b>	<b>\$ 31,210</b>
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 179,342	\$ 148,132	\$ 31,210
<b>Total Funding Sources</b>	<b>\$ 179,342</b>	<b>\$ 148,132</b>	<b>\$ 31,210</b>

**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	FY2010 Total
<b>Beginning Balance</b>	\$ 3,000	\$ 4,816	\$ 4,255	\$ 3,650	\$ 3,607	\$ 48,567	\$ 3,607	\$ 3,608	\$ 3,609	\$ 3,608	\$ 3,608	\$ 133,171	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ 564	\$ 45,567	\$ 607	\$ 608	\$ 609	\$ 608	\$ 608	\$ 130,171	\$ -	\$ 179,342
<b>Total Receipts</b>	\$ -	\$ -	\$ -	\$ 564	\$ 45,567	\$ 607	\$ 608	\$ 609	\$ 608	\$ 608	\$ 130,171	\$ -	\$ 179,342
Disbursements													
Treasury Related Expenses													
Interest Expense	\$ 468	\$ 469	\$ 468	\$ 469	\$ 468	\$ 45,402	\$ 468	\$ 468	\$ 469	\$ 468	\$ 468	\$ 45,402	\$ 95,487
Bond Retirement (2)	-	-	-	-	-	-	-	-	-	-	-	84,670	84,670
R&C Fund (3)	24	25	24	25	24	25	24	25	24	25	24	24	293
Investment Income	(155)	(1)	(1)	(1)	(1)	(16)	(1)	(1)	(1)	(1)	(1)	(42)	(222)
Prior Years R & C Surplus	(2,177)	-	-	-	-	-	-	-	-	-	-	-	(2,177)
Treasury Services	-	44	89	90	92	92	92	92	92	92	92	92	959
<b>Subtotal Treasury Related</b>	\$ (1,840)	\$ 537	\$ 580	\$ 583	\$ 583	\$ 45,503	\$ 583	\$ 584	\$ 584	\$ 584	\$ 583	\$ 130,146	\$ 179,010
Reuse Study	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 132
Annual Fixed Charges	-	-	-	-	-	39	-	-	-	-	-	-	39
Minimum Maintenance	13	13	14	13	13	14	13	13	14	13	14	14	161
<b>Total Disbursements</b>	\$ (1,816)	\$ 561	\$ 605	\$ 607	\$ 607	\$ 45,567	\$ 607	\$ 608	\$ 609	\$ 608	\$ 608	\$ 130,171	\$ 179,342
<b>Ending Balance</b>	\$ 4,816	\$ 4,255	\$ 3,650	\$ 3,607	\$ 48,567	\$ 3,607	\$ 3,608	\$ 3,609	\$ 3,608	\$ 3,608	\$ 133,171	\$ 3,000	\$ 3,000

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

(2) It is assumed that all \$84,670,000 of the bond retirement requirements will be paid off.

(3) The budget reflects R&C Fund for prior lien bonds only. Newer bond resolutions have eliminated R&C Fund requirements.

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