

# **Fiscal Year 2010 Project 3 Annual Budget**



**Table of Contents**

	<b><u>Table</u></b>	<b><u>Page</u></b>
Summary		3
Summary of Costs	Table 1	4
Summary of Full Time Equivalent Positions	Table 2	5
Cost-to-Cash Reconciliation	Table 3	6
Annual Budget/Statement of Funding Requirements	Table 4	7
Monthly Statement of Funding Requirements - Revenue Fund	Table 5	8

### 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 2010 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 775 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 cost for Fiscal Year 2010 is estimated to be \$85,865,000 (Table 1). The total net funding requirements for Fiscal Year 2010 are \$145,294,000 (Table 4). 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.

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

<u>Description</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 86,384	\$ 90,665	\$ (4,281)
Amortized Financing Cost (2)	(3,769)	(92)	(3,677)
Investment Income (3)	(127)	(1,212)	1,085
Treasury Services (4)	3,377	2,034	1,343
<b>Total</b>	<b>\$ 85,865</b>	<b>\$ 91,395</b>	<b>\$ (5,530)</b>

### Assumptions

- (1) Interest on variable rate debt remains at 3.50%. Interest expense includes interest on \$27,100,000 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 & Contingency Fund which are transferred periodically to the Revenue Fund. Investment income earnings rates are forecasted at 0.375%.
- (4) The increase in treasury services expenses is driven by increased fees related to variable rate debt. Includes all non-interest costs of fixed and variable rate debt and internal

Table 2  
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>1</u>	<u>1</u>	<u>-</u>

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

Description	FY 2010 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2010 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 86,384	\$ -	\$ -	\$ (13,927)	\$ -	\$ 72,457
Bond Retirement	-	-	69,525	-	-	69,525
Amortized Financing Cost	(3,769)	3,769	-	-	-	-
Investment Income	(127)	-	-	67	(265)	(325)
Treasury Services/Pay Agent	3,377	-	-	-	(144)	3,233
Prior Year's R&C Surplus	-	-	(4,533)	-	-	(4,533)
Reserve & Contingency Fund	-	-	4,937	-	-	4,937
<b>Subtotal Treasury Related</b>	<b>\$ 85,865</b>	<b>\$ 3,769</b>	<b>\$ 69,929</b>	<b>\$ (13,860)</b>	<b>\$ (409)</b>	<b>\$ 145,294</b>
<b>Total Funding Requirements</b>	<b>\$ 85,865</b>	<b>\$ 3,769</b>	<b>\$ 69,929</b>	<b>\$ (13,860)</b>	<b>\$ (409)</b>	<b>\$ 145,294</b>

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

<u>Description</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense	\$ 72,457	\$ 74,658	\$ (2,201)
Bond Retirement	69,525	101,735	(32,210)
Reserve & Contingency Fund	4,937	7,003	(2,066)
Investment Income (Rev)	(325)	(1,504)	1,179
Prior Year's R&C Surplus	(4,533)	(8,634)	4,101
Treasury Services	3,233	2,034	1,199
<b>Total Funding Requirements</b>	<b><u>\$ 145,294</u></b>	<b><u>\$ 175,292</u></b>	<b><u>\$ (29,998)</u></b>
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 145,294	\$ 175,292	\$ (29,998)
<b>Total Funding Sources</b>	<b><u>\$ 145,294</u></b>	<b><u>\$ 175,292</u></b>	<b><u>\$ (29,998)</u></b>

**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	FY2010 Total
<b>Beginning Balance</b>	\$ 3,000	\$ 5,788	\$ 5,932	\$ 5,934	\$ 5,933	\$ 32,034	\$ 12,144	\$ 12,145	\$ 12,144	\$ 12,144	\$ 12,143	\$ 63,820	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ 921	\$ 2,932	\$ 2,934	\$ 2,933	\$ 29,034	\$ 9,144	\$ 9,145	\$ 9,144	\$ 9,144	\$ 9,143	\$ 60,820	\$ -	\$ 145,294
<b>Total Receipts</b>	\$ 921	\$ 2,932	\$ 2,934	\$ 2,933	\$ 29,034	\$ 9,144	\$ 9,145	\$ 9,144	\$ 9,144	\$ 9,143	\$ 60,820	\$ -	\$ 145,294
Disbursements													
Treasury Related													
Interest Expense	\$ 1,687	\$ 1,687	\$ 1,687	\$ 1,687	\$ 1,686	\$ 27,795	\$ 1,687	\$ 1,687	\$ 1,687	\$ 1,686	\$ 1,686	\$ 27,795	\$ 72,457
Bond Retirement (2)	838	838	838	838	838	838	6,485	6,486	6,485	6,486	6,485	32,070	69,525
R&C Fund (3)	129	129	129	129	129	129	694	694	694	694	694	693	4,937
Investment Income	(267)	(2)	(2)	(2)	(2)	(10)	(4)	(4)	(4)	(4)	(4)	(20)	(325)
Prior Year R&C Surplus	(4,533)	-	-	-	-	-	-	-	-	-	-	-	(4,533)
Treasury Services	264	121	265	266	266	266	266	266	266	266	266	266	3,044
Treasury Services Labor	15	15	15	16	16	16	16	16	16	16	16	16	189
<b>Total Disbursements</b>	\$ (1,867)	\$ 2,788	\$ 2,932	\$ 2,934	\$ 2,933	\$ 29,034	\$ 9,144	\$ 9,145	\$ 9,144	\$ 9,144	\$ 9,143	\$ 60,820	\$ 145,294
<b>Ending Balance</b>	\$ 5,788	\$ 5,932	\$ 5,934	\$ 5,933	\$ 32,034	\$ 12,144	\$ 12,145	\$ 12,144	\$ 12,144	\$ 12,143	\$ 63,820	\$ 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 of the Fiscal Year 2010 bond maturities will be paid off and not refunded.  
(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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