

Fiscal Year 2011 Project 3 Annual Budget



Prepared 4/22/10

Table of Contents

	<u>Table</u>	<u>Page</u>
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 2011 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 2011 is estimated to be \$81,524,000 (Table 1). The total net funding requirements for Fiscal Year 2011 are \$183,097,000 (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 2011 Budget</u>	<u>Original FY 2010 Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 87,454	\$ 86,384	\$ 1,070
Amortized Financing Cost (2)	(6,058)	(3,769)	(2,289)
Investment Income (3)	(274)	(127)	(147)
Treasury Services (4)	402	3,377	(2,975)
Total	\$ 81,524	\$ 85,865	\$ (4,341)

Assumptions

- (1) Variable rate debt was replaced with fixed rate debt in the spring 2010 bond deal.
- (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 rate forecast was raised from 0.375% to 0.625%.
- (4) All variable rate debt was removed in the spring 2010 bond deal and the associated non-interest costs were removed. Fiscal Year 2011 includes all non-interest costs of fixed rate debt and internal labor and overheads of \$229,000.

Table 2
Summary of Full Time Equivalent Positions

<u>Description</u>	FY 2011 Budget	Original FY 2010 Budget	Variance
Treasury Related	1	1	-

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

Description	FY 2011 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2011 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 87,454	\$ -	\$ -	\$ (11,496)	\$ -	\$ 75,958
Bond Retirement	-	-	108,070	-	-	108,070
Amortized Financing Cost	(6,058)	6,058	-	-	-	-
Investment Income	(274)	-	-	113	(78)	(239)
Treasury Services/Pay Agent	402	-	-	-	-	402
Prior Year's R&C Surplus	-	-	(4,937)	-	-	(4,937)
Reserve & Contingency Fund	-	-	3,843	-	-	3,843
Subtotal Treasury Related	\$ 81,524	\$ 6,058	\$ 106,976	\$ (11,383)	\$ (78)	\$ 183,097
Total Funding Requirements	\$ 81,524	\$ 6,058	\$ 106,976	\$ (11,383)	\$ (78)	\$ 183,097

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

Description	FY 2011 Budget	Original FY 2010 Budget	Variance
Treasury Related Expenses			
Interest Expense	\$ 75,958	\$ 72,457	\$ 3,501
Bond Retirement	108,070	69,525	38,545
Reserve & Contingency Fund	3,843	4,937	(1,094)
Investment Income (Rev)	(239)	(325)	86
Prior Year's R&C Surplus	(4,937)	(4,533)	(404)
Treasury Services	402	3,233	(2,831)
Total Funding Requirements	\$ 183,097	\$ 145,294	\$ 37,803
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 183,097	\$ 145,294	\$ 37,803
Total Funding Sources	\$ 183,097	\$ 145,294	\$ 37,803

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	FY2011 Total
Beginning Balance	\$ 3,000	\$ 6,838	\$ 5,660	\$ 4,482	\$ 4,178	\$ 39,429	\$ 8,926	\$ 8,927	\$ 8,926	\$ 8,924	\$ 8,923	\$ 119,168	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ 874	\$ 36,429	\$ 5,926	\$ 5,927	\$ 5,926	\$ 5,924	\$ 5,923	\$ 116,168	\$ -	\$ 183,097
Total Receipts	\$ -	\$ -	\$ -	\$ 874	\$ 36,429	\$ 5,926	\$ 5,927	\$ 5,926	\$ 5,924	\$ 5,923	\$ 116,168	\$ -	\$ 183,097
Disbursements													
Treasury Related													
Interest Expense	\$ 452	\$ 452	\$ 452	\$ 452	\$ 453	\$ 35,719	\$ 452	\$ 452	\$ 452	\$ 452	\$ 451	\$ 35,719	\$ 75,958
Bond Retirement (2)	590	590	590	590	590	590	4,910	4,910	4,910	4,910	4,910	79,980	108,070
R&C Fund (3)	104	104	104	105	104	104	536	537	536	536	536	537	3,843
Investment Income	(80)	(1)	(1)	(2)	(2)	(17)	(6)	(6)	(6)	(8)	(8)	(102)	(239)
Prior Year R&C Surplus	(4,937)	-	-	-	-	-	-	-	-	-	-	-	(4,937)
Treasury Services	33	33	33	33	33	33	34	34	34	34	34	34	402
Total Disbursements	\$ (3,838)	\$ 1,178	\$ 1,178	\$ 1,178	\$ 1,178	\$ 36,429	\$ 5,926	\$ 5,927	\$ 5,926	\$ 5,924	\$ 5,923	\$ 116,168	\$ 183,097
Ending Balance	\$ 6,838	\$ 5,660	\$ 4,482	\$ 4,178	\$ 39,429	\$ 8,926	\$ 8,927	\$ 8,926	\$ 8,924	\$ 8,923	\$ 119,168	\$ 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 2011 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.

(Page left intentionally blank)