



**ENERGY  
NORTHWEST**

# Introduction

**Vic Parrish  
Chief Executive Officer  
March 23, 2010**

# **Agenda - March 23, 2010**

<b>9:00 - 9:15</b>	<b>Introduction</b>	<b>Vic Parrish</b>
<b>9:15 - 9:30</b>	<b>Strategic Plan</b>	<b>Brent Ridge</b>
<b>9:30 - 9:45</b>	<b>Budget Overview</b>	<b>Al Mouncer</b>
<b>9:45 - 10:00</b>	<b>Columbia Overview</b>	<b>Scott Oxenford</b>
<b>10:00 - 10:45</b>	<b>Columbia</b>	<b>Brent Ridge</b>
<b>10:45 - 11:45</b>	<b>Columbia Projects</b>	<b>Project Managers</b>
<b>11:45 - 1:00</b>	<b>Lunch</b>	
<b>1:00 - 1:45</b>	<b>Columbia LRP</b>	<b>Brent Ridge</b>
<b>1:45 - 2:15</b>	<b>Columbia 10-Year Fuel Plan</b>	<b>Lisa Ferek</b>
<b>2:15 - 2:45</b>	<b>Break/Discussion</b>	
<b>2:45 - 3:30</b>	<b>IT Projects</b>	<b>Keith Cooke</b>
<b>3:30 - 3:45</b>	<b>Debt Service/Investments</b>	<b>John Irvan</b>
<b>3:45 - 4:00</b>	<b>Open Issues</b>	

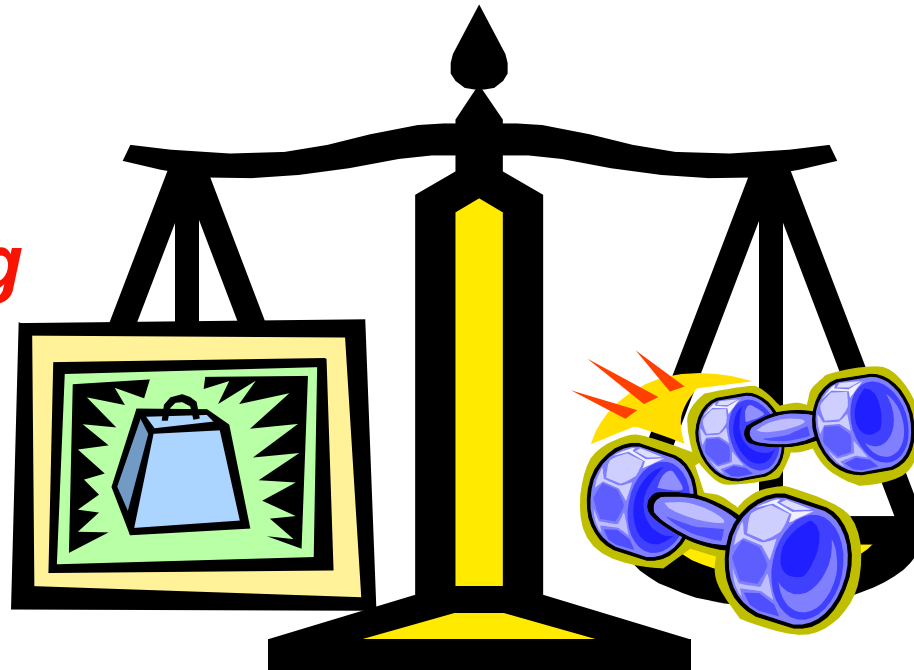
# **Agenda - March 24, 2010**

<b>8:00 - 8:45</b>	<b>General Business Unit (A&amp;G)</b>	<b>Johnathan Hicks</b>
<b>8:45 - 9:00</b>	<b>Energy/Business Services - Overview/Strategies</b>	<b>Jack Baker</b>
<b>9:00 - 9:15</b>	<b>Energy/Business Services - Business Development Fund</b>	<b>Jack Baker</b>
<b>9:15 - 10:00</b>	<b>Break/Discussion</b>	
<b>10:00 - 10:30</b>	<b>General Services/Facilities</b>	<b>Mike Price</b>
<b>10:30 - 11:00</b>	<b>Generation Sector</b>	<b>Tom Krueger</b>
<b>11:00 - 11:10</b>	<b>Nine Canyon Wind Project</b>	<b>Steve Wotruba</b>
<b>11:10 - 11:20</b>	<b>Packwood</b>	<b>Steve Wotruba</b>
<b>11:20 - 11:35</b>	<b>O&amp;M/Professional Services</b>	<b>Steve Wotruba</b>
<b>11:35 - 11:45</b>	<b>Wrap up/Open Issues</b>	
<b>11:45 - 1:00</b>	<b>Lunch</b>	

# Budgeting Balancing Act

## • *Generating Facilities*

- Plant Reliability
- Dose Reduction
- License Renewal
- New Generation



## • *People*

- Wages
- Benefits
- Training
- Knowledge Retention
- Public Opinion

**Maintain Safe, Reliable Cost Effective Operation**

# Improved Predictability & Value

- ✦ Improving Predictability of our Long Range Plans
- ✦ Efficiency Improvements and Value Assessments
  - “Kai-zan” Performance Improvement Projects
  - Initiating Enterprise Risk Management Process
- ✦ Improved Predictability of Plant Operations and Reliability

# Workforce Management

- ✧ Improved Workforce Management has Resulted in:
  - Transition Positions for Retirements
    - Knowledge retention
  - Additional Permanent Positions
    - CGS
      - Fatigue order
      - Planners and Schedulers
    - Nine Canyon Technician
  - Project Positions for Staffing Peaks
    - Increased for each Outage
    - Out-year planned reductions

# Managing Our Balance Sheets

- ✦ Continue Bond Principal Payments on Net-Billed Projects
- ✦ Continue Columbia Capital Financing
- ✦ Variable Rate Debt Eliminated in Prior Year
- ✦ Advanced Participant Funding on Future Project Development Costs

# Looking Forward to Our Future

- ✧ Staff is taking the Long-Term View
  - Including Columbia Extension Effort
  - Investing in Columbia Equipment Reliability
  - Efficient IT Technology and Obsolescence
  - Investing in Present and Future Employee Development
  - Preparing for the Regional Challenges

# Supporting Regional Challenges

- ✦ Energy Diversification
  - Continuing development of thermal resources
  - Continuing development of wind projects
  - Exploring other renewable technologies
- ✦ Stayed within Last Year's Forecast for FY 2011
- ✦ Cost Control and Competitiveness
  - Continuous cost reduction efforts

# STRATEGIC PLAN

*fiscal year* 2011-2020



## Partnering for a **powerful** future

- Safe and reliable public power generation and service solutions
- At-cost power to fit your needs
- Ownership stake and control



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# FY 2011 Draft Strategic Plan

Brent Ridge  
March 2010

# FY11 Process

## ✧ Member Input Opportunities:

- Commissioner/Manager workshop
- 4 BOD planning sessions (April, July, October 2009 and January 2010)
- 2 Member surveys
- EB retreat planning session
- 3 Senior Management planning sessions

## ✧ Developed 3 Strategic Initiatives

- Identified key performance indicators/enabling milestones for each initiative

# Maximize Current Resources

	Enabling Milestones/Key Performance Indicators			
Actions	FY10	FY11	FY12	Senior Sponsor
<b>Strategic Initiative: Maximize Current Resources</b>				
<b>Columbia</b>				
Nuclear Oversight Board (NOC)	Revise focus of Operations and Construction committees to only CGS (rename NOC)	Continue NOC	Continue NOC	Scott Oxenford
CGS Performance Index (as of June 30 of FY)	52.71	55.7	79.73	Scott Oxenford
Radiation Exposure (annual person-rem)	40	280	30	Scott Oxenford
Refuel Outage Duration (days)	0	78	0	Scott Oxenford
Net Generation (GWh)	8,391	7,182	9,383	Scott Oxenford
Cost of Power Targets (\$/MWh incl esc) O&M/Fuel	\$28.69	\$43.82	\$27.74	Scott Oxenford
<b>Packwood</b>				
Cost of Power Targets (\$/MWh incl esc) O&M	\$19.82	\$21.42	\$22.50	Jack Baker
<b>Nine Canyon Wind</b>				
Cost of Power Targets (\$/MWh incl esc) O&M	\$22.31	\$19.61	\$24.00	Jack Baker
<b>Human Resources</b>				
EN Industrial Safety Accident Rate (2 year rolling average)	0.17	0.17	0.17	Dale Atkinson

# Public Power Leadership through Communication/Education

Enabling Milestones/Key Performance Indicators				
Actions	FY10	FY11	FY12	Senior Sponsor
<b>Strategic Initiative: Public Power Leadership through Communication/Education</b>				
<b>Industry Knowledge and Communication Plan</b>				
Implement Communication Plan	Develop and implement plan for FY10 actions including baseline survey	Develop and implement plan for FY11 actions	Develop and implement plan for FY12 actions (resurvey)	Rochelle Olson
<b>Member engagement</b>				
Member Site Visits (CEO & Senior Staff Attend Member Utility Meetings)	Identify engagement schedule and appropriate management.	Create calendar and coordinate visits. Conduct surveys to measure effectiveness.	Continue visits. Make adjustments as necessary.	Rochelle Olson
<b>Political Initiatives</b>				
Conduct Legislator Visits	Conduct quarterly visits to DC delegation. Conduct regular visits to state legislators during session.	Continue quarterly visits and regular visits during session	Continue quarterly visits and regular visits during session	Rochelle Olson
Increase EN Regional Input	Work to get a public power representative on the Gov's Energy Task Force. Identify additional opportunities for regional interface.	Identify additional opportunities for regional interface and engage	Identify additional opportunities for regional interface and engage	Rochelle Olson

# Provide Power Supply Solutions

	Enabling Milestones/Key Performance Indicators			
Actions	FY10	FY11	FY12	Senior Sponsor
Strategic Initiative: Provide Power Supply Solutions				
Provide Power Supply Solutions				
Renew able Generation	Continue permitting for Radar Ridge	Complete permitting and develop construction plan	Complete financing and begin construction	Jack Baker
	Monitor and respond to Member requests and monitor Member needs	Continue to monitor	Continue to monitor	Jack Baker
Baseload Generation	Modular Nuclear: Form a participants committee; decide if we want to proceed with COL	If decision to proceed, execute project planning		Jack Baker
	Monitor and preserve Member natural gas options	Continue to monitor	Continue to monitor	Jack Baker
Conservation	Respond to Member requests for conservation services	Respond to Member requests for services for conservation	Respond to Member requests for services for conservation	Jack Baker

# Next Steps

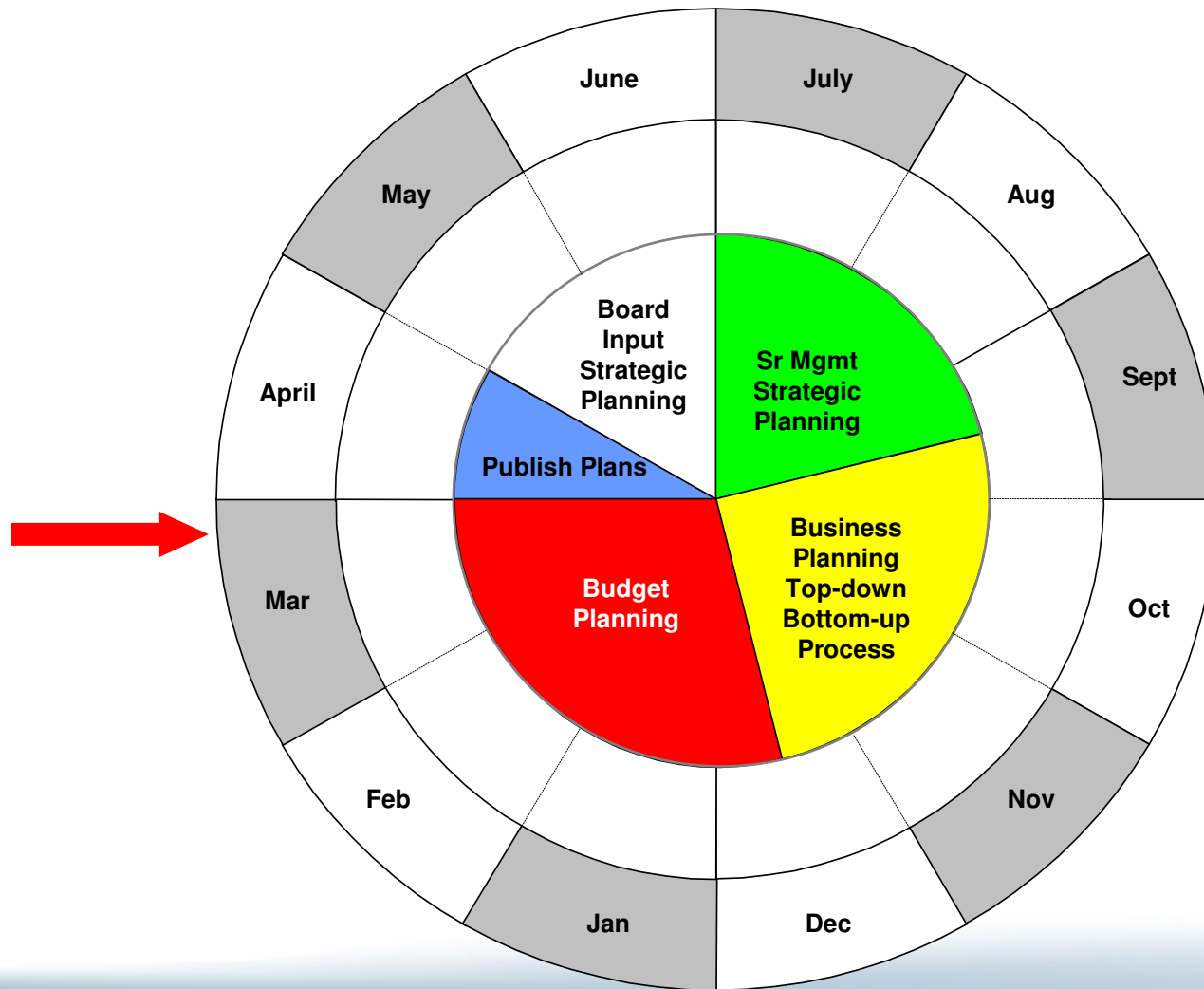
- ✦ Revise per Comments Received Today or during the next Month and Finalize
- ✦ BOD Review Final FY 2011 Plan – April 2010
- ✦ EB Approve FY 2011 Plan – April 2010
- ✦ Begin FY 2012 Planning Process – July 2010



# Energy Northwest Budget Overview

**Al Mouncer**  
**Vice President**  
**Corporate Services**  
**March 23, 2010**

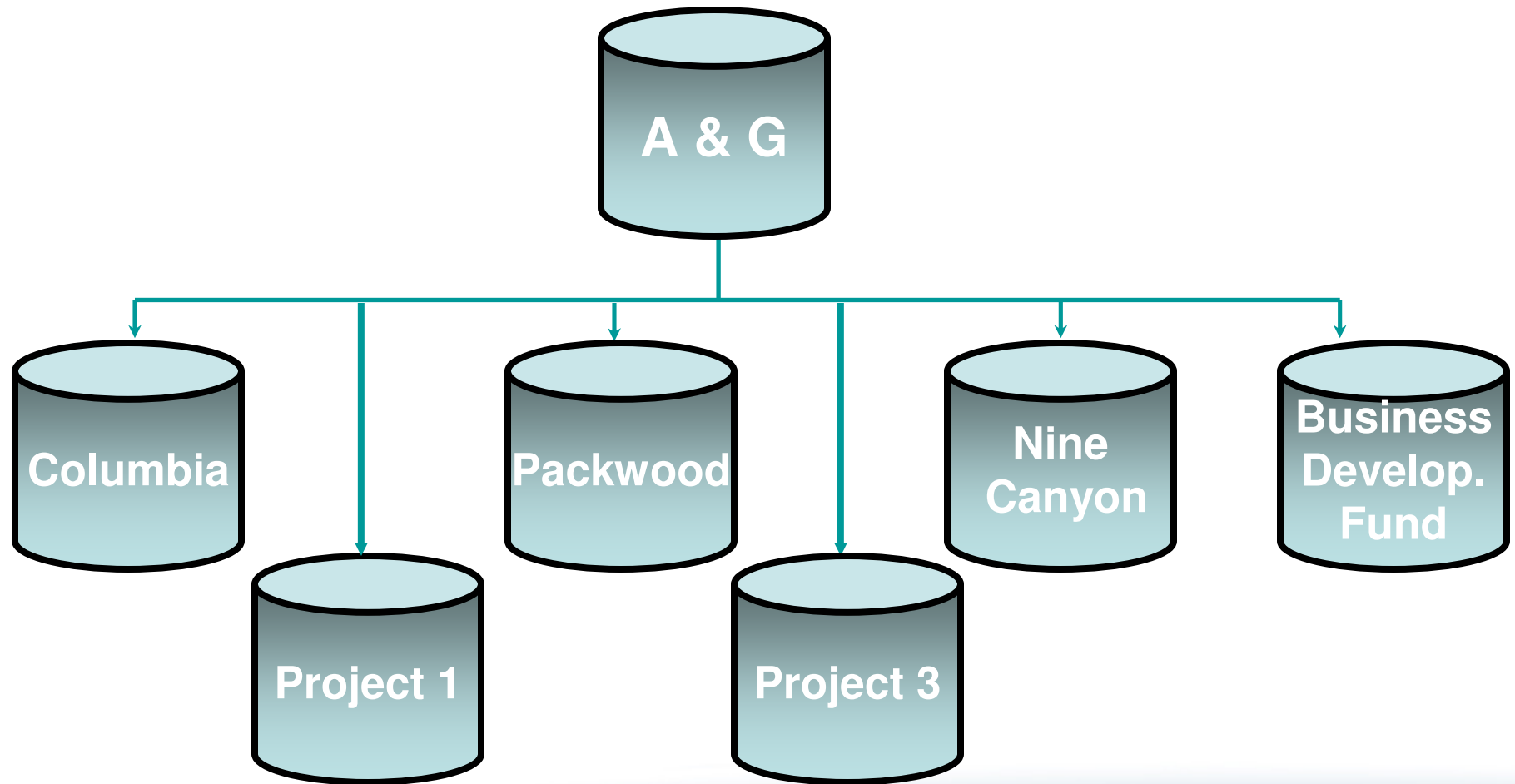
# Planning Cycle



## General Budget Information

- ✦ Budget Documents include White Pages (cost basis) and Green Pages (cash basis)
- ✦ Both the Budget Documents and Presentations are available Online
  - <http://www.energy-northwest.com/who/2011Annualbudget.php>

# Business Units



# Budget Highlights

- ✦ FY 2011 is an Outage Year for CGS
- ✦ No Debt Optimization in this Budget
- ✦ Continuing to Finance CGS Capital
- ✦ Increase of 8 Regular Positions
- ✦ Living within CGS Projected Long Range Plan for FY 2011

# Funding Requirements

(Dollars in Thousands)

<b><u>Funding Requirements</u></b>	<b><u>FY 2011 Budget</u></b>	<b><u>Original FY 2010 Budget</u></b>	<b><u>Variance</u></b>
Columbia	\$ 656,679	\$ 557,991	\$ 98,688
Packwood	3,968	2,448	1,520
Nine Canyon Wind Project	16,424	16,254	170
Project 1	184,856	179,342	5,514
Project 3	183,097	145,294	37,803
Business Development Fund	16,090	11,017	5,073
<b>Total Funding Requirements</b>	<b><u>\$ 1,061,114</u></b>	<b><u>\$ 912,346</u></b>	<b><u>\$ 148,768</u></b>

# Funding Sources

(Dollars in Thousands)

<b><u>Funding Sources</u></b>	<b>FY 2011 Budget</b>	<b>Original FY 2010 Budget</b>	<b>Variance</b>
Net Billing Revenues/Direct Pay	\$ 938,883	\$ 791,490	\$ 147,393
Bond Proceeds from Capital Financing	76,133	82,462	(6,329)
Revenues	32,827	29,356	3,471
Grant	600	-	600
Working Capital	3,055	363	2,692
BPA Decommissioning	9,616	8,675	941
<b>Total Funding Sources</b>	<b><u>\$ 1,061,114</u></b>	<b><u>\$ 912,346</u></b>	<b><u>\$ 148,768</u></b>

# Operating Costs by Business Unit\*

(Dollars in Thousands)

<u>Operating Costs</u>	<u>FY 2011 Budget</u>	<u>Original FY 2010 Budget</u>	<u>Variance</u>
Columbia	\$ 525,525	\$ 457,663	\$ 67,862
Packwood	2,138	1,843	295
Nine Canyon Wind Project	18,669	18,682	(13)
Project 1	84,527	89,351	(4,824)
Project 3	81,524	85,865	(4,341)
Business Development Fund	15,850	10,966	4,884
<b>Total Operating Costs</b>	<b>\$ 728,233</b>	<b>\$ 664,370</b>	<b>\$ 63,863</b>

\* Excludes Capital

# Capital Costs by Business Unit

(Dollars in Thousands)

<u>Capital Costs</u>	<u>FY 2011 Budget</u>	<u>Original FY 2010 Budget</u>	<u>Variance</u>
Columbia	\$ 84,118	\$ 64,478	\$ 19,640
Packwood	1,355	637	718
Nine Canyon Wind Project	37	127	(90)
Business Development Fund	240	125	115
<b>Total Capital Costs</b>	<b>\$ 85,750</b>	<b>\$ 65,367</b>	<b>\$ 20,383</b>

## Summary of Full Time Equivalent Positions by Business Unit(1)

<b><u>Business Unit</u></b>	<b><u>FY 2011 Budget</u></b>	<b><u>Original FY 2010 Budget</u></b>	<b><u>Variance</u></b>
Columbia	1,064	1,056	8
Packwood	5	5	-
Nine Canyon Wind Project	12	11	1
Project 1	4	4	-
Project 3	1	1	-
Business Development Fund	41	42	(1)
Corporate Programs (A&G)	90	91	(1)
<b>Total Full Time Equivalent Regular Positions</b>	<b><u>1,217</u></b>	<b><u>1,210</u></b>	<b><u>7</u></b>

(1) Excludes "Project" positions with job durations of up to five years. It includes Full Time Equivalent positions for transition of new employees taking positions of retiring employees.