



**ENERGY
NORTHWEST**

Introduction

**Brent Ridge
VP/Chief Financial Officer
March 22, 2011**

Agenda

Tuesday March 22, 2011

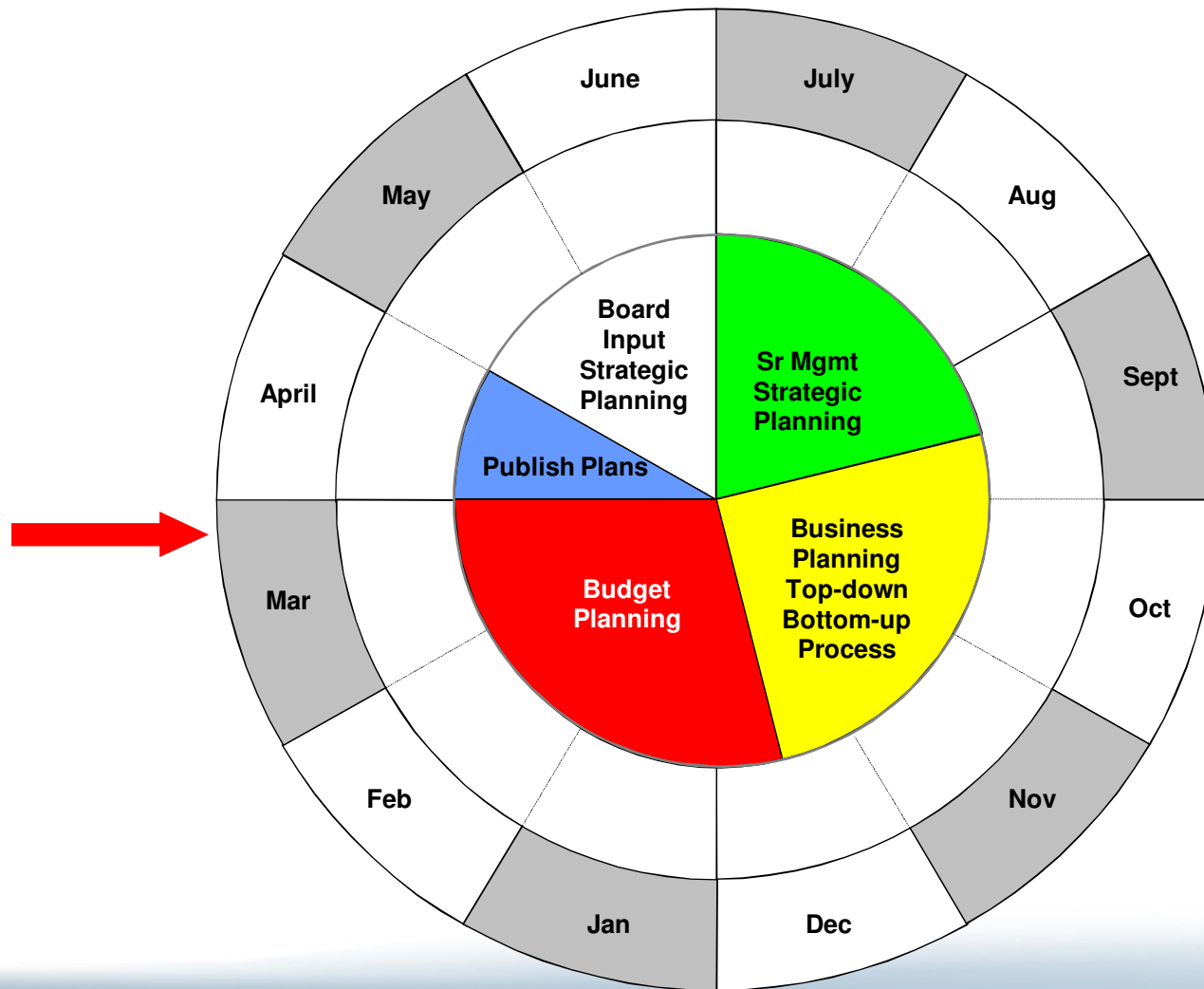
9:00 - 9:30	Introduction/Budget Overview
9:30 - 11:30	Columbia
11:30 - 12:30	Lunch
12:30 - 1:00	Columbia 10-Year Fuel Plan
1:00 - 1:30	General Business Unit (A&G)
1:30 - 2:00	Debt Service/Investments
2:00 - 2:30	Break/Discussion
2:30 - 2:45	Energy/Business Services – Overview/Strategies
2:45 - 3:00	Energy/Business Services – Business Development Fund

Agenda

Wednesday March 23, 2011

9:00 - 9:30	General Services/Facilities
9:30 - 10:00	Generation Sector
10:00 - 10:15	Break/Discussion
10:15 - 10:45	Packwood/Nine Canyon
10:45 - 11:00	Professional Services
11:00 - 11:30	Wrap up/Conclusions

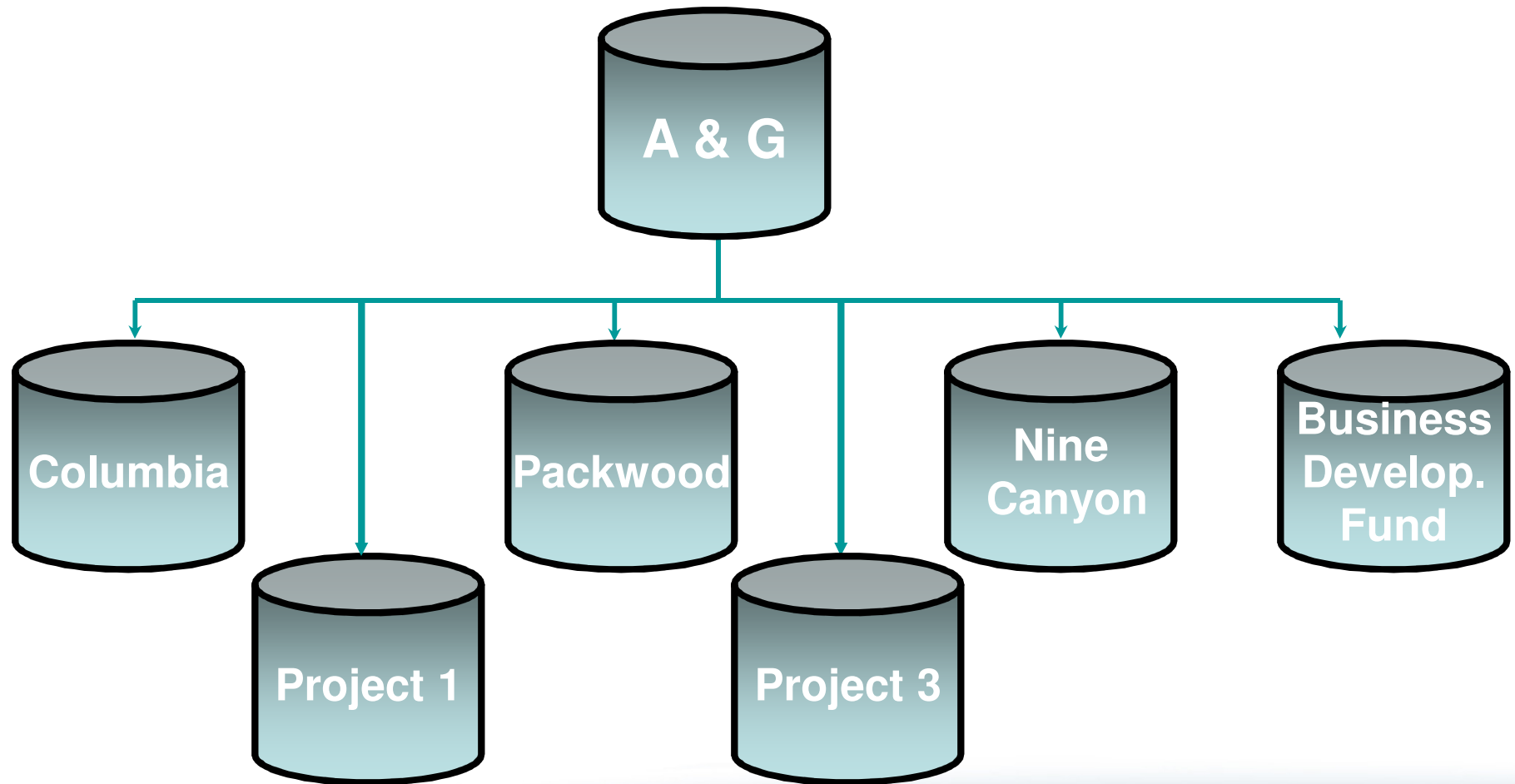
Planning Cycle



General Budget Information

- ✦ Budget Documents include White Pages (cost basis) and Green Pages (cash basis)
- ✦ The Energy Northwest Strategic Plan will be Handed out at a Future Meeting
- ✦ The Columbia Long-Range Plan is Included in the Budget Book
- ✦ Both the Budget Documents and Presentations will be Available Online in the Afternoon this Friday
 - ▣ <http://www.energy-northwest.com/who/2012Annualbudget.php>

Business Units



Budget Highlights

- ✦ FY 2012 is a Non-Outage Year for CGS
- ✦ Includes 3% Labor Inflation/Merit
- ✦ Offset by Staffing Reductions of 48 Positions
- ✦ Continuing to Finance CGS Capital \$53 Million
- ✦ Living within FY2008 CGS Projected Long Range Plan for FY 2012
- ✦ Continued FY11 Cost Reductions into FY12 and Out Years
- ✦ Reduced Risk Reserves

Funding Requirements

(Dollars in Thousands)

<u>Funding Requirements</u>	<u>FY 2012 Budget</u>	<u>Original FY 2011 Budget</u>	<u>Variance</u>
Columbia	\$ 482,830	\$ 643,646	\$ (160,816)
Packwood	2,318	3,968	(1,650)
Nine Canyon Wind Project	17,329	16,424	905
Project 1	322,533	184,856	137,677
Project 3	166,796	183,097	(16,301)
Business Development Fund	12,303	15,165	(2,862)
General Business Unit	-	68	(68)
Total Funding Requirements	<u>\$ 1,004,109</u>	<u>\$ 1,047,224</u>	<u>\$ (43,115)</u>

Funding Sources

(Dollars in Thousands)

<u>Funding Sources</u>	FY 2012 Budget	Original FY 2011 Budget	Variance
Net Billing Revenues/Direct Pay	\$ 906,839	\$ 926,883	\$ (20,044)
Bond Proceeds from Operations Financing	1,461	-	1,461
Bond Proceeds from Capital Financing	53,177	75,100	(21,923)
Revenues	27,557	32,827	(5,270)
Grant	-	600	(600)
Working Capital/Receipts from Participants	4,393	3,055	1,338
BPA Decommissioning	10,682	9,616	1,066
Total Funding Sources	<u>\$ 1,004,109</u>	<u>\$ 1,048,081</u>	<u>\$ (43,972)</u>

Operating Costs by Business Unit*

(Dollars in Thousands)

<u>Operating Costs</u>	FY 2012 Budget	Original FY 2011 Budget	Variance
Columbia	\$ 475,187	\$ 513,048	\$ (37,861)
Packwood	2,116	2,138	(22)
Nine Canyon Wind Project	19,192	18,669	523
Project 1	75,202	84,527	(9,325)
Project 3	67,586	81,524	(13,938)
Business Development Fund	12,182	15,850	(3,668)
Total Operating Costs	\$ 651,465	\$ 715,756	\$ (64,291)

* Excludes Capital

Capital Costs by Business Unit

(Dollars in Thousands)

<u>Capital Costs</u>	<u>FY 2012 Budget</u>	<u>Original FY 2011 Budget</u>	<u>Variance</u>
Columbia	\$ 51,483	\$ 96,611	\$ (45,128)
Packwood	-	1,355	(1,355)
Nine Canyon Wind Project	100	37	63
Business Development Fund	121	240	(119)
Total Capital Costs	\$ 51,704	\$ 98,243	\$ (46,539)

Summary of Full Time Equivalent Positions by Business Unit

<u>Business Unit</u>	<u>FY 2012 Budget</u>	<u>Original FY 2011 Budget</u>	<u>Variance</u>
Columbia	1,077	1,119	(42)
Packwood	5	5	-
Nine Canyon Wind Project	12	12	-
Project 1	4	4	-
Project 3	1	1	-
Business Development Fund	38	41	(3)
Corporate Programs (A&G)	87	90	(3)
Total Full Time Equivalent Regular Positions	<u>1,224</u>	<u>1,272</u>	<u>(48)</u>

(1) It includes Full Time Equivalent positions for transition of new employees taking positions of retiring employees.

Summary of Changes in Full Time Equivalent Positions by Organization

Organization Number	Organization Name	Change in FTE from PY
2XXX	General Counsel	(1)
31XXX	Public Affairs	(1)
42XXX	Supply Chain Services	(5)
43XXX	Facilities & Commercial Eng	(4)
45XXX	Information Services	(5)
46XXX	Environmental & Regulatory Programs	(1)
50XXX	VP, NG/CNO	(1)
520XX	VP, Operations	1
5221X	Radiation Protection	(1)
5224X	Chemistry	(1)
524XX	Security	(20)
525XX	Regulatory Affairs	(1)
54XXX	Engineering	(4)
60XXX	Energy/Business Services	(2)
70XXX	VP, CFO	1
73XXX	Asset Manager/Controller	(1)
74XXX	Treasury	(1)
75XXX	Finance	(1)
Total		(48)