

**Fiscal Year 2013
Project 3
Annual Budget**

DRAFT



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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 2013 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 2013 is estimated to be \$58,383,000 (Table 1). The total net funding requirements for Fiscal Year 2013 are \$232,636,000 (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 2013</u> <u>Budget</u>	<u>Original</u> <u>FY 2012</u> <u>Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 73,164	\$ 79,818	\$ (6,654)
Amortized Financing Cost (2)	(15,101)	(12,494)	(2,607)
Investment Income (3)	(103)	(187)	84
Treasury Services (4)	423	449	(26)
Total	\$ 58,383	\$ 67,586	\$ (9,203)

Assumptions

- (1) Budget assumes the successful close of the 2012A bond transaction on April 3, 2012.
- (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 is forecasted to average 0.25%
- (4) Includes all non-interest costs of fixed rate debt, internal labor and overheads.

Table 2
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2013 Budget</u>	<u>FY 2012 Budget</u>	<u>Variance</u>
Treasury Related	<u>1</u>	<u>1</u>	<u>-</u>

* Includes Allocations of Corporate Full Time Equivalent Positions

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

Description	FY 2013 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2013 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 73,164	\$ -	\$ -	\$ (8,144)	\$ -	\$ 65,020
Bond Retirement (1)	-	-	166,160	-	-	166,160
Amortized Financing Cost	(15,101)	15,101	-	-	-	-
Investment Income	(103)	-	-	36	(6)	(73)
Treasury Services	423	-	-	-	-	423
Prior Year's R&C Surplus	-	-	(3,843)	-	-	(3,843)
Reserve & Contingency Fund (2)	-	-	4,949	-	-	4,949
Subtotal Treasury Related	\$ 58,383	\$ 15,101	\$ 167,266	\$ (8,108)	\$ (6)	\$ 232,636
Total Funding Requirements	\$ 58,383	\$ 15,101	\$ 167,266	\$ (8,108)	\$ (6)	\$ 232,636

(1) It is assumed that all \$166,160,000 of the maturing 7/1/2013 bonds 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 4
Annual Budget
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2013 Budget</u>	<u>Original FY 2012 Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense	\$ 65,020	\$ 70,576	\$ (5,556)
Bond Retirement	166,160	95,540	70,620
Reserve & Contingency Fund	4,949	3,843	1,106
Investment Income (Rev)	(73)	(117)	44
Prior Year's R&C Surplus	(3,843)	(3,843)	-
Treasury Services	423	797	(374)
Total Funding Requirements	<u>\$ 232,636</u>	<u>\$ 166,796</u>	<u>\$ 65,840</u>
 <u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 232,636	\$ 166,796	\$ 65,840
Total Funding Sources	<u>\$ 232,636</u>	<u>\$ 166,796</u>	<u>\$ 65,840</u>

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	FY2013 Total
Beginning Balance	\$ 3,000	\$ 5,429	\$ 4,428	\$ 4,429	\$ 4,429	\$ 34,220	\$ 10,712	\$ 10,713	\$ 10,711	\$ 10,712	\$ 10,712	\$ 162,571	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ 427	\$ 1,429	\$ 1,429	\$ 31,220	\$ 7,712	\$ 7,713	\$ 7,711	\$ 7,712	\$ 7,712	\$ 159,571	\$ -	\$ 232,636
Total Receipts	\$ -	\$ 427	\$ 1,429	\$ 1,429	\$ 31,220	\$ 7,712	\$ 7,713	\$ 7,711	\$ 7,712	\$ 7,712	\$ 159,571	\$ -	\$ 232,636
Disbursements													
Treasury Related													
Interest Expense	\$ 452	\$ 452	\$ 452	\$ 452	\$ 453	\$ 30,250	\$ 452	\$ 452	\$ 452	\$ 452	\$ 452	\$ 30,249	\$ 65,020
Bond Retirement (2)	815	815	815	815	815	815	6,529	6,529	6,529	6,529	6,529	128,625	166,160
R&C Fund (3)	127	127	127	127	127	127	698	698	698	698	698	697	4,949
Investment Income	(15)	(1)	(1)	(1)	(1)	(7)	(2)	(2)	(3)	(2)	(2)	(36)	(73)
Prior Year R&C Surplus	(3,843)	-	-	-	-	-	-	-	-	-	-	-	(3,843)
Treasury Services	35	35	35	36	35	35	35	36	35	35	35	36	423
Total Disbursements	\$ (2,429)	\$ 1,428	\$ 1,428	\$ 1,429	\$ 1,429	\$ 31,220	\$ 7,712	\$ 7,713	\$ 7,711	\$ 7,712	\$ 7,712	\$ 159,571	\$ 232,636
Ending Balance	\$ 5,429	\$ 4,428	\$ 4,429	\$ 4,429	\$ 34,220	\$ 10,712	\$ 10,713	\$ 10,711	\$ 10,712	\$ 10,712	\$ 162,571	\$ 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 2013 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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