

# **Fiscal Year 2016 Project 3 Annual Budget**



Prepared 4/23/15

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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 2016 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 2016 is estimated to be \$41,953,000 (Table 1). The total net funding requirements for Fiscal Year 2016 are \$150,508,000 (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)

<b>Description</b>	<b>FY 2016 Budget</b>	<b>Original FY 2015 Budget</b>	<b>Variance</b>
Interest Expense / Note (1)	\$ 54,875	\$ 52,386	\$ 2,489
Amortized Financing Cost (2)	(13,241)	(13,258)	17
Investment Income (3)	(32)	(37)	5
Treasury Services (4)	351	308	43
<b>Total</b>	<b>\$ 41,953</b>	<b>\$ 39,399</b>	<b>\$ 2,554</b>

### Assumptions

- (1) Budget assumes \$169.9 million of bonds are extended in the Spring of 2016.  
Interest on \$76.1 million Note included as part of the refinancing effort.
- (2) The amortized financing costs are driven by the amortization of the premiums 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 0.20%
- (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 2016 Budget</u>	<u>FY 2015 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 2016 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2016 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 54,463	\$ -	\$ -	\$ (2,435)	\$ -	\$ 52,028
Bond Retirement (1)	-	-	90,145	-	-	90,145
Interest on Note (2)	412	-	-	-	-	412
Amortized Financing Cost	(13,241)	13,241	-	-	-	-
Investment Income	(32)	-	-	(11)	-	(43)
Treasury Services	351	-	-	-	-	351
Prior Year's R&C Surplus	-	-	(1,980)	-	-	(1,980)
Reserve & Contingency Fund (3)	-	-	9,595	-	-	9,595
<b>Subtotal Treasury Related</b>	<b>\$ 41,953</b>	<b>\$ 13,241</b>	<b>\$ 97,760</b>	<b>\$ (2,446)</b>	<b>\$ -</b>	<b>\$ 150,508</b>
<b>Total Funding Requirements</b>	<b>\$ 41,953</b>	<b>\$ 13,241</b>	<b>\$ 97,760</b>	<b>\$ (2,446)</b>	<b>\$ -</b>	<b>\$ 150,508</b>

(1) It is assumed that \$169.9 million of the maturing 7/1/2016 bonds will be extended.

(2) Budget assumes \$169.9 million of bonds are extended in the Spring of 2016.

Interest on \$76.1 million Note included as part of the refinancing effort.

(3) 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 2016 Budget</u>	<u>Original FY 2015 Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense	\$ 52,028	\$ 49,293	\$ 2,735
Bond Retirement (1)	90,145	139,990	(49,845)
Interest on Note (2)	412	-	412
Reserve & Contingency Fund	9,595	2,523	7,072
Investment Income (Rev)	(43)	(49)	6
Prior Year's R&C Surplus	(1,980)	(4,698)	2,718
Treasury Services	351	308	43
<b>Total Funding Requirements</b>	<b>\$ 150,508</b>	<b>\$ 187,367</b>	<b>\$ (36,859)</b>
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 150,508	\$ 187,367	\$ (36,859)
<b>Total Funding Sources</b>	<b>\$ 150,508</b>	<b>\$ 187,367</b>	<b>\$ (36,859)</b>

(1) It is assumed that \$169.9 million of the maturing 7/1/2016 bonds will be extended.

(2) Budget assumes \$169.9 million of bonds are extended in the Spring of 2016.

Interest on \$76.1 million Note included as part of the refinancing effort.

**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	FY2016 Total
<b>Beginning Balance</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>
Receipts													
BPA Direct Payments (1)	\$ (751)	\$ 1,203	\$ 1,206	\$ 1,213	\$ 1,218	\$ 25,241	\$ 1,397	\$ 1,401	\$ 1,407	\$ 1,412	\$ 1,417	\$ 114,144	\$ 150,508
<b>Total Receipts</b>	<b>\$ (751)</b>	<b>\$ 1,203</b>	<b>\$ 1,206</b>	<b>\$ 1,213</b>	<b>\$ 1,218</b>	<b>\$ 25,241</b>	<b>\$ 1,397</b>	<b>\$ 1,401</b>	<b>\$ 1,407</b>	<b>\$ 1,412</b>	<b>\$ 1,417</b>	<b>\$ 114,144</b>	<b>\$ 150,508</b>
Disbursements													
Treasury Related													
Interest Expense	\$ 452	\$ 452	\$ 452	\$ 452	\$ 452	\$ 24,473	\$ 452	\$ 452	\$ 452	\$ 452	\$ 452	\$ 23,035	\$ 52,028
Bond Retirement (2)	-	-	-	-	-	-	-	-	-	-	-	90,145	90,145
Interest on Note	5	11	16	21	26	32	37	42	48	53	58	63	412
R&C Fund (3)	715	715	715	715	715	715	885	884	884	884	884	884	9,595
Investment Income	(17)	(1)	(1)	(1)	(1)	(4)	(2)	(2)	(2)	(2)	(2)	(8)	(43)
Prior Year R&C Surplus	(1,980)	-	-	-	-	-	-	-	-	-	-	-	(1,980)
Treasury Services	74	26	24	26	26	25	25	25	25	25	25	25	351
<b>Total Disbursements</b>	<b>\$ (751)</b>	<b>\$ 1,203</b>	<b>\$ 1,206</b>	<b>\$ 1,213</b>	<b>\$ 1,218</b>	<b>\$ 25,241</b>	<b>\$ 1,397</b>	<b>\$ 1,401</b>	<b>\$ 1,407</b>	<b>\$ 1,412</b>	<b>\$ 1,417</b>	<b>\$ 114,144</b>	<b>\$ 150,508</b>
<b>Ending Balance</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>

(1) BPA is billed, through the Direct Payment Agreements, one month in advance for the following month's expenses.

(2) It is assumed that \$169.9 million of the Fiscal Year 2016 bond maturities will be extended.

(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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