

# **Fiscal Year 2017 Project 3 Annual Budget**



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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 2017 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 2017 is estimated to be \$40,210,000 (Table 1). The total net funding requirements for Fiscal Year 2017 are \$86,685,000 (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 2017</u> <u>Budget</u>	<u>Original</u> <u>FY 2016</u> <u>Budget</u>	<u>Variance</u>
Interest Expense / Note (1)	\$ 52,773	\$ 54,875	\$ (2,102)
Amortized Financing Cost (2)	(12,886)	(13,241)	355
Investment Income (3)	(58)	(32)	(26)
Treasury Services (4)	381	351	30
<b>Total</b>	<b>\$ 40,210</b>	<b>\$ 41,953</b>	<b>\$ (1,743)</b>

### Assumptions

- (1) Budget assumes \$173.9 million of bonds are extended in the Spring of 2017.  
Interest on \$26 million Note included as part of the regional cooperation debt initiative.
- (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 0.40%
- (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 2017 Budget</u>	<u>FY 2016 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 2017 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2017 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 52,513	\$ -	\$ -	\$ (1,571)	\$ -	\$ 50,942
Bond Retirement (1)	-	-	17,305	-	-	17,305
Interest on Note (2)	260	-	-	-	-	260
Note Retirement	-	-	26,000	-	-	26,000
Amortized Financing Cost	(12,886)	12,886	-	-	-	-
Investment Income	(58)	-	-	5	-	(53)
Treasury Services	381	-	-	-	-	381
Prior Year's R&C Surplus	-	-	(9,881)	-	-	(9,881)
Reserve & Contingency Fund (3)	-	-	1,731	-	-	1,731
<b>Subtotal Treasury Related</b>	<b>\$ 40,210</b>	<b>\$ 12,886</b>	<b>\$ 35,155</b>	<b>\$ (1,566)</b>	<b>\$ -</b>	<b>\$ 86,685</b>
<b>Total Funding Requirements</b>	<b>\$ 40,210</b>	<b>\$ 12,886</b>	<b>\$ 35,155</b>	<b>\$ (1,566)</b>	<b>\$ -</b>	<b>\$ 86,685</b>

(1) It is assumed that \$173.9 million of the maturing 7/1/2017 bonds will be extended.

(2) Interest on \$26 million Note which is part of regional cooperation debt initiative.

(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 2017 Budget</u>	<u>Original FY 2016 Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense	\$ 50,942	\$ 52,028	\$ (1,086)
Bond Retirement (1)	17,305	90,145	(72,840)
Interest on Note (2)	260	412	(152)
Note Retirement	26,000	-	26,000
Reserve & Contingency Fund	1,731	9,595	(7,864)
Investment Income (Rev)	(53)	(43)	(10)
Prior Year's R&C Surplus	(9,881)	(1,980)	(7,901)
Treasury Services	381	351	30
<b>Total Funding Requirements</b>	<b><u>\$ 86,685</u></b>	<b><u>\$ 150,508</u></b>	<b><u>\$ (63,823)</u></b>
 <u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 86,685	\$ 150,508	\$ (63,823)
<b>Total Funding Sources</b>	<b><u>\$ 86,685</u></b>	<b><u>\$ 150,508</u></b>	<b><u>\$ (63,823)</u></b>

(1) It is assumed that \$173.9 million of the maturing 7/1/2017 bonds will be extended.

(2) Interest on \$26 million Note related to regional cooperation debt initiative.

**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	FY2017 Total
<b>Beginning Balance</b>	\$ 3,000	\$ 12,418	\$ 11,959	\$ 11,500	\$ 11,024	\$ 10,567	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,613	\$ 2,822	\$ 2,806	\$ 2,806	\$ 2,821	\$ 2,807	\$ 55,010	\$ 86,685
<b>Total Receipts</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,613	\$ 2,822	\$ 2,806	\$ 2,806	\$ 2,821	\$ 2,807	\$ 55,010	\$ 86,685
Disbursements													
Treasury Related													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,215	\$ 50,942
Bond Retirement (2)	375	375	375	375	375	375	2,509	2,509	2,509	2,509	2,509	2,510	17,305
Interest on Note	22	22	21	22	21	22	22	21	22	21	22	22	260
Note Retirement	-	-	-	-	-	-	-	-	-	-	-	26,000	26,000
R&C Fund (3)	37	37	38	38	37	38	251	251	251	251	251	251	1,731
Investment Income	(13)	(1)	(1)	(1)	(2)	(9)	(2)	(2)	(3)	(2)	(2)	(15)	(53)
Prior Year R&C Surplus	(9,881)	-	-	-	-	-	-	-	-	-	-	-	(9,881)
Treasury Services	42	26	26	42	26	27	42	27	27	42	27	27	381
<b>Total Disbursements</b>	\$ (9,418)	\$ 459	\$ 459	\$ 476	\$ 457	\$ 25,180	\$ 2,822	\$ 2,806	\$ 2,806	\$ 2,821	\$ 2,807	\$ 55,010	\$ 86,685
<b>Ending Balance</b>	\$ 12,418	\$ 11,959	\$ 11,500	\$ 11,024	\$ 10,567	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 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 \$173.9 million of the Fiscal Year 2017 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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