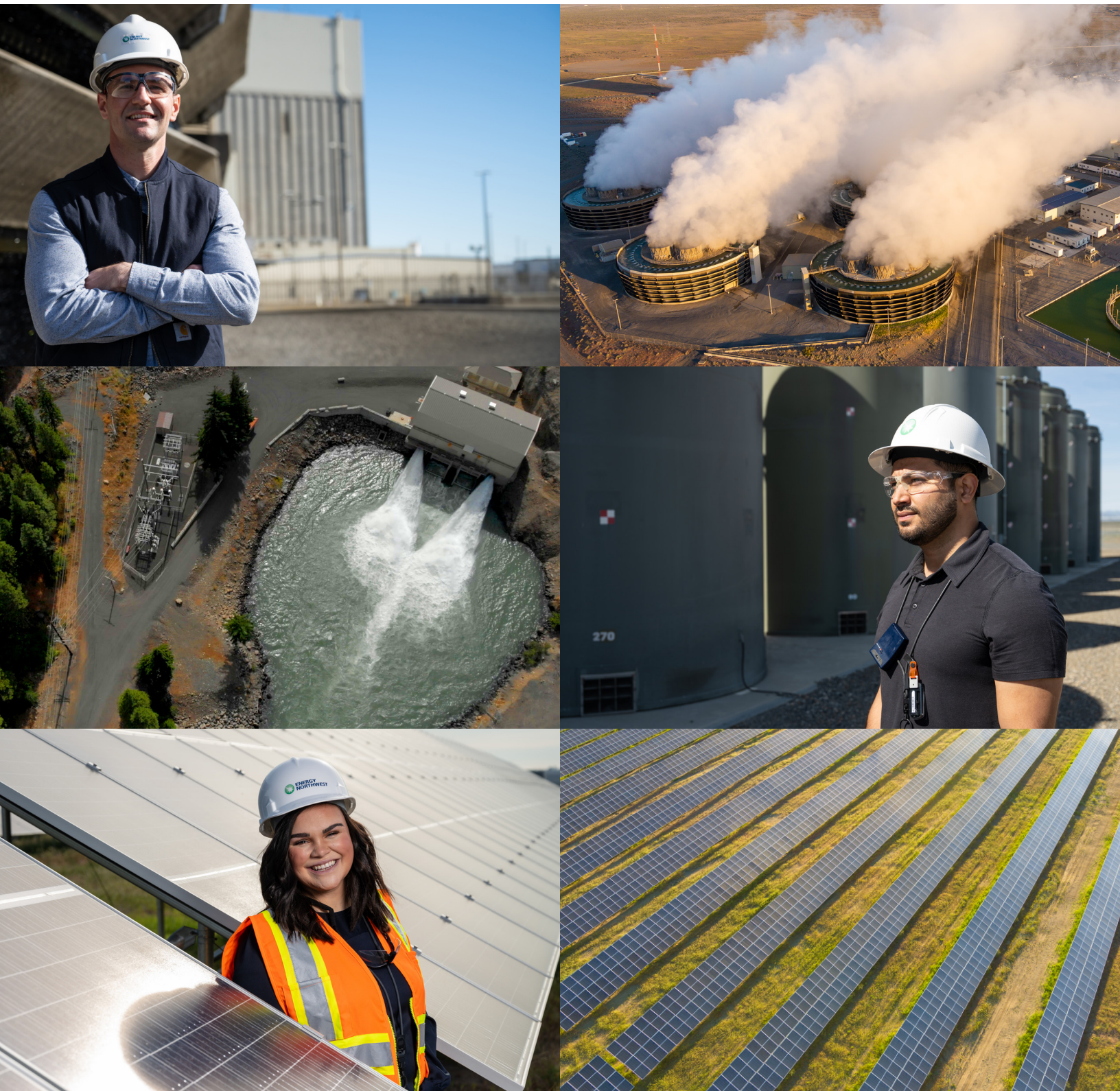




## Fiscal Year 2024 Draft Budget



# **Fiscal Year 2024 Energy Northwest Budget Summary**

DRAFT



Prepared 4/26/23

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### **Summary**

This document contains a summary of budgets for all Energy Northwest business units. This section has been prepared for information purposes only.

Energy Northwest operates six business units under various contractual agreements and Energy Northwest Board Resolutions. These business units include Columbia Generating Station, Project 1, Project 3, Packwood Hydroelectric Project, The Business Development Fund, and the Nine Canyon Wind Project. Energy Northwest also manages an Internal Service Fund which acts as an agency clearing account for disbursing agency-wide costs such as employee benefits and corporate programs to the various business units.



**Table 1**  
**Funding Requirements**  
(Dollars in Thousands)

<b><u>Funding Requirements</u></b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
Columbia (1)	\$ 628,225	\$ 709,588	\$ (81,363)
Packwood (2)	3,725	3,687	38
Nine Canyon Wind Project (3)	15,221	22,548	(7,327)
Project 1 (4)	53,340	54,673	(1,333)
Project 3 (5)	59,451	57,744	1,707
Business Development Fund (6)	16,820	19,350	(2,530)
<b>Total Funding Requirements</b>	<b>\$ 776,782</b>	<b>\$ 867,590</b>	<b>\$ (90,808)</b>

<b><u>Funding Sources</u></b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
Net Billing Revenues/Direct Pay	\$ 483,682	\$ 478,798	\$ 4,884
Note/Line of Credit Draws	48,000	48,500	(500)
Bond Proceeds (Capital)	106,046	123,214	(17,168)
Bond Proceeds (Interest/Line of Credit)	96,000	97,000	(1,000)
Fuel Revenue		65,880	(65,880)
Revenues	32,853	38,000	(5,147)
Capital Reimbursement	1,120	1,000	120
Line of Credit/Fuel Revenue	-	-	-
Working Capital/Receipts from Participants	4,062	10,376	(6,314)
Bonneville Direct Funding Decommissioning	5,019	4,822	197
<b>Total Funding Sources</b>	<b>\$ 776,782</b>	<b>\$ 867,590</b>	<b>\$ (90,808)</b>

- (1) See Table 8 on Page 14 of Columbia's Budget Documents  
(2) See Table 5 on Page 9 of Packwood's Budget Documents  
(3) See Table 4 on Page 9 of Nine Canyon's Budget Documents  
(4) See Table 5 on Page 9 of Project 1's Budget Documents  
(5) See Table 4 on Page 7 of Project 3's Budget Documents  
(6) See Table 5 on Page 10 of Business Development's Budget Documents

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**Table 2**  
**Operating & Capital Costs**  
(Dollars in Thousands)

	<b>FY 2024</b>	<b>Original</b>	
<b><u>Operating Costs</u></b>	<b><u>Budget</u></b>	<b><u>FY 2023</u></b>	<b><u>Change</u></b>
Columbia (1)	\$ 553,478	\$ 559,207	\$ (5,729)
Packwood (2)	3,306	3,381	(75)
Nine Canyon Wind Project (3)	12,289	16,367	(4,078)
Project 1 (4)	23,337	25,986	(2,649)
Project 3 (5)	30,833	28,471	2,362
Business Development Fund (6)	15,848	18,456	(2,608)
<b>Total Operating Costs</b>	<b>\$ 639,091</b>	<b>\$ 651,868</b>	<b>\$ (12,777)</b>

	<b>FY 2024</b>	<b>Original</b>	
<b><u>Capital Costs</u></b>	<b><u>Budget</u></b>	<b><u>FY 2023</u></b>	<b><u>Change</u></b>
Columbia (1)	\$ 102,339	\$ 122,295	\$ (19,956)
Packwood (2)	760	610	150
Business Development Fund (7)	672	658	14
<b>Total Capital Costs</b>	<b>\$ 103,771</b>	<b>\$ 123,563</b>	<b>\$ (19,792)</b>

(1) See Table 3 on Page 7 of Columbia's Budget Document

(2) See Table 1 on Page 5 of Packwood's Budget Document

(3) See Table 1 on Page 5 of Nine Canyon's Budget Document

(4) See Table 1 on Page 4 of Project 1's Budget Document

(5) See Table 1 on Page 4 of Project 3's Budget Document

(6) See Table 1 on Page 5 of Business Development's Budget Document

(7) See Table 3 on Page 7 of Business Development's Budget Document

**Table 3**  
**Summary of Full Time Equivalent Positions by Business Unit (1), (2)**

<b><u>Business Unit</u></b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b><u>Change</u></b>
Columbia	934	945	(11)
Packwood	4	4	-
Nine Canyon Wind Project	12	12	-
Project 1	4	5	(1)
Project 3	1	1	-
Business Development Fund	66	69	(3)
<b>Total Full Time Equivalent Positions</b>	<b><u>1,021</u></b>	<b><u>1,036</u></b>	<b><u>(15)</u></b>

(1) Includes Full Time Equivalent (FTE) positions for transition of new employees taking positions of retiring employees.

(2) Corporate Programs (A&G) FTE positions of 82 in FY 2024 and 77 in FY 2023 have been allocated and are included in the Business Units above.



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# **Fiscal Year 2024 Columbia Generating Station Annual Operating Budget**

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### **Summary**

Energy Northwest's Columbia Generating Station (Columbia) is a 1,174 megawatt boiling water nuclear power station utilizing a General Electric nuclear steam supply system. The project is located on the Department of Energy's Hanford Reservation near Richland, Washington. The project began commercial operation in December 1984.

This Columbia Generating Station Fiscal Year 2024 Annual Operating Budget has been prepared by Energy Northwest pursuant to the requirements of Board of Directors Resolution No. 640, the Project Agreement, and the Net Billing Agreements. This document includes all capitalized and non-capitalized costs associated with the project for Fiscal Year 2024. In addition, this document includes all funding requirements.

The total cost budget for Fiscal Year 2024 for Expense and Capital related costs are estimated at \$655,817,000 (Table 3), with associated total funding requirements of \$628,225,000 (Table 8). Using the Memorandum of Agreement basis for measuring Columbia's costs, budget requirements for Fiscal Year 2024 have been established at \$387,831,000 (Table 1) including escalation. In Fiscal Year 2024, Bonneville Power Administration will be directly paying the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This will take the net billing requirements to zero, for the statements which are normally sent to participants in the project and will be 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 will simply take 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. Fiscal Year 2024 Capital costs will be funded by bond proceeds and are not included in the Fiscal Year 2024 direct pay requirements. Total direct pay requirements of \$436,160,000 (Table 8) will be the basis for billing directly to Bonneville Power Administration.

This budget is presented on a cost basis and includes a cost to cash reconciliation (Table 7) converting cost data to a cash basis. The Columbia Generating Station's Annual Budget (Table 8) is required by the various project agreements.

Comparison of the Fiscal Year 2024 Budget to the Fiscal Year 2023 Long Range Plan for Fiscal Year 2024 is included (Table 1).

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

**Key Assumptions/Qualifications**

This budget is based upon the following key assumptions and qualifications:

- Fiscal Year 2024 cost of power is based on net generation of 9,731 GWh.
- There is not a refueling outage planned for Fiscal Year 2024.
- Risk reserves consist of a total of \$11 million.
- Unknown NRC mandates are excluded.
- All assumptions associated with Nuclear Fuel are referenced in the Columbia Fuel Plan Section.
- Other Specific Inclusions:
  - Sales tax calculated at 8.7 percent for appropriate items
- All Fiscal Year 2024 Capital expenses are expected to be funded by proceeds of the 2023A/B transaction or will be funded by cash held as a result of Independent Spent Fuel Storage Installation Facility settlements with the Department of Energy.

**Table 1**  
**Memorandum of Agreement (MOA) (1)**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
Baseline	\$ 137,439	\$ 149,024	\$ (11,585)
Allocations O&M	84,091	74,183	9,908
Expense Projects	8,240	34,633	(26,393)
Risk Reserve	1,911	2,594	(683)
<b>Operations &amp; Maintenance Total</b>	<b>\$ 231,681</b>	<b>\$ 260,434</b>	<b>\$ (28,753)</b>
Capital Projects	\$ 62,191	\$ 78,057	\$ (15,866)
Allocations Capital	31,074	33,570	(2,496)
Risk Reserve	9,074	10,668	(1,594)
<b>Capital Total</b>	<b>\$ 102,339</b>	<b>\$ 122,295</b>	<b>\$ (19,956)</b>
Nuclear Fuel Related Costs	\$ 53,811	\$ 47,284	\$ 6,527
<b>Fuel Total</b>	<b>\$ 53,811</b>	<b>\$ 47,284</b>	<b>\$ 6,527</b>
<b>Total</b>	<b>\$ 387,831</b>	<b>\$ 430,013</b>	<b>\$ (42,182)</b>
<b>Net Generation (GWh)</b>	<b>9,731</b>	<b>8,731</b>	<b>1,000</b>
<b>Cost of Power (\$/MWh)</b>	<b>\$ 39.86</b>	<b>\$ 49.25</b>	<b>\$ (9.40)</b>

- (1) Columbia costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This measure includes operations and maintenance, capital additions and fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, A&G, and information technology expenses).

**Table 2**  
**Columbia Station Costs - Memorandum of Agreement Comparison (1)**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
<b>Controllable Costs</b>			
Energy Northwest Labor	\$ 77,397	\$ 75,692	\$ 1,705
Baseline Non-Labor	64,438	54,662	9,777
Incremental Outage	-	23,700	(23,700)
Expense Projects Non-Labor	6,633	32,992	(26,359)
Capital Projects Non-Labor	59,402	74,668	(15,266)
Allocations	115,165	107,753	7,412
Risk Reserve	10,985	13,262	(2,277)
<b>Subtotal Controllable</b>	<b>\$ 334,020</b>	<b>\$ 382,729</b>	<b>\$ (48,709)</b>
<b>Nuclear Fuel Related Costs</b>			
Nuclear Fuel Amortization	\$ 53,811	\$ 47,284	\$ 6,527
<b>Subtotal Nuclear Fuel Related</b>	<b>\$ 53,811</b>	<b>\$ 47,284</b>	<b>\$ 6,527</b>
<b>Total</b>	<b>\$ 387,831</b>	<b>\$ 430,013</b>	<b>\$ (42,182)</b>
<b>Net Generation (GWh)</b>	<b>9,731</b>	<b>8,731</b>	<b>1,000</b>
<b>Cost of Power (\$/MWh)</b>	<b>\$ 39.86</b>	<b>\$ 49.25</b>	<b>\$ (9.39)</b>

(1) Columbia Costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This cost measure includes operations and maintenance and capital additions, fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, and corporate programs).



**Table 3**  
**Summary of Costs**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
<b><u>Controllable Expense</u></b>			
Energy Northwest Labor	\$ 74,608	\$ 72,303	\$ 2,305
Base Non-Labor	64,438	54,662	9,777
Expense Projects Non-Labor (1)	6,633	32,992	(26,359)
Incremental Outage	-	23,700	(23,700)
Allocations	84,091	74,183	9,908
O&M Risk Reserve	1,911	2,594	(683)
<b>Subtotal Controllable</b>	<b>\$ 231,681</b>	<b>\$ 260,434</b>	<b>\$ (28,753)</b>
<b><u>Incremental</u></b>			
Nuclear Fuel Amortization	\$ 53,811	\$ 47,284	\$ 6,527
Generation Taxes	5,522	5,395	127
<b>Subtotal Incremental</b>	<b>\$ 59,333</b>	<b>\$ 52,679</b>	<b>\$ 6,654</b>
<b><u>Fixed</u></b>			
Treasury Related Expenses (2)	\$ 121,632	\$ 122,744	\$ (1,112)
Decommissioning (3)	41,679	33,049	8,630
Depreciation	99,153	90,301	8,852
<b>Subtotal Fixed</b>	<b>\$ 262,464</b>	<b>\$ 246,094</b>	<b>\$ 16,370</b>
<b>Total Operating Expense</b>	<b>\$ 553,478</b>	<b>\$ 559,207</b>	<b>\$ (5,729)</b>
<b><u>Capital</u></b>			
Energy Northwest Labor	\$ 2,789	\$ 3,389	\$ (600)
Capital Projects Non-Labor (4)	59,402	74,668	(15,266)
Indirect Allocations	31,074	33,570	(2,496)
Capital Risk Reserve	9,074	10,668	(1,594)
<b>Total Capital</b>	<b>\$ 102,339</b>	<b>\$ 122,295</b>	<b>\$ (19,956)</b>
<b>Total Expense and Capital</b>	<b>\$ 655,817</b>	<b>\$ 681,502</b>	<b>\$ (25,685)</b>

(1) See Table 5B (page 10).

(2) See Table 6 (page 11).

(3) Includes ISFSI Decommissioning.

(4) See Table 5A (page 10).

**Table 4**  
**Summary of Full Time Equivalent (FTE) Positions (1)**

Organization	Direct Charge	Corporate Allocation (2)	Original		Change
			FY 2024 Budget	FY 2023 Budget	
Chief Executive Officer		2	2	2	-
Vice President Corporate Governance & General Counsel	38	12	50	44	6
Vice President Nuclear Generation/Chief Nuclear Officer (3)	722	1	723	740	(17)
Vice President Chief Financial Officer	15	18	33	29	4
Corporate Services General Manager	84	42	126	130	(4)
<b>Total</b>	<b>859</b>	<b>75</b>	<b>934</b>	<b>945</b>	<b>(11)</b>

**Note:** FY 2023 Staffing has been reclassified for comparison purposes

(1) Includes project positions, employees supporting Capital Projects and excludes temporary positions

(2) Includes allocation of Corporate FTE Positions (92.49% in FY 2024 and 92% in FY 2023)

(3) Includes employment "pipeline" for Operations and Security

**Table 5**  
**Projects Non-Labor**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024</u>	<u>Original</u>	
	<u>Budget</u>	<u>FY 2023</u>	<u>Change</u>
		<u>Budget</u>	
<b><u>Capital Projects</u></b>			
Plant Modifications	\$ 49,986	\$ 71,002	\$ (21,016)
Information Technology	8,026	2,170	5,856
Facilities Modifications	1,390	1,496	(106)
<b>Subtotal Capital Projects</b>	<b>\$ 59,402</b>	<b>\$ 74,668</b>	<b>\$ (15,266)</b>
<b><u>Expense Projects</u></b>			
Plant Modifications	\$ 5,626	\$ 31,984	\$ (26,358)
Facilities Modifications	1,007	1,008	(1)
<b>Subtotal Expense Projects</b>	<b>\$ 6,633</b>	<b>\$ 32,992</b>	<b>\$ (26,359)</b>
 <b>Total</b>	 <b>\$ 66,035</b>	 <b>\$ 107,660</b>	 <b>\$ (41,625)</b>

**Table 5A**  
**Capital Projects Non-Labor Over \$1 Million**  
(Dollars in Thousands)

<b><u>Plant Modifications, Facilities and Information Technology</u></b>	<b><u>FY 2024 Budget</u></b>
Extended Power Uprate	\$ 9,466
PHASE 1 - PPC Replacement	4,380
ASD System Replacement	3,336
Main Turbine Valve Maintenance	2,557
Exciter Replacement	1,974
SW-P-1A, 1B Rem, Repl, Refurb	1,850
Offgas Refrig Replacement	1,847
Vital Roof Program	1,639
RRC-M-P/1A(B) Refurbishment	1,443
Replace Diesel Fire Pumps	1,291
RFW-DT-1A,1B Refurbishment	1,200
Plant Cyber Eqpt Life Cycle	1,200
MSR Internals Retrofit/ Moistu	1,024
All Other Projects < \$1 Million	26,195
<b>Total Capital Projects Non-Labor</b>	<b>\$ 59,402</b>

**Table 5B**  
**Expense Projects Non-Labor Over \$750 Thousand**  
(Dollars in Thousands)

<b><u>Major Maintenance and Facilities</u></b>	<b><u>FY 2024 Budget</u></b>
SW Pond and System Cleaning	\$ 968
Emergency Diesel Gen Maint	855
Clg Twr & CW Prevent Maint.	782
All Other Projects < \$750 Thousand	4,028
<b>Total Expense Projects Non-Labor</b>	<b>\$ 6,633</b>

<u>Description</u>	FY 2024	FY 2023	<u>Change</u>
	<u>Budget</u>	<u>Budget</u>	
Interest Expense (1)	\$ 154,822	\$ 155,127	\$ (305)
Build America Bond Subsidy (2)	(2,762)	(3,458)	696
Interest on Note (3)	620	500	120
Commitment Fee on Note (3)	200	200	-
Amortized Financing Cost (4)	(29,502)	(30,096)	594
Investment Income (5)	(2,437)	(200)	(2,237)
Treasury Svcs/Paying Agent Fees (6)	691	671	20
<b>Total</b>	<b>\$ 121,632</b>	<b>\$ 122,744</b>	<b>\$ (1,112)</b>

### Assumptions

- (1) Budget assumes approximately \$249.0 million in principal will be refunded in FY 2024 and approximately \$25.154 million will be repaid during FY 2024.
- (2) Build America Bonds were expected to receive a subsidy from the Treasury for 35% of the interest payments. Reductions have been implemented as part of the Congressional budget cuts.
- (3) A portion of Columbia bond interest expenses has been funded by lines of credit that enable the repayment of Bonneville federal debt obligations as part of the regional cooperation debt initiative.
- (4) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (5) Includes income on investment of monies held in the Interest and Principal Accounts and the Capital Fund which can be transferred periodically to the Revenue Fund.  
Projected investment income earning rates are forecasted to average 3.00%.
- (6) Includes all non-interest costs of banking, debt and internal labor and overheads.

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**Table 7**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

Description	FY 2024 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2024 Total Cash
<u>Operating</u>						
Controllable - Expense	\$ 231,681	\$ -	\$ -	\$ -	\$ -	\$ 231,681
Controllable - Capital	102,339	-	3,707	-	-	106,046
Nuclear Fuel	53,811	(53,595)	43,174	-	-	43,390
Fuel Litigation	-	-	187	-	-	187
Spares/Inventory Growth	-	-	5,075	-	-	5,075
Generation Taxes	5,522	-	(433)	-	-	5,089
<b>Subtotal Operating</b>	<b>\$ 393,353</b>	<b>\$ (53,595)</b>	<b>\$ 51,710</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 391,468</b>
<u>Fixed Expenses</u>						
Treasury Related Expense						
Interest on Bonds	\$ 154,822	\$ -	\$ -	\$ -	\$ -	\$ 154,822
Build America Bond Subsidy	(2,762)	-	-	-	-	(2,762)
Interest on Note Payable	620	-	-	-	-	620
Commitment Fee on Note	200	-	-	-	-	200
Payoff of Note Principal	-	-	53,850	-	-	53,850
Bond Retirement	-	-	25,154	-	-	25,154
Amortized Cost	(29,502)	29,502	-	-	-	-
Investment Income-Revenue Fund	(2,437)	-	-	1,600	-	(837)
Treasury Services	691	-	-	-	-	691
Decommissioning and Site Restoration (1)	41,400	(41,400)	4,739	-	-	4,739
ISFSI Decommissioning	279	(279)	280	-	-	280
Depreciation	99,153	(99,153)	-	-	-	-
<b>Subtotal Fixed Expenses</b>	<b>\$ 262,464</b>	<b>\$ (111,330)</b>	<b>\$ 84,023</b>	<b>\$ 1,600</b>	<b>\$ -</b>	<b>\$ 236,757</b>
<b>Total</b>	<b>\$ 655,817</b>	<b>\$ (164,925)</b>	<b>\$ 135,733</b>	<b>\$ 1,600</b>	<b>\$ -</b>	<b>\$ 628,225</b>

(1) Decommissioning and Site Restoration paid directly by the Bonneville Power Administration

Note: Controllable cost and cash is equal due to BPA decision to Direct Pay and the institution of contractor time & labor.



**Table 8**  
**Annual Budget**  
**Statement of Funding Requirements (Revenue Fund)**  
(Dollars in Thousands)

<b>Description</b>	<b>Original</b>		<b>Change</b>
	<b>FY 2024</b>	<b>FY 2023</b>	
	<b>Budget</b>	<b>Budget</b>	
<b>Operating</b>			
Controllable Expense	\$ 231,681	\$ 260,434	\$ (28,753)
Controllable Capital	106,046	123,214	(17,168)
Nuclear Fuel	43,390	40,770	2,620
Fuel Litigation	187	185	2
Spares/Inventory Growth	5,075	2,947	2,128
Generation Taxes	5,089	5,959	(870)
<b>Subtotal Operating Requirements</b>	<b>\$ 391,468</b>	<b>\$ 433,509</b>	<b>\$ (42,041)</b>
<b>Fixed</b>			
Treasury Related Expenses			
Interest on Bonds	\$ 154,822	\$ 155,127	\$ (305)
Build America Bond Subsidy	(2,762)	(3,458)	696
Interest on Note	620	500	120
Note Commitment Fee	200	200	-
Payoff of Note Principal	53,850	94,380	(40,530)
Bond Retirement (1)	25,154	23,910	1,244
Investment Income-Revenue Fund	(837)	(73)	(764)
Treasury Services/Paying Agent Fees	691	671	20
Decommissioning and Site Restoration Costs (2)	4,739	4,557	182
ISFSI Decommissioning Costs (2)	280	265	15
<b>Subtotal Fixed</b>	<b>\$ 236,757</b>	<b>\$ 276,079</b>	<b>\$ (39,322)</b>
<b>Total Funding Requirements</b>	<b>\$ 628,225</b>	<b>\$ 709,588</b>	<b>\$ (81,363)</b>
<b>Funding Sources</b>			
Direct Pay from BPA / Net Billing (3)	\$ 436,160	\$ 430,172	\$ 5,988
Note / Line of Credit Draws (4)	27,000	28,500	(1,500)
Bond Proceeds (Capital) (5)	106,046	123,214	(17,168)
Bond Proceeds (Interest / LOC) (6)	54,000	57,000	(3,000)
Fuel Revenue	-	65,880	(65,880)
Bonneville Direct Funding Decommissioning (2)	5,019	4,822	197
<b>Total Funding Sources</b>	<b>\$ 628,225</b>	<b>\$ 709,588</b>	<b>\$ (81,363)</b>

(1) \$291.0 million of maturing July 2024 bonds are expected to be extended while \$25.154 million will be repaid.

(2) BPA directly funds the requirements for the Decommissioning and Site Restoration Funds on behalf of Energy Northwest.

(3) Bonneville will direct pay the monthly funding requirements under the provisions of the Direct Pay Agreement.

(4) Draws against Note / Line of Credit for Tax-Exempt Interest Expense in January 2024.

(5) Bond Proceeds do not include any funding related to the Energy Northwest Office Complex.

(6) Approximately \$54 million of interest expense is expected to be extended as part of Phase II of RCD.

**Table 9**  
**Monthly Statement of Funding Requirements**  
(Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2024 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>
<u>Disbursements</u>													
<u>Operating</u>													
Controllable Expense	\$ 16,953	\$ 20,227	\$ 15,884	\$ 21,368	\$ 19,822	\$ 17,249	\$ 19,655	\$ 20,472	\$ 18,875	\$ 18,081	\$ 21,198	\$ 21,897	\$ 231,681
Controllable Capital	6,763	9,944	7,485	8,131	8,542	7,022	9,877	8,230	8,978	10,046	7,041	13,987	106,046
Nuclear Fuel In Process	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	43,390
Fuel Litigation	-	-	-	-	5	10	30	45	45	32	20	-	187
Spares/Inventory Growth	-	860	-	-	860	-	-	1,655	-	-	1,700	-	5,075
Generation Taxes	-	-	-	-	-	-	-	5,089	-	-	-	-	5,089
<b>Subtotal Operating</b>	<b>\$ 27,332</b>	<b>\$ 34,647</b>	<b>\$ 26,985</b>	<b>\$ 33,115</b>	<b>\$ 32,845</b>	<b>\$ 27,897</b>	<b>\$ 33,178</b>	<b>\$ 39,107</b>	<b>\$ 31,514</b>	<b>\$ 31,775</b>	<b>\$ 33,575</b>	<b>\$ 39,500</b>	<b>\$ 391,468</b>
<u>Fixed</u>													
Treasury Related Expenses													
Interest on Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,411	\$ 154,822
BABs Subsidy	-	-	-	-	-	(1,381)	-	-	-	-	-	(1,381)	(2,762)
Interest on Note	-	-	-	-	-	-	-	-	-	-	-	620	620
Commitment Fee on Note	-	-	-	-	-	-	-	-	-	-	-	200	200
Payoff of Note Principal	-	-	26,850	-	-	-	-	-	-	-	-	27,000	53,850
Bond Retirement (1)	-	-	-	-	-	-	-	-	-	-	-	25,154	25,154
Investment Income	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(837)
Treasury Services	58	58	58	58	58	58	58	58	58	58	58	58	691
Decommissioning and Site Restoration	-	-	4,739	-	-	-	-	-	-	-	-	-	4,739
ISFSI Decommissioning	-	-	280	-	-	-	-	-	-	-	-	-	280
<b>Subtotal Fixed</b>	<b>\$ (12)</b>	<b>\$ (12)</b>	<b>\$ 31,857</b>	<b>\$ (12)</b>	<b>\$ (12)</b>	<b>\$ 76,018</b>	<b>\$ (12)</b>	<b>\$ (12)</b>	<b>\$ (12)</b>	<b>\$ (12)</b>	<b>\$ (12)</b>	<b>\$ 128,992</b>	<b>\$ 236,757</b>
<b>Total Disbursements</b>	<b>\$ 27,320</b>	<b>\$ 34,635</b>	<b>\$ 58,842</b>	<b>\$ 33,103</b>	<b>\$ 32,833</b>	<b>\$ 103,915</b>	<b>\$ 33,166</b>	<b>\$ 39,095</b>	<b>\$ 31,502</b>	<b>\$ 31,763</b>	<b>\$ 33,563</b>	<b>\$ 168,492</b>	<b>\$ 628,225</b>
<u>Funding Sources</u>													
BPA Direct Pay (2)	\$ 20,557	\$ 24,691	\$ 46,338	\$ 24,972	\$ 24,291	\$ 69,893	\$ 23,289	\$ 30,865	\$ 22,524	\$ 21,717	\$ 26,522	\$ 100,505	\$ 436,160
Bond Proceeds (Capital)	6,763	9,944	7,485	8,131	8,542	7,022	9,877	8,230	8,978	10,046	7,041	13,987	106,046
Bond Proceeds (Interest / LOC)	-	-	-	-	-	-	-	-	-	-	-	54,000	54,000
Line of Credit (Interest Expense)	-	-	-	-	-	27,000	-	-	-	-	-	-	27,000
BPA - Decommissioning	-	-	5,019	-	-	-	-	-	-	-	-	-	5,019
<b>Total Funding Sources</b>	<b>\$ 27,320</b>	<b>\$ 34,635</b>	<b>\$ 58,842</b>	<b>\$ 33,103</b>	<b>\$ 32,833</b>	<b>\$ 103,915</b>	<b>\$ 33,166</b>	<b>\$ 39,095</b>	<b>\$ 31,502</b>	<b>\$ 31,763</b>	<b>\$ 33,563</b>	<b>\$ 168,492</b>	<b>\$ 628,225</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) \$290.8 million of 7/1/2024 maturing bonds are expected to be extended. The remaining \$25.2 million are expected to be paid off.

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

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# **Fiscal Year 2024 Packwood Lake Hydroelectric Project Annual Operating Budget**



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### **Summary**

The Packwood Lake Hydroelectric Project (Packwood), the first electrical generating project undertaken by Energy Northwest, began commercial operation in June 1964. Occupying 660 acres of the Gifford Pinchot National Forest in south central Washington, Packwood consists of a dam at Packwood Lake; a five-mile-long system of pipeline, tunnels and Penstock; and a 27,500 kilowatt-rated, underground powerhouse located 1,800 feet below the lake elevation. The reservoir is fed by Upper Lake Creek and several small tributaries that rely exclusively on direct rainfall and snow melt for their water supply.

The total net Fiscal Year 2024 operating and capital cost combined is estimated to be \$4,066,000 (Table 1), with associated funding requirements of \$3,725,000 (Table 5). The difference between total program cost and net funding requirements is due to depreciation (Table 4).

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

**Key Assumptions/Qualifications**

- The Project budget has been reviewed and approved by the participants.
- Generation is estimated at 83,343 MWh, which reflects 5-year average of the plant output and decreased by approximately 10% due to the mitigation impacts of actions required under the new operating license.
- The Fiscal Year 2024 Budget includes costs for mitigation activities required under the new operating license which was obtained in October 2018.



**Table 1**  
**Summary of Operating and Capital Costs**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
<u>Operating Costs</u>			
Operating & Support Services	\$ 2,974	\$ 3,045	\$ (71)
Generation Taxes	20	20	-
Depreciation	341	304	37
Subtotal Operating Costs	\$ 3,335	\$ 3,369	\$ (34)
Interest/Financing (Net)	\$ (29)	\$ 12	\$ (41)
<b>Total Cost</b>	<b>\$ 3,306</b>	<b>\$ 3,381</b>	<b>\$ (75)</b>
 <b>Total Net Generation (MWh)</b>	 <b>83,343</b>	 <b>86,342</b>	 <b>(2,999)</b>
 <b>Cost of Power (\$/MWh) (1)</b>	 <b>\$ 39.66</b>	 <b>\$ 39.16</b>	 <b>\$ 0.50</b>
 <b>Total Capital Cost</b>	 <b>\$ 760</b>	 <b>\$ 610</b>	 <b>\$ 150</b>
 <b>Total Operating and Capital Cost</b>	 <b>\$ 4,066</b>	 <b>\$ 3,991</b>	 <b>\$ 75</b>

(1) Cost of Power includes Operating & Support Services, Generation Taxes, Depreciation, and Net Interest/Financing costs.

**Table 2**  
**Summary of Revenues**  
(Dollars in Thousands)

<b><u>Description</u></b>	<b><u>FY 2024 Budget</u></b>	<b><u>Original FY 2023 Budget</u></b>	<b><u>Change</u></b>
Revenues			
Participant Billings	\$ 3,198	\$ 3,105	\$ 93
Substation Interconnection Billings	235	235	-
<b>Total Revenues</b>	<b>\$ 3,433</b>	<b>\$ 3,340</b>	<b>\$ 93</b>
<b>Variance - ( ) Unfavorable</b>			

**Table 3**  
**Summary of Full Time Equivalent Positions (1)**

<b><u>Description</u></b>	<b><u>FY 2024 Budget</u></b>	<b><u>FY 2023 Budget</u></b>	<b><u>Change</u></b>
Operations & Maintenance	4	4	-

(1) Includes Allocations of Corporate Full Time Equivalent Positions

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**Table 4**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2024 Total Cost</b>	<b>Non-Cash Items</b>	<b>Non-Cost Items</b>	<b>Deferred Cash Requirements</b>	<b>Prior Year Commitments</b>	<b>FY 2024 Total</b>
Operating						
O&M and Support Services	\$ 2,974	\$ -	\$ -	\$ -	\$ -	\$ 2,974
Generation Taxes	20	-	-	-	-	20
Depreciation	341	(341)	-	-	-	-
Subtotal Operating	\$ 3,335	\$ (341)	\$ -	\$ -	\$ -	\$ 2,994
Interest/Financing						
Interest Income	\$ (44)	\$ -	\$ -	\$ -	\$ -	\$ (44)
Interest on Note	-	-	-	-	-	-
Treasury Services	15	-	-	-	-	15
Subtotal Net Interest/Financing	\$ (29)	\$ -	\$ -	\$ -	\$ -	\$ (29)
Capital	\$ 760	\$ -	\$ -	\$ -	\$ -	\$ 760
Refund to Members	-	-	-	-	-	-
Total Disbursements	\$ 4,066	\$ (341)	\$ -	\$ -	\$ -	\$ 3,725
Funding Sources						
Participants Billings	\$ 3,198	\$ -	\$ -	\$ -	\$ -	\$ 3,198
Substation Interconnection Billings	235	-	-	-	-	235
Beginning Packwood Funds	-	-	1,245	-	-	1,245
Total Funding Sources	\$ 3,433	\$ -	\$ 1,245	\$ -	\$ -	\$ 4,678
Ending Working Capital	\$ (633)	\$ (341)	\$ 1,245	\$ -	\$ -	\$ 953

**Table 5**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<b><u>Description</u></b>	<b><u>FY 2024 Budget</u></b>	<b><u>Original FY 2023 Budget</u></b>	<b><u>Change</u></b>
<b>Beginning Packwood Funds Balance</b>	<b>\$ 1,245</b>	<b>\$ 1,592</b>	<b>\$ (347)</b>
<b><u>Funding Requirements</u></b>			
<b><u>Operating</u></b>			
Operating & Support Services	\$ 2,974	\$ 3,045	\$ (71)
Generation Taxes	20	20	-
<b>Subtotal Operating</b>	<b>\$ 2,994</b>	<b>\$ 3,065</b>	<b>\$ (71)</b>
<b><u>Interest/Financing</u></b>			
Interest Income	\$ (44)	\$ (3)	\$ (41)
Interest on Note	-	-	-
Treasury Services	15	15	-
<b>Subtotal Net Interest/Financing</b>	<b>\$ (29)</b>	<b>\$ 12</b>	<b>\$ (41)</b>
Capital	\$ 760	\$ 610	\$ 150
<b>Total Funding Requirements</b>	<b>\$ 3,725</b>	<b>\$ 3,687</b>	<b>\$ 38</b>
<b><u>Funding Sources</u></b>			
Participants Billings	\$ 3,198	\$ 3,105	\$ 93
Substation Interconnection Billings	235	235	-
<b>Total Funding Sources</b>	<b>\$ 3,433</b>	<b>\$ 3,340</b>	<b>\$ 93</b>
<b>Ending Packwood Funds Balance</b>	<b>\$ 953</b>	<b>\$ 1,245</b>	<b>\$ (292)</b>

**Table 6**  
**Monthly Statement of Funding Requirements**  
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2024 Total
<b>Beginning Balance</b>	<b>\$ 1,245</b>	<b>\$ 1,218</b>	<b>\$ 1,196</b>	<b>\$ 1,174</b>	<b>\$ 1,151</b>	<b>\$ 1,130</b>	<b>\$ 1,108</b>	<b>\$ 1,088</b>	<b>\$ 1,062</b>	<b>\$ 1,042</b>	<b>\$ 1,018</b>	<b>\$ 977</b>	<b>\$ 1,245</b>
Receipts													
Line of Credit Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Participants Billings	266	267	267	266	267	266	267	266	267	266	267	266	3,198
Substation Interconnection Billings	20	20	19	20	19	20	20	19	20	19	19	20	235
<b>Total Receipts</b>	<b>\$ 286</b>	<b>\$ 287</b>	<b>\$ 286</b>	<b>\$ 286</b>	<b>\$ 286</b>	<b>\$ 286</b>	<b>\$ 287</b>	<b>\$ 285</b>	<b>\$ 287</b>	<b>\$ 285</b>	<b>\$ 286</b>	<b>\$ 286</b>	<b>\$ 3,433</b>
Disbursements													
Operations Disbursements													
O&M and Support Services	\$ 248	\$ 248	\$ 248	\$ 248	\$ 247	\$ 248	\$ 248	\$ 248	\$ 247	\$ 248	\$ 248	\$ 248	\$ 2,974
Generation Taxes	-	-	-	-	-	-	-	-	-	-	20	-	20
<b>Subtotal Operations</b>	<b>\$ 248</b>	<b>\$ 248</b>	<b>\$ 248</b>	<b>\$ 248</b>	<b>\$ 247</b>	<b>\$ 248</b>	<b>\$ 248</b>	<b>\$ 248</b>	<b>\$ 247</b>	<b>\$ 248</b>	<b>\$ 268</b>	<b>\$ 248</b>	<b>\$ 2,994</b>
Interest/Financing													
Investment Income	\$ (3)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (3)	\$ (4)	\$ (3)	\$ (4)	\$ (3)	\$ (44)
Interest on Note	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury Services	5	2	-	1	-	1	-	2	1	1	-	2	15
<b>Subtotal Interest/Financing Related</b>	<b>\$ 2</b>	<b>\$ (2)</b>	<b>\$ (4)</b>	<b>\$ (3)</b>	<b>\$ (4)</b>	<b>\$ (3)</b>	<b>\$ (4)</b>	<b>\$ (1)</b>	<b>\$ (3)</b>	<b>\$ (2)</b>	<b>\$ (4)</b>	<b>\$ (1)</b>	<b>\$ (29)</b>
Capital	\$ 63	\$ 63	\$ 64	\$ 64	\$ 64	\$ 63	\$ 63	\$ 64	\$ 63	\$ 63	\$ 63	\$ 63	\$ 760
<b>Total Disbursements</b>	<b>\$ 313</b>	<b>\$ 309</b>	<b>\$ 308</b>	<b>\$ 309</b>	<b>\$ 307</b>	<b>\$ 308</b>	<b>\$ 307</b>	<b>\$ 311</b>	<b>\$ 307</b>	<b>\$ 309</b>	<b>\$ 327</b>	<b>\$ 310</b>	<b>\$ 3,725</b>

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# **Fiscal Year 2024 Nine Canyon Wind Project Annual Operating Budget**

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### Summary

The Nine Canyon Wind Project is located in the Horse Heaven Hills area southeast of Kennewick, Washington.

Phase I of the project, which began commercial operation in September 2002, consists of 37 wind turbines, each with a maximum generating capacity of approximately 1.3 megawatts of electricity, for a total wind capacity of 48.1 megawatts. Phase II of the project, which was declared operational December 31, 2003, included an additional 12 wind turbines with an aggregate generating capacity of approximately 15.6 megawatts. Phase III of the project, which was declared operational April 1, 2008, included an additional 14 wind turbines, each with a maximum generating capacity of approximately 2.3 megawatts of electricity, for a total wind capacity of 32.2 megawatts. The total project generating capability is approximately 95.9 megawatts.

For Phase I and II the turbines are installed in rows with about 500 feet between turbines. Each three-blade turbine consists of a tubular steel tower 200 feet in height, three 100-foot turbine blades attached to a rotor, and a nacelle that houses a generator, gear box and braking mechanisms.

For Phase III the turbines are installed in rows with about 600 feet between turbines. Each three-blade turbine consists of a tubular steel tower 262 feet in height, three 147-foot turbine blades attached to a rotor, and nacelle that houses a generator, gear box and braking mechanisms.

Electricity generated by the project is purchased by Pacific Northwest Public Utility Districts whose customers have expressed an interest in purchasing at least a portion of their electricity from green power sources. Phase I, II, and III participants have signed a power purchase agreement with Energy Northwest through 2030. The project is connected to the Bonneville Power Administration transmission grid via a substation and transmission lines constructed by the Benton County Public Utility District.

For Fiscal Year 2024, the total funding requirements equal \$15,221,000 (Table 4) with revenue of \$15,584,000 (Table 1) resulting in a net cash deposit of \$363,000 (Table 4).

The Fiscal Year 2024 Budget is presented on a cost basis and includes a cost to cash reconciliation (Table 3) illustrating the conversion of the cost data to a cash basis.

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

**Key Assumptions/Qualifications**

This budget will provide funding for continued operation and maintenance of the project. This is based upon the key assumptions and qualifications stated below.

- The Project budget has been reviewed and approved by the participants.
- Billing Price for electrical output is estimated to be \$50.63 per MWh (Table 1) for Fiscal Year 2024. The difference between billing price and cost of power is due to depreciation and debt repayment. Billing price per MWh decrease is driven by lower debt financing expenses.
- Estimated Generation is set at 231,390 MWh (Table 1) which is based off the most recent five-year average.
- Turbine manufacturer Bonus A/S provided O&M services and training. Their support of Phase I was completed in August 2005. Phase II support was completed in December 2006. Siemens is currently providing support for Phase III with the Long Term Service Agreement that was extended for a fifteen-year term beginning in August 2013.
- Energy Northwest implemented Governmental Accounting Standards Board (GASB) No. 83- Certain Asset Retirement Obligations as required in FY 2019. GASB 83 required a current estimate of the retirement obligation and a change in accounting on recognizing the liability. The major change is the full liability for the retirement obligation is to be booked at the current estimate in today's dollars. The offset to the liability is a deferred outflow, which is amortized over the remaining life of the asset. The resulting straight line charge each year for decommissioning continues until the end of the asset life. At the point of actual decommissioning, the liability is then reduced accordingly for any incurred cash expenditures each period until the asset is fully decommissioned and retired. Decommissioning costs through FY2023 have been partially funded by Phase I & II participants. Estimated Asset Retirement Obligation liability is \$22.3 million in 2023 dollars. Phase I & II final debt services payments have been made. Phase I & II participants will fund \$3.168 million in decommissioning in FY2024.

**Table 1**  
**Summary of Operations**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
<u>Revenue</u>			
Billings	\$ 11,716	\$ 12,443	\$ (727)
Decommissioning Billings	3,168	3,168	
BPA Transmission Revenue	700	700	-
<b>Total Revenue</b>	<b>\$ 15,584</b>	<b>\$ 16,311</b>	<b>\$ (727)</b>
<u>Operating Costs</u>			
Labor & Overheads	\$ 2,348	\$ 2,245	\$ 103
Equipment/Materials/Services	2,083	2,002	81
Insurance	356	330	26
Site Maintenance & Warranty	1,142	1,142	-
Lessee Payments	700	700	-
Risk Reserve	44	44	-
<b>Subtotal Operating Costs</b>	<b>\$ 6,673</b>	<b>\$ 6,463</b>	<b>\$ 210</b>
Generation Taxes	\$ 54	\$ 54	-
BPA Transmission Costs	700	700	-
Decommissioning	1,224	920	304
Depreciation	3,313	6,834	(3,521)
<b>Subtotal Operating, Taxes &amp; Capital Cost</b>	<b>\$ 11,964</b>	<b>\$ 14,971</b>	<b>\$ (3,007)</b>
<u>Net Financing</u>			
Interest/Financing (Net)	\$ 325	\$ 1,396	\$ (1,071)
<b>Subtotal Net Financing</b>	<b>\$ 325</b>	<b>\$ 1,396</b>	<b>\$ (1,071)</b>
<b>Total Cost</b>	<b>\$ 12,289</b>	<b>\$ 16,367</b>	<b>\$ (4,078)</b>
<b>Total Net Generation (MWh)</b>	<b>231,390</b>	<b>228,970</b>	<b>2,420</b>
<b>Cost of Power (\$/MWh) (1)</b>	<b>\$ 50.09</b>	<b>\$ 68.43</b>	<b>\$ (18.34)</b>
<b>Billing Price to Participants (\$/MWh) (2)</b>	<b>\$ 50.63</b>	<b>\$ 54.34</b>	<b>\$ (3.71)</b>

(1) Cost of Power excludes BPA Transmission and Capital related costs.

(2) Billing Price is the cash requirements for O&M, Capital, and Debt Service of the Project.

**Table 2**  
**Summary of Full Time Equivalent Positions (1)**

<b><u>Description</u></b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
Project Manager / Supervisor	1	1	-
O&M Technicians	9	9	-
Admin & Technical Support	2	2	-
<b>Total</b>	<b>12</b>	<b>12</b>	<b>-</b>

(1) Includes Allocations of Corporate Full Time Equivalent Positions

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

Description	FY 2024 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2024 Total Cash
Operating Costs						
Operating Costs	\$ 6,673	\$ -	\$ -	\$ -	\$ -	\$ 6,673
Generation Tax	54	-	-	-	-	54
BPA Transmission	700	-	-	-	-	700
Decommissioning (1)	1,224	(1,224)	3,168	-	-	3,168
Depreciation	3,313	(3,313)	-	-	-	-
<b>Subtotal Operating, Taxes &amp; Capital</b>	<b>\$ 11,964</b>	<b>\$ (4,537)</b>	<b>\$ 3,168</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,595</b>
Net Debt Service						
Interest Expense	\$ 1,403	\$ -	\$ -	\$ -	\$ -	\$ 1,403
Bond Retirement	-	-	3,960	-	-	3,960
Amortized Cost	(341)	341	-	-	-	-
Interest Income	(786)	-	-	-	-	(786)
Treasury Services	49	-	-	-	-	49
<b>Subtotal Net Debt Service</b>	<b>\$ 325</b>	<b>\$ 341</b>	<b>\$ 3,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,626</b>
<b>Total Disbursements</b>	<b>\$ 12,289</b>	<b>\$ (4,196)</b>	<b>\$ 7,128</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,221</b>
Revenue						
Billings	\$ 11,716	\$ -	\$ -	\$ -	\$ -	\$ 11,716
Decommissioning Billings	3,168	-	-	-	-	3,168
BPA Transmission	700	-	-	-	-	700
<b>Total Revenue</b>	<b>\$ 15,584</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,584</b>
<b>Cash (Withdrawal) / Deposit</b>						<b>\$ 363</b>

(1) FY2024 include \$3.168 million for Phase I & II decommissioning costs.

Estimated Asset Retirement Obligation liability is \$22.3 million in 2023 dollars.



**Table 4**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
<u>Operating Costs</u>			
Labor/Benefits/Overhead	\$ 2,348	\$ 2,245	\$ 103
Equipment/Materials/Services	2,083	2,002	81
Insurance	356	330	26
Site Maintenance & Warranty	1,142	1,142	-
Lessee Payments	700	700	-
Risk Reserve	44	44	-
<b>Subtotal Operating Costs</b>	<b>\$ 6,673</b>	<b>\$ 6,463</b>	<b>\$ 210</b>
Generation Taxes	\$ 54	\$ 54	\$ -
Decommissioning Reserve Contribution	3,168	3,168	-
BPA Transmission	700	700	-
<b>Subtotal Operating, Taxes &amp; Capital Costs</b>	<b>\$ 10,595</b>	<b>\$ 10,385</b>	<b>\$ 210</b>
<u>Net Debt Service</u>			
Interest Expense	\$ 1,403	\$ 1,916	\$ (513)
Bond Retirement	3,960	10,255	(6,295)
Interest Income	(786)	(52)	(734)
Treasury Services	49	44	5
<b>Subtotal Net Debt Service</b>	<b>\$ 4,626</b>	<b>\$ 12,163</b>	<b>\$ (7,537)</b>
<b>Total Funding Requirements</b>	<b>\$ 15,221</b>	<b>\$ 22,548</b>	<b>\$ (7,327)</b>
<b>Funding Sources</b>			
Billings	\$ 11,716	\$ 12,443	\$ (727)
Decommissioning Billings	3,168	3,168	-
Participants for BPA Transmission	700	700	-
Cash Withdrawal / (Deposit)	(363)	6,237	(6,600)
<b>Total Funding Sources</b>	<b>\$ 15,221</b>	<b>\$ 22,548</b>	<b>\$ (7,327)</b>

**Table 5**  
**Monthly Statement of Funding Requirements**  
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2024 Total
<b>Beginning Balance</b>	<b>\$ 16,361</b>	<b>\$ 16,613</b>	<b>\$ 17,219</b>	<b>\$ 17,540</b>	<b>\$ 18,147</b>	<b>\$ 18,754</b>	<b>\$ 18,371</b>	<b>\$ 18,978</b>	<b>\$ 19,585</b>	<b>\$ 19,905</b>	<b>\$ 20,512</b>	<b>\$ 21,065</b>	<b>\$ 16,361</b>
Receipts													
Billings	\$ 977	\$ 976	\$ 976	\$ 977	\$ 976	\$ 976	\$ 977	\$ 976	\$ 976	\$ 976	\$ 977	\$ 976	\$ 11,716
Decommissioning Billings	264	264	264	264	264	264	264	264	264	264	264	264	3,168
BPA Transmission	59	58	58	59	58	58	59	58	58	58	59	58	700
<b>Total Receipts</b>	<b>\$ 1,300</b>	<b>\$ 1,298</b>	<b>\$ 1,298</b>	<b>\$ 1,300</b>	<b>\$ 1,298</b>	<b>\$ 1,298</b>	<b>\$ 1,300</b>	<b>\$ 1,298</b>	<b>\$ 1,298</b>	<b>\$ 1,298</b>	<b>\$ 1,300</b>	<b>\$ 1,298</b>	<b>\$ 15,584</b>
Disbursements													
Operations Disbursements													
Labor & Overheads	\$ 195	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 195	\$ 196	\$ 195	\$ 196	\$ 195	\$ 196	\$ 2,348
Equipment/Materials/Services	174	174	173	174	173	174	174	173	174	173	174	173	2,083
Insurance	356	-	-	-	-	-	-	-	-	-	-	-	356
Site Maintenance & Warranty	-	-	285	-	-	286	-	-	286	-	-	285	1,142
Lease Payments & Risk Res	61	62	62	62	62	62	62	62	62	62	62	63	744
Generation Taxes	-	-	-	-	-	-	-	-	-	-	54	-	54
BPA Transmission	59	58	58	59	58	58	59	58	58	58	59	58	700
<b>Subtotal Operations</b>	<b>\$ 845</b>	<b>\$ 490</b>	<b>\$ 774</b>	<b>\$ 491</b>	<b>\$ 489</b>	<b>\$ 776</b>	<b>\$ 490</b>	<b>\$ 489</b>	<b>\$ 775</b>	<b>\$ 489</b>	<b>\$ 544</b>	<b>\$ 775</b>	<b>\$ 7,427</b>
Decommissioning Reserve	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 264	\$ 3,168
Debt Service													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701	\$ 1,403
Bond Retirement	-	-	-	-	-	-	-	-	-	-	-	3,960	3,960
Investment Income	(66)	(66)	(65)	(66)	(66)	(65)	(65)	(66)	(65)	(66)	(65)	(65)	(786)
Treasury Services	5	4	4	4	4	4	4	4	4	4	4	4	49
<b>Subtotal Debt / Decomm</b>	<b>\$ 203</b>	<b>\$ 202</b>	<b>\$ 203</b>	<b>\$ 202</b>	<b>\$ 202</b>	<b>\$ 905</b>	<b>\$ 203</b>	<b>\$ 202</b>	<b>\$ 203</b>	<b>\$ 202</b>	<b>\$ 203</b>	<b>\$ 4,864</b>	<b>\$ 7,794</b>
<b>Total Disbursements</b>	<b>\$ 1,048</b>	<b>\$ 692</b>	<b>\$ 977</b>	<b>\$ 693</b>	<b>\$ 691</b>	<b>\$ 1,681</b>	<b>\$ 693</b>	<b>\$ 691</b>	<b>\$ 978</b>	<b>\$ 691</b>	<b>\$ 747</b>	<b>\$ 5,639</b>	<b>\$ 15,221</b>
<b>Ending Balance</b>	<b>\$ 16,613</b>	<b>\$ 17,219</b>	<b>\$ 17,540</b>	<b>\$ 18,147</b>	<b>\$ 18,754</b>	<b>\$ 18,371</b>	<b>\$ 18,978</b>	<b>\$ 19,585</b>	<b>\$ 19,905</b>	<b>\$ 20,512</b>	<b>\$ 21,065</b>	<b>\$ 16,724</b>	<b>\$ 16,724</b>

**Table 6**  
**Bank Accounts**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
Phase I Bond Reserve Account (1)	\$ -	\$ 4,360	\$ (4,360)
Phase II Bond Reserve Account (1)	-	803	(803)
Phase III Bond Reserve Account	4,357	4,550	(193)
Operating Reserve Account	847	750	97
Reserve and Contingency Account	797	800	(3)
Decommissioning Reserve Account	3,179	-	3,179
Revenue Fund	13,838	14,497	(659)
<b>Total Beginning Balance</b>	<b>\$ 23,018</b>	<b>\$ 25,760</b>	<b>\$ (2,742)</b>
Addition / (Reduction) (2)	\$ 363	\$ (1,074)	\$ 1,437
Use of Phase I / II Bond Reserves	-	(5,163)	5,163
<b>Total Ending Balance</b>	<b>\$ 23,381</b>	<b>\$ 19,523</b>	<b>\$ 3,858</b>

(1) Phase I & II Bond Reserve Accounts were utilized to help fund the final debt service payment on July 1, 2023.

(2) Includes \$3,168k funding for Phase I / II Decommissioning Reserve.

**Table 7**  
**Operations & Maintenance - Budget & Forecast**  
**Long Range Plan**  
(Dollars in Thousands)

Description	Budget	Forecast					
	FY24	FY25	FY26	FY27	FY28	FY29	FY30
<b>Operating Costs</b>							
Labor & Overheads	\$2,348	\$2,407	\$2,467	\$2,529	\$2,592	\$2,657	\$2,723
Equipment/Materials/Services	2,083	1,975	2,026	2,120	2,128	2,181	2,283
Insurance	356	365	374	383	393	403	413
Long Term Service Agreement	1,142	1,171	1,200	1,230	1,261	1,292	1,324
Lease Payments	700	700	700	700	700	700	700
Risk Reserve	44	100	100	100	100	100	100
<b>Subtotal Operating Costs</b>	<b>\$6,673</b>	<b>\$6,718</b>	<b>\$6,867</b>	<b>\$7,062</b>	<b>\$7,174</b>	<b>\$7,333</b>	<b>\$7,543</b>
<b>Taxes &amp; Capital Costs</b>							
Generation Taxes	\$54	\$54	\$54	\$54	\$54	\$54	\$54
Capital	-	70	71	73	75	77	79
BPA Transmission	700	700	700	700	700	700	700
<b>Subtotal Taxes &amp; Capital Costs</b>	<b>\$754</b>	<b>\$824</b>	<b>\$825</b>	<b>\$827</b>	<b>\$829</b>	<b>\$831</b>	<b>\$833</b>
<b>Total Operating, Taxes, &amp; Capital Disbursements</b>							
	<b>\$7,427</b>	<b>\$7,542</b>	<b>\$7,692</b>	<b>\$7,889</b>	<b>\$8,003</b>	<b>\$8,164</b>	<b>\$8,376</b>

**Key Assumptions/Qualifications**

Escalation Rate = 2.5% FY24 = Base Year, excluding lease payments and generation taxes.



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# **Fiscal Year 2024 Project 1 Annual Budget**

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### Summary

The Project 1 Fiscal Year 2024 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 769, the Project Agreement and the Net Billing Agreements. The budget includes all costs associated with the project for Fiscal Year 2024 including reuse funding, fixed and variable costs, and treasury related expenses. In addition, the budget includes all funding requirements identified for the project for Fiscal Year 2024.

The total net cost for Fiscal Year 2024 is estimated to be \$21,068,000 (Table 1). Total Funding Requirements of \$53,340,000 (Table 5) less revenue from restoration/demolition, leasing, and other financing receipts totaling \$32,269,000 will result in \$21,071,000 being direct billed to Bonneville Power Administration. 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.

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

**Table 1**  
**Summary of Costs**  
(Dollars in Thousands)

	FY 2024 Budget	Original FY 2023 Budget	Change
<b>Revenue</b>			
Restoration / Demolition (1)	\$ 2,263	\$ 3,785	(1,522)
Fixed Costs	6	6	-
<b>Total Revenue</b>	<b>\$ 2,269</b>	<b>\$ 3,791</b>	<b>\$ (1,522)</b>
<b><u>Costs</u></b>			
<b><u>Site Costs</u></b>			
Restoration / Demolition (1)	\$ 2,263	\$ 3,785	(1,522)
Variable Costs	26	25	1
Fixed Costs	378	360	18
<b>Subtotal Site Costs</b>	<b>\$ 2,667</b>	<b>\$ 4,170</b>	<b>\$ (1,503)</b>
<b><u>Other</u></b>			
Treasury Related Expenses	\$ 20,670	\$ 21,816	\$ (1,146)
Decommissioning	-	-	-
<b>Subtotal Other Costs</b>	<b>\$ 20,670</b>	<b>\$ 21,816</b>	<b>\$ (1,146)</b>
<b>Total Costs</b>	<b>\$ 23,337</b>	<b>\$ 25,986</b>	<b>\$ (2,649)</b>
<b>Total Net Costs</b>	<b>\$ 21,068</b>	<b>\$ 22,195</b>	<b>\$ (1,127)</b>

(1) Restoration / Demolition receipts from the Bonneville Power Administration restoration trust fund will be used to offset all costs of this initiative.

**Table 2**  
**Treasury Related Expenses**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2024</b>	<b>Original</b>	<b>Change</b>
	<b>Budget</b>	<b>FY 2023 Budget</b>	
Interest Expense (1)	\$ 40,137	\$ 39,932	\$ 205
Interest on Note (2)	230	150	80
Commitment Fee on Note (2)	50	50	-
Amortized Financing Cost (3)	(20,006)	(18,691)	(1,315)
Investment Income (Rev. Fund) (4)	(136)	(9)	(127)
Treasury Services (5)	395	384	11
<b>Total</b>	<b><u>\$ 20,670</u></b>	<b><u>\$ 21,816</u></b>	<b><u>\$ (1,146)</u></b>

#### **Assumptions**

- (1) No bond principal is scheduled to mature and none will be extended during FY2024.
- (2) A line of credit will be utilized to fund approximately \$10.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2024 long-term bond transaction.
- (3) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (4) Includes income on investment of monies held in the interest and principal accounts which are transferred periodically to the Revenue Fund. Investment income earnings rates are forecasted to average 3.00%.
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

**Table 3**  
**Summary of Full Time Equivalent Positions (1)**

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
Restoration / Demolition	2	3	(1)
Site Support	1	1	-
Treasury	1	1	-
<b>Total Positions</b>	<b>4</b>	<b>5</b>	<b>(1)</b>

(1) Includes Allocations of Corporate Full Time Equivalent Positions.

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**Table 4**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2024 Total Cost</b>	<b>Non-Cash Items</b>	<b>Non-Cost Items</b>	<b>Deferred Cash Req'ts</b>	<b>Prior Year's Commitments</b>	<b>FY 2024 Total Cash</b>
Variable Costs	\$ 26	\$ -	\$ -	\$ -	\$ -	\$ 26
Restoration / Demolition (1)	2,263	-	-	-	-	2,263
Fixed Costs	378	(3)	-	-	-	375
<b>Subtotal Site Costs</b>	<b>\$ 2,667</b>	<b>\$ (3)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,664</b>
<b>Other</b>						
Decommissioning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treasury Related						
Interest Expense	40,137	-	-	-	-	40,137
Bond Retirement (2)	-	-	-	-	-	-
Payoff of Note Principal	-	-	10,000	-	-	10,000
Interest on Note	230	-	-	-	-	230
Commitment Fee on Note	50	-	-	-	-	50
Amortized Cost	(20,006)	20,006	-	-	-	-
Invest. Income (Rev.)	(136)	-	-	-	-	(136)
Treasury Services	395	-	-	-	-	395
Subtotal Treasury Expenses	\$ 20,670	\$ 20,006	\$ 10,000	\$ -	\$ -	\$ 50,676
<b>Subtotal Other</b>	<b>\$ 20,670</b>	<b>\$ 20,006</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,676</b>
<b>Total Funding Requirements</b>	<b>\$ 23,337</b>	<b>\$ 20,003</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,340</b>

(1) Funding will be from BPA Restoration Trust Fund.

(2) No bond principal is scheduled to mature and none is expected to be extended in FY2024.

**Table 5**  
**Annual Budget**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
Programs			
Variable Costs	\$ 26	\$ 25	\$ 1
Restoration / Demolition	2,263	3,785	(1,522)
Fixed Costs	375	356	19
<b>Subtotal Site Costs</b>	<b>\$ 2,664</b>	<b>\$ 4,166</b>	<b>\$ (1,502)</b>
Treasury Related Expenses			
Interest Expense (2)	\$ 40,137	\$ 39,932	\$ 205
Bond Retirement (1)	-	-	-
Payoff of Note Principal (2)	10,000	10,000	-
Interest on Note (2)	230	150	80
Commitment Fee on Note (2)	50	50	-
Investment Income (Revenue)	(136)	(9)	(127)
Treasury Services	395	384	11
<b>Subtotal Treasury Related</b>	<b>\$ 50,676</b>	<b>\$ 50,507</b>	<b>\$ 169</b>
<b>Total Funding Requirements</b>	<b>\$ 53,340</b>	<b>\$ 54,673</b>	<b>\$ (1,333)</b>
<u>Funding Sources</u>			
Restoration / Demolition	\$ 2,263	\$ 3,785	\$ (1,522)
Fixed Costs	6	6	-
Note / Line of Credit (LOC) Draws (2)	10,000	10,000	-
Bond Proceeds (Interest / LOC) (2)	20,000	20,000	-
Net Billing/BPA Direct Payments	\$ 21,071	\$ 20,882	\$ 189
<b>Total Funding Sources</b>	<b>\$ 53,340</b>	<b>\$ 54,673</b>	<b>\$ (1,333)</b>

(1) No bond principal is scheduled to mature and none is expected to be extended in FY2024.

(2) Approximately \$20 million of interest expense is expected to be extended on a tax-exempt basis under the Regional Cooperation Debt 2 Initiative.

**Table 6**  
**Monthly Statement of Funding Requirements - Revenue Fund**  
(Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2024 Total
<b>Beginning Balance</b>	<b>\$ 3,000</b>	<b>\$ 2,759</b>	<b>\$ 2,519</b>	<b>\$ 2,276</b>	<b>\$ 2,600</b>	<b>\$ 2,358</b>	<b>\$ 2,587</b>	<b>\$ 2,911</b>	<b>\$ 2,669</b>	<b>\$ 2,428</b>	<b>\$ 2,752</b>	<b>\$ 2,511</b>	<b>\$ 3,000</b>
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,536	\$ 21,071
Restoration / Demolition (2)	-	-	-	565	-	-	566	-	-	566	-	566	2,263
Note / Line of Credit (LOC) (4)	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
Bond Proceeds (Interest / LOC) (4)	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Revenue - Leasing	-	-	-	-	-	3	-	-	-	-	-	3	6
<b>Total Receipts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 565</b>	<b>\$ -</b>	<b>\$ 20,539</b>	<b>\$ 566</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 566</b>	<b>\$ -</b>	<b>\$ 31,105</b>	<b>\$ 53,340</b>
Disbursements													
Treasury Related Expenses													
Interest Expense (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,069	\$ 40,137
Bond Retirement (3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Note (4)	-	-	-	-	-	-	-	-	-	-	-	230	230
Commitment Fee on Note (4)	-	-	-	-	-	-	-	-	-	-	-	50	50
Payoff of Note Principal	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Investment Income	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(136)
Treasury Services	33	33	33	33	33	33	33	33	33	33	33	33	395
<b>Subtotal Treasury Related</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 20,090</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 22</b>	<b>\$ 30,370</b>	<b>\$ 50,676</b>
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	26	26
Restoration / Demolition	188	188	189	189	189	188	189	189	188	189	189	188	2,263
Fixed Costs	31	31	32	31	31	32	31	31	32	31	31	31	375
<b>Total Disbursements</b>	<b>\$ 241</b>	<b>\$ 241</b>	<b>\$ 243</b>	<b>\$ 242</b>	<b>\$ 242</b>	<b>\$ 20,310</b>	<b>\$ 242</b>	<b>\$ 242</b>	<b>\$ 242</b>	<b>\$ 242</b>	<b>\$ 242</b>	<b>\$ 30,615</b>	<b>\$ 53,340</b>
<b>Ending Balance</b>	<b>\$ 2,759</b>	<b>\$ 2,519</b>	<b>\$ 2,276</b>	<b>\$ 2,600</b>	<b>\$ 2,358</b>	<b>\$ 2,587</b>	<b>\$ 2,911</b>	<b>\$ 2,669</b>	<b>\$ 2,428</b>	<b>\$ 2,752</b>	<b>\$ 2,511</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) Funding will be from BPA Restoration Trust Fund

(3) No bond principal is scheduled to mature during FY2024.

(4) A line of credit will be utilized to fund approximately \$10.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2024 long-term bond transaction.



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# **Fiscal Year 2024 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 2024 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 775, the Project Agreement 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 net cost for Fiscal Year 2024 is estimated to be \$30,833,000 (Table 1). The total net funding requirements for Fiscal Year 2024 are \$59,451,000 (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.

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

**Table 1**  
**Summary of Costs**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
Interest Expense (1)	\$ 47,913	\$ 47,182	\$ 731
Interest on Note (2)	230	150	80
Commitment Fee on Note (2)	50	50	-
Amortized Financing Cost (3)	(17,618)	(19,273)	1,655
Investment Income (4)	(123)	(8)	(115)
Treasury Services (5)	381	370	11
<b>Total</b>	<b>\$ 30,833</b>	<b>\$ 28,471</b>	<b>\$ 2,362</b>

### Assumptions

- (1) Budget assumes no principal will be repaid and \$63.3 million extended in FY2024.
- (2) A line of credit will be utilized to fund approximately \$10.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2024 long-term bond transaction.
- (3) The amortized financing costs are driven by the amortization of the premiums on bonds.
- (4) Includes income on investment of monies held in the Interest and Principal accounts which are transferred periodically to the Revenue Fund. Investment income earnings rate is forecasted to average 3.00%.
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

**Table 2**  
**Summary of Full Time Equivalent Positions (1)**

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
Treasury Related	<u>1</u>	<u>1</u>	<u>-</u>

(1) Includes Allocations of Corporate Full Time Equivalent Positions.

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

Description	FY 2024 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2024 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 47,913	\$ -	\$ -	\$ -	\$ -	\$ 47,913
Bond Retirement (1)	-	-	-	-	-	-
Payoff of Note Principal	-	-	11,000	-	-	11,000
Interest on Note	230	-	-	-	-	230
Commitment Fee on Note	50	-	-	-	-	50
Amortized Financing Cost	(17,618)	17,618	-	-	-	-
Investment Income	(123)	-	-	-	-	(123)
Treasury Services	381	-	-	-	-	381
<b>Subtotal Treasury Related</b>	<b>\$ 30,833</b>	<b>\$ 17,618</b>	<b>\$ 11,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,451</b>
<b>Total Funding Requirements</b>	<b>\$ 30,833</b>	<b>\$ 17,618</b>	<b>\$ 11,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,451</b>

(1) Budget assumes no principal will be repaid and \$63.3 million extended in FY2024.

**Table 4**  
**Annual Budget**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
Treasury Related Expenses			
Interest Expense (2)	\$ 47,913	\$ 47,182	\$ 731
Bond Retirement (1)	-	-	-
Payoff of Note Principal (2)	11,000	10,000	1,000
Interest on Note (2)	230	150	80
Commitment Fee on Note (2)	50	50	-
Investment Income (Revenue)	(123)	(8)	(115)
Treasury Services	381	370	11
<b>Total Funding Requirements</b>	<b>\$ 59,451</b>	<b>\$ 57,744</b>	<b>\$ 1,707</b>
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 26,451	\$ 27,744	\$ (1,293)
Note / Line of Credit (LOC) Draws (2)	11,000	10,000	1,000
Bond Proceeds (Interest / LOC) (2)	22,000	20,000	2,000
<b>Total Funding Sources</b>	<b>\$ 59,451</b>	<b>\$ 57,744</b>	<b>\$ 1,707</b>

(1) No principal will be repaid and \$63.3 million extended in FY2024.

(2) Additionally, approximately \$22 million of interest expense is expected to be extended on a tax-exempt basis under the Regional Cooperation Debt 2 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	FY2024 Total
<b>Beginning Balance</b>	\$ 3,000	\$ 2,979	\$ 2,957	\$ 2,936	\$ 2,914	\$ 2,893	\$ 3,140	\$ 3,119	\$ 3,097	\$ 3,076	\$ 3,054	\$ 3,033	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,226	\$ 26,451
Note / Line of Credit (LOC) (3)	-	-	-	-	-	11,000	-	-	-	-	-	-	11,000
Bond Proceeds (Interest / LOC) (3)	-	-	-	-	-	-	-	-	-	-	-	22,000	22,000
<b>Total Receipts</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,226	\$ 59,451
Disbursements													
Treasury Related													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,957	\$ 47,913
Bond Retirement (2)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Interest on Note (3)	-	-	-	-	-	-	-	-	-	-	-	230	\$ 230
Commitment Fee on Note (3)	-	-	-	-	-	-	-	-	-	-	-	50	\$ 50
Payoff of Note Principal (3)	-	-	-	-	-	-	-	-	-	-	-	11,000	\$ 11,000
Investment Income	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	\$ (123)
Treasury Services	32	32	32	32	32	32	32	32	32	32	32	32	\$ 381
<b>Total Disbursements</b>	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 23,978	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 35,258	\$ 59,451
<b>Ending Balance</b>	\$ 2,979	\$ 2,957	\$ 2,936	\$ 2,914	\$ 2,893	\$ 3,140	\$ 3,119	\$ 3,097	\$ 3,076	\$ 3,054	\$ 3,033	\$ 3,000	\$ 3,000

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

(2) Budget assumes no principal will be repaid and \$63.3 million extended in FY2024.

(3) A line of credit will be utilized to fund approximately \$10.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2024 long-term bond transaction.

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# **Fiscal Year 2024 Business Development Fund Annual Budget**

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### **Summary**

The Business Development Fund (BDF) was created by Executive Board Resolution No. 1006 in April 1997 for the purpose of holding, administering, disbursing, and accounting for Energy Northwest costs and revenues generated from engaging in new energy-related business opportunities.

The BDF is managed as an enterprise fund. The budgets are divided by business sector: Business Support, Energy & Professional Services, Laboratory Services, Nuclear Development, O&M Services, and Overhead Costs. Each sector may have one or more programs that are managed as a unique business activity. Revenues, expenses, and margins are reported for each program and sector.

For Fiscal Year 2024, the revenue for the BDF equals \$15,725,000 with \$1,120,000 of reimbursable capital while total funding requirements equal \$16,820,000 creating an increase in fund balance of \$25,000 (See Table 5).

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

**Key Assumptions/Qualifications**

- Manage, operate, maintain, modify, and support facilities related to power generation.
- Assist members with generation resources, transmission integration, and power management issues.
- Offer cost competitive resource options that manage risk and promote environmental stewardship.
- Invest in key strategic focus areas:
  - Develop New Nuclear
  - Expand Hydro and Wind O&M Services
  - Build new Solar Project on 300 Acres
  - Become a more comprehensive and active Joint Operating Agency
    - Electric Vehicle Charging Stations
    - Demand Side Management
    - Member Professional Services
  - Optimize Laboratory Services

**Table 1**  
**Summary of Revenues and Expenses by Business Sector**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
<b><u>Revenues (1)</u></b>			
Business Support	\$ 54	\$ 39	\$ 15
Energy & Professional Services	1,738	1,004	734
Laboratory Services	7,469	6,925	544
Nuclear Development	3,271	7,466	(4,195)
O&M Services	3,193	3,164	29
<b>Total Revenues</b>	<b>\$ 15,725</b>	<b>\$ 18,598</b>	<b>\$ (2,873)</b>
<b><u>Expenses (1)</u></b>			
Business Support	\$ 31	\$ 29	\$ 2
Energy & Professional Services (2)	1,571	948	623
Laboratory Services (3)	7,293	6,425	868
Nuclear Development	3,714	7,680	(3,966)
O&M Services (4)	3,210	3,172	38
Overhead Costs (5)	29	202	(173)
<b>Total Expenses</b>	<b>\$ 15,848</b>	<b>\$ 18,456</b>	<b>\$ (2,608)</b>
<b>Net Margin</b>	<b>\$ (123)</b>	<b>\$ 142</b>	<b>\$ (265)</b>

(1) Does not include capital

(2) Includes \$31,000 in depreciation

(3) Includes \$339,000 in depreciation

(4) Includes \$393,000 in depreciation; \$2,000 in decommissioning

(5) Includes \$56,000 in depreciation

**Table 2**  
**Detailed Financial Summary**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Revenue</u>	<u>FY 2024 Cost</u>	<u>FY 2024 Margin</u>
<u>Business Support</u>			
Co-Location Rentals	\$ 54	\$ 31	\$ 23
<b>Total Business Support</b>	<b>\$ 54</b>	<b>\$ 31</b>	<b>\$ 23</b>
<u>Energy &amp; Professional Services</u>			
Support / Member Services	\$ 1,065	\$ 887	\$ 178
Grant Funding Program	242	231	11
DVRI/DSM Operations	150	167	(17)
IT & Cyber Security Services	144	137	7
Solar Development	72	51	21
Electric Vehicle Initiatives	65	98	(33)
<b>Total Energy &amp; Professional Services (1)</b>	<b>\$ 1,738</b>	<b>\$ 1,571</b>	<b>\$ 167</b>
<u>Laboratory Services</u>			
Columbia Calibration Services	\$ 2,625	\$ 2,625	\$ -
Commercial Calibration Services	2,239	1,956	283
Columbia Environmental Services	2,245	2,245	-
Commercial Environmental Services	360	467	(107)
<b>Total Laboratory Services (2)</b>	<b>\$ 7,469</b>	<b>\$ 7,293</b>	<b>\$ 176</b>
<u>Nuclear Development</u>			
Advanced Reactor Development Program	\$ -	\$ 193	\$ (193)
EN Site 1 Nuclear Project Study	1,115	1,416	(301)
Xe-100 Support	428	408	20
Sodium Support	1,087	1,087	-
Grant PUD Nuclear Dev Support	641	610	31
<b>Total Nuclear Development</b>	<b>\$ 3,271</b>	<b>\$ 3,714</b>	<b>\$ (443)</b>
<u>O&amp;M Services</u>			
Horn Rapids O&M	\$ 77	\$ 472	\$ (395)
Portland Hydro Project	1,450	1,261	189
O&M New Project Development	221	221	-
Stone Creek Hydro Project	400	348	52
Tieton O&M Services	1,044	908	136
White Bluffs Solar	1	-	1
<b>Total Professional Services (3)</b>	<b>\$ 3,193</b>	<b>\$ 3,210</b>	<b>\$ (17)</b>
<u>Overhead Costs</u>			
Net Overhead Costs and Allocations	\$ -	\$ 29	\$ (29)
<b>Total Overhead Costs (4)</b>	<b>\$ -</b>	<b>\$ 29</b>	<b>\$ (29)</b>
<b>Total</b>	<b>\$ 15,725</b>	<b>\$ 15,848</b>	<b>\$ (123)</b>

Margin - ( ) Unfavorable

(1) Includes depreciation of \$31,000

(2) Includes depreciation of \$339,000

(3) Includes depreciation of \$393,000 and \$2,000 in decommissioning

(4) Includes depreciation of \$56,000

Note: \$3,720,000 in BDF Business Support is allocated to Energy Services & Development programs.



**Table 3**  
**Summary of Capital**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>FY 2024 Budget Reimbursable (1)</u>	<u>FY 2024 Net Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
<b><u>Business Sector / Project</u></b>					
<u>Energy &amp; Professional Services</u>					
Electric Vehicle Capital	\$ 1,370	\$ 1,120	\$ 250	\$ 103	\$ 147
<b>Total Energy &amp; Professional Services</b>	<u>\$ 1,370</u>	<u>\$ 1,120</u>	<u>\$ 250</u>	<u>\$ 103</u>	<u>\$ 147</u>
<u>Laboratory Services</u>					
Calibration Laboratory Services	\$ 325	\$ -	\$ 325	\$ 326	\$ (1)
Environmental Laboratory Services	<u>37</u>	<u>-</u>	<u>37</u>	<u>110</u>	<u>(73)</u>
<b>Total Laboratory Services</b>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ 362</u>	<u>\$ 436</u>	<u>\$ (74)</u>
<u>Overhead Costs</u>					
MEC - ENOC - Capital	\$ 60	\$ -	\$ 60	\$ 119	\$ (59)
<b>Total Laboratory Services</b>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 119</u>	<u>\$ (59)</u>
<b>Total - Capital</b>	<u><b>\$ 1,792</b></u>	<u><b>\$ 1,120</b></u>	<u><b>\$ 672</b></u>	<u><b>\$ 658</b></u>	<u><b>\$ 14</b></u>

(1) Reimbursed by expected Grant Proceeds and or receipts under established Participants Agreements.

**Table 4**  
**Summary of Full Time Equivalent Positions (1)**

<b>Description</b>	<b>FY 2024</b>	<b>Original</b>	<b>Change</b>
	<b>Budget</b>	<b>FY 2023 Budget</b>	
Laboratory Services Sector	24	23	1
Energy & Professional Services Sector	5	4	1
Nuclear Development	12	18	(6)
Indirect Support / Overhead Costs	17	17	-
O&M Services Sector	8	7	1
<b>Total Positions</b>	<b>66</b>	<b>69</b>	<b>(3)</b>

(1) Includes Allocations of Corporate Full Time Equivalent Positions

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**Table 5**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
<b><u>Funding Requirements</u></b>			
Expense Requirements (1)	\$ 15,028	\$ 17,692	\$ (2,664)
Capital Requirements	1,792	1,658	134
<b>Total Funding Requirements</b>	<b><u>\$ 16,820</u></b>	<b><u>\$ 19,350</u></b>	<b><u>\$ (2,530)</u></b>
<b><u>Funding Sources</u></b>			
Revenues	\$ 15,725	\$ 18,598	\$ (2,873)
Capital Reimbursement	1,120	1,000	120
<b>Total Funding Sources</b>	<b><u>\$ 16,845</u></b>	<b><u>\$ 19,598</u></b>	<b><u>\$ (2,753)</u></b>
 <b>Change in Fund Balance from Operations</b>	 <b><u>\$ 25</u></b>	 <b><u>\$ 248</u></b>	 <b><u>\$ (223)</u></b>

(1) Expenses exclude \$821,000 of depreciation and decommissioning (non-cash item).

**Table 6**  
**Business Development Fund - Cash Flow**  
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2024 Total
<b>Beginning Balance</b>	\$ 11,431	\$ 11,433	\$ 11,435	\$ 11,436	\$ 11,438	\$ 11,440	\$ 11,442	\$ 11,444	\$ 11,446	\$ 11,448	\$ 11,451	\$ 11,453	\$ 11,431
Receipts													
Revenues	\$ 1,310	\$ 1,310	\$ 1,311	\$ 1,310	\$ 1,310	\$ 1,311	\$ 1,310	\$ 1,310	\$ 1,311	\$ 1,311	\$ 1,310	\$ 1,311	\$ 15,725
Capital Reimbursement	93	93	94	93	93	94	93	93	94	93	93	94	1,120
<b>Total Receipts</b>	<b>\$ 1,403</b>	<b>\$ 1,403</b>	<b>\$ 1,405</b>	<b>\$ 1,403</b>	<b>\$ 1,403</b>	<b>\$ 1,405</b>	<b>\$ 1,403</b>	<b>\$ 1,403</b>	<b>\$ 1,405</b>	<b>\$ 1,404</b>	<b>\$ 1,403</b>	<b>\$ 1,405</b>	<b>\$ 16,845</b>
Disbursements													
Expense Requirements	\$ 1,252	\$ 1,252	\$ 1,253	\$ 1,252	\$ 1,252	\$ 1,253	\$ 1,252	\$ 1,252	\$ 1,253	\$ 1,252	\$ 1,252	\$ 1,253	\$ 15,028
Capital Requirements	149	149	151	149	149	150	149	149	150	149	149	149	1,792
<b>Total Disbursements</b>	<b>\$ 1,401</b>	<b>\$ 1,401</b>	<b>\$ 1,404</b>	<b>\$ 1,401</b>	<b>\$ 1,401</b>	<b>\$ 1,403</b>	<b>\$ 1,401</b>	<b>\$ 1,401</b>	<b>\$ 1,403</b>	<b>\$ 1,401</b>	<b>\$ 1,401</b>	<b>\$ 1,402</b>	<b>\$ 16,820</b>
<b>Ending Balance</b>	<b>\$ 11,433</b>	<b>\$ 11,435</b>	<b>\$ 11,436</b>	<b>\$ 11,438</b>	<b>\$ 11,440</b>	<b>\$ 11,442</b>	<b>\$ 11,444</b>	<b>\$ 11,446</b>	<b>\$ 11,448</b>	<b>\$ 11,451</b>	<b>\$ 11,453</b>	<b>\$ 11,456</b>	<b>\$ 11,456</b>

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# **Fiscal Year 2024 General Business Unit Annual Budget**

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### Summary

Presented within the General Business Unit Fiscal Year 2024 budget are the costs for Benefits, Corporate Programs, Organizational Overhead and General Purpose Projects.

The total Fiscal Year 2024 General Business Unit cost is estimated to be \$115,806,000 (Table 1).

Corporate Program costs and staffing are shown separately to identify the services being provided to each business unit as opposed to employee related benefits. Fiscal Year 2024 Corporate costs are estimated to be \$19,747,000 (Table 2).

Benefits which include health care, personal time/holidays, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, and other related costs are estimated to be \$72,475,000 (Table 3).

Organizational Overhead which includes at-risk compensation, tuition and relocation reimbursements as well as other related costs is estimated to be \$18,309,000 (Table 4).

General Purpose Projects are composed of Corporate IT Projects. The Corporate IT Projects are estimated to be \$5,275,000 (Table 5).

The General Business Unit costs are allocated to each Business Unit as explained on page 10. Also, the allocation process is depicted in a diagram on Table 7.

A comparison of the Fiscal Year 2024 budget is made to the original budget issued for Fiscal Year 2023.

**Table 1**  
**Summary of Costs**  
(Dollars in Thousands)

<u>Description</u>	<b>FY 2024</b>	<b>Original</b>	
	<b>Budget</b>	<b>FY 2023</b>	<b>Change</b>
	<b>Budget</b>	<b>Budget</b>	
Corporate Programs	\$ 19,747	\$ 16,028	\$ 3,719
Benefits/Personal Time	72,475	68,556	3,919
Organizational Overhead	18,309	14,046	4,263
<b>Total O&amp;M Costs</b>	<b>\$ 110,531</b>	<b>\$ 98,630</b>	<b>\$ 11,901</b>
General Purpose Project - Capital	\$ 5,275	\$ 4,315	\$ 960
<b>Total Costs</b>	<b>\$ 115,806</b>	<b>\$ 102,945</b>	<b>\$ 12,861</b>

**Table 2**  
**Corporate Program Costs**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
Information Services	\$ 8,377	\$ 6,601	\$ 1,776
Corporate Finance	2,202	2,440	(238)
Public Affairs	2,440	2,350	90
Senior Management	2,439	1,867	572
Human Resources	2,035	1,806	229
Legal	509	549	(40)
Performance Improvement	432	273	159
Environmental & Regulatory Programs	210	238	(28)
Other	1,103	(96)	1,199
<b>Total</b>	<b>\$ 19,747</b>	<b>\$ 16,028</b>	<b>\$ 3,719</b>

**Table 2A**  
**Corporate Program Full Time Equivalent Positions**

<b>Description</b>	<b>FY 2024 Budget</b>	<b>Original FY 2023 Budget</b>	<b>Change</b>
Information Services	30	30	-
Human Resources	15	14	1
Corporate Finance	17	13	4
Public Affairs	9	9	-
Senior Management	6	6	-
Legal	2	3	(1)
Environmental & Regulatory Programs	2	2	-
Organizational Effectiveness	1	-	1
<b>Total</b>	<b>82</b>	<b>77</b>	<b>5</b>

**Table 3**  
**Employee Benefit Costs**  
(Dollars in Thousands)

<u><b>Description</b></u>	<b>FY 2024</b>	<b>Original</b>	<b>Change</b>
	<b>Budget</b>	<b>FY 2023 Budget</b>	
Medical Benefits	\$ 20,557	\$ 18,214	\$ 2,343
F.I.C.A.	10,583	10,028	555
Retirement:			
WA PERS Contribution	15,018	14,245	773
401(k) Match	4,242	4,009	233
Personal Time/Holidays	20,139	18,225	1,914
Unemployment/Disability/Other	1,936	2,509	(573)
<b>Subtotal</b>	<b>\$ 72,475</b>	<b>\$ 67,230</b>	<b>\$ 5,245</b>
Outage	\$ -	\$ 1,326	\$ (1,326)
<b>Total</b>	<b>\$ 72,475</b>	<b>\$ 68,556</b>	<b>\$ 3,919</b>

**Table 4**  
**Organizational Overhead**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
At-Risk Compensation/Retention/ Employee Recognition	\$ 17,341	\$ 13,078	\$ 4,263
Relocations	825	825	-
Tuition	143	143	-
<b>Total</b>	<b><u>\$ 18,309</u></b>	<b><u>\$ 14,046</u></b>	<b><u>\$ 4,263</u></b>

**Table 5**  
**General Purpose Projects**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2024 Budget</u>	<u>Original FY 2023 Budget</u>	<u>Change</u>
<b><u>Capital Projects</u></b>			
Information Technology (1)	\$ 5,275	\$ 4,315	\$ 960
<b>Total Capital Projects</b>	<b>\$ 5,275</b>	<b>\$ 4,315</b>	<b>\$ 960</b>
<b><u>Expense Projects</u></b>			
Information Technology (1)	\$ -	\$ -	\$ -
<b>Total Expense Projects</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total General Purpose Projects</b>	<b>\$ 5,275</b>	<b>\$ 4,315</b>	<b>\$ 960</b>

(1) Information Technology costs are managed centrally within Energy Northwest for the benefit of all Business Units. Items must have a useful life greater than one year, and have a procurement cost of greater than \$1,000. Internally developed software projects must be greater than \$250,000 to be capitalized.

**Table 6**  
**Business Unit Allocation of Costs**  
(Dollars in Thousands)

<b><u>Business Unit Allocations (Dollars)</u></b>	<b>FY 2024</b>	<b>Original</b>	<b>Change</b>
	<b><u>Budget</u></b>	<b><u>FY 2023 Budget</u></b>	
Project 1	\$ 363	\$ 438	\$ (75)
Columbia	102,251	90,976	11,275
Project 3	92	89	3
Packwood	502	407	95
Nine Canyon Wind Project	1,039	854	185
Business Development Fund	<u>6,307</u>	<u>5,889</u>	<u>418</u>
<b>Total Allocations</b>	<b><u>\$ 110,554</u></b>	<b><u>\$ 98,653</u></b>	<b><u>\$ 11,901</u></b>

<b><u>Business Unit Allocations (Percentages)</u></b>	<b>FY 2024</b>	<b>Original</b>	<b>Change</b>
	<b><u>Budget</u></b>	<b><u>FY 2023 Budget</u></b>	
Project 1	0.33%	0.44%	(0.11%)
Columbia	92.49%	92.22%	0.27%
Project 3	0.08%	0.09%	(0.01%)
Packwood	0.45%	0.41%	0.04%
Nine Canyon Wind Project	0.94%	0.87%	0.07%
Business Development Fund	<u>5.71%</u>	<u>5.97%</u>	<u>(0.26%)</u>
<b>Total Allocations</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>0.00%</u></b>

**Note:**

Total Business Unit Allocation dollars shown exclude non-allocated costs, thus, will not agree with Table 1.

### **Overview of Indirect Cost Pools**

Energy Northwest makes use of three indirect cost pools. Allocation of these pools is conducted in three sequential steps. A graphical depiction of allocation steps are provided on the following page (Table 7).

#### **Step 1 - Employee Benefits (Resource Category 703)**

Contains all costs incurred by Energy Northwest for medical and dental benefits, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, Personal Time (e.g., vacation, holiday, sick, etc.) and other costs associated with employee wellness. Employee benefit costs are allocated to business units and other intermediate cost pools based on regular labor costs. Overtime, temporary and special pay costs receive a reduced rate.

#### **Step 2 – Organizational Overhead (Resource Category 702)**

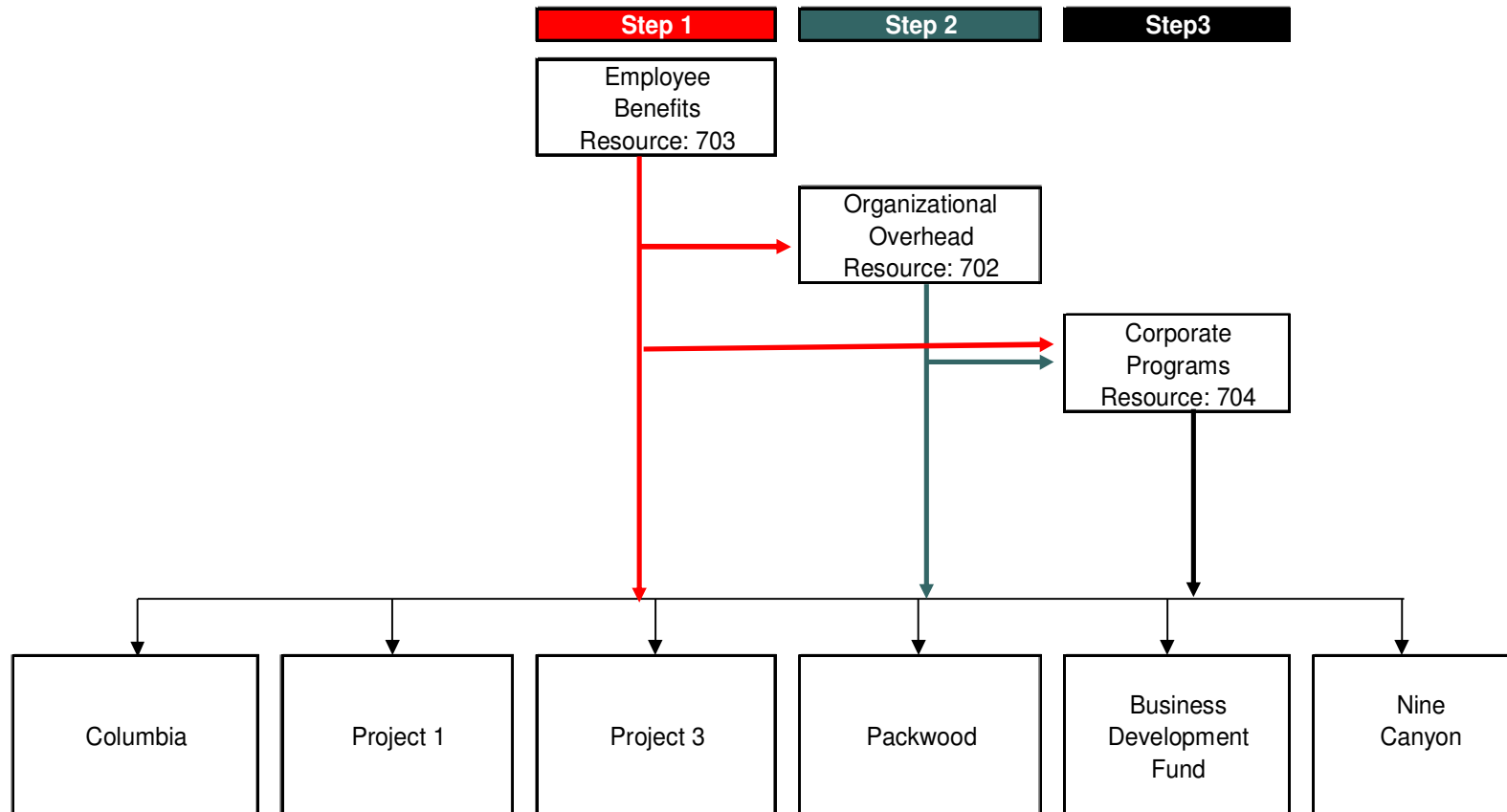
Contains costs for education reimbursement, new employee relocation, employee labor supporting corporate sponsored initiatives and labor costs determined when goals are evaluated. Also, included is a pro-rata allocation of employee benefits and personal time. These costs are allocated to business units and the Corporate Programs cost pool based on regular labor costs.

#### **Step 3 – Corporate Programs (Resource Category 704)**

Contains all costs associated with management of Energy Northwest's corporate activities. These costs include costs of finance, legal, administration, human resources, procurement, and information technology. Also, included is a pro-rata allocation of employee benefits, personal time, and Organizational Overhead. These costs are allocated over total operating and capital costs.



**Table 7**  
**Indirect Cost Allocation Diagram**



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**ALLOCATION:** A process to spread indirect overhead costs to other business units based on a common cost pool.

**AMORTIZATION:** A method of allocating (accruing) costs to fiscal periods to match costs with the revenues or benefits generated from a specific activity.

**AMORTIZED FINANCING COSTS:** Reflects the capitalized financing costs that were incurred to issue long-term bonds to finance construction of the project or refinance outstanding project bonds, which are being amortized over the life of the bonds.

**ANNUAL BUDGET:** The amount of resources, expressed in dollars, allocated to a specific project for a given fiscal year.

**BASELINE COSTS:** Columbia Generating Station (Columbia) direct and indirect costs not associated with projects. Estimated labor associated with projects has been included in the project line item budgets.

**BILLING STATEMENTS:** A contractual notification to project participants indicating their percentage and dollar share of a net-billed project's annual budget.

**BOND PROCEEDS:** Monies received from the issuance of bonds.

**BOND RESOLUTION:** A resolution passed by Energy Northwest's Board of Directors establishing a plan and system for the acquisition and construction of a particular Energy Northwest project. Each of Energy Northwest's projects has a bond resolution. Among other things, the resolution authorizes the issuance of bonds to construct the project and establishes special rules pertaining to the accounting and funding of each project. Each resolution mandates that separate funds and books of accounts be maintained and strictly prohibits the payment of obligations of one project with funds of another project.

**BOND RETIREMENT:** Funds deposited into the Bond Fund Principal or Bond Fund Retirement accounts used to retire maturing debt or meet sinking fund requirements.

**BPA DIRECT PAY AGREEMENTS:** Energy Northwest and Bonneville entered into an agreement with respect to each Net Billed Project ("Direct Pay Agreements") pursuant to which, beginning May 2006, Bonneville pays at least monthly all costs for each Net Billed Project, including debt service on the Net Billed Bonds, directly to Energy Northwest. Each Participant pays directly to Bonneville all costs associated with its power sales and other contracts with Bonneville instead of making such payments to Energy Northwest. The Net Billing Agreements provide that Energy Northwest is to bill budgeted costs less

amounts payable from sources other than the Net Billing Agreements to Participants. Direct payments received from Bonneville under the Direct Pay Agreements are considered a source other than the Net Billing Agreements and, therefore, the Net Billing Agreements were not amended. In the Direct Pay Agreements, Energy Northwest agrees to promptly bill each Participant its share of the costs of the respective Project under the Net Billing Agreements if Bonneville fails to make a payment when due under the Direct Pay Agreements.

**BUSINESS DEVELOPMENT FUND (BDF):** A special enterprise fund created for the purpose of holding, administering, disbursing and accounting for Energy Northwest costs and revenues generated from new energy-related business opportunities. Created by Executive Board Resolution Number 1006 in April 1997.

**BUSINESS UNIT:** A plan and system authorized by Energy Northwest's Board of Directors. Columbia, WNP-1, WNP-3, Packwood, Business Development Fund, Nine Canyon Wind Project, and General Business Unit are all Business Units. The General Business Unit includes indirect costs that are subsequently allocated to all other business units.

**CAPITAL ADDITIONS:** Includes improvements and modifications that will be made throughout the operating life of the plant that will be necessary to assure plant safety, reliability, efficiency and cost effectiveness.

**CAPITAL COSTS/EQUIPMENT:** Costs related to improvements and modifications to the plant or the purchase of equipment. Generally, an item is considered to be capital equipment if it exceeds \$10K, except computer equipment which is \$1K, in value and has a service life of greater than one year. Capital items are depreciated over their estimated service-lives.

**CONSTRUCTION FUND:** Established pursuant to Bond Fund resolutions, the Construction Fund pays for all costs of construction.

**CONTROLLABLE COSTS:** Controllable costs include operations, maintenance, capital and overhead costs. They exclude costs related to depreciation, fuel, and financing.

**CORPORATE PROGRAMS:** The administration, management and general programs that support Energy Northwest as a business entity are accumulated into a Corporate Program indirect cost pool. The Corporate Program costs are distributed based upon total Operating and Capital costs charged to Energy Northwest projects or other final cost objectives. Corporate Programs include, but are not limited to, accounting, human resources, legal services and general management.

**COST OF POWER:** A measurement, expressed in dollars per megawatt-hour, designed to measure the cost effectiveness of plant operations. Also see Memorandum of Agreement.

**COST-TO-CASH RECONCILIATION:** A schedule depicting how cost numbers, which are used to manage and control Energy Northwest business units, are converted to cash and funding requirements.

**DEBT SERVICE:** Amounts paid or required to be paid into the applicable Bond and Reserve & Contingency Fund for purposes of paying the semi-annual coupon interest and annual bond principal redemption.

**DECOMMISSIONING:** Refers to the plan of dismantlement and site restoration of Columbia. The decommissioning plan for Columbia reflects a 60-year plant life, three years to prepare for protective storage, 60 years of protective storage, and 3.5 years for facility dismantlement and site restoration. A special fund has been established to provide monies necessary to pay for decommissioning.

**DEPRECIATION:** A systematic and rational basis for allocating capital costs over the service life of an asset. Depreciation may be based on estimated service life in years or production capacity. Depreciation can be viewed as the wear and tear of an asset over time.

**ESCALATION:** The dollar amount or percentage rate that costs are expected to increase in future periods due to inflation, changes in labor contracts, tax increases, etc.

**EXCESS WORKING CAPITAL:** The amount in excess of \$3 million that has been designated as the required amount of working capital for the Revenue Fund. To the extent that on June 30, there is more than that amount of monies in the Revenue Fund, such amounts for the current fiscal year are excess amounts to be used to reduce the funding requirements for the project for the subsequent fiscal year.

**FISCAL YEAR:** The twelve-month period July 1 through June 30. Energy Northwest's accounting and budgeting cycle is based on a fiscal year that spans this period.

**FIXED COSTS:** Includes non-variable costs that will be incurred regardless of plant operations, output or conditions (e.g., bond interest, depreciation, decommissioning, etc.).

**FUND:** Established by bond resolutions, a fund is a pool of money set aside to pay specified obligations of the projects. Typically, Energy Northwest project bond resolutions call for construction costs to be paid from the Construction Fund, operations and maintenance costs to be paid from the Revenue Fund,

bond interest payments to be paid from the Interest Account within the Bond Fund, etc. Fund restrictions were established by bond resolutions as a form of security for bondholders.

**FUNDING REQUIREMENTS:** Identification of the amount of cash required for a given budget period to meet business unit needs.

**GENERAL BUSINESS UNIT (GENERAL FUND):** A fund established for accounting purposes to pay multi-project obligations and collect and allocate overhead costs to projects.

**GENERATION TAXES:** Pursuant to RCW 54.28.025, a tax is assessed on Columbia net generation equal to one and one-half percent of the wholesale value of energy produced. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

**INCREMENTAL COSTS:** Includes those costs that are variable in nature and are directly related to the amount of power produced (e.g., nuclear fuel amortization spent fuel disposal fees, generation taxes, etc.).

**INCREMENTAL OUTAGE COSTS:** Includes those costs that are needed to support an outage that are not specific to an individual project (e.g., overtime, supplies and materials).

**INDIRECT COSTS:** Includes costs charged to intermediate cost pools for later allocation. Includes costs associated with Administrative & General (A&G), Information Technology, Organizational Overhead, Employee Benefits, and Absence (see General Business Unit tab for further definition of these cost pools).

**INTEREST EXPENSE:** The interest on outstanding bonds. Funds are transferred monthly from the Revenue Funds to the Bond Fund Interest Accounts in order to pay the semi-annual coupon interest.

**INVENTORY:** Operational spare parts, common stock and general materials and supplies purchased by Energy Northwest and stored in warehouses for later use.

**INVESTMENT INCOME:** Income earned on investment securities.

**MATERIALS:** Included in materials is the cost of office supplies, software, fuels, oils, chemicals, gases, support materials, and resins.

**NET-BILLING:** A payment procedure established by net-billing agreements. More than 100 Northwest utilities have purchased all of the project capability of Nuclear Project No. 1, Columbia and Energy Northwest's 70 percent ownership

share of Nuclear Project No. 3. Project Participants have resold such capability to BPA and, in return, BPA is obligated to pay annual costs of these projects, including debt service, by a procedure referred to as net-billing. Project Participants pay Energy Northwest their respective share of annual costs, and BPA pays Project Participants identical amounts by reducing amounts due to BPA by Participants under power sales agreements.

**NUCLEAR FUEL AMORTIZATION:** Represents the amortization of nuclear fuel costs in a given fiscal year. The cost of nuclear fuel is first capitalized as an asset in order to reflect the value of the unused fuel. At the time the fuel is placed in the reactor, the cost of the fuel is amortized to fiscal periods on the basis of quantity of heat produced.

**NUCLEAR FUEL IN PROCESS:** The cost of nuclear fuel that is being converted, fabricated, enriched, etc. not having reached a finished state.

**OPERATING COSTS:** Includes controllable and incremental costs.

**ORIGINAL BUDGET:** The beginning fiscal year budget for a Business Unit.

**OUTSIDE SERVICES:** Includes the cost of services provided by outside companies. Energy Northwest uses outside services for various functions including data systems, legal assistance, engineering support, craft support, paying agent and trustee fees, health physics and chemistry, maintenance services and radwaste disposal.

**PRIOR YEAR'S RESERVE AND CONTINGENCY FUND SURPLUS:** Annually, funds remaining are to be transferred back to the Revenue Fund to be utilized to reduce the funding requirements of the project for the subsequent fiscal year. Monies deposited in the Reserve and Contingency Fund can be expended only for special purposes.

**PRIVILEGE TAXES:** Pursuant to RCW 54.28.020, a tax is assessed on Packwood and Nine Canyon net generation equal to five percent of the first four mills per kilowatt-hour of revenue obtained from the sale of energy for resale. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

**PROJECT PARTICIPANT:** Municipalities, public utility districts, investor-owned utilities and electric cooperatives that have purchased a share of project output.

**REFINANCING:** An Energy Northwest and BPA program to refund higher coupon outstanding debt issued for Projects 1, 3 and Columbia with the goal of reducing total debt service of the projects over the life of the bonds.

**RESERVE AND CONTINGENCY FUND REQUIREMENT:** Funds equal to 10 to 15 percent of the aggregate required monthly transfers from the Revenue Fund to the Bond Fund Debt Service Accounts are to be transferred monthly from the Revenue Fund to the Reserve and Contingency Fund.

**RISK RESERVE:** A reserve in the budget set aside for unplanned events.

**SPENT FUEL DISPOSAL FEE:** The Nuclear Waste Policy Act of 1982 specifies that a waste disposal of one mill be paid to the United States Department of Energy (DOE) for each kilowatt-hour of electricity generated. In return, DOE will accept and dispose of spent nuclear fuel.

**STRATEGIC PLANNING:** A process undertaken by key managers and staff, approved by the Executive Board, to establish a vision of what Energy Northwest should be in five or more years.