

Columbia Generating Station (WNP-2)

Financial Choices Workshop: September 10, 2002

\$ in Millions

| Program Description | FY 2000 | FY 2001 | FY 2002 | | | FY 2003 | | |
|---|--------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|-------------|
| | Actuals | Actuals | June 2001 Rate Case | Aug 2002 Forecast | Delta | June 2001 Rate Case | Aug 2002 Forecast | Delta |
| 1 Columbia Generating Station (WNP-2) | 182.4 | 209.5 | 154.1 | 177.7 | 23.6 | 163.8 | 248.4 | 84.6 |
| 2 NORM - PNRR 1/ | | | 17.9 | 0.0 | (17.9) | 17.9 | 0.0 | (17.9) |
| 3 Revenue Offsets from Increased Investment | | | 0.0 | (10.0) | (10.0) | 0.0 | (10.0) | (10.0) |
| 4 Total CGS Expenses | 182.4 | 209.5 | 172.0 | 167.7 | (4.3) | 181.7 | 238.4 | 56.7 |

| Program Description | FY 2004 | | | FY 2005 | | |
|---|---------------------|-------------------|-------------|---------------------|-------------------|-------------|
| | June 2001 Rate Case | Aug 2002 Forecast | Delta | June 2001 Rate Case | Aug 2002 Forecast | Delta |
| 1 Columbia Generating Station (WNP-2) | 170.7 | 233.0 | 62.3 | 173.8 | 289.1 | 115.3 |
| 2 NORM - PNRR 1/ | 17.9 | 0.0 | (17.9) | 17.9 | 0.0 | (17.9) |
| 3 Revenue Offsets from Increased Investment | 0.0 | (10.0) | (10.0) | 0.0 | (10.0) | (10.0) |
| 4 Total CGS Expenses | 188.6 | 223.0 | 34.4 | 191.7 | 279.1 | 87.4 |

| Program Description | FY 2006 | | | Average | Total Delta |
|---|---------------------|-------------------|-------------|-----------------|--------------|
| | June 2001 Rate Case | Aug 2002 Forecast | Delta | Delta 2003-2006 | |
| 1 Columbia Generating Station (WNP-2) | 179.8 | 223.0 | 43.2 | | |
| 2 NORM - PNRR 1/ | 17.9 | 0.0 | (17.9) | | |
| 3 Revenue Offsets from Increased Investment | 0.0 | (10.0) | (10.0) | | |
| 4 Total CGS Expenses | 197.7 | 213.0 | 15.3 | 48.4 | 193.8 |

Major Subcategories: August 2002 Forecast Columbia O&M - 2002 through 2006.

Columbia Generating Station (Columbia) has completed its transition from an annual to a 24-month outage cycle. Non-outage years are 2002, 2004 and 2006. Outage years are 2003 and 2005.

- | | |
|--|--|
| 1. O&M/Outage/Projects - | \$155M per year average non-outage \$186M per year average outage |
| 2. Nuclear Fuel - | \$ 29M per year average non-outage \$ 38M per year average outage |
| 3. Capital - | \$ 11M per year average non-outage \$ 29M per year average outage |
| 4. Performance Incentives - | \$ 11M per year average |
| 5. Decommissioning Trust Fund Contribution - | \$ 5M per year average |
| 6. Generation - | 9,587 Gwh per year average non-outage 8,407 Gwh per year average outage |

Drivers of Difference from Rate Case:

The Rate Case was based on forecasts provided by Energy Northwest to the Cost Review Panel in 1997, incorporating adjustments by Bonneville to reach an average cost of power of 20 mills/Kwh over the rate period. Energy Northwest's noted that its forecasts were based on optimistic targets that Columbia would try to achieve. Columbia's long-range forecasts over the last several years have reflected increasing annual operating costs. Programs and issues are now included in forecasts that were not anticipated in 1997. The following items are the major O&M cost drivers:

- Intergranular stress corrosion of the reactor vessel (Hydrogen Water Chemistry)
- Independent spent fuel storage capital and operation costs
- Plant equipment obsolescence problems
- Plant equipment overhauls
- Change from an annual outage cycle to 24 month cycle
- Outage costs greater than anticipated
- Fuel corrosion problem
- In service inspections deferred from previous outages
- Addition of plant reliability programs
- Security increases due to 9/11

Other drivers affecting O&M:

- Increased employee health costs
- Employee recruitment and retention costs
- Employee and Plant incentive programs

The following items are considered the major Capital cost drivers:

- Capital requirements greater than previously forecasted
- Condenser replacement forecasted in FY 2005

Other items driving increases in O&M include escalation and termination of litigation settlement credits. The Rate Case assumed Columbia would not have any inflation escalation. The August 2002 estimates include inflation. The Rate Case included a reduction for litigation settlement credits spread over time and ending in 2003; however, this settlement was re-negotiated, and all credits were received in the previous rate period.

Consequences of cost cuts/tradeoffs:

The work and projects to Energy Northwest has included in its FY 2003 Budget and forecasts are designed to maintain the safe and reliable operation of Columbia. Reductions in maintenance and capital projects may impact Columbia's availability and reliability, and may have serious consequences for Bonneville. If Columbia were not available during key times of the year, replacement power costs would have a significant cost impact.

Much of the work Energy Northwest has planned for the FY 2003 outage has been delayed from previous years due to cost reduction pressures. Continued delays or deferral of this work could also affect the reliability of Columbia.

Some reductions may be possible if advantage is taken of the flexibility offered by the debt financing of capital. This would decrease near term costs but increase long-term debt service requirements.

In a letter to Paul Norman, Bonneville's Senior Vice President, PBL, Vic Parrish, CEO of Energy Northwest, identified two opportunities to reduce cash requirements through FY 2006. These opportunities involve revising the Nuclear Fuel Plan strategy to use up the current fuel inventory in the near term, and not replace the condenser tubes in FY 2005. The use of fuel inventory reduces costs in the current rate period but will cause cash requirements to increase in FY 2007 through 2011. The condenser tube replacement has been included in both the May and August 2002 estimates in the amount of \$35M. This project is currently being studied and it is anticipated it may not be needed in the near future.

Calculation of Revenue Offsets/Efficiency Gains (if any):

A revenue offset has been calculated and included as an offset to the August Estimate based on Columbia producing an additional 61 aMw at 19 mills/Kwh. This revenue offset is a stretch goal in the outage years.

Current mechanisms for enforcing spending levels:

There are several efforts underway by both Bonneville and Energy Northwest.

As part of Bonneville's non-disapproval of Columbia's FY 2003 budget, Energy Northwest formally agreed to review the budget to identify reductions and/or deferrals. Energy Northwest under-ran the Columbia FY 2002 budget by \$5.4M. Energy Northwest has formed a team to review Columbia's FY 2003 budget, and submit potential cost reduction areas and risks associated with those areas to its CEO. The team reviewed past cost data to identify growth areas. It focused on these growth areas as potential spots to reduce costs. It is anticipated that in late September, the team will share its information with Bonneville. The CEO will decide whether to institute any reductions in concert with the recent reorganization, and the results of the Bonneville and Energy Northwest benchmarking efforts. The Energy Northwest Executive Board and staff are also involved in a most efficient operation exercise (MEO) that involves benchmarking Columbia against other operating nuclear utilities.

Energy Northwest is currently conducting cost benchmarking to determine appropriate levels for Columbia's operating costs. The comparison plants being used have achieved consistently low-costs and are good operating and regulatory performers. This effort is expected to be completed by the end of September.

Bonneville's Contract Generating Resources has contracted to update a 1999 benchmarking effort based on nuclear industry data. The effort will review the data and compare expected costs for Columbia in certain areas such as capital investments, and operations and maintenance to other nuclear plants. Bonneville will use this information in discussions with Energy Northwest to help determine the appropriate level for Columbia's costs. This effort is underway and will be shared with Energy Northwest when it is completed.

Comments:

Columbia completed its FY 2002 with its highest generation and lowest cost of power in its operating history. Columbia generated 9,262 Gwh at a cost of 20.6 mills/Kwh.

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table of Contents

| | <u>Table</u> | <u>Page</u> |
|--|--------------|-------------|
| Summary | | 2 |
| Key Assumptions/Qualifications | | 3 |
| Summary of Costs | Table 1 | 4 |
| Columbia Station Costs- Memorandum of Agreement | Table 2 | 5 |
| Controllable Costs – Major Processes | Table 3 | 6 |
| Projects | Table 4 | 7 |
| Capital Projects | Table 4A | 8 |
| Expense Projects | Table 4B | 9&10 |
| Outage Refueling (R16) | Table 5 | 11 |
| Treasury Related Expenses | Table 6 | 12 |
| Total Columbia Station Equivalent Staffing | Table 7 | 13 |
| Cost-to-Cash Reconciliation | Table 8 | 14 |
| Statement of Funding Requirements | Table 9 | 15 |
| Monthly Statement of Funding Requirements | Table 10 | 16 |

Prepared 4/25/02

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Summary

Energy Northwest's Columbia Generating Station is an 1,150 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 2003 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 Agreement. This document includes all capitalizes and non-capitalized costs associated with the project for Fiscal Year 2003. In addition this document includes all funding requirements.

This budget is presented on a cost basis and includes a cost to cash reconciliation in Table 8 illustrating the conversion of the cost data to a cash basis. Cost and cash data are presented on white and blue pages, respectively. The Fiscal Year Columbia Generating Annual Budget as required by the various project agreements is shown in Table 9.

The total cost budget for Fiscal Year 2003 (Capital and Expense) is estimated at \$468,454,000 (Table 1). Using the Memorandum of Agreement basis for measuring Columbia's costs, budget requirements for Fiscal Year 2003 have been established at \$233,763,000 including escalation (Table 2). Total funding requirements of \$308,429,000 will be the basis for the billing statements to be sent to the 94 participants in the project (Table 9).

Comparisons of Fiscal Year 2003 budgets are made to the original budget for Fiscal Year 2002 dated 4/09/2001. Certain line item amounts for Fiscal Year 2002 have been adjusted so as to be presented on a consistent basis with Fiscal Year 2003.

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Key Assumptions/Qualifications

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

- o Fiscal Year 2003 cost of power is based on net generation of 8,574Gwh
- o There is a 34 day refueling outage planned in FY 2003
- o Due to the events on September 11, 2001, Columbia has heightened its Security, The FY03 budget includes \$2.0 million with the possibility of additional funding that may be needed and not yet identified.
- o A Reliability Program has been developed and is funded in this budget at \$1,037M.
- o Annual and quarterly employee incentive programs of \$4,600M(plus FICA and retirement costs)
- o Management reserves consist of \$2.35 million for emergent issues, and \$1.0 million outage reserve
- o A Critical Spares Program is funded at \$3.0M.
- o Other Specific Inclusions:
 - Sales tax at 8.0 percent for appropriate items
 - Employee benefits at 26.0% of total labor costs
 - Escalation of approximately \$ 4.625 million as follows:
 - Energy Northwest labor at 4.2% for 75% of the year (based on salary increases effective in October)
 - Other applicable costs at 3%

COLUMBIA GENERATING STATION**FISCAL YEAR 2003**

Table 1
Summary of Costs

(\$ in thousands)

| Budget Line Items | Original | | Variance |
|---|---------------------|---------------------|-------------------|
| | Fiscal Year 2003 | Fiscal Year 2002 | |
| <u>Controllable - Expense :</u> | | | |
| Baseline Costs | \$ 128,579 | \$ 121,085 | \$ 7,494 |
| Projects (Non-Outage) | 12,686 | 8,389 | 4,297 |
| Outage Costs (2) | 38,469 | - | 38,469 |
| Reliability Programs | 1,037 | 3,383 | (2,346) |
| Subtotal -Controllable (1) | \$ 180,771 | \$ 132,857 | \$ 47,914 |
| <u>Incremental :</u> | | | |
| Nuclear Fuel Amortization | 27,050 | 32,477 | (5,427) |
| Nuclear Fuel Labor | 631 | 427 | 204 |
| Spent Fuel Disposal Fee | 8,145 | 9,004 | (859) |
| Loaned Fuel Revenues | (638) | (1,076) | 438 |
| Generation Taxes | 2,872 | 3,129 | (257) |
| Subtotal - Incremental | \$ 38,060 | \$ 43,961 | \$ (5,901) |
| <u>Fixed :</u> | | | |
| Treasury Related Expenses (3) | 110,690 | 108,431 | 2,259 |
| Decommissioning | 26,809 | 15,131 | 11,678 |
| UEDD* | 254 | 200 | 54 |
| Depreciation | 94,320 | 96,200 | (1,880) |
| Subtotal - Fixed | \$ 232,073 | \$ 219,962 | \$ 12,111 |
| Total Costs - Expense | \$ 450,904 | \$ 396,780 | \$ 54,124 |
| Capital Projects -Controllable (1) | \$ 17,550 | \$ 22,725 | \$ (5,175) |

(1) See Table 3 page 6.

(2) See Table 5 page 11.

(3) See Table 6 page 12.

* Uranium Enrichment Decontamination & Decommissioning

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COLUMBIA GENERATING STATION**FISCAL YEAR 2003**

Table 2
Columbia Station Costs - Memorandum of Agreement(1)
(\$ in thousands)

| Budget Line Items | Fiscal Year 2003 | Original Fiscal Year 2002 | Variance |
|------------------------------------|---------------------|---------------------------------|-------------------|
| <u>Controllable Costs:</u> | | | |
| Baseline Costs | \$ 128,579 | \$ 121,085 | \$ 7,494 |
| Outage Costs | 38,469 | - | 38,469 |
| Heightened Security | 2,017 | - | 2,017 |
| Projects-Expense | 10,669 | 8,389 | 2,280 |
| Projects-ISFSI Capital** | 6,274 | 16,723 | (10,449) |
| Projects - Other Capital | 11,276 | 6,002 | 5,274 |
| Reliability Programs | 1,037 | 3,383 | (2,346) |
| Subtotal - Controllable (2) | \$ 198,321 | \$ 155,582 | \$ 42,739 |
| <u>Fuel-Related Costs:</u> | | | |
| Nuclear Fuel Amortization | 27,050 | 32,477 | (5,427) |
| Nuclear Fuel Labor | 631 | 427 | 204 |
| Spent Fuel Fee | 8,145 | 9,004 | (859) |
| Loaned Fuel Revenues | (638) | (1,076) | 438 |
| UEDD* | 254 | 200 | 54 |
| Subtotal - Fuel-Related | \$ 35,442 | \$ 41,032 | \$ (5,590) |
| Columbia Costs | \$ 233,763 | \$ 196,614 | \$ 37,149 |
| Net Generation (Gwh) | 8,574 | 9,478 | (904) |
| Cost of Power (cents/kWh) | 2.73 | 2.07 | 0.65 |

(1) Columbia Costs as defined by the Memorandum of Agreement (MOA) between Energy Northwest and BPA as currently under review by the Alliance Committee. 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, A&G, and Information Technology expenses).

(2) Reliability Programs consists of reducing engineering backlog issues pertaining to Core Design, Fuel Cycle, Fuel management, and Electrical/Mechanical Setpoint calculations.

* Uranium Enrichment Decontamination & Decommissioning

** Independent Spent Fuel Storage Installation

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COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table 3
Controllable Costs - Major Processes (1)
 (\$ in thousands)

| | Fiscal Year 2003 | Original Fiscal Year 2002 | Variance |
|--|---------------------|---------------------------------|------------------|
| <u>Controllable Costs - Major Processes</u> | | | |
| Operate Plant | \$ 25,009 | \$ 24,649 | \$ 360 |
| Work Management (2) | 79,266 | 54,105 | 25,161 |
| Configuration Control | 11,681 | 9,757 | 1,924 |
| Equipment Reliability | 5,973 | 2,269 | 3,704 |
| Materials and Services | 5,696 | 4,816 | 880 |
| Training | 13,998 | 14,368 | (370) |
| Loss Prevention (3) | 26,166 | 23,232 | 2,934 |
| Support Services (4) | 26,981 | 20,016 | 6,965 |
| Management Reserves | 3,350 | 2,350 | 1,000 |
| Resource Development (net) | 201 | 20 | 181 |
| Total - Controllable | \$ 198,321 | \$ 155,582 | \$ 42,739 |

(1) Controllable costs include operations, maintenance, capital additions and overhead costs. In this table, they are presented by major process category in accordance with the activity based management structure adopted by Energy Northwest. A listing of activities within each process can be found at the end of the glossary.

Significant Items within selected major processes above include:

| | | |
|---|----|--------|
| (2) Preventive Maintenance | \$ | 21,682 |
| Corrective Maintenance | | 24,356 |
| Plant Improvement Maintenance | | 18,204 |
| Monitor & Control Radiation Exposure & Contamination | | 7,018 |
| (3) Provide Security Measures | \$ | 8,356 |
| Performance Monitoring | | 5,740 |
| Maintain License and Permits | | 7,625 |
| Emergency Operations and Preparedness | | 2,492 |
| (4) Information Services | \$ | 4,484 |
| Business Services, Records Mgmt and Non-nuclear Insurance | | 7,228 |
| Maintain Facilities & Grounds | | 11,093 |
| Support of Nuclear Industry (INPO, EPRI, NEI, BWROG, etc) | | 3,202 |

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COLUMBIA GENERATING STATION**FISCAL YEAR 2003**

Table 4
Projects
(\$ in thousands)

| Item/Description | Original | | Variance |
|-------------------------------------|---------------------|---------------------|-------------------|
| | Fiscal Year 2003 | Fiscal Year 2002 | |
| Capital Projects (1) | | | |
| Plant Modifications-Non Outage | \$ 9,781 | \$ 4,341 | \$ 5,440 |
| Independent Spent Fuel Storage | 6,274 | 16,723 | (10,449) |
| Facilities Modifications | - | 1,200 | (1,200) |
| Information Technology | 1,495 | 461 | 1,034 |
| Subtotal Capital Projects | \$ 17,550 | \$ 22,725 | \$ (5,175) |
| Expense Projects(2) | | | |
| Plant Modifications-Non Outage | \$ 7,853 | \$ 7,666 | \$ 187 |
| Plant Modifications-Refueling (R16) | 21,462 | - | 21,462 |
| Heightened Security | 2,017 | - | 2,017 |
| Independent Spent Fuel Storage | 1,228 | - | 1,228 |
| Facilities Modifications | 1,545 | 300 | 1,245 |
| Information Technology | 43 | 60 | (17) |
| Subtotal Expense Projects | 34,148 | 8,026 | 26,122 |
| Total Projects | \$ 51,698 | \$ 30,751 | \$ 20,947 |

(1) See Table 4A, page 8.

(2) See Table 4B page 9&10.

Prepared 4/25/02

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table 4A
Capital Projects
(\$ in thousands)

| | | |
|---|-----------|--------------|
| <u>Plant Modifications-Non Outage</u> | | |
| Install Hydrogen Water Chemistry/Noble Metals Coat | \$ | 4,045 |
| Upgrade Security System CPU/MUX | | 3,227 |
| Priority 1 - Critical Spares | | 1,297 |
| Replace Process Radiation Monitors | | 637 |
| Install Ladders and Platforms | | 206 |
| Procure NF500 Grapple & Camera | | 200 |
| Projects < \$150K | | 169 |
| Total Plant Modifications - Non Outage | \$ | 9,781 |
| | | |
| <u>Independent Spent Fuel Storage Installation Project</u> | \$ | 6,274 |
| | | |
| <u>Information Technology</u> | | |
| Implement Electronic Design DataBase | \$ | 795 |
| Radio Systems Upgrade | | 700 |
| Total Information Technology | \$ | 1,495 |

COLUMBIA GENERATING STATION**FISCAL YEAR 2003**

Table 4B
Expense Projects
(\$ in thousands)

| | | |
|--|-----------|---------------|
| <u>Plant Modifications & Major Maintenance(MM) -NonOutage</u> | | |
| Preventative Maintenance Optimization | \$ | 365 |
| Copper Reduction Study | | 305 |
| Spent Fuel Pool Cleanup | | 308 |
| Motor Operated Valve Margin Improvement Programs | | 235 |
| HCU Maintenance | | 195 |
| Radwaste Building Roof Repair | | 172 |
| Labor & Overheads (Engineering) | | 4,907 |
| Projects < \$150K | | 1,366 |
| Total Plant Modifications/MM - Non Outage | \$ | 7,853 |
| <u>Plant Modifications & Major Maintenance(MM)- Refueling Outage (R16)</u> | | |
| Control Rod Drive Replacement/Rebuild (CRD) | \$ | 3,030 |
| ISI/NDE | | 2,700 |
| Replace Control Rod Blades | | 2,468 |
| Arc Spray Turbine Cross Under Pipe | | 1,500 |
| Main Generator Flush | | 1,500 |
| Fuel Corrosion Resolution | | 832 |
| Maintenance & Testing (MOV) | | 798 |
| Install SDV Flush Taps | | 749 |
| Reactor Feedwater-DT-1A Overhaul(RFW) | | 700 |
| NPS Augment Supervisory Staff | | 700 |
| Pipe Minimization Wall Inspection | | 690 |
| Cooling Tower & Circ Water Preventative Maint | | 630 |
| Test, Replace & Rebuild MSRVs | | 500 |
| LPRM Replacement | | 479 |
| Inspect TV/GV/RSVS/IV's | | 350 |
| Condenser Eddy Current Support | | 350 |
| Replace TSW System Piping | | 300 |
| Temporary Power | | 300 |
| Bypass Valve Inspection | | 274 |
| Eddy Current Test Heat Exchanger | | 264 |
| Replace Crack Collar on Tube Plug | | 218 |
| Emergency Diesel Generator Maintenance | | 210 |
| Delete the Main Steam Leak Control System | | 208 |
| Projects < \$200K | | 1,712 |
| Total Plant Modifications/MM - Refueling Outage (R16) | \$ | 21,462 |

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COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table 4B
Expense Projects (Continued)
(\$ in thousands)

| | | |
|---|-----------|--------------|
| Independent Spent Fuel Storage Installation Project | \$ | 1,228 |
| Facilities Projects Projects < \$100K | \$ | 1,545 |
| <u>Information Technology Projects</u> | | |
| New ORAM-SENTINEL Program | | 43 |
| Total Plant Information Technology Projects | \$ | 43 |
| <u>Heightened Security</u> | | |
| New Security & Visitor Center & underground utilities | \$ | 876 |
| New Road to Plant Support Facility & Changes to Exits | | 458 |
| Replace Explosive Detectors/X-Ray machines | | 291 |
| New Land attack barrier | | 93 |
| Projects < \$100K | | 55 |
| Labor & Overheads | | 244 |
| Total Heightened Security | \$ | 2,017 |

Table 5
Refueling Outage (R16)
(\$ in thousands)

| <u>Controllable</u> | |
|-------------------------------------|------------------|
| Baseline Costs(1) | \$ 16,007 |
| Projects (2)) | 21,462 |
| Contingency | 1,000 |
| Total Refueling Outage (R16) | \$ 38,469 |

(1)Expense Items that make up Baseline costs above are:

| | |
|---|------------------|
| Temporary Energy Northwest Labor | \$ 1,661 |
| Energy Northwest Overtime | 3,964 |
| Materials & Supplies | 2,357 |
| Health Physics Contract Support (Bartlett) | 846 |
| Radwaste Disposal | 162 |
| Outside Engineering and Maintenance Contractors | 457 |
| NPS Support Service Contractor | 2,052 |
| Quality/Maintenance Support-United Service Alliance (USA) | 960 |
| Outside Security Access and Fitness for Duty Support | 240 |
| Monitoring Equipment and Refuel Floor training | 150 |
| Escalation and Benefits | 3,158 |
| Total Baseline Costs | \$ 16,007 |

(2) See Table 4B page 9.

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table 6
Treasury Related Expenses
(\$ in thousands)

| Treasury Related Expenses | Original | | Variance |
|--|---------------------|---------------------|-----------------|
| | Fiscal Year 2003 | Fiscal Year 2002 | |
| Interest Expense | \$ 111,785 | \$ 113,038 | \$ (1,253) |
| Amortized Financing Cost | 6,548 | 6,299 | 249 |
| Investment Income (a) | (8,329) | (11,674) | 3,345 |
| Treasury Svcs/Paying Agent Fees | 686 | 768 | (82) |
| Total Treasury Related Expenses | \$ 110,690 | \$ 108,431 | \$ 2,259 |

Assumptions

o Projected investment income earning rates are the following:

| | |
|-----------------------------------|-------|
| - Revenue Fund | 2.50% |
| - Bond Fund Reserve Account | 4.70% |
| - Bond Fund Interest Account | 2.60% |
| - Bond Fund Principal Account | 2.80% |
| - Reserve and Contingency Account | 2.60% |

(a) Includes income on investment of monies held in the Bond Fund Reserve, Interest and Principal accounts, and the Reserve and Contingency Fund which are transferred to the Revenue Fund.

COLUMBIA GENERATING STATION**FISCAL YEAR 2003**

Table 7
Total Columbia Station Equivalent Staffing (1)

| Item/Activity | Fiscal Year 2003 | Amended Fiscal Year 2002 | Variance |
|---|---------------------|--------------------------------|-----------|
| Columbia Operations (2) | 1,056 | 1,014 | 42 |
| Treasury (3) | 2 | 2 | - |
| Columbia Resource Development Projects (4) | 20 | 20 | - |
| TOTAL * | 1,078 | 1,036 | 42 |

(1) Reflects average staffing for regular (non-temporary) employees.

(2) Direct and indirect staff supporting Columbia operations

(3) Staff support to debt service/cash management related to Columbia

(4) Staff support associated with leasing of Columbia-owned facilities and other resource development projects funded by Columbia

*Both years include allocations of Management Overhead, Administrative & General and Information Technology staff.

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table 8
Cost-to-Cash Reconciliation
 (\$ in Thousands)

| Description | FY 2003 Total Cost | Non-Cash Items | Non-Cost Items | Deferred Cash Requirements | Prior Year Commitments | FY 2003 Total Cash | Funding Source Annual Net Billing |
|-----------------------------------|--------------------------|---------------------|--------------------|----------------------------------|------------------------------|--------------------------|---|
| Operating | | | | | | | |
| Controllable - Expense | \$ 180,771 | \$ - | \$ - | \$ - | \$ - | \$ 180,771 | \$ 180,771 |
| Controllable - Capital | 17,550 | - | - | - | - | 17,550 | 17,550 |
| Nuclear Fuel | 27,050 | (27,050) | 42,029 | - | - | 42,029 | 42,029 |
| Spent Fuel Disposal Fee | 8,145 | - | - | 863 | - | 9,008 | 9,008 |
| Loaned Fuel Revenues | (638) | - | - | - | - | (638) | (638) |
| Spares | - | - | 1,703 | - | - | 1,703 | 1,703 |
| Generating Taxes | 2,872 | - | - | 243 | - | 3,115 | 3,115 |
| Subtotal Operating | \$ 235,750 | \$ (27,050) | \$ 43,732 | \$ 1,106 | \$ - | \$ 253,538 | \$ 253,538 |
| Fixed Expenses | | | | | | | |
| Treasury Related Expense | | | | | | | |
| Interest on Bonds | \$ 109,299 | \$ - | \$ - | \$ (5,344) | \$ - | \$ 103,955 | \$ 103,955 |
| Interest on Note | 2,486 | 0 | 0 | 0 | 0 | 2,486 | \$ 2,486 |
| Amortized Cost | 507 | (507) | - | - | - | - | - |
| Investment Income-Revenue Fund | (8,329) | - | - | 630 | (995) | (8,694) | (8,694) |
| Treasury Services | 686 | - | - | - | 747 | 1,433 | 1,433 |
| Amortized Loss on Bond Refundings | 6,041 | (6,041) | - | - | - | - | - |
| Reserve & Contingency Fund | - | - | 17,302 | - | - | 17,302 | 17,302 |
| Prior Year's R&C Fund Surplus | - | - | (10,356) | - | - | (10,356) | (10,356) |
| Reserve Fund Freeups | - | - | (55,725) | - | - | (55,725) | (55,725) |
| Cost of Issuance (Equity) | - | - | 3,328 | - | - | 3,328 | 3,328 |
| UEDD* | 254 | (254) | - | - | 1,162 | 1,162 | 1,162 |
| Decommissioning(1) | 26,809 | (26,809) | 4,331 | - | - | 4,331 | - |
| Depreciation | 94,320 | (94,320) | - | - | - | - | - |
| Subtotal Fixed Expenses | \$ 232,073 | \$ (127,931) | \$ (41,120) | \$ (4,714) | \$ 914 | \$ 59,222 | \$ 54,891 |
| Total | \$ 467,823 | \$ (154,981) | \$ 2,612 | \$ (3,608) | \$ 914 | \$ 312,760 | \$ 308,429 |

*Uranium Enrichment Decontamination & Decommissioning

(1) Decommissioning paid directly by the Bonneville Power Administration

Prepared 4/25/02

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table 9
Annual Budget
Statement of Funding Requirements (Revenue Fund)
(\$ in Thousands)

| Item/Description | Fiscal Year | | Original | Variance |
|---|-------------------|-------------------|------------------|------------------|
| | 2003 | 2002 | Fiscal Year 2002 | |
| <u>Operating</u> | | | | |
| Controllable - Expense | \$ 180,771 | \$ 132,282 | \$ | 48,489 |
| Controllable - Capital | 17,550 | 22,725 | | (5,175) |
| Nuclear Fuel | 42,029 | 20,841 | | 21,188 |
| Spent Fuel Disposal | 9,008 | 8,222 | | 786 |
| Loaned fuel revenues | (638) | (1,076) | | 438 |
| Spares | 1,703 | 4,000 | | (2,297) |
| Generation Taxes | 3,115 | 2,810 | | 305 |
| Subtotal Operating Requirements | \$ 253,538 | \$ 189,804 | \$ | 63,734 |
| <u>Fixed</u> | | | | |
| Treasury Related Expenses | | | | |
| Interest on Bonds | 103,955 | 108,065 | | (4,110) |
| Interest on Note | 2,486 | - | | 2,486 |
| Investment Income-Revenue Fund | (8,694) | (12,382) | | 3,688 |
| Treasury Service/Paying Agent Fee | 1,433 | 2,093 | | (660) |
| Bond Retirement | - | 96,750 | | (96,750) |
| Reserve Free-up | (55,725) | - | | (55,725) |
| Cost of Issuance (Equity) | 3,328 | - | | 3,328 |
| Reserve & Contingency Fund | 17,302 | 20,046 | | (2,744) |
| Prior Year's R&C Surplus | (10,356) | (25,586) | | 15,230 |
| UEDD Assessment (1) | 1,162 | 1,144 | | 18 |
| Decommissioning Costs (2) | 4,331 | 4,331 | | - |
| Subtotal Fixed | \$ 59,222 | \$ 194,461 | \$ | (135,239) |
| Total Funding Requirements | \$ 312,760 | \$ 384,265 | \$ | (71,505) |
| <u>Funding Sources</u> | | | | |
| Annual Net Billing | \$ 308,429 | \$ 379,934 | \$ | (71,505) |
| Bonneville Direct Funding Decommissioning (2) | 4,331 | 4,331 | | - |
| Total Funding Sources | \$ 312,760 | \$ 384,265 | \$ | (71,505) |

(1) Uranium Enrichment Decontamination and Decommissioning

(2) BPA directly funds the requirements for the Decommissioning Fund on behalf of Energy Northwest

Prepared 4/25/02

COLUMBIA GENERATING STATION

FISCAL YEAR 2003

Table 10
Monthly Statement of Funding Requirements
(\$ in thousands)

| Item/Description | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | FY 2003 Total |
|------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|
| Beginning Balance | 3,000 | 104,692 | 136,225 | 176,234 | 204,049 | 214,958 | 193,848 | 170,883 | 145,197 | 121,423 | 94,419 | 42,098 | 3,000 |
| <u>Disbursements</u> | | | | | | | | | | | | | |
| <u>Operating</u> | | | | | | | | | | | | | |
| Controllable - Expense | 13,682 | 13,682 | 13,682 | 13,682 | 13,682 | 13,682 | 13,682 | 13,682 | 13,682 | 13,682 | 21,953 | 21,998 | 180,771 |
| Controllable - Capital | 1,463 | 1,462 | 1,463 | 1,462 | 1,463 | 1,462 | 1,463 | 1,462 | 1,463 | 1,462 | 1,463 | 1,462 | 17,550 |
| Nuclear Fuel In Process | 108 | 301 | 1,307 | 301 | 356 | 20,520 | 3,272 | 55 | 193 | 55 | 15,180 | 381 | 42,029 |
| Spent Fuel Disposal | - | 2,252 | - | - | 2,252 | - | - | 2,252 | - | - | 2,252 | - | 9,008 |
| Loaned Fuel | - | (160) | - | - | (159) | - | - | (160) | - | - | (159) | - | (638) |
| Spares | 142 | 142 | 142 | 142 | 142 | 141 | 142 | 142 | 142 | 142 | 142 | 142 | 1,703 |
| Generation Taxes | - | - | - | - | - | - | - | - | - | - | 3,115 | - | 3,115 |
| Subtotal Operating | 15,395 | 17,679 | 16,594 | 15,587 | 17,736 | 35,805 | 18,559 | 17,433 | 15,480 | 15,341 | 43,946 | 23,983 | 253,538 |
| <u>Fixed</u> | | | | | | | | | | | | | |
| Treasury Related Expenses | | | | | | | | | | | | | |
| Interest on Bonds | 6,678 | 6,678 | 6,678 | 6,678 | 6,678 | 18,587 | 6,678 | 6,678 | 6,678 | 6,678 | 6,678 | 18,588 | 103,955 |
| Retirement on Bonds(1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest on Note | - | 41 | 82 | 123 | 164 | 205 | 247 | 288 | 329 | 370 | 411 | 226 | 2,486 |
| Investment Income | (1,207) | (212) | (212) | (212) | (212) | (212) | (382) | (212) | (212) | (212) | (212) | (5,197) | (8,694) |
| Treasury Services | 57 | 57 | 57 | 806 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 1,433 |
| R&C Fund(2) | 1,442 | 1,442 | 1,442 | 1,442 | 1,442 | 1,442 | 1,442 | 1,442 | 1,442 | 1,442 | 1,441 | 1,441 | 17,302 |
| Prior Year R&C Surplus | (10,356) | - | - | - | - | - | - | - | - | - | - | - | (10,356) |
| Cost of Issuance (Equity) | - | - | - | - | - | - | - | - | - | 3,328 | - | - | 3,328 |
| Reserve Fund Freeups | (55,725) | - | - | - | - | - | - | - | - | - | - | - | (55,725) |
| UEDD Assessment | - | - | 1,162 | - | - | - | - | - | - | - | - | - | 1,162 |
| Decommissioning | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 360 | 4,331 |
| Subtotal Fixed | (58,750) | 8,367 | 9,570 | 9,198 | 8,490 | 20,440 | 8,403 | 8,614 | 8,655 | 12,024 | 8,736 | 15,475 | 59,222 |
| Total Disbursements | (43,355) | 26,046 | 26,164 | 24,785 | 26,226 | 56,245 | 26,962 | 26,047 | 24,135 | 27,365 | 52,682 | 39,458 | 312,760 |
| <u>Funding Sources</u> | | | | | | | | | | | | | |
| Participant Payments | 57,976 | 57,218 | 65,812 | 52,239 | 36,774 | 34,774 | 3,636 | - | - | - | - | - | 308,429 |
| BPA - Decommissioning | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 361 | 360 | 4,331 |
| Total Funding Sources | 58,337 | 57,579 | 66,173 | 52,600 | 37,135 | 35,135 | 3,997 | 361 | 361 | 361 | 361 | 360 | 312,760 |
| Ending Balance | 104,692 | 136,225 | 176,234 | 204,049 | 214,958 | 193,848 | 170,883 | 145,197 | 121,423 | 94,419 | 42,098 | 3,000 | 3,000 |

(1) The Bond Retirement of \$124,165,000 will be funded from bond proceeds and extended to the timeframe from 2013 through 2018

(2) Changes to bond resolutions have eliminated R&C Requirements on certain bonds. Budgets reflect R&C for prior lien bonds only