



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Deborah Hart, Financial Services Manager and Trojan Operating Committee
Member; Debbie Blanquie, Accounting Analyst II
DATE: October 18, 2019
SUBJECT: Trojan Annual Operating Budget
OBJECTIVE: Board Approval of Resolution No. 1932

Issue

EWEB is required to approve the annual Trojan Nuclear Plant (Trojan) budget for the upcoming budget year and amended annual budget for the current year at least 45 days before the new budget year, which begins on January 1, 2020. In accordance with the Three-Party Net Billing Agreement, Bonneville Power Administration (BPA) pays all EWEB costs related to the Trojan nuclear plant.

Background

The Trojan Nuclear Plant was constructed in the early 1970's by Portland General Electric (PGE), EWEB, and Pacific Power & Light Company with EWEB owning a 30-percent share. Trojan operated from 1976 until 1993 when the owners agreed to shut down and decommission the facility.

In 1981, EWEB and BPA entered into an agreement whereby EWEB assigned its rights to the project's future power in return for BPA paying all EWEB costs related to project operation, maintenance and decommissioning, as well as internal costs related to oversight. Since then, BPA has been paying, and will continue to pay, EWEB's share of the costs in accordance with the agreement.

Trojan is now classified as an Independent Spent Fuel Storage Installation (ISFISI) site. The spent fuel has been transferred to a long-term storage facility at the Trojan site and will remain there until such time as it can be relocated to a federal waste repository. Remaining costs primarily relate to the spent fuel storage and site relicensing activities.

Discussion

Each fall PGE prepares and proposes the Trojan operating budget for the upcoming year, and a revised budget for the current year. These budgets are submitted to the co-owners for review and approval. The EWEB budget for Trojan includes 30% of the expenses budgeted by PGE plus EWEB's direct expenses, including administrative labor and legal expenses. While BPA is reviewing the proposed 2020 Trojan budget, they are not a voting member even though they will pay 100% of EWEB's share of the costs under the net billing agreement. Ninety-nine percent of the proposed budget is for spent fuel storage. PGE's approval of the proposed budget for Trojan is expected prior to the end of this year.

The Trojan co-owners took legal action to require the federal government to pay the costs of maintaining the spent fuel storage due to the federal government's failure to take responsibility for spent fuel storage at a central repository. The courts ruled in favor of payment by the federal government in July 2013. The ensuing settlement agreement with the Department of Energy (DOE) obligated the DOE to cover costs incurred through 2015. That agreement was extended through 2019. PGE expects another extension by the end of 2019.

Requested Board Action

Management is requesting approval of Resolution No. 1932 for the Revised 2019 and Proposed 2020 Trojan Annual Operating Budgets.

Attachment 1 – 2019 Revised Trojan budget

Attachment 2 – 2020 Proposed Trojan budget

EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET - REVISED
(In Thousands of Dollars)

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$46	\$46	\$0
EWEB's share of decommissioning costs	1,873	1,884	(11)
EWEB's share of capital additions	0	0	0
TOTAL EWEB SHARE OF PGE COSTS	<u>1,919</u>	<u>1,930</u>	<u>(11)</u>
EWEB's direct costs	15	31	(16)
TOTAL ANNUAL OPERATING COSTS	<u>1,934</u>	<u>1,961</u>	<u>(27)</u>
LESS:			
Prior year general fund carry-over	(306)	(307)	1
General fund interest income	(8)	(8)	0
PLUS:			
Year-end general fund balance	309	300	9
TOTAL REQUIREMENT	<u>1,929</u>	<u>1,946</u>	<u>(17)</u>
TOTAL AMOUNT TO BE NET BILLED	<u><u>1,929</u></u>	<u><u>1,946</u></u>	<u><u>(17)</u></u>
ANNUAL FINANCING			
Beginning general fund balance	306	307	(1)
Net billings	1,929	1,946	(17)
Investment earnings on general fund	8	8	0
TOTAL FUNDS AVAILABLE	<u>2,243</u>	<u>2,261</u>	<u>(18)</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,934</u>	<u>1,961</u>	<u>(27)</u>
ENDING GENERAL FUND BALANCE	<u><u>\$309</u></u>	<u><u>\$300</u></u>	<u><u>\$9</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET - REVISED
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$0	\$0	\$0
ISFSI	<u>\$6,245</u>	<u>\$6,280</u>	<u>(\$35)</u>
DECOMMISSIONING COSTS	<u>6,245</u>	<u>6,280</u>	<u>(35)</u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u>\$1,873</u>	<u>\$1,884</u>	<u>(\$11)</u>

CAPITAL ADDITIONS

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET - REVISED**

EWEB DIRECT COSTS

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
Labor	\$5,000	\$10,000	(\$5,000)
Overhead	500	1,000	(500)
LABOR & OVERHEAD	<u>5,500</u>	<u>11,000</u>	<u>(5,500)</u>
Legal	10,000	20,000	(10,000)
EWEB DIRECT COSTS	<u><u>\$15,500</u></u>	<u><u>\$31,000</u></u>	<u><u>(\$15,500)</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2020 ANNUAL OPERATING BUDGET- PROPOSED
(In Thousands of Dollars)**

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$22	\$46	(\$24)
EWEB's share of decommissioning costs	2,001	1,873	128
EWEB's share of capital additions	0	0	0
TOTAL EWEB SHARE OF PGE COSTS	<u>2,023</u>	<u>1,919</u>	<u>104</u>
EWEB's direct costs	16	15	1
TOTAL OTHER COSTS	<u>16</u>	<u>15</u>	<u>1</u>
TOTAL ANNUAL OPERATING COSTS	<u>2,039</u>	<u>1,934</u>	<u>105</u>
LESS:			
Prior year general fund carry-over	(309)	(306)	(3)
General fund interest income	(5)	(8)	3
PLUS:			
Year end general fund balance	300	309	(9)
TOTAL REQUIREMENT	<u>2,025</u>	<u>1,929</u>	<u>96</u>
TOTAL AMOUNT TO BE NET BILLED	<u><u>2,025</u></u>	<u><u>1,929</u></u>	<u><u>96</u></u>
ANNUAL FINANCING			
Beginning general fund balance	309	306	3
Net billings	2,025	1,929	96
Interest earnings on gen fund invest	5	8	(3)
TOTAL FUNDS AVAILABLE	<u>2,339</u>	<u>2,243</u>	<u>96</u>
TOTAL ANNUAL OPERATING COSTS	<u>2,039</u>	<u>1,934</u>	<u>105</u>
ENDING GENERAL FUND BALANCE	<u><u>\$300</u></u>	<u><u>\$309</u></u>	<u><u>(\$9)</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2020 ANNUAL OPERATING BUDGET- PROPOSED
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$0	\$0	\$0
ISFSI	<u>\$6,669</u>	<u>\$6,245</u>	<u>\$424</u>
DECOMMISSIONING COSTS	<u>6,669</u>	<u>6,245</u>	<u>424</u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u>\$2,001</u>	<u>\$1,873</u>	<u>\$127</u>

CAPITAL ADDITIONS

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2020 ANNUAL OPERATING BUDGET- PROPOSED
(In Thousands of Dollars)**

OPERATIONS & OTHER COSTS

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
Administrative & General	\$0	\$0	\$0
Property Insurance	9	9	(0)
Injuries and Damages	2	2	0
Employee Benefits	45	17	28
Misc. General Expenses	<u>142</u>	<u>130</u>	<u>12</u>
<i>OPERATIONS</i>	<u>199</u>	<u>158</u>	<u>40</u>
Payroll Taxes	6	5	1
Misc Prepaid Items	(121)	0	(121)
Other Interest Expense/Rental Revenue	<u>(10)</u>	<u>(10)</u>	<u>0</u>
<i>OTHER</i>	<u>(125)</u>	<u>(5)</u>	<u>(120)</u>
 TOTAL OPERATIONS & OTHER	 <u><u>74</u></u>	 <u><u>153</u></u>	 <u><u>(79)</u></u>
 EWEB'S SHARE OF O & M COSTS	 <u><u>22</u></u>	 <u><u>46</u></u>	 <u><u>(24)</u></u>

**RESOLUTION NO. 1932
NOVEMBER 2019**

**EUGENE WATER & ELECTRIC BOARD
2019 REVISED AND 2020 TROJAN BUDGETS**

WHEREAS, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water utilities of the City of Eugene;

WHEREAS, the Trojan Nuclear Plant was constructed in the early 1970's by Portland General Electric, EWEB and Pacific Power & Light Company with EWEB owning a 30-percent share;

WHEREAS, the owners agreed to shut down and decommission the facility after operating it from 1976 – 1993;

WHEREAS, EWEB and Bonneville Power Administration entered into an agreement whereby EWEB assigned its rights to power to the project in return for Bonneville Power Administration paying all EWEB costs related to project operation, maintenance and decommissioning as well as EWEB internal costs related to oversight;

WHEREAS, the co-owners review and approve the Trojan Project operating budget annually as prepared and proposed by Portland General Electric;

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board has reviewed and approves the 2019 revised and 2020 proposed Trojan budgets.

DATED this 5th day of November 2019.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its November 5, 2019 Board Meeting.

Assistant Secretary