



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Mital, Schlossberg, Helgeson, Brown and Carlson  
FROM: Deborah Hart, Chief Financial Officer and Trojan Operating Committee Member;  
Debbie Blanquie, Accounting Analyst II  
DATE: October 16, 2020  
SUBJECT: Resolution No. 2026: 2020 Trojan Annual Operating Budget  
OBJECTIVE: Board approval of Revised 2020 and Proposed 2021 Budgets for the Trojan Nuclear Plant

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## **Issue**

EWEB is required to approve the Trojan budget for the upcoming budget year and an amended budget for the current year at least 45 days before the new budget year, which begins on January 1, 2021. In accordance with the Three-Party Net Billing Agreement, dated October 5, 1970, 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 year, the co-owners review and approve the Trojan Project operating budget as prepared and proposed by PGE. BPA is currently reviewing the proposed 2021 Trojan project budget and will pay 100% of EWEB's share of the costs under the net billing agreement. The largest single budget item relates to the spent fuel storage. Of the \$2.4 million budgeted as EWEB's share of the expenses, 97 percent of that relates to spent fuel storage. PGE's approval of the proposed budget is expected prior to the end of this year.

The Trojan owners took legal action to require the federal government to pay some or all of the costs of maintaining the spent fuel storage based on the federal government's failure to take responsibility for spent fuel storage at a central repository. The Court 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 obligation was extended through 2019. PGE anticipates annual payments to continue covering costs for 2020 and expects another extension covering costs through 2022 in the future. The following payments have been received by EWEB and passed through to BPA. The proposed 2021 budget is higher than 2020 costs because of an increase in ISFSI Operation costs.

### Department of Energy Spent Fuel Storage Payments

Received	Years Covered	Amount
9/10/2013	1998-2009	\$ 24,400,000
8/11/2014	2010-2012	2,600,000
12/5/2014	2013	946,000
11/19/2015	2014	966,000
3/16/17	2015	1,132,648
1/12/18	2016	1,219,763
2/15/19	2017	1,243,177
01/17/20	2018	1,315,797
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		\$ 33,823,385

### Requested Board Action

Management recommends Board approval of resolution 2026 for the Revised 2020 and Proposed 2021 Trojan Annual Operating Budgets.

Attachment 1- 2020 Revised Trojan budget

Attachment 2- 2021 Proposed budget

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

	<u>2020 Revised</u>	<u>2020 Approved</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$22	\$22	\$0
EWEB's share of decommissioning costs	2,004	2,001	3
EWEB's share of capital additions	0	0	0
<b>TOTAL EWEB SHARE OF PGE COSTS</b>	<u>2,026</u>	<u>2,023</u>	<u>3</u>
EWEB's direct costs	6	16	(10)
<b>TOTAL OTHER COSTS</b>	<u>6</u>	<u>16</u>	<u>(10)</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>2,032</u>	<u>2,039</u>	<u>(7)</u>
LESS:			
Prior year general fund carry-over	(304)	(309)	5
General fund interest income	(4)	(5)	1
PLUS:			
Year end general fund balance	301	300	1
<b>TOTAL REQUIREMENT</b>	<u>2,025</u>	<u>2,025</u>	<u>0</u>
<b>TOTAL AMOUNT TO BE NET BILLED</b>	<u><u>2,025</u></u>	<u><u>2,025</u></u>	<u><u>0</u></u>
ANNUAL FINANCING			
Beginning general fund balance	304	309	(5)
Net billings	2,025	2,025	0
Interest earnings on gen fund invest	4	5	(1)
<b>TOTAL FUNDS AVAILABLE</b>	<u>2,333</u>	<u>2,339</u>	<u>(6)</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>2,032</u>	<u>2,039</u>	<u>(7)</u>
<b>ENDING GENERAL FUND BALANCE</b>	<u><u>\$301</u></u>	<u><u>\$300</u></u>	<u><u>\$1</u></u>

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

**DECOMMISSIONING COSTS**

	<u>2020 Revised</u>	<u>2020 Approved</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$0	\$0	\$0
ISFSI	<u>\$6,680</u>	<u>\$6,669</u>	<u>\$11</u>
DECOMMISSIONING COSTS	<u>6,680</u>	<u>6,669</u>	<u>11</u>
<b>EWEB'S SHARE OF DECOMMISSIONING COSTS</b>	<b><u>\$2,004</u></b>	<b><u>\$2,001</u></b>	<b><u>\$3</u></b>

**CAPITAL ADDITIONS**

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

**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2020 ANNUAL OPERATING BUDGET - REVISED**

**EWEB DIRECT COSTS**

	<u>2020 Revised</u>	<u>2020 Approved</u>	<u>Increase/ (Decrease)</u>
Labor	\$5,454	\$5,075	\$379
Overhead	546	508	39
<b>LABOR &amp; OVERHEAD</b>	<u>6,000</u>	<u>5,583</u>	<u>418</u>
Legal	0	10,000	(10,000)
Bank Fee	0	0	0
<b>OTHER</b>	<u>0</u>	<u>10,000</u>	<u>(10,000)</u>
<b>EWEB DIRECT COSTS</b>	<u><u>\$6,000</u></u>	<u><u>\$15,583</u></u>	<u><u>(\$9,582)</u></u>

**EUGENE WATER & ELECTRIC BOARD**  
**TROJAN NUCLEAR PLANT**  
**2021 ANNUAL OPERATING BUDGET- PROPOSED**  
(In Thousands of Dollars)

	<u>2021</u> <u>Budget</u>	<u>2020</u> <u>Revised</u>	<u>Increase/</u> <u>(Decrease)</u>
EWEB's share of operation costs	\$62	\$22	\$40
EWEB's share of decommissioning costs	2,310	2,004	306
EWEB's share of capital additions	0	0	0
<b>TOTAL EWEB SHARE OF PGE COSTS</b>	<u>2,372</u>	<u>2,026</u>	<u>346</u>
EWEB's direct costs	16	6	10
<b>TOTAL OTHER COSTS</b>	<u>16</u>	<u>6</u>	<u>10</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>2,388</u>	<u>2,032</u>	<u>356</u>
LESS:			
Prior year general fund carry-over	(301)	(304)	3
General fund interest income	(2)	(4)	2
PLUS:			
Year end general fund balance	300	301	(1)
<b>TOTAL REQUIREMENT</b>	<u>2,385</u>	<u>2,025</u>	<u>360</u>
<b>TOTAL AMOUNT TO BE NET BILLED</b>	<u><u>2,385</u></u>	<u><u>2,025</u></u>	<u><u>360</u></u>
<b>ANNUAL FINANCING</b>			
Beginning general fund balance	301	304	(3)
Net billings	2,385	2,025	360
Interest earnings on gen fund invest	2	4	(2)
<b>TOTAL FUNDS AVAILABLE</b>	<u>2,688</u>	<u>2,333</u>	<u>355</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>2,388</u>	<u>2,032</u>	<u>356</u>
<b>ENDING GENERAL FUND BALANCE</b>	<u><u>\$300</u></u>	<u><u>\$301</u></u>	<u><u>(\$1)</u></u>

**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2021 ANNUAL OPERATING BUDGET- PROPOSED  
(In Thousands of Dollars)**

**DECOMMISSIONING COSTS**

	<u>2021 Budget</u>	<u>2020 Revised</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$0	\$0	\$0
ISFSI	<u>\$7,700</u>	<u>\$6,680</u>	<u>\$1,020</u>
DECOMMISSIONING COSTS	<u>7,700</u>	<u>6,680</u>	<u>1,020</u>
<b>EWEB'S SHARE OF DECOMMISSIONING COSTS</b>	<b><u>\$2,310</u></b>	<b><u>\$2,004</u></b>	<b><u>\$306</u></b>

**CAPITAL ADDITIONS**

	<u>2021 Budget</u>	<u>2020 Revised</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>EWEB'S SHARE OF CAPITAL ADDITIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**EUGENE WATER & ELECTRIC BOARD**  
**TROJAN NUCLEAR PLANT**  
**2021 ANNUAL OPERATING BUDGET- PROPOSED**  
**(In Thousands of Dollars)**

**OPERATION & OTHER COSTS**

	<u>2021 Budget</u>	<u>2020 Revised</u>	<u>Increase/ (Decrease)</u>
Administrative & General	\$0	\$0	\$0
Employee Support	0	0	\$0
Property Insurance	2	9	(\$7)
Injuries and Damages	2	2	\$0
Employee Benefits	65	45	\$20
Misc. General Expenses	<u>134</u>	<u>142</u>	<u>(\$8)</u>
<i>OPERATIONS</i>	<u>204</u>	<u>199</u>	<u>5</u>
Payroll taxes	6	6	(0)
Other interest expense/Rental Revenue	<u>(4)</u>	<u>(10)</u>	<u>6</u>
<i>OTHER</i>	<u>2</u>	<u>(4)</u>	<u>6</u>
<i>OTHER WORKING CAPITAL CHANGE</i>	<u>0</u>	<u>(121)</u>	<u>121</u>
<b>TOTAL OPERATION &amp; OTHER</b>	<u><u>206</u></u>	<u><u>73</u></u>	<u><u>132</u></u>
<b>EWEB'S SHARE OF O &amp; M COSTS</b>	<u><u>62</u></u>	<u><u>22</u></u>	<u><u>40</u></u>



**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2021 ANNUAL OPERATING BUDGET- PROPOSED**

**EWEB DIRECT COSTS**

	<u>2021 Budget</u>	<u>2020 Revised</u>	<u>Increase/ (Decrease)</u>
Labor	\$5,559	\$5,454	\$105
Overhead	556	546	10
<b>LABOR &amp; OVERHEAD</b>	<u>6,115</u>	<u>6,000</u>	<u>115</u>
Legal	10,000	0	10,000
Bank Fee	0	0	0
<b>OTHER</b>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
<b>EWEB DIRECT COSTS</b>	<u><u>\$16,115</u></u>	<u><u>\$6,000</u></u>	<u><u>\$10,115</u></u>

**RESOLUTION NO 2026**

**November 2020**

**EUGENE WATER & ELECTRIC BOARD**

**2020 Revised and 2021 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** by the Eugene Water & Electric Board that the Board hereby has reviewed and approves the 2020 revised and 2021 proposed Trojan Budgets.

DATED this 2nd day of November 2020.

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 2, 2020 Regular Board Meeting.

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Assistant Secretary