



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky, and McRae
FROM: Deborah Hart, Chief Financial Officer and Trojan Operating Committee Member;
Leslie Kidd, Senior Accounting Analyst
DATE: October 22, 2021
SUBJECT: Resolution No. 2115: Trojan Operating Budgets
OBJECTIVE: Board action

Issue

Bonneville Power Administration (BPA) pays all of EWEB's costs related to the Trojan Nuclear Project under terms of a Two-Party Net Billing Agreement, dated October 5, 1970. EWEB is required to approve a budget for its ownership share of the Trojan Nuclear Project for the upcoming budget year and a revised budget for the current year at least 45 days before the new budget year, which begins on January 1, 2022.

Background

The Trojan Nuclear Project (Project) was constructed in the early 1970s by Portland General Electric (PGE), EWEB, and Pacific Power & Light Company, with EWEB owning a 30-percent share. The Project 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 to BPA. In return, BPA pays EWEB's ownership share of ongoing costs of the Project.

In its decommissioned status, the Trojan plant is an Independent Spent Fuel Storage Installation 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. Ongoing costs have been primarily for spent fuel storage.

Discussion

Each year, EWEB and BPA review and approve the Trojan operating budget as prepared and proposed by PGE. BPA is currently reviewing the proposed 2022 Trojan project budget and will pay 100% of EWEB's share of the costs in keeping with the net billing agreement. PGE's approval of the proposed budget is expected prior to the end of this year.

In recent years, the largest single budget item has been for spent fuel storage. Ongoing costs of operation for 2022 are expected to be similar to those of 2021, however, the proposed 2022 budget is higher than 2021 for construction of an administration building, including a central alarm station for

security personnel. The structure currently in use was a temporary solution pending a long-term fuel storage facility to be provided by the Department of Energy (DOE).

The Trojan owners took legal action to require the federal government to pay some or all 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 DOE obligated the DOE to cover costs incurred through 2015. That obligation was extended through 2019, and again through 2022. Another extension is intended to be requested in 2023. The following payments from DOE have been received by EWEB and passed through to BPA.

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
3/16/2017	2015	1,132,648
1/12/2018	2016	1,219,763
2/15/2019	2017	1,243,177
1/17/2020	2018	1,315,797
1/26/2021	2019	1,621,976
		<u>\$35,445,361</u>

Recommendation and Requested Board Action

Management recommends Board approval of resolution 2115 for the Revised 2021 and Proposed 2022 Trojan Operating Budgets.

Attachment 1- 2021 Revised budget
Attachment 2- 2022 Proposed budget

EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PROJECT
2021 OPERATING BUDGET - REVISED
(In Thousands of Dollars)

	<u>2021 Revised</u>	<u>2021 Approved</u>	<u>Increase/ (Decrease)</u>
Non-decommissioning operations	\$62	\$62	(\$0)
Decommissioning operations	2,264	2,310	(46)
Capital additions	<u>67</u>	<u>0</u>	<u>67</u>
TOTAL - EWEB'S SHARE OF ACTIVITY PERFORMED BY PGE	<u>2,392</u>	<u>2,372</u>	<u>20</u>
 EWEB's direct costs:			
Labor and overhead	7	6	\$0
Legal	<u>0</u>	<u>10</u>	<u>(\$10)</u>
TOTAL - EWEB'S DIRECT COSTS	<u>7</u>	<u>16</u>	<u>(10)</u>
TOTAL COSTS	2,399	2,388	11
 LESS:			
Prior year reserve and operating cash	(304)	(301)	(3)
Earnings on investments	(2)	(2)	0
PLUS:			
Year-end reserve and operating cash	<u>300</u>	<u>300</u>	<u>(1)</u>
TOTAL REQUIREMENT	<u>\$ 2,393</u>	<u>\$ 2,385</u>	<u>\$ 8</u>
 TOTAL TO BE BILLED TO BPA	<u>\$ 2,393</u>	<u>\$ 2,385</u>	<u>\$ 8</u>
 ANNUAL FINANCING			
Beginning reserve and operating cash	\$304	\$301	\$3
Net billings	2,393	2,385	8
Earnings on investments	<u>2</u>	<u>2</u>	<u>(0)</u>
TOTAL FUNDS AVAILABLE	2,699	2,688	11
TOTAL COSTS	<u>2,399</u>	<u>2,388</u>	<u>11</u>
ENDING RESERVE AND OPERATING CASH	<u>\$300</u>	<u>\$300</u>	<u>\$0</u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PROJECT
2022 OPERATING BUDGET - PROPOSED
(In Thousands of Dollars)**

	2022 Proposed	2021 Revised	Increase/ (Decrease)
Non-decommissioning operations	\$63	\$62	\$1
Decommissioning operations	2,376	2,264	112
Capital additions	3,906	67	3,839
TOTAL - EWEB'S SHARE OF ACTIVITY PERFORMED BY PGE	6,344	2,392	3,952
 EWEB's direct costs:			
Labor and overhead	7	7	\$0
Legal	10	0	\$10
TOTAL - EWEB'S DIRECT COSTS	17	7	10
TOTAL COSTS	6,361	2,399	3,962
 LESS:			
Prior year reserve and operating cash	(300)	(304)	4
Earnings on investments	(2)	(2)	0
PLUS:			
Year-end reserve and operating cash	300	300	0
TOTAL REQUIREMENT	\$ 6,360	\$ 2,393	\$ 3,966
 TOTAL TO BE BILLED TO BPA	\$ 6,360	\$ 2,393	\$ 3,966
 ANNUAL FINANCING			
Beginning reserve and operating cash	\$300	\$304	(\$4)
Net billings	6,360	2,393	3,966
Earnings on investments	2	2	0
TOTAL FUNDS AVAILABLE	6,661	2,699	3,962
TOTAL COSTS	6,361	2,399	3,962
ENDING RESERVE AND OPERATING CASH	\$300	\$300	\$0

RESOLUTION NO 2115
November 2021

EUGENE WATER & ELECTRIC BOARD
2021 Revised and 2022 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 Project was constructed in the early 1970s 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 from the project to Bonneville Power Administration, 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 owners review and approve the Trojan operating budget annually as prepared and proposed by Portland General Electric;

THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that the Board hereby has reviewed and approves the 2021 revised and 2022 proposed Trojan budgets for EWEB's 30-percent share of the Trojan Nuclear Project.

DATED this 2nd day of November 2021.

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, 2021, Regular Board Meeting.

Assistant Secretary