



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Barofsky, McRae, and Schlossberg
FROM: Deborah Hart, CFO and Trojan Operating Committee Member; Leslie Kidd,
Senior Accounting Analyst
DATE: October 21, 2022
SUBJECT: Resolution No. 2226: 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, 2023.

Background

The Trojan Nuclear Plant (TNP) and Trojan Independent Spent Fuel Storage Installation (ISFSI) are jointly owned by Portland General Electric (PGE), EWEB and Pacific Power & Light Company. PGE is the majority owner with responsibility for the TNP and operating the ISFSI.

EWEB assigned its 30% ownership share of the TNP's output to BPA in 1981. In return, BPA agreed to pay EWEB's ownership share of ongoing costs to operate the Trojan facilities.

Decommissioning of the TNP began in 1993. As of 2005, all TNP radiological decommissioning was complete and the TNP's license was terminated. Operation and maintenance of the ISFSI will continue until the United States Department of Energy (US DOE) can take possession of spent fuel. According to terms of the 1982 Nuclear Waste Policy Act, the US DOE was required to construct and license a federal repository. However, the US DOE has been unable to fulfill that requirement or to provide a schedule for when they can take possession of spent fuel. In the meantime, PGE has been submitting annual claims to the US DOE and receiving payment to reimburse Trojan's owners for all operating costs.

Discussion

The budgets presented for your approval include 30% of TNP's decommissioning, Operation & Maintenance for the ISFSI, and continued construction of an administrative building and yard loop. Those costs were estimated by PGE. The budgets are a revised budget for 2022 and a proposed budget for 2023. BPA is reviewing the budgets prepared by PGE and will pay all of EWEB's 30% share. In addition, it is PGE's intention to include these costs in its annual claim to US DOE for reimbursement.

Below, is a history of payments from the US DOE as passed through from PGE to EWEB. In turn, EWEB passes the payments through to BPA. The payments are made in accordance with a

settlement agreement approved by the Department of Justice in 2013. The agreement obligated the US 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.

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
2/4/2022	2020	1,464,552
		<u>\$ 36,909,913</u>

Recommendation and Requested Board Action

Management recommends the Board's approval of resolution no. 2226 for the Revised 2022 and Proposed 2023 Operating Budgets.

- Attachment 1 – 2022 Revised budget
- Attachment 2 – 2023 Proposed budget
- Attachment 3 – Resolution No. 2226

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

	<u>2022 Revised</u>	<u>2022 Approved</u>	<u>Increase/ (Decrease)</u>
Non-decommissioning operations	\$48	\$63	(\$15)
Decommissioning operations	2,609	2,376	233
Decommissioning - building and yard loop additions	<u>2,407</u>	<u>3,906</u>	<u>(1,499)</u>
TOTAL - EWEB'S SHARE OF ACTIVITY PERFORMED BY PGE	<u>5,064</u>	<u>6,345</u>	<u>(1,281)</u>
EWEB's direct costs:			
Labor and overhead	5	7	(\$2)
Legal	<u>0</u>	<u>10</u>	<u>(\$10)</u>
TOTAL - EWEB'S DIRECT COSTS	<u>5</u>	<u>17</u>	<u>(12)</u>
TOTAL COSTS	5,069	6,362	(1,293)
LESS:			
Prior year reserve and operating cash	(302)	(300)	(2)
Earnings on investments	(3)	(2)	(1)
PLUS:			
Year-end reserve and operating cash	<u>300</u>	<u>300</u>	<u>0</u>
TOTAL REQUIREMENT	<u>\$ 5,064</u>	<u>\$ 6,360</u>	<u>\$ (1,296)</u>
TOTAL TO BE BILLED TO BPA	<u>\$ 5,064</u>	<u>\$ 6,360</u>	<u>\$ (1,296)</u>
ANNUAL FINANCING			
Beginning reserve and operating cash	\$302	\$300	\$2
Direct billings	5,064	6,360	(1,296)
Earnings on investments	<u>3</u>	<u>2</u>	<u>1</u>
TOTAL FUNDS AVAILABLE	5,369	6,662	(1,293)
TOTAL COSTS	<u>5,069</u>	<u>6,362</u>	<u>(1,293)</u>
ENDING RESERVE AND OPERATING CASH	<u>\$300</u>	<u>\$300</u>	<u>\$0</u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PROJECT
2023 OPERATING BUDGET - PROPOSED
(In Thousands of Dollars)**

	<u>2023 Proposed</u>	<u>2022 Revised</u>	<u>Increase/ (Decrease)</u>
Non-decommissioning operations	\$57	\$48	\$9
Decommissioning operations	6,008	2,609	3,399
Decommissioning - building and yard loop additions	2,325	2,407	(82)
TOTAL - EWEB'S SHARE OF ACTIVITY PERFORMED BY PGE	<u>8,390</u>	<u>5,064</u>	<u>3,326</u>
EWEB's direct costs:			
Labor and overhead	5	5	0
Legal	10	0	10
TOTAL - EWEB'S DIRECT COSTS	<u>15</u>	<u>5</u>	<u>10</u>
TOTAL COSTS	8,405	5,069	3,336
LESS:			
Prior year reserve and operating cash	(300)	(302)	2
Earnings on investments	(3)	(3)	0
PLUS:			
Year-end reserve and operating cash	300	300	0
TOTAL REQUIREMENT	<u>\$ 8,402</u>	<u>\$ 5,064</u>	<u>\$ 3,338</u>
TOTAL TO BE BILLED TO BPA	<u>\$ 8,402</u>	<u>\$ 5,064</u>	<u>\$ 3,338</u>
ANNUAL FINANCING			
Beginning reserve and operating cash	\$300	\$302	(\$2)
Net billings	8,402	5,064	3,338
Earnings on investments	3	3	0
TOTAL FUNDS AVAILABLE	<u>8,705</u>	<u>5,369</u>	<u>3,336</u>
TOTAL COSTS	<u>8,405</u>	<u>5,069</u>	<u>3,336</u>
ENDING RESERVE AND OPERATING CASH	<u>\$300</u>	<u>\$300</u>	<u>\$0</u>

RESOLUTION NO. 2226
November 2022

EUGENE WATER & ELECTRIC BOARD
2022 Revised and 2023 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 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 2022 revised and 2023 proposed Trojan budgets for EWEB's 30-percent share of the Trojan Nuclear Plant.

DATED this 1st day of November 2022.

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 1, 2022, Regular Board Meeting.

Assistant Secretary