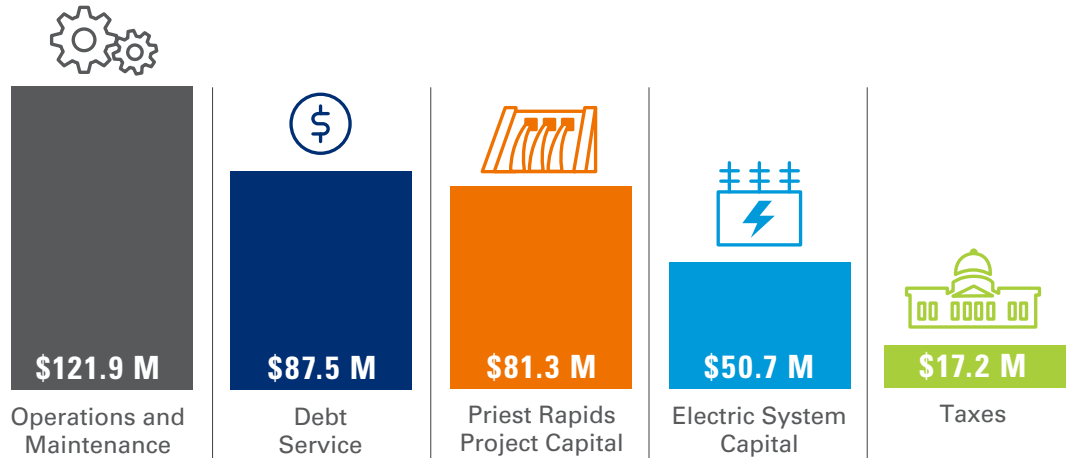
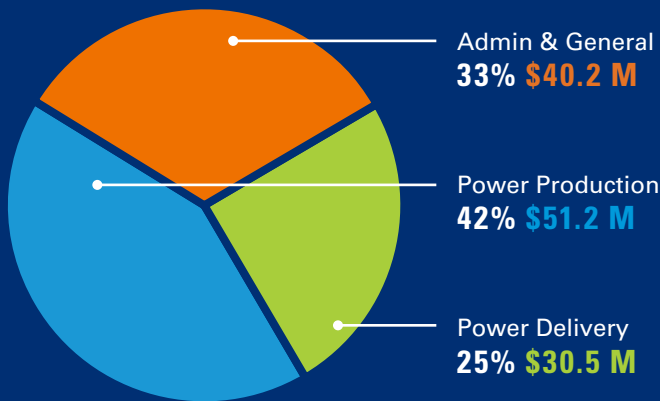


# 2019 PROPOSED TOTAL EXPENSES

(BEFORE OFFSETS)



## 2019 O&M EXPENSES BY PROGRAM

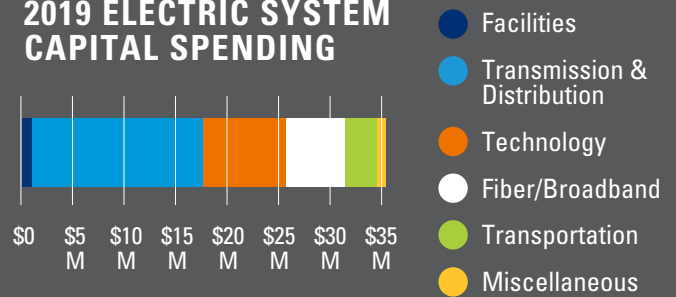


Note: Individual program costs exclude Internal Labor.

## 2019 PRIEST RAPIDS PROJECT CAPITAL SPENDING



## 2019 ELECTRIC SYSTEM CAPITAL SPENDING



## 2019 EXPENSE OFFSETS

Total Offsets: **\$79.5 M**

Total Expenses after Offsets: **\$279.6 M**

### NET POWER

Net (expenses minus revenue) of market power purchases and sells

**+\$49.4 M**

### CONSERVATION LOANS

Money paid back from low-interest conservation loans to customers

**+\$0.1 M**

### SALES TO POWER PURCHASERS AT COST

As required by our Federal License

**+\$26.4 M**

### CONTRIBUTIONS IN AID OF CONSTRUCTION

Money paid by customers to build infrastructure

**+\$3.7 M**



# 2019 BUDGET PRESENTATION

The proposed 2019 Budget continues our focus on long-term value for all customers so we can continue to provide low-cost, reliable power for future generations.

EXPENSES	2018	2019
Operations & Maintenance	\$114.8 M	\$121.9 M
Taxes	\$16.7 M	\$17.7 M
Electric System Capital	\$43.5 M	\$50.7 M
Priest Rapids Project Capital	\$84.0 M	\$81.3 M
Debt Service	\$87.3 M	\$87.5 M
<b>TOTAL</b>	<b>\$346.3 M</b>	<b>\$359.1 M</b>

OFFSETS	2018	2019
Contributions in Aid of Construction	\$11.1 M	\$3.7 M
Sales to Power Purchasers at Cost	\$24.9 M	\$26.4 M
Net Power (+ Expense, - Revenue)	\$58.4 M	\$49.4 M
Conservation Loans	\$0.1 M	\$0.1 M
<b>TOTAL</b>	<b>\$94.5 M</b>	<b>\$79.5 M</b>
<b>TOTAL EXPENSES AFTER OFFSETS</b>	<b>\$251.8 M</b>	<b>\$279.6 M</b>

NET POSITION	2018	2019
<b>CONSOLIDATED OPERATIONAL PERFORMANCE</b>		
Sales to Power Purchasers at Cost	\$24.9 M	\$26.4 M
Retail Energy Sales	\$197.5 M	\$211.3 M
Net Power (Net Wholesale+Other Power Revenue)	\$58.4 M	\$49.4 M
Fiber Optic Network Sales	\$7.8 M	\$8.8 M
Other Revenues	\$1.8 M	\$1.8 M
Operating Expenses	(\$114.8 M)	(\$121.9 M)
Taxes	(\$16.7 M)	(\$17.7 M)
Net Operating Income(Loss) Before Depreciation	\$158.9 M	\$158.0 M
Depreciation and amortization	(\$69.8 M)	(\$73.4 M)
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$89.2 M</b>	<b>\$84.7 M</b>
<b>OTHER REVENUES (EXPENSES)</b>		
Interest, debt and other income	(\$37.2 M)	(\$29.8 M)
CIAC	\$11.1 M	\$3.7 M
<b>CHANGE IN NET POSITION</b>	<b>\$63.1 M</b>	<b>\$58.5 M</b>

KEY METRICS	2018	2019
<b>NET INCOME</b>	<b>\$63.1 M</b>	<b>\$58.5 M</b>
<b>LIQUIDITY</b> (measured at year end)		
Elect System Liquidity (Rev + R&C)	\$159.0 M	\$111.4 M
Excess Liquid Cash	\$58.8 M	\$63.4 M
Days Cash On Hand	740	588
<b>LEVERAGE</b>		
Consolidated Debt Service Coverage	1.9X	1.9X
Consolidated Debt/Plant Ratio	62%	60%
<b>PROFITABILITY</b>		
Cons. Return on Net Assets (chg. in net assets / net plant)	3.0%	2.7%
Retail Op Ratio (assumes baseline capital)	111%	107%

