

WESTERN GENERATION AGENCY

Wauna Cogeneration Project

First Quarter Financial Statements – March 31, 2009

WESTERN GENERATION AGENCY
WAUNA COGENERATION PROJECT

FINANCIAL STATEMENTS

The following financial statements represent the financial position of the Western Generation Agency as of March 31, 2009, and the changes in its financial position and its cash flows for the three months then ended.

The Western Generation Agency has implemented a system of internal accounting procedures and controls to meet its responsibility for the integrity and objectivity of its financial statements related to the Wauna Cogeneration Project. The following financial statements have been prepared in conformity to generally accepted accounting principles for utilities and reflect, in the opinion of the Agency, a fair statement of the Agency's financial condition through the first quarter of 2009.

Debbie Throop

Debbie Throop, Treasurer
Western Generation Agency
April 30, 2009

**WESTERN GENERATION AGENCY
BALANCE SHEETS
MARCH 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>	<u>DIFFERENCE</u>
<u>ASSETS</u>			
<i>CURRENT ASSETS</i>			
Cash and Cash Equivalents	\$ 1,876,810.91	\$ 2,130,070.78	\$ (253,259.87)
Receivable	1,850,002.53	1,741,514.25	108,488.28
Prepaid Expenses	84,822.58	133,869.76	(49,047.18)
Investments for Debt Service-Restricted	1,336,070.56	1,403,361.44	(67,290.88)
TOTAL CURRENT ASSETS	<u>5,147,706.58</u>	<u>5,408,816.23</u>	<u>(261,109.65)</u>
<i>RESTRICTED CASH AND INVESTMENTS</i>			
Debt Service Reserve -Series A and B	4,820,257.60	4,889,560.60	(69,303.00)
Maintenance Fund	552,433.51	1,074,525.27	(522,091.76)
TOTAL RESTRICTED CASH AND INVESTMENTS	<u>5,372,691.11</u>	<u>5,964,085.87</u>	<u>(591,394.76)</u>
<i>PROPERTY, PLANT & EQUIPMENT</i>			
Plant in Service	67,350,057.09	67,350,057.09	-
LESS: Accumulative Depreciation	(34,977,102.00)	(32,283,102.00)	(2,694,000.00)
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>32,372,955.09</u>	<u>35,066,955.09</u>	<u>(2,694,000.00)</u>
<i>UNAMORTIZED BOND COSTS, NET</i>	<u>1,837,646.15</u>	<u>2,028,853.78</u>	<u>(191,207.63)</u>
TOTAL ASSETS	<u>\$ 44,730,998.93</u>	<u>\$ 48,468,710.97</u>	<u>\$ (3,737,712.04)</u>
<u>LIABILITIES & NET ASSETS</u>			
<i>CURRENT LIABILITIES</i>			
Accounts Payable	\$ 383,004.79	\$ 326,740.25	\$ 56,264.54
Accrued Property Taxes	-	-	-
Accrued Interest	621,780.15	653,213.33	(31,433.18)
Preferred Dividend Payable	412,221.16	242,831.10	169,390.06
Bonds Payable, Current Portion	2,980,000.00	2,880,000.00	100,000.00
TOTAL CURRENT LIABILITIES	<u>4,397,006.10</u>	<u>4,102,784.68</u>	<u>294,221.42</u>
<i>LONG TERM DEBT</i>	<u>44,289,256.55</u>	<u>48,840,570.92</u>	<u>(4,551,314.37)</u>
TOTAL LIABILITIES	<u>48,686,262.65</u>	<u>52,943,355.60</u>	<u>(4,257,092.95)</u>
<i>NET ASSETS</i>			
Invested in Capital Assets, Net of Related Debt	(14,896,301.46)	(16,653,615.83)	1,757,314.37
Restricted For:			
Debt Service	5,534,548.01	5,639,708.71	(105,160.70)
Major Maintenance	552,433.51	1,074,525.27	(522,091.76)
Unrestricted	4,854,056.22	5,464,737.22	(610,681.00)
TOTAL NET ASSETS	<u>(3,955,263.72)</u>	<u>(4,474,644.63)</u>	<u>519,380.91</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 44,730,998.93</u>	<u>\$ 48,468,710.97</u>	<u>\$ (3,737,712.04)</u>

WESTERN GENERATION AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 and 2008

	<u>2009</u> <u>Y-T-D AMOUNT</u>	<u>2008</u> <u>Y-T-D AMOUNT</u>	<u>Y-T-D</u> <u>DIFFERENCE</u>
<u>OPERATING REVENUES</u>			
Power Sales	\$ 2,862,643.95	\$ 2,710,438.82	\$ 152,205.13
<u>OPERATING EXPENSES</u>			
Operators Fee and Other Production Expense	33,450.00	31,899.00	1,551.00
Fuel Expense	72,867.00	44,692.00	28,175.00
Electricity Expense	254,703.00	248,394.00	6,309.00
Administrative Expense	8,506.74	8,785.74	(279.00)
Professional Services	5,328.85	37.50	5,291.35
Insurance Expense	46,335.00	66,802.02	(20,467.02)
General Expense	23,324.00	24,300.00	(976.00)
Depreciation Expense	673,500.00	673,500.00	-
Property Taxes Expense	38,487.54	47,568.78	(9,081.24)
Steam Efficiency Payment	111,627.00	80,320.01	31,306.99
TOTAL OPERATING EXPENSES	<u>1,268,129.13</u>	<u>1,226,299.05</u>	<u>41,830.08</u>
INCOME FROM OPERATIONS	<u>1,594,514.82</u>	<u>1,484,139.77</u>	<u>110,375.05</u>
<u>OTHER INCOME</u>			
Investment Earnings	<u>5,456.05</u>	<u>100,531.32</u>	<u>(95,075.27)</u>
<u>OTHER EXPENSES</u>			
Interest Expense and Related Amortization	624,473.31	679,535.85	(55,062.54)
Interest Expense on Cumulative Preferred Dividend	<u>7,788.69</u>	<u>4,061.97</u>	<u>3,726.72</u>
TOTAL OTHER EXPENSES	<u>632,262.00</u>	<u>683,597.82</u>	<u>(146,411.09)</u>
NET INCOME BEFORE CUMULATIVE PREFERRED DIVIDEND	967,708.87	901,073.27	66,635.60
Cumulative Preferred Dividend	<u>42,347.52</u>	<u>42,347.52</u>	<u>-</u>
NET INCOME	925,361.35	858,725.75	66,635.60
Total Net Assets at beginning of Year	(4,880,625.07)	(5,333,370.38)	452,745.31
Distributions	-	-	-
Preferred Equity Distributions	-	-	-
TOTAL NET ASSETS	<u>\$ (3,955,263.72)</u>	<u>\$ (4,474,644.63)</u>	<u>\$ 519,380.91</u>

Unaudited - For Internal Use Only.

**WESTERN GENERATION AGENCY
STATEMENTS OF CHANGES IN FUND NET ASSETS
FOR THE THREE MONTHS ENDED MARCH 31, 2009
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Eugene Water & Electric Board</u>		Clatskanie People's Utility District	<u>Totals</u>
	<u>Preferred Equity</u>	<u>Capital</u>	<u>Capital</u>	
Balance as of December 31, 2007	\$ 2,150,984.94	\$ (3,742,177.66)	\$ (3,742,177.66)	\$ (5,333,370.38)
Preferred Equity Distributions	-	-	-	-
Partners Distributions	-	(400,000.00)	(400,000.00)	(800,000.00)
Income	-	626,372.66	626,372.65	1,252,745.31
Balance as of December 31, 2008	2,150,984.94	(3,515,805.00)	(3,515,805.01)	(4,880,625.07)
Preferred Equity Distributions	-	-	-	-
Partners Distributions	-	-	-	-
Income	-	462,680.67	462,680.68	925,361.35
Balance at March 31, 2009	<u>\$ 2,150,984.94</u>	<u>\$ (3,053,124.33)</u>	<u>\$ (3,053,124.33)</u>	<u>\$ (3,955,263.72)</u>

WESTERN GENERATION AGENCY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 and 2008

	2009	2008
<u>Cash Flows from Operating Activities</u>		
Receipts from BPA	\$ 1,915,210.10	\$ 2,742,748.37
Payments to Georgia Pacific	(361,020.00)	(324,985.00)
Payment for Administrative and General Cost	(154,729.99)	(133,544.03)
Net cash from operating activities	1,399,460.11	2,284,219.34
<u>Cash Flows from Investing Activities</u>		
Purchase of Investments	(6,147,321.47)	(1,394,439.06)
Proceeds from Investments	2,751,281.15	3,721,154.02
Interest Received on Investments	9,542.05	106,142.32
Net cash from investing activities	(3,386,498.27)	2,432,857.28
<u>Cash Flows from Capital and Related Financing Activities</u>		
Interest Payments on Bonds	(1,286,625.00)	(1,386,500.00)
Bond Principal Payments	(4,405,000.00)	(3,995,000.00)
Equity Distributions	-	-
Net cash from capital and related financing	(5,691,625.00)	(5,381,500.00)
Change in cash and cash equivalents	(7,678,663.16)	(664,423.38)
Cash and cash equivalents at beginning of period	10,116,914.27	3,952,874.41
Cash and cash equivalents at end of period	\$ 2,438,251.11	\$ 3,288,451.03
<u>Reconciliation to Balance Sheet</u>		
Cash and Cash Equivalents	1,876,810.91	2,130,070.78
Restricted Cash Equivalents	561,440.20	1,158,380.25
	2,438,251.11	3,288,451.03
<u>Reconciliation of operating income to net cash from operating activities:</u>		
Net Operating Revenue	\$ 1,594,514.82	\$ 1,484,139.77
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	673,500.00	673,500.00
(Increase) decrease in assets:		
Receivable	(947,433.85)	32,309.55
Prepayments and current assets	57,015.54	39,372.80
Increase (decrease) in liabilities:		
Accounts Payable	21,863.60	54,897.22
Property Tax	-	-
Net cash from operating activities	\$ 1,399,460.11	\$ 2,284,219.34

WESTERN GENERATION AGENCY

WAUNA COGENERATION PROJECT

Management Discussion of Operations

January 1, 2009 to March 31, 2009

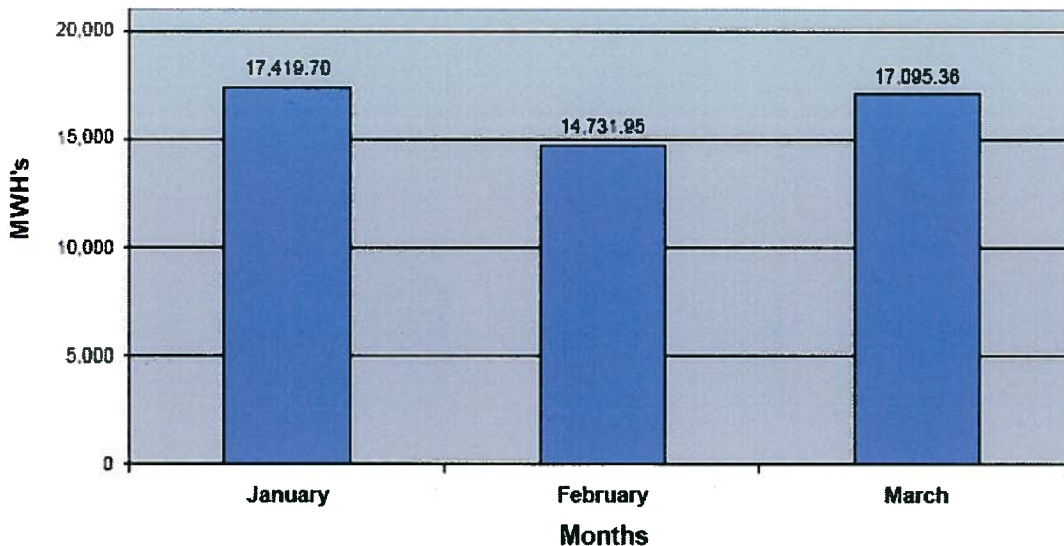
**WESTERN GENERATION AGENCY
WAUNA COGENERATION PROJECT**

MANAGEMENT DISCUSSION OF OPERATIONS

The following discussion will provide an overview of the operation of the Wauna Cogeneration Project (Project) for the period: January 1, 2009 through March 31, 2009.

Turbine-Generator. The Project produced an average of 57.2% of its gross rated capacity for the first quarter of 2009. Bonneville Power Administration (BPA) did not displace the Project at any time during this quarter.

**Wauna CoGeneration Project
1st Quarter 2009 Production**



The Project produced and BPA purchased 49,247 megawatt hours (MWH's) of electricity in the first quarter. As a comparison, fourth quarter production during 2008 was 43,434 MWH's.

Availability for the quarter was 98.7%. In comparison, the North American Reliability Council reports an average availability of 90.80 % for similar operating steam turbine-generators.

Fluidized Bed Boiler. The fluidized bed boiler continues to operate successfully. Under the terms of the Project agreements, all operation and maintenance expenses for the boiler are the responsibility of Georgia Pacific.

Future Expected Operation. The Wauna mill is planning a twelve-day recovery boiler outage starting June 7th extending to June 18th. The turbine will be off-line for that period. There are no other scheduled turbine outages for the 2nd quarter.