

# **WESTERN GENERATION AGENCY**

Wauna Cogeneration Project

First Quarter Financial Statements – March 31, 2010

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, 2010, 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 2010.

*Debbie Throop*

---

Debbie Throop, Treasurer  
Western Generation Agency  
April 22, 2010

**WESTERN GENERATION AGENCY  
BALANCE SHEETS  
MARCH 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>	<u>DIFFERENCE</u>
<b><u>ASSETS</u></b>			
<i>CURRENT ASSETS</i>			
Cash and Cash Equivalents	\$ 1,459,708.18	\$ 1,876,810.91	\$ (417,102.73)
Receivable	1,752,157.29	1,850,002.53	(97,845.24)
Prepaid Expenses	89,153.85	84,822.58	4,331.27
<b>TOTAL CURRENT ASSETS</b>	<u>3,301,019.32</u>	<u>3,811,636.02</u>	<u>(510,616.70)</u>
<i>RESTRICTED CASH AND INVESTMENTS</i>			
Debt Service-Series A, B and C	1,320,192.71	1,336,070.56	(15,877.85)
Debt Service Reserve -Series A and B	4,817,676.69	4,820,257.60	(2,580.91)
Maintenance Fund	946,025.51	552,433.51	393,592.00
<b>TOTAL RESTRICTED CASH AND INVESTMENTS</b>	<u>7,083,894.91</u>	<u>6,708,761.67</u>	<u>375,133.24</u>
<i>PROPERTY, PLANT &amp; EQUIPMENT</i>			
Plant in Service	67,350,057.09	67,350,057.09	-
LESS: Accumulative Depreciation	(37,671,102.00)	(34,977,102.00)	(2,694,000.00)
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<u>29,678,955.09</u>	<u>32,372,955.09</u>	<u>(2,694,000.00)</u>
<i>UNAMORTIZED BOND COSTS, NET</i>	<u>1,646,438.52</u>	<u>1,837,646.15</u>	<u>(191,207.63)</u>
<b>TOTAL ASSETS</b>	<u>\$ 41,710,307.84</u>	<u>\$ 44,730,998.93</u>	<u>\$ (3,020,691.09)</u>
<b><u>LIABILITIES &amp; NET ASSETS</u></b>			
<i>CURRENT LIABILITIES</i>			
Accounts Payable	\$ 219,006.01	\$ 383,004.79	\$ (163,998.78)
Accrued Interest	610,721.53	621,780.15	(11,058.62)
Preferred Dividend Payable	581,611.22	412,221.16	169,390.06
Bonds Payable, Current Portion	3,125,000.00	2,980,000.00	145,000.00
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,536,338.76</u>	<u>4,397,006.10</u>	<u>139,332.66</u>
<i>LONG TERM DEBT</i>	<u>40,082,942.18</u>	<u>44,289,256.55</u>	<u>(4,206,314.37)</u>
<b>TOTAL LIABILITIES</b>	<u>44,619,280.94</u>	<u>48,686,262.65</u>	<u>(4,066,981.71)</u>
<i>NET ASSETS</i>			
Invested in Capital Assets, Net of Related Debt	(11,882,548.57)	(13,058,655.31)	1,176,106.74
Restricted For:			
Debt Service	5,527,147.87	5,534,548.01	(7,400.14)
Major Maintenance	946,025.51	552,433.51	393,592.00
Unrestricted	2,500,402.09	3,016,410.07	(516,007.98)
<b>TOTAL NET ASSETS</b>	<u>(2,908,973.10)</u>	<u>(3,955,263.72)</u>	<u>1,046,290.62</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 41,710,307.84</u>	<u>\$ 44,730,998.93</u>	<u>\$ (3,020,691.09)</u>

**WESTERN GENERATION AGENCY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009**

	<u>2010</u> <u>Y-T-D AMOUNT</u>	<u>2009</u> <u>Y-T-D AMOUNT</u>	<u>Y-T-D</u> <u>DIFFERENCE</u>
<b><u>OPERATING REVENUES</u></b>			
Power Sales	<u>\$ 2,575,010.93</u>	<u>\$ 2,862,643.95</u>	<u>\$ (287,633.02)</u>
<b><u>OPERATING EXPENSES</u></b>			
Operators Fee and Other Production Expense	34,125.00	33,450.00	675.00
Fuel Expense	-	72,867.00	(72,867.00)
Electricity Expense	256,825.00	254,703.00	2,122.00
Administrative Expense	9,417.41	8,506.74	910.67
Professional Services	1,661.68	5,328.85	(3,667.17)
Insurance Expense	61,665.99	46,335.00	15,330.99
General Expense	23,100.00	23,324.00	(224.00)
Depreciation Expense	673,500.00	673,500.00	-
Property Taxes Expense	39,487.80	38,487.54	1,000.26
Steam Efficiency Payment	<u>95,424.00</u>	<u>111,627.00</u>	<u>(16,203.00)</u>
TOTAL OPERATING EXPENSES	<u>1,195,206.88</u>	<u>1,268,129.13</u>	<u>(72,922.25)</u>
INCOME FROM OPERATIONS	<u>1,379,804.05</u>	<u>1,594,514.82</u>	<u>(214,710.77)</u>
<b><u>OTHER INCOME</u></b>			
Investment Earnings	<u>2,270.90</u>	<u>5,456.05</u>	<u>(3,185.15)</u>
<b><u>OTHER EXPENSES</u></b>			
Interest Expense and Related Amortization	574,285.83	624,473.31	(50,187.48)
Interest Expense on Cumulative Preferred Dividend	<u>11,814.63</u>	<u>7,788.69</u>	<u>4,025.94</u>
TOTAL OTHER EXPENSES	<u>586,100.46</u>	<u>632,262.00</u>	<u>(49,346.69)</u>
NET INCOME BEFORE CUMULATIVE PREFERRED DIVIDEND	795,974.49	967,708.87	(171,734.38)
Cumulative Preferred Dividend	<u>42,347.52</u>	<u>42,347.52</u>	<u>-</u>
NET INCOME	753,626.97	925,361.35	(171,734.38)
Total Net Assets at beginning of Year	(3,662,600.07)	(4,880,625.07)	1,218,025.00
Distributions	-	-	-
Preferred Equity Distributions	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ (2,908,973.10)</u>	<u>\$ (3,955,263.72)</u>	<u>\$ 1,046,290.62</u>

Unaudited - For Internal Use Only.

**WESTERN GENERATION AGENCY  
STATEMENT OF CHANGES IN FUND NET ASSETS  
FOR THE THREE MONTHS ENDED MARCH 31, 2010  
AND FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Eugene Water &amp; Electric Board</u>		<u>Clatskanie People's Utility District Capital</u>	<u>Totals</u>
	<u>Preferred Equity</u>	<u>Capital</u>		
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	-	(400,000.00)	(400,000.00)	(800,000.00)
Income	-	1,009,012.50	1,009,012.50	2,018,025.00
Balance as of December 31, 2009	2,150,984.94	(2,906,792.50)	(2,906,792.51)	(3,662,600.07)
Preferred Equity Distributions	-	-	-	-
Partners Distributions	-	-	-	-
Income	-	376,813.48	376,813.49	753,626.97
Balance at March 31, 2010	<u>\$ 2,150,984.94</u>	<u>\$ (2,529,979.02)</u>	<u>\$ (2,529,979.02)</u>	<u>\$ (2,908,973.10)</u>

**WESTERN GENERATION AGENCY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from BPA	\$ 2,539,091.68	\$ 1,915,210.10
Payments to Georgia Pacific	(403,518.00)	(361,020.00)
Payment for Administrative and General Cost	28,378.30	(154,729.99)
Net cash from operating activities	2,163,951.98	1,399,460.11
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Investments	(1,318,407.92)	(6,147,321.47)
Proceeds from Investments	4,165,834.21	2,751,281.15
Interest Received on Investments	3,224.41	9,542.05
Net cash from investing activities	2,850,650.70	(3,386,498.27)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Interest Payments on Bonds	(1,176,500.00)	(1,286,625.00)
Bond Principal Payments	(4,015,000.00)	(4,405,000.00)
Equity Distributions	-	-
Net cash from capital and related financing	(5,191,500.00)	(5,691,625.00)
Change in cash and cash equivalents	(176,897.32)	(7,678,663.16)
Cash and cash equivalents at beginning of period	2,667,711.21	10,116,914.27
Cash and cash equivalents at end of period	\$ 2,490,813.89	\$ 2,438,251.11
<b>Reconciliation to Balance Sheet</b>		
Cash and Cash Equivalents	\$ 1,459,708.18	\$ 1,876,810.91
Restricted Cash Equivalents	1,031,105.71	561,440.20
	\$ 2,490,813.89	\$ 2,438,251.11
<b>Reconciliation of operating income to net cash from operating activities:</b>		
Net Operating Revenue	\$ 1,379,804.05	\$ 1,594,514.82
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	673,500.00	673,500.00
(Increase) decrease in assets:		
Receivable	(35,919.25)	(947,433.85)
Prepayments and current assets	89,153.79	57,015.54
Increase (decrease) in liabilities:		
Accounts Payable	57,413.39	21,863.60
Property Tax	-	-
Net cash from operating activities	\$ 2,163,951.98	\$ 1,399,460.11

# **WESTERN GENERATION AGENCY**

## ***WAUNA COGENERATION PROJECT***

---

### ***Management Discussion of Operations***

---

**January 1, 2010 to April 1, 2010**

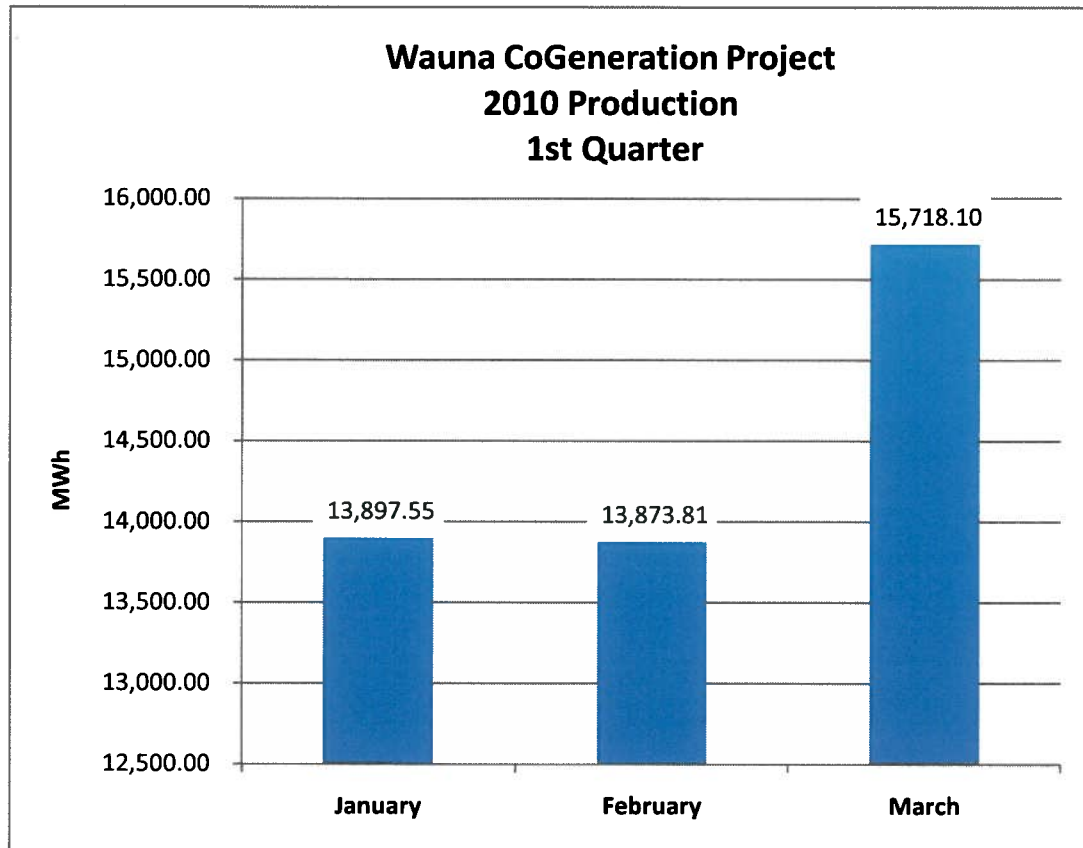
**WESTERN GENERATION AGENCY  
WAUNA COGENERATION PROJECT**

**MANAGEMENT DISCUSSION OF OPERATIONS**

---

The following discussion provides an overview of the operation of the Wauna Cogeneration Project (Project) between January 1, 2010 and April 1, 2010.

**Turbine-Generator.** The Project continued to operate through the first quarter of 2010. Bonneville Power Administration (Bonneville) did not displace the Project at any time during this quarter.



The Project produced and Bonneville purchased **43,489.46** megawatt hours (MWh) of electricity in the first quarter of 2010. As a comparison, in the fourth quarter of 2009, **42,757** MWh of electricity were purchased and in the first quarter 2009 Bonneville purchased **49,237** MWh.

Availability for the first quarter 2010 was 96.6%. There was a 53-hour outage in January, 23-hours longer than planned due to an issue in the mill which kept steam demand low. The March 22-hour outage is the typical eight-week outage that was not reported last quarter.

**Fluidized Bed Boiler (FBB).** The fluidized bed boiler continues to operate successfully.

**Future Expected Operation.** The Wauna Mill is planning an outage from May 8<sup>th</sup> until May 21<sup>st</sup>, 2010.