



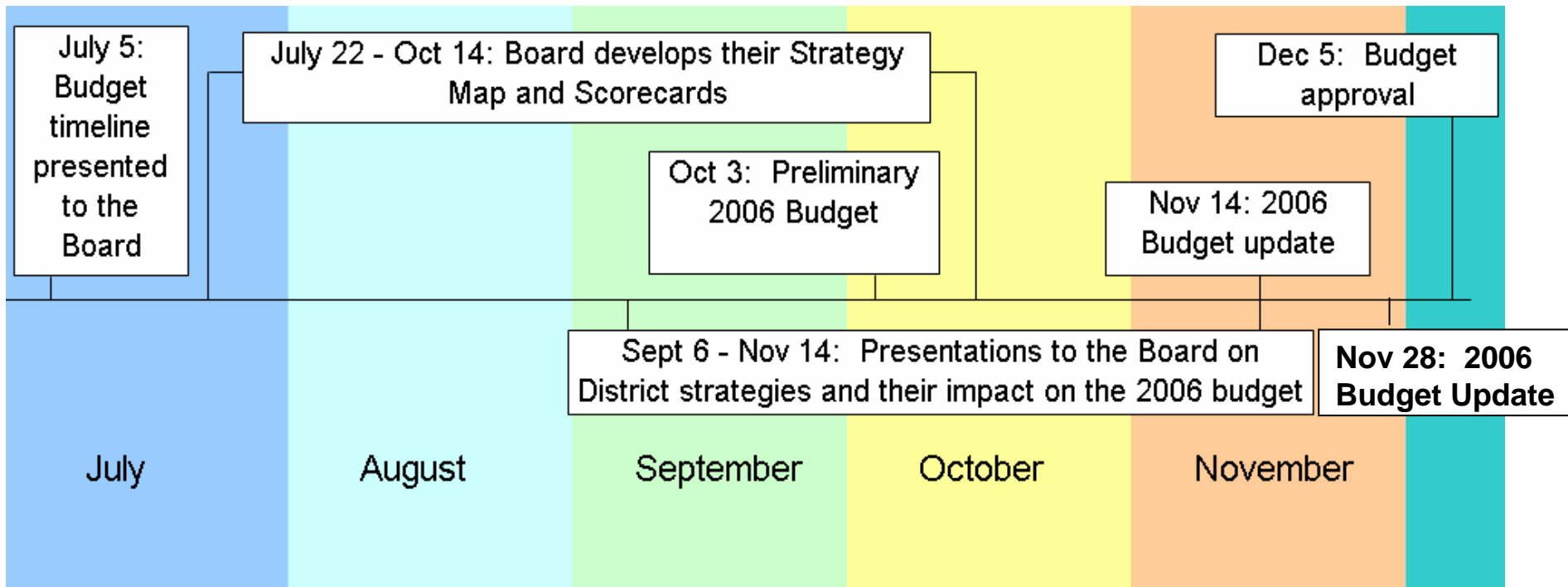
**2006 Budget  
Process Review**

**March, 2006**

# Purpose

- Review the budget process used for the 2006 budget
- What worked well?
- What can be improved?
- What can be added or deleted?

# 2006 Budget Process Review



# 2006 Strategic Budget Presentations

<b>Date</b>	<b>Early session</b>	<b>Regular Session</b>
August 29th		Strategic Budget Process
September 6th		Labor Trends
September 12th	Networks	Wholesale Revenue
September 26th		Board Resource Philosophy
October 3rd		Preliminary Budget/Public Hearing
October 10th	Generation Asset Management	Generation Asset Management
October 17th	Water/Wastewater Asset Management	Electric Asset Management
October 24th		Finance/Power Management Update
October 31st		Support Services Philosophy
November 7th	License Implementation	Natural Resource Management
November 14th	Parks Asset Management	Budget Update
November 28th		Final Budget/Public Hearing
December 5th		2006 Budget Adopted



Information Presentation:

What works best for you?

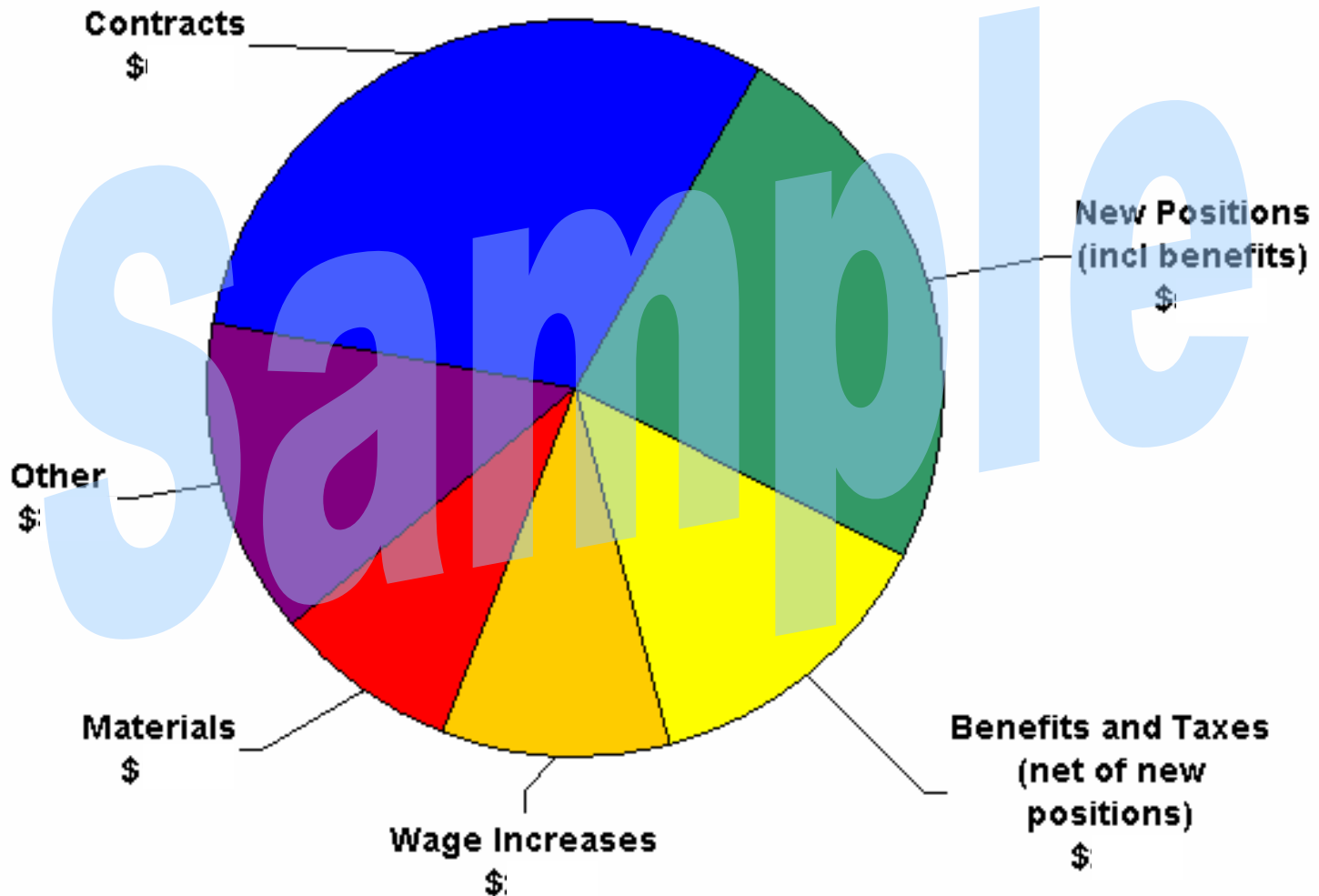
# 2006 to 2007 Change

(millions)

	2007	2006	Increase (Decrease)
O&M Expenses			
Net Power Supply Exp			
Depreciation			
Non-Op Expense			
Capital (less Capital Contrib)			

# Administration Budget Drivers

(000s)



# Major projects

Capital and Deferred	
Rock Island PH 1 Modernization	
Rocky Reach C1-C7 Generator Rehab	
Rocky Reach – Monitor 230kV Line	
Rock Island PH 2 Transformer Replacements	
Rock Island PH 2 Trashracks	
Electric Line Extensions	

# What Isn't in the 2007 Budget?

- List of deferred items

Sample

# Frequently Asked Questions

Are we going to increase debt in 2006?

No.

We may refinance some existing debt to get lower interest rates.

We may make some internal loans.

# Reports

- O & M by project, within each business unit
- Capital by project
- Deferred items
- Total budget by system (Budget Filing)

# Next Steps

- Get Board input
  - Today
  - Email
  - Follow-up meeting?
- Continuous Quality Improvement (CQI) process
- Amend 1955 resolution
- Ensure alignment with District Strategic Objectives
  - Control Costs
  - Enhance trust through openness and accountability