

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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BPA finances remain strong at halfway point

Portland, Oregon – The Bonneville Power Administration reports that its positive first quarter financial performance has carried into the second quarter of 2022. BPA’s current net revenue forecast is \$566 million compared to a rate case net revenue forecast of \$178 million.

BPA’s forecast net revenue projection has grown \$110 million over the quarter from \$456 million. The growth can be mostly attributed to strong surplus power sales into a market that has not seen prices this high for several years.

“Our financial position at our midpoint is strong,” said Administrator and CEO John Hairston. “While we have another six months to go, barring any unforeseen setbacks, all indications are that we will close out the fiscal year in a better financial position than we originally forecast.”

The optimism is tempered by rising labor and materials costs. These pressures could slightly inflate BPA’s projected costs.

“BPA’s continued cost discipline will make a difference as we absorb these higher costs,” said Chief Financial Officer Marcus Harris. “Rising labor and material costs continue to weigh on what is otherwise a very strong financial year.”

The second quarter forecast for FY 2022 end-of-year reserves is strong as well, with both business lines forecast to be above the upper threshold for the reserves distribution clause. The second quarter estimate for end of year reserves for risk shows Power Services at just over \$1 billion, Transmission Services at \$272 million and the agency at \$1.3 billion, an increase over the first quarter projection of \$1.1 billion.

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“Our reserves provide important liquidity to mitigate the uncertainty we face year-to-year in markets, water supply, runoff shape and the threat of unexpected weather-related costs,” said Harris. “At this point in the year, it is looking more likely that end-of-year reserves will be well above our upper reserves threshold.”

In fiscal year 2021, BPA provided a \$14 million distribution of reserves to its Power customers, lowering power rates for FY 2022. BPA’s financial reserves policy states that when its financial reserves reach a certain threshold, the administrator may provide such a distribution or use for high value purposes such as providing rate relief, paying down outstanding debt or funding capital investments or other priorities. This year, end-of-year projections show a strong chance for some sort of reserves distribution for the power business line and a moderate chance for the transmission business line.

Also, S&P, Fitch and Moody’s have issued their 2022 ratings of BPA. All three rate BPA in the “high grade” category. S&P and Fitch kept BPA’s ratings the same (S&P AA-; Fitch AA). Moody’s rating stayed the same (Aa2), but improved its outlook from stable to positive due to BPA’s borrowing authority increase and increase in reserves for risk. More information on the ratings is available at the [link](#).

BPA’s full second quarterly business review is available at the [Quarterly Business Review webpage](#) on bpa.gov.

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale, carbon-free hydropower from 31 federal dams in the Columbia River Basin. It also markets the output of the region’s only nuclear plant. BPA delivers this power to more than 140 Northwest electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA also owns and operates more than 15,000 circuit miles of high-voltage power lines and 261 substations, and provides transmission service to more than 300 customers. In all, BPA provides nearly a third of the power generated in the Northwest. To mitigate the impacts of the federal dams, BPA implements a fish and wildlife program that includes working with its partners to make the federal dams safer for fish passage. It also pursues cost-effective energy savings and operational solutions that help maintain safe, affordable, reliable electric power for the Northwest. www.bpa.gov

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