

Q2 Quarterly Business Review Technical Workshop

May 18, 2021

1:00 p.m. – 3:00 p.m.

WebEx:

Bridge: **(415) 527-5035**

Access Code: **199 402 2962**



Agenda

Time	Min	Agenda Topic	Presenter
1:00	5	Introduction and safety moment	Nadine Coseo
1:05	60	FY21 Q2 Forecast Including Income Statement, Capital, and Reserves	Gwen Resendes, Karlee Manary, Kyle Hardy, Jeff Cook, Wayne Todd, Nadine Coseo, Damen Bleiler, Zach Mandell
2:05	20	Transmission Capital Metrics	Richard Shaheen, Jeff Cook, Mike Miller
2:25	15	Strategic Cost Management Initiative	Marchelle Watson and Michelle Manary
2:40	20	Grid Modernization Update	Allie Mace

FY21 Q2 Forecast Including Income Statement, Capital and Reserves

Gwen Resendes, Karlee Manary, Kyle Hardy, Jeff Cook, Wayne Todd, Nadine Coseo, Damen Bleiler, Zach Mandell

Report ID: 0121FY21		Data Source: PFMS		
Requesting BL: POWER BUSINESS UNIT		Run Date/Time: April 27,2021 / 03:07		
Unit of measure: \$ Thousands		% of Year Elapsed = 50%		
		A	B	C
		FY 2021		FY 2021
		Rate Case	Q2 Forecast	Q2 Forecast - Rate Case
Operating Revenues				
1	Gross Sales (excluding bookout adjustment)	\$ 2,448,603	\$ 2,604,421	\$ 155,818
2	Bookout Adjustment to Sales	-	(26,589)	(26,589)
3	Other Revenues	28,010	29,675	1,664
4	Inter-Business Unit	121,742	120,648	(1,094)
5	U.S. Treasury Credits	91,452	87,795	(3,657)
6	Total Operating Revenues	2,689,808	2,815,950	126,142
Operating Expenses				
Integrated Program Review Programs				
7	Asset Management	1,017,180	1,023,275	6,094
8	Operations	123,931	133,648	9,717
9	Commercial Activities	107,890	103,375	(4,515)
10	Enterprise Services G&A	78,475	83,584	5,109
11	Other Income, Expenses & Adjustments	-	730	730
12	Sub-Total Integrated Program Review Operating Expenses	1,327,476	1,344,612	17,136
Operating Expenses				
Non-Integrated Program Review Programs				
13	Asset Management	37,146	33,713	(3,433)
14	Operations	352,063	332,567	(19,496)
15	Commercial Activities	198,217	212,706	14,489
16	Depreciation, Amortization & Accretion	525,414	491,000	(34,414)
17	Sub-Total Non-Integrated Program Review Operating Expenses	1,112,839	1,069,986	(42,854)
18	Total Operating Expenses	2,440,316	2,414,598	(25,718)
19	Net Operating Revenues (Expenses)	249,492	401,352	151,860
Interest expense and other income, net				
20	Interest Expense	238,719	294,339	55,620
21	AFUDC	(16,493)	(14,022)	2,471
22	Interest Income	(15,865)	(9,420)	6,445
23	Other income, net	(25,220)	(25,220)	()
24	Total interest expense and other income, net	181,141	245,677	64,536
25	Total Expenses	2,621,457	2,660,275	38,818
26	Net Revenues (Expenses)	\$ 68,351	\$ 155,675	\$ 87,323

<1 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

Power Services QBR Analysis: FY 21 Q2 Forecast

(Note: Variance explanations are for +/- \$2M or greater)

Operating Revenues:

Row 1 – Gross Sales: Q2 composite revenues decreased by \$39M from rate case due to load forecast decreasing. This is partially offset by higher Demand and Load Shaping Revenues making the PF Revenues \$(29M) below rate case. Trading Floor revenues are \$178M higher than rate case due to higher than expected prices. The Slice True-up is forecasted to be a charge to customers of \$10M.

Row 5 – U.S. Treasury Credits: 4h10c credit is less than rate cause due to lower predicted replacement purchases, partially offset by higher prices.

Integrated Program Review Operating Expenses:

Row 7 – Asset Management: Fed Hydro budget carryover offset by lower Power IT expense due to program plans.

Row 8 – Operations: Delta due to program plans budget showing up in Commercial Activities with forecast in Operations.

Row 9 - Commercial Activities: Higher conservation purchases offset by the program plans rate case budget showing up in Commercial Activities with forecast in Operations.

Row 10 – Enterprise Services: Additional IT costs.

Power Services QBR Analysis: FY 21 Q2 Forecast

(Note: Variance explanations are for +/- \$2M or greater)

Non-Integrated Program Review Operating Expenses:

Row 13 – Asset Management: Q2 forecast lower than Rate Case due to lower actual Colville payment.

Row 14 – Operations: Lower 3rd Party GTA wheeling due to lower rates than forecast in Rate Case.

Row 15 – Commercial Activities: Higher power purchases offset by no Tier 2 purchases, lower Trans. and ancillary services and bookouts.

Row 16 – Depreciation, Amortization and Accretion: \$34 million lower than Rate Case is due to the implementation of new accounting treatment for Energy Northwest and other nonfederal assets as discussed in FY20. Rate Case levels were set prior to the new accounting treatment being finalized and as such a Rate Case to actuals difference was created for the BP-20 rate period.

Row 20 – Interest Expense: \$56M million greater than Rate Case due to the mismatch between the rate case and actuals for the treatment of a portion of Non-Federal Interest Expense and partially offset by lower federal interest expense due to lower interest rates.

Row 21 – AFUDC: \$2 million lower due to lower Fed Hydro capital spending over rate period.

Row 22 - Interest Income: \$6 million lower due to lower investment interest rates.

Row 26 – Total Net Revenues: \$156 million, which is \$87 million greater than Rate Case.

B O N N E V I L L E P O W E R A D M I N I S T R A T I O N

Report ID: 0123FY21

Requesting BL: Transmission Business Unit
Unit of Measure: \$ Thousands

Data Source: PFMS

Run Date/Time: April 28, 2021 / 03:07
% of Year Elapsed =: 50%

	FY 2021		FY 2021
	Rate Case	Current EOY Forecast	Current EOY Forecast - Rate Case
Operating Revenues			
1 Sales	\$ 955,325	\$ 957,752	\$ 2,427
2 Other Revenues	45,898	41,434	(4,465)
3 Inter-Business Unit Revenues	119,374	103,992	(15,382)
4 Total Operating Revenues	1,120,597	1,103,178	(17,420)
Operating Expenses			
Integrated Program Review Programs			
5 Asset Management	268,795	273,502	4,708
6 Operations	71,150	68,807	(2,343)
7 Commercial Activities	57,136	56,312	(824)
8 Enterprise Services G&A	93,884	105,633	11,749
9 Undistributed Reduction	-	-	-
10 Other Income, Expenses and Adjustments	-	1,875	1,875
11 Sub-Total Integrated Program Review Operating Expenses	490,965	506,130	15,165
Operating Expenses			
Non-Integrated Program Review Programs			
12 Commercial Activities	131,854	129,603	(2,251)
13 Other Income, Expenses and Adjustments	-	()	()
14 Depreciation & Amortization	348,148	342,090	(6,058)
15 Sub-Total Non-Integrated Program Review Operating Expenses	480,002	471,693	(8,309)
16 Total Operating Expenses	970,967	977,823	6,856
17 Net Operating Revenues (Expenses)	149,630	125,354	(24,276)
Interest expense and other income, net			
18 Interest Expense	199,938	156,136	(43,802)
19 AFUDC	(14,635)	(14,600)	35
20 Interest Income	(4,568)	(1,509)	3,059
21 Other income, net	-	667	667
22 Total interest expense and other income, net	180,735	140,694	(40,041)
23 Total Expenses	1,151,702	1,118,517	(33,185)
24 Net Revenues (Expenses)	\$ (31,105)	\$ (15,340)	\$ 15,765

<1 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

Transmission Services QBR Analysis: FY 21 Q2 Forecast

(Note: Variance explanations are for +/--\$2M or greater)

Operating Revenues:

Row 2- Other Revenues: Revenues are \$17 million below Rate Case primarily due to non-renewals of Network Point-to-Point service and non-renewal of fiber contracts.

Integrated Program Review Operating Expenses:

Row 5 - Asset Management: \$5 million above rate case due to program plan budget for property insurance expense showing up in Commercial Activities, but costs being forecasted in this program. Additionally forecast was adjusted for higher-than-assumed premium increases for Transmission property insurance.

Row 6- Operations: \$2.3 million below rate case due to updated personnel assumptions and cost management actions.

Row 8 – Enterprise Services G&A: \$11 million above rate case due to an increase in Transmission centric software and maintenance cost, lower capitalization of IT costs, less capitalization of supply chain logistics services costs, and an overstatement of Grid Mod IT costs that will be adjusted in Q3.

Non-Integrated Program Review Operating Expenses:

Row 12 – Commercial Activities: \$2 million below rate case due to Covid-induced reduction in reimbursable work and ancillary services.

Row 14 – Depreciation and Amortization: \$6 million lower than rate case based on Transmission’s Capital and Plant-in-Service expectations being higher than what was actually spent during the last few fiscal years. This resulted in less depreciation and amortization expenses, and a lower forecast

Row 18 – Interest Expense: \$43 million below rate case due to lower interest rates and less call bond premium on lease financing bond transactions than was anticipated in rate case.

Row 20 – Interest Income: \$3 million below rate case due to lower interest earned with lower cash and cash equivalent balances than was anticipated in rate case.

Agency Capital Expenditures: FY21 Performance

Transmission Business Unit

Transmission Asset Category

- Shift from Expand (large, high dollar projects) to Sustain (smaller, lower dollar projects)
- Volatility of customer projects – Projects Funded in Advance (PFIA)
- COVID impacts – maintain safety for crews – mobilize/demob impacts
- Increasing our capacity to execute more through Secondary Capacity Model (SCM)

Transmission Support Asset Categories

- **Facilities:** Due to an Asset Management Plan refresh occurring after BP-20 rates were finalized, Facilities capital spending during the BP-20 rate period was significantly decreased in Sustain. Some projects that were originally planned to start construction in FY20 and FY21 were delayed to allow for scoping and design of the Technical Services Building. The expand portion increased slightly due to a new project and continued scoping of the Vancouver Control Center project.
- **Transmission IT, Security, Environment, and Fleet:** Capital spending in these categories have had a relatively small impact on under execution.

Agency Capital Expenditures: FY21 Performance

Power Business Unit

Fed Hydro Asset Category

- After the BP-20 Integrated Program Review was complete in 2018, the three agency Asset Planning Team continued to develop and improve our prioritization and analysis techniques as part of the maturing Asset Investment Excellence Initiative. This continuous improvement effort deprioritized, cancelled, or delayed many Bureau of Reclamation projects and prioritized Army Corps of Engineer projects that were of higher value. This shift in capital spending between federal partners and focus on complex, large powertrain projects have contributed to negatively impact BPA's ability to execute the capital levels proposed in BP-20.
- Scoping, designing, and authorizing large complex projects along with COVID delays has caused delays in getting projects to the construction phase in which most of the capital spending occurs.
- McNary Dam exciter, governor, and powerhouse control projects delay due to schedule alignment effort to reduce planned outages also reduced capital spending during FY20 and FY21. The contract for execution of these investments was awarded in March.
- BPA has authorized several major projects in FY20 and FY21 that will support some capital spending in FY21, but will mostly support capital spending in FY22 and beyond. These projects include:
 - John Day turbine and generator rewind phase 1
 - John Day HVAC upgrades
 - McNary Headgate system
 - McNary Isophase Bus
 - John Day trash racks
 - Bonneville trash racks
 - Chief Joseph intake gantry crane
 - John Day submerged traveling screen crane
 - Chief Joseph station service units
 - Libby gantry crane
 - Foster turbine and generator rehabilitation

Agency Capital Expenditures: FY 21 Performance

Report ID: 0027FY21 **BPA Statement of Capital Expenditures** Data Source: PFMS
 Requesting BL: Corporate Business Unit Through the Month Ended March 31, 2021 Run Date/Time: April 26, 2021 / 03:05
 Unit of Measure: \$Thousands Unaudited % of Year Elapsed = 50%

		A	B	C	
		FY 2021		FY 2021	
		Rate Case	Current EOY Forecast	Current EOY Forecast - Rate Case	
Transmission Business Unit					
Expand {	1	MAIN GRID	\$ 24,709	\$ 2,724	\$ (21,985)
	2	AREA & CUSTOMER SERVICE	83,792	68,528	(15,265)
Sustain {	3	SYSTEM REPLACEMENTS	294,707	239,728	(54,979)
Expand {	4	UPGRADES & ADDITIONS	52,493	57,868	5,376
Sustain {	5	ENVIRONMENT CAPITAL	6,955	8,055	1,100
		PFIA	-	-	-
Expand {	6	MISC. PFIA PROJECTS	4,372	4,215	(157)
	7	GENERATOR INTERCONNECTION	61,943	14,151	(47,792)
	8	SPECTRUM RELOCATION	-	21	21
	9	CORPORATE CAPITAL INDIRECTS, undistributed		()	()
	10	TBL CAPITAL INDIRECTS, undistributed	()	()	
	12	TOTAL Transmission Business Unit	515,847	395,290	(120,557)
Power Business Unit					
	13	BUREAU OF RECLAMATION <Note 1	144,222	31,087	(113,134)
	14	CORPS OF ENGINEERS <Note 1	128,271	180,813	52,541
	15	POWER INFORMATION TECHNOLOGY	3,900	1,606	(2,294)
	16	FISH & WILDLIFE <Note 2	47,266	43,500	(3,766)
	17	POWER NON-IT	-	905	905
	18	TOTAL Power Business Unit	323,659	257,911	(65,749)
Corporate Business Unit					
	19	CORPORATE PROJECTS	13,200	21,058	7,858
	20	TOTAL Corporate Business Unit	13,200	21,058	7,858
	21	TOTAL BPA Capital Expenditures	\$ 852,706	\$ 674,259	\$ (178,447)

< 1 Excludes projects funded by federal appropriations.
 < 2 Amounts are reported as regulatory assets and not utility plant

Agency Capital Expenditures: FY21 Performance

(Note: Variance explanations are for +/- \$2M or greater; all numbers are loaded)

Transmission Business Unit

Row 1 – Main Grid: \$22 million below rate case due to FY20 COVID restrictions from the manufacturer, pushing back project schedules into FY22/23 for Schultz-Wautoma and Big Eddy.

Row 2 – Area and Customer Service: \$15 million below rate case due to:

- \$20 million below rate case due to Transmission decrease as described in slide 9 along with project delays on Dexter and Mid-way Ashe.

- \$5 million above rate case due to more Allowance for Funds Used During Construction, corporate general and administrative, and transmission indirect loadings hitting Area and Customer Service projects compared to rate case.

Row 3 – System Replacements: \$55 million below rate case due to:

– \$34 million below rate case due to Transmission decrease as described in slide 9.

– \$21 million below rate case due to a \$18 million decrease in Facilities and \$3 million decrease in Security.

Row 4 – Upgrades and additions: \$5 million above rate case due to:

– \$4 million increase due to control center project work netted against lower sub AC, system telecom, and transmission IT project forecast expenditures.

– \$800 thousand increase for work on Vancouver Control center scoping and Aberdeen water projects.

Rows 6-8 – Projects Funded in Advance (PFIA): \$48 million below rate case due to customer delays/cancellations as well as COVID related contract delays.

Power Business Unit

Row 13 – Bureau of Reclamation: \$113 million below rate case due to Asset Investment Excellence initiative reprioritization in the capital program that shifted more investment to the Corps and cancelled or delayed Reclamation projects.

Row 14 – Corps of Engineers: \$53 million above rate case due to project prioritization, but scoping, design, and execution ramp up has been slower than expected causing the program to fall short of filling the capital reduction in Reclamation projects.

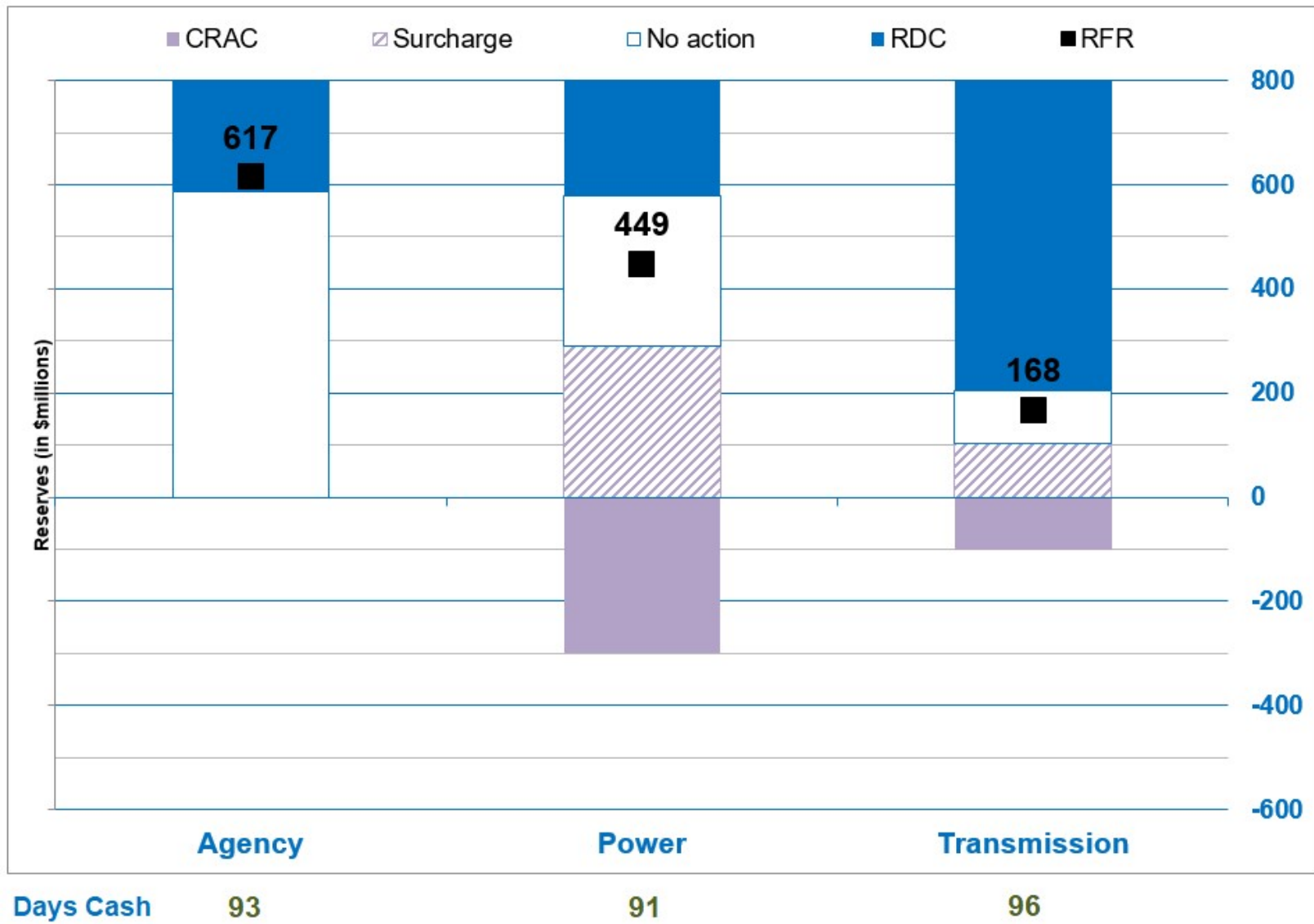
Row 15 – Power IT: \$2 million below rate case due to prioritization of Corporate IT projects which reduced Power specific IT spending.

Row 16 – F&W: \$4 million below rate case based on first project and contract based forecast.

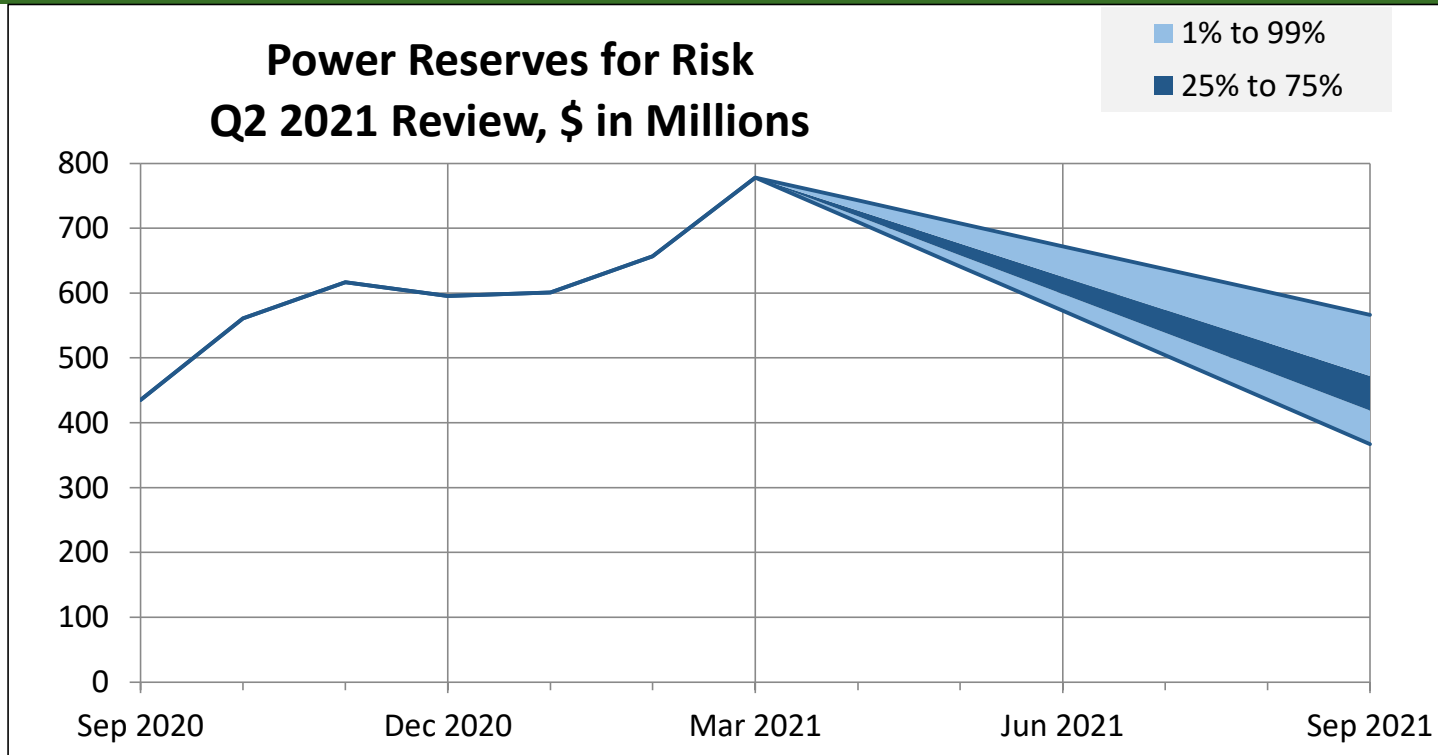
Corporate Business Unit

Row 18 – Corporate IT projects: \$8 million above rate case due to prioritization of Corporate IT projects including Grid Mod and enterprise business system disaster recovery project for DOE policy compliance, and project components qualifying for capital when assumed to be expense.

Q2 Reserves for Risk Forecast – FY21 EOY



Financial Reserves Update



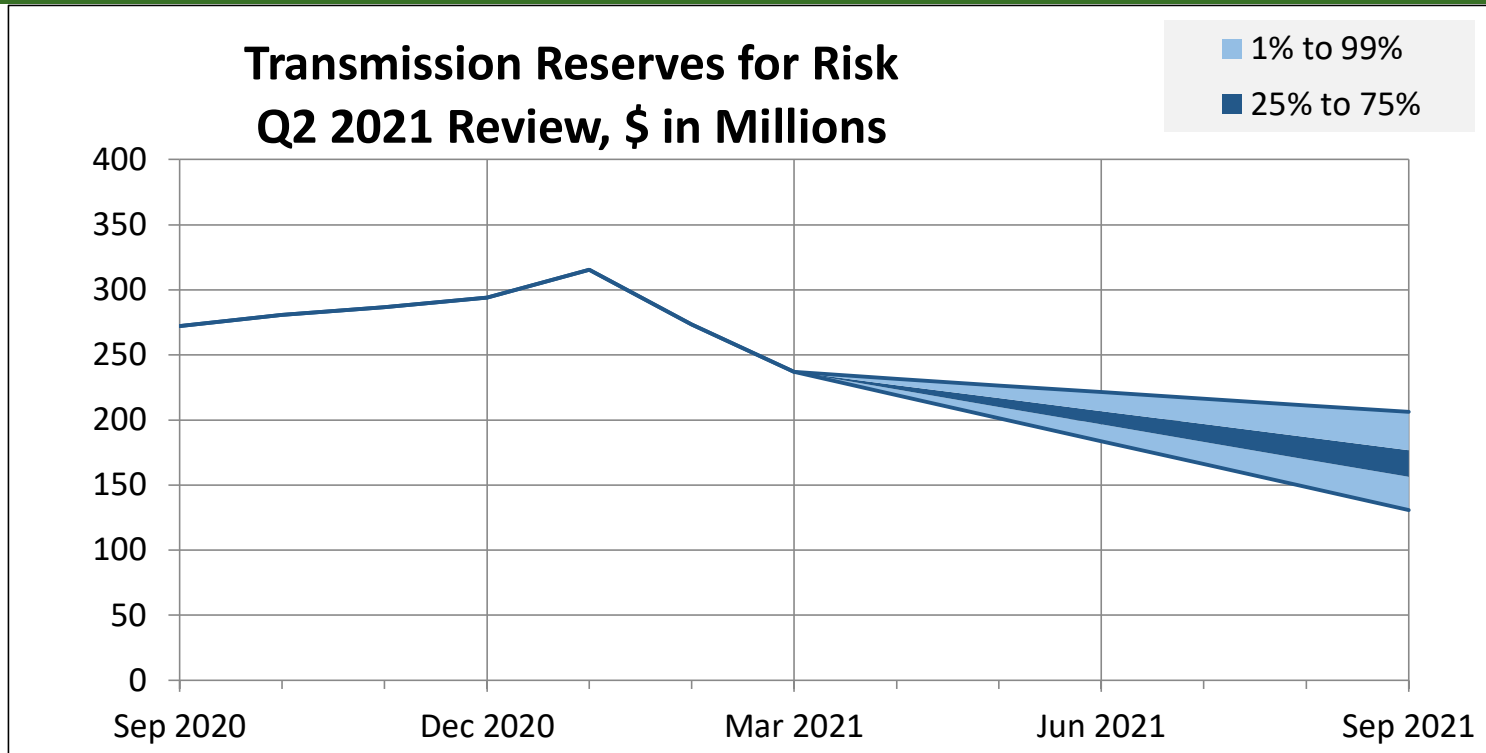
Power Reserves Distribution

- 1% to 99% Range:
\$367m to \$566m
- 25% to 75% Range:
\$419m to \$472m

Power Risk Mechanisms

- 0% modeled probability of a CRAC, FRP Surcharge, or RDC

Financial Reserves Update



Transmission Reserves Distribution

- 1% to 99% Range:
\$131m to \$206m
- 25% to 75% Range:
\$156m to \$177m

Transmission Risk Mechanisms

- 0% modeled probability of a CRAC, FRP Surcharge, or RDC

Power Crosswalk – Key Drivers

PS FY21 EOY Reserves for Risk (RFR) is forecasted to be \$449m, which is ~\$169m above the rate case forecast of \$280m. Key drivers:

- The BP-20 Rate Case assumed PS ended FY20 with RFR = \$323m, but PS ended FY20 with \$435m, resulting in \$112m more in RFR heading into FY21 than assumed in the rate case.
- FY21 Driver: The Q2 Net Revenue (NR) forecast is \$87m higher than the rate case projection, however this does not reflect cash flow:
 - Depreciation/Amortization/Accretion is \$34m lower than rate case, but is non-cash.
 - Accruals for EN are higher than cash payments made to EN, less cash is used.
 - The \$20m gain on WNP 1 & 4 decommissioning funds is non-cash.
- BPA collected \$7m for payments extended into FY21, but recorded in FY20.

(\$ in millions)	
Power Crosswalk	
Q2 FY21 EOY RFR Forecast	449
BP-2021 RFR Forecast	280
Delta	<u>\$169</u>
<u>Explain the \$169m Delta</u>	
FY21 SOY RFR Beg Bal Delta from RC	112
Increase in Net Revenues	87
<i>Non-Cash Net Revenue Items:</i>	
Decreased Dep/Amort/Accr	(34)
EN Accrual vs Cash Payments	10
Non-Cash WNP1/4 Gain	(20)
<i>Customer Payment Extension to FY21</i>	<u>7</u>
	<u>\$161</u>

Transmission Crosswalk – Key Drivers

TS FY21 EOY Reserves for Risk (RFR) is forecasted to be \$165m, which is ~\$69m above the rate case forecast of \$96m. Key drivers:

- The BP-20 Rate Case assumed TS ended FY20 with RFR = \$144m, but TS ended FY20 with \$272m, resulting in \$128m more in RFR heading into FY21 than assumed in the rate case.
- Application of the FY20 RDC proceeds toward additional debt repayment of ~\$80m.
- FY21 Drivers: The Q2 Net Revenue (NR) forecast is \$16m higher than the rate case projection, however this does not reflect cash flow:
 - Small changes in both non-cash expenses and non-cash revenues result in slightly less cash flow than the NR increase.

Transmission Crosswalk	
Q2 FY21 EOY RFR Forecast	165
BP-2021 RFR Forecast	96
Delta	<u>\$69</u>
<u>Explain the \$69m Delta</u>	
FY21 SOY RFR Beg Bal Delta from RC	128
Additional Debt Repymt (RDC)	(80)
Increase in Net Revenues	16
Non-Cash Net Revenue Items:	
Non Cash Revenues	1
Decreased Dep/Amort	(6)
Other Non Cash Exp	2
	<u>\$60</u>

Other Q2 Reserves Updates

- Transmission FY20 Reserves Distribution Clause (RDC) Update:
 - In December 2020, BPA announced its final decision to use the RDC proceeds toward Transmission debt reduction.
 - In March, BPA completed this action, paying an additional \$79.7M of Transmission federal bonds. This is in addition to the rate case scheduled debt repayment of \$204.4M.
- Prior Year Funding Adjustment Update:
 - At Q4 QBR, we described the \$25.9M downward adjustment to Transmission's FY20 reserves to correct for this double funding issue (see [12.17.20 QBRT follow-up](#)), noting that BPA's Internal Audit team would review our analysis for reasonableness of approach, validity of inputs and accuracy of results.
 - We further noted that should Internal Audit's review result in changes to the adjustment, it would be dealt with through additional increments or decrements to deferred borrowing.
 - Internal Audit has completed its review and has found one item to correct within our analysis, which *will likely result* in about a \$10m increase to Transmission deferred borrowing. This has not yet been incorporated into the reserves forecast; it will be included in the Q3 forecast.

Financial Plan Refresh: Planning Update

- In the fourth quarter of fiscal year 2021, Bonneville plans to commence public workshops as part of a “refresh” of Bonneville’s 2018 Financial Plan.
 - The refresh effort will include consideration of, among other things, Bonneville’s financial health, including access-to-capital issues, sustainable capital funding approaches, long-term debt management, and other financial objectives.
 - As part of the public process for the refresh effort, Bonneville will include discussion and consideration of issues related to Bonneville’s borrowing authority and the use of revenue financing as a source of capital funding.
- BPA is currently in the planning phase of this project and will provide additional details regarding the project plan at the third quarter QBR Technical workshop.

Transmission Capital Metrics

Richard Shaheen, Jeff Cook, Mike Miller

Risk Table with Impacts

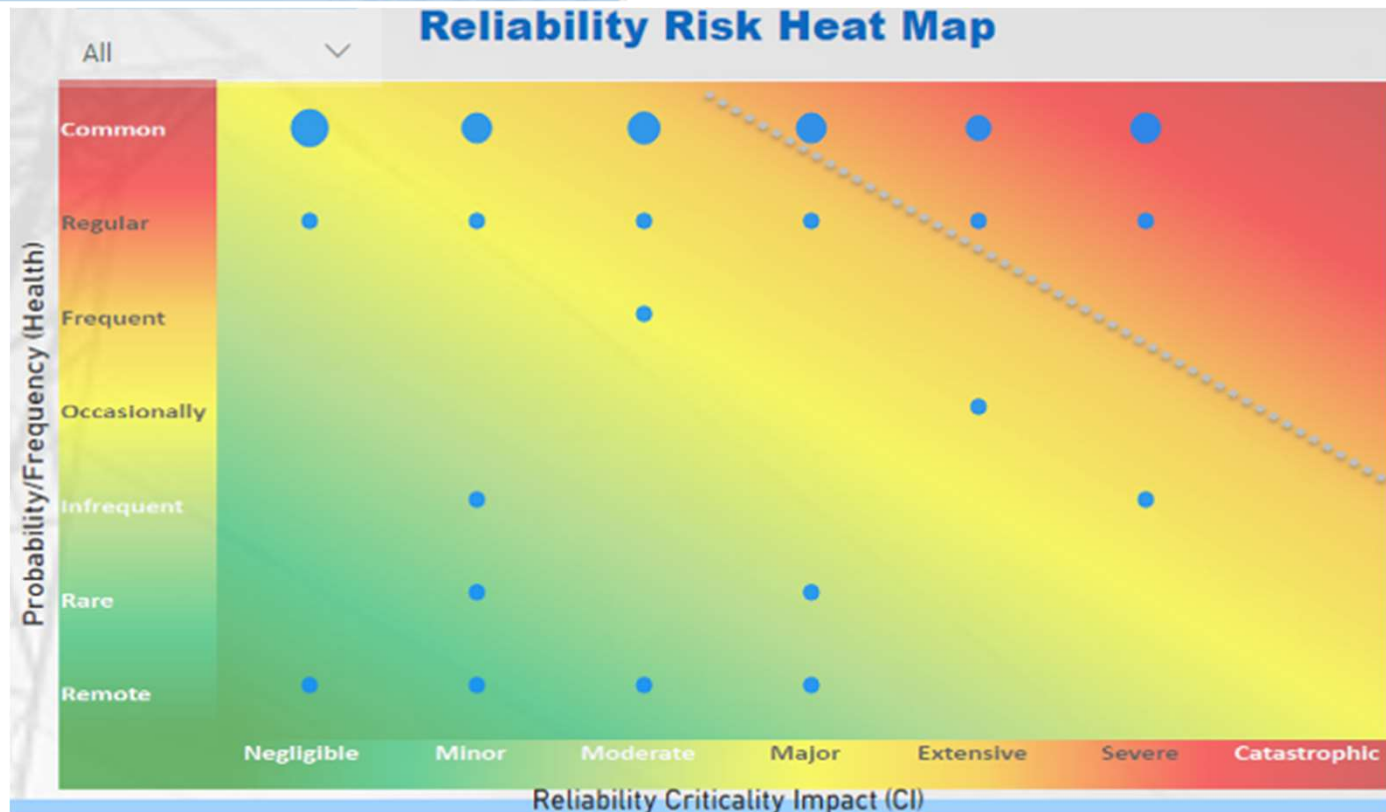
	Safety	Reliability	Financial	Environmental	Compliance
Impact Level	The potential impact of a risk even on a public or worker safety	The potential impact of a risk even on service or grid reliability	The potential risk event resulting in a financial costs to customers/rate payers measured in incremental dollar impact	The potential impact on natural resources such as air, soil, water, plant or animal life	The potential impact of noncompliance with federal, state, local, industrial, or operational standards or requirements
Catastrophic	Many Fatalities, Mass Serious Injury or Illness: Many fatalities of employees, public members or contractors; Mass serious injuries or illness resulting in hospitalization, disability or loss of work; Widespread illness caused typically caused by sustained exposure to agents.	Customer Hours Impact: Outage resulting in greater than 20 million total customer hours of interruption.	Impact > \$3 billion in costs; consider costs to customers, shareholders and third parties.	Irreversible and immediate damage to surrounding environment (e.g. extinction of species).	NonCompliance impact: Actions resulting in potential closure, split or sale of Company.
Severe	Few Fatalities, Serious Injuries or Illness; Permanent Disability: Few fatalities of employee, public member or contractor; Many serious injuries or illnesses resulting in hospitalization, disability or loss of work; Localized illness typically caused by acute or temporary exposure to agents.	Outage resulting in at least 2 million total customer hours of interruption.	Impact between \$300 million and \$3 billion in costs; consider costs to customers, shareholders, and third parties.	Resulting in acute longterm damage greater than 10 years; Severe damage to surrounding environment.	NonCompliance Impact: Regulator issued cease and desist orders; Regulators force the shut down of critical assets, and demand changes to operations/administration
Extensive	Serious Injuries or Illness; Permanent Disability: Serious injuries or illness to many employees, public members or contractors resulting in hospitalization, disability or loss of work.	Outage resulting in at least 200,000 total customer hours of interruption.	Impact between \$30 million and \$300 million in costs; consider costs to customers, shareholders, and third parties.	Resulting in significant mediumterm damage greater than 2 years;	NonCompliance Impact: Regulatory investigations and enforcement actions, lasting longer than a year; Violations that result in multiple large nonfinancial sanctions; Regulators force the removal and replacement of management positions.
Major	Serious Injuries or Illness; Permanent Disability: Serious injuries or illness to few employees, public members or contractors resulting in hospitalization, disability or loss of work; Several employees, member of the public or contractors sent requiring treatment beyond first aid.	Outage resulting in at least 20,000 total customer hours of interruption.	Impact between \$3 million and \$30 million in costs; consider costs to customers, shareholders, and third parties.	Resulting in moderate mediumterm damage greater than few months; Reversible damage to surrounding environment.	NonCompliance Impact: Significant new and updated regulations are enacted as a result of an event; Violations that result in adopting modest changes to operations/administration; Increased oversight from regulators.
Moderate	Minor Injuries or Illness: Minor injuries or illness to several employees, public members or contractors; Few employees, member of the public or contractors requiring treatment beyond first aid.	Outage resulting in at least 2,000 total customer hours of interruption.	Impact between \$300k and \$3 million in costs; consider costs from customers, shareholders, and third parties.	Resulting in moderate shortterm damage of few months; Reversible damage to surrounding environment with no secondary consequences.	NonCompliance Impact: Violations that result in minor changes to operations/administration; No additional oversight from regulators.
Minor	Minor Injuries or Illness: Minor injuries or illness to few employees, public members or contractors requiring first aid.	Outage resulting in at least 200 total customer hours of interruption.	Impact between \$30k and \$300k in costs; consider costs to customers, shareholders, and third parties.	Immediately correctable damage to surrounding environment.	NonCompliance impact: Selfreported or regulator identified violations.
Negligible	No injury or illness.	Outage resulting in less than 200 total customer hours of interruption.	Impact of less than \$30k in costs; consider costs to customers, shareholders, and third parties.	Resulting in negligible to no damage; Very small damage scale, if not negligible.	NonCompliance Impact: No compliance impact up to an administrative impact.

Reliability Risk Heat Map

Reliability Criticality Impact Scale

1 - Negligible 2 - Minor 3 - Moderate 4 - Major 5 - Extensive 6 - Severe 7 - Catastrophic

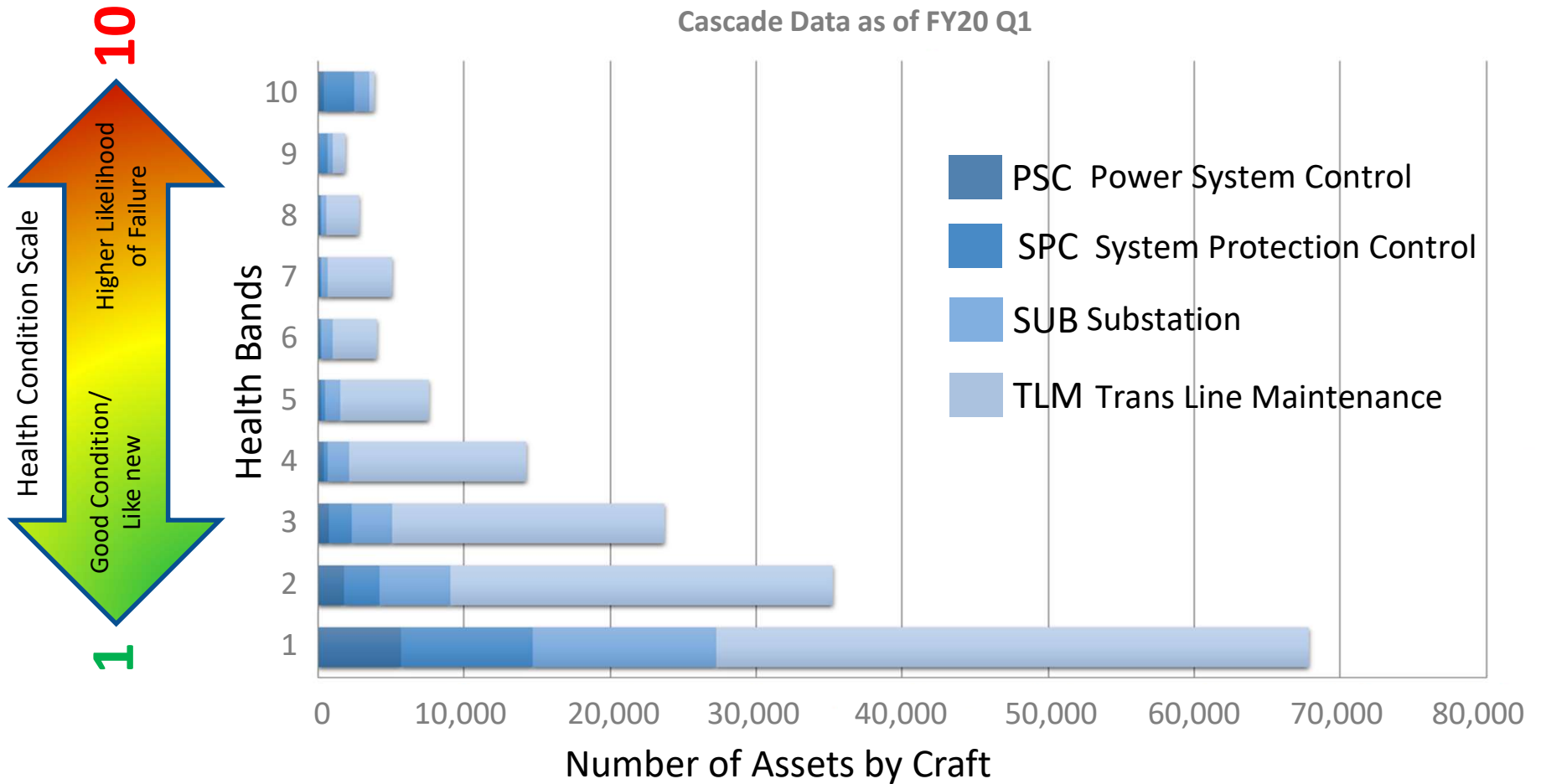
Load Loss 1-10 MW	Load Loss 10-75 MW	Load Loss 75-300 MW	Load Loss 300-500 MW	Load Loss 500-1000 MW	Load Loss > 1000 (PDX or SEA single load center loss, or Interconnection or Spokane + Tri-Cities + Olympic Penn)	Uncontrolled breakup of WECC NW Blackout
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Asset Management Health Metric

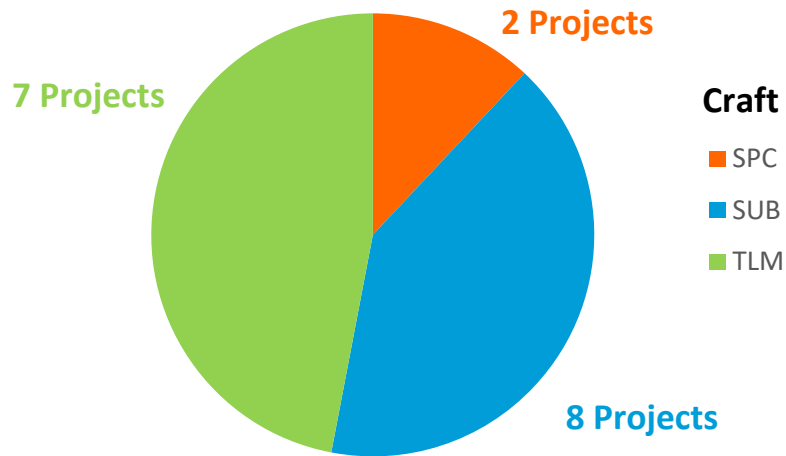
Asset Condition by Health

Cascade Data as of FY20 Q1



Asset Management Risk Metrics

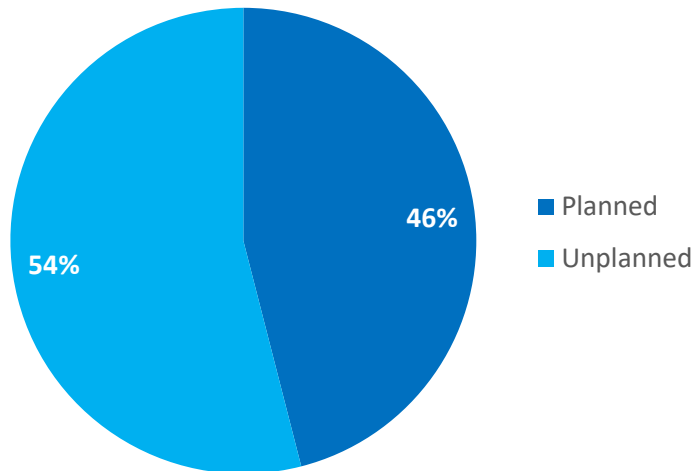
FY21 Sustain Planned Projects



PROGRAM RELIABILITY RISK TOLERANCE DISTRIBUTION FY 21

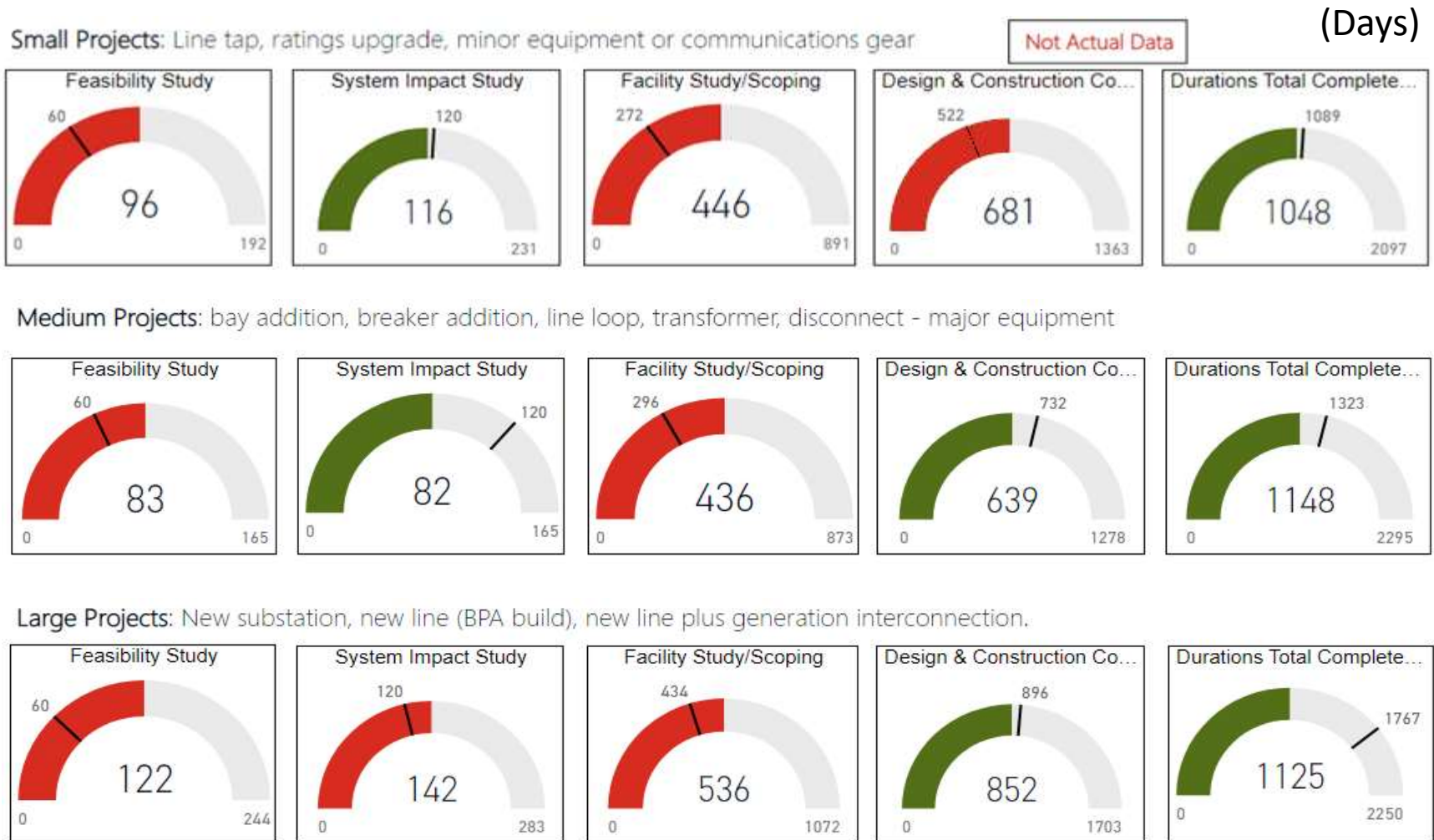
This is the distribution of risk by craft from asset map that is above risk tolerance threshold.

Total Reliability Risk



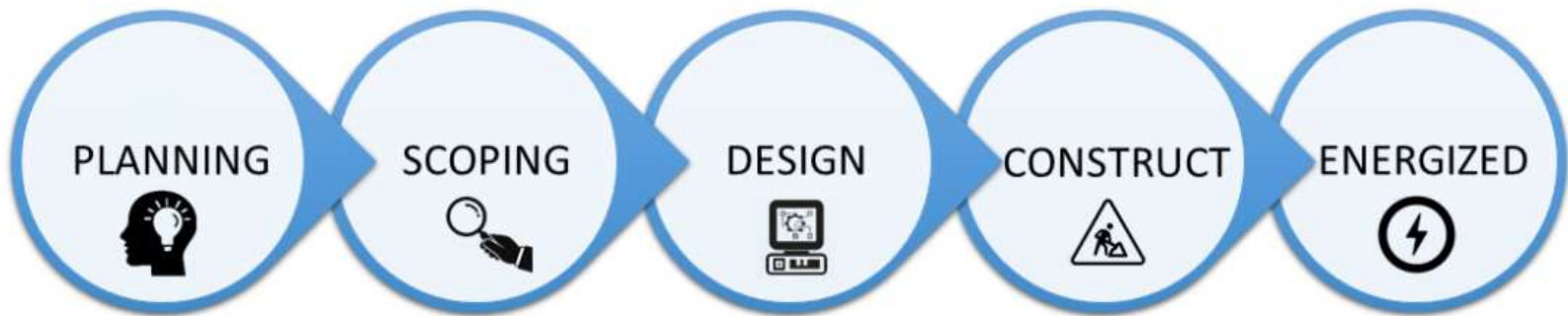
Planned portfolio work will reduce Transmission **RELIABILITY** risk by 46%.

Customer Duration Metric



Optimal performance is below the lines, which denote the target ceiling levels. 25

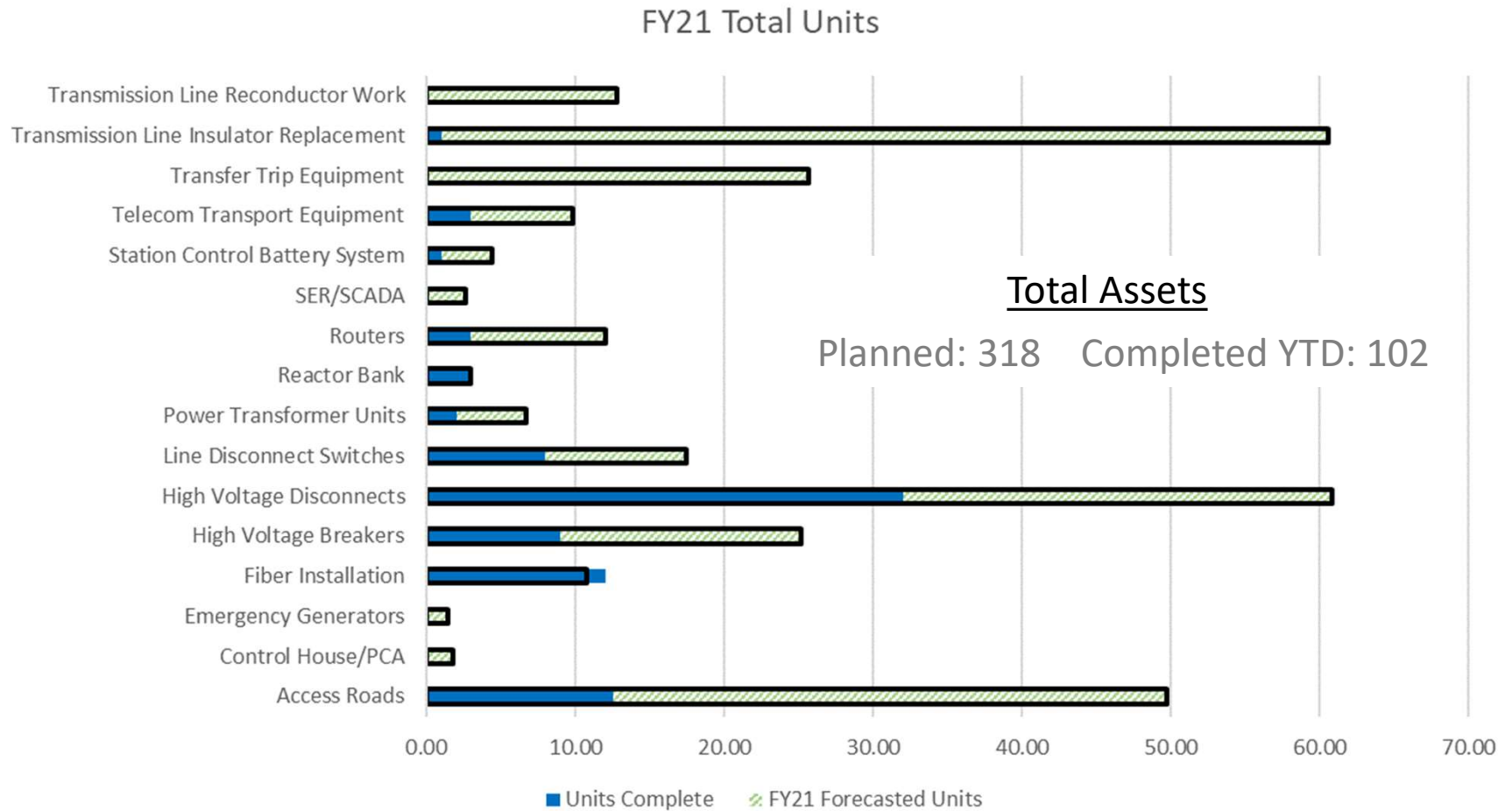
Primary vs Secondary Capacity Throughput



PRIMARY CAPACITY MODEL	301	106	143	159	46
Delayed Projects		0	8	1	

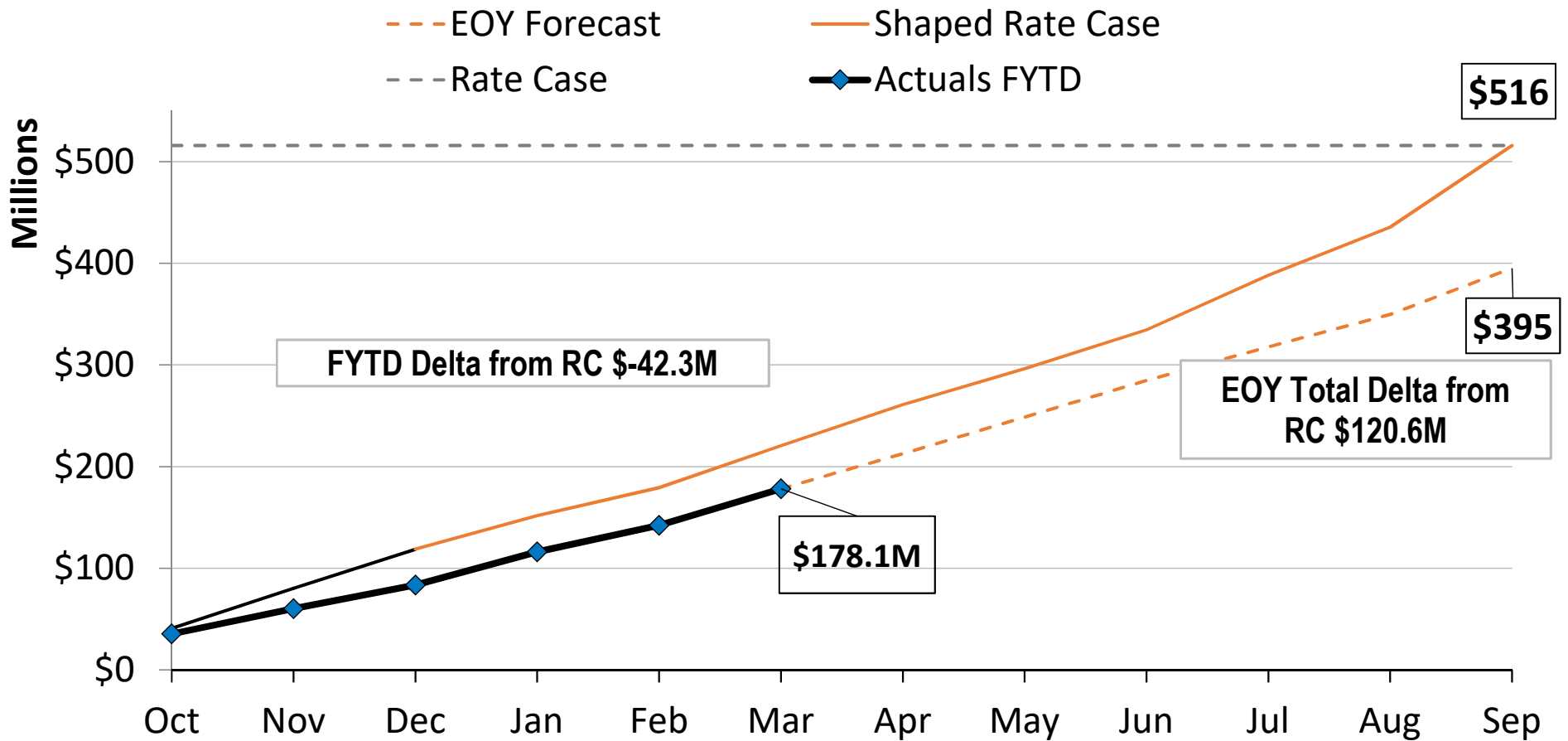
SECONDARY CAPACITY MODEL	-	9	0	0	0
Delayed Projects		0	0	0	

Capital Assets Planned vs Completed



Capital Spend

FY21 Capital Spend: Actuals Variance from Rate Case



Strategic Cost Management Initiative

Marchelle Watson and Michelle Manary

Strategic Cost Management

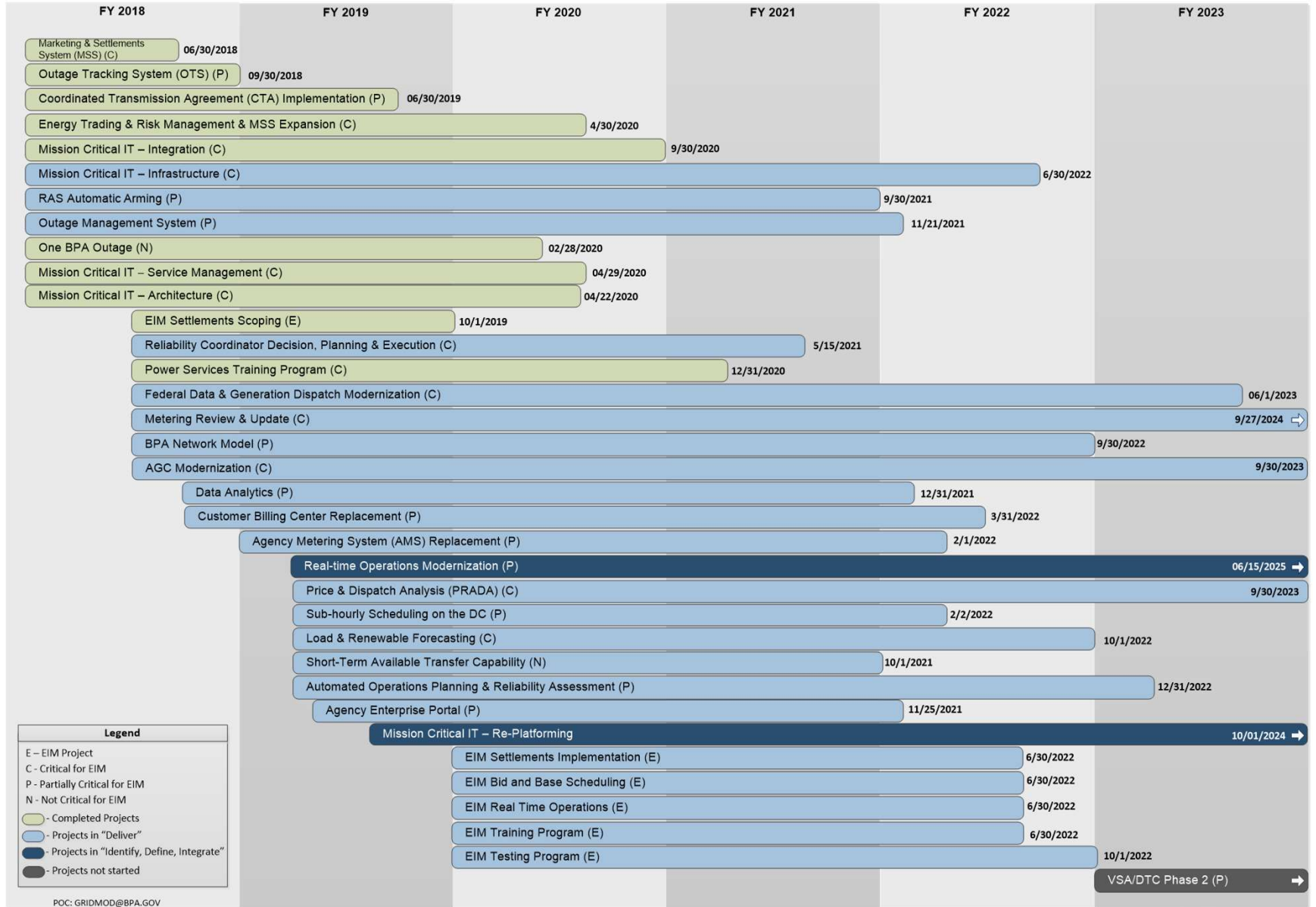
- ✓ Performed a macro analysis of historical cost trends over a 5 year period
- ✓ Improved transparency around how costs functionalize to Power and Transmission revenue requirements
- ✓ Identified potential reductions and discussed associated risks
- ✓ Identified possible additional levers for executive action if needed
- Developing guidance for the preparation of detailed FY22 budgets
 - Identification of additional savings will be required during this process
- Transitioning efforts to the long-term (3-5 year) cost management focus

Grid Modernization Update

Allie Mace

Grid Modernization Roadmap

FY21 Q3
As of 05/03/2021 – Subject to Change



POC: GRIDMOD@BPA.GOV

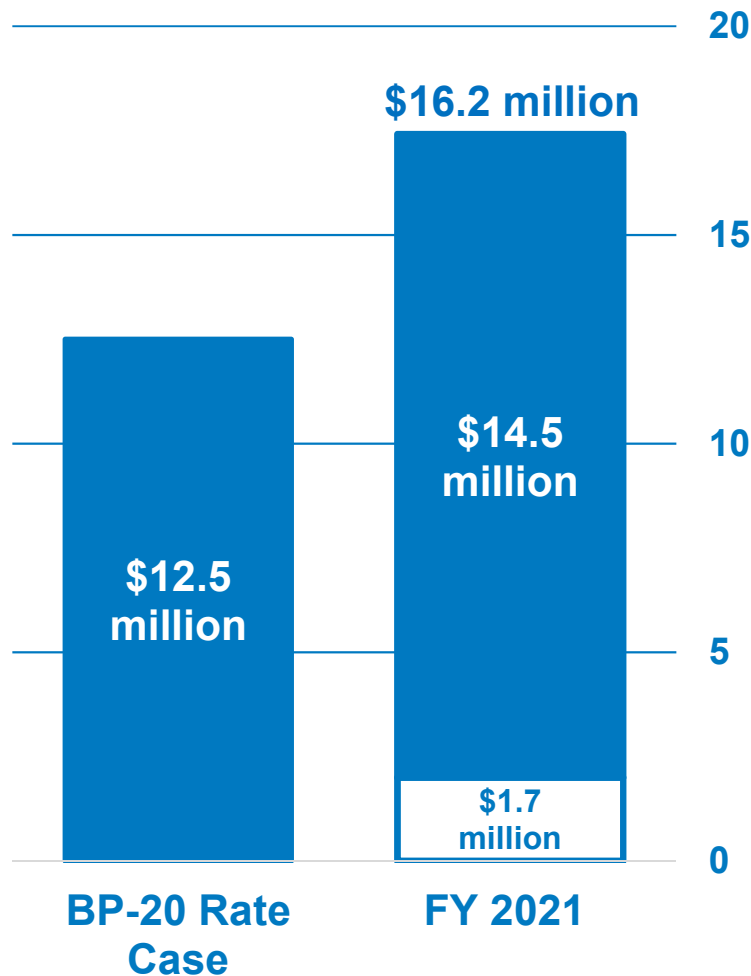
Grid Modernization Progress Metric



96%

- 96% of milestones for projects in deliver or complete were on-track or completed.
- A milestone identifies the completion of significant events and/or key decisions associated with the grid modernization project. Examples include (but are not limited to) a formal project kickoff, RFO release dates, “go-live” dates for new software, targets for completing training for new processes, and project conclusion.
- **Status: Green**

Total Grid Mod FY 2021 Spending



- Through Q2, grid modernization spent \$7.7 million.
- BPA is anticipating a total spend of \$16.2 million, \$3.7 million over the BP-20 Rate Case budget.
 - \$1.7 million will be covered by carryover from FY 2020.

GM Finance Metric






50%

- As of Q2, grid modernization projects in Complete or Deliver spent \$5.3 million out of an expected \$10.5 million, or 50% of the grid modernization budget.
- **Status: Green**

GM Project Update

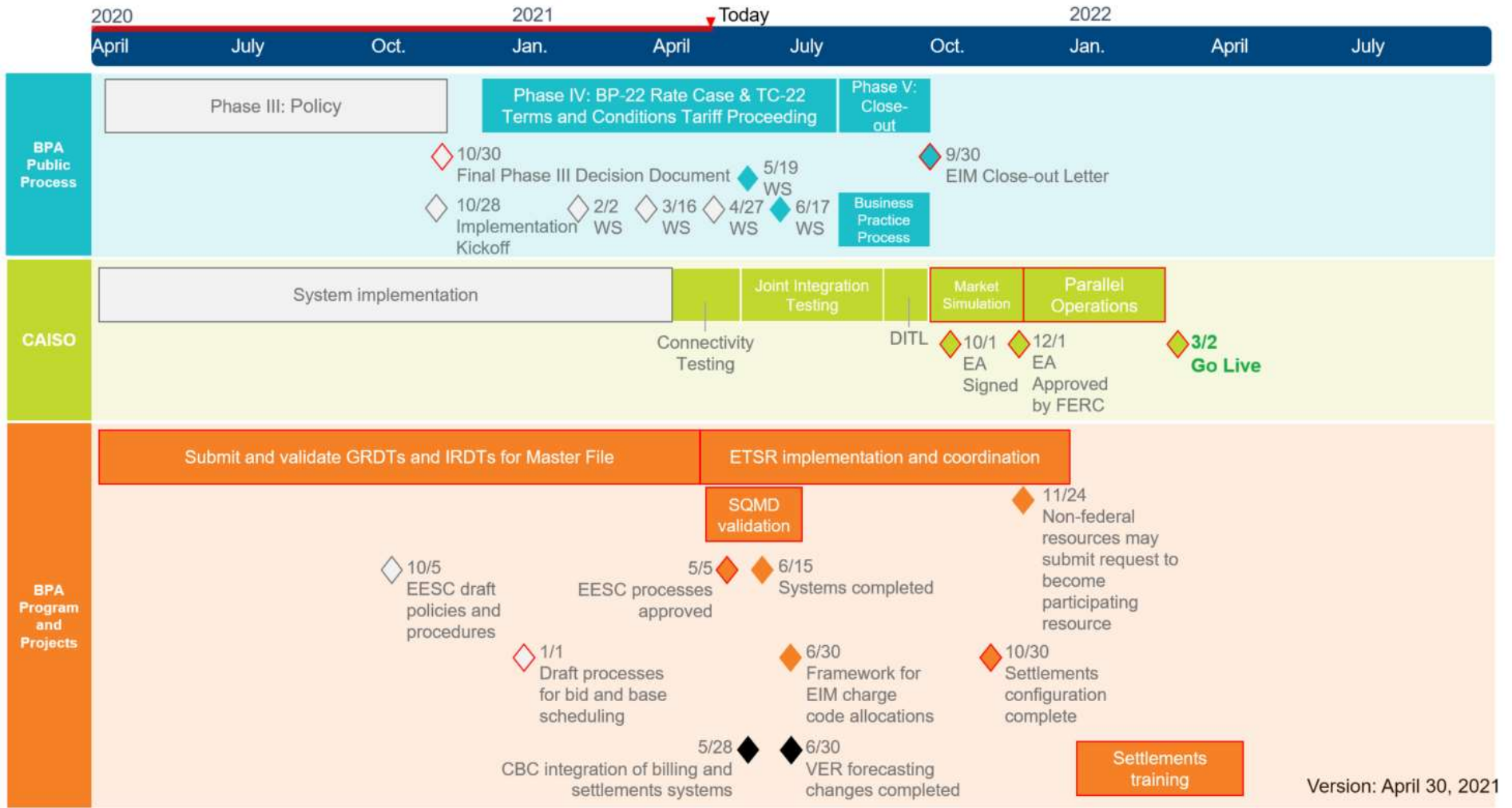
- Price and Dispatch Analysis
 - Creates a systematic, data-driven and consistent application of economic signals for commercial and operational decisions.
 - Will improve the quality of planning model output and enable faster, more-informed decision making for existing and emerging marketing opportunities.
- Short-Term Available Transfer Capability
 - Automates data inputs and outputs, uses better commercial modeling assumptions informed by risk tolerance, creates clear accountability for inventory management, and generates and uses robust internal metrics.
 - Will improve the accuracy, frequency and transparency of BPA's ST ATC calculation.

EIM Roadmap Key

	Critical path activity or milestone	These activities have a marginal room for error and delay and have the highest risk of impacting the go-live date.
	Partial EIM project milestones	These milestones represent a cross-project coordination point that is critical to the EIM program.
	Completed activity or milestone	These activities have been completed.

ACCRONYMS IN THE ROADMAP	
CBC	Customer Billing Center Replacement
DITL	Day in The Life (CAISO)
EA	EIM Entity Agreement
EESC	EIM Entity Scheduling Coordinator
ETSR	Energy Transfer System Resource
GRDT	Generator Resource Data Template
IRDT	Intertie Resource Data Template
PR	Participating Resource
SQMD	Settlement Quality Meter Data
VER	Variable Energy Resource
WS	Workshop
Additional resource: CAISO's Glossary	

EIM Implementation Roadmap



Version: April 30, 2021

EIM Resources

- EIM Implementation Workshops:
 - Wednesday May 19 from noon to 4 p.m.
 - Thursday June 17 from 9 a.m. to 1 p.m.
- [EIM Fact Sheet](#)
- [EIM Customer Impact Summary](#)
- [EIM Implementation Roadmap](#)

More Information

On grid modernization:

www.bpa.gov/goto/gridmodernization

On EIM:

www.bpa.gov/goto/eim

Appendix

Slice Reporting Composite Cost Pool Review Final Annual Slice True-Up Adjustment

Q2 True-Up of FY 2021 Slice True-Up Adjustment

	FY 2021 Forecast \$ in thousands
February 16, 2020 First Quarter Technical Workshop	\$3,182*
May 18, 2021 Second Quarter Technical Workshop	\$9,864*
August 17, 2021 Third Quarter Technical Workshop	
November 2021 Final Slice True-Up Technical Workshop	

*Negative = Credit; Positive = Charge

Summary of Differences From Q2 to FY21 (BP-20)

#		A	B
		Composite Cost Pool True-Up Table Reference	Q2 – Rate Case \$ in thousands
1	Total Expenses	Row 95	\$48,058
2	Total Revenue Credits	Rows 113 + 122	\$(9,276)
3	Minimum Required Net Revenue	Row 145	\$(16,371)
4	TOTAL Composite Cost Pool (1 - 2 + 3) \$48,058 - \$(9,276) + \$(16,371) = 40,963	Row 150	\$40,963
5	TOTAL in line 4 divided by <u>0.928688</u> sum of TOCAs \$40,963/ <u>0.928688</u> = \$44,109	Row 152	\$44,109
6	QTR Forecast of FY 21 True-up Adjustment 22.36267 percent of Total in line 5 0.2236267 * \$44,109 = \$9,864	Row 153	\$9,864

FY21 Impacts of Debt Management Actions

					A	B	C	D
<u>FY21 Impacts of Acceleration of Debt</u>								
#	Description	FY21 Q2 QBR	FY21 Rate Case	CCP	<u>Delta from the FY20 rate case</u>			
1	MRNR Section of Composite Cost Pool Table				\$			-
2	Principal Payment of Federal Debt				\$			-
3	2020 Regional Cooperation Debt (RCD)	\$ 305,405,000	\$ 305,405,000		\$			-
4	2020 Debt Service Reassignment (DSR)	\$ 15,885,000	\$ 15,885,000		\$			-
5	Prepay	\$ -	\$ -		\$			-
6	Energy Northwest's Line Of Credit (LOC)	\$ -	\$ -		\$			-
7	Rate Case Scheduled Base Power Principal	\$ 196,774,668	\$ 196,774,668		\$			-
8	Total Principal Payment of Fed Debt	\$ 518,064,668	\$ 518,064,668	row 125	\$			-
					\$			-
9	Repayment of Non-Federal Obligations	\$ -	\$ -	row 126	\$			-
					\$			-
10	Customer Proceeds	\$ -	\$ -	row 135	\$			-
11	Non-Cash Expenses*	\$ 50,785,000	\$ -	row 134	\$			(50,785,000)
12	Nonfederal Bond Principal Payment	\$ 22,871,000	\$ 22,871,000	row 127	\$			-

*Non-cash expense is the sum of funds freed up by the issuance of EN bonds to pay interest expense (\$69.1m) and to pay interest on DSR bonds (\$1.6m) minus the amortization of the WNP 1&4 decommissioning trust fund (\$20m).

Composite Cost Pool Interest Credit

Allocation of Interest Earned on the Bonneville Fund (\$ in thousands)

	<u>Q2 2021</u>
1 Fiscal Year Reserves Balance	570,255
2 Adjustments for pre-2002 Items	<u>16,341</u>
3 Reserves for Composite Cost Pool (Line 1 + Line 2)	586,596
4 Composite Interest Rate	0.07%
5 Composite Interest Credit	(391)
6 Prepay Offset Credit	0
7 Total Interest Credit for Power Services	(308)
8 Non-Slice Interest Credit (Line 7 – (Line 5 + Line 6))	83

Net Interest Expense in Slice True-Up Final

	FY21 Rate Case	Q2
	<u>(\$ in thousands)</u>	<u>(\$ in thousands)</u>
• Federal Appropriation	45,909	43,738
• Capitalization Adjustment	(45,937)	(45,937)
• Borrowings from US Treasury	68,940	46,366
• Prepay Interest Expense	8,863	8,863
• Interest Expense	77,775	53,030
• AFUDC	(16,493)	(14,022)
• Interest Income (composite)	(5,485)	(431)
• Prepay Offset Credit	(0)	(0)
• Total Net Interest Expense	55,797	38,577

Schedule for Slice True-Up Adjustment for Composite Cost Pool True-Up Table and Cost Verification Process

Dates	Agenda
February 16, 2021	First Quarter Technical Workshop
May 18, 2021	Second Quarter Technical Workshop
August 17, 2021	Third Quarter Technical Workshop
October 2021	BPA External CPA firm conducting audit for fiscal year end
Mid-October 2021	Recording the Fiscal Year End Slice True-Up Adjustment Accrual
End of October	Final audited actual financial data is expected to be available
November 15, 2021	Mail notification to Slice Customers of the Slice True-Up Adjustment for the Composite Cost Pool
November 18, 2021	BPA to post Composite Cost Pool True-Up Table containing actual values and the Slice True-Up Adjustment
November 2021	Fourth Quarter Business Review and Technical Workshop Meeting Provide Slice True-Up Adjustment for the Composite Cost Pool (this is the number posted in the financial system; the final actual number may be different)
December 10, 2021	Deadline for customers to submit questions about actual line items in the Composite Cost Pool True-Up Table with the Slice True-Up Adjustment for inclusion in the Agreed Upon Procedures (AUPs) Performed by BPA external CPA firm (customers have 15 business days following the BPA posting of Composite Cost Pool Table containing actual values and the Slice True-Up Adjustment)
December 27, 2021	BPA posts a response to customer questions (Attachment A does not specify an exact date)
January 11, 2022	Customer comments are due on the list of tasks (The deadline can not exceed 10 days from BPA posting)
February 3, 2022	BPA finalizes list of questions about actual lines items in the Composite Cost Pool True-Up Table for the AUPs

COMPOSITE COST POOL TRUE-UP TABLE				
		Q2	Rate Case forecast	Q2- Rate Case
		(\$000)	for FY 2021	Difference
			(\$000)	
1	Operating Expenses			
2	Power System Generation Resources			
3	Operating Generation			
4	COLUMBIA GENERATING STATION (WNP-2)	\$ 318,748	\$ 319,506	\$ (758)
5	BUREAU OF RECLAMATION	\$ 159,879	\$ 151,623	\$ 8,256
6	CORPS OF ENGINEERS	\$ 259,000	\$ 252,557	\$ 6,443
7	LONG-TERM CONTRACT GENERATING PROJECTS	\$ 13,409	\$ 13,250	\$ 159
8	Sub-Total	\$ 751,035	\$ 736,936	\$ 14,100
9	Operating Generation Settlement Payment and Other Payments			
10	COLVILLE GENERATION SETTLEMENT	\$ 19,434	\$ 22,997	\$ (3,563)
11	SPOKANE LEGISLATION PAYMENT	\$ -	\$ -	\$ -
12	Sub-Total	\$ 19,434	\$ 22,997	\$ (3,563)
13	Non-Operating Generation			
14	TROJAN DECOMMISSIONING	\$ 889	\$ 1,200	\$ (512)
15	WNP-1&3 DECOMMISSIONING	\$ 905	\$ 331	\$ 574
16	Sub-Total	\$ 1,593	\$ 1,531	\$ 62
17	Gross Contracted Power Purchases			
18	PNCA HEADWATER BENEFITS	\$ 2,693	\$ 3,100	\$ (407)
19	OTHER POWER PURCHASES (omit, except Designated Obligations or Purchases)	\$ 26,116	\$ -	\$ 26,116
20	Sub-Total	\$ 28,809	\$ 3,100	\$ 25,709
21	Bookout Adjustment to Power Purchases (omit)			
22	Augmentation Power Purchases (omit - calculated below)			
23	AUGMENTATION POWER PURCHASES	\$ -	\$ -	\$ -
24	Sub-Total	\$ -	\$ -	\$ -
25	Exchanges and Settlements			
26	RESIDENTIAL EXCHANGE PROGRAM (REP)	\$ 249,767	\$ 249,767	\$ (0)
27	OTHER SETTLEMENTS	\$ -	\$ -	\$ -
28	Sub-Total	\$ 249,767	\$ 249,767	\$ (0)
29	Renewable Generation			
30	RENEWABLES (excludes Kill)	\$ 25,472	\$ 24,711	\$ 761
31	Sub-Total	\$ 25,472	\$ 24,711	\$ 761
32	Generation Conservation			
33	CONSERVATION ACQUISITION	\$ 71,900	\$ 67,000	\$ 4,900
34	CONSERVATION INFRASTRUCTURE	\$ 26,917	\$ 27,296	\$ (379)
35	LOW INCOME WEATHERIZATION & TRIBAL	\$ 4,883	\$ 5,853	\$ (971)
36	ENERGY EFFICIENCY DEVELOPMENT	\$ 3,836	\$ 8,000	\$ (4,164)
37	DISTRIBUTED ENERGY RESOURCES	\$ 215	\$ 855	\$ (640)
38	LEGACY	\$ 819	\$ 590	\$ 29
39	MARKET TRANSFORMATION	\$ 11,775	\$ 12,050	\$ (275)
40	Sub-Total	\$ 120,144	\$ 121,644	\$ (1,500)
41	Power System Generation Sub-Total	\$ 1,196,255	\$ 1,160,685	\$ 35,570
42				

COMPOSITE COST POOL TRUE-UP TABLE

		Q2 (\$000)	Rate Case forecast for FY 2021 (\$000)	Q2- Rate Case Difference
43	Power Non-Generation Operations			
44	Power Services System Operations			
45	EFFICIENCIES PROGRAM	\$ -	\$ -	\$ -
46	INFORMATION TECHNOLOGY	\$ -	\$ 6,775	\$ (6,775)
47	GENERATION PROJECT COORDINATION	\$ 3,223	\$ 6,205	\$ (2,982)
48	ASSET MGMT ENTERPRISE SVCS	\$ 202	\$ -	\$ 202
49	SLICE IMPLEMENTATION	\$ 916	\$ 575	\$ 341
50	Sub-Total	\$ 4,340	\$ 13,555	\$ (9,215)
51	Power Services Scheduling			
52	OPERATIONS SCHEDULING	\$ 9,267	\$ 9,148	\$ 119
53	OPERATIONS PLANNING	\$ 7,994	\$ 5,839	\$ 2,154
54	Sub-Total	\$ 17,261	\$ 14,987	\$ 2,273
55	Power Services Marketing and Business Support			
56	COMMERCIAL ENTERPRISE SVCS	\$ 6,045	\$ -	\$ 6,045
57	OPERATIONS ENTERPRISE SVCS	\$ 4,655	\$ -	\$ 4,655
58	POWER R&D	\$ 2,527	\$ 2,666	\$ (139)
59	SALES & SUPPORT	\$ 12,200	\$ 23,954	\$ (11,754)
60	STRATEGY, FINANCE & RISK MGMT (REP support costs included here)	\$ 22,865	\$ 17,092	\$ 5,773
61	EXECUTIVE AND ADMINISTRATIVE SERVICES (REP support costs included here)	\$ 2,668	\$ 3,968	\$ (1,300)
62	CONSERVATION SUPPORT	\$ 8,770	\$ 8,699	\$ 71
63	Sub-Total	\$ 59,731	\$ 56,380	\$ 3,351
64	Power Non-Generation Operations Sub-Total	\$ 81,332	\$ 84,922	\$ (3,591)
65	Power Services Transmission Acquisition and Ancillary Services			
66	TRANSMISSION and ANCILLARY Services - System Obligations	\$ 32,028	\$ 32,028	\$ -
67	3RD PARTY GTA WHEELING	\$ 77,000	\$ 96,200	\$ (19,200)
68	POWER 3RD PARTY TRANS & ANCILLARY SVCS (Composite Cost)	\$ 2,384	\$ 2,384	\$ -
69	TRANS ACQ GENERATION INTEGRATION	\$ 13,671	\$ 13,671	\$ -
70	TELEMETERING/EQUIP REPLACEMT	\$ -	\$ -	\$ -
71	Power Services Trans Acquisition and Ancillary Serv Sub-Total	\$ 125,083	\$ 144,283	\$ (19,200)
72	Fish and Wildlife/USF&W/Planning Council/Environmental Req			
73	Fish & Wildlife	\$ 250,031	\$ 250,031	\$ 0
74	USF&W Lower Snake Hatcheries	\$ 30,979	\$ 30,483	\$ 496
75	Planning Council	\$ 11,744	\$ 11,956	\$ (212)
76	Environmental Requirements	\$ -	\$ -	\$ -
77	Fish and Wildlife/USF&W/Planning Council Sub-Total	\$ 292,754	\$ 292,470	\$ 284
78	BPA Internal Support			
79	Additional Post-Retirement Contribution	\$ 17,870	\$ 20,831	\$ (2,961)
80	Agency Services G&A (excludes direct project support)	\$ 65,714	\$ 57,644	\$ 8,070
81	BPA Internal Support Sub-Total	\$ 83,584	\$ 78,475	\$ 5,109
82	Bad Debt Expense	\$ -	\$ -	\$ -
83	Other Income, Expenses, Adjustments	\$ -	\$ (20,000)	\$ 20,000
84	Depreciation	\$ 144,000	\$ 141,050	\$ 2,950
85	Amortization	\$ 312,400	\$ 349,151	\$ (36,751)
86	Accretion (CGS)	\$ 34,600	\$ 35,213	\$ (613)
87	Total Operating Expenses	\$ 2,270,008	\$ 2,266,251	\$ 3,758
88				

COMPOSITE COST POOL TRUE-UP TABLE

	Q2 (\$000)	Rate Case forecast for FY 2021 (\$000)	Q2- Rate Case Difference
89 Other Expenses and (Income)			
90 Net Interest Expense	\$ 245,594	\$ 202,407	\$ 43,187
91 LDD	\$ 40,240	\$ 39,107	\$ 1,133
92 Irrigation Rate Discount Costs	\$ 20,885	\$ 20,905	\$ (20)
93 Other Expense and (Income)	\$ -	\$ -	\$ -
94 Sub-Total	\$ 306,719	\$ 262,418	\$ 44,301
95 Total Expenses	\$ 2,576,728	\$ 2,528,669	\$ 48,058
96			
97 Revenue Credits			
98 Generation Inputs for Ancillary, Control Area, and Other Services Revenues	\$ 120,648	\$ 121,742	\$ (1,094)
99 Downstream Benefits and Pumping Power revenues	\$ 20,042	\$ 19,364	\$ 678
100 4(h)(10)(c) credit	\$ 83,195	\$ 86,852	\$ (3,657)
101 Colville and Spokane Settlements	\$ 4,600	\$ 4,600	\$ 0
102 Energy Efficiency Revenues	\$ 3,836	\$ 8,000	\$ (4,164)
103 PF Load Forecast Deviation Liquidated Damages	\$ 9,315	\$ 9,489	\$ (175)
104 Miscellaneous revenues	\$ 11,838	\$ 12,397	\$ (559)
105 Renewable Energy Certificates	\$ -	\$ -	\$ -
106 Net Revenues from other Designated BPA System Obligations (Upper Baker)	\$ 347	\$ 347	\$ (0)
107 RSS Revenues	\$ 2,813	\$ 2,813	\$ -
108 Firm Surplus and Secondary Adjustment (from Unused RHWM)	\$ 61,756	\$ 61,756	\$ -
109 Balancing Augmentation Adjustment	\$ 4,273	\$ 4,273	\$ -
110 Transmission Loss Adjustment	\$ 30,308	\$ 30,308	\$ -
111 Tier 2 Rate Adjustment	\$ 615	\$ 615	\$ -
112 NR Revenues	\$ 1	\$ 1	\$ -
113 Total Revenue Credits	\$ 353,585	\$ 362,557	\$ (8,972)
114			
115 Augmentation Costs (not subject to True-Up)			
116 Tier 1 Augmentation Resources (includes Augmentation RSS and Augmentation RSC add)	\$ 12,477	\$ 12,477	\$ -
117 Augmentation Purchases	\$ -	\$ -	\$ -
118 Total Augmentation Costs	\$ 12,477	\$ 12,477	\$ -
119			
120 DSI Revenue Credit			
121 Revenues 12 aMW @ IP rate	\$ 3,987	\$ 4,291	\$ (303)
122 Total DSI revenues	\$ 3,987	\$ 4,291	\$ (303)
123			
124 Minimum Required Net Revenue Calculation			
125 Principal Payment of Fed Debt for Power	\$ 518,065	\$ 518,065	\$ -
126 Repayment of Non-Federal Obligations (EN Line of Credit)	\$ -	\$ -	\$ -
127 Repayment of Non-Federal Obligations (CGS, WNP1, WNP3, N. Wasco, Cowlitz Falls)	\$ 22,871	\$ 22,871	\$ -
128 Irrigation assistance	\$ 14,747	\$ 14,747	\$ -
129 Sub-Total	\$ 555,683	\$ 555,683	\$ -

COMPOSITE COST POOL TRUE-UP TABLE				
		Q2 (\$000)	Rate Case forecast for FY 2021 (\$000)	Q2- Rate Case Difference
130	Depreciation	\$ 144,000	\$ 141,050	\$ 2,950
131	Amortization	\$ 312,400	\$ 349,151	\$ (36,751)
132	Accretion	\$ 34,600	\$ 35,213	\$ (613)
133	Capitalization Adjustment	\$ (45,937)	\$ (45,937)	\$ -
134	Non-Cash Expenses*	\$ 50,785	\$ -	\$ 50,785
135	Customer Proceeds	\$ -	\$ -	\$ -
136	Cash freed up by DSR refinancing	\$ 15,885	\$ 15,885	\$ -
137	Prepay Revenue Credits	\$ (30,600)	\$ (30,600)	\$ -
138	Bond Call Premium/Discount	\$ -	\$ -	\$ -
139	Non-Federal Interest (Prepay)	\$ 8,863	\$ 8,863	\$ -
140	Contribution to decommissioning trust fund	\$ (4,300)	\$ (4,300)	\$ -
141	Gains/losses on decommissioning trust fund	\$ (5,220)	\$ (5,220)	\$ -
142	Interest earned on decommissioning trust fund	\$ (9,112)	\$ (9,112)	\$ -
143	Sub-Total	\$ 471,364	\$ 454,993	\$ 16,371
144	Principal Payment of Fed Debt plus Irrigation assistance exceeds non cash expenses	\$ 84,319	\$ 100,690	\$ (16,371)
145	Minimum Required Net Revenues	\$ 84,319	\$ 100,690	\$ (16,371)
146				
147	Annual Composite Cost Pool (Amounts for each FY)	\$ 2,315,952	\$ 2,274,989	\$ 40,963
148				
149	SLICE TRUE-UP ADJUSTMENT CALCULATION FOR COMPOSITE COST POOL			
150	TRUE-UP AMOUNT (Diff. between Rate Case and Forecast)	40,963		
151	Sum of TOCAs	0.9286880		
152	Adjustment of True-Up Amount when actual TOCAs < 100 percent	44,109		
153	TRUE-UP ADJUSTMENT CHARGE BILLED (22.36267 percent)	9,864		

*Non-cash expense is the sum of funds freed up by the issuance of EN bonds to pay interest expense (\$69.1m) and to pay interest on DSR bonds (\$1.6m) minus the amortization of the WNP 1&4 decommissioning trust fund (\$20m).

WNP 1 & 4 Decommissioning Trust

- BP-20 rate case assumption
 - WNP 1 & 4 decommissioning work would be complete in FY 2021 and remaining funds would be disbursed to BPA
 - Estimated \$20 million would be left, treated as a source of funds to offset costs. This amortized a regulatory liability.
 - Appeared in the “Other Income & Expense” line of the income statement
- Actuals
 - Decommissioning work will last beyond FY 2021. The Fund will not be dissolved this year.
 - Regulatory liability is still being amortized as a credit, embedded in “Other Income, Net” on income statement
 - This credit is non-cash since the funds will not be returned to BPA in FY 2021.
- Implications
 - BPA will not have the \$20 million it initially expected to cover a portion of its Power expenses.
 - Non-Slice customers will see the reserves balance decline.
 - Slice customers will see the credit reversed through the MRNR section of the true-up. The “Non-Cash Expenses” line includes a \$20 million reduction recognizing that the income statement includes a non-cash credit.

Appendix

Reserves Materials

Q2 Reserves Forecast – FY21 EOY

(in \$ Thousands)		A	B	C	D	E
		FY2021		FY2021		Q2 - Rate Case
POWER		Rate Case	Days Cash	Q2	Days Cash	
1	PS RESERVES for RISK	279,720	55	448,945	91	169,224
2	PS RESERVES not for RISK	126,832		95,700		(31,132)
3	PS TOTAL RESERVES	406,552		544,645		138,092
TRANSMISSION						
4	TS RESERVES for RISK	95,693	52	167,981	96	72,288
5	TS RESERVES not for RISK	113,241		60,300		(52,941)
6	TS TOTAL RESERVES	208,934		228,281		19,347
AGENCY						
7	RESERVES for RISK	375,414	54	616,926	93	241,512
8	RESERVES not for RISK	240,073		156,000		(84,073)
9	AGENCY TOTAL RESERVES	615,487		772,926		159,104

Financial Disclosures

This information has been made publicly available by BPA on May 14, 2021 and contains information not sourced directly from BPA financial statements.