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

Q3 Quarterly Business Review Technical Workshop

August 17, 2021

1:00 p.m. – 3:00 p.m.

WebEx:

Bridge: (415) 527-5035

Access Code: 199 923 7583

SUSTAINABLE FINANCES & RATES

Agenda

Time	Min	Agenda Topic	Presenter
1:00	5	Introduction and safety moment	Chris Dunning
1:05	15	Cloud Computing Arrangements	Manny Holowatz, Kevin Bernards
1:20	60	FY21 Q3 Forecast Including Income Statement, Capital, and Reserves	Mario Molina, Karlee Manary, Gwen Resendes, Kyle Hardy, Nadine Coseo, Damen Bleiler, Zach Mandell, Richard Shaheen, Jeff Cook, Mike Miller
2:20	15	Power Market Landscape	Steve Gaube
2:35	10	Strategic Cost Management Initiative	Chris Dunning
2:45	15	Grid Modernization Update	Allie Mace

Cloud Computing Arrangements

Manny Holowatz, Kevin Bernards

Cloud Computing Arrangements

Background: FASB issued ASU 2018-15 to align the treatment of implementation costs for *internal use software* and *cloud computing arrangements that are considered a service contract.*

What this means: Implementation Costs (coding, configuring, customization, integration with other software) during the Application Development stage are now capitalized.

Impacts: Costs will be capitalized to 'Deferred charges and other' on the Balance Sheet. The costs will then be amortized to O&M Expense over the term of the contract.

CCA: Budget Impacts

Forecasted Capital Spending by Fiscal Year

	Spending		
Project	FY21	FY22	Total
Agency Enterprise Portal	2,880,675	-	2,880,675
EIM Bid & Base Scheduling	2,850,718	3,446,244	6,296,962
Price & Dispatch Analysis - Epic 2	59,235	516,139	575,374
	5,790,628	3,962,383	9,753,011

Projected Expense by Fiscal Year

Project	Convert to Capital	Agreement Terms	FY21 Amort	FY22 Amort	FY23 Amort	FY24 Amort	FY25 Amort	FY26 Amort	FY27 Amort
AEP	2,880,675	3	80,019	960,225	960,225	880,206	-	-	-
EIM B&BS	6,296,962	5	-	629,696	1,259,392	1,259,392	1,259,392	1,259,392	629,696
PRADA - Epic 2	575,374	5	-	57,537	115,075	115,075	115,075	115,075	57,537
Total	9,753,011		80,019	1,647,459	2,334,692	2,254,673	1,374,467	1,374,467	687,233

CCA: Takeaways

- CCA spending will be tracked on the capital spending reports and the amortization expense will be a non-IPR O&M expense.
- Currently AEP, EIM B&BS, and PRADA Epic 2 Grid Modernization projects are impacted by the new guidance.
- Cloud Computing Arrangements offer many benefits and may be utilized more in the future as the agency pursues further Grid Modernization efforts.
- This shift will impact the Grid Modernization spend for FY21

CCA: Balance Sheet

	Report ID: 1017FY21	FCRPS Combining Balance Sheets		
	Requesting BL: Corporate Business Unit	As of February 28, 2021		
	Unit of Measure: $ Thousands	Preliminary / Unaudited / For Internal Use Only		
		FY2021 BPA	FY2021 Federal Hydro	
		Balance at February 28, 2021	Period: February 2021 *	Balance at February 28, 2021
	Assets			
	Utility plant and nonfederal generation			
1	Completed plant	$ 10,810,996	$ -	$ 9,837,104
2	Accumulated depreciation	(3,857,525)	(11,076)	(3,794,390)
3	Net completed plant	6,953,471	(11,076)	6,042,714
4	Construction work in progress	604,664	17,952	596,335
5	Net utility plant	7,558,135	6,876	6,639,048
6	Nonfederal generation	3,597,430	-	-
7	**Net utility plant and nonfederal generation**	**11,155,566**	**6,876**	**6,639,048**
	Current Assets			
8	Cash and cash equivalents	490,031	(5,933)	341,563
9	Short-term investments in U.S. Treasury securities			
10	Accounts receivable, net of allowance	51,791	-	189
11	Accrued unbilled revenues	350,845	-	-
12	Materials and supplies, at average cost	107,936	-	-
13	Prepaid expenses	59,815	-	-
14	**Total current assets**	**1,060,418**	**(5,933)**	**341,752**
	Other Assets			
15	Regulatory assets	4,085,181	(993)	767,013
16	Investments in U.S. Treasury securities			
17	Nonfederal nuclear decommissioning trusts	462,622	-	-
18	Deferred charges and other	246,423	-	-
19	**Total other assets**	**4,794,226**	**(993)**	**767,013**
20	**Total Assets**	**$ 17,010,210**	**$ (50)**	**$ 7,747,812**

Licensed Software

CCA

CCA: Income Statement

Report ID: 0120FY21 | FCRPS Summary Statement of Revenues and Expenses | Data Source: PFMS
Requesting BL: Corporate Business Unit | Program Plan View | Run Date/Run Time: July 28,2021/ 03:06
Unit of measure: $ Thousands | Through the Month Ended June 30, 2021 | % of Year Elapsed = 75%
Unaudited

		A	B	C	D	E
		FY 2020		FY 2021		FY 2021
		Actuals: FYTD	Actuals	Rate Case	Current EOY Forecast	Actuals: FYTD
	Operating Revenues					
1	Gross Sales (excluding bookout adjustment)	2,638,465	3,542,906	3,403,928	3,596,444	2,764,227
2	Bookout adjustment to Sales	(29,212)	(45,313)	-	(37,942)	(37,942)
3	Other Revenues	60,168	85,951	73,909	71,930	55,965
4	U.S. Treasury Credits	83,255	100,108	91,452	101,968	81,594
5	**Total Operating Revenues**	**2,752,676**	**3,683,651**	**3,569,289**	**3,732,400**	**2,863,844**
	Operating Expenses					
	Integrated Program Review Programs					
6	Asset Management	847,976	1,178,540	1,285,360	1,275,516	938,496
7	Operations	142,185	194,192	195,081	197,431	140,994
8	Commercial Activities <Note 2	106,313	150,596	165,026	146,704	91,013
9	Enterprise Services G&A	130,685	175,292	172,359	190,326	138,209
10	Undistributed Reduction	-	-	-	-	-
11	Other Income, Expenses & Adjustments (IPR O&M)	8,439	-	-	238	238
12	**Sub-Total Integrated Program Review Operating Expenses**	**1,235,598**	**1,698,620**	**1,817,826**	**1,810,214**	**1,308,950**
	Operating Expenses					
	Non-Integrated Program Review Programs					
13	Asset Management	21,713	30,754	37,146	39,032	28,599
14	Operations <Note 2	249,922	323,412	352,063	332,901	247,197
15	Commercial Activities <Note 2	102,388	137,044	89,595	177,459	164,807
16	Other Income, Expenses & Adjustments (Non-IPR O&M)	(281)	(596)	-	-	(2,036)
17	Non-Federal Debt Service	-	-	-	-	-
18	Depreciation, Amortization & Accretion	612,615	818,818	873,562	827,900	620,083
19	**Sub-Total Non-Integrated Program Review Operating Expenses**	**986,358**	**1,309,432**	**1,352,366**	**1,377,292**	**1,058,649**
20	**Total Operating Expenses**	**2,221,956**	**3,008,052**	**3,170,192**	**3,187,506**	**2,367,599**
21	**Net Operating Revenues (Expenses)**	**530,719**	**675,600**	**399,097**	**544,894**	**496,245**
	Interest expense and other income, net					
22	Interest Expense	355,170	467,775	437,602	444,904	319,893
23	AFUDC	(22,254)	(27,685)	(31,128)	(28,493)	(21,636)
24	Interest Income	(2,830)	(3,261)	(20,433)	(10,862)	(1,081)
25	Other income, net	(5,408)	(6,977)	(25,220)	(190,309)	(191,471)
26	**Total interest expense and other income, net**	**324,679**	**429,852**	**360,821**	**215,240**	**105,705**
27	**Total Expenses**	**2,546,635**	**3,437,904**	**3,531,013**	**3,402,746**	**2,473,304**
28	**Net Revenues (Expenses)**	**206,041**	**245,747**	**38,276**	**329,654**	**390,540**

CCA: Capital Expenditures Report

Report ID: 0027FY21 Requesting BL: Corporate Business Unit Unit of Measure: $Thousands	BPA Statement of Capital Expenditures Through the Month Ended June 30, 2021 Unaudited	Data Source: PFMS Run Date/Time: July 28,2021 / 03:04 % of Year Elapsed = 75%

		A	B	C	D	E	F
			FY 2021		FY 2021	FY 2021	
		Rate Case	SOY Budget	Current EOY Forecast	Actuals: FYTD	Actuals / SOY Budget	Actuals / Forecast
	Transmission Business Unit						
1	MAIN GRID	$ 24,709	$ 2,565	$ 3,037	$ 3,125	122%	103%
2	AREA & CUSTOMER SERVICE	83,792	88,330	74,575	42,297	48%	57%
3	SYSTEM REPLACEMENTS	294,707	248,564	241,640	160,894	65%	67%
4	UPGRADES & ADDITIONS	52,493	50,439	56,254	58,535	116%	104%
5	ENVIRONMENT CAPITAL	6,955	7,504	7,756	4,080	54%	53%
	PFIA						
6	MISC. PFIA PROJECTS	4,372	4,383	4,121	2,509	57%	61%
7	GENERATOR INTERCONNECTION	61,943	22,462	15,768	6,702	30%	43%
8	SPECTRUM RELOCATION	-	(262)	18	112	-43%	610%
9	CORPORATE CAPITAL INDIRECTS, undistributed				3	0%	0%
10	TBL CAPITAL INDIRECTS, undistributed	()		()	(24)	0%	0%
12	**TOTAL Transmission Business Unit**	515,847	423,985	403,168	278,231	66%	69%
	Power Business Unit						
13	BUREAU OF RECLAMATION <Note 1	144,222	34,337	31,088	21,646	63%	70%
14	CORPS OF ENGINEERS <Note 1	128,271	232,844	180,813	110,811	48%	61%
15	POWER INFORMATION TECHNOLOGY	3,900	3,160	1,388	496	16%	36%
16	FISH & WILDLIFE <Note 2	47,266	47,266	43,500	16,385	35%	38%
17	POWER NON-IT	-	-	905	-	0%	0%
18	**TOTAL Power Business Unit**	323,659	317,607	257,693	149,338	47%	58%
	Corporate Business Unit						
19	CORPORATE PROJECTS	13,200	20,131	26,451	13,977	69%	53%
20	**TOTAL Corporate Business Unit**	13,200	20,131	26,451	13,977	69%	53%
21	**TOTAL BPA Capital Expenditures**	$ 852,706	$ 761,724	$ 687,311	$ 441,546	58%	64%

FY21 Q3 Forecast Including Income Statement, Capital and Reserves

Mario Molina, Karlee Manary, Gwen Resendes, Kyle Hardy, Nadine Coseo, Damen Bleiler, Zach Mandell, Richard Shaheen, Jeff Cook, Mike Miller

Report ID: 0121FY21 | Data Source: PFMS

Requesting BL: POWER BUSINESS UNIT | Run Date/Time: July 27,2021 / 03:08

Unit of measure: $ Thousands | % of Year Elapsed = 75%

		A	B	C
		FY 2021		FY 2021
		Rate Case	Q3 Forecast	Q3 Forecast - Rate Case
	Operating Revenues			
1	Gross Sales (excluding bookout adjustment)	$ 2,448,603	$ 2,646,151	$ 197,548
2	Bookout Adjustment to Sales	-	(37,942)	(37,942)
3	Other Revenues	28,010	31,680	3,669
4	Inter-Business Unit	121,742	119,965	(1,778)
5	U.S. Treasury Credits	91,452	101,968	10,516
6	**Total Operating Revenues**	**2,689,808**	**2,861,821**	**172,013**
	Operating Expenses			
	Integrated Program Review Programs			
7	Asset Management	1,017,180	1,002,141	(15,040)
8	Operations	123,931	130,071	6,140
9	Commercial Activities	107,890	94,942	(12,947)
10	Enterprise Services G&A	78,475	82,256	3,781
11	Other Income, Expenses & Adjustments	-	66	66
12	**Sub-Total Integrated Program Review Operating Expenses**	**1,327,476**	**1,309,477**	**(18,000)**
	Operating Expenses			
	Non-Integrated Program Review Programs			
13	Asset Management	37,146	39,032	1,886
14	Operations	352,063	332,901	(19,161)
15	Commercial Activities	198,217	279,693	81,477
16	Depreciation, Amortization & Accretion	525,414	488,500	(36,914)
17	**Sub-Total Non-Integrated Program Review Operating Expense**	**1,112,839**	**1,140,126**	**27,287**
18	**Total Operating Expenses**	**2,440,316**	**2,449,603**	**9,287**
19	**Net Operating Revenues (Expenses)**	**249,492**	**412,218**	**162,726**
	Interest expense and other income, net			
20	Interest Expense	238,719	288,726	50,007
21	AFUDC	(16,493)	(13,993)	2,500
22	Interest Income	(15,865)	(9,378)	6,487
23	Other income, net	(25,220)	(191,776)	(166,556)
24	**Total interest expense and other income, net**	**181,141**	**73,579**	**(107,562)**
25	**Total Expenses**	**2,621,457**	**2,523,182**	**(98,275)**
26	**Net Revenues (Expenses)**	**$ 68,351**	**$ 338,639**	**$ 270,288**

Power Services QBR Analysis: FY 21 Q3 Forecast

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

Operating Revenues:

Row 1 – Gross Sales: Q3 Trading Floor revenues are $222M higher than rate case due to higher than expected trading floor prices. PF Revenues are $27M less than rate case due to lower Composite Revenues decreased of $40M due to load forecast decreasing and this is partially offset by higher Demand and Load Shaping Revenues. Slice True-up is forecasted to be a charge to customers of $6.7M.

Row 3 – Other Revenues: Other Revenues are higher than rate case due to higher Financial Swap Revenues ($4.22M), higher GTA Delivery Charges ($2M), Reserve Energy ($0.562M) and Downstream Benefits Revenues ($0.470) which is partially offset by lower EE Reimbursable Revenues (-$4.969M) which are equally offset in Non-IPR expenses. Financial Swap Revenues aren't forecasted and recognized only in actuals.

Row 5 – U.S. Treasury Credits: 4h10c credit is higher than rate case due to higher prices and higher replacement power purchases.

Integrated Program Review Operating Expenses:

Row 7 – Asset Management: COE is below rate case due to COVID impacts including non-availability of parts, suppliers no longer in business, and maintenance delays. CGS below rate case due to their FY timing and a reduction in July - Sept spend in order to stay flat in FY22.

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

Row 9 - Commercial Activities: Delta due to program plan budget showing up in Commercial Activities with forecast in Operations. Also Renewables forecast is $3.5M less than Rate Case.

Row 10 – Enterprise Services: Additional IT costs including increase in maintenance cost and lower capitalization of IT costs.

Power Services QBR Analysis: FY 21 Q3 Forecast

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

Non-Integrated Program Review Operating Expenses:

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 Transmission and ancillary services and bookouts.

Row 16 – Depreciation, Amortization and Accretion: $37 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: $50M 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, particularly on the outstanding variable rate debt.

Row 21 – AFUDC: $2.5 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 23 – Other income, net: $167 million higher than rate case primarily due to new asset allocation on the CGS Decommissioning trust fund which created a large, unforeseen increase in realized gains.

Row 26 – Total Net Revenues: $339 million, which is $270 million greater than Rate Case.

Report ID: 0123FY21	Data Source: PFMS
Requesting BL: Transmission Business Unit	Run Date/Time: July 22, 2021 / 03:07
Unit of Measure: $ Thousands	% of Year Elapsed = 75%

		A	B	C
		FY 2021		FY 2021
		Rate Case	Q3 Forecast	Q3 Forecast-Rate Case
	Operating Revenues			
1	Sales	$ 955,325	$ 950,293	$ (5,032)
2	Other Revenues	45,898	40,251	(5,648)
3	Inter-Business Unit Revenues	119,374	106,102	(13,272)
4	**Total Operating Revenues**	**1,120,597**	**1,096,646**	**(23,951)**
	Operating Expenses			
	Integrated Program Review Programs			
5	Asset Management	268,795	273,990	5,196
6	Operations	71,150	67,359	(3,790)
7	Commercial Activities	57,136	51,761	(5,375)
8	Enterprise Services G&A	93,884	108,070	14,186
9	Undistributed Reduction	-	-	-
10	Other Income, Expenses and Adjustments	-	172	172
11	**Sub-Total Integrated Program Review Operating Expenses**	**490,965**	**501,353**	**10,388**
	Operating Expenses			
	Non-Integrated Program Review Programs			
12	Commercial Activities	131,854	123,696	(8,159)
13	Other Income, Expenses and Adjustments	-	()	()
14	Depreciation & Amortization	348,148	339,400	(8,748)
15	**Sub-Total Non-Integrated Program Review Operating Expenses**	**480,002**	**463,096**	**(16,907)**
16	**Total Operating Expenses**	**970,967**	**964,448**	**(6,519)**
17	**Net Operating Revenues (Expenses)**	**149,630**	**132,197**	**(17,433)**
	Interest expense and other income, net			
18	Interest Expense	199,938	153,746	(46,191)
19	AFUDC	(14,635)	(14,500)	135
20	Interest Income	(4,568)	(1,484)	3,084
21	Other income, net	-	1,467	1,467
22	**Total interest expense and other income, net**	**180,735**	**139,229**	**(41,506)**
23	**Total Expenses**	**1,151,702**	**1,103,677**	**(48,024)**
24	**Net Revenues (Expenses)**	**$ (31,105)**	**$ (7,032)**	**$ 24,073**

Transmission Services QBR Analysis: FY 21 Q3 Forecast

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

Operating Revenues:

Row 4 - Revenues: Revenues are $24 million below Rate Case primarily driven by Point-to-Point Long Term reservation non-renewals and deferrals, lower Short Term Point-to-Point revenues, a Fiber contract that did not renew, and a low number of wireless reimbursable projects.

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: $4 million below rate case due to the creation of program plans developed post BP-20 resulted in a shift of costs between Operations and Commercial Activities programs.

Row 7 – Commercial Activities: $5 million below rate case which included non-wire initiatives, but there are no non-wires initiatives planned for this year.

Row 8 – Enterprise Services G&A: $14 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. Additionally Grid Mod costs direct charged to the Operations program in the rate case were reprogrammed and are now charged via the G&A allocation.

Non-Integrated Program Review Operating Expenses:

Row 12 – Commercial Activities: $8 million below rate case due to Covid-induced reduction in reimbursable work and lower ancillary services.

Row 14 – Depreciation and Amortization: $9 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.

Transmission Services QBR Analysis: FY 21 Q3 Forecast

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

Non-Integrated Program Review Operating Expenses:

Row 18 – Interest Expense: $46 million below rate case due to lower interest rates, particularly on the outstanding variable rate debt, lower call bond premium expense than anticipated, and less 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: FY 21 Performance

Report ID: 0027FY21
Requesting BL: Corporate Business Unit
Unit of Measure: $Thousands

BPA Statement of Capital Expenditures
Through the Month Ended June 30, 2021
Unaudited

Data Source: PFMS
Run Date/Time: July 22,2021 / 03:04
75%

			A	B	
			FY 2021		FY 2021
			Rate Case	Current EOY Forecast	Current EOY Forecast - Rate Case
		Transmission Business Unit			
Expand	1	MAIN GRID	$ 24,709	$ 3,037	$ (21,672)
Expand	2	AREA & CUSTOMER SERVICE	83,792	74,575	(9,218)
Sustain	3	SYSTEM REPLACEMENTS	294,707	241,640	(53,068)
Expand	4	UPGRADES & ADDITIONS	52,493	56,254	3,761
Sustain	5	ENVIRONMENT CAPITAL	6,955	7,756	801
		PFIA			
Expand	6	MISC. PFIA PROJECTS	4,372	4,121	(251)
Expand	7	GENERATOR INTERCONNECTION	61,943	15,768	(46,176)
Expand	8	SPECTRUM RELOCATION	-	18	18
	9	CORPORATE CAPITAL INDIRECTS, undistributed			()
	10	TBL CAPITAL INDIRECTS, undistributed	()	()	
	12	**TOTAL Transmission Business Unit**	**515,847**	**403,168**	**(112,679)**
		Power Business Unit			
	13	BUREAU OF RECLAMATION *<Note 1*	144,222	31,088	(113,134)
	14	CORPS OF ENGINEERS *<Note 1*	128,271	180,813	52,541
	15	POWER INFORMATION TECHNOLOGY	3,900	1,388	(2,512)
	16	FISH & WILDLIFE *<Note 2*	47,266	43,500	(3,766)
	17	POWER NON-IT	-	905	905
	18	**TOTAL Power Business Unit**	**323,659**	**257,693**	**(65,967)**
		Corporate Business Unit			
	19	CORPORATE PROJECTS	13,200	26,451	13,251
	20	**TOTAL Corporate Business Unit**	**13,200**	**26,451**	**13,251**
	21	**TOTAL BPA Capital Expenditures**	**$ 852,706**	**$ 687,311**	**$ (165,395)**

< 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 and manufacturing shut downs that delayed site visits, bid prep and manufacturing of equipment and ground shipping to a halt, pushing back project schedules into FY22/23 for Schultz-Wautoma

Row 2 – Area and Customer Service: $9 million below rate case due to:
- $23 million below rate case due to a shift from Expand projects to Sustain projects, along with project delays on Dexter and Mid-way Ashe.
- $14 million above rate case due to more loading costs as compared to rate case.

Row 3 – System Replacements: $53 million below rate case due to:
- $30 million below rate case due to resource constraints on more resource intensive Sustain projects. However, Transmission is increasing the capacity to execute more through Secondary Capacity Model (SCM) moving into FY22.
- $23 million below rate case due to a $19 million decrease in Facilities and $4 million decrease in Security.

Row 4 – Upgrades and additions: $4 million above rate case due to:
- $1 million increase for work on Vancouver Control center scoping and Aberdeen water projects.
- $3 million increase due to more loading costs compared to rate case.

Rows 6-8 – Projects Funded in Advance (PFIA): $46 million below rate case due to customer delays/cancellations as well as COVID related contract.

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: $3 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 due to land acquisition changes and hatchery delays.

Corporate Business Unit

Row 18 – Corporate IT projects: $13 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.

Transmission Capital Metrics

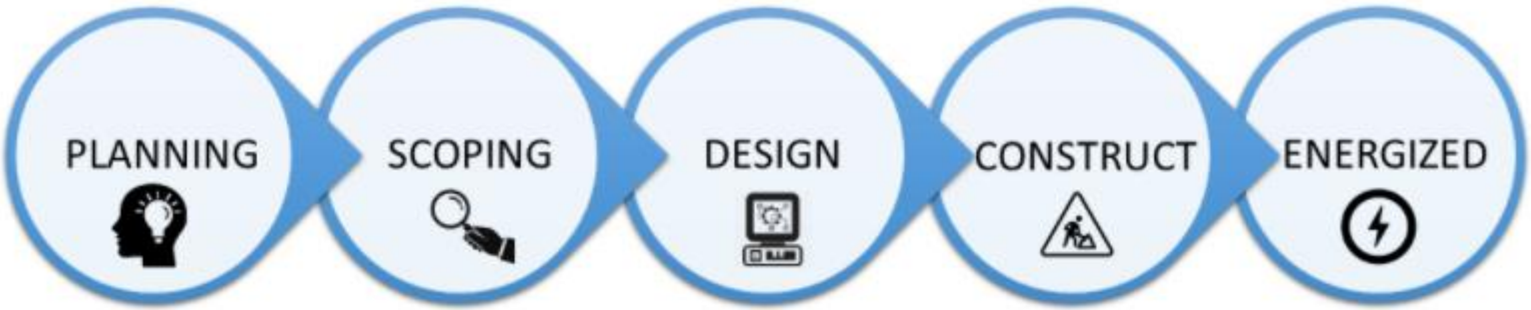
Richard Shaheen, Jeff Cook, Mike Miller

Customer Duration Metric

Index:
- Numbers represent days for completion at each stage.
- Hash-mark with number represents target time frame
- "Blank" boxes do not have data available due to projects not in those stages

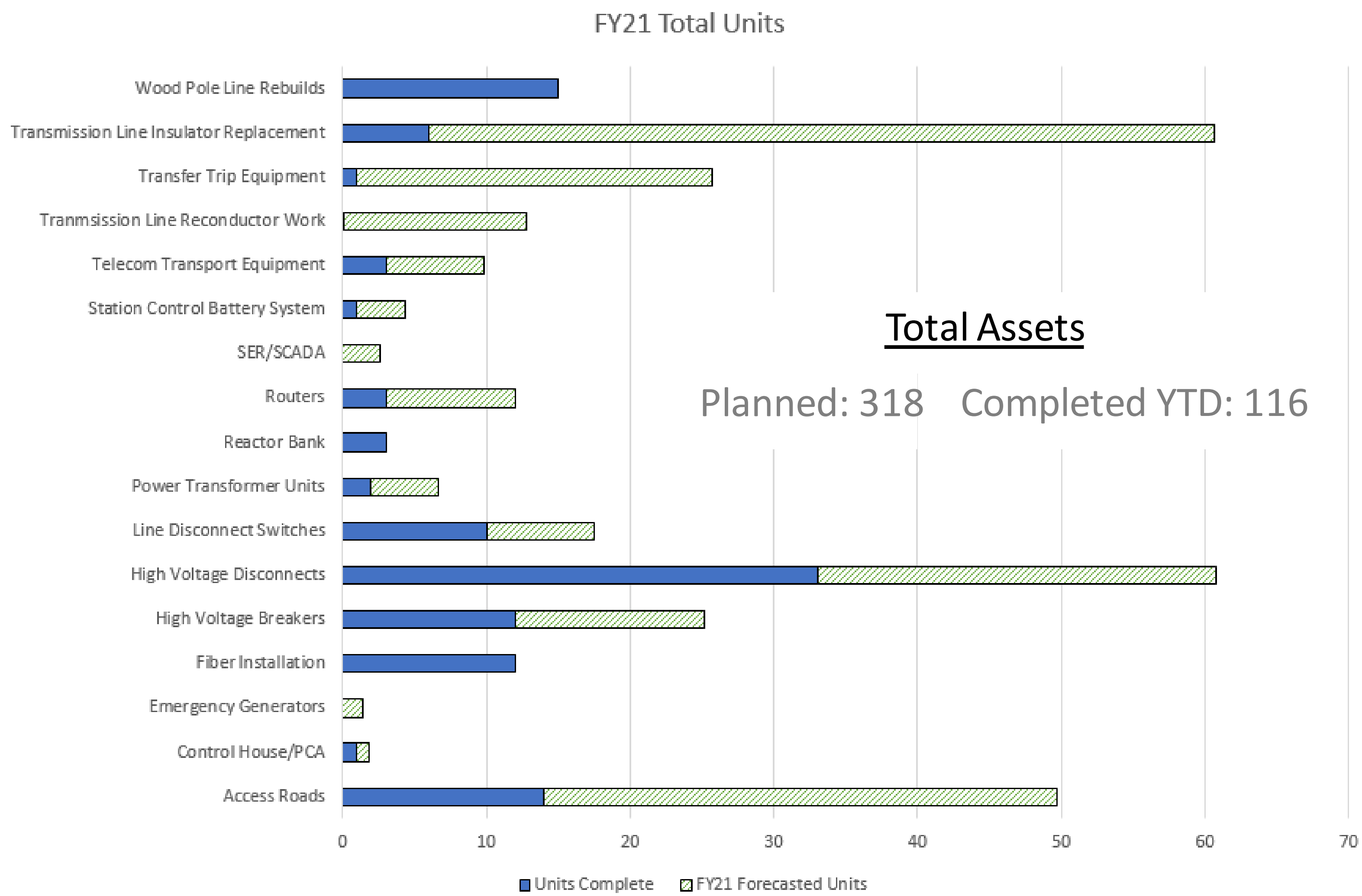
Optimal performance is below the lines, which denote the target ceiling levels.

Primary vs Secondary Capacity Throughput

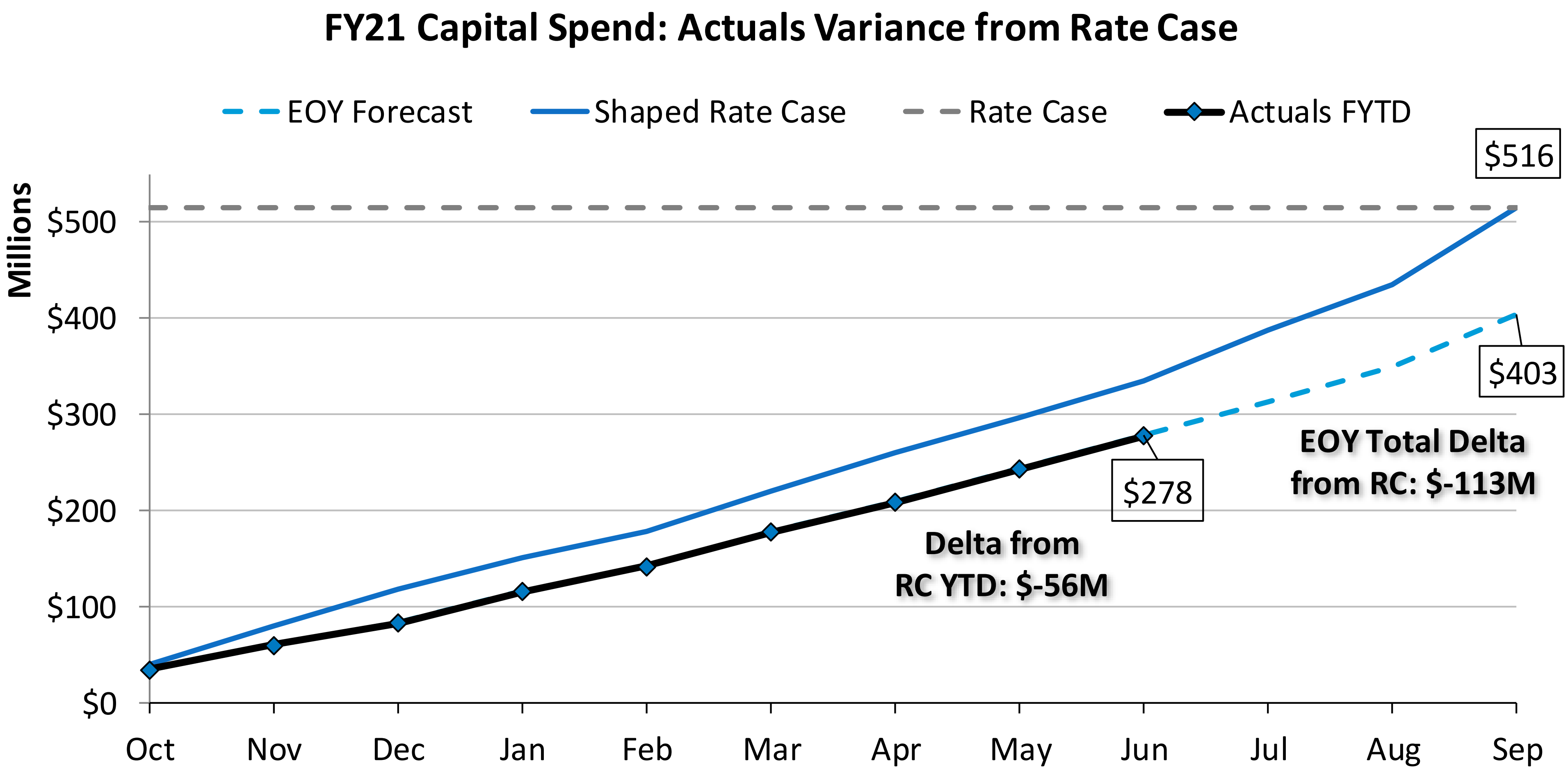


PRIMARY CAPACITY MODEL	256	101	151	149	62
SECONDARY CAPACITY MODEL	0	18	0	0	0

Capital Assets Planned vs Completed



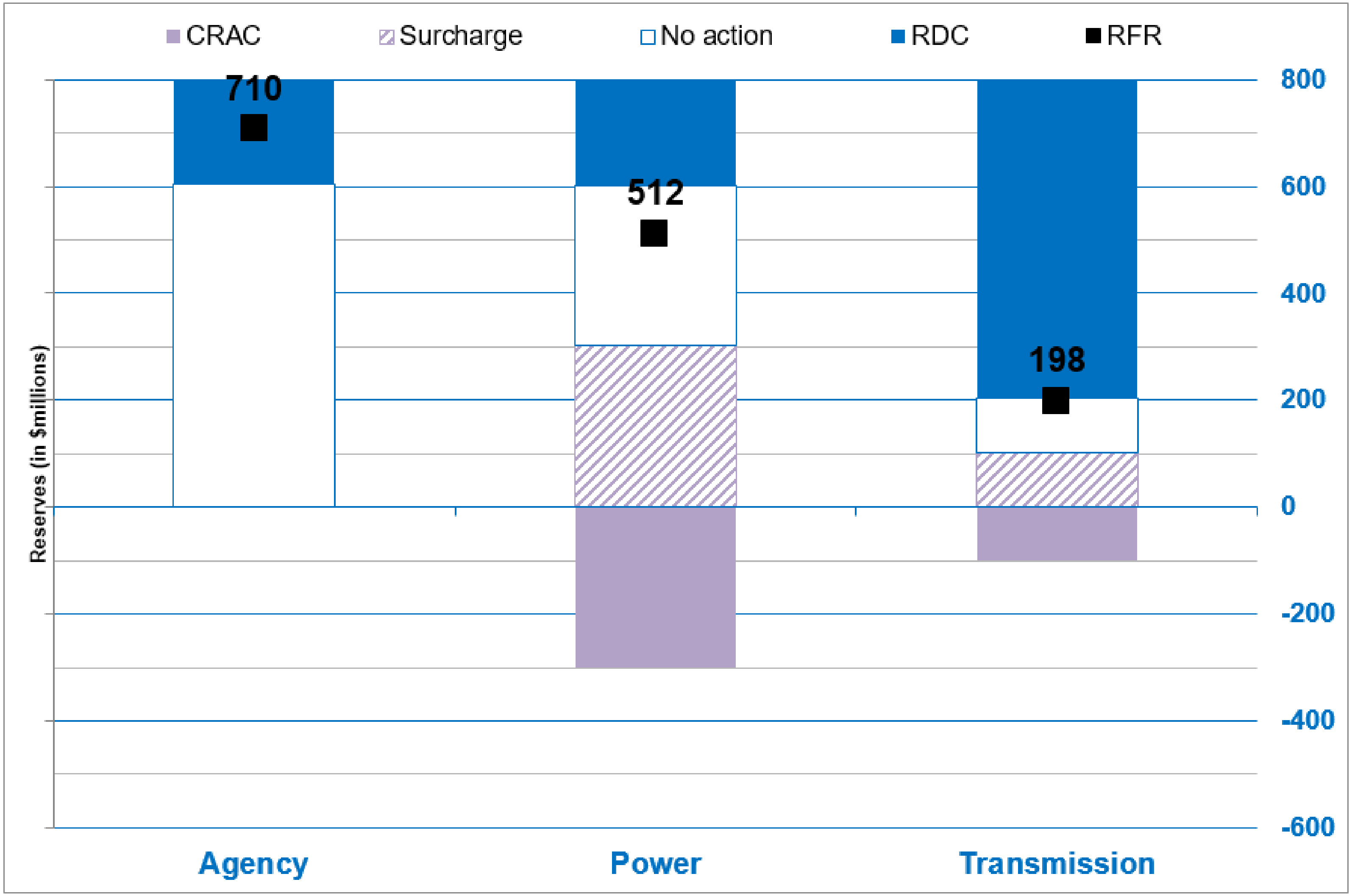
Capital Spend



FY21 Q3 Reserves Forecast

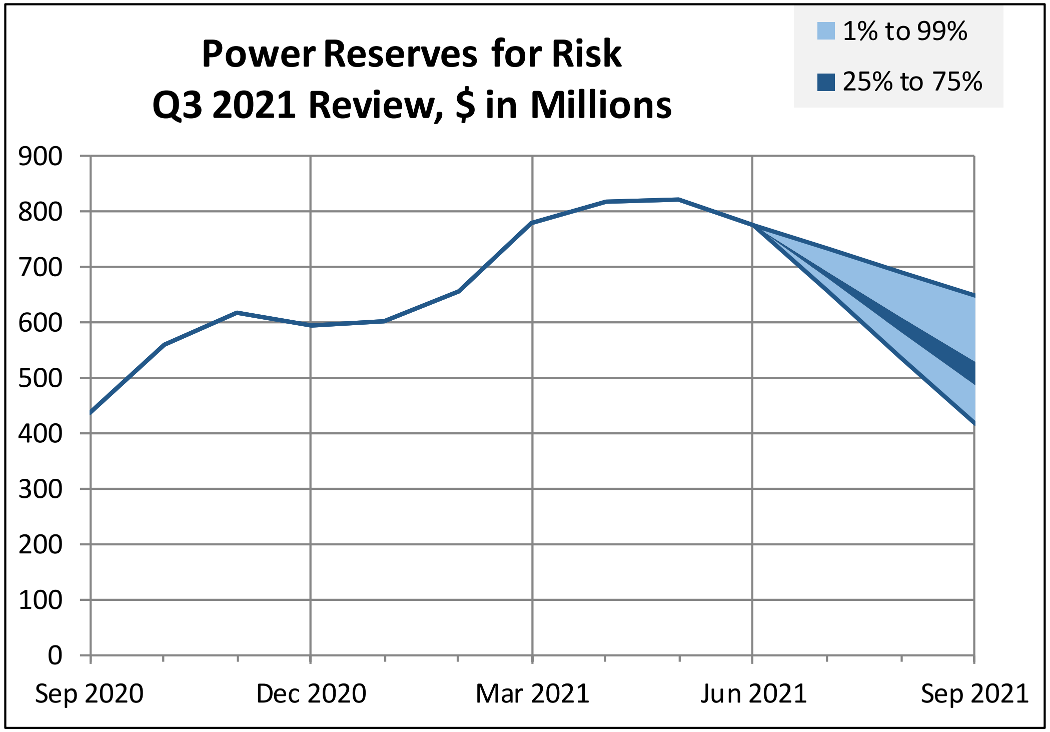
Nadine Coseo, Damen Bleiler, Zach Mandell

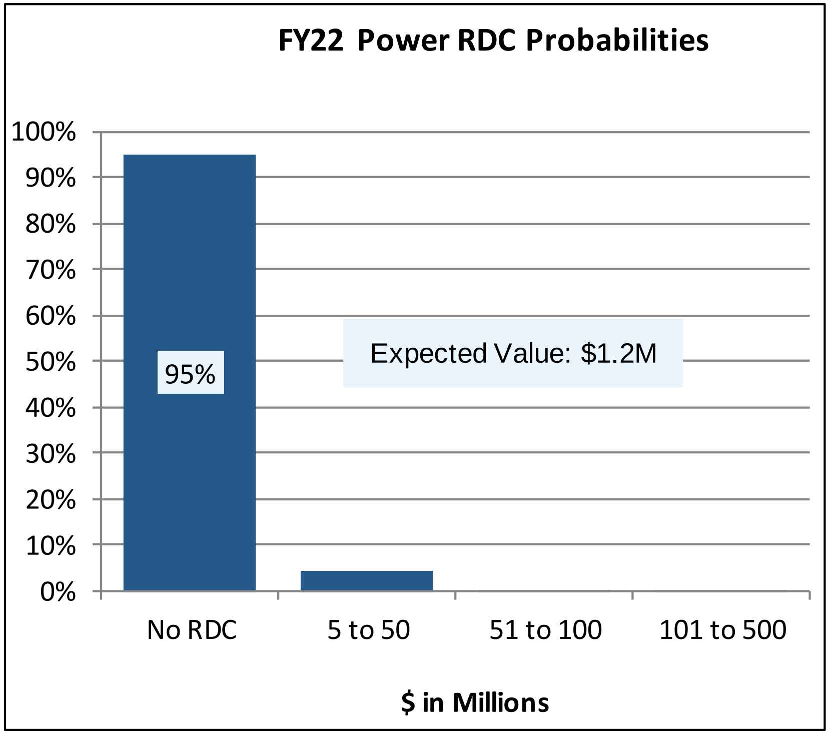
Q3 Reserves for Risk Forecast – FY21 EOY



Days Cash	109	106	116

Q3 Financial Reserves Update





Power Reserves Distribution

- 1% to 99% Range:
  $415m to $647m

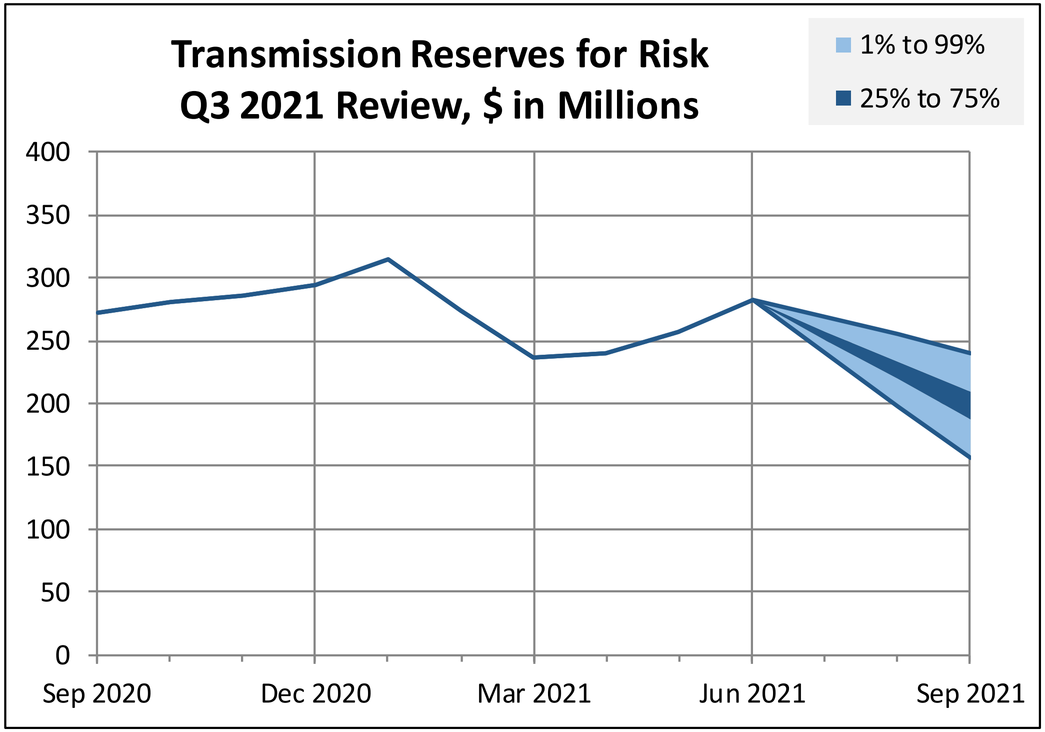
- 25% to 75% Range:
  $485m to $529m

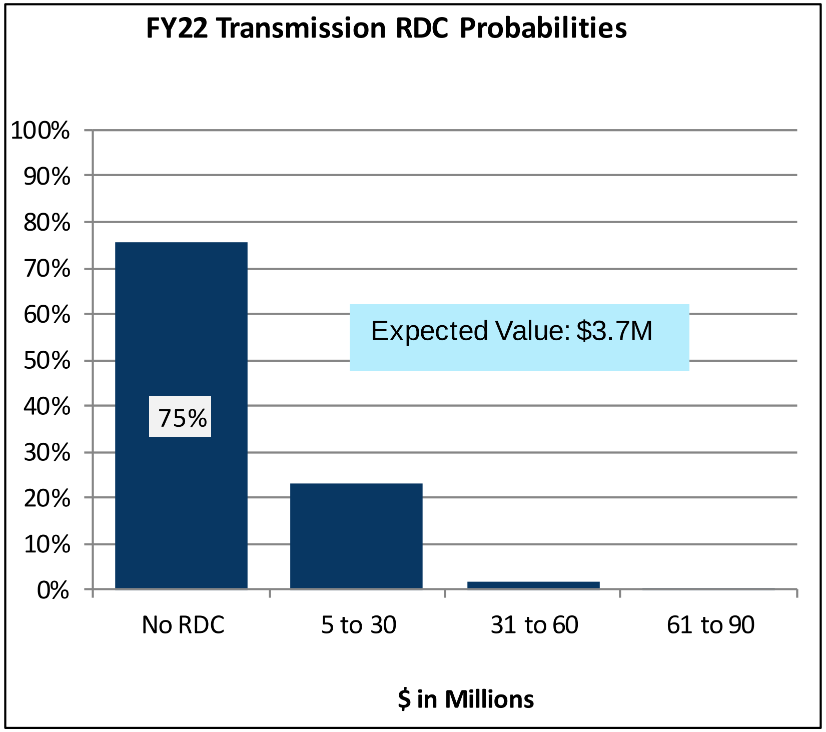
Power Risk Mechanisms

- 5% modeled probability of a Power RDC with an Expected Value of $1.2m.

- 0% modeled probability of a CRAC or FRP Surcharge

Q3 Financial Reserves Update





Transmission Reserves Distribution

- 1% to 99% Range:
  $156 to $241m
- 25% to 75% Range:
  $187m to $209m

Transmission Risk Mechanisms

- 25% modeled probability of a Transmission RDC with an Expected Value of $3.7m.
- 0% modeled probability of a CRAC or FRP Surcharge

Q3 Power Crosswalk – Key Drivers

PS FY21 EOY Reserves for Risk (RFR) is forecasted to be $512m, which is ~$232m 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 Q3 Net Revenue (NR) forecast is $270m higher than the rate case projection, however this does not reflect cash flow:
  - Depreciation/Amortization/Accretion is $37m lower than rate case, but is non-cash
  - Accruals for EN are higher than cash payments made to EN, less cash is used
  - The $167m EN decommissioning trust transactions that are non-cash
  - Cash adjustment -- only in rate case for leveling

($ in millions)

Power Crosswalk	
Q3 FY21 EOY RFR Forecast	512
BP-2021 RFR Forecast	280
Delta	$232
Explain the $232 Delta	
FY21 SOY RFR Beg Bal Delta from RC	112
Increase in Net Revenues	270
Net Revenue to Cash Items:	
Decreased Dep/Amort/Accr	(37)
EN Accrual vs Cash Payments	51
Other Non-Cash	12
Non-Cash from CGS Decomm Trust	(167)
Cash Flow Adjustment - Rate Case Only	(32)
Miscellaneous	22
	$232

Q3 Transmission Crosswalk – Key Drivers

TS FY21 EOY Reserves for Risk (RFR) is forecasted to be $198m, which is ~$102m 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.
- FY21 Drivers: The Q3 Net Revenue (NR) forecast is $24m 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
- Application of the FY20 RDC proceeds toward additional debt repayment of ~$80m.

($ in millions)

Transmission Crosswalk	
Q3 FY21 EOY RFR Forecast	198
BP-2021 RFR Forecast	96
Delta	$102
Explain the $102 Delta	
FY21 SOY RFR Beg Bal Delta from RC	128
Increase in Net Revenues	24
Net Revenue to Cash Items:	
Decreased Dep/Amort	(9)
Non-Cash Revenues and Other Income	6
Prior Year Funding Adjustment Close Out	12
Miscellaneous	21
Change in Debt Repayment (RDC)	(80)
	$102

Other Finance Updates

Nadine Coseo

Financial Plan Refresh Update

- Consistent with our commitment made in the BP-22 rate case, the Financial Plan Refresh (FPR) project is kicking-off this fiscal year.
- On September 15th BPA will host a project kick-off with external stakeholders to walk through the project's primary areas of focus, timeline and the engagement process to be used.
- The initial phase of the project will focus on debt capacity and utilization, and capital performance metrics, with the intent of making targeted updates to the Financial Plan in these areas by the end of FY 2022.

Prior Year Funding Adjustment Update

- Objective: Inform how BPA will close out the prior year funding adjustment issue that impacted Transmission Service's (TS) reserves in FY20.
  - In FY20, BPA Finance conducted analysis on the prior year funding adjustment issue and made a correction to TS FY20 EOY Reserves based on this analysis. We noted that BPA Internal Audit would review our analysis; should their review result in changes to the original adjustment amount, it would be dealt with through additional increments or decrements to deferred borrowing, i.e. a true up in FY21.
  - This close out is to show how we will incorporate the findings from the Internal Audit review on this matter.

- Bottom Line Up Front: BPA will increase TS deferred borrowing by $11.8M to incorporate the findings from the Internal Audit review.
  - Internal Audit found that our initial analysis did not properly incorporate a change in capital categorization in our analysis to recalculate the correct amount eligible for US Treasury funding.
    - In our analysis, the beginning balance for the TS construction capital included IT capital spending.
    - In 2015, the IT capital was moved to a different capital category, but our analysis did not capture this change; therefore we did not consistently apply the assumptions used to include or exclude categories throughout the analysis process.
  - The end result is that Transmission's deferred borrowing will be incremented by $11.8M to incorporate this finding.

Prior Year Funding Adjustment Update

- Incorporating IA's findings means that the adjustment at the end of FY20 should have been $11.8M higher than was made. Instead of a net reduction of $25.9M to reserves for risk, it should have been a net reduction of $37.7M.
- This would have further reduced Transmission's (and the Agency) EOY reserves for risk balance, which is the foundation for calculating the Reserves Distribution Clause (RDC). Following this through:
  - Transmission and Agency ACNR would have been less by $11.8M.
  - The RDC calculated amount, i.e. the amount available for debt reduction, would have been less by $11.8M.
  - BPA would have paid $11.8M less in US Treasury debt from the RDC.
- Knowing there was a chance that IA would find some issue with our original analysis, we informed customers that should the IA review result in changes to the original adjustment amount, it would be dealt with through additional increments or decrements to deferred borrowing in FY21, i.e. a true up.
- End result – to incorporate IA's findings, an increment of $11.8M to Transmission's deferred borrowing is needed. This will restore Transmission's reserves for risk to what they should be and it will close out the historical prior year funding adjustment issue from FY20.

Prior Year Funding Adjustment Update

Excerpt from 11/19/20 QBR Technical Workshop

FY20 Transmission RDC Calculation

- ACNR values result in a Transmission RDC.
- The RDC triggers for the lesser of:
  1. The amount Agency ACNR that is over the Threshold set at the equivalent of 90 days cash ($597m)
  2. The amount Transmission ACNR that is over the Threshold set at the equivalent of 120 days cash ($194m)
- Results show an RDC of approximately $80m:
  1. Agency ACNR is $110.8m over the Agency Threshold
  2. **Transmission ACNR is $79.7m over the Transmission Threshold. As this is the lesser of the two amounts, the Transmission RDC is $79.7m.**

RDC Calculation Comparison

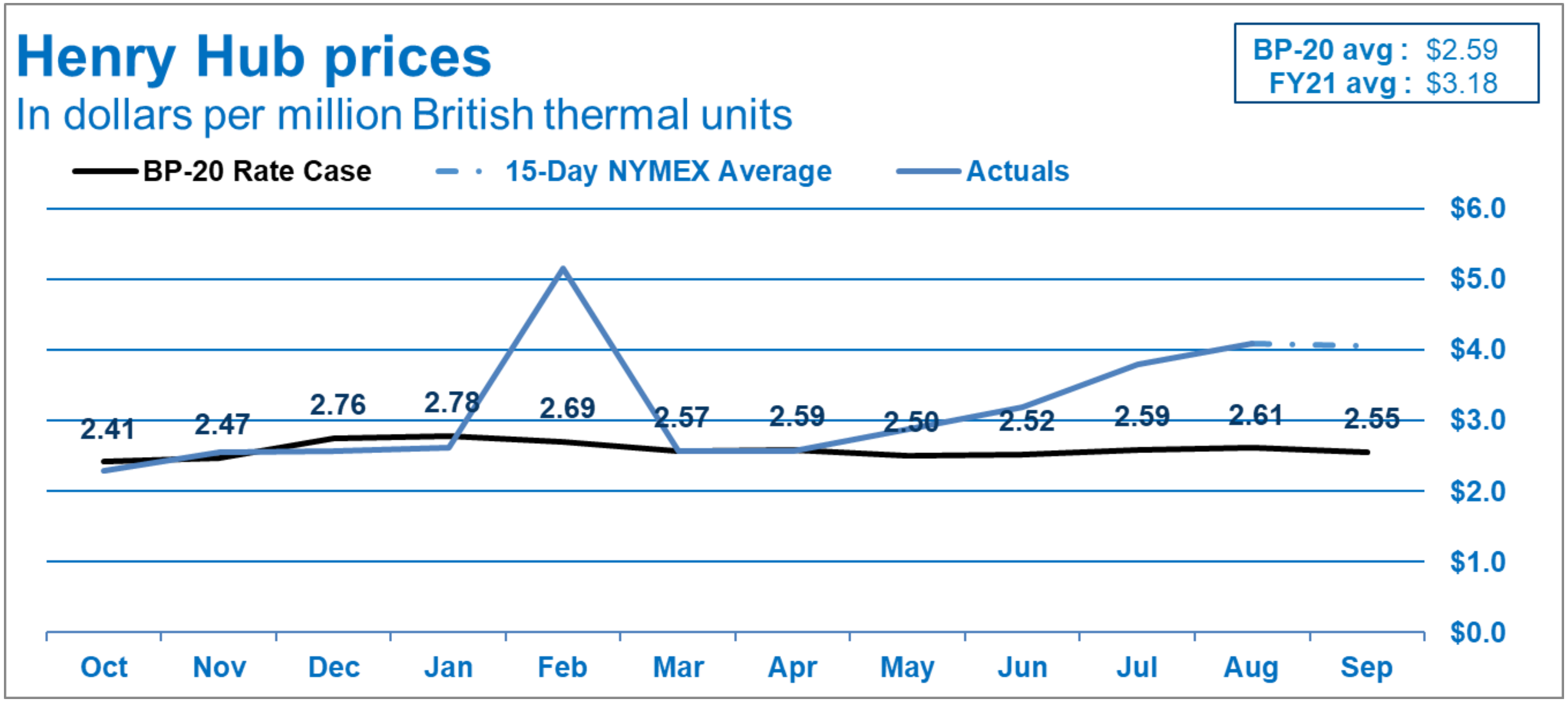
	A	B	C
	Original Calculation	Updated Calculation w/IA Adjustment	Deltas (B-A)
Agency ACNR	$706	$695	($11.8)
Less Agency Threshold	$597	$597	$0.0
Amount over Threshold	$110	$98	($11.8)
Transmission ACNR	$274	$262	($11.8)
Less Transmission Threshold	$194	$194	$0.0
Amount Over Threshold	$80	$68	($11.8)

- As shown, the RDC triggered off of the lesser of two amounts:
  - Agency ACNR less Agency Threshold
  - Transmission ACNR less Transmission Threshold
- The *RDC Calculation Comparison* table below, shows that incorporating the $11.8M adjustment in all appropriate spots, means:
  - The Transmission ACNR was still the lessor of the two amounts.
  - The Transmission RDC should have been $68M, rather than $80M.
  - BPA applied the $80M RDC toward debt reduction.
  - An increment of $11.8M to Transmission deferred borrowing is required to restore Transmission reserves for risk to the appropriate level.

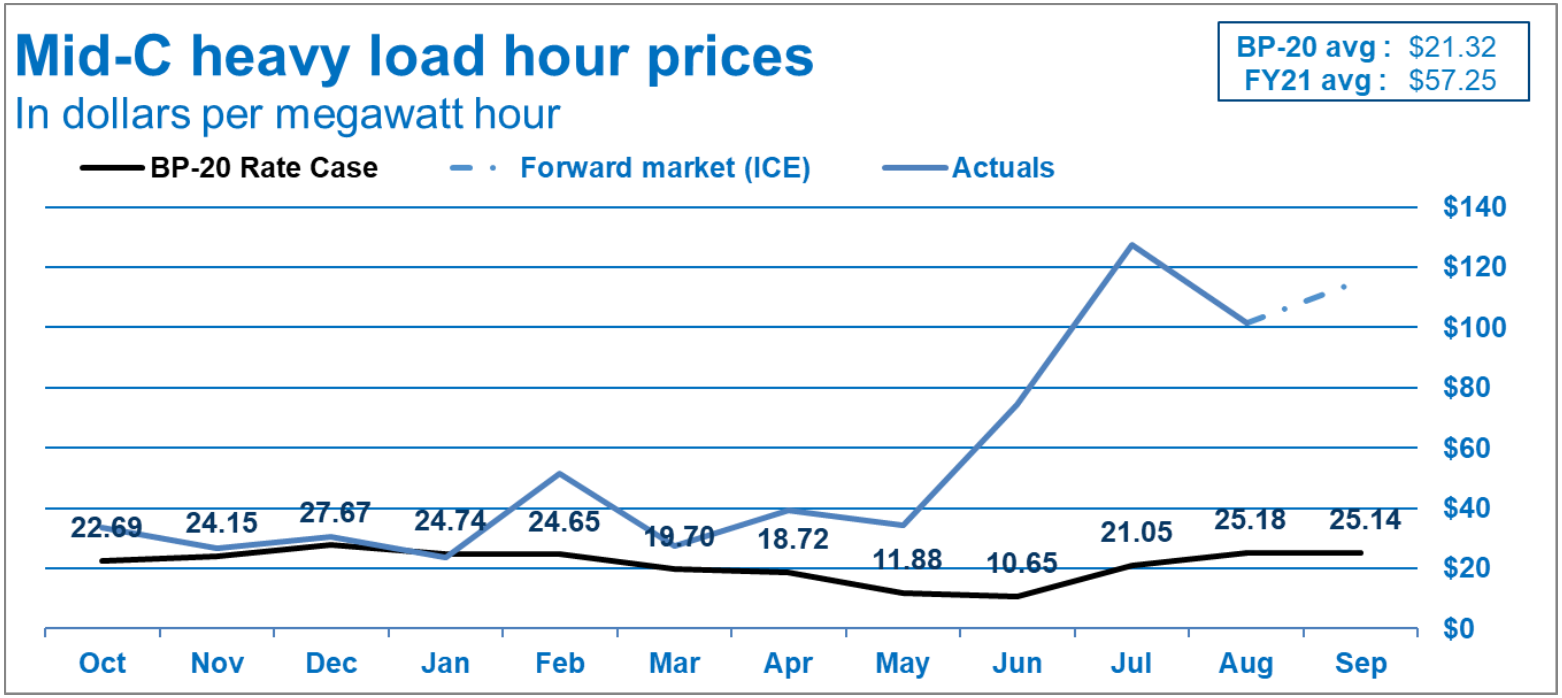
Power Market Landscape

Steve Gaube

Henry Hub Prices



Mid-C Prices


Mid-C heavy load hour prices
In dollars per megawatt hour
BP-20 avg : $21.32
FY21 avg : $57.25
BP-20 Rate Case
Forward market (ICE)
Actuals
$140
$120
$100
$80
$60
$40
$20
$0
22.69
24.15
27.67
24.74
24.65
19.70
18.72
11.88
10.65
21.05
25.18
25.14
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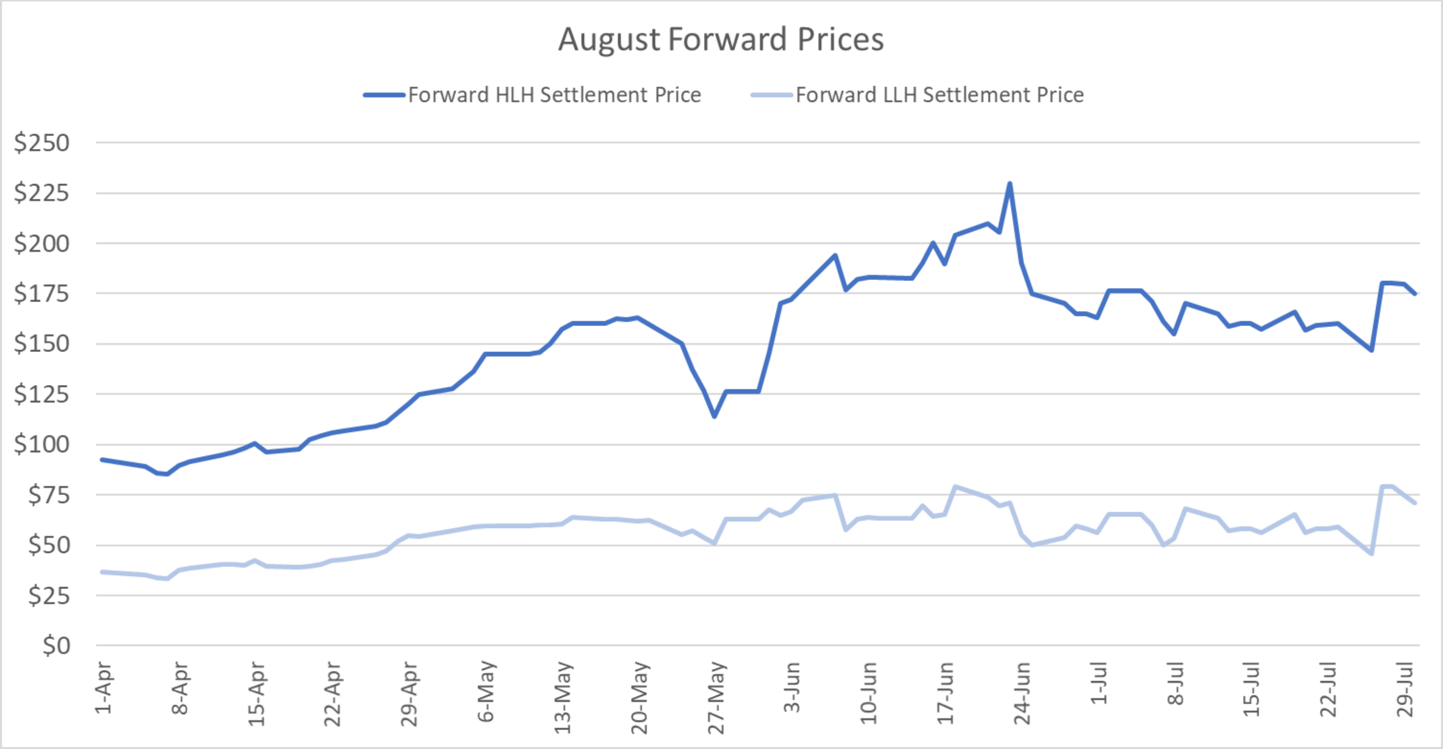
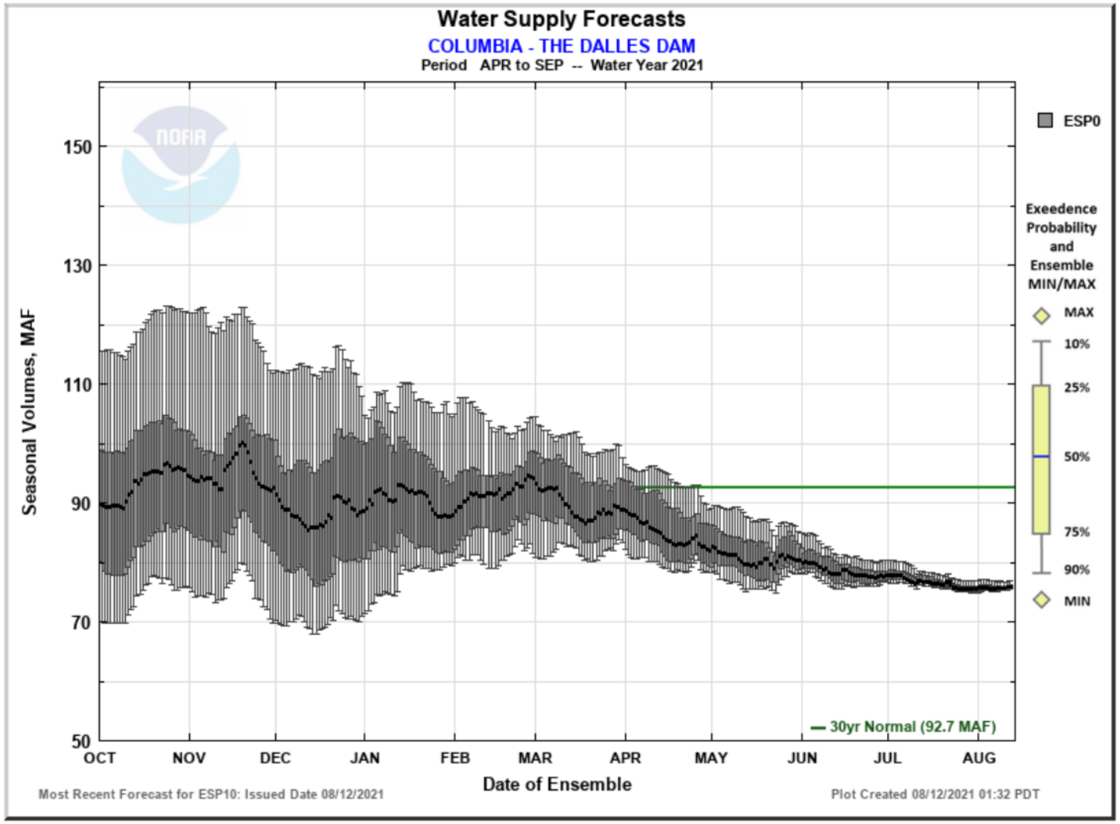
Forward Prices



Water Supply Forecast



Net Secondary Revenue Uncertainty

- Since the previous QBR, NSR has been affected by offsetting factors, water volume decrease (negative for NSR) and price increase (positive for NSR)
- BPA does not expect significant changes to its Net Secondary Revenue (NSR) forecast for the remainder of FY21
- As the volatility of Mid-C prices and the water supply forecast has declined over the past several months, the NSR forecast volatility has reduced as well
- Although there are still modest fluctuations expected in both Mid-C prices and water inventory, the inherent volatility is small and within reasonable bounds relative to earlier in the fiscal year

Strategic Cost Management Initiative

Chris Dunning

Strategic Cost Management Update

- ✓ SCM project outcomes have been incorporated into BPA's FY22 budget planning process.
- ✓ BPA efforts in this area will transition to a focus on improving financial transparency for decision making.
- ✓ Future cost transparency work will build on SCM project successes:
  - Improved capability for modeling how costs functionalize to Power and Transmission revenue requirements.
  - Increased familiarity with Enterprise Architecture framework in supporting strategic efforts.

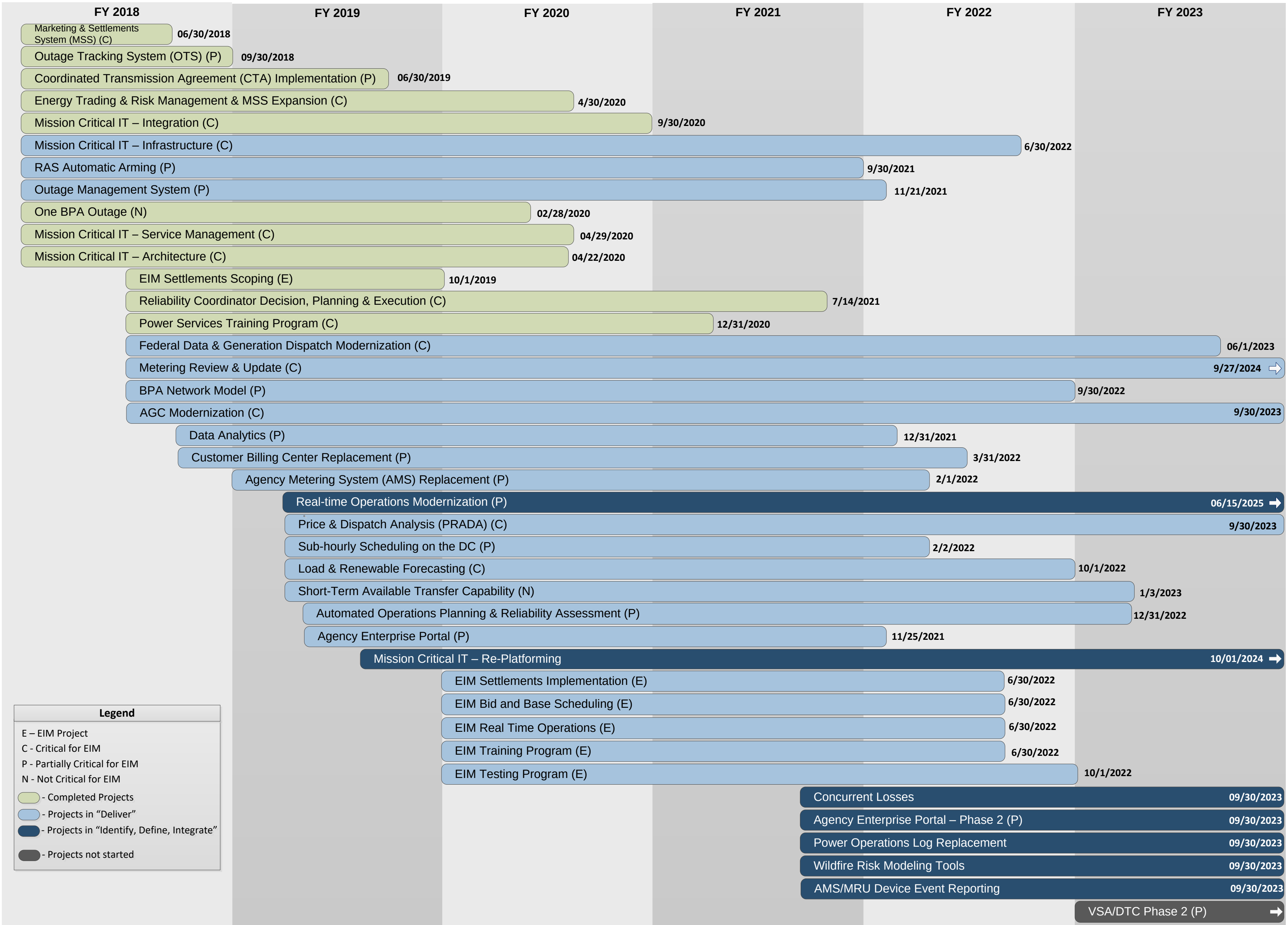
Grid Modernization Update

Allie Mace

Grid Modernization Roadmap

FY21 Q4

As of 07/16/2021 – Subject to Change



Bonneville POWER ADMINISTRATION

New Grid Mod Project Additions

- As BPA enters the final rate period of incremental budget for the grid modernization program, BPA determined that it will have the budget and resources to take on some additional work that needs to be done to support Grid Modernization.

- In order to be considered, a project needed to:
  - Be a continuation of an existing project or support BPA's second strategic goal to modernize assets and system operations.
  - Reduce future costs or increase revenue.
  - Increase automation, improve accuracy or enhance visibility; and
  - Be able to be completed by Sept. 30, 2023.

- The new projects completed the Identify phase and are now in Define. Project summaries will be provided on each project when the projects complete Define.

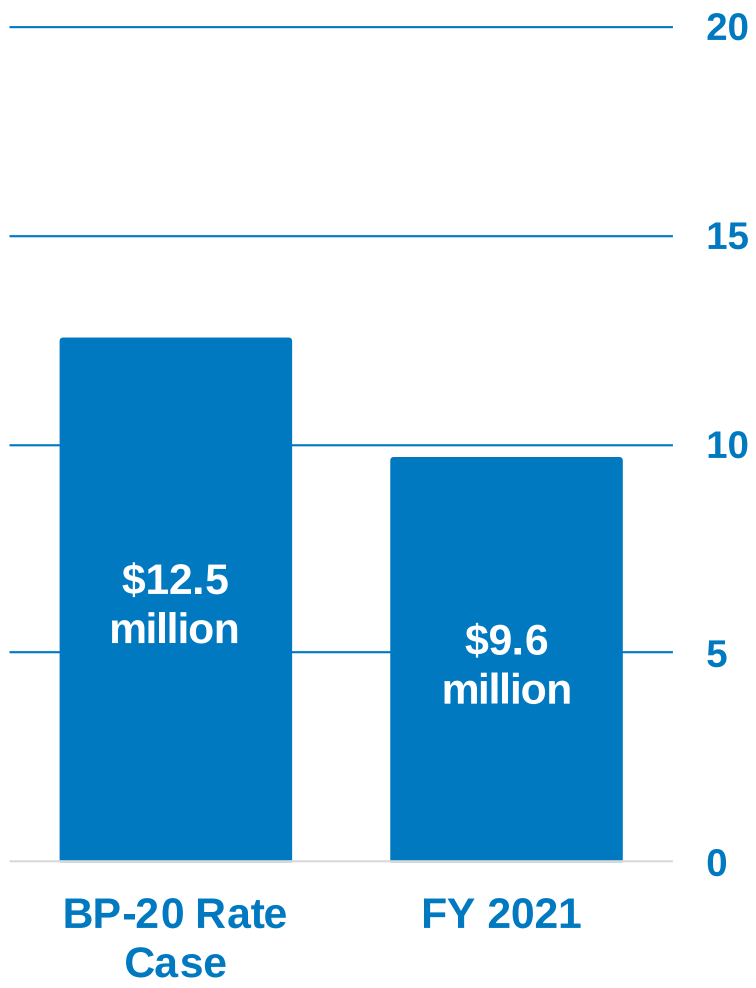
New GM Project Descriptions

- **Concurrent Losses**
  - Allows BPA to recover real power losses from Transmission customers concurrently, or within the same hour the customer schedules transmission services. BPA committed to enabling this function in BP-22.
- **Agency Enterprise Portal – Phase 2**
  - Leverage the new portal to provide additional information for customers and increase automation of workflows to streamline processes.
- **Power Operations Log Replacement**
  - Replace the existing Operations Log System which is an official source of record for entries documenting BPA's real-time operations of the Federal Columbia River Power System.
- **Wildfire Risk Modeling Tools**
  - Implement fire modeling and fire notification tools to have better situational awareness of expected fire risks and fire behavior.
- **AMS/MRU Device Event Reporting**
  - Define the requirements to enable metering device event reporting for meters/meter systems that do not currently have that capability.

Grid Modernization Progress Metric

- 93% of milestones for projects in deliver or complete are 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 Q3, grid modernization spent $7.5 million.
- BPA is anticipating a total spend of $9.6 million, $2.9 million under the BP-20 Rate Case budget.
- Majority of reduction in expected spend due to CCA policy.

AEP/AMS/CBC Project Update

Agency Enterprise Portal

Modernizes BPA's online public and customer experience on the agency's website, delivering a supportable, flexible digital platform to meet customers' and visitors' needs.

Training:

- Look for training and demo dates in to be posted in late August.

Agency Metering System Replacement

Implements a new agency metering system that will meet requirements for current and future business needs.

Training:

- Demos of the new MDMR system will be available in October.

Customer Billing Center Replacement

Replaces the existing billing system that will no longer be supported in March 2022 and ensures BPA's ability to bill customers to enable participation in the Western Energy Imbalance Market.

Training:

- Initial bill mock-ups will be available in September.
- Demos of the new bills will be available in October.

EIM Update

- BPA is currently in the final phase of the five-phase decision process.
  - Draft EIM Close-out Letter released on July 29. Comment period closes Aug. 23. Final EIM Close-out Letter to be published no later than Sept. 30.

- BPA continues to complete implementation and testing steps to ensure EIM readiness if the decision is to join the EIM.
  - Joint Integration and Functional Testing on track to be completed by Aug. 31.
    - 50% of system integrations have been completed to date and significant progress has been made on ensuring functionality works as expected.
    - There have been some delays in getting final technology solutions in place but it is not anticipated to disrupt completing testing on time.
  - Day-in-the-life Testing is expected to be completed by the end of September.

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

Q3 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	$6,730*
November 2021 Final Slice True-Up Technical Workshop	

*Negative = Credit; Positive = Charge

Summary of Differences From Q3 to FY21 (BP-20)

#		A Composite Cost Pool True-Up Table Reference	B Q3 – Rate Case $ in thousands
1	Total Expenses	Row 95	$(155,314)
2	Total Revenue Credits	Rows 113 + 122	$4,584
3	Minimum Required Net Revenue	Row 145	$187,877
4	TOTAL Composite Cost Pool (1 - 2 + 3) $(155,314) - $4,584 + $187,877 = 27,979	Row 150	$27,979
5	TOTAL in line 4 divided by 0.9297241 sum of TOCAs $27,979/ 0.9297241 = $30,094	Row 152	$30,094
6	QTR Forecast of FY21 True-up Adjustment 22.36267 percent of Total in line 5 0.2236267 * $30,094 = $6,730	Row 153	$6,730

FY21 Impacts of Debt Management Actions

FY21 Impacts of Acceleration of Debt

		A	B	C	D
#	Description	FY21 Q3 QBR	FY21 Rate Case	CCP	Delta from the FY21 rate case
1	MRNR Section of Composite Cost Pool Table				$ -
2	**Principal Payment of Federal Debt**				$ -
3	2021 Regional Cooperation Debt (RCD)	$ 317,564,644	$ 305,405,000		$ (12,159,644)
4	2021 Debt Service Reassignment (DSR)	$ 14,210,000	$ 15,885,000		$ 1,675,000
5	Prepay	$ -	$ -		$ -
6	Energy Northwest's Line Of Credit (LOC)	$ -	$ -		$ -
7	Rate Case Scheduled Base Power Principal	$ 196,775,000	$ 196,774,668		$ (332)
8	**Total Principal Payment of Fed Debt**	**$ 528,549,644**	**$ 518,064,668**	row 125	**$ (10,484,976)**
					$ -
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)

		Q3 2021
1	Fiscal Year Reserves Balance	570,255
2	Adjustments for pre-2002 Items	16,341
3	Reserves for Composite Cost Pool (Line 1 + Line 2)	586,596
4	Composite Interest Rate	0.06%
5	Composite Interest Credit	(349)
6	Prepay Offset Credit	0
7	Total Interest Credit for Power Services	(266)
8	Non-Slice Interest Credit (Line 7 – (Line 5 + Line 6))	83

Net Interest Expense in Slice True-Up Final

	FY21 Rate Case ($ in thousands)	Q3 ($ in thousands)
• Federal Appropriation	45,909	41,125
• Capitalization Adjustment	(45,937)	(45,937)
• Borrowings from US Treasury	68,940	45,736
• Prepay Interest Expense	8,863	8,863
• **Interest Expense**	**77,775**	**49,787**
• AFUDC	(16,493)	(13,993)
• Interest Income (composite)	(5,485)	(349)
• Prepay Offset Credit	(0)	(0)
• **Total Net Interest Expense**	**55,797**	**35,445**

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

		Q3 ($000)	Rate Case forecast for FY 2021 ($000)	Q3- Rate Case Difference
1	**Operating Expenses**			
2	**Power System Generation Resources**			
3	**Operating Generation**			
4	COLUMBIA GENERATING STATION (WNP-2)	$ 311,853	$ 319,506	$ (7,653)
5	BUREAU OF RECLAMATION	$ 158,000	$ 151,623	$ 6,377
6	CORPS OF ENGINEERS	$ 243,000	$ 252,557	$ (9,557)
7	LONG-TERM CONTRACT GENERATING PROJECTS	$ 13,459	$ 13,250	$ 209
8	**Sub-Total**	**$ 726,311**	**$ 736,936**	**$ (10,625)**
9	**Operating Generation Settlement Payment and Other Payments**			
10	COLVILLE GENERATION SETTLEMENT	$ 19,434	$ 22,997	$ (3,563)
11	SPOKANE LEGISLATION PAYMENT	$ 5,078	$ -	$ 5,078
12	**Sub-Total**	**$ 24,512**	**$ 22,997**	**$ 1,515**
13	**Non-Operating Generation**			
14	TROJAN DECOMMISSIONING	$ 689	$ 1,200	$ (512)
15	WNP-1&3 DECOMMISSIONING	$ 1,139	$ 331	$ 808
16	**Sub-Total**	**$ 1,827**	**$ 1,531**	**$ 296**
17	**Gross Contracted Power Purchases**			
18	PNCA HEADWATER BENEFITS	$ 2,984	$ 3,100	$ (116)
19	OTHER POWER PURCHASES (omit, except Designated Obligations or Purchases)	$ 26,367	$ -	$ 26,367
20	**Sub-Total**	**$ 29,351**	**$ 3,100**	**$ 26,251**
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 KIII)	$ 23,383	$ 24,711	$ (1,328)
31	**Sub-Total**	**$ 23,383**	**$ 24,711**	**$ (1,328)**
32	**Generation Conservation**			
33	CONSERVATION ACQUISITION	$ 67,629	$ 67,000	$ 629
34	CONSERVATION INFRASCTRUCTURE	$ 26,789	$ 27,296	$ (506)
35	LOW INCOME WEATHERIZATION & TRIBAL	$ 5,948	$ 5,853	$ 95
36	ENERGY EFFICIENCY DEVELOPMENT	$ 3,995	$ 8,000	$ (4,005)
37	DISTRIBUTED ENERGY RESOURCES	$ 207	$ 855	$ (648)
38	LEGACY	$ 619	$ 590	$ 29
39	MARKET TRANSFORMATION	$ 11,781	$ 12,050	$ (269)
40	**Sub-Total**	**$ 116,969**	**$ 121,644**	**$ (4,675)**
41	**Power System Generation Sub-Total**	**$ 1,172,121**	**$ 1,160,685**	**$ 11,435**
42				

COMPOSITE COST POOL TRUE-UP TABLE

			Q3 ($000)		Rate Case forecast for FY 2021 ($000)		Q3- Rate Case Difference
43	**Power Non-Generation Operations**						
44	**Power Services System Operations**						
45	EFFICIENCIES PROGRAM	$	-	$	-	$	-
46	INFORMATION TECHNOLOGY	$	(5)	$	6,775	$	(6,780)
47	GENERATION PROJECT COORDINATION	$	5,945	$	6,205	$	(260)
48	ASSET MGMT ENTERPRISE SVCS	$	641	$	-	$	641
49	SLICE IMPLEMENTATION	$	847	$	575	$	272
50	**Sub-Total**	**$**	**7,428**	**$**	**13,555**	**$**	**(6,127)**
51	**Power Services Scheduling**						
52	OPERATIONS SCHEDULING	$	9,532	$	9,148	$	384
53	OPERATIONS PLANNING	$	7,545	$	5,839	$	1,705
54	**Sub-Total**	**$**	**17,077**	**$**	**14,987**	**$**	**2,090**
55	**Power Services Marketing and Business Support**						
56	COMMERCIAL ENTERPRISE SVCS	$	4,554	$	-	$	4,554
57	OPERATIONS ENTERPRISE SVCS	$	4,507	$	-	$	4,507
58	POWER R&D	$	2,527	$	2,666	$	(139)
59	SALES & SUPPORT	$	11,311	$	23,954	$	(12,643)
60	STRATEGY, FINANCE & RISK MGMT (REP support costs included here)	$	21,027	$	17,092	$	3,935
61	EXECUTIVE AND ADMINISTRATIVE SERVICES (REP support costs included	$	516	$	3,968	$	(3,452)
62	CONSERVATION SUPPORT	$	8,745	$	8,699	$	46
63	**Sub-Total**	**$**	**53,187**	**$**	**56,380**	**$**	**(3,193)**
64	**Power Non-Generation Operations Sub-Total**	**$**	**77,692**	**$**	**84,922**	**$**	**(7,230)**
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	$	-
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**	$	15,840	$	20,831	$	(4,991)
80	**Agency Services G&A (excludes direct project support)**	$	66,417	$	57,644	$	8,773
81	**BPA Internal Support Sub-Total**	**$**	**82,256**	**$**	**78,475**	$	3,781
82	**Bad Debt Expense**	$	-	$	-	$	-
83	**Other Income, Expenses, Adjustments**	$	-	$	(20,000)	$	20,000
84	**Depreciation**	$	142,700	$	141,050	$	1,650
85	**Amortization**	$	311,200	$	349,151	$	(37,951)
86	**Accretion (CGS)**	$	34,600	$	35,213	$	(613)
87	**Total Operating Expenses**	**$**	**2,238,407**	**$**	**2,266,251**	**$**	**(27,844)**
88							

COMPOSITE COST POOL TRUE-UP TABLE

		Q3 ($000)	Rate Case forecast for FY 2021 ($000)	Q3- Rate Case Difference
89	**Other Expenses and (Income)**			
90	Net Interest Expense	$ 73,497	$ 202,407	$ (128,910)
91	LDD	$ 40,567	$ 39,107	$ 1,460
92	Irrigation Rate Discount Costs	$ 20,885	$ 20,905	$ (20)
93	Other Expense and (Income)	$ -	$ -	$ -
94	**Sub-Total**	**$ 134,948**	**$ 262,418**	**$ (127,470)**
95	**Total Expenses**	**$ 2,373,355**	**$ 2,528,669**	**$ (155,314)**
96				
97	**Revenue Credits**			
98	Generation Inputs for Ancillary, Control Area, and Other Services Revenues	$ 119,965	$ 121,742	$ (1,778)
99	Downstream Benefits and Pumping Power revenues	$ 20,417	$ 19,364	$ 1,053
100	4(h)(10)(c) credit	$ 97,368	$ 86,852	$ 10,516
101	Colville and Spokane Settlements	$ 4,600	$ 4,600	$ 0
102	Energy Efficiency Revenues	$ 3,995	$ 8,000	$ (4,005)
103	PF Load Forecast Deviation Liquidated Damages	$ 9,315	$ 9,489	$ (175)
104	Miscellaneous revenues	$ 11,438	$ 12,397	$ (959)
105	Renewable Energy Certificates	$ -	$ -	$ -
106	Net Revenues from other Designated BPA System Obligations (Upper Baker)	$ 527	$ 347	$ 180
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**	**$ 367,389**	**$ 362,557**	**$ 4,832**
114				
115	**Augmentation Costs (not subject to True-Up)**			
116	Tier 1 Augmentation Resources (includes Augmentation RSS and Augmentation RSC adde	$ 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	$ 4,042	$ 4,291	$ (248)
122	**Total DSI revenues**	**$ 4,042**	**$ 4,291**	**$ (248)**
123				
124	**Minimum Required Net Revenue Calculation**			
125	Principal Payment of Fed Debt for Power	$ 528,550	$ 518,065	$ 10,485
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	$ 22,112	$ 14,747	$ 7,365
129	**Sub-Total**	**$ 573,533**	**$ 555,683**	**$ 17,850**

COMPOSITE COST POOL TRUE-UP TABLE

		Q3 ($000)	Rate Case forecast for FY 2021 ($000)	Q3- Rate Case Difference
130	Depreciation	$ 142,700	$ 141,050	$ 1,650
131	Amortization	$ 311,200	$ 349,151	$ (37,951)
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**	$ (189,119)	$ (5,220)	$ (183,899)
142	Interest earned on decommissioning trust fund	$ (9,112)	$ (9,112)	$ -
143	**Sub-Total**	**$ 284,965**	**$ 454,993**	**$ (170,028)**
144	Principal Payment of Fed Debt plus Irrigation assistance exceeds non cash expenses	$ 288,568	$ 100,690	$ 187,877
145	Minimum Required Net Revenues	**$ 288,568**	**$ 100,690**	**$ 187,877**
146				
147	Annual Composite Cost Pool (Amounts for each FY)	**$ 2,302,968**	**$ 2,274,989**	**$ 27,979**
148				
149	**SLICE TRUE-UP ADJUSTMENT CALCULATION FOR COMPOSITE COST POOL**			
150	TRUE-UP AMOUNT (Diff. between Rate Case and Forecast)	27,979		
151	Sum of TOCAs	0.9297241		
152	Adjustment of True-Up Amount when actual TOCAs < 100 percent	**30,094**		
153	TRUE-UP ADJUSTMENT CHARGE BILLED (22.36267 percent)	6,730		

*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).

**The Q3 forecast saw an increase of $184M from realized gains on Energy Northwest’s CGS decommissioning trust fund because the portfolio was shifted to a new asset allocation in June. BPA has been working with a new financial advisor who recommended the new asset allocation. All of the gains have stayed in the decommissioning trust fund but the increase in value is represented on Power’s income statement. No funds were withdrawn from CGS’s decommissioning trust fund so Power’s reserves will not increase from the realized gains.

WNP 1 & 4 Decommissioning Trust
(No change from Q2)

- 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

Q3 Reserves Forecast – FY21 EOY

		A	B	C	D	E
	(in $ Thousands)	FY2021		FY2021		
	POWER	Rate Case	Days Cash	Q3	Days Cash	Q3 - Rate Case
1	**PS RESERVES for RISK**	**279,720**	**55**	**511,749**	**106**	**232,029**
2	PS RESERVES not for RISK	126,832		95,700		**(31,132)**
3	**PS TOTAL RESERVES**	**406,552**		**607,449**		**200,897**
	TRANSMISSION					
4	**TS RESERVES for RISK**	**95,693**	**52**	**198,024**	**116**	**102,330**
5	TS RESERVES not for RISK	113,241		52,100		**(61,141)**
6	**TS TOTAL RESERVES**	**208,934**		**250,124**		**41,189**
	AGENCY					
7	RESERVES for RISK	**375,414**	**54**	**709,773**	**109**	**334,359**
8	RESERVES not for RISK	240,073		147,800		**(92,273)**
9	**AGENCY TOTAL RESERVES**	**615,487**		**857,573**		**242,086**

Appendix – Q3 Power Detailed Crosswalk

(Dollars in Thousands)

		POWER SERVICES RESERVES FORECAST- FY2021	FY2021 Q3
	1	**Cash Flows from Operating Activities**	
	2	Net revenues (expenses)	338,639
	3	***Adjustments to reconcile net revenues to cash provided by operations***	
	4	Depreciation, amortization, and accretion	488,500
	5	Capitalization Adjustment	(45,937)
	6	Deferred payments to Energy NW for O&M and interest (RCD)	19,760
	7	Interest Income and Other Income	(200,888)
	8	Cash Flow Adjustment (Reserve) Application	
	9	***Changes in:***	
	10	Spokane Generation Settlement	5,078
	11	Extended Customer Bill Payments from FY2020 (Cowlitz)	7,000
	12	Cash Contribution to Decommissioning Trust	(4,264)
	13	EN Cash vs Accrual Delta	50,978
	14	Prepaid Power Purchase Credit	(30,600)
	15	Prepaid Power Purchase Credit Offset	8,863
	16	**Net Cash Provided by (Use for) Operating Activities**	**637,129**
	17	**Cash Flows from Investing Activities**	
	18	Investments in Utility Plant, including AFUDC:	
	19	Power	(214,193)
	20	Fish & Wildlife	(43,500)
	21	ASPRJ-CRFM	(11,000)
	22	**Net Cash Provided by (Used for) Investing Activities**	**(268,693)**
	23	**Cash Flows from Financing Activities**	
	24	Federal appropriations:	
	25	Proceeds	11,000
	26	Repayment	
	27	Borrowings from U.S. Treasury:	
	28	Proceeds	268,000
	29	Repayment	(521,400)
	30	Nonfederal borrowings:	
	31	Proceeds	
	32	Repayment	
	33	Irrigation assistance	(22,347)
	34	**Net Cash Provided by (Used for) Financing Activities**	**(264,747)**
	35	Net increase (decrease) in cash and cash equivalents	103,689
	36	Beginning Cash and Cash Equivalents Balance	322,203
	37	Annual cash surplus (deficit)	
A	**38**	**Ending Cash and Cash Equivalents**	**425,893**
	39	Beginning Deferred Borrowing Balance	182,606
	40	Net increase (decrease) in Deferred Borrowing	(1,050)
B	**41**	**Ending Deferred Borrowing Balance**	**181,557**
	42	Reserves not available for risk (RNFR)	95,700
	43	Reserves available for risk (RFR)	511,749
C	**44**	**EOY Total Reserves**	**607,449**

Appendix – Q3 Transmission Detailed Crosswalk
(Dollars in Thousands)

		TRANSMISSION SERVICES RESERVES - FY2021	FY2021 Q3
	1	**Cash Flows from Operating Activities**	
	2	Net revenues (expenses)	(7,032)
	3	***Adjustments to reconcile net revenues to cash provided by operations***	
	4	Depreciation and amortization	339,400
	5	Capitalization Adjustment	(18,968)
	6	Amortization of Capitalized Bond Premiums	559
	7	Gains/Losses	1,467
	8	***Changes in:***	
	9	Transmission Credit Projects Net Interest	5,679
	10	LGIA Credit Forecast	(20,671)
	11	AC Intertie	(1,948)
	12	Fiber Revenues	(7,934)
	13	**Net Cash Provided by (Use for) Operating Activities**	**290,551**
	14	**Cash Flows from Investing Activities**	
	15	Investments in Utility Plant, including AFUDC	(420,361)
	16	**Net Cash Provided by (Used for) Investing Activities**	**(420,361)**
	17	**Cash Flows from Financing Activities**	
	18	Federal appropriations:	
	19	Proceeds	
	20	Repayment	
	21	Borrowings from U.S. Treasury:	
	22	Proceeds	469,000
	23	Repayment	(284,700)
	24	Nonfederal borrowings:	
	25	Proceeds	38,036
	26	Repayment	(79,592)
	27	Debt Service Reassignment Principal	(19,760)
	28	Customers:	
	29	PFIA	19,906
	30	**Net Cash Provided by (Used for) Financing Activities**	**142,891**
	31	Net increase (decrease) in cash and cash equivalents	13,080
	32	Beginning Cash and Cash Equivalent Balance	193,652
	33	Annual cash surplus (deficit)	
	34	Cash and Cash Equivalents used for: Revenue Financing	(26,442)
A	35	**Ending Cash and Cash Equivalents**	**180,290**
	36	Beginning Deferred Borrowing Balance	191,016
	37	Net increase (decrease) in Deferred Borrowing	(121,182)
B	38	**Ending Deferred Borrowing Balance**	**69,833**
	39	Reserves not available for risk (RNFR)	52,100
	40	Reserves available for risk (RFR)	198,024
C	41	**EOY Total Reserves**	**250,124**

Financial Disclosures

This information has been made publicly available by BPA on August 13 and August 17, 2021 and contains information not sourced directly from BPA financial statements.