

November 2009 QBR Follow Ups



QBR Follow Ups

Power Financial Highlights

- **How much (in total) did CGS outages cost BPA in FY 2009?**
 - An analysis was performed assuming that CGS would return to full power on June 13th following the refueling outage, as scheduled by Energy Northwest. This analysis only looks at the timeframe between June 13th and October 4th. The total estimated cost of this lost generation over that period of time is approximately \$50 million.

- **What was the total amount in sales beyond preference customer sales? Net secondary sales of \$45.4 million for FY 2009 were provided to customers at the meeting.**
 - We forecasted our FY 2009 Net Secondary Sales at the beginning of the fiscal year to be \$405.6 million. The actual FY 2009 Net Secondary Sales were \$45.4 million, resulting in a decrease of \$360.2 million between forecast and actual Net Secondary Sales.

- **Slide 25; does the Residential Exchange reduction of \$77 million appear in Operating Revenues or somewhere else? The Residential Exchange expense reduction of \$46.2 million was addressed in line item 16.**
 - The revenue reduction related to the Residential Exchange Program shows up in the Gross Sales line item of Power Services and rolls up to the Operating Revenues category.



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Transmission Capital Financial Highlights

- **What projects were delayed in Line 31 of slide 29 – Transmission Capital, Control Centers?**
 - **Power System Security Tools (PSST) Infrastructure Upgrade and MCC Deployment** - This project will replace and upgrade the capacity and performance of the Dittmer PSST infrastructure and deploy a new PSST infrastructure at Munro Control Center (MCC). The improved capacity and performance will address the expected increased use by dispatch, Pacific Northwest Security Coordinator (PNSC), and TOT staff. The new PSST production and support infrastructure will be the first major AREVA system (AREVA Corp products) to be deployed in a Windows environment. A number of critical AREVA system support tools necessary for the Windows environment will be developed as part of this project. PSST tools allow the mathematical simulation of planned power system actions to determine the potential impact on the stability and reliability of the power system. The system uses a model of the real-time state of the power system based on real-time Supervisory Control and Data Acquisition (SCADA) system measurements and measurements received from adjoining utilities.
 - **Dittmer Control Center Badger Microwave Alarm Master Replacement** - Replace the present Dittmer Control Center Badger Microwave Alarming System Master with a system that is more maintainable, reliable, and based on vendor supported Grid Operations standard hardware and software products.
 - **Control Centers Integrated Curtailment Re-dispatch System (iCRS)**- Develop a new production Control Center Network (CCN) system for the Dittmer and Munro dispatchers. This new system will provide a combination of curtailment calculators and reliability re-dispatch at all identified network flowgates/cutplanes.



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Transmission Capital Financial Highlights (continued)

- **Gen ICCP Upgrade** - Upgrading communication between BPA and the Army Corps of Engineers (COE) and US Bureau of Reclamation (USBR) powerhouses to Inter-control Center Communication Protocol (ICCP). The ICCP protocol is an industry standard and is supported by the AGC vendor software. This will give us greater accessibility to data from generation plants which is necessary for hydro optimization and reactive reserve monitoring (VARMON) and will help to create better real-time studies of the system for reliable operations. We have used all 52 available characters of the current custom protocol for the messages from the powerhouses so we are not able to add data necessary from the projects for the Near Real Time Optimization (NRTO) project, nor the data necessary for VARMON. The TBL/PBL benefit and cost split on this project is 50/50. This project builds on the Phase I project to implement the first instance at Bonneville dam.
- **Dittmer & Monroe RAS Transfer Trip Upgrades** - This project is a placeholder to support multiple minor Remedial Action Schemes (RAS) additions and modifications for FY 2009 at the control centers. These funds were expected to be used for additions to existing RAS for planned wind generation integration projects -- delays in these projects and/or their resulting requirements for the RAS aspects have delayed the use of these funds, which are expected to be used around early Spring of FY 2010.
- **Control Centers Centralized Backup** - This project proposal is to integrate a centralized backup system into both control centers. This new system will finish out the recovery/protection schema for all new control center systems by providing disaster recovery features and an automated offsite storage of system images and data.



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Financial Highlights

- **Why did reserves drop significantly between 6 months and the end of the year? (Slide 31)**
 - We had increasingly bad water flow plus decreasing market prices; also CGS went down for virtually the entire month of August, adding to decreased sales and causing us to purchase more power than expected. This led to Power's actual cash flows generated by operations to go negative. At the agency level, this was mitigated a bit by relatively steady Transmissions operating net cash inflows. Against this backdrop of poor cash flows generated by operations during this 6 month period, we made about \$370 million of EN direct pay payments which included a \$230 million payment in May most of which was due to paying EN Bond principal. Also we made about \$400 million in power related debt service payments and about \$220 million for Transmission, all totaling roughly \$620 million in debt payments. Since we had such a poor summer due to low water coupled with low energy prices, the overall agency cash inflows during this six month period were not sufficient to counter these large cash outlays as they did in FY 2008.

- **Provide an explanation or drivers for the change between Power and Transmission Reserve split from 3rd Quarter to EOY.**
 - Power had a bad summer — Power's net cash flow for the last three months of FY 2009 was much worse than expected in the 3rd quarter, especially when you consider the unplanned CGS outage — while Transmission was having a good Summer. So Power's reserves balance had a net decrease during the 4th quarter, whereas Transmissions reserve balance had a net increase in the 4th quarter, which caused the reserve balances of each to come out as they did (relatively more for Transmission and less for Power).



Capital Crosswalk

Provide a crosswalk between the BPA Capital Expenditures on slide 30 of the November QBR package and the BPA Accrued Capital Expenditures on slide 21 of the November QBR package.

FY 2009 Capital Crosswalk		
<i>November 2nd QBR Follow-up</i>		
Total BPA Capital Expenditures (Slide 30)	\$	593.2
<i>Less Total FY 2009 Lease Financing</i>	<i>\$</i>	<i>(119.7)</i>
<i>Less Total FY 2009 PFIA</i>	<i>\$</i>	<i>(49.4)</i>
<i>Less Revenue Financing</i>	<i>\$</i>	<i>(15.0)</i>
BPA Accrued Capital Expenditures (Slide 21)	\$	409.2