



DEPARTMENT OF ENERGY
Bonneville Power Administration
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Jan.18, 2017

In reply refer to: FS-2

To: Parties interested in the Integrated Program Review 2

The Bonneville Power Administration would like to invite you to participate in the Integrated Program Review 2 public process. This 2016 IPR 2 will address expense and capital spending for the Bureau of Reclamation and the Corps of Engineers as well as operations and maintenance expenses for the Columbia Generating Station. BPA plans to also review the Commercial Operations Key Strategic Initiative and workforce expenses. The IPR 2 is limited in scope to the defined set of topics; it will not open up discussions on all spending levels.

This year BPA has changed the way the agency is conducting this IPR 2 process. During Focus 2028 and the initial IPR and Capital Investment Review, we heard requests from customers and other stakeholders to have more involvement in developing spending levels. BPA held informational webinars in December to provide background information on all of the IPR 2 topics except workforce expenses. Materials from those webinars, as well as questions, answers and follow-ups, are available on the IPR website. In January, a subset of customers will help the agency develop alternative spending scenarios using the 2016 IPR spending levels as a base for discussion.

BPA will host four workshops covering the IPR 2 topics on Feb. 15 and 16 in the BPA Rates Hearing Room. These workshops will cover each of the topic areas and include, to the extent possible, spending alternatives. Discussion will center on the benefits and risks associated with each of the scenarios. Customers can weigh in during the comment period, which will close on March 9. Workshop materials will be available on the IPR website in advance of the meetings.

This process is taking place during the BP-18 Rate Case. The IPR 2 workshops will focus solely on the programs and costs identified above and are not intended to discuss rates or rate case issues. However, pursuant to BPA's *ex parte* rule, notice is hereby given that the IPR workshops may inadvertently discuss limited substantive issues pending in the BP-18 Rate Case.

We look forward to the engagement from customers and interested parties as we discuss these alternative spending levels in February.

A handwritten signature in blue ink, appearing to read "L. Javier Fernandez".

L. Javier Fernandez

Executive Vice President and Chief Financial Officer