Proposed IPR Expense and Capital Programs
• Transmission Service is responsible for planning, designing, marketing, operating and maintaining approximately 15,000 miles of the Pacific Northwest’s high-voltage transmission assets across multiple states.

• Agency strategic goals
IPR principles:

- Limit forecast cost increases.
- Mission critical work.
- Invest in our people.
- Focus on risk-prioritized investments.
- Make investments that provide savings to ratepayers.
Proposed expense funding levels held at the rate of inflation to the extent possible however Transmission is facing cost pressures above inflation.

Transmission focused funding on priority areas to mitigate risks such as wildfire mitigation and cyber security.

Trade-offs helped to mitigate cost pressures, cost reductions were identified, and personnel will focus on mission critical work.
# Transmission Business Line - Expense

![Bar chart showing expense breakdown for different years and categories.]

## Actuals vs Rate Case vs Proposed IPR

<table>
<thead>
<tr>
<th>Year</th>
<th>Asset Management</th>
<th>Enterprise Services G&amp;A</th>
<th>Operations</th>
<th>Commercial Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>261,109</td>
<td>99,671</td>
<td>68,600</td>
<td>59,457</td>
<td>488,838</td>
</tr>
<tr>
<td>2021</td>
<td>277,367</td>
<td>109,165</td>
<td>66,219</td>
<td>50,406</td>
<td>503,157</td>
</tr>
<tr>
<td>2022</td>
<td>286,951</td>
<td>103,195</td>
<td>64,284</td>
<td>56,470</td>
<td>510,899</td>
</tr>
<tr>
<td>2023</td>
<td>290,281</td>
<td>104,681</td>
<td>65,598</td>
<td>57,541</td>
<td>518,101</td>
</tr>
<tr>
<td>2024</td>
<td>324,988</td>
<td>136,034</td>
<td>75,118</td>
<td>49,549</td>
<td>585,690</td>
</tr>
<tr>
<td>2025</td>
<td>333,897</td>
<td>139,965</td>
<td>78,595</td>
<td>50,854</td>
<td>603,310</td>
</tr>
</tbody>
</table>

## Costs Described in IPR Total

<table>
<thead>
<tr>
<th>Year</th>
<th>Actuals</th>
<th>Rate Case</th>
<th>Proposed IPR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>488,838</td>
<td>510,899</td>
<td>585,690</td>
</tr>
<tr>
<td></td>
<td>503,157</td>
<td>518,101</td>
<td>603,310</td>
</tr>
</tbody>
</table>

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**Bonneville Power Administration | IPR June 2022**
IPR FY 2024-25 Average - Expense

- **FY2022-23 Average**
  - Total: $515 Million

- **FY2024-25 Average**
  - Total: $594 Million

- Operations: 13%
- Commercial Activities: 9%
- Asset Management: 55%
- Enterprise Services G&A: 23%
## Transmission Services - Capital

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transmission Asset Category</strong></td>
<td>206,737</td>
<td>258,722</td>
<td>312,000</td>
<td>327,000</td>
<td>344,700</td>
<td>346,500</td>
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<tr>
<td><strong>PFIA</strong></td>
<td>15,626</td>
<td>10,916</td>
<td>45,000</td>
<td>50,000</td>
<td>37,800</td>
<td>45,000</td>
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<tr>
<td><strong>Other Asset Categories Within Transmission</strong></td>
<td>25,969</td>
<td>20,000</td>
<td>84,780</td>
<td>86,990</td>
<td>148,000</td>
<td>130,610</td>
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<tr>
<td><strong>Transmission Indirects</strong></td>
<td>61,400</td>
<td>61,283</td>
<td>53,390</td>
<td>54,072</td>
<td>59,432</td>
<td>59,788</td>
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<tr>
<td><strong>Corporate Indirects</strong></td>
<td>47,564</td>
<td>47,701</td>
<td>46,042</td>
<td>46,337</td>
<td>54,815</td>
<td>56,563</td>
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<tr>
<td><strong>AFUDC</strong></td>
<td>13,704</td>
<td>14,040</td>
<td>15,937</td>
<td>15,845</td>
<td>16,500</td>
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<tr>
<td><strong>Capital Total</strong></td>
<td>370,999</td>
<td>412,662</td>
<td>557,149</td>
<td>580,244</td>
<td>661,247</td>
<td>654,961</td>
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</tbody>
</table>

### Notes
- The table above summarizes the capital budget for Transmission Services from 2020 to 2025.
- The budget is broken down into several categories:
  - **Transmission Asset Category**
  - **PFIA**
  - **Other Asset Categories Within Transmission**
  - **Transmission Indirects**
  - **Corporate Indirects**
  - **AFUDC**

### Graphical Representation
- The graph visually represents the capital budget breakdown for each year, categorized by type.
- The legend key is as follows:
  - Transmission Asset Category
  - PFIA
  - Other Asset Categories Within Transmission
  - Transmission Indirects
  - Corporate Indirects
  - AFUDC
IPR FY 2024-25 Average - Capital

<table>
<thead>
<tr>
<th>FY2022-23 Average</th>
<th>FY2024-25 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$569 Million</td>
</tr>
<tr>
<td>Total</td>
<td>$658 Million</td>
</tr>
</tbody>
</table>
Transmission Programs

- Transmission Commercial Activities
- Transmission Asset Management
- Transmission Operations
- Enterprise Services
Transmission Commercial Activities

Mission
The Commercial Activities provides leadership and direction to standardize and streamline products, rules and strategies to satisfy BPA commercial objectives and customer needs. The Commercial Activities also strives to optimize current and future opportunities and efficiencies to support over 300 customers resulting in an average annual revenues of $1.2 billion.
## Transmission Commercial Activities

**Table:**

<table>
<thead>
<tr>
<th></th>
<th>2020 (Actuals)</th>
<th>2021</th>
<th>2022 Rate Case</th>
<th>2023 Proposed IPR</th>
<th>2024 Average Rate Case</th>
<th>2025 Average Proposed IPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Total</td>
<td>59,457</td>
<td>50,406</td>
<td>56,470</td>
<td>57,541</td>
<td>49,549</td>
<td>50,854</td>
</tr>
</tbody>
</table>

**Graph:**

- General Administrative
- Comm Act Exec & Admin Svcs
- Transmission Sales
- Business Strategy and Assessment
- Other (programs < $3m Proposed IPR)
Transmission Commercial Activities

• FY 24/25 average proposed levels: $50 million
• Change from BP-22 rate case: ($7M)

• Program Objectives in 2024 and 2025:
  – Design and Offer High Quality Services
  – Align Service Performance Expectations
  – Capture Revenue and Mitigate Commercial Risk
  – Manage the Business Interfaces with Customers
Transmission Commercial Activities

- Outcomes and impacts of proposed spending levels:
  - Core work
  - Efficiency improvements
  - Strategic initiatives
  - Staffing levels held flat which will provide response time similar to FY22/23 or slightly reduced dependent on the increase in customer requests and contract actions
Transmission Asset Management

Mission

Transmission Services will manage its assets to achieve safety, reliability, and availability and adequacy standards and maximize economic value for the region. It will use efficient and transparent practices that are effective in managing risks and delivering results.
Transmission Asset Management Strategy

Objective: Align with Institute of Asset Management (IAM) best practices

- Risk based planning and prioritization
- Financial effectiveness
- Technological obsolescence and aging infrastructure
- Compliance
Transmission Asset Management - Expense

<table>
<thead>
<tr>
<th>Year</th>
<th>Actuals</th>
<th>Rate Case</th>
<th>Proposed IPR</th>
<th>2022-2023 Average Rate Case</th>
<th>2024-2025 Average Proposed IPR</th>
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</thead>
<tbody>
<tr>
<td>2020</td>
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<td>2025</td>
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</tr>
</tbody>
</table>

($Thousands)

Cost categories:
- Substation Maintenance
- Transmission Line Maintenance
- Vegetation Management
- Nerc/Wecc Compliance
- Control Center Support
- Non-Electric Maintenance
- System Protection Ctrl Maint
- Information Technology
- TSD Planning & Analysis
- Power System Control Maint
- Asset Mgmt Exec & Admin Svcs
- Other (programs $10m Proposed IPR)
# Transmission Asset Management - Capital

<table>
<thead>
<tr>
<th>Proposed IPR</th>
<th>Capital Outyears</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>2025</td>
</tr>
<tr>
<td>---</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Transmission Asset Category</th>
<th>$Thousands</th>
<th>$Thousands</th>
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<th>$Thousands</th>
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</thead>
<tbody>
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<tr>
<td>PFIA</td>
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<tr>
<td>Other Asset Categories Within Transmission</td>
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<td>131</td>
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<td>69</td>
<td>75</td>
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<td>71</td>
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<tr>
<td>Transmission Indirects</td>
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<td>Corporate Indirects</td>
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<td>62</td>
<td>63</td>
<td>65</td>
<td>66</td>
</tr>
<tr>
<td>AFUDC</td>
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<td>17</td>
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<td>17</td>
<td>17</td>
<td>17</td>
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<tr>
<td>Capital Total</td>
<td>661</td>
<td>655</td>
<td>630</td>
<td>610</td>
<td>621</td>
<td>611</td>
<td>614</td>
<td>608</td>
<td>601</td>
</tr>
</tbody>
</table>
Transmission Asset Management

• FY 24/25 average proposed levels:
  – Expense: $329 million
  – Capital: $658 million

• Change from BP-22 rate case:
  – Expense: $41 million increase
  – Capital: $89 million increase

• Program Objectives in 2024 and 2025:
  – Maintenance and capital replacements
  – Increasing execution throughput
  – Continuous improvement of data, analytics and processes across the asset lifecycle
Transmission Asset Management

• Outcomes and impacts of proposed spending levels:

– Enables Asset Management maturity as a result of maturing risk based planning, metrics and prioritization
– Prioritized funding to support advances in the cyber security program, expanded wildfire mitigation efforts and the Grand Coulee asset transfer
– Trade-offs affected expense investments in access roads and vegetation management. No significant expense investment in seismic hardening
Transmission Operations

Mission

Transmission Operations is responsible for the safe, reliable operation and dispatch of the high-voltage transmission system and interconnected generation. Transmission Operations staff support initiatives providing planning, scoping, and project management activities that lead to improvements in the tools available for the reliable operation of BPA’s transmission system.
Transmission Operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Actuals</th>
<th>Rate Case</th>
<th>Proposed IPR</th>
<th>Average Rate Case</th>
<th>Average Proposed IPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>68,600</td>
<td>66,219</td>
<td>64,284</td>
<td>65,598</td>
<td>75,118</td>
</tr>
<tr>
<td>2021</td>
<td>66,219</td>
<td>64,284</td>
<td>65,598</td>
<td></td>
<td>78,595</td>
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<tr>
<td>2022</td>
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<td>2023</td>
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<tr>
<td>2024</td>
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<tr>
<td>2025</td>
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</tbody>
</table>

*(Thousands)*
Transmission Operations

• FY 24/25 average proposed levels:
  – Expense: $77 million

• Change from BP-22 rate case:
  – Expense: $12 million increase

• Program Objectives in 2024 and 2025:
  – Deliver Generation to Load
  – Conduct Performance Analysis
Outcomes and impacts of proposed spending levels:

- Maintain current staffing levels to support BPA’s initiatives including staffing of an EIM desk
- Prioritized critical expenditures to protect safety and reliability
- Trade-offs resulted in reduced support, which may cause delays in project work, analysis and metrics, as well as decreased engagement in industry forums
Enterprise Services
Enterprise Services

- FY 24/25 Average proposed levels: $138 million
- Change from BP-22 rate case : $34 million
- Internal support consists of two separate programs, “Additional Post Retirement Benefits Contributions” and “Enterprise Services General and Administrative” that are included in Transmission’s revenue requirements.
- The Enterprise Services G&A funding levels are costs not direct charged to Transmission’s program plans and are determined by the level of service required to support the business units.
- Proposed funding levels for Agency Services have increased from the BP-22 funding levels and discussed at the IPR Kick-off session and IT session.

<table>
<thead>
<tr>
<th>($Thousands)</th>
<th>Actuals</th>
<th>Rate Case</th>
<th>Proposed IPR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Enterprise Services’ G&amp;A Allocations</td>
<td>83,693</td>
<td>91,535</td>
<td>90,589</td>
</tr>
<tr>
<td>Post-retirement benefits</td>
<td>15,979</td>
<td>17,629</td>
<td>12,607</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>99,671</td>
<td>109,165</td>
<td>103,195</td>
</tr>
</tbody>
</table>
In Summary

Agency strategic goals

1. Strengthen Financial Health
2. Modernize Assets & System Operations
3. Provide Competitive Power Products & Services
5. Value People & Deliver Results
• Comment period open June 17 – July 18
• Comments can be submitted:
  – Online at www.bpa.gov/comment.
  – By mail to BPA, P.O. Box 14428, Portland, OR 97293
• Link to SAMPs webpage: www.bpa.gov/about/finance/strategic-asset-management-plans
  – SAMPs comments can be made at www.bpa.gov/comment.
QUESTIONS?
BP-24 IPR Initial Publication is available at www.bpa.gov/about/finance/bp-24-ipr

Questions?
Send questions to BPAFinance@bpa.gov. Answers will be posted by July 1 at www.bpa.gov/about/finance/bp-24-ipr
FINANCIAL DISCLOSURE

This information was publicly available on June 9, 2022, and contains information not sourced directly from BPA financial statements.
THANK YOU