Leasing Program Principles and Selection Criteria as recommended in the TBL Tier II meeting (6.13.05) and adopted by the Financial Management Committee (6.28.05)

Background:

Due to constraints on sources of capital, the Administrator has directed the Agency to pursue 3rd party financing in the form of a sustainable leasing program. This program is consistent with the Agency's Strategic Objective #F1: BPA has Sustainable Capital Access.

Principles:

1. The leasing program should secure cost effective non-federal financing of transmission projects through a mechanism that is within BPA's current statutory authority.

2. The leasing program should be a supplement to the existing sources of capital that include Treasury and revenue financing as approved by the capital budget and capital approval processes. It is not intended to promote additional capital spending.

3. The leasing program shall only include physical transmission assets (fixtures), which have been approved under the capital budgeting and project approval processes.

4. The leasing program is limited to assets that Bonneville requires exclusive control over.

5. Bonneville (the Lessee) will have complete rights to control, operate and maintain the infrastructure assets, even though the Lessor may own or have ownership like rights.

6. The leased asset should not be assembled or installed before the lease agreement is signed. Under extraordinary circumstances, this can be reviewed by the CFO's office, General Counsel, and outside counsel.

7. Development of lease agreements should not delay project initiation or completion.

Criteria:

1. Long-lived assets are targeted for this type of agreement.

2. At a minimum, the asset should be limited to "physical plant" that is tagged and tracked appropriately.

3. The asset should have a clear identifiable description.

4. The asset should have historically low likelihood of being moved or frequently replaced once installed.

5. The nature of the project should have a low risk for future litigation and minimal history of past litigation.

6. Assets should exclude land, land rights, access roads