



Bonneville
POWER ADMINISTRATION



QUARTERLY BUSINESS REVIEW

JANUARY 30, 2018



INTRODUCTION

Scott Simms, DIRECTOR OF COMMUNICATIONS

AGENDA

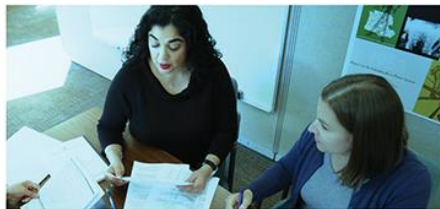
Time	Presentation	Speaker
9:00 – 9:05	Introductions	Scott Simms <i>Director of Communications</i>
9:05 – 9:25	State of the business: Release of 2018-2023 Strategic Plan	Elliot Mainzer <i>Administrator</i>
9:25 – 9:35	Finance update	Mary Hawken <i>Acting chief financial officer</i>
9:35 – 9:45	Power Services update	Joel Cook <i>Senior VP of Power Services</i>
9:45 – 9:55	Transmission Services update	Richard Shaheen <i>Senior VP of Transmission Services</i>
9:55 – 9:57	Spill surcharge update	Dan James <i>Deputy administrator</i>
9:57 – 10:05	Upcoming involvement opportunities	Scott Simms
10:05 – 10:25	Question and answer session	



STATE OF THE BUSINESS

Elliot Mainzer, ADMINISTRATOR AND CHIEF EXECUTIVE OFFICER

2018-2023 STRATEGIC PLAN



Delivering on our public responsibilities through a commercially successful business

BPA 2018–2023
Strategic Plan

MEASURING SUCCESS

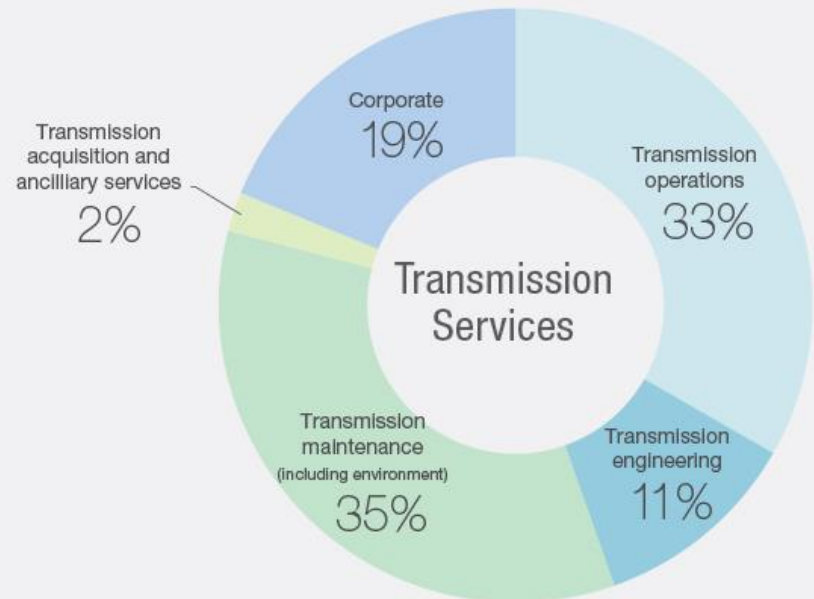
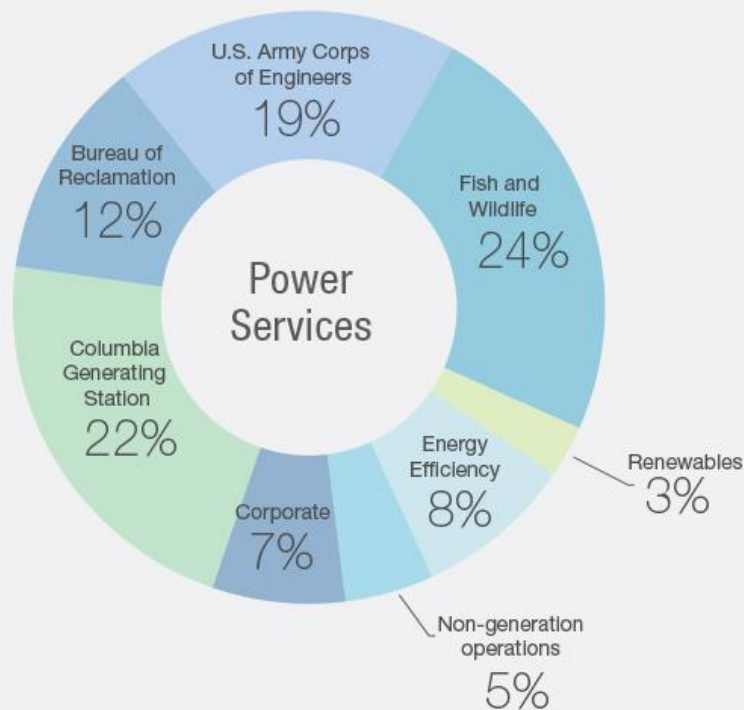
Key Performance Indicators



1: STRENGTHEN FINANCIAL HEALTH




Improve cost-management discipline
Hold program costs at the rate of inflation

Program costs:



STRENGTHEN FINANCIAL HEALTH (CONT.)

– Build financial resiliency.

- Debt utilization: Lower our debt-to-asset ratio. 
- Debt capacity: An “all of the above” financing strategy. 
- Liquidity: Maintain 60 days cash. 

– Maintain high investment-grade credit ratings.

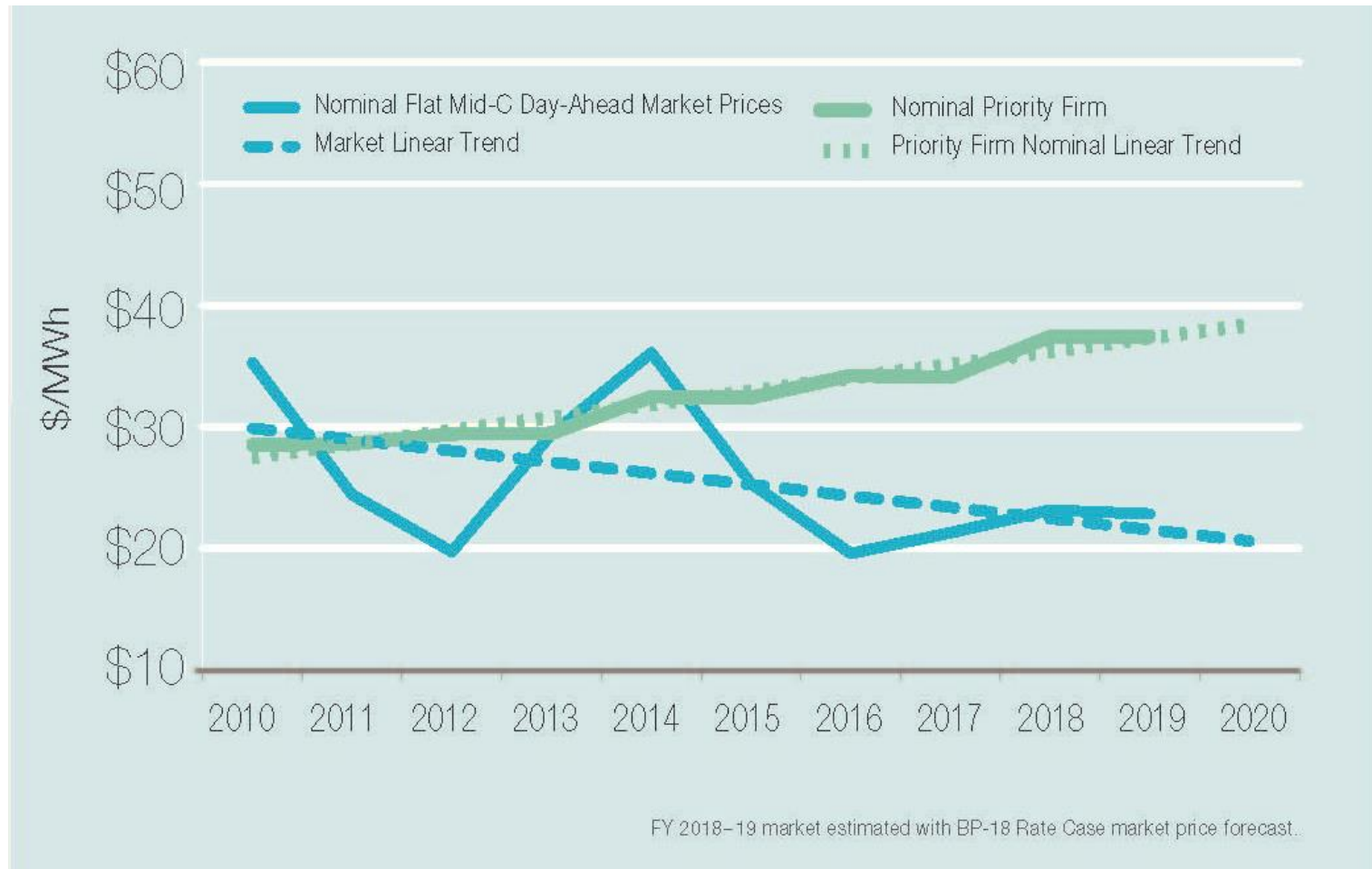
2: MODERNIZE ASSETS AND SYSTEM OPERATIONS

- Administer an industry-leading asset management program.
- Modernize federal power and transmission system operations and supporting technology.



3: COMPETITIVE POWER PRODUCTS AND SERVICES

Priority firm power rates 2010–2020



COMPETITIVE POWER PRODUCTS AND SERVICES (CONT.)

- Increase power revenues.
- Capture the clean energy and capacity value of the Federal Columbia River Power System.
- Prioritize fish and wildlife investments and manage costs at or below rate of inflation,
- Align energy efficiency and demand response investments with the long-term needs of BPA and our customers.
- Modernize the Columbia River Treaty.

4: MEET TRANSMISSION CUSTOMER NEEDS EFFICIENTLY AND RESPONSIVELEY

- Use flexible, scalable, cost-effective and efficient solutions.
- Incentivize grid optimization and efficient regional resource development.
- Meet needs of Network Integration Transmission Service customers through clear business practices and streamlined processes.
- Offer more standardized products and services.

STRATEGY AND CULTURE

“A good business strategy achieves nothing without the people and culture to make it happen.”

— BPA ADMINISTRATOR ELLIOT MAINZER

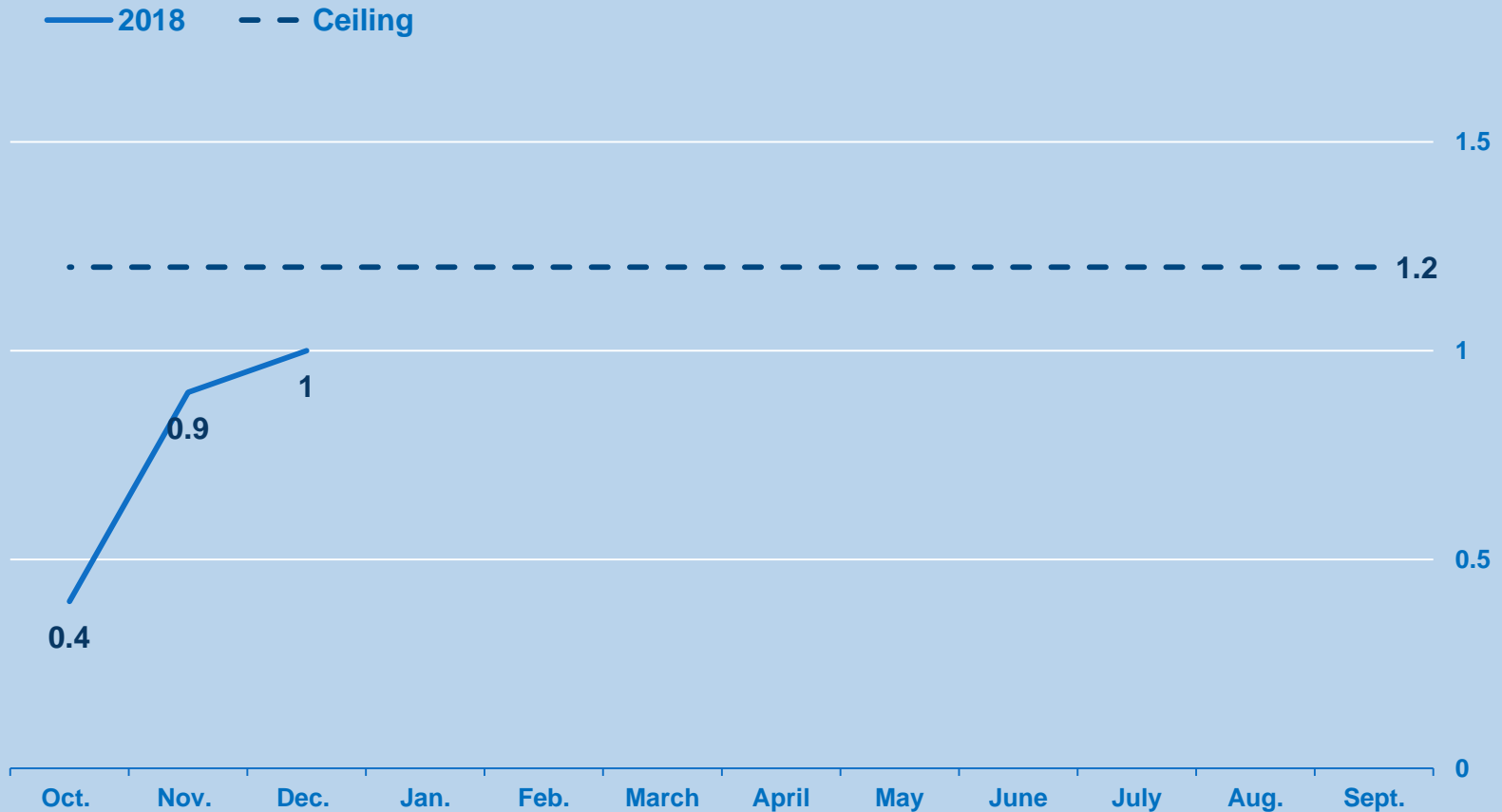


SAFETY



Incident frequency rate

Number of injuries and illnesses per 200,000 hours worked





FINANCE

Mary Hawken, ACTING CHIEF FINANCIAL OFFICER

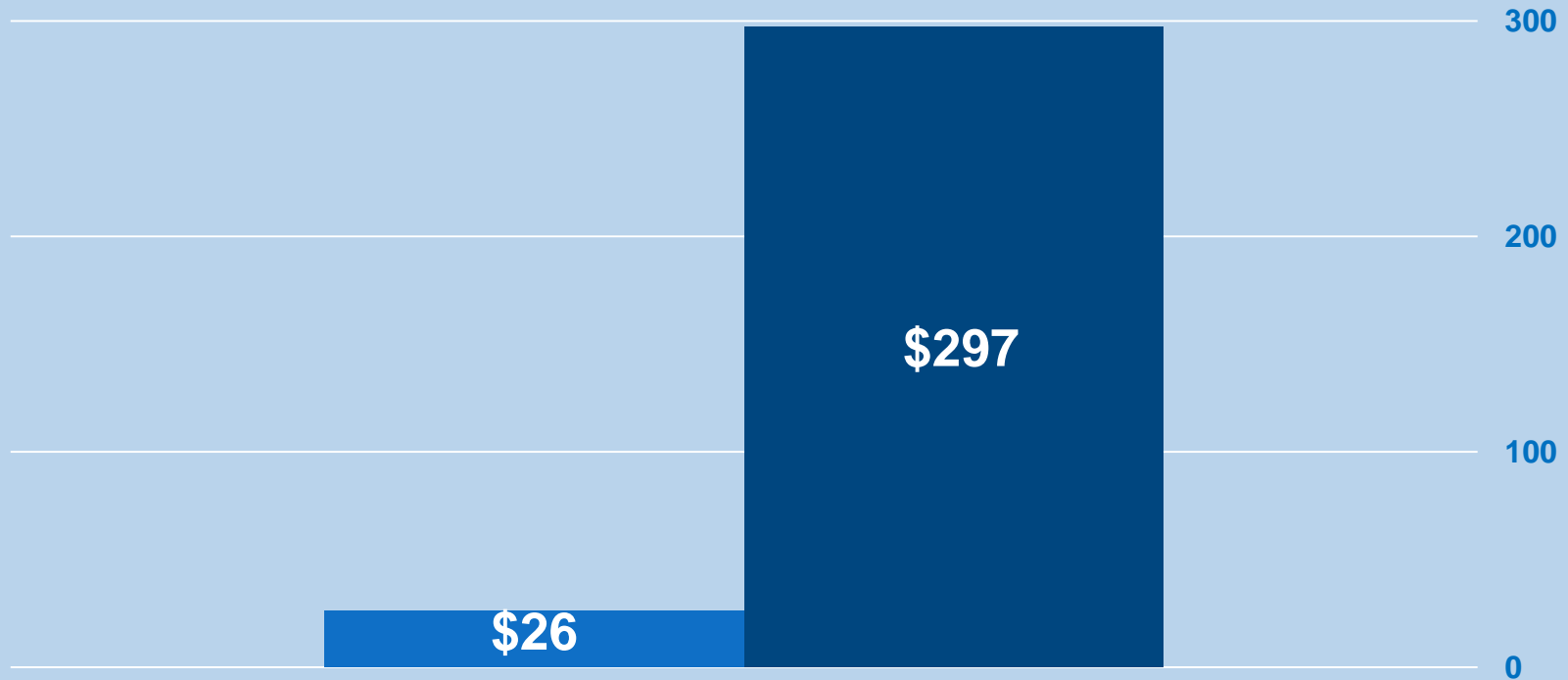
AGENCY NET REVENUES



FCRPS net revenues

In millions of dollars

■ Q1 Forecast ■ BP-18 Rate Case



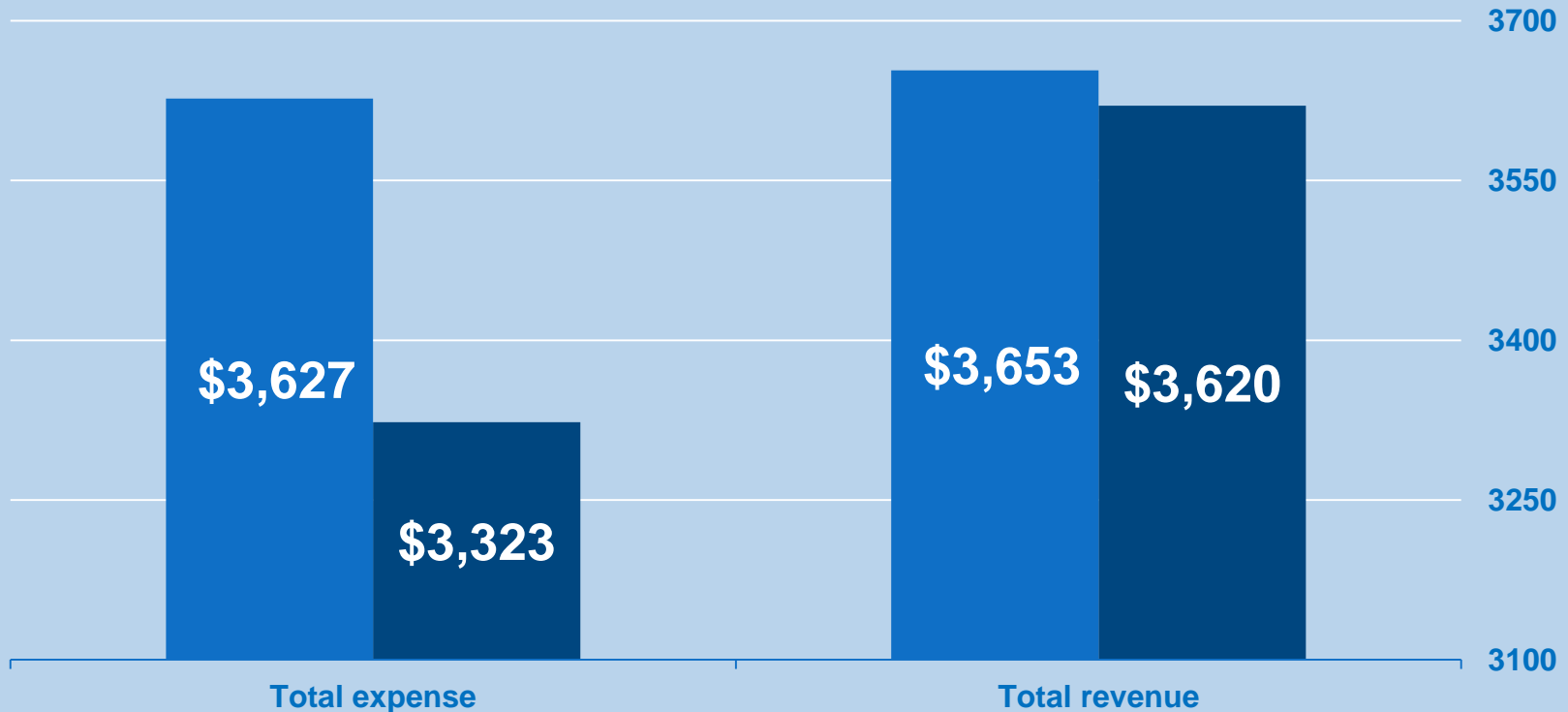
AGENCY FINANCIAL HEALTH



Federal Columbia River Power System

Total revenue and expense in millions of dollars

■ Q1 Forecast ■ BP-18 Rate Case



DAYS CASH ON HAND



	BP-18 Rate Case			FY 2018 EOY forecast		
	Power	Trans.	Agency	Power	Trans.	Agency
EOY Reserves	170	468	638	112	555	667
Reserves not for risk	149	63	212	154	102	256
Reserves available for risk	21	405	426	(42)	452	411
Days cash on hand	4	237	64	0	260	60

**Reserves in millions of dollars*

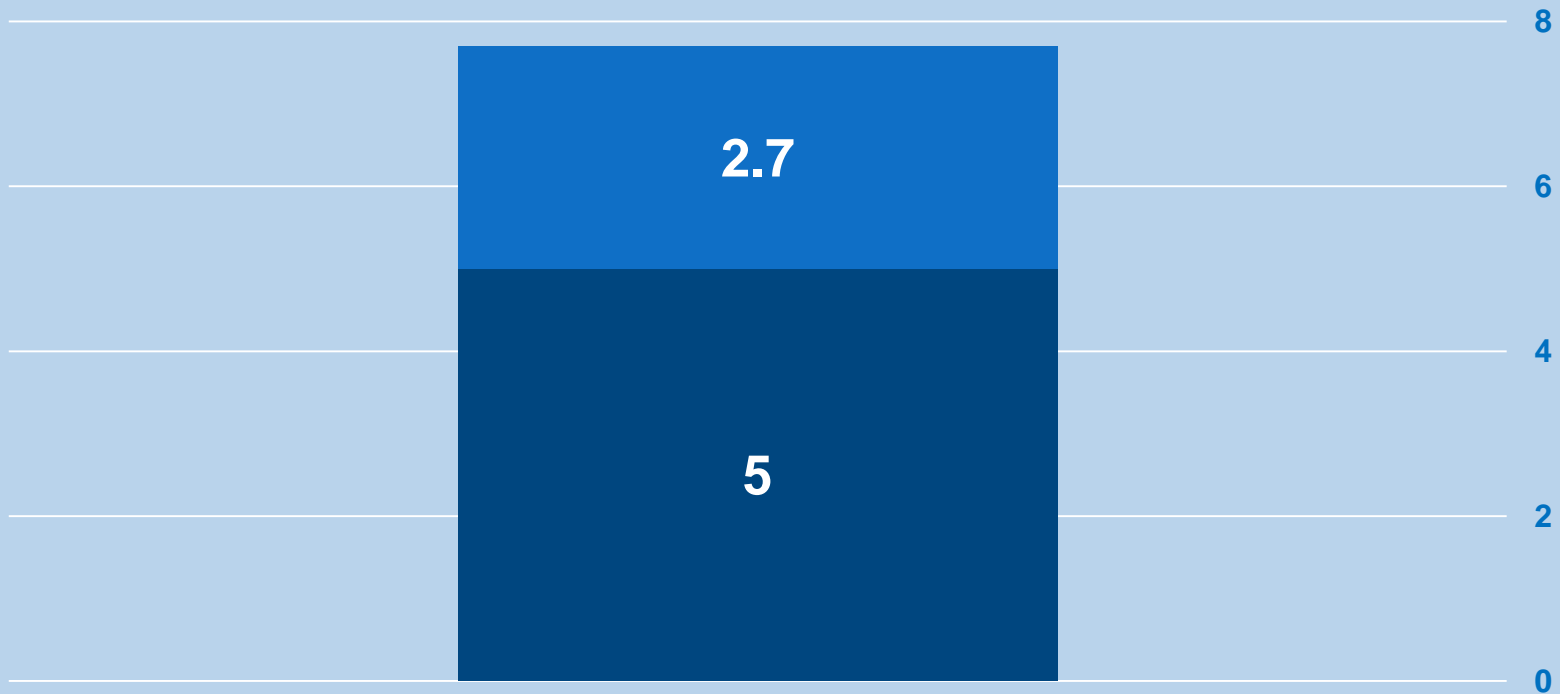
CURRENT BORROWING POSITION



Borrowing authority as of Dec. 31

In billions of dollars

■ Debt Outstanding ■ Available



DEBT-TO-ASSET RATIO



- The proportion of BPA's revenue-generating assets that are financed through debt.

Debt-to-asset ratio (%) as of Sept. 30, 2017	
Agency	90
Power	99
Transmission	80

- Moody's top 50 utility average is 54 percent.

ENGAGE WITH FINANCE

- 2018 Financial Plan will be released Feb. 6.
- Strengthening financial health public processes kick off March 2. Details coming soon. Meetings taking place include:
 - Background information.
 - Financial Reserves Policy workshop #1.
 - Leverage Policy workshop #1.



POWER SERVICES

Joel Cook, SENIOR VICE PRESIDENT OF POWER SERVICES

POWER SERVICES EXPENSE

Power Services total expense

Total expenses in millions of dollars

■ Actuals ■ BP-18 Rate Case

Total expense (in millions of dollars)

BP-18
Rate Case

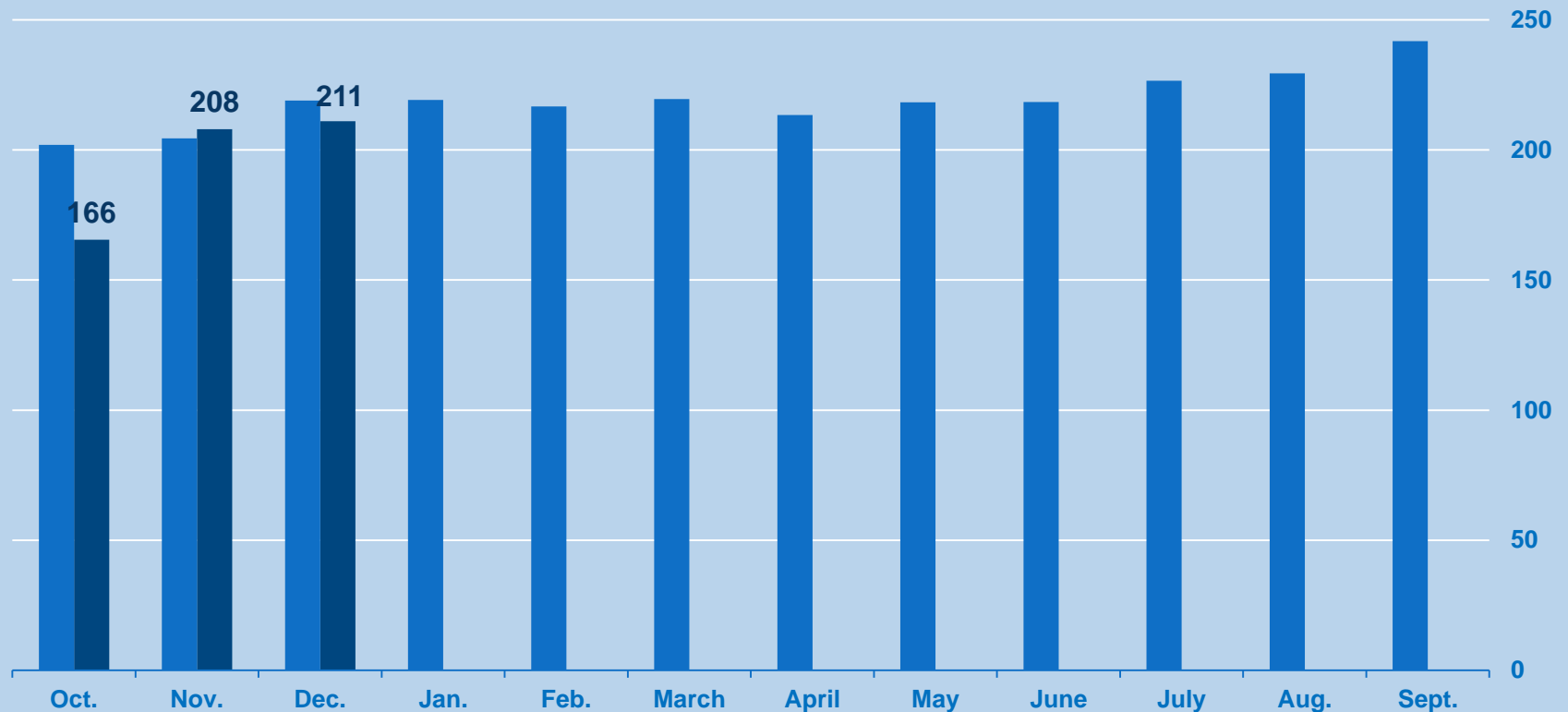
Q1 EOY
forecast

Variance

2,629

2,496

(133)



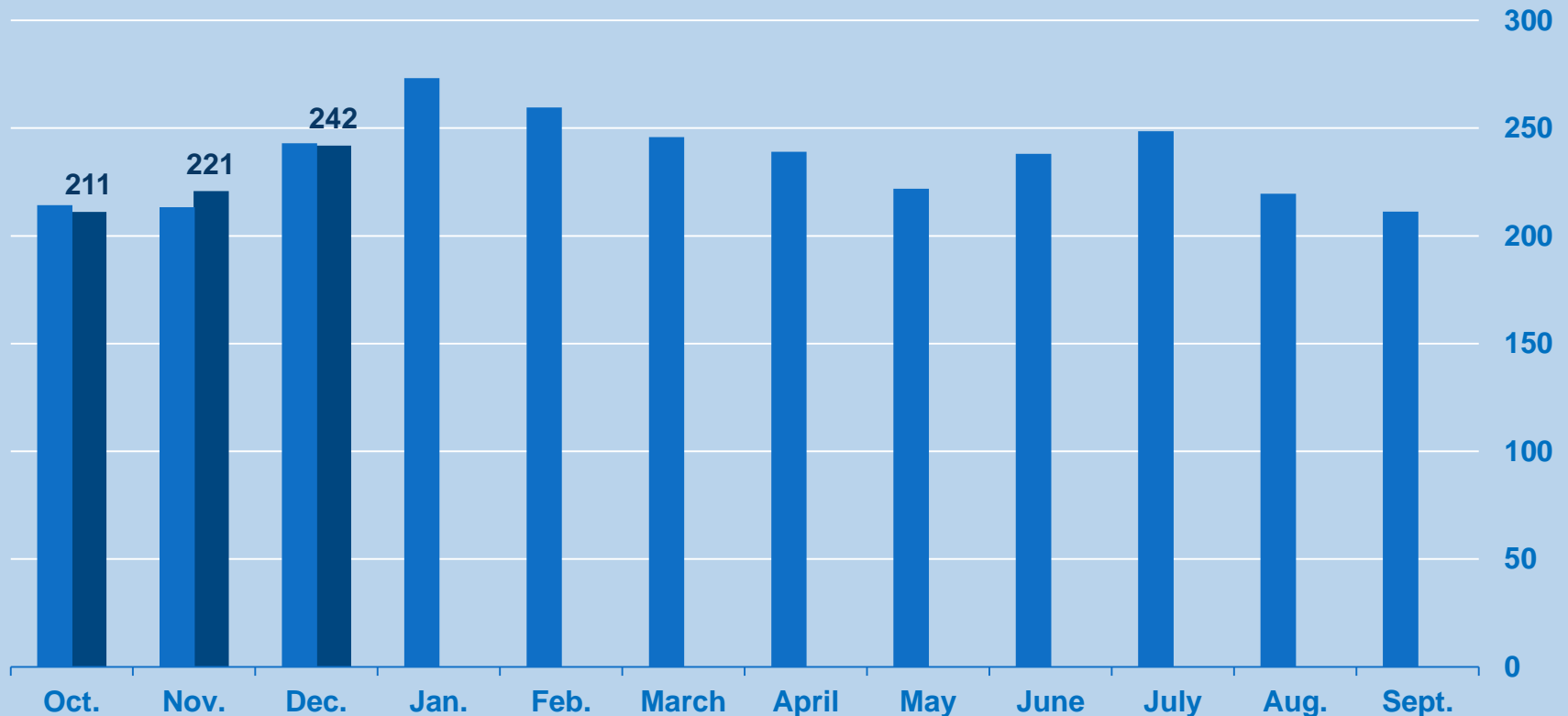
POWER SERVICES REVENUES

Power Services total revenues

Total revenues in millions of dollars

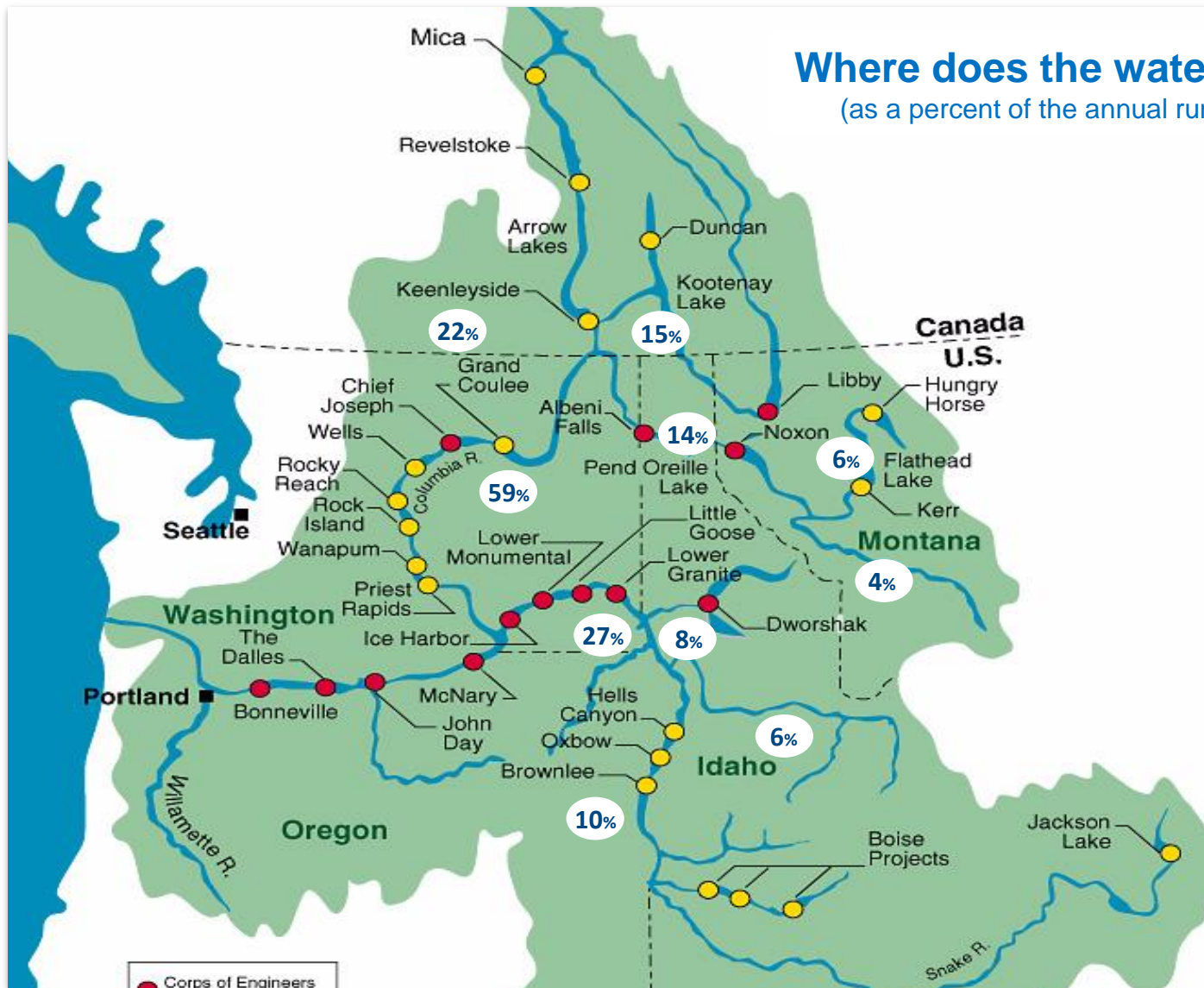
■ Actuals ■ BP-18 Rate Case

Total revenues (in millions of dollars)		
BP-18 Rate Case	Q1 EOY forecast	Variance
2,827	2,796	(31)

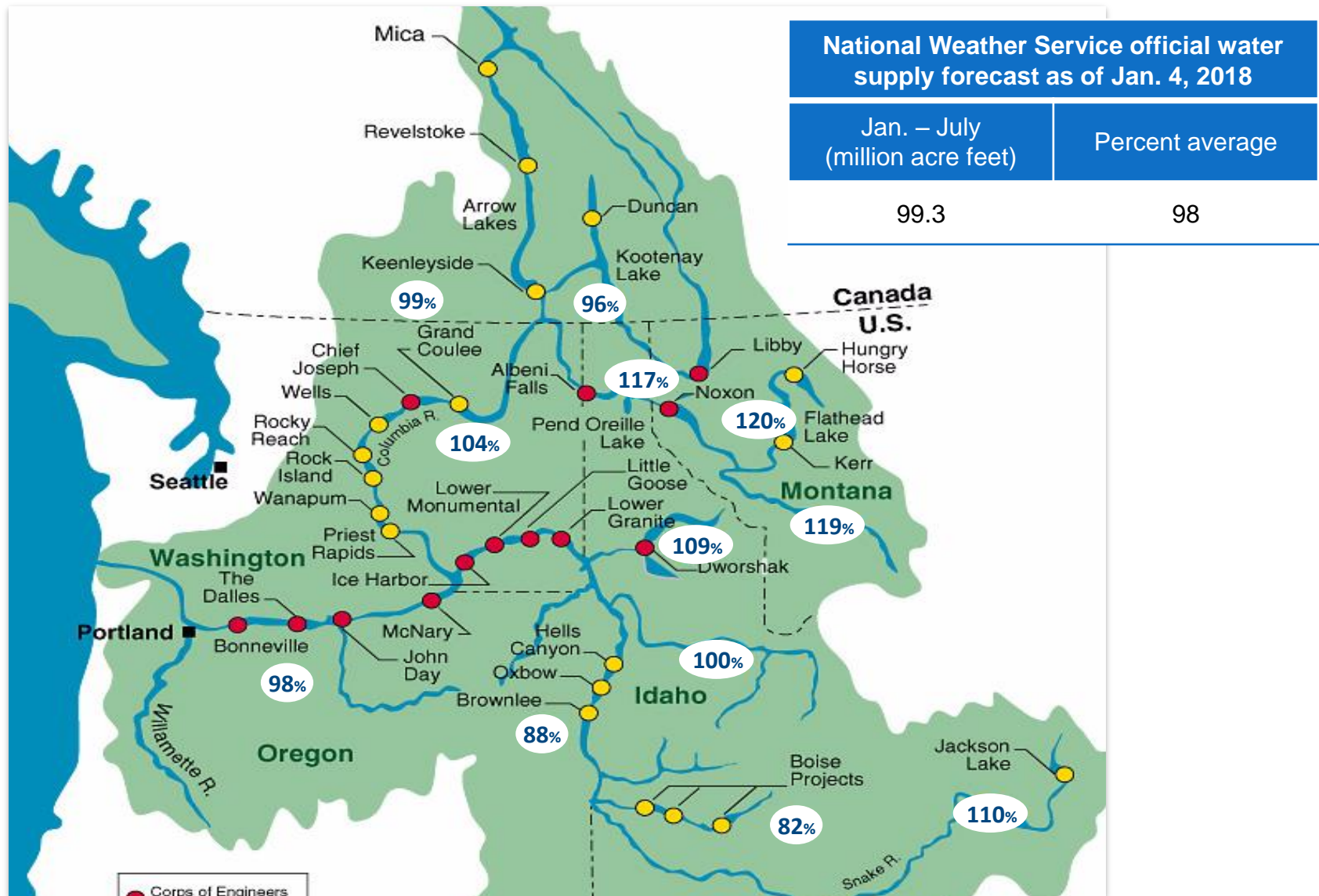


PERCENTAGE OF ANNUAL RUNOFF

Where does the water come from?
(as a percent of the annual runoff at The Dalles)



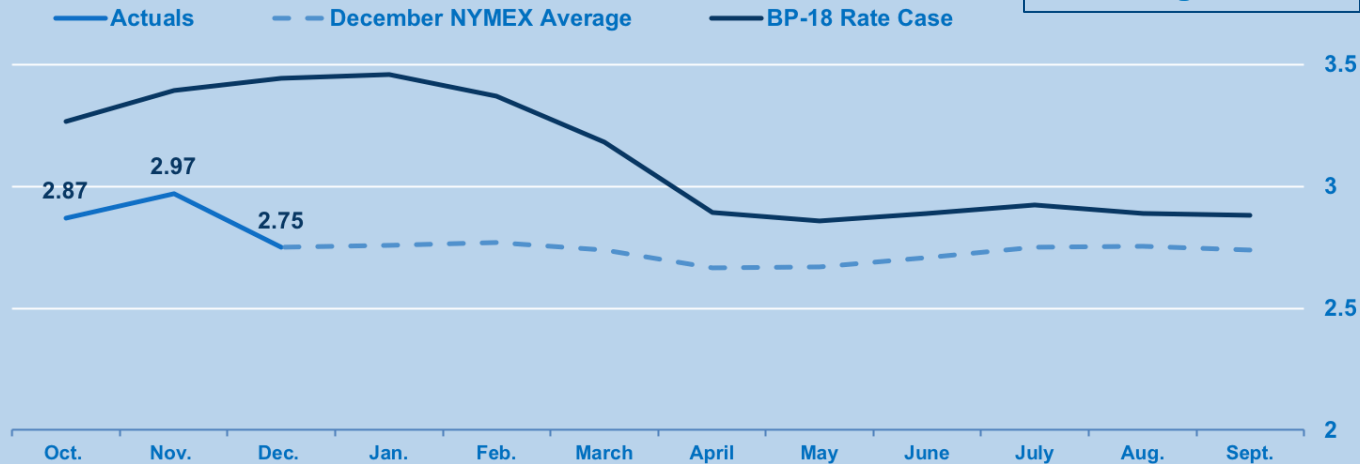
SNOWPACK CONDITIONS



HENRY HUB PRICES

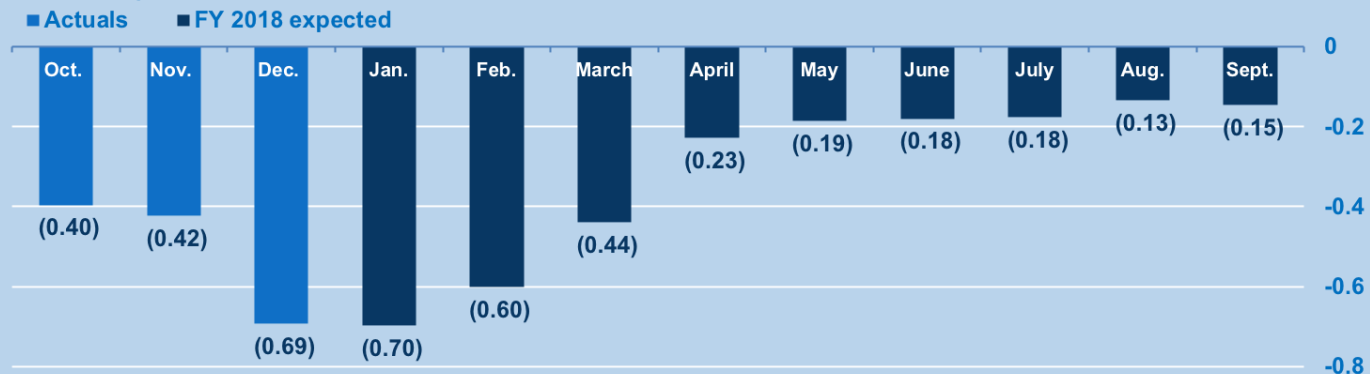
Henry Hub prices

In dollars per one million British thermal units



Variance from BP-18 Rate Case

In dollars per one million British thermal units

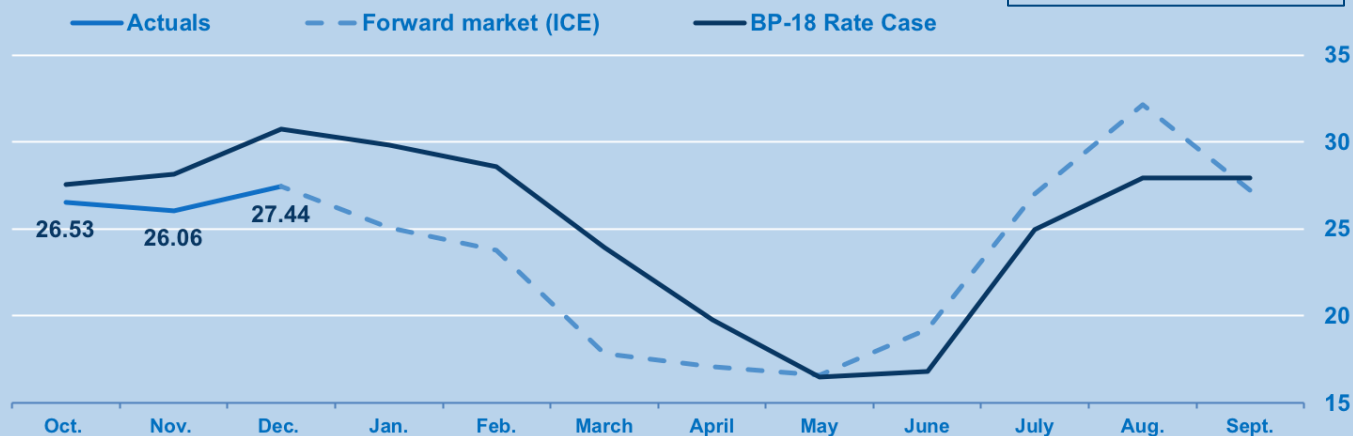


MID-C PRICES

Mid-C heavy load hour prices

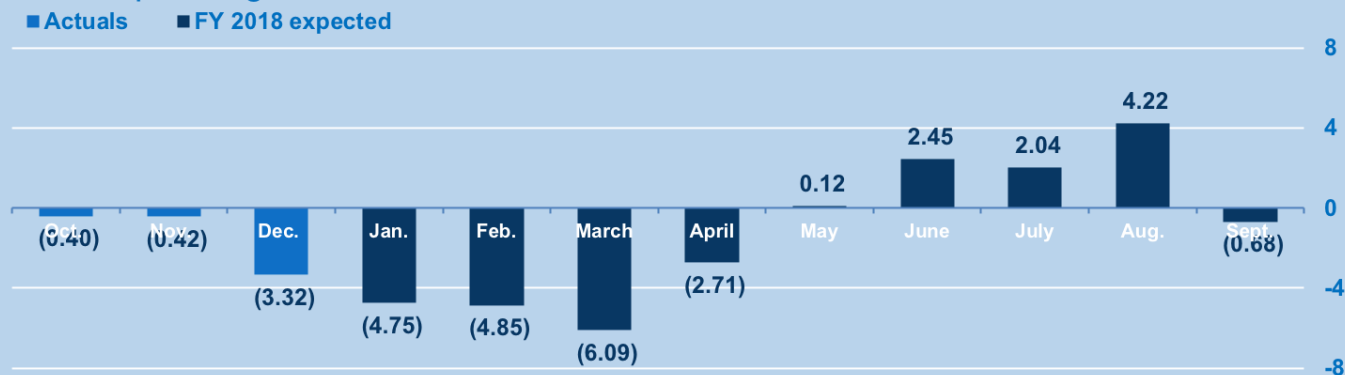
In dollars per megawatt hour

BP-18 avg.: \$25.23
1/11 avg.: \$23.48



Variance from BP-18 Rate Case

In dollars per megawatt hour



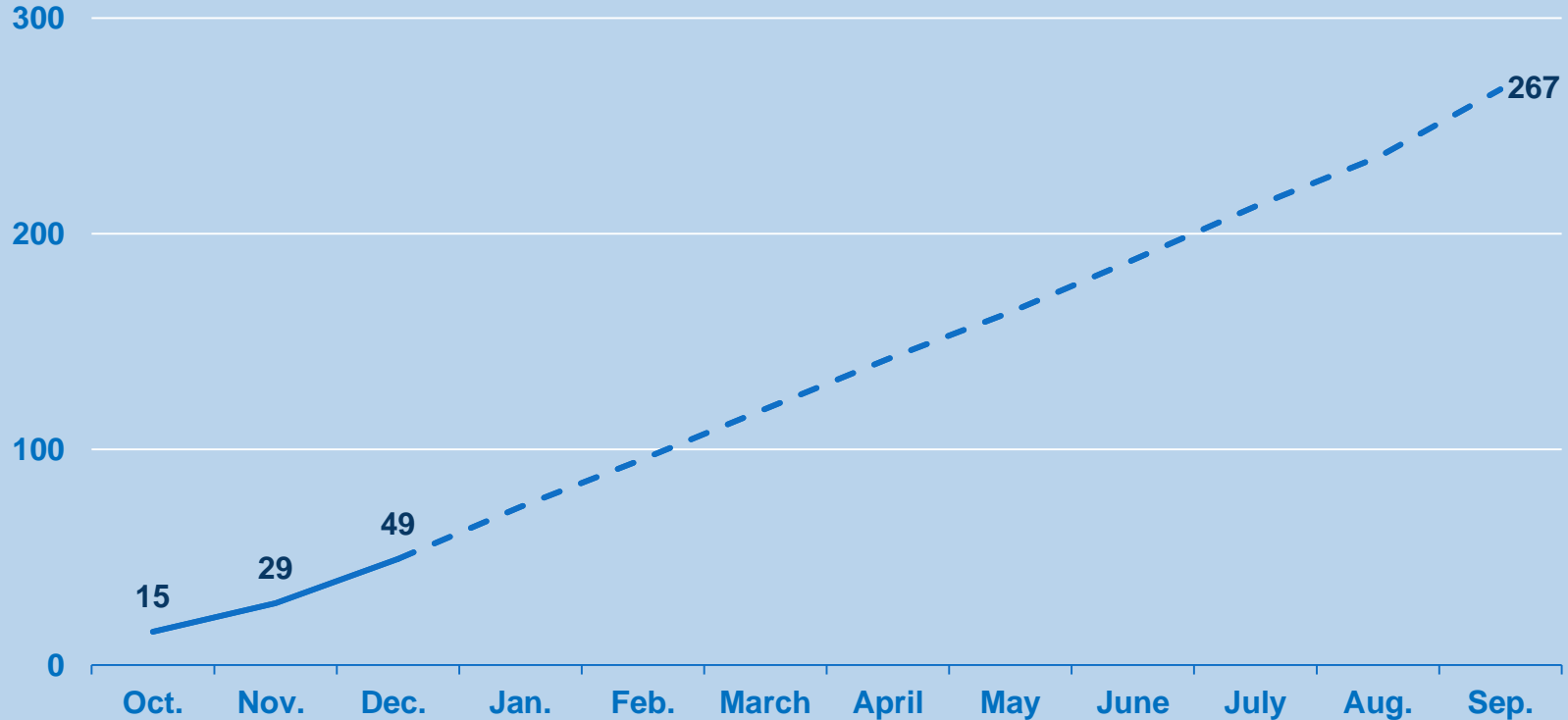
POWER SERVICES CAPITAL



Power Services capital spend

Tracks capital expenditure in millions of dollars

— Actual \$ millions FYTD - - Remaining forecast

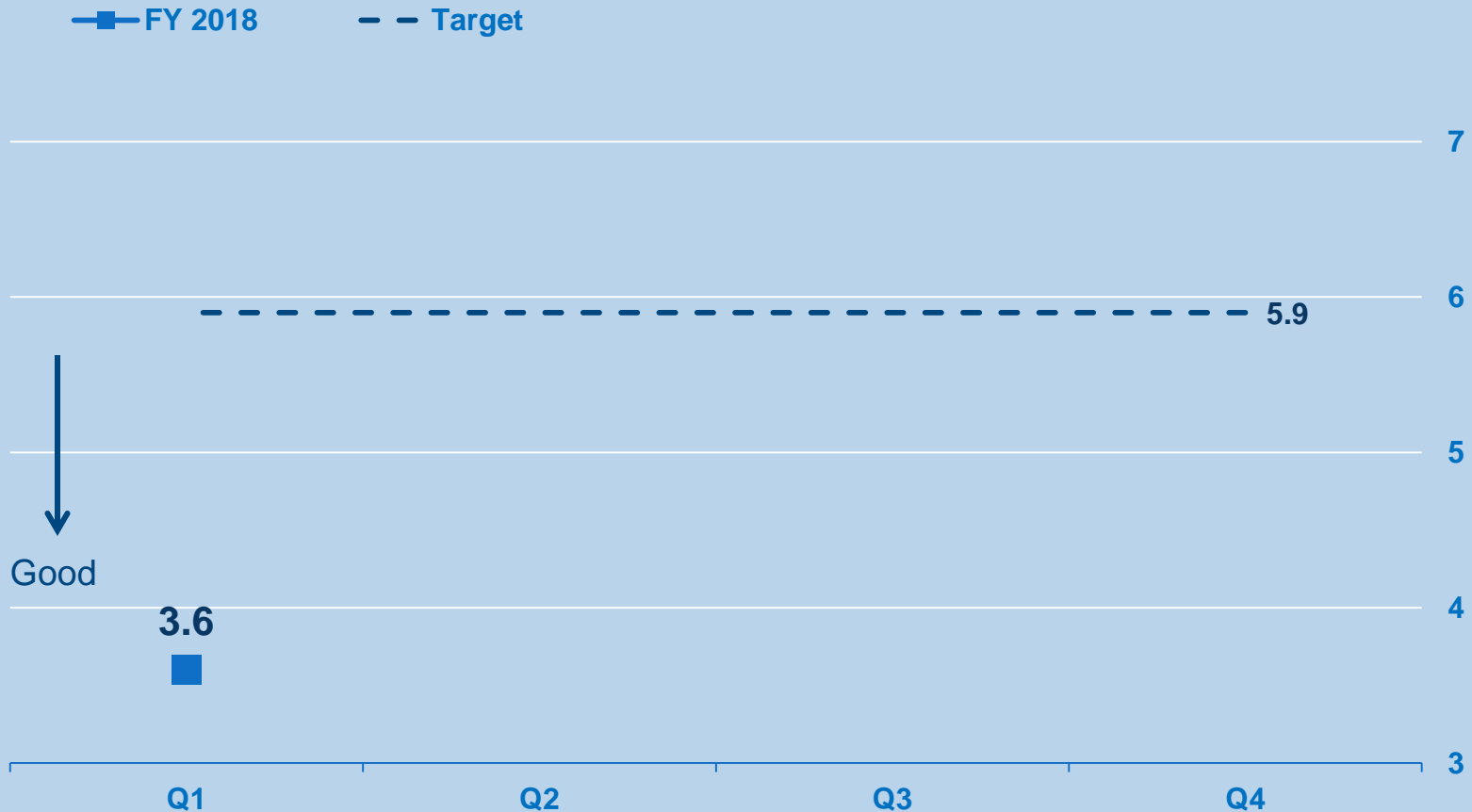


FEDERAL HYDROPOWER RELIABILITY



Federal hydropower forced outage factor

Percentage of hours fed hydro projects are offline due to unplanned outages

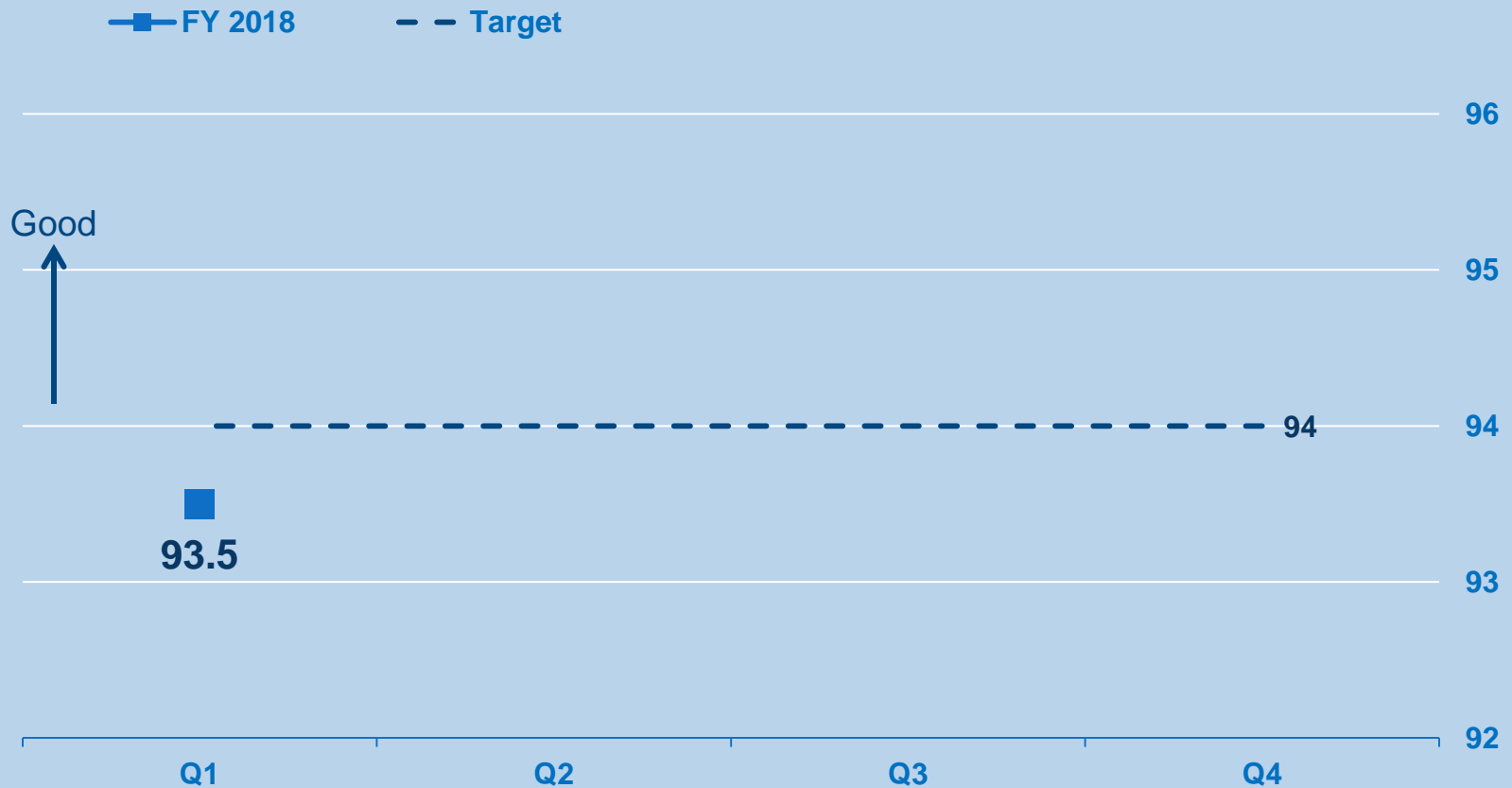


COLUMBIA GENERATING STATION RELIABILITY



Columbia Generating Station availability factor

Percentage of time Columbia is available to serve demand





TRANSMISSION SERVICES

Richard Shaheen, SENIOR VICE PRESIDENT OF TRANSMISSION SERVICES

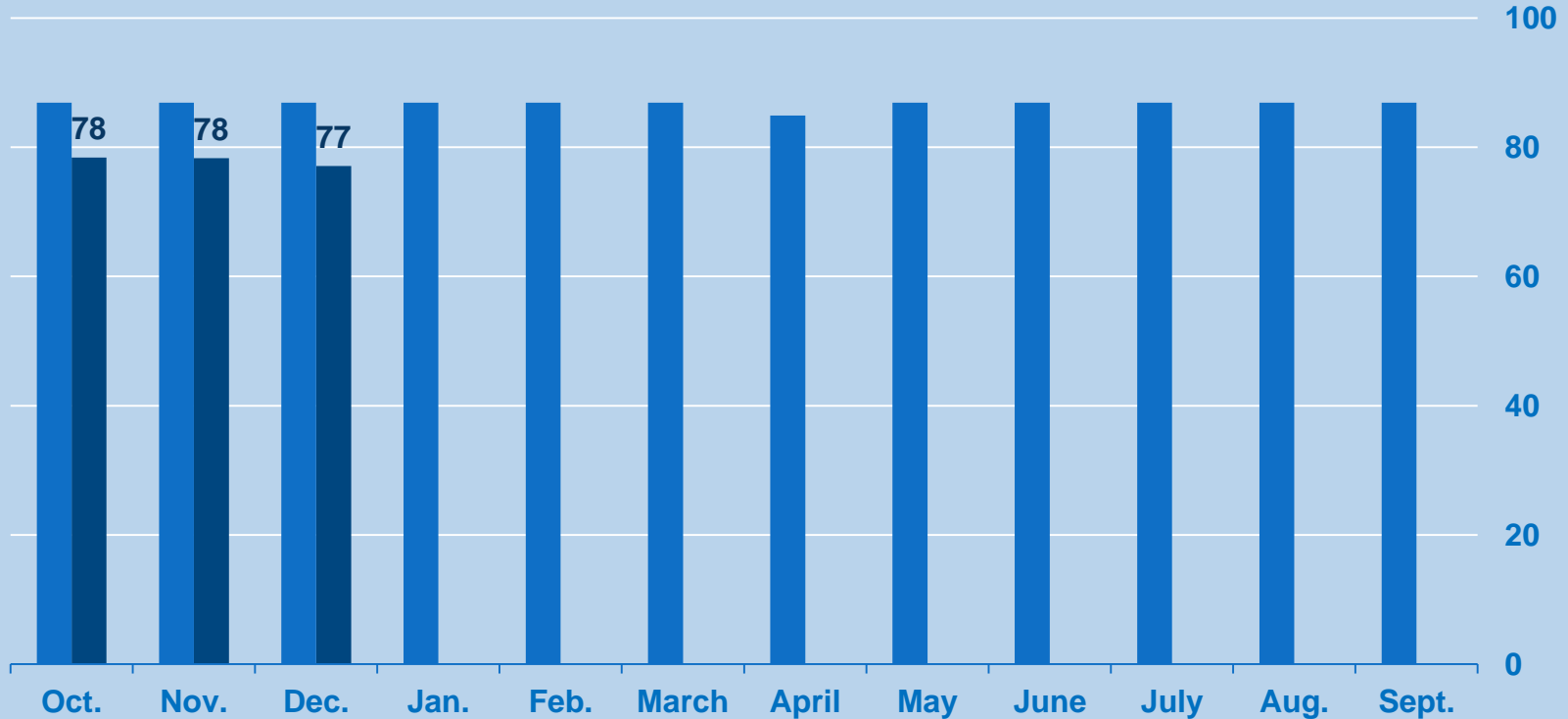
TRANSMISSION SERVICES EXPENSE

Transmission Services total expense

Total expenses in millions of dollars

■ Actuals ■ BP-18 Rate Case

Total expenses (in millions of dollars)		
BP-18 Rate Case	Q1 EOY forecast	Variance
1,043	1,048	5



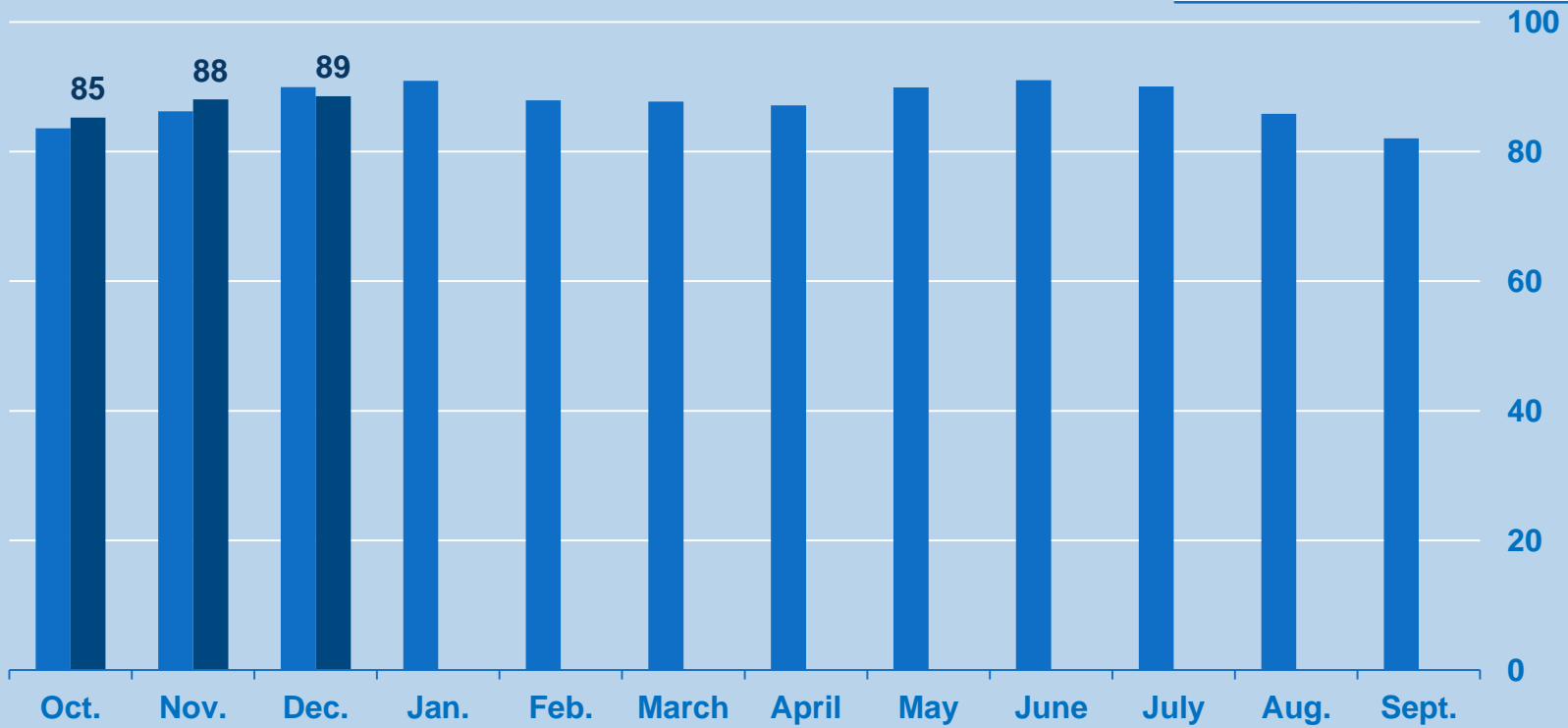
TRANSMISSION SERVICES REVENUES

Transmission Services total revenues

Total revenues in millions of dollars

■ Actuals ■ BP-18 Rate Case

Total revenues (in millions of dollars)		
BP-18 Rate Case	Q1 EOY forecast	Variance
1,052	1,054	1.4

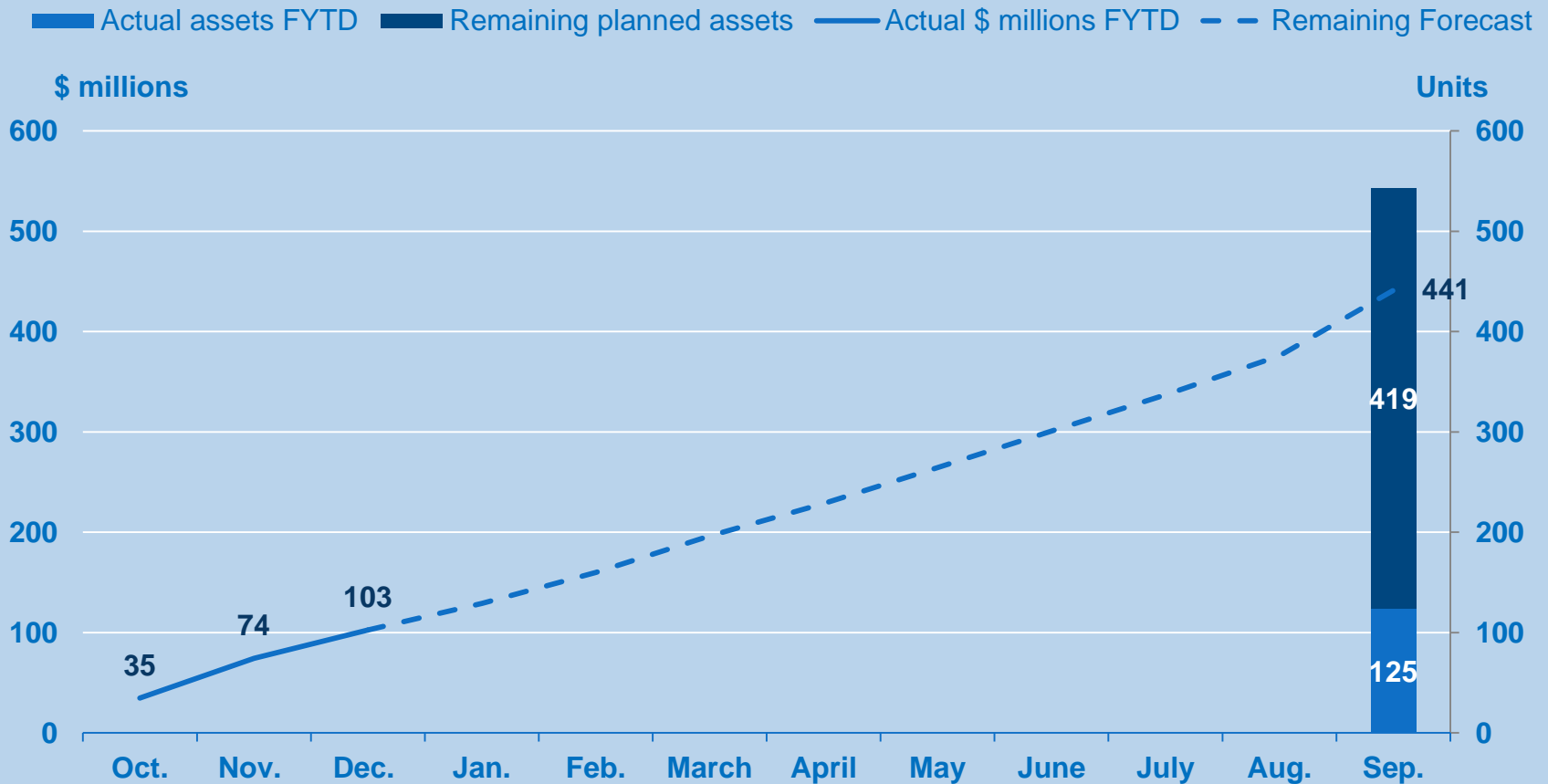


TRANSMISSION SERVICES CAPITAL



Capital spend and units installed

Tracks capital expenditure and work completed to date



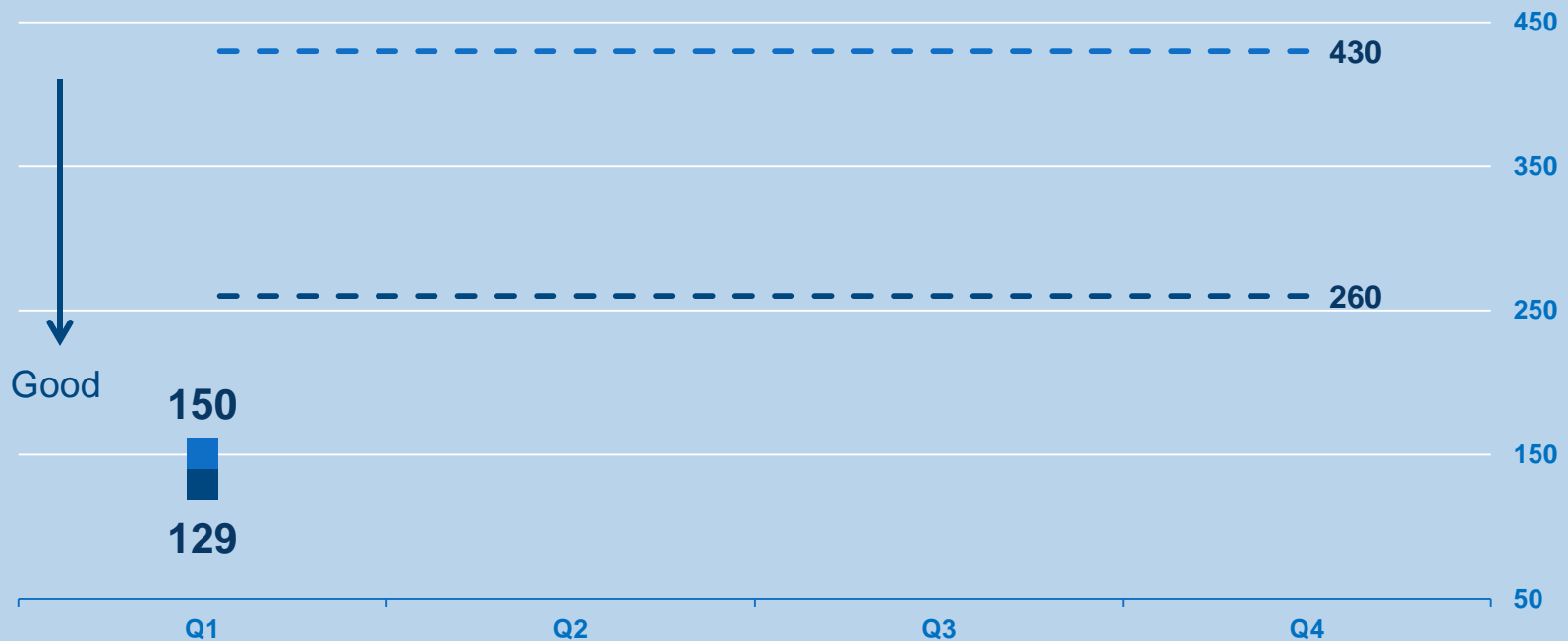
TRANSMISSION RELIABILITY - SAIDI



System average interruption duration index

Tracks duration of unplanned outages

■ Low voltage (< 200kV) ■ High voltage (≥ 200 kV) - - Low voltage warning level - - High voltage warning level

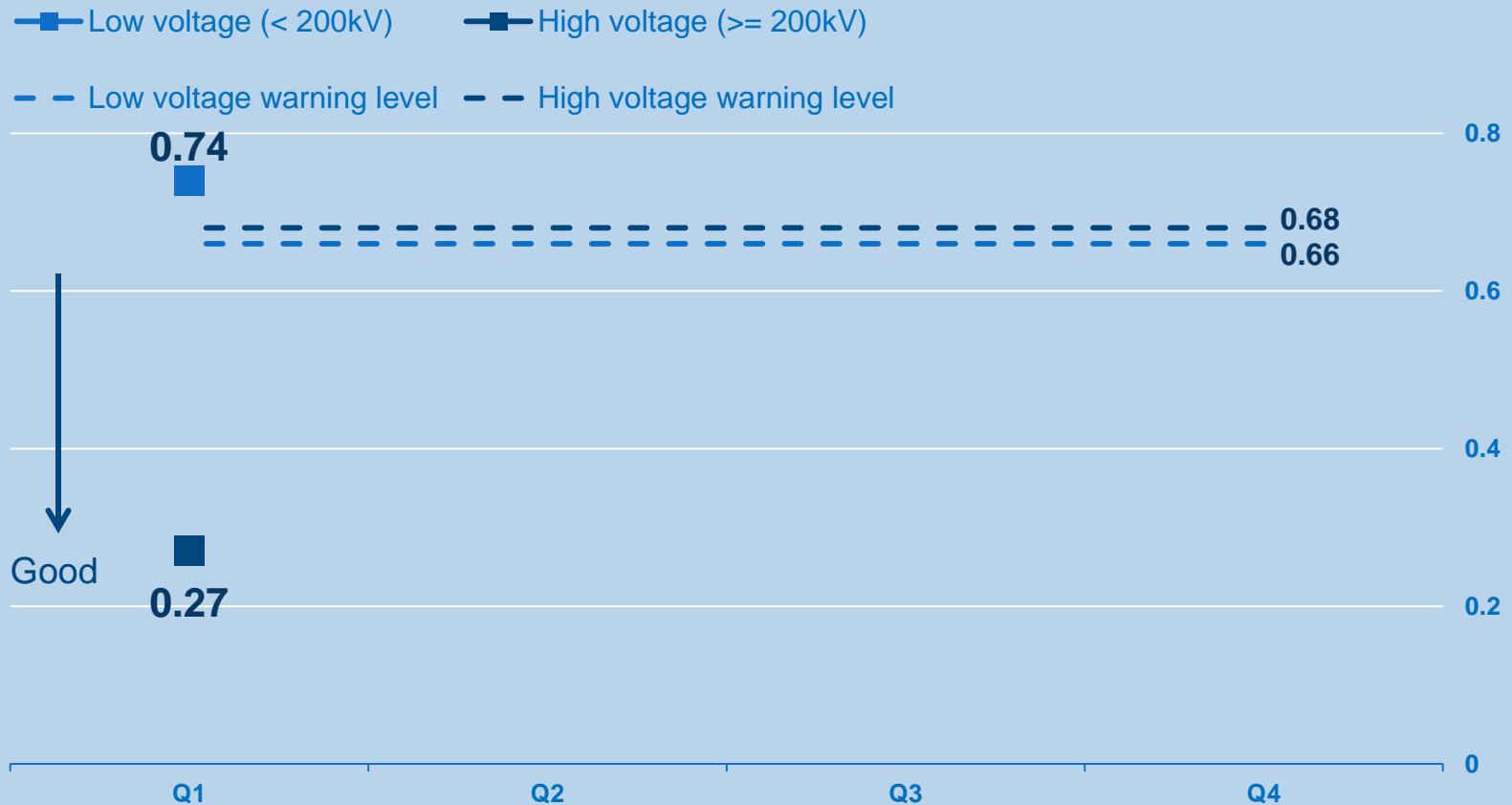


TRANSMISSION RELIABILITY - SAIFI



System average interruption frequency index

Tracks frequency of unplanned outages



ENGAGE WITH TRANSMISSION

- Reliability coordination.
- Transmission tariff engagement.
- Pro forma gap analysis.
- Transmission study and expansion process.



SPILL SURCHARGE

Dan James, DEPUTY ADMINISTRATOR

SPILL SURCHARGE

- Spill injunction currently on appeal.
- BPA will provide more information as developments are made at future QBRs and through other communication channels.

CRSO EIS

- A draft Columbia River System Operations Environmental Impact Statement will be developed by 2021.
- The action agencies plan to publish a newsletter in February on the status of the draft EIS.
- More information available at www.crsso.info.



PUBLIC PROCESSES

Scott Simms, DIRECTOR OF COMMUNICATIONS

PUBLIC PROCESSES

- **Feb. 2** – Waiving real power loss return obligations during oversupply conditions workshop.
- **Feb. 13** – Rules of procedure revision meeting.
- **Feb. 22** – TSEP close out/next steps and South of Allston technical conference.
- **March 2** – Strengthening financial health workshops.
- **June 18–22** – Integrated Program Review.

COMMENT PERIODS

- **Feb. 21** – Mary's Peak communications site upgrade.
- **Feb. 23** – Wildlife habitat stewardship and restoration agreement for Albeni Falls Dam.
- **Feb. 26** – Steigerwald floodplain restoration project draft environmental assessment.



QUESTION AND ANSWER

THANK YOU

The next QBR is tentatively scheduled for
May 1, 2018.

**Strategic plan now available at
www.bpa.gov/StrategicPlan.**

Didn't get your question answered?
Email Communications@bpa.gov. Answers will be
posted to www.bpa.gov/goto/QBR.

FINANCIAL DISCLOSURE

This information was publicly available on Jan. 26, 2018, and contains information not sourced directly from BPA financial statements.