INTRODUCTION

Scott Simms, DIRECTOR OF COMMUNICATIONS
<table>
<thead>
<tr>
<th>Time</th>
<th>Presentation</th>
<th>Speaker</th>
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</table>
| 9:00 – 9:05 | Introductions                                        | Scott Simms  
*Director of Communications* |
*Administrator*          |
| 9:25 – 9:35 | Finance update                                        | Mary Hawken  
*Acting chief financial officer* |
| 9:35 – 9:45 | Power Services update                                 | Joel Cook  
*Senior VP of Power Services* |
| 9:45 – 9:55 | Transmission Services update                          | Richard Shaheen  
*Senior VP of Transmission Services* |
| 9:55 – 9:57 | Spill surcharge update                                | Dan James  
*Deputy administrator*    |
| 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
Delivering on our public responsibilities through a commercially successful business

BPA 2018–2023 Strategic Plan
Key Performance Indicators
1: STRENGTHEN FINANCIAL HEALTH

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

Program costs:

**Power Services**
- U.S. Army Corps of Engineers: 19%
- Fish and Wildlife: 24%
- Columbia Generating Station: 22%
- Energy Efficiency: 8%
- Renewables: 3%
- Non-generation operations: 5%
- Corporate: 7%

**Transmission Services**
- Transmission acquisition and ancillary services: 2%
- Corporate: 19%
- Transmission operations: 33%
- Transmission maintenance (including environment): 35%
- Transmission engineering: 11%
– 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.
Priority firm power rates 2010–2020

FY 2018–19 market estimated with EP-18 Rate Case market price forecast.
• 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.
• 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.
“A good business strategy achieves nothing without the people and culture to make it happen.”

— BPA ADMINISTRATOR ELLIOT MAINZER
Incident frequency rate
Number of injuries and illnesses per 200,000 hours worked

- **2018**
- **Ceiling**

Incident frequency rate over the months from January to September 2018.
FCRPS net revenues
In millions of dollars

- Q1 Forecast
- BP-18 Rate Case

$297

$26
Federal Columbia River Power System

Total revenue and expense in millions of dollars

- Q1 Forecast
- BP-18 Rate Case

<table>
<thead>
<tr>
<th>Total revenue</th>
<th>Total expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,653</td>
<td>$3,323</td>
</tr>
<tr>
<td>$3,627</td>
<td>$3,327</td>
</tr>
</tbody>
</table>

AGENCY FINANCIAL HEALTH
## DAYS CASH ON HAND

<table>
<thead>
<tr>
<th></th>
<th>BP-18 Rate Case</th>
<th>FY 2018 EOY forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOY Reserves</td>
<td>170</td>
<td>468</td>
</tr>
<tr>
<td>Reserves not for risk</td>
<td>149</td>
<td>63</td>
</tr>
<tr>
<td>Reserves available for risk</td>
<td>21</td>
<td>405</td>
</tr>
<tr>
<td>Days cash on hand</td>
<td>4</td>
<td>237</td>
</tr>
</tbody>
</table>

*Reserves in millions of dollars*
Borrowing authority as of Dec. 31
In billions of dollars

- Debt Outstanding
- Available

- Total: 5
- Available: 2.7
- Debt Outstanding: 2.3
The proportion of BPA’s revenue-generating assets that are financed through debt.

<table>
<thead>
<tr>
<th></th>
<th>Debt-to-asset ratio (%) as of Sept. 30, 2017</th>
</tr>
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<tbody>
<tr>
<td>Agency</td>
<td>90</td>
</tr>
<tr>
<td>Power</td>
<td>99</td>
</tr>
<tr>
<td>Transmission</td>
<td>80</td>
</tr>
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</table>

Moody’s top 50 utility average is 54 percent.
• 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.
  – Leverage Policy workshop #1.
Power Services total expense
Total expenses in millions of dollars

- Actuals
- BP-18 Rate Case

<table>
<thead>
<tr>
<th>Total expense (in millions of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP-18 Rate Case</td>
</tr>
<tr>
<td>2,629</td>
</tr>
</tbody>
</table>

Graph showing monthly expenses from October to September with monthly totals and variance between actuals and BP-18 Rate Case.
Power Services total revenues

Total revenues in millions of dollars

- Actuals
- BP-18 Rate Case

<table>
<thead>
<tr>
<th>Month</th>
<th>Actuals</th>
<th>BP-18 Rate Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct.</td>
<td>211</td>
<td>211</td>
</tr>
<tr>
<td>Nov.</td>
<td>221</td>
<td>221</td>
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<tr>
<td>Dec.</td>
<td>242</td>
<td>242</td>
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<tr>
<td>Jan.</td>
<td>242</td>
<td>242</td>
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<tr>
<td>Feb.</td>
<td>242</td>
<td>242</td>
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<tr>
<td>March</td>
<td>242</td>
<td>242</td>
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<tr>
<td>April</td>
<td>242</td>
<td>242</td>
</tr>
<tr>
<td>May</td>
<td>242</td>
<td>242</td>
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<tr>
<td>June</td>
<td>242</td>
<td>242</td>
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<tr>
<td>July</td>
<td>242</td>
<td>242</td>
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<tr>
<td>Aug.</td>
<td>242</td>
<td>242</td>
</tr>
<tr>
<td>Sept.</td>
<td>242</td>
<td>242</td>
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</tbody>
</table>

Table: Total revenues (in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>BP-18 Rate Case</th>
<th>Q1 EoY Forecast</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuals</td>
<td>2,827</td>
<td>2,796</td>
<td>(31)</td>
</tr>
</tbody>
</table>
Where does the water come from?
(as a percent of the annual runoff at The Dalles)
National Weather Service official water supply forecast as of Jan. 4, 2018

<table>
<thead>
<tr>
<th>Jan. – July (million acre feet)</th>
<th>Percent average</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.3</td>
<td>98</td>
</tr>
</tbody>
</table>

Map of SNOWPACK CONDITIONS showing water supply forecasts for various locations in the United States and Canada.
**HENRY HUB PRICES**

**Henry Hub prices**  
In dollars per one million British thermal units

- **BP-18 avg.:** $3.12
- **1/11 avg.:** $2.92

**Variance from BP-18 Rate Case**  
In dollars per one million British thermal units

- Actuals
- FY 2018 expected
Mid-C heavy load hour prices
In dollars per megawatt hour

- Actuals
- Forward market (ICE)
- BP-18 Rate Case

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

Variance from BP-18 Rate Case
In dollars per megawatt hour

- Actuals
- FY 2018 expected
Power Services capital spend
Tracks capital expenditure in millions of dollars

- Actual $ millions FYTD
- Remaining forecast

Graph showing the capital expenditure from October to September, with actual spend increasing from 15 million in October to 49 million in November, and remaining forecast reaching 267 million in September.
Federal hydropower forced outage factor
Percentage of hours fed hydro projects are offline due to unplanned outages

- FY 2018
- Target

Good

3.6

Q1  Q2  Q3  Q4

7  6  5  4  3

Target: 5.9

FY 2018: 3.6
Columbia Generating Station availability factor
Percentage of time Columbia is available to serve demand

- FY 2018
- Target

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY 2018</th>
<th>Target</th>
</tr>
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<tbody>
<tr>
<td>Q1</td>
<td>93.5</td>
<td>96</td>
</tr>
<tr>
<td>Q2</td>
<td></td>
<td>95</td>
</tr>
<tr>
<td>Q3</td>
<td></td>
<td>94</td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td>94</td>
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</tbody>
</table>

**Good**

FY 2018 target is 96% availability.
TRANSMISSION SERVICES

Richard Shaheen, SENIOR VICE PRESIDENT OF TRANSMISSION SERVICES
Transmission Services total expense
Total expenses in millions of dollars

- Actuals
- BP-18 Rate Case

Total expenses (in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>BP-18 Rate Case</th>
<th>Q1 EOY forecast</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuals</td>
<td>1,043</td>
<td>1,048</td>
<td>5</td>
</tr>
</tbody>
</table>
Transmission Services total revenues

Total revenues in millions of dollars

- Actuals
- BP-18 Rate Case

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<thead>
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<tbody>
<tr>
<td>BP-18</td>
<td>Q1 EOY forecast</td>
</tr>
<tr>
<td>Rate Case</td>
<td>1,052</td>
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<tbody>
<tr>
<td>2017</td>
<td>85</td>
<td>88</td>
<td>89</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
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<td>85</td>
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</tbody>
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BONNEVILLE POWER ADMINISTRATION | QBR JANUARY 2018 | RICHARD SHAHEEN
Capital spend and units installed
Tracks capital expenditure and work completed to date

- Actual assets FYTD
- Remaining planned assets
- Actual $ millions FYTD
- Remaining Forecast

Capital expenditure and work completed to date:

- October: $35 million, 35 units
- November: $74 million, 74 units
- December: $103 million, 103 units
- January: $125 million, 125 units
- August: $419 million, 419 units
- September: $441 million, 441 units
System average interruption duration index
Tracks duration of unplanned outages

- Low voltage (< 200kV)
- High voltage (>= 200kV)
- Low voltage warning level
- High voltage warning level

Q1: 150
Q2: 129
Q3: 260
Q4: 430

BONNEVILLE POWER ADMINISTRATION | QBR JANUARY 2018 | RICHARD SHAHEEN
System average interruption frequency index
Tracks frequency of unplanned outages

- Low voltage (< 200kV)
- High voltage (>= 200kV)
- Low voltage warning level
- High voltage warning level

Good

0.27

0.74

0.66

0.68

0.8
• 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.
• 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.crso.info.
PUBLIC PROCESSES

Scott Simms, DIRECTOR OF COMMUNICATIONS
• **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.
• **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
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.