



Bonneville
POWER ADMINISTRATION



QUARTERLY BUSINESS REVIEW

JULY 31, 2018



INTRODUCTION

Scott Simms, DIRECTOR OF COMMUNICATIONS

AGENDA

Time	Presentation	Speaker
9:00 – 9:02	Introductions	Scott Simms <i>Director of Communications</i>
9:02 – 9:15	State of the business: <ul style="list-style-type: none">• Integrated Program Review• BP-20 rate preview	Dan James <i>Deputy administrator</i>
9:15 – 9:25	Finance update	Mary Hawken <i>Acting chief financial officer</i>
9:25 – 9:35	Power Services update	Joel Cook <i>Senior VP of Power Services</i>
9:35 – 9:45	Transmission Services update	Richard Shaheen <i>Senior VP of Transmission Services</i>
9:45 – 9:47	Upcoming involvement opportunities	Scott Simms
9:47 – 10:00	Question and answer session	



STATE OF THE BUSINESS

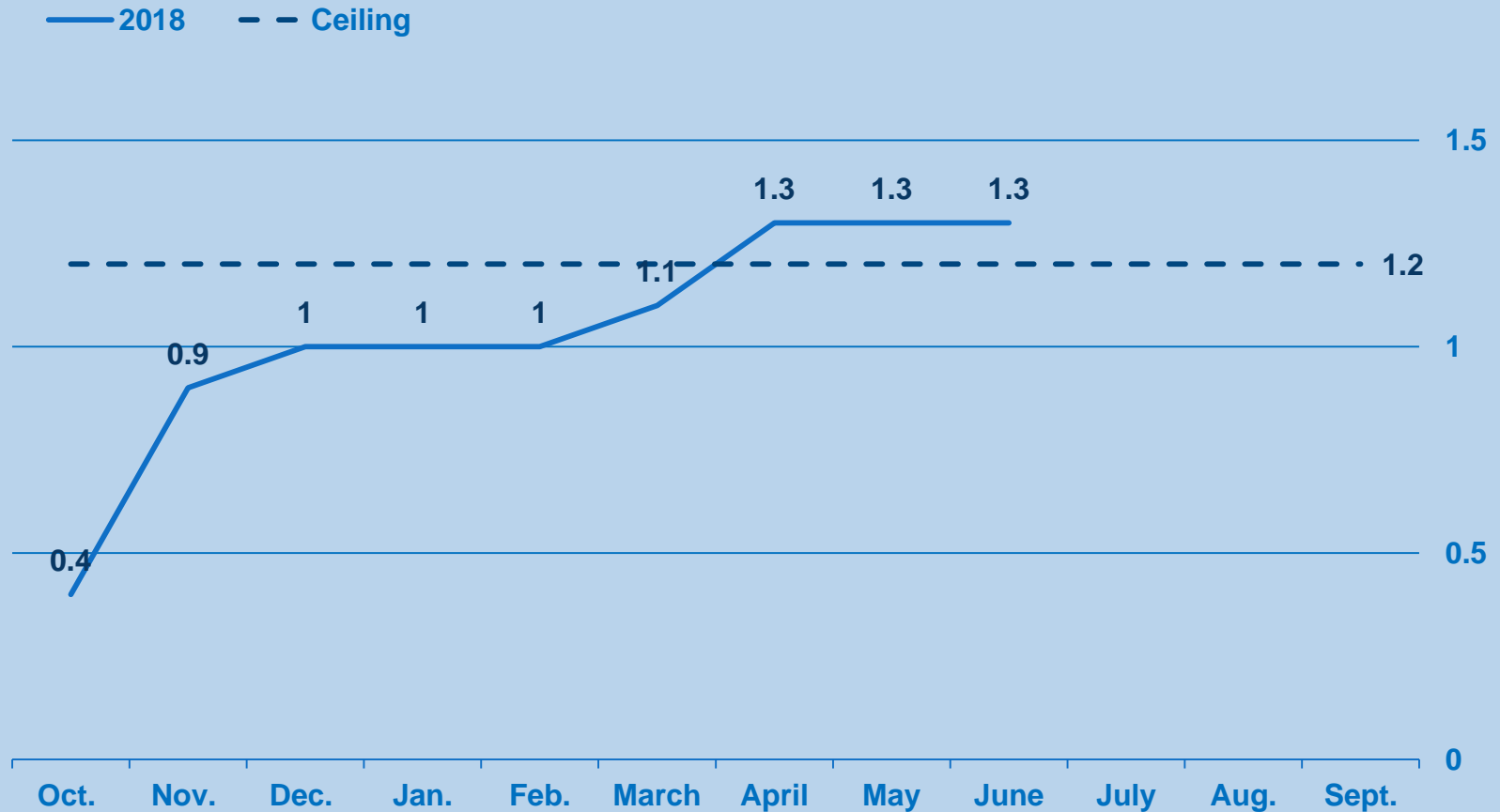
Dan James, DEPUTY ADMINISTRATOR

SAFETY



Incident frequency rate

Number of injuries and illnesses per 200,000 hours worked

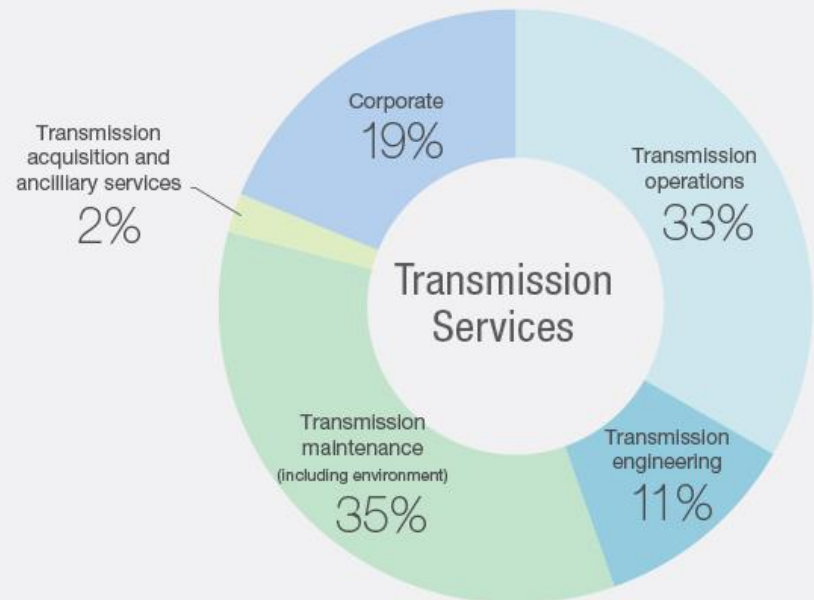
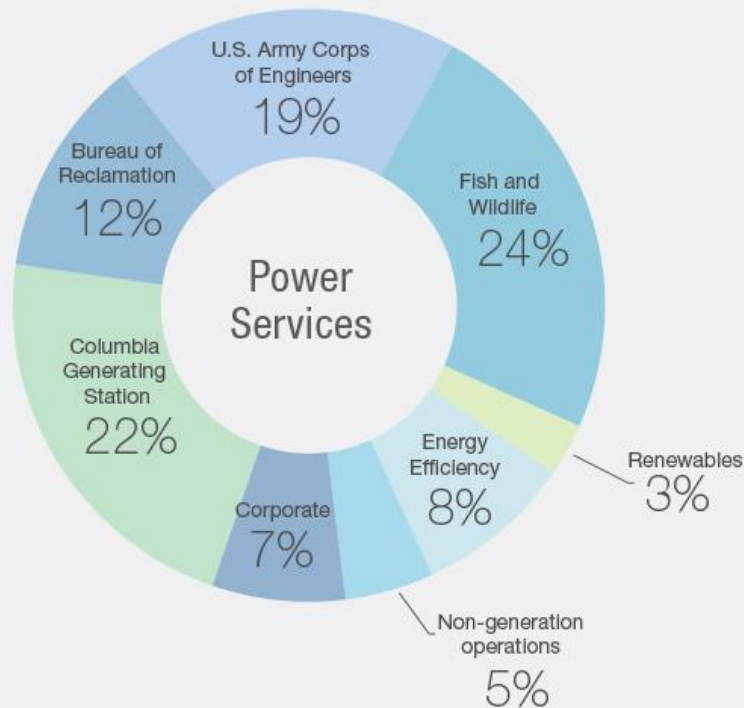


INTEGRATED PROGRAM REVIEW

Improve cost-management discipline

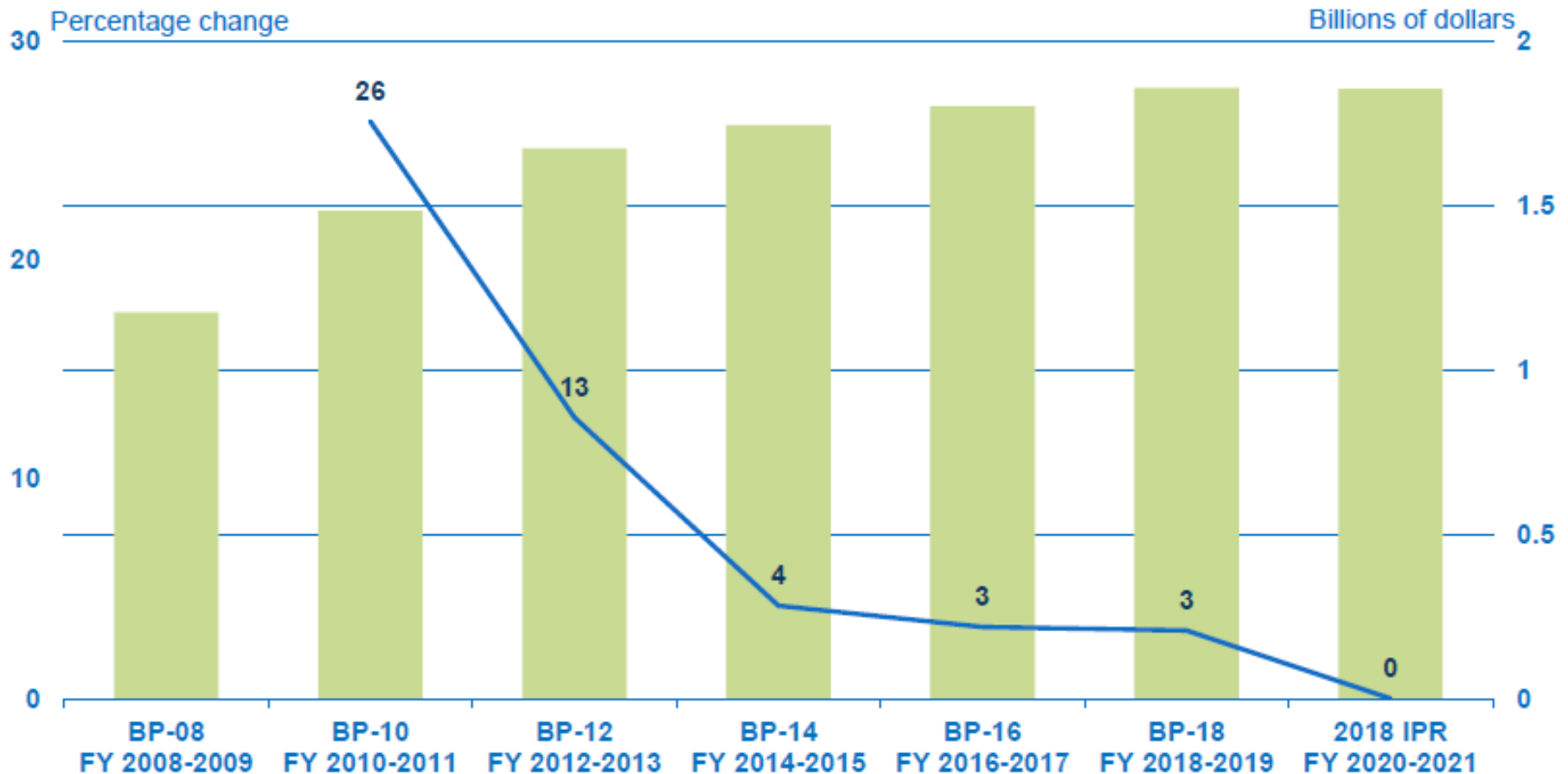
Hold program costs at or below the rate of inflation

Program costs:

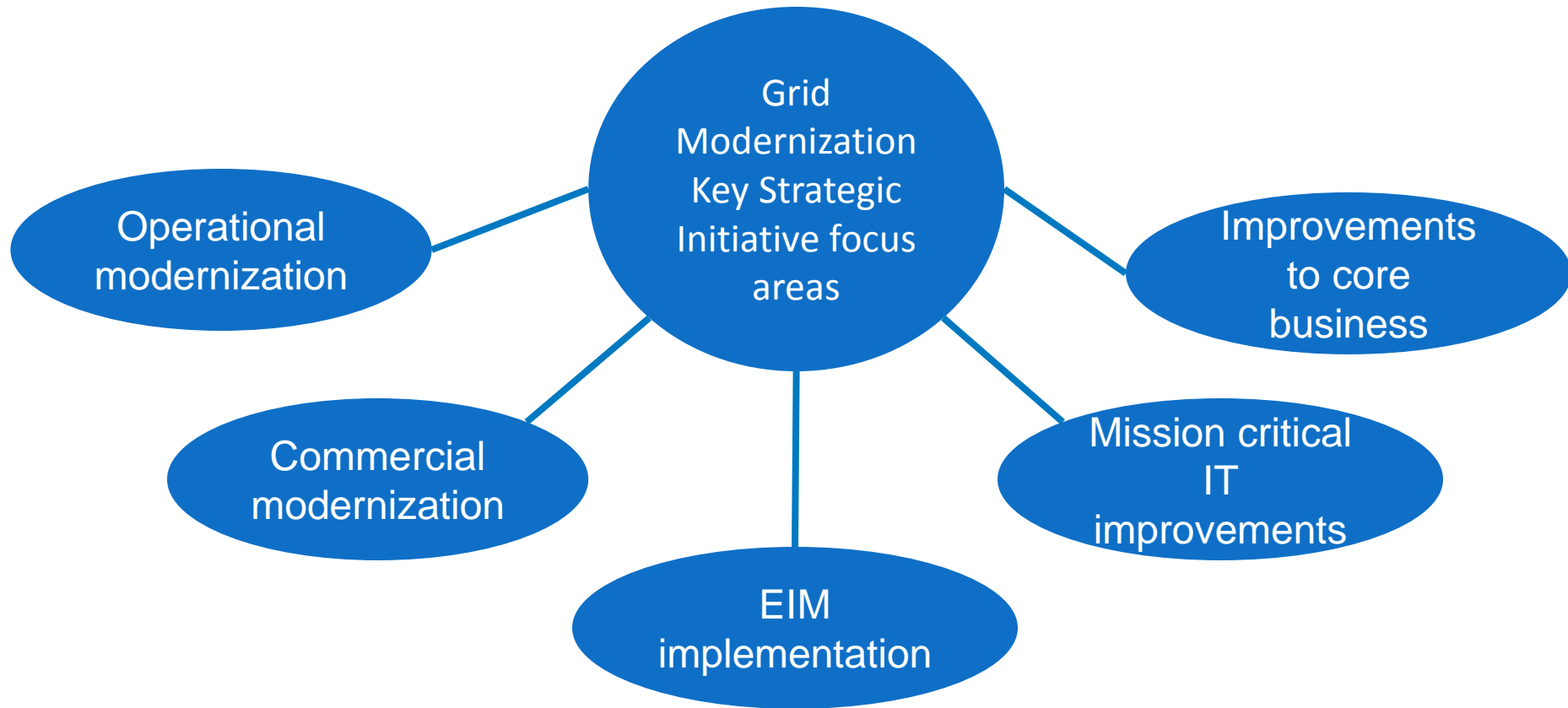


BENDING THE COST CURVE

Average annual program costs in billions of dollars and percentage of cost change by rate period



GRID MODERNIZATION



- New external webpages available on www.bpa.gov under “Projects & Initiatives” tab.

BP-20 RATE PREVIEW

- On July 25, BPA shared a rate preview based on best available information to date.
- Power rates anticipated to increase less than 5 percent:
 - Reduced net secondary revenues (+ \$89 million)
 - End of the rate-impact mitigation to transition Energy Efficiency from capital to expense (+ \$61 million)
 - Lower capital-related costs (depreciation, principal and interest) (- \$54 million)

BP-20 RATE PREVIEW (CONT.)

- Transmission rates anticipated to increase approximately 10 percent:
 - Depreciation study update (+ \$46 million)
 - Net interest expense growth (continued investment) (+ \$28 million)
 - I-5 Corridor Reinforcement Project study cost write off (+ \$26 million)

IPR NEXT STEPS

- Comment period closes Aug. 2.
- Additional cost-management actions will be incorporated into final decisions in August.
- Closeout report will be issued late September/early October.



FINANCE

Mary Hawken, ACTING CHIEF FINANCIAL OFFICER

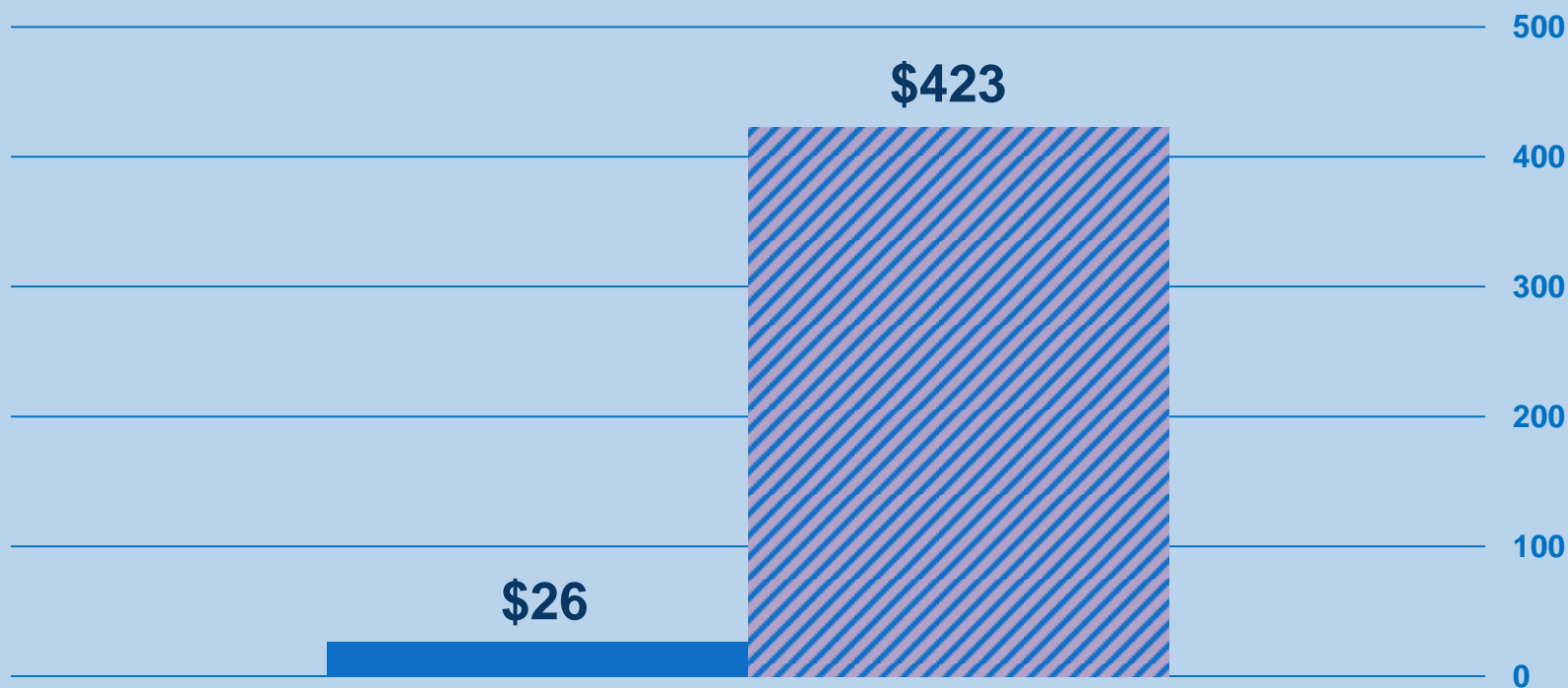
AGENCY NET REVENUES



FCRPS net revenues

In millions of dollars

■ BP-18 Rate Case ■ Q3 Forecast



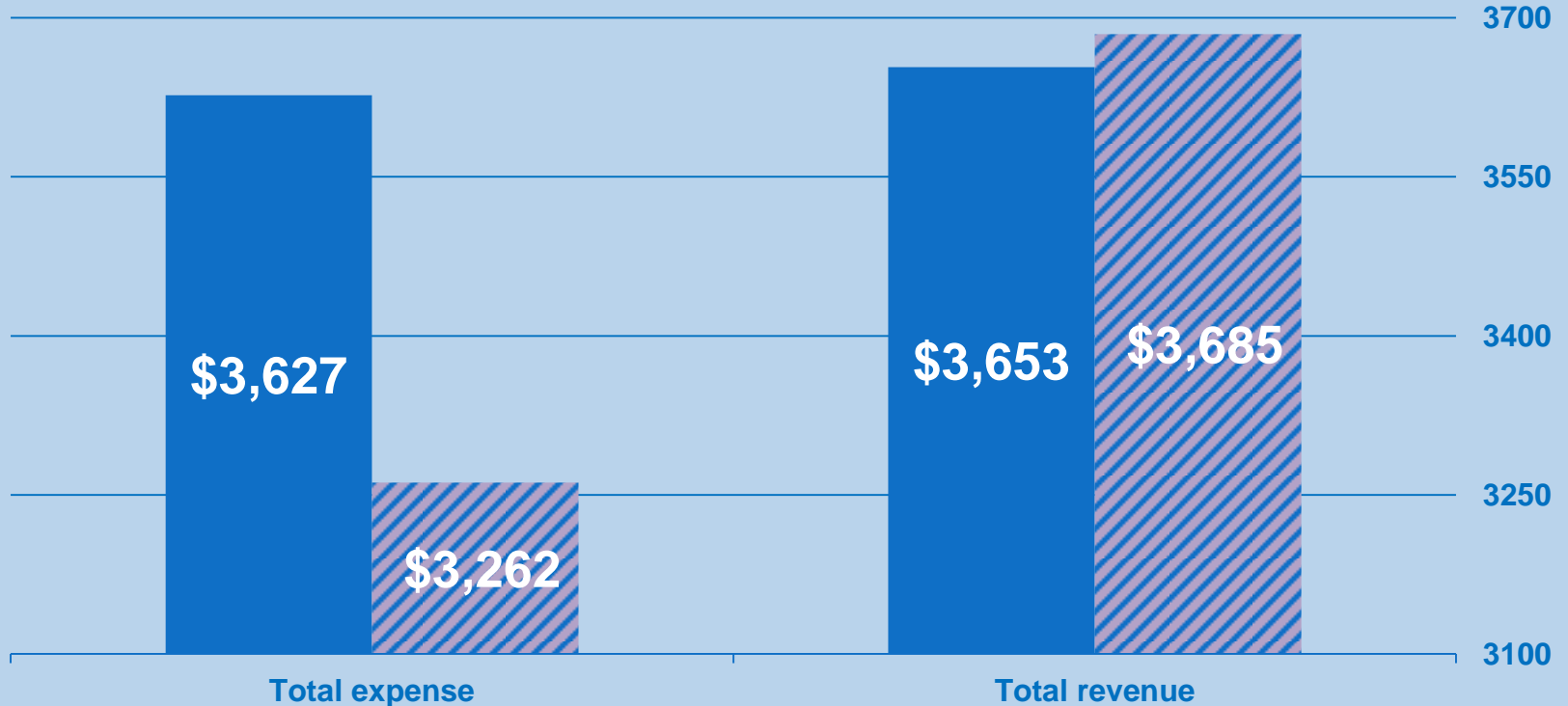
AGENCY FINANCIAL HEALTH



Federal Columbia River Power System

Total revenue and expense in millions of dollars

■ BP-18 Rate Case ■ Q3 Forecast



\$70 MILLION INCREASE TO RESERVES

- Cash generated from Regional Cooperation Debt transactions in FY 2014 and 2015.
- Non-Slice customers scheduled to get a one-time credit in the BP-18 Rate Case.
- In FY 2017, moved the cash to reserves not for risk in order to get a more accurate cost recovery adjustment clause calculation.
- Changes in how the \$70 million was modeled at the start of FY 2018 led to this discrepancy.

DAYS CASH ON HAND

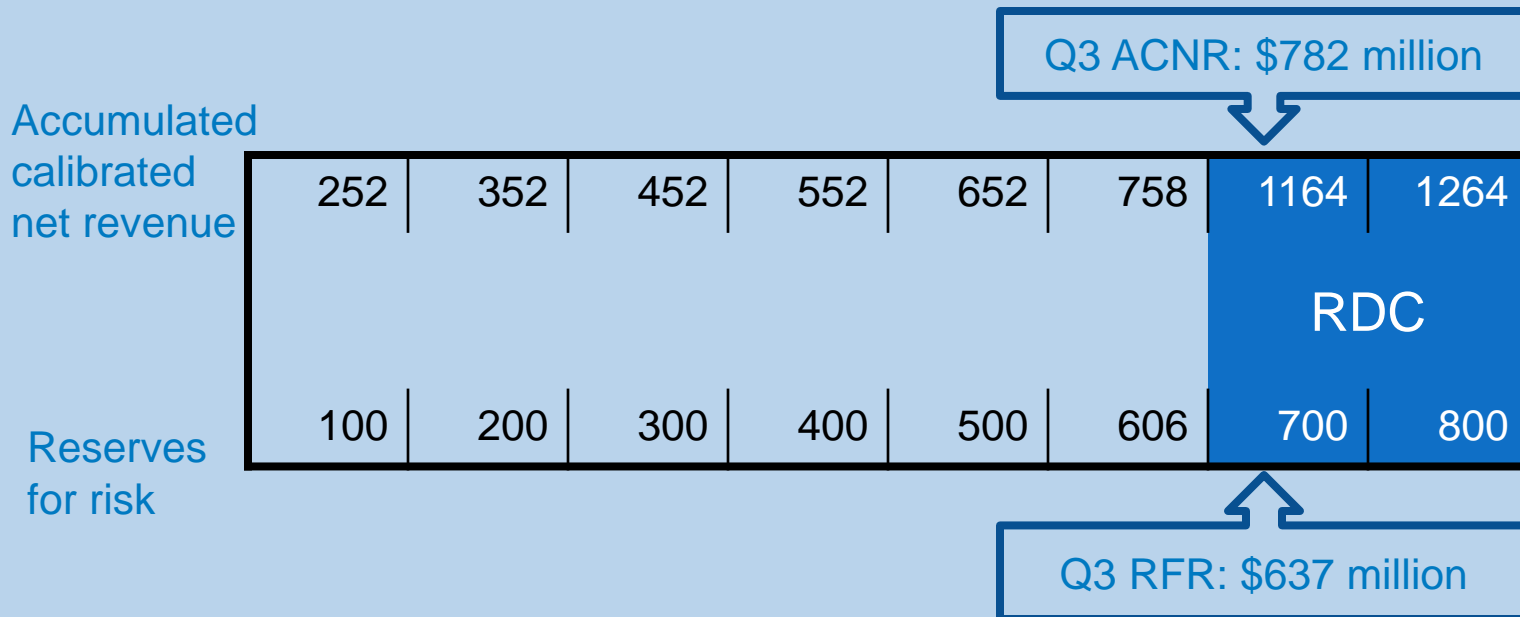


	BP-18 Rate Case			FY 2018 EOY forecast		
	Power	Trans.	Agency	Power	Trans.	Agency
EOY Reserves	170	468	638	340	567	907
Reserves not for risk	149	63	212	175	95	270
Reserves available for risk	21	405	426	165	472	637
Days cash on hand	4	237	62	33	276	96

**Reserves in millions of dollars*

CRAC AND RDC PROBABILITY

- The probability of a power rates CRAC is 0 percent.
- The probability of a transmission rates reserves distribution clause is 80 percent.





POWER SERVICES

Joel Cook, SENIOR VICE PRESIDENT OF POWER SERVICES

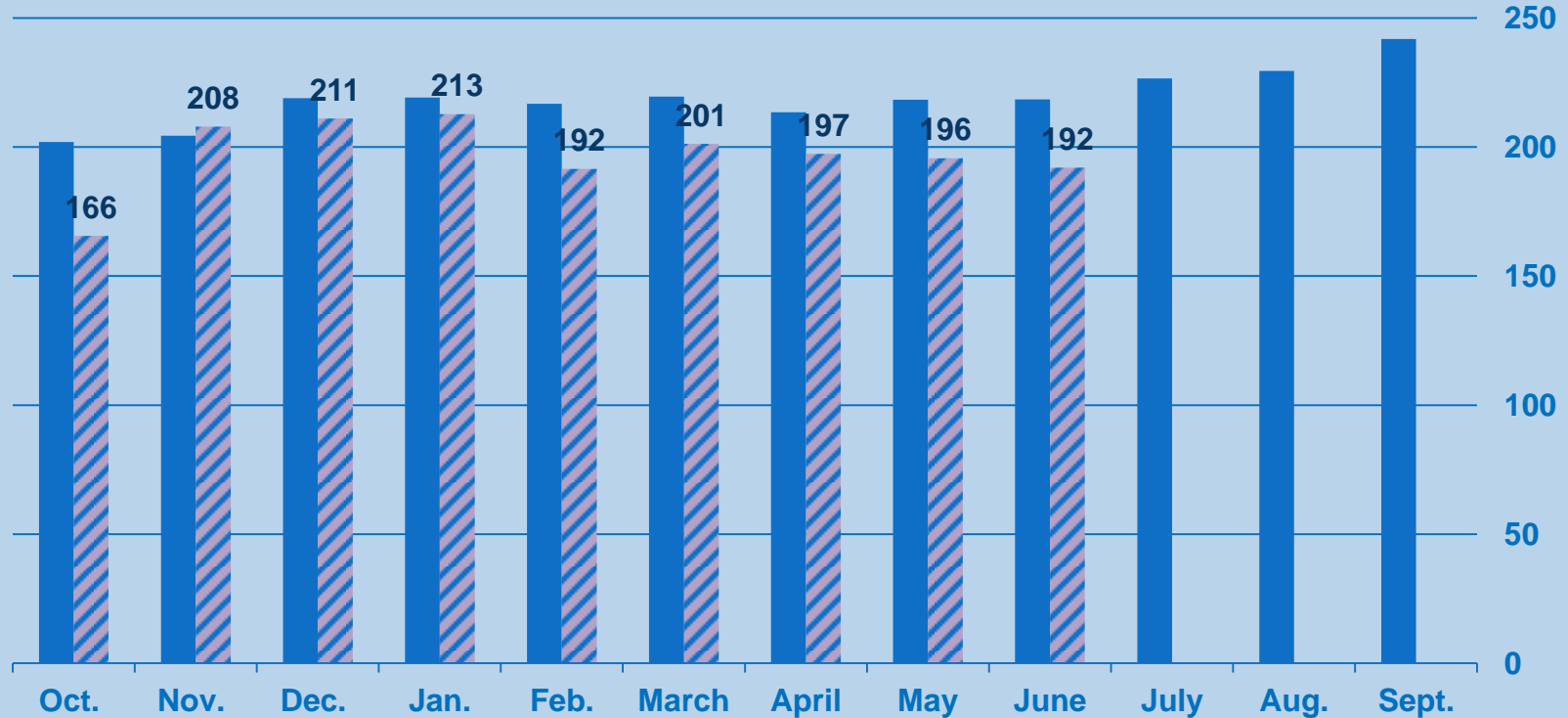
POWER SERVICES EXPENSE

Power total expense

Total expenses in millions of dollars

■ BP-18 Rate Case ▨ Actuals

Total expense (in millions of dollars)			
BP-18 Rate Case	Q3 EOY forecast	BP-18 year-to-date	Actuals year-to-date
2,629	2,447	1,931	1,775



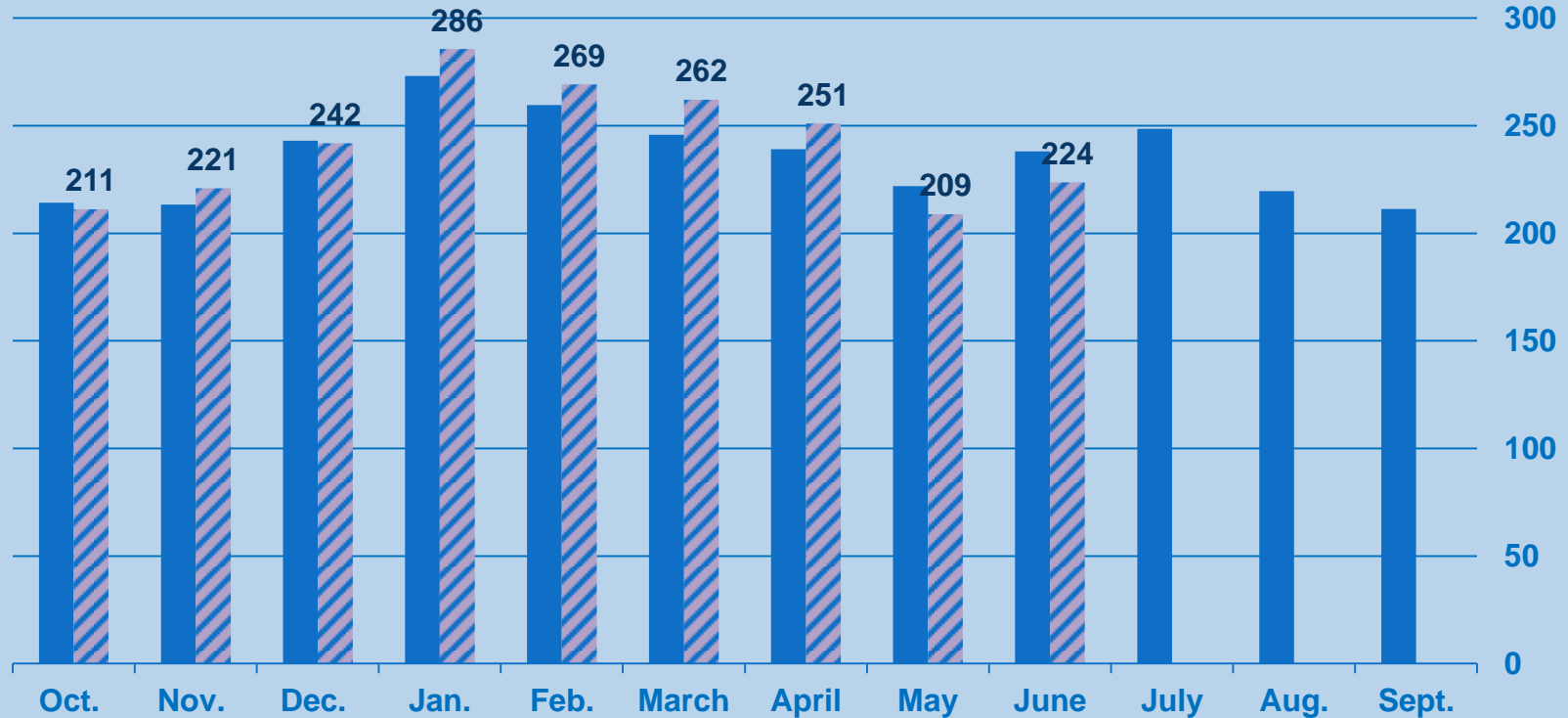
POWER SERVICES REVENUES

Power total revenues

Total revenues in millions of dollars

■ BP-18 Rate Case ▨ Actuals

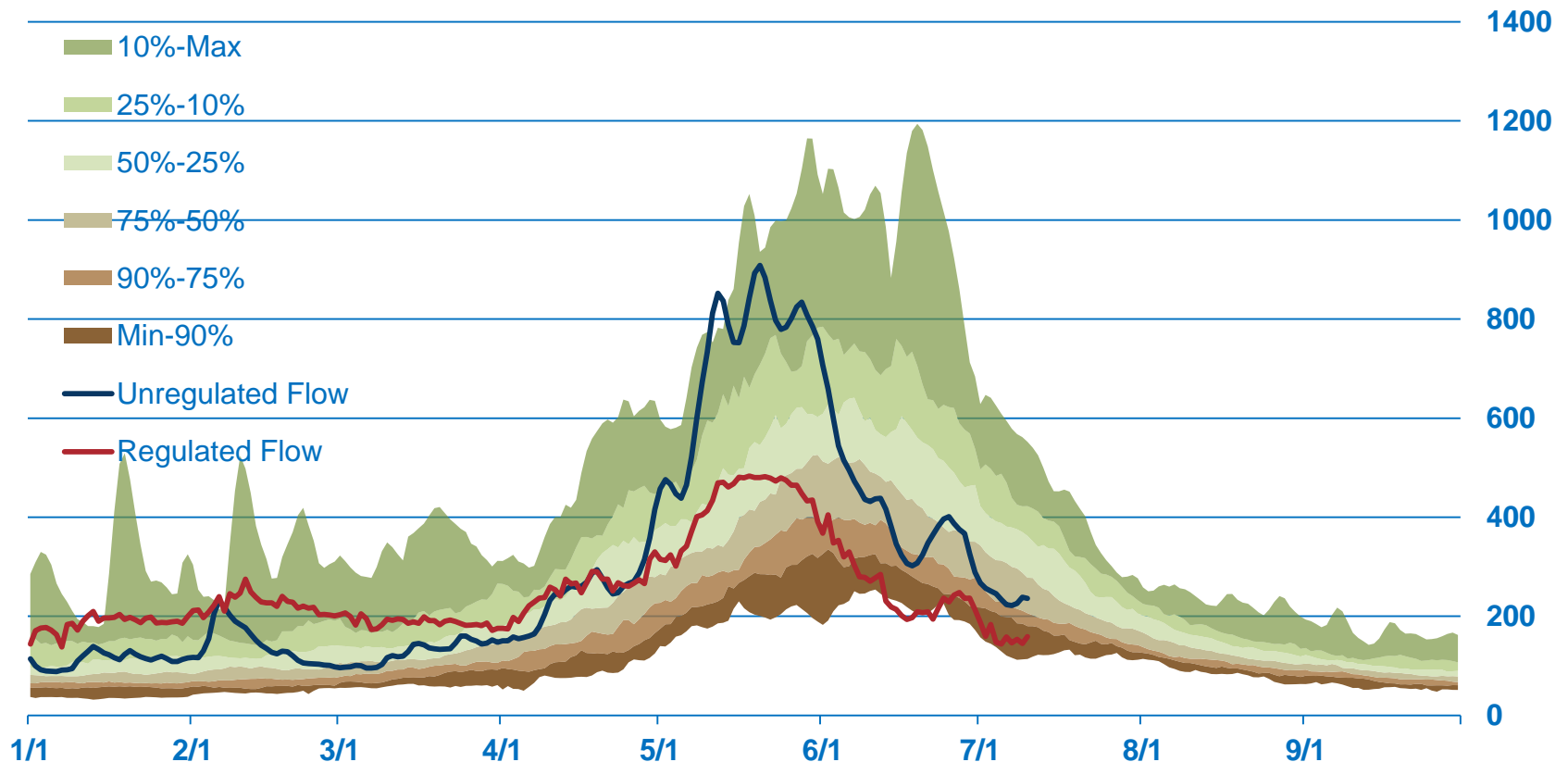
Total revenues (in millions of dollars)			
BP-18 Rate Case	Q3 EOY forecast	BP-18 year-to-date	Actuals year-to-date
2,827	2,850	2,148	2,174



WATER SUPPLY

The Dalles historical distribution with 2018 observed flow data (January - July)

Flow in thousands of cubic feet per second

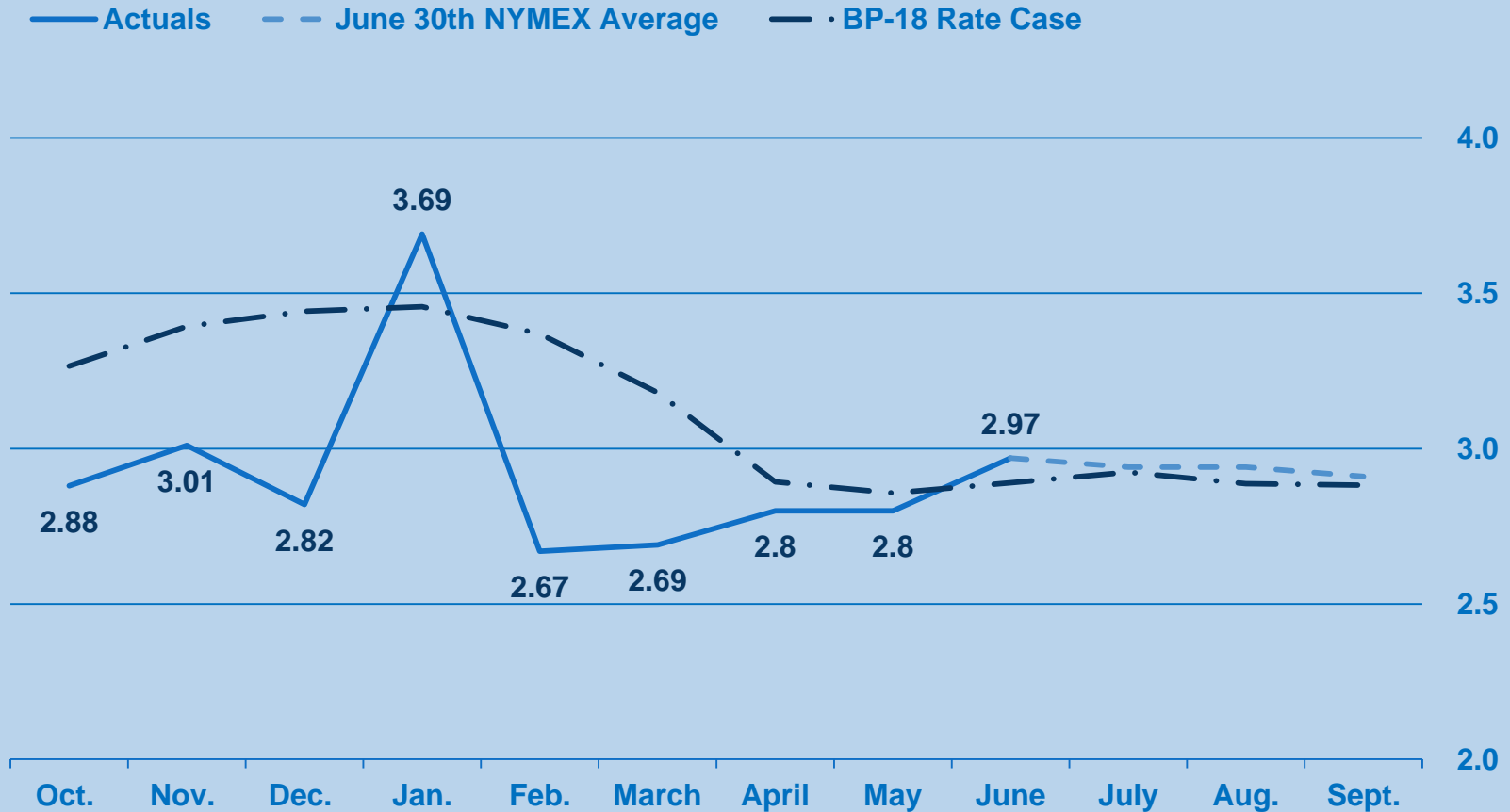


HENRY HUB PRICES

Henry Hub prices

In dollars per one million British thermal units

BP-18 avg.: \$3.12
6/30 avg.: \$2.90

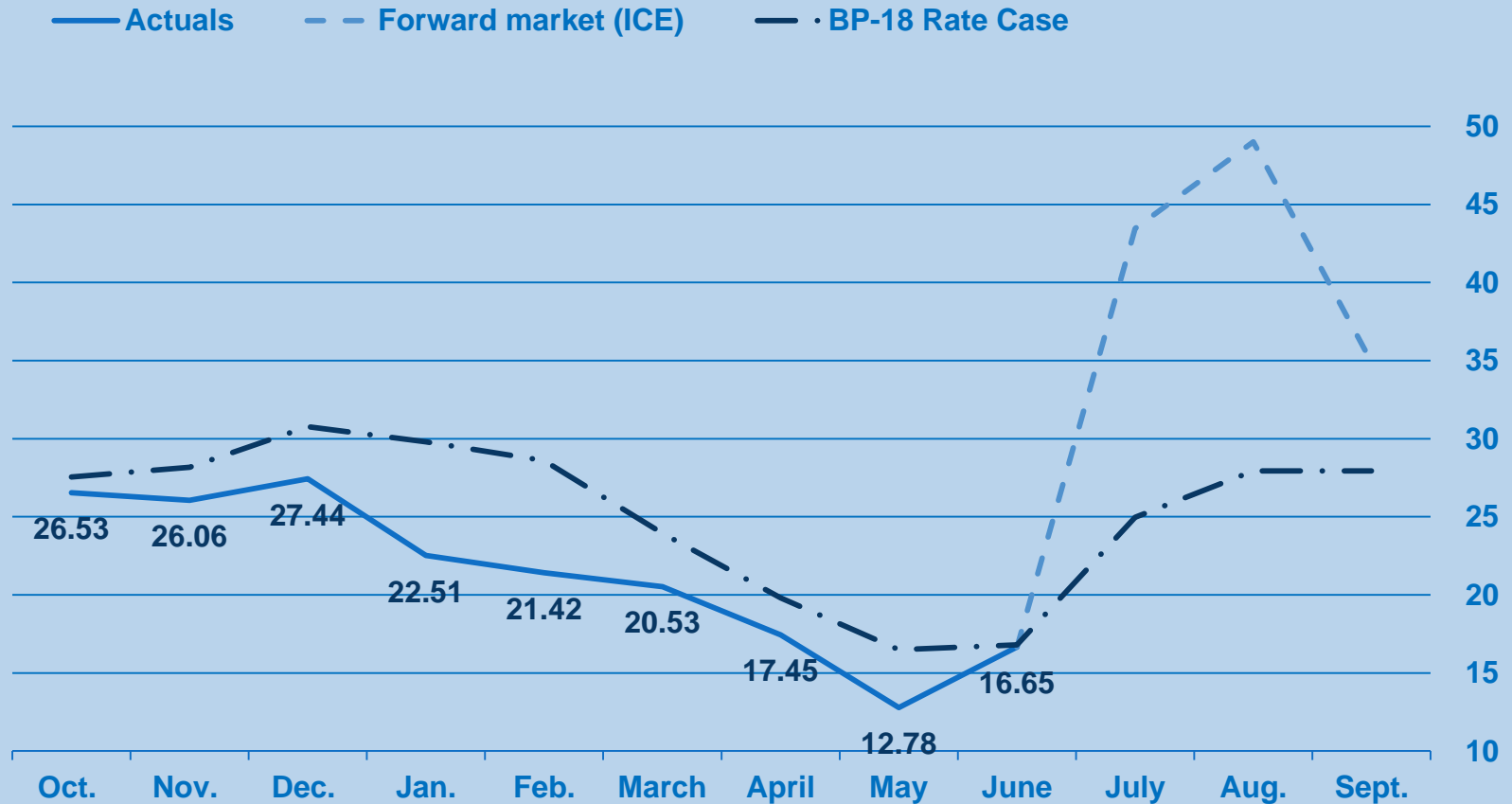


MID-C PRICES

Mid-C heavy load hour prices

In dollars per megawatt hour

BP-18 avg.: \$25.23
6/30 avg.: \$24.78

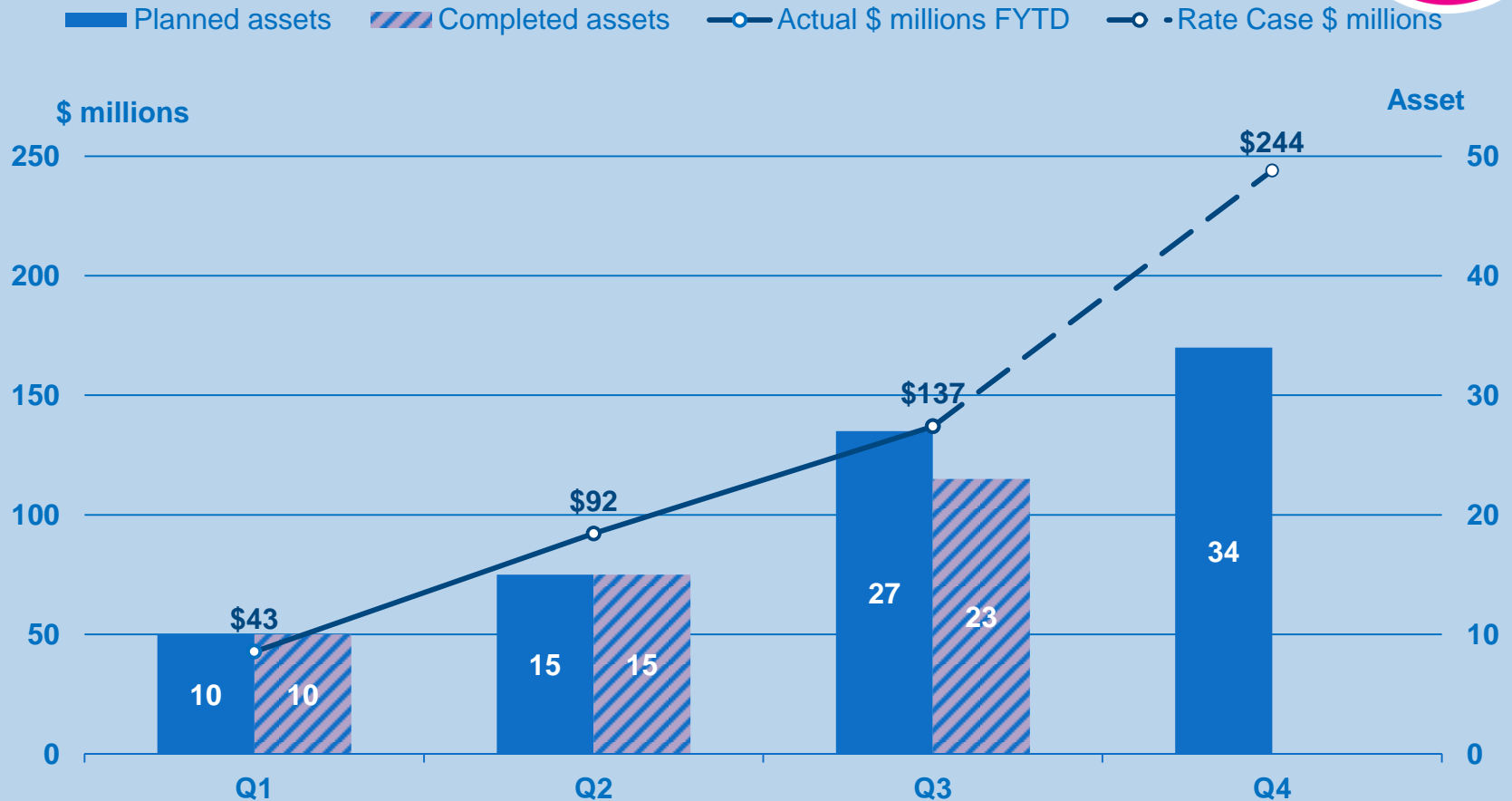


POWER SERVICES CAPITAL



Capital expenditure and work completed

Tracks capital expenditure and percent of workplan completed



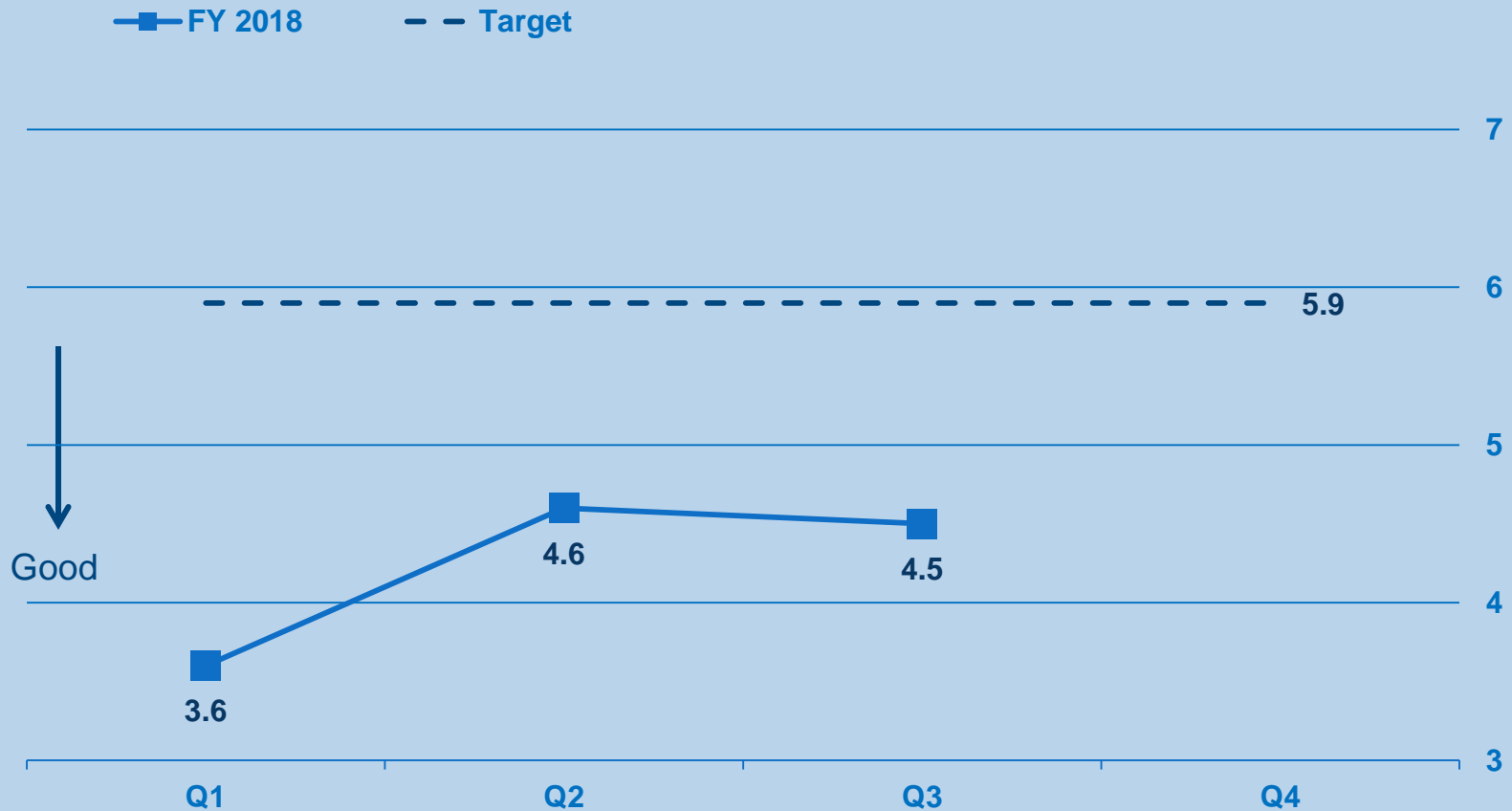
Note: capital expenditure KPI includes only direct-funded federal hydropower capital.

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



ENGAGE WITH POWER

- Aug. 8 BP-20 Rate Case workshops.
 - Gas and electricity forecast.
 - Loads and resources.
 - Rate mechanisms for Financial Reserves Policy.
- Rate Period High Water Mark comment period open.



TRANSMISSION SERVICES

Richard Shaheen, SENIOR VICE PRESIDENT OF TRANSMISSION SERVICES

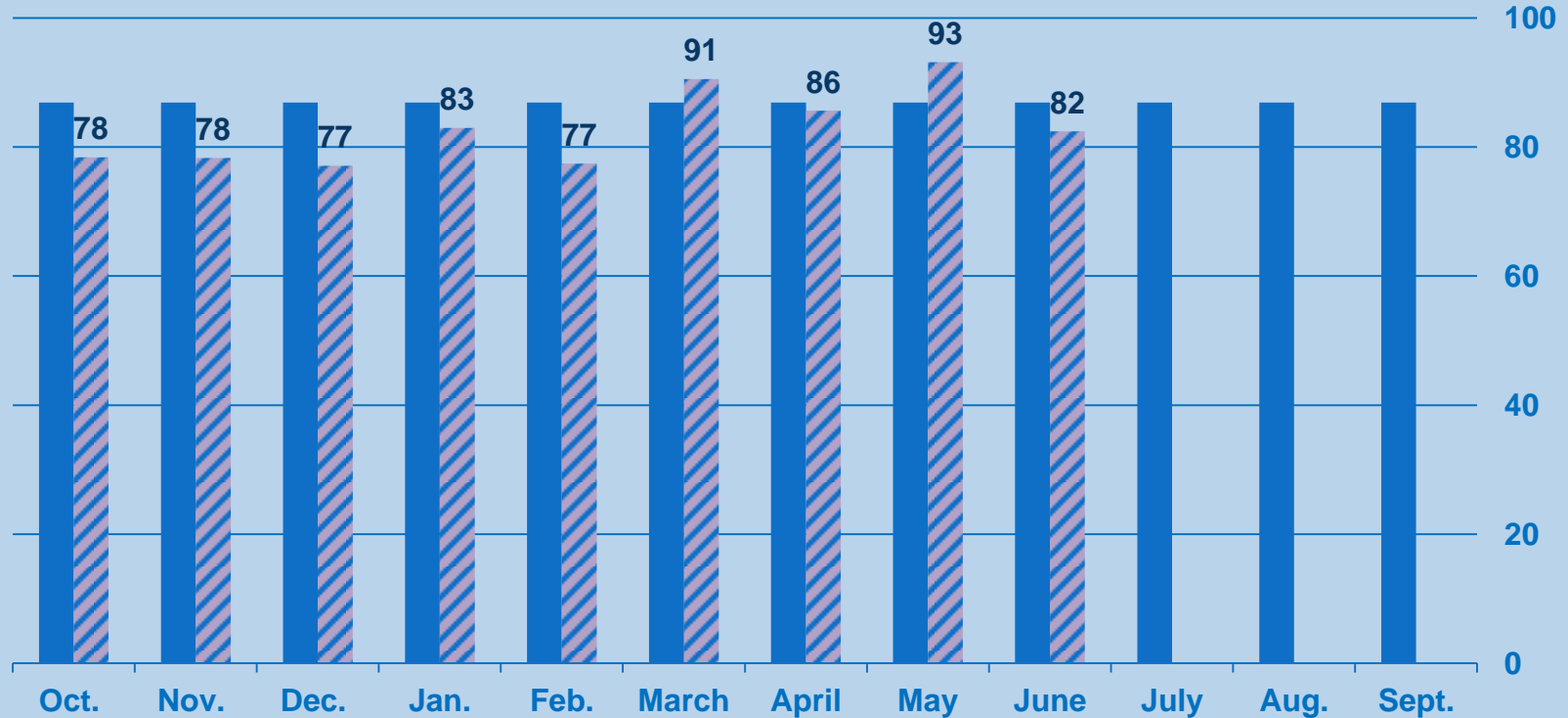
TRANSMISSION SERVICES EXPENSE

Transmission total expense

Total expense in millions of dollars

■ BP-18 Rate Case ▨ Actuals

Total expense (in millions of dollars)			
BP-18 Rate Case	Q3 EOY forecast	BP-18 year-to-date	Actuals year-to-date
1,043	1,050	782	746



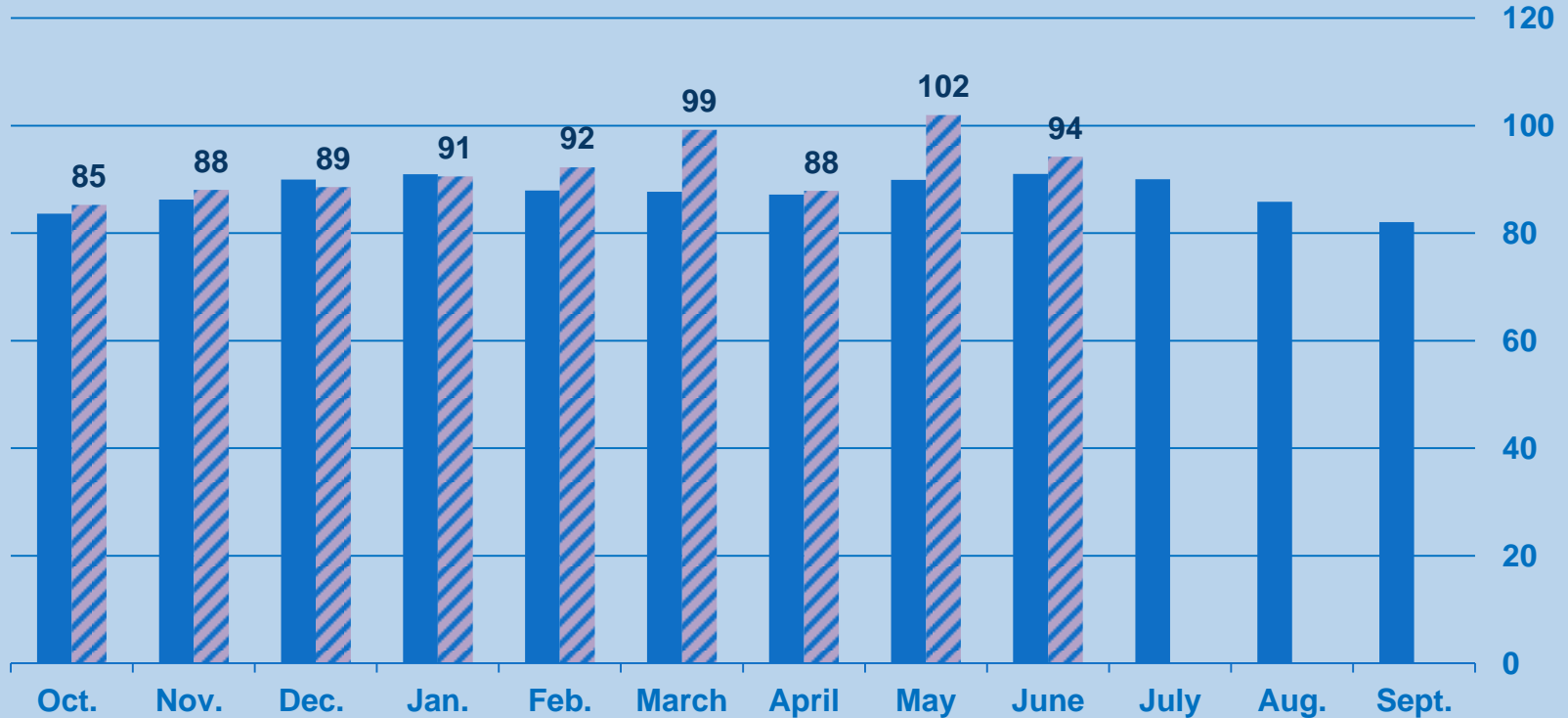
TRANSMISSION SERVICES REVENUES

Transmission total revenues

Total revenues in millions of dollars

■ BP-18 Rate Case ▨ Actuals

Total revenues (in millions of dollars)			
BP-18 Rate Case	Q3 EOY forecast	BP-18 year-to-date	Actuals year-to-date
1,052	1,078	794	828

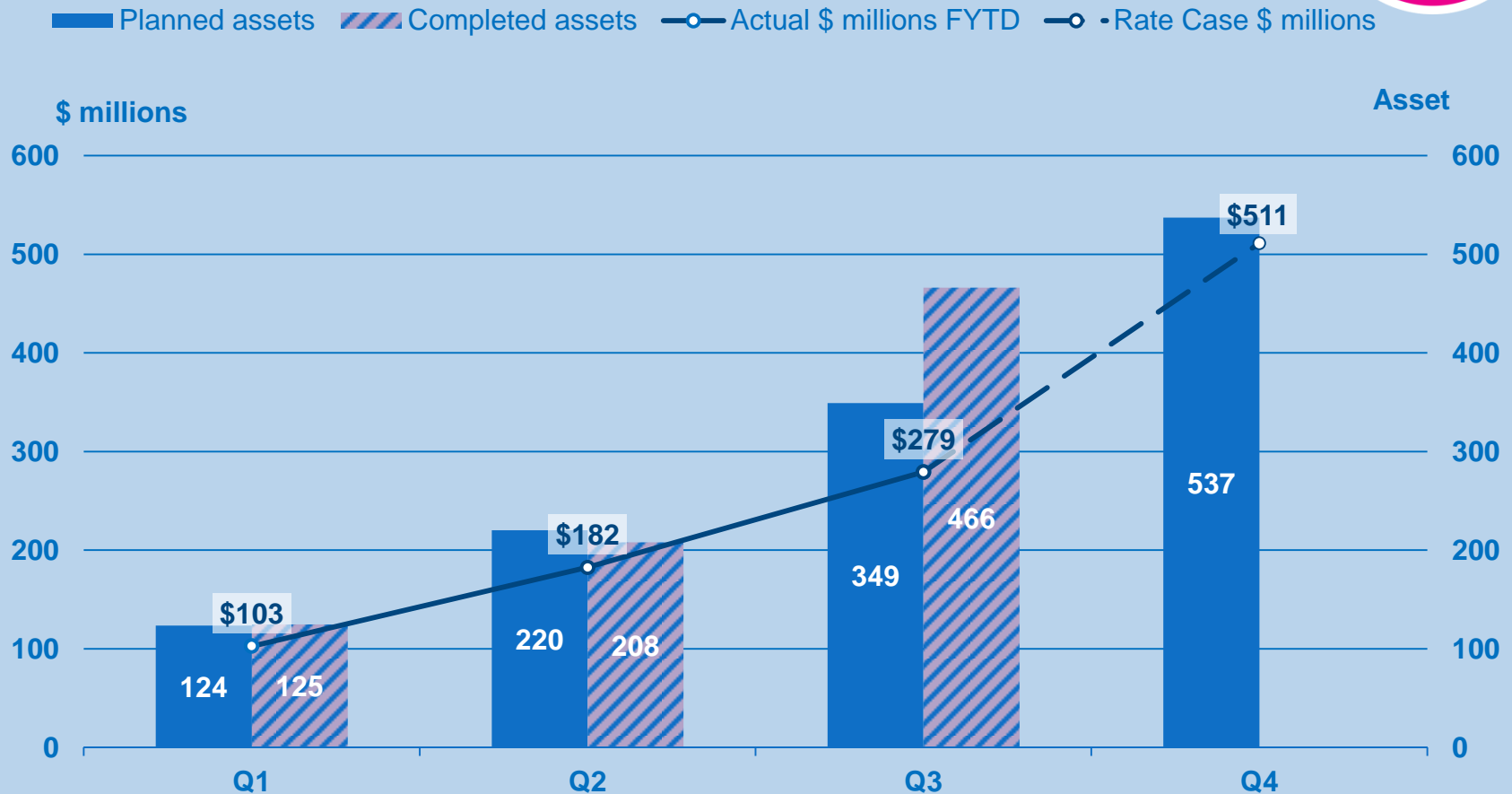


TRANSMISSION SERVICES CAPITAL



Capital expenditure and work completed

Tracks capital expenditure and percent of workplan completed



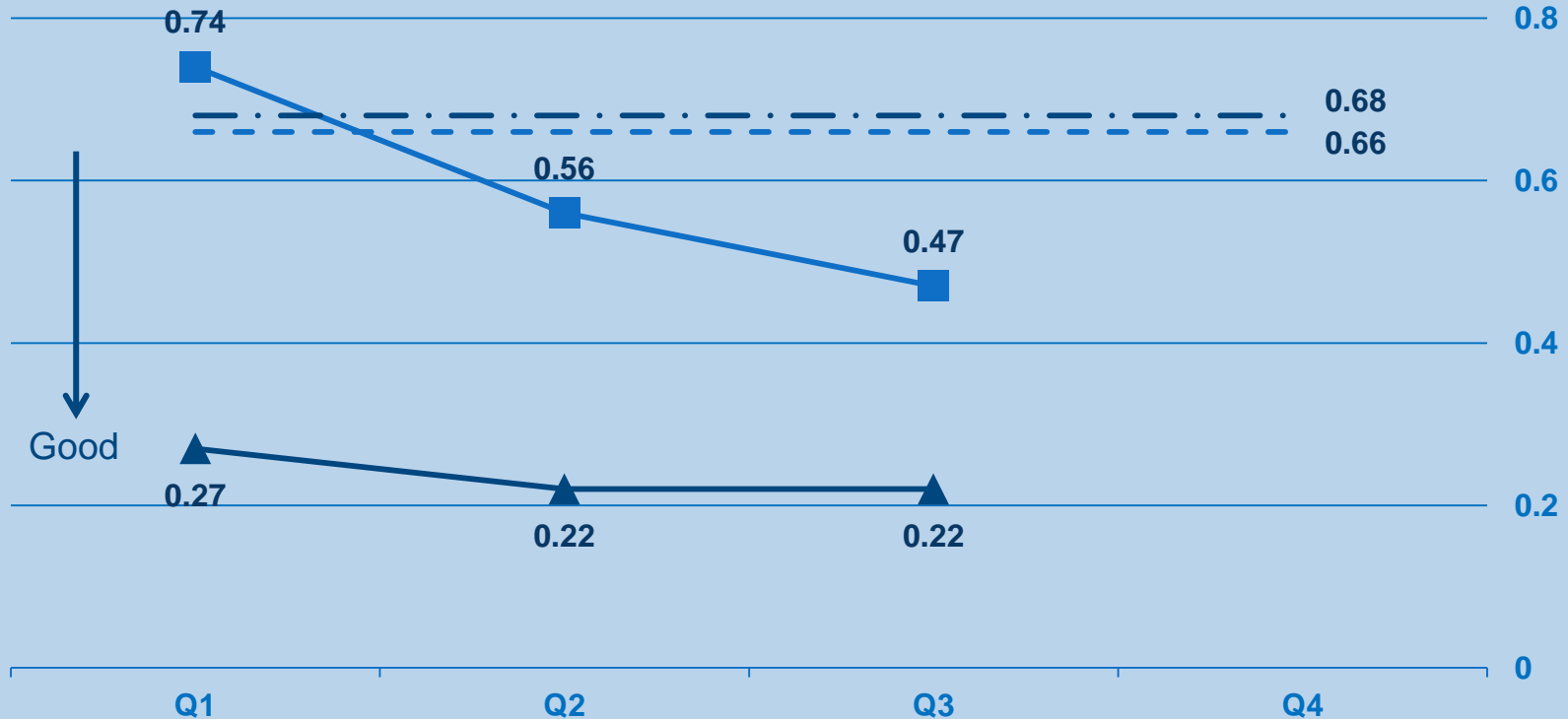
TRANSMISSION RELIABILITY - SAIFI



System average interruption frequency index

Tracks frequency of unplanned outages

■ Low voltage (< 200kV) ▲ High voltage (>= 200kV) - - Low voltage warning level — • High voltage warning level



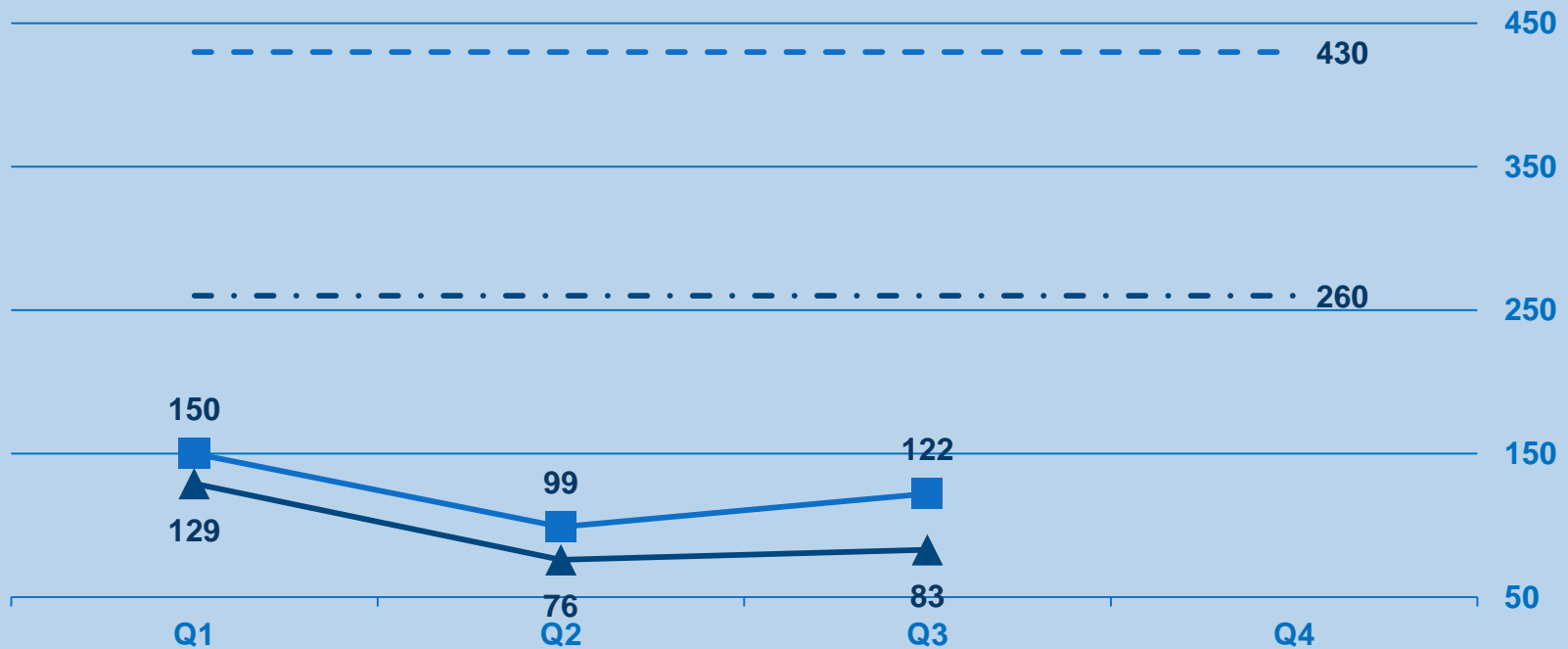
TRANSMISSION RELIABILITY - SAIDI



System average interruption duration index

Tracks duration of unplanned outages

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



ENGAGE WITH TRANSMISSION

- Reliability coordinator services.
- TC-20 schedule and settlement discussions.
- 2019 Cluster Study.
- Montana Renewables Development Action Plan



PUBLIC PROCESSES

Scott Simms, DIRECTOR OF COMMUNICATIONS

PUBLIC PROCESSES

- **Aug. 2** – Reliability coordinator services workshop.
- **Aug. 8** – BP-20 Rate Case workshops.
- **Aug. 21, Sept. 25** – TC-20 workshops.
- **Sept. 6** – Columbia River Treaty Town Hall.
- **September** – TC-20 settlement discussions.
- **Oct. 11** – BPA EIM stakeholder meeting.

COMMENT PERIODS

- **Aug. 2** – Integrated Program Review.
- **Aug. 2** – Financial Reserves and Leverage policies.
- **Aug. 2** – Capital financing.
- **Aug. 8** – FY 2020-2021 Rate Period High Water Mark
- **Aug. 9** – Spar Canyon-Round Valley service road project and right-of-way amendment



QUESTION AND ANSWER

THANK YOU

The next QBR is scheduled for
Nov. 6, 2018.

**Strategic plan is 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 July 30, 2018, and contains information not sourced directly from BPA financial statements.