INTRODUCTION

Scott Simms, DIRECTOR OF COMMUNICATIONS
# AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Presentation</th>
<th>Speaker</th>
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</table>
| 9:00 – 9:02 | Introductions                                         | Scott Simms  
 *Director of Communications*                                |
| 9:02 – 9:15 | State of the business:  
 *Integrated Program Review*  
 *BP-20 rate preview* | Dan James  
 *Deputy administrator*                                  |
| 9:15 – 9:25 | Finance update                                        | Mary Hawken  
 *Acting chief financial officer*                             |
| 9:25 – 9:35 | Power Services update                                | Joel Cook  
 *Senior VP of Power Services*                                  |
| 9:35 – 9:45 | Transmission Services update                         | Richard Shaheen  
 *Senior VP of Transmission Services*                           |
| 9:45 – 9:47 | Upcoming involvement opportunities                    | Scott Simms                                           |
| 9:47 – 10:00 | Question and answer session                          |                                               |
Incident frequency rate
Number of injuries and illnesses per 200,000 hours worked

- 2018
- Ceiling

--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
0.4 | 0.9 | 1 | 1 | 1 | 1.1 | 1.3 | 1.3 | 1.3 | 1.2 | 1 | 0

0 | 0.5 | 1 | 1.5
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

Percentage change

Billions of dollars

Percentage change

0 0.5 1 1.5 2

0 10 20 30

BP-08 FY 2008-2009
BP-10 FY 2010-2011
BP-12 FY 2012-2013
BP-14 FY 2014-2015
BP-16 FY 2016-2017
BP-18 FY 2018-2019
2018 IPR FY 2020-2021

26 13 4 3 3 0
• New external webpages available on www.bpa.gov under “Projects & Initiatives” tab.
• 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)
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.
FCRPS net revenues
In millions of dollars

- BP-18 Rate Case
- Q3 Forecast

$26

$423

0

100

200

300

400

500
Federal Columbia River Power System
Total revenue and expense in millions of dollars

- BP-18 Rate Case
- Q3 Forecast

<table>
<thead>
<tr>
<th>Total expense</th>
<th>Total revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,627</td>
<td>$3,653</td>
</tr>
<tr>
<td>$3,262</td>
<td>$3,685</td>
</tr>
</tbody>
</table>

Total revenue and expense in millions of dollars:
- Total expense: $3,627, $3,262
- Total revenue: $3,653, $3,685
• 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.
<table>
<thead>
<tr>
<th></th>
<th>BP-18 Rate Case</th>
<th></th>
<th>FY 2018 EOY forecast</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EOY Reserves</td>
<td>170</td>
<td>468</td>
<td>638</td>
<td>340</td>
</tr>
<tr>
<td>Reserves not for risk</td>
<td>149</td>
<td>63</td>
<td>212</td>
<td>175</td>
</tr>
<tr>
<td>Reserves available for risk</td>
<td>21</td>
<td>405</td>
<td>426</td>
<td>165</td>
</tr>
<tr>
<td>Days cash on hand</td>
<td>4</td>
<td>237</td>
<td>62</td>
<td>33</td>
</tr>
</tbody>
</table>

*Reserves in millions of dollars*
• The probability of a power rates CRAC is 0 percent.
• The probability of a transmission rates reserves distribution clause is 80 percent.

Accumulated calibrated net revenue:

<table>
<thead>
<tr>
<th>252</th>
<th>352</th>
<th>452</th>
<th>552</th>
<th>652</th>
<th>758</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>606</td>
</tr>
</tbody>
</table>

Reserves for risk:

<table>
<thead>
<tr>
<th>1164</th>
<th>1264</th>
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<tbody>
<tr>
<td>700</td>
<td>800</td>
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</table>

Q3 ACNR: $782 million
Q3 RFR: $637 million
Power total expense

Total expenses in millions of dollars

- BP-18 Rate Case
- Actuals

<table>
<thead>
<tr>
<th></th>
<th>BP-18 Rate Case</th>
<th>Q3 EOY forecast</th>
<th>BP-18 year-to-date</th>
<th>Actuals year-to-date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct.</td>
<td>166</td>
<td></td>
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<tr>
<td>Nov.</td>
<td>208</td>
<td></td>
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<td>Dec.</td>
<td>211</td>
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<td>Jan.</td>
<td>213</td>
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<tr>
<td>Feb.</td>
<td>192</td>
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<tr>
<td>March</td>
<td>201</td>
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<td>April</td>
<td>197</td>
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<tr>
<td>May</td>
<td>196</td>
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<tr>
<td>June</td>
<td>192</td>
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<td>July</td>
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<td>Aug.</td>
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<tr>
<td>Sept.</td>
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</tbody>
</table>

Total expense (in millions of dollars)
Power total revenues
Total revenues in millions of dollars

- BP-18 Rate Case
- Actuals

<table>
<thead>
<tr>
<th></th>
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<th>Q3 EOY forecast</th>
<th>BP-18 year-to-date</th>
<th>Actuals year-to-date</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>2,827</td>
<td>2,850</td>
<td>2,148</td>
<td>2,174</td>
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<tr>
<td>November</td>
<td>2,211</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>December</td>
<td>2,421</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>2,861</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>2,691</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>2,621</td>
<td></td>
<td></td>
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<tr>
<td>April</td>
<td>2,511</td>
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<td></td>
<td></td>
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<tr>
<td>May</td>
<td>2,091</td>
<td></td>
<td></td>
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<tr>
<td>June</td>
<td>2,241</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>July</td>
<td>2,241</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>August</td>
<td>2,241</td>
<td></td>
<td></td>
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<tr>
<td>September</td>
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</table>
The Dalles historical distribution with 2018 observed flow data (January - July)
Flow in thousands of cubic feet per second

- 10%-Max
- 25%-10%
- 50%-25%
- 75%-50%
- 90%-75%
- Min-90%

Unregulated Flow
Regulated Flow
Henry Hub prices
In dollars per one million British thermal units

- Actuals
- June 30th NYMEX Average
- BP-18 Rate Case

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

**Mid-C heavy load hour prices**

In dollars per megawatt hour

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

**BP-18 avg.:** $25.23  
**6/30 avg.:** $24.78
Note: capital expenditure KPI includes only direct-funded federal hydropower capital.
Federal hydropower forced outage factor
Percentage of hours fed hydro projects are offline due to unplanned outages

- **FY 2018**
- **Target**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY 2018</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>4.6</td>
<td>5.9</td>
</tr>
<tr>
<td>Q3</td>
<td>4.5</td>
<td>5.9</td>
</tr>
<tr>
<td>Q4</td>
<td>3.6</td>
<td>4.4</td>
</tr>
</tbody>
</table>
Columbia Generating Station availability factor
Percentage of time Columbia is available to serve demand

- **FY 2018**
- **Target**

- **Good**

FY 2018:
- Q1: 93.5
- Q2: 95.6
- Q3: 95.3
- Q4: 94

Target:
- Q1: 94
- Q2: 95
- Q3: 95
- Q4: 96
• 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 total expense

Total expense in millions of dollars

<table>
<thead>
<tr>
<th></th>
<th>BP-18 Rate Case</th>
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<td>Actuals</td>
<td></td>
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<tr>
<td>Rate Case</td>
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<tr>
<td>Q3 EOY</td>
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<td></td>
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<tr>
<td>forecast</td>
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<tr>
<td>BP-18</td>
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<tr>
<td>year-to-date</td>
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<tr>
<td>Actuals</td>
<td></td>
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<tr>
<td>year-to-date</td>
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</tbody>
</table>

78   | 78   | 77   | 83   | 77   | 91    | 86    | 93  | 82   | -    | -    | -     |

Total expense (in millions of dollars)
Transmission total revenues
Total revenues in millions of dollars

- BP-18 Rate Case
- Actuals

<table>
<thead>
<tr>
<th>Month</th>
<th>BP-18 Rate Case</th>
<th>Q3 EOY forecast</th>
<th>BP-18 year-to-date</th>
<th>Actuals year-to-date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct.</td>
<td>85</td>
<td>1,052</td>
<td></td>
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</tr>
<tr>
<td>Nov.</td>
<td>88</td>
<td>1,078</td>
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<tr>
<td>Dec.</td>
<td>89</td>
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<tr>
<td>Jan.</td>
<td>91</td>
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<tr>
<td>Feb.</td>
<td>92</td>
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<tr>
<td>March</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>88</td>
<td></td>
<td></td>
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<tr>
<td>May</td>
<td>102</td>
<td></td>
<td></td>
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<tr>
<td>June</td>
<td>94</td>
<td></td>
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Total revenues (in millions of dollars)
Capital expenditure and work completed
Tracks capital expenditure and percent of workplan completed

- Planned assets
- Completed assets
- Actual $ millions FYTD
- Rate Case $ millions

$ millions

Q1  Q2  Q3  Q4

$103  $182  $279  $511

$124  $220  $349  $537

$125  $208  $466

$200  $300  $400  $500  $600
System average interruption frequency index
Tracks frequency of unplanned outages

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Low Voltage (&lt; 200kV)</th>
<th>High Voltage (&gt;= 200kV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>0.74</td>
<td>0.66</td>
</tr>
<tr>
<td>Q2</td>
<td>0.56</td>
<td>0.68</td>
</tr>
<tr>
<td>Q3</td>
<td>0.47</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.27</td>
<td></td>
</tr>
</tbody>
</table>

Good
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, 129
Q2: 99, 76
Q3: 122, 83
Q4: 150

KPI

Low voltage warning level: 260
High voltage warning level: 430

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

Scott Simms, DIRECTOR OF COMMUNICATIONS
• 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.
• 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
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.
This information was publicly available on July 30, 2018, and contains information not sourced directly from BPA financial statements.