SLIDE 2 – KEY PERFORMANCE INDICATORS

ELLiot MAINZer: Good afternoon everyone, hello, and welcome to the fourth and final Quarterly Business Review for Fiscal Year 2019. This is Elliot Mainzer, Bonneville Administrator. Thanks a lot for taking time this afternoon to make time for this forum. I know it's been a busy week, particularly for public power. Lots of end of the year meetings and conversations. I'm sure everybody's probably ready to hop home. For those of you hanging in with us this afternoon, thank you for that.

I think sticking with our traditional approach, I'm going to start off I'm going to do a high-level overview of the agency's performance in FY19, starting with a quick at our key performance indicator dashboard that summarizes how we did over the past year, and then our CFO Michelle Manary is going to give you an overview of our year-end financials. Finally, I'm going to end with actually a fairly in-depth – quite a bit of activity going out at the moment to talk about some of the other issues on the business side, including a look at our other strategic goals and major accomplishments that will support our Strategic Plan and prepare Bonneville for the coming fiscal year.

Obviously, we've tried to structure this update in general to be reasonably higher level, sort of manager level update. For those of you who would like more detail, we are hosting a QBR technical workshop on Wednesday, November 20th, where you can get a closer look into Bonneville's financial performance and our other key initiatives from 2019.

So, with that, let's dive in. Of course, feel free to submit questions during the webinar and we will answer them at the end of the presentation.

SLIDE 3 – KSI & KPI DASHBOARD

I'd like to turn to slide three, which is our KSI and KPI dashboard. As I do with every QBR, I'm going to start with safety. It was a real highlight again for us this year in terms of performance. Our incident frequency rate came in at 0.9, which was below our ceiling of 1.1, and another year-on-year improvement as we continue to set new benchmarks for safety performance at Bonneville.

I think for me, many of you know, exceeding our target for 2019 is just another demonstration of just how united our workforce is in what is now our goal to become the safest utility in North America. It's a wonderful objective, something that's been articulated by our people on their terms, and it's something I wholeheartedly endorse.

Of course, even at 0.9, that's good performance, but any injury is one too many, and we're going to strive to bring the number of safety incidents down even lower for 2020 by continue to engage our workforce to keep safety on everyone's mind 24 x 7.
Now, stepping back at the broader dashboard, I think you can see overall we’ve had a reasonably strong year, meeting most of our agency targets, but financially we had some struggles and some near hits. Actually, you can see we narrowly missed our financial goals for revenues and expenses this year. Michelle is going to go in depth, but some very heavy power expenses this year. Revenues came in I think just $3 million below target out of the $3.6 billion goal, but at the end of the day, we did not -- and you’ll hear we had strong performance in managing our IPR targets for directly controllable costs, but at the end of the day, we didn’t meet our total revenue and total expense and try to turn that around for next year. But I think if you look at some of the other indicators which are important to us, certainly, we’re able to exceed our power and transmission metrics, the forced outage factor for the Federal Hydropower System and the availability factor for Columbia Generating Station both reflect the, I think, very strong reliability of those generating assets, particularly during the cold snap earlier this year were very important.

Similar, the transmission system interruption metrics show that the frequency and duration of unplanned outages are very low. FY19 is another successful year when it comes to keeping the lights on in the northwest, and that was very positive.

Just one other issue I wanted to note. Our key performance indicators are, largely, indexed to our Strategic Plan, they’re the big metrics that we track day in and day out on the Strategic Plan, but internally this year, we’ve also been tracking a key strategic initiative, it’s actually our central agency key strategic initiative around grid modernization.

Going into this year, we decided to set a very, very ambitious target of getting 90% of our grid mod projects either complete or in delivery status by the end of the year. I think, honestly, we need -- that was pretty ambitious, but we wanted to get as much momentum as we possibly could going into the year. As you can see, we want to be very transparent about this. We only got 68% of those projects into the delivery status, but we also -- not only were we able to get a couple of our big lift projects completed, great work on outage management, our ATC upgrades, but we also got all that work done around getting the EIM implementation agreement signed and all the public process around that. That was such a huge lift for us, and so we’re quite confident that we’re going to get ourselves on track going into the early part of 2020.

Just wanted to give you some visibility to that, make sure there is no uncertainty. You’ll also see reporting out on all these targets in our agency annual report, which hit the streets late yesterday.

With that, I’m going to turn it over to Michelle, who is going to now take us into a more detailed look at our financial performance.
MICHELLE MANARY: Thanks, Elliott. As Elliott said, we actually had some ups and downs this year, as you’re looking at slide five, the financial metrics here.

I'm going to dive into some more details in the red, the revenues, the expenses, and the net revenues -- especially the capital, but let me hit on three here -- three of them, the upper right. The big thing that says P+T=A. So that P is power, T is transmission, A is agency. Percentage of capital work completed, as well as the debt-to-asset ratio in the bottom middle and Treasury borrowing in the bottom right.

We have a new target this year not only on how much money we spend, but actually do we get the work completed that we said we were going to spend that money on? And that's what that upper right percent of capital work completed. It's basically how many of those units did you actually complete given the budget you did?

Transmission is green there. They actually hit their target. Power barely missed it, and I'm going to talk about that under the capital. There were a couple of deferrals from the large projects that were a cause of missing it, but that is one that we’re measuring not only the money, but actually the work we’re getting done as well.

I wanted to go to the bottom middle, the debt-to-asset ratio, it shows we have a target of 88%, and we came in at 82%, which if any of you have been following our debt-to-asset ratio, it went down a little bit more than we had forecasted. Let me tell you, the main drive there is -- we had an updated decommission study update for CGS that actually when you roll in those numbers, it helps actually lower this target. And so that is the primary driver why it hospital dropped down into the low 80s now.

The last one, Treasury borrowing. That is green as well, now, that's green, but our target is 1.5. As you recall, the 1.5 from our financial plan is we don't want to exhaust all of our borrowing, we want to leave $750 million for the note and $750 million for actually borrowing from Treasury in order to give us some flexibility there if we are getting low.

So that, actually, leaves us about $900 million left. And as you look at the capital numbers, you're going to go through, and that's not a lot. However, the region came together with the Regional Cooperation Debt 2, which will give us another $3 billion or so in ability to borrow, access to capital, and as well as something that we kicked off in the TC22 rate case 22, I introduced this notion of looking at some things we’re going to revenue finance. So it really is coupled with Treasury borrowing, coupled with our debt-to-asset, you don't want to go crazy with spending, yet you do need access to capital into your system, and so you're going to see more in the years to come on that. We are green, but you can see where it’s at 2.4, and our floor is 1.5, so we’re getting close. More to come on that.
Let's turn to the next page. So slide six shows how the agency net revenues, which was red, but let me tell you the story because there's some good news story behind this. You start on the left side, which is the rate case, we did adjust this for regional cooperation debt because sometimes that messes up the calculations. So we wanted apples to apples here, so we adjusted that out.

So we basically started at $274 million. Let's go from left to right. The first one, IPR program savings. This is a huge success story. And I said we had some ups and downs, these were so ups. The agency and our partners really came together to start bending that cost curve. And as you recall, we've made some really aggressive commitments in '20 and '21 that we are committed to sticking to, and we didn't want to wait till '20 to start that, and so we purposefully lowered our start of year budget this year so we could actually glide into those and make sure we are successful in meeting our target for '20 and '21. So we did that and we also helped mature our culture of disciplined cost management, and so we're getting that baked into budgets and cycles and that stuff. And so that was $114 million below what we had in the Rate Case. That was a huge success in making this not only hitting the target, but making it last.

The next one over is our net interest expense, $56 million, you'll see in that green box. That is largely the result of Regional Cooperation Debt, what we call RCD1, that's where we paid off higher debt and extended the Energy Northwest debt. That is your interest savings, so the majority of that is showing up as the savings we have done by doing that debt management action with the region.

And then the next one over, it says other, the primary driver in that is third-party transmission costs. And these are the costs of acquiring transmission from other transmission providers to deliver on our transfer loads. Those, back when we forecast three or four years ago going into this FY19 rate, those actually came in $31 million lower than we thought. The majority of that was lower than we thought. That's due to other transmission provider costs not being as great as well as managing how we efficiently deliver that power.

So all in all, those three green boxes are a little over $200 million in expense savings that we did in FY19.

Now, let's turn to the red. As Elliott said, the revenues. This was my photo finish, so close, and I'm going to go into what's happening. We missed our target by $3 million out of $3.6 billion in revenues, and so that was so close. So even though it's red, very, very close. And I'll go through and we talk about Power and Transmission, I'll go through what was happening there.
And then Elliott mentioned this before, we had for power purchases, we had a rough end of February, early March with the winter storms, high prices, and low supply. So the majority of those $224 million power purchases above the rate case are due to that small time frame and so we'll go through that a little bit more.

The greens, you have about $200 million in savings. On the red, you have $227 million savings. So what that did is we ended up as an agency, $26 million below the Rate Case. And let me tell you, it's close. It is red, but it could have been a lot worse.

**SLIDE 7 – AGENCY FINANCIAL PERFORMANCE**

Let's break this down a little. Slide seven shows you a different look of this. Expenses are on the left side, revenues are on the right. You see on the left, if you add those two bars up and then subtract them, it's about $24 million higher in expenses -- total expenses -- than (inaudible) in the rate case.

The lower part, the solid blue and the purple, that's your IPR. That's where you see the $114 million in savings agency, but we came in below our IPR numbers. And then above, you see the power purchase is offset by the interest and the third-party transmission expenses, the $138 million. And so that's basically what makes up our expenses.

You go to the right, the $3 million, as mentioned before, that was barely a miss, but we did come in $3 million below in revenue.

**SLIDE 8 – POWER SERVICES FINANCIAL PERFORMANCE**

Okay, let's break this down between Power and Transmission. So on page eight, we look at how Power Services did. So if you look at the left-hand side of expenses, so of the IPR expense, we talked about $114 million savings, $100 million of that came from the Power side. It's not only Power Services, but our partners -- our federal partners and Energy Northwest really took to heart and came in $100 million on the Power side lower than the rate case.

And then right above it, the non-IPR, the $128 million, and that is those power purchases you saw in the red before offset by the net interest and the third-party transmission. And so all in all, the expenses were about $28 million higher than the Rate Case.

On the right-hand side, you see the $3 million again. It looks like $3 million, which is a photo finish. Power started much worse off in the year. So they actually climbed out of a hole. They knew going in they were going to have lower preference loads, and so they took those extra megawatts and really tried to maximize them on the secondary market with premium products and sales, and so that's why I said photo finish, so close. They were really close to making them up, so that really was a heroic effort there.
All in all, Power net revenues were about $31 million less than the rate case.

**SLIDE 9 – TRANSMISSION FINANCIAL PERFORMANCE**

Now, let's turn to Transmission, page nine. So Transmission had a similar story, but a little different subtext below it. If you look on the left-hand side, it's the same. Their IPR expenses were $14 million below the Rate Case. They, too, took some disciplined cost management and drove those down. And then if you look above, their non-IPR actually came in $2 million below as well. And so their total expenses, if you look from the two bars, they actually came in $16 million under their rate case for their total expenses.

However, if you look at the right on the revenues, they also started the year out with a couple things going against them. So they started out the year with a couple contracts we thought were going to start taking service in FY19 that were actually deferred to the out years. And so they started off with some loss of sales as well as, due to lower hydro conditions this year, they actually were short on their short-term sales.

So all in all, they missed their revenues by about $20 million, but they actually did expense savings by 16, and so their net revenues came in $3 million below the Rate Case targets.

**SLIDE 10 – AGENCY CAPITAL EXPENDITURES**

So let's now turn to page 10 and our capital. So I talked about this a little. What happened with capital? As an agency, we underspent our capital forecast from the rate case by $195 million. If you look on the left, the rate case had us forecasting $858 million, and several things happened we'll walk through.

If you go to Fed Hydro, the next box, the $66 million, there were several bureau projects that were either canceled or delayed, that was the majority of the driver, why we didn't spend that money. And what was happening and also an indication of why they missed their percentage of capital work completed.

Next over is Transmission. They underspent by $95 million. They actually had three different reasons for this. First, they had some scheduling and contractor delays, which moves it usually from ‘19 to '20, and so that's just some delay in the projects. They also we balancing work that they had for projects funded in advance, which are customer-funded projects versus our sustained work. And so they were really trying to balance that work and we had a little bit higher project spending in advance than we did sustained work, and so they didn’t use the capital dollars and sustain they thought they would.

And the last one that's actually interesting is outage availability. And so as markets continue to be volatile and you have weather conditions and loads are changing and changing resources, it's harder and harder to schedule windows of time for the
transmission to be out -- transmission lines -- in order to do that work, in order to not impact the region, load service, or anything like that. And so that is something we're going to be actually refining and watching as we go forward, how we plan our capital, especially amongst the midst of a changing outage window environment.

Then we go to Fish and Wildlife. So Fish and Wildlife underspent by $22 million back when the Rate Case, the forecast was put into their Rate Case. They thought they were going to have some hatchery work that was actually delayed by some permitting issues, and so that work was just delayed out of '19 into future years.

And then finally, corporate. Corporate, this is actually IT capital, $12 million. Back in the Rate Case, they were going to do some work. They got the work completed, but back when we put these forecasts in, the Rate Case, we thought they were going to be capital. When we picked the vendors and the type of services, it actually ended up going to expense. So the work got done, it was just financed by expense dollars instead of capital.

$195 million less than the Rate Case, even though it reads green, we know we are going to be focusing our efforts on the forecasting and making sure we're spending the money to get the results we want. So this will be a big area of conversation and exploring in the IPR coming up.

SLIDE 11 – FINANCIAL RESERVES THRESHOLDS

Slide 11 is our rate adjustment mechanism. And so this is, as you remember, this is the first year that we are switching the triggering of these mechanisms from third-quarter forecasts to actuals. And so now that you're looking at our actuals, this is what's going to trigger any rate adjustment mechanisms.

The second thing you have to remember is that we went through this year is on October 22nd, so last month, we issued a record decision to address the misallocation of cash reserves between Power and Transmission. This resulted in moving $182 million from Transmission to Power, and that included principal plus interest.

It did not change the total agency reserves. This is just an allocation between business lines, and if you want more details, we're going to go walk through the crosswalk of what happened and all the changes next week in the QBR technical workshop. So come for a lot more details there.

So let's read this chart, what is it saying? The chart is basically saying if you look at the black squares, those are where our actuals ended up. The black numbers, the $484 under agency is $484 million. Then, you go to Power ended up with $203 million in reserves, and Transmission ended up with $282 million in reserves.
So what does this mean for the rate adjustment mechanisms? We'll start with Power. Power's is not in the cracks, but it is in the power reserve surcharge. So, looking at this, we will be triggering the power reserve surcharge for the full $30 million this year, collected over 10 months beginning with the December bills, which are issued in January. So when you start seeing your January bills, you will see an adjustment.

On average, it will be a 1.5% rate adjustment, however, depending on the product types you do, you're actually going to see anywhere from a 1% adjustment to a 2% adjustment, so I just wanted to say average is 1.5, but every customer is different and they're going to see it somewhere between 1% and 2%.

And so on the Transmission side if you look, if you look at their square, it's in something called the Reserve Distribution Clause, and that's in the solid blue, $282 million. This is actually 170 days of cash on hand. Now, normally, you have to remember that this is a two-part trigger so that not only does the business line have to be above 120 days cash on hand, but the agency has to be above 90 days cash on hand. And so even though Transmission has more than 120 days cash on hand, the agency does not, it has $484 is about 76 days cash on hand, and so the Reserve Distribution Clause will not trigger.

Next week, I talked about the QBR technical workshop where we'll walk through the reserves and what changed throughout the years. That same day is the Financial Reserves Workshop that will actually walk through the calculation of the power reserves surcharge and any questions and open up a comment period.

Back to you, Elliott.

SLIDE 13 – STRATEGIC GOALS

ELLIOT MAINZER: Thank you, Michelle. That was a lot of material. I have quite a bit to share in this next segment as well. I'll just start out by acknowledging, as I move into a conversation about our rates and about some of the accomplishments going into the next rate period, one of the pieces of feedback that we have received in recent weeks which I think is important feedback and something that we will be increasingly sensitive to is when we talk about average rates or surcharges, these do hit different customers differently. So even as you're seeing now, what we've been talking about is an average 1.5% is not -- people don't transact in averages, they transact in actuals. And so even on the surcharge going forward or any of these other mechanisms, we're always going to do the best job we can in characterizing that different customers will be impacted differently. And as always, doing our very best to try to minimize those impacts to the maximum extent possible.

So, I did want to -- as I trigger our strategic goals, and starting with sustaining safety and financial health, and now really moving into sort of sustaining some of the successes that we've been able to achieve here the last few years, I want to just note, again, that -- and with a lot of appreciation to our federal partners, the folks at Energy
Northwest, we were able to reduce program costs by $56 million per year going into the 2020-2021 rate period, compared with the 2018-2019 rate period.

Michelle talked about how we very consciously earlier this year decided we didn't want to have a lot of shock, so we consciously reduced cost to give ourselves a little bit more of a stable glide path. I think that worked out well, particularly for our financial performance this year, because obviously the revenues and water supply were strong headwinds.

As you know, the BP20 Rate Case concluded back in July. Those rates went into effect on October 1st, and certainly, we are very committed to continuing our progress and keeping our cost curves bent and maintaining Bonneville on a much more sustainable rate trajectory.

I already mentioned, obviously, the rate increase. No increase in the average base power rate, obviously differential impact on each individual customer, but that is something that I hope there is at least some level of acknowledgement that that took a heavy lift not only by Bonneville, but by our partners, and really across the board. And we're going to continue our progress on that.

It's the same thing within Transmission. The transmission rates going into 2020-2021 increased by 3.6% over the two-year period, and again, that was facilitated in part by a settlement agreement that allowed Bonneville to adopt a new open access transmission tariff and resulted in a significantly lower rate than we had otherwise expected. And both the power transmission rates, when you look at them over the two-year period are below the rate of inflation and something worth celebrating for a few minutes, and then saying, "Well, let's get back to work because we've got to go do it again."

I just want to make sure everybody knows that we are extremely conscious of the need to sustain our progress on these fronts. And I think everybody here at Bonneville, and I'm seeing a lot of nodding heads in the room here, recognizes that this is something that becomes part of our long-term performance.

I want to turn for a couple minutes to modernizing system assets and operations. This is a huge area for us, as you know, not only just the core caring and feeding for the federal power and transmission systems and the associated assets, but the grid modernization effort, as I mentioned, really has become our largest and single focus across the agency initiative at Bonneville. And this year, we had I think some pretty important milestones in that area.

I think many of you have been tracking the progress with our decision of whether to take that important step toward joining the Western Energy Imbalance Market back on September 27th. We signed an implementation agreement with the California ISO, which positions us to essentially join the EIM in the spring of 2020. As we said in all of the analysis in the stakeholder processes, our analysis shows that Bonneville could
earn an additional power net revenues between $29-$34 million per year. And we all know that selling surplus energy in western markets is essential to growing the revenues for Bonneville, and keeping our rates low. And participating in the EIM, we think, will directly support our strategic goals of sustaining our financial strength and maintaining a competitive edge in the electric utility landscape.

The next steps, of course, will include implementation activities and further stakeholder processes to develop policies for necessary changes to Bonneville's tariffs and rates in the TC22 and BP22 rate cases.

We're going to be discussing these topics in a single joint public process to provide a cohesive picture of these overlapping issues. We're also participating in the EIM governance review committee where we'll continue to see governance improvements that recognize public power's interest and Bonneville's role with the Federal Power Marketing Administration. Our final decision, of course, of whether or not to join the EIM go live will come in May 2021.

One thing I want to really reemphasize is I think a key to our success in this area so far and staying aligned with all of you -- our customers and others -- is our stakeholder process. And your input has just been essential to our thought process and we’re going to continue that. I think it's just absolutely essential to our success.

I wanted just to point out a couple of other accomplishments as part of our grid modernization efforts. Last June, we launched a set of improvements to operational tools to more easily share real-time data, which is an important precursor of operating in the EIM. One of these tools, of course, is our Automatic Generation Control system, or AGC, and we had some significant enhancements to the AGC system to be able to market additional capacity from the hydro system by allowing for greater flexibility of how we balance energy generation and load.

Also, optimizing real-time operations while preserving fish operations will improve the efficiency of the grid and free up more resources for balancing reserves or secondary sales of power.

In 2020, we're planning on more upgrades to the AGC system to not only improve generation dispatch, but to also ensure compatibility with the California ISO processes as part of getting ready for EIM implementation.

This work is a heavy lift. It's all about optimizing both the capacity and flexibility of our power transmission assets, and it's just simply necessary for moving forward with some of our grid modernization projects.

I also wanted to note that another key milestone in 2019 was the completion of the coordinated transmission agreement with the California ISO, which was another important effort that began when the Western EIM was first formed. And this effort
helped us understand how the EIM flows to affect the federal transmission system. It created a set of formal operations controls and data sharing guidelines between Bonneville and the ISO. And I think the implementation of that agreement itself represented a significant step forward in our grid modernization efforts because it's given us tools to mitigate congestion on our transmission system and run our grid more efficiently. A very important piece.

Turning to competitive power products and services, I think as you all know, we've really been striving to provide power products and services that truly are competitive and meet our public power customers' needs so that we can remain that provider of choice for many, many years to come. Improving our customers' experiences is part of this goal, and we're continuing to look for ways to meet our customers' needs through innovative products and really top-shelf services.

With these objectives in mind, we're going to begin engaging with customers in the new year in preparation for designing long-term power contracts and getting that conversation going. We know there's a lot of interest around that in customer land, we're administering a survey and getting ready to send our account executives out to meet with customers. I think it's going to be very interesting to get that workstream moving in 2020.

Another one of our big players that helps us provide competitive products and services and keep the lights on is our partner, Energy Northwest, which operates the Columbia Generating Station.

Energy Northwest is helping sustain our financial success through their own program cost reductions in our debt management program. CGS also got us through a period of colder than average weather last March, at a time when there were natural gas constraints and low stream flows limited hydro generation, which also drove up market prices right up to the price cap. I think we're seeing $1,000 power prices. Really kind of a scary moment, and the hydro system, of course, was essential to regional reliability under those conditions.

Certainly, in bending the cost curve and strengthening our commercial position has been a big lift, and I just again want to really thank Energy Northwest and our federal partners, and want to reiterate one last time that just the acute sense in Bonneville of continuing to sustain this progress and make sure through our program plans, through our operating plans, through our ten-year rate planning horizon now that Michelle is implementing through our finance department and through our rates organization that we can keep our eye on the long term and the big picture and really try to maintain this sustainable rate trajectory for Bonneville.

Just a couple last things before we get to the end. I think many of you know we are deep into the Columbia River System operations review. We're speaking in extant on this topic in other forums, so just wanted to make sure just to remind everybody that that
continues to be a huge lift for us and our federal partners. We are still very, very much at this stage in the input process, working very actively with the cooperating agencies and many partners across the region to make sure that we can get their input into the process and be able to release a draft environmental impact statement and preferred alternative in the spring next year and that's going to be I think a very important milestone.

I continue to be very focused on really trying to bring the region together around that preferred alternative and to try to keep the more constructive conversation that I think we've seen on the rivers in this last year through the Flexible Spill Agreement and other very open dialogue processes.

Just a couple last notes on Transmission. I think many know that the transition from peak reliability to RC West, as our reliability coordinator, was actually completed on November 1st. This move plays a critical role in coordinating operations across balancing authority boundaries. And as the owner and operator of more than 15,000 circuit miles of high-voltage transmission in the northwest, system reliability really is of paramount importance to Bonneville. And in making this choice to go with RC West, being administered by the CAISO, we considered governance and cost and a lot of work went into ensuring this.

I remember getting the e-mail from Transmission Operations in the early part of November 1st, I think that transition went really well. So kudos to the whole team for getting that done.

I would also like to note, quite pleased to see that the consolidation of Columbia Grid and the Northern Tier Transmission Group into a single regional planning organization for the Pacific Northwest is proceeding very well. Quite excited about that prospect of really having that wide view across the Northwest and into the broader service territories and landing that, getting that up and running by January 1st, 2020. So there's a ton of work happening, multiple utilities, great leadership, really appreciate the partnerships and making that happen and also the work that's underway at the Northwest Power Pool, led by Frank Afranji and his team to take a real hard look at resource adequacy and to establish a real binding resource adequacy program for this region with real commitments and also a commitment to optimizing across a broader footprint I think are very positive steps forward in terms of institutional capability in the northwest.

We're also now operating under our new transmission tariff. It's nice to see -- I know that the development of that tariff was a big lift. Many of you had your staff work really hard with us. There were some choppy moments in that process. Ultimately, we really came together to get that done. Very pleased to see that, and I know we're having lots of conversations around implementing the transmission tariff. I think it's going really well and we're really pleased to be operating under this new tariff with some of those longstanding limitations no longer part of the picture.
And then the final topic is just to give you a quick update on our efforts to mitigating wildfire both this past summer and for upcoming wildfire seasons. I know we’ve all been watching just heartsick to see what’s been happening down in California. And the last thing we want to see is that problem spreading up here to the Pacific Northwest.

Just watching that has really spurred Bonneville and I know others to take aggressive action this summer to make sure that we’ve minimized the potential of our transmission system to start a fire. We actually conducted a thorough review of our transmission assets, operations, (inaudible) management, field crew training programs, and we performed an extensive analysis to identify and prioritize transmission line components that may have potential for sparking or starting a fire.

Field crews worked hard to mitigate, repair, or replace those components identified as having the highest risk. We also implemented a protocol to ensure that our line crews are on the ground in high-risk areas to inspect a faulted line before it is remotely tested or reenergized. And this may have extended the length of some outages, which we know is not without consequence. But at the end of the day, we thought it was critical that we keep safety elevated as our top core value. And so any time we can prevent the loss of life or property, we’re going to take action to do so.

That was a lot of information. I feel like I was talking full gas for a long time and hopefully it did not overwhelm you with information. But there is a lot going on, a lot to feel good about, a lot to recognize we still have some big challenges ahead of us. I know everybody here at Bonneville really appreciated all the collaboration and partnerships and input that we received from our customers and our other partners across the region that helped us move the ball on a number of big issues this year. So thank you for that.

I just would like to call your attention one more time to the fact that we did release the annual report for Fiscal Year 2019, published yesterday. It’s available at BPA.gov. And then finally, on November 20th, as we said earlier, we’re going to hold two workshops to provide more detail around the financial information we shared with you today and the financial reserves policy.

So, I am going to now take a deep breath and we are going to go to see if we have any questions and answers from folks online. It looks like we have a couple, and they’re going to Michelle.

SLIDE 14 – QUESTION AND ANSWER

MICHELLE MANARY: Okay. So the first question is: What are some examples of a $114 in IPR savings on slide six, especially the $100 million in Power?
So, this is one when you take a look at, especially annual report will break this down, it's actually a lot of effort by everybody. So Corps of Engineers went down, Bureau of Reclamation went down, Columbia Generating Station went down, internal Power Ops went down. So it's actually not like one or two big ones, it's a number of efforts across all categories in order to lower them. And so you can also see that in the annual report.

ELLIOIT MAINZER: Yeah, made some significant Fish and Wildlife programmatic expense reduction as well to pay for flexible spill.

MICHELLE MANARY: What are some examples of how Power increased revenues? So, this is one that I think Elliott and I will have to tag team on.

ELLIOIT MAINZER: Yes.

MICHELLE MANARY: So, Power -- we've been talking about this, really have been talking about going after looking at really capturing the value of our capacity, looking at other opportunities. And so a number of things, I know you saw earlier we had the PGE capacity deal about a year ago that really optimized the value, as well as looking at some community choice aggregators that we filled in some products there.

ELLIOIT MAINZER: PGE, of course, as you know, the PGE capacity deal hasn’t quite hit the books yet, but I would say that kind of transaction, certainly selling to CCAs also just generally Joel Cook, under his leadership, we’ve really taken -- really moving into some longer-term sales and hedging further out into out years. And so that provided some additional revenues and some stabilization. Just generally being more active and a little bit more out there in terms of longer-term and looking for opportunities to sell products in which capacity is valued really contributed to it. We got a lot of help from our risk management function and from Michelle in the finance group to open up the reach of the trading operation.

MICHELLE MANARY: Right, and the question asked about -- the previous one about the IPR savings, I do want to give a shout-out. Transmission, as you saw, they came in -- they absorbed inflation and wage increases across the board. And so many of you know, that's been upward increasing costs, and they really did tackle that and absorb that, as well as corporate.

So the corporate in general absorbed inflation and cost management across the board. So it took a village to really come in and be tight and vigilant on that.

This question is for the financial reserve surcharge, the question is: Will load following customers see the 2% rate impact?

So when we looked at that, it's hard to say. It depends on your demand charge. So what I have analysts look at -- so this came from power -- they looked all the customers and all their products and services, and the lowest one came in at 1% and the highest one
came in at 2%. And so each utility is a bit different and some of the load-following products, they take some ancillaries, and so it's not a simple, quick answer.

**ELLIOIT MAINZER:** It sounds like that's going to be of interest to everybody.

**MICHELLE MANARY:** Yes.

**ELLIOIT MAINZER:** So I think it's probably a good action for our account executives to make sure everybody's equipped with knowing exactly how that's going to hit the books just in case -- all these things have budgetary implications for customers, so let's just get that out there.

**MICHELLE MANARY:** And I just also want to also say, so I'm answering these here, these are great questions as well for the technical workshop next week. And so if you want some more details or to dive in them a bit some more, be sure to bring them up next week or let us know ahead of time, and we'll make sure we can cover them there.

**SLIDE 15 – THANK YOU**

**ELLIOIT MAINZER:** Any more questions on the webinar? Anyone else online asking? All right, well, I think, then, that that probably concludes our final QBR for FY19. We'll be moving into -- getting ready for the next one a few months down the road.

I just wanted to thank everybody again for your time and your engagement with us, and I wish you a safe weekend and hopefully some rest and relaxation after what I know has been a busy week for everybody. Thank you very much.

**MICHELLE MANARY:** Thank you.

**SLIDE 16 – FINANCIAL DISCLOSURE**