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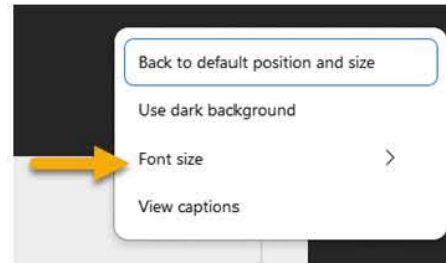
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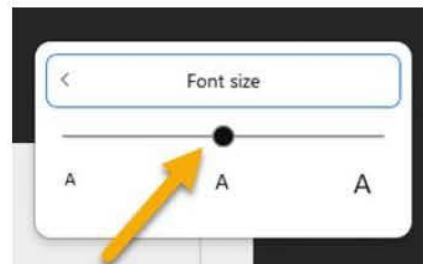
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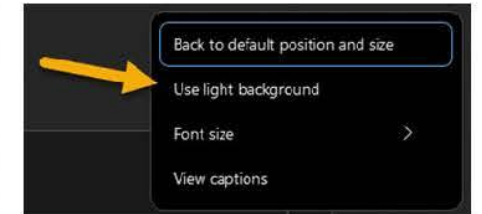
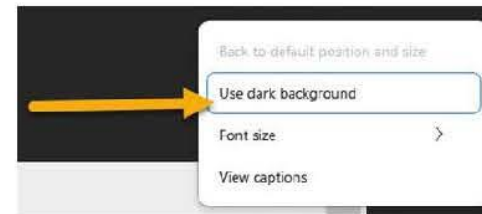
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Change background contrast

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QUARTERLY BUSINESS REVIEW TECHNICAL WORKSHOP

May 14, 2026

AGENDA

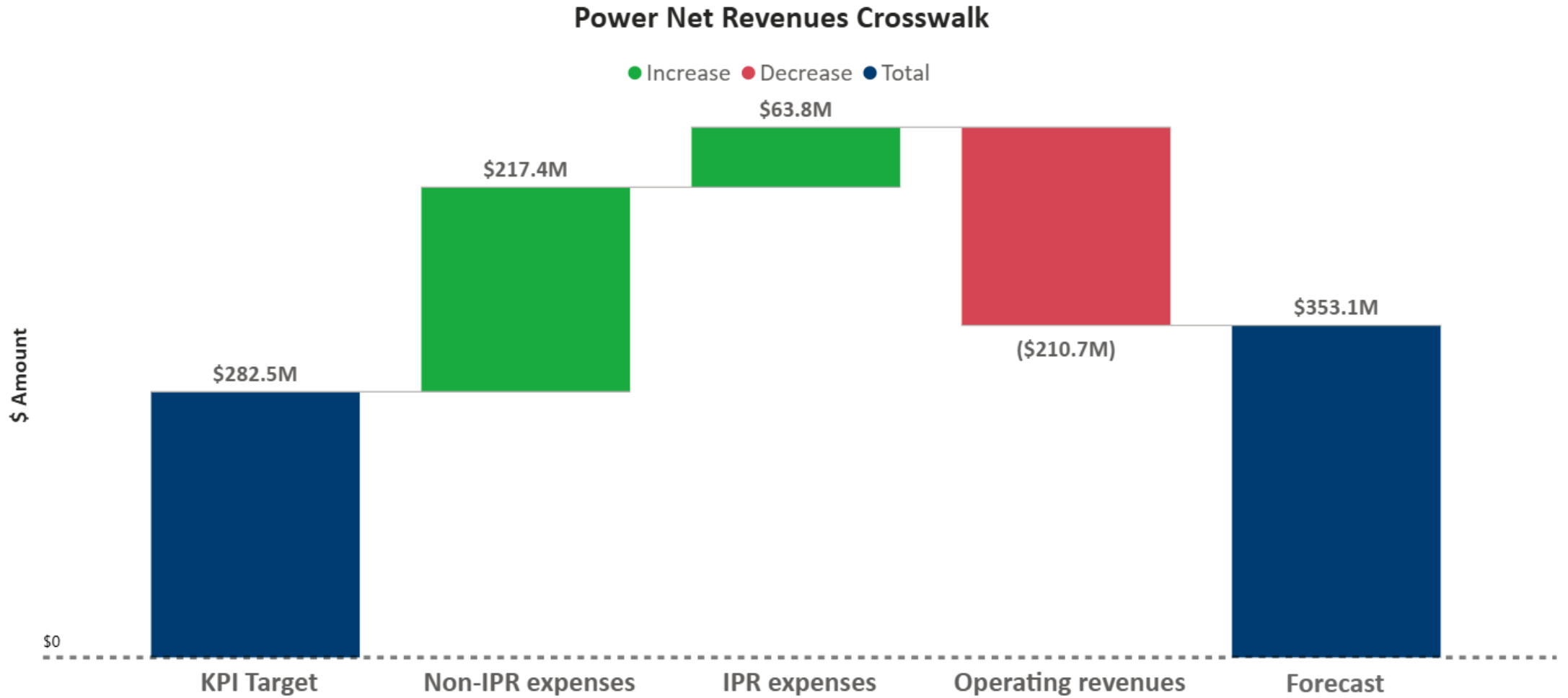
Time	Min.	QBRTW Topic	Presenter
1:00	5	Introduction	Taryn Redinger
1:05	10	Q2 Forecast: Power and Transmission Net Revenue	Karlee Manary, Manny Holowatz
1:15	10	FY26 Q2 Actuals: Reserves for Risk	Darren Heim
1:25	10	FY26 Q2 Actuals: Agency Capital	Heather Seibert, Gwen Resendes
1:35	10	Fed Hydro Capital Metrics	Doug Komoroski
1:45	10	Transmission Capital Metrics	Salah Kitali, Doug Hunter
1:55	10	Western Resource Adequacy Program (WRAP)	Matt Hayes
2:05	10	Questions & Answers / Closing	Taryn Redinger

Q2 Forecast: Power and Transmission Net Revenue Crosswalks

Presenter: Karlee Manary, Manny Holowatz



FY26 FORECAST: POWER NET REVENUE



Power's net revenue KPI target is equal to the FY26 Rate Case net revenue forecast.

QBRTW ANALYSIS: POWER NET REVENUE CROSSWALK

The Q2 forecast for Non-IPR Program Expenses is \$217M lower than target primarily due to the following:

- Overall gross power purchases decreased driven by operational changes, including the Tiered Rates Methodology billing determinants model. This increase to expense is due to forecasted higher purchase volumes in every month, with the most pronounced differences in April. Purchase prices were uniformly down from Target, moderating the increase to expenditures.

The Q2 forecast for IPR Program Expenses is \$64M lower than target mainly due to the following:

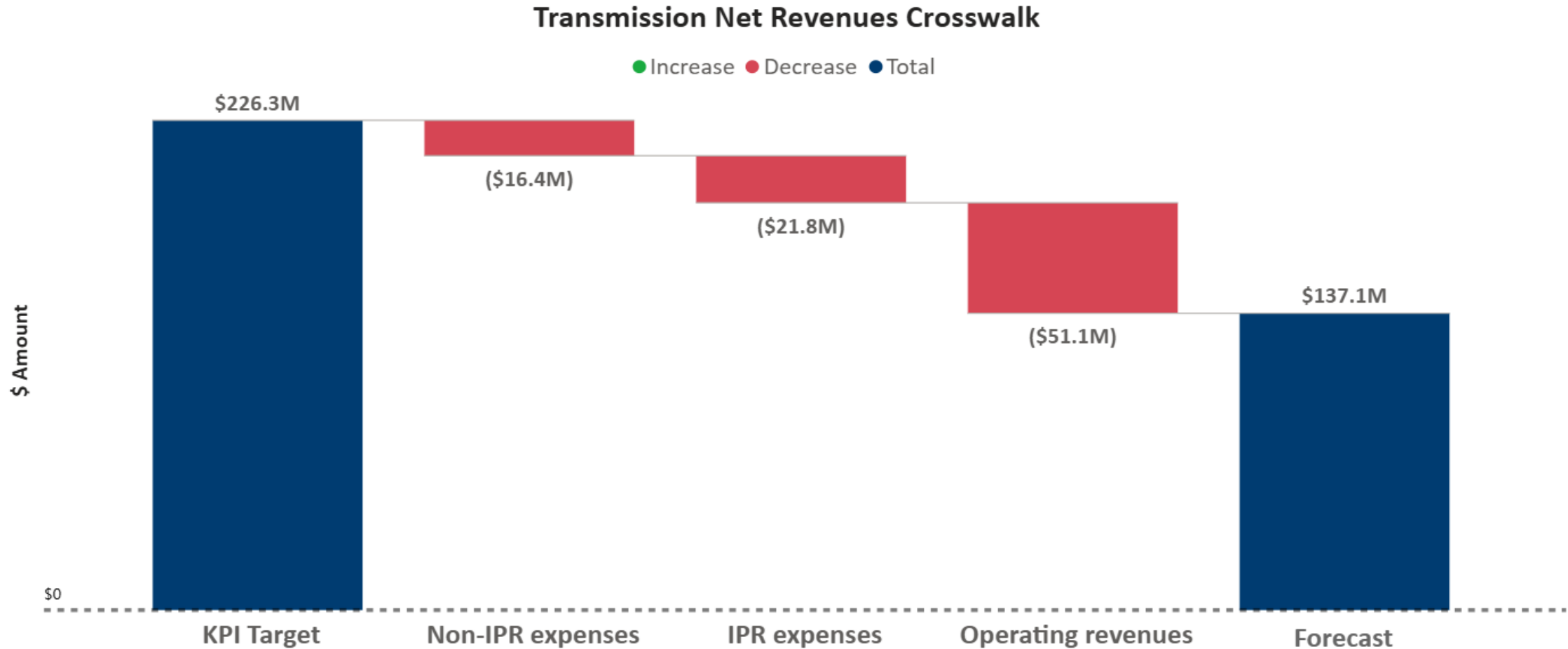
- The Asset Management program is \$12M below Target. This reflects current staffing levels for Fed Hydro, a dividend distribution from CGS's nuclear insurance, and a slight forecast reduction on F&W spending.
- The Operations program is \$26M below Target due to cost management and slower hiring on the Power side.
- The Commercial Activities program is \$9M below Target due to a reduced forecast of Conservation Purchases.
- Enterprise Services is \$17M below Target mainly from lower staffing levels than planned.

QBRTW ANALYSIS: POWER NET REVENUE CROSSWALK

The Q2 forecast for Operating Revenues is **\$211M lower** than target mainly due to the following:

- Gross Sales decreased from Target driven by lower PF Revenues and slightly lower Trading Floor Sales Revenue. PF Revenues decreased from Target driven by lower Composite Revenue, Load Shaping Revenue, Demand Revenue and Tier 2 Revenue.
 - Composite Revenue is lower than Target due to lower Net Requirement resulting in a TOCA change.
 - Tier 2 Revenue decreased due to operational changes, including the Tiered Rates Methodology billing determinants model.
 - Load Shaping and Demand Revenues are significantly lower than Target due to warmer than average temperatures experienced this fiscal year so far.
 - The decline in trading floor sales revenue is driven primarily by the last three months of the fiscal year. Observed generation has been above the Target forecast in all months observed so far and is forecast to remain above until falling behind Target in July, August, and September. In general, the current water year has held a notably wetter winter, and spring driven by several atmospheric river events which mostly fell as rain leading to less snowpack. The water shape early in the fiscal year coupled with warmer-than-average temperatures leading to less snowpack will impact this summer. In addition, the deficit in August and September is being driven by court-ordered operations.
 - Finally, the Q2 forecasted amount for 4h10c credit is less than the Target driven by lower predicted purchases and partially offset by slightly higher prices.
- These decreases are partially offset by:
 - The \$40M reserves surcharge from FY25 that is being collected this fiscal year.
 - Additionally, the \$11M Slice True-up forecast is a charge to customers mainly due to a shift in debt repayment.

FY26 FORECAST: TRANSMISSION NET REVENUE



The KPI Target is equal to the Transmission's FY26 Rate Case net revenue forecast.

QBRTW ANALYSIS: TRANSMISSION NET REVENUE CROSSWALK

The Q2 forecast for Non-IPR Program Expenses is \$16M higher than Target primarily due to the following:

- Increase in Commercial Activities Non-IPR program due to EIM Entity scheduling coordinator settlement charges.
- Increase in total interest expense and other income net due to lower interest income and an increase in amortization expense.

The Q2 forecast for IPR Program Expenses is \$22M higher than target primarily due to the following:

- \$12M increase in the Asset Management & Operations programs resulting from increased maintenance and vegetation management work, and higher software licensing cost.
- \$17M increase in the Enterprise Services Program primarily due to an increase in G&A allocations and cost associated with employees that took the voluntary early retirement authority (VERA) program that would have otherwise charged to the various programs.
- \$7M decrease in Commercial activities program driven by lower personnel costs.

QBRTW ANALYSIS: TRANSMISSION NET REVENUE CROSSWALK

The Q2 forecast for Operating Revenues is **\$51M lower** than target primarily due to the following:

- \$60M Decrease in Sales driven by:
 - Lower Long-Term Network Service due to Point-to-Point Long-Term service deferrals and non-renewals. Deferrals will begin service in the future, but later than forecasted in rate case. Network integration service is also lower due to much warmer weather than expected.
- Partially offset by:
 - \$5M Increase in Other Revenues driven by:
 - An increase in customer funded projects, which have an offsetting expense.
 - \$4M Increase in Inter-Business Unit Revenue driven by:
 - An increase in EIM charge code actuals not forecasted in rate case and have an offsetting expense.

FY26 Reserves For Risk (RFR) Forecast

Presenter: Darren Heim



RFR POINT ESTIMATE WITH BALANCE SHEET VOLATILITY

FY26 Q2 Forecast Range

Business Unit	RFR	Days Cash	Surcharge	RDC
Power	\$370M – \$466M	65 – 82	<\$370M	>\$741M
Transmission	\$220M – \$289M	96 – 126	<\$141M	>\$283M
Agency	\$590M – \$755M	74 – 95	–	>\$768M

Low end incorporates Sustainable Capital Financing Policy requirements; Range does NOT incorporate hydro volatility risk.

Power RFR: RFR is ~\$103M lower than RC expectations. Key drivers:

- 1) RFR starting balance is ~\$232M lower than assumed in RC.
- 2) NR are forecasted to be ~\$71M higher than RC expectations.
- 3) Accruals vs cash adjustments result in an ~ \$23M net cash increase compared to RC expectations.
- 4) Rate case assumed positive cash flow in FY26 of ~\$40M to be set aside to pay for FY28 costs; these funds are not being set aside.

Transmission RFR: RFR is ~\$9.7M lower than RC expectations. Key drivers:

- 1) RFR starting balance is ~\$30M lower than assumed in RC.
- 2) NR are forecasted to be ~\$89M lower than assumed in RC.
- 3) Rate case assumed positive cash flow in FY26 of ~\$96M to be set aside to pay for FY28 costs; these funds are not being set aside.

FY26 Q2 Forecast: Agency Capital

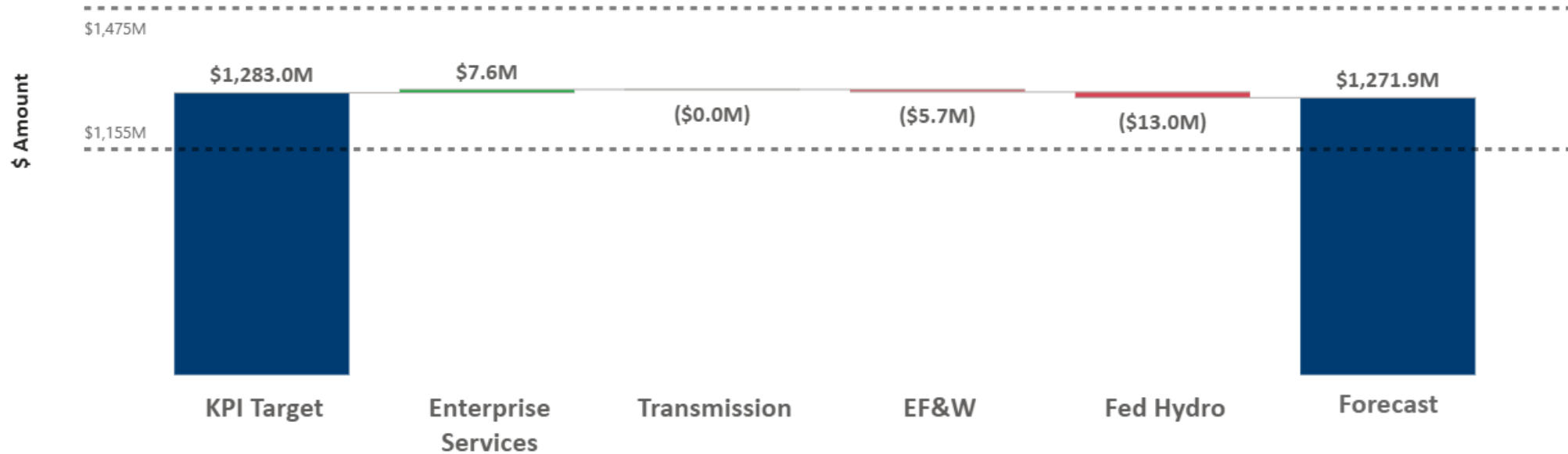
Presenters: Heather Seibert and Gwen Resendes



FY26 FORECAST: AGENCY CAPITAL

Agency Capital Expenditure Crosswalk

● Increase ● Decrease ● Total



The Agency capital expenditures KPI target is a range. The range is equal to +15% and -10% of the target midpoint.
If Agency direct capital spend is equal to or between the boundaries, the target is green.

QBRTW ANALYSIS: AGENCY CAPITAL

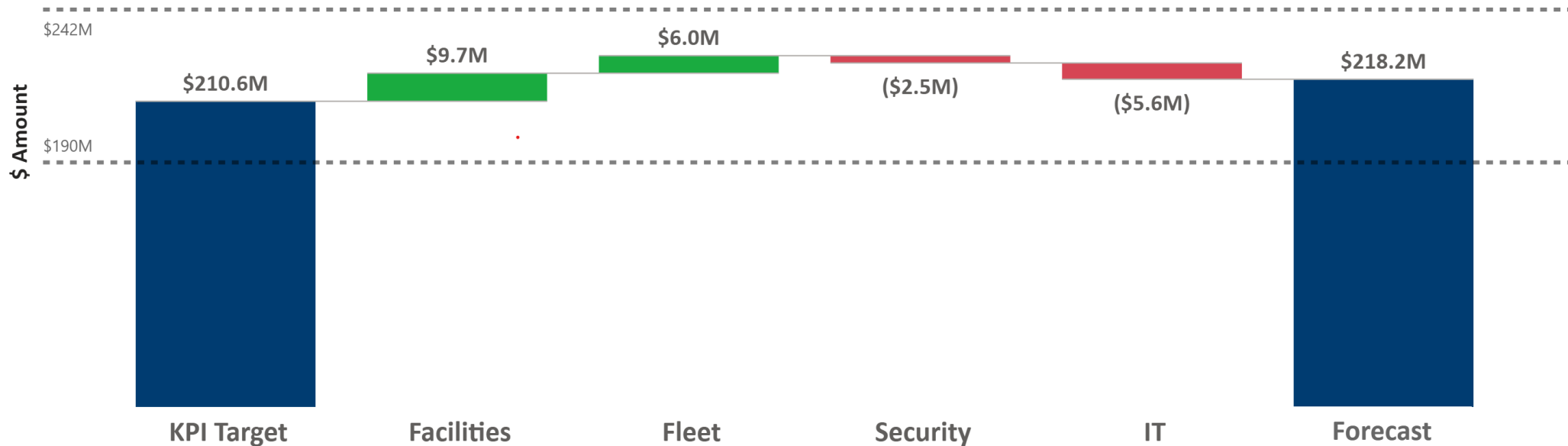
The Q2 Forecast decreased \$11M from the FY26 Target primarily due to:

- \$8M increase in Enterprise Services which is primarily due to a shift in schedule, as well as increased project estimates, on the Vancouver Control Center project.
- \$6M decrease in EF&W due mainly to the non-implementation of the Svensen fish habitat project originally planned in FY26.
- \$13M decrease in Fed Hydro a rebalancing of work expected to complete this fiscal year.
 - Various projects at McNary and Chief Joseph dams (USACE) and Grand Coulee cranes and transformers (BOR) have a slightly reduced pace of work expected to be accomplished by end of the FY.

FY26 FORECAST: ENTERPRISE SERVICES CAPITAL

Enterprise Services Capital Expenditure Crosswalk

● Increase ● Decrease ● Total



The Enterprise Services capital expenditure KPI target is a range. The range is equal to +15% and -10% of the target midpoint. If Enterprise Services direct capital spend is equal to or between the boundaries, the target is green.

QBRTW ANALYSIS: ENTERPRISE SERVICES CAPITAL

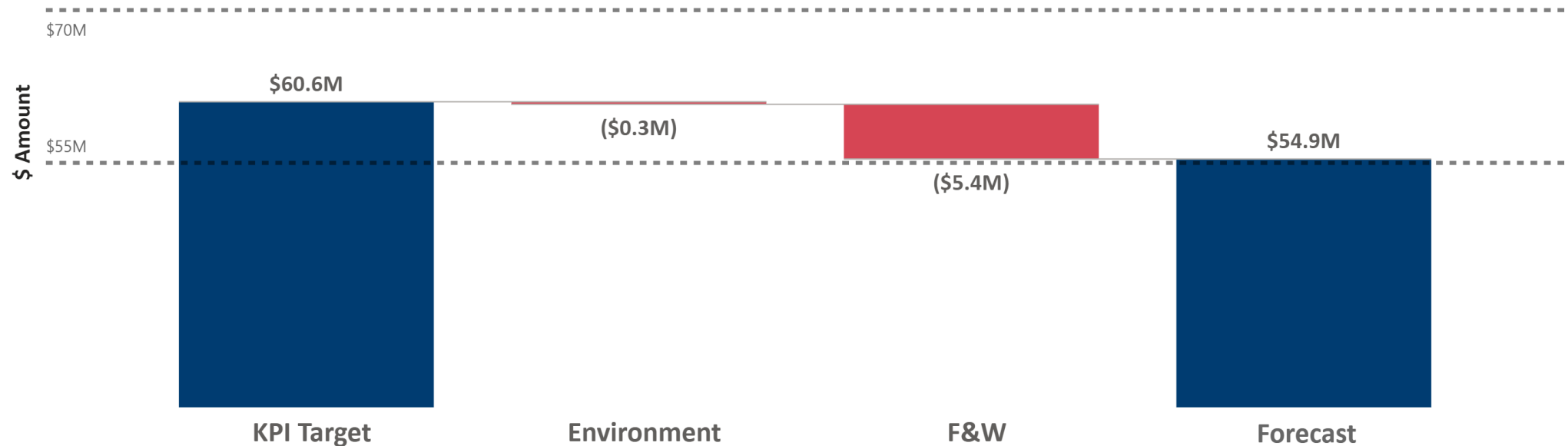
The Q2 Forecast increased \$8M from the FY26 Target primarily due to:

- \$10M increase in Facilities, primarily driven by the VCC project which is ahead of schedule. They are pulling forward capital planned for FY27.
- \$6M increase in Fleet to accommodate more deliveries than originally planned in Target. Target had factored in supply chain constraints that did not come to fruition.
- \$3M decrease in Security due to lower-than-anticipated costs.
- \$6M decrease in Technology capital due to longer-than-expected project timelines.

FY26 FORECAST: EF&W CAPITAL

EF&W Capital Expenditure Crosswalk

● Increase ● Decrease ● Total



EF&W does not have its own capital expenditure target, but does roll up to the Agency capital KPI target. The range is equal to +15% and -10% of the target midpoint and is displayed to support tracking capital execution and how these expenditures could impact the Agency KPI target.

QBRTW ANALYSIS: EF&W CAPITAL

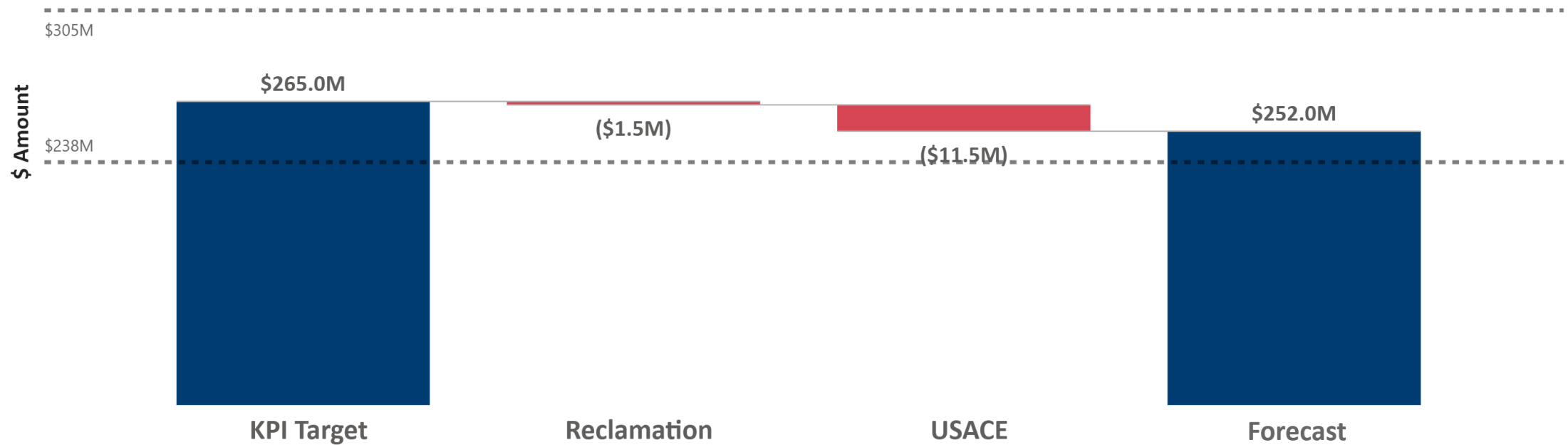
The Q2 Forecast decreased \$5.7M from the FY26 Target primarily due to:

- \$5.4M decrease in Fish and Wildlife due to the Svenson passage project not moving forward in FY26.
- Environment had a negligible decrease.

FY26 FORECAST: FED HYDRO

Fed Hydro Capital Expenditure Crosswalk

● Increase ● Decrease ● Total



The Fed Hydro capital expenditure KPI target is a range. The range is equal to +15% and -10% of the target midpoint.
If the Fed Hydro direct capital spend is equal to or between the boundaries, the target is green.

QBRTW ANALYSIS: FED HYDRO

The Q2 Forecast decreased \$13M from the FY26 Target driven largely by updated forecasts due to shifts in supply chain availability and long lead times for availability of personnel and materials/parts; contractor execution and slow-downs; design and scope changes for some projects, and so on.

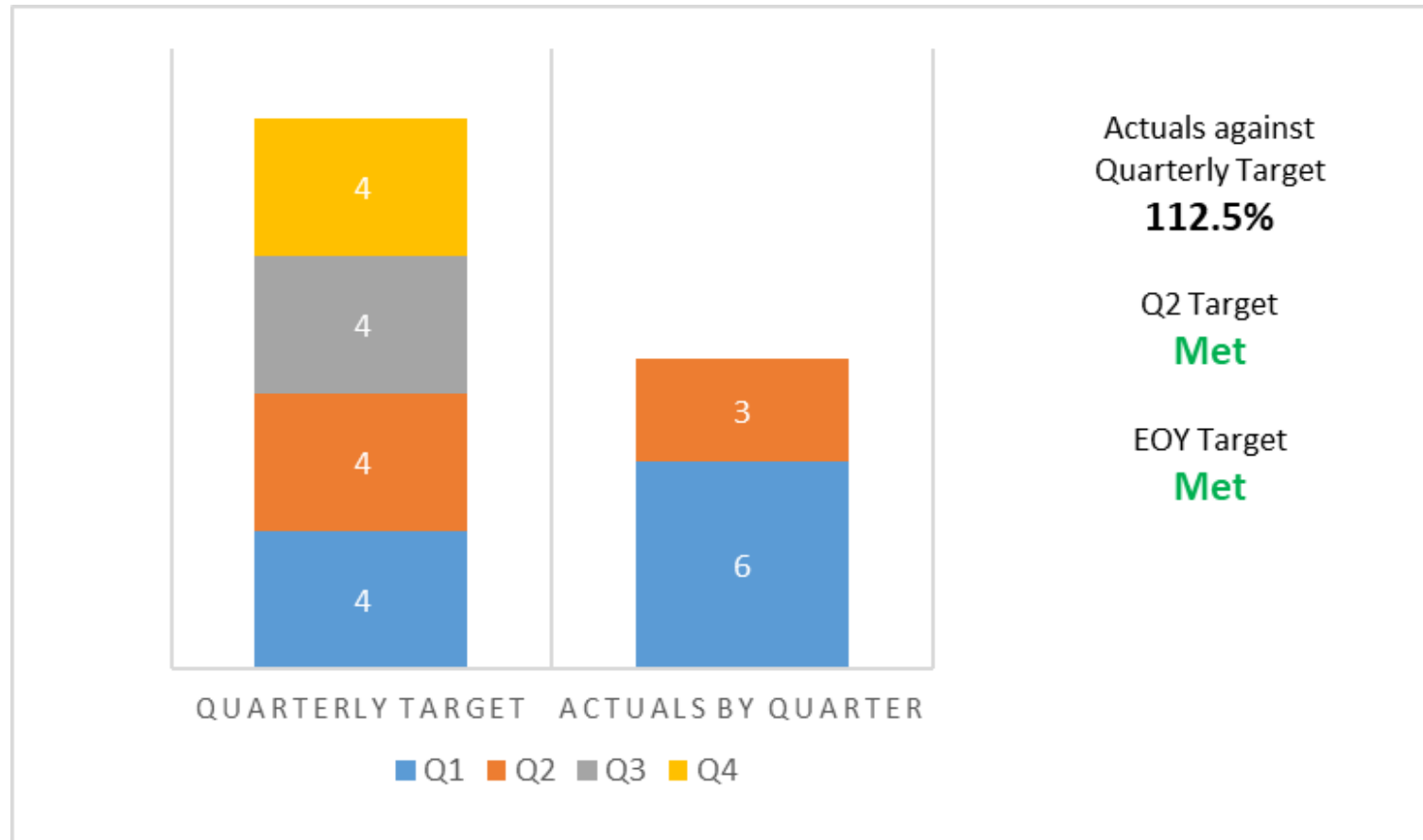
- \$2M decrease in Bureau of Reclamation due to the Grand Coulee cranes and transformers projects having a slightly slower pace of work.
- \$11M decrease in US Army Corps of Engineers due to various projects at McNary and Chief Joseph dams (USACE) having a slightly reduced pace of work expected to be accomplished by end of the FY.

FEDERAL HYDRO CAPITAL METRICS

Presenter: Doug Komoroski



FED HYDRO CAPITAL MILESTONES



Key Takeaway:

Q2 Target exceeded.
EOY target forecast to be met.

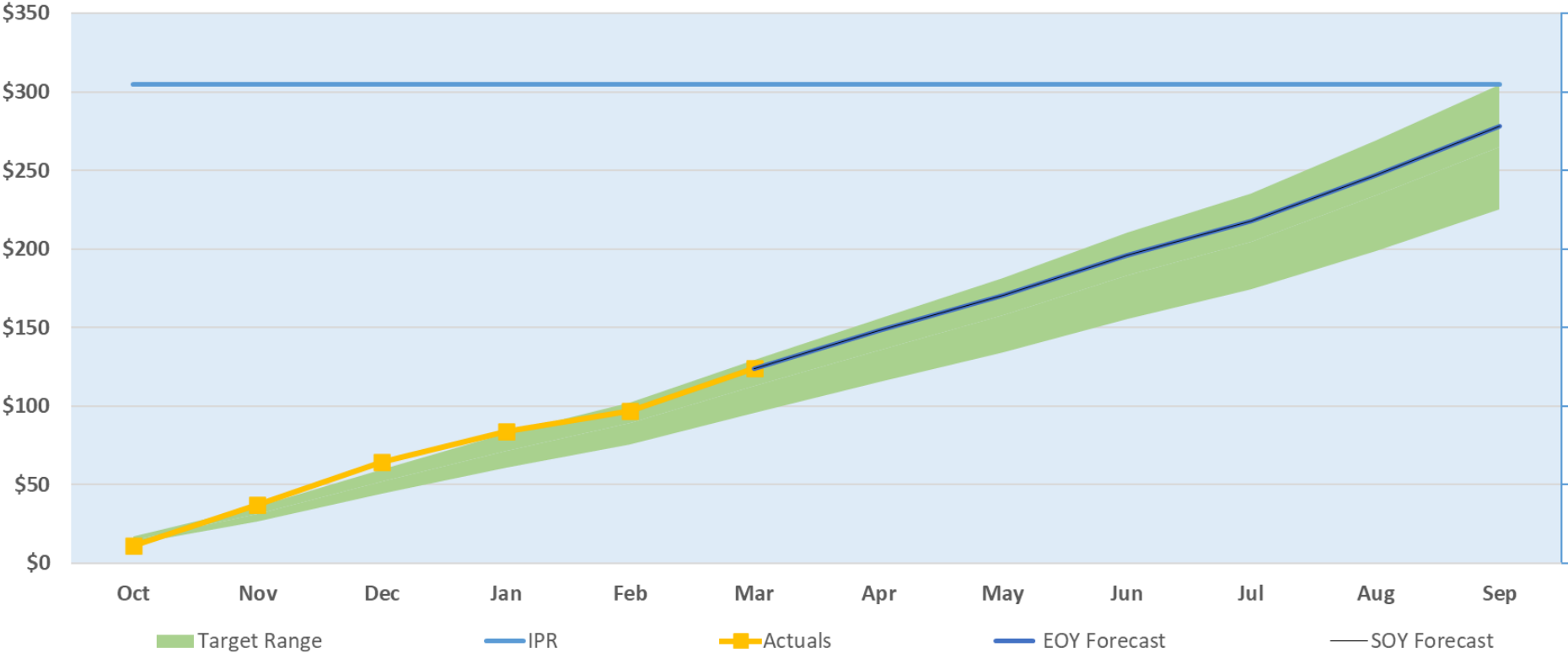
FED HYDRO CAPITAL PROJECT MILESTONES

Ice Harbor	IHR Intake Gate Hydraulic System Upgrades	Award Contract	25-Oct-25
Grand Coulee	GCL Replace Underground Town of Coulee Dam Feeders 1, 3 & 4 #3340	Award Contract	30-Nov-25
Albeni Falls	ALB Intake Gates	Complete Design	31-Dec-25
Chief Joseph	CHJ Intake Gantry Crane	Physical Completion	27-Feb-26
Albeni Falls	ALB Spillway Gate Recoating and HSS weld Repair	Award Contract	31-Mar-26
The Dalles	TDA Generator Fire Protection	Award Contract	1-Apr-26
Bonneville	BON 1 Spillway Cranes	Begin Solicitation	19-May-26
Ice Harbor	IHR Turbine Runner Design & Repl. Units 1,2,3	Physical Completion	29-May-26
Ice Harbor	IHR Turbine Runner Design & Repl. Units 1,2,3	Unit 1 Return to Service	29-May-26
Ice Harbor	IHR Units 1-3 Stator Winding Replacement	Unit 1 Return to Service	29-May-26
Ice Harbor	IHR Units 1-3 Stator Winding Replacement	Physical Completion	29-May-26
The Dalles	TDA Control Room Modernization	Complete Design	31-May-26
John Keys PGP	GCL KP10B Transformer Replacement	Design Complete	30-Jul-26
Grand Coulee	GCL Radio System Modernization #3918	Construction Contract Awarded	31-Jul-26
John Day	JDA HVAC System Upgrade	Award Contract	13-Aug-26
Chief Joseph	CHJ Unit 1-16 Generator Rewind	Unit 10 Return to Service	31-Aug-26
Detroit	DET Spillway Gate Rehabilitation	Follow On Work Complete	30-Sep-26
Palisades	PAL Generator CO2 Fire Suppression Upgrade #4035	Contract Award - Ph2b	30-Sep-26
The Dalles	TDA Intake Gantry Crane	Physical Completion	30-Sep-26

Key Takeaway:

Design Completion, Awarded Contracts, and Construction milestones for projects over \$10 million in direct funded capital costs are tracked toward the milestone target for FY26.

FED HYDRO CAPITAL SPEND

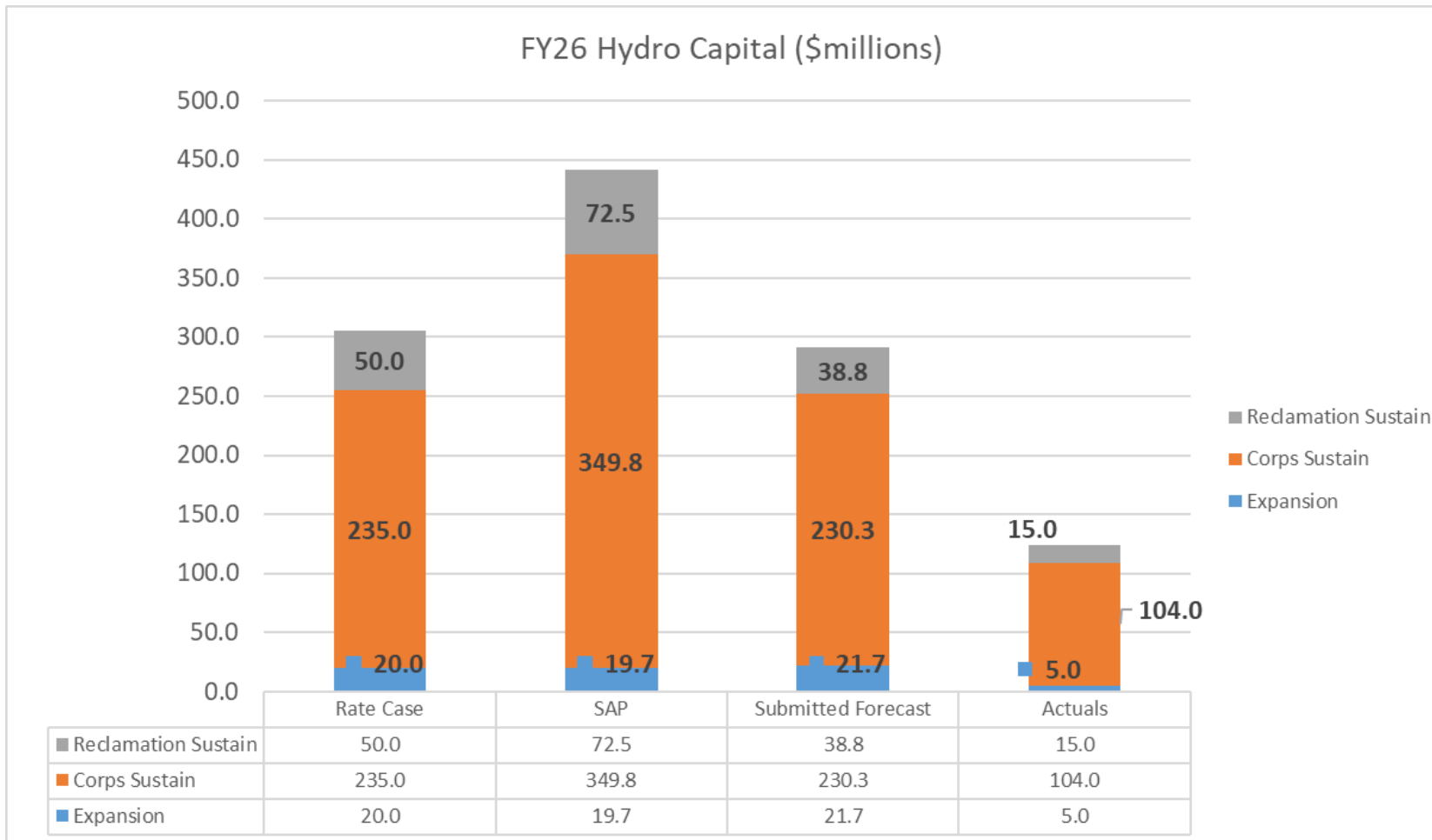


FY26 Key Performance Indicators

IPR: \$305 million
SOY Forecast: \$265 million
Target Range: \$227-\$290 million

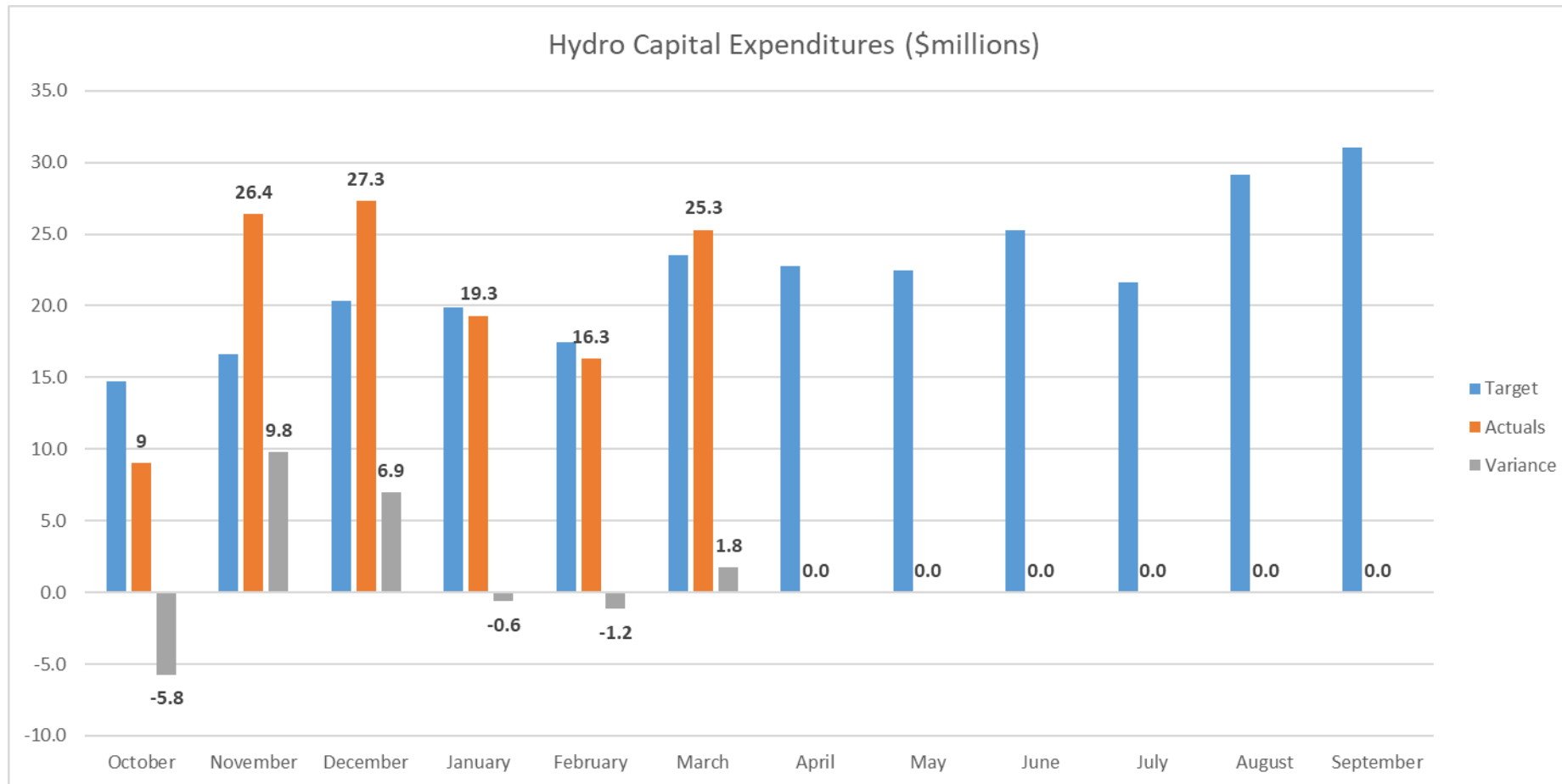
Key Takeaway: Capital expenditures are on track through Q2.

FED HYDRO CAPITAL SUSTAIN VS EXPAND



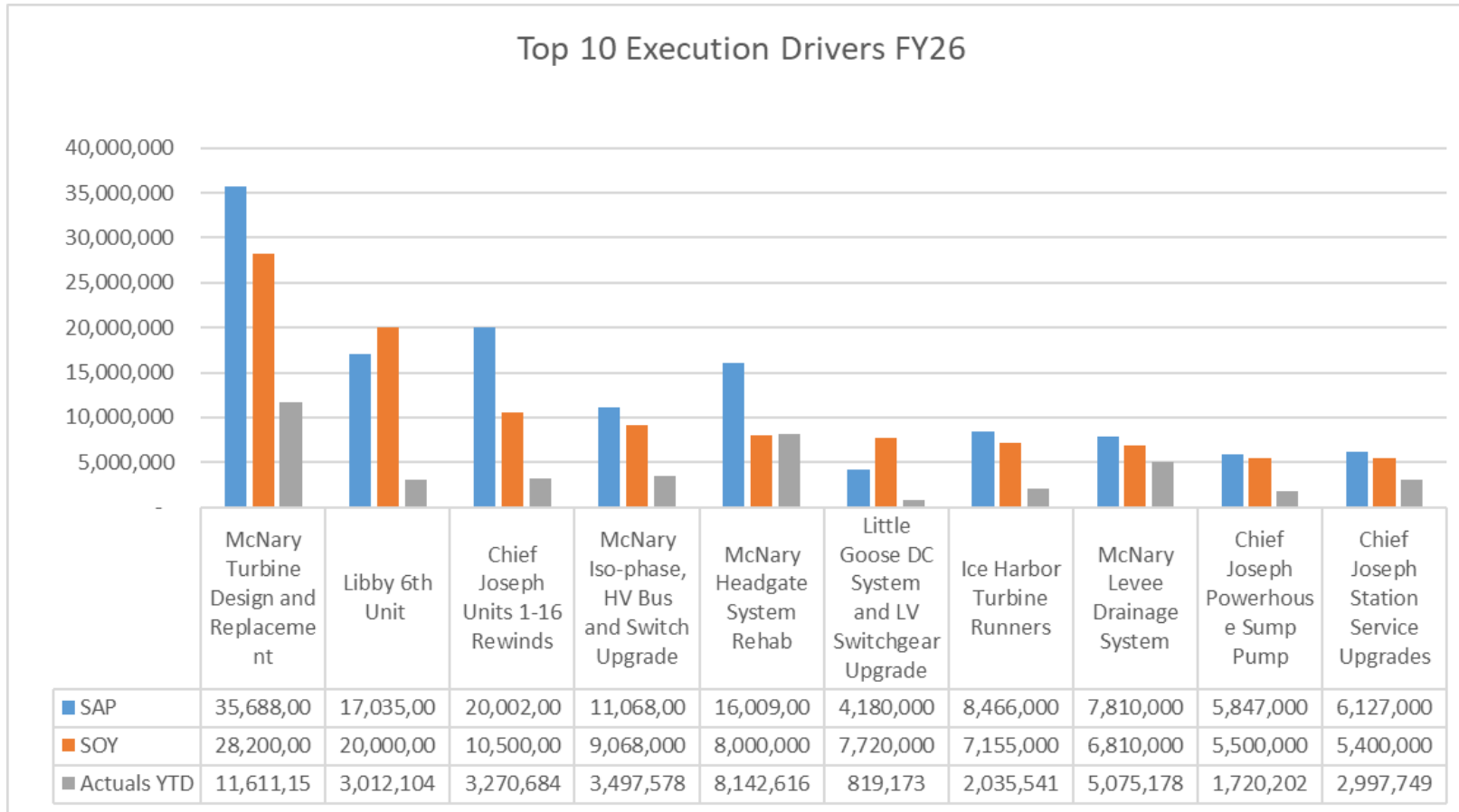
Key Takeaway: The two expansion projects in the portfolio, Libby Unit 6 and Dworshak Unit 4, have limited expenditures in FY26.

FED HYDRO CAPITAL FORECAST VARIANCE



Key Takeaway: Monthly variances occur but on aggregate we are on track with forecasted expenditures.

FED HYDRO CAPITAL TOP 10 EXECUTION DRIVERS



Key Takeaway: Monthly variances occur but on aggregate we are on track with forecasted expenditures.

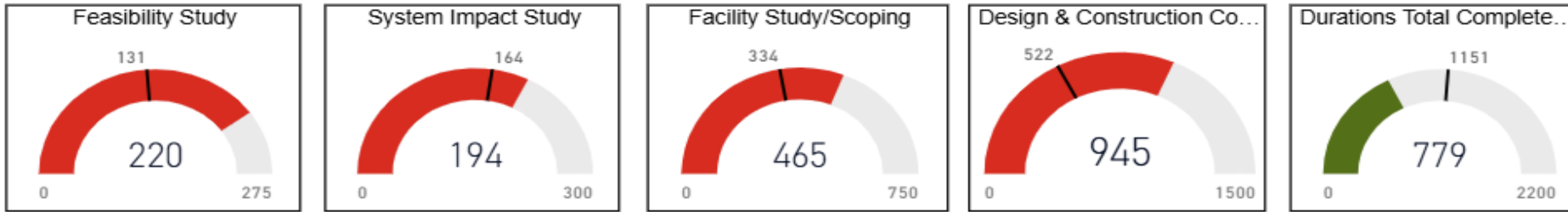
TRANSMISSION SERVICES CAPITAL METRICS

Presenters: Salah Kitali, Doug Hunter



CUSTOMER DURATION METRIC

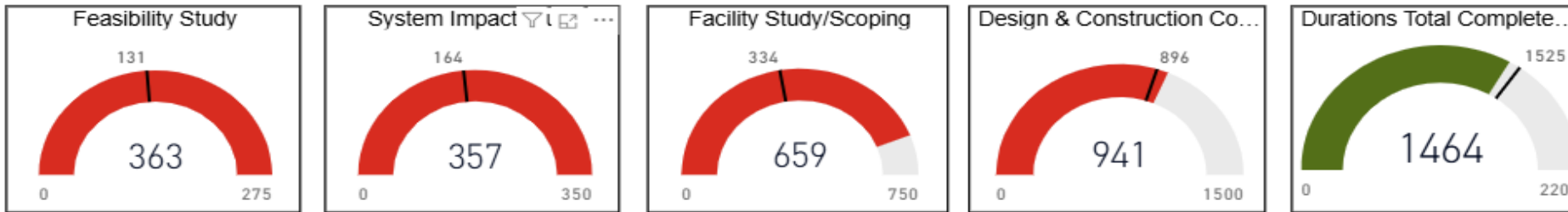
Small Generation Interconnection projects: Projects with an aggregation of generators, whose single or combined generating capacity is > than 0.2MW and = to or < 20MW



Includes LGI, LLI, SGI projects with a Queue date on or after 01/01/2015

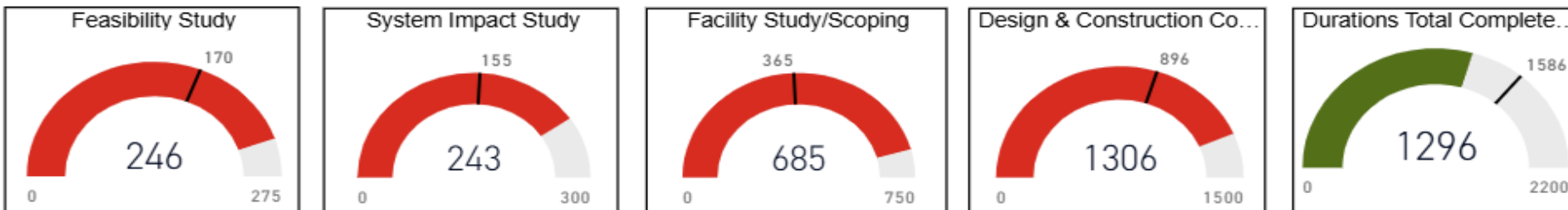
Optimal performance is below the lines, which denote the target ceiling levels

Large Generation Interconnection Projects: Projects with an aggregation of generators, whose single or combined generating capacity is greater than 20MW



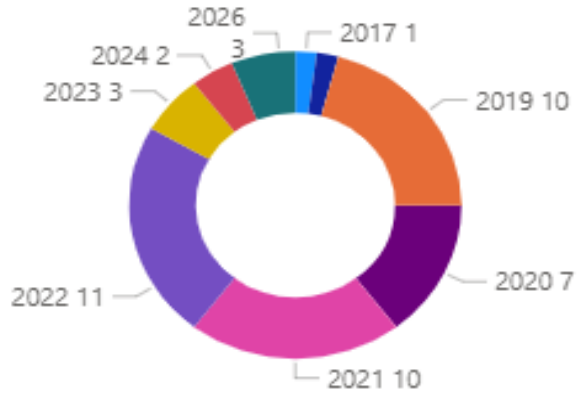
* Completed Projects Only

Line and Load Interconnection Projects: Projects can be a customer owned line terminated at a BPA facility, a tap of a BPA owned line or other plans of service

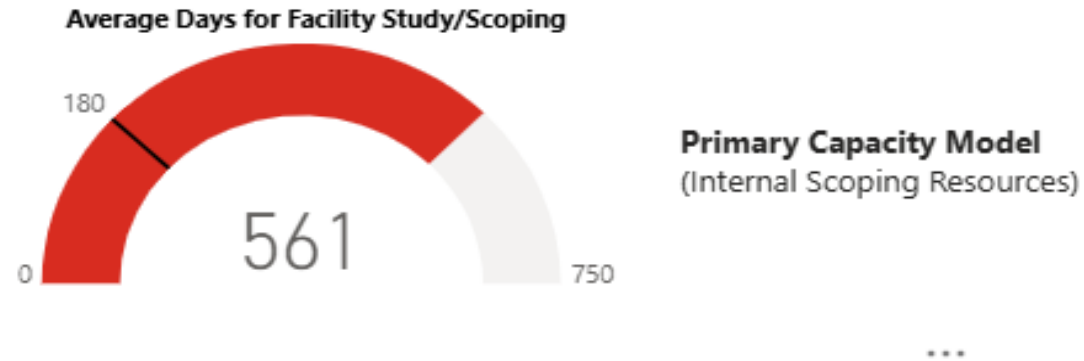


CUSTOMER DURATION METRIC (NEW)

FAS Study Completion by Year



PCM Process | FAS with CDD (47 Projects)



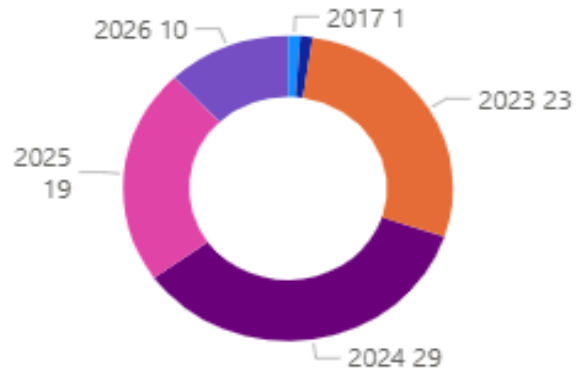
Includes LGI, LLI, SGI projects with a Queue date on or after 01/01/2017

Optimal performance is below the lines, which denote the target ceiling levels

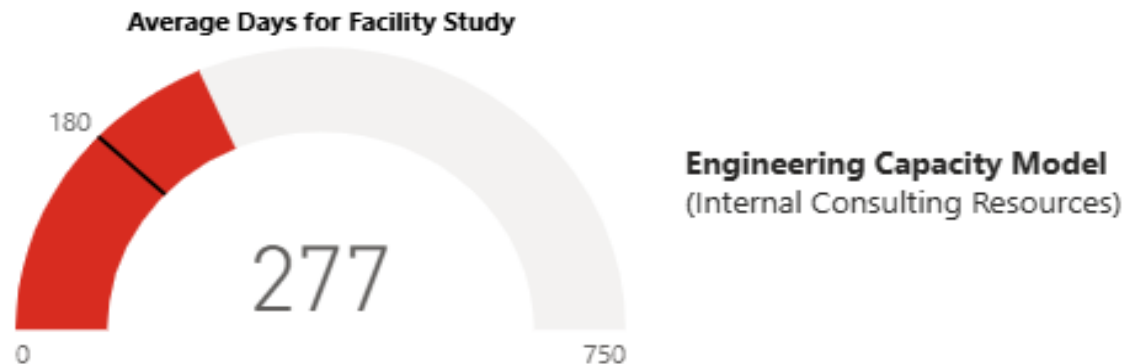
Completed Projects Only

Does not include the time projects were waiting for Scoping Resources prior to New Process starting

FAS Study Completion by Year

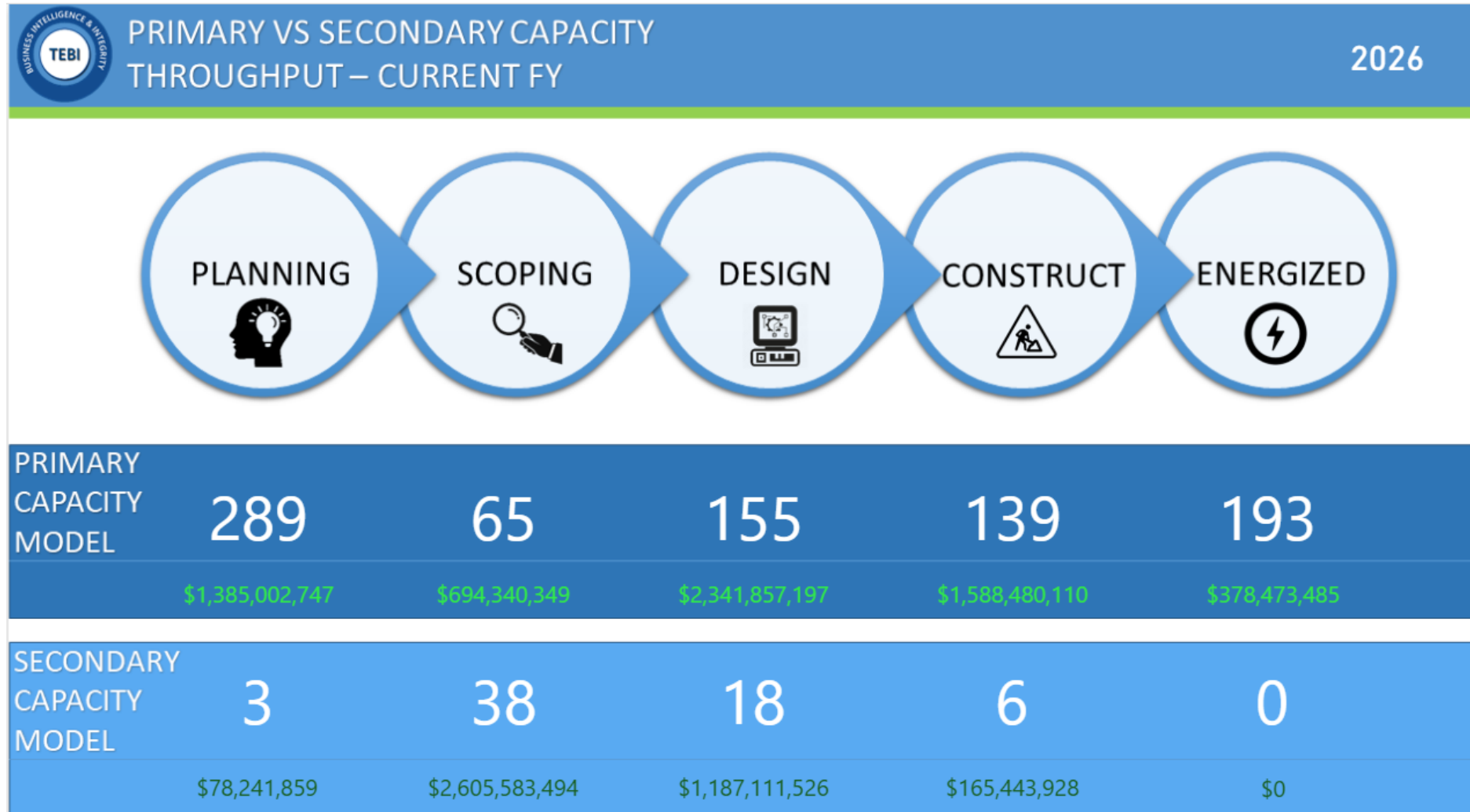


ECM Process | FAS/Scoping No CDD (83 Projects)



PRIMARY VS SECONDARY CAPACITY THROUGHPUT

Transmission as of FY26 Q2:



CAPITAL ASSETS PLANNED VS COMPLETED

Transmission as of FY26 Q2



Key Takeaway:

Not On Track: For Q2 the Category A assets are on track for Q2 with 108% of Q2 assets completed. However, the Category B assets are not on track with only 75% of the assets completed for Q2. Category B work has been pushed out into Q3 and Q4 due to resource availability and outage constraints but, is still forecasted to be green by end of year. Project Milestones complete is on track for Q2 with a forecast of 92% on track.

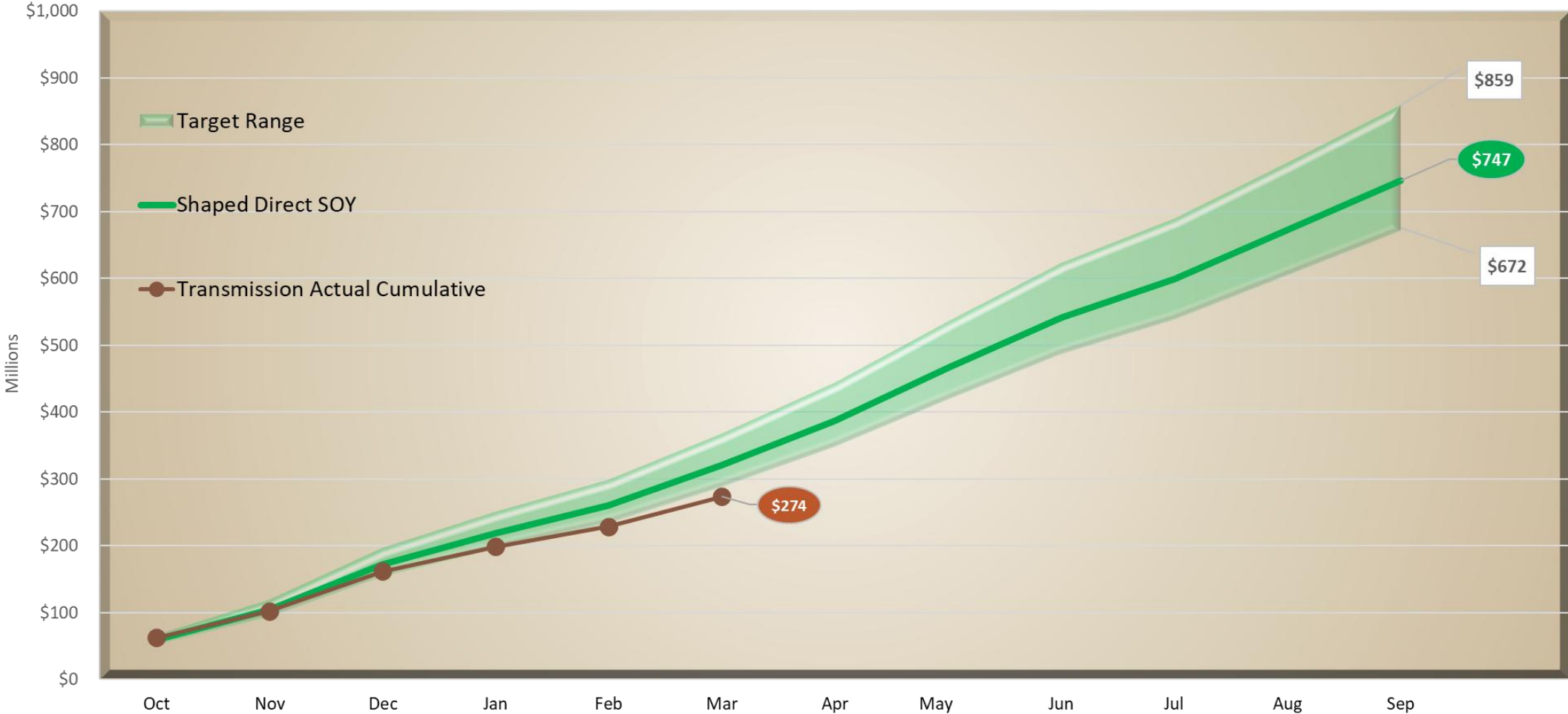
WORK PLAN COMPLETE

Transmission as of FY26 Q2:

Qtr	Priority Projects	Target Milestones	Model	On Track
Q1	P03252 Grand Coulee Upgrade Project	Complete RFP process	EPC	Complete
Q2	P05580 L0510 Six Mile Canyon 500kV/230kV Substation	Complete NEPA	SCM	Not Met
Q2	P05847 L0543 Bonanza Substation	Initiate Independent Cost Estimate	SCM	Complete
Q2	P02230 Wendson Substation Control House replacement, yard expansion, new bus-tie breaker, new disconnects, station service and ground grid upgrades	Complete Construction	PCM	Complete
Q2	P01277 Chehalis-Convington #1 Insulator Replacement	Construction Complete	PCM	Complete
Q3	P05738 Maple Valley Transformer Replacement	Complete Electrical Design	PCM	On Track
Q3	P00781 FY18 SER/SCADA	Construction Start for Alston	PCM	On Track
Q3	P03425 Ross Station Service Upgrade	Complete Contract Design	PDB	On Track
Q3	P00695 Shelton-Fairmount #1 Line Rebuild	Fiber Design Substantially Complete	PCM	On Track
Q3	P02678 Wautoma-Rock Creek #1 Twisted Bundle Mitigation	Line Construction Complete	PCM	Complete
Q4	P05468 Big Eddy-Chemawa-1 500kV Line Rebuild	Initiate Procurement for EPC Contract	SCM	On Track
Q4	P001237 MREDI VHF Radio Replacement	Region 3 Contract Design Complete	PCM	On Track

Key Takeaway: On Track

CAPITAL SPEND



Key Takeaway:

On Track

Western Resource Adequacy Program (WRAP) Update

Presenter:

Matt Hayes

May 14, 2026



Agenda

- WRAP's Value for the Region
- What's Happening in WRAP
 - Western Power Pool (WPP) Implementation Timeline
 - Program Review Committee (PRC) Workplans
- BPA's Active Work with WRAP

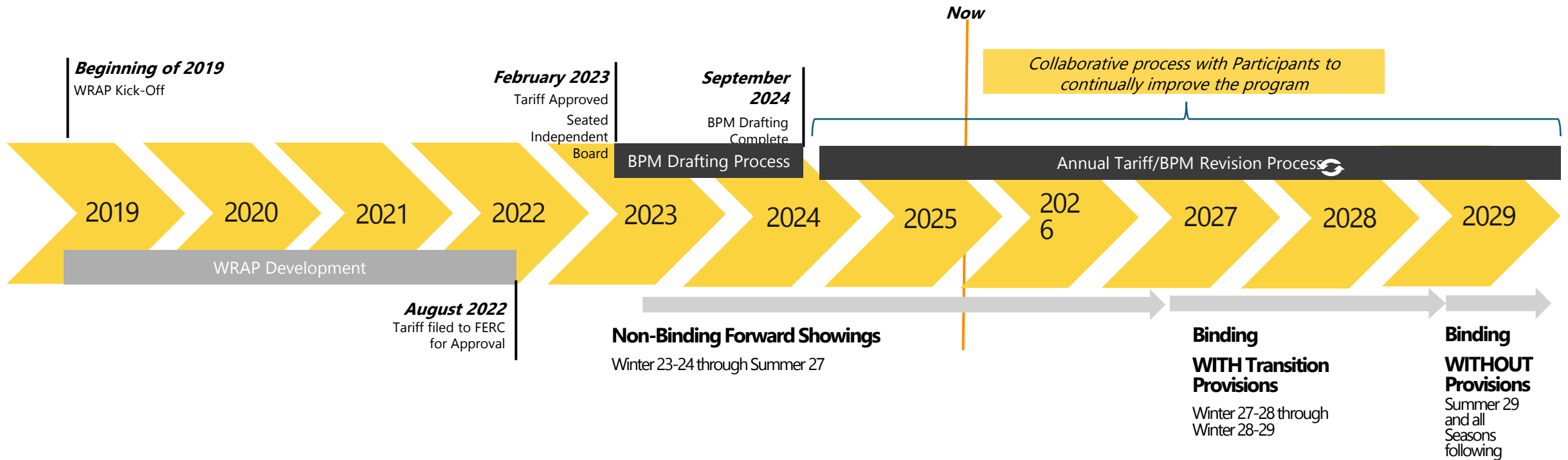
What is WRAP?

- WRAP is the first regional reliability planning and compliance program in the history of the West. WRAP is designed to deliver a region-wide approach for assessing and addressing resource adequacy in the region.
- Bonneville believes a regional resource adequacy program offers the potential for:
 - Making additional capacity available to Bonneville (if and when needed) for use in supplying its customers' load.
 - Assuring above-market value compensation when Bonneville makes capacity available to others through the program.
 - Creating an opportunity to broaden and enhance the value of available surplus capacity through new and existing markets.

What's Happening in WRAP

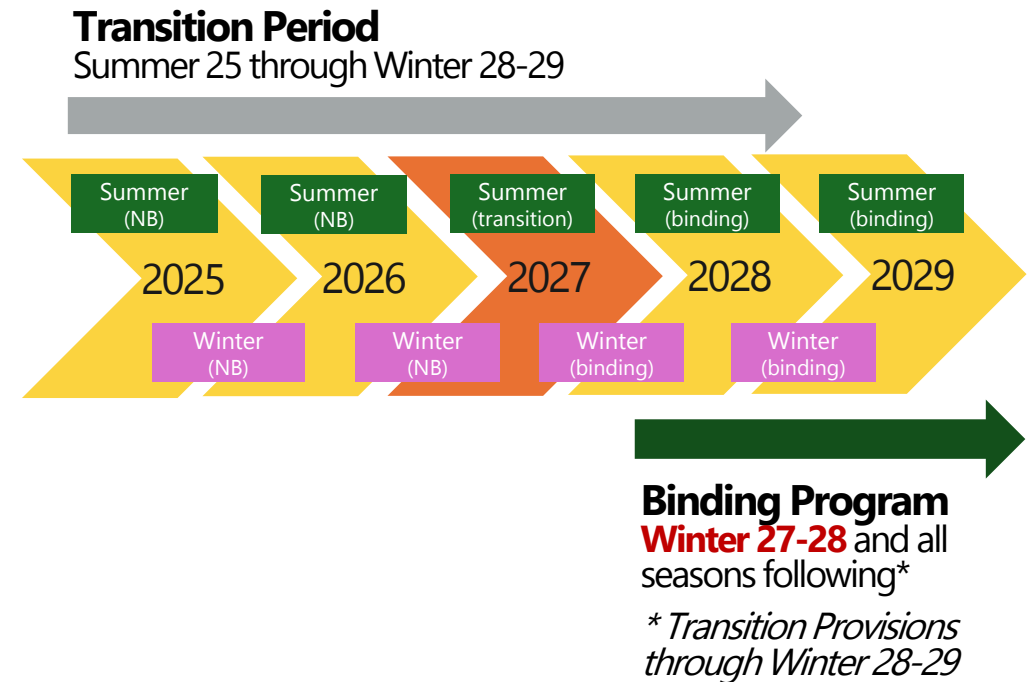


Western Power Pool WRAP Implementation Timeline



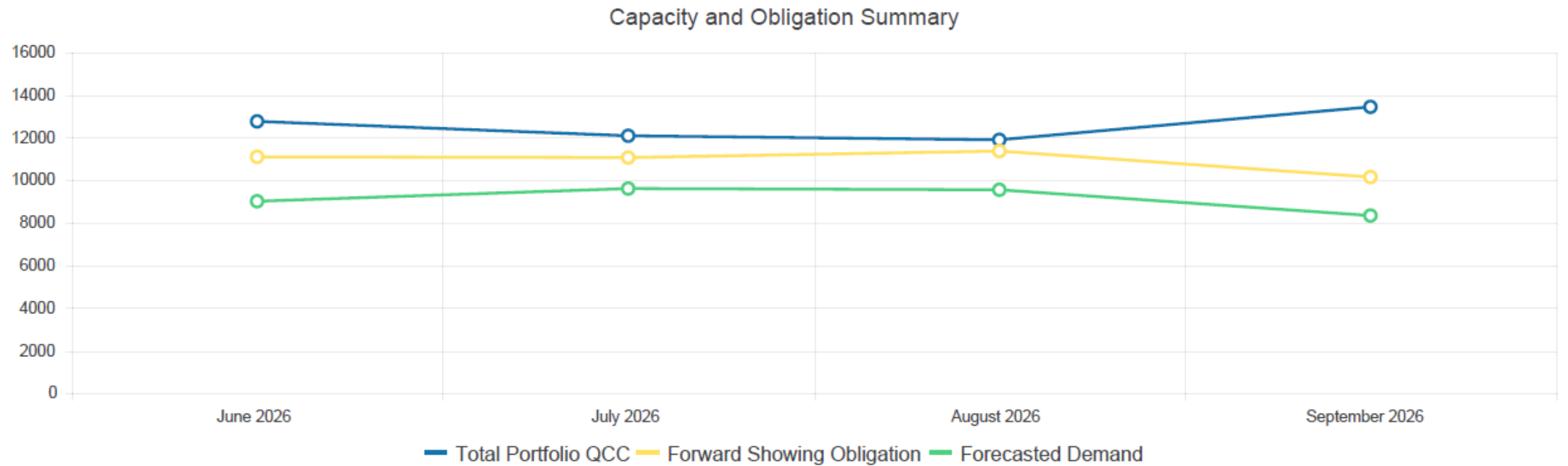
Transition Plan Timeline

- **WRAP Transition Period provides flexibility during on-ramp to full WRAP requirements**
- **Transition Period includes:**
 - Summer 2025 through Winter 2028-2029
 - Discounted Deficiency Charges
 - Assumptions of diversity sharing
 - Operations Program data sharing



Summer 2026

Capacity and Obligation Summary Chart



WRAP PRC Workplan

- Draft Workplan was distributed for comment from 3/13/26 – 4/25/26.
- 2026-2027 Workstreams include:
 - Stream 1:
 - Demand Response/Qualifying Capacity Contribution (DR/QCC) (currently active)
 - Data Center/Large Loads (14/19) (2026 Workplan concept; beginning in July)
 - Regional TX for Capacity (09/10) (2026 Workplan concept; beginning in April 2027)
 - Stream 2:
 - Effective Load Carrying Capability (ELCC)/Indicative QCC (12) (2025 Workplan item; currently active)
 - Load Growth Factor (05) (2025 Workplan item; beginning in November)
 - Non-WRAP Balancing Authority Area Loads (16) (2026 Workplan concept; beginning in June 2027)
 - Stream 3: Day Ahead Market (DAM) (2025 Workplan item; resuming in late May)
 - Stream 4: NTFP: Peer to Peer Joint Contract Accreditation Forms (JCAF) (13) (2026 Workplan concept; beginning in late May)
 - Stream 5: Expedited Proposal
 - Shoulder Month Planning Reserve Margins (PRM) (12): (2026 Workplan concept; currently active)
 - Deficiency Deferral: (RAPC initiative; currently active)
 - Stream 6: Workgroup (White Paper) (2026 Workplan concept – scoping for Regional TX for Capacity (09/10). Beginning in August)

BPA Active Work with WRAP

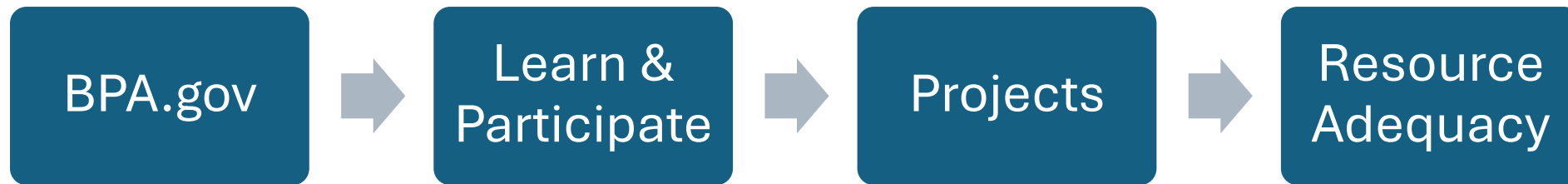


BPA Active Work with WRAP

- BPA remains focused on the 2025 PRC Work Plan Task Forces:
 - Earlier FS Metrics/Monthly Volatility
 - The PRM Task Force finalized its proposal to reevaluate the timing of WRAP's FS Planning Reserve Margin (FSPRM), the FS Capacity Requirement, and binding season lengths. The proposal was unanimously endorsed by the PRC and was approved by the RAPC on 4/30. The proposal is headed to the WPP Board of Directors for final approval.
 - Demand Response QCC:
 - The DR/QCC Task Force's proposal is out for comment; BPA is supportive. The proposal recommends a new QCC methodology for calculation of the capacity contribution of DR Resources and an updated Capability Testing requirement for DR Capacity Resources.
 - ELCC+QCC Task Force proposal is working to address:
 - QCC: Registration gaps for new technology long-duration storage that would not have operational data.
 - ELCC: Evaluating APS proposal, FERC precedent, and predictability improvements.
 - The DAM Task Force is re-launching on May 28th.
 - This task force will work to ensure that WRAP appropriately integrates with DAMs to provide maximum benefits to its members.

Questions

- More information on BPA's participation in the WRAP can be found at: [Western Resource Adequacy Program - Bonneville Power Administration \(bpa.gov\)](http://WesternResourceAdequacyProgram-BonnevillePowerAdministration(bpa.gov))



- More information on the Western Power Pool's WRAP program can be found at: <https://www.westernpowerpool.org/>

THANK YOU

The next QBR and Technical Workshop will be held on
August 13, 2026

Didn't get your question answered?

Email Communications@bpa.gov.

Answers will be posted to www.bpa.gov/qbr.

APPENDIX



Final Closeout Letter Commitments

- On December 16, 2022, BPA issued its decision to join Phase 3B. In the WRAP Final Closeout Letter, BPA committed to:
 - sharing its stakeholder engagement plan for Phase 3B participation (goal is within the first half of 2023);
 - providing program implementation updates that impact BPA and its customers; and
 - continue working with customers on outstanding items raised in comments related to WRAP implementation.

Stakeholder Engagement Plan

- Provide transparency of program design updates and information that may impact BPA and its customers, outcomes from BPA's participation in non-binding forward showing and operations program, and resolving BPA and customer raised issues in the Final Closeout Letter
- Engagement will be consistent with external WRAP engagement outside of BPA's process
- Pursue effective and efficient two-way communication between BPA and customers, stakeholders, and external interested parties
- Engage on a predictable, standardized cadence provided there is adequate content or relevant information to discuss
- Ensure engagement opportunities occur sufficiently to inform interested parties based on program timelines and information availability and applicability

Stakeholder Engagement Plan cont.

- Engagement with customers and stakeholders will consist of:
 - Public meetings with a minimum of 4 meetings, preferably through the QBR Technical Workshops
 - Short-term Issue-focused workshops, as needed
 - Customer-impacted meetings focused by topic, upon request
- BPA proposes to host meetings through the completion of BPA's first binding season (winter 2027-2028). BPA will work with customers to reevaluate its engagement plan and the need for its proposed meeting schedule on an annual basis through its first binding season
- Meetings will focus on BPA's participation, the development of the business practice manuals, and updates to the WRAP policies as determined by the WRAP project schedule

Stakeholder Engagement Plan cont.

Public meetings

- Regularly scheduled meetings four times per year, utilizing a combination of stand-alone workshops and preferably the Quarterly Business Review (QBR) Technical Workshops
 - Typically, February, May, August, and November
- Provide program design updates and information that may include any topics relevant to customer and stakeholder questions on BPA's WRAP participation

Issue – focused workshops

- Workshops will be scheduled based on information availability from WRAP and applicability
- Will address topics raised in comments related to WRAP implementation

Customer-impacted meetings focused by topic

- BPA will continue to meet with individual or groups of customers, upon request, to focus on their unique questions or needs.
- To the extent that there is a nexus between the implications of the WRAP and other issues of focus for customers, BPA will coordinate discussion with other BPA meetings or initiatives
- Resolution timing of customer identified items may depend on information availability from WRAP

Stakeholder Engagement Topics

- Topics raised in comments related to WRAP implementation, including:
 - Considerations related to BPA's binding season (Winter 2027-2028)
 - The availability of transmission between loads in the SWEDE region and the FCRPS create risks that may create costs in the Forward Showing Program,
 - the uncertainty in details and requirements for the Operations Program,
 - identifying Bonneville system updates and business processes to support participation in the binding program, and
 - alignment with the timing for joining emerging regional markets
 - Treatment of NLSLs and AHWM loads related to BPA's WRAP participation
 - WRAP load exclusion process update / BPA load exclusion process between BPA and customers
 - Load exclusion process for AHWM loads caused by a single large consumer load and served solely with non-federal resources
 - Resource Adequacy Incentive rates
- Updates on Business Practice Manual development
 - Future BPM on BPA's statutory preference obligations
- Updates on Forward Showing and Operations Program development

SLICE REPORTING

Composite Cost Pool Review

Forecast of Annual Slice True-Up Adjustment



Q2 True-Up of FY 2026 Slice True-Up Adjustment

	FY 2026 Forecast \$ in thousands
February 12, 2026 First Quarter Technical Workshop	15,840*
May 14, 2026 Second Quarter Technical Workshop	11,321*
August 2026 Third Quarter Technical Workshop	
November 2026 Fourth Quarter Technical Workshop	

*Negative = Credit; Positive = Charge

Summary of Differences From Q2 to FY26 (BP-26)

#		Composite Cost Pool True-Up Table Reference	Q2 – Rate Case \$ in thousands
1	Total Expenses	Row 101	\$(66,824)
2	Total Revenue Credits	Rows 120 + 129	\$(45,213)
3	Minimum Required Net Revenue	Row 156	\$112,597
4	TOTAL Composite Cost Pool (1 - 2 + 3) $$(66,824) - $(45,213) + $112,597 = $90,986$	Row 161	\$90,986
5	TOTAL in line 4 divided by 0.9439553 sum of TOCAs $$90,986 / 0.9439553 = $96,388$	Row 163	\$96,388
6	QTR Forecast of FY26 True-up Adjustment 11.74505 percent of Total in line 5 $0.1174505 * $96,388 = $11,321$	Row 164	\$11,321

FY26 Impacts of Debt Management Actions

#	Description	FY26 Q2	FY26 Rate Case	CCP	Delta from the FY26 rate case
1	MRNR Section of Composite Cost Pool Table				
2	Principal Payment of Federal Debt	.			
3	Regional Cooperation Debt (RCD)	\$ 371,000,000	\$ 371,000,000		\$ -
4	Debt Service Reassignment (DSR)		\$ -		\$ -
5	Energy Northwest's Line Of Credit (LOC)	\$ -	\$ -		\$ -
6	Rate Case Scheduled Base Power Principal	\$ 146,000,000	\$ 66,000,000		\$ (80,000,000)
7	Repayment due to FY26 RDC		\$ -		\$ -
8	Total Principal Payment of Fed Debt	\$ 517,000,000	\$ 437,000,000	row 132	\$ (80,000,000)
9	Prepay	\$ (27,270,544)	\$ (27,270,544)		\$ -
10	Nonfederal Bond Principal Payment	\$ 56,170,000	\$ 36,162,000	row 134	\$ (20,008,000)

Composite Cost Pool Interest Credit

Allocation of Interest Earned on the Bonneville Fund (\$ in thousands)

	<u>Q2 2026</u>
1 Fiscal Year Reserves Balance	570,255
2 Adjustments for pre-2002 Items	<u>16,341</u>
3 Reserves for Composite Cost Pool (Line 1 + Line 2)	586,596
4 Composite Interest Rate	3.63%
5 Composite Interest Credit	(21,282)
6 Prepay Offset Credit	0
7 Total Interest Credit for Power Services	(13,600)
8 Non-Slice Interest Credit (Line 7 – (Line 5 + Line 6))	7,682

Net Interest Expense in Slice True-Up Q2

	FY26 Rate Case	Q2
	<u>(\$ in thousands)</u>	<u>(\$ in thousands)</u>
• Federal Appropriation	28,017	38,132
• Capitalization Adjustment	(45,937)	(45,937)
• Borrowings from US Treasury	39,368	56,048
• Prepay Interest Expense	3,329	3,329
• Interest Expense	24,778	51,572
• AFUDC	(20,002)	(28,000)
• Interest Income (composite)	(18,891)	(21,282)
• Prepay Offset Credit	0	0
• Total Net Interest Expense	(14,115)	2,290

Draft Schedule for Slice True-Up Adjustment for Composite Cost Pool True-Up Table and Cost Verification Process

Dates	Agenda
February 12, 2026	First Quarter Technical Workshop
May 14, 2026	Second Quarter Technical Workshop
August 2026	Third Quarter Technical Workshop
October 2026	BPA External CPA firm conducting audit for fiscal year end
Mid-October 2026	Recording the Fiscal Year End Slice True-Up Adjustment Accrual
End of October 2026	Final audited actual financial data is expected to be available
November 2026	Fourth Quarter Business Review and Technical Workshop Meeting Provide Slice True-Up Adjustment for the Composite Cost Pool (this is the number posted in the financial system; the final actual number may be different)
November 16, 2026	Mail notification to Slice Customers of the Slice True-Up Adjustment for the Composite Cost Pool
November 18, 2026	BPA to post Composite Cost Pool True-Up Table containing actual values and the Slice True-Up Adjustment
December 10, 2026	Deadline for customers to submit questions about actual line items in the Composite Cost Pool True-Up Table with the Slice True-Up Adjustment for inclusion in the Agreed Upon Procedures (AUPs) Performed by BPA external CPA firm (customers have 15 business days following the BPA posting of Composite Cost Pool Table containing actual values and the Slice True-Up Adjustment)
December 28, 2026	BPA posts a response to customer questions (Attachment A does not specify an exact date)
January 12, 2027	Customer comments are due on the list of tasks (The deadline can not exceed 10 days from BPA posting)
February 3, 2027	BPA finalizes list of questions about actual lines items in the Composite Cost Pool True-Up Table for the AUPs

Composite Cost Pool True-Up Table

COMPOSITE COST POOL TRUE-UP TABLE				
	April (Q2)	Rate Case forecast for FY 2026	April (Q2)- Rate Case Difference	
	(\$000)	(\$000)		
1	Operating Expenses			
2	Power System Generation Resources			
3	Operating Generation			
4	COLUMBIA GENERATING STATION (WNP-2)	\$ 364,800	\$ 348,985	\$ 15,815
5	BUREAU OF RECLAMATION	\$ 191,330	\$ 195,235	\$ (3,905)
6	CORPS OF ENGINEERS	\$ 297,591	\$ 300,597	\$ (3,006)
7	CRFM STUDIES	\$ 14,715	\$ 12,510	\$ 2,205
8	LONG-TERM CONTRACT GENERATING PROJECTS	\$ 23,457	\$ 30,482	\$ (7,025)
9	Sub-Total	\$ 891,894	\$ 887,809	\$ 4,085
10	Operating Generation Settlement Payment and Other Payments			
11	COLVILLE GENERATION SETTLEMENT	\$ 21,761	\$ 27,523	\$ (5,762)
12	SPOKANE LEGISLATION PAYMENT	\$ 5,440	\$ 6,881	\$ (1,441)
13	AMORTIZATION OF P2IP SETTLEMENT PAYMENTS	\$ 14,222	\$ 14,222	\$ (0)
14	Sub-Total	\$ 41,423	\$ 48,626	\$ (7,203)
15	Non-Operating Generation			
16	TROJAN DECOMMISSIONING	\$ 1,250	\$ 1,300	\$ (50)
17	WNP-1&3 DECOMMISSIONING	\$ 1,875	\$ 1,400	\$ 475
18	Sub-Total	\$ 3,125	\$ 2,700	\$ 425
19	Gross Contracted Power Purchases			
20	PNCA HEADWATER BENEFITS	\$ -	\$ -	\$ -
21	OTHER POWER PURCHASES (omit, except Designated Obligations or Purchases)	\$ -	\$ -	\$ -
22	Sub-Total	\$ -	\$ -	\$ -
23	Bookout Adjustment to Power Purchases (omit)			
24	Augmentation Power Purchases (omit - calculated below)			
25	AUGMENTATION POWER PURCHASES	\$ -	\$ -	\$ -
26	Sub-Total	\$ -	\$ -	\$ -
27	Exchanges and Settlements			
28	RESIDENTIAL EXCHANGE PROGRAM (REP)	\$ 287,051	\$ 287,051	\$ (0)
29	OTHER SETTLEMENTS	\$ -	\$ -	\$ -
30	Sub-Total	\$ 287,051	\$ 287,051	\$ (0)
31	Renewable Generation			
32	RENEWABLES (excludes Kill)	\$ 13,618	\$ 15,396	\$ (1,778)
33	Sub-Total	\$ 13,618	\$ 15,396	\$ (1,778)
34	Generation Conservation			
35	CONSERVATION ACQUISITION	\$ 64,659	\$ 65,385	\$ (725)
36	CONSERVATION INFRASTRUCTURE	\$ 23,182	\$ 32,443	\$ (9,261)
37	LOW INCOME WEATHERIZATION & TRIBAL	\$ 5,805	\$ 6,005	\$ (200)
38	DISTRIBUTED ENERGY RESOURCES	\$ -	\$ 500	\$ (500)
39	MARKET TRANSFORMATION	\$ 14,000	\$ 15,000	\$ (1,000)
40	Sub-Total	\$ 107,646	\$ 119,333	\$ (11,686)
41	Power System Generation Sub-Total	\$ 1,344,757	\$ 1,360,914	\$ (16,157)
42				

Composite Cost Pool True-Up Table

COMPOSITE COST POOL TRUE-UP TABLE				
	April (Q2)	Rate Case forecast for FY 2026	April (Q2)- Rate Case Difference	
	(\$000)	(\$000)		
43	Power Non-Generation Operations			
44	Power Services System Operations			
45	INFORMATION TECHNOLOGY	\$ -	\$ -	\$ -
46	GENERATION PROJECT COORDINATION	\$ 5,327	\$ 4,501	\$ 826
47	ASSET MGMT ENTERPRISE SVCS	\$ 1,482	\$ -	\$ 1,482
48	SLICE IMPLEMENTATION	\$ 769	\$ 835	\$ (66)
49	Sub-Total	\$ 7,578	\$ 5,336	\$ 2,243
50	Power Services Scheduling			
51	OPERATIONS SCHEDULING	\$ 11,197	\$ 12,028	\$ (831)
52	OPERATIONS PLANNING	\$ 7,915	\$ 11,861	\$ (3,946)
53	Sub-Total	\$ 19,112	\$ 23,889	\$ (4,777)
54	Power Services Marketing and Business Support			
55	GRID MOD	\$ -	\$ 324	\$ (324)
56	EIM INTERNAL SUPPORT	\$ -	\$ -	\$ -
57	POWER INTERNAL SUPPORT (REP support costs included here)	\$ 17,177	\$ 23,323	\$ (6,145)
58	COMMERCIAL ENTERPRISE SVCS	\$ 8,205	\$ -	\$ 8,205
59	OPERATIONS ENTERPRISE SVCS	\$ 5,202	\$ -	\$ 5,202
60	POWER R&D	\$ 1,147	\$ 2,156	\$ (1,009)
61	SALES & SUPPORT	\$ 12,740	\$ 14,504	\$ (1,764)
62	STRATEGY, FINANCE & RISK MGMT	\$ -	\$ 4,385	\$ (4,385)
63	STRATEGIC PROJECTS COMM ACT	\$ -	\$ -	\$ -
64	EXECUTIVE AND ADMINISTRATIVE SERVICES	\$ -	\$ -	\$ -
65	CONSERVATION SUPPORT	\$ 9,241	\$ 9,555	\$ (314)
66	Sub-Total	\$ 53,712	\$ 54,246	\$ (534)
67	Power Non-Generation Operations Sub-Total	\$ 80,402	\$ 83,470	\$ (3,069)
68	Power Services Transmission Acquisition and Ancillary Services			
69	TRANSMISSION and ANCILLARY Services - System Obligations	\$ 2,304	\$ 2,304	\$ -
70	3RD PARTY GTA WHEELING	\$ 87,013	\$ 92,013	\$ (5,000)
71	POWER 3RD PARTY TRANS & ANCILLARY SVCS (Composite Cost)	\$ 3,300	\$ 3,300	\$ 0
72	TRANS ACQ GENERATION INTEGRATION	\$ 23,492	\$ 23,492	\$ 0
73	EESC CHARGES (Composite)*	\$ 92	\$ -	\$ 92
74	TELEMETERING/EQUIP REPLACEMT	\$ -	\$ -	\$ -
75	Power Services Trans Acquisition and Ancillary Serv Sub-Total	\$ 116,201	\$ 121,109	\$ (4,908)
76	Fish and Wildlife/USF&W/Planning Council/Environmental Req			
77	Fish & Wildlife	\$ 289,017	\$ 275,484	\$ 13,532
78	USF&W Lower Snake Hatcheries	\$ 33,761	\$ 33,777	\$ (16)
79	Planning Council	\$ 12,639	\$ 12,041	\$ 598
80	Long Term Funding Agreements	\$ -	\$ 18,403	\$ (18,403)
81	Fish & Wildlife RDC Funds	\$ 11,000	\$ -	\$ 11,000
82	Lower Snake Hatcheries RDC Funds	\$ 4,300	\$ -	\$ 4,300
83	Fish and Wildlife/USF&W/Planning Council Sub-Total	\$ 350,716	\$ 339,705	\$ 11,012
84	BPA Internal Support			
85	Additional Post-Retirement Contribution	\$ 14,592	\$ 16,442	\$ (1,850)
86	Agency Services G&A (excludes direct project support)	\$ 90,775	\$ 141,885	\$ (51,110)
87	BPA Internal Support Sub-Total	\$ 105,368	\$ 158,328	\$ (52,960)

Composite Cost Pool True-Up Table

COMPOSITE COST POOL TRUE-UP TABLE				
		April (Q2)	Rate Case forecast for FY 2026	April (Q2)- Rate Case Difference
		(\$000)	(\$000)	
88	Bad Debt Expense	\$ -	\$ -	\$ -
89	Other Income, Expenses, Adjustments	\$ 3,546	\$ -	\$ 3,546
90	Depreciation	\$ 145,083	\$ 148,559	\$ (3,476)
91	Amortization	\$ 322,881	\$ 334,392	\$ (11,511)
92	Accretion (CGS)	\$ 45,006	\$ 42,607	\$ 2,399
93	Total Operating Expenses	\$ 2,513,960	\$ 2,589,084	\$ (75,124)
94				
95	Other Expenses and (Income)			
96	Net Interest Expense	\$ 189,770	\$ 180,472	\$ 9,298
97	Irrigation assistance	\$ 21,933	\$ 20,662	\$ 1,271
98	LDD	\$ 39,891	\$ 42,155	\$ (2,264)
99	Irrigation Rate Discount Costs	\$ 22,029	\$ 22,034	\$ (5)
100	Sub-Total	\$ 273,623	\$ 265,323	\$ 8,299
101	Total Expenses	\$ 2,787,583	\$ 2,854,407	\$ (66,824)
102				
103	Revenue Credits			
104	Generation Inputs for Ancillary, Control Area, and Other Services Revenues	\$ 114,803	\$ 133,219	\$ (18,415)
105	Downstream Benefits and Pumping Power revenues	\$ 20,531	\$ 21,193	\$ (662)
106	4(h)(10)(c) credit	\$ 101,531	\$ 124,911	\$ (23,380)
107	PRSC Net Credit (Composite)	\$ 5,967	\$ -	\$ 5,967
108	Colville and Spokane Settlements	\$ 4,600	\$ 4,600	\$ -
109	NR Revenues from ESS (Capacity)	\$ 8,508	\$ 9,502	\$ (994)
110	FPS Real Power Losses (Capacity)	\$ 34,850	\$ 44,745	\$ (9,894)
111	Miscellaneous revenues	\$ 10,811	\$ 8,647	\$ 2,165
112	Renewable Energy Certificates	\$ -	\$ -	\$ -
113	Net Revenues from other Designated BPA System Obligations (Upper Baker)	\$ 485	\$ 485	\$ (0)
114	RSS Revenues	\$ 3,416	\$ 3,416	\$ -
115	Firm Surplus and Secondary Adjustment (from Unused RHW/M)	\$ 94,894	\$ 94,894	\$ -
116	Balancing Augmentation Adjustment	\$ 834	\$ 834	\$ -
117	Transmission Loss Adjustment	\$ 35,579	\$ 35,579	\$ -
118	Tier 2 Rate Adjustment	\$ 8,243	\$ 8,243	\$ -
119	NR Revenues (Firm Energy)	\$ 706	\$ 706	\$ -
120	Total Revenue Credits	\$ 445,760	\$ 490,973	\$ (45,213)
121				
122	Augmentation Costs (not subject to True-Up)			
123	Tier 1 Augmentation Resources (includes Augmentation RSS and Augmentation RSC)	\$ 11,347	\$ 11,347	\$ -
124	Augmentation Purchases (including Other Augmentation)	\$ 7,021	\$ 7,021	\$ -
125	Total Augmentation Costs	\$ 18,368	\$ 18,368	\$ -
126				
127	DSI Revenue Credit			
128	Revenues 12 aMW @ IP rate	\$ 4,393	\$ 4,393	\$ -
129	Total DSI revenues	\$ 4,393	\$ 4,393	\$ -
130				

Composite Cost Pool True-Up Table

COMPOSITE COST POOL TRUE-UP TABLE				
	April (Q2)	Rate Case forecast for FY 2026	April (Q2)- Rate Case Difference	
	(\$000)	(\$000)		
131	Minimum Required Net Revenue Calculation			
132	Principal Payment of Fed Debt for Power*	\$ 517,000	\$ 437,000	\$ 80,000
133	Repayment of Non-Federal Obligations (EN Line of Credit)	\$ -	\$ -	\$ -
134	Repayment of Non-Federal Obligations (CGS, WNP1, WNP3, N. Wasco, Cowlitz Falls)	\$ 56,170	\$ 36,161	\$ 20,009
135	Sub-Total	\$ 573,170	\$ 473,161	\$ 100,009
136	Depreciation	\$ 145,083	\$ 148,559	\$ (3,476)
137	Amortization	\$ 322,881	\$ 334,392	\$ (11,511)
138	Accretion	\$ 45,006	\$ 42,607	\$ 2,399
139	Capitalization Adjustment	\$ (45,937)	\$ (45,937)	\$ 0
140	Amortization of Refinancing Premiums/Discounts (MRNR - Reverse Sign)	\$ (42,053)	\$ (42,053)	\$ -
141	Amortization of Cost of Issuance (MRNR-reverse sign)	\$ 208	\$ 208	\$ -
142	Gains/Losses on Extinguishment	\$ -	\$ -	\$ -
143	Payments for Litigation Stay Agreements	\$ (10,600)	\$ (10,600)	\$ -
144	Amortization of P2IP Settlement Payments	\$ 14,222	\$ 14,222	\$ (0)
145	Non-Cash Expenses	\$ -	\$ -	\$ -
146	Prepay Revenue Credits	\$ (30,600)	\$ (30,600)	\$ -
147	Non-Federal Interest (Prepay)	\$ 3,329	\$ 3,329	\$ -
148	Contribution to decommissioning trust fund	\$ (15,700)	\$ (15,700)	\$ -
149	Gains/losses on decommissioning trust fund	\$ (16,849)	\$ (16,849)	\$ -
150	Interest earned on decommissioning trust fund	\$ -	\$ -	\$ -
151	Revenue Financing Requirement	\$ (39,000)	\$ (39,000)	\$ -
152	Capital Financing (RCD)	\$ -	\$ -	\$ -
153	Other Adjustments	\$ -	\$ -	\$ -
154	Sub-Total	\$ 329,990	\$ 342,578	\$ (12,588)
155	Principal Payment of Fed Debt plus Irrigation assistance exceeds non cash expenses	\$ 243,180	\$ 130,583	\$ 112,597
156	Minimum Required Net Revenues	\$ 243,180	\$ 130,583	\$ 112,597
157				
158	Annual Composite Cost Pool (Amounts for each FY)	\$ 2,598,978	\$ 2,507,992	\$ 90,986
159				
160	SLICE TRUE-UP ADJUSTMENT CALCULATION FOR COMPOSITE COST POOL			
161	TRUE-UP AMOUNT (Diff. between Rate Case and Forecast)	90,986		
162	Sum of TOCAs	0.9439553		
163	Adjustment of True-Up Amount when actual TOCAs < 100 percent	96,388		
164	TRUE-UP ADJUSTMENT CHARGE BILLED (11.74505 percent)	11,321		