

BPA Participation in Boardman to Hemingway

Public Comment Period Meeting

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SE Idaho Load Service – Background Summary

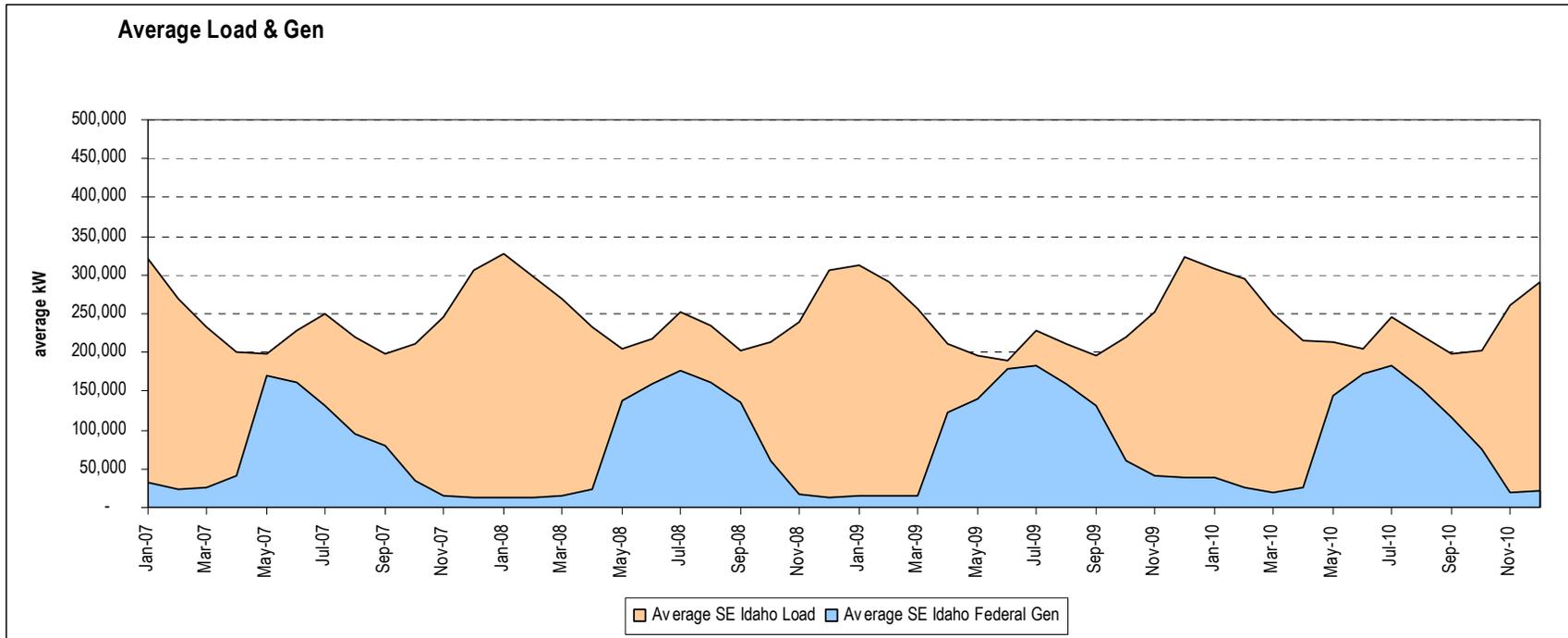
- BPA has power sales contracts and network transmission agreements to serve six customers located primarily in SE Idaho.
 - These customers' loads currently amount to approximately 250 aMW, 500 MW peak.
 - In addition, customer loads connected to Idaho Power's transmission system currently amount to approximately 150 aMW, 250 MW peak.

- Existing contractual arrangements with PacifiCorp supporting BPA's ability to meet its obligations in SE Idaho will end in 2016.

- BPA is currently undergoing a process to develop a plan of service for SE Idaho load post-2016.
 - Other service arrangements currently being looked at include the MSTI project (Northwestern Energy, Inc.), an independent BPA transmission line, OATT service through Idaho Power Co. and/or PacifiCorp, and various power purchase and exchange solutions.

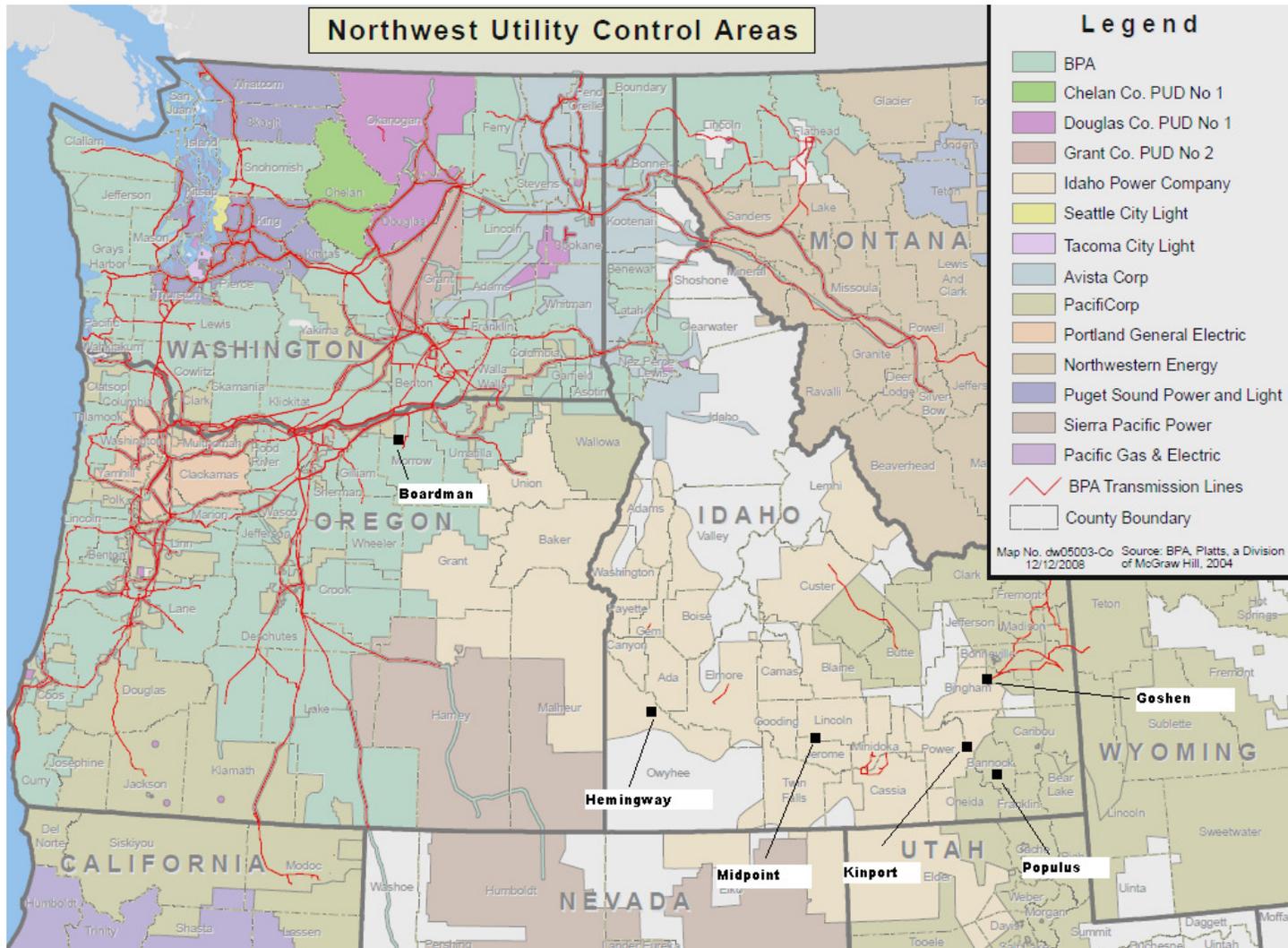
- Firm year-round transmission capacity is not currently available between the loads in SE Idaho and the Federal Columbia River Power System (FCRPS).

SE Idaho Load Service – Load Summary



- Shown above are SE Idaho loads in orange and SE Idaho Federal resources in blue.
 - Loads during this time averaged about 250 aMW
 - Federal generation in SE Idaho averaged 80 aMW.
 - Hydro generation, seasonally shaped counter to load profile.
- In addition to significant energy need, seasonal shape exacerbates deficit in winter months.
- Peak data follows same trend.

Map of Existing BPA Transmission Facilities

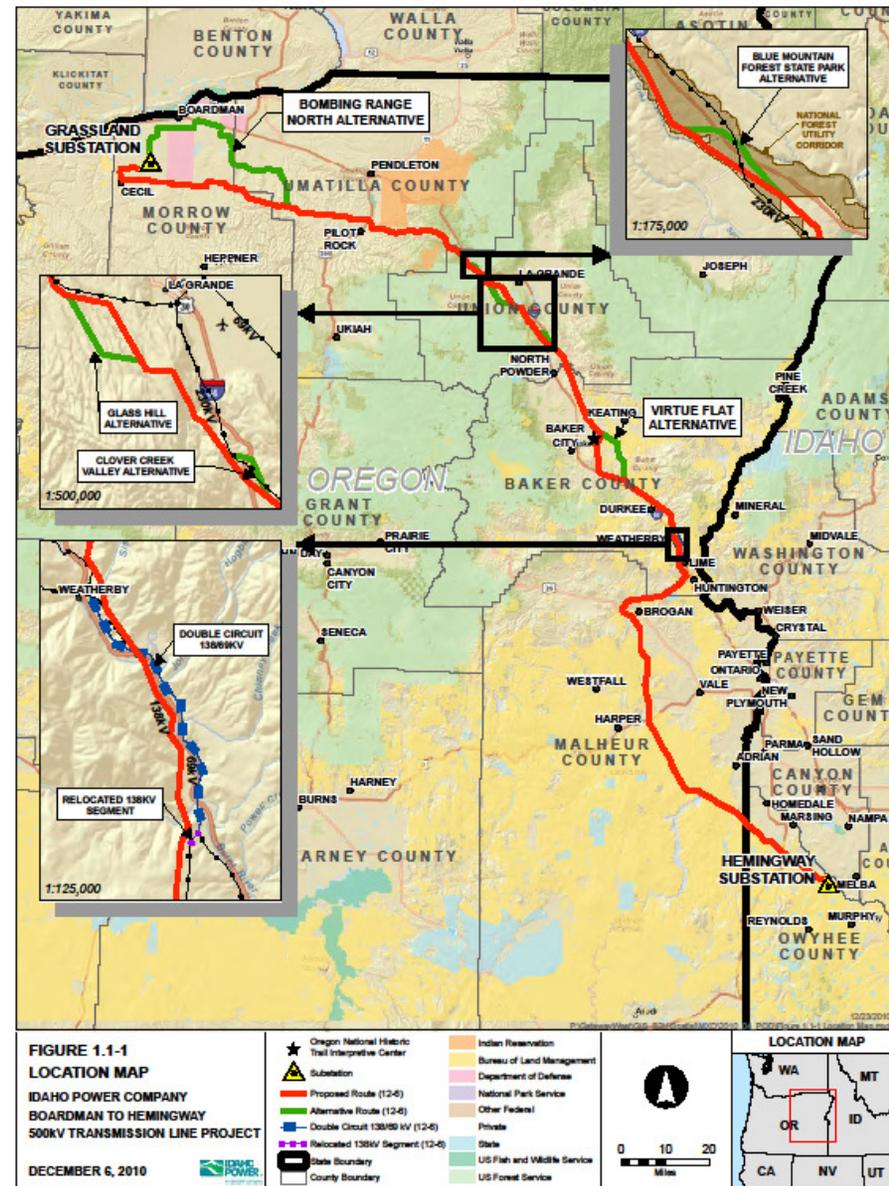


B2H Participation - Background

- In 2007, Idaho Power announced its intent to explore the construction of a 500 kV transmission line from Boardman, Oregon, to Hemingway substation, near Melba, Idaho, named Boardman to Hemingway (B2H).
- Idaho Power has since spent significant resources coordinating with communities, planning and siting the line, and working with various responsible organizations to obtain the necessary permits and decisions.
- BPA, Idaho Power and PacifiCorp began meeting in July 2011 to discuss joint interest in development of B2H.
 - These discussions were at the invitation of Idaho Power in light of BPA's future circumstances for serving SE Idaho load while Idaho Power was considering project alternatives to meet its own future area load service obligations.

B2H Map & Details

- 299 mile line, as proposed.
- Current estimate for total permitting and siting costs (those covered in the draft agreement) are about \$48 million.
- Current estimate for total project costs is about \$820 million.
- Draft Environmental Impact Statement (EIS), expected in Q1 of 2013.
- Record of Decision expected in Q4 of 2014.
- Current in-service date in 2016.



B2H Participation - Current Summary

- Since July, BPA, Idaho Power and PacifiCorp negotiated two draft agreements:
 1. Joint Funding Agreement (JFA), addressing BPA, Idaho Power and PacifiCorp's joint funding of B2H permitting costs.
 2. Memorandum of Understanding (MOU), establishing the Parties intent to negotiate definitive agreements regarding transmission facilities beyond B2H.

B2H Participation – JFA Details

- The JFA would obligate BPA, Idaho Power and PacifiCorp to jointly fund B2H permitting based on historic and forecasted permitting costs.
 - These payments would be proportional to each Party's capacity share in B2H.
 - BPA's share would be 24.2% of the line's capacity, mostly in the eastbound direction.
 - BPA's capacity averages to 400 MW over the year, but would be seasonally shaped with Idaho Power's share to more closely match summer and winter peaking requirements of BPA's SE Idaho loads .

- Funding of JFA in several payments.
 - First four payments committed to by signing agreement, comprising about 62% of total funding.
 - For BPA these first four payments sum to about \$7.2 million.
 - Parties may choose to withdraw from project without paying fifth payment, about 38% of the funding.
 - BPA final payment approximately \$4.5 million.
 - Fifth payment due following issuance of US Bureau of Land Management's Record of Decision for B2H, should BPA elect to proceed.

B2H Participation – JFA Details (cont)

- JFA also addresses the negotiation of a future construction agreement by the Parties.
 - No Party is committed to sign any agreement for B2H construction.
 - Sets the framework under which a Party may be reimbursed for their share of the permitting costs if only a subset of the Parties wish to proceed to construction, provided that Party has seen the permitting through to completion.

- Agreement also addresses governance of B2H permitting, project management, and other key details.

B2H Participation – MOU Details

- The MOU is a non-binding commitment addressing the Parties' transmission needs beyond B2H.
- BPA's need is from Hemingway east to the SE Idaho loads. The MOU's exhibit lists two contemplated alternatives for service from Hemingway east.
 - The first alternative would be Network Transmission from a single provider from Hemingway to the loads.
 - This is not currently possible as both Idaho Power and PacifiCorp own facilities necessary to transmit power from Hemingway to the SE Idaho loads.
 - The second alternative would have the Parties provide each other an equivalent value of capacity, assets or other terms and conditions necessary to meet the Parties transmission needs.
 - For BPA this would provide at least 600 MW of firm eastbound rights from Hemingway to the SE Idaho loads.
 - If pursued, a portion of BPA's eastbound rights could be associated with BPA's participation in Gateway West.

Questions?