



# Special 7(i) – BP-27 Workshop

3/31/2026

Pre-Rate Case Workshop

**Predecisional**



# Today's Objective

- Bonneville Power Administration (BPA) will conduct a special Section 7(i) process to address the expected financial impact of the US District Court of Oregon's February 25, 2026, Order and Opinion to a request for a preliminary injunction. The court-ordered spill will reduce BPA's inventory relative to the inventory assumed when BPA's rates were set for the BP-26 rate period.
- **BPA Staff will provide an overview of several rate adjustments it considered to address the change in circumstance, including its preliminary recommendation.**
- **BPA Staff will take into consideration any feedback received during today's workshop before releasing its BP-27 Initial Proposal.**

# Constraints & Considerations

- About the fastest BPA can complete a **contested** and **limited-scope** Section 7(i) process is six months, including preparation time and the time required to receive FERC approval.
- Ideally, BPA would have new rate provisions in place and approved by October 1, 2026, to match BPA's fiscal year and to **recover the cost impact over the full last two years** of the BP-26 rate period.
- Recovering these costs over the remaining time in this rate period and limiting the use of BPA's financial liquidity to manage this increase in costs is particularly important for **customer equity** given that this is the last rate period under the Regional Dialogue contract.
- BPA's Provider of Choice contracts begin in fiscal year 2029 and include a **different customer base** and **significant product choice changes**, which, if ignored, would create an unequitable outcome among which customers ultimately paid these increased costs.

# Status Quo

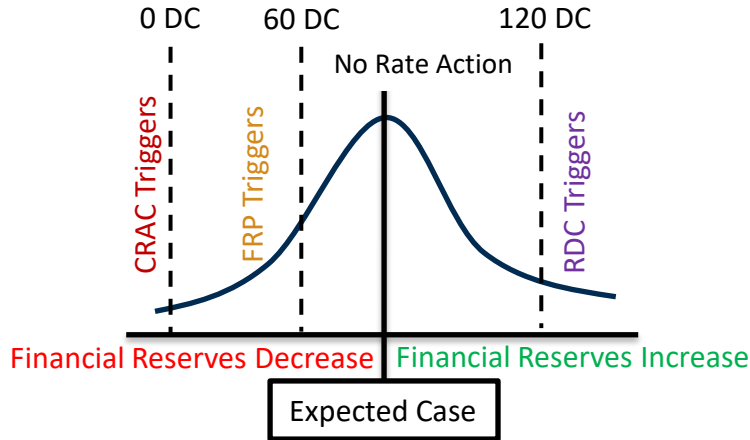
All else equal, the court-ordered spill will reduce BPA's inventory relative to the inventory assumed when rates were set for the BP-26 rate period. The expected magnitude using the methodology in BPA's declaration as updated to reflect the terms of the February 25 Order:

- Pre-Slice = \$100 million per year which is \$300 million over the three years.  
*Note: the \$100 million per year cost is the equivalent to the original declaration cost of \$140 million per year updated to reflect the terms of the final court order.*
- Post-Slice (non-Slice share) = \$85 million per year which is \$255 million over three years or roughly **\$125 million per year when spread over the last two years** of the rate period and rounded down to the nearest whole \$5 million value.

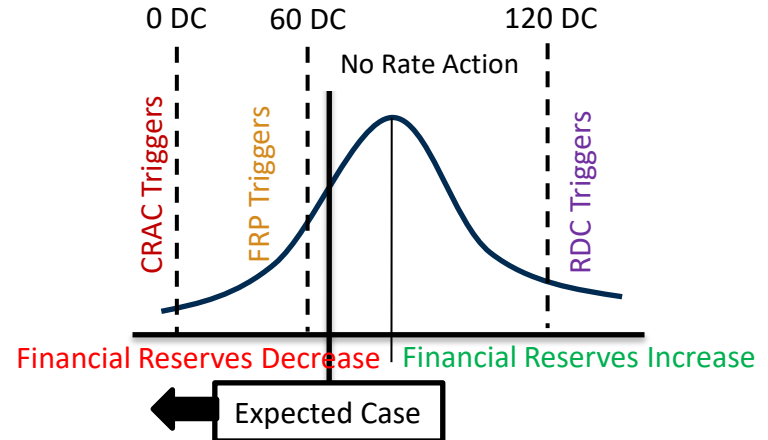
# Graphical Representation of Court Order

DC = Days Cash

**BP-26 Rates Before Court Order**



**BP-26 Rates After Court Order**



# Solution Evaluation Criteria

- **Financial Strength.** How the solution will return BPA's expected 2028 end-of-year (EOY) financial reserve level closer to pre-Court-Order level.
- **Stakeholder Perspective.** In addition to broadly supported solutions being preferable, broadly supported solutions will help expedite and reduce the overall cost of the process.
- **Performance Measure:** If actual operational costs come in better than expected, as measured by financial reserves, will the solution, all else equal, mechanically and automatically reduce its financial impact on customers?

# Alternatives Considered

The solution variations used a mix of **increasing the cap on Power's Financial Reserves Policy (FRP) Surcharge** from \$40 million to something larger, **increasing Power's FRP Surcharge reserve threshold** from 60 days cash (dc) to something larger, and **increasing Power's Reserve Distribution Clause threshold** from 120 days cash to something larger. BPA Staff also modeled a \$125 Planned Net Revenue for Risk (PNRR) solution and the two solutions not built off BPA's current risk metrics:

- **Solution A – Conditional PNRR.** Include \$125 million in PNRR that gets returned, in part or in whole, at the end of each year if Power's EOY financial reserves are above 90 days cash.
- **Solution B – New Surcharge.** Include a new surcharge that is capped at \$125 million. The new surcharge would trigger if fiscal year 2026 and 2027 ended below 90 days cash and would collect the difference up to the cap of \$125 million in the next fiscal year.

# Alternatives Ranked

Aside from the “Pre-Injunction | SQ” which is provided for calibration purposes, all assume that BPA is \$85 million worse off in each year of the three-year rate period relative to BP-26 rate setting expectations.

\$millions		Financial Strength		
Rank from Most to Least EOY FY2028 Financial Reserves	Risk Package	FY2028 EOY Financial Reserves	Delta from Before Court-Order	Improvement Relative to Next Lowest Rank
1	-\$85   \$125 PNRR	\$413	\$16	\$16
2	Pre-Injunction   SQ (CALIBRATION PURPOSES)	\$397	\$0	\$5
3*	-\$85   Solution A - \$125 PNRR 90dc conditional	\$392	(\$5)	\$24
4	-\$85   Solution B - New \$125 90dc Surcharge	\$368	(\$29)	\$23
5	-\$85   \$65 PNRR   \$100 FRPS   RDC 120dc	\$345	(\$52)	\$5
6	-\$85   \$165/75dc FRPS   RCD 180dc	\$340	(\$57)	\$18
7	-\$85   \$165/75dc FRPS   RDC 120dc	\$322	(\$75)	\$29
8	-\$85   \$100/75dc FRPS   no RDC	\$293	(\$104)	\$1
9	-\$85   \$100/75dc FRPS   RDC 240dc	\$292	(\$105)	\$3
10	-\$85   \$100/75dc FRPS   RCD 180dc	\$289	(\$108)	\$19
11	-\$85   \$80/75dc FRPS   RCD 180dc	\$270	(\$127)	\$5
12	-\$85   \$165/60dc FRPS   RCD 120dc	\$265	(\$132)	\$69
13	-\$85   SQ	\$196	(\$201)	

\* Staff Preliminary Recommendation

# Preliminary Recommendation

Financial Strength	Stakeholder Perspective (TESTING TODAY)	Performance Measure	Average Score
1	2	0	1.0
3*	2	1	1.5
4	2	1	1.5
5	1	2	1.5
6	0	3	1.5
... **	0	3	1.5

\* Staff Preliminary Recommendation

\*\* Rankings 7 through 13 were rejected based on low Financial Strength ranking and increased probability of having to recover these costs in future rate periods.

# Preliminary Recommendation

- While both rank 3 (Solution A) and rank 4 (Solution B) are strong solutions, **BPA staff prefers rank 3** due to it producing end of fiscal year 2028 results very close to pre-injunction results – only \$5 million lower.
- BPA staff like that its last true-up occurs at the end of fiscal year 2028 rather than on end of year fiscal year 2027 – this increases the chance that BPA will start the new contract with financial reserves at a level similar to that had BPA known about the court-ordered operations when it first set BP-26 rates.
- Lastly, BPA staff find Solution A to be slightly simpler to implement as adjusting rates for an entire year ahead of time and returning excess to those that paid is slightly more straightforward and equitable than a partial year surcharge mechanism used in Solution B.

# Preliminary Timeline

Month 2026	Timeline
Late April	FRN published.
Early May	BPA's Initial Proposal released with testimony and supporting documents.
May - July	7(i) Process with expedited "no contest" procedural option.
No Later Than Late July	Record of Decision published with rates sent to Federal Energy Regulatory Commission (FERC) for Interim Approval.
October 1	New FERC approved rates go into effect.

# Questions and Feedback?

# Appendix: BP-26 Rate Case v. Court-Ordered Operations

Bonneville  
POWER ADMINISTRATION



# Changes to Operations

Project		RCBA (BP-26 Rate Case)	25 PI (as Ordered)
Lower Granite	Aug 1- Aug 31	RSW (~7 kcfs)	18 kcfs
Little Goose	Aug 1- Aug 31	ASW (~7 kcfs)	30%
Lower Monumental	Aug 1- Aug 31	RSW (~8 kcfs)	17 kcfs
Ice Harbor	Aug 1- Aug 31	RSW (~9 kcfs)	30%
McNary	Aug 1- Aug 31	2x TSW (~20 kcfs)	57%
John Day	Apr 10 – Jun15	Daytime 40%, Nighttime 125% gas cap	125% gas cap
John Day	Aug 1- Aug 31	2x TSW (~20 kcfs)	35%
The Dalles	Aug 1- Aug 31	30%	40%
Bonneville	Aug 1- Aug 31	50 kcfs	95 kcfs

\*Depending on their design, spillway weirs are referred to as either “Removable” (RSW–applies to LWG, LMN, IHR), “Adjustable” (ASW–applies to LGS), or “Top” (TSW–applies to MCN and JDA).

[Ordered PI](#)

[RCBA \(25 FPP\)](#)

# Changes to Operations, cont.

Project		RCBA (BP-26 Rate Case)	25 PI (as Ordered)
Lower Granite	Sep 1-Nov 15 Mar 1-Mar20	4 hrs RSW (~7 kcfs) 7 days a week	RSW (~7 kcfs) 24/7
Little Goose	Sep 1-Nov 15 Mar 1-Mar20	4 hrs ASW (~7 kcfs) 7 days a week	ASW (~7 kcfs) 24/7
Lower Monumental	Sep 1-Nov 15 Mar 1-Mar20	4 hrs RSW (~8 kcfs) 7 days a week	RSW (~8 kcfs) 24/7
Ice Harbor	Sep 1-Nov 15 Mar 1-Mar20	4 hrs RSW (~9 kcfs) 7 days a week	RSW (~9 kcfs) 24/7
McNary	Sep 1-Nov 15 Mar 1-Mar20	4 hrs 2x TSW (~20 kcfs) 7 days a week	2x TSW (~20 kcfs) 24/7
John Day	Sep 1-Nov 15 Mar 1-Mar21		TSW (~10 kcfs) 24/7

\*TDA Sluiceway, BON Sluiceway, and BON Corner Collector also see minor Fall/Winter adjustments in operating dates and schedules

# Changes to Capacity Metric (Diurnal)

Month	RCBA	PI	Delta
Oct	820	400	-420
Nov	800	750	-50
Dec	120	350	230
Jan	1360	1580	220
Feb	1420	1620	200
Mar	2110	1940	-170
Apr	1470	1140	-330
May	3040	2710	-330
Jun	3970	3770	-200
Jul	2780	2680	-100
Aug	120	-770	-890
Sep	630	80	-550

# Changes to Capacity Metric (6-Hour)

Month	RCBA	PI	Delta
Oct	1170	740	-430
Nov	1170	950	-220
Dec	680	700	20
Jan	1970	2010	40
Feb	2030	2080	50
Mar	2850	2670	-180
Apr	1640	1290	-350
May	3280	2920	-360
Jun	4060	3870	-190
Jul	3300	3150	-150
Aug	870	-170	-1040
Sep	1280	580	-700