

Quarterly Business Review

May 3, 2010

Follow Ups



QBR Follow Ups – Power Services



- **When was the last market price forecast updated?**
 - Mid-April. The market price forecast is updated for all Quarterly Reviews.

- **What was the hydro inventory used for the Quarterly Review numbers?**
 - 67.7 MAF

- **What are bookouts?**
 - Booking-out is a procedure for financially settling a contract for the physical delivery of energy. Booking-out occurs when one party appears more than once in a contract path (or series of contracts) for the sale and purchase of energy. In that instance, the intervening counterparties may agree that they will not schedule or deliver physical energy that originates and ends with the same counterparty, but rather will settle in cash the amounts due to or from each intervening counterparty, thus *booking out* the transaction.

Financial Reserves



- What changed between the 1st Quarter EOY and the 2nd Quarter EOY Reserves forecasts for Transmission. The Q1 Forecast was \$569 million and the Q2 Forecast was \$701 million.

Transmission

Delta from 1st qtr 2010 to 2nd qtr 2010

| | |
|--------------------------------------|--------------|
| 1st Quarter EOY Reserves Forecast | \$569 |
| Change in Forecast MNR | (1) |
| Increase in Encumbered Funds Flow 1/ | 84 |
| Eliminate TRAM risk adjustment | 34 |
| Other | <u>\$ 15</u> |
| Change in Transmission Cash flow | \$132 |
| 2nd Quarter EOY Reserves Forecast | \$701 |

1/ LGIA/NOS/COI/Master Lease/PFIA deposits net of draws

The two major changes were:

- A change in the forecast of cash flowing out of the funds deposited for COI is the largest contributor. In Q1 We had estimated that the ending COI balance at the end of 2010 would be zero. This has changed to \$70M
- The second was a change to the TRAM risk adjustment of -\$34M. Our Risk staff recommended that we zero it out because it was not a reliable estimate of Transmission risk given the old vintage of the model and of the estimated revenue risk distributions used. For the 12-13 rate case the TRAM will be overhauled completely to give a better assessment of Transmission financial risk.

Transmission Services



- **When forecasting for operating reserves: was Iberdrola self-supplying for the GI component of the WI rate for FY10 Q2 forecast?**
 - BPA did not assume Iberdrola to self-supply for the GI component of the WI rate for the FY 2010 Q2 revenue forecast.

- **When forecasting for EI/GI for Q2: How much is EI, and how much is GI?**
 - FY 2010 Q2 Revenue Forecast: \$6.89M GI + \$0.14M EI = \$7.03M Total EI/GI
 - Most of the EI/GI is due to GI which is \$7 million, approximately.