

FY 2018 Reserves Distribution Clause Financial Forecast

Report ID: 0021FY18 **Power Services Summary Statement of Revenues and Expenses** Run Date/Time: October 09, 2018 13:03
 Requesting BL: POWER BUSINESS UNIT Through the Month Ended August 31, 2018 Data Source: PFMS
 Unit of measure: \$ Thousands Preliminary/ Unaudited % of Year Elapsed = 92%

	FY 2018		FY 2018	FY 2018
	A	B	C	D
	Rate Case	3.5 Forecast	Actuals: FYTD	DELTA: B - A
Operating Revenues				
1 Gross Sales (excluding bookout adjustment) <Note 2	\$ 2,592,707	\$ 2,663,646	\$ 2,474,386	\$ 70,939
2 Bookout Adjustment to Sales	-	(16,073)	(19,598)	(16,073)
3 Miscellaneous Revenues	28,504	31,094	29,974	2,590
4 Inter-Business Unit	108,430	116,587	106,875	8,157
5 U.S. Treasury Credits	97,772	76,351	70,456	(21,421)
6 Total Operating Revenues	2,827,413	2,871,605	2,662,093	44,192
Operating Expenses				
Power System Generation Resources				-
Operating Generation Resources				-
7 Columbia Generating Station	270,146	270,622	239,181	476
8 Bureau of Reclamation	164,609	157,109	134,000	(7,500)
9 Corps of Engineers	256,057	251,057	220,067	(5,000)
10 Long-term Contract Generating Projects	12,595	11,044	9,954	(1,551)
11 Operating Generation Settlement Payment	22,612	20,219	18,302	(2,394)
12 Non-Operating Generation	1,500	383	297	(1,117)
13 Gross Contracted Power Purchases and Aug Power Purchases	100,634	177,548	175,144	76,914
14 Bookout Adjustment to Power Purchases	-	(16,073)	(19,598)	(16,073)
15 Residential Exchange/IOU Settlement Benefits <Note 2	241,313	241,318	223,351	4
16 Renewables	38,332	35,470	31,600	(2,862)
17 Generation Conservation	126,267	128,372	115,083	2,105
18 Subtotal Power System Generation Resources	1,234,066	1,277,067	1,147,379	43,002
19 Power Services Transmission Acquisition and Ancillary Services	215,045	206,478	188,115	(8,566)
20 Power Non-Generation Operations	90,411	78,348	66,768	(12,063)
21 Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	321,821	297,597	264,005	(24,224)
BPA Internal Support				-
22 Additional Post-Retirement Contribution	14,962	19,447	17,743	4,485
23 Agency Services G&A	64,391	64,040	53,559	(352)
24 Other Income, Expenses & Adjustments	(128,728)	-	(251)	128,728
25 Non-Federal Debt Service	490,562	252,624	247,146	(237,938)
26 Depreciation & Amortization	230,888	224,668	205,706	(6,220)
27 Total Operating Expenses	2,533,417	2,420,269	2,190,171	(113,148)
28 Net Operating Revenues (Expenses)	293,995	451,335	471,923	157,340
Interest Expense and (Income)				
29 Interest Expense	105,435	90,604	81,502	(14,831)
30 AFUDC	(8,379)	(15,791)	(13,538)	(7,411)
31 Interest Income	(1,483)	(1,827)	(1,576)	(344)
32 Net Interest Expense (Income)	95,572	72,986	66,388	(22,586)
33 Net Revenues (Expenses)	\$ 198,423	\$ 378,349	\$ 405,535	\$ 179,926

<1 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.
 <2 The Residential Exchange Program expenses reflect the Scheduled Amount of REP benefits payments established in the 2012 REP Settlement Agreement. The Scheduled Amount of REP benefit payments incorporates a \$76,537,617 reduction in REP benefits to provide Refund Amount payments to COUs. The Refund Amount returned to the COUs is reflected through a reduction in the Gross Sales amount.

Report ID: 0023FY18 **Transmission Services Summary Statement of Revenues and Expenses** Run Date/Time: October 09, 2018/ 13:04
 Requesting BL: TRANSMISSION BUSINESS UNIT Through the Month Ended August 31, 2018 Data Source: PFMS
 Unit of Measure: \$ Thousands Preliminary/ Unaudited % of Year Elapsed = 92%

		FY 2018		FY 2018		FY 2018	
		Rate Case	3.5 Forecast	Actuals: FYTD	DELTA: B - A		
Operating Revenues							
1	Sales	\$ 893,151	\$ 919,574	\$ 845,585	\$	26,422	
2	Miscellaneous Revenues	41,183	39,746	36,718		(1,436)	
3	Inter-Business Unit Revenues	117,982	127,462	120,099		9,480	
4	Total Operating Revenues	1,052,316	1,086,782	1,002,402		34,466	
Operating Expenses							
5	Transmission Operations	167,050	151,283	139,130		(15,767)	
6	Transmission Maintenance	176,580	171,677	143,613		(4,904)	
7	Transmission Engineering	56,351	48,425	42,700		(7,926)	
8	Trans Services Transmission Acquisition and Ancillary Services	119,461	130,352	122,251		10,892	
9	Transmission Reimbursables	9,929	9,022	5,994		(907)	
	BPA Internal Support					-	
10	Additional Post-Retirement Contribution	14,946	18,339	16,720		3,393	
11	Agency Services G&A	78,994	74,855	63,842		(4,139)	
12	Other Income, Expenses & Adjustments	(7,548)	-	(515)		7,548	
13	Depreciation & Amortization	278,958	292,442	261,015		13,484	
14	Total Operating Expenses	894,721	896,395	794,750		1,674	
15	Net Operating Revenues (Expenses)	157,596	190,387	207,652		32,791	
Interest Expense and (Income)							
16	Interest Expense	176,449	162,189	148,425		(14,260)	
17	AFUDC	(24,733)	(16,827)	(15,603)		7,906	
18	Interest Income	(3,497)	(5,026)	(3,968)		(1,529)	
19	Net Interest Expense (Income)	148,219	140,336	128,853		(7,883)	
20	Net Revenues (Expenses)	\$ 9,377	\$ 50,051	\$ 78,799	\$	40,674	

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ACNR

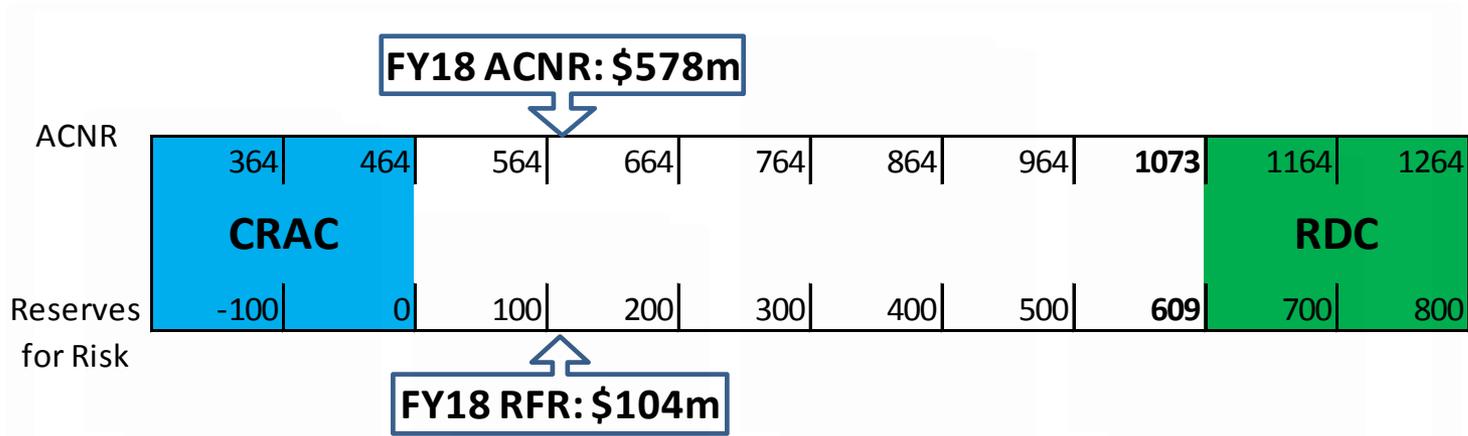
RDC and ACNR Calculation

- Per the Power and Transmission General Rate Schedule Provisions (aka GRSPs), the RDC triggers off the Accumulated Calibrated Net Revenues (ACNR).
- ACNR is the accumulation of Calibrated Net Revenues (CNR) since the start of the year before the rate period (in this case SOY FY 2017).
- CNR is the Net Revenue, calibrated to remove the effect of certain events that affect NR and Reserves for Risk differently.
- The ACNR thresholds were set in the GRSPs at a level that is targeted to be equivalent to 120 days cash for the business line and 90 days cash for the Agency.

Final FY 2018 Power ACNR

FY 2018 Calibrations and ACNR

The CRAC and RDC trigger based off of Accumulated Calibrated Net Revenue (ACNR), which is *Accumulated* from the start of FY 2017. **FY 2018 Power ACNR is \$578m.**

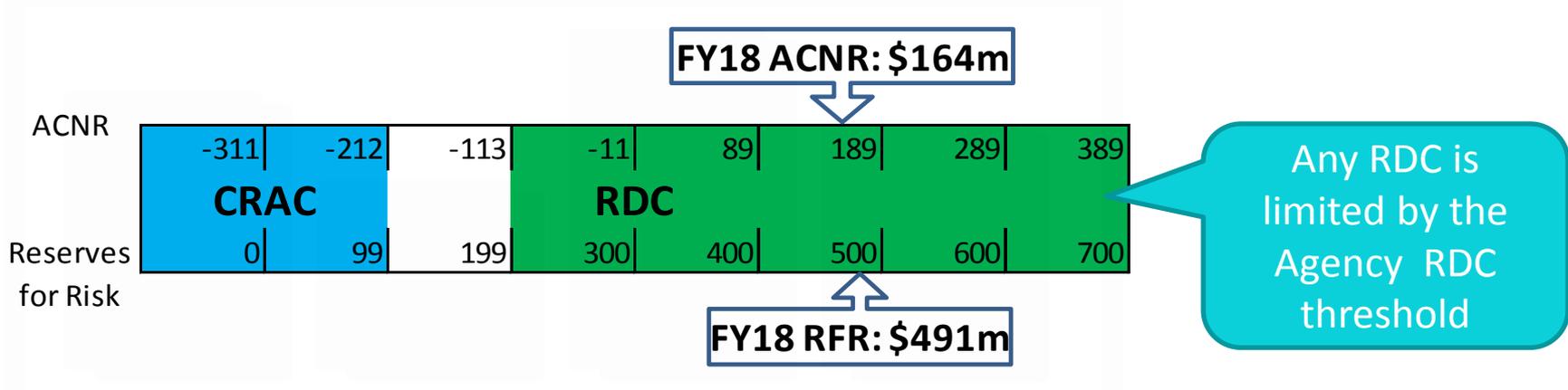


Power ACNR is above the CRAC threshold and below the RDC threshold; neither rate adjustment triggers for Power.

Final FY 2018 Transmission ACNR

FY 2018 Calibrations and ACNR

The CRAC and RDC trigger based off of Accumulated Calibrated Net Revenue (ACNR), which is *Accumulated* from the start of FY 2017. **FY 2018 Transmission ACNR is \$164m.**



Transmission ACNR is \$277m above the RDC threshold. The final Transmission RDC is limited by the Agency RDC Threshold.

Final FY 2018 Agency ACNR

The Power and Transmission RDCs are limited by the Agency threshold. A business line RDC can be no greater than the amount that Agency ACNR is above the Agency RDC Threshold. **FY 2018 Agency ACNR is \$742m.**

ACNR	252	352	452	552	652	758	1164	1264	
Reserves for Risk	100	200	300	400	500	606	700	800	

FY18 ACNR: \$742m

FY18 RFR: \$595m

Final FY18 Agency ACNR is below the Agency RDC threshold, therefore the Transmission RDC does not trigger for FY 2018.

FY 2018 Power Calibrations

Final FY 2018 Power Calibration Events are summarized by:

- **Third Party Settlement: \$16m calibration**
The forecast includes a \$16m settlement. This amount was recorded as income in 2012, so there is no net revenue impact from this portion of the settlement for FY 2018.
- **Depreciation and Amortization: (\$6m) calibration**
The sum of Depreciation and Amortization has decreased from \$231m in the rate case to \$225m. Depreciation and Amortization are non-cash items, so the change resulted in a \$6m increase to Net Revenue, but no change to Reserves for Risk.
- **RCD related transactions: (\$66m) calibration**
Power is freeing up a total of \$209m in Reserves for Risk through debt management actions. Power is paying an additional \$275m more to Treasury. These transactions were not displayed in the revenue requirement and result in a net \$66m decrease in Reserves for Risk relative to Net Revenue in the forecast.

Total FY18 Power Calibration: (\$56m)

FY 2018 Transmission Calibrations

There are 2 Calibration Events:

Event: Third Party Settlement: \$5m calibration

The forecast includes a \$5m settlement. This settlement does not affect FY 2018 net revenue, but does increase reserves for risk.

Event: Depreciation and Amortization: \$19m* calibration

The sum of Depreciation and Amortization has increased from \$274m in the rate case to \$292m. Changes in the sum of depreciation and amortization are a predefined category of calibrating events.

Total FY18 Transmission Calibration: \$24m

*Total does not add due to rounding

Financial Disclosure

This information has been made publicly available by BPA on October 18, 2018 and contains information not reported in agency financial statements.