



Bonneville Power Administration

Integrated Program Review

Power Rates “What Ifs”

July 30, 2008



FY 2010-2011 Power Rates “What Ifs”

BPA's power rates for FY 2010-11 will be based on a number of factors, including projected expense levels, secondary revenues, and Residential Exchange Program (REP) benefit levels. The attached table shows estimated rate impacts of a range of assumptions for each of these factors. One can develop a rough sense of FY 2010-11 power rates by combining assumptions about the future direction or level of each factor.

Estimated Impact of Cost and Revenue Change on FY 2010-2011 Power Rates, Relative to WP-07S					
	Initial Supplemental Proposal for FY09. WP-07S (MM)	IPR FY2010-2011 change from the WP-07S Initial Proposal (MM)		Rate Impact (mills/kWh)	
Warning: These are not necessarily additive					
Expenses		\$	253		4.0
CGS	\$ 274	\$	43		0.7
COE/BOR	\$ 248	\$	41		0.6
Renewables ₁	\$ 53	\$	(10)		-0.2
Generation Conservation ₁	\$ 79	\$	8		0.1
Internal Operations	\$ 127	\$	26		0.4
Fish & Wildlife/ USF&W/Planning Council ₂	\$ 173	\$	73		1.1
Net Interest, Amortization, Depreciation and Non Federal Debt	\$ 902	\$	72		1.1
		Low (MM)	Rate Impact (mills/kWh)	High (MM)	Rate Impact (mills/kWh)
Net Secondary Revenue₃	\$ 508	\$ (50)	1.0	\$ 150	-3.1
Extended CGS outage in FY 2011 ₄		\$ (30)	0.7	\$ (20)	0.4
Residential Exchange Program	\$ 210	\$ (50)	-0.8	\$ 50	0.8
PNRR₅	\$ -	\$ -	0.0	\$ 265	5.3

¹The rate impact of Renewables and Conservation may vary due to their role in the 7b2 rate test.

²Accounts for changes in 4(h)(10)(C) credits.

³Net Secondary for Non-Slice customers

⁴This is forecast to cause a single year impact to Net Secondary revenue of \$50MM. A range was used around half of this since rates will be set for two years.

⁵Assumes FY2010-11 risk is mitigated through PNRR only and not through a blend of PNRR and CRAC.

General rules of thumb ----- Expense of \$65MM ≈ 1 mill/kWh; Net Secondary change of \$50MM ≈ 1 mill/kWh



BPA's Financial Disclosure Information

1. All FY 2008-2013 information was provided in May 2008 and cannot be found in BPA-approved Agency Financial Information, but is provided for discussion or exploratory purposes only as projections of program activity levels, etc. This information is a derived estimate for presentation purposes and cannot be found in BPA-approved Agency Financial Information but is provided for discussion or exploratory purposes only as “projections of program activity levels, etc.”
2. All FY 2007 and earlier information was provided in May 2008 and is consistent with audited actuals that contain BPA-approved Agency Financial Information.