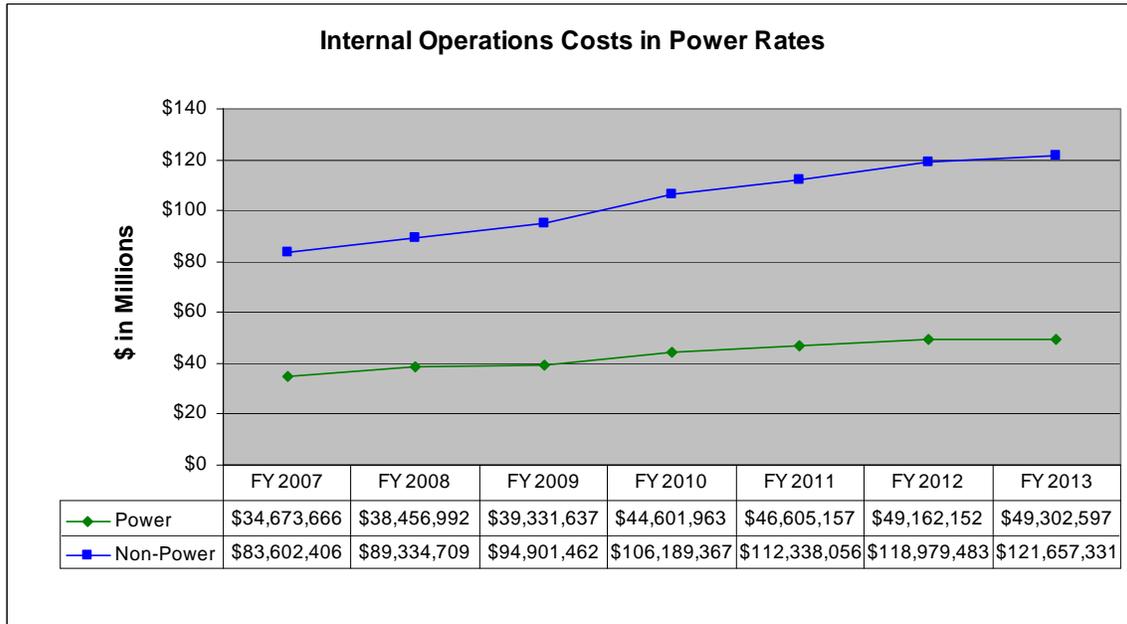


IPR Follow-Up: Increase in Internal Operations Costs Included in Power Rates



The blue line represents the internal operations costs for Agency Services that are included in Power rates. The explanation for what is causing this increase has been addressed at several IPR workshops and most recently at the June 21st IPR workshop.

The green line represents the internal operations costs for Power Services that are included in Power rates. See below for the explanation for what is causing this cost escalation.

The increase between FY 2008 and FY 2009 is primarily due to the addition of the Residential Exchange Program organization. Historically, Power Services has under-run its internal operations budget and FY 2009 was no exception. Actuals for FY 2009 were \$39.4M when the SOY budget was \$44.6M. The resulting comparison of FY 2009 actuals to FY 2010 SOY reflects the largest increase in the chart above. The increases from FY 2010-12 are due to additional work in the following areas: market price modeling, Tiered Rates Methodology development and implementation, Residential Exchange Program compliance review, Columbia Vista, Columbia River Treaty consulting, wind integration, streamflow model, Zebra/Quagga mussel work, and energy storage evaluation. In FY13, there is forecasted to be a reduction in contracting for the Residential Exchange Program due to a corresponding addition of 2 BFTE beginning in FY 2011, which mostly offset the inflationary increase that would have otherwise been shown for all of Power Services between FY 2012 and FY 2013.

All FY 2010-2013 information has been made publicly available by BPA on June 30, 2010 and does not contain Agency-approved Financial Information

All FY 2007-2009 information has been made publicly available by BPA and contains Agency-approved Financial Information.