



Bonneville
POWER ADMINISTRATION



INTEGRATED PROGRAM REVIEW

Kickoff – June 15, 2020



INTRODUCTIONS

Marcus Harris, ACTING MANAGER, FINANCIAL PLANNING AND ANALYSIS

AGENDA

Time	Topic	Speaker
1:00 – 1:05	Introductions	Marcus Harris <i>Manager, Financial Planning & Analysis</i>
1:05 – 1:25	Strategic Landscape	John Hairston <i>Chief Operating Officer</i>
1:25 – 1:45	Program Plans – Putting the Strategic Plans into Action	Michelle Manary, <i>Chief Financial Officer</i> Robin Furrer, <i>Chief Administrative Officer</i>
1:45 – 2:05	Grid Modernization	Nita Zimmerman <i>Deputy Executive Vice President, Business Transformation Office</i>
2:05 – 2:35	Power Services	Joel Cook <i>Senior VP of Power Services</i>
2:35 – 3:05	Transmission Services	Richard Shaheen <i>Senior VP of Transmission Services</i>
3:05 – 3:25	Next Steps	Michelle Manary <i>Chief Financial Officer</i>
3:25 – 3:45	Question and Answer	Michelle Manary <i>Chief Financial Officer</i>



STRATEGIC LANDSCAPE

John Hairston, CHIEF OPERATING OFFICER

Landscape before COVID-19

CRSO
EIS

Bending
the Curve

Asset
Management

Grid Mod

Landscape after COVID-19

CRSO
EIS

Bending
the Curve

Asset
Management

Grid Mod

Adverse
economic
trends

Declining
loads

Customer
ability to pay

Workforce
impacts

Project
execution

BPA's Near-Term Response

- Payment plans and contract flexibility
- Proposed suspension of financial reserves surcharge for the remainder of the BP-20 rate period
- Freeze in staffing levels
- Disciplined cost management
- Process flexibility

BPA's Longer-Term Response

- Structural cost management initiatives
- Secondary revenue rate design

Sustaining BPA's Financial Health

CVD-19 IMPACT



SUSTAINING FINANCIAL HEALTH

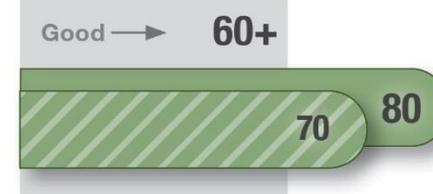
Net Revenue (\$M)



IPR Cost Expenditure (\$B)



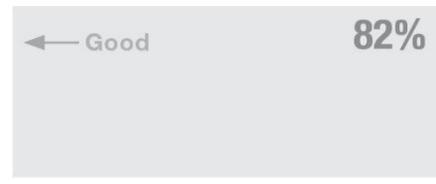
Days Cash on Hand



CAPEX (\$M)*



Debt to Asset Ratio*



Treasury Borrowing (\$B)*



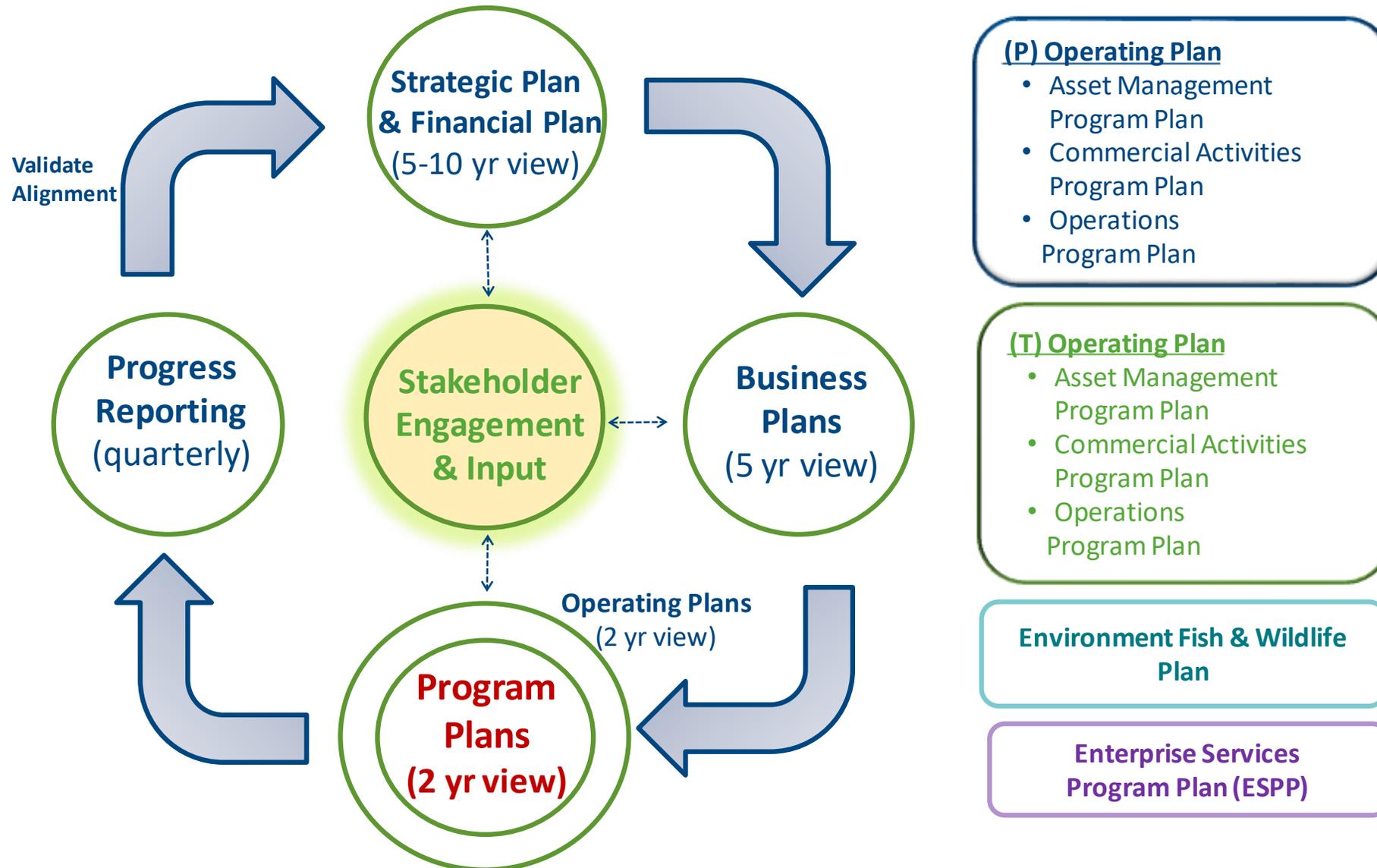
*Reported in fourth quarter.



ENTERPRISE SERVICES and PROGRAM PLANS

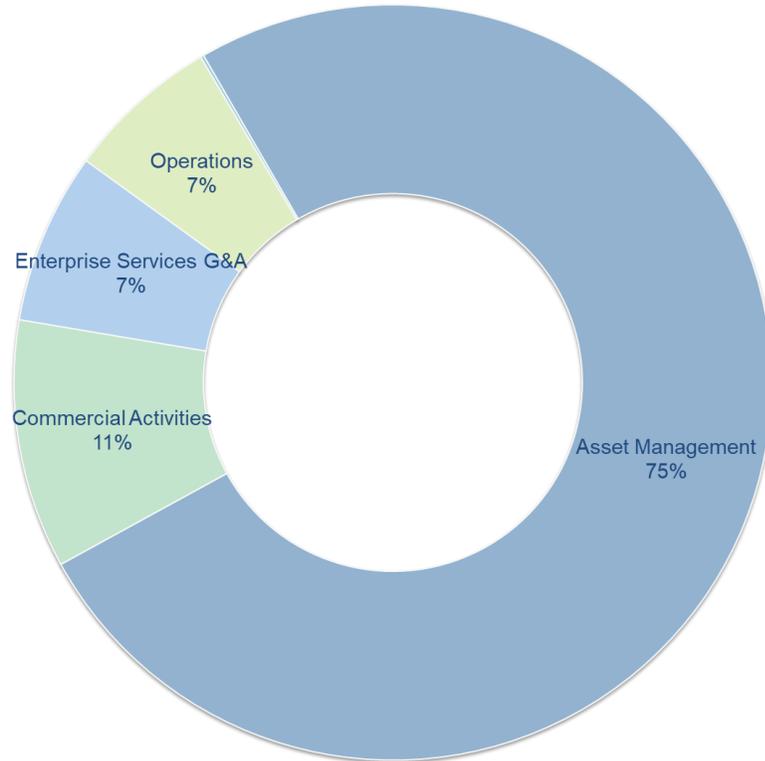
Michelle Manary, CHIEF FINANCIAL OFFICER

A PROGRAM PLAN VIEW

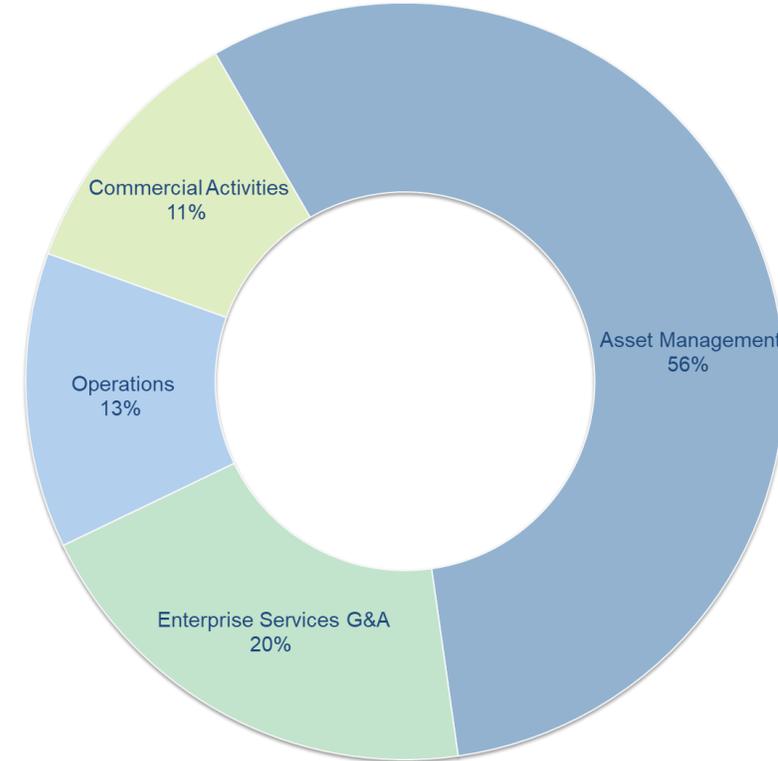


A PROGRAM PLAN VIEW

Power Services



Transmission Services



ENTERPRISE SERVICES OVERVIEW

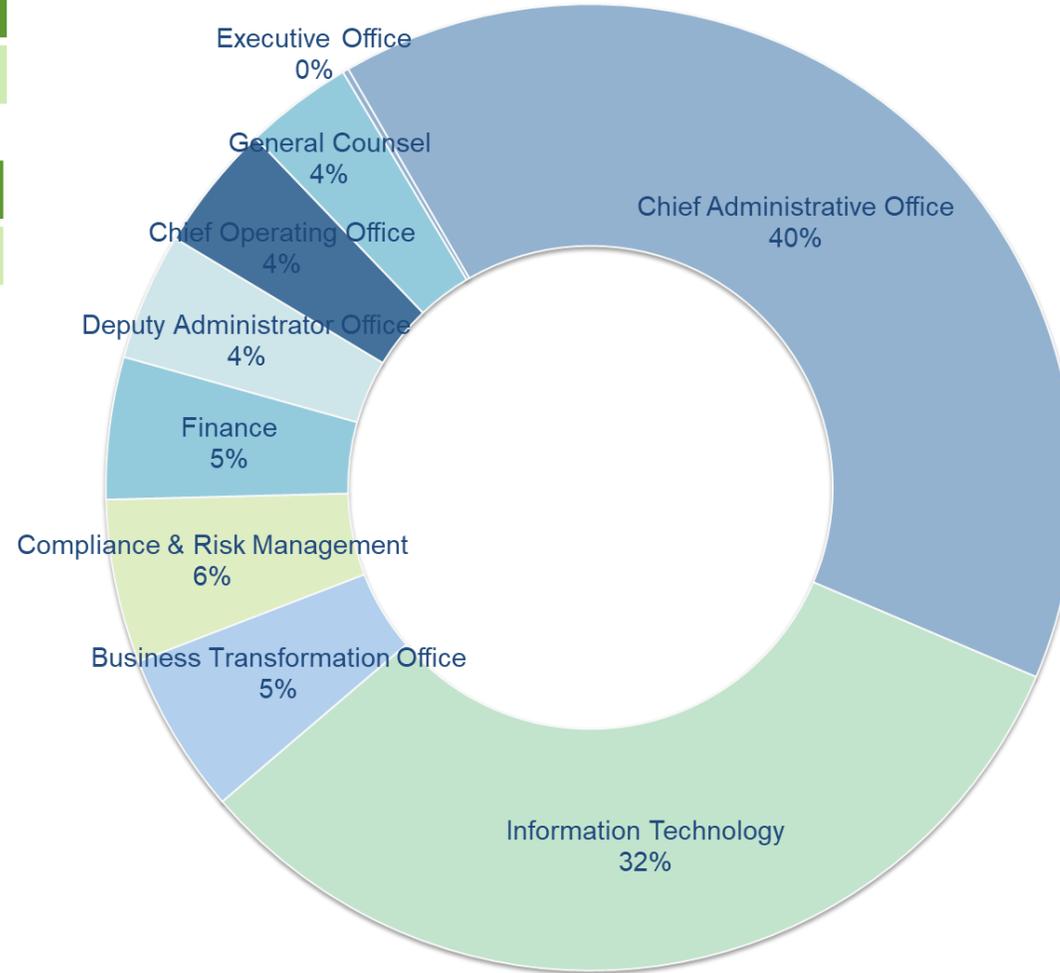
Enterprise Services is proposing increasing costs by \$10 million compared to BP-20.

- Enterprise Services comprises all the Corporate organizations as well as the CAO office and Information Technology.
- IT costs are increasing by \$17 million
- Corporate and CAO are reducing costs to absorb some of the IT cost increase
- The remainder of the increase will be absorbed in Power and Transmission

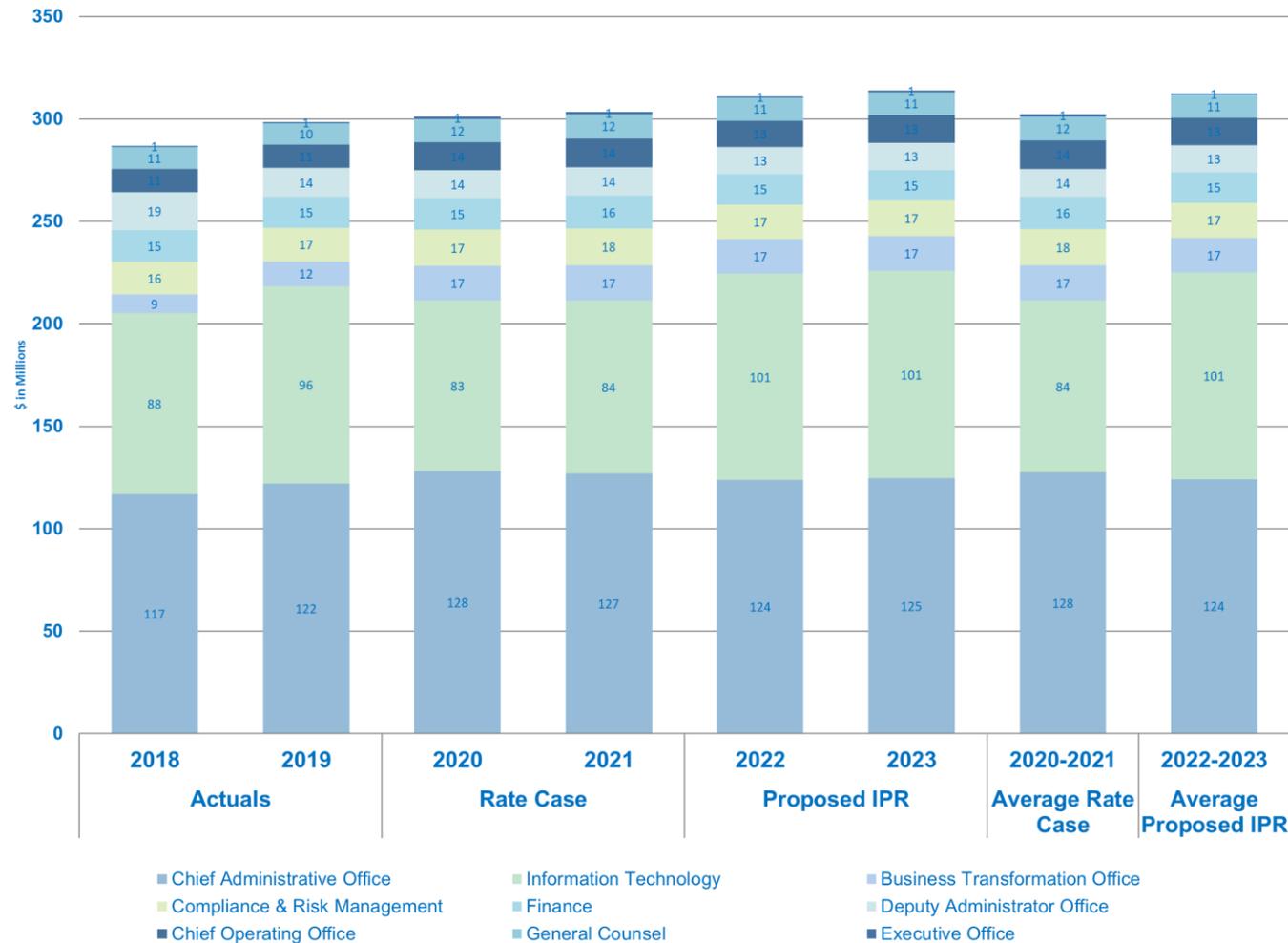
Enterprise Services FY 2022-23 AVERAGE

	FY2020-21 Average
Total	\$302 Million

	FY2022-23 Average
Total	\$312 Million



ENTERPRISE SERVICES – EXPENSE SUMMARY



The amounts in this chart are included in the Power and Transmission program totals and are not additive to the total agency spending proposal.



CHIEF ADMINISTRATIVE OFFICE

Robin Furrer, CHIEF ADMINISTRATIVE OFFICER

CAO OVERVIEW

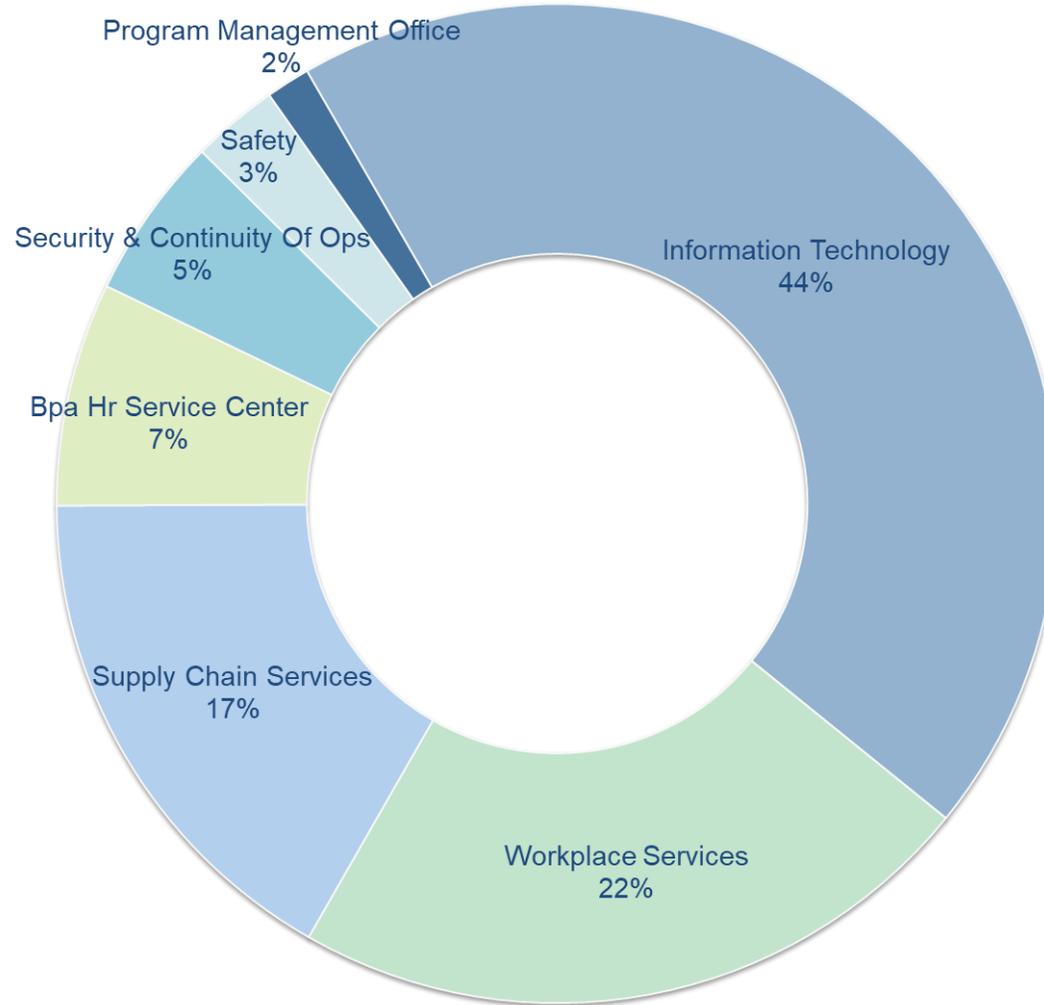
Spending levels are consistent with the BP20, with the exception of Information Technology with an average proposed increase of \$17 million per year.

- The Chief Administrative Office (CAO) proposes an increase in its BP-22 Initial IPR spending levels compared to the BP-20 rate case, related to Information Technology.
- The CAO held relatively flat within its other organizations to minimize the rising costs of IT.
- The CAO reduced costs and was able to absorb inflation by managing levels of supplemental labor and federal labor through attrition.

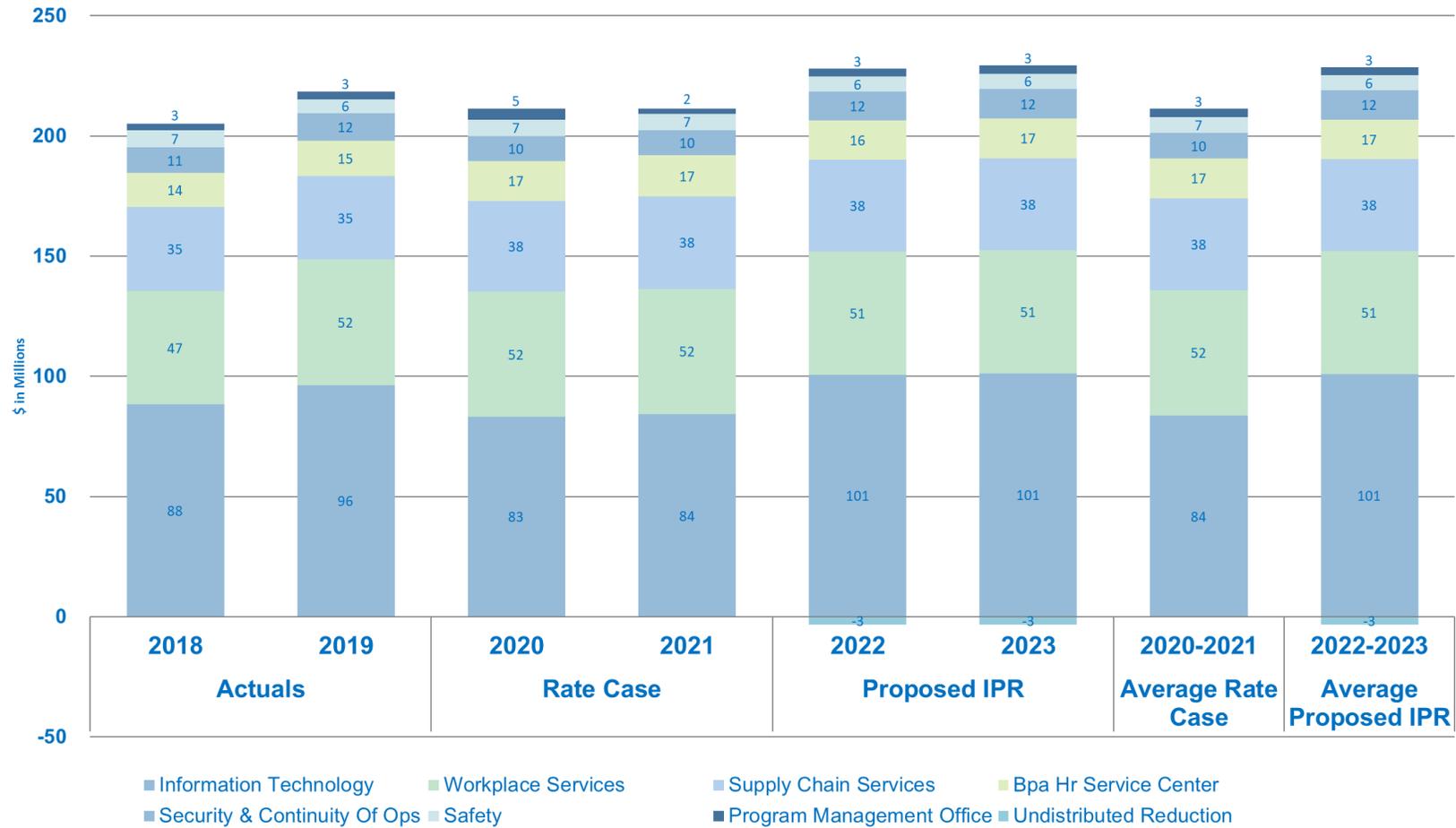
CAO FY 2022-23 AVERAGE

FY2020-21 Average	
Total	\$211 Million

FY2022-23 Average	
Total	\$225 Million

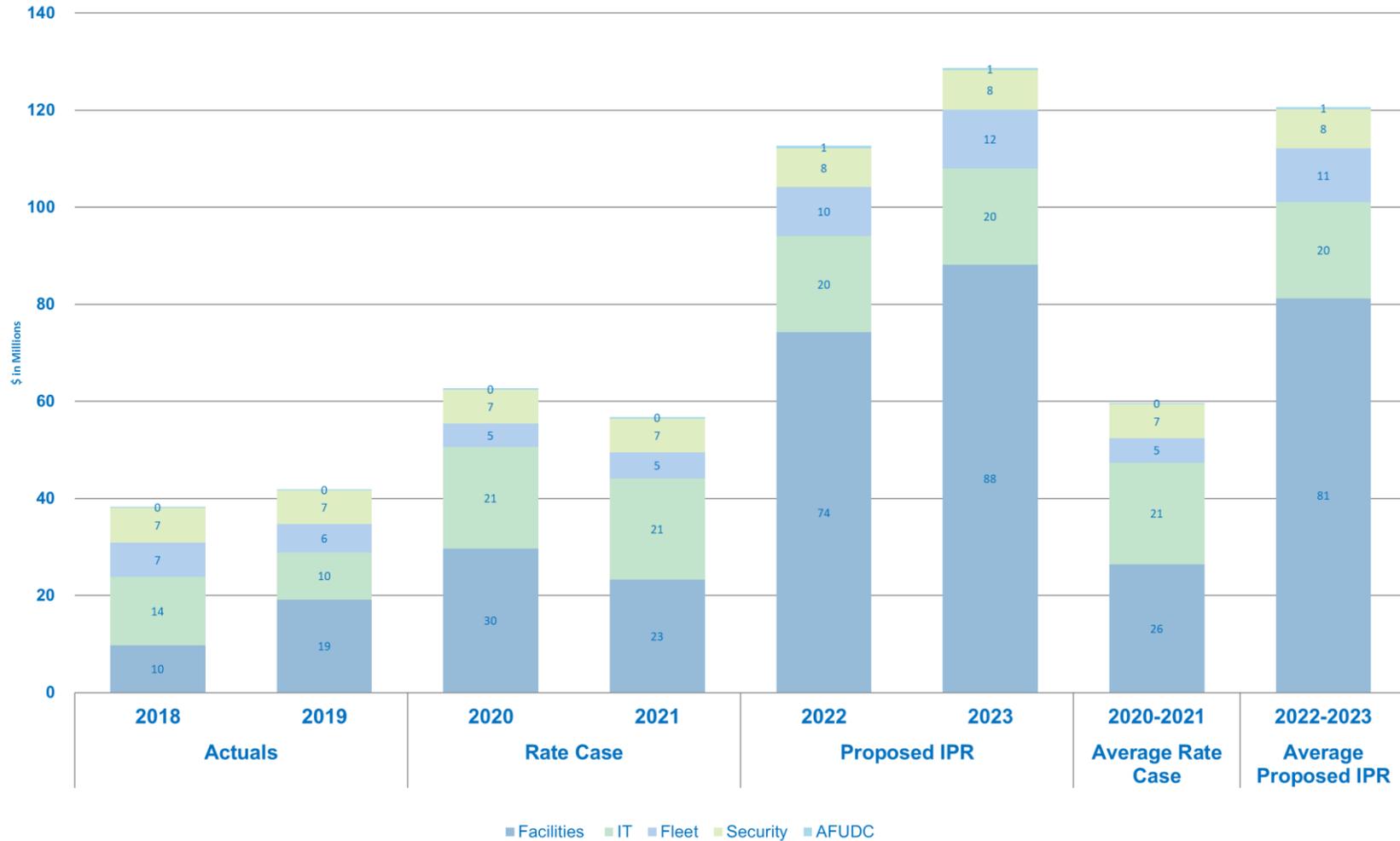


CAO EXPENSE SUMMARY



The amounts in this chart are included in the Power and Transmission program totals and are not additive to the total agency spending proposal.

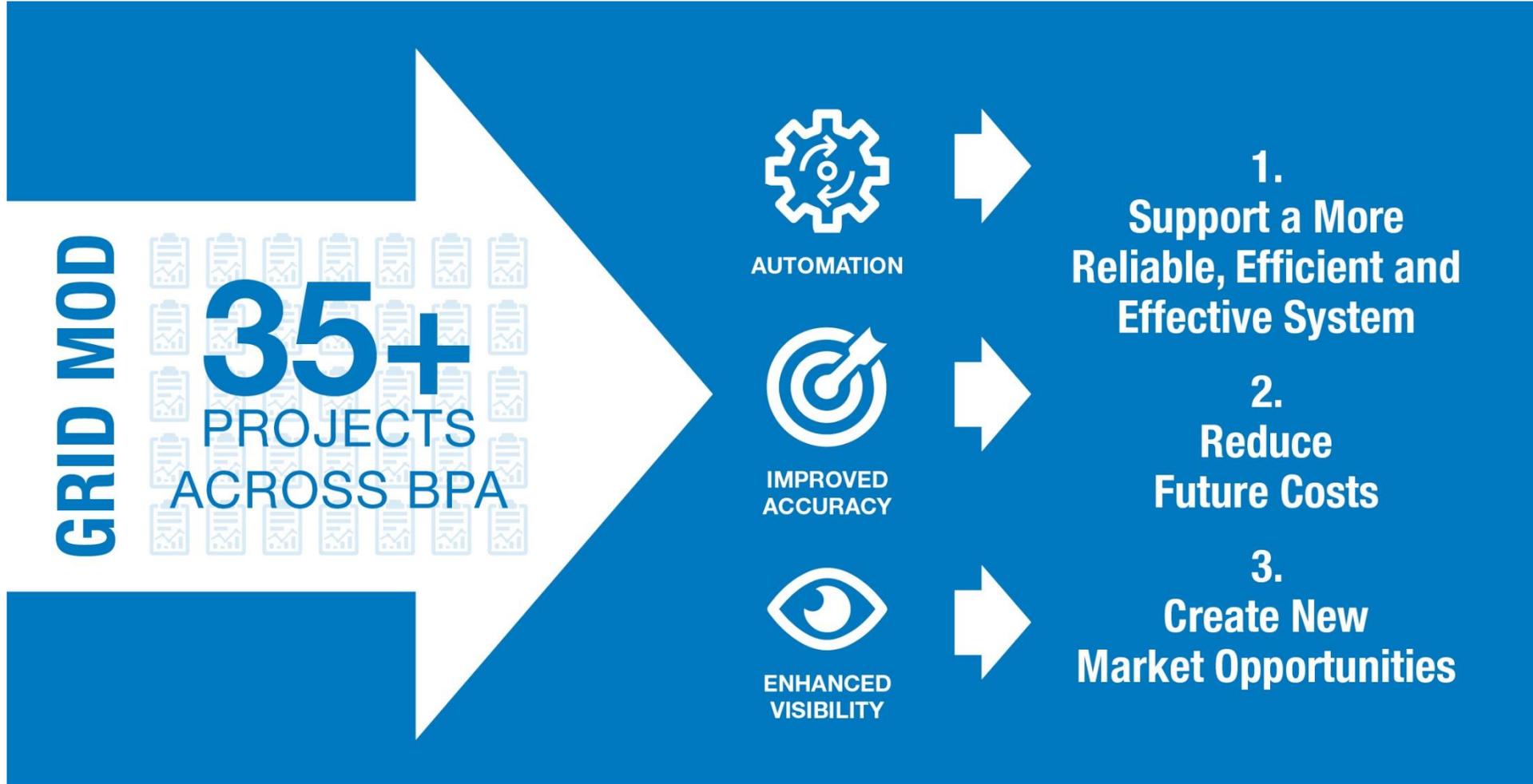
CAO CAPITAL SUMMARY





GRID MODERNIZATION

Nita Zimmerman, DEPUTY EXECUTIVE VICE PRESIDENT, BUSINESS
TRANSFORMATION OFFICE

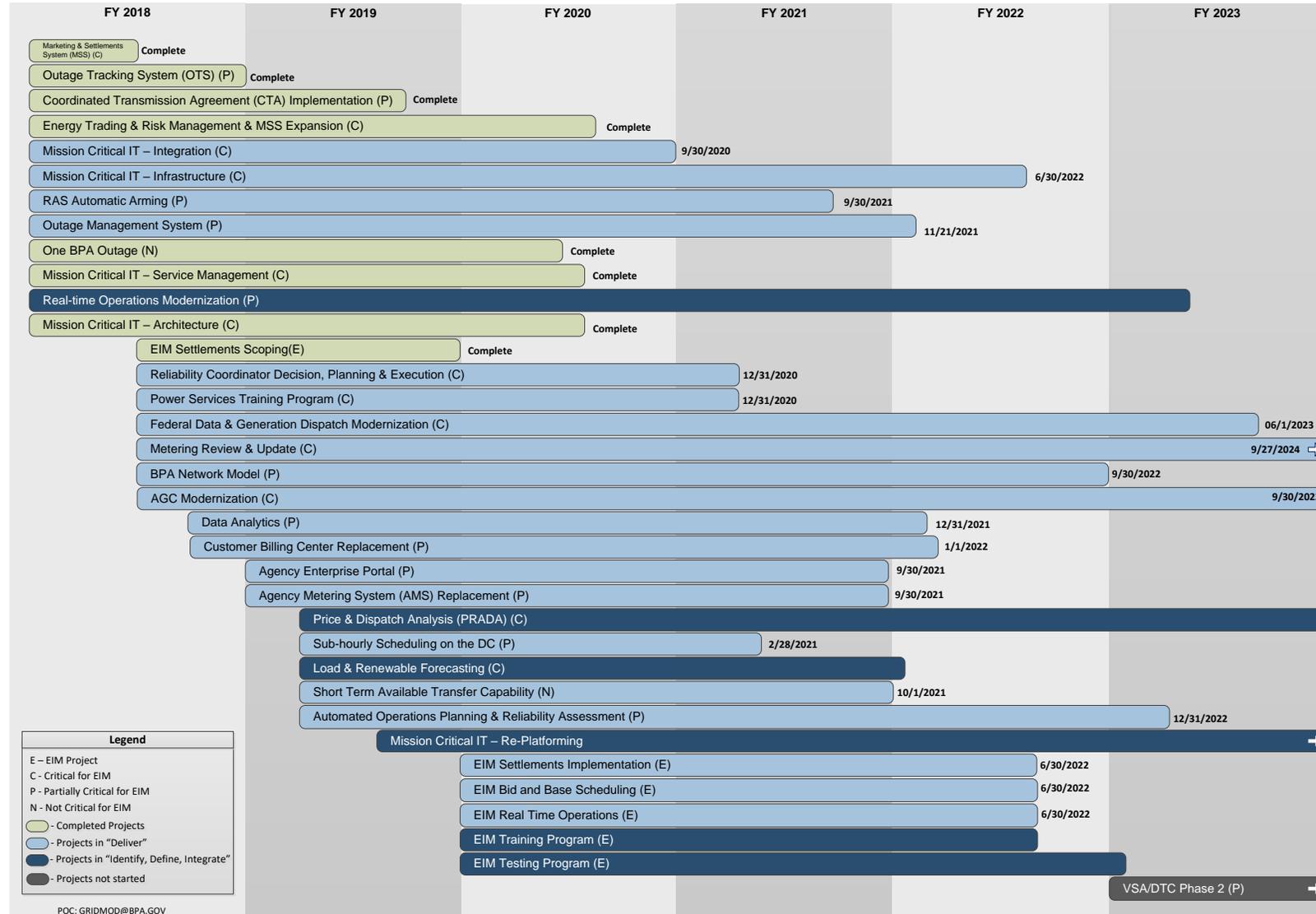


GRID MODERNIZATION ROADMAP

Grid Modernization Roadmap

FY20 Q3

As of 06/10/2020 – Subject to Change



Legend

- E – EIM Project
- C - Critical for EIM
- P - Partially Critical for EIM
- N - Not Critical for EIM
- Green bar - Completed Projects
- Blue bar - Projects in "Deliver"
- Dark blue bar - Projects in "Identify, Define, Integrate"
- Grey bar - Projects not started



POC: GRIDMOD@BPA.GOV

GRID MODERNIZATION BP-22 SPENDING LEVELS

- BP-22 is the last rate period of incremental spending for the Grid Modernization Key Strategic Initiative.
- Incremental spending remains flat at \$25 million, equal to spending levels in BP-18 and BP-20.
 - Spending will be split \$12.5 million between FY 2022 and FY 2023.

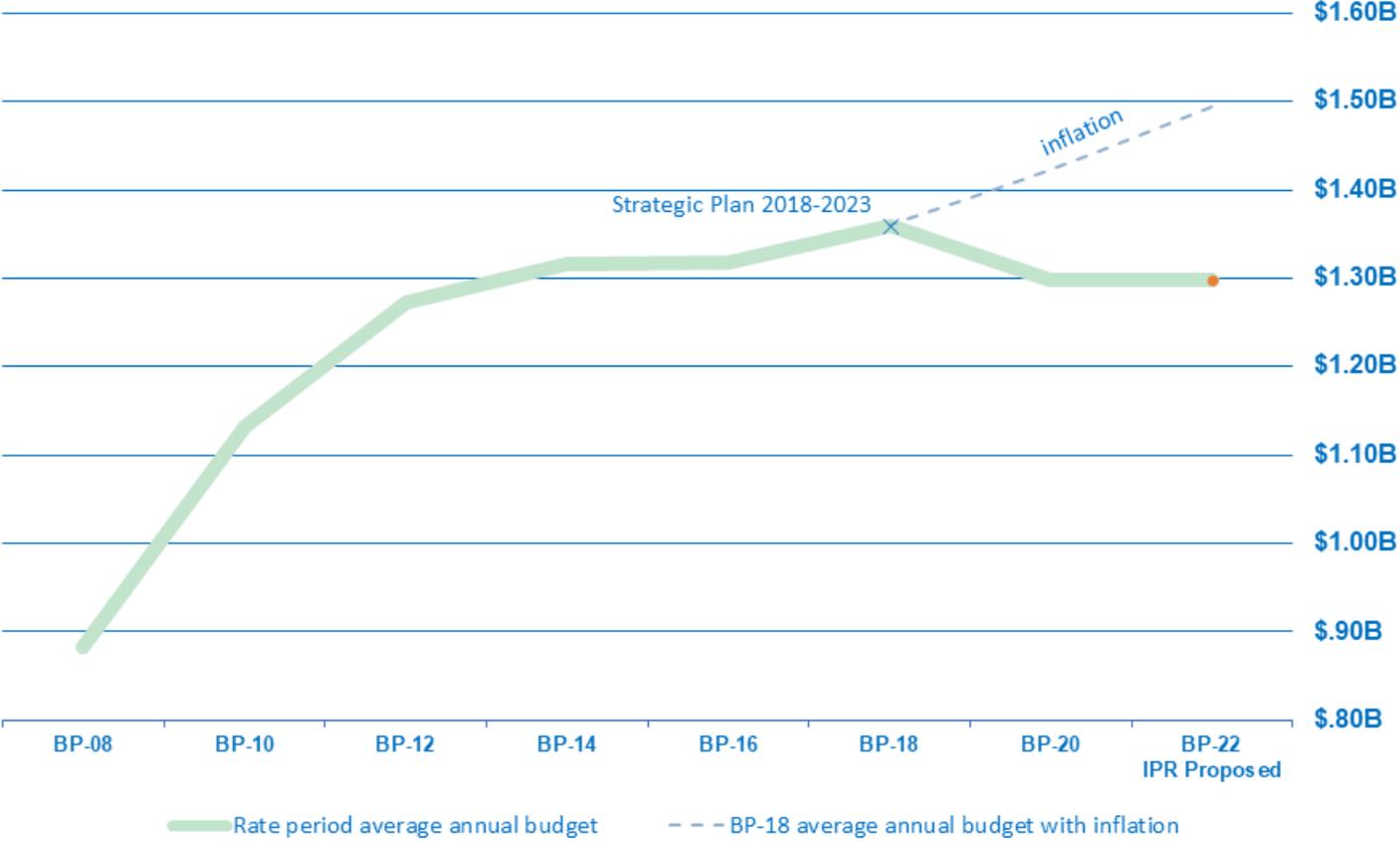


POWER SERVICES

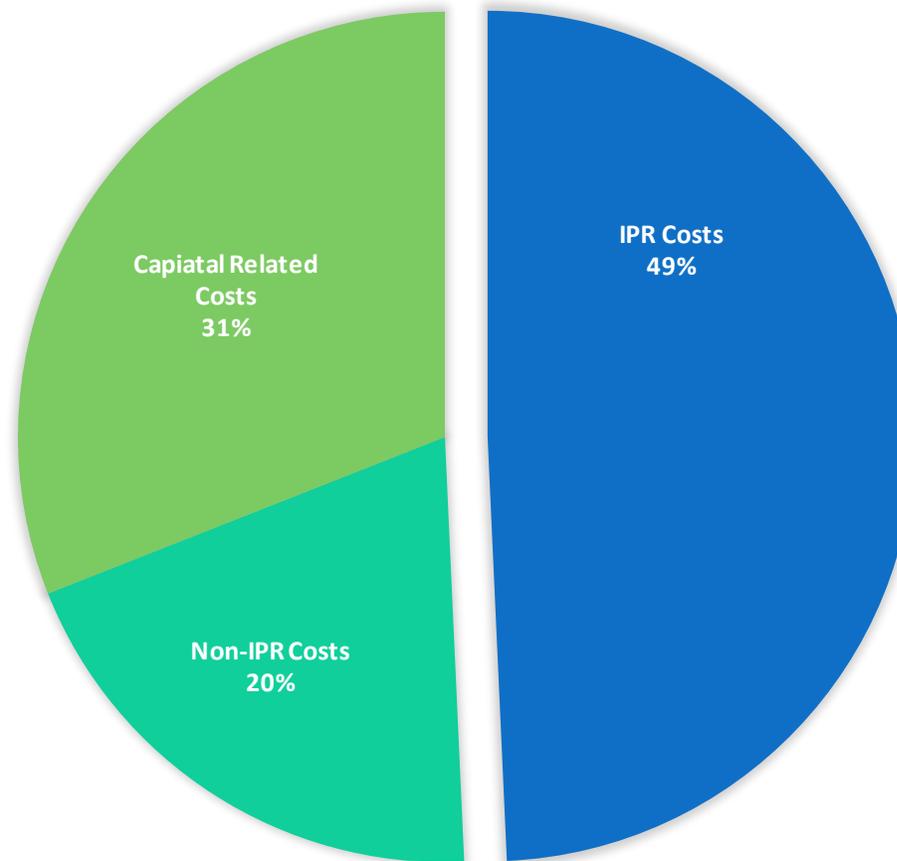
Joel Cook, SENIOR VICE PRESIDENT OF POWER SERVICES

Strategic Context

Power Services - Bending the Cost Curve Average annual program costs in billions of dollars



Composition of the BP-22 Power Revenue Requirement



Strategic Context: Competitiveness

#1 STRENGTHEN
FINANCIAL HEALTH

Cost Management
Cost Structure

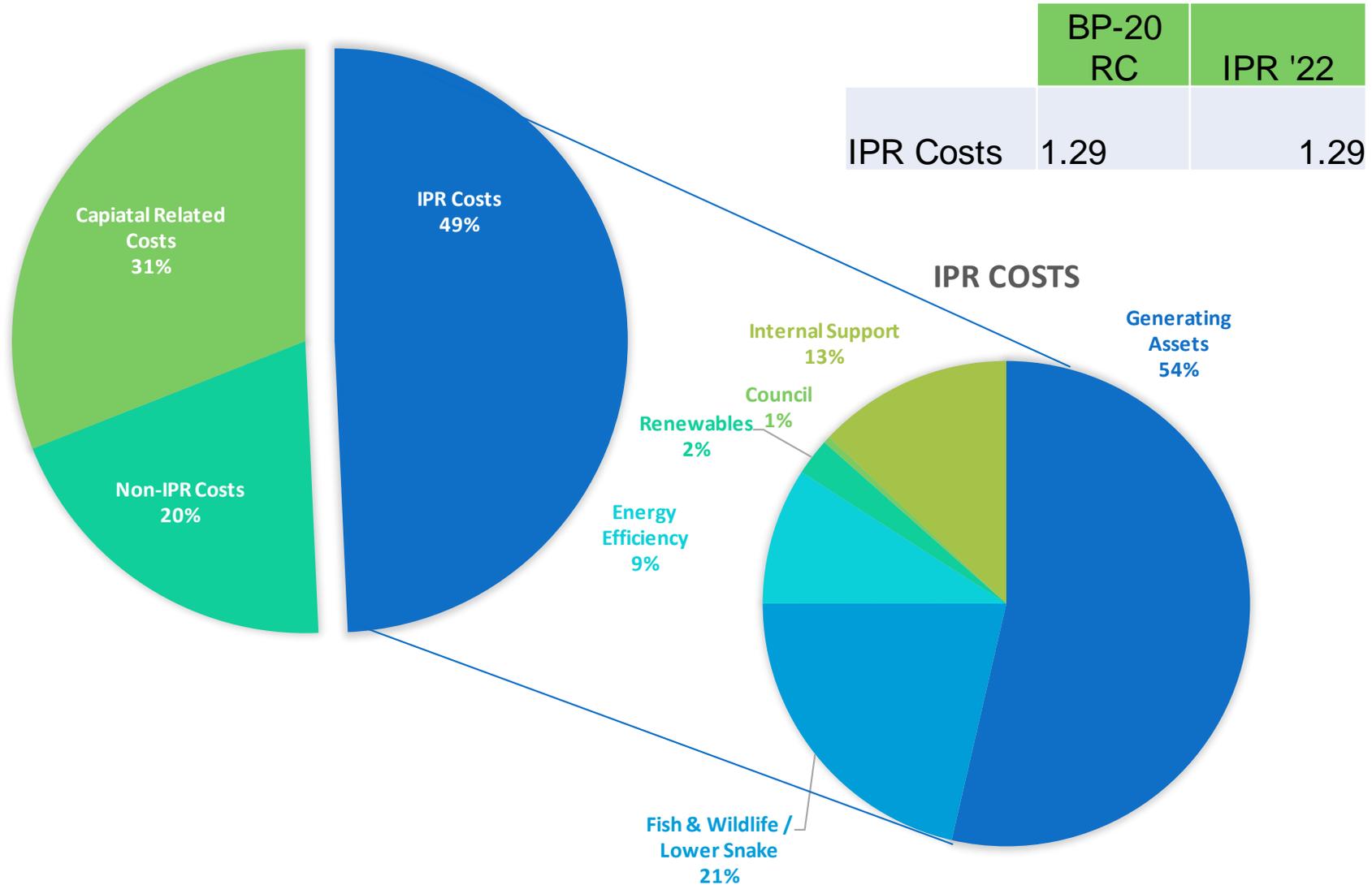
#2 MODERNIZE
ASSETS &
SYSTEM OPERATIONS

Invest in revenue producing assets
Modernizing systems & processes

#3 PROVIDE
COMPETITIVE POWER
PRODUCTS & SERVICES

Identify new sources of revenue

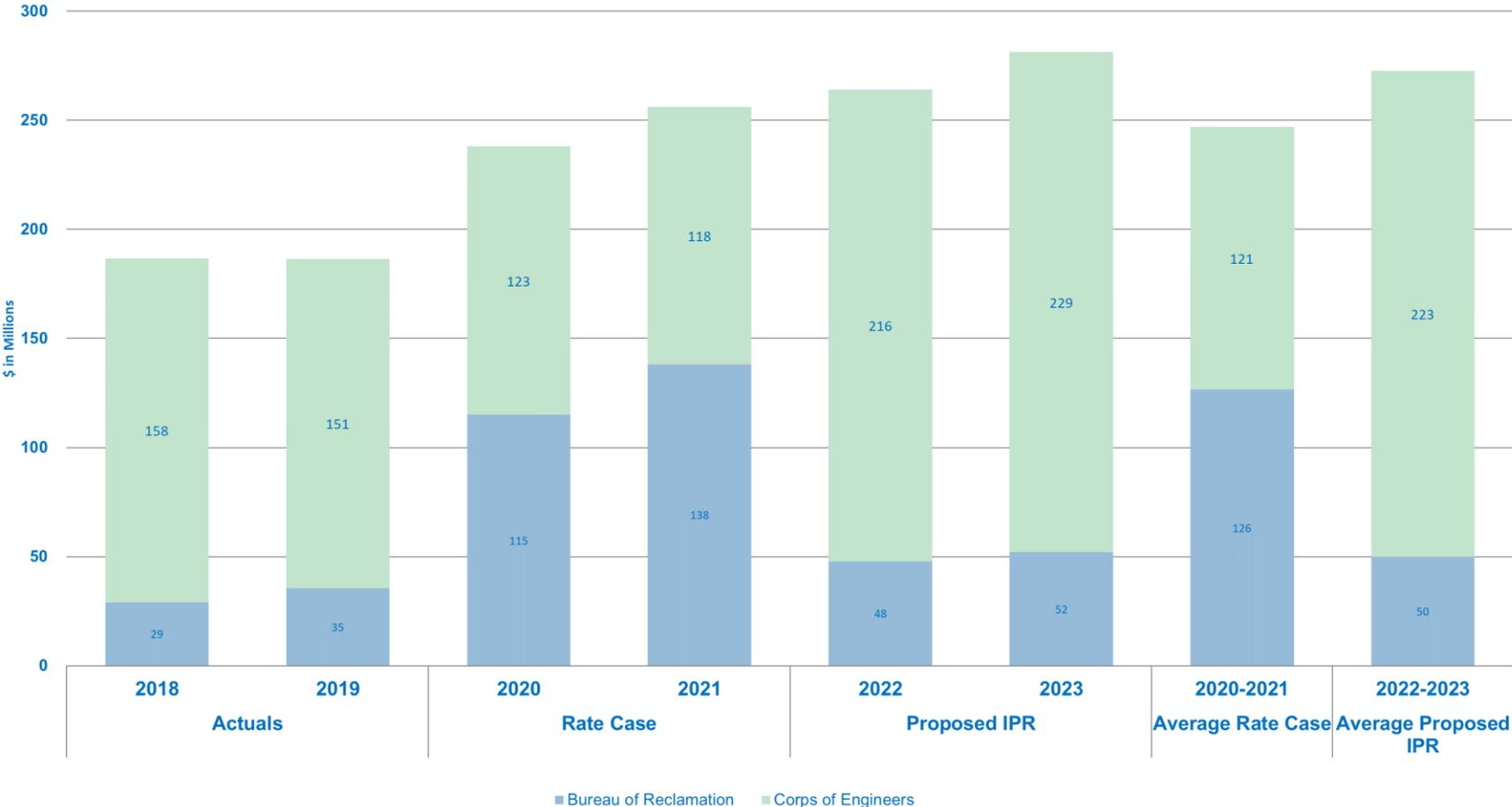
Power Revenue Requirement



Cost Pressures & Risks

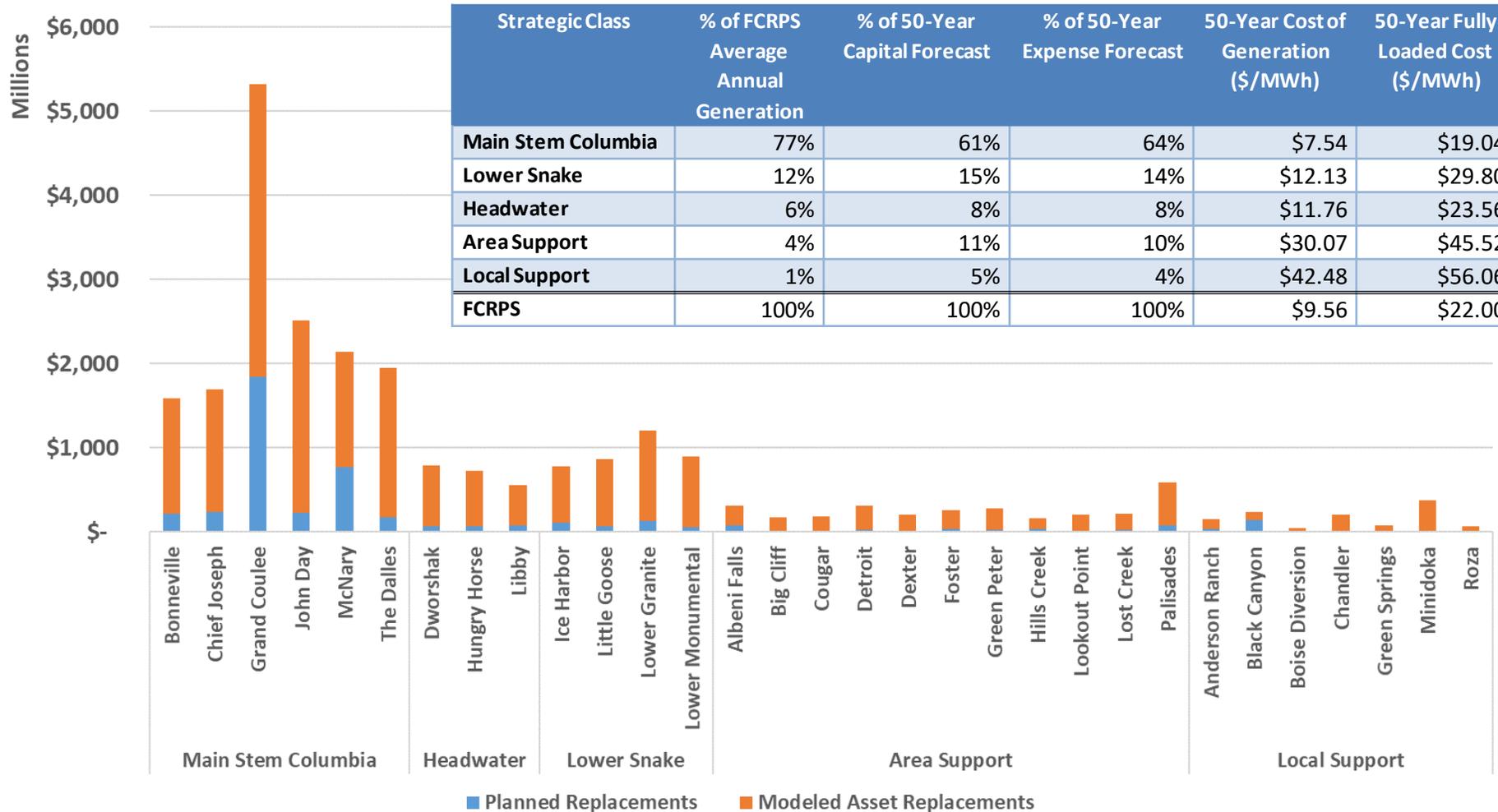
- Fed Hydro O&M
- Columbia Generating Station O&M
- Energy Efficiency
- Fish and Wildlife
- Internal Costs

CAPITAL SUMMARY: FED HYDRO



50-YEAR INVESTMENT FORECAST

50-Year Capital Program Forecast by Plant
2020-2069





TRANSMISSION SERVICES

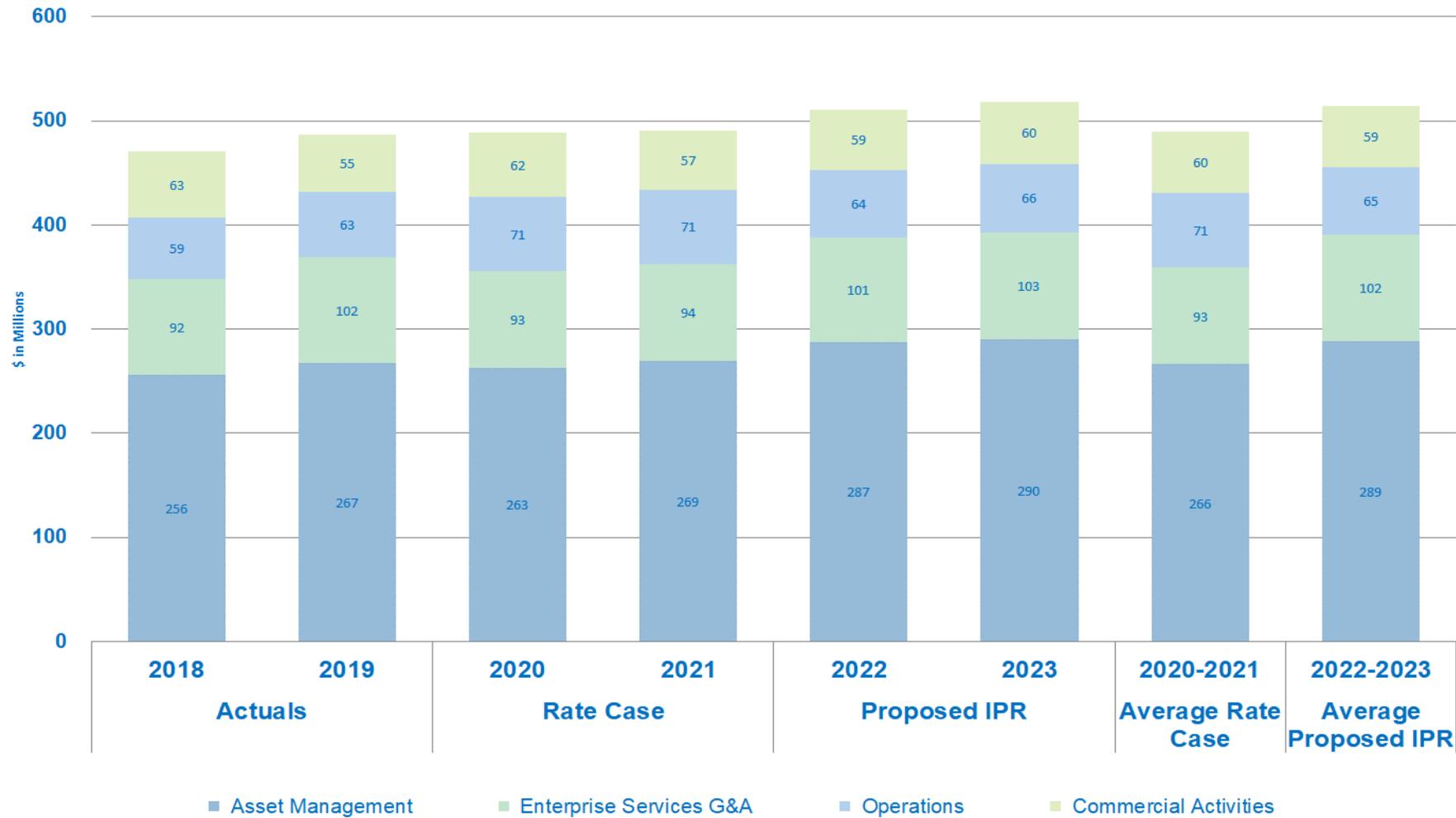
Richard Shaheen, SENIOR VICE PRESIDENT OF TRANSMISSION SERVICES

OVERVIEW

Transmission Services proposes to hold IPR costs at the rate of inflation with an increase of \$25 million a year compared to BP-20 rate case.

- Transmission Services is committed to BPA's cost-management objective.
- Expenses are prioritized to support safety, compliance and market transformation activities, as well as to modernize assets.
- Capital spending is set to achieve safety and high reliability, availability and adequacy standards, and to maximize economic value to the region.

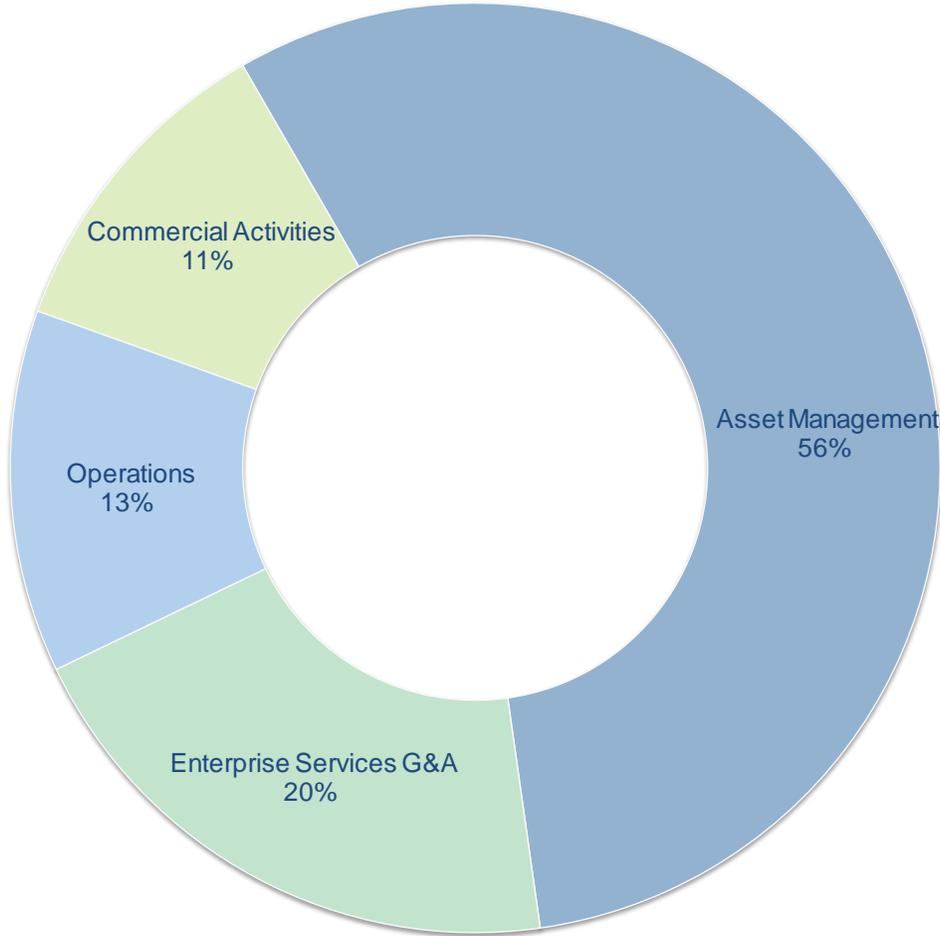
EXPENSE SUMMARY



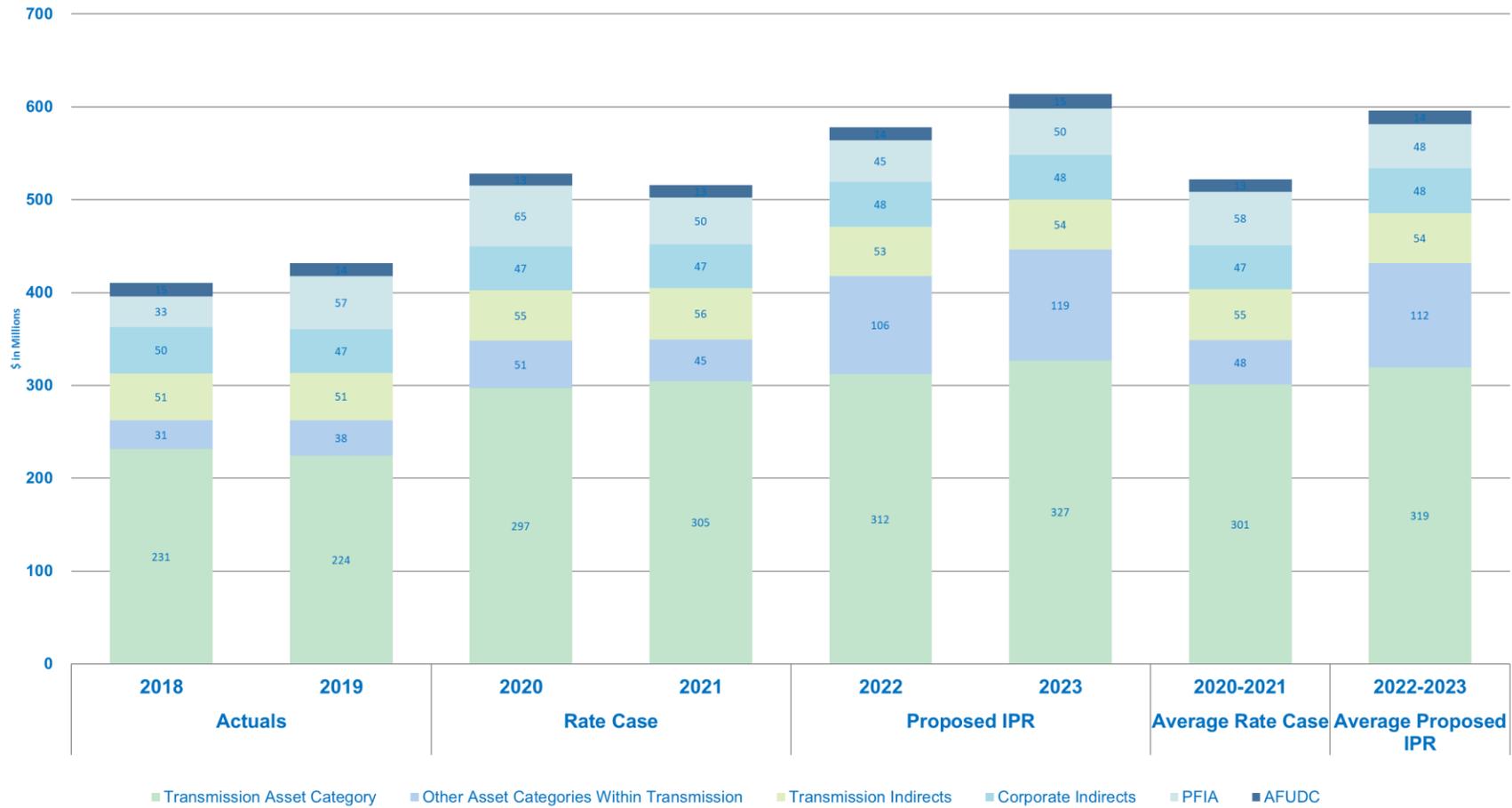
FY 2022-23 AVERAGE - Expense

	FY2020-21 Average
Total	\$490 Million

	FY2022-23 Average
Total	\$514 Million



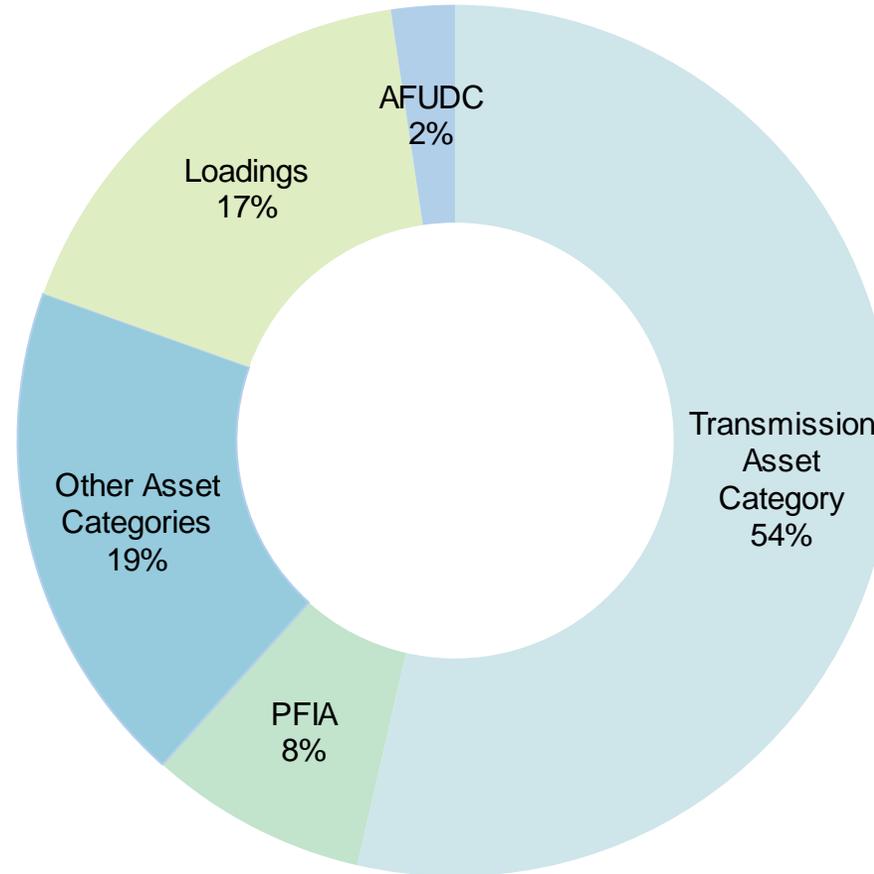
CAPITAL SUMMARY



IPR FY 2022-23 Average - Capital

	FY2020-21 Average
Total	\$522 Million

	FY2022-23 Average
Total	\$596 Million



PRIORITIES

#1

STRENGTHEN
FINANCIAL HEALTH

Cost Management

#2

MODERNIZE
ASSETS &
SYSTEM OPERATIONS

Asset Management

Modernizing systems & processes

#4

MEET TRANSMISSION
CUSTOMER NEEDS
EFFICIENTLY & RESPONSIVELY

Customer Responsiveness



NEXT STEPS

Michelle Manary, CHIEF FINANCIAL OFFICER

PROCESS OVERVIEW

- **June 12**
 - BP-22 IPR initial publication released with summary and detailed documents
- **June 15 – June 17**
 - Kickoff and individual program workshops
- **June 15 – July 15**
 - Opportunity to comment on expense and capital spending proposals for FY 2022 and 2023
- **Late September**
 - BP-22 IPR closeout report published with final spending levels

WORKSHOP SCHEDULE

MORNING	MONDAY JUNE 15	TUESDAY JUNE 16 9:00 AM - Noon Transmission Expense & Capital	WEDNESDAY JUNE 17 9:00 AM Federal Hydropower Expense & Capital 11:00 AM - Noon Energy Efficiency	THURSDAY JULY 15 Close of IPR Public Comment Period	FALL 2020 Release of IPR Close-Out Letter and Final Report
	AFTERNOON	1:00- 4:00 PM Kickoff	Enterprise Services 1:00 – 2:00 PM Grid Modernization 2:00 – 3:30 PM Information Technology Expense & Capital	1:00 – 2:30 PM Columbia Generating Station 2:30 – 4:00 PM F&W Expense & Capital	

SUBMITTING COMMENTS

- Comment period open June 15 – July 15
- Comments can be submitted:
 - Online at www.bpa.gov/comment.
 - By mail to BPA, P.O. Box 14428, Portland, OR 97293



QUESTION AND ANSWER

THANK YOU

BP-22 IPR Initial Publication is available at
www.bpa.gov/goto/IPR.

Questions?

Send questions to BPAFinance@bpa.gov. Answers will be posted to
www.bpa.gov/goto/IPR.

FINANCIAL DISCLOSURE

This information was publicly available on June 12, 2020, and contains information not sourced directly from BPA financial statements.