



Bonneville
POWER ADMINISTRATION



INTEGRATED PROGRAM REVIEW

Transmission Services

June 16, 2020

Proposed IPR Expense and Capital Programs



Transmission Services

- Transmission Service is responsible for planning, designing, marketing, operating and maintaining approximately 15,000 miles of the Pacific Northwest's high-voltage transmission assets across multiple states.
- Agency strategic goals

#1 STRENGTHEN
FINANCIAL HEALTH

#2 MODERNIZE
ASSETS &
SYSTEM OPERATIONS

#3 PROVIDE
COMPETITIVE POWER
PRODUCTS & SERVICES

#4 MEET TRANSMISSION
CUSTOMER NEEDS
EFFICIENTLY & RESPONSIVELY

Transmission Services

IPR principles:

- Limit rate increases. 
- Mission critical work.   
- Make investments that provide savings to ratepayers.   
- Focus on risk-prioritized investments.   

Transmission Guidelines

- Proposed expense funding levels held at the rate of inflation.
- To hold costs at the rate of inflation, Transmission identified cost savings and efficiencies, and focused funding on priority areas to mitigate risks.
- Trade-offs helped to mitigate cost pressures, cost reductions were identified, and personnel will focus on mission critical work.

#1 STRENGTHEN
FINANCIAL HEALTH

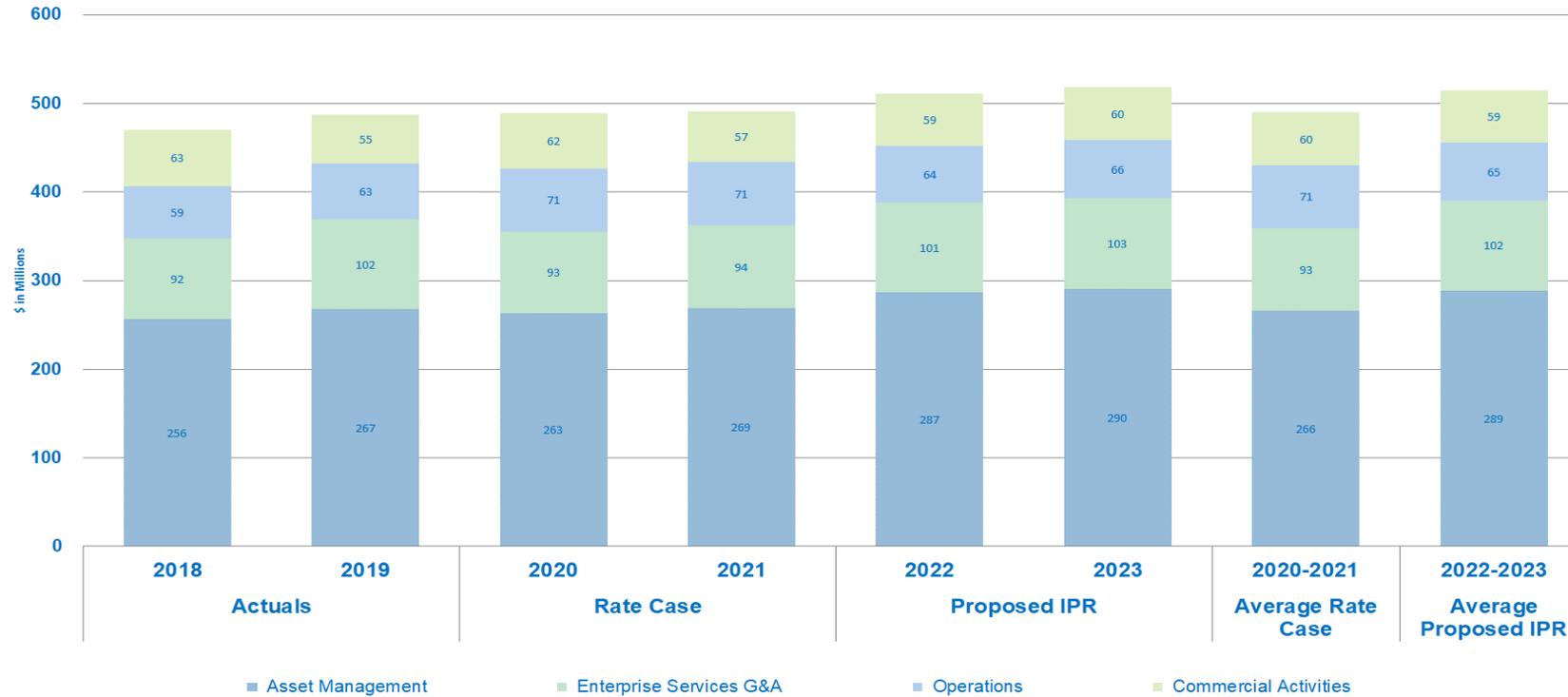
#1 STRENGTHEN
FINANCIAL HEALTH

#1 STRENGTHEN
FINANCIAL HEALTH

#2 MODERNIZE
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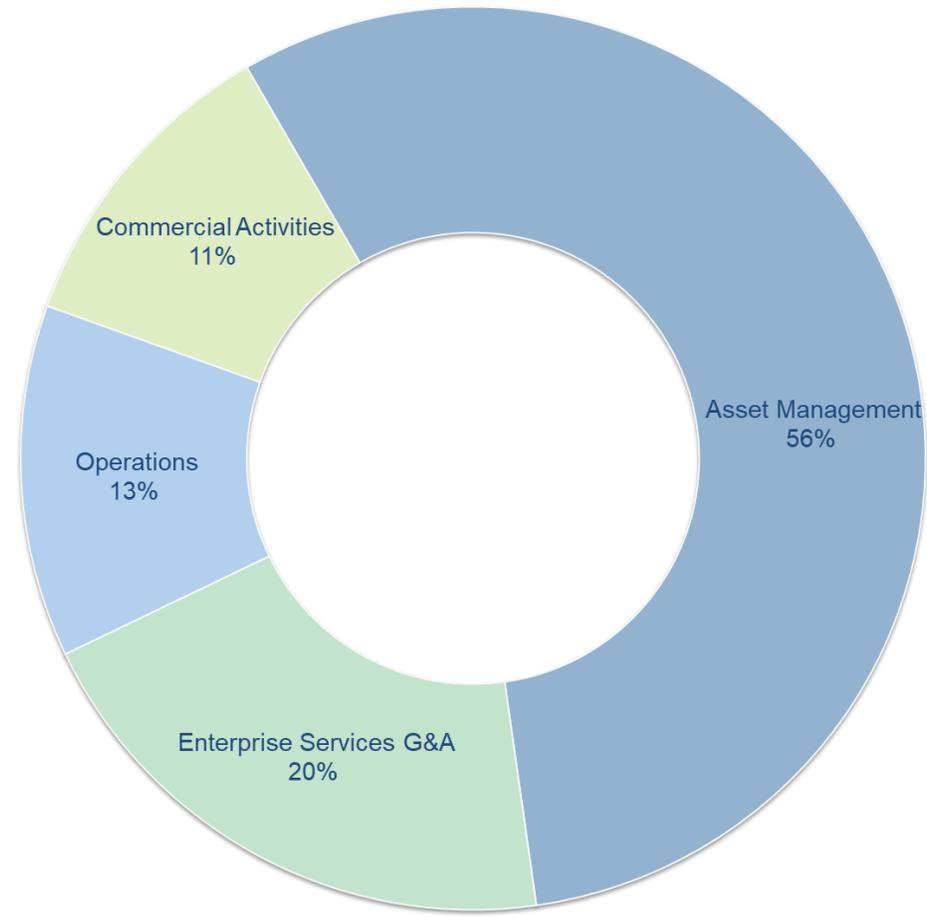
#4 MEET TRANSMISSION
CUSTOMER NEEDS
EFFICIENTLY & RESPONSIVELY

Transmission Services - Expense

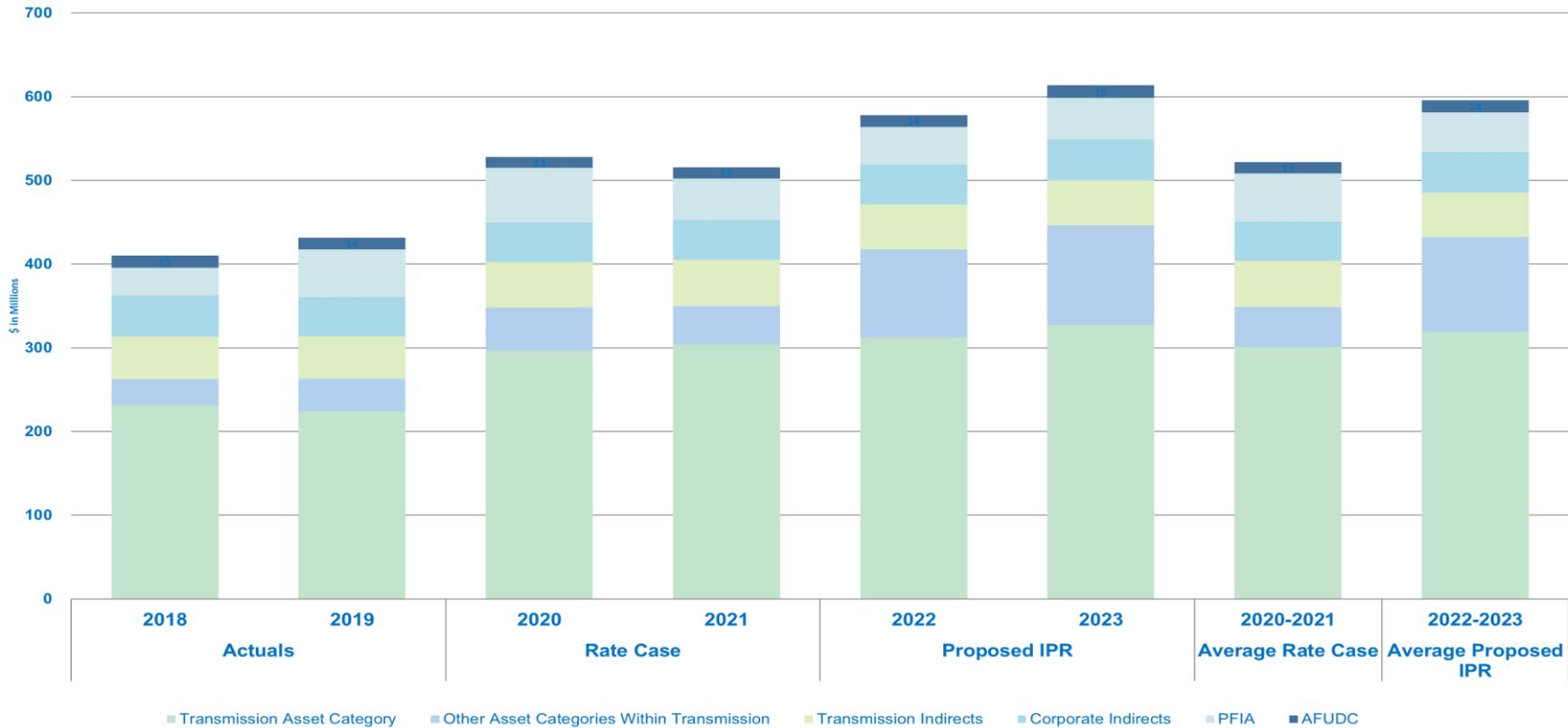


(\$Thousands)	Actuals		Rate Case		Proposed IPR		Average Rate Case	Average Proposed IPR
	2018	2019	2020	2021	2022	2023	2020-2021	2022-2023
Costs Described in IPR								
Asset Management	256,165	267,334	262,974	268,795	286,951	290,281	265,884	288,616
Enterprise Services G&A	91,752	101,622	92,528	93,884	101,128	102,602	93,206	101,865
Operations	58,786	62,926	71,098	71,150	64,284	65,598	71,124	64,941
Commercial Activities	63,451	54,872	62,078	57,136	58,537	59,620	59,607	59,078
Costs Described in IPR Total	470,154	486,754	488,678	490,965	510,899	518,101	489,822	514,500

IPR FY 2022-23 Average - Expense

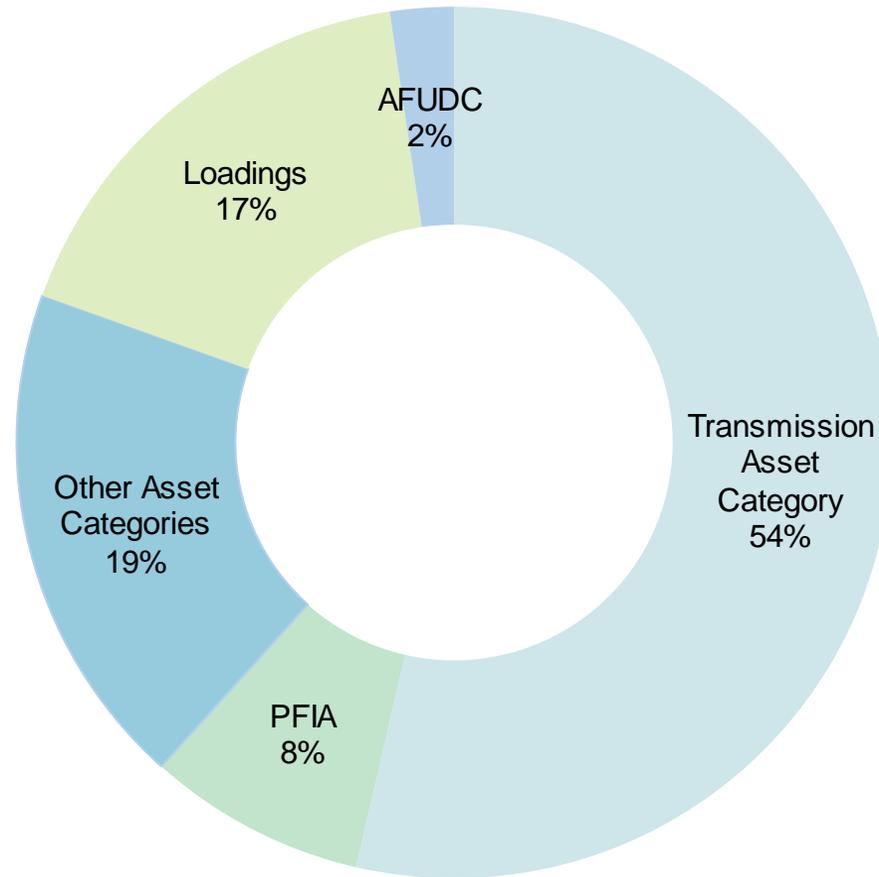


Transmission Services - Capital



(\$thousands)	Proposed IPR		Capital Outyears							
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Transmission Asset Category	312,000	327,000	385,000	534,600	498,000	392,000	314,000	314,000	321,067	328,130
Other Asset Categories Within Transmission	105,780	118,990	110,000	36,410	54,920	53,630	57,540	58,250	60,660	53,170
Transmission Indirects	53,390	54,072	54,755	55,437	56,119	56,801	57,484	58,166	58,848	59,531
Corporate Indirects	46,765	47,052	48,187	49,316	50,428	51,572	52,737	53,861	54,958	56,039
PFIA	45,000	50,000	40,000	30,000	30,000	30,000	30,000	30,000	30,675	31,350
AFUDC	13,738	15,159	17,594	21,942	27,373	31,307	32,140	31,469	30,447	28,988
Capital Total	576,673	612,273	655,536	727,705	716,840	615,310	543,901	545,746	556,655	557,208

IPR FY 2022-23 Average - Capital



Transmission Programs

- Transmission Commercial Activities
- Transmission Asset Management
- Transmission Operations
- Enterprise Services

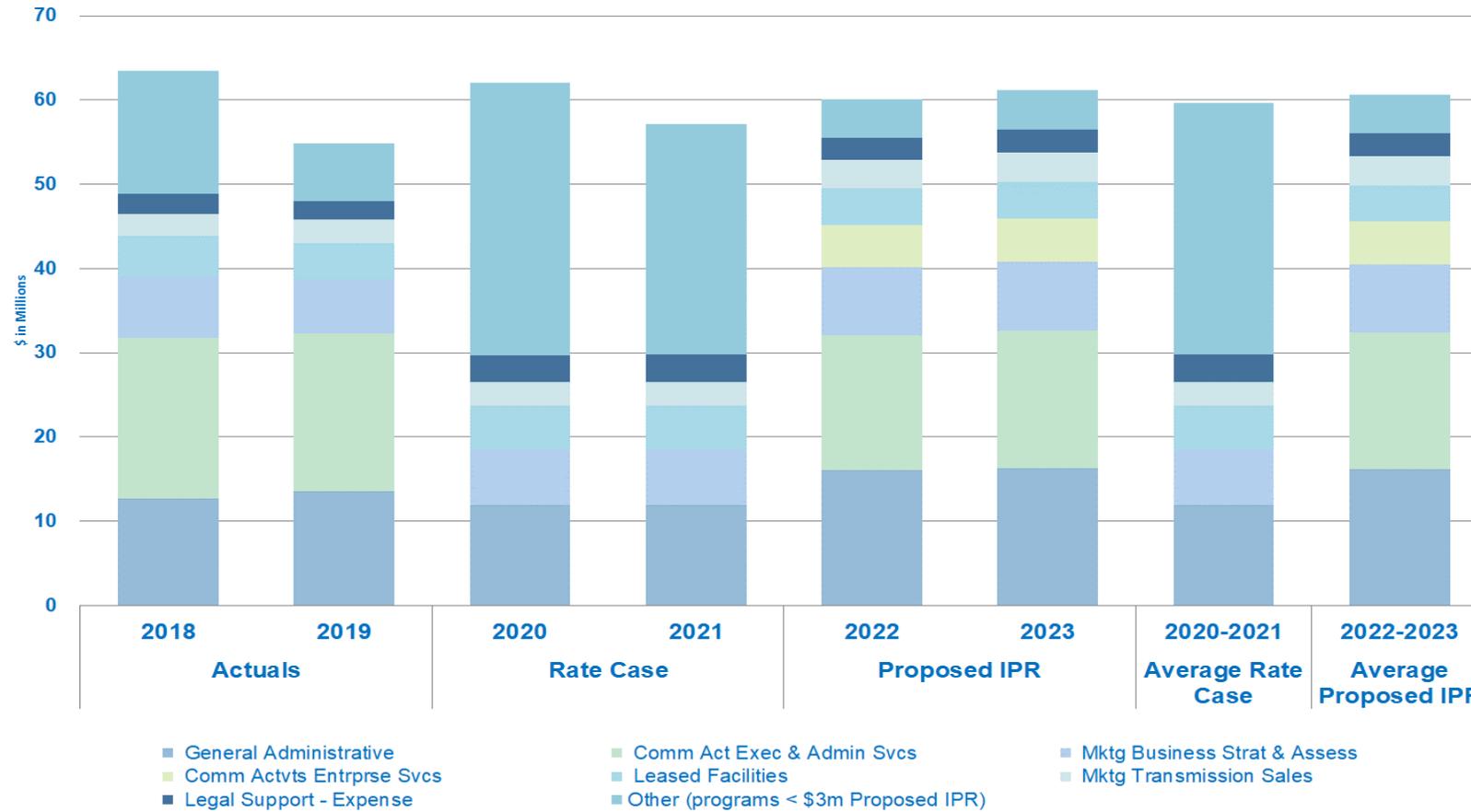
Transmission Commercial Activities

Mission

The Commercial Activities provides leadership and direction to standardize and streamline products, rules and strategies to satisfy BPA commercial objectives and customer needs. The Commercial Operation also strives to optimize current and future opportunities and efficiencies to support over 300 customers resulting in an average annual revenues of \$1.1 billion.



Transmission Commercial Activities



(\$Thousands)	Actuals		Rate Case		Proposed IPR		Average Rate Case	Average Proposed IPR
	2018	2019	2020	2021	2022	2023	2020-2021	2022-2023
Grand Total	63,451	54,872	62,078	57,136	58,537	59,620	59,607	59,078

Transmission Commercial Activities

- FY 22/23 average proposed levels: \$59 million
- Change from BP-20 rate case: no change
- **Program Objectives in 2022 and 2023:**
 - Design and Offer High Quality Services
 - Align Service Performance Expectations
 - Capture Revenue and Mitigate Commercial Risk
 - Manage the Business Interfaces with Customers

Transmission Commercial Activities

- Benefits of proposed spending levels:
 - Core work
 - Efficiency improvements
 - Strategic initiatives

Transmission Asset Management

Mission

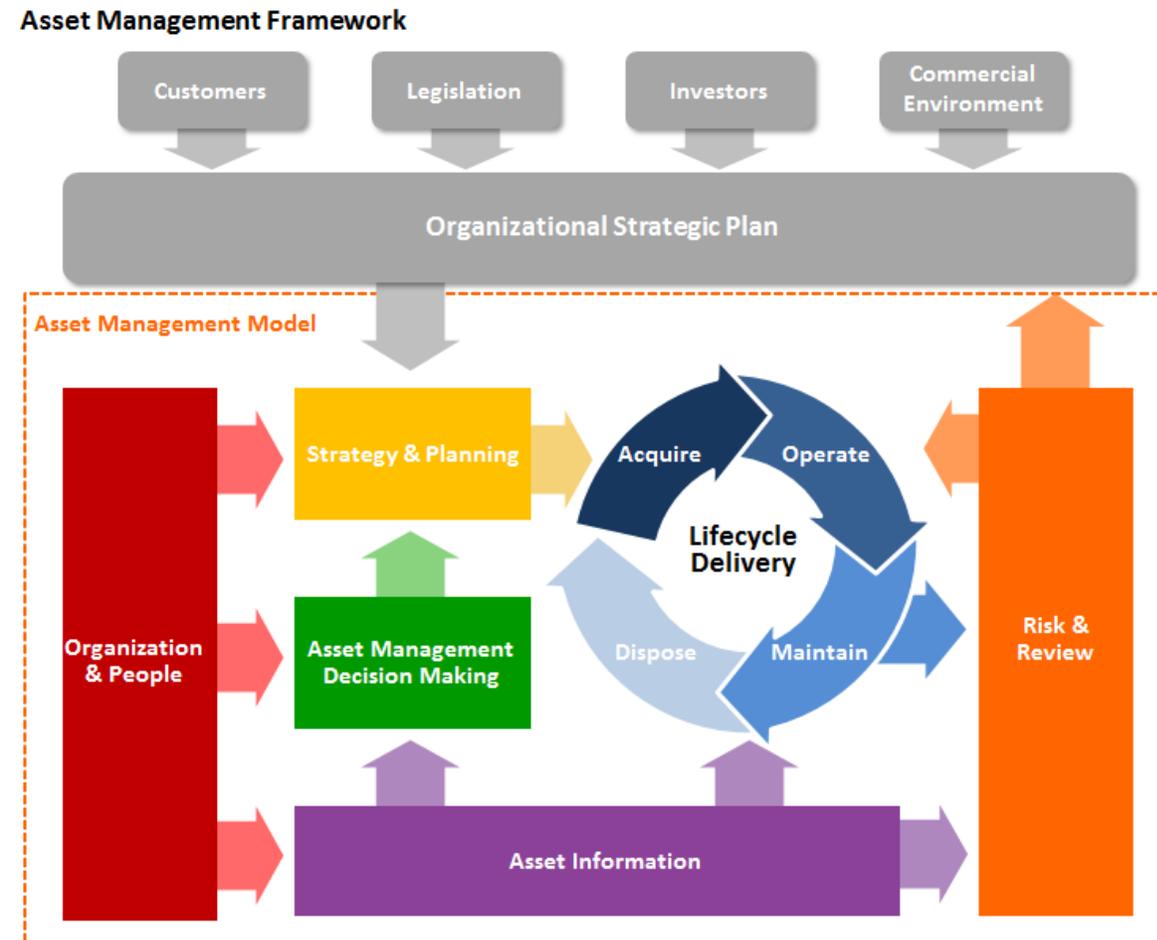
Transmission Services will manage its assets to achieve safety, reliability, and availability and adequacy standards and maximize economic value for the region. It will use efficient and transparent practices that are effective in managing risks and delivering results.



Transmission Asset Management Strategy

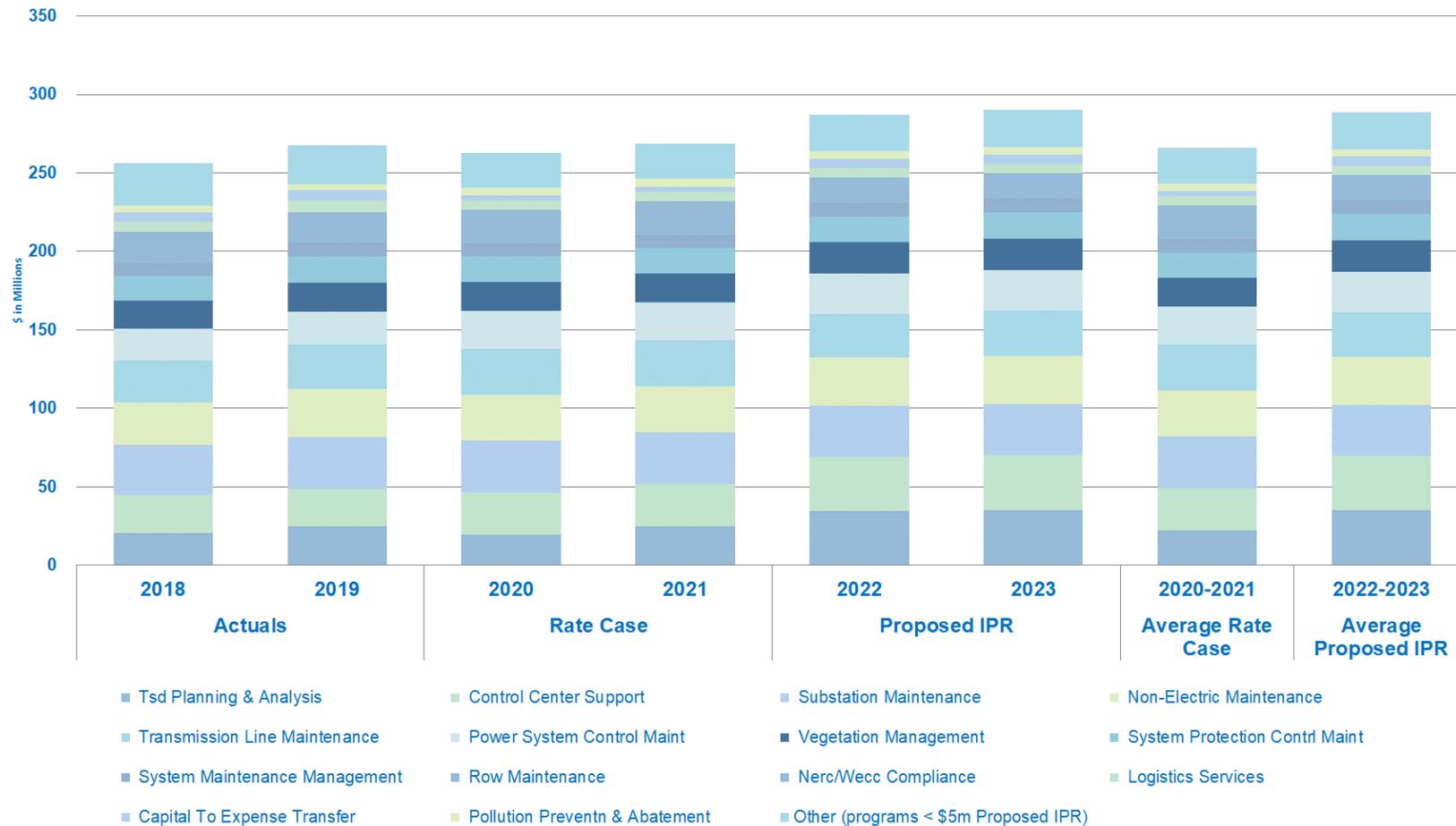
Objective: Align with Institute of Asset Management (IAM) best practices

- Lifecycle costing
- Technological obsolescence
- Compliance
- Greater system visibility



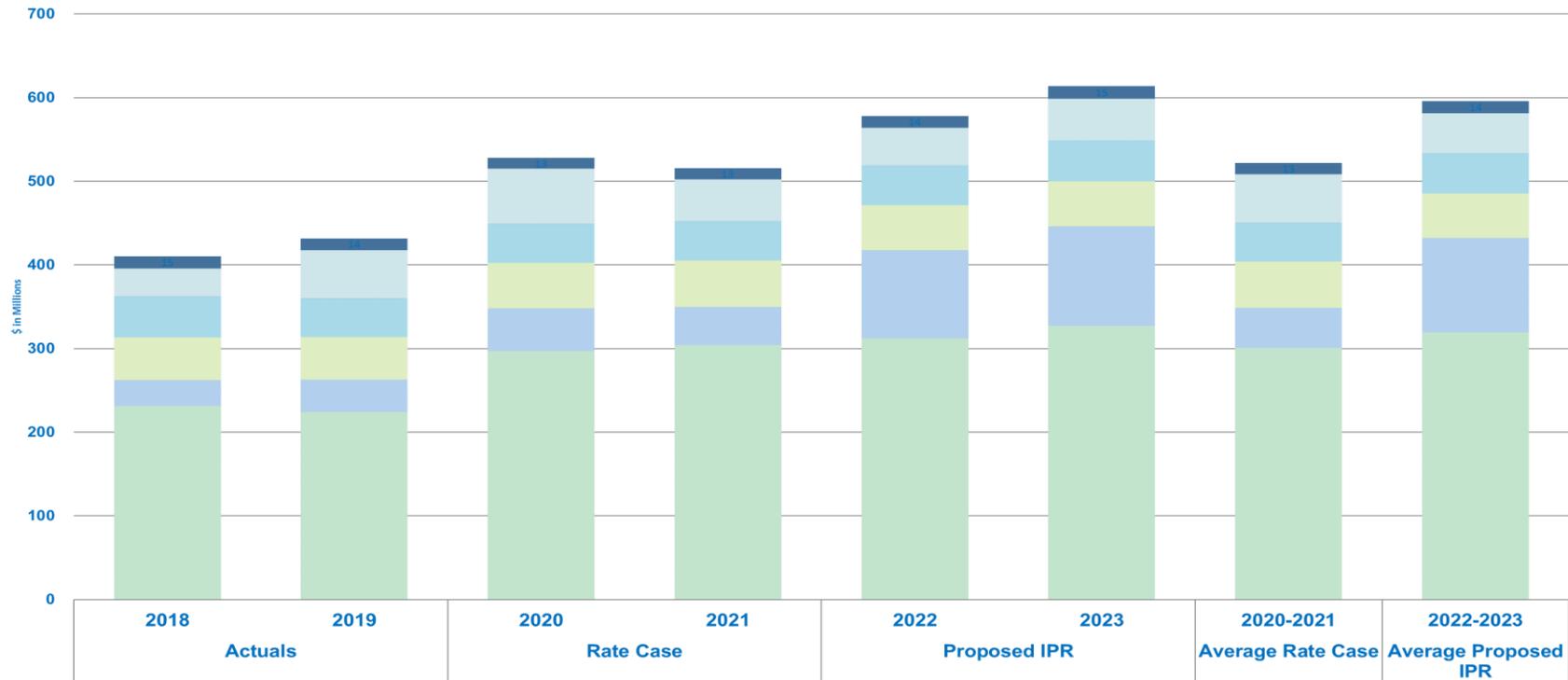
The Institute of Asset Management (IAM)

Transmission Asset Management - Expense



(\$Thousands)	Actuals		Rate Case		Proposed IPR		Average Rate Case	Average Proposed IPR
	2018	2019	2020	2021	2022	2023	2020-2021	2022-2023
Grand Total	256,165	267,334	262,974	268,795	286,951	290,281	265,884	288,616

Transmission Asset Management - Capital



(\$thousands)	Proposed IPR		Capital Outyears							
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Transmission Asset Category	312,000	327,000	385,000	534,600	498,000	392,000	314,000	314,000	321,067	328,130
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Capital Total	576,673	612,273	655,536	727,705	716,840	615,310	543,901	545,746	556,655	557,208

Transmission Asset Management

- **FY 22/23 average proposed levels:**
 - Expense: \$289 million
 - Capital: \$594 million
- **Change from BP-20 rate case:**
 - Expense: \$23 million increase
 - Capital: \$73 million increase
- **Program Objectives in 2022 and 2023:**
 - Maintenance and capital replacements
 - Right-sized investments
 - Optimizing lifecycle and maintenance processes

Transmission Asset Management

Benefits of proposed spending levels:

- Enables Asset Management maturity as a result of applying IAM framework
- Helps resolve constraint mitigation via Secondary Capacity Model
- Integrated maintenance practices and asset replacement

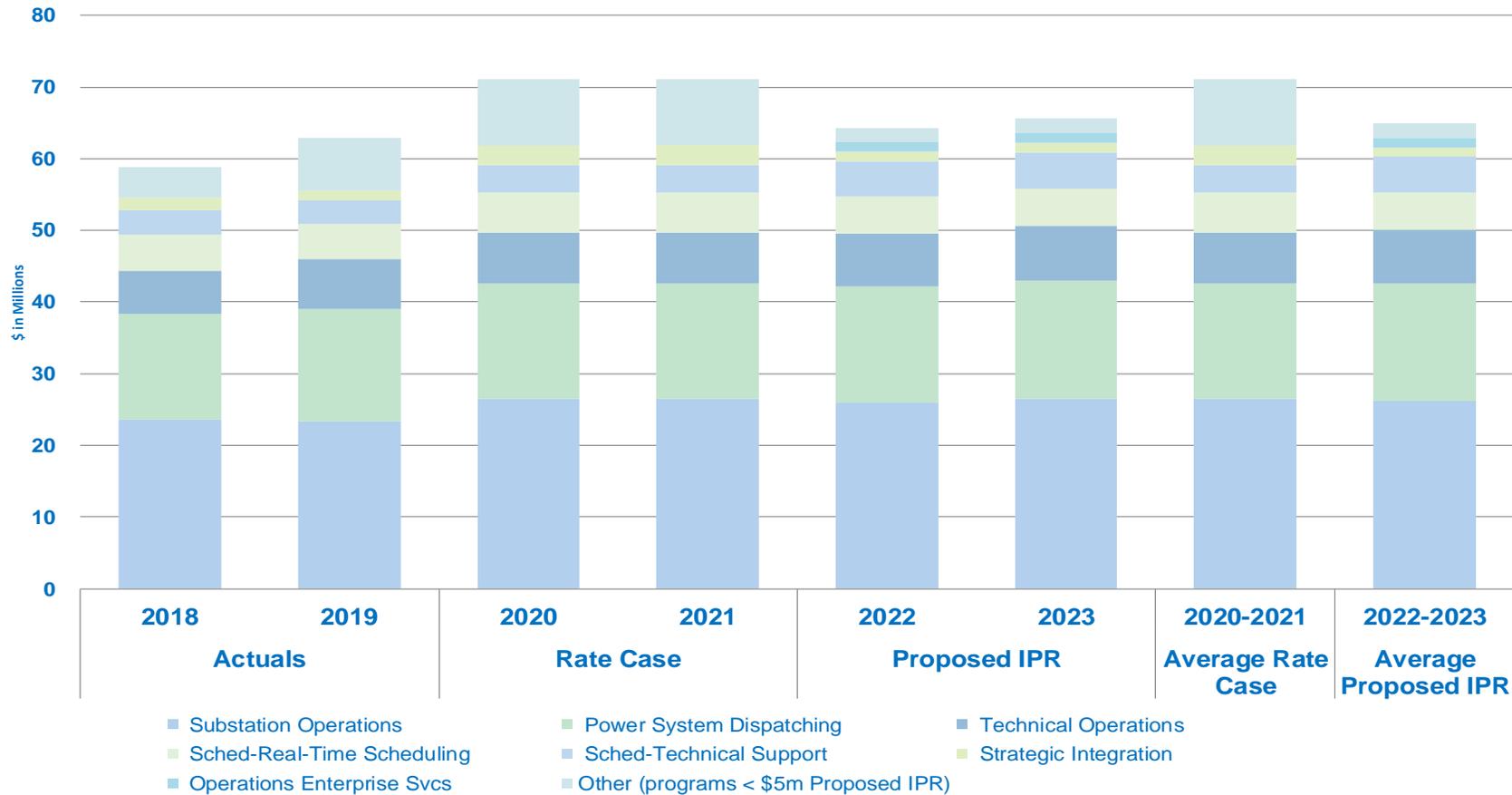
Transmission Operations

Mission

Transmission Operations is responsible for the safe, reliable operation and dispatch of the high-voltage transmission system and interconnected generation. Transmission Operations staff support initiatives providing planning, scoping, and project management activities that lead to improvements in the tools available for the reliable operation of BPA's transmission system.



Transmission Operations



	Actuals		Rate Case		Proposed IPR		Average Rate Case	Average Proposed IPR
	2018	2019	2020	2021	2022	2023	2020-2021	2022-2023
(\$Thousands)								
Grand Total	58,786	62,926	71,098	71,150	64,284	65,598	71,124	64,941

Transmission Operations

- FY 22/23 average proposed levels: \$65 million
- Change from BP-20 rate case: \$6 million decrease
 - Includes \$8.4 million shift for Grid Mod KSI to Enterprise Services Program Plan

- **Program Objectives in 2022 and 2023**
 - Deliver Generation to Load
 - Conduct Performance Analysis

Transmission Operations

- Benefits of proposed spending levels:
 - Allow full support of Grid Modernization and Energy Imbalance Market
 - Absorb, through attrition, to staff an EIM desk
 - Maintain current service levels through efficiency and continuous improvement

Enterprise Services



Enterprise Services

- FY 22/23 Average proposed levels: \$102 million
- Change from BP-20 rate case : \$9 million
- Internal support consists of two separate programs, “Additional Post Retirement Benefits Contributions” and “Enterprise Services General and Administrative” that are included in Transmission’s revenue requirements.
- The Enterprise Services G&A funding levels are costs not direct charged to Transmission’s program plans and are determined by the level of service required to support the business units.
- Proposed funding levels for Agency Services have increased from the BP-20 funding levels and discussed at the Corporate IPR session.

(\$thousands)	Actuals		Rate Case		Proposed IPR		Avg Rate Case	Avg Proposed IPR
	2018	2019	2020	2021	2022	2023	2020-2021	2022-2023
Enterprise Services' G&A Allocations	72,384	81,413	74,090	74,591	88,521	89,651	74,341	89,086
Post-retirement benefits	19,368	20,210	18,438	19,293	12,607	12,952	18,866	12,779
Total	91,752	101,622	92,528	93,884	101,128	102,602	93,206	101,865

In Summary

Agency strategic goals

#1 STRENGTHEN
FINANCIAL HEALTH

#2 MODERNIZE
ASSETS &
SYSTEM OPERATIONS

#3 PROVIDE
COMPETITIVE POWER
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#4 MEET TRANSMISSION
CUSTOMER NEEDS
EFFICIENTLY & RESPONSIVELY





QUESTIONS?

FINANCIAL DISCLOSURE

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

THANK YOU