



April 2004 (updated August 2004)
Customer Collaborative
Discussion on BPA's Capital Investments



Capital Budgeting Review Process, Including Infrastructure

Bonneville's capital requirements go through many critical reviews before expenditures proceed.

1. Internal BPA Capital Budgeting:

- Requires use of risk weighted rates of return and critical choices among alternative proposals

2. Administrative:

- Proposed capital spending levels reviewed by BPA management

3. Pre Rate Case:

- Public review and input process involves customers and constituents prior to rate case

4. BPA's Budget:

- Submit to OMB for review by OMB and other Executive Agencies.

5. Appropriations Committees:

- Review by both House & Senate Committees

6. Northwest Power and Conservation Council Review:

- Regional F & W and power program reviewed



Capital Objectives

- BPA will strive to maintain its ability to borrow from the U.S. Treasury through at least 2018.
- After that date most of BPA's third party debt will be retired, and significant amounts of Federal debt will start to be paid off, probably providing more rapid replenishment of Treasury borrowing cap.
- BPA will use a combination of tools to achieve this objective, with reductions of capital spending and more reliance upon third party arrangements being preferred over revenue financing and increased amortization payments.



Treasury Relationship

- Exclusive & defined limits to BPA/Treasury relationship
- Funding role -- appropriations vs. bonds
- Oversight -- agreements consistent with law
- “Pots”, duration of bonds, revolving fund within caps



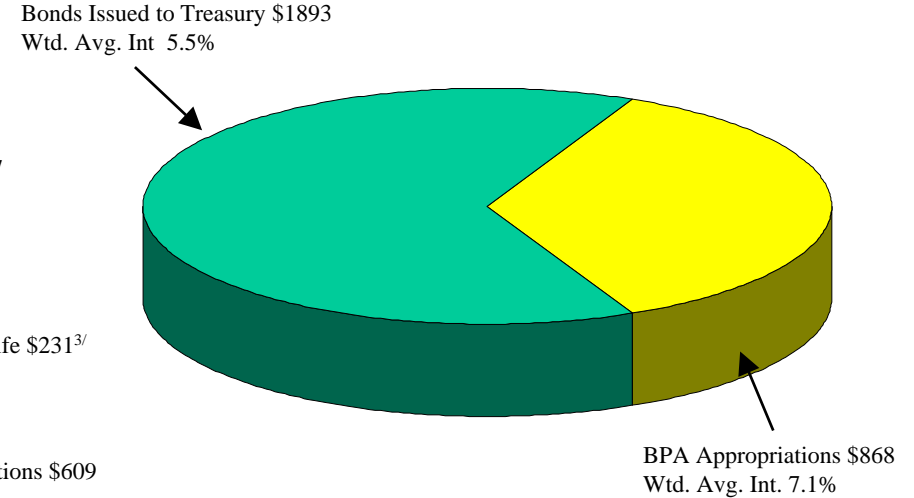
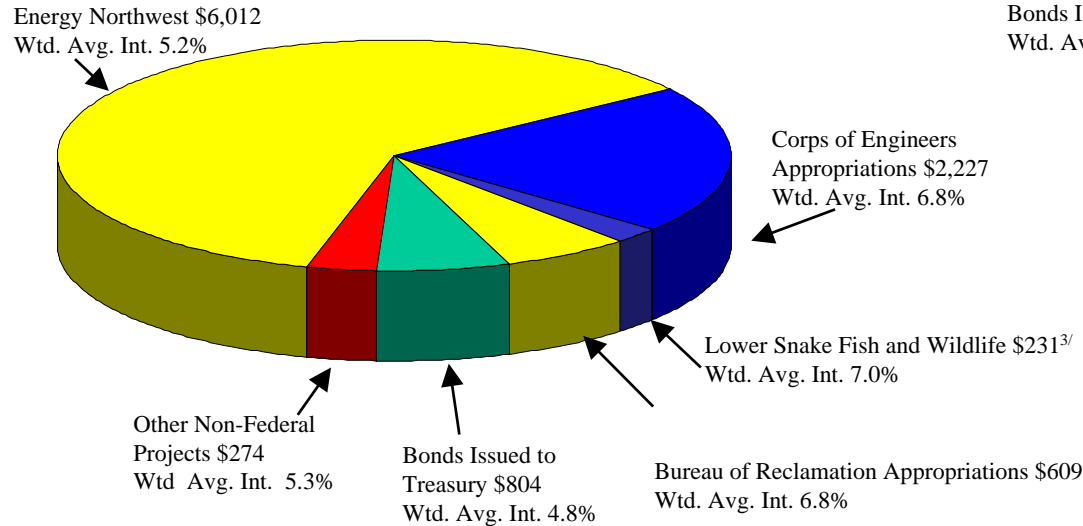
Federal Columbia River Power System (FCRPS) Total Liabilities to Federal and Non Federal Parties

FY 2003 ^{1/}

Generation

(\$ millions)

Transmission

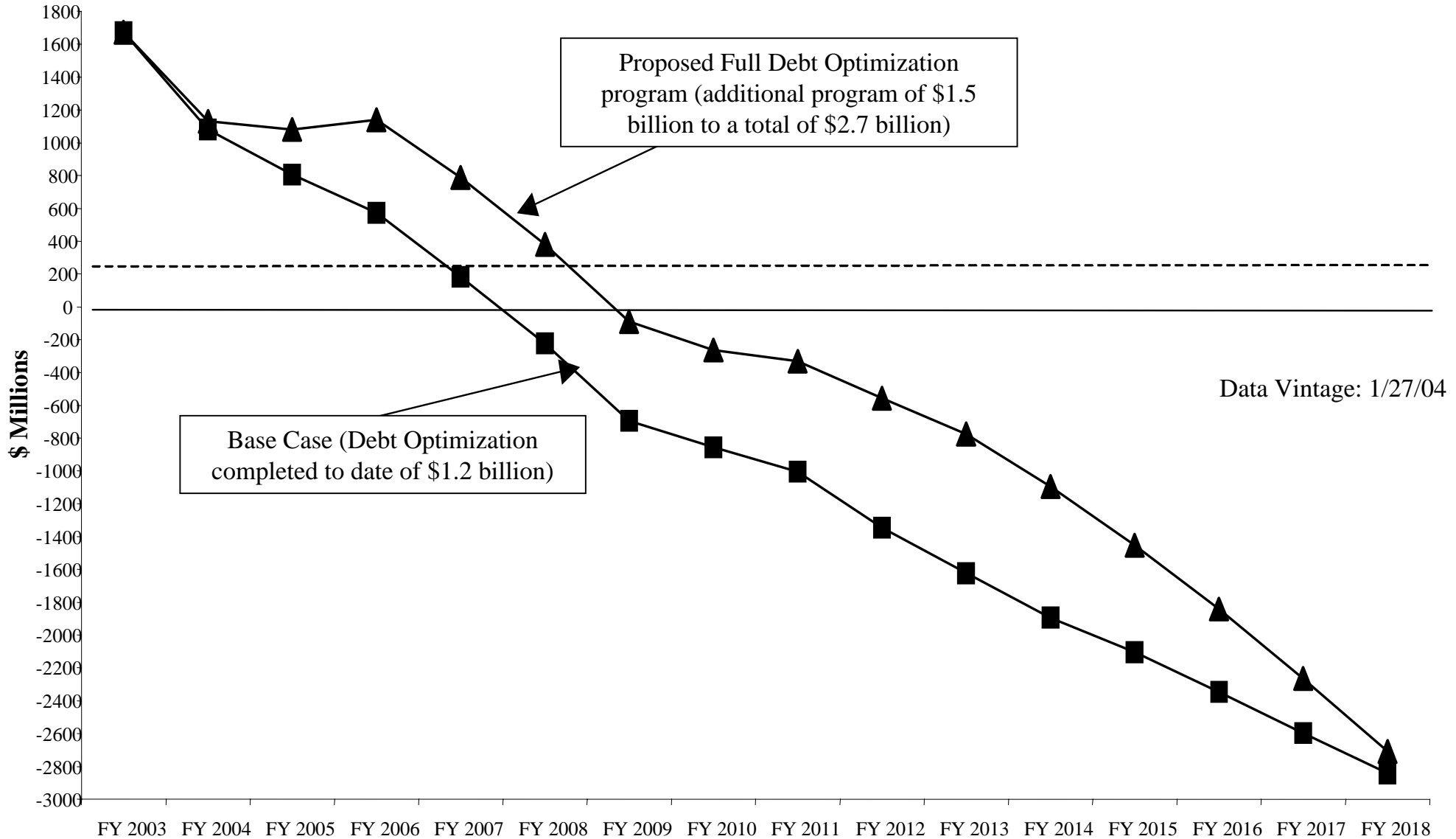


	Power Marketing		Transmission		Total	
	Liabilities Outstanding (\$millions)	WAI Rate	Liabilities Outstanding (\$millions)	WAI Rate	Liabilities Outstanding (\$millions)	WAI Rate
Total Appropriations ^{2/}	\$3,066	7.0	\$868	7.2	\$3,934	7.0
Total Bonds Issued to Treasury	804	4.8	1,893	5.5	2,697	5.4
Total Federal Liabilities	3,870	6.5	2,761	6.0	6,631	6.3
BPA Liabilities to Non Federal Parties	6,286	5.2	0	0	6,286	5.2
Total FCRPS Liabilities	\$10,156	5.7	\$2,761	6.0	\$12,917	5.8

1/ Irrigation assistance liability not included (\$685 million at zero percent interest).
 2/ Appropriation amounts exclude appropriations for work still in progress. 2003 CWIP was \$674,432,593.
 3/ Lower Snake Fish and Wildlife previously included in Corps of Engineers.



Access to Treasury Capital with and without Future Debt Optimization



For illustrative purposes only.



BPA's Continuing Capital Program Translates to an Ongoing Need for Low Cost Financing

CAPITAL INVESTMENTS

(in millions of dollars)

Fiscal Year	Actuals				Estimates					
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Conservation & Energy Efficiency	0	0	29	25	30	36	32	32	32	32
Transmission Business Line	116	183	259	319	386	269	222	331	409	386
Associated Project Cost - Capital	33	65	73	99	111	116	119	133	145	137
Fish & Wildlife	14	17	6	12	36	36	36	36	36	36
Capital Equipment	26	17	22	19	31	27	22	23	23	23
Capitalized Bond Premiums	4	0	0	0	3	3	3	3	3	3
TOTAL CAPITAL	193	282	389	473	598	487	435	558	648	617

Updated Aug. 2004

FYs 2000-2002 data is un-audited and has been made publicly available by BPA, consistent with BPA Congressional Budget Submissions for FYs 2002 (released Feb. 2001), 2003 (released Feb. 2002) and 2004 (released Feb. 2003), respectively. FY 2003 data is based on audited actuals and FYs 2004-2009 data includes estimates based on information made publicly available by BPA in Feb. 2004, consistent with the FY 2005 Congressional Budget Submission.



Federal Debt & Non-Federal Obligations FYs 2003-2018

	Actual		Projected (as of Nov., 2003)	
	FY 2003	FY 2006	FY 2011	FY 2018
Bonds	Debt Outstanding (\$ millions)			
Power				
Fish and Wildlife	105.0	234.0	394.0	561.0
Conservation	304.8	376.5	52.8	0.0
BPA program (IT, etc.)	69.6	72.5	141.1	210.3
Direct Funding (Corps/BOR)	325.0	585.4	1,194.0	2,054.3
Total Power Bonds	804.4	1,268.4	1,781.9	2,825.6
Transmission				
Construction	1,793.3	2,407.4	3,471.2	4,281.0
Environment	100.0	120.1	120.5	105.7
Total Transmission Bonds	1,893.3	2,527.5	3,591.7	4,386.7
Total Bonds	2,697.7	3,795.9	5,373.6	7,212.3
Appropriations				
Power				
Fish (Columbia River Fish Mitigation)	186.2	424.2	1,465.0	1,902.4
Other (Corps/BOR)	2,882.4	2,552.9	2,311.6	1,496.2
Total Power Appropriations	3,068.6	2,977.1	3,776.6	3,398.6
Transmission				
Total Transmission Appropriations	867.5	744.3	356.4	0.0
Total Appropriations	3,936.1	3,721.4	4,133.0	3,398.6
Total Federal Debt	6,633.8	7,517.3	9,506.6	10,610.9
Total Non-Federal Obligations	6,286	5,523	3,862	70
Total	12,919.8	13,040.3	13,368.6	10,680.9

FY 2003 data is based on audited actuals and is consistent with the FY 2005 Congressional Budget Submission. FY 2006 data includes estimates based on information made publicly available by BPA in Feb. 2004, consistent with the FY 2005 Congressional Budget Submission. Information for FY 2011 and FY 2018 is preliminary and does not include agency approved financial information.