

Bonneville Power Administration Overview

As of June 5, 2020



High Voltage Transmission



Grand Coulee Dam



Columbia Generating Station



This investor presentation you are about to view is provided as of June 5, 2020 in connection with the proposed offering of Port of Morrow Transmission Facilities Revenue Bonds (Bonneville Cooperation Project No. 7), Series 2020-1 (Federally Taxable) (the "Bonds" or "Series 2020-1 Bonds"). **Bonds supported by Bonneville Power Administration's ("BPA") financial obligations and the obligations of BPA providing such support are not nor shall they be construed to be general obligations of the United States of America nor are such bonds or obligations intended to be or are they secured by the full faith and credit of the United States of America.** If you are viewing this presentation after June 5, 2020, there may have been events that occurred subsequent to such date that would have a material adverse effect on the financial information that is presented herein, and none of Port of Morrow ("POM" or the "Issuer"), BPA, Citigroup Global Markets Inc. (Citigroup), TD Securities, BofA Securities (BofA Merrill Lynch) or Wells Fargo Securities (the "Underwriters") has undertaken any obligation to update this investor presentation.

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This investor presentation contains statements which, to the extent they are not recitations of historical fact, may constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors affecting BPA's and POM's business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

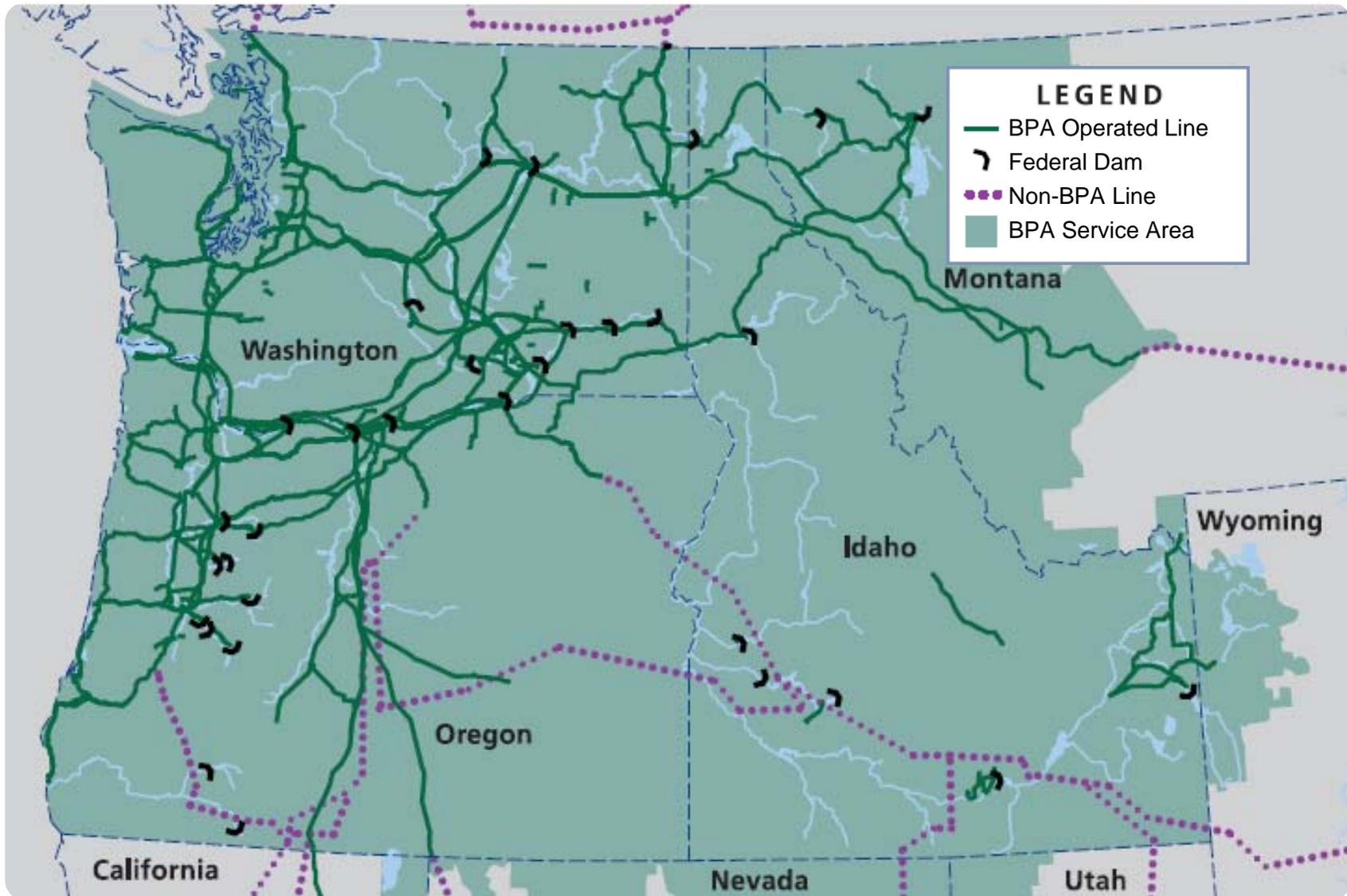
This investor presentation is not part of the preliminary official statement or the final official statement as those terms are defined in SEC rule 15c2-12, and are qualified in all respects by reference to the Preliminary Official Statement. Prospective purchasers of the Bonds should rely only on the Preliminary Official Statement, and not this investor presentation, in making an investment decision. To the extent there are conflicts between statements made in the Preliminary Official Statement and this presentation, the information contained in the Preliminary Official Statement should be deemed more reliable.

Port of Morrow: Transmission Facilities Revenue Bonds

Bonneville Cooperation Project No. 7, Series 2020-1 (Federally Taxable)	
Par Amount*	\$380,000,000
Structure*	Fixed rate term bond due September 1, 2040
Interest Payment Dates*	Starting September 1, 2020 and semiannually on March 1 and September 1 thereafter
Pricing Date*	Tuesday, June 16, 2020
Settlement Date*	Thursday, June 25, 2020
Security	<p>The Series 2020-1 Bonds will be special obligations of the Port of Morrow, Oregon (“POM” or the “Issuer”) payable solely from the trust estate pledged therefor which trust estate includes amounts derived from rental payments paid to the Issuer.</p> <p>Bonneville’s payments under the Lease-Purchase Agreement will be made solely from the Bonneville Fund. The Lease-Purchase Agreement provides that Bonneville’s obligation to pay the rental payments and all amounts payable under the Lease-Purchase Agreement is absolute and unconditional, and is payable without any set-off or counterclaim, regardless of whether or not the Project financed with the proceeds of the Series 2020-1 Bonds is operating or operable.</p>
Use of Funds	<p>The proceeds from the sale of the Series 2020-1 Bonds will be used by the Issuer to refinance indebtedness issued for the cost of acquiring, constructing, installing and equipping of certain transmission facilities owned by the Port of Morrow and leased to Bonneville. The Issuer financed such acquisition, construction, installation and equipping of transmission facilities through credit agreements with Citibank, N.A. and TD Bank, and secured its obligations under such credit agreements with Lease-Purchase Agreements by and between the Issuer, as lessor, and Bonneville, as lessee, and the payments from Bonneville thereunder.</p>
Optional Redemption*	Make Whole Call
Ratings	Moody's: Aa2 (Stable) Fitch: AA (Negative Outlook)
Tax Status	Interest on the Series 2020-1 bonds is expected to be subject to Federal income tax and exempt from Oregon state income tax (Please refer to Preliminary Official Statement)
Syndicate	Citigroup, TD Securities, BofA Securities, and Wells Fargo Securities

*Preliminary, subject to change; when, as, and if issued

Overview



BPA at a Glance

<p>One Agency with Two Business Units</p>	<ul style="list-style-type: none"> ■ Power Services and Transmission Services revenue were approximately \$3.7 billion in FY19 ■ BPA's customers primarily include utilities throughout the Pacific Northwest
<p>Unique Hydro-Based System</p>	<ul style="list-style-type: none"> ■ Virtually carbon-free, BPA markets power from 31 federally-owned hydroelectric projects and several Non-Federal projects ■ Provides stability, flexibility, and reliability to meet electric demands with limited fuel price risk, and are sufficient to serve load under various water conditions
<p>Available Funding Sources</p>	<ul style="list-style-type: none"> ■ Revolving authority to borrow up to \$7.7 billion in bonds from the U.S. Treasury <ul style="list-style-type: none"> ■ \$2.4 billion available as of Sept. 30, 2019 ■ Non-Federal Debt (such as the Series 2020-1 Bonds) accounts for approximately half of BPA's total debt
<p>Cost Recovery</p>	<ul style="list-style-type: none"> ■ BPA is required by law to establish rates to recover all costs ■ FERC reviews and approves rates to ensure that BPA rates recover all costs
<p>Non-Federal Payment Priority and Financial Reserves</p>	<ul style="list-style-type: none"> ■ Cash payments and monetary credits by BPA for Non-Federal Debt are met before payments by BPA to the U.S. Treasury; Non-Federal Debt coverage has exceeded 2.0x since 1999 ■ BPA maintains substantial cash and investment balances. When combined with a \$750 million U.S. Treasury line of credit, BPA had 222 days of liquidity on hand as of Sept. 30, 2019

One BPA - Two Business Units

Cash receipts from all sources deposited in the Bonneville Fund are available to pay Bonneville's costs, including Non-Federal debt costs

Power Services

- Provides approximately 27% of the electric power consumed within the Region
- Primarily markets power to more than 125 Preference Customer utilities (which are qualifying publicly-owned utilities and consumer-owned electric cooperatives) and several federal agencies under contracts through September 2028
- Approximately \$2.8 billion in revenue in FY19

Transmission Services

- Delivers power between resources and loads within the Region and transmits imports to and exports from the Region
- Approximately three-fourths of the bulk transmission capacity in the Region
- 15,000 circuit miles of high voltage transmission lines and 261 substations and other facilities
- Approximately \$942 million in revenue in FY19
- Bonneville's payments under the Lease-Purchase Agreement will be made solely from the Bonneville Fund

Top Customers by Business Unit

Power Services Top 5 Customers (FY19)

Transmission Services Top 5 Customers (FY19)

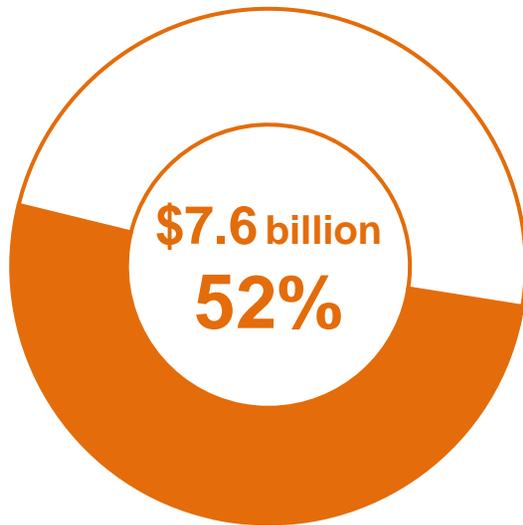
Customer	Percent of Sales ¹	Customer	Percent of Sales ¹
Snohomish County PUD No. 1 (Preference)	9%	Puget Sound Energy Inc. (IOU)	13%
Pacific Northwest Generating Cooperative (Preference)	7%	PacifiCorp (IOU)	11%
City of Seattle, City Light Dep't (Preference)	6%	Portland General Electric Company (IOU)	10%
Cowlitz County PUD No. 1 (Preference)	6%	Powerex Corp. (Power Marketer)	8%
Tacoma Power (Preference)	5%	Snohomish County PUD No. 1 (Preference)	5%
Total	33%	Total	47%

¹Approximate; excludes inter-business line transactions between Power Services and Transmission Services. In support of its power marketing activities, Power Services obtains large amounts of transmission and related service from Transmission Services.

Federal and Non-Federal Debt Outstanding¹

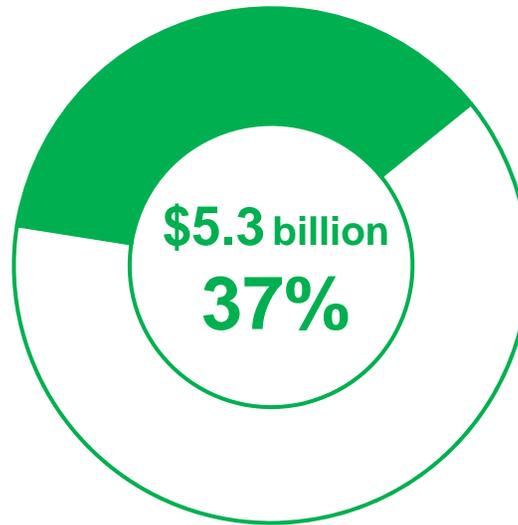
Total: \$14.5 billion

Non-Federal Debt



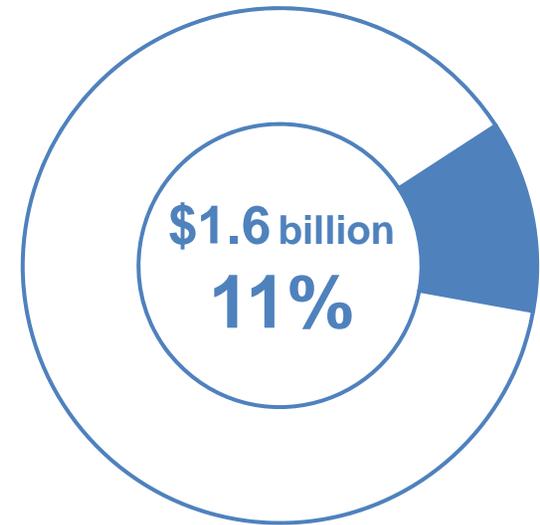
- Energy Northwest \$5.1 billion
- Lease-Purchase Program \$2.2 billion
- Prepaid Power Purchases \$0.2 billion
- Non-Federal Generation \$0.1 billion

Borrowings from U.S. Treasury



- BPA is authorized to issue and sell to the United States Treasury, and to have outstanding at any one time, up to \$7.7 billion aggregate principal amount of bonds

Federal Appropriation Repayment Obligations

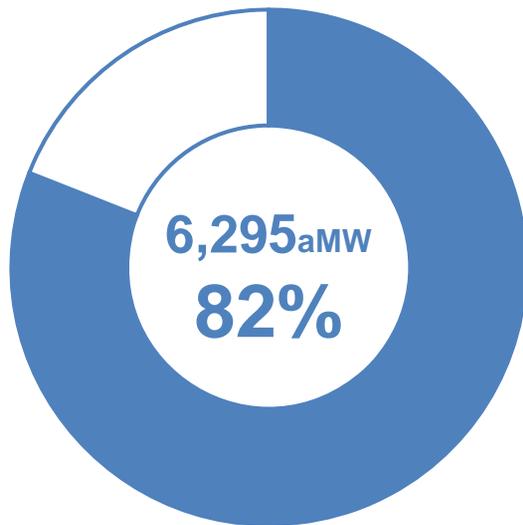


- BPA repays amounts that have been appropriated by Congress to construct the Federal System

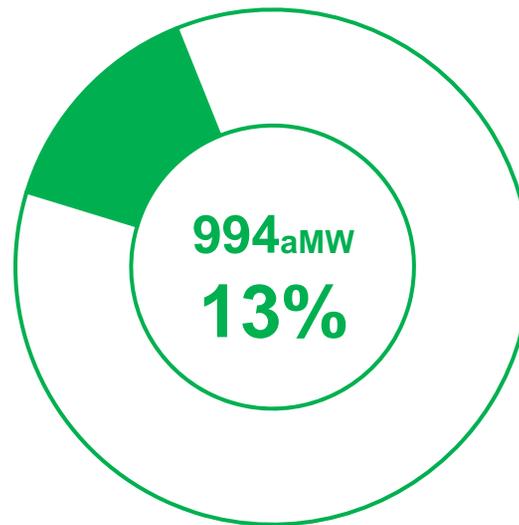
¹As of 9/30/2019.

Virtually Emission-Free Assured Fuel Supply¹

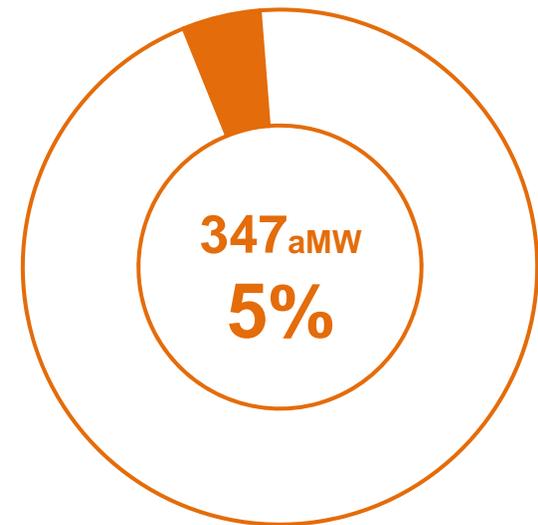
**Carbon Emission-Free
Federal Hydroelectric**



**Carbon Emission-Free Nuclear
Columbia Generating Station**



**Contract Purchases and
Other Resources**



- Firm energy capability is 7,636 aMW; 82% of which is firm energy from hydro
- Firm energy is the estimated amount of energy to be produced by the Federal System assuming historically low water conditions
- Combining the hydroelectric and nuclear generating resources, 95% of Federal System firm energy is Carbon Emission-Free

¹Operating Year 2021 statistics as of April 2019. Operating Year 2021 is August 1, 2020 through July 31, 2021.

COVID-19 Impacts

For a more complete discussion, see POS Appendix A:

“CERTAIN DEVELOPMENTS RELATING TO BONNEVILLE—COVID-19 Pandemic and Effects on Bonneville”

- Currently, there are no significant operational impacts to BPA as a result of COVID-19 and BPA continues to reliably deliver power throughout the region
- Current power loads serviced by BPA remain stable and comparable to FY19. While commercial and industrial loads have declined, residential loads have increased
- While utility customers are continuing to make timely payments to BPA, BPA is currently evaluating options to work with them in the event that conditions change
 - BPA is proposing to suspend its Financial Reserves Policy Surcharge for the remainder of the current rate period. As current forecasts indicate the Power Reserves Surcharge will trigger for FY21, suspending the surcharge would provide power customers rate relief of about \$3 million per month for the remainder of FY20 and \$30 million for all of FY21
- In response to COVID-19, BPA has activated its Incident Management team and corresponding plan
- BPA is taking steps to protect its workforce through implementation of social distancing protocols, enabling remote working arrangements, and performing pre-shift health checks for essential staff entering BPA facilities
- BPA continues to actively monitor and take actions in response to this pandemic under its continuity of operations plans; this includes establishing a transition team to develop plans to safely bring the workforce back without impacting mission essential functions

Vegetation Management and Fire Prevention

- BPA works to ensure system reliability and mitigate the risk of wildfires through a comprehensive vegetation management program that complies with Standard FAC-003 set forth by the North American Electric Reliability Corporation (NERC)
- A variety of efforts are employed to clear vegetation from rights-of-way based on the type and voltage of a structure as well as a 25' safety zone below power lines
- BPA performs semiannual aerial patrols in the Spring and Fall to inspect the entire transmission system, a portion of which utilizes Light Detection and Ranging (LiDAR)
 - LiDAR is a remote sensing system that has the capability to detect, with a high degree of accuracy, vegetation that requires maintenance

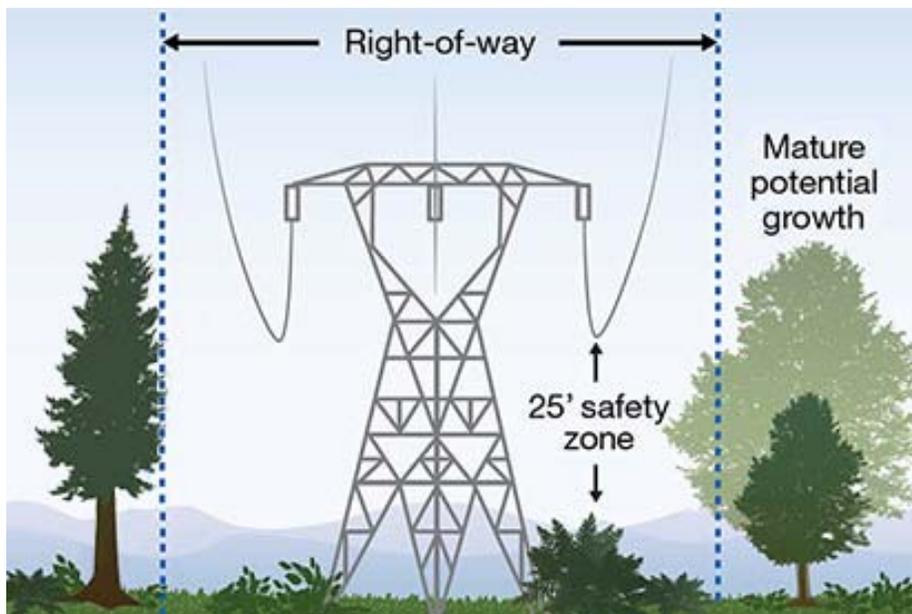
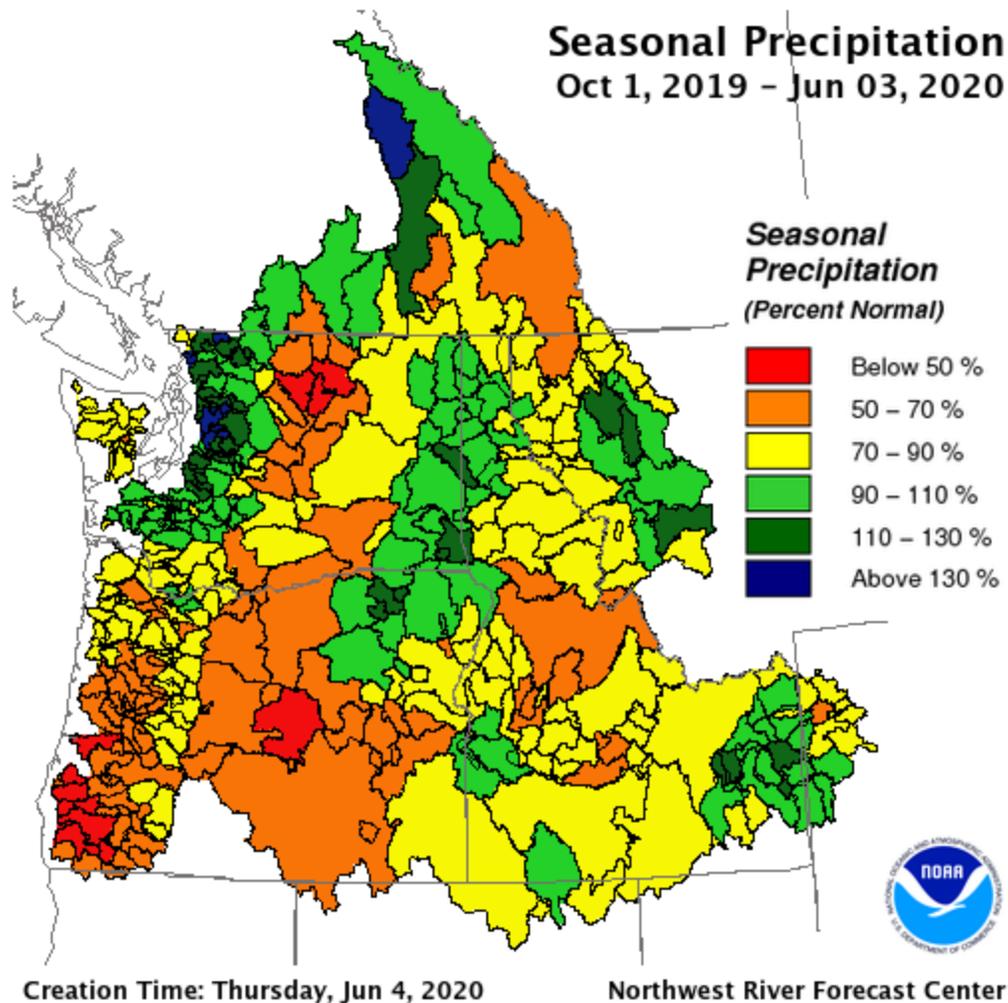


Diagram of BPA's Vegetation Management standards (not to scale)

- Annual ground patrols are accompanied by third-party contract arborists certified by the International Society of Arboriculture (ISA)
- Every three years, the Western Electricity Coordinating Council (WECC) conducts an audit to ensure that BPA is compliant
- The most recent audit, completed in July 2019, found no violations of this standard
- In addition, BPA's vegetation management program has received Environmental Stewardship accreditation from the Right-of-Way Stewardship Council

Seasonal Surplus (Secondary) Sales



- The amount of energy produced by the hydroelectric system above firm energy is seasonal surplus (secondary) energy
- Unlike firm energy, seasonal surplus (secondary) energy varies with annual precipitation and weather conditions
- Under *average* water conditions this amount is estimated to be 1,702 aMW (Operating Year 2021)
- Expected sales of seasonal surplus (secondary) energy is an important part of BPA's ratemaking and risk mitigation
- Revenue from seasonal surplus was approximately 9% of BPA's total revenues of \$3.7 billion (FY19)

BPA Key Credit Highlights



Order in Which BPA's Costs Are Met

- BPA has numerous financial commitments to meet obligations to Non-Federal entities. These obligations include meeting the debt service on Non-Federal Debt
- BPA's payments (and monetary credits) to Non-Federal entities are met prior to all of BPA's payments to the U.S. Treasury
- **All BPA funds are available to meet Non-Federal costs including debt service costs for Non-Federal Debt**
- BPA-supported Non-Federal Debt (including the Series 2020-1 Bonds) is rated:

Aa2/Stable (Moody's)

AA/Negative Outlook (Fitch)¹

Payments/Credits other than to the U.S. Treasury

- Non-Federal Debt Service (e.g. Port of Morrow, Idaho Energy Resource Authority, and Energy Northwest)
 - BPA O&M Expenses
 - Other
- (No priority implied among Non-Federal payments)*

U.S. Treasury Payments

- Principal and interest on bonds as well as a line of credit the U.S. Treasury extends to BPA
- Principal and interest to repay federal appropriations that funded capital investments in the Federal System
- Other

- In FY19, BPA made \$1.06 billion in payments to U.S. Treasury which included prepaying \$227 million of high interest federal appropriations repayment obligations

¹Fitch has assigned Bonneville an "Issuer Default Rating" of AA-/Negative Outlook.

Cost Recovery

<p>Organic Statutes</p>	<p>BPA is required by law to establish rates that recover all of its costs, including amounts for Non-Federal Debt and lower payment priority Federal Debt</p>
<p>Two Year Rate Cases</p>	<p>BPA has elected to conduct a rate case every two years</p> <ul style="list-style-type: none"> ▪ Transparency and customer involvement are fundamental goals ▪ To assure repayment, BPA’s rates are established to achieve at least a 95% Treasury Payment Probability over the two year rate period <p>The most recent two year rate period (BP-20) began on October 1, 2019 and will be in effect until September 30, 2021</p>
<p>FERC Ensures Rates are Adequate</p>	<p>FERC reviews and approves rates to ensure that BPA rates recover all costs</p>
<p>Cost Recovery Obligation is Carried Forward</p>	<p>If BPA were unable to meet all of its costs in a period because rates combined with its financial reserves were insufficient, BPA would be required to recover the costs in future rates</p>

Additional Non-Federal Payment Assurance

<p>Cost Recovery Adjustment Clause (CRAC)</p>	<p>BPA rates include provisions to increase Power Services' and Transmission Services' rate levels, without undertaking a formal rate process, if Reserves Available for Risk (RAR) fall below certain thresholds</p>
<p>Defer Treasury Payment</p>	<p>By law, BPA must defer its U.S. Treasury payments to meet Non-Federal obligations</p>
<p>Expedited Rate Case</p>	<p>BPA may initiate an expedited rate case to propose increased rates and believes it would be able to complete the process within 6 months</p>
<p>Leverage Policy</p>	<p>BPA evaluates current and forecast leverage ratios to determine if any rate action needs to be taken to maintain the 75%-85% leverage target by FY28 and a long-term target of 60%-70% The Leverage Policy has triggered for Transmission Services in BP-20 to fund \$26.4 million per year of capital investments in lieu of borrowing</p>
<p>Financial Reserves Policy</p>	<p>Enables BPA to increase rates to collect additional revenues when RAR fall below the equivalent of 60 days threshold based on year end balances While this surcharge did trigger for Power Services' in FY20 and is expected to trigger for FY21, BPA has recently proposed suspending the surcharge prospectively for the remainder of FY20 (beginning after approval by FERC) and through FY21 to provide rate relief during the COVID-19 pandemic. This suspension is expected to provide customer rate relief of approximately \$3 million per month for the remainder of FY20 and \$30 million for all of FY21</p>

BPA Financial Reserves and Management

- BPA uses Reserves Available for Risk (RAR) as a measure of accumulated cash flow derived and retained from operations
- In addition to the CRAC provisions, BPA has a \$750 million short-term line of credit for expenses with the U.S. Treasury that can be used to mitigate financial risk
 - There was no outstanding balance as of September 30, 2019
- BPA also monitors Total Financial Reserves, which is financial liquidity on hand to meet current expenses, consisting of RAR as well as cash derived other than from operations
 - As of September 30, 2019 BPA had \$773 million of Total Financial Reserves

Year-End BPA Reserves for Risk (\$millions)			
Fiscal Year	Reserves Available for Risk	U.S. Treasury Line of Credit	Days Liquidity on Hand ¹
2016	602	750	281
2017	568	750	258
2018	551	750	254
2019	484	750	222
2020 ²	521	750	NA ³

¹ Days Liquidity on Hand, defined to be (RAR + Available U.S. Treasury Short-Term Expense Line of Credit)/(Operating Expenses/360).

² FY20 year-end forecast as of 5/1/2020. RAR projections for Fiscal Year 2020 do not include any projected impacts from COVID-19.

³ Forecasted FY20 Days Liquidity on Hand is unavailable because BPA does not prepare forecasts of certain Operating Expenses used in the calculation.

Non-Federal Debt Service Coverage¹

(\$millions excluding ratios)	FY2019	FY2018	FY2017
Total Operating Revenues	3,656	3,710	3,570
Total Operating Expenses ²	2,003	1,840	1,842
Funds Available to meet Non-Federal Debt Service	1,653	1,870	1,728
Non-Federal Debt Service	337	359	330
Non-Federal Debt Service Coverage Ratio	4.9x	5.2x	5.2x

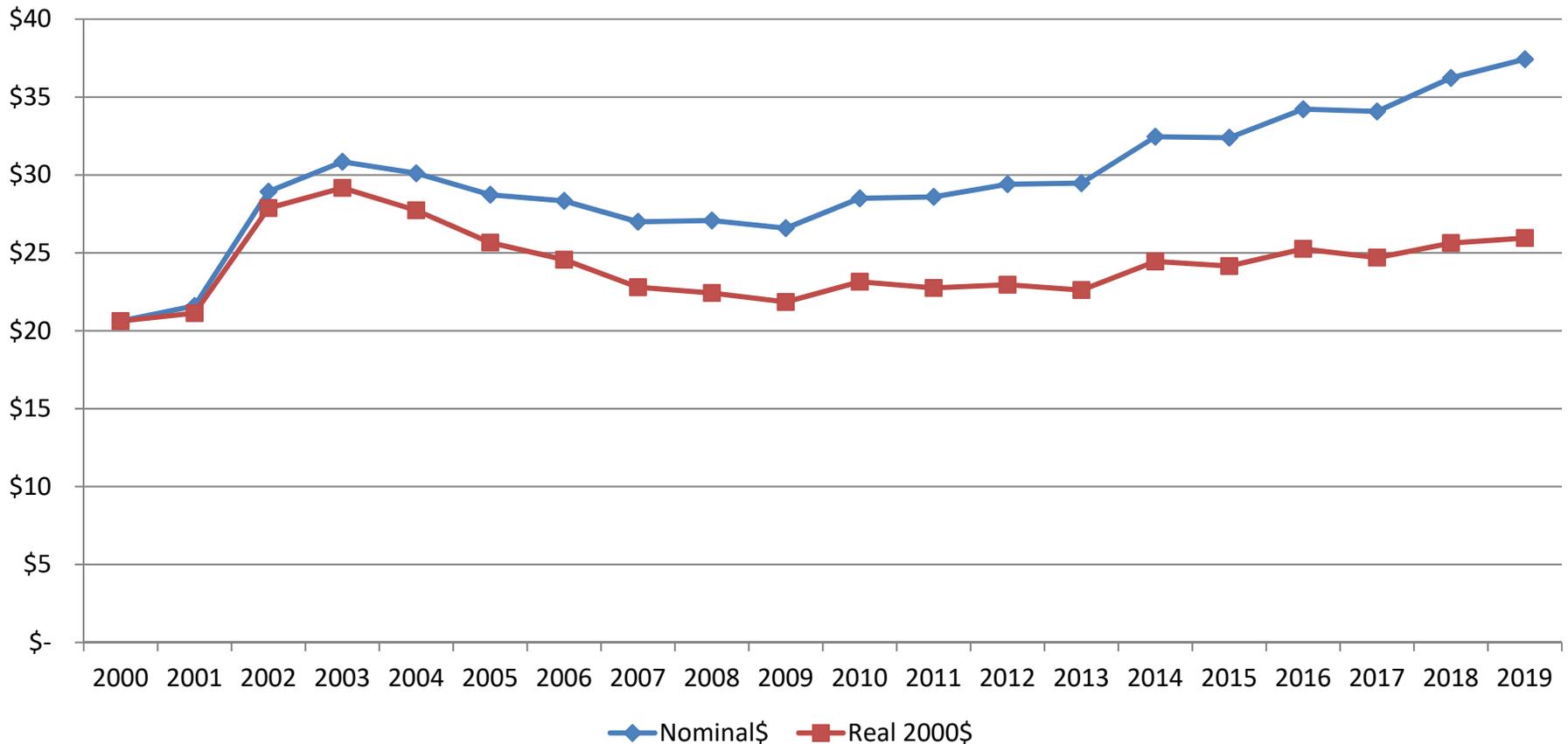
- Due to Non-Federal Debt management actions including Regional Cooperation Debt, Non-Federal Debt Service Coverage results have been above historical ranges in FY17, FY18, and FY19
 - Regional Cooperation Debt actions enabled BPA to prepay an additional \$227 million in high-interest Federal Appropriations Repayment Obligations in FY19, \$275 million in FY18, and \$687 million in FY17, over the amounts otherwise scheduled for repayment in BPA's rates

¹ This information is presented in Official Statements for BPA-backed, Non-Federal Debt bond issuances however, BPA's audited financial statements do not include a similar table.

² Operating Expenses include the following items from the Federal System Statement of Revenues and Expenses: BPA O&M, Purchased Power, Book-outs, Non-Federal entities O&M-net billed, Non-Federal entities O&M non-net-billed, and the Residential Exchange Program. Operating Expenses do not include certain payments to the Corps and Reclamation.

Historical Average PF Preference Rates

Nominal (Actual) and Real (Inflation-Adjusted) Average PF Preference Rate Levels
Per Megawatt Hour, FY00 - FY19

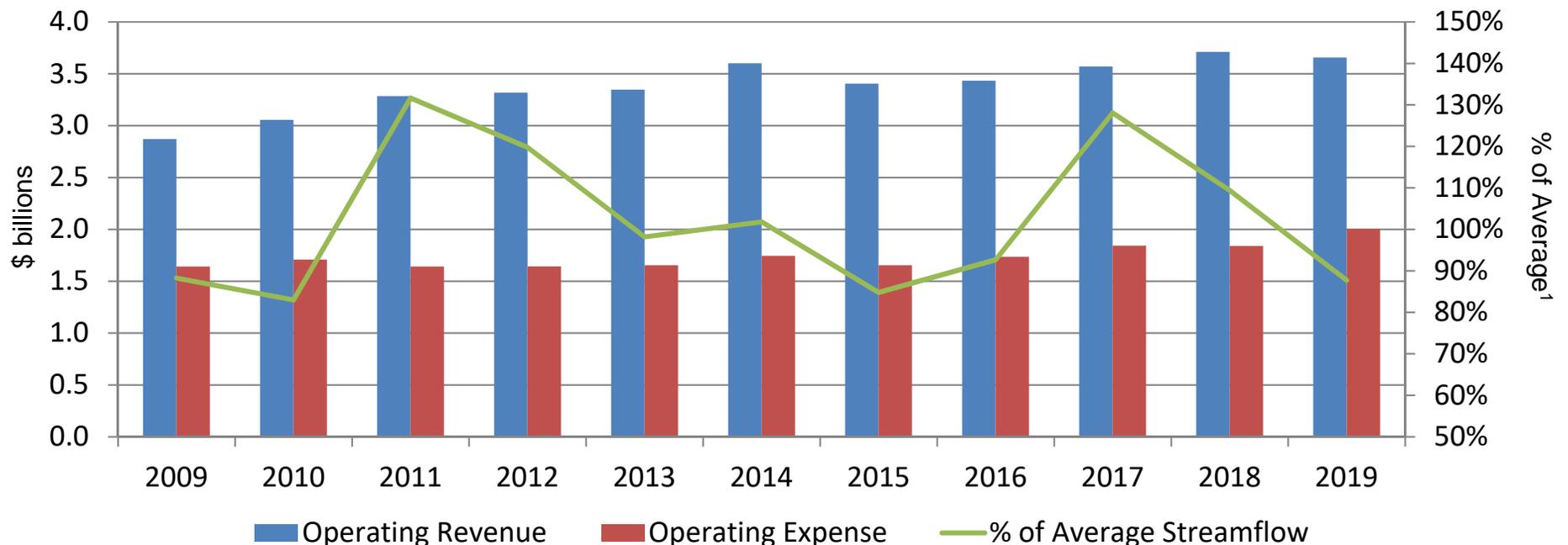


- BPA Power rates have remained relatively stable, especially on an inflation-adjusted basis
- BPA implemented a significant rate increase when needed in 2002 following the 2001 West Coast Power Crisis

Revenues & Expenses More Stable than Streamflow

- The relationship of operating revenues to operating expenses has been stable relative to wide variances in stream-flows and hydro-generation
 - Much of this stability in revenues is attributable to the high proportion of revenues that BPA derives from sales of firm energy and transmission services
- The FY20 water supply forecast for the Columbia River basin at The Dalles Dam is 100% of average as of May 10, 2020, according to the NOAA/NWS River Forecast Center

BPA Operating Revenues and Expenses Comparison to Streamflow¹



¹Historical average (1928-2019) of 132 Million Acre Feet (MAF) at The Dalles Dam. Streamflow reflects BPA's operating year results. (August 1-July 31) and financial results reflect BPA's fiscal year (October 1-September 30).

BPA Finance



Non-Federal Debt – Transmission Issuers

Bonds supported by BPA are not general obligations of the United States of America and are not secured by the full faith and credit of the United States of America

- Transmission Lease-Purchases
 - BPA expects that the amount of BPA-supported lease-purchase bonds issued to refinance short-term bank facilities could be up to \$550 million in FY21
 - BPA partners with the Port of Morrow and the Idaho Energy Resources Authority to facilitate such issuances supported by the lease-purchase agreements



- Oregon port district
- Authorized to finance transmission projects with publicly issued bonds and credit arrangements secured by BPA lease-purchase commitments
- \$899 million¹ BPA-supported bonds outstanding
- Additional BPA-supported lines of credit outstanding in the amount of \$800 million¹
- Absent a change in law, BPA believes that interest on such future bonds would NOT be exempt from federal income tax but would be exempt from Oregon state income tax



- Energy-related financing authority created by Idaho legislation
- Authorized to finance transmission projects with publicly issued bonds and credit arrangements secured by BPA lease-purchase commitments
- \$201 million¹ BPA-supported bonds outstanding
- Additional BPA-supported lines of credit outstanding in the amount of \$110 million¹
 - After September 30, 2019 BPA borrowed an additional \$71 million on an existing line of credit
- Absent a change in law, BPA believes that interest on such future bonds would NOT be exempt from federal income tax but would be exempt from Idaho state income tax

(1) As of September 30, 2019.

POM Series 2020-1 Summary and Schedule

Bonneville Cooperation Project No. 7, Series 2020-1 (Federally Taxable)

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Preliminary Timeline*

Date*	Event
June 5, 2020	Post Preliminary Official Statement and Investor Presentation
June 16, 2020	Price Bonds
June 25, 2020	Bond Closing

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