

# BPA Policy 212-6

## Non-GAAP Measures Disclosure

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## 1. Purpose & Background

This policy establishes the use of non-generally accepted accounting principles (non-GAAP) financial measures for Federal Columbia River Power System (FCRPS) financial reporting and institutes the basis for which these measures shall be adopted.

The Bonneville Power Administration (BPA) prepares an Annual Report on the operations of the FCRPS, which includes the accounts of BPA, the accounts of the Pacific Northwest generating facilities of the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation), as well as the operations and maintenance costs of the U.S. Fish and Wildlife Service for the Lower Snake River Compensation Plan facilities. Consolidated with BPA are “Special Purpose Corporations” known as Northwest Infrastructure Financing Corporations (NIFCs), from which BPA lease-purchases certain transmission facilities.

As part of the Annual Report, BPA prepares the unaudited Management’s Discussion and Analysis (MD&A) section that provides an overview of the business operations and how the FCRPS financial performance for the year. The MD&A compares actual results to the same period of the prior year for a frame of reference and comparability.

Management uses the MD&A to provide certain financial metrics such as BPA financial reserves and Adjusted Net Revenues that are non-standard or unique to the organization to provide additional information. These are non-GAAP measures that are intended to provide users of the financial statements information that management considers to be a better representation of FCRPS financial performance. BPA will include agency performance measures adopted from rate case concepts to correlate rate setting intent with actual financial performance results.

BPA, although not a Securities and Exchange Commission (SEC) registrant, generally complies with SEC reporting guidelines to the extent there is not a statutory conflict to do so. FCRPS financial reports are prepared in accordance with GAAP as promulgated by the Financial Accounting Standards Board (FASB) including recognition of Federal Energy Regulatory Commission (FERC) regulatory accounting. The Sarbanes-Oxley Act of 2002 required the SEC to establish new rules and amendments to address public companies' disclosure of certain non-GAAP financial information. The SEC adopted Regulation G, which requires public companies to present the most directly comparable GAAP financial measure and reconcile it with the disclosed non-GAAP financial measure.

## 2. Policy Owner

BPA’s Executive Vice President and Chief Financial Officer (CFO) has overall responsibility for this policy and oversees the implementation in collaboration with the Accounting Officer (AO).

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### 3. Applicability

This policy is applicable to the FCRPS financial statements and associated reporting sections of the BPA Annual Report (Annual Report).

### 4. Terms & Definitions

**Non-GAAP Financial Measures** - include information calculated and presented based on measures other than those required under GAAP, included in SEC rules or guidance by other regulatory entities (e.g., FERC).

### 5. Policy

To the extent practicable and appropriate, BPA will follow SEC guidelines related to non-GAAP financial measures when calculating and presenting measures that have been developed through other means than are required for reporting under GAAP.

Under current report presentations for financial statements and other materials required by the Chief Financial Officers Act of 1990 (CFO Act), BPA will provide for non-GAAP financial measures when appropriate in the MD&A section of the Annual Report. As the Annual Report is the responsibility of the CFO, acting by and through the AO, the AO will determine the character, presentation, and appropriateness of non-GAAP financial measures, and changes thereto, for inclusion in the Annual Report. Decision factors include, but are not limited to, relevance to management and financial statement users, permanence, and consistency of the calculation.

### 6. Policy Exceptions

None.

### 7. Responsibilities

- A. The authority for making accounting policy is vested in the Administrator and is delegated to the CFO.
- B. The CFO is delegated the authority by the Administrator to provide, on a BPA-wide basis, those financial management systems, policies, and procedures deemed necessary to keep complete and accurate accounts of operations, including all funds expended and received in connection with acquisition, transmission, and sale of electric energy and other BPA services.
- C. The AO is responsible for developing policy, operational procedures and practices that implement reporting and accounting guidance and relevant training, ensuring that the work results conform to the established policies.
- D. Managers within the Accounting and Reporting group provide functional guidance and oversight to BPA's financial management systems and establish BPA and FCRPS

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requirements and reporting mechanisms, ensuring adequacy of internal controls and compliance with applicable laws, regulations, and internal directives.

E. Subject matter experts are responsible for following this policy.

## 8. Standards & Procedures

The AO shall, as part of the Quarterly and Annual Report preparation and planning process, determine performance metrics that are to be incorporated in the MD&A. Upon determination of the metrics to be used, Accounting and Reporting staff shall perform an evaluation of said metrics for compliance with SEC guidelines and provide a recommendation as to the use of non-GAAP financial measures. The AO shall make the final determination as to the appropriate use of these non-GAAP measures.

## 9. Performance & Monitoring

The determination and evaluation will occur on a quarterly basis and shall be performed by the Accounting and Reporting organization.

## 10. Authorities & References

- A. Bonneville Project Act of 1937
- B. Grand Coulee – Third Powerplant Act of 1966
- C. Federal Columbia River Transmission Act of 1974
- D. Pacific Northwest Electric Power Planning and Conservation Act of 1980
- E. Chief Financial Officers Act of 1990
- F. Securities and Exchange Commission Final Rule, Release No. 33-8176; 34-47226; FR-65; File No. S7-43-02

## 11. Review

This policy is scheduled for review in June 2021.

## 12. Revision History

Version	Issue Date	Description of Change
1.0	05/26/2016	New policy

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