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Financial Choices 9/4/02 Workshop Follow-Up Questions

Power Business Operations

1. **Breakdown of annual CFTE expenses ($'s) and BFTE in the seven major template categories by 2000 and 2001 actuals, rate case, and annual forecasted assumed in the Financial Choices packet.**

Power Business Line Total Staffing Comparison Table

FTE by Tier II (Federal) organization	FY 2000 Actual	FY 2001 Actual	FY 2002 Forecast	FY 2003 Forecast	FY 2004 Forecast	FY 2005 Forecast	FY 2006 Forecast
Senior Vice President - P	2.4	2.8	3.0	3.0	3.0	3.0	3.0
Staff Management - PB	6.1	6.4	6.1	6.0	6.0	6.0	6.0
Generation Supply - PG	174.2	187.9	196.8	225.0	225.0	225.0	225.0
Communication & Liaison - PL	8.6	8.4	10.0	14.0	14.0	14.0	14.0
Strategy, Finance & Risk - PM	31.1	29.4	27.9	30.0	30.0	30.0	30.0
Energy Efficiency - PN	56.1	57.6	63.6	67.0	67.0	67.0	67.0
Requirements Marketing - PS	110.7	89.5	88.2	97.0	97.0	97.0	97.0
Bulk Marketing & Transmission Services - PT	35.4	52.4	58.3	58.0	58.0	58.0	58.0
Total	**424.6**	**434.4**	**453.8**	**500.0**	**500.0**	**500.0**	**500.0**
Rate Case Projections			***298.0***	***258.0***	***225.0***	***225.0***	***225.0***

Notes: These FTE estimates tie to the Cost Comparison expense forecasts, and were developed in April 2002. PBL is currently reviewing these forecasts and associated mission-critical responsibilities for potential areas where staff could be reduced.

Power Business Operations

Parent Project (not equal to organizations, and does not include all Power organizations)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
OPERATIONS (SCHEDULING) /1	72.0	***Not***	86.0	86.0	86.0	86.0
OPERATIONS PLANNING /1	39.9	***Available***	45.0	45.0	45.0	45.0
SALES AND SUPPORT /1	120.4		153.0	151.0	153.0	154.0
COMMUNICATION & LIAISON /1	8.2		14.0	14.0	14.0	14.0
STRATEGY, FINANCE & RISK 1/	46.3		49.0	49.0	48.0	48.0
HUMAN RESOURCE MGMT 1/	3.1		6.0	6.0	6.0	6.0
PROCESS AUTOMATION & IT 1/	35.9		56.0	52.0	53.0	53.0
Total	**326**		**409**	**403**	**405**	**406**

1/ FTE is not captured on a Project basis in our accounting system, only actual dollars, therefore the results for FY 2001 are interpolated using an annual average salary cost, based on total dollars spent in FY 2001, of $85,478. We added an FTE data field to get forecasted FTE, but they are still typically budgeted at a summary level and therefore may not reflect where actual dollars show up. Excludes FTE from Conservation, COE, BOR, Schedualing Coordination, and PBL Efficiencies.

Project Description	FY 2001 Actuals	FY 2002 Actuals FYTD thru July	FY 2003 Forecast	FY 2004 Forecast	FY 2005 Forecast	FY 2006 Forecast
HUMAN RESOURCE MGMT						
LABOR CONTRACT	849,101	666,422	1,028,869	1,057,335	1,087,953	1,116,823
OPERATIONS (SCHEDULING)						
LABOR CONTRACT	0	0	0	0	0	0
OPERATIONS PLANNING						
LABOR CONTRACT	251,344	136,937	552,500	415,000	415,000	415,000
PROCESS AUTOMATION & IT						
LABOR CONTRACT	2,404,629	1,678,871	1,263,184	1,265,403	1,267,825	1,270,039
SALES AND SUPPORT						
LABOR CONTRACT	480,815	77,969	25,000	25,000	25,000	25,000
COMMUNICATION & LIAISON						
LABOR CONTRACT	8,554	0	140,000	140,000	140,000	140,000
STRATEGY, FINANCE & RISK						
LABOR CONTRACT	85,116	43,518	323,919	332,665	342,212	350,939

2. **Detail of major FTE and costs not envisioned in Cost Review.**

   About a 37 FTE increase for Scheduling functions, including RTO; about a 9 FTE increase for AE/Customer Support staff; about a 6 FTE increase for Trading Floor Scheduler Coordinator functions; about a 6 FTE increase in Communication & Liaison functions, and about a 10 FTE increase in Energy Efficiency and Conservation functions.

3. **When did the Trading Floor move to 24/7?**

   The PBL Trading Floor went into operation on a 24/7 experimental basis in the Spring of 2001; it went into permanent 24/7 operation during the Spring of 2002. The Trading Floor itself went into operation in August 1996.

4. **Detail breakdown of the $13.1M increase from 2002-2003 ($48.3 to $61.4).**

   RTO: $3.5M
   COLA: $1.9M
   Energy Efficiency $5M
   Other staffing, supplemental labor and non-labor contracts, $2.7M

5. **Process Automation & IT: How much is on-going O&M vs. new systems.**

   Approximately 90% of the 5-year forecast identified for Process Automation & IT is associated with ongoing O&M. This includes maintaining PBL's networks, servers, integration, storage, and desktops, as well as current PBL-specific, operational systems and applications. Only 10% of this forecast will be used for new systems and infrastructure that are purely within IT. This does not include specific business projects with IT components, including necessary infrastructure additions or upgrades, such as the PBL Efficiency Program. These are budgeted as part of the Efficiency Program.

6. **Total FY02 IT expenses in PBL and Shared Services**

Shared Services	
Database	$94,579
Desktop	$1,548,291
Enterprise/HRMIS	$4,795,055
Information	$270,027
Infrastructure	$1,721,736
System 390	$7,257
Total	**$8,436,946**

PBL IT & Efficiencies	
Efficiencies	$2,700,000
*Process Automation & IT	$11,210,047
Total	**$13,910,047**
* FY02 Actuals FYTD thru July	

7. **Detail breakdown of FY02 $8.5 M cost savings in Power Business Operations and where they came from.**

   $8.5 M in savings came from a reduction in travel, support services and consulting contracts, eliminating all overtime in all departments and reducing PBL staffing by 10 FTE relative to the annual target.

8. **Detail breakdown of FY03-06 $200M cost savings in Financial Choices and their associated impacts on PBL**.

   The main areas reduced were PBL Efficiencies and Process Automation & IT - scaling back on the amount of investments in information technology and automation (30%); the second area scaled back investments in non-contract for renewable resources (70%).
   IMPACTS ON PBL:
   The impact of information technology reductions on PBL may be reduced response times, more frequent repair & maintenance, reduced information, and decreased efficiencies (in both operating and information systems).
   No known impacts on PBL from reduced renewable resource investments.

9. **Components of the $102M reductions proposed in the Financial Choices packet (p.18).**

   Components of the $102M reductions are listed on page 18 of the Financial Choices packet next to the cost breakdown.

10. **When did the budget part of the problem become apparent to BPA?**

    PBL's financial concerns became apparent in August 2000 during a scheduled financial update, current budget levels became a concern in October 2001.

11. **What would a scenario of holding to FY01 actuals mean to BPA customers?**

    This "what-if" analysis is not expected to be completed prior to September 30, but may be folded into strategies to be considered by the Administrator.

12. **Provide Slice True-up forecast by year assumed in the Financial Choices packet.**

Annual Slice True-Up based on current forecasts as of May 21, 2002
$ in Millions

	2002	2003	2004	2005	2006	Total
True-Up Amount	**$29**	**$29**	**$41**	**$57**	**$45**	**$201**

13. **FB CRAC percent for PF Load.**

    The FB CRAC has triggered for FY03 and is 10.97%. When the FB CRAC goes into effect on October 1, BPA total rates for non-Slice load will be about 44% above the base rates. The total rates (base plus LB and FB) for the first six months of FY03 will be about same as the average total rates for fiscal year 2002.

Conservation and Energy Efficiency

14. **What is the nature of BPA's funding commitment to the NW Energy Efficiency Alliance (i.e., what contract is in place and what is the duration of the agreement), what share of the Alliance's budget is provided by BPA and how has it changed over time?**

    Bonneville has a grant agreement with the NW Energy Efficiency Alliance (#00001374) for a current maximum of $87,800,000 covering the period of 1/97 through 12/06. This represents seven years (97-04) in which the Alliance can make new commitments of the money and two years (05-06) after the end of new commitments in which to spend the money on previous commitments.

    The contractual commitment of BPA is complemented by contracts between the Alliance and the IOUs (and the Energy Trust of Oregon) with some minor annual or biannual commitments from generating public utilities. Any change in BPA's commitment affects the other funders' commitments.

    During the Alliance's start up phase (FY 1997 – FY 2000), BPA's share of the budget was 57%. For FY 2001- 2006, BPA's share is 50.77%. This distribution is based on BPA's share of regional "firm load" in accordance with the direction of the Regional Review and the Cost Review processes. The generating publics who support the Alliance pay for their share based on their non-BPA generation.

    As of the end of July 2002, the Alliance Board had approved expenditures of $125 million, with an additional $15 million being earmarked for the Commercial Buildings Initiative, out of the total of $165 million provided by all funders.