

2008 Initial Transmission Proposal

Revenue Requirement Study

TR-08-E-BPA-01

February 2007



**Bonneville Power Administration
Transmission Services**

2008 INITIAL TRANSMISSION PROPOSAL

REVENUE REQUIREMENT STUDY

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1 **1. INTRODUCTION**

2
3 **1.1 Purpose and Development of the Revenue Requirement Study**

4 The purpose of the Revenue Requirement Study (Study) is to establish the level of revenues
5 needed from rates for Bonneville Power Administration's (BPA's) transmission and ancillary
6 services to recover, in accordance with sound business principles, costs associated with the
7 transmission of electric power over the Federal Columbia River Transmission System (FCRTS).

8 The FCRTS is part of the larger Federal Columbia River Power System (FCRPS) which also
9 includes the hydroelectric, multipurpose facilities constructed and operated by the U.S. Army
10 Corps of Engineers and the Bureau of Reclamation in the Pacific Northwest. The FCRPS costs
11 that are not included in the FCRTS costs are funded and repaid through BPA power rates. The
12 transmission revenue requirements herein include: recovery of the Federal investment in
13 transmission and transmission-related assets; the operations and maintenance (O&M) and other
14 annual expenses associated with the provision of transmission and ancillary services; the cost of
15 generation inputs for ancillary services and other interbusiness-line services necessary for the
16 transmission of power; and all other transmission-related costs incurred by the Administrator.

17
18 The cost evaluation period for this rate proposal includes Fiscal Years (FYs) 2007 - 2009, the
19 period extending from the last year for which historical information is available through the
20 proposed rate test period. The Study includes the transmission revenue requirements for the rate
21 test period, FYs 2008 – 2009 and the results of transmission repayment studies.

1 This Study outlines the policies, forecasts, assumptions, and calculations used to determine
2 BPA's transmission revenue requirements. Legal requirements are summarized in Chapter 5 of
3 this Study. The Revenue Requirement Study Documentation (Documentation), TR-08-E-BPA-
4 01A, contains key technical assumptions and calculations, the results of the transmission
5 repayment studies, and a further explanation of the repayment inputs and its outputs.

6
7 The revenue requirements that appear in this Study are developed using a cost accounting
8 analysis comprised of multiple steps. *See* Figure 1, Transmission Revenue Requirement Process.

9 The primary features of the Study include repayment studies, transmission operating expenses,
10 and risk analysis. First, repayment studies for the transmission function are prepared to

11 determine the amortization schedule and to project annual interest expense for bonds and
12 appropriations that fund the Federal investment in transmission and transmission-related assets.

13 Repayment studies are conducted for each year of the rate test period, and cover a 35-year
14 repayment period. Second, transmission operating expenses, debt service reassignment, and
15 minimum required net revenues (if needed) are projected for each year of the rate test period.

16 Third, the necessity for including annual planned net revenues for risk is determined by taking
17 into account Transmission's business risks, BPA's cost recovery goals, and risk mitigation
18 measures. From these three steps, revenue requirements are set at the revenue level necessary to
19 fulfill BPA's cost recovery requirements and objectives.

20
21 BPA conducts a current revenue test to determine whether revenues projected from current rates
22 meet its cost recovery requirements and objectives for the rate test and repayment period. If the
23 current revenue test indicates that cost recovery and risk mitigation requirements can be met,

1 current rates could be extended. The current revenue test, discussed in Chapter 4.2, demonstrates
2 that current revenues are sufficient to meet cost recovery requirements and objectives for the rate
3 test period and the repayment period.

4
5 Consistent with Department of Energy Order RA 6120.2 and the Federal Energy Regulatory
6 Commission (FERC) rate review standards applicable to BPA, BPA must demonstrate the
7 adequacy of the proposed rates to recover its costs. The revised revenue test determines whether
8 projected revenues from proposed rates will meet cost recovery requirements and objectives for
9 the rate test and repayment periods. The revised revenue test, discussed in Chapter 4.3,
10 demonstrates that revenues from the proposed transmission and ancillary services rates will
11 recover transmission costs in each year of the rate test period and over the ensuing 35-year
12 repayment period. Consistent with the Treasury Payment Probability (TPP) standard that BPA
13 adopted as a long-term policy in 1993, the costs are projected to be recovered through the
14 transmission and ancillary services rates with a greater than 95 percent probability that
15 associated United States (U.S.) Treasury payments will be made on time and in full over the two-
16 year rate period. *See* Chapter 2.2.

17
18 Table 1 shows projected net revenues from proposed rates and summarizes the revised revenue
19 test over the two-year rate period. In combination with other risk mitigation tools, these net
20 revenues are set at the lowest level necessary to achieve BPA's cost recovery objectives in the
21 face of transmission-related risks. Table 2 shows planned transmission amortization repayments
22 to the U.S. Treasury for each year of the rate test period.

1 **1.2 Public Involvement Process**

2 Concurrent with, but independent of preparing this rate proposal, BPA conducted a public
3 process for customers and constituents to comment on planned capital spending and the expenses
4 associated with supporting a reliable and safe transmission system. The results of these public
5 meetings contributed to the Administrator’s decisions on TS expense and capital spending levels
6 for the FYs 2008-2009 rate period. *See* Chapter 2.1. The Administrator’s decisions have been
7 reflected in the revenue requirements, including repayment studies, in this rate proposal.

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1 **2. SPENDING LEVEL DEVELOPMENT AND FINANCIAL POLICY**

2
3 **2.1 Development Process for Spending Levels**

4 In May 2006, BPA began a public involvement process entitled “Programs in Review” (PIR).

5 The purpose of PIR was to review and discuss transmission program spending levels for
6 FYs 2008 and 2009. The PIR process was designed to provide the region an overview of, and
7 context for, major policy issues surrounding BPA’s Transmission Services’s (TS’s) expense and
8 capital programs.

9
10 BPA conducted five regional workshops, in May and June 2006, to ask for customer input during
11 the PIR public process. The public process solicited customer comments on TS’s proposed FYs
12 2008 and 2009 program spending levels for transmission system operations, maintenance, and
13 construction. This forum included a detailed discussion of transmission capital spending levels
14 and planned transmission system improvements, upgrades and reinforcement projects. An
15 additional technical workshop was held in Portland in July 2006 so staff could provide additional
16 information regarding the transmission capital program.

17
18 PIR workshop participants were advised that public comments and concerns offered during the
19 process would be considered in the Administrator’s close-out letter providing his decision with
20 regard to spending levels. The Administrator’s spending level decisions in the PIR process then
21 serve as the basis for the revenue requirements in this Study. Notices of the workshops were
22 distributed widely to TS’s customers and interested parties and posted on TS’s website.

1 Workshop participants provided substantial oral and written comments with regard to TS's
2 planned transmission capital spending and program expenditures.

3
4 The Administrator signed a letter on January 26, 2007, closing out the public process and
5 including the Administrator's decisions on TS program levels for FYs 2008 and 2009. *See*
6 Appendix B. The Administrator's decisions have been reflected in the revenue requirements,
7 including repayment studies, in this rate proposal.

8 9 **2.2 Financial Risk and Mitigation**

10 BPA adopted a long-term policy in its 1993 Final Rate Proposal that called for setting rates that
11 build and maintain financial reserves sufficient for the agency to achieve a 95 percent Treasury
12 Payment Probability (TPP) of making the end-of-year U.S. Treasury payments in full and on
13 time during the rate period. *See* 1993 Final Rate Proposal, Administrator's Record of Decision,
14 WP-93-A-02, p. 72.

15
16 In this rate proposal, BPA has analyzed its transmission risks and has determined that this rate
17 proposal achieves the 95 percent probability standard for the transmission function for the two-
18 year rate period. To achieve this level of TPP, the following risk mitigation "tools" are
19 considered in the rate proposal.

- 20
21 (1) Starting financial reserves Starting financial reserves include cash and the deferred
22 borrowing balance attributed to the transmission function as of the beginning of the
23 rate period. BPA's risk analysis uses a Monte Carlo model to simulate FY 2007

1 reserves separately for each of 5000 games. The most-likely value from the resultant
2 distribution for the starting FY 2008 reserves is \$287 million.

3
4 (2) Planned Net Revenue for Risk (PNRR) PNRR is a component of the revenue
5 requirement that is added to annual expenses if reserves are not sufficient for risk
6 mitigation purposes. PNRR adds to cash flows so that financial reserves are
7 sufficient to mitigate short-run volatility in expenses and revenues and achieve the
8 TPP goal. No PNRR is required to meet the TPP standard in this rate proposal.

9
10 (3) Two-Year Rate Period BPA is proposing to adopt rates for a two-year rate period.
11 The ability to revise rates after two years, or more frequently if need be, serves as an
12 important risk mitigation tool for BPA's transmission function. By adopting a two-
13 year rate period, BPA limits the amount of risk that must be covered by financial
14 reserves and PNRR.

15 16 **2.2.1 Transmission Risk Analysis**

17 To quantify the effects of risk on the finances of BPA's transmission function, BPA analyzes the
18 effects of uncertainty in expenses and revenues on transmission cash flows using a Monte Carlo
19 simulation method. *See* Figure 2. The analysis is used to estimate the probability of successful
20 Treasury payment (on time and in full) for both years of the rate period. Successful Treasury
21 payment is deemed to occur when the end-of-year financial reserves for the transmission
22 function, after Treasury payments are made, are sufficient to cover the transmission function's
23 liquidity reserves (formerly termed "working capital") requirement of \$20 million. The liquidity

1 reserves threshold in the amount of \$20 million is based on the historical monthly net cash flow
2 patterns and monthly cash requirements for the transmission function.

3
4 The risk analysis covers the period FYs 2007 through 2009. Using this time frame permits
5 analysis of the change in revenues, expenses, and accrual-to-cash adjustments that are expected
6 to occur by the end of the rate period. The advantage to this approach is that financial reserves at
7 the start of the next rate period (FYs 2008-2009) may be simulated, including the effects of
8 uncertainty in current rate period cash flows, thus helping define the starting conditions for the
9 next rate period.

10
11 The risk analysis model simulates financial reserves at the beginning of the FYs 2008 - 2009 rate
12 period and estimates PNRR if reserves are not sufficient to meet BPA's TPP standard. Initial
13 input values for point estimates of expenses come from the Study and the revenue inputs are
14 from the revenue forecast and, when combined with inputs describing uncertainty in expenses
15 and revenues, provide the basis for the initial estimate of PNRR. The PNRR, in turn, is provided
16 as an input to the Study, raising the transmission revenue requirement and transmission rates if
17 needed to raise TPP. This iterative process is continued until successive estimates of PNRR
18 converge. *See* Documentation, TR-08-E-BPA-01A, Chapter 9.

20 **2.2.2 Transmission Risk Analysis Model**

21 The foundation of the risk analysis is a transmission financial spreadsheet model. *Id.* This
22 model was developed to estimate the effects of risk and risk mitigation on end-of-year financial
23 reserves and the likelihood of successful Treasury end-of-year payment for each year during the

1 rate period. Financial reserve levels at the end of each fiscal year determine whether BPA is able
2 to meet its Treasury payment obligation. The model contains individual work sheets including:
3 an input matrix of revenues and expenses, an income statement, a cash flow statement, accrual-
4 to-cash adjustments, and individual work sheets for variables specified with uncertainty in the
5 model. Parameters for the probability distributions were developed from historical data when
6 available. When historical data were not available, or when the future is expected to be different
7 from the past, BPA relied on the judgment of technical staff familiar with specific areas of
8 transmission risk as the basis for forecasting the uncertainty in those risks.

10 **2.3 Capital Funding**

11 BPA transmission capital outlay projections for this proposal, based on Appendix B, are
12 \$585.3 million for the FY 2008-2009 rate period. These investments are:

- 13 • transmission programs (\$551.9 million);
- 14 • environmental program (\$10.6 million);
- 15 • information technology projects (\$22.8 million).

17 **2.3.1 Bonds Issued to the Treasury**

18 Bonds issued to the U.S. Treasury will be the primary source of capital used to finance projected
19 FYs 2008-2009 transmission capital program investments. Interest rates on bonds issued by
20 BPA to the U.S. Treasury are set at market interest rates comparable to securities issued by other
21 agencies of the U.S. Government. Interest rates on bonds projected to be issued are included in
22 the Documentation, TR-08-E-BPA-01A, Chapter 6.

1 **2.3.2 Federal Appropriations**

2 This Study includes the original capital investments in the Federal transmission system that were
3 financed by Congressional appropriations. Transmission investments were no longer funded by
4 appropriations after the full implementation of BPA’s self-funding authority under the Federal
5 Columbia River Transmission System Act (the Transmission System Act). The Bonneville
6 Appropriations Refinancing Act (Refinancing Act) was enacted in April 1996. This Refinancing
7 Act reset the unpaid principal of all outstanding BPA appropriations and reassigned current
8 market interest rates. New principal amounts were established at the beginning of FY 1997 at
9 the present value of the principal and annual interest payments BPA would make to the Treasury
10 for these obligations in the absence of the Refinancing Act, plus \$100 million. Before
11 implementation of the Refinancing Act there was \$1,461.9 million in BPA appropriations
12 outstanding. After the implementation of the Refinancing Act, \$1,075.4 million in BPA
13 appropriations was outstanding. The Refinancing Act restricted prepayment of the new principal
14 to \$100 million in the FY 1997-2001 period. Other repayment terms were unaffected.

15
16 **2.3.3 Use of Reserves**

17 In this rate period, BPA will rely on \$15 million per year from Transmission cash reserves to
18 fund capital investments. This amount will be drawn from reserves projected to be available in
19 the Rate Period.

20
21 **2.3.4 Non-Federal Payment Obligations**

22 The transmission revenue requirements reflect two forms of non-Federal payment obligations.
23 The first form is a lease-purchase arrangement for capitalized asset purchases. BPA entered into

1 a transaction in 2004 with the Northwest Infrastructure Financing Corporation (NIFC), a
2 subsidiary of JH Management, to provide for the construction of the 500 kV Schultz-Wautoma
3 transmission line. BPA will make semi-annual lease payments for thirty years, concluding with
4 a single payment for the principal due on the bonds issued by NFIC. BPA will have the option
5 of purchasing the line at the end of the lease. During the term of the lease, TS will operate the
6 Schultz-Wautoma line and provide transmission and ancillary services over the facilities.
7 Additional lease transactions are not forecast for the Rate Period.

8
9 The second form of non-Federal payment obligations included in the revenue requirements
10 consists of the functional reassignment to TS of debt service (interest and principal) payment
11 obligations associated with non-Federal Energy Northwest (EN) bonds. This reassignment is a
12 result of BPA's Debt Optimization Program, which refinances and repays existing EN bonds
13 before they come due and uses the revenues made available from such refinancing to replenish or
14 create opportunities to replenish BPA's Treasury borrowing authority by retiring additional
15 Treasury obligations in amounts equal to the amount of principal of the new EN bonds. When
16 Treasury obligations associated with transmission investments are repaid under the Debt
17 Optimization Program, the debt service obligation associated with new EN debt in equivalent
18 principal amounts is assigned to the TS. The revenue requirements reflect refinancing actions
19 that have occurred through 2006. No additional future refinancing activities are forecast for the
20 rate period in the study.

21
22 For specific calculations regarding non-Federal payment obligations, see the Documentation,
23 TR-08-E-BPA-01A, Chapter 7.

1 **2.3.5 Large Generator Interconnection Agreements (LGIA)**

2 BPA amended its Open Access Transmission Tariff by adopting the LGIA in voluntary
3 compliance with FERC Orders 2003 and 2003A. Under the LGIA, interconnection customers
4 finance the cost of Network Upgrades needed to interconnect their generating facilities to BPA’s
5 transmission system, if BPA, as the transmission owner/provider, does not provide the funding.
6 BPA requires the interconnection customer to provide upfront payments in an amount sufficient
7 to cover the cost of construction. These up-front payments are then returned to the
8 interconnection customer in the form of transmission credits, which are used to offset charges for
9 eligible transmission service in a customer’s bill. This Study includes a forecast of the
10 transmission credits and interest expense associated with each LGIA project, as well as the one
11 non-LGIA transmission project. *See* Documentation, TR-08-E-BPA-01A, Chapter 13 for detail
12 on the associated transmission credits.

1 **3. DEVELOPMENT OF REPAYMENT STUDIES**

2
3 Repayment studies are performed as the first step in determining revenue requirements. The
4 studies establish the schedule of annual U.S. Treasury amortization for the rate test period and
5 the resulting interest payments.

6
7 In this Study, as in the previous transmission rate filing, the repayment period has been set at 35
8 years. This study horizon reflects the fact that bonds are not issued for terms longer than 35
9 years and that the outstanding appropriations and bonds in the transmission system are fully
10 repaid within this period. It also is consistent with the estimated average service life of
11 transmission system plant (40 years) in that it does not exceed that average lifetime. The
12 Revenue Requirement Study includes the results of transmission repayment studies for each year
13 in the rate test period, FYs 2008 and 2009. In conducting the repayment studies, BPA includes
14 outstanding and projected transmission repayment obligations for Congressional appropriations
15 and bonds issued to the U.S. Treasury. Funding for replacements projected during the repayment
16 period also is included in the repayment study, consistent with the requirements of RA 6120.2.
17 *See Chapter 5.*

18
19 Historical BPA appropriations are scheduled to be repaid within the expected useful life of the
20 associated facility or 50 years, whichever is less. Actual bonds issued by BPA to the Treasury
21 may be for terms ranging from 3 to 40 years, taking into account the estimated average service
22 lives for associated investments and prudent financing and cash management factors. In the
23 repayment studies, all projected bonds have a term of 35 years for transmission investment and

1 15 years for environment investment. Some bonds are issued with a provision that allows the
2 bond to be called after a certain time, typically five years. Bonds also may be issued with no
3 early call provision. Early retirement of eligible bonds requires that BPA pay a bond premium to
4 the Treasury. The premium that must be paid decreases with the age of the bond, and is
5 equivalent, in total, to a fixed premium and a reduced interest rate. This reduced effective
6 interest rate enters into the comparison with other Federal investments and obligations to
7 determine which should be repaid first. Bonds are issued to finance BPA transmission and
8 environment investments and are repaid within the provisions of each bond agreement with the
9 Treasury.

10
11 The streams of annual debt service pertaining to non-Federal payment obligations also are
12 included as fixed obligations that the repayment study takes into account in establishing the
13 overall levelized debt service. This reflects the priority of revenue application in DOE Order
14 RA 6120.2 in which these obligations have a higher priority of debt repayment. Therefore, the
15 study scheduled the repayment of Federal debt around these obligations.

16
17 Based on these parameters, the repayment study establishes a schedule of planned Federal
18 amortization payments and resulting gross Federal interest expense by determining the lowest
19 levelized debt service stream necessary to repay all transmission obligations within the required
20 repayment period. *See* repayment program tables in Appendix A. Further discussion of the
21 repayment program is included in the Documentation, TR-08-E-BPA-01A, Chapter 12.
22 Chapter 5 of this Study explains repayment policies and requirements.
23

1 **4. TRANSMISSION REVENUE REQUIREMENTS**

2
3 This chapter explains the cost accounting formats used to develop the revenue requirements for
4 FYs 2006 and 2007. Section 4.1.1 provides a line-by-line description of the Revenue
5 Requirement Income Statement and Section 4.1.2 provides a line-by-line description of the
6 Revenue Requirement Statement of Cash Flows.

7
8 **4.1 Revenue Requirement Format**

9 For each year of a rate test period, BPA prepares two tables that reflect the process by which
10 revenue requirements are determined. The Income Statement includes projections of Total
11 Expenses, Planned Net Revenues for Risk, and, if necessary, a Minimum Required Net Revenues
12 component. The Statement of Cash Flows shows the analysis used to determine Minimum
13 Required Net Revenues and the cash available for risk mitigation.

14
15 The Income Statement (Table 3 of this Study) displays the components of the annual revenue
16 requirements, which include Total Operating Expenses (Line 6), Net Interest Expense (Line 16),
17 Minimum Required Net Revenues (Line 18), and Planned Net Revenues for Risk (Line 19). The
18 sum of these four major components is the Total Revenue Requirement (Line 21) for each year
19 of the rate period.

20
21 The Minimum Required Net Revenues (Table 3, Line 18) result from an analysis of the
22 Statement of Cash Flows (Table 4 of this Study). Minimum Required Net Revenues may be
23 necessary to ensure that revenue requirements are sufficient to cover all cash requirements,

1 including annual amortization of the Federal investment as determined in the transmission
2 repayment studies.

3
4 The Statement of Cash Flows (Table 4) analyzes annual cash inflows and outflows. Cash
5 Provided by Current Operations (Line 10), driven by the Expenses Not Requiring Cash shown in
6 Lines 4, 5 and 6, must be sufficient to compensate for the difference between Cash Used for
7 Capital Investments (Line 14) and Cash From Treasury Borrowing (Line 20). If cash provided
8 by Current Operations is not sufficient, Minimum Required Net Revenues (Line 2) must be
9 included in revenue requirements to accommodate the shortfall, yielding at least a zero Annual
10 Increase in Cash (Line 21). The Minimum Required Net Revenues shown on the Statement of
11 Cash Flows (Line 2) then is incorporated in the Income Statement (Table 3, Line 18).

12 13 **4.1.1 Income Statement**

14 Below is a line-by-line description of the components in the Income Statement (Table 3). The
15 Documentation, TR-08-E-BPA-01A, provides additional information on the development and
16 use of the data contained in the tables.

17
18 **Operation and Maintenance (Line 2).** Operation and Maintenance represents FCRTS
19 O&M expenses incurred by BPA. Specific O&M expenses include transmission scheduling,
20 transmission marketing, transmission system operations, transmission system maintenance,
21 transmission system development, environment, non-Federal transmission arrangements, leases,
22 TS general and administrative, TS support services, Civil Service Retirement System pension

1 expense, and corporate administrative and support services. *See* Documentation, TR-08-E-BPA-
2 01A, Chapter 2.

3
4 **Transmission Acquisition & Ancillary Services (Line 3).** Inter-business line expenses,
5 resulting from functional separation, and ancillary services products, include the PBL generation
6 inputs to ancillary services, station service and remedial action schemes, and the cost of Corps of
7 Engineers and Bureau of Reclamation transmission facilities serving the network and utility
8 delivery segments. *See* Documentation, TR-08-E-BPA-01A, Chapter 2.

9
10 **Non-Federal Projects Debt Service (Line 4).** Customer prepayments for Large
11 Generator Interconnection Agreements (LGIA) are returned to customers through credits for
12 transmission service. The amount returned is composed of the prepayment plus interest accrued
13 on the outstanding credit balance. These projects also accrue Allowance for Funds Used During
14 Construction (AFUDC). Non-Federal Projects Debt Service is the sum of the interest accrued
15 during the year on all outstanding LGIA credit balances and AFUDC. *See* Documentation, TR-
16 08-E-BPA-01A, Chapter 13.

17
18 **Depreciation & Amortization (Line 5).** Depreciation is the annual capital recovery
19 expense associated with FCRTS plant-in-service. BPA transmission and general plant are
20 depreciated by the straight-line method of calculation, using the remaining life technique.
21 Amortization refers to the annual capital recovery expense for other deferred Transmission
22 assets. *See* Documentation, TR-08-E -BPA-01A, Chapter 3.

1 **Total Operating Expenses (Line 6).** Total Operating Expenses is the sum of the above
2 expenses (Lines 2 through 4).

3
4 **Debt Service Reassignment Interest (Line 8).** Debt service reassignment interest
5 consists of the interest component of the debt service reassigned to TS through the Debt
6 Optimization Program. *See* Documentation, TR-08-E -BPA-01A, Chapter 7.

7
8 **Interest on Appropriated Funds (Line 10).** Interest on Appropriated Funds consists of
9 interest on the appropriations BPA received prior to the full implementation of BPA's self-
10 financing authority and is determined in the transmission repayment studies. *See*
11 Documentation, TR-08-E-BPA-01A, Chapter 2.

12
13 **Interest on Long-Term Debt (Line 11).** Interest on long-term debt includes interest on
14 bonds that BPA issues to the Treasury to fund investments in transmission plant, environment,
15 general plant supportive of transmission, and capital equipment. Such interest expense is
16 determined in the transmission repayment studies. Any payments of call premiums for bonds
17 projected to be amortized are included in this line. *See* Documentation, TR-08-E-BPA-01A,
18 Chapter 2.

19
20 **Interest Income (Line 12).** Interest income also is computed on the projected year-end
21 cash balances in the BPA fund attributable to the transmission function that carries over into the
22 next year. It is credited against bond interest. Also included is an interest income credit
23 calculated in the transmission repayment studies on funds to be collected during each year for

1 payments of Federal interest and amortization at the end of the fiscal year. A further explanation
2 of the calculation of the interest credit computed within the transmission repayment studies is
3 included in Appendix A. *See* Documentation, TR-08-E-BPA-01A, Chapter 4.
4

5 **Amortization of Capitalized Bond Premiums (Line 13).** When a bond issued to the
6 Treasury is refinanced, any call premium resulting from early retirement of the original bond is
7 capitalized and included in the principal of the new bond. The capitalized call premium then is
8 amortized over the term of the new bond. The annual amortization is a non-cash component of
9 interest expense. *See* Documentation, TR-08-E-BPA-01A, Chapter 2.
10

11 **Capitalization Adjustment (Line 14).** Implementation of the Refinancing Act entailed
12 a change in capitalization on BPA's financial statements. Outstanding appropriations attributed
13 to the transmission function were reduced by \$470 million as a result of the refinancing. The
14 reduction is recognized annually over the remaining repayment period of the refinanced
15 appropriations. The annual recognition of this adjustment is based on the increase in annual
16 interest expense resulting from implementation of the Act, as shown in repayment studies for the
17 year of the refinancing transaction (1997). The capitalization adjustment is included on the
18 income statement as a non-cash, contra-expense. *See* Documentation, TR-08-E-BPA-01A,
19 Chapter 2.
20

21 **Allowance for Funds Used During Construction (AFUDC) (Line 15).** AFUDC is a
22 credit against interest on long-term debt (Line 10). This non-cash reduction to interest expense
23 reflects an estimate of interest on the funds used during the construction period of facilities that

1 are not yet in service. AFUDC is capitalized along with other construction costs and is
2 recovered through rates over the expected service life of the related plant as part of the
3 depreciation expense after the facilities are placed in service.
4

5 **Net Interest Expense (Line 16).** Net Interest Expense is computed as the sum of Debt
6 Service Reassignment Interest (line 8), Interest on Appropriated Funds (Line 10), Interest on
7 Long-Term Debt (Line 11), Interest Income (Line 12), Amortization of Capitalized Bond
8 Premiums (Line 13), Capitalization Adjustment (Line 14), and AFUDC (Line 15).
9

10 **Total Expenses (Line 17).** Total Expenses are the sum of Total Operating Expenses
11 (Line 6) and Net Interest Expense (Line 16).
12

13 **Minimum Required Net Revenues (Line 18).** Minimum Required Net Revenues, an
14 input from Line 2 of the Statement of Cash Flows (Table 4), may be necessary to cover cash
15 requirements in excess of accrued expenses. An explanation of the method used for determining
16 the Minimum Required Net Revenues is included in Section 4.1.2 below.
17

18 **Planned Net Revenues for Risk (Line 19).** Planned Net Revenues for Risk is the
19 amount of net revenues, if any, to be included in rates for financial risk mitigation. There are no
20 Planned Net Revenues for Risk included in the Final Rate Proposal. Starting TS reserves in
21 FY 2008 are projected to be sufficient to mitigate risk in FYs 2008 and 2009.
22
23

1 **Total Planned Net Revenues (Line 20).** Total Planned Net Revenues is the sum of
2 Minimum Required Net Revenues (Line 18) and Planned Net Revenues for Risk (Line 19).

3
4 **Total Revenue Requirement (Line 21).** Total Revenue Requirement is the sum of Total
5 Expenses (Line 17) and Total Planned Net Revenues (Line 20).

6
7 **4.1.2 Statement of Cash Flows.**

8 Below is a line-by-line description of each of the components in the Statement of Cash Flows
9 (Table 4). The Documentation, TR-08-E-BPA-01A, provides additional information related to
10 the use and development of the data contained in the cash flow table.

11
12 **Minimum Required Net Revenues (Line 2).** Determination of this line is a result of
13 annual cash inflows and outflows shown on the Statement of Cash Flows. Minimum Required
14 Net Revenues may be necessary so that the Cash Provided By Current Operations (Line 10) will
15 be sufficient to cover the planned amortization payments (the difference between Lines 14 and
16 20) without causing the Annual Increase (Decrease) in Cash (Line 21) to be negative. The
17 Minimum Required Net Revenues amount determined in the Statement of Cash Flows is
18 incorporated in the Income Statement (Table 3, Line 18).

19
20 **Depreciation & Amortization (Line 4).** Depreciation is from the Income Statement
21 (Table 3, Line 5). It is a negative item included in computing Cash Provided By Current
22 Operations (Table 4, Line 10) because it is a non-cash expense of the FCRTS.

1 **Non-Federal Projects Debt Service (Line 5).** Non-Federal Projects Debt Service is
2 from the Income Statement (Table 3, Line 4). It is a non-cash expense..

3
4 **Amortization of Capitalized Bond Premiums (Line 6).** Amortization of Capitalized
5 Bond Premiums, from the Income Statement (Table 3, Line 13), is a non-cash expense.

6
7 **Capitalization Adjustment (Line 7).** The Capitalization Adjustment, from the Income
8 Statement (Table 3, Line 14), is a non-cash (contra) expense.

9
10 **Drawdown of Cash Reserves for Capital Funding (Line 8).** The Drawdown of Cash
11 Reserves for Capital Funding refers to the use of cash accumulated from transmission revenues
12 in prior rate periods to fund capital expenditures in each year of the rate period.

13
14 **Accrual Revenues (AC Intertie/Fiber) (Line 9).** BPA accounts for the AC Intertie non-
15 Federal capacity ownership lump-sum payments received in FY 1995 as unearned revenues that
16 are recognized as annual accrued revenues over the estimated average service life of the
17 associated transmission facilities. Similarly, some leases of fiber optic capacity have included
18 up-front payments, the annual accrued revenues for which are being recognized over the life of
19 the particular contract. The annual accrual revenues, which are part of the total revenues
20 recovering the FCRTS revenue requirement, are included here as a non-cash adjustment to cash
21 from current operations. In addition, LGIA capital projects are included in this category because
22 customers provide an upfront payment for construction of transmission facilities that is returned
23 to them through credits for transmission service.

1 **Cash Provided By Current Operations (Line 10).** Cash Provided By Current
2 Operations, the sum of Lines 2, 4, 5, 6, 7, 8, and 9 is available for the year to satisfy cash
3 requirements.

4
5 **Investment in Utility Plant (Line 13).** Investment in Utility Plant represents the annual
6 increase in capital expenditures for additions and replacements to the transmission system funded
7 by Treasury bonds or available cash reserves. *See* Chapter 2 of this Study.

8
9 **Cash Used for Capital Investments (Line 14).** Cash Used for Capital Investments is
10 the sum of investments in utility plant.

11
12 **Increase in Long-Term Debt (Line 16).** Increase in Long-Term Debt reflects the new
13 bonds issued by BPA to the U.S. Treasury to fund the construction and environmental capital
14 equipment programs. Also included in this amount may be any notes issued to the U.S.
15 Treasury. *See* Documentation, TR-08-E-BPA-01A, Chapter 6.

16
17 **Debt Service Reassignment Principal (Line 17).** Debt Service Reassignment Principal
18 is the principal component of the debt service obligation reassigned to TS through the Debt
19 Optimization Program. *See* Chapter 2.3.4.

20
21 **Repayment of Long-Term Debt (Line 18).** Repayment of Long-Term Debt is BPA's
22 planned repayment of outstanding bonds issued by BPA to the U.S. Treasury, as determined in
23 the repayment studies. *See* Documentation, TR-08-E-BPA-01A, Chapter 2.

1 **Repayment of Capital Appropriations (Line 19).** Repayment of Capital
2 Appropriations represents projected amortization of outstanding BPA appropriations (pre-self-
3 financing) as determined in the repayment studies. *See* Documentation,
4 TR-08-E-BPA-01A, Chapter 2.

5
6 **Cash From Treasury Borrowing and Appropriations (Line 20).** Cash From Treasury
7 Borrowing and Appropriations is the sum of Lines 16 through 19. This is the net cash flow
8 resulting from increases in cash from new long-term debt and decreases in cash from repayment
9 of long-term debt and capital appropriations.

10
11 **Annual Increase (Decrease) in Cash (Line 21).** Annual Increase (Decrease) in Cash,
12 the sum of Lines 10, 14, and 20, reflects the annual net cash flow from current operations and
13 investing and financing activities. Revenue requirements are set to meet all projected annual
14 cash flow requirements, as included on the Statement of Cash Flows. A decrease shown in this
15 line would indicate that annual revenues are insufficient to cover the year's cash requirements.
16 In such cases, Minimum Required Net Revenues are included to offset such decrease. *See*
17 discussion above of Minimum Required Net Revenues (Line 2).

18
19 **Planned Net Revenues For Risk (Line 22).** Planned Net Revenues For Risk reflects the
20 amounts included in revenue requirements to meet BPA's risk mitigation objectives (from
21 Table 3, Line 19.)

1 **Total Annual Increase (Decrease) in Cash (Line 23).** Total Annual Increase
2 (Decrease) in Cash, the sum of Lines 21 and 22, is the total annual cash that is projected to be
3 available to add to BPA's cash reserves.

4 5 **4.2 Current Revenue Test**

6 Consistent with RA 6120.2, the continuing adequacy of existing rates must be tested annually.
7 The current revenue test determines whether the revenues expected from current rates can
8 continue to meet cost recovery requirements.

9
10 For the rate test period, the demonstration of the adequacy of current rates is shown on Tables 5
11 and 6. Table 5 is a pro forma income statement for each year. Table 6, Statement of Cash
12 Flows, tests the sufficiency of the resulting Net Revenues from Table 5 (Line 17) for making the
13 planned annual amortization payments. The Total Annual Increase (Decrease) in Cash (Table 6,
14 Line 20) must be at least zero to demonstrate the adequacy of the projected revenues to cover all
15 cash payment requirements. The current revenue test shows that current rates are sufficient to
16 satisfy cost recovery requirements in the rate period.

17
18 Table 7 shows the adequacy of current rates to satisfy cost recovery requirements over the 35-
19 year repayment period. The focal point of this table is the Net Position (Column K), which is the
20 amount of funds provided by revenues from current rates that remain after meeting annual
21 expenses requiring cash for the rate period and repayment of the Federal investment. Thus, if the
22 Net Position is zero or greater in each year of the rate approval period through the repayment
23 period, the projected revenues from current rates demonstrate BPA's ability to repay the Federal

1 investment in the FCRTS within the allowable time. As shown in Column K, the Net Position
2 results are positive for each year of the rate approval period and in each year of the repayment
3 period.

4 5 **4.3 Revised Revenue Test**

6 Consistent with RA 6120.2, the adequacy of proposed rates must be demonstrated. The revised
7 revenue test determines whether the revenues projected from proposed rates will meet cost
8 recovery requirements as well as the Treasury Payment Probability risk goal for the rate approval
9 period. The revised revenue test was conducted using the forecast of revenues under proposed
10 rates. *See* Knudsen and Woerner, TR-08-E-BPA-04, for the revenue forecast under current and
11 proposed rates. The results of the revised revenue test demonstrate that proposed rates are
12 adequate to fulfill the basic cost recovery requirements for the rate test period of FYs 2006 and
13 2007.

14
15 For the rate test period, the demonstration of the adequacy of proposed rates is shown on Tables
16 8 and 9. Table 8 presents pro forma income statements for each year. Table 9, Statement of
17 Cash Flows, tests the sufficiency of the resulting Net Revenues from Table 8 (Line 17) for
18 making the planned annual amortization. This is demonstrated by the Total Annual Increase
19 (Decrease) in Cash (Table 9, Line 20). The annual cash flow (Line 20) must be at least zero to
20 demonstrate the adequacy of the projected revenues to cover all cash payment requirements.

21 22 **4.4 Repayment Test at Proposed Rates**

23 Table 10 demonstrates whether projected revenues from proposed rates are adequate to meet the

1 cost recovery criteria of RA 6120.2 over the repayment period. The data are presented in a
2 format consistent with the revised revenue tests (Tables 8 and 9) and separate accounting
3 analyses. The focal point of this table is the Net Position (Table 10, Column K), which is the
4 amount of funds provided by revenues that remain after meeting annual expenses requiring cash
5 for the rate period and repayment of the Federal investment. Thus, if the Net Position is zero or
6 greater in each year of the rate approval period through the repayment period, the projected
7 revenues demonstrate BPA's ability to repay the Federal investment in the FCRTS within the
8 allowable time. As shown in Column K, the resulting Net Position is greater than zero for each
9 year of the rate approval period and in each year of the repayment period.

10
11 The historical data on this table have been taken from BPA's separate accounting analysis. The
12 rate test period data have been developed specifically for this rate filing. The repayment period
13 data are presented in a manner consistent with the requirements of RA 6120.2

1 **5. LEGAL REQUIREMENTS AND POLICIES**

2
3 This chapter summarizes the statutory framework that guides the development of BPA’s
4 transmission revenue requirement and the recovery of BPA’s transmission costs and expenses
5 among the various users of the FCRTS, and the repayment policies that BPA follows in the
6 development of its revenue requirement.

7
8 **5.1 Development of BPA’s Revenue Requirements**

9 BPA’s revenue requirements are governed by three main legislative acts: the Flood Control Act
10 of 1944, P.L. No. 78-534, 58 Stat. 890, amended 1977; the Federal Columbia River
11 Transmission System Act (Transmission System Act) of 1974, P.L. No. 93-454, 88 Stat. 1376;
12 and the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power
13 Act), P.L. No. 96-501, 94 Stat. 2697. Other statutory provisions that guide the development of
14 BPA’s revenue requirements include the Federal Power Act, as amended by the Energy Policy
15 Act of 1992 (EPA-92), P.L. No. 102-486. 106 Stat. 2776; and the Omnibus Consolidated
16 Rescissions and Appropriations Act of 1996, P.L. No. 104-134, Stat. 132.

17
18 DOE Order “Power Marketing Administration Financial Reporting”, RA 6120.2, issued by the
19 Secretary of Energy provides guidance to Federal power marketing agencies regarding
20 repayment of the Federal investment. In addition, policies issued by the FERC provide guidance
21 on transmission pricing.

1 **5.1.1 Legal Requirement Governing BPA’s Revenue Requirement.**

2 BPA constructs, operates, and maintains the FCRTS within the Pacific Northwest and makes
3 improvements or replacements thereto as are appropriate and required to: (a) integrate and
4 transmit electric power from existing or additional Federal or non-Federal generating units;
5 (b) provide service to BPA customers; (c) provide inter-regional transmission facilities; and
6 (d) maintain the electrical stability and reliability of the Federal system. Section 4 of the Federal
7 Columbia River Transmission System Act (Transmission System Act), 16 U.S.C. §838b. The
8 transmission system is built to encourage the widest possible use of all electric energy. Section
9 5, Flood Control Act, 16 U.S.C. §825s.

10
11 BPA’s rates must be set in a manner that ensures revenue levels sufficient to recover its costs.
12 This requirement was first set forth in Section 7 of the Bonneville Project Act, 16 U.S.C. § 832f
13 (as amended 1977) which provided that:

14 *Rate schedules shall be drawn having regard to the recovery (upon the basis of the*
15 *application of such rate schedules to the capacity of the electric facilities of the*
16 *Bonneville project) of the cost of producing and transmitting such electric energy,*
17 *including the amortization of the capital investment over a reasonable period of years.*
18

19 This cost recovery principle was repeated for Army reservoir projects in Section 5 of the Flood
20 Control Act of 1944, 16 U.S.C. 825s (as amended 1977). In 1974, Section 9 of the Transmission
21 System Act, 16 U.S.C, § 838g, expanded the cost recovery principle so that BPA’s rates also
22 would be set to recover:
23
24
25

1 *payments provided [in the Administrator’s annual budget], and (3) at levels to produce*
2 *such additional revenues as may be required, in the aggregate with all other revenues of*
3 *the Administrator, to pay when due the principal of, premiums, discounts, and expenses*
4 *in connection with the issuance of and interest on all bonds issued and outstanding*
5 *pursuant to [this Act,] and amounts required to establish and maintain reserve and other*
6 *funds and accounts established in connection therewith.*
7

8 The Northwest Power Act reiterates and clarifies the cost recovery principle. Section 7(a)(1) of
9 the Northwest Power Act, 16 U.S.C. § 839e(a)(1), provides that:

10 *The Administrator shall establish, and periodically review and revise, rates for the sale*
11 *and disposition of electric energy and capacity and for the transmission of non-Federal*
12 *power. Such rates shall be established and, as appropriate, revised to recover, in*
13 *accordance with sound business principles, the costs associated with the acquisition,*
14 *conservation, and transmission of electric power, including the amortization of the*
15 *Federal investment in the Federal Columbia River Power System (including irrigation*
16 *costs required to be repaid out of power revenues) over a reasonable period of years and*
17 *the other costs and expenses incurred by the Administrator pursuant to this Act and other*
18 *provisions of law. Such rates shall be established in accordance with Sections 9 and 10*
19 *of the Federal Columbia River Transmission System Act (16 U.S.C. § 838), Section 5 of*
20 *the Flood Control Act of 1944, and the provisions of this Chapter.*
21

22 The Northwest Power Act also provides that FERC’s confirmation and approval of BPA rates
23 shall assure that the revenue requirement is adequate to recover BPA’s costs and ensure timely
24 U.S. Treasury repayments. Section 7(a)(2), 16 U.S.C. § 839e(a)(2), provides:

25 *Rates established under this section shall become effective only, except in the case of*
26 *interim rules as provided in subsection (i)(6), upon confirmation and approval by the*
27 *Federal Energy Regulatory Commission upon a finding by the Commission, that such*
28 *rates:*
29

- 30 (A) *are sufficient to assure repayment of the Federal investment in the Federal*
31 *Columbia River Power System over a reasonable number of years after first*
32 *meeting the Administrator’s other costs.*
33
34 (B) *are based upon the Administrator’s total system costs; and*
35
36 (C) *insofar as transmission rates are concerned, equitably allocate the costs of the*
37 *Federal transmission system between Federal and non-Federal power utilizing*
38 *such system.*

1 In October 1992, Congress amended the Federal Power Act to allow FERC to order a
2 transmitting utility, including BPA, to provide transmission services (including the enlargement
3 of transmission capacity necessary to provide such services) to an applicant. Section 211(a) of
4 the Federal Power Act, 16 U.S.C. § 824j(a). In applying the Federal Power Act provisions to
5 FERC-ordered transmission service on the FCRTS, section 212(i), 16 U.S.C. § 824k(i)(1)(B),
6 provides that FERC shall assure that

7 . (I) *the provisions of otherwise applicable Federal laws shall continue in full force*
8 *and effect and shall continue to be applicable to the system; and*

9
10 (ii) *the rates for the transmission of electric power on the system shall be governed*
11 *only by such otherwise applicable provisions of law and not by any provision of*
12 *section 824i of this title, 824j of this title, this section, and section 824l of this*
13 *title, except that no rate for the transmission of power on the system shall be*
14 *unjust, unreasonable, or unduly discriminatory or preferential , as determined by*
15 *the Commission*
16

17 In its final rule, *Promoting Wholesale Competition Through Open Access non-Discriminatory*
18 *transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and*
19 *Transmitting Utilities, Order No. 888 (Order 888), FERC Stats. & Regs. Par.31,036 (1996),*
20 FERC established safe harbor protections for non-public utilities like BPA from FERC ordered
21 transmission service under the Federal Power Act. *See* 18 CFR §35.28(e). The safe harbor
22 provisions apply if FERC finds the non-public utility's open access transmission tariff is an
23 acceptable reciprocity tariff. In determining whether the non-public utility's tariff is consistent
24 with FERC's comparability standards, FERC requires sufficient information to conclude that the
25 non-public utility's rates associated with tariff service are comparable to the rates it charges
26 others, and also requires separate rates be established for transmission and ancillary services.
27 FERC Stats. & Regs. Par.31,036, 31,761 (1996),

1 Development of the revenue requirement is a critical component of meeting the statutory cost
2 recovery principles. The costs associated with FCRTS and associated services and expenses, as
3 well as other costs incurred by the Administrator in furtherance of BPA’s mission, are included
4 in the Study.

5
6 **5.1.2 The BPA Appropriations Refinancing Act.**

7 As in the prior rate period, BPA’s transmission rates for the FYs 2006 - 2007 rate period will
8 reflect the requirements of the Refinancing Act, part of the Omnibus Consolidated Rescissions
9 and Appropriations Act of 1996, P.L. No. 104-134, 110 Stat. 1321, enacted in April 1996. The
10 Refinancing Act required that unpaid principal on BPA appropriations (“old capital
11 investments”) at the end of FY 1996 be reset at the present value of the principal and annual
12 interest payments BPA would make to the U.S. Treasury for these obligations absent the
13 Refinancing Act, plus \$100 million. 16 U.S.C. § 838l(b). The Refinancing Act also specified
14 that the new principal amounts of the old capital investments be assigned new interest rates from
15 the Treasury yield curve prevailing at the time of the refinancing transaction. 16 U.S.C.
16 §838l(a)(6)(A).

17
18 The Refinancing Act restricts prepayment of the new principal for old capital investments to
19 \$100 million during the first five years after the effective date of the financing. 16 U.S.C. §
20 838l(e). The Refinancing Act also specifies that repayment periods on new principal amounts
21 may not be earlier than determined prior to the refinancing. 16 U.S.C. §838l(d).

1 The Refinancing Act also directs the Administrator to offer to provide assurance in new or
2 existing power, transmission, or related service contracts that the Government would not increase
3 the repayment obligations in the future. 16 U.S.C. §8381(i).

4 5 **5.2 Repayment Requirements and Policies**

6 7 **5.2.1 Separate Repayment Studies.**

8 Section 10 of the Transmission System Act, 16 U.S.C. §838h, and section 7(a)(2)(C) of the
9 Northwest Power Act, 16 U.S.C. §839e(a)(2)(C), provide that the recovery of the costs of the
10 Federal transmission system shall be equitably allocated between Federal and non-Federal power
11 utilizing such system. In 1982, FERC first directed BPA to provide accounting and repayment
12 statements for its transmission system separate and apart from the accounting and repayment
13 statements for the Federal generation system. *See* 20 FERC ¶61,142 (1982). FERC required
14 BPA to establish books of account for the FCRTS separate from its generation costs; explained
15 that the FCRTS shall be comprised of all investments, including administrative and management
16 costs, related to the transmission of electric power; and directed BPA to develop repayment
17 studies for its transmission function separate from its generation function that set forth the date
18 of each investment, the repayment date and the amount repaid from transmission revenues. *See*
19 26 FERC ¶ 61,096 (1984). FERC approved BPA's methodology for separate repayment studies
20 in 1984. 28 FERC ¶61,325 (1984).

1 BPA has prepared separate repayment studies for its transmission and generation functions since
2 1984. BPA therefore has developed the transmission revenue requirement with no change in this
3 repayment policy.

4 5 **5.2.2 Repayment Schedules.**

6 The statutes applicable to BPA do not include specific directives for scheduling repayment of old
7 capital appropriations and bonds issued to Treasury other than a directive that the Federal
8 investment be amortized over a reasonable period of years. BPA's repayment policy has been
9 established largely through administrative interpretation of its statutory requirements, with
10 Congressional encouragement and occasional admonishment.

11
12 There have been a number of changes in BPA's repayment policy over the years concurrent with
13 expansion of the Federal system and changing conditions. In general, current repayment criteria
14 first were approved by the Secretary of the Interior on April 3, 1963. These criteria were refined
15 and submitted to the Secretary and the Federal Power Commission (the predecessor agency to
16 FERC) in support of BPA's rate filing in September 1965.

17
18 The repayment policy was presented to Congress for its consideration for the authorization of the
19 Grand Coulee Dam Third Powerhouse in June 1966. The underlying theory of repayment was
20 discussed in the House of Representatives' Report related to authorization of this project, H.R.
21 Rep. No. 1409, 89th Cong., 2d Sess. 9-10 (1966). As stated in that report:

1 *Accordingly, in a repayment study there is no annual schedule of capital repayment. The*
2 *test of the sufficiency of revenues is whether the capital investment can be repaid within*
3 *the overall repayment period established for each power project, each increment of*
4 *investment in the transmission system, and each block of irrigation assistance. Hence,*
5 *repayment may proceed at a faster or slower pace from year-to-year as conditions*
6 *change.*
7

8 This approach to repayment scheduling has the effect of averaging the year-to-year variations in
9 costs and revenues over the repayment period. This results in a uniform cost per unit of power
10 sold, and permits the maintenance of stable rates for extended periods. It also facilitates the
11 orderly marketing of power and permits BPA's customers, which include both electric utilities
12 and electro-process industries, to plan for the future with assurance.

13
14 The Secretary of the Interior issued a statement of power policy on September 30, 1970, setting
15 forth general principles that reaffirmed the repayment policy as previously developed. The most
16 pertinent of these principles was set forth in the Department of the Interior Manual, Part 730,

17 Chapter 1:

18 *A. Hydroelectric power, although not a primary objective, will be proposed to Congress*
19 *and supported for inclusion in multiple-purpose Federal projects when . . . it is*
20 *capable of repaying its share of the Federal investment, including operation and*
21 *maintenance costs and interest, in accordance with the law.*
22

23 *B. Electric power generated at Federal projects will be marketed at the lowest rates*
24 *consistent with sound financial management. Rates for the sale of Federal electric*
25 *power will be reviewed periodically to assure their sufficiency to repay operating and*
26 *maintenance costs and the capital investment within 50 years with interest that more*
27 *accurately reflects the cost of money.*
28

29 To achieve a greater degree of uniformity in repayment policy for all Federal power marketing
30 agencies, the Deputy Assistant Secretary of the Department of the Interior (DOI) issued a memo
31 on August 2, 1972, outlining: (1) a uniform definition of the commencement of the repayment

1 period for a particular project; (2) the method for including future replacement costs in
2 repayment studies; and (3) a provision that the investment or obligation bearing the highest
3 interest rate shall be amortized first, to the extent possible, while still complying with the
4 prescribed repayment period established for each increment of investment.

5
6 A further clarification of the repayment policy was outlined in a joint memo of January 7, 1974,
7 from the Assistant Secretary for Reclamation and Assistant Secretary for Energy and Minerals.

8 This memo states that in addition to meeting the overall objective of repaying the Federal
9 investment or obligations within the prescribed repayment periods, revenues shall be adequate,
10 except in unusual circumstances, to repay annually all costs for O&M, purchased power, and
11 interest.

12
13 On March 22, 1976, the Department of the Interior issued Chapter 4 of Part 730 of the DOI
14 Manual to codify financial reporting requirements for the Federal power marketing agencies.
15 Included therein are standard policies and procedures for preparing system repayment studies.

16
17 BPA and other Federal power marketing agencies were transferred to the newly established
18 Department of Energy (DOE) on October 1, 1977. *See* DOE Organization Act, 42 U.S.C. § 7101
19 et seq. (1994). The DOE adopted the policies set forth in Part 730 of the DOI Manual by issuing
20 Interim Management Directive No. 1701 on September 28, 1977, which subsequently was
21 replaced by RA 6120.2 issued on September 20, 1979, as amended on October 1, 1983.

1 The repayment policy outlined in DOE Order RA 6120.2, paragraph 12, provides that BPA's
2 total revenues from all sources must be sufficient to:

- 3 1. Pay all annual costs of operating and maintaining the Federal system;
- 4 2. Pay the cost each fiscal year of obtaining power through purchase and exchange
5 agreements, the cost for transmission services, and other costs during the year in
6 which such costs are incurred;
- 7 3. Pay interest expense each year on the unamortized portion of the Federal investment
8 financed with appropriated funds at the interest rates established for each Federal
9 generating project and for each annual increment of such investment in the BPA
10 transmission system, except that recovery of annual interest expense may be deferred
11 in unusual circumstances for short periods of time;
- 12 4. Pay when due the interest and amortization portion on outstanding bonds sold to the
13 U.S. Treasury; and
- 14 5. Repay:
 - 15 a. each dollar of power investments and obligations in the Federal generating
16 projects within 50 years after the projects become revenue producing, except as
17 otherwise provided by law;
 - 18 b. each annual increment of Federal transmission investments and obligations
19 within the average service life of such transmission facilities or within a
20 maximum of 50 years, whichever is less; and
 - 21 c. the cost of each replacement of the Federal system within its service life up to a
22 maximum of 50 years.

1 While RA 6120.2 allows repayment period of up to 50 years, BPA has set due dates at no more
2 than 40 years to reflect expected service lives of new transmission investment. The Refinancing
3 Act overrides provisions in RA 6120.2 related to determining interest during construction and
4 assigning interest rates to Federal investments financed by appropriations. This Act also
5 contains provisions on repayment periods (due dates) for the refinanced appropriations
6 investments. The Refinancing Act is discussed in section 5.1.2 of this Study.
7 In addition, other sections within RA 6120.2 require that any outstanding deferred interest
8 payments must be repaid before any planned amortization payments are made. Also, repayments
9 are to be made by amortizing those Federal investments and obligations bearing the highest
10 interest rate first, to the extent possible, while still completing repayment of each increment of
11 Federal investment and obligation within its prescribed repayment period.

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TABLES

TABLE 1
PROJECTED NET REVENUES FROM PROPOSED RATES
(\$000s)

Fiscal Year		Transmission
2008	Projected Revenues From Proposed Rates	\$765,703
	Projected Expenses	\$699,795
	Net Revenues	\$65,908
2009	Projected Revenues From Proposed Rates	\$775,819
	Projected Expenses	\$736,753
	Net Revenues	\$39,066
Average FYs 2008-2009	Projected Revenues From Proposed Rates	\$770,761
	Projected Expenses	\$718,274
	Net Revenues	\$52,487

The TPP for the two year rate period is greater than 95%.

Table 2

**PLANNED REPAYMENTS TO U.S. TREASURY
FYs 2008 – 2009 TRANSMISSION REPAYMENT STUDIES
(\$000s)**

Fiscal Year	Annual Amortization
2008	\$167,781
2009	\$172,659
Total	\$340,440

TABLE 3
TRANSMISSION REVENUE REQUIREMENT
INCOME STATEMENT
(\$000s)

	A	B
	FY 2008	FY 2009
1 OPERATING EXPENSES		
2 OPERATION AND MAINTENANCE	275,071	285,128
3 TRANSMISSION ACQ & ANCILLARY SERVICES	73,351	76,605
4 NON-FEDERAL PROJECTS DEBT SERVICE	6,064	11,544
5 DEPRECIATION & AMORTIZATION	190,229	198,535
6 TOTAL OPERATING EXPENSES	544,715	571,812
7 INTEREST EXPENSE		
8 DEBT SERVICE REASSIGNMENT INTEREST	42,546	42,347
9 INTEREST ON FEDERAL INVESTMENT -		
10 ON APPROPRIATED FUNDS	37,918	35,714
11 ON LONG-TERM DEBT	112,896	125,472
12 INTEREST INCOME	(10,366)	(9,665)
13 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	1,489	1,051
14 CAPITALIZATION ADJUSTMENT	(18,968)	(18,968)
15 AFUDC	(10,295)	(10,798)
16 NET INTEREST EXPENSE	155,220	165,152
17 TOTAL EXPENSES	699,935	736,964
18 MINIMUM REQUIRED NET REVENUES 1/	29,301	31,335
19 PLANNED NET REVENUES FOR RISK	0	0
20 TOTAL PLANNED NET REVENUES	29,301	31,335
21 TOTAL REVENUE REQUIREMENT	729,236	768,300

1/ SEE NOTE ON CASH FLOW TABLE.

TABLE 4
TRANSMISSION REVENUE REQUIREMENT
STATEMENT OF CASH FLOWS
(\$000s)

	A	B
	FY 2008	FY 2009
1 CASH FROM CURRENT OPERATIONS:		
2 MINIMUM REQUIRED NET REVENUES 1/	29,301	31,335
3 EXPENSES NOT REQUIRING CASH:		
4 DEPRECIATION & AMORTIZATION	190,229	198,535
5 NON-FEDERAL PROJECTS DEBT SERVICE	6,064	11,544
6 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	1,489	1,051
7 CAPITALIZATION ADJUSTMENT	(18,968)	(18,968)
8 DRAWDOWN OF CASH RESERVES FOR CAPITAL FUNDING	15,000	15,000
9 ACCRUAL REVENUES (AC INTERTIE/FIBER)	(35,824)	(43,390)
10 CASH PROVIDED BY CURRENT OPERATIONS	187,291	195,107
11 CASH USED FOR CAPITAL INVESTMENTS:		
12 INVESTMENT IN:		
13 UTILITY PLANT	(305,318)	(279,982)
14 CASH USED FOR CAPITAL INVESTMENTS	(305,318)	(279,982)
15 CASH FROM TREASURY BORROWING AND APPROPRIATIONS:		
16 INCREASE IN LONG-TERM DEBT	290,318	264,982
17 DEBT SERVICE REASSIGNMENT PRINCIPAL	(4,510)	(7,449)
18 REPAYMENT OF LONG-TERM DEBT	(137,119)	(128,480)
19 REPAYMENT OF CAPITAL APPROPRIATIONS	(30,662)	(44,178)
20 CASH FROM TREASURY BORROWING AND APPROPRIATIONS	118,027	84,875
21 ANNUAL INCREASE (DECREASE) IN CASH	0	0
22 PLANNED NET REVENUES FOR RISK	0	0
23 TOTAL ANNUAL INCREASE (DECREASE) IN CASH	0	0

1/ Line 21 must be greater than or equal to zero, otherwise net revenues will be added so that there are no negative cash flows for the year.

TABLE 5
CURRENT REVENUE TEST
INCOME STATEMENT
(\$000s)

	A	B
	FY 2008	FY 2009
1 REVENUES FROM CURRENT RATES	766,943	777,039
2 OPERATING EXPENSES		
3 OPERATION AND MAINTENANCE	275,071	285,128
4 TRANSMISSION ACQ & ANCILLARY SERVICES	73,351	76,605
5 NON-FEDERAL PROJECTS DEBT SERVICE	6,116	11,736
6 DEPRECIATION & AMORTIZATION	190,229	198,535
7 TOTAL OPERATING EXPENSES	544,767	572,004
8 INTEREST EXPENSE		
9 DEBT SERVICE REASSIGNMENT INTEREST	42,546	42,347
10 INTEREST ON FEDERAL INVESTMENT -		
11 ON APPROPRIATED FUNDS	37,918	35,714
12 ON LONG-TERM DEBT	112,896	125,472
13 INTEREST INCOME	(10,585)	(10,126)
14 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	1,489	1,051
15 CAPITALIZATION ADJUSTMENT	(18,968)	(18,968)
16 AFUDC	(10,295)	(10,798)
17 NET INTEREST EXPENSE	155,001	164,691
18 TOTAL EXPENSES	699,768	736,695
19 NET REVENUES	67,175	40,344

TABLE 6
CURRENT REVENUE TEST
STATEMENT OF CASH FLOWS
(\$000s)

	A	B
	FY 2008	FY 2009
1 CASH FROM CURRENT OPERATIONS:		
2 NET REVENUES	67,175	40,344
3 EXPENSES NOT REQUIRING CASH:		
4 DEPRECIATION & AMORTIZATION	190,229	198,535
5 NON-FEDERAL PROJECTS DEBT SERVICE	6,116	11,736
6 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	1,489	1,051
7 CAPITALIZATION ADJUSTMENT	(18,968)	(18,968)
8 DRAWDOWN OF CASH RESERVES FOR CAPITAL FUNDING	15,000	15,000
9 ACCRUAL REVENUES (AC INTERTIE/FIBER)	(33,987)	(41,075)
10 CASH PROVIDED BY CURRENT OPERATIONS	227,054	206,623
11 CASH USED FOR CAPITAL INVESTMENTS:		
12 INVESTMENT IN:		
13 UTILITY PLANT	(305,318)	(279,982)
14 CASH USED FOR CAPITAL INVESTMENTS	(305,318)	(279,982)
15 CASH FROM TREASURY BORROWING AND APPROPRIATIONS:		
16 INCREASE IN LONG-TERM DEBT	290,318	264,982
17 DEBT SERVICE REASSIGNMENT PRINCIPAL	(4,510)	(7,449)
18 REPAYMENT OF LONG-TERM DEBT	(137,119)	(128,480)
19 REPAYMENT OF CAPITAL APPROPRIATIONS	(30,662)	(44,178)
20 CASH FROM TREASURY BORROWING AND APPROPRIATIONS	118,027	84,875
21 ANNUAL INCREASE (DECREASE) IN CASH	39,763	11,515

TABLE 7
TRANSMISSION REVENUES FROM CURRENT RATES
REVENUE REQUIREMENT AND REPAYMENT STUDY RESULTS THROUGH THE REPAYMENT PERIOD
(\$000)

	A	B	C	D	E	F	G	H	I	J	K
	REVENUES (STATEMENT A)	OPERATION & MAINTENANCE (STATEMENT E)	PURCHASE AND EXCHANGE POWER (STATEMENT E)	DEPRECIATION	NET INTEREST (STATEMENT D)	NET REVENUES (F=A-B-C-D-E)	NONCASH EXPENSES 1/ (COLUMN D)	FUNDS FROM OPERATION (H=F+G)	AMORTIZATION (REV REQ STUDY DOC,V 2,C 3)	IRRIGATION AMORTIZATION (STATEMENT C)	NET POSITION (K=H-J)
YEAR COMBINED CUMULATIVE											
1977	3,298,951	963,839	348,748	807,047	1,220,170	(40,853)	807,047	766,194	628,460		137,734
TRANSMISSION											
1978	116,430	69,767		51,503	60,337	(65,177)	51,503	(13,674)	194		(13,868)
1979	107,017	73,801		53,756	69,112	(89,652)	53,756	(35,896)	26		(35,922)
1980	170,603	77,594		55,613	78,039	(40,643)	55,613	14,970	2		14,968
1981	202,740	87,243		59,638	87,665	(31,806)	59,638	27,832	1,236 2/		26,596
1982	269,200	91,562		64,458	106,190	6,990	64,458	71,448	0		71,448
1983	359,641	99,520		67,969	138,268	53,884	67,969	121,853	0		121,853
1984	417,821	101,406		60,360	158,783	97,272	60,360	157,632	26,722 3/		130,910
1985	510,030	141,623		71,012	160,336	137,059	71,012	208,071			8,425
1986	446,435	144,438		77,574	178,460	45,963	77,574	123,537	180,915		(57,378)
1987	456,728	148,596		85,807	177,020	45,305	85,807	131,112	148,860		(17,748)
1988	405,154	167,102		90,076	164,131	(16,155)	90,076	73,921	44,757		29,164
1989	422,202	175,240		93,076	164,044	(10,158)	93,076	82,918	119,322		(36,404)
1990	426,855	183,512		98,881	153,440	(8,978)	98,881	89,903	99,460		(9,557)
1991	439,871	199,668		98,731	139,458	2,014	98,731	100,745	70,930		29,815
1992	428,769	209,868		101,946	143,789	(26,834)	101,946	75,112	190,864		(115,752)
1993	417,555	189,926		101,929	173,271	(47,571)	101,929	54,358	130,989		(76,631)
1994	462,511	202,309		103,956	179,052	(22,806)	103,956	81,150	55,977		25,173
1995	490,264	200,501		112,940	181,744	(4,921)	112,940	264,019 4	281,789		(17,770)
1996	534,456	206,128		125,961	165,175	37,192	123,219	145,411 5	155,000		(9,589)
1997	503,217	197,202		124,457	176,977	4,581	109,802	114,383	125,000		(10,617)
1998	539,925	228,802		125,130	174,022	11,971	117,884	129,855	185,955		(56,100)
1999	552,134	231,410		147,176	173,574	(26)	133,779	133,753	139,784		(6,031)
2000	578,340	270,153		154,069	165,330	(11,212)	135,358	124,146	114,587		9,559
2001	646,673	282,851		154,881	165,404	43,537	151,746	195,283	59,064		136,219
2002	720,382	364,511		161,042	150,718	44,111	148,912	193,023	131,667		61,356
2003	663,601	326,248		171,129	168,996	(2,772)	160,628	473,056	470,747		2,309
2004	644,059	313,994		204,445	137,822	(12,202)	225,406	403,481 5	359,500		43,981
2005	634,530	333,584		189,501	135,754	(24,309)	169,180	320,071 5	345,201		(25,130)
2006	784,339	378,872		171,359	136,761	97,347	147,605	434,290 5	384,947		49,343
COST EVALUATION PERIOD											
2007	739,359	373,063		179,779	136,215	50,302	146,648	181,950 5	170,300		11,650
RATE APPROVAL PERIOD											
2008	766,943	354,538		190,229	155,001	67,175	144,879	207,544	167,781		39,763
2009	777,039	373,469		198,535	164,691	40,344	151,278	184,173	172,658		11,515

	A	B	C	D	E	F	G	H	I	J	K
			PURCHASE AND EXCHANGE POWER		NET INTEREST	NET REVENUES (F=A-B-C-D-E)	NONCASH EXPENSES 1/ (COLUMN D)	FUNDS FROM OPERATION (H=F+G)	AMORTIZATION (REV REQ STUDY DOC,V 2,C 3)	IRRIGATION AMORTIZATION (STATEMENT C)	NET POSITION (K=H+J)
REPAYMENT PERIOD	REVENUES (STATEMENT A)	OPERATION & MAINTENANCE (STATEMENT E)	(STATEMENT E)	DEPRECIATION	(STATEMENT D)						
2010	777,039	366,991	46,867	198,535	123,457	41,189	150,662	191,851	176,688		15,163
2011	777,039	366,991	46,823	198,535	121,676	43,014	150,662	193,676	178,513		15,163
2012	777,039	366,991	79,082	198,535	120,602	11,829	150,662	162,491	147,328		15,163
2013	777,039	366,991	169,584	198,535	121,990	(80,061)	150,662	70,601	55,438		15,163
2014	777,039	366,991	149,585	198,535	127,692	(65,763)	150,662	84,899	69,736		15,163
2015	777,039	366,991	151,276	198,535	133,878	(73,641)	150,662	77,021	61,858		15,163
2016	777,039	366,991	154,468	198,535	140,276	(83,232)	150,662	67,430	52,267		15,163
2017	777,039	366,991	164,385	198,535	148,631	(101,503)	150,662	49,159	33,996		15,163
2018	777,039	366,991	159,713	198,535	157,255	(105,455)	150,662	45,207	30,044		15,163
2019	777,039	366,991	14,042	198,535	169,455	28,016	150,662	178,678	163,515		15,163
2020	777,039	366,991	28,621	198,535	170,238	12,654	150,662	163,316	148,153		15,163
2021	777,039	366,991	28,629	198,535	172,172	10,712	150,662	161,374	146,211		15,163
2022	777,039	366,991	28,635	198,535	172,997	9,881	150,662	160,543	145,380		15,163
2023	777,039	366,991	28,658	198,535	174,183	8,673	150,662	159,335	144,172		15,163
2024	777,039	366,991	22,667	198,535	176,585	12,261	150,662	162,923	147,760		15,163
2025	777,039	366,991	3,996	198,535	179,879	27,638	150,662	178,300	163,137		15,163
2026	777,039	366,991	3,926	198,535	187,314	20,273	150,662	170,935	155,772		15,163
2027	777,039	366,991	3,865	198,535	189,745	17,903	150,662	168,565	153,402		15,163
2028	777,039	366,991	3,813	198,535	186,587	21,113	150,662	171,775	156,610		15,163
2029	777,039	366,991	3,774	198,535	196,473	11,266	150,662	161,928	146,765		15,163
2030	777,039	366,991	3,742	198,535	200,017	7,755	150,662	158,417	143,254		15,163
2031	777,039	366,991	3,726	198,535	199,796	7,991	150,662	158,653	143,490		15,163
2032	777,039	366,991	3,733	198,535	208,180	(400)	150,662	150,262	135,099		15,163
2033	777,039	366,991	32,839	198,535	210,737	(32,062)	150,662	118,660	103,437		15,163
2034	777,039	366,991	89,424	198,535	216,884	(94,794)	150,662	55,868	40,705		15,163
2035	777,039	366,991	(2,709)	198,535	226,058	(11,836)	150,662	138,826	123,660		15,166
2036	777,039	366,991	(2,656)	198,535	234,445	(20,276)	150,662	130,387	115,224		15,163
2037	777,039	366,991	(2,594)	198,535	239,791	(25,684)	150,662	124,978	109,815		15,163
2038	777,039	366,991	(2,520)	198,535	245,734	(31,701)	150,662	118,961	103,798		15,163
2039	777,039	366,991	(2,451)	198,535	252,726	(38,762)	150,662	111,900	96,737		15,163
2040	777,039	366,991	(2,386)	198,535	259,657	(45,758)	150,662	104,905	89,742		15,163
2041	777,039	366,991	(2,326)	198,535	267,425	(53,586)	150,662	97,076	81,913		15,163
2042	777,039	366,991	(2,271)	198,535	275,746	(61,962)	150,662	88,700	73,534		15,166
2043	777,039	366,991	(2,220)	198,535	284,711	(70,978)	150,662	79,684	64,515		15,169
2044	777,039	366,991	(2,181)	198,535	294,958	(81,264)	150,662	69,398	54,235		15,163
TRANSMISSION TOTALS	42,831,188	19,643,186	1,401,555	10,695,643	11,507,527	(416,722)	8,788,719	9,356,053	6,387,142	0	866,269

1/CONSISTS OF DEPRECIATION PLUS ANY ACCOUNTING WRITE-OFFS INCLUDED IN EXPENSES.

2/CONSISTS OF AMORTIZATION (\$1,650) AND DEFERRAL PAYMENT (\$2,760).

3/CONSISTS OF AMORTIZATION (\$1,342) AND DEFERRAL PAYMENT (\$190,952).

4/INCREASED BY 156,000 AC INTERTIE CAPACITY OWNERSHIP PAYMENT.

5/REDUCED BY \$15,000 OF REVENUE FINANCING.

TABLE 8
REVISED REVENUE TEST
INCOME STATEMENT
(\$000s)

	A	B
	FY 2008	FY 2009
1 REVENUES FROM PROPOSED RATES	765,703	775,819
2 OPERATING EXPENSES		
3 OPERATION AND MAINTENANCE	275,071	285,128
4 TRANSMISSION ACQ & ANCILLARY SERVICES	73,351	76,605
5 NON-FEDERAL PROJECTS DEBT SERVICE	6,064	11,544
6 DEPRECIATION & AMORTIZATION	190,229	198,535
7 TOTAL OPERATING EXPENSES	544,715	571,812
8 INTEREST EXPENSE		
9 DEBT SERVICE REASSIGNMENT INTEREST	42,546	42,347
10 INTEREST ON FEDERAL INVESTMENT -		
11 ON APPROPRIATED FUNDS	37,918	35,714
12 ON LONG-TERM DEBT	112,896	125,472
13 INTEREST INCOME	(10,506)	(9,876)
14 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	1,489	1,051
15 CAPITALIZATION ADJUSTMENT	(18,968)	(18,968)
16 AFUDC	(10,295)	(10,798)
17 NET INTEREST EXPENSE	155,080	164,941
18 TOTAL EXPENSES	699,795	736,753
19 NET REVENUES	65,908	39,066

TABLE 9
REVISED REVENUE TEST
STATEMENT OF CASH FLOWS
(\$000s)

	A	B
	FY 2008	FY 2009
1 CASH FROM CURRENT OPERATIONS:		
2 NET REVENUES	65,908	39,066
3 EXPENSES NOT REQUIRING CASH:		
4 DEPRECIATION & AMORTIZATION	190,229	198,535
5 NON-FEDERAL PROJECTS DEBT SERVICE	6,064	11,544
6 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	1,489	1,051
7 CAPITALIZATION ADJUSTMENT	(18,968)	(18,968)
8 DRAWDOWN OF CASH RESERVES FOR CAPITAL FUNDING	15,000	15,000
9 ACCRUAL REVENUES (AC INTERTIE/FIBER)	(35,824)	(43,390)
10 CASH PROVIDED BY CURRENT OPERATIONS	223,898	202,838
11 CASH USED FOR CAPITAL INVESTMENTS:		
12 INVESTMENT IN:		
13 UTILITY PLANT	(305,318)	(279,982)
14 CASH USED FOR CAPITAL INVESTMENTS	(305,318)	(279,982)
15 CASH FROM TREASURY BORROWING AND APPROPRIATIONS:		
16 INCREASE IN LONG-TERM DEBT	290,318	264,982
17 DEBT SERVICE REASSIGNMENT PRINCIPAL	(4,510)	(7,449)
18 REPAYMENT OF LONG-TERM DEBT	(137,119)	(128,480)
19 REPAYMENT OF CAPITAL APPROPRIATIONS	(30,662)	(44,178)
20 CASH FROM TREASURY BORROWING AND APPROPRIATIONS	118,027	84,875
21 ANNUAL INCREASE (DECREASE) IN CASH	36,607	7,730

**TABLE 10
FEDERAL COLUMBIA RIVER POWER SYSTEM
TRANSMISSION REVENUES FROM PROPOSED RATES
REVENUE REQUIREMENT AND REPAYMENT STUDY RESULTS THROUGH THE REPAYMENT PERIOD
(\$000)**

	A	B	C	D	E	F	G	H	I	J	K
	REVENUES (STATEMENT A)	OPERATION & MAINTENANCE (STATEMENT E)	PURCHASE AND EXCHANGE POWER (STATEMENT E)	DEPRECIATION	NET INTEREST (STATEMENT D)	NET REVENUES (F=A-B-C-D-E)	NONCASH EXPENSES 1/ (COLUMN D)	FUNDS FROM OPERATION (H=F+G)	AMORTIZATION (REV REQ STUDY DOC,V 2,C 3)	IRRIGATION AMORTIZATION (STATEMENT C)	NET POSITION (K=H-I-J)
YEAR COMBINED CUMULATIVE											
1977	3,298,951	963,839	348,748	807,047	1,220,170	(40,853)	807,047	766,194	628,460		137,734
TRANSMISSION											
1978	116,430	69,767		51,503	60,337	(65,177)	51,503	(13,674)	194		(13,868)
1979	107,017	73,801		53,756	69,112	(89,652)	53,756	(35,896)	26		(35,922)
1980	170,603	77,594		55,613	78,039	(40,643)	55,613	14,970	2		14,968
1981	202,740	87,243		59,638	87,665	(31,806)	59,638	27,832	1,236	2/	26,596
1982	269,200	91,562		64,458	106,190	6,990	64,458	71,448	0		71,448
1983	359,641	99,520		67,969	138,268	53,884	67,969	121,853	0		121,853
1984	417,821	101,406		60,360	158,783	97,272	60,360	157,632	26,722	3/	130,910
1985	510,030	141,623		71,012	160,336	137,059	71,012	208,071	199,646		8,425
1986	446,435	144,438		77,574	178,460	45,963	77,574	123,537	180,915		(57,378)
1987	456,728	148,596		85,807	177,020	45,305	85,807	131,112	148,860		(17,748)
1988	405,154	167,102		90,076	164,131	(16,155)	90,076	73,921	44,757		29,164
1989	422,202	175,240		93,076	164,044	(10,158)	93,076	82,918	119,322		(36,404)
1990	426,855	183,512		98,881	153,440	(8,978)	98,881	89,903	99,460		(9,557)
1991	439,871	199,668		98,731	139,458	2,014	98,731	100,745	70,930		29,815
1992	428,769	209,868		101,946	143,789	(26,834)	101,946	75,112	190,864		(115,752)
1993	417,555	189,926		101,929	173,271	(47,571)	101,929	54,358	130,989		(76,631)
1994	462,511	202,309		103,956	179,052	(22,806)	103,956	81,150	55,977		25,173
1995	490,264	200,501		112,940	181,744	(4,921)	112,940	264,019	4	281,789	(17,770)
1996	534,456	206,128		125,961	165,175	37,192	123,219	145,411	5	155,000	(9,589)
1997	503,217	197,202		124,457	176,977	4,581	109,802	114,383	125,000		(10,617)
1998	539,925	228,802		125,130	174,022	11,971	117,884	129,855	185,955		(56,100)
1999	552,134	231,410		147,176	173,574	(26)	133,779	133,753	139,784		(6,031)
2000	578,340	270,153		154,069	165,330	(11,212)	135,358	124,146	114,587		9,559
2001	646,673	282,851		154,881	165,404	43,537	151,746	195,283	59,064		136,219
2002	720,382	364,511		161,042	150,718	44,111	148,912	193,023	131,667		61,356
2003	663,601	326,248		171,129	168,996	(2,772)	160,628	473,056	470,747		2,309
2004	644,059	313,994		204,445	137,822	(12,202)	225,406	403,481	5	359,500	43,981
2005	634,530	333,584		189,501	135,754	(24,309)	169,180	320,071	5	345,201	(25,130)
2006	784,339	378,872		171,359	136,761	97,347	147,605	434,290	5	384,947	49,343
COST EVALUATION PERIOD											
2007	739,359	373,063		179,779	136,215	50,302	146,648	181,950	5	170,300	11,650
RATE APPROVAL PERIOD											
2008	765,703	354,486		190,229	155,080	65,908	142,990	204,388	167,781		36,607
2009	775,819	373,277		198,535	164,941	39,066	148,771	180,388	172,658		7,730

	A	B	C	D	E	F	G	H	I	J	K
			PURCHASE AND EXCHANGE POWER	DEPRECIATION	NET INTEREST	NET REVENUES (F=A-B-C-D-E)	NONCASH EXPENSES 1/ (COLUMN D)	FUNDS FROM OPERATION (H=F+G)	AMORTIZATION (REV REQ STUDY DOC,V 2,C 3)	IRRIGATION AMORTIZATION (STATEMENT C)	NET POSITION (K=H-I-J)
REPAYMENT PERIOD	REVENUES (STATEMENT A)	OPERATION & MAINTENANCE (STATEMENT E)	(STATEMENT E)		(STATEMENT D)						
2010	775,819	366,799	46,867	198,535	123,809	39,809	150,662	190,471	176,688		13,783
2011	775,819	366,799	46,823	198,535	122,028	41,634	150,662	192,296	178,513		13,783
2012	775,819	366,799	79,082	198,535	120,954	10,449	150,662	161,111	147,328		13,783
2013	775,819	366,799	169,584	198,535	122,342	(81,441)	150,662	69,221	55,438		13,783
2014	775,819	366,799	149,585	198,535	128,044	(67,143)	150,662	83,519	69,736		13,783
2015	775,819	366,799	151,276	198,535	134,230	(75,021)	150,662	75,641	61,858		13,783
2016	775,819	366,799	154,468	198,535	140,628	(84,612)	150,662	66,050	52,267		13,783
2017	775,819	366,799	164,385	198,535	148,983	(102,883)	150,662	47,779	33,996		13,783
2018	775,819	366,799	159,713	198,535	157,607	(106,835)	150,662	43,827	30,044		13,783
2019	775,819	366,799	14,042	198,535	169,807	26,658	150,662	177,298	163,515		13,783
2020	775,819	366,799	28,621	198,535	170,590	11,274	150,662	161,936	148,153		13,783
2021	775,819	366,799	28,629	198,535	172,524	9,332	150,662	159,994	146,211		13,783
2022	775,819	366,799	28,635	198,535	173,349	8,501	150,662	159,163	145,380		13,783
2023	775,819	366,799	28,658	198,535	174,535	7,293	150,662	157,955	144,172		13,783
2024	775,819	366,799	22,667	198,535	176,937	10,881	150,662	161,543	147,760		13,783
2025	775,819	366,799	3,996	198,535	180,231	26,258	150,662	176,920	163,137		13,783
2026	775,819	366,799	3,926	198,535	187,666	18,893	150,662	169,555	155,772		13,783
2027	775,819	366,799	3,865	198,535	190,097	16,523	150,662	167,185	153,402		13,783
2028	775,819	366,799	3,813	198,535	186,939	19,733	150,662	170,395	156,610		13,785
2029	775,819	366,799	3,774	198,535	196,825	9,886	150,662	160,548	146,765		13,783
2030	775,819	366,799	3,742	198,535	200,369	6,375	150,662	157,037	143,254		13,783
2031	775,819	366,799	3,726	198,535	200,148	6,611	150,662	157,273	143,490		13,783
2032	775,819	366,799	3,733	198,535	208,532	(1,780)	150,662	148,882	135,099		13,783
2033	775,819	366,799	32,839	198,535	211,089	(33,442)	150,662	117,220	103,437		13,783
2034	775,819	366,799	89,424	198,535	217,236	(96,174)	150,662	54,488	40,705		13,783
2035	775,819	366,799	(2,709)	198,535	226,410	(13,216)	150,662	137,446	123,660		13,786
2036	775,819	366,799	(2,656)	198,535	234,797	(21,656)	150,662	129,007	115,224		13,783
2037	775,819	366,799	(2,594)	198,535	240,143	(27,064)	150,662	123,598	109,815		13,783
2038	775,819	366,799	(2,520)	198,535	246,086	(33,081)	150,662	117,581	103,798		13,783
2039	775,819	366,799	(2,451)	198,535	253,078	(40,142)	150,662	110,520	96,737		13,783
2040	775,819	366,799	(2,386)	198,535	260,009	(47,138)	150,662	103,525	89,742		13,783
2041	775,819	366,799	(2,326)	198,535	267,777	(54,966)	150,662	95,696	81,913		13,783
2042	775,819	366,799	(2,271)	198,535	276,098	(63,342)	150,662	87,320	73,534		13,786
2043	775,819	366,799	(2,220)	198,535	285,063	(72,358)	150,662	78,304	64,515		13,789
2044	775,819	366,799	(2,181)	198,535	295,310	(82,644)	150,662	68,018	54,235		13,783
TRANSMISSION TOTALS	42,786,028	19,636,222	1,401,555	10,695,643	11,520,176	(467,567)	8,784,323	9,300,812	6,387,142	0	811,028

1/CONSISTS OF DEPRECIATION PLUS ANY ACCOUNTING WRITE-OFFS INCLUDED IN EXPENSES.

2/CONSISTS OF AMORTIZATION (\$1,650) AND DEFERRAL PAYMENT (\$2,760).

3/CONSISTS OF AMORTIZATION (\$1,342) AND DEFERRAL PAYMENT (\$190,952).

4/INCREASED BY 156,000 AC INTERTIE CAPACITY OWNERSHIP PAYMENT.

5/REDUCED BY \$15,000 OF REVENUE FINANCING.

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FIGURES

**FIGURE 1
TRANSMISSION REVENUE REQUIREMENT PROCESS**

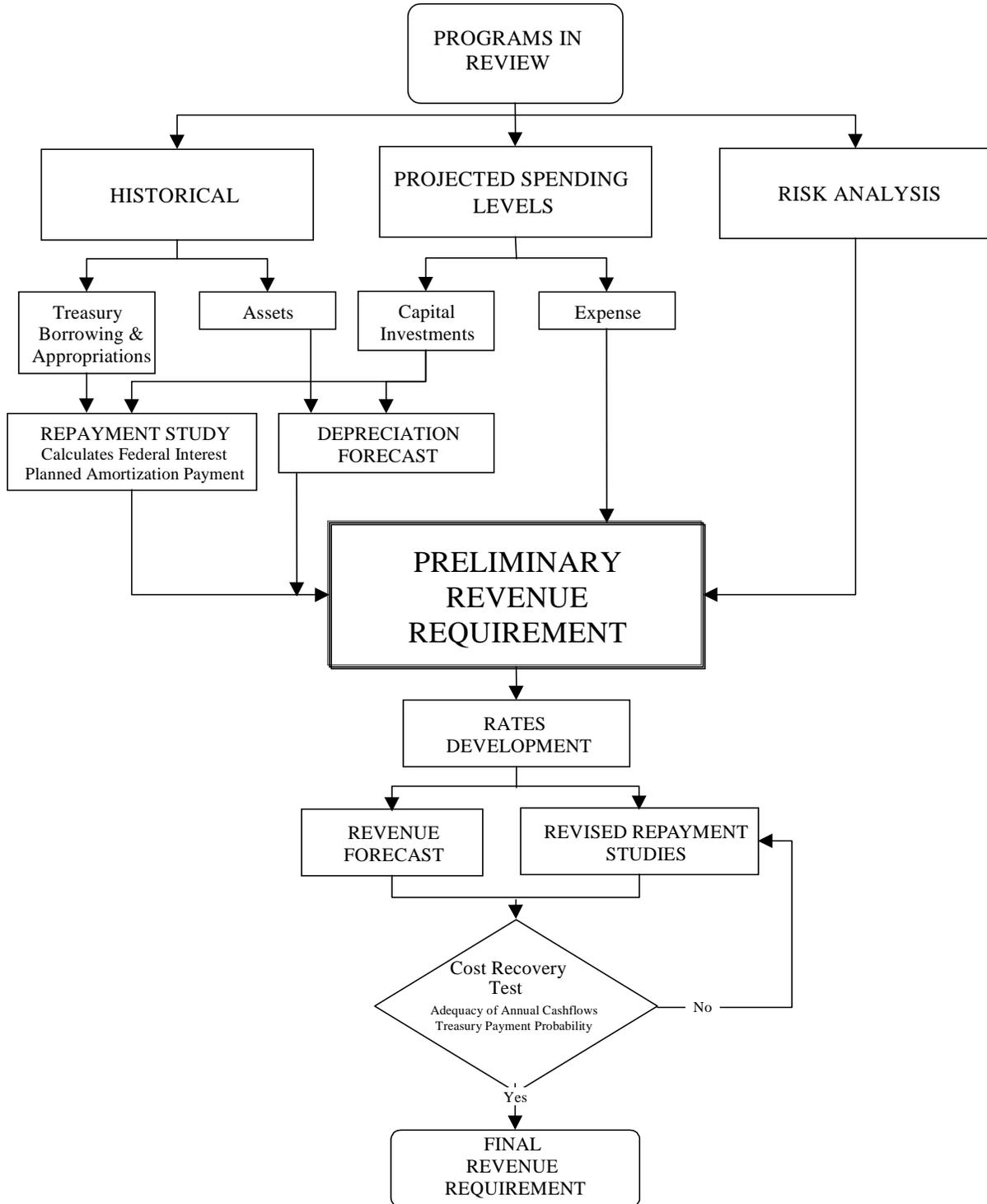
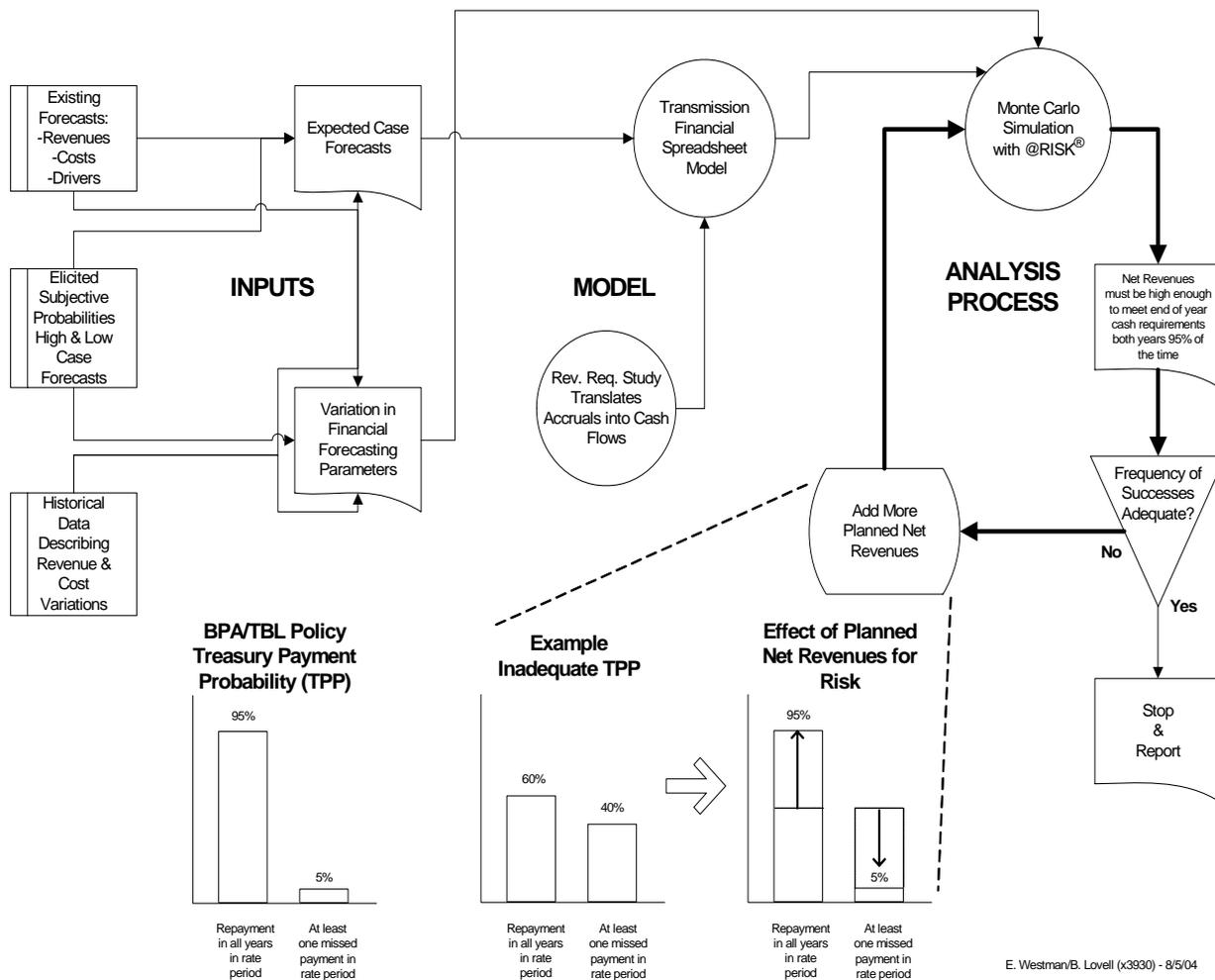


Figure 2

TBL Rate Case Risk Analysis - Flow Diagram



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APPENDIX A

Repayment Program Tables

DESCRIPTION OF REPAYMENT PROGRAM TABLES

Table A.1 shows the amortization results from the Transmission revised repayment studies for FYs 2008 and 2009, summarized by year for both due and discretionary bonds and appropriations.

Tables A.2, A through E, and Tables A.3, A through E, show the results of the Transmission repayment studies for FYs 2008 and 2009, respectively, using revenues from current rates. Table A.4 provides the application of amortization through the repayment period for transmission based upon the revenues forecast using revised rates.

Tables A.2A and A.3A display the repayment program results for transmission for FYs 2008 and 2009. The first column shows the applicable fiscal year. The second column shows the total investment costs of the transmission projects through the cost evaluation period. *See* Chapter 3 of the Documentation for the Revenue Requirement Study, TR-08-E-BPA-01A. In the third column, forecasted replacements required to maintain the system are displayed through the repayment period. *See* Chapter 8 of Documentation for Revenue Requirement Study, TR-08-E-BPA-01A. The fourth column shows the cumulative dollar amount of the transmission investment placed in service. This is comprised of historical plant-in-service, planned replacements and additions to plant through the cost evaluation period, and replacements from the end of the cost evaluation period to the end of the repayment study period. In these studies all additional plant is assumed to be financed by bonds.

The fifth column displays scheduled amortization payments for transmission for each year of the repayment period. Unamortized transmission obligations, shown in the last column, are determined by taking the previous year's unamortized amount, adding any replacements, and subtracting amortization.

Tables A.2B and A.3B display planned principal payments by fiscal year for Federal transmission obligations. Shown on these tables are the principal payments associated with appropriations and BPA bonds.

Tables A.2C and A.3C show the planned interest payments by fiscal year for Federal transmission obligations. Shown on these tables are the interest payments associated with appropriations and BPA bonds.

Tables A.2D and A.3D show a summary of the Federal transmission principal and interest payments through the repayment period.

Tables A.2E and A.3E compare the schedule of unamortized Federal transmission obligations resulting from the transmission repayment studies to those obligations that are due and must be paid for each year of the repayment period. The Unamortized Investment column shows remaining obligations for each year of the repayment period and is identical to the data shown in the last column of Tables A.2A and A.3A. The Term Schedule column shows obligations that are due for each year. It should be noted that unamortized obligations are always less than the term schedule, indicating that planned repayments are in excess of repayment obligations, thereby satisfying repayment requirements. (The total of Unamortized Investment need not be zero at the end of the repayment period because of the replacements occurring subsequent to the cost evaluation period.)

Table A.4 lists by year through the 35-year repayment period the application of the transmission amortization payments, consistent with the repayment studies, by project. The projected annual amortization payments on the transmission obligations are identified by the project name, in-service date, due date, and interest rate. The amount of the obligation is shown as both the original gross amount due and the net amount after all prior amortization payments.

TABLE A.1

TRANSMISSION AMORTIZATION
 FY 2008-2009
 (\$000s)

Maturing/Due		
Bonds	2008	137,119
	2009	<u>128,480</u>
		265,599
Appropriations	2008	10,913
	2009	<u>9,889</u>
		20,802
TOTAL DUE		286,401

Scheduled But Not Yet Due		
Bonds	2008	0
	2009	<u>0</u>
		0
Appropriations	2008	19,749
	2009	<u>34,289</u>
		54,039
TOTAL DISCRETIONARY		54,039

Total by Year		
Bonds	2008	137,119
	2009	<u>128,480</u>
		265,599
Appropriations	2008	30,662
	2009	<u>44,178</u>
		74,841
TOTAL AMORTIZATION	2008	167,781
	2009	<u>172,658</u>
		340,440

BONNEVILLE POWER ADMINISTRATION
OCTOBER 1, 2006 - SEPTEMBER 30, 2008 COST EVALUATION PERIOD
Transmission 2008 Initial Proposal

Table A.2A: Transmission Investments Placed in Service (\$000s) (FY 2008)

Date	Initial Project	Replacements	Investment Placed in Service			
			Cumulative Amount in Service	Amortization	Discretionary Amortization	UnAmortized Investment
09/30/2006	2,288,707.00	-	2,288,707.00	-	-	2,288,707.00
09/30/2007	239,010.00	-	2,527,717.00	101,117.00	69,183.00	2,357,417.00
09/30/2008	290,318.00	-	2,818,035.00	148,032.00	19,749.25	2,479,953.75
09/30/2009	-	131,758.00	2,949,793.00	138,369.00	22,017.97	2,451,324.78
09/30/2010	-	135,676.00	3,085,469.00	141,259.00	25,934.62	2,419,807.16
09/30/2011	-	139,414.00	3,224,883.00	136,232.00	32,720.89	2,390,268.27
09/30/2012	-	143,127.00	3,368,010.00	19,358.00	118,354.79	2,395,682.48
09/30/2013	-	146,922.00	3,514,932.00	18,250.00	27,533.57	2,496,820.91
09/30/2014	-	150,857.00	3,665,789.00	60,040.46	-	2,587,637.45
09/30/2015	-	154,791.00	3,820,580.00	-	52,134.89	2,690,293.56
09/30/2016	-	158,743.00	3,979,323.00	-	42,621.53	2,806,415.03
09/30/2017	-	162,655.00	4,141,978.00	-	25,276.16	2,943,793.87
09/30/2018	-	166,326.00	4,308,304.00	-	21,367.34	3,088,752.53
09/30/2019	-	169,951.00	4,478,255.00	-	158,157.84	3,100,545.69
09/30/2020	-	173,552.00	4,651,807.00	-	140,849.27	3,133,248.42
09/30/2021	-	177,062.00	4,828,869.00	-	138,556.04	3,171,754.38
09/30/2022	-	180,503.00	5,009,372.00	32,000.00	105,344.47	3,214,912.91
09/30/2023	-	183,943.00	5,193,315.00	70,129.00	65,727.24	3,262,999.67
09/30/2024	-	187,246.00	5,380,561.00	90,000.00	49,023.65	3,311,222.02
09/30/2025	-	190,220.00	5,570,781.00	111,254.00	43,447.48	3,346,740.54
09/30/2026	-	192,822.00	5,763,603.00	-	148,053.21	3,391,509.33
09/30/2027	-	195,063.00	5,958,666.00	-	145,265.95	3,441,306.38
09/30/2028	-	196,971.00	6,155,637.00	112,300.00	33,795.19	3,492,182.19
09/30/2029	-	198,398.00	6,354,035.00	-	138,562.34	3,552,017.85
09/30/2030	-	199,491.00	6,553,526.00	-	134,871.95	3,616,636.90
09/30/2031	-	200,228.00	6,753,754.00	106,600.00	27,823.82	3,682,441.08
09/30/2032	-	200,720.00	6,954,474.00	-	126,668.56	3,756,492.52
09/30/2033	-	200,953.00	7,155,427.00	40,000.00	55,078.27	3,862,367.25
09/30/2034	-	200,750.00	7,356,177.00	20,435.83	10,655.03	4,032,026.39
09/30/2035	-	200,456.00	7,556,633.00	114,344.97	-	4,118,137.42
09/30/2036	-	200,111.00	7,756,744.00	65,000.00	41,572.16	4,211,676.26
09/30/2037	-	199,555.00	7,956,299.00	40,000.00	60,185.29	4,311,045.97
09/30/2038	-	198,918.00	8,155,217.00	70,000.00	24,862.99	4,415,100.98
09/30/2039	-	198,326.00	8,353,543.00	-	87,187.39	4,526,239.59
09/30/2040	-	197,820.00	8,551,363.00	-	81,558.89	4,642,500.70
09/30/2041	-	197,448.00	8,748,811.00	-	73,966.52	4,765,982.18
09/30/2042	-	197,229.00	8,946,040.00	65,907.24	-	4,897,303.94
09/30/2043	-	197,298.00	9,143,338.00	-	56,333.36	5,038,268.58
Total	\$2,818,035.00	\$6,325,303.00	-	\$1,700,628.50	\$2,404,440.92	-

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BONNEVILLE POWER ADMINISTRATION
OCTOBER 1, 2006 - SEPTEMBER 30, 2008 COST EVALUATION PERIOD
Transmission 2008 Initial Proposal

Table A.2B: PRINCIPAL PAYMENTS (\$000s) (FY 2008)

Date	Transmission Bonds	Transmission Appropriations
09/30/2007	76,643.00	93,657.00
09/30/2008	137,119.00	30,662.25
09/30/2009	128,480.00	31,906.97
09/30/2010	114,932.00	52,261.62
09/30/2011	115,000.00	53,952.89
09/30/2012	-	137,712.79
09/30/2013	-	45,783.57
09/30/2014	59,050.00	990.46
09/30/2015	-	52,134.89
09/30/2016	-	42,621.53
09/30/2017	-	25,276.16
09/30/2018	-	21,367.34
09/30/2019	128,056.31	30,101.53
09/30/2020	140,849.27	-
09/30/2021	138,556.04	-
09/30/2022	137,344.47	-
09/30/2023	135,856.24	-
09/30/2024	139,023.65	-
09/30/2025	154,701.48	-
09/30/2026	148,053.21	-
09/30/2027	145,265.95	-
09/30/2028	146,095.19	-
09/30/2029	138,562.34	-
09/30/2030	134,871.95	-
09/30/2031	134,423.82	-
09/30/2032	126,668.56	-
09/30/2033	95,078.27	-
09/30/2034	31,090.86	-
09/30/2035	114,344.97	-
09/30/2036	106,572.16	-
09/30/2037	100,185.29	-
09/30/2038	94,862.99	-
09/30/2039	87,187.39	-
09/30/2040	81,558.89	-
09/30/2041	73,966.52	-
09/30/2042	65,907.24	-
09/30/2043	56,333.36	-
Total	\$3,486,640.42	\$618,429.00

(1) Net of interest income and AFUDC.

BONNEVILLE POWER ADMINISTRATION
OCTOBER 1, 2006 - SEPTEMBER 30, 2008 COST EVALUATION PERIOD
Transmission 2008 Initial Proposal

Table A.2C: Interest Payments (\$000s)(FY 2008)

Date	Transmission Bonds	Transmission Appropriations
09/30/2007	88,839.49	44,665.17
09/30/2008	106,733.94	37,917.53
09/30/2009	114,911.25	35,713.68
09/30/2010	118,274.08	33,412.63
09/30/2011	120,310.62	29,660.60
09/30/2012	123,183.33	25,767.95
09/30/2013	134,596.97	15,780.17
09/30/2014	143,644.32	12,473.62
09/30/2015	149,931.15	12,402.01
09/30/2016	160,030.77	8,622.23
09/30/2017	170,540.88	5,539.06
09/30/2018	180,948.45	3,711.59
09/30/2019	191,369.93	2,170.32
09/30/2020	196,269.01	-
09/30/2021	198,553.07	-
09/30/2022	199,757.53	-
09/30/2023	201,222.03	-
09/30/2024	204,044.71	-
09/30/2025	207,037.85	-
09/30/2026	213,754.56	-
09/30/2027	216,602.15	-
09/30/2028	215,824.14	-
09/30/2029	223,397.10	-
09/30/2030	227,120.49	-
09/30/2031	227,584.49	-
09/30/2032	235,334.50	-
09/30/2033	237,820.23	-
09/30/2034	245,224.38	-
09/30/2035	254,103.02	-
09/30/2036	261,828.84	-
09/30/2037	268,156.71	-
09/30/2038	273,409.01	-
09/30/2039	281,018.61	-
09/30/2040	286,585.11	-
09/30/2041	294,120.48	-
09/30/2042	302,123.74	-
09/30/2043	311,653.64	-
Total	\$7,585,860.58	\$267,836.56

(1) Net of interest income and AFUDC.

BONNEVILLE POWER ADMINISTRATION
OCTOBER 1, 2006 - SEPTEMBER 30, 2008 COST EVALUATION PERIOD
Transmission 2008 Initial Proposal

Table A.2D: Summary of Payments (\$000s)(FY 2008)

Date	Principal Total Payment	Interest Total Payment
09/30/2007	170,300.00	133,504.66
09/30/2008	167,781.25	144,651.47
09/30/2009	160,386.97	150,624.93
09/30/2010	167,193.62	151,686.71
09/30/2011	168,952.89	149,971.22
09/30/2012	137,712.79	148,951.28
09/30/2013	45,783.57	150,377.14
09/30/2014	60,040.46	156,117.94
09/30/2015	52,134.89	162,333.16
09/30/2016	42,621.53	168,653.00
09/30/2017	25,276.16	176,079.94
09/30/2018	21,367.34	184,660.04
09/30/2019	158,157.84	193,540.25
09/30/2020	140,849.27	196,269.01
09/30/2021	138,556.04	198,553.07
09/30/2022	137,344.47	199,757.53
09/30/2023	135,856.24	201,222.03
09/30/2024	139,023.65	204,044.71
09/30/2025	154,701.48	207,037.85
09/30/2026	148,053.21	213,754.56
09/30/2027	145,265.95	216,602.15
09/30/2028	146,095.19	215,824.14
09/30/2029	138,562.34	223,397.10
09/30/2030	134,871.95	227,120.49
09/30/2031	134,423.82	227,584.49
09/30/2032	126,668.56	235,334.50
09/30/2033	95,078.27	237,820.23
09/30/2034	31,090.86	245,224.38
09/30/2035	114,344.97	254,103.02
09/30/2036	106,572.16	261,828.84
09/30/2037	100,185.29	268,156.71
09/30/2038	94,862.99	273,409.01
09/30/2039	87,187.39	281,018.61
09/30/2040	81,558.89	286,585.11
09/30/2041	73,966.52	294,120.48
09/30/2042	65,907.24	302,123.74
09/30/2043	56,333.36	311,653.64
Total	\$4,105,069.42	\$7,853,697.14

BONNEVILLE POWER ADMINISTRATION
OCTOBER 1, 2006 - SEPTEMBER 30, 2008 COST EVALUATION PERIOD
Transmission 2008 Initial Proposal

TABLE A.2E: Summary of Investments Placed in Service (\$000s)(FY 2008)

Date	Unamortized Investment	Term Schedule
09/30/2006	4,470,445.54	5,604,622.00
09/30/2007	4,401,735.54	5,343,561.00
09/30/2008	4,279,198.79	5,420,847.00
09/30/2009	4,307,827.76	5,304,236.00
09/30/2010	4,339,345.38	5,298,653.00
09/30/2011	4,368,884.27	5,299,827.00
09/30/2012	4,363,470.06	5,361,649.00
09/30/2013	4,262,331.63	5,381,661.00
09/30/2014	4,171,515.09	5,283,105.00
09/30/2015	4,068,858.98	5,222,509.00
09/30/2016	3,952,737.51	5,146,605.00
09/30/2017	3,815,358.67	4,921,911.00
09/30/2018	3,670,400.01	4,847,234.00
09/30/2019	3,658,606.85	4,859,733.00
09/30/2020	3,625,904.12	4,950,443.00
09/30/2021	3,587,398.16	5,064,268.00
09/30/2022	3,544,239.63	5,189,760.00
09/30/2023	3,496,152.87	5,368,574.00
09/30/2024	3,447,930.52	5,555,820.00
09/30/2025	3,412,412.00	5,631,107.00
09/30/2026	3,391,509.33	5,823,929.00
09/30/2027	3,441,306.38	6,018,992.00
09/30/2028	3,492,182.19	5,947,063.00
09/30/2029	3,552,017.85	6,129,739.00
09/30/2030	3,616,636.90	6,194,952.00
09/30/2031	3,682,441.08	6,095,180.00
09/30/2032	3,756,492.52	5,747,000.00
09/30/2033	3,862,367.25	5,277,991.00
09/30/2034	4,032,026.39	5,180,341.00
09/30/2035	4,118,137.42	5,255,797.00
09/30/2036	4,211,676.26	5,455,908.00
09/30/2037	4,311,045.97	5,655,463.00
09/30/2038	4,415,100.98	5,854,381.00
09/30/2039	4,526,239.59	6,052,707.00
09/30/2040	4,642,500.70	6,250,527.00
09/30/2041	4,765,982.18	6,447,975.00
09/30/2042	4,897,303.94	6,413,194.00
09/30/2043	5,038,268.58	6,325,303.00

BONNEVILLE POWER ADMINISTRATION
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Table A.3A: Transmission Investments Placed in Service (\$000s) (FY 2009)

Investment Placed in Service							
Date	Initial Project	Replacements	Cumulative Amount in Service	Amortization	Discretionary Amortization	UnAmortized Investment	
09/30/2006	2,288,707.00	-	2,288,707.00	-	-	2,288,707.00	
09/30/2007	239,010.00	-	2,527,717.00	101,117.00	69,183.00	2,357,417.00	
09/30/2008	290,318.00	-	2,818,035.00	148,032.00	19,749.25	2,479,953.75	
09/30/2009	264,982.00	-	3,083,017.00	138,369.00	34,289.34	2,572,277.41	
09/30/2010	-	138,518.00	3,221,535.00	141,259.00	35,429.37	2,534,107.04	
09/30/2011	-	142,344.00	3,363,879.00	136,232.00	42,280.93	2,497,938.11	
09/30/2012	-	146,082.00	3,509,961.00	19,358.00	127,970.38	2,496,691.73	
09/30/2013	-	149,873.00	3,659,834.00	18,250.00	37,188.10	2,591,126.63	
09/30/2014	-	153,759.00	3,813,593.00	69,697.63	37.93	2,675,150.07	
09/30/2015	-	157,625.00	3,971,218.00	-	61,858.24	2,770,916.83	
09/30/2016	-	161,504.00	4,132,722.00	-	52,267.19	2,880,153.64	
09/30/2017	-	165,366.00	4,298,088.00	-	33,996.32	3,011,523.32	
09/30/2018	-	169,032.00	4,467,120.00	-	30,044.14	3,150,511.18	
09/30/2019	-	172,691.00	4,639,811.00	-	163,515.08	3,159,687.10	
09/30/2020	-	176,324.00	4,816,135.00	-	148,152.87	3,187,858.23	
09/30/2021	-	179,835.00	4,995,970.00	-	146,211.30	3,221,481.93	
09/30/2022	-	183,289.00	5,179,259.00	32,000.00	113,379.69	3,259,391.24	
09/30/2023	-	186,755.00	5,366,014.00	70,129.00	74,042.55	3,301,974.69	
09/30/2024	-	190,108.00	5,556,122.00	95,451.00	52,309.35	3,344,322.34	
09/30/2025	-	193,171.00	5,749,293.00	111,254.00	51,883.15	3,374,356.19	
09/30/2026	-	195,875.00	5,945,168.00	-	155,771.98	3,414,459.21	
09/30/2027	-	198,203.00	6,143,371.00	-	153,401.68	3,459,260.53	
09/30/2028	-	200,172.00	6,343,543.00	156,608.43	1.60	3,502,822.50	
09/30/2029	-	201,644.00	6,545,187.00	-	146,765.28	3,557,701.22	
09/30/2030	-	202,753.00	6,747,940.00	-	143,253.83	3,617,200.39	
09/30/2031	-	203,445.00	6,951,385.00	106,600.00	36,890.16	3,677,155.23	
09/30/2032	-	203,905.00	7,155,290.00	-	135,099.04	3,745,961.19	
09/30/2033	-	204,093.00	7,359,383.00	40,000.00	63,436.93	3,846,617.26	
09/30/2034	-	203,814.00	7,563,197.00	39,364.85	1,339.76	4,009,726.65	
09/30/2035	-	203,451.00	7,766,648.00	123,660.25	-	4,089,517.40	
09/30/2036	-	203,064.00	7,969,712.00	65,000.00	50,223.50	4,177,357.90	
09/30/2037	-	202,476.00	8,172,188.00	40,000.00	69,814.69	4,270,019.21	
09/30/2038	-	201,802.00	8,373,990.00	70,000.00	33,797.82	4,368,023.39	
09/30/2039	-	201,196.00	8,575,186.00	-	96,737.05	4,472,482.34	
09/30/2040	-	200,683.00	8,775,869.00	-	89,741.50	4,583,423.84	
09/30/2041	-	200,342.00	8,976,211.00	-	81,913.14	4,701,852.70	
09/30/2042	-	200,136.00	9,176,347.00	73,534.27	-	4,828,454.43	
09/30/2043	-	200,208.00	9,376,555.00	64,514.93	-	4,964,147.50	
09/30/2044	-	200,682.00	9,577,237.00	-	54,235.42	5,110,594.08	
Total	\$3,083,017.00	\$6,293,538.00	-	\$1,860,431.36	\$2,551,976.14	-	-

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Table A.3B: PRINCIPAL PAYMENTS (1000s) (FY 2009)

Date	Transmission Bonds	Transmission Appropriations
09/30/2007	76,643.00	93,657.00
09/30/2008	137,119.00	30,662.25
09/30/2009	128,480.00	44,178.34
09/30/2010	114,932.00	61,756.37
09/30/2011	115,000.00	63,512.93
09/30/2012	-	147,328.38
09/30/2013	-	55,438.10
09/30/2014	59,050.00	10,685.56
09/30/2015	-	61,858.24
09/30/2016	2,915.36	49,351.83
09/30/2017	33,996.32	-
09/30/2018	30,044.14	-
09/30/2019	163,515.08	-
09/30/2020	148,152.87	-
09/30/2021	146,211.30	-
09/30/2022	145,379.69	-
09/30/2023	144,171.55	-
09/30/2024	147,760.35	-
09/30/2025	163,137.15	-
09/30/2026	155,771.98	-
09/30/2027	153,401.68	-
09/30/2028	156,610.03	-
09/30/2029	146,765.28	-
09/30/2030	143,253.83	-
09/30/2031	143,490.16	-
09/30/2032	135,099.04	-
09/30/2033	103,436.93	-
09/30/2034	40,704.61	-
09/30/2035	123,660.25	-
09/30/2036	115,223.50	-
09/30/2037	109,814.69	-
09/30/2038	103,797.82	-
09/30/2039	96,737.05	-
09/30/2040	89,741.50	-
09/30/2041	81,913.14	-
09/30/2042	73,534.27	-
09/30/2043	64,514.93	-
09/30/2044	54,235.42	-
Total	\$3,793,978.50	\$618,429.00

(1) Net of interest income and AFUDC.

BONNEVILLE POWER ADMINISTRATION
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Table A.3C: Interest Payments (\$000s)(FY 2009)

Date	Transmission Bonds	Transmission Appropriations
09/30/2007	88,839.49	44,665.17
09/30/2008	106,733.94	37,917.53
09/30/2009	119,106.88	35,713.68
09/30/2010	127,487.46	32,520.50
09/30/2011	130,148.98	28,078.20
09/30/2012	133,662.15	23,490.54
09/30/2013	145,728.72	12,811.89
09/30/2014	155,439.39	8,803.45
09/30/2015	162,397.92	8,030.89
09/30/2016	173,268.81	3,558.53
09/30/2017	185,181.78	-
09/30/2018	193,806.23	-
09/30/2019	206,006.01	-
09/30/2020	206,789.41	-
09/30/2021	208,722.81	-
09/30/2022	209,548.31	-
09/30/2023	210,733.72	-
09/30/2024	213,136.01	-
09/30/2025	216,430.19	-
09/30/2026	223,864.79	-
09/30/2027	226,296.42	-
09/30/2028	223,138.30	-
09/30/2029	233,024.16	-
09/30/2030	236,567.61	-
09/30/2031	236,347.15	-
09/30/2032	244,731.02	-
09/30/2033	247,287.57	-
09/30/2034	253,434.63	-
09/30/2035	262,608.73	-
09/30/2036	270,995.50	-
09/30/2037	276,342.31	-
09/30/2038	282,285.18	-
09/30/2039	289,276.95	-
09/30/2040	296,207.50	-
09/30/2041	303,975.86	-
09/30/2042	312,296.71	-
09/30/2043	321,262.01	-
09/30/2044	331,508.58	-
Total	\$7,933,110.61	\$235,590.38

(1) Net of interest income and AFUDC.

BONNEVILLE POWER ADMINISTRATION
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Table A.3D: Summary of Payments (1000s)(FY 2009)

Date	Principal Total Payment	Interest Total Payment
09/30/2007	170,300.00	133,504.66
09/30/2008	167,781.25	144,651.47
09/30/2009	172,658.34	154,820.56
09/30/2010	176,688.37	160,007.96
09/30/2011	178,512.93	158,227.18
09/30/2012	147,328.38	157,152.69
09/30/2013	55,438.10	158,540.61
09/30/2014	69,735.56	164,242.84
09/30/2015	61,858.24	170,428.81
09/30/2016	52,267.19	176,827.34
09/30/2017	33,996.32	185,181.78
09/30/2018	30,044.14	193,806.23
09/30/2019	163,515.08	206,006.01
09/30/2020	148,152.87	206,789.41
09/30/2021	146,211.30	208,722.81
09/30/2022	145,379.69	209,548.31
09/30/2023	144,171.55	210,733.72
09/30/2024	147,760.35	213,136.01
09/30/2025	163,137.15	216,430.19
09/30/2026	155,771.98	223,864.79
09/30/2027	153,401.68	226,296.42
09/30/2028	156,610.03	223,138.30
09/30/2029	146,765.28	233,024.16
09/30/2030	143,253.83	236,567.61
09/30/2031	143,490.16	236,347.15
09/30/2032	135,099.04	244,731.02
09/30/2033	103,436.93	247,287.57
09/30/2034	40,704.61	253,434.63
09/30/2035	123,660.25	262,608.73
09/30/2036	115,223.50	270,995.50
09/30/2037	109,814.69	276,342.31
09/30/2038	103,797.82	282,285.18
09/30/2039	96,737.05	289,276.95
09/30/2040	89,741.50	296,207.50
09/30/2041	81,913.14	303,975.86
09/30/2042	73,534.27	312,296.71
09/30/2043	64,514.93	321,262.01
09/30/2044	54,235.42	331,508.58
Total	\$4,412,407.50	\$8,168,700.99

BONNEVILLE POWER ADMINISTRATION
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Table A.3E: Summary of Investments Placed in Service (\$000s) (FY 2009)

Date	Unamortized Investment	Term Schedule
09/30/2006	4,974,824.24	5,604,622.00
09/30/2007	4,906,114.24	5,343,561.00
09/30/2008	4,783,577.49	5,420,847.00
09/30/2009	4,691,253.83	5,437,460.00
09/30/2010	4,729,424.20	5,434,719.00
09/30/2011	4,765,593.13	5,438,823.00
09/30/2012	4,766,839.51	5,503,600.00
09/30/2013	4,672,404.61	5,526,563.00
09/30/2014	4,588,381.17	5,430,909.00
09/30/2015	4,492,614.41	5,373,147.00
09/30/2016	4,383,377.60	5,300,004.00
09/30/2017	4,252,007.92	5,078,021.00
09/30/2018	4,113,020.06	5,006,050.00
09/30/2019	4,103,844.14	5,021,289.00
09/30/2020	4,075,673.01	5,114,771.00
09/30/2021	4,042,049.31	5,231,369.00
09/30/2022	4,004,140.00	5,359,647.00
09/30/2023	3,961,556.55	5,541,273.00
09/30/2024	3,919,208.90	5,725,930.00
09/30/2025	3,889,175.05	5,804,168.00
09/30/2026	3,849,072.03	6,000,043.00
09/30/2027	3,804,270.71	6,198,246.00
09/30/2028	3,760,708.74	6,129,518.00
09/30/2029	3,705,830.02	6,315,440.00
09/30/2030	3,646,330.85	6,383,915.00
09/30/2031	3,677,155.23	6,287,360.00
09/30/2032	3,745,961.19	5,942,365.00
09/30/2033	3,846,617.26	5,476,496.00
09/30/2034	4,009,726.65	5,381,910.00
09/30/2035	4,089,517.40	5,460,361.00
09/30/2036	4,177,357.90	5,663,425.00
09/30/2037	4,270,019.21	5,865,901.00
09/30/2038	4,368,023.39	6,067,703.00
09/30/2039	4,472,482.34	6,268,899.00
09/30/2040	4,583,423.84	6,469,582.00
09/30/2041	4,701,852.70	6,669,924.00
09/30/2042	4,828,454.43	6,638,050.00
09/30/2043	4,964,147.50	6,553,069.00
09/30/2044	5,110,594.08	6,494,220.00

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Table A.4: Application of Amortization (\$000s) (FY 2009)

Date	Project	In Service	Due	Original Balance	Amount Available	Rate	Replace ment?	Rollover?	Amount Amortized
FY 2007	BONNEVILLE POWER	1962	2007	19,597	19,597	6.980%	No	No	19,597
FY 2007	BONNEVILLE POWER	1962	2007	4,877	4,877	6.980%	No	No	4,877
FY 2007	BPA PROGRAM	2004	2007	30,000	30,000	3.100%	No	No	30,000
FY 2007	BPA PROGRAM	2004	2007	46,643	46,643	2.500%	No	No	46,643
FY 2007	BONNEVILLE POWER	1972	2017	29,326	20,056	7.290%	No	No	20,056
FY 2007	BONNEVILLE POWER	1972	2017	21,170	8,364	7.290%	No	No	8,364
FY 2007	BONNEVILLE POWER	1973	2018	21,656	21,656	7.280%	No	No	13,904
FY 2007	BONNEVILLE POWER	1973	2018	16,368	16,368	7.280%	No	No	16,368
FY 2007	BONNEVILLE POWER	1973	2018	10,491	10,491	7.280%	No	No	10,491
Subtotal		-	-	\$200,128	\$178,052	-	No	No	\$170,300
FY 2008	BONNEVILLE POWER	1963	2008	4,876	4,876	7.020%	No	No	4,876
FY 2008	BONNEVILLE POWER	1963	2008	4,330	4,330	7.020%	No	No	4,330
FY 2008	BONNEVILLE POWER	1963	2008	904	904	7.020%	No	No	904
FY 2008	BONNEVILLE POWER	1963	2008	803	803	7.020%	No	No	803
FY 2008	BPA PROGRAM	1998	2008	75,300	75,300	6.000%	No	No	75,300
FY 2008	BPA PROGRAM	1998	2008	36,819	36,819	5.750%	No	No	36,819
FY 2008	BPA PROGRAM	2004	2008	25,000	25,000	3.800%	No	No	25,000
FY 2008	BONNEVILLE POWER	1973	2018	33,788	33,788	7.280%	No	No	11,997
FY 2008	BONNEVILLE POWER	1973	2018	21,656	7,752	7.280%	No	No	7,752
Subtotal		-	-	\$203,476	\$189,572	-	No	No	\$167,781
FY 2009	BONNEVILLE POWER	1964	2009	4,151	4,151	7.060%	No	No	4,151
FY 2009	BONNEVILLE POWER	1964	2009	5,738	5,738	7.060%	No	No	5,738
FY 2009	BPA PROGRAM	1998	2009	72,700	72,700	6.000%	No	No	72,700
FY 2009	ENVIRONMENT	2006	2009	20,000	20,000	5.050%	No	No	20,000
FY 2009	BPA PROGRAM	2006	2009	20,000	20,000	5.050%	No	No	20,000
FY 2009	BPA PROGRAM	2005	2009	15,780	15,780	3.750%	No	No	15,780
FY 2009	BONNEVILLE POWER	1970	2015	24,412	23,551	7.270%	No	No	12,499
FY 2009	BONNEVILLE POWER	1973	2018	33,788	21,791	7.280%	No	No	21,791
Subtotal		-	-	\$196,569	\$183,711	-	No	No	\$172,658
FY 2010	BONNEVILLE POWER	1965	2010	3,706	3,706	7.090%	No	No	3,706
FY 2010	BONNEVILLE POWER	1965	2010	7,248	7,248	7.090%	No	No	7,248
FY 2010	BONNEVILLE POWER	1965	2010	5,202	5,202	7.090%	No	No	5,202
FY 2010	BONNEVILLE POWER	1965	2010	10,171	10,171	7.090%	No	No	10,171
FY 2010	ENVIRONMENT	2001	2010	30,000	30,000	6.050%	No	No	30,000
FY 2010	BPA PROGRAM	2001	2010	59,932	59,932	6.050%	No	No	59,932
FY 2010	BPA PROGRAM	2006	2010	5,000	5,000	4.950%	No	No	5,000
FY 2010	BPA PROGRAM	2006	2010	20,000	20,000	4.950%	No	No	20,000
FY 2010	BONNEVILLE POWER	1970	2015	64,977	64,977	7.270%	No	No	16,382
FY 2010	BONNEVILLE POWER	1970	2015	7,995	7,995	7.270%	No	No	7,995
FY 2010	BONNEVILLE POWER	1970	2015	24,412	11,052	7.270%	No	No	11,052
Subtotal		-	-	\$238,643	\$225,283	-	No	No	\$176,688
FY 2011	BONNEVILLE POWER	1966	2011	11,830	11,830	7.130%	No	No	11,830
FY 2011	BONNEVILLE POWER	1966	2011	3,049	3,049	7.130%	No	No	3,049
FY 2011	BONNEVILLE POWER	1966	2011	6,647	6,353	7.130%	No	No	6,353
FY 2011	BPA PROGRAM	1998	2011	40,000	40,000	6.200%	No	No	40,000
FY 2011	BPA PROGRAM	2001	2011	25,000	25,000	5.950%	No	No	25,000
FY 2011	BPA PROGRAM	2001	2011	50,000	50,000	5.750%	No	No	50,000
FY 2011	BONNEVILLE POWER	1970	2015	64,977	48,595	7.270%	No	No	42,281
Subtotal		-	-	\$201,503	\$184,827	-	No	No	\$178,513

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Table A.4: Application of Amortization (\$000s) (FY 2009)

Date	Project	In Service	Due	Original Balance	Amount Available	Rate	Replace ment?	Rollover?	Amount Amortized
FY 2012	BONNEVILLE POWER	1967	2012	19,003	19,003	7.160%	No	No	19,003
FY 2012	BONNEVILLE POWER	1967	2012	4,566	355	7.160%	No	No	355
FY 2012	BONNEVILLE POWER	1970	2015	64,977	6,314	7.270%	No	No	6,314
FY 2012	BONNEVILLE POWER	1974	2019	12,079	12,079	7.270%	No	No	12,079
FY 2012	BONNEVILLE POWER	1974	2019	20,984	20,984	7.270%	No	No	20,984
FY 2012	BONNEVILLE POWER	1974	2019	12,563	12,563	7.270%	No	No	12,563
FY 2012	BONNEVILLE POWER	1974	2019	21,826	21,826	7.270%	No	No	21,826
FY 2012	BONNEVILLE POWER	1975	2020	32,026	32,026	7.250%	No	No	3,388
FY 2012	BONNEVILLE POWER	1975	2020	21,916	21,916	7.250%	No	No	21,916
FY 2012	BONNEVILLE POWER	1975	2020	17,158	17,158	7.250%	No	No	17,158
FY 2012	BONNEVILLE POWER	1975	2020	11,742	11,742	7.250%	No	No	11,742
Subtotal		-	-	\$238,840	\$175,966	-	No	No	\$147,328
FY 2013	BONNEVILLE POWER	1968	2013	41,070	18,250	7.200%	No	No	18,250
FY 2013	BONNEVILLE POWER	1969	2014	42,237	19,198	7.230%	No	No	8,550
FY 2013	BONNEVILLE POWER	1975	2020	32,026	28,638	7.250%	No	No	28,638
Subtotal		-	-	\$115,333	\$66,086	-	No	No	\$55,438
FY 2014	BONNEVILLE POWER	1969	2014	42,237	10,648	7.230%	No	No	10,648
FY 2014	BPA PROGRAM	1999	2014	59,050	59,050	5.900%	No	No	59,050
FY 2014	BONNEVILLE POWER	1976	2021	2,212	2,212	7.230%	No	No	38
Subtotal		-	-	\$103,499	\$71,910	-	No	No	\$69,736
FY 2015	BONNEVILLE POWER	1976	2021	61,025	61,025	7.230%	No	No	59,684
FY 2015	BONNEVILLE POWER	1976	2021	2,212	2,174	7.230%	No	No	2,174
Subtotal		-	-	\$63,237	\$63,199	-	No	No	\$61,858
FY 2016	BONNEVILLE POWER	1976	2021	61,025	1,341	7.230%	No	No	1,341
FY 2016	BONNEVILLE POWER	1977	2022	3,948	3,948	7.210%	No	No	3,948
FY 2016	BONNEVILLE POWER	1977	2022	5,380	5,380	7.210%	No	No	5,380
FY 2016	BONNEVILLE POWER	1977	2022	33,702	33,702	7.210%	No	No	33,702
FY 2016	BONNEVILLE POWER	1977	2022	4,981	4,981	7.210%	No	No	4,981
FY 2016	BPA PROGRAM	1998	2032	98,900	98,900	6.700%	No	No	2,915
Subtotal		-	-	\$207,936	\$148,252	-	No	No	\$52,267
FY 2017	BPA PROGRAM	1998	2032	98,900	95,985	6.700%	No	No	33,996
Subtotal		-	-	\$98,900	\$95,985	-	No	No	\$33,996
FY 2018	BPA PROGRAM	1998	2032	98,900	61,988	6.700%	No	No	30,044
Subtotal		-	-	\$98,900	\$61,988	-	No	No	\$30,044
FY 2019	BPA PROGRAM	1998	2032	98,900	31,944	6.700%	No	No	31,944
FY 2019	BPA PROGRAM	2009	2044	259,531	259,531	6.630%	No	No	131,571
Subtotal		-	-	\$358,431	\$291,475	-	No	No	\$163,515
FY 2020	BPA PROGRAM	2009	2044	259,531	127,960	6.630%	No	No	127,960
FY 2020	BPA PROGRAM	2010	2045	138,518	138,518	6.630%	Yes	No	20,193
Subtotal		-	-	\$398,049	\$266,478	-	Yes	No	\$148,153
FY 2021	BONNEVILLE POWER	1976	2021	61,025	0	7.230%	No	No	0
FY 2021	BPA PROGRAM	2010	2045	138,518	118,325	6.630%	Yes	No	118,325
FY 2021	BPA PROGRAM	2011	2046	142,344	142,344	6.630%	Yes	No	27,886
Subtotal		-	-	\$341,887	\$260,669	-	Yes	No	\$146,211
FY 2022	ENVIRONMENT	2007	2022	7,000	7,000	5.660%	No	No	7,000
FY 2022	BPA PROGRAM	2003	2022	25,000	25,000	5.650%	No	Yes	25,000
FY 2022	BPA PROGRAM	2011	2046	142,344	114,458	6.630%	Yes	No	113,380
Subtotal		-	-	\$174,344	\$146,458	-	Yes	Yes	\$145,380
FY 2023	ENVIRONMENT	2008	2023	5,129	5,129	5.940%	No	No	5,129
FY 2023	BPA PROGRAM	2004	2023	65,000	65,000	5.680%	No	Yes	65,000
FY 2023	BPA PROGRAM	2011	2046	142,344	1,078	6.630%	Yes	No	1,078
FY 2023	BPA PROGRAM	2012	2047	146,082	146,082	6.630%	Yes	No	72,964
Subtotal		-	-	\$358,555	\$217,289	-	Yes	Yes	\$144,172

Bonneville Power Administration
Transmission Repayment Study
October 1, 2006 to September 30, 2009 Cost Evaluation Period

Table A.4: Application of Amortization (\$000s) (FY 2009)

Date	Project	In Service	Due	Original Balance	Amount Available	Rate	Replace ment?	Rollover?	Amount Amortized
FY 2024	ENVIRONMENT	2009	2024	5,451	5,451	6.230%	No	No	5,451
FY 2024	BPA PROGRAM	2003	2024	40,000	40,000	5.720%	No	Yes	40,000
FY 2024	BPA PROGRAM	2004	2024	50,000	50,000	5.720%	No	Yes	50,000
FY 2024	BPA PROGRAM	2012	2047	146,082	73,118	6.630%	Yes	No	52,309
Subtotal		-	-	\$241,533	\$168,569	-	Yes	Yes	\$147,760
FY 2025	BPA PROGRAM	1997	2025	111,254	111,254	5.750%	No	Yes	111,254
FY 2025	BPA PROGRAM	2012	2047	146,082	20,808	6.630%	Yes	No	20,808
FY 2025	BPA PROGRAM	2013	2048	149,873	149,873	6.630%	Yes	No	31,075
Subtotal		-	-	\$407,209	\$281,935	-	Yes	Yes	\$163,137
FY 2026	BPA PROGRAM	2013	2048	149,873	118,798	6.630%	Yes	No	118,798
FY 2026	BPA PROGRAM	2014	2049	153,759	153,759	6.630%	Yes	No	36,974
Subtotal		-	-	\$303,632	\$272,557	-	Yes	No	\$155,772
FY 2027	BPA PROGRAM	1998	2028	50,000	50,000	6.650%	No	No	5,692
FY 2027	BPA PROGRAM	2014	2049	153,759	116,785	6.630%	Yes	No	116,785
FY 2027	BPA PROGRAM	2015	2050	157,625	157,625	6.630%	Yes	No	30,925
Subtotal		-	-	\$361,384	\$324,410	-	Yes	No	\$153,402
FY 2028	BPA PROGRAM	1998	2028	50,000	44,308	6.650%	No	No	44,308
FY 2028	BPA PROGRAM	1998	2028	112,300	112,300	5.850%	No	No	112,300
FY 2028	BPA PROGRAM	2015	2050	157,625	126,700	6.630%	Yes	No	2
Subtotal		-	-	\$319,925	\$283,309	-	Yes	No	\$156,610
FY 2029	BPA PROGRAM	2015	2050	157,625	126,699	6.630%	Yes	No	126,699
FY 2029	BPA PROGRAM	2016	2051	161,504	161,504	6.630%	Yes	No	20,067
Subtotal		-	-	\$319,129	\$288,203	-	Yes	No	\$146,765
FY 2030	BPA PROGRAM	2016	2051	161,504	141,437	6.630%	Yes	No	141,437
FY 2030	BPA PROGRAM	2017	2052	165,366	165,366	6.630%	Yes	No	1,817
Subtotal		-	-	\$326,870	\$306,803	-	Yes	No	\$143,254
FY 2031	BPA PROGRAM	1998	2031	106,600	106,600	6.000%	No	Yes	106,600
FY 2031	BPA PROGRAM	2017	2052	165,366	163,549	6.630%	Yes	No	36,890
Subtotal		-	-	\$271,966	\$270,149	-	Yes	Yes	\$143,490
FY 2032	BPA PROGRAM	2017	2052	165,366	126,659	6.630%	Yes	No	126,659
FY 2032	BPA PROGRAM	2018	2053	169,032	169,032	6.630%	Yes	No	8,440
Subtotal		-	-	\$334,398	\$295,691	-	Yes	No	\$135,099
FY 2033	BPA PROGRAM	2003	2033	40,000	40,000	5.550%	No	No	40,000
FY 2033	BPA PROGRAM	2004	2034	40,000	40,000	5.600%	No	No	635
FY 2033	BPA PROGRAM	2018	2053	169,032	160,592	6.630%	Yes	No	62,802
Subtotal		-	-	\$249,032	\$240,592	-	Yes	No	\$103,437
FY 2034	BPA PROGRAM	2004	2034	40,000	39,365	5.600%	No	No	39,365
FY 2034	BPA PROGRAM	2005	2035	40,000	40,000	5.500%	No	No	1,340
FY 2034	BPA PROGRAM	2018	2053	169,032	97,790	6.630%	Yes	No	0
Subtotal		-	-	\$249,032	\$177,155	-	Yes	No	\$40,705
FY 2035	BPA PROGRAM	2005	2035	40,000	38,660	5.500%	No	No	38,660
FY 2035	BPA PROGRAM	2005	2035	40,000	40,000	5.400%	No	No	40,000
FY 2035	BPA PROGRAM	2005	2035	45,000	45,000	5.250%	No	No	45,000
Subtotal		-	-	\$125,000	\$123,660	-	No	No	\$123,660
FY 2036	BPA PROGRAM	2004	2036	65,000	65,000	6.370%	No	Yes	65,000
FY 2036	BPA PROGRAM	2008	2043	285,189	285,189	6.320%	No	No	7,146
FY 2036	BPA PROGRAM	2018	2053	169,032	97,790	6.630%	Yes	No	43,078
Subtotal		-	-	\$519,221	\$447,979	-	Yes	Yes	\$115,224
FY 2037	BPA PROGRAM	2005	2037	40,000	40,000	6.680%	No	Yes	40,000
FY 2037	BPA PROGRAM	2008	2043	285,189	278,043	6.320%	No	No	69,815
Subtotal		-	-	\$325,189	\$318,043	-	No	Yes	\$109,815

Bonneville Power Administration
Transmission Repayment Study
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Table A.4: Application of Amortization (\$000s) (FY 2009)

Date	Project	In Service	Due	Original Balance	Amount Available	Rate	Replace ment?	Rollover?	Amount Amortized
FY 2038	BPA PROGRAM	2006	2038	70,000	70,000	6.720%	No	Yes	70,000
FY 2038	BPA PROGRAM	2008	2043	285,189	208,229	6.320%	No	No	33,798
Subtotal		-	-	\$355,189	\$278,229	-	No	Yes	\$103,798
FY 2039	BPA PROGRAM	2008	2043	285,189	174,431	6.320%	No	No	96,737
Subtotal		-	-	\$285,189	\$174,431	-	No	No	\$96,737
FY 2040	BPA PROGRAM	2007	2042	232,010	232,010	6.000%	No	No	76,563
FY 2040	BPA PROGRAM	2008	2043	285,189	77,694	6.320%	No	No	13,179
Subtotal		-	-	\$517,199	\$309,704	-	No	No	\$89,742
FY 2041	BPA PROGRAM	2007	2042	232,010	155,447	6.000%	No	No	81,913
Subtotal		-	-	\$232,010	\$155,447	-	No	No	\$81,913
FY 2042	BPA PROGRAM	2007	2042	232,010	73,534	6.000%	No	No	73,534
Subtotal		-	-	\$232,010	\$73,534	-	No	No	\$73,534
FY 2043	BPA PROGRAM	2008	2043	285,189	64,515	6.320%	No	No	64,515
Subtotal		-	-	\$285,189	\$64,515	-	No	No	\$64,515
FY 2044	BPA PROGRAM	2018	2053	169,032	54,713	6.630%	Yes	No	54,235
Subtotal		-	-	\$169,032	\$54,713	-	Yes	No	\$54,235
FY 2045	BPA PROGRAM	2018	2053	169,032	477	6.630%	Yes	No	477
FY 2045	BPA PROGRAM	2019	2054	172,691	172,691	6.630%	Yes	No	48,484
Subtotal		-	-	\$341,723	\$173,168	-	Yes	No	\$48,961
FY 2046	BPA PROGRAM	2011	2046	142,344	-0	6.630%	Yes	No	-0
FY 2046	BPA PROGRAM	2019	2054	172,691	124,207	6.630%	Yes	No	52,287
Subtotal		-	-	\$315,035	\$124,207	-	Yes	No	\$52,287
FY 2047	BPA PROGRAM	2012	2047	146,082	0	6.630%	Yes	No	0
FY 2047	BPA PROGRAM	2019	2054	172,691	71,919	6.630%	Yes	No	55,847
Subtotal		-	-	\$318,773	\$71,919	-	Yes	No	\$55,847
FY 2048	BPA PROGRAM	2019	2054	172,691	16,073	6.630%	Yes	No	16,073
FY 2048	BPA PROGRAM	2020	2055	176,324	176,324	6.630%	Yes	No	43,502
Subtotal		-	-	\$349,015	\$192,397	-	Yes	No	\$59,574
FY 2049	BPA PROGRAM	2014	2049	153,759	-0	6.630%	Yes	No	-0
FY 2049	BPA PROGRAM	2020	2055	176,324	132,822	6.630%	Yes	No	63,607
Subtotal		-	-	\$330,083	\$132,822	-	Yes	No	\$63,607
FY 2050	BPA PROGRAM	2020	2055	176,324	69,215	6.630%	Yes	No	67,954
Subtotal		-	-	\$176,324	\$69,215	-	Yes	No	\$67,954
FY 2051	BPA PROGRAM	2020	2055	176,324	1,261	6.630%	Yes	No	1,261
FY 2051	BPA PROGRAM	2021	2056	179,835	179,835	6.630%	Yes	No	71,211
Subtotal		-	-	\$356,159	\$181,096	-	Yes	No	\$72,472
FY 2052	BPA PROGRAM	2017	2052	165,366	0	6.630%	Yes	No	0
FY 2052	BPA PROGRAM	2021	2056	179,835	108,624	6.630%	Yes	No	77,431
Subtotal		-	-	\$345,201	\$108,624	-	Yes	No	\$77,431
FY 2053	BPA PROGRAM	2018	2053	169,032	0	6.630%	Yes	No	0
FY 2053	BPA PROGRAM	2021	2056	179,835	31,193	6.630%	Yes	No	31,193
FY 2053	BPA PROGRAM	2022	2057	183,289	183,289	6.630%	Yes	No	51,451
Subtotal		-	-	\$532,156	\$214,482	-	Yes	No	\$82,645
FY 2054	BPA PROGRAM	2019	2054	172,691	0	6.630%	Yes	No	0
FY 2054	BPA PROGRAM	2022	2057	183,289	131,838	6.630%	Yes	No	88,255
Subtotal		-	-	\$355,980	\$131,838	-	Yes	No	\$88,255

Bonneville Power Administration
Transmission Repayment Study
October 1, 2006 to September 30, 2009 Cost Evaluation Period

Table A.4: Application of Amortization (\$000s) (FY 2009)

Date	Project	In Service	Due	Original Balance	Amount Available	Rate	Replace ment?	Rollover?	Amount Amortized
FY 2055	BPA PROGRAM	2020	2055	176,324	-0	6.630%	Yes	No	-0
FY 2055	BPA PROGRAM	2022	2057	183,289	43,583	6.630%	Yes	No	43,583
FY 2055	BPA PROGRAM	2023	2058	186,755	186,755	6.630%	Yes	No	50,641
Subtotal		-	-	\$546,368	\$230,338	-	Yes	No	\$94,224
FY 2056	BPA PROGRAM	2021	2056	179,835	-0	6.630%	Yes	No	-0
FY 2056	BPA PROGRAM	2023	2058	186,755	136,114	6.630%	Yes	No	100,616
Subtotal		-	-	\$366,590	\$136,114	-	Yes	No	\$100,616
FY 2057	BPA PROGRAM	2023	2058	186,755	35,498	6.630%	Yes	No	35,498
FY 2057	BPA PROGRAM	2024	2059	190,108	190,108	6.630%	Yes	No	71,910
Subtotal		-	-	\$376,863	\$225,606	-	Yes	No	\$107,408
FY 2058	BPA PROGRAM	2023	2058	186,755	-0	6.630%	Yes	No	-0
FY 2058	BPA PROGRAM	2024	2059	190,108	118,198	6.630%	Yes	No	114,735
Subtotal		-	-	\$376,863	\$118,198	-	Yes	No	\$114,735
FY 2059	BPA PROGRAM	2024	2059	190,108	3,463	6.630%	Yes	No	3,463
FY 2059	BPA PROGRAM	2025	2060	193,171	193,171	6.630%	Yes	No	118,961
Subtotal		-	-	\$383,279	\$196,634	-	Yes	No	\$122,424
FY 2060	BPA PROGRAM	2025	2060	193,171	74,210	6.630%	Yes	No	74,210
FY 2060	BPA PROGRAM	2026	2061	195,875	195,875	6.630%	Yes	No	56,545
Subtotal		-	-	\$389,046	\$270,085	-	Yes	No	\$130,755
FY 2061	BPA PROGRAM	2026	2061	195,875	139,330	6.630%	Yes	No	139,330
FY 2061	BPA PROGRAM	2027	2062	198,203	198,203	6.630%	Yes	No	303
Subtotal		-	-	\$394,078	\$337,533	-	Yes	No	\$139,633
Grand Total		-	-	\$16,281,104	\$10,651,106	-	Yes	Yes	\$5,945,471

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APPENDIX B

Programs In Review Close-out Letter



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

JAN 26 2007

In reply refer to: T-DITT2

Dear Programs in Review Participant:

On November 22, 2006, we sent a letter to you reflecting the tentative results of a public process called Programs in Review (PIR), which the Bonneville Power Administration conducted from May 2006 through the summer of 2006. This process engaged the region in discussions about Transmission Services' fiscal year 2008 and 2009 program levels and program costs. During this public process, BPA presented information about its transmission programs and invited customers, tribes, constituents and other regional stakeholders to comment on and make recommendations related to these programs.

The November 22 letter provided (1) an update on where Transmission Services' program costs stood compared to the initial PIR proposal; (2) a comparison of program levels for the upcoming rate period versus the current rate period; and (3) my tentative decision for Transmission Services' program levels for Fiscal Years 2008 and 2009. Because there had been recent updates in program levels, we provided a two-week comment period on the tentative PIR decisions.

No comments we received addressed specific expense or capital levels in the letter and, as a result, the figures presented in the November 22 PIR letter are now final. For your convenience, the appendices from the November 22 letter that show the expense and capital levels are enclosed.

Specific Issues Raised in Comments

A common theme in the comments was a wish to become more involved in the capital review process before projects are authorized. As part of the Regional Dialogue discussion, BPA will design a process that among other things will enhance the transparency of the agency's capital decisions and provide opportunities for stakeholder input into these decisions. As this process is implemented, customers and stakeholders will be able to provide timely input into agency capital and expense decisions.

Other issues addressed in comments involved regional transmission planning, expansion and maintenance practices. BPA is addressing these issues individually with the parties in a separate process.

BPA also received a request for a workshop regarding the depreciation study and is exploring options about the best forum for this discussion.

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BPA Power Services expressed concern that the Libby-(Flathead Electric Cooperative)-Troy Rebuild Plan, which calls for a single-circuit 115-kilovolt line, could limit generation at the Hungry Horse and Libby projects. A thorough review by the Technical Review Committee in May 2006 determined that the 115-kV line will meet load service requirements well into the future since there are no firm plans for additional resource development in the Libby area. Without an identified need, the incremental cost to build a double circuit 230-kV line versus a single circuit 115-kV rebuild is not justified. If and when the transmission system requires additional capacity out of the Libby area, Transmission Services will evaluate all potential options including the Libby-Bonnors Ferry corridor.

In addition to comments received, BPA wishes to clarify language in the November 22 letter. Under the section comparing the prior rate case to the new rate period, we indicated that "In accordance with current accounting policies and practices, certain investments that were formerly charged to capital will now be expensed." This may have inadvertently suggested a change in accounting policies, which is not correct. The change was in the application of the policies. To clarify, a review of BPA's application of its capitalization policies identified situations where certain replacements had been charged incorrectly to capital instead of expense. Examples include replacements of certain "Minor Items of Property," such as roofs, heating, ventilation and air-conditioning systems, spacer dampers, airway lighting and marker balls; the support costs associated with this work; and individual items of "Personal Property" that do not meet the \$10,000 capitalization threshold, such as small miscellaneous tools and equipment.

I would like to express my sincere appreciation for the participation and thoughtful comments of our customers and other regional stakeholders. BPA remains committed to an open and collaborative public process where ideas can flow freely. Thank you again for your participation in this process that has helped shape our program levels.

Sincerely,



Stephen J. Wright
Administrator and Chief Executive Officer

4 Enclosures

Appendix 1: Expense Program Comparison of Initial and Current PIR FY08-09 Program levels

Appendix 2: Expense Program Levels FY08-09

Appendix 3: Capital Program-Comparison of Initial and Current PIR Average FY08-09 Program Levels

Appendix 4: Capital Program Levels FY08-09

Transmission Expenses (\$000) - Programs In Review

Program & Other Operating Costs	Averages Across FY 2008-09		
	Initial Proposal	Final Proposal	Change
Transmission's Transmission Acquisition			
Leased Facilities	14,945	14,853	(91)
Settlements	940	940	-
Non-BBL Ancillary Services	310	3,050	2,740
Transmission System Operations			
Information Technology	-	671	671
Power System Dispatching	10,103	10,228	125
Control Center Support	9,511	9,531	20
Technical Operations	3,732	3,732	-
Substation Operations	18,756	18,951	194
Transmission Scheduling			
Management Supervision & Administration	1,053	1,053	-
Reservations	464	464	-
Pre-Scheduling	763	763	-
Real-Time Scheduling	4,005	4,005	-
Scheduling Technical Support	2,715	2,715	-
Scheduling After-The-Fact	673	673	-
Transmission Marketing			
Transmission Sales	2,256	2,256	-
Marketing Internal Operations	872	872	-
Transmission Finance	824	824	-
Contract Management	1,477	1,477	-
Transmission Billing	1,942	1,942	-
Business Strategy & Assessment	2,471	2,471	-
Marketing IT Support	-	-	-
Meter Data	1,370	1,370	-
Transmission Business Support			
Executive and Admin Services	8,118	8,118	-
Staff Management	-	-	-
TBL Internal G&A	7,643	7,655	13
Aircraft Services	1,071	1,343	272
Logistics Services	4,058	5,133	1,075
Security Enhancements	1,038	1,039	0
Transmission System Development			
Research & Development	3,431	3,431	-
TSD Planning & Analysis	3,518	3,518	-
Capital to Expense Transfer	3,000	3,000	-
Inventory Management	4,500	4,500	-
Regulatory & Region Association Fees	1,821	2,215	394

Transmission Expenses (\$000) - Programs In Review

Program & Other Operating Costs	Averages Across FY 2008-09		
	Initial Proposal	Final Proposal	Change
Transmission System Maintenance			
Non-Electric Maintenance	11,102	11,141	39
Substation Maintenance	17,006	17,607	600
Transmission Line Maintenance	18,337	19,008	671
System Protection Control Maintenance	8,763	9,820	1,057
Power System Control Maintenance	8,804	10,742	1,938
System Maintenance Management	6,889	6,890	1
ROW Maintenance	12,923	12,966	43
Heavy Mobile Equipment Maintenance	1,694	847	(847)
Technical Training	3,811	3,811	-
Transmission Environmental Operations			
Environmental Policy & Planning	1,286	1,286	-
Pollution Prevention & Abatement	3,440	3,440	-
Transmission Other			
Civil Service Retirement System (CSRS)	12,139	12,139	-
Undistributed Cost Reduction	(2,000)	(2,000)	-
Non-Federal Debt Service	-	12,234	12,234
Total Transmission System O & M	221,576	242,727	21,150
Between Business Line Expenses			
Ancillary Services	53,491	45,521	(7,970)
Corps/Bureau/Network/Delivery Facilities	7,213	7,025	(188)
Station Service	3,792	3,589	(203)
Total BBL Expense	64,496	56,135	(8,361)
Corporate Expenses			
Legal Support - Expense	2,168	2,250	81
Shared Services Costs	-	-	-
Corporate Overhead Distributions	63,836	66,202	2,366
Total Corporate Charges	66,004	68,451	2,448
Total Transmission Operating Expense	352,076	367,313	15,237

This information has been made publicly available by BPA on November 21, 2006, but due to the detailed nature or the manner in which it is grouped, the numbers cannot be identified in any other publicly released Standard Financial Report or other Agency Financial Information

Transmission Expenses (\$000) - Programs In Review

Program & Other Operating Costs	FY2008	FY2009
Transmission's Transmission Acquisition		
Leased Facilities	13,608	16,098
Settlements	931	950
Stability Reserve Payments	3,050	3,050
Sub-Total Transmission Acquisition	17,589	20,098
Transmission System Operations		
Information Technology	662	681
Power System Dispatching	10,125	10,332
Control Center Support	9,449	9,613
Technical Operations	3,694	3,770
Substation Operations	18,758	19,143
Sub-Total Transmission System Operations	42,688	43,539
Transmission Scheduling		
Management Supervision & Administration	1,035	1,071
Reservations	459	469
Pre-Scheduling	755	771
Real-Time Scheduling	3,971	4,039
Scheduling Technical Support	2,691	2,738
Scheduling After-The-Fact	666	680
Sub-Total Transmission Scheduling	9,577	9,767
Transmission Marketing		
Transmission Sales	2,230	2,283
Marketing Internal Operations	861	884
Transmission Finance	815	832
Contract Management	1,456	1,498
Transmission Billing	1,922	1,962
Business Strategy & Assessment	2,446	2,496
Marketing IT Support	0	0
Meter Data	1,354	1,385
Sub-Total Transmission Marketing	11,084	11,340
Transmission Business Support		
Executive and Admin Services 1/	8,045	8,191
Staff Management	0	0
TBL Internal G&A 1/	7,577	7,733
Aircraft Services	1,327	1,360
Logistics Services	5,080	5,185
Security Enhancements	1,028	1,049
Sub-Total Transmission Business Support	23,057	23,519
Transmission System Development		
Research & Development	3,396	3,466
TSD Planning & Analysis	3,502	3,534
Capital to Expense Transfer	3,000	3,000
Inventory Management	5,000	4,000
Regulatory & Region Association Fees	2,180	2,250
Sub-Total Transmission System Development	17,078	16,250

Transmission Expenses (\$000) - Programs In Review

Program & Other Operating Costs	FY2008	FY2009
Transmission System Maintenance		
Non-Electric Maintenance	11,053	11,229
Substation Maintenance	17,386	17,827
Transmission Line Maintenance	18,826	19,191
System Protection Control Maintenance	9,730	9,911
Power System Control Maintenance	10,627	10,858
System Maintenance Management	6,822	6,958
Right Of Way Maintenance	12,844	13,088
Heavy Mobile Equipment Maintenance	858	836
Technical Training	3,530	4,092
Sub-Total Transmission System Maintenance	91,675	93,992
Transmission Environmental Operations		
Environmental Policy & Planning	1,266	1,307
Pollution Prevention & Abatement	3,389	3,491
Sub-Total Transmission Environmental Operations	4,655	4,798
Transmission Other		
Civil Service Retirement System (CSRS)	9,000	15,277
Undistributed Cost Reduction	(2,000)	-2,000
Non-Federal Debt Service	11,034	13,434
Sub-Total Transmission Other	18,034	26,711
Sub-Total Transmission System Operations & Maintenance	235,438	250,016

Between Business Line Expenses		
Ancillary Services	45,521	45,521
Corps/Bureau/Network/Delivery Facilities	6,652	7,397
Station Service	3,589	3,589
Sub-Total Between Business Line Expense	55,762	56,507

Corporate Expenses		
Legal Support - Expense	2,213	2,287
Shared Services Costs	0	0
Corporate Overhead Distributions	66,044	66,359
Sub-Total Corporate Charges	68,257	68,646

Total Transmission Expense Program Levels	359,457	375,169
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1/ Executive and Admin Services includes expenses for Executive Management, Asset Management, Continuity of Operations, and non-project travel and training costs
Internal G&A includes expenses for General Administration, Relocations and Pay for Performance

Sources: Tentative Program Levels as approved by Steve Wright, on November 21, 2006

This information has been made publicly available by BPA on November 21, 2006, but due to the detailed nature or the manner in which it is grouped, the numbers cannot be separately identified in any other publicly released Standard Financial Report or other Agency Financial Information.

CAPITAL PROGRAM LEVELS FY08-FY09
(\$ in Thousands)

Program Description	Energization Date	FY 2008 Forecast	FY 2009 Forecast
MAIN GRID PROJECTS			
West of McNary Generation Integration	2010	3,205.8	
Line Relocations on Tribal Lands	On Going	3,740.1	3,815.6
Seattle Area 500/230 kV Bank	2010	213.7	2,180.4
Olympic Peninsula Reinforcement	2009	12,556.0	12,809.6
Shelton-Fairmount 230KV line	2012	0.0	1,090.2
I-5 Corridor upgrades	2011	5,343.0	10,901.8
Libby-Troy Rebuild	2009	5,984.1	981.2
Other Associated Gen Integration	On Going	5,000.0	5,000.0
Communications moved to Corporate		(41.0)	(42.0)
NERC Criteria Compliance	On Going	15,000.0	15,000.0
System Reactive Facilities	On Going	10,000.0	10,000.0
Various Additions	On Going	10,000.0	10,000.0
Sub-Total Main Grid		71,001.7	71,736.8

AREA & CUSTOMER SERVICE PROJECTS			
Lower Valley Reinforcement (Caribou)	2008	8,121.3	0.0
Madison Shunt Cap	2008	480.9	0.0
City of Centralia	2008	8,548.8	0.0
Misc. Line Upgrade	On Going	4,274.4	4,360.7
Customer Service Items	On Going	4,000.0	4,000.0
Sub-Total Area & Customer Srvc		25,425.4	8,360.7

UPGRADES & ADDITIONS PROJECTS			
System Controls	On Going	7,480.2	7,631.3
Celio Upgrades		13,784.9	7,086.2
CC Systems	On Going	5,343.0	5,450.9
Fiber Optics (Incls Terminations)	On Going	16,028.9	10,901.8
Misc Sub Additions	On Going	5,000.0	5,000.0
Sub-Total Upgrades & Additions		47,637.0	36,070.2

SYSTEM REPLACEMENTS PROJECTS			
Nonelectric Plant Replcmts	On Going	3,205.8	3,270.5
Security Enhancements	0	3,953.8	4,033.7
Transmission Line Replcmts	On Going	1,068.6	1,090.2
Wood Pole Replacement	On Going	6,411.6	6,541.1
NCI Replacements	On Going	320.6	327.1
Spacer Damper Replacements	On Going	9,617.4	9,811.6
Substation Replcmts	On Going	9,617.4	9,811.6
System Protection Replcmts	On Going	7,480.2	7,631.3
Pwr Sys Cntrl Replcmts	On Going	7,480.2	7,631.3
Total System Replacements	On Going	49,155.4	50,148.4
Aircraft Replacement	2009	6,945.9	7,086.2
Tools and Equipment	On Going	6,500.0	6,500.0
Sub-Total System Replacements		62,601.3	63,734.5

ENVIRONMENT PROJECTS			
Total Environment (PP&A)	On Going	5,129.3	5,450.9
Sub-Total Environment (PP&A)		5,129.3	5,450.9

CAPITAL PROGRAM LEVELS FY08-FY09
(\$ in Thousands)

Program Description	Energization Date	FY 2008 Forecast	FY 2009 Forecast
ALL OTHER DIRECT CAPITAL			
Completion of Prior Yr Items	On-going	106.9	109.0
Cap-to-Exp Adjustments	On-going	(3,000.0)	(3,000.0)
Undistributed Capital Adjustments	On-going		
Non-Wires Program	On-going	3,000.0	3,000.0
Retirements and Sale of Facilities	On-going	5,000.0	5,000.0
Sub-Total All Other Capital		5,106.9	5,109.0

SUB TOTAL CAPITAL (DIRECT)	216,901.5	190,462.2
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INDIRECTS			
TSD Program Indirect		21,803.8	22,244.1
TSD MS&A		8,865.6	9,044.7
Support Services Cap Distribution		10,639.3	10,854.2
AFUDC		10,295.0	10,798.0
Corporate Distributions		25,388.0	25,168.0
SUB TOTAL CAPITAL (INDIRECT)		76,991.7	78,109.0

TOTAL CAPITAL REQUIRING BORROWING AUTHORITY	293,893.2	268,571.2
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Non-Treasury Financed <Note 1			
Generator and Third Party Financed <Note 2			
Generator Interconnection	TBD	42,743.8	38,156.4
COI Addition Project	2008	4,274.4	0.0
Non-Federal AFUDC <Note 3	TBD	2,087.0	285.0
Revenue Financed Projects	TBD		
Projects Funded in Advance	TBD	13,400.0	22,900.0
Total Non-Treasury Financed		62,505.2	61,341.4

TOTAL CAPITAL (Direct, Indirect & Non-Treasury)	356,398.5	329,912.6
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Notes:

<1 Source: This category includes those facilities where BPA retains ownership but which is funded by a third party.

<2 Projects shown in this section have not been approved and depend upon signing transmission agreements requiring customer advance payments in return for future transmission credits before going forward.

<3 Source: AFUDC related to non-Treasury funded projects that is non-Treasury financed.

Capital Program: Comparison of Initial and Current PIR Averages FY08-09 Program Levels
(\$ in Thousands)

Capital Program	Averages Across FY08-09		
	PIR Initial <Note 1	PIR Proposal <Note 2	Delta
Main Grid <Note 3	72,545	71,369	(1,175)
Area and Customer Service	16,893	16,893	-
Upgrades and Additions	41,854	41,854	-
System Replacements <Note 4	68,168	63,168	(5,000)
Environment	5,290	5,290	-
All Other Capital <Note 7	(9,892)	5,108	15,000
Sub Total Capital	194,857	203,682	8,825
Indirects <Note 5	81,242	77,550	(3,692)
Total Capital Requiring Treasury Borrowing Authority	276,100	281,232	5,133
Non-Treasury Financed <Note 6, <Note 7	75,737	61,923	(13,814)
Total Capital Program	351,837	343,155	(8,681)

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Notes:

<1 Source: Initial PIR is from the Initial PIR meetings in June 2006.

<2 Source: Forecasted Capital used in the October 3, 2006 Revenue Requirement

<3 Source: Planned capital for Libby Troy decreased from initial proposal to reflect a revised plan of service. Part of this decrease was offset by additional planned capital for West of McNary preliminary engineering costs that was not in the initial proposal.

<4 Source: Capital program decreased from initial proposal due to removal of placeholder for emergency capital work.

<5 Source: AFUDC decreased from initial proposal which was offset by an increase in Agency Services.

<6 Source: Increased from initial proposal due to the addition of AFUDC related to non-Treasury funded projects that is non-Treasury financed.

<7 Source: Changes in the Other Capital and Non-Treasury Financed lines are due to reflection of all projected spending for the capital program, Treasury and Non-Treasury financed. The net change of these two lines is zero and therefore is not changing the total projected capital program.

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