

# Revised Meeting Dates 7.20.2011



## Department of Energy

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

FINANCE

June 21, 2011

In reply refer to: F-2

To Customers, Constituents, Tribes and Other Stakeholders:

The Bonneville Power Administration (BPA) invites you to participate in strategic discussions of BPA's long-term capital investments and capital needed to fund those investments. These discussions will take place in a series of meetings during September 2011 and will help BPA formulate a long-term direction that will ensure continued access to Treasury borrowing authority on a rolling 10-year basis. BPA currently anticipates the potential for exhausting its access to borrowing from the U.S. Treasury, which is the primary source of capital funding, as early as FY 2016 if no further actions are taken.

The purpose of these meetings is threefold: Review BPA's long-term capital programs at a strategic level; analyze the availability of borrowing authority with current assumptions about long-term capital spending and financing; and finally, discuss options to maintain available Treasury borrowing authority through FY 2022, including a discussion of the potential rate impacts.

These discussions will seek to inform and engage interested parties in weighing alternatives for reaching the following Agency objectives: ensure capital financing is available over a rolling 10-year period; develop strategies and tools that will extend BPA's Treasury Borrowing Authority while reserving the \$750 million liquidity facility; and ensure BPA is able to meet capital financing requirements at least overall cost.

Some of the alternatives to maintain the Treasury borrowing authority include:

- 1) Possible long-term capital spending reductions
- 2) Alternative sources of capital or potential third-party financing tools
  - a. *Lease Financing*. Aggressively pursue the use of lease financing for funding of the Transmission capital programs.
  - b. *Third Party Energy Efficiency Financing*. Pursue the use of third party financing to fund a portion of the Energy Efficiency capital program.
  - c. *Customer Pre-Pay Program*. BPA is exploring a customer prepayment program. During these discussions, BPA will describe the proposed program and policies and seek input on the proposal.
  - d. *Revenue Financing or other ways to recover capital related costs otherwise embedded in current rates*.
- 3) Other options

Each alternative has different long-term implications to regional stakeholders. BPA welcomes your input and thoughtful discussion during these September meetings. Your input will inform BPA's long-term direction for capital spending and capital funding and in the shorter-term, inform the FY 2012 Integrated Program Review for near-term capital spending forecasts.

If you are interested in participating in these discussions, please hold the dates of September 19, 20, 21, and 22. Additional information regarding the detailed schedule of meetings will be released mid-summer and advance material will be released before the meetings. If you have questions regarding these discussions, please contact Mary Hawken at (503) 230-3421, or your Power or Transmission Customer Account Executive, Tribal Account Executive or Constituent Account Executive.

I look forward to your participation in these upcoming discussions.

Sincerely,

*/s/ Claudia R. Andrews*

Claudia R. Andrews  
Acting Executive Vice President and Chief Financial Officer