



Department of Energy

Bonneville Power Administration
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FINANCE

March 6, 2012

In reply refer to: F-2

To participants in the Bonneville Power Administration's (BPA) Capital Investment Review (CIR):

On March 8, BPA initiates its CIR to focus on draft asset strategies and potential investments in Federal Columbia River power and transmission assets as well as other significant investment obligations. We are posting a substantial amount of information online for discussion over the next two months and want to explain our approach. It is important that we understand and focus on the most important issues for our capital planning.

We structured the CIR to respond to suggestions we received after the last Integrated Program Review (IPR) for the 2012-2013 rate period and last year's Access to Capital discussion. We heard that our presentation of program cost estimates and financing options should engage interested parties earlier in our development of spending estimates and options. We heard that our capital program discussions should be for a longer time horizon than the two-year rate period that is the focus of the IPR. For these reasons, we are initiating our release of draft asset strategies, well ahead of the 2014-2015 IPR process that begins this summer.

The March 8 meeting is the initiation of the CIR. We want to describe the scope and purposes of the materials we are posting. We want to discuss with you how best to give you time to review this material and engage with us to discuss what is most important to you over the next two months.

This CIR is significantly expanded beyond what we have presented in previous IPRs. We developed draft Asset Management Strategies for all seven of BPA's capital investment programs. We frame these plans in a ten-year investment horizon, although we will update them every two years. Again, we want to discuss these strategic plans separately from, and well ahead of, the IPR that focuses on a two-year rate period.

We also want to structure regional discussions to address the issues you believe are needed. We intend the March 8 meeting to orient us all to the scope of issues available for discussion and solicit your interest in specific topics. We will schedule discussions on topics of particular interest as we hear from you. These focused discussions are anticipated to occur the week of April 16.

We intend this discussion to be about priorities within and among BPA's capital investment needs. We will update our progress in developing alternative resources for access to capital as we focus on priorities for capital investments over the next decade.

The comments we receive during the CIR comment period through May 4 will inform our proposal for capital spending in the 2012 IPR process. Following the IPR process, the close-out letter will include capital spending decisions for FY 2013 – 2015.

Sincerely,

/s/ Claudia R. Andrews

Claudia R. Andrews
Executive Vice President and Chief Financial Officer