Quarterly Business Review (QBR)

July 31, 2012

10:00 am – 3:10 pm

Rates Hearing Room

To Participate by Phone Please dial **503-230-5566**.
When prompted, enter access code **1821#**.

Time	Min	Agenda Topic	Slide	Presenter
10:00	10	Review Agenda	2	Mary Hawken
~	~	CFO Spotlight -- Unavailable in July, planned for November QBR	~	Claudia Andrews
10:10	30	IT Updates ▪ EE Central ▪ WPSS Write-off ▪ Slice System Update Postponed		Larry Buttress Robin Furrer, Doug Hunter
Financial Highlights				
10:40	60	▪ Review of 3rd Quarter Financial Results ▪ Review of 3rd Quarter Forecast		Mary Hawken, Cheryl Hargin, Kathy Rehmer, Brian McConnell
11:40	10	Forecast of Annual Slice True-Up		Timothy Roberts, Ann Shintani
11:50	10	Review of 3rd Quarter Capital Forecast		Kathy Rehmer, Brian McConnell
12:00	60	Lunch	~	~
Operational Excellence				
1:00	20	eOPF and Health and Safety Data Management		Launie O'Leary
1:20	15	Printer Reduction Plan and MyPC Deployment		Paul Dickson
1:35	5	2012 IPR Process Improvements		Mary Hawken
Other Agency Topics				
1:40	45	BPA's Review of the Budget Development Process		Valerie Lefler, David Barringer
2:25	20	Keys Pump-Generating Plant Update		Mark Jones, John Wellschlager
2:45	20	Methodology of items in the Composite Cost Pool for the Slice True-Up ▪ Contra-Expense and Reinvestments of GEP ▪ Composite Cost Pool Interest Credit		Timothy Roberts, Ann Shintani
3:05	5	Questions, Comments, Future Meeting Topics	~	Mary Hawken
3:10	~	Adjourn	~	~

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Postponed

IT Updates

Larry Buttress
Chief Information Officer

Robin Furrer
VP, Transmission Field Services

Doug Hunter
Internal Operations Manager

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Financial Highlights

Customer Collaborative
Financial Overview for FY 2012 through June 30, 2012

- **Agency**
  - Agency Net Revenues through June are $173 million. This is $32 million higher than the 2nd Quarter Review forecast.
  - The end-of-year net revenue forecast for the 3rd Quarter Review is $107 million. This is $65 million higher than the 2nd Quarter Review forecast, $1 million higher than the SOY forecast and $44 million above the rate case.
- **Power Services**
  - Power Services net revenue through June is $110 million. This is $14 million higher than the 2nd Quarter Review forecast.
  - The 3rd Quarter Review net revenue forecast is $54 million. This is $51 million higher than the 2nd Quarter Review forecast, $9 million below the SOY forecast and $1 million above the rate case forecast.
  - This year's above-average run-off in the Columbia basin has resulted in higher expectations of net secondary revenue, in spite of continuing low market prices, which is bolstering Power's net revenue above previous expectations. Of particular value was the wet June, which has added projected inventory to the higher priced summer months.

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Customer Collaborative
Financial Overview for FY 2012 through June 30, 2012

Transmission Services

- Transmission Net Revenues through June are $95 million. Cumulative net revenue through June is higher than the 2nd quarter forecast, net revenue for the month of June is also tracking the 2nd Quarter forecast expectations.
- The 3rd Quarter Review forecast is $97 million. This is $13 million higher than the 2nd Quarter Review forecast, a $8 million increase from the SOY forecast and $39 million increase from the rate case.
- The increase in the forecasted Net Revenues from the 2nd quarter is due to higher projected Short-Term and Operating Reserve revenues and lower projected interest expense.

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Federal Columbia River Power System (FCRPS)

FY 2012 THIRD QUARTER REVIEW

Net Revenues and Reserves

Projection for FY 2012

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

3rd Quarter Review – Executive Highlights

($ in Millions)

	A	B	FY 2012 Current Expectation C		FY 2012 Current Expectation D	
	FY 2011 Audited Actuals without Bookouts [1/]	*FY 2012 Start of Year without Bookouts* [1/]	*without Bookouts* [1/]		*with Bookouts*	
1. REVENUES	3,377.0	3,411.1	**3,404.5**		**3,351.4**	
2. EXPENSES	3,295.3	3,305.2	**3,297.2**		**3,244.1**	
3. NET REVENUES [2/]	81.7	105.9	**107.3**	5/	**107.3**	5/
4. END OF YEAR FINANCIAL RESERVES [3/]	1,006.0	965.0	**1,034.8**	5/	**1,034.8**	5/
5. BPA ACCRUED CAPITAL EXPENDITURES [4/]	798.0	876.4	**775.8**		**775.8**	

Footnotes

1/ Does not reflect the change in accounting for power "bookout" transactions made after adoption of new accounting guidance as of Oct 1, 2003.
2/ Net revenues include the effects of non-federal debt management. An example of non-federal debt management is the refinancing of ENW debt.
3/ Financial reserves equal total cash plus deferred borrowing and investments in non-marketable U.S. Treasury securities.
4/ Funded by borrowing from BPA's borrowing authority held with the U.S. Treasury.
5/ There is significant uncertainty regarding the potential financial results that could occur by the end of the year. Uncertain water conditions and short-term prices may affect revenues from net secondary sales.

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Monthly Financial Reports

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0020FY12 | **Requesting BL: CORPORATE BUSINESS UNIT** | **Unit of measure: $ Thousands**

FCRPS Summary Statement of Revenues and Expenses

Through the Month Ended June 30, 2012

Preliminary/ Unaudited

Run Date/Run Time: July 26,2012/ 05:38 | **Data Source: EPM Data Warehouse** | **% of Year Elapsed = 75%**

		A	B	C	D	E <Note 2	F
		FY 2011		FY 2012			FY 2012
		Actuals: FYTD	Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals: FYTD
	Operating Revenues						
1	Gross Sales (excluding bookout adjustment) <Notes 1 and 5	$ 2,461,874	$ 3,226,407	$ 3,254,325	$ 3,257,094	$ 3,258,360	$ 2,468,996
2	Bookout adjustment to Sales <Note 1	(62,811)	(92,198)	-	-	(53,094)	(53,094)
3	Miscellaneous Revenues	42,435	60,863	58,194	58,352	63,840	49,335
4	U.S. Treasury Credits	72,036	89,702	95,662	95,662	82,333	61,847
5	**Total Operating Revenues**	**2,513,533**	**3,284,775**	**3,408,181**	**3,411,108**	**3,351,438**	**2,527,084**
	Operating Expenses						
	Power System Generation Resources						
	Operating Generation Resources						
6	Columbia Generating Station	252,024	322,212	306,366	306,366	293,037	204,531
7	Bureau of Reclamation	60,757	85,488	111,972	111,972	101,972	64,436
8	Corps of Engineers	139,108	190,835	208,700	208,700	207,175	148,238
9	Long-term Contract Generating Projects	19,110	29,427	25,079	25,079	25,131	19,566
10	Operating Generation Settlement Payment	12,557	17,570	21,928	21,928	20,424	14,946
11	Non-Operating Generation	2,147	2,672	1,938	1,938	2,100	1,598
12	Gross Contracted Power Purchases and Augmentation Power Purch <Note 1	187,263	240,147	102,254	102,254	178,054	166,886
13	Bookout Adjustment to Power Purchases <Note 1	(62,811)	(92,198)	-	-	(53,094)	(53,094)
14	Exchanges & Settlements <Note 5	143,045	184,764	201,561	202,961	202,635	160,938
15	Renewables	28,364	38,045	37,489	37,487	37,312	26,278
16	Generation Conservation	43,678	59,475	46,950	46,950	40,768	27,351
17	**Subtotal Power System Generation Resources**	**825,242**	**1,078,437**	**1,064,237**	**1,065,636**	**1,055,515**	**781,672**
18	Power Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 3	37,083	49,397	54,384	55,984	51,334	37,056
19	Power Services Non-Generation Operations	53,954	75,084	88,415	86,611	85,384	56,326
20	Transmission Operations	81,225	114,010	130,050	131,650	124,570	87,731
21	Transmission Maintenance	89,778	128,937	146,713	148,546	140,916	91,863
22	Transmission Engineering	20,405	30,895	31,800	35,050	47,986	32,877
23	Trans Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 3, 4	5,479	6,751	11,420	5,827	5,273	4,266
24	Transmission Reimbursables	7,974	13,807	9,917	10,025	20,425	15,032
25	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	170,636	253,403	276,133	275,745	284,087	205,823
	BPA Internal Support						
26	Additional Post-Retirement Contribution	23,368	31,157	34,486	34,486	34,486	25,865
27	Agency Services G&A	80,413	110,928	111,592	108,007	108,177	79,041
28	Other Income, Expenses & Adjustments	3,482	19,453	-	-	393	188
29	Non-Federal Debt Service <Note 4	461,143	624,972	671,296	675,693	660,788	478,998
30	Depreciation & Amortization <Note 4	292,839	393,502	401,802	401,818	390,528	288,900
31	**Total Operating Expenses**	**2,153,022**	**2,930,733**	**3,032,247**	**3,035,077**	**3,009,863**	**2,185,636**
32	**Net Operating Revenues (Expenses)**	**360,511**	**354,041**	**375,935**	**376,031**	**341,575**	**341,447**
	Interest Expense and (Income)						
33	Interest Expense	249,005	352,982	384,957	351,730	331,657	244,209
34	AFUDC	(29,314)	(43,062)	(42,580)	(43,204)	(53,491)	(40,805)
35	Interest Income	(28,661)	(37,562)	(29,986)	(38,405)	(43,923)	(35,447)
36	**Net Interest Expense (Income)**	**191,030**	**272,359**	**312,391**	**270,121**	**234,243**	**167,958**
37	**Net Revenues (Expenses)**	**$ 169,482**	**$ 81,683**	**$ 63,544**	**$ 105,910**	**$ 107,332**	**$ 173,490**

<1 For BPA management reports, Gross Sales and Purchase Power are shown separated from the power bookout adjustment (EITF 03-11, effective as of Oct 1, 2003) to provide a better picture of our gross sales and purchase power.

<2 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties among other factors may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<3 The consolidated FCRPS Statement reduces reported Revenues and Expenses where between business line transactions occur, the most significant of which are for Transmission Acquisition and Ancillary Services.

<4 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003.

<5 The Residential Exchange Program expenses reflect the Scheduled Amount of REP benefits payments established in the 2012 REP Settlement Agreement. The Scheduled Amount of REP benefit payments incorporates a $76,537,617 reduction in REP benefits to provide Refund Amount payments to COUs. The Refund Amount returned to the COUs is reflected through a reduction in the Gross Sales amount.

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0021FY12 | **Requesting BL: POWER BUSINESS UNIT** | **Unit of measure: $ Thousands**

Power Services Summary Statement of Revenues and Expenses

Through the Month Ended June 30, 2012 | **Preliminary/ Unaudited**

Run Date/Time: July 16, 2012 12:29 | **Data Source: EPM Data Warehouse** | **% of Year Elapsed = 75%**

		A	B	C	D	E <Note 2	F
		FY 2011		FY 2012			FY 2012
		Actuals: FYTD	Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals: FYTD
	Operating Revenues						
1	Gross Sales (excluding bookout adjustment) <Notes 1 and 3	$ 1,908,667	$ 2,486,801	$ 2,445,649	$ 2,445,649	$ 2,464,383	$ 1,877,369
2	Bookout Adjustment to Sales <Note 1	(62,811)	(92,198)	-	-	(53,094)	(53,094)
3	Miscellaneous Revenues	19,519	24,699	26,198	26,198	19,547	18,707
4	Inter-Business Unit	82,211	110,034	127,449	127,449	131,907	97,813
5	U.S. Treasury Credits	72,036	89,702	95,662	95,662	82,333	61,847
6	**Total Operating Revenues**	**2,019,622**	**2,619,038**	**2,694,957**	**2,694,957**	**2,645,075**	**2,002,641**
	Operating Expenses						
	Power System Generation Resources						
	Operating Generation Resources						
7	Columbia Generating Station	252,024	322,212	306,366	306,366	293,037	204,531
8	Bureau of Reclamation	60,757	85,488	111,972	111,972	101,972	64,436
9	Corps of Engineers	139,108	190,835	208,700	208,700	207,175	148,238
10	Long-term Contract Generating Projects	19,110	29,427	25,079	25,079	25,131	19,566
11	Operating Generation Settlement Payment	12,557	17,570	21,928	21,928	20,424	14,946
12	Non-Operating Generation	2,147	2,672	1,938	1,938	2,100	1,598
13	Gross Contracted Power Purchases and Aug Power Purchases <Note 1	187,263	240,147	102,254	102,254	178,054	166,886
14	Bookout Adjustment to Power Purchases <Note 1	(62,811)	(92,198)	-	-	(53,094)	(53,094)
15	Residential Exchange/IOU Settlement Benefits <Note 3	143,045	184,764	201,561	202,961	202,635	160,938
16	Renewables	28,803	38,527	37,670	37,669	37,312	26,312
17	Generation Conservation	43,679	59,476	46,950	46,950	40,768	27,351
18	**Subtotal Power System Generation Resources**	**825,682**	**1,078,919**	**1,064,418**	**1,065,817**	**1,055,515**	**781,707**
19	Power Services Transmission Acquisition and Ancillary Services	135,401	179,684	160,516	162,116	169,574	127,774
20	Power Non-Generation Operations	53,985	75,137	88,460	86,656	85,429	56,334
21	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	171,560	254,540	276,639	276,610	285,166	206,214
	BPA Internal Support						
22	Additional Post-Retirement Contribution	11,684	15,579	17,243	17,243	17,243	12,932
23	Agency Services G&A	36,640	50,861	51,735	51,576	51,787	37,702
24	Other Income, Expenses & Adjustments	298	(156)	-	-	362	362
25	Non-Federal Debt Service	414,935	563,207	570,970	575,063	562,004	404,524
26	Depreciation & Amortization	148,861	201,106	203,198	200,218	198,248	146,804
27	**Total Operating Expenses**	**1,799,046**	**2,418,876**	**2,433,179**	**2,435,299**	**2,425,328**	**1,774,353**
28	**Net Operating Revenues (Expenses)**	**220,576**	**200,161**	**261,778**	**259,658**	**219,747**	**228,288**
	Interest Expense and (Income)						
29	Interest Expense	156,433	210,371	233,794	224,902	208,648	152,268
30	AFUDC	(8,647)	(15,229)	(12,511)	(15,354)	(16,491)	(11,099)
31	Interest Income	(9,408)	(12,283)	(12,624)	(13,152)	(26,138)	(23,011)
32	**Net Interest Expense (Income)**	**138,378**	**182,860**	**208,659**	**196,396**	**166,019**	**118,159**
33	**Net Revenues (Expenses)**	**$ 82,198**	**$ 17,302**	**$ 53,119**	**$ 63,262**	**$ 53,728**	**$ 110,129**

Power Services ANR as-of 3rd Quarter Forecast FY2012 (in Millions) $71.0

ANR = $71		
CRAC: ANR ≤ ($143.4)	No CRAC or DDC	DDC: ANR ≥ $606.6

<Note 4

<1 For BPA management reports, Gross Sales and Purchase Power are shown separated from the power bookout adjustment (EITF 03-11, effective as of Oct 1, 2003) to provide a better picture of our gross sales

<2 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<3 The Residential Exchange Program expenses reflect the Scheduled Amount of REP benefits payments established in the 2012 REP Settlement Agreement. The Scheduled Amount of REP benefit payments incorporates a $76,537,617 reduction in REP benefits to provide Refund Amount payments to COUs. The Refund Amount returned to the COUs is reflected through a reduction in the Gross Sales amount.

<4 Accumulated Net Revenue (ANR) for 2012 is the sum of Power Services Net Revenue for FY2011 plus the current forecast of Power Services Net Revenue for 2012. The Cost Recovery Adjustment Clause (CRAC) is an upward adjustment to certain rates that would apply during FY2013. The Dividend Distribution Clause (DDC) is a downward adjustment to certain rates that would apply during FY2013. For more information on ANR, CRAC or DDC, please refer to pages 41-50 of the 2012 Power Rates Schedules and General Rate Schedule Provisions (GRSP) http://www.bpa.gov/corporate/ratecase/2012/docs/FinalPowerRateSchedulesGRSPs_Upload_01-17-2012.pdf

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0064FY12	**Power Services Detailed Statement of Revenues by Product**	Run Date\Time: July 16, 2012 12:32
Requesting BL: POWER BUSINESS UNIT	Through the Month Ended June 30, 2012	Data Source: EPM Data Warehouse
Unit of Measure: $ Thousands	Preliminary/ Unaudited	% of Year Elapsed = 75%

		A	B	C	D
		FY 2012		FY 2012	FY 2012
		Rate Case	SOY Budget	Actuals	Actuals per Rate Case
	Operating Revenues				
	Gross Sales (excluding bookout adjustment)				
	PF Tier 1 Revenues				
	Load Following				
1	Composite	$ 1,035,412	$ 1,035,412	$ 775,653	75%
2	Non-Slice	(206,188)	(206,188)	(154,461)	75%
3	Load Shaping	(6,391)	(6,391)	5,691	-189%
4	Demand	58,932	58,932	31,047	53%
5	Discounts / Fees	(42,895)	(42,895)	(25,992)	61%
6	RSS / RSC	232	232	274	118%
7	Misc.	(33,033)	(33,033)	(24,784)	75%
8	Sub-Total	806,070	806,070	607,428	75%
	Block				
9	Composite	584,339	584,339	443,978	76%
10	Non-Slice	(116,363)	(116,363)	(88,412)	76%
11	Load Shaping	(10,519)	(10,519)	12,724	-221%
12	Demand	-	-	73	0%
13	Discounts / Fees	(4,963)	(4,963)	(1,153)	23%
14	RSS / RSC	-	-	-	0%
15	Misc.	(20,852)	(20,852)	(14,410)	69%
16	Sub-Total	431,642	431,642	352,799	82%
	Slice				
17	Composite	629,081	629,081	471,813	75%
18	Slice	-	-	-	0%
19	Discounts / Fees	(3,216)	(3,216)	(2,569)	80%
20	Misc.	(22,652)	(22,652)	(16,018)	71%
21	Sub-Total	603,213	603,213	453,225	75%
22	**PF Tier 2 Revenues**	8,603	8,603	6,441	75%
23	**NR Revenues**	-	-	90	0%
24	**IP Revenues**	108,618	108,618	79,346	73%
25	**FPS Revenues**	449,121	449,121	342,433	76%
26	**Other Revenues**	38,381	38,381	35,607	93%
27	**Gross Sales (excluding bookout adjustment)**	2,445,649	2,445,649	1,877,369	77%
28	**Bookout Adjustment to Sales**	-	-	(53,094)	0%
29	**Miscellaneous Revenues**	26,198	26,198	18,707	71%
30	**Inter-Business Unit**	127,449	127,449	97,813	77%
31	**U.S. Treasury Credits**	95,662	95,662	61,847	65%
32	**Total Operating Revenues**	**2,694,957**	**2,694,957**	**2,002,641**	**74%**

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0023FY12 | **Requesting BL: TRANSMISSION BUSINESS UNIT** | **Unit of Measure: $ Thousands**

Transmission Services Summary Statement of Revenues and Expenses

Through the Month Ended June 30, 2012 | **Preliminary/ Unaudited**

Run Date/Time: July 26, 2012/ 05:38 | **Data Source: EPM Data Warehouse** | **% of Year Elapsed = 75%**

		A	B	C	D	E <Note 1>	F
		FY 2011		FY 2012			FY 2012
		Actuals: FYTD	Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals: FYTD
	Operating Revenues						
1	Sales	$ 553,207	$ 739,606	$ 808,677	$ 811,445	$ 793,977	$ 591,627
2	Miscellaneous Revenues	22,916	36,164	31,996	32,154	44,293	30,628
3	Inter-Business Unit Revenues	99,961	132,237	107,328	105,058	118,303	91,196
4	**Total Operating Revenues**	**676,083**	**908,008**	**948,001**	**948,658**	**956,573**	**713,452**
	Operating Expenses						
5	Transmission Operations	81,225	114,010	130,050	131,650	124,570	87,731
6	Transmission Maintenance	89,778	128,937	146,713	148,546	140,916	91,863
7	Transmission Engineering	20,405	30,895	31,800	35,050	47,986	32,877
8	Trans Services Transmission Acquisition and Ancillary Services <Note 2	87,690	116,785	138,373	132,787	137,371	102,079
9	Transmission Reimbursables	7,974	13,807	9,917	10,025	20,425	15,032
	BPA Internal Support						
10	Additional Post-Retirement Contribution	11,684	15,579	17,243	17,243	17,243	12,932
11	Agency Services G&A	43,773	60,067	59,857	56,430	56,390	41,339
12	Other Income, Expenses & Adjustments	3,883	19,887	-	-	31	31
13	Depreciation & Amortization <Note 2	143,978	192,396	198,604	201,600	192,280	142,096
14	**Total Operating Expenses**	**490,390**	**692,363**	**732,557**	**733,331**	**737,213**	**525,979**
15	**Net Operating Revenues (Expenses)**	**185,693**	**215,645**	**215,443**	**215,327**	**219,360**	**187,473**
	Interest Expense and (Income)						
16	Interest Expense	135,191	197,010	205,515	180,057	177,364	132,707
17	AFUDC	(18,841)	(27,833)	(30,069)	(27,850)	(37,000)	(27,840)
18	Interest Income	(19,286)	(25,319)	(17,362)	(25,253)	(17,785)	(12,441)
19	**Net Interest Expense (Income)**	**97,064**	**143,858**	**158,084**	**126,954**	**122,579**	**92,426**
20	**Net Revenues (Expenses)**	**$ 88,629**	**$ 71,788**	**$ 57,359**	**$ 88,373**	**$ 96,782**	**$ 95,047**

<1 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<2 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003.

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0063FY12	**Transmission Services Revenue Detail by Product**	Run Date/Time: July 16, 2012 12:32
Requesting BL: TRANSMISSION BUSINESS UNIT	Through the Month Ended June 30, 2012	Data Source: EPM Data Warehouse
Unit of Measure: $ Thousands	Preliminary/ Unaudited	% of Year Elapsed = 75%

		A	B	C	D
		FY 2012			FY 2012
		Rate Case	SOY Budget	Current EOY Forecast	Actuals
	Transmission Services Operating Revenues				
	NETWORK				
1	PTP - LONG TERM	$ 362,694	$ 361,970	$ 365,076	$ 273,984
2	NETWORK INTEGRATION	129,974	129,893	123,037	93,820
3	INTEGRATION OF RESOURCES	25,999	22,512	22,501	16,933
4	FORMULA POWER TRANSMISSION	25,629	25,629	25,388	19,015
5	PTP - SHORT TERM	27,883	28,541	27,218	20,397
6	**TOTAL: NETWORK**	**572,180**	**568,544**	**563,219**	**424,149**
	ANCILLARY SERVICES				
7	SCHEDULING, SYSTEM CONTROL & DISPATCH	93,458	93,493	93,031	69,719
8	OPERATING RESERVES - SPIN & SUPP	55,572	57,014	57,055	44,530
9	VARIABLE RES BALANCING	52,574	51,654	45,556	31,678
10	REGULATION & FREQ RESPONSE	6,442	6,526	6,510	4,979
11	ENERGY & GENERATION IMBALANCE	-	-	6,090	5,134
12	DISPATCHABLE RES BALANCING	-	-	3,973	2,985
13	**TOTAL: ANCILLARY SERVICES**	**208,046**	**208,687**	**212,217**	**159,025**
	INTERTIE				
14	SOUTHERN INTERTIE LONG TERM	92,297	92,297	92,347	69,077
15	SOUTHERN INTERTIE SHORT TERM	4,258	4,817	4,866	2,879
16	MONTANA INTERTIE LONG TERM	115	115	115	86
17	MONTANA INTERTIE SHORT TERM	-	-	-	9
18	**TOTAL: INTERTIE**	**96,670**	**97,229**	**97,329**	**72,051**

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

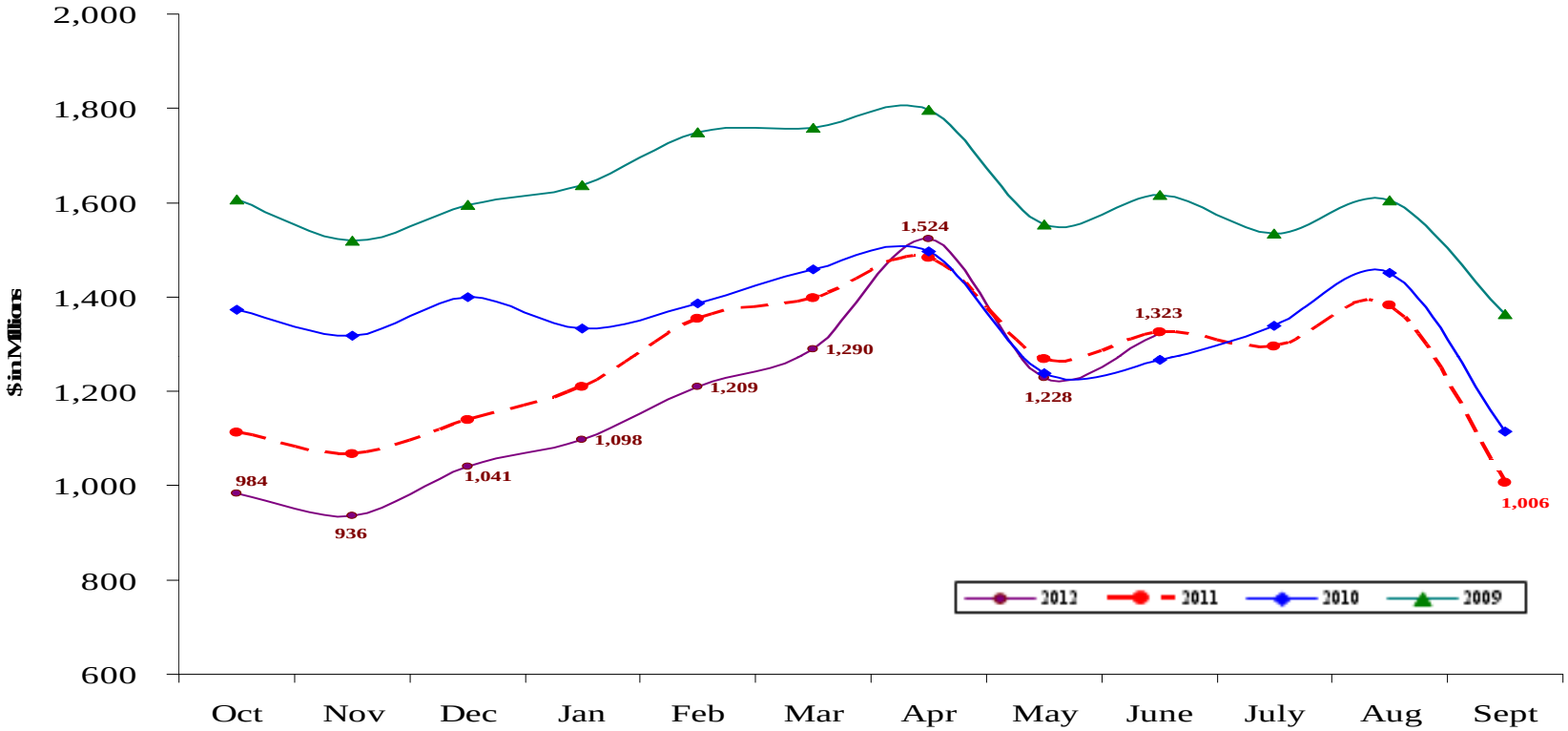
Report ID: 0063FY12	**Transmission Services Revenue Detail by Product**	Run Date/Time: July 16, 2012 12:32
Requesting BL: TRANSMISSION BUSINESS UNIT	Through the Month Ended June 30, 2012	Data Source: EPM Data Warehouse
Unit of Measure: $ Thousands	Preliminary/ Unaudited	% of Year Elapsed = 75%

		A	B	C	D
		FY 2012			FY 2012
		Rate Case	SOY Budget	Current EOY Forecast	Actuals
	OTHER REVENUES & CREDITS				
19	TOWNSEND-GARRISION TRANS	$ 9,796	$ 12,421	$ 12,421	$ 9,316
20	GEN INTEGRATION - OTHER REV	8,865	8,865	8,865	5,910
21	USE OF FACILITIES	5,146	5,146	5,495	4,145
22	POWER FACTOR PENALTY	4,402	4,402	3,925	2,789
23	NFP - DEPR PNW PSW INTERTIE	3,065	2,943	3,248	2,449
24	AC - PNW PSW INTERTIE - OTH REV	1,432	1,594	1,628	1,214
25	OPERATIONS & MAINT - OTHER REV	1,145	1,170	1,108	804
26	COE & BOR PROJECT REV	954	954	954	716
27	RESERVATION FEE - OTHER REV	1,089	1,641	1,159	1,004
28	TRANSMISSION SHARE IRRIGATION	382	382	363	138
29	LAND LEASES AND SALES	301	301	308	293
30	OTHER LEASES REVENUE	151	151	120	83
31	REMEDIAL ACTION - OTHER REV	51	51	42	31
32	MISC SERVICES - LOSS-EXCH-AIR	-	100	229	63
33	FAILURE TO COMPLY - OTHER REV	-	-	1,041	(1,376)
34	UNAUTHORIZED INCREASE - OTH REV	-	-	-	96
35	OTHER REVENUE SOURCES	-	-	-	(5)
36	**TOTAL: OTHER REVENUES & CREDITS**	**36,779**	**40,121**	**40,908**	**27,668**
	FIBER & PCS				
37	FIBER OTHER REVENUE	6,899	7,009	8,122	5,866
38	WIRELESS/PCS - OTHER REVENUE	4,861	5,121	4,721	3,706
39	WIRELESS/PCS - REIMBURSABLE REV	1,206	1,285	1,598	1,115
40	FIBER OTHER REIMBURSABLE REV	886	886	959	741
41	**TOTAL: FIBER & PCS**	**13,853**	**14,302**	**15,401**	**11,428**
	REIMBURSABLE				
42	REIMBURSABLE - OTHER REVENUE	15,786	15,330	23,325	13,956
43	ACCRUAL REIMBURSABLE	-	-	-	2,157
44	**TOTAL: REIMBURSABLE**	**15,786**	**15,330**	**23,325**	**16,113**
	DELIVERY				
45	UTILITY DELIVERY CHARGES	2,902	2,661	2,393	1,681
46	DSI DELIVERY	1,785	1,785	1,782	1,337
47	**TOTAL: DELIVERY**	**4,687**	**4,445**	**4,174**	**3,017**
48	**TOTAL: Transmission Services Operating Revenues**	**$ 948,001**	**$ 948,658**	**$ 956,573**	**$ 713,452**

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Financial Reserves

Reserves as of the end of June 2012 are $1,323 million



Unaudited

Q3 Forecast - End of FY12 Reserves			
	Approximate Split		
($ Millions)	Power	Trans	Total
Forecast End FY12 Reserves	405	630	1,035
Less: Estimated End of FY12 Funds Held for Others	194	118	311
Reserves Available for Risk	211	512	724

This information has been made publicly available by BPA on 07/27/2012 and does not contain Agency-approved Financial information

Forecast of Annual Slice True-Up

Timothy Roberts
Supervisory Public Utilities Specialist

Ann Shintani
Account Specialist

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Q3 Forecast of FY 2012 Slice True-Up Adjustment

	FY 2012 Forecast $ in thousands
January 30, 2012 First Quarter Business Review	($4,924)
May 1, 2012 Second Quarter Business Review	($5,325)
July 31, 2012 **Third Quarter Business Review**	**($5,182)**
October 30, 2012 Fourth Quarter Business Review	
Actual Slice True-Up Adjustment Charge/Credit (negative amt. = credit on bill)	

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Summary Of Differences From Q3 Forecast to 2012 Rate Case

#		Composite Cost Pool True-Up Table Reference	Q3 – 2012 Rate Case $ in thousands
1	Total Expenses	Row 118	($37,515)
2	Total Revenue Credits	Row 137	($13,980)
3	Minimum Required Net Revenue	Row 156	$4,950
4	TOTAL Composite Cost Pool (1 – 2 + 3) ($37.515M) – ($13.980M) + $4.950M = ($18.585M)	Row 158	($18,585)
5	TOTAL in line 4 divided by .9630577 sum of TOCAs ($18.585M) / .9630577) = ($19.297M)	Row 163	($19,297)
6	**Q3 Forecast of True-Up Adjustment** **26.85407 percent of Total in line 5** **.2685407 * ($19.297M) = ($5.182M)**	Row 164	**($5,182)**

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Lower Level Differences From Q3 Forecast to 2012 Rate Case

#		Composite Cost Pool True-Up Table Reference	Q3 – 2012 Rate Case $ in thousands
1	Columbia Generating Station (WNP-2)	Row 4	($13,329)
2	Bureau of Reclamation	Row 5	($10,000)
3	Designated System Obligation – NTSA	Row 21	$42,289
4	Energy Efficiency Development	Row 42	($7,347)
5	3rd Party GTA Wheeling	Row 74	($3,150)
6	Fish & Wildlife	Row 82	$8,556
7	Columbia Generating Station Debt Service	Row 95	($14,487)
8	Depreciation (also affects MRNR)	Rows 108 & 151	($12,169)
9	Amortization (also affects MRNR)	Rows 109 & 152	$7,219
10	Net Interest Expense	Rows 113	($32,434)
11	Generation Inputs Revenue Credit	Row 121	$4,458
12	4h10c Revenue Credit	Row 123	($13,329)
13	Energy Efficiency Revenue Credit	Row 125	($7,400)
14	Minimum Required Net Revenues	Row 156	$4,950

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Review of 3rd Quarter Capital Forecast

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0027FY12
Requesting BL: CORPORATE BUSINESS UNIT
Unit of Measure: $Thousands

BPA Statement of Capital Expenditures

FYTD Through the Month Ended June 30, 2012
Preliminary Unaudited

Run Date/Run Time: July 16, 2012/ 12:31
Data Source: EPM Data Warehouse
% of Year Elapsed = 75%

		A	B	C	D	E
		FY 2012		FY 2012		FY 2012
		SOY Budget	Current EOY Forecast	Actuals: Jun	Actuals: FYTD	Actuals / Forecast
	Transmission Business Unit					
	CAPITAL DIRECT					
	MAIN GRID					
1	MID-COLUMBIA REINFORCEMENT	2	1,107	42	1,377	124%
2	CENTRAL OREGON REINFORCEMENT	17,821	32,811	4,260	17,721	54%
3	BIG EDDY-KNIGHT 500kv PROJECT	104,911	135,680	17,238	101,649	75%
4	OLYMPIC PENINSULA REINFORCEMNT	-	173	33	51	29%
5	WEST OF MCNARY INTEGRATION PRO	7,258	7,276	839	10,097	139%
6	I-5 CORRIDOR UPGRADE PROJECT	27,118	17,350	1,090	11,889	69%
7	LIBBY-TROY LINE REBUILD	157	(99)	-	(97)	98%
8	CENTRAL FERRY- LOWER MONUMNTAL	36,067	14,936	738	11,647	78%
9	PORTLAND-VANCOUVER	12,807	14,594	738	16,206	111%
10	WEST OF CASCADES NORTH	-	635	-	-	0%
11	NORTHERN INTERTIE	-	28	7	11	40%
12	SALEM- ALBANY-EUGENE AREA	13,239	6,244	438	5,548	89%
13	TRI-CITIES AREA	4,089	658	55	204	31%
14	MONTANA-WEST OF HATWAI	-	327	75	167	51%
15	NERC CRITERIA COMPLIANCE	557	-	-	-	0%
16	MISC. MAIN GRID PROJECTS	15,823	2,275	760	695	31%
17	TOTAL MAIN GRID	239,850	233,994	26,313	177,163	76%
	AREA & CUSTOMER SERVICE					
18	ROGUE SVC ADDITION	1,603	132	64	710	538%
19	CITY OF CENTRALIA PROJECT	157	80	1	5	6%
20	SOUTHERN IDAHO - LOWER VALLEY	8,436	4,742	(57)	3,156	67%
21	LONGVIEW AREA REINFORCEMENT	1,858	3,195	295	2,035	64%
22	KALISPELL-FLATHEAD VALLEY	1,501	389	9	147	38%
23	MISC. AREA & CUSTOMER SERVICE	5,331	2,372	375	1,740	73%
24	TOTAL AREA & CUSTOMER SERVICE	18,886	10,909	687	7,793	71%

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Report ID: 0027FY12
Requesting BL: CORPORATE BUSINESS UNIT
Unit of Measure: $Thousands

BPA Statement of Capital Expenditures

FYTD Through the Month Ended June 30, 2012
Preliminary Unaudited

Run Date/Run Time: July 16, 2012/ 12:31
Data Source: EPM Data Warehouse
% of Year Elapsed = 75%

		A	B	C	D	E
		FY 2012		FY 2012		FY 2012
		SOY Budget	Current EOY Forecast	Actuals: Jun	Actuals: FYTD	Actuals / Forecast
	Transmission Business Unit (Continued)					
	SYSTEM REPLACEMENTS					
25	TEAP - TOOLS	1,105	2,186	-	324	15%
26	TEAP - EQUIPMENT	14,548	9,706	135	3,679	38%
27	SPC - SER	985	900	183	798	89%
28	SPC - DFRS	4,275	2,717	168	1,726	64%
29	SPC - METERING	1,008	548	28	440	80%
30	SPC - CONTROL AND INDICATION	334	1,902	60	414	22%
31	SPC - RELAYS	10,803	6,511	166	3,456	53%
32	PSC - TELEPHONE SYSTEMS	930	418	2	486	116%
33	PSC - TRANSFER TRIP	11,927	4,222	81	1,728	41%
34	PSC - TLECOM TRANSPORT	1,295	1,918	65	1,025	53%
35	PSC - SCADA/TELEMTRY/SUP CNTRL	1,690	200	10	93	46%
36	PSC- TELECOM SUPPORT EQUIPMENT	3,927	3,797	373	719	19%
37	SUB DC- PWR ELCTRNC & SRS CAPS	13,963	8,447	1,822	6,782	80%
38	SUB AC- BUS & STRUCTURES	934	707	14	507	72%
39	SUB AC - LOW VOLTAGE AUX.	4,490	6,213	643	3,805	61%
40	SUB AC- SHUNT CAPACITORS	220	82	-	119	146%
41	SUB AC-CIRCUIT BRKR & SWTCH GR	15,121	13,060	1,224	8,166	63%
42	SUB AC - CVT/PT/CT & ARRESTERS	673	961	191	588	61%
43	SUB AC-TRANSFORMERS & REACTORS	1,442	722	55	222	31%
44	LINES - STEEL HARDWARE REPLCMT	10,646	29,270	4,301	14,654	50%
45	LINES - WOOD POLE LN REBUILDS	39,995	56,550	7,706	32,395	57%
46	MISC. REPLACEMENT PROJECTS	750	-	-	-	0%
47	MISC FACILITIES- NON-ELECTRIC	18,852	7,336	208	2,980	41%
48	TOTAL SYSTEM REPLACEMENTS	159,914	158,374	17,435	85,106	54%

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Report ID: 0027FY12
Requesting BL: CORPORATE BUSINESS UNIT
Unit of Measure: $Thousands

BPA Statement of Capital Expenditures

FYTD Through the Month Ended June 30, 2012
Preliminary Unaudited

Run Date/Run Time:July 16, 2012/ 12:31
Data Source: EPM Data Warehouse
% of Year Elapsed = 75%

		A	B	C	D	E
		FY 2012		FY 2012		FY 2012
		SOY Budget	Current EOY Forecast	Actuals: Jun	Actuals: FYTD	Actuals / Forecast
	Transmission Business Unit (Continued)					
	UPGRADES & ADDITIONS					
49	IT PROJECTS	3,460	(3,111)	506	(4,219)	136%
50	SECURITY ENHANCEMENTS	4,827	5,371	62	454	8%
51	LAND RIGHTS - ACCESS ROADS	8,007	2,871	151	1,653	58%
52	LAND RIGHTS- VEG MITIGATION	1,118	1,008	(272)	152	15%
53	LAND RIGHTS - TRIBAL RENEWALS	3,608	1,144	3	16	1%
54	ACCESS ROADS	29,393	20,397	1,945	7,892	39%
55	SUBSTATION UPGRADES	24,262	22,481	1,999	16,493	73%
56	LINE SWITCH UPGRADES	13	1	-	3	227%
57	LINE CAPACITY UPGRADES	953	297	27	187	63%
58	CELILO UPGRADES PROJECT	14,059	3,790	429	2,370	63%
59	CONTROL CENTERS	186	373	5	423	113%
60	CC SYSTEM & APPLICATION	1,010	1,136	112	687	60%
61	CC INFASTRUCTURE COMPONENTS	4,739	3,973	629	2,086	52%
62	SYSTEM TELECOMMUNICATION	33,271	18,033	2,038	11,359	63%
63	MISC. UPGRADES AND ADDITIONS	43,835	47,920	4,810	28,676	60%
64	TOTAL UPGRADES & ADDITIONS	172,740	125,683	12,444	68,231	54%
	ENVIRONMENT CAPITAL					
65	MISC. ENVIRONMENT PROJECTS	6,417	6,474	372	3,997	62%
66	TOTAL ENVIRONMENT CAPITAL	6,417	6,474	372	3,997	62%
67	TOTAL CAPITAL DIRECT	597,806	535,435	57,251	342,291	64%

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Report ID: 0027FY12
Requesting BL: CORPORATE BUSINESS UNIT
Unit of Measure: $Thousands

BPA Statement of Capital Expenditures

FYTD Through the Month Ended June 30, 2012
Preliminary Unaudited

Run Date/Run Time: July 16, 2012/ 12:31
Data Source: EPM Data Warehouse
% of Year Elapsed = 75%

		A	B	C	D	E
		FY 2012		FY 2012		FY 2012
		SOY Budget	Current EOY Forecast	Actuals: Jun	Actuals: FYTD	Actuals / Forecast
	Transmission Business Unit (Continued)					
	PFIA					
68	MISC. PFIA PROJECTS	10,276	5,690	528	5,078	89%
69	GENERATOR INTERCONNECTION	77,814	28,602	1,581	22,361	78%
70	SPECTRUM RELOCATION	2,613	5,855	912	4,760	81%
71	COI ADDITION PROJECT	1,575	214	-	263	123%
72	TOTAL PFIA	92,278	40,361	3,021	32,463	80%
73	CAPITAL INDIRECT	-	-	(2,095)	1,584	0%
74	LAPSE FACTOR	(103,035)	-	-	-	0%
75	**TOTAL Transmission Business Unit**	587,049	575,796	58,177	376,337	65%

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Report ID: 0027FY12
Requesting BL: CORPORATE BUSINESS UNIT
Unit of Measure: $Thousands

BPA Statement of Capital Expenditures

FYTD Through the Month Ended June 30, 2012
Preliminary Unaudited

Run Date/Run Time: July 16, 2012/ 12:31
Data Source: EPM Data Warehouse
% of Year Elapsed = 75%

		A	B	C	D	E
		FY 2012		FY 2012		FY 2012
		SOY Budget	Current EOY Forecast	Actuals: Jun	Actuals: FYTD	Actuals / Forecast
	Power Business Unit					
76	BUREAU OF RECLAMATION L2	95,321	68,035	5,534	47,715	70%
77	CORPS OF ENGINEERS L2	140,116	146,197	10,456	99,892	68%
78	GENERATION CONSERVATION	89,000	87,488	11,844	63,440	73%
79	NON-GENERATION OPERATIONS	6,915	9,340	652	7,715	83%
80	FISH&WILDLIFE&PLANNING COUNCIL	59,785	59,785	7,753	28,881	48%
81	LAPSE FACTOR	(37,038)	-	-	-	0%
82	**TOTAL Power Business Unit**	354,099	370,845	36,238	247,644	67%
	Corporate Business Unit					
83	CORPORATE BUSINESS UNIT	55,402	33,473	2,492	23,315	70%
84	LAPSE FACTOR	(2,505)	-	-	-	0%
85	**TOTAL Corporate Business Unit**	52,897	33,473	2,492	23,315	70%
86	**TOTAL BPA Capital Expenditures**	$ 994,044	$ 980,114	$ 96,907	$ 647,296	66%

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Human Capital Management Electronic Official Personnel Files (eOPF) and Health and Safety Data Management

Launie O'Leary
Manager, HCM Internal Operations

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Electronic Official Personnel Folders (eOPF)

- Office of Personnel Management e-Government Initiative
- All Executive branch agencies required to be paperless by 2013
- System hosted by OPM under the Enterprise Human Resources Integration (EHRI) program
- Migrated approximately 3120 hard copy folders to electronic format
  - Approximately 500,000 pages were reviewed prior to scanning
  - 90,000 pages purged
- Benefits
  - Immediate access to personnel folders from a BPA computer
  - Receipt of EMAIL notifications when new documents are added
  - Storage costs eliminated
  - Supports continuity of operations
  - Provides security and auditability of records
  - Allows for electronic transfer of records to other Agencies
  - Contributes to sustainability initiatives: paper, printing, envelopes

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Health and Safety Project

- Health and Safety data was maintained in disparate databases
- Risk of a single point of failure in data collection, reporting, integrity, availability, and security
- Efficiencies gained by leveraging existing PeopleSoft 9.0 functionality
- Release I - *COMPLETE*
  - Workers Compensation Claim data
  - Reasonable Accommodation requests
  - Track Family and Medical Leave Act (FMLA) Requests
- Ensures Talent Sustainment and Safety Office programs are managed in the most effective and efficient manner
  - Compliant with mandated regulations
  - Supports reporting capabilities
  - Track meaningful metrics and measurements
- Release II (January 2013) – Accident and Incident Reporting
- Release III (April 2013) – Negative Exposure Assessments, Medical Programs

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Printer Reduction Plan and MyPC Deployment

Driving Operational Excellence & Sustainability

Paul Dickson
Supervisory IT Specialist

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Some quick facts about printing at BPA

- The average BPA worker prints **5,300** pages per year
- BPA printed **16.5 million** pages between June 2011 & June 2012
- Only **32%** of all print jobs are printed double-sided
- **47%** of all print jobs are printed in color

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BPA's Printing Environment

- BPA currently has a printer for every 2.5 BFTE
  - **1,451** printers
  - **287** different makes & models
  - Includes over **700** local desktop printers

- Last year, BPA spent:
  - **$520,835** on paper
  - **$1,074,074** on toner

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Our Current State

- BPA's Sustainability Action Plan calls a 10% reduction of printing this Fiscal Year
- Currently tracking at a 7%-8% reduction
- A net reduction in paper & toner consumption results in reduced spending, ultimately impacting rates and rate payers
- We can do better!

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Operation PaperCut

- Agency-wide Print Reduction Campaign
  - Print Reduction Challenge:
    - Use whiteboards, projectors, or electronic screens during meetings
    - Identify at least 1 large paper product and distribute it in electronic format
    - Print 10% fewer copies of large products
    - Utilize the Print Shop for any jobs over 100 pages (GPO Policy)
    - Identify innovative & creative ways of reducing paper consumption
  - IT Initiatives:
    - Set printers to print double-sided
    - Removal of local desktop ink jet printers (savings of $500/year per device)
    - Adjusting placement of network printers to reduce O&M costs
  - Education & Engagement Opportunities:
    - "Tip of the Week"
    - "Spotlight on Success" Articles
    - "How to…" documents on the Sustainability website
    - Organization-wide & Targeted Communication

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

The New Frontier

myPC

ANYWHERE | ANYTIME | ANY DEVICE

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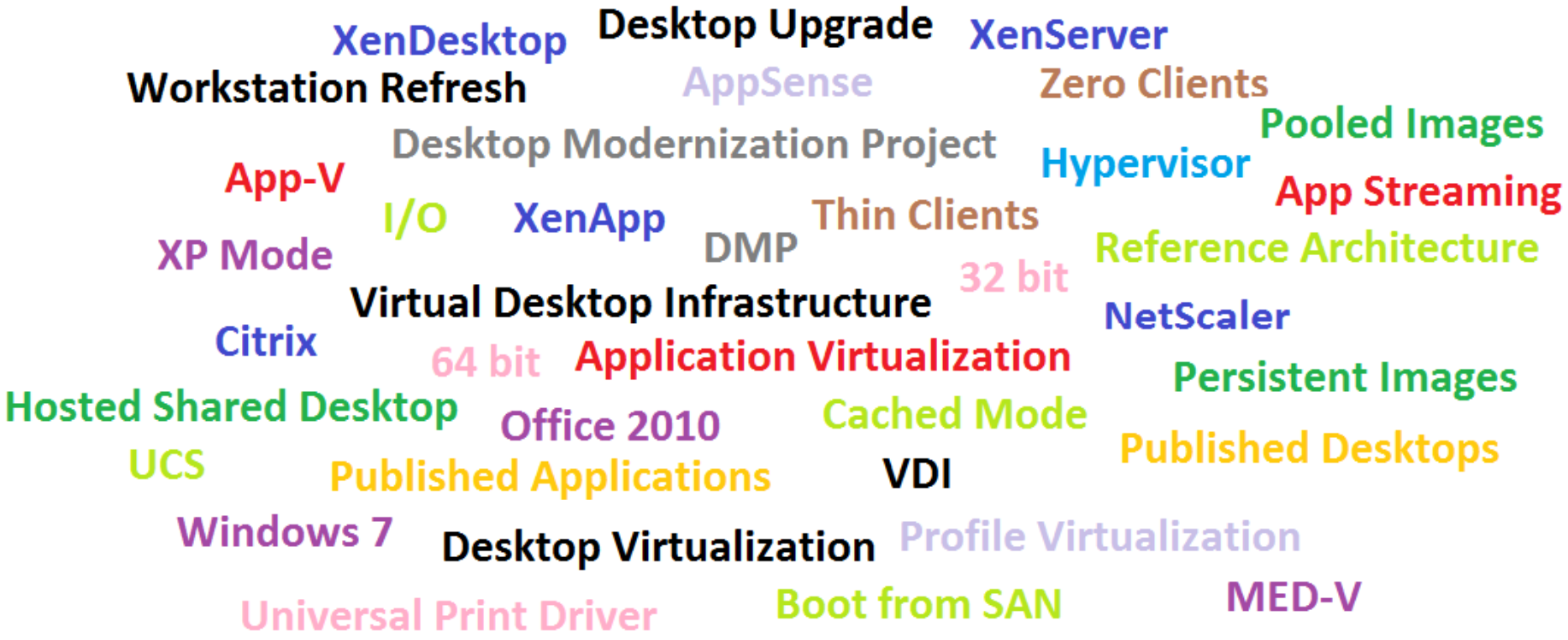
What is myPC?

Branding strategy to capture many initiatives



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What is myPC?

- A private cloud to deliver Desktops as a Service:
  - Anywhere, anytime, any device access
  - Secure & protect BPA data within the data center
  - Deliver robust & reliable system access
  - Reduce management of disparate images/PCs
  - Reduce equipment provisioning time (device deployment and application installation)
  - Reduce the Agency's carbon footprint

myPC

ANYWHERE | ANYTIME | ANY DEVICE

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Why Are We Doing This?

- Security & Compliance
- Flexibility & Business Continuity
- Simplify Use & Management
- Sustainability & Value
- Bye bye XP!

myPC

ANYWHERE | ANYTIME | ANY DEVICE

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

myPC Overview

Today's Environment

X 5500 =

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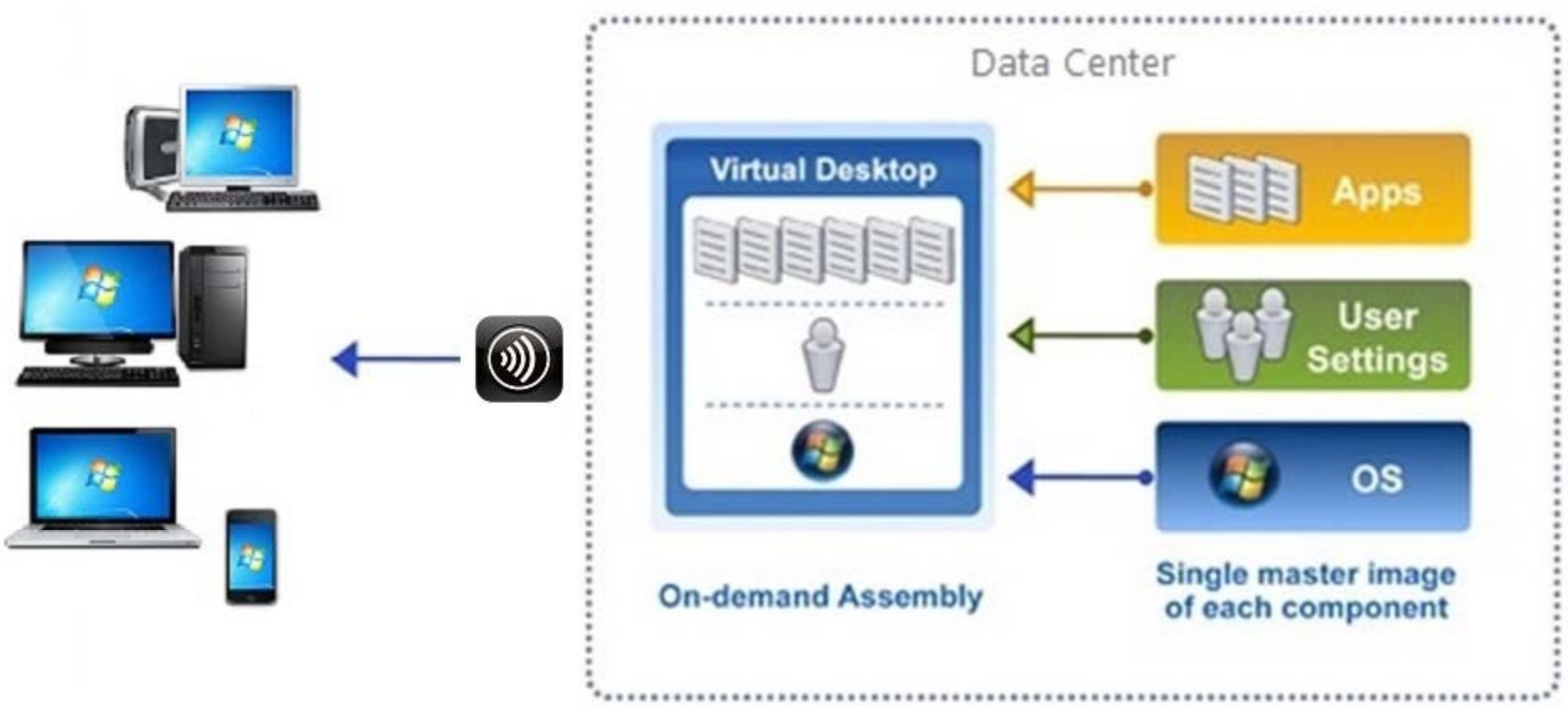
myPC Overview

Tomorrow's Environment



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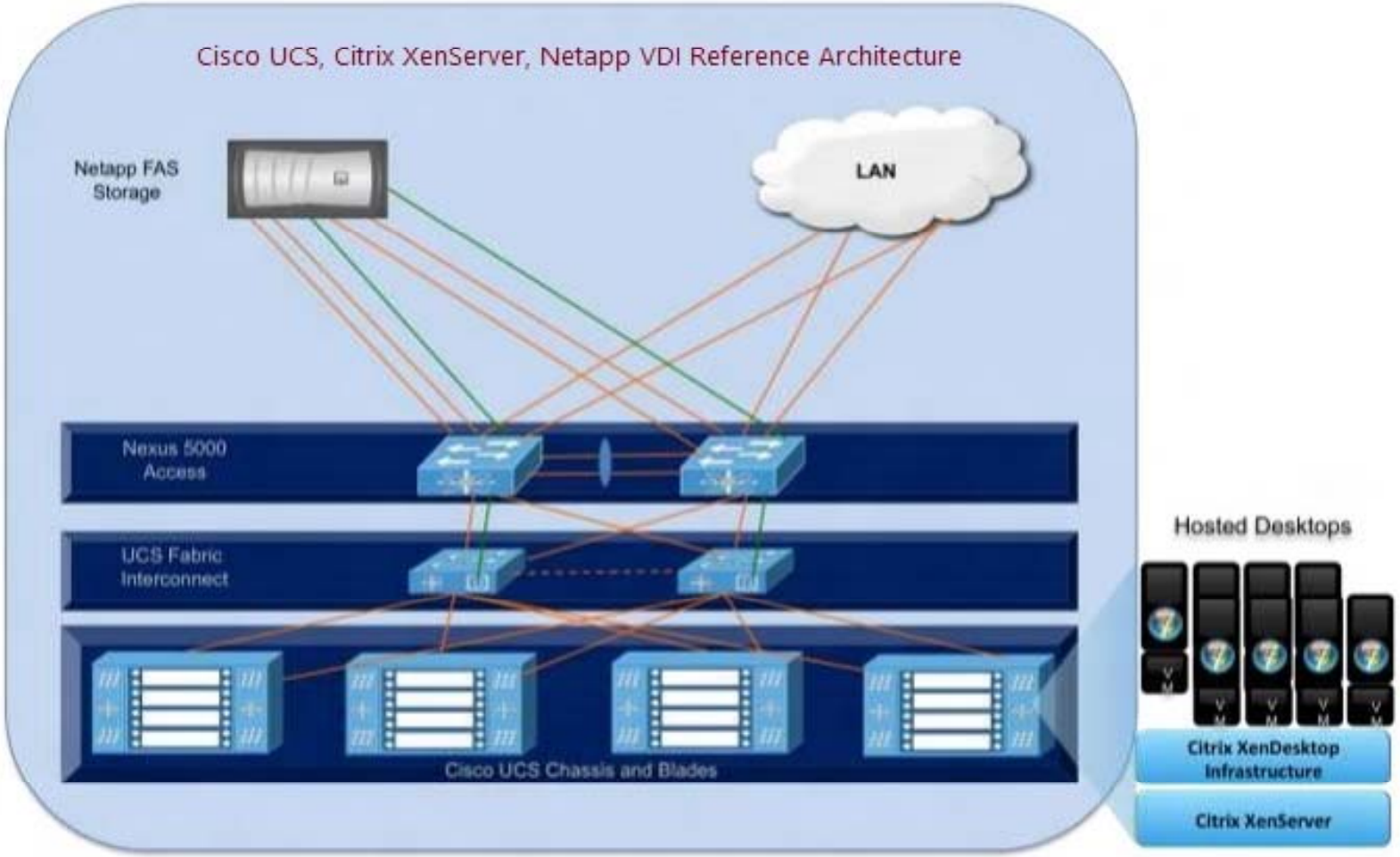
myPC Overview

Tomorrow's Environment



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Measurable Benefits

ID #	Benefit Description	Metric	Owner	Baseline (current)	Target (goal)	Comments
1	Save energy by replacing physical desktops and laptops with virtual desktops and low-power access devices	Reduction of power consumption by end user devices	Paul Dickson	Current estimated power consumption: - 65W/hr. per laptop - 255W/hr. per desktop	Future estimated power consumption: - 7W/hr. per thin client Reduce power consumption by 118,000W	Final deployment numbers will drive actual savings
2	Reduce end-user device provisioning timeline	Time required to configure new or replacement device	Paul Dickson	Current estimated configuration timeline: - 3 hrs. per XP desktop - 2 hrs. per Win 7 desktop	Future estimated configuration time: - 30 min. per thin client Reduce time for 2,500 users by 5,000 hours	Assumes replacement of physical desktop/laptop with thin client
3	Reduce desktop application installation timeline	Time required for installation of an approved software title	Paul Dickson	Current estimated installation timeline: - Avg. 10 business days	Future estimated installation timeline: - Less than 1 business day	Assumes manager approval and license availability
4	Reduce desktop hardware expenses by implementing less expensive access devices	Reduction of hardware expenses	Paul Dickson	Current standard equipment expenses (excluding peripherals): - $ 1,290 per standard desktop - $ 1,460 per standard laptop	70% reduction in hardware expenses for every desktop and laptop replaced with a thin client	Final deployment numbers will drive actual savings
5	Reduce future desktop hardware expenses by implementing devices with a longer lifecycle	Length of device lifecycle	Paul Dickson	Current desktop hardware lifecycle is between 3 & 5 years	Refresh thin clients every 7 years	Final deployment numbers will drive actual savings
6	Reduce software expenses by using more efficient and accurate license tracking	Reduction of software expenses	Paul Dickson / Lynn Mantanona	Cost of “Desktop” COTS package over the last 5 years	10% reduction in software expenses	Assumes reclamation and redistribution of underutilized licenses

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Measurable Benefits

Measure	Old Environment	New Environment
Device Cost	Desktop: **$1,290** Laptop: **$1,460**	Zero Client: $300 Mobile Thin Client: $600
Device Lifecycle	**4-5 Years**	**7-10 years**
Electricity Use	Desktop: **255 W/hr** Laptop: **65 W/hr**	Zero Client: **7 W/hr** Mobile Thin Client: **18 W/hr**
Provisioning Time	Windows XP: **3 hrs** Windows 7: **2 hrs**	Zero Client: **20 min** Mobile Thin Client: **1 hr**
App Deployment Time	**10 Business Days**	**4 hours**

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myPC Branding

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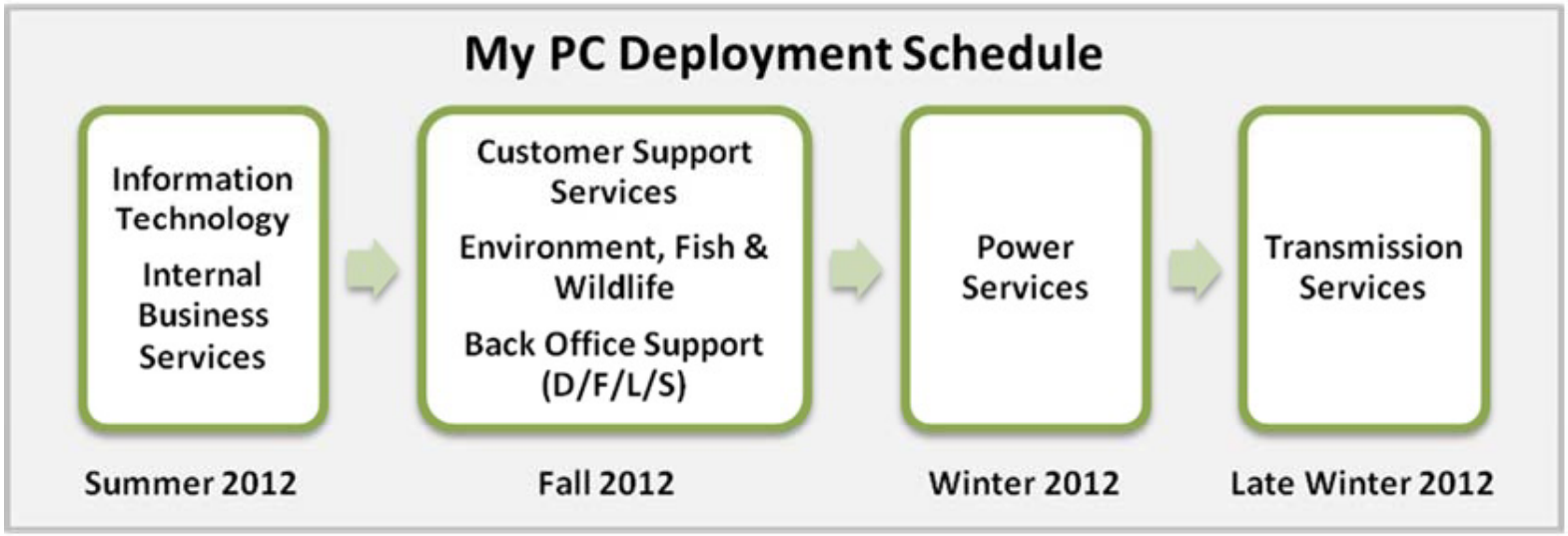
When, when, WHEN?

My PC
anywhere | anytime | any device

My PC Deployment Schedule

My PC deployment will include access to a virtual desktop with Windows 7 and Office 2010 on your current BPA device. My PC will also allow external access through a web browser to your BPA My PC desktop.



Note: CBS supported users are not in scope. The schedule is subject to change. Changes, if necessary, will be communicated to the agency. For further questions or information please visit the project's BPA Connections Site.

BPA Connections > Services > Help Desk > Windows 7/Office 2010 Upgrade Information

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2012 IPR Process Improvements

Mary Hawken
Manager, Analysis and Requirements

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Progress of IPR Lessons Learned Recommendations

#	Recommendations for Implementation in 2012 IPR	Progress
1	Provide an opportunity for earlier collaboration with external IPR participants, specifically General Managers by hosting a pre-IPR workshop with BPA executives to discuss major cost drivers, current economic conditions and long term strategy.	Hosted GM Meeting January 2012 with Administrator and customer panel.
2	Improve notification of meetings and material to external stakeholders by creating an agency standard for disseminating information. Consider sending weekly notifications to a master mailing list reminding participants of upcoming workshops and meeting material.	Created a Finance Notification Email System, in use since November 2011. Notifications sent out as needed.
3	Satisfy customer requests to seek reductions in the time and resource commitments required by the IPR process by decreasing the quantity of external publications, producing a robust, thorough initial publication. Further reduce time requirements by hosting workshops based on the level of interest exhibited by participants.	The IPR public process structure has been modified. Information has been integrated into one comprehensive report, offering consistency and emphasis on areas of greatest interest.
4	Consistent with benchmarking, develop a system to assess customers' needs for workshops, and then focus the number of workshops and their duration to programs with heightened public interest, significant spending increases and/or program levels making up a large portion of total spending.	Workshops/Discussion meetings were held based on participant request following release of the Initial IPR Publication. Workshops have been reduced from 15 days to 3 days. Additional information, not requiring a workshop were posted online. Information and resources were targeted towards areas of the greatest interest.
5	Reduction Scenarios were not useful, BPA needs to show evidence of scrutiny during the budget development process.	The budget development process is described in detail in the initial IPR publication. Cost targets reflect initial basis for proposed IPR spending estimates. The Initial Publication describes the methodology for developing cost targets. Proposed IPR levels exceeding cost targets included justification and impact of operating at lower levels.
6	Show what is achievable operating at spending levels within the means of inflation.	The Initial IPR Publication presents cost targets and describes the impact of operating at targets instead of proposed IPR levels. In most instances, cost targets reflect operation at levels of inflation.
8	Manage the system for the long run. Staff needs to better present and clarify consequences of not doing something now vs. later.	
9	Request for increases need to be justified and reference specific strategies.	
10	Replace a significant number of publications with one "key" publication at the onset to establish tone and the basis for future discussions.	Information has been centralized into one comprehensive report. Participants could request additional information or specific discussion meetings.
11	Presentation format needs to be standardized into one consistent form agency-wide to aid in participant understanding.	
12	Participants need a greater amount of time to pre-read large amounts of material.	The new public process structure offered participants three weeks to review/pre-read material. Following review of material, participants requested additional information or specific discussion meetings.
13	Participants requested additional information to provide a better understanding of how the "silos" are connected, for example between-business line costs for wind.	Narrative write-up included in Initial IPR Publication.

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BPA's Review of the Budget Development Process - 2011

Valerie Lefler
Manager, Budget Planning and Forecasting

David Barringer
Budget Analyst

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2011 Review of BPA's Budget Development

In November 2010, shortly after the end of the 2010 IPR, the Budget Planning and Forecasting group was given the following assignment by the then-Acting Deputy Administrator:

Assignment: Investigate and propose potential changes to BPA's budget development process to enable more transparency of the financial and other resources needed to meet program objectives without overspending or inefficiencies.

Approach we took:

- Formed a team and developed a six-month project plan – January through June 2011
- Identified key objectives, with executive input and approval
- Identified best practices from:
  - Three private-sector studies: a 2009 IBM White Paper in association with Cognos Software, a 2005 study by Adaptive Planning, a consulting firm, and a 2000 study by Arthur Andersen
  - Comprehensive report on public sector best budgeting practices by the National Advisory Council on State and Local Budgeting
- Investigated standard budgeting practices - focusing on expense budgets.
- Assessed BPA practices against relevant best practices, highlighting "gaps"
  - Realized that by addressing our first several objectives, we would close the most significant of the gaps we identified between our practice and best practice

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Objectives

- Create a transparent alignment between important strategic objectives/priorities and resources - creating an integration of budget and performance.
- Develop and provide data and analysis to allow the Administrator and other executives to better identify when budgets are adequate to achieve agency goals, with an understanding of the resources needed to meet goals efficiently.
- Develop a process that supports increased understanding of budgets in terms of both programmatic (program/project/functions) and resource requirements (who/what is needed).
- Strive for data efficiency, ensuring that data gathered is relevant and actionable. (Related to Best Practice of ”Reduce budget complexity and cycle time”)
- Create a ‘robust’ budget structure – one where comparability is not impacted by organizational changes, i.e., supports a rolling five-year history and five or more years of future estimates on a comparable basis, and provides the appropriate level of information to understand underlying drivers of trends.

The focus of the review was largely on the first three objectives. The last two objectives can be addressed by any of the overall budget approaches.

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Our Current Practice

- BPA has traditionally used various versions of incremental budgeting, applying common inflation or other cost escalation factors to prior year budgets or actuals. These results are assessed for their impact on rates and our ability to achieve our mission. This assessment typically results in reductions to proposed budget levels prior to public discussion.
- In addition to capturing the type of cost (general ledger account) and timing (fiscal year), we currently budget using a matrix of two dimensions: Program/ Project and Department.
  - Financial Reports (Net Revenues), Rates, and Federal Budgets are all developed on a Program/Project basis – focusing on <u>what</u> is being accomplished.
  - Internal cost management of expenses, including cost targets, is based primarily on department – focusing on <u>who</u> is responsible for the work.
  - Internal management of capital investments is based on projects, with project managers responsible for all costs associated with capital projects.

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Standard Approaches Reviewed

In addition to Incremental Budgeting (our current practice), the standard approaches we reviewed included:

- Zero-based Budgeting
- Activity-Based Management
- Rolling Budgets
- Budgeting for Outcomes

For each approach we:

- Summarized the process
- Identified pros and cons
- Assessed the level to which each addresses our objectives
- Ranked the correlation of approaches to meeting objectives

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General Observations Based on Our Review

- There is not one "best practice" approach for budgeting.
- Any of the four standard approaches we reviewed could improve our ability to meet the objectives, though each addresses certain objectives better than others.
- Each of the approaches would result in significant changes in our current approach – requiring budget system changes and possible new investments, increased staff time, training, external consultation, adequate transition time and strong senior management support.

The subsequent pages include descriptions of the alternative approaches, as well as any decisions regarding those approaches.

Note: As part of this process review, we also identified numerous internal process improvements, including communication and coordination, guidance provided, etc., which we implemented in developing the current IPR forecasts.

We also identified some other best practices that we have already implemented or are in the process of implementing, including through our maturing Agency Asset Management program.

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Activity-Based Management

A robust Activity-Based Management (ABM) process would address objective 5 - create a 'robust' budget structure, and could help with objective 1 - align strategic objectives and resources.

- ABM requires analyzing the products or services produced by the organization, breaking out the activities required to produce those products or services, budgeting and tracking costs by activity using codes within the budgeting and accounting systems, and determining the resources needed to perform those activities.
- BPA's current financial systems are configured to track ABM codes, however, it is a complex ABM system, with hundreds of codes. Some organizations use a number of the available codes, but many organizations do not actively use the system, e.g., they have one or two default codes that are always used.

ABM is intended to provide meaningful information about drivers of costs, the activities performed and the relationship between costs and products, customers and markets. ABM was designed primarily for businesses with clear products, i.e. manufacturing – where activities that add value to products can be identified and improved.

An effective ABM system would require considerable lead time and resources to determine and establish the right codes, train staff and implement an activity tracking system prior to launching Activity Based Management.

Decision: To implement this effectively at BPA would require a complete revision of BPA's budgeting and accounting systems, which could be costly. The level of detail developed may be excessive in relation to the benefits derived given that BPA has limited "products and services". Many of the objectives of ABM could be accomplished using an approach developed within BPA (see recommendation), without the additional expense of a full ABM implementation. Not recommended.

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Rolling Budgets

The use of Rolling Budgets has the advantage of reducing budget complexity and cycle time over other approaches – Objective 4. The Rolling Budget construct abandons the traditional budgeting and performance target-setting model using annual budgets and budget-based targets. It advocates a more flexible, adaptive, and external-focused process.

This approach is known to be used by some banks and at least one airline.

Target Setting: To create an adaptive system, short-term targets are replaced with medium-term goals. Rewards are based on relative performance, not on meeting fixed targets. Performance metrics are ideally drawn from an external environment, e.g., beating the market, performance of competitors, or other benchmark. Once goals are agreed upon, performance is continuously evaluated based on the progress made against the metrics.

Planning and Forecasting: The focus is on anticipating what the future might look like and helping ensure that plans are in place to steer performance of the business to exploit opportunities and mitigate risks. Planning is a continuous and inclusive process, not a top-down annual event. This approach rejects the traditional command-and-control use of budgets to ration resources, set targets and support hierarchical management. Management is focused on a seamless network of accountable teams which regulate their own performance and are held accountable based on holistic criteria and peer reviews.

Resources: Resources are committed as and when needed (and not before). Guideline financial ratios are developed based on key performance indicators. These financial ratios define the parameters within which managers commit resources, with controls based on fast and frequent feedback, not budget variances. Interactions between elements of the company and resources are coordinated dynamically, not through annual budgets.

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Rolling Budgets (continued)

Governance: Instead of detailed rules, regulations and a central plan, governance is based on shared values and sound judgment. This relies on open and transparent information, and a range of relative performance indicators that include a wide range of forecasts. Moving averages and twelve month rolling forecasts are used to replace the calendar focus on costs, eliminating the annual round of estimating and agreeing on cost requirements.

At BPA, the Federal budget and semi-annual rate cases require that we develop and manage to annual budgets. Rolling budgets focus on eliminating the annual process. Adopting a rolling budget approach for BPA would require significant research and education to determine whether and how it could be used, and would be a significant change in the current practice.

Decision: We did not see clear advantages to using this approach. It does not significantly further objectives 1 through 3, and we have significant questions about its applicability to BPA. This approach was not recommended.

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Budgeting for Outcomes

This approach is primarily used in public sector strategic planning. Its focus is Objective 1, linking strategic objectives to resources.

The key steps of Budgeting for Outcomes are:

- Start with an overall total budget amount, based on a high-level policy decision of how much is available, not how much is needed.
- Articulate the top 5-10 large-scale priorities – the future conditions the agency wants to achieve.
- Identify the factors/activities/programs most likely to achieve outcome.
- Solicit strategies using a competitive process to determine how to obtain the outcomes and at what cost.
- Rank strategies and select.

This approach is intended to:

- Ensure that decisions as to what will be funded and what will be cut are strategic decisions. Key focus is building from the bottom, deciding which proposals/activities best accomplish the desired outcome.
- Allow customers to better understand the benefits they receive and what it costs to provide them.

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Budgeting for Outcomes (Continued)

It also would likely:

- Need outside consultant to help tailor for BPA and implement.
- Require a significant change in BPA's accounting and performance management structure. This process depends on organizing and setting budgets and performance targets by outcomes, which would need to be defined to cover most if not all of BPA's responsibilities and activities.

Decision: This approach could improve linking budgets to strategies, however it is generally designed assuming a basically fixed level of tax revenues to be applied across a broad range of diverse activities which is not applicable to BPA. The process then identifies which priorities the agency (potentially based on customer input) should fund and how the set amount of funding should be divided among those priorities. The approach has benefits but would require consultation and development of a significantly new and different process at BPA. We believe we can make some improvements in the current process without making such significant changes. See recommendation.

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Zero-Based Budgeting

- This budgeting approach appeared to address the first three objectives a little better than the others.
- This is also the approach suggested by several of our customers, both in the last IPR and in the "IPR Lessons Learned Customer Focus Group".
- Zero-Based Budgeting (ZBB) requires department managers to evaluate and justify the existence of each program and the resource requirements for each continuing function in an organization.
- Private sector use is often largely focused on administrative overhead activities, new services, and capital budgets. It is best suited to discretionary and support services.

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Zero-Based Budgeting (Continued)

- Public sector use generally focuses on optimizing accomplishments available at alternative budget levels. Steps include:
  - Divide organization into "decision units" – the lowest level at which budget decisions are made, e.g. a division of a department, or a program.
  - Start from a "zero base" – identifying the funding level below which it is not feasible to continue a program because no constructive contribution can be made toward fulfilling its objectives. Every function within an organization is analyzed for its needs and costs.
  - Determine the impact on program delivery given three funding levels for each program ("decision unit") – zero-base level, current funding level, and enhanced service level.
  - Rank the program "decision packages" for the three funding levels (requires quality measures to analyze impacts of funding scenarios on program operations and outcomes.
  - Set priorities based on the program results that could be achieved at alternate spending levels, which could include the decision to stop a function.
- In the utility industry, the California Energy Commission uses zero-based budgeting for justifying the R&D budget above a prescribed level, and Reliability Centered Maintenance is effectively a zero-based budgeting approach.

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Zero-Based Budgeting Options

There are several modifications that would not require an agency-wide, bottom-up use of Zero-Based Budgeting. They include the following.

- ***Rolling Implementation*:** Some organizations apply a full ZBB each year on a rotational basis, e.g., State of Oklahoma applies the ZBB method to two departments and several agencies each year. Once these reviews are complete, the same organizations do not undergo zero-based reviews for the next several years.
- ***Modified ZBB:*** Requires managers to prepare detailed justifications for only those parts of the budgets where real decisions are likely to be made, potentially realizing many of the benefits of ZBB (i.e. detailed budget review/prioritization, greater efficiency) without the added time demands of full ZBB every year. This can be accomplished in at least a couple of different ways.
  - Each organization is given a budget for the upcoming fiscal year based upon a percentage (usually 70-90% but could be more) of approved (or actual) expenditure for the current fiscal year. Managers then provide assessment of what can be accomplished with the estimated budget, and strong justification is needed to get approval for anything beyond the percentage given.
  - Each department's proposed budget is analyzed to identify the least essential 10 percent of their expenses then asked to submit ZBB "decision packages" for that 10 percent. These packages are evaluated and the most low-ranked decision packages are eliminated from the budgets.

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Research on Zero-Based Budgeting

From a 2011 study by the Government Finance Officers Association, funded by a grant from the City of Calgary – 413 survey respondents in Canada and the U.S.

- 20% of surveyed leading public budget practitioners are using ZBB at least in part.
- Those governments that report using ZBB are using "practical" versions of ZBB that are less intensive than the theoretical model. In fact, the research found that use of "text-book" ZBB is almost unheard of in local government today.
- Probably more suited to smaller governments
- ZBB theory focuses on "turning over every rock" to develop a thorough understanding of every element of the work being accomplished and the resources required. As such, it does not begin by addressing what is affordable or the sometimes mistaken notion that costs are set to zero.
- Rather, the process begins with decision units examining and costing out every aspect of what they do, and then developing their decision packages on proposed spending levels. These decision packages are forwarded to central budget authorities, who take account of available revenues to decide which to recommend to the board to reach a balanced budget.

Zero-Based Budgeting is typically adopted by government or non-profit organizations to evaluate the feasibility of government programs. ZBB, however, is not widely implemented at profit organizations due to its time-consuming and costly nature. To make the ZBB process more cost-effective, profit organizations generally implement ZBB is specific departments on a rotational basis or adopt modified versions. (CFO Executive Board 2005)

From a 2002 survey on Maintenance Costing and Budgeting

- 6% of surveyed organizations use zero based budgeting for all expense items.
- 4% use for large expense items only.

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Research on Zero-Based Budgeting (continued)

From testimony of M. LaFaive, Director of Fiscal Policy, Mackinac Center for Public Policy before the House Appropriations Subcommittee on General Government, November 4, 2003

"As with most policies, there are both benefits and costs to be taken into account when considering zero-based budgeting. . . . In addition to saving money and improving services, zero-based budgeting may:

- Increase restraint in developing budgets;
- Reduce the entitlement mentality with respect to cost increases; and
- Make budget discussions more meaningful during review sessions.

On the cost side of the equation, zero-based budgeting:

- May increase the time and expense of preparing a budget;
- May be too radical a solution for the task at hand. You don't need a sledgehammer to pound in a nail;
- Can make matters worse if not done in the right way. A substantial commitment must be made by all involved to ensure that this does not happen."

"Zero-based budgeting can be useful for shaking up a process that may have grown stale and counter-productive over time. But I must offer three serious warnings:

First, the success of such a change like this hinges strongly on leadership that is dedicated to the task.

Second, don't attempt to do zero-based budgeting for every department, every year. Such a move may prove impossible to manage.

Third, ensure each review is conducted by referencing all aspects of a department, agency or program to what its goals are."

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Zero-Based Budgeting (From a variety of sources)

Advantages

- Efficient allocation of resources, as it is based on needs and benefits rather than history.
- Improves effectiveness and efficiency
- Matches services levels to available resources
- Allows senior management to define service levels needed for each responsibility or activity unit
- Aids in cost control
- Increases staff motivation by providing greater initiative and responsibility in decision-making
- Improves planning, communication and coordination within the organization
- Identifies and eliminates wasteful and obsolete operations
- Forces cost centers to identify their mission and their relationship to overall goals

Disadvantages

- Is expensive and the benefits may not justify such significant cost outlays.
- Takes a lot of time to implement since line managers are starting at a minimal funding level; line managers may not have adequate time to dedicate to the effort.
- Paperwork is voluminous.
- It is difficult to determine performance levels.
- Justifying every line item can be problematic for departments with intangible outputs
- Requires specific training, due to increased complexity vs incremental budgeting

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Zero-Based Budgeting - Conclusion

Decision – While zero-based budgeting would address many of our key objectives, research indicates that it should not be implemented across the agency at once, and that there are significant risks.

- While "Zero-based budgeting can be useful for shaking up a process that may have grown stale and counter-productive over time," it often can impose more costs than benefits.
- BPA has developed what it believes to be a move in the direction of zero-based budgeting, that will achieve many of the benefits without incurring the risks and costs. See recommendations.

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Two Other Best Practices Considered

- We found that most sources identified as a best practice “Developing budgets that accommodate change and provide some flexibility”. This is generally addressed by use of a contingency-type fund, which could be structured in a variety of ways. We did not recommend incorporating this best practice in the belief that building in a contingency would be hard to support in the IPR and rate-setting processes.

- Most of our sources also identified as a best practice beginning the budget process with top-down targets. This was incorporated in our recommended and adopted changes.

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Adopted Budget Development Recommendations

Guided by the Acting Deputy Administrator and COO, we recommended, and BPA executives approved, two initial improvements in our existing approach rather than making an immediate major change in our budgeting process.

These changes are described on the next few pages.

We took this approach because:

- We did not find any single alternative was superior to our existing approach. We did find, however, a number of improvements we could make.
- While our goal is still to moved towards best practices, we did not see a strong drive at that time for dedicating the level of resources, including funding for hiring consultants, additional FTE, or significant financial systems work, that would be required to implement Zero-Based Budgeting or another major change to our budgeting approach.

We will continue to assess whether the improvements were are adopting are getting us where we want to go or whether additional modifications are needed.

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Recommendation #1: Top-Down Targets

Beginning budget development with top-down targets for both expense and capital levels was identified as a best practice in the private sector benchmarking studies we reviewed, and is fundamental to Budgeting for Outcomes. Targets should be informed by BPA's financial position, the economic climate, and analysis on rate levels

BPA began implementing this recommendation in the current IPR, and expects to learn from and improve the process.

- Targets were proposed by the CFO, working with P, T and other VPs, and were set by the Front Office/Administrator at the beginning of the internal process.
  - Target for FY 2013 were set based on the final rate case. Targets for FY 2014-2015 were set based on FY 2012 budgets with minimal inflation.
  - Separate targets were set for Power Services, Transmission Services and Agency Services.
  - The basis for these targets was explained in the IPR materials.
- These were not firm targets, but there was an expectation that a strong case would have to be made to exceed the targets.

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Recommendation #2: Functional Budgeting

This recommendation is intended to move BPA in the direction of best practices and garner some of the benefits of more standard alternatives such as zero-based budgeting and budgeting for outcomes, without some of the downsides of those approaches.

We recommend that BPA implement a Functional Budgeting approach. It requires a specific and consistent approach for budget development across the agency, and is intended to clarify what is being accomplished with the proposed spending levels and facilitate understanding of the resources needed/proposed for functions.

We did not have sufficient time to implement this for the current IPR. Our goal is to fully develop the construct and be positioned to implement it for the next IPR.

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Functional Budgeting Process Concept

- Each organization identifies its key functions and the resources required to achieve those functions (FTE, Supplemental Labor, Contracts, Material, Equipment).
- Internal work needs to be done to develop the "rules" for functional categories – level of detail, common categories, etc – that will result in a set of functional categories that are meaningful to the business units, which allow comparison between organizations both within a business unit and across BPA and which facilitate benchmarking with other organizations, particularly utilities.
- Functions could be identified at several levels:
  - Common/standard functions across the agency such as:
    - Management
    - Rate case support
    - Capital planning
    - Revenue Forecasting
  - Functions important to a business unit such as:
    - Vegetation management
    - Coordination with the Corps
  - Key Agency strategic functions, identified by senior executives, such as:
    - Wind integration
    - NERC/CIP requirements
- Departments will identify base functions as well as new strategic initiatives and assign their functions/resources accordingly, facilitating alignment of resources with strategic objectives.

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Simplified Example

	BFTE	CFTE	Materials/ Equip/ Other ($000)	Total $ (000)
Management/Supervision	10			1,200
Administrative/Technical Support	3	2	100	8,400
Trans Commercial System Mgt	5	5		1,100
Pre-Scheduling & Real-Time	25			2,750
Transmission Rate Development	5			550
Transmission Revenue Forecasting	5			550
Customer Sales/Service - Account Executives	20		20	2,200
Customer Accounts/Contracts	10			1,100
NOS Policy/Strategy	3			330
Wind Integration Policy/Strategy	3			330
Total	89	7	120	18,510

Functions will be linked to organizational and agency key strategic objectives as appropriate.

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The Case for Functional Budgeting

The following are the potential benefits from Functional budgeting:

- Provides an increased understanding of budgets in terms of functions and the resources they require
- Facilitates alignment of key strategic objectives with resources
- Enable managers to better respond to potential budget cutting exercises by highlighting specific functions that could potentially be reduced
- Provides comparability of functions between budget cycles. This could assist managers in decision making and planning by helping identify efficiencies as well as inefficiencies.

The challenges include:

- Adding an additional dimension to our current budgeting methodology, e.g., identifying and forecasting not only by program/project and department but also the function. This will increase the complexity, time and effort associated with developing cost estimates.
- Addressing the risk that the methodology would not be uniformly applied across organizations

We expect that by clearly defining common functions and the level of detail needed, and providing adequate communication and training, this approach will provide valuable information on what is being provided and at what cost. We also expect that implementing functional budgeting will require fewer agency-wide resources than adopting one of the more fundamentally different methods.

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Summary/Next Steps

Implementing a functional budgeting approach will help us to attain these goals:

- Develop a process that supports increased understanding of budgets in terms of both programmatic (program/project/functions) and resource requirements (who/what is needed).
- Develop and provide data and analysis to allow the Administrator and other executives to better identify when budgets are adequate to achieve agency goals, with an understanding of the resources needed to meet goals efficiently.
- Create a transparent alignment between important strategic objectives/priorities and resources, which will create an integration of budget and performance.

Next Steps: BPA is currently developing requirements for new budget planning and forecasting software. Part of this process includes exploring the potential for leveraging a new system to facilitate and inform this approach.

We will share additional information with our customers and constituents as we move toward implementing this approach.

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Keys Pump/Generation Plant Investments

John Wellschlager
Customer Account Executive

Mark Jones
Manager, Federal Hydro Projects

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

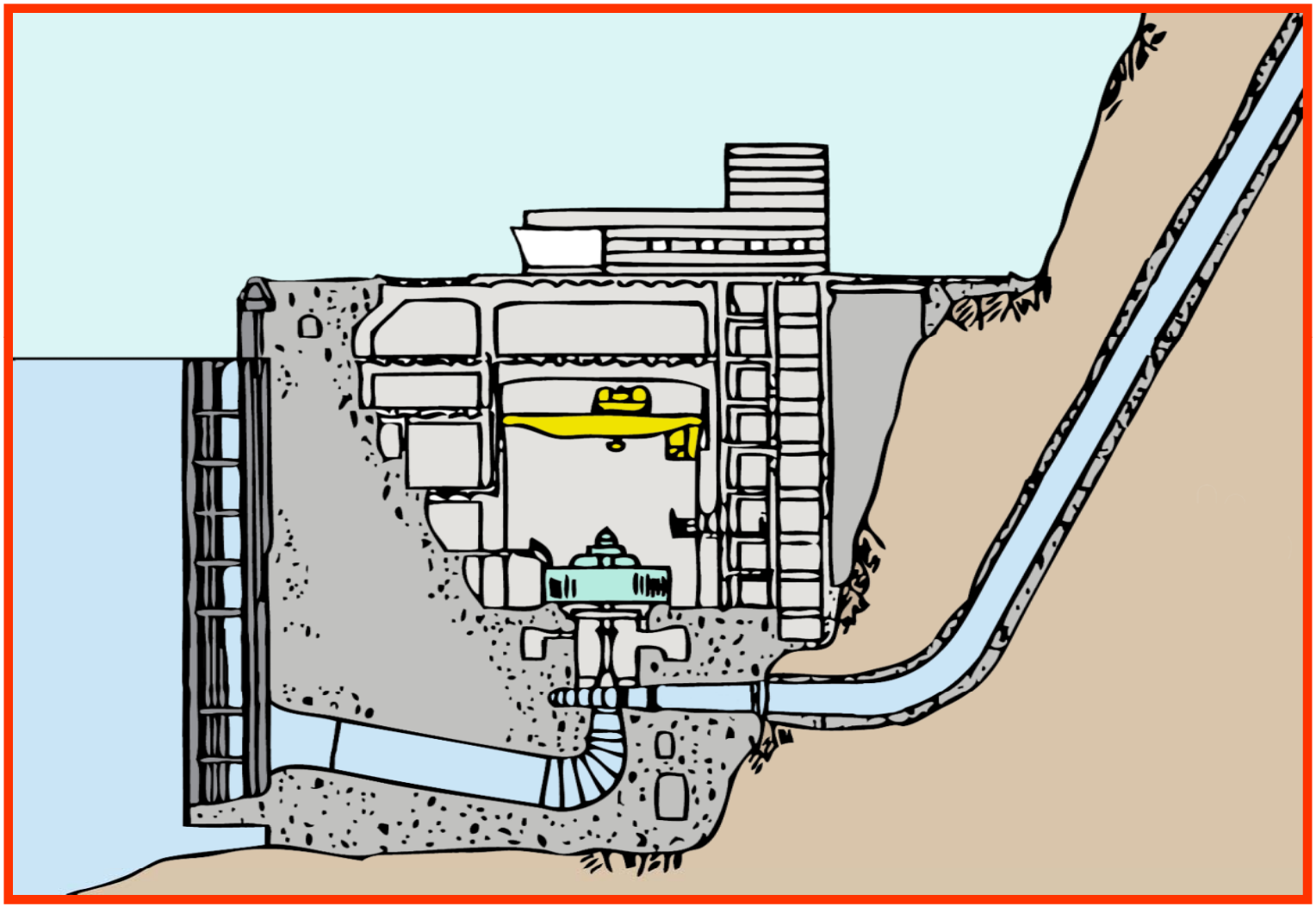
The Grand Coulee Hydro Complex

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Keys Pump Generation Station

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Cross Section of Keys



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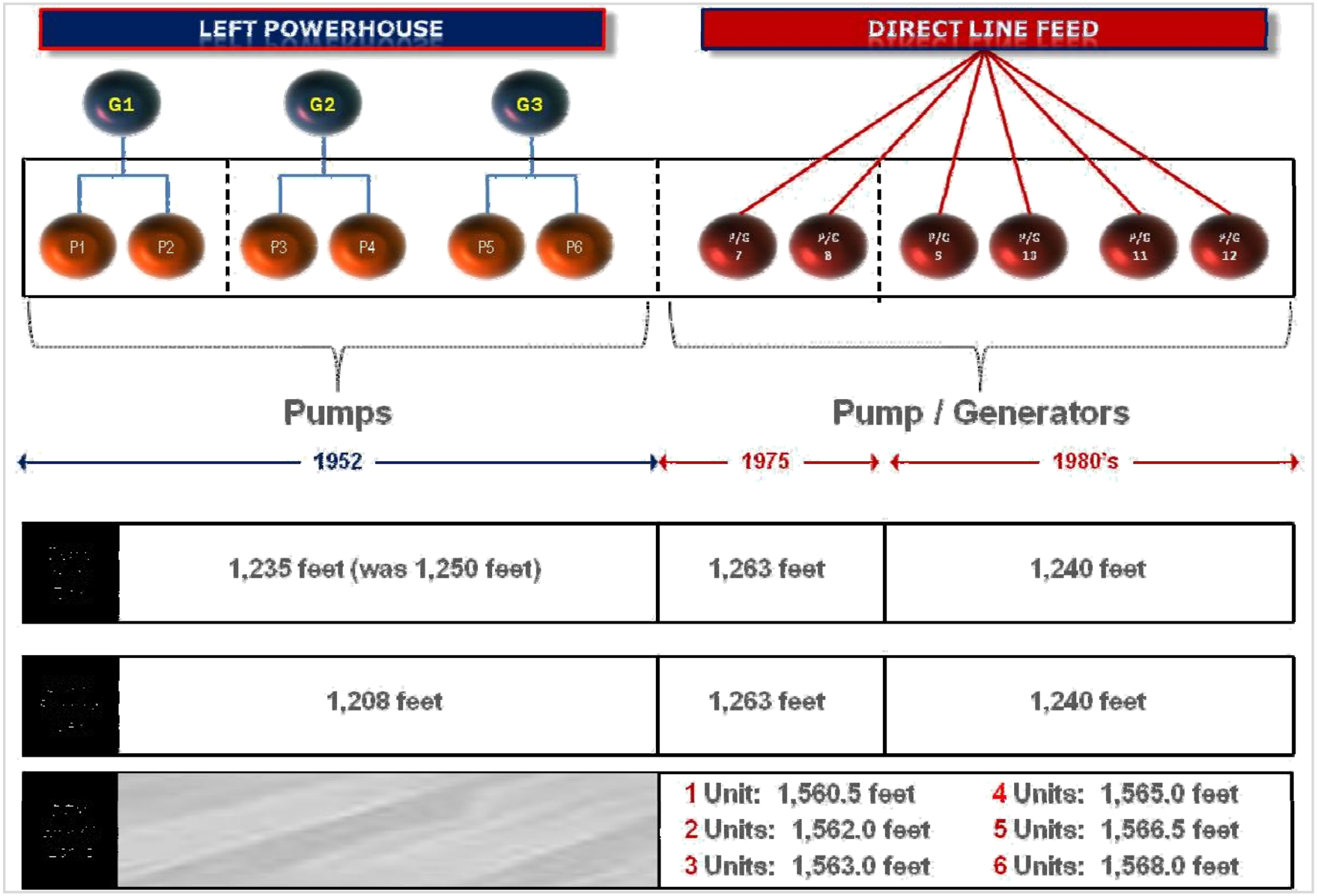
Inside the Keys plant

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Keys Pump/Generation Station



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Investment Levels Reviewed & Modeled

Given the forecasted cost for the entire modernization, along with the need to first make investments related to reliability first, the following cost break points were identified. All costs shown are for the 2011 – 2021 investment period:

- Base Case – this work covers basic reliability investments that are intended to maintain the current capability of the Keys PGP (approx $90 million).
- Refurbish P/G units 9-12. This work covers the refurbishment of P/G units 9-12 not covered under the base case work. This includes new turbines which would extend the operating range of the units for pumping by another 10 feet. (Currently estimated at $75 million.)
- Decoupling Option – This work covers creating a direct line feed to all six pumps. The pumps are currently power limited due to direct feeds from G1, G2 & G3 from the left powerhouse. (Current initial estimates are approx. $100 million.)
- Refurbish P/G units 7 & 8 – This covers a complete refurbishment of PG units 7 & 8 including winding and runner replacements along with an up rate. This would make these units similar in capacity & configuration to PG's 9-12 (currently estimated at $72 million).

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CAB Approved Investments

- On June 1, 2012, BPA's Capital Asset Board (CAB) approved the Base Case Investments at Keys.
- BPA's share of this investment is $61.5 million ($67.8 million with AFUDC). Allowance for Funds Used During Construction.
- Approved funding may not be used until final confirmation is received from the BOR that the Irrigators will carry their share of the investment ($28.5 million).
- Irrigators' must still get formal Board approval to fund their share. That process is underway.

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Work Covered Under the Base Case Investments

- Pumps:
  - Impeller replacements & rewinds for pumps 5 & 6
- Pump/Generators:
  - Unit circuit breaker replacements
  - Transformer replacement/repair (P/G's 10-12)
  - Governor Replacements
  - Phase reversal switch replacements
- All Units:
  - Exciter Upgrades
  - Control Upgrades
  - Protective Relay Upgrades

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How Are These Investment Costs Allocated?

- Because Keys is a multi purpose facility, the cost of any capital investments are shared between BPA, BOR and the Columbia Basin Project (Irrigators).
  - Costs are divided as follows:
    - BPA's share: **68.3%**
    - Irrigators share: **31.7%**
  - As stated earlier, all money approved by BPA is contingent upon the BOR and the Irrigators agreeing to pay their share of the funding over the next 10 years.
  - Total cost of the Base Case work is projected to be $90 million. BPA's share of this investment is approximately $61.5 million (not including Allowance for Funds Used During Construction. AFUDC is estimated to add about $6.3 million).

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How Is Keys Currently Used By Power Services?

- Besides meeting its water delivery obligations, Keys is used in the following ways by Power Services:

  - Diurnal Shaping – BPA shifts as much pumping into LLH's as possible.
  - Spinning & non-spinning reserves – the P/G's provide this.
  - HLH energy storage & use for meeting peak load events – both hot & cold.
  - Some limited within hour INC's and DEC's, but constrained to a single direction.
  - Some limited use for over generation events.

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Investment Summary

Investment	100% Cost (estimated)	Optionality of investment	Benefits
Base case:	$ 90 million	Required	Increased reliability, diurnal load shifting
Decoupling:	$100 million	Discretionary	Much larger range for pump start/stop; Incremental VERBS
PG 9-12 Runner replacement:	$75 million	Discretionary	Slight increase in pump head & gen output
Refurbish P/G 7 &8:	$72 million	Discretionary	Significant increase in pump range and slight increase in gen output

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Next Steps – Future Business Case Investment Decisions

- Moving forward the basic question for BPA is, “What level of investment makes the most sense beyond the base case?” The approved base case work is currently estimated to run $90 million ($61.5 million is BPA’s share).

- In terms of adding operational value & additional VERBS, the single most beneficial investment currently appears to be the decoupling work. Initial estimates for this work are projected to be around $100 million, but additional study is required.

- Doing both the base case and decoupling work directly targets the two most important objectives for Keys:
  - Increasing reliability & flexibility
  - Increasing the availability of VERBS for integrating more Wind and other renewables.

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Next Steps – Future Business Case Investment Decisions (Continued)

- Targeting the investment primarily towards increasing reliability & flexibility of the pumps could directly benefit both BPA and the irrigators.

- Lastly, by limiting the investment to around $200 million, the cost of additional VERBS is significantly reduced, with only a small impact on the volume of additional VERBS created by the investment compared to doing the full modernization.

- BPA will spend the next year reviewing the benefits & costs of additional investments at Keys.

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Methodology of items in the Composite Cost Pool for Slice True-Up

Timothy Roberts
Supervisory Public Utilities Specialist

Ann Shintani
Account Specialist

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Contra-Expense and Reinvestments of Green Energy Premiums

Summary of Contra Expense (carry over from FY 2011) and reinvestments

		($000)	($000)
Description on Composite Cost Pool True-Up Table	Reference - Composite Cost Pool True-Up Table	Rate Period	RATE CASE FY2012
Contra Expense - Final Rate Case estimate of Green Energy Premium revenues remaining for reinvestment at the end of FY 2011	Row 34	**(5,249)**	(2,625)
Contra Expense - Actual final amount of Green Energy Premium revenues remaining for reinvestment at the end of FY 2011 Note 1	Row 34	**(6,485)**	(3,243)

Actual Projects	Reference	Actuals FY2012 as of 6/30/12	Forecast for FY2012
Eligible Reinvestments so far in 2012			
Power R&D - Other eligible projects	Row 63	277	621
Power R&D - Smart Grid @ 75% of actuals Note 2	Row 63	1,125	1,940
Generation Project Coordination - Pumped Storage	Row 54	207	266
Operations Planning - WIT	Row 60	140	877
Reinvestment Totals for fiscal year 2012		**1,749**	**3,704**
Remaining 2012-2013 Contra Expense to be reinvested as of 6/30/12		**(4,737)**	
Remaining 2012 Contra Expense to be reinvested compared to 2012 Rate Case Year		**(1,494)**	
Note 1: The Actual Contra Expense is limited to Actual reinvestments			
Note 2: This is 75% of the total amount			

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Composite Cost Pool Interest Credit

Allocation of Interest Earned on the Bonneville Fund
($000s)

		A Rate Case 2012	C Forecast 2012
1	Starting Reserve Balance	495,600	495,600
2	Adjustments for pre-2002 Transactions	804	804
3	Other Adjustments	-	86
4	Total Reserves for Composite Cost Pool (Line 1 + Line 2 + Line 3)	496,404	496,490
5	Interest rate	2.24%	3.18%
6	Composite Pool interest credit (Line 4 X Line 5)	(11,119)	(15,788)
7	Total interest credit from Rev Req	(12,481)	(26,138)
8	Non-Slice Pool interest credit (Line 7 - Line 6)	(1,362)	(10,350)

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Net Interest Expense

$$ in thousands

	2012 Rate Case	Q3 Forecast
▪ Federal Appropriation	$221,866	$205,065
▪ Capitalization Adjustment	($45,937)	($45,937)
▪ Borrowings from US Treasury	$57,866	$49,520
▪ Interest Expense	$233,794	$208,648
▪ AFUDC	($12,511)	($16,491)
▪ Interest Income (composite)	($11,119)	($15,788)
▪ Total Net Interest Expense[1]	$210,164	$176,369

- Note 1: $210,164 is the combination of $208,802 on Row 113 and $1,362 on Row 114 in the Composite Cost Pool True-Up Table FY 2012 Rate Case Column. To calculate the net interest expense for the Annual Slice True-Up Adjustment, the non-slice interest income is excluded.

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Questions

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Appendix 1

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0060FY12	**Power Services Detailed Statement of Revenues and Expenses**	**Run Date\Time: July 16, 2012 12:30**
Requesting BL: POWER BUSINESS UNIT	**Through the Month Ended June 30, 2012**	**Data Source: EPM Data Warehouse**
Unit of Measure: $ Thousands	**Preliminary/ Unaudited**	**% of Year Elapsed = 75%**

		A	B	C	D <Note 2	E	F
		FY 2011	FY 2012			FY 2012	FY 2012
		Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals	Actuals per Forecast
	Operating Revenues						
1	**Gross Sales (excluding bookout adjustment)** <Notes 1 and 3	$ 2,486,801	$ 2,445,649	$ 2,445,649	$ 2,464,383	$ 1,877,369	76%
2	**Bookout Adjustment to Sales** <Note 1	(92,198)	-	-	(53,094)	(53,094)	100%
3	**Miscellaneous Revenues**	24,699	26,198	26,198	19,547	18,707	96%
4	**Inter-Business Unit**	110,034	127,449	127,449	131,907	97,813	74%
5	**U.S. Treasury Credits**	89,702	95,662	95,662	82,333	61,847	75%
6	**Total Operating Revenues**	**2,619,038**	**2,694,957**	**2,694,957**	**2,645,075**	**2,002,641**	**76%**
	Operating Expenses						
	Power System Generation Resources						
	Operating Generation						
7	COLUMBIA GENERATING STATION	322,212	306,366	306,366	293,037	204,531	70%
8	BUREAU OF RECLAMATION	85,488	111,972	111,972	101,972	64,436	63%
9	CORPS OF ENGINEERS	190,835	208,700	208,700	207,175	148,238	72%
10	LONG-TERM CONTRACT GENERATING PROJECTS	29,427	25,079	25,079	25,131	19,566	78%
11	**Sub-Total**	627,962	652,117	652,117	627,316	436,771	70%
	Operating Generation Settlements and Other Payments						
12	COLVILLE GENERATION SETTLEMENT	17,570	21,928	21,928	20,424	14,946	73%
13	**Sub-Total**	17,570	21,928	21,928	20,424	14,946	73%
	Non-Operating Generation						
14	TROJAN DECOMMISSIONING	1,688	1,500	1,500	1,600	1,237	77%
15	WNP-1&4 O&M	984	438	438	500	361	72%
16	**Sub-Total**	2,672	1,938	1,938	2,100	1,598	76%
	Gross Contracted Power Purchases (excluding bookout adjustments) <Note 1						
17	PNCA HEADWATER BENEFITS	1,973	2,452	2,452	2,452	2,111	86%
18	PURCHASES FOR SERVICE AT TIER 2 RATES	-	-	8,445	8,445	4,925	58%
19	OTHER POWER PURCHASES - (e.g. Short-Term)	235,276	99,802	91,357	167,263	159,956	96%
20	**Sub-Total**	237,249	102,254	102,254	178,160	166,993	94%
21	**Bookout Adjustments to Contracted Power Purchases** <Note 1	(92,198)	-	-	(53,094)	(53,094)	100%
	Augmentation Power Purchases						
22	AUGMENTATION POWER PURCHASES	2,898	-	-	(107)	(107)	100%
23	**Sub-Total**	2,898	-	-	(107)	(107)	100%
	Exchanges & Settlements						
24	RESIDENTIAL EXCHANGE PROGRAM <Note 3	184,764	201,561	202,961	202,635	160,938	79%
25	OTHER SETTLEMENTS	-	-	-	-	-	0%
26	**Sub-Total**	184,764	201,561	202,961	202,635	160,938	79%
	Renewable Generation						
27	RENEWABLE CONSERVATION RATE CREDIT	2,588	-	-	(18)	(18)	100%
28	RENEWABLES	35,939	37,670	37,669	37,331	26,330	71%
29	**Sub-Total**	$ 38,527	$ 37,670	$ 37,669	$ 37,312	$ 26,312	71%

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Report ID: 0060FY12	**Power Services Detailed Statement of Revenues and Expenses**	Run Date\Time: July 16, 2012 12:30
Requesting BL: POWER BUSINESS UNIT	Through the Month Ended June 30, 2012	Data Source: EPM Data Warehouse
Unit of Measure: $ Thousands	Preliminary/ Unaudited	% of Year Elapsed = 75%

		A	B	C	D <Note 2	E	F
		FY 2011	FY 2012			FY 2012	FY 2012
		Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals	Actuals per Forecast
	Generation Conservation						
30	DSM TECHNOLOGY	$ (9)	$ -	$ -	$ 5	$ 5	100%
31	CONSERVATION ACQUISITION	12,042	15,950	15,950	14,298	8,981	63%
32	LOW INCOME ENERGY EFFICIENCY	3,046	5,000	5,000	6,920	5,052	73%
33	REIMBURSABLE ENERGY EFFICIENCY DEVELOPMENT	5,330	11,500	11,500	4,153	1,755	42%
34	LEGACY	624	1,000	1,000	1,100	784	71%
35	MARKET TRANSFORMATION	10,807	13,500	13,500	14,310	10,791	75%
36	CONSERVATION RATE CREDIT (CRC)	27,636	-	-	(17)	(17)	100%
37	**Sub-Total**	59,476	46,950	46,950	40,768	27,351	67%
38	**Power System Generation Sub-Total**	**1,078,919**	**1,064,418**	**1,065,817**	**1,055,515**	**781,707**	**74%**
	Power Non-Generation Operations						
	Power Services System Operations						
39	INFORMATION TECHNOLOGY	3,480	7,143	6,283	8,005	3,944	49%
40	GENERATION PROJECT COORDINATION	5,836	5,895	5,798	5,793	3,290	57%
41	SLICE IMPLEMENTATION	1,942	2,322	2,328	1,127	833	74%
42	**Sub-Total**	11,257	15,360	14,410	14,924	8,066	54%
	Power Services Scheduling						
43	OPERATIONS SCHEDULING	7,922	10,041	8,809	9,978	6,865	69%
44	OPERATIONS PLANNING	5,755	6,744	7,489	7,578	4,933	65%
45	**Sub-Total**	13,677	16,785	16,297	17,556	11,798	67%
	Power Services Marketing and Business Support						
46	POWER R&D	4,934	5,622	5,631	5,631	3,085	55%
47	SALES & SUPPORT	18,060	19,745	19,335	18,767	14,073	75%
48	STRATEGY, FINANCE & RISK MGMT	14,134	17,907	18,504	16,507	10,604	64%
49	EXECUTIVE AND ADMINISTRATIVE SERVICES	3,602	3,565	3,200	3,191	1,682	53%
50	CONSERVATION SUPPORT	9,472	9,478	9,279	8,853	7,026	79%
51	**Sub-Total**	50,202	56,316	55,948	52,949	36,469	69%
52	**Power Non-Generation Operations Sub-Total**	**75,137**	**88,460**	**86,656**	**85,429**	**56,334**	**66%**
	Power Services Transmission Acquisition and Ancillary Services						
	PBL Transmission Acquisition and Ancillary Services						
53	POWER SERVICES TRANSMISSION & ANCILLARY SERVICES	122,222	92,946	92,946	105,154	83,895	80%
54	3RD PARTY GTA WHEELING	46,992	52,263	53,863	49,113	35,110	71%
55	POWER SERVICES - 3RD PARTY TRANS & ANCILLARY SVCS	2,404	2,221	2,221	2,221	1,946	88%
56	GENERATION INTEGRATION / WIT-TS	8,028	13,035	13,035	13,035	6,818	52%
57	TELEMETERING/EQUIP REPLACEMT	37	50	50	50	5	9%
58	**Power Srvcs Trans Acquisition and Ancillary Services Sub-Total**	**179,684**	**160,516**	**162,116**	**169,574**	**127,774**	**75%**
	Fish and Wildlife/USF&W/Planning Council/Environmental Req						
	BPA Fish and Wildlife						
59	**Fish & Wildlife**	221,048	237,422	237,394	245,950	183,650	75%
60	**USF&W Lower Snake Hatcheries**	24,466	28,800	28,800	28,800	15,216	53%
61	**Planning Council**	8,930	10,114	10,114	10,114	7,169	71%
62	**Environmental Requirements**	96	302	302	302	180	59%
63	**Fish and Wildlife/USF&W/Planning Council Sub-Total**	**$ 254,540**	**$ 276,639**	**$ 276,610**	**$ 285,166**	**$ 206,214**	**72%**

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Report ID: 0060FY12	**Power Services Detailed Statement of Revenues and Expenses**		Run Date\Time: July 16, 2012 12:30
Requesting BL: POWER BUSINESS UNIT	Through the Month Ended June 30, 2012		Data Source: EPM Data Warehouse
Unit of Measure: $ Thousands	Preliminary/ Unaudited		% of Year Elapsed = 75%

		A	B	C	D <Note 2	E	F
		FY 2011	FY 2012			FY 2012	FY 2012
		Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals	Actuals per Forecast
	BPA Internal Support						
64	**Additional Post-Retirement Contribution**	$ 15,579	$ 17,243	$ 17,243	$ 17,243	$ 12,932	75%
65	**Agency Services G&A (excludes direct project support)**	50,861	51,735	51,576	51,787	37,702	73%
66	**BPA Internal Support Sub-Total**	**66,440**	**68,978**	**68,819**	**69,030**	**50,634**	**73%**
67	**Bad Debt Expense**	**()**	**-**	**-**	**1,757**	**1,757**	**100%**
68	**Other Income, Expenses, Adjustments**	**(156)**	**-**	**-**	**(1,395)**	**(1,395)**	**100%**
	Non-Federal Debt Service						
	Energy Northwest Debt Service						
69	COLUMBIA GENERATING STATION DEBT SVC	81,210	115,553	114,468	101,066	70,966	70%
70	WNP-1 DEBT SVC	275,395	282,802	285,274	285,484	213,722	75%
71	WNP-3 DEBT SVC	189,801	156,299	158,672	159,238	107,757	68%
72	EN RETIRED DEBT	-	-	-	-	-	0%
73	EN LIBOR INTEREST RATE SWAP	-	-	-	-	-	0%
74	**Sub-Total**	546,406	554,654	558,414	545,788	392,445	72%
	Non-Energy Northwest Debt Service						
75	TROJAN DEBT SVC	-	-	-	-	-	0%
76	CONSERVATION DEBT SVC	2,867	2,379	2,712	2,712	2,023	75%
77	COWLITZ FALLS DEBT SVC	11,711	11,715	11,715	11,715	8,786	75%
78	NORTHERN WASCO DEBT SVC	2,224	2,223	2,223	1,789	1,270	71%
79	**Sub-Total**	16,801	16,316	16,649	16,216	12,078	74%
80	**Non-Federal Debt Service Sub-Total**	**563,207**	**570,970**	**575,063**	**562,004**	**404,524**	**72%**
81	**Depreciation**	**110,992**	**122,169**	**115,000**	**110,000**	**81,127**	**74%**
82	**Amortization**	**90,114**	**81,029**	**85,218**	**88,248**	**65,677**	**74%**
83	**Total Operating Expenses**	**2,418,876**	**2,433,179**	**2,435,299**	**2,425,328**	**1,774,353**	**73%**
84	**Net Operating Revenues (Expenses)**	**200,161**	**261,778**	**259,658**	**219,747**	**228,288**	**104%**
	Interest Expense and (Income)						
85	**Federal Appropriation**	215,967	221,865	218,801	205,065	150,332	73%
86	**Capitalization Adjustment**	(45,937)	(45,937)	(45,937)	(45,937)	(34,453)	75%
87	**Borrowings from US Treasury**	40,341	57,866	52,038	49,520	36,389	73%
88	**AFUDC**	(15,229)	(12,511)	(15,354)	(16,491)	(11,099)	67%
89	**Interest Income**	(12,283)	(12,624)	(13,152)	(26,138)	(23,011)	88%
90	**Net Interest Expense (Income)**	**182,860**	**208,659**	**196,396**	**166,019**	**118,159**	**71%**
91	**Total Expenses**	**2,601,736**	**2,641,838**	**2,631,695**	**2,591,347**	**1,892,512**	**73%**
92	**Net Revenues (Expenses)**	**$ 17,302**	**$ 53,119**	**$ 63,262**	**$ 53,728**	**$ 110,129**	**205%**

<1 For BPA management reports, Gross Sales and Purchase Power are shown separated from the power bookout adjustment (EITF 03-11, effective as of Oct 1, 2003) to provide a better picture of our gross sales and gross purchase power.

<2 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties among other factors may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<3 The Residential Exchange Program expenses reflect the Scheduled Amount of REP benefits payments established in the 2012 REP Settlement Agreement. The Scheduled Amount of REP benefit payments incorporates a $76,537,617 reduction in REP benefits to provide Refund Amount payments to COUs. The Refund Amount returned to the COUs is reflected through a reduction in the Gross Sales amount.

<4 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by ASC 815, Derivatives and Hedging (formerly SFAS 133), for identified derivative instruments. In FY2010, BPA began applying ASC 980, Regulated Operations, treating the unrealized gains and losses on derivative instruments as Regulatory Assets and Liabilities.

This information has been made publicly available by BPA on July 27, 2012 and contains BPA-Approved Agency Financial Information

Report ID: 0061FY12 — **Transmission Services Detailed Statement of Revenues and Expenses** — **Run Date/Time: July 26, 2012 05:39**

Requesting BL: TRANSMISSION BUSINESS UNIT — **Through the Month Ended June 30, 2012** — **Data Source: EPM Data Warehouse**

Unit of Measure: $ Thousands — **Preliminary/ Unaudited** — **% of Year Elapsed = 75%**

		A	B	C	D <Note 1	E	F
		FY 2011	FY 2012			FY 2012	FY 2012
		Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals	Actuals per Forecast
	Operating Revenues						
	Sales						
	Network						
1	**Network Integration**	$ 119,121	$ 129,974	$ 129,893	$ 123,037	$ 93,820	76%
2	**Other Network**	363,019	388,271	389,569	377,190	281,584	75%
3	**Intertie**	71,265	77,124	77,570	77,705	57,344	74%
4	**Other Direct Sales**	186,202	213,308	214,414	216,045	158,880	74%
5	**Miscellaneous Revenues**	36,164	31,996	32,154	44,293	30,628	69%
6	**Inter-Business Unit Revenues**	132,237	107,328	105,058	118,303	91,196	77%
7	**Total Operating Revenues**	**908,008**	**948,001**	**948,658**	**956,573**	**713,452**	**75%**
	Operating Expenses						
	Transmission Operations						
	System Operations						
8	INFORMATION TECHNOLOGY	6,768	7,349	7,370	9,073	7,447	82%
9	POWER SYSTEM DISPATCHING	11,649	12,336	12,979	12,979	9,172	71%
10	CONTROL CENTER SUPPORT	14,753	14,083	15,076	13,302	9,858	74%
11	TECHNICAL OPERATIONS	4,725	8,385	7,401	4,688	2,922	62%
12	SUBSTATION OPERATIONS	21,286	21,065	21,417	21,422	16,168	75%
13	**Sub-Total**	59,182	63,218	64,244	61,464	45,567	74%
	Scheduling						
14	MANAGEMENT SUPERVISION & ADMINISTRATION	(11)	-	-	-	-	0%
15	RESERVATIONS	3,850	1,088	5,135	4,073	2,962	73%
16	PRE-SCHEDULING	240	477	234	207	158	76%
17	REAL-TIME SCHEDULING	3,950	5,090	4,214	4,139	2,798	68%
18	SCHEDULING TECHNICAL SUPPORT	1,226	5,665	1,263	1,077	715	66%
19	SCHEDULING AFTER-THE-FACT	156	453	213	210	156	74%
20	**Sub-Total**	9,412	12,772	11,058	9,706	6,789	70%
	Marketing and Business Support						
21	TRANSMISSION SALES	2,319	3,301	2,855	2,681	2,048	76%
22	MKTG TRANSMISSION FINANCE	270	303	303	303	208	69%
23	MKTG CONTRACT MANAGEMENT	4,058	4,479	4,735	4,482	3,356	75%
24	MKTG TRANSMISSION BILLING	2,226	2,333	2,400	2,412	1,701	71%
25	MKTG BUSINESS STRAT & ASSESS	6,426	6,553	7,214	6,592	4,832	73%
26	MARKETING IT SUPPORT	-	-	-	-	-	0%
27	**Marketing Sub-Total**	15,301	16,969	17,507	16,470	12,144	74%
28	EXECUTIVE AND ADMIN SERVICES	12,179	13,401	13,721	13,223	8,544	65%
29	LEGAL SUPPORT	2,609	2,984	2,822	2,948	2,301	78%
30	TRANS SERVICES INTERNAL GENERAL & ADMINISTRATIVE	10,191	11,714	14,390	13,643	7,791	57%
31	AIRCRAFT SERVICES	1,121	2,372	2,037	2,037	690	34%
32	LOGISTICS SERVICES	3,532	5,644	4,934	4,294	3,604	84%
33	SECURITY ENHANCEMENTS	482	977	937	787	302	38%
34	**Business Support Sub-Total**	30,116	37,092	38,841	36,931	23,231	63%
35	**Transmission Operations Sub-Total**	**$ 114,010**	**$ 130,050**	**$ 131,650**	**$ 124,570**	**$ 87,731**	**70%**

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Report ID: 0061FY12	**Transmission Services Detailed Statement of Revenues and Expenses**	Run Date/Time: July 26, 2012 05:39
Requesting BL: TRANSMISSION BUSINESS UNIT	Through the Month Ended June 30, 2012	Data Source: EPM Data Warehouse
Unit of Measure: $ Thousands	Preliminary/ Unaudited	% of Year Elapsed = 75%

		A	B	C	D <Note 1	E	F
		FY 2011	FY 2012			FY 2012	FY 2012
		Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals	Actuals per Forecast
	Transmission Maintenance						
	System Maintenance						
36	NON-ELECTRIC MAINTENANCE	$ 23,548	$ 26,412	$ 26,323	$ 26,323	$ 13,768	52%
37	SUBSTATION MAINTENANCE	25,522	29,961	29,940	27,971	19,486	70%
38	TRANSMISSION LINE MAINTENANCE	22,921	25,882	25,405	25,356	18,045	71%
39	SYSTEM PROTECTION CONTROL MAINTENANCE	11,388	12,802	12,783	11,623	8,466	73%
40	POWER SYSTEM CONTROL MAINTENANCE	11,958	13,423	15,933	12,421	8,845	71%
41	JOINT COST MAINTENANCE	58	206	1	1	102	7799%
42	SYSTEM MAINTENANCE MANAGEMENT	5,292	6,320	6,282	4,166	4,750	114%
43	ROW MAINTENANCE	10,386	24,631	8,133	8,133	3,480	43%
44	HEAVY MOBILE EQUIP MAINT	379	(17)	(249)	926	933	101%
45	TECHNICAL TRAINING	2,530	2,894	3,170	3,170	1,890	60%
46	VEGETATION MANAGEMENT	11,696	-	16,565	16,565	9,680	58%
47	**Sub-Total**	125,680	142,513	144,285	136,655	89,447	65%
	Environmental Operations						
48	ENVIRONMENTAL ANALYSIS	21	81	81	81	10	12%
49	POLLUTION PREVENTION AND ABATEMENT	3,236	4,119	4,180	4,180	2,406	58%
50	**Sub-Total**	3,258	4,199	4,261	4,261	2,416	57%
51	**Transmission Maintenance Sub-Total**	**128,937**	**146,713**	**148,546**	**140,916**	**91,863**	**65%**
	Transmission Engineering						
	System Development						
52	RESEARCH & DEVELOPMENT	6,656	7,583	7,517	7,204	3,765	52%
53	TSD PLANNING AND ANALYSIS	10,801	11,531	12,767	12,516	9,400	75%
54	CAPITAL TO EXPENSE TRANSFER	3,826	4,032	4,000	14,696	8,959	61%
55	REGULATORY & REGION ASSOC FEES	8,403	6,858	8,476	10,106	7,401	73%
56	ENVIRONMENTAL POLICY/PLANNING	1,208	1,797	1,118	1,132	971	86%
57	ENG RATING AND COMPLIANCE	-	-	1,173	2,332	2,381	102%
58	**Sub-Total**	30,895	31,800	35,050	47,986	32,877	69%
59	**Transmission Engineering Sub-Total**	**30,895**	**31,800**	**35,050**	**47,986**	**32,877**	**69%**
	Trans. Services Transmission Acquisition and Ancillary Services						
	BBL Acquisition and Ancillary Products and Services						
60	ANCILLARY SERVICES PAYMENTS	97,185	114,066	114,073	118,881	88,068	74%
61	OTHER PAYMENTS TO POWER SERVICES	9,094	9,537	9,537	9,536	7,152	75%
62	STATION SERVICES PAYMENTS	3,757	3,350	3,350	3,490	2,593	74%
63	**Sub-Total**	110,035	126,953	126,960	131,907	97,813	74%
	Non-BBL Acquisition and Ancillary Products and Services <Note 2						
64	LEASED FACILITIES	4,257	4,127	4,130	4,130	3,529	85%
65	GENERAL TRANSFER AGREEMENTS (settlement)	1,381	504	500	618	-	0%
66	NON-BBL ANCILLARY SERVICES	428	6,789	500	191	354	185%
67	TRANSMISSION RENEWABLES	684	-	696	525	384	73%
68	**Sub-Total**	6,750	11,420	5,827	5,464	4,266	78%
69	**Trans. Srvcs. Acquisition and Ancillary Services Sub-Total**	**116,785**	**138,373**	**132,787**	**137,371**	**102,079**	**74%**
	Transmission Reimbursables						
	Reimbursables						
70	EXTERNAL REIMBURSABLE SERVICES	12,088	7,637	7,780	17,692	13,640	77%
71	INTERNAL REIMBURSABLE SERVICES	1,719	2,280	2,245	2,733	1,391	51%
72	**Sub-Total**	13,807	9,917	10,025	20,425	15,032	74%
73	**Transmission Reimbursables Sub-Total**	**$ 13,807**	**$ 9,917**	**$ 10,025**	**$ 20,425**	**$ 15,032**	**74%**

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Report ID: 0061FY12 — **Transmission Services Detailed Statement of Revenues and Expenses** — **Run Date/Time: July 26, 2012 05:39**

Requesting BL: TRANSMISSION BUSINESS UNIT — **Through the Month Ended June 30, 2012** — **Data Source: EPM Data Warehouse**

Unit of Measure: $ Thousands — **Preliminary/ Unaudited** — **% of Year Elapsed = 75%**

		A	B	C	D <Note 1	E	F
		FY 2011	FY 2012			FY 2012	FY 2012
		Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals	Actuals per Forecast
	BPA Internal Support						
74	**Additional Post-Retirement Contribution**	$ 15,579	$ 17,243	$ 17,243	$ 17,243	$ 12,932	75%
75	**Agency Services G & A** (excludes direct project support)	60,067	59,857	56,430	56,390	41,339	73%
76	**BPA Internal Support Subtotal**	**75,645**	**77,100**	**73,673**	**73,633**	**54,271**	**74%**
	Other Income, Expenses, and Adjustments						
77	**Bad Debt Expense**	**75**	**-**	**-**	**-**	**(25)**	**0%**
78	**Other Income, Expenses, Adjustments**	**19,811**	**-**	**-**	**31**	**56**	**183%**
79	**Undistributed Reduction**	**-**	**-**	**-**	**-**	**-**	**0%**
80	**Non-Federal Debt Service** <Note 2	**-**	**-**	**-**	**-**	**-**	**0%**
81	**Depreciation**	**190,616**	**196,877**	**200,200**	**191,120**	**141,307**	**74%**
82	**Amortization** <Note 2	**1,780**	**1,727**	**1,400**	**1,160**	**789**	**68%**
83	**Total Operating Expenses**	**692,363**	**732,557**	**733,331**	**737,213**	**525,979**	**71%**
84	**Net Operating Revenues (Expenses)**	**215,645**	**215,443**	**215,327**	**219,360**	**187,473**	**85%**
	Interest Expense and (Income)						
85	**Federal Appropriation**	29,217	23,087	26,712	26,712	20,034	75%
86	**Capitalization Adjustment**	(18,968)	(18,968)	(18,968)	(18,968)	(14,226)	75%
87	**Borrowings from US Treasury**	96,181	102,203	83,982	77,241	57,844	75%
88	**Debt Service Reassignment**	54,359	54,352	53,229	54,355	40,766	75%
89	**Customer Advances**	9,838	24,573	9,600	10,834	8,131	75%
90	**Lease Financing**	26,383	20,268	25,502	27,190	20,158	74%
91	**AFUDC**	(27,833)	(30,069)	(27,850)	(37,000)	(27,840)	75%
92	**Interest Income**	(25,319)	(17,362)	(25,253)	(17,785)	(12,441)	70%
93	**Net Interest Expense (Income)**	**143,858**	**158,084**	**126,954**	**122,579**	**92,426**	**75%**
94	**Total Expenses**	**836,220**	**890,641**	**860,285**	**859,791**	**618,404**	**72%**
95	**Net Revenues (Expenses)**	**$ 71,788**	**$ 57,359**	**$ 88,373**	**$ 96,782**	**$ 95,047**	**98%**

<1 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<2 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003.

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4h10c Credits: FY2012

Estimated 4h10c Credits ($ millions)	FY12 Rate Case	1st Quarter	2nd Quarter	3rd Quarter	August DOE Certification	Final Calculations
Power Purchases Caused by Operations for Fish & Wildlife	$ 119.2 BP-12 Rate Case 70-yr average	$ 73.1 Actual Streamflows Oct-Dec, STD06 esp forecasts Dec-Sep	$ 36.6 Actual Calcs Oct-Dec, Actual Streamflow Jan-Mar, STD11 esp Forecasts Apr-Sep	$ 41.0 Actual Calcs Oct-Mar, Actual Streamflow Apr-Jun, STD17 esp Forecasts Apr-Sep	$ Actual Calcs Oct-July, Forecasts Aug-Sep	$ Actual credits Oct-Sep
Expense	$ 237.4	$ 237.4	$ 237.5	$ 249.9		
Pisces F&W Program Software	$ 1.8	$ 1.8	$ 1.8	$ 1.8		
Capital*	$ 50.0	$ 59.8	$ 59.8	$ 59.8		
Total	$ 408.4	$ 372.1	$ 335.6	$ 348.6		
Credit (22.3%)	**$ 91.1**	**$ 83.0**	**$ 74.9**	**$ 77.7**		

*The Capital increase reflects reshaping of the capital program for a 10% overall reduction in 10-year spending.

Comments on the Power Purchase Forecasts:

- For Rate Cases we estimate a 4(h)(10)(C) credit for each of the 70 historic water years in the Rate Case study and use the 70-year average of these estimates, which was $91 M in FY12 of the WP-12 Rate Case. The credit can vary significantly each year; for instance, the 70 years of WP-12 estimates ranged from $70 M to $200 M.
- For 1st Quarter we updated the credit estimate based on best available forecasting. The estimate decreased compared to the rate case primarily due to a significant decrease in price forecasts for the year and an increase in generation forecast for the fall months.
- For 2nd Quarter we included actual credit calculations for October through December and updated the rest of the months based on best available forecasting, which included actual streamflows January through March and forecasts for the rest of the months. The estimate decreased again due to a decrease in price forecasts and an increase in the generation forecast.
- For 3rd Quarter we included actual credit calculations for October through March and updated the rest of the months based on best available forecasting, which included actual streamflows April through June and forecasts for the rest of the months. The estimate increased slightly, primarily because the actual calculation of power purchases for February was higher than forecasted.

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COMPOSITE COST POOL TRUE-UP TABLE

		Q3 Forecast ($000)	FY 2012 Rate Case forecast ($000)	Q3 - 2012 Rate Case Difference ($000)	Q2 Forecast ($000)	Q2 - 2012 Rate Case Difference ($000)
1	**Operating Expenses**					
2	**Power System Generation Resources**					
3	**Operating Generation**					
4	COLUMBIA GENERATING STATION (WNP-2)	$ 293,037	$ 306,366	$ (13,329)	$ 295,432	$ (10,934)
5	BUREAU OF RECLAMATION	$ 101,972	$ 111,972	$ (10,000)	$ 111,972	$ -
6	CORPS OF ENGINEERS	$ 207,175	$ 208,700	$ (1,525)	$ 207,175	$ (1,525)
8	LONG-TERM CONTRACT GENERATING PROJECTS	$ 25,131	$ 25,079	$ 52	$ 25,131	$ 52
9	**Sub-Total**	**$ 627,316**	**$ 652,117**	**$ (24,802)**	**$ 639,710**	**$ (12,407)**
10	**Operating Generation Settlement Payment and Other Payments**					
11	COLVILLE GENERATION SETTLEMENT	$ 20,424	$ 21,928	$ (1,504)	$ 20,437	$ (1,491)
12	SPOKANE LEGISLATION SETTLEMENT	$ -	$ -	$ -	$ -	$ -
13	**Sub-Total**	**$ 20,424**	**$ 21,928**	**$ (1,504)**	**$ 20,437**	**$ (1,491)**
14	**Non-Operating Generation**					
15	TROJAN DECOMMISSIONING	$ 1,600	$ 1,500	$ 100	$ 1,600	$ 100
16	WNP-1&3 DECOMMISSIONING	$ 500	$ 438	$ 62	$ 500	$ 62
17	**Sub-Total**	**$ 2,100**	**$ 1,938**	**$ 162**	**$ 2,100**	**$ 162**
18	**Gross Contracted Power Purchases**					
19	PNCA HEADWATER BENEFITS	$ 2,452	$ 2,452	$ -	$ 2,452	$ -
20	HEDGING/MITIGATION (omit except for those assoc. with augmentation)	$ -	$ -	$ -	$ -	$ -
21	GROSS OTHER POWER PURCHASES (omit, except for those assoc. with Designated BPA System Obligations or Designated BPA Contract Purchases	$ 42,289	$ -	$ 42,289	$ 31,600	$ 31,600
22	**Sub-Total**	**$ 44,741**	**$ 2,452**	**$ 42,289**	**$ 34,052**	**$ 31,600**
23	**Bookout Adjustment to Power Purchases (omit)**					
24	**Augmentation Power Purchases (omit - calculated below)**					
25	AUGMENTATION POWER PURCHASES					
26	**Sub-Total**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
27	**Exchanges and Settlements**					
28	RESIDENTIAL EXCHANGE PROGRAM (REP)	$ 202,635	$ 201,562	$ 1,073	$ 203,424	$ 1,862
29	REP ADMINISTRATION COSTS (actuals are included under strategy and executive below)	$ -	$ 1,446	$ (1,446)	$ -	$ (1,446)
30	OTHER SETTLEMENTS	$ -	$ -	$ -	$ -	$ -
31	**Sub-Total**	**$ 202,635**	**$ 203,008**	**$ (373)**	**$ 203,424**	**$ 416**
32	**Renewable Generation**					
33	RENEWABLES R&D (moved to Power R&D after rate case)	$ -	$ 5,622	$ (5,622)	$ -	$ (5,622)
33a	Renewable Conservation Rate Credit	$ (18)	$ -	$ (18)	$ (18)	$ (18)
34	Contra expense for unspent GEP revenues remaining at end of FY 2011	$ (3,243)	$ (2,625)	$ (618)	$ (3,243)	$ (618)
35	RENEWABLES (excludes KIII)	$ 27,514	$ 27,670	$ (156)	$ 27,543	$ (126)
36	**Sub-Total**	**$ 24,253**	**$ 30,667**	**$ (6,414)**	**$ 24,282**	**$ (6,384)**
37	**Generation Conservation**					
38	GENERATION CONSERVATION R&D (moved to Power R&D after rate case)	$ -	$ -	$ -	$ -	$ -
39	DSM TECHNOLOGY	$ 5	$ -	$ 5	$ 3	$ 3
40	CONSERVATION ACQUISITION	$ 14,298	$ 15,950	$ (1,652)	$ 13,548	$ (2,402)
41	LOW INCOME WEATHERIZATION & TRIBAL	$ 6,920	$ 5,000	$ 1,920	$ 6,600	$ 1,600
42	ENERGY EFFICIENCY DEVELOPMENT	$ 4,153	$ 11,500	$ (7,347)	$ 5,100	$ (6,400)
43	LEGACY	$ 1,100	$ 1,000	$ 100	$ 1,000	$ -
44	MARKET TRANSFORMATION	$ 14,310	$ 13,500	$ 810	$ 14,790	$ 1,290
45	**Sub-Total**	**$ 40,785**	**$ 46,950**	**$ (6,165)**	**$ 41,041**	**$ (5,909)**
46	**Conservation Rate credit (CRC)**	**$ (17)**	**$ -**	$ (17)	**$ (17)**	**$ (17)**
47	**Power System Generation Sub-Total**	**$ 962,238**	**$ 959,060**	**$ 3,178**	**$ 965,029**	**$ 5,969**

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COMPOSITE COST POOL TRUE-UP TABLE

		Q3 Forecast ($000)	FY 2012 Rate Case forecast ($000)	Q3 - 2012 Rate Case Difference ($000)	Q2 Forecast ($000)	Q2 - 2012 Rate Case Difference ($000)
48						
49	**Power Non-Generation Operations**					
50	**Power Services System Operations**					
51	EFFICIENCIES PROGRAM	$ -	$ -	$ -	$ -	$ -
52	PS SYSTEM OPERATIONS R&D (moved to Power R&D after rate case)	$ -	$ -	$ -	$ -	$ -
53	INFORMATION TECHNOLOGY	$ 8,005	$ 7,143	$ 862	$ 8,007	$ 865
54	GENERATION PROJECT COORDINATION	$ 5,793	$ 5,895	$ (102)	$ 5,709	$ (186)
55	SLICE IMPLEMENTATION	$ 1,127	$ 2,322	$ (1,195)	$ 1,127	$ (1,195)
56	**Sub-Total**	**$ 14,924**	**$ 15,360**	**$ (435)**	**$ 14,843**	**$ (516)**
57	**Power Services Scheduling**					
58	OPERATIONS SCHEDULING	$ 9,978	$ 10,041	$ (62)	$ 10,010	$ (31)
59	PS SCHEDULING R&D (moved to Power R&D after rate case)	$ -	$ -	$ -	$ -	$ -
60	OPERATIONS PLANNING	$ 7,578	$ 6,744	$ 834	$ 7,580	$ 836
61	**Sub-Total**	**$ 17,556**	**$ 16,785**	**$ 772**	**$ 17,590**	**$ 805**
62	**Power Services Marketing and Business Support**					
63	POWER R&D (forecast includes all the R&D items)	$ 5,631		$ 5,631	$ 5,631	$ 5,631
64	SALES & SUPPORT	$ 18,767	$ 19,745	$ (978)	$ 18,864	$ (880)
65	STRATEGY, FINANCE & RISK MGMT (actuals will include a part of REP admin costs)	$ 16,507	$ 16,469	$ 37	$ 16,968	$ 499
66	EXECUTIVE AND ADMINISTRATIVE SERVICES (actuals include a part of REP admin costs)	$ 3,191	$ 3,480	$ (289)	$ 3,199	$ (280)
67	CONSERVATION SUPPORT	$ 8,853	$ 9,555	$ (702)	$ 8,792	$ (763)
68	**Sub-Total**	**$ 52,948**	**$ 49,249**	**$ 3,700**	**$ 53,455**	**$ 4,207**
69	**Power Non-Generation Operations Sub-Total**	**$ 85,429**	**$ 81,393**	**$ 4,036**	**$ 85,888**	**$ 4,496**
70	**Power Services Transmission Acquisition and Ancillary Services**					
71	**PS Transmission Acquisition and Ancillary Services**					
72	POWER SERVICES TRANSMISSION & ANCILLARY SERVICES					
73	Transmission costs for Designated BPA System Obligations (not subject to True-Up)	$ 31,707	$ 31,707	$ -	$ 31,707	$ -
74	3RD PARTY GTA WHEELING	$ 49,113	$ 52,263	$ (3,150)	$ 53,863	$ 1,600
75	POWER SERVICES - 3RD PARTY TRANS & ANCILLARY SVCS (omit)					
76	GENERATION INTEGRATION (WIT expense included)	$ 13,035	$ 8,865	$ 4,170	$ 13,035	$ 4,170
77	WIND INTEGRATION TEAM	$ -	$ 4,170	$ (4,170)	$ -	$ (4,170)
78	TELEMETERING/EQUIP REPLACEMT	$ 50	$ 50	$ -	$ 50	$ -
79	**Power Services Trans Acquisition and Ancillary Serv Sub-Total**	**$ 93,906**	**$ 97,056**	**$ (3,150)**	**$ 98,656**	**$ 1,600**
80	**Fish and Wildlife/USF&W/Planning Council/Environmental Req**					
81	**BPA Fish and Wildlife (includes F&W Shared Services)**					
82	**Fish & Wildlife**	$ 245,950	$ 237,394	$ 8,556	$ 237,544	$ 150
83	**USF&W Lower Snake Hatcheries**	$ 28,800	$ 28,800	$ -	$ 28,800	$ -
84	**Planning Council**	$ 10,114	$ 10,114	$ -	$ 10,709	$ 595
85	**Environmental Requirements**	$ 302	$ 302	$ -	$ 302	$ -
86	**Fish and Wildlife/USF&W/Planning Council Sub-Total**	**$ 285,166**	**$ 276,610**	**$ 8,556**	**$ 277,356**	**$ 745**

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COMPOSITE COST POOL TRUE-UP TABLE

		Q3 Forecast ($000)	FY 2012 Rate Case forecast ($000)	Q3 - 2012 Rate Case Difference ($000)	Q2 Forecast ($000)	Q2 - 2012 Rate Case Difference ($000)
87	**BPA Internal Support**					
88	**Additional Post-Retirement Contribution**	$ 17,243	$ 17,243	$ -	$ 17,243	$ -
89	**Agency Services G&A (excludes direct project support)**	$ 51,787	$ 51,735	$ 52	$ 51,111	$ (624)
90	**BPA Internal Support Sub-Total**	**$ 69,030**	**$ 68,978**	**$ 52**	**$ 68,354**	**$ (624)**
91	**Bad Debt Expense**	$ 4	$ -	$ 4	$ 4	$ 4
92	**Other Income, Expenses, Adjustments**	$ (1,330)	$ -	$ (1,330)	**$ (13)**	**$ (13)**
93	**Non-Federal Debt Service**					
94	**Energy Northwest Debt Service**					
95	COLUMBIA GENERATING STATION DEBT SVC	$ 101,066	$ 115,553	$ (14,487)	$ 101,066	$ (14,487)
96	WNP-1 DEBT SVC	$ 285,484	$ 282,802	$ 2,682	$ 284,146	$ 1,344
97	WNP-3 DEBT SVC	$ 159,238	$ 156,299	$ 2,938	$ 157,186	$ 887
98	EN RETIRED DEBT	$ -	$ -	$ -	$ -	$ -
99	EN LIBOR INTEREST RATE SWAP	$ -	$ -	$ -	$ -	$ -
100	**Sub-Total**	**$ 545,788**	**$ 554,654**	**$ (8,866)**	**$ 542,398**	**$ (12,256)**
101	**Non-Energy Northwest Debt Service**					
102	TROJAN DEBT SVC	$ -	$ -	$ -	$ -	$ -
103	CONSERVATION DEBT SVC	$ 2,712	$ 2,379	$ 333	$ 2,712	$ 333
104	COWLITZ FALLS DEBT SVC	$ 11,715	$ 11,715	$ (0)	$ 11,715	$ (0)
105	NORTHERN WASCO DEBT SVC	$ 1,789	$ 2,223	$ (433)	$ 2,223	$ 0
106	**Sub-Total**	**$ 16,216**	**$ 16,316**	**$ (100)**	**$ 16,649**	**$ 333**
107	**Non-Federal Debt Service Sub-Total**	**$ 562,004**	**$ 570,970**	**$ (8,966)**	**$ 559,047**	**$ (11,923)**
108	**Depreciation**	$ 110,000	$ 122,169	$ (12,169)	$ 110,000	$ (12,169)
109	**Amortization**	$ 88,248	$ 81,029	$ 7,219	$ 87,748	$ 6,719
110	**Total Operating Expenses**	**$ 2,254,694**	**$ 2,257,265**	**$ (2,571)**	**$ 2,252,068**	**$ (5,197)**
111						
112	**Other Expenses**					
113	Net Interest Expense	$ 176,369	$ 208,802	$ (32,434)	$ 174,542	$ (34,260)
114	Interest credit adjustment (removes nonSlice cost pool interest credit included in row 113)	$ -	$ 1,362	$ (1,362)	$ -	$ (1,362)
115	LDD	$ 30,619	$ 31,768	$ (1,149)	$ 30,657	$ (1,111)
116	Irrigation Rate Discount Costs	$ 19,305	$ 19,305	$ (0)	$ 19,305	$ -
117	**Sub-Total**	**$ 226,293**	**$ 261,237**	**$ (34,944)**	**$ 224,505**	**$ (36,732)**
118	**Total Expenses**	**$ 2,480,987**	**$ 2,518,502**	**$ (37,515)**	**$ 2,476,573**	**$ (41,929)**
119						

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COMPOSITE COST POOL TRUE-UP TABLE

		Q3 Forecast ($000)	FY 2012 Rate Case forecast ($000)	Q3 - 2012 Rate Case Difference ($000)	Q2 Forecast ($000)	Q2 - 2012 Rate Case Difference ($000)
120	**Revenue Credits**					
121	Generation Inputs for Ancillary, Control Area, and Other Services Revenues	$ 131,907	$ 127,449	$ 4,458	$ 130,408	$ 2,959
122	Downstream Benefits and Pumping Power revenues	$ 15,083	$ 14,338	$ 746	$ 14,984	$ 647
123	4(h)(10)(c) credit	$ 77,733	$ 91,062	$ (13,329)	$ 74,838	$ (16,223)
124	Colville and Spokane Settlements	$ 4,600	$ 4,600	$ -	$ 4,600	$ -
125	Energy Efficiency Revenues	$ 4,100	$ 11,500	$ (7,400)	$ 5,100	$ (6,400)
126	Miscellaneous revenues	$ 3,677	$ 3,420	$ 257	$ 3,842	$ 422
127	Renewable Energy Certificates	$ 291	$ 2,658	$ (2,367)	$ 283	$ (2,376)
128	Pre-Subscription Revenues (Big Horn/Hungry Horse)	$ 1,708	$ 1,716	$ (8)	$ 1,644	$ (72)
129	Net Revenues from other Designated BPA System Obligations (Upper Baker)	$ 363	$ 360	$ 3	$ 360	$ -
130	WNP-3 Settlement revenues	$ 34,850	$ 29,516	$ 5,334	$ 34,850	$ 5,334
131	RSS Revenues (not subject to true-up)	$ 2,532	$ 2,532	$ -	$ 2,532	$ -
132	Firm Surplus and Secondary Adjustment (from Unused RHWM)	$ 17,794	$ 19,469	$ (1,675)	$ 17,794	$ (1,675)
133	Balancing Augmentation Adjustment (not subject to true-up)	$ (7,957)	$ (7,957)	$ -	$ (7,957)	$ -
134	Transmission Loss Adjustment (not subject to true-up)	$ 24,835	$ 24,835	$ -	$ 24,835	$ -
135	Tier 2 Rate Adjustment (not subject to true-up)	$ 215	$ 215	$ -	$ 215	$ -
136	NR Revenues (not subject to true-up)	$ 1	$ 1	$ -	$ 1	$ -
137	**Total Revenue Credits**	**$ 311,732**	**$ 325,712**	**$ (13,980)**	**$ 308,329**	**$ (17,383)**
138						
139	**Augmentation Costs (not subject to True-Up)**					
140	Tier 1 Augmentation Resources (includes Augmentation RSS and Augmentation RSC adders)	$ 12,740	$ 12,740	$ -	$ 12,740	$ -
141	Augmentation Purchases		$ -			
142	**Total Augmentation Costs**	**$ 12,740**	**$ 12,740**	**$ -**	**$ 12,740**	**$ -**
143						
144	**DSI Revenue Credit**					
145	Revenues 340 aMW, 340 aMW @ IP rate	$ 108,606	$ 108,606	$ -	$ 108,606	$ -
146	**Total DSI revenues**	**$ 108,606**	**$ 108,606**	**$ -**	**$ 108,606**	**$ -**
147						
148	**Minimum Required Net Revenue Calculation**					
149	Principal Payment of Fed Debt for Power	$ 193,000	$ 193,000	$ -	$ 193,000	$ -
150	Irrigation assistance	$ 1,182	$ 1,182	$ -	$ 1,182	$ -
151	Depreciation	$ 110,000	$ 122,169	$ (12,169)	$ 110,000	$ (12,169)
152	Amortization	$ 88,248	$ 81,029	$ 7,219	$ 87,748	$ 6,719
153	Capitalization Adjustment	$ (45,937)	$ (45,937)	$ -	$ (45,937)	$ -
154	Bond Premium Amortization	$ 185	$ 185	$ -	$ 185	$ -
155	Principal Payment of Fed Debt exceeds non cash expenses	$ 41,686	$ 36,736	$ 4,950	$ 42,186	$ 5,450
156	Minimum Required Net Revenues	**$ 41,686**	**$ 36,736**	**$ 4,950**	**$ 42,186**	**$ 5,450**
157						
158	Annual Composite Cost Pool (Amounts for each FY)	**$ 2,115,075**	**$ 2,133,660**	**$ (18,585)**	**$ 2,114,564**	**$ (19,096)**
159						
160	**SLICE TRUE-UP ADJUSTMENT CALCULATION FOR COMPOSITE COST POOL**					
161	TRUE UP AMOUNT (Difference between forecast and 2012 Rate Case)	$ (18,585)			$ (19,096)	
162	Sum of TOCAs	0.9630577			0.9630577	
163	Adjustment of True-Up when actual TOCAs < 100 percent (divide by sum of TOCAs, expressed as a decimal, 100 percent = 1.0)	$ (19,297)			$ (19,828)	
164	TRUE-UP ADJUSTMENT CHARGE BILLED (26.85407 percent)	**$ (5,182)**			**$ (5,325)**	

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Proposed Schedule for Slice True-Up Adjustment for Composite Cost Pool True-Up Table and Cost Verification Process

Dates	Agenda
July 31, 2012	Third Quarter Business Review Meeting with customers Slice True-Up Adjustment estimate for the Composite Cost Pool True-Up Table and review High Level explanation of variances between rate case forecast and Q3 forecast Q&A customers for any additional information of line items in the Slice True-Up Revisit any questions and data requests that were asked during Q2 as needed
October – November 2012	BPA External CPA firm conducting audit for fiscal year end
Mid-October 2012	Recording the End of Fiscal Year Slice True-Up Adjustment Accrual for the Composite Cost Pool True-Up Table in the financial system
October 30, 2012	Fourth Quarter Business Review Meeting with customers External audit should be complete by the end of October Provide Slice True-Up Adjustment for the Composite Cost Pool True-Up Table and review (this is the number posted in the financial system and is expected to be the final number)
Early November	Final audited actual financial data is expected to be available
November 21, 2012 or earlier	Notification to Slice Customers of the Slice True-Up Adjustment for the Composite Cost Pool True-Up Table BPA to post Composite Cost Pool True-Up Table containing actual values and the Slice True-Up Adjustment
December 14, 2012	Deadline for customers to submit questions about actual line items in the Composite Cost Pool True-Up Table with the Slice True-Up Adjustment for inclusion in the Agreed Upon Procedures (AUPs) Performed by BPA external CPA firm (customers have 15 business days following the posting of Composite Cost Pool Table containing actual values and the Slice True-Up Adjustment
December 31, 2012	BPA posts a draft list of AUP tasks to be performed (Attachment A does not specify an exact date)

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Proposed Schedule for Slice True-Up Adjustment for Composite Cost Pool True-Up Table and Cost Verification Process

January 11, 2013	**Customer comments are due on the list of tasks (The deadline can not exceed 10 days from BPA posting)**
January 18, 2013	**BPA finalizes list of questions about actual lines items in the Composite Cost Pool True-Up Table for the AUPs**
January 21, 2013	**External auditor to begin the work on the AUPs**
March 21, 2013	**External auditor to complete the AUPs (may have up to 120 calendar days)**
March 24, 2013	**Initial Cost Verification Workshop**
April 17, 2013	**Customer comment period deadline**
April 24, 2013	**Follow-up Cost Verification Workshop**
May 15, 2013	**BPA Draft Response on AUP Report and questions/items raised during workshops**
End of May 2013	**If customers do not deliver any notice of grievances that are vetted with a third party Neutral, BPA will issue a Final Response on the AUP Report**

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Financial Disclosure

- This information has been made publicly available by BPA on July 27, 2012 and contains BPA-approved Agency Financial Information.

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