BONNEVILLE
POWER ADMINISTRATION

Extending $350M of Columbia Generating Station Debt

Updated Information as of January 11, 2006

This updated information will be used in other forums, and at a minimum, will be shared with the Energy Northwest Executive Board and the Energy Northwest Participants' Review Board

Today's Discussion

- Summary of the Debt Extension Proposal
- Why New Analysis was Performed
- What Changed in the New Analysis
- Table of Current versus Prior Analysis
- Summary & Other Considerations

Summary of the Debt Extension Proposal

- Customers requested that BPA analyze the benefits of extending a portion of the CGS debt into the post-2018 period specifically for the purpose of rate relief.
- BPA's initial analysis indicated that:
  - Significant ratepayer savings could be achieved in 2007-2018 with a modest cost in 2019-2024
  - Total outstanding debt by 2024 would only be slightly higher
- Under this proposal the length of the debt better matches the life of the asset, thereby matching up ratepayer costs with benefits.
- Relatively few written comments were received during the public comment period; only one entity submitted a comment against the proposal, and since then, the Executive Committee of the Public Power Council has voted in favor of it.
- Numerous customers/stakeholders continue to believe BPA can do more to bring the projected rate level down.

Why New Analysis was Performed

- The initial CGS extension analysis shared with the public was completed in the prior fiscal year, FY05.
- Anytime we cross over into a new fiscal year various repayment study updates are completed for things such as:
  - Actual Treasury bonds issued during the prior fiscal year
  - Actual Federal principal payments made
  - Any other changes necessary to ensure repayment study inputs are aligned with the most current data and assumptions
- It is our standard procedure to complete new repayment study analysis when major updates occur. It ensures that:
  - Repayment study results reflect the updates made to databases
  - Assumptions used in the repayment study are aligned with current thinking

What Changed in the New Analysis

- Federal actual databases were updated to reflect:
  - Treasury Bonds issued in FY05
  - Federal principal payments made in FY05
  - Investments placed into service in FY05 (Corps/Bureau investments funded through appropriations)
- Financing assumptions for conservation were updated to be consistent with the Initial Rate Proposal.
- Minor changes were made to the Non-Federal debt databases.

$350m Debt Extension Results:
Current vs. Prior Analysis

Dollars in Millions

PRIOR Analysis

Change in Total Debt Outstanding by 2024		10
Net Present Value Benefit		61
BPA FY Period	**Repymt Study Total D/S**	**Repymt Study Ave Annual D/S**
2007-2009	(32)	(11)
2010-2012	(38)	(13)
2013-2018	(28)	(5)
2019-2024	34	6
Total	(64)	

CURRENT Analysis

Change in Total Debt Outstanding by 2024		(100)
Net Present Value Benefit		5
BPA FY Period	**Repymt Study Total D/S**	**Repymt Study Ave Annual D/S**
2007-2009	(48)	(16)
2010-2012	(22)	(7)
2013-2018	(18)	(3)
2019-2024	134	22
Total	46	

Summary & Other Considerations

- The most recent analysis results in the following:
  - Saves $48m during FY07-09 rate period (more than the $32m originally anticipated)
  - Costs $46m over the FY07-24 period (compared to the $64m saved in the prior results)
  - Reduces total debt by approximately $100m by 2024 (compared to a $10m increase in the prior results)
  - Still has a positive net present value savings of $5m (compared to $61m previously)
- Although the post-2018 costs are higher than originally anticipated, all of the increased cost is offset by the additional amortization of Federal debt in a like amount.
- BPA manages its debt for the benefit of the region on a holistic basis and although actual numbers have changed, we believe the proposal is still economically sound.
- In a parallel effort, BPA has committed to funding relicensing efforts in its Initial Rate Proposal.