Treatment of California-Related Refunds and Payments

Cash Events	Interest Allocation
	Interest allocator starts at $495.6M, per TRM section 2.5
BPA receives $890K of miscellaneous cash receipts from FY 2009 through partial FY 2012	FY 2012 Slice True-up adjusts interest allocator by cash receipts from FY 2009 through partial FY 2012; Allocator now equals $496.5M
BPA receives refund of $73.8M on April 25, 2012	FY 2012 Slice True-up adjusts interest allocator for receipt of refund; Allocator now equals $570.3M
Cash set aside as "Funds Held for Others" (not available for risk mitigation)	
BPA may receive miscellaneous cash receipts during the remainder of FY 2012	FY 2012 Slice True-up adjusts interest allocator by miscellaneous FY2012 cash receipts BP-12 rates reflect $804K of receipts from FY2009 through partial FY 2011 (the rate case was submitted before FY 2011 was completed)
Future Events	
BPA receives miscellaneous cash receipts during FY 2013	FY 2013 Slice True-up adjusts interest allocator by miscellaneous FY2013 cash receipts BP-14 rates reflect receipts from FY2009 through partial FY 2013
California lawsuit concludes and resolves damages payable by BPA, if any	
BPA presumably offsets damages payment, if any, with Funds Held for Others set aside	

BPA decides disposition of receipts and damages payments

Option 1) Slice customers share in net of receipts and payments →	Adjustments to interest allocator reversed; amount reset to $495.6M
Option 2) Slice customers do not share in net of receipts and payments →	Interest allocator adjusted for the amount of damages payment, if any
Option 3) Slice customers share in receipts and but not payments →	Adjustments to interest allocator reversed; amount reset to $495.6M minus payments
Option 4) Slice customers share in payments but not receipts →	Interest allocator adjusted for additional future receipts of pre-2002 funds, if any
Option 5) Slice customers share in portion of receipts and/or payments →	Adjustments to interest allocator reversed for shared amounts; amounts not shared adjust the allocator