

Slice True-Up 101

July 24, 2013 10:00 AM – 12:00 PM
Net Meeting



Logon information

Phone Bridge and Live Meeting information will be posted to BPA's Event Calendar prior to the meeting.

See URL Link

<http://www.bpa.gov/PublicInvolvement/Cal/Pages/CalendarList.aspx>



Welcome

Audience: Slice and Non-Slice Customers, AE's, Slice Operations group, Special Guests

Special Guests: Mary Hawken, Ted Barham, Janice Johnson and many others

Content Organized and Presented by Craig Larson

Introduction:

- **Names and Introductions – in-house and on the phone**
- **Ex Parte in effect maybe – Can't talk about active Rate Case Issues**
- **Scope of this presentation – Slice True-Up portion of QBR**

Slice History

A Review of Subscription and RD(Regional Dialogue) Slice distinctions and differences



RD Slice – Different than Subscription?

- **Tiered Rates Methodology – new rates approach**
 - Rates procedure retooled**
 - Rights and Obligations – parallel treatment**
 - Audit rights of Subscription were problematic**
 - Audit rights of RD conducted in front of Slice and Non-Slice audience**
- **Accuracy can be challenged, but not rules**
- **Three cost pools used for Tier 1 cost allocation**
- **Attempts to treat Slice and Non-Slice customers equitably**



What is the Slice True-up?

Three Tier 1 Cost Pools and TRM orientation

- Slice Cost Pool (relevant to Slice True-up)
- Non Slice Cost Pool
- Composite Cost Pool (relevant to Slice True-up)



TRM Section 2.7

- Section 2.7: Slice customers will have an annual Slice True-Up Adjustment for expenses and revenue credits allocated to the Composite Cost Pool (see Table 2, Section B) and to the Slice Cost Pool (see Table 2, Section C)...
- Section 2.7.1: Composite Cost Pool
- Section 2.7.2: Slice Cost Pool True-Up
To implement a request of and for the benefit of Slice customers exclusively



TRM Attachment A

Cost Verification Process for the Slice True-Up Adjustment Charge (or Credit)

- Upon completion of the BPA annual audit, BPA will calculate the Slice True-Up Adjustment Charge for the Fiscal Year just concluded, consistent with the requirements of section 2.7 of the TRM and the Cost Allocation Table (Table 2 of the TRM) as established in the applicable 7(i) Process.
- Agreed Upon Procedures
- Cost Verification Workshops



2012 Power Rates Schedules and General Rate Schedule Provisions (FY 2012-2013) – Table G

**Table G
Composite Cost Pool True-Up Table**

	Audited Actual Data (\$000)	FY 2012 forecast (\$000)	FY 2013 forecast (\$000)
1 Operating Expenses			
2 Power System Generation Resources			
3 Operating Generation			
4 COLUMBIA GENERATING STATION (WNP-2)		\$ 300,300	\$ 345,945
5 BUREAU OF RECLAMATION		\$ 111,072	\$ 110,501
6 CORPUS OF ENGINEERS		\$ 200,700	\$ 215,700
9 LONG-TERM CONTRACT GENERATING PURCHASES		\$ 25,070	\$ 25,032
Sub-Total		\$ 637,142	\$ 702,183
10 Operating Generation Settlement Payment and Other Payments			
11 COOLVILLE GENERATION SETTLEMENT		\$ 21,500	\$ 22,140
12 SPOKANE LEGISLATION SETTLEMENT		\$ -	\$ -
Sub-Total		\$ 21,500	\$ 22,140
13 Non-Operating Generation			
15 TROJAN DECOMMISSIONING		\$ 1,500	\$ 1,500
16 WNP-163 DECOMMISSIONING		\$ 430	\$ 440
Sub-Total		\$ 1,930	\$ 1,940
18 Gross Contracted Power Purchases			
19 PNCA HEADWATER BENEFITS		\$ 2,452	\$ 2,704
20 HEADWATER 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)		\$ -	\$ -
Sub-Total		\$ 2,452	\$ 2,704
23 Bookout Adjustment to Power Purchases (omit)			
24 Augmentation Power Purchases (omit - calculated below)			
25 AUGMENTATION POWER PURCHASES		\$ -	\$ -
Sub-Total		\$ -	\$ -
27 Exchanges and Settlements			
28 RESIDENTIAL EXCHANGE PROGRAM (REP) - Lookback expense reduction included		\$ 201,950	\$ 201,750
29 REP ADMINISTRATION COSTS		\$ 1,440	\$ 800
30 OTHER SETTLEMENTS		\$ -	\$ -
Sub-Total		\$ 203,390	\$ 202,550
32 Renewable Generation			
33 RENEWABLES R&D		\$ 5,522	\$ 5,930
34 Contra expense for unspent GEP revenue remaining at end of FY 2011		\$ (2,525)	\$ (2,525)
35 RENEWABLES (excludes KB)		\$ 27,570	\$ 28,145
Sub-Total		\$ 30,567	\$ 31,480
37 Generation Conservation			
38 GENERATION CONSERVATION R&D		\$ -	\$ -
39 DSM TECHNOLOGY		\$ -	\$ -
40 CONSERVATION ACQUISITION		\$ -	\$ -
41 LOW INCOME WEATHERIZATION & TRIBAL		\$ -	\$ -
42 ENERGY EFFICIENCY DEVELOPMENT		\$ -	\$ -
43 LEGACY		\$ -	\$ -
44 MARKET TRANSFORMATION		\$ -	\$ -
Sub-Total		\$ -	\$ -
45 Conservation Rate credit (CRC)		\$ -	\$ -



2012 Power Rates Schedules and General Rate Schedule Provisions (FY 2012-2013) – Table H

Table H
Slice Cost Pool True-Up Table

	Audited Actual Data (\$000)	FY 2012 forecast (\$000)	FY 2013 forecast (\$000)
1 Slice Expenses			
2			
3			
4 Total Slice Expenses		\$ -	\$ -
5			
6 Slice Credits			
7			
8 Total Slice Credits		\$ -	\$ -
9			
10 Annual Slice Cost Pool (Amounts for each FY)		\$ -	\$ -
11			
12 SLICE TRUE-UP ADJUSTMENT CALCULATION FOR SLICE COST POOL			
13 TRUE UP AMOUNT (Diff. between actual Comp. Cost Pool and forecast Comp. Cost Pool for applicable FY)			
14			
15 TRUE-UP ADJUSTMENT CHARGE BILLED (100 percent)			



BP-12 Power Rates Study, BP-12-FS-BPA-01

Section 7 - Items included and subject to True-up:

- Firm Surplus and Secondary Adj. from Unused RHWM
- DSI Revenue Credit
- Unspent Green Energy Premium Revenues
- Interest Earned on the Bonneville Fund
- Bad Debt Expense allocated to the CCP
- Residential Exchange Program (REP) Expense

Section 7 - Items included but not subject to True-Up:

- System Augmentation Expenses
- Balancing Augmentation Adjustment
- Transmission Costs for Designated BPA System Obligations
- Transmission Loss Adjustment
- Resource Support Services Revenue Credit
- Tier 2 Rate Adjustments



Study of financial statements in the Annual Report

For Perspective:

Total Capitalization and Liabilities ~ \$ 24 B

Net Revenues/Expenses ~ \$ 2.5 B

Notes:

Combination & Consolidation of Entities (BPA, COE & BR)

U.S. Treasury Credits for Fish

Residential Exchange Program

Accounting Principles

Something for Everyone



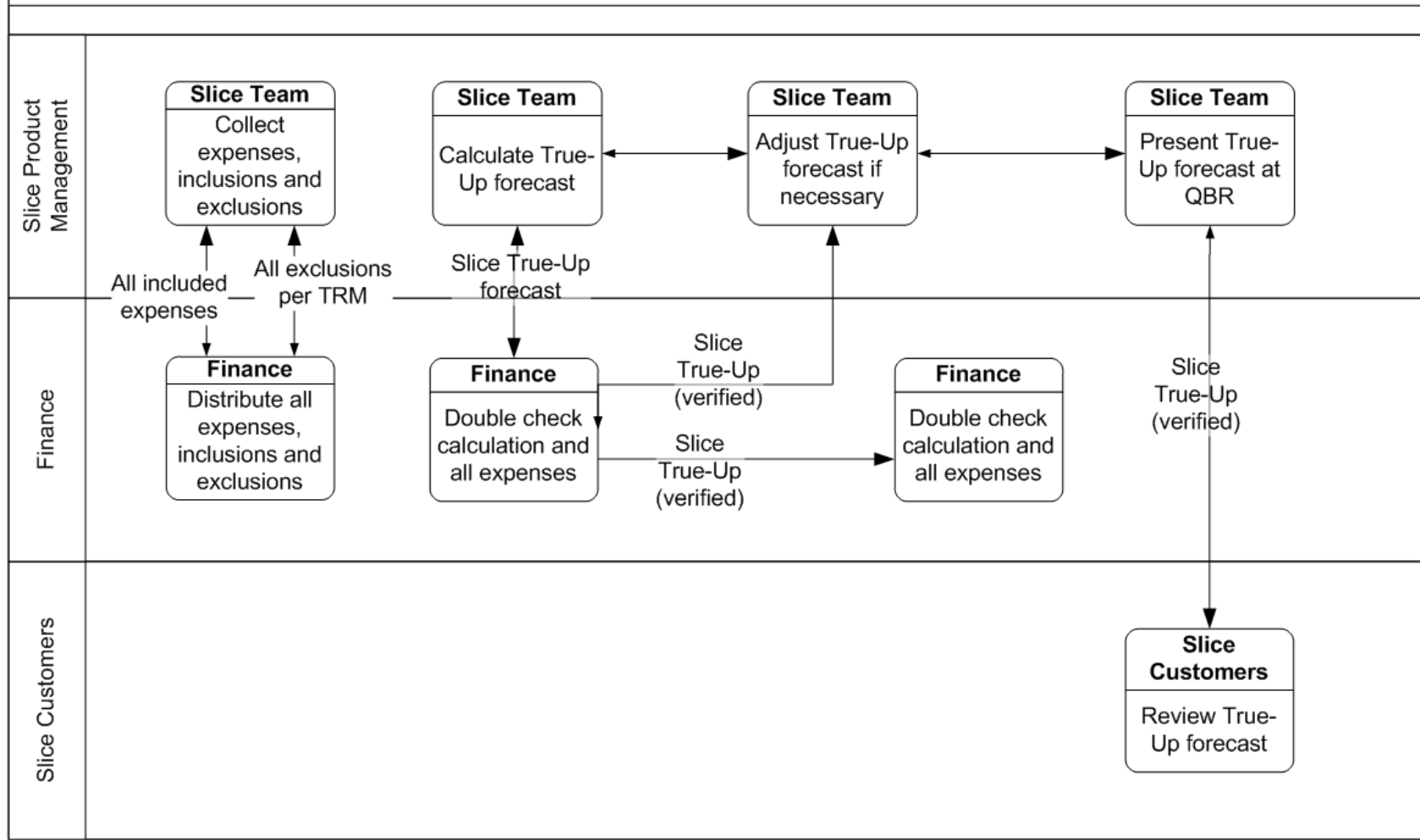
Annual True-Up Process

Follows the True-up from the Rate Case through the end of the year

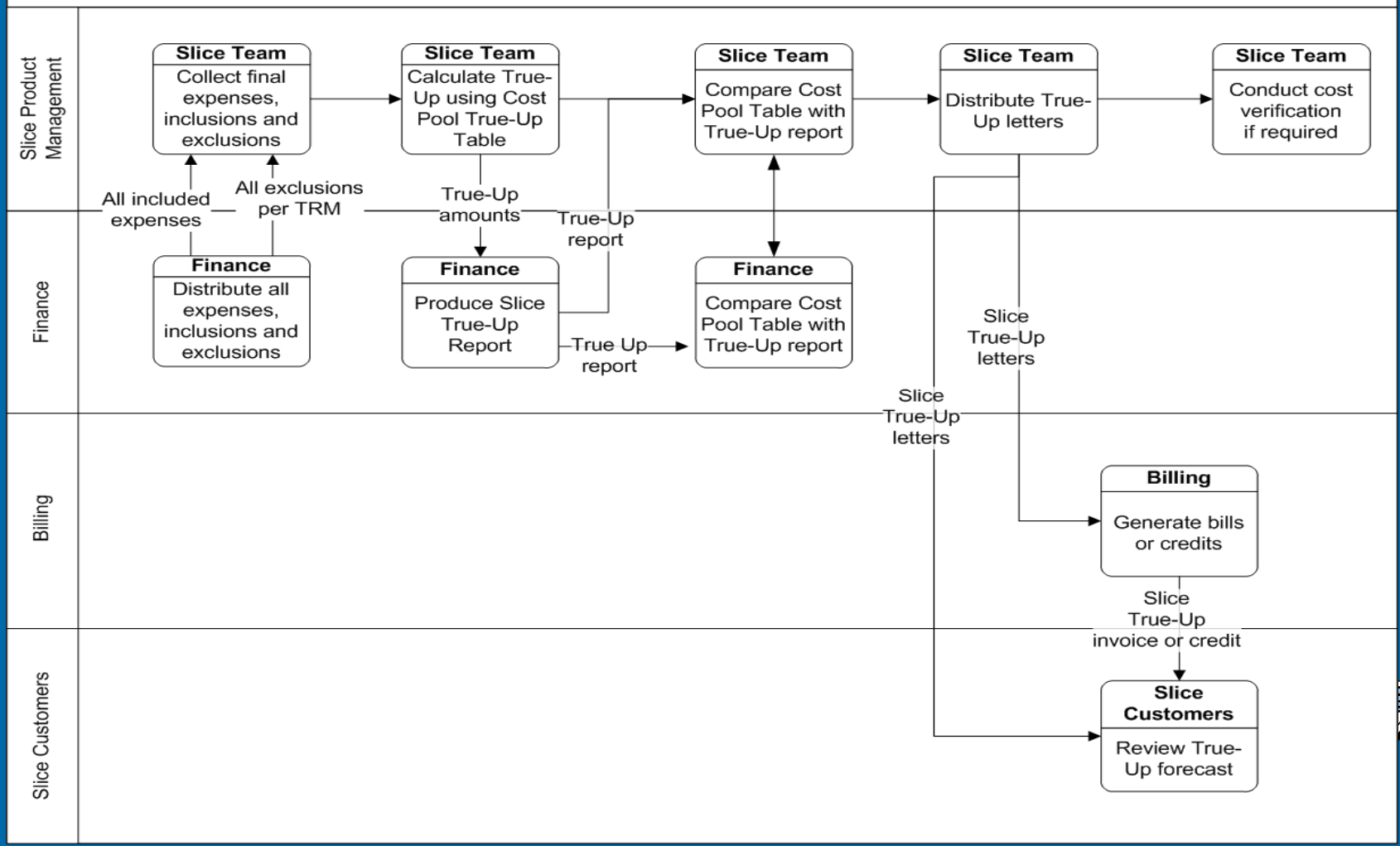
- Start of Year
- Quarterly Business Review First Quarter
- Quarterly Business Review Second Quarter
- Quarterly Business Review Third Quarter
- Quarterly Business Review Fourth Quarter
- Annual Slice True-up using Audited Actual Financial Data
- Notice Letters & Billing
- Cost Verification Process (CVP)



Monthly & Quarterly Slice True-Up Forecast



Annual Slice True-Up Calculation



QBR – Slice True-Up Focus



Quarterly Business Review (QBR)

April 30, 2013
9:30 am – 2:00 pm
Rates Hearing Room

To Participate by Phone Please dial 888-431-3632.
When prompted, enter access code 7039273#.



Summary of Differences From Q2 Forecast to FY 2013 (BP-12)

#		Composite Cost Pool True-Up Table Reference	Q2 – FY 2013 \$ in thousands
1	Total Expenses	Row 118	(\$30,039)
2	Total Revenue Credits	Rows 137 + 146	(\$444)
3	Minimum Required Net Revenue	Row 156	\$1,321
4	TOTAL Composite Cost Pool (1 - 2 + 3) (\$30.039M) – (\$0.444M) + \$1.321M = (\$28.274M)	Row 158	(\$28,274)
5	TOTAL in line 4 divided by <u>0.9740799</u> sum of TOCAs (\$28.274M) / (0.9740799) = (\$29.026M)	Row 163	(\$29,026)
6	Q2 Forecast of FY 13 True-up Adjustment 26.85407 percent of Total in line 5 .2685407 * (\$29.026M) = (\$7.795M)	Row 164	(\$7,795)

Lower Level Differences From Q2 Forecast to FY 2013 (BP-12)

#	Line Item of Values Changed Over \$5M	Composite Cost Pool True- Up Table Reference	Q2 – FY 2013 Rate Case (\$ in thousands)
1	Columbia Generating Station (WNP-2)	Row 4	\$ (10,647)
2	Bureau of Reclamation	Row 5	\$ 8,800
3	Non-Treaty Storage Agreement	Row 21	\$ 8,513
4	Renewables R&D	Row 33	\$ (5,939)
5	Power R&D	Row 63	\$ 5,976
6	WNP-1 Debt Service	Row 96	\$ (13,848)
7	WNP-3 Debt Service	Row 97	\$ (4,640)
8	Net Interest Expense	Row 113	\$ (12,244)
9	Generation Inputs for Ancillary, and other Revenue	Row 121	\$ 11,354
10	4(h)(10)(c) credit	Row 123	\$ (9,198)
11	DSI Revenue Credit	Row 145	\$ (6,637)
12	Amortization	Row 152	\$ 6,236
13	Non-Federal Interest Expense (prepay program)	Row 152a	\$ 7,653
14	Prepayment Credits	Row 152b	\$ (12,750)

Contra-Expense and Reinvestments of Green Energy Premiums

Summary of Contra Expense (carry over from Fiscal Year 2012) and reinvestments

Description on Composite Cost Pool True-Up Table	Reference - Composite Cost Pool True-Up Table	(\$000)	
		Rate Period	RATE CASE FY2013
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)
Reinvestment Totals from FY 2012	Row 34	\$ 2,692	
Remaining Contra Expense in FY 2013 (carry over from FY2012)	Row 34	\$ (3,793)	
Actual Projects		Actuals FY2013	Forecast for FY2013
<u>Eligible Reinvestments so far in 2013</u>			
SUBTOTAL - Power R&D - Other eligible projects	Row 63	\$ 392	\$ 868
Power R&D - Smart Grid @ 75% of actuals ^{Note 2}	Row 63	\$ 609	\$ 750
Operations Planning - WIT	Row 60	\$ 756	\$ 646
Reinvestment Totals for fiscal year 2013		\$ 1,757	\$ 2,264
Contra Expense to date for Fiscal year 2013		\$ (1,757)	

Note 1: The Actual Contra Expense is limited to Actual reinvestments

Note 2: This is 75% of the total amount

Composite Cost Pool Interest Credit

Allocation of Interest Earned on the Bonneville Fund
(\$ in thousands)

	<u>Q1 2013</u>	<u>Q2 2013</u>
1 Reserves Prior to FY 2002	570,255	570,255
2 Adjustments for pre-2002 Items	-	-
3 Reserves for Composite Cost Pool (Line 1 + Line 2)	570,255	570,255
4 Composite Interest Rate	2.38%	2.48%
5 Composite Interest Credit	(13,544)	(14,169)
6 Total Interest Credit for Power Services	(17,007)	(15,673)
7 Non-Slice Interest Credit (Line 6 - Line 5)	(3,463)	(1,504)

Net Interest Expense in Slice True-Up Forecast

	<i>\$\$ in thousands</i> <u>2013 Rate Case</u>	<i>\$\$ in thousands</i> <u>Q2 Forecast</u>
▪ Federal Appropriation	\$222,715	\$218,088
▪ Capitalization Adjustment	(\$45,937)	(\$45,937)
▪ Borrowings from US Treasury	\$75,015	\$55,012
▪ Prepay Interest Expense	<u>\$ 0</u>	<u>\$ 7,653</u>
▪ Interest Expense	\$251,793	\$234,816
▪ AFUDC	(\$13,592)	(\$11,345)
▪ Interest Income (composite)	<u>(\$17,871)</u>	<u>(\$14,169)</u>
▪ Total Net Interest Expense	\$220,330	\$209,302

- Note 1: \$220,330 is the combination of \$221,546 on Row 113 and (\$1,216) on Row 114 in the Composite Cost Pool True-Up Table FY 2013 Rate Case Column. To calculate the Net Interest Expense for the Annual Slice True-Up Adjustment, the non-slice interest income is excluded.

FY 2012 Cost Verification Process Status

- The second comment period closed on January 17, 2013 with no further questions or comments. Consistent with the requirements in the TRM, this brings the FY 2012 Cost Verification Process to a successful completion.
- The Final Slice True-up for FY 2012 remains at \$11.831 million with no further adjustments.
- Lessons Learned from FY 2012 Cost Verification Process process to apply in FY 2013?

4h10c Credits: FY2013

Estimated 4h10c Credits (\$ millions)	FY13 Rate Case	Start Of Year	1st Quarter	2nd Quarter	3rd Quarter	August DOE Certification	Final Calculations
Power Purchases Caused by Operations for Fish & Wildlife	\$ 137.0 <small>BP-12 Rate Case 70-yr average</small>	\$ 53.1 <small>STD03 forecasts Oct-Sep</small>	\$ 50.3 <small>Actual Streamflows Oct-Dec, STD08 forecasts Jan-Sep</small>	\$ 76.7 <small>Actual Credits Oct-Dec, STD14 forecasts Jan-Sep</small>			
Expense	\$ 241.0	\$ 242.9	\$ 242.9	\$ 242.9			
F&W Program Software	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8			
Capital	\$ 50.0	\$ 67.1	\$ 67.1	\$ 67.1			
Total	\$ 429.8	\$ 365.0	\$ 362.2	\$ 388.6			
Credit (22.3%)	\$ 95.8	\$ 81.4	\$ 80.8	\$ 86.6			

Comments on the Power Purchase Forecasts:

- For the Rate Case we estimated a 4(h)(10)(C) credit for each of the 70 historic water years in the Rate Case study and used the average of these estimates. The estimates can vary significantly each year; for instance, the 70 years of 4(h)(10)(C) estimates ranged from \$70 million to \$240 million.
- For Start-of-year we estimated power purchases based on ESP forecasts from Study 03, the forecasted actual generation was similar to the average rate case generation, but prices were significantly lower, which caused the forecast to fall below the expected range from the Rate Case.
- For 1st Quarter we forecasted power purchases for Oct-Dec based on actual generation and prices, and we forecasted Jan-Sep based on ESP forecasts from Study 08. The estimate was similar to the start-of-year.
- For 2nd Quarter we have actual credits calculated for Oct-Dec; we forecasted power purchases for Jan-Apr based on actual generation and prices; and we forecasted May-Sep credits based on ESP forecasts from Study 14. Streamflows and generation decreased, so the power purchase forecast increased.

Composite Cost Pool True-Up Table

	Q2 (\$000)	FY 2013 Rate Case forecast (\$000)	Q2 - FY 2013 Rate Case Difference	Q1 (\$000)
1 Operating Expenses				
2 Power System Generation Resources				
3 Operating Generation				
4 COLUMBIA GENERATING STATION (WNP-2)	\$ 335,298	\$ 345,945	\$ (10,647)	\$ 338,267
5 BUREAU OF RECLAMATION	\$ 128,691	\$ 119,891	\$ 8,800	\$ 132,391
6 CORPS OF ENGINEERS	\$ 215,700	\$ 215,700	\$ -	\$ 215,700
8 LONG-TERM CONTRACT GENERATING PROJECTS	\$ 25,258	\$ 25,832	\$ (573)	\$ 26,008
9 Sub-Total	\$ 704,947	\$ 707,368	\$ (2,420)	\$ 712,366
10 Operating Generation Settlement Payment and Other Payments				
11 COLVILLE GENERATION SETTLEMENT	\$ 22,121	\$ 22,148	\$ (26)	\$ 20,785
12 SPOKANE LEGISLATION SETTLEMENT	\$ -	\$ -	\$ -	\$ -
13 Sub-Total	\$ 22,121	\$ 22,148	\$ (26)	\$ 20,785
14 Non-Operating Generation				
15 TROJAN DECOMMISSIONING	\$ 1,500	\$ 1,500	\$ -	\$ 1,600
16 WNP-1&3 DECOMMISSIONING	\$ 716	\$ 448	\$ 268	\$ 716
17 Sub-Total	\$ 2,216	\$ 1,948	\$ 268	\$ 2,316
18 Gross Contracted Power Purchases				
19 PNCA HEADWATER BENEFITS	\$ 3,207	\$ 2,704	\$ 503	\$ 3,207
20 HEDGING/MITIGATION (omit except for those assoc. with augmentation)	\$ -	\$ -	\$ -	\$ -
GROSS OTHER POWER PURCHASES (omit, except for those assoc. with Designated BPA System Obligations or Designated BPA Contract Purchases	\$ 8,513	\$ -	\$ 8,513	\$ (3,314)
21 Sub-Total	\$ 11,720	\$ 2,704	\$ 9,016	\$ (107)
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)	\$ 203,513	\$ 201,760	\$ 1,754	\$ 203,308
29 REP ADMINISTRATION COSTS (actuals are included under strategy)	\$ -	\$ 885	\$ (885)	\$ -
30 OTHER SETTLEMENTS	\$ -	\$ -	\$ -	\$ -
31 Sub-Total	\$ 203,513	\$ 202,645	\$ 869	\$ 203,308
32 Renewable Generation				
33 RENEWABLES R&D (moved to Power R&D after rate case)	\$ -	\$ 5,939	\$ (5,939)	\$ -
34 Contra expense for unspent GEP revenues remaining at end of FY 20	\$ (3,793)	\$ (2,625)	\$ (1,168)	\$ (3,793)
35 RENEWABLES (excludes Kill)	\$ 25,537	\$ 28,145	\$ (2,608)	\$ 28,645
36 Sub-Total	\$ 21,744	\$ 31,459	\$ (9,715)	\$ 24,852

Composite Cost Pool True-Up Table

	Q2 (\$000)	FY 2013 Rate Case forecast (\$000)	Q2 - FY 2013 Rate Case Difference	Q1 (\$000)
37 Generation Conservation				
38 GENERATION CONSERVATION R&D (moved to Power R&D after rate case)		\$ -	\$ -	
39 DSM TECHNOLOGY	\$ (0)	\$ -	\$ (0)	\$ (0)
40 CONSERVATION ACQUISITION	\$ 15,461	\$ 15,950	\$ (489)	\$ 15,950
41 LOW INCOME WEATHERIZATION & TRIBAL	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
42 ENERGY EFFICIENCY DEVELOPMENT	\$ 9,675	\$ 11,500	\$ (1,825)	\$ 11,500
43 LEGACY	\$ 800	\$ 900	\$ (100)	\$ 900
44 MARKET TRANSFORMATION	\$ 14,500	\$ 14,500	\$ -	\$ 14,500
45 Sub-Total	\$ 45,436	\$ 47,850	\$ (2,414)	\$ 47,850
46 Conservation Rate credit (CRC)	\$ -	\$ -	\$ -	\$ -
47 Power System Generation Sub-Total	\$ 1,011,698	\$ 1,016,121	\$ (4,423)	\$ 1,011,371
48				
49 Power Non-Generation Operations				
50 Power Services System Operations				
51 EFFICIENCIES PROGRAM (moved to Power R&D after rate case)		\$ -	\$ -	
52 PS SYSTEM OPERATIONS R&D (moved to Power R&D after rate case)		\$ -	\$ -	
53 INFORMATION TECHNOLOGY	\$ 7,048	\$ 7,316	\$ (268)	\$ 7,032
54 GENERATION PROJECT COORDINATION	\$ 6,932	\$ 5,919	\$ 1,013	\$ 6,887
55 SLICE IMPLEMENTATION	\$ 1,099	\$ 2,394	\$ (1,295)	\$ 1,099
56 Sub-Total	\$ 15,078	\$ 15,629	\$ (550)	\$ 15,018
57 Power Services Scheduling				
58 OPERATIONS SCHEDULING	\$ 10,312	\$ 10,010	\$ 302	\$ 10,312
59 PS SCHEDULING R&D (moved to Power R&D after rate case)		\$ -	\$ -	
60 OPERATIONS PLANNING	\$ 7,287	\$ 6,709	\$ 578	\$ 7,285
61 Sub-Total	\$ 17,599	\$ 16,719	\$ 880	\$ 17,597
62 Power Services Marketing and Business Support				
63 POWER R&D (forecast includes all the R&D items)	\$ 5,976		\$ 5,976	\$ 5,940
64 SALES & SUPPORT	\$ 18,075	\$ 20,130	\$ (2,055)	\$ 19,539
65 STRATEGY, FINANCE & RISK MGMT (actuals will include a part of R	\$ 16,030	\$ 17,412	\$ (1,382)	\$ 17,612
66 EXECUTIVE AND ADMINISTRATIVE SERVICES (actuals will include	\$ 3,940	\$ 3,550	\$ 390	\$ 4,163
67 CONSERVATION SUPPORT	\$ 8,360	\$ 9,686	\$ (1,326)	\$ 9,272
68 Sub-Total	\$ 52,381	\$ 50,778	\$ 1,603	\$ 56,527
69 Power Non-Generation Operations Sub-Total	\$ 85,059	\$ 83,126	\$ 1,933	\$ 89,141
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	\$ 31,707	\$ 31,707	\$ -	\$ 31,707
74 3RD PARTY GTA WHEELING	\$ 52,891	\$ 52,891	\$ -	\$ 52,891
75 POWER SERVICES - 3RD PARTY TRANS & ANCILLARY SVCS (omit)				
76 GENERATION INTEGRATION (WIT expense included)	\$ 12,968	\$ 8,709	\$ 4,259	\$ 12,968
77 WIND INTEGRATION TEAM	\$ -	\$ 4,259	\$ (4,259)	\$ -
78 TELEMETERING/EQUIP REPLACEMT	\$ 51	\$ 51	\$ -	\$ 51
79 Power Services Trans Acquisition and Ancillary Serv Sub-Total	\$ 97,617	\$ 97,617	\$ 0	\$ 97,617

Composite Cost Pool True-Up Table

	Q2 (\$000)	FY 2013 Rate Case forecast (\$000)	Q2 - FY 2013 Rate Case Difference	Q1 (\$000)
80 Fish and Wildlife/USF&W/Planning Council/Environmental Req				
81 BPA Fish and Wildlife (includes F&W Shared Services)				
82 Fish & Wildlife	\$ 242,951	\$ 241,384	\$ 1,567	\$ 242,922
83 USF&W Lower Snake Hatcheries	\$ 28,880	\$ 29,900	\$ (1,020)	\$ 29,880
84 Planning Council	\$ 10,355	\$ 10,355	\$ -	\$ 11,239
85 Environmental Requirements	\$ -	\$ 305	\$ (305)	\$ -
86 Fish and Wildlife/USF&W/Planning Council Sub-Total	\$ 282,186	\$ 281,944	\$ 241	\$ 284,041
87 BPA Internal Support				
88 Additional Post-Retirement Contribution	\$ 17,821	\$ 17,821	\$ 1	\$ 17,243
89 Agency Services G&A (excludes direct project support)	\$ 54,256	\$ 52,662	\$ 1,594	\$ 53,170
90 BPA Internal Support Sub-Total	\$ 72,077	\$ 70,483	\$ 1,595	\$ 70,413
91 Bad Debt Expense	\$ 1	\$ -	\$ 1	\$ 2
92 Other Income, Expenses, Adjustments	\$ 719	\$ -	\$ 719	\$ -
93 Non-Federal Debt Service				
94 Energy Northwest Debt Service				
95 COLUMBIA GENERATING STATION DEBT SVC	\$ 96,929	\$ 100,172	\$ (3,243)	\$ 92,203
96 WNP-1 DEBT SVC	\$ 235,440	\$ 249,288	\$ (13,848)	\$ 237,437
97 WNP-3 DEBT SVC	\$ 171,177	\$ 175,817	\$ (4,640)	\$ 174,617
98 EN RETIRED DEBT	\$ -	\$ -	\$ -	\$ -
99 EN LIBOR INTEREST RATE SWAP	\$ -	\$ -	\$ -	\$ -
100 Sub-Total	\$ 503,546	\$ 525,277	\$ (21,731)	\$ 504,257
101 Non-Energy Northwest Debt Service				
102 TROJAN DEBT SVC	\$ -	\$ -	\$ -	\$ -
103 CONSERVATION DEBT SVC	\$ 2,610	\$ 2,377	\$ 233	\$ 2,610
104 COWLITZ FALLS DEBT SVC	\$ 11,516	\$ 11,709	\$ (193)	\$ 11,709
105 NORTHERN WASCO DEBT SVC	\$ 1,927	\$ 2,224	\$ (296)	\$ 1,927
106 Sub-Total	\$ 16,053	\$ 16,309	\$ (256)	\$ 16,247
107 Non-Federal Debt Service Sub-Total	\$ 519,599	\$ 541,586	\$ (21,987)	\$ 520,504
108 Depreciation	\$ 125,100	\$ 127,560	\$ (2,460)	\$ 119,100
109 Amortization	\$ 93,003	\$ 86,767	\$ 6,236	\$ 92,303
110 Total Operating Expenses	\$ 2,287,060	\$ 2,305,204	\$ (18,144)	\$ 2,284,491
111 Other Expenses				
112 Net Interest Expense	\$ 209,302	\$ 221,546	\$ (12,244)	\$ 206,131
113 Interest credit adjustment (removes nonSlice cost pool interest credit incl	\$ -	\$ (1,216)	\$ 1,216	\$ -
114 LDD	\$ 32,077	\$ 32,944	\$ (867)	\$ 32,277
115 Irrigation Rate Discount Costs	\$ 19,305	\$ 19,305	\$ 0	\$ 19,305
116 Sub-Total	\$ 260,684	\$ 272,579	\$ (11,895)	\$ 257,713
117 Total Expenses	\$ 2,547,744	\$ 2,577,783	\$ (30,039)	\$ 2,542,204
118				
119				

Composite Cost Pool True-Up Table

	Q2 (\$000)	FY 2013 Rate Case forecast (\$000)	Q2 - FY 2013 Rate Case Difference	Q1 (\$000)
120 Revenue Credits				
121 Generation Inputs for Ancillary, Control Area, and Other Services Revenue	\$ 142,432	\$ 131,078	\$ 11,354	\$ 138,735
122 Downstream Benefits and Pumping Power revenues	\$ 16,838	\$ 14,438	\$ 2,400	\$ 16,748
123 4(h)(10)(c) credit	\$ 86,649	\$ 95,847	\$ (9,198)	\$ 80,764
124 Colville and Spokane Settlements	\$ 4,600	\$ 4,600	\$ -	\$ 4,600
125 Energy Efficiency Revenues	\$ 9,675	\$ 11,500	\$ (1,825)	\$ 11,500
126 Miscellaneous revenues	\$ 4,185	\$ 3,420	\$ 765	\$ 4,254
127 Renewable Energy Certificates	\$ 1,132	\$ 2,836	\$ (1,704)	\$ 1,099
128 Pre-Subscription Revenues	\$ 1,690	\$ 1,778	\$ (88)	\$ 1,718
129 Net Revenues from other Designated BPA System Obligations (Upper Basin)	\$ 397	\$ 397	\$ 0	\$ 301
130 WNP-3 Settlement revenues	\$ 33,092	\$ 29,163	\$ 3,929	\$ 33,092
131 RSS Revenues (not subject to true-up)	\$ 2,611	\$ 2,611	\$ -	\$ 2,611
132 Firm Surplus and Secondary Adjustment (from Unused RHWM)	\$ 6,387	\$ 5,827	\$ 559	\$ 6,387
133 Balancing Augmentation Adjustment (not subject to true-up)	\$ (6,268)	\$ (6,268)	\$ -	\$ (6,268)
134 Transmission Loss Adjustment (not subject to true-up)	\$ 25,266	\$ 25,266	\$ -	\$ 25,266
135 Tier 2 Rate Adjustment (not subject to true-up)	\$ 645	\$ 645	\$ -	\$ 645
136 NR Revenues	\$ 1	\$ 1	\$ -	\$ 1
137 Total Revenue Credits	\$ 329,331	\$ 323,139	\$ 6,192	\$ 321,453
138				
139 Augmentation Costs (not subject to true-up)				
140 Tier 1 Augmentation Resources (includes Augmentation RSS and Augmentation)	\$ 12,737	\$ 12,737	\$ -	\$ 12,737
141 Augmentation Purchases	\$ 66,155	\$ 66,155	\$ -	\$ 66,155
142 Total Augmentation Costs	\$ 78,892	\$ 78,892	\$ -	\$ 78,892
143				
144 DSI Revenue Credit				
145 Revenues 340 aMW, 340 aMW @ IP rate	\$ 101,673	\$ 108,309	\$ (6,637)	\$ 101,700
146 Total DSI revenues	\$ 101,673	\$ 108,309	\$ (6,637)	\$ 101,700
147				
148 Minimum Required Net Revenue Calculation				
149 Principal Payment of Fed Debt for Power	\$ 122,800	\$ 122,800	\$ -	\$ 122,800
150 Irrigation assistance	\$ 58,822	\$ 58,822	\$ -	\$ 58,822
151 Depreciation	\$ 125,100	\$ 127,560	\$ (2,460)	\$ 119,100
152 Amortization	\$ 93,003	\$ 86,767	\$ 6,236	\$ 92,303
152a Non-Federal Interest Expense (prepay program)	\$ 7,653	\$ -	\$ 7,653	\$ -
152b Prepayment Credits	\$ (12,750)	\$ -	\$ (12,750)	\$ -
153 Capitalization Adjustment	\$ (45,937)	\$ (45,937)	\$ 0	\$ (45,937)
154 Bond Premium Amortization	\$ 185	\$ 185	\$ -	\$ 185
155 Principal Payment of Fed Debt exceeds non cash expenses	\$ 14,368	\$ 13,047	\$ 1,321	\$ 15,971
156 Minimum Required Net Revenues	\$ 14,368	\$ 13,047	\$ 1,321	\$ 15,971
157				
158 Annual Composite Cost Pool (Amounts for each FY)	\$ 2,210,001	\$ 2,238,275	\$ (28,274)	\$ 2,213,915
159				
160 SLICE TRUE-UP ADJUSTMENT CALCULATION FOR COMPOSITE COST POOL				
161 TRUE UP AMOUNT (Difference between Q1 forecast and 2012 Rate Case)	\$ (28,274)		\$ (24,360)	
162 Sum of TOCAs	0.9740799		0.9740799	
163 Adjustment of True-Up when actual TOCAs < 100 percent (divide by sum of TOCAs)	\$ (29,026)		\$ (25,009)	
164 TRUE-UP ADJUSTMENT CHARGE BILLED (26.85407 percent)	\$ (7,795)		\$ (6,716)	

Cost Verification Process

FY 2012 Schedule & TRM Attachment A Result

November 16 – Notification Letters Sent

November 21 – Composite Cost Pool Posted to Web

December 14 – Comment Period Closes

December 31 BPA Draft AUP tasks (none) Posted to Web

January 11 – Comment Period Closes

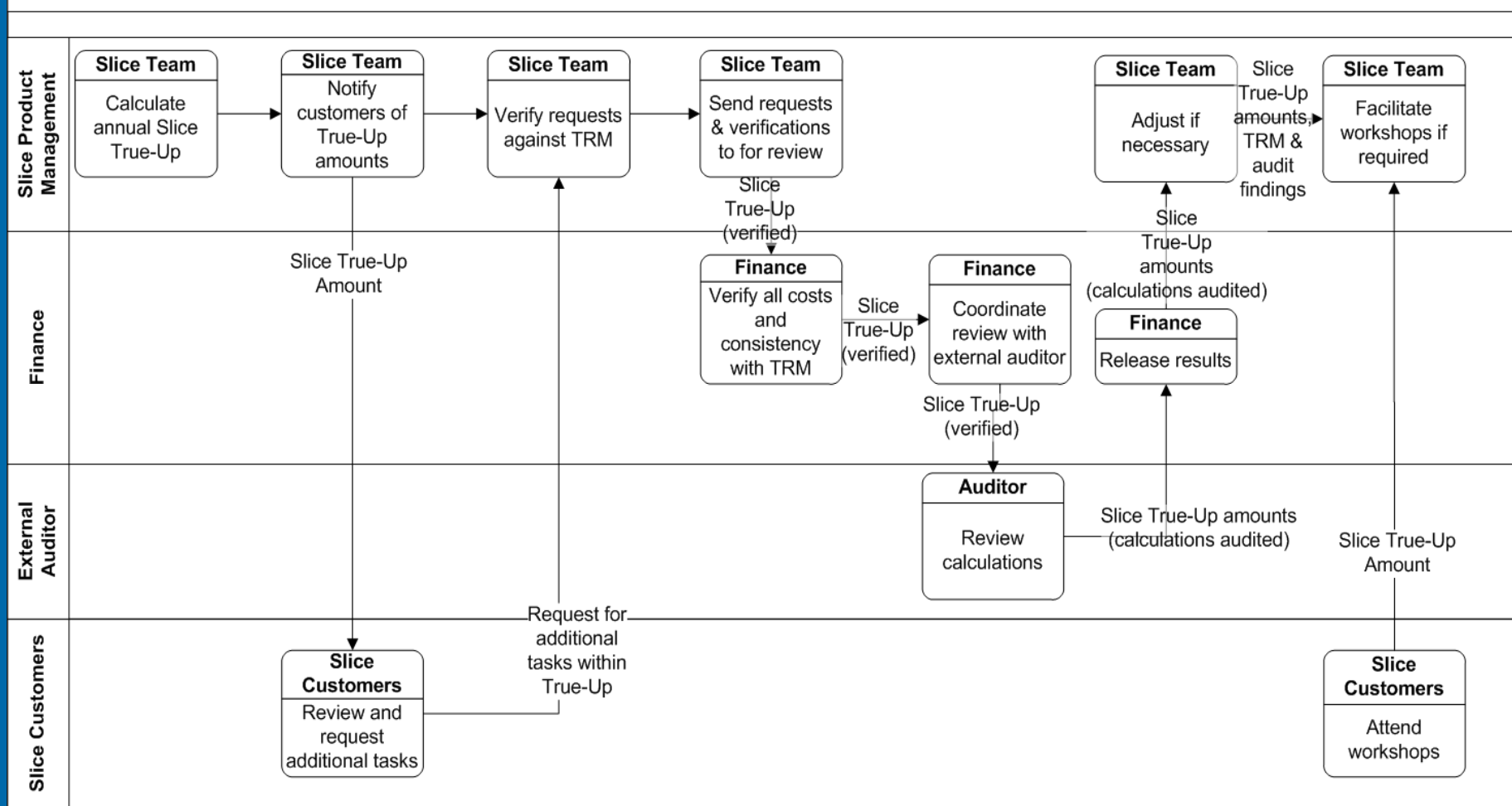
BPA Releases AUP to Web (none)

Auditor has 120 days to complete AUP tasks

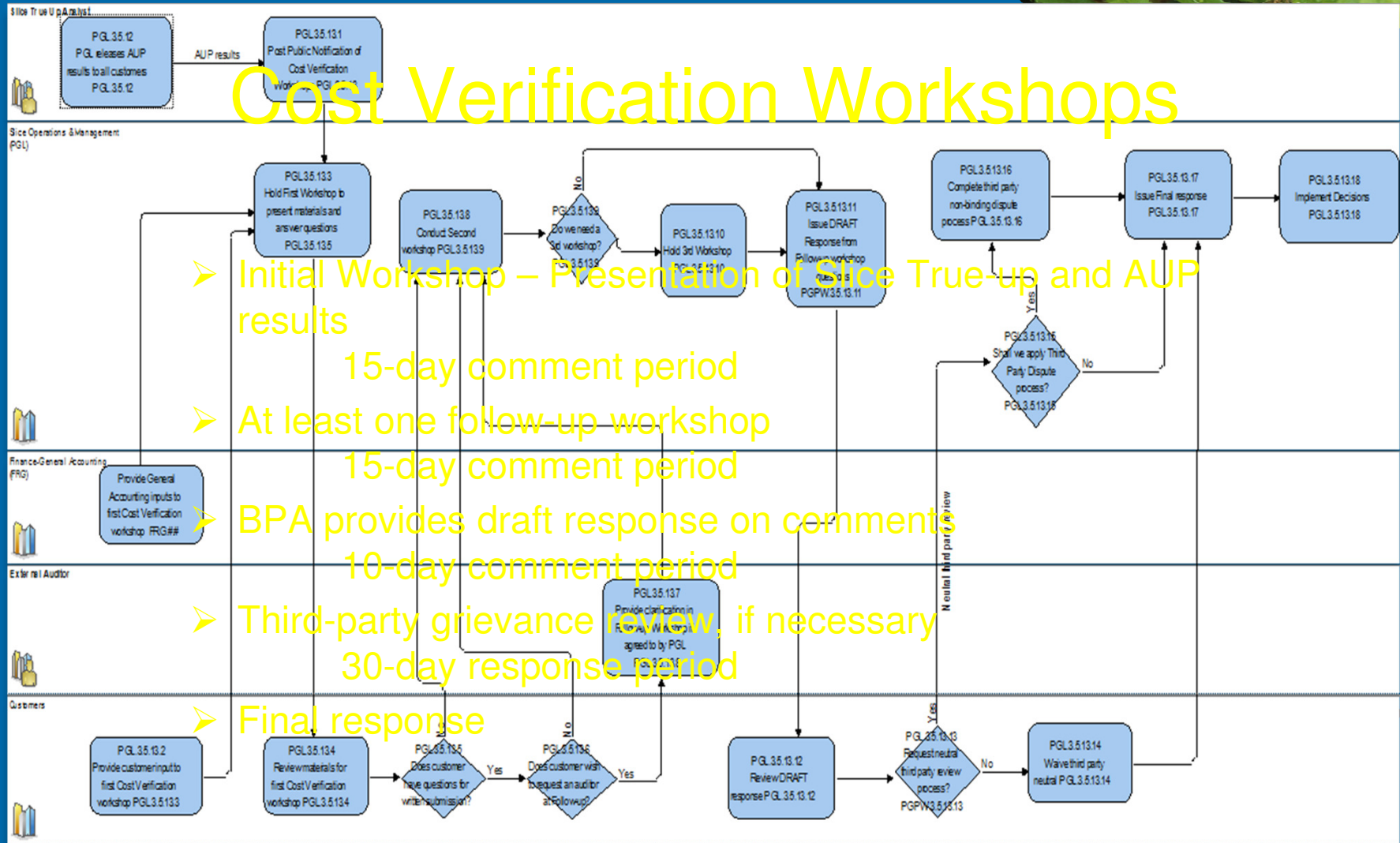
“cost verification for Slice True-Up will commence”



Slice True-Up Cost Verification



Cost Verification Workshops



- Initial Workshop – Presentation of Since True-up and AUP results
 - 15-day comment period
- At least one follow-up workshop
 - 15-day comment period
- BPA provides draft response on comments
 - 10-day comment period
- Third-party grievance review, if necessary
 - 30-day response period
- Final response

Conclusion

Thanks for coming

Questions?

Invitation to next QBR – July 30, 2013

Other information sources

➤ **Power Rates Schedule -**

http://www.bpa.gov/Finance/RateCases/InactiveRateCases/BP12/Final%20Proposal/FinalPowerRateSchedulesGRSPs_Upload_03-15-2012.pdf

➤ **Risk Analysis Model. URL Link:**

http://www.bpa.gov/Finance/RateCases/InactiveRateCases/BP12/Models%20and%20Datasets/RAMmodel_REP2012_Final.xls

