



PR 16 14

**BONNEVILLE POWER ADMINISTRATION
FOR IMMEDIATE RELEASE**

Date: August 19, 2014

CONTACT: Mike Hansen, BPA, 503-230-4328 or
503-230-5131

**Successful Energy Northwest bond sale
benefits BPA ratepayers**

Portland, Ore. – Energy Northwest and the Bonneville Power Administration took the first step in an effort that could save BPA ratepayers as much as \$1.8 billion in gross interest savings and restore up to \$1.2 billion of BPA’s U.S. Treasury borrowing authority through 2044.

In particular, Energy Northwest sold BPA-supported bonds on Aug. 5 to refinance approximately \$321 million of outstanding regional cooperation debt previously issued by Energy Northwest and associated with the never-completed nuclear Projects 1 and 3. This is the first of several potential bond sales that could lead to the refinancing of Energy Northwest nuclear assets that could yield the savings mentioned above.

“This agreement offers unique opportunities for savings,” said Nancy Mitman, BPA acting chief financial officer. “The net effect of refinancing through regional cooperation bonds is that both the weighted average interest rate and maturity of BPA’s overall debt portfolio will be reduced over the life of the proposal, thereby lowering interest costs by hundreds of millions of dollars and increasing U.S. Treasury borrowing capacity for making much-needed investments in our infrastructure.”

Regional cooperation debt refers to existing debt associated with the Columbia Generating Station in Richland, Wash., and Projects 1 and 3 that also serves as a regional financial resource, providing remarkable debt management opportunities to lower costs of power for the benefit of the Pacific Northwest.

Similar efforts in the past helped BPA preserve and restore approximately \$2 billion in U.S. Treasury borrowing authority and saved approximately \$500 million in interest under BPA’s Debt Optimization Program.

The bond proceeds will be used to pay off Energy Northwest debt that is due to mature in 2014. The new bonds will be paid prior to the end of BPA’s existing regional power sales agreements in 2028. More particularly, the bond sale allows Energy Northwest to extend

regional cooperation debt that was due in 2014 into the period between 2025 and 2028, a period that more closely matches the useful lives of the Energy Northwest facilities expected at the time the related facilities were initially financed.

The Energy Northwest bond sale is set to close Aug. 21, 2014. The bond sale means that amounts recovered in BPA's rates to pay Energy Northwest principal will instead be available to pay off like amounts of more expensive federal debt. The new Energy Northwest regional cooperation bonds have a true interest cost of 3.17 percent. The resulting availability of additional amounts in the BPA fund will help assist in the prepayment of a like principal amount of BPA's federal debt bearing interest rates of 7.15 to 7.19 percent. The present value of the interest savings to the region will therefore be \$135 million. The savings also will help BPA hold down rates in fiscal years 2016 and 2017.

"Energy Northwest and BPA worked closely to establish and implement a broad view of the regional debt portfolio as a crucial tool for providing the region with prudent, long-term value," said Brent Ridge, Energy Northwest vice president, Corporate Services/chief financial officer.

BPA is a nonprofit federal agency that markets renewable hydropower from 31 federal hydro projects in the Columbia Basin and power from Energy Northwest's Columbia Generating Station. BPA also operates three-quarters of high-voltage transmission line capacity in the Northwest and funds one of the largest wildlife protection and restoration programs in the world. BPA and its partners have also saved enough electricity through energy efficiency projects to power four large American cities. For more information, contact us at 503-230-5131 or visit www.bpa.gov.

###

Bonneville Power Administration
905 N.E. 11th Avenue, Portland, Oregon 97232
Mailing Address: Media Relations - DKPM-7, P.O. Box 3621, Portland, OR 97208-3621
Phone: (503)230-5131 **FAX:** (503) 230-4019 **Website:** <http://www.bpa.gov>