

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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BPA makes U.S. Treasury payment on time and in full for 33rd consecutive year

Portland, Ore. – The Bonneville Power Administration completed its 33rd consecutive annual payment to the U.S. Treasury on time and in full. The total payment was for \$1.9 billion for fiscal year 2016, which ended Sept. 30. BPA’s cumulative payments to the U.S. Treasury during those 33 years amount to more than \$27.6 billion.

“This is the largest payment BPA has ever made to the U.S. Treasury,” said BPA Administrator Elliot Mainzer. “This year’s payment includes substantial early debt retirement that is part of our plan for disciplined and proactive debt management, a crucial aspect of maintaining our financial strength and remaining cost competitive.”

This year’s payment includes \$1.4 billion in principal; \$343 million in interest; \$60.2 million in irrigation assistance payments and \$35.4 million in other payments. Of the \$1.4 billion in principal, \$958.7 million was early retirement of higher-interest rate debt to the U.S. Treasury. This was made possible by a series of regional cooperation debt and cash management transactions through which Energy Northwest issued BPA-supported bonds to refinance debt, financial actions that will save money for Pacific Northwest ratepayers over the long term. Of the \$1.9 billion, \$104.4 million was paid by applying Treasury credits for non-power-related fish mitigation efforts and other credits, including interest earnings.

“The collaboration between BPA, Energy Northwest and the region’s public power entities has enabled us to deliver significant interest savings to our ratepayers,” said Javier Fernandez, BPA executive vice president and chief financial officer. “These regional cooperation debt transactions

help BPA manage its long-term commitment to keeping costs low, as well as maintaining and improving its financial health.”

An additional \$289 million in principal was included in this year’s payment as the final transaction in the lease-purchase arrangement for recent upgrades to the Celilo Converter Station in The Dalles, Oregon. BPA had used Treasury borrowing to finance the construction of the modernization project.

Completing the Treasury payment is the last financial transaction BPA makes each fiscal year, and the majority of the payment occurs after all other obligations have been met. BPA establishes rates around a high probability of this repayment, at least 95 percent certainty of making its annual scheduled Treasury payments over two consecutive years, to assure full and timely payment for the benefit of U.S. taxpayers. This equates to a 97.5 percent certainty of making annual scheduled payments in a single year of the rate period.

In addition to the U.S. Treasury payment, BPA paid operations and maintenance expenses for the U.S. Army Corps of Engineers, Bureau of Reclamation and U.S. Fish and Wildlife Service projects directly funded by BPA. This direct funding amounted to \$404 million in fiscal year 2016.

BPA is a self-financed power marketing administration that receives no annual appropriations from the U.S. Congress. Instead, BPA primarily recovers its costs through revenues from the sale of electric power and transmission services.

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale electricity from 31 federal dams and one nuclear plant to 142 electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA delivers power via more than 15,000 circuit miles of lines and 261 substations to 475 transmission customers. In all, BPA markets about a third of the electricity consumed in the Northwest and operates three-quarters of the region’s high-voltage transmission grid. BPA also funds one of the largest fish and wildlife programs in the world, and, with its partners, pursues cost-effective energy savings and operational solutions that help maintain affordable, reliable and carbon-free electric power for the Northwest. www.bpa.gov

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