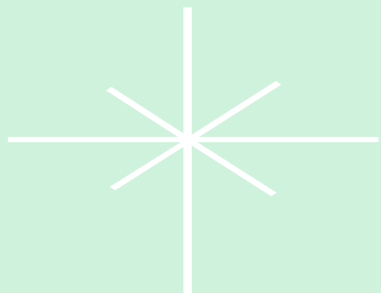


General Manager Meeting

2010 Integrated Program Review (IPR)

June 8, 2010

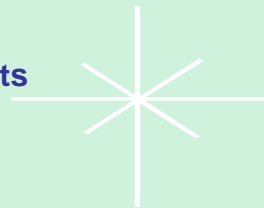
BPA's Mission



The Bonneville Power Administration's mission as a public service organization is to create and deliver the best value for our customers and constituents as we act in concert with others to assure the Pacific Northwest:

- An adequate, efficient, economical and reliable power supply;
- A transmission system that is adequate to the task of integrating and transmitting power from federal and non-federal generating units, providing service to BPA's customers, providing interregional interconnections, and maintaining electrical reliability and stability; and
- Mitigation of the Federal Columbia River Power System's impacts on fish and wildlife;

BPA is committed to cost-based rates, and public and regional preference in its marketing of power. BPA will set its rates as low as possible consistent with sound business principles and the full recovery of all its costs, including timely repayment of the federal investment in the system.



Purpose

Goals for this Meeting:

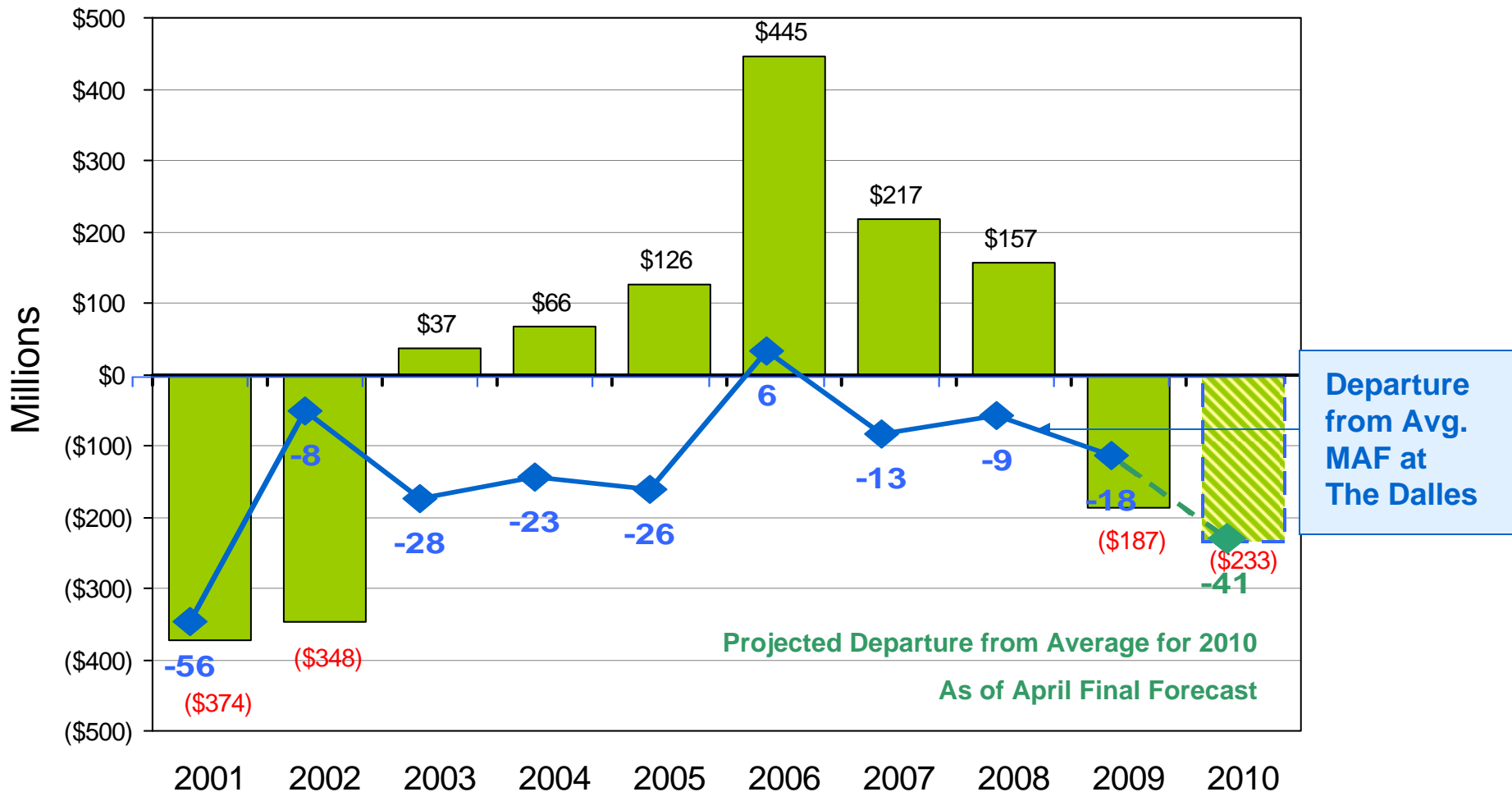
- Engage BPA and General Managers in a collaborative discussion regarding proposed spending levels and long term asset strategies.
- Obtain comments from General Managers on proposed program spending levels prior to BPA developing the draft decision report.

Submitting Comments:

- The IPR process includes a public comment period for proposed program spending levels. The comment period opened May 10, 2010 and will close on July 29, 2010.
- Comments can be submitted at any of the scheduled workshops or submitted in writing to:
 - Bonneville Power Administration, P.O. Box 14428, Portland, OR 97293-4428,
 - Email to comment@bpa.gov,
 - Faxed to (503) 230-3285



Annual Agency Modified Net Revenues



This information has been made publicly available by BPA on May 6, 2010 and contains BPA-Approved Agency Financial Information.



Modified Net Revenue by Business Unit

Fiscal Year 2010 (\$ millions)

Business Unit	Rate Case	Start of Year	2 nd Quarter Forecast
Power Services	\$114	\$142	\$(329)
Transmission Services	\$ 82	\$ 85	\$ 101
FCRPS	\$204	\$232	\$(233)

Other than power purchases, currently forecasting FY 2010 expense to be less than rate case estimates.

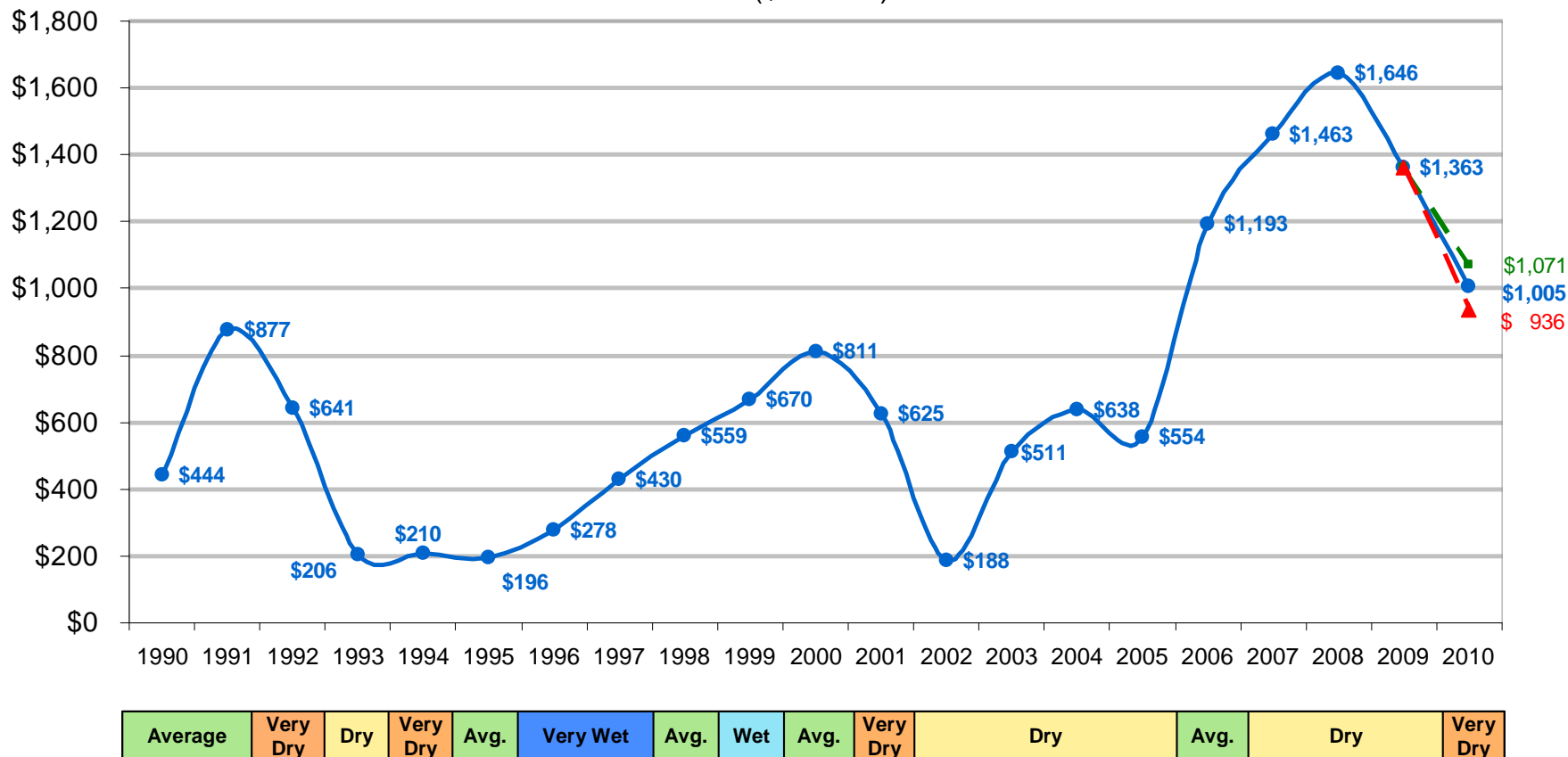
Note: FCRPS does not equal the total of the business units due to elimination of interbusiness unit transactions.



Year-End BPA Financial Reserves & Runoff

FY 1990 - 2009 Actuals

2nd Quarter FY 2010 Forecast Ranging from 25th Percentile to 75th Percentile (\$Millions)



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Fiscal Year 2009 – 2011 Reserves Available for Risk

(\$millions)

	ACTUAL	FORECAST	
	2009	2010	2011
Power	\$ 551	\$ 184	\$ 31
Transmission	516	501	486
Agency	\$1,067	\$ 686	\$ 517

Notes:

1. Reserves available for risk are reserves generated by operating cash flows and exclude funds deposited by customers for designated expenditures such as specified services as required by contract (PFIA, LGIA, EE Services, COI, NOS, other reimbursable services, etc). Also excluded are REP funds previously collected in rates and as yet not distributed to IOUs and COUs. Also excluded are Lease Financing program advance draws. Estimates for Power and Transmission are calculated approximations of year-end outcomes.
2. FY 2010 data is based on the 2nd Quarter Review for FY 2010 (unaudited).
3. FY 2011 data is based on most recent estimates of FY 2011 spending levels.

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Summary of 2012 – 2013 Expense Changes

Expenses	Change from Avg 10/11 to Avg 12/13	% Change in Rates ¹
1 Non-federal Debt Service	\$ 81.1	4%
2 Columbia Generating Station	56.1	3%
3 Fish and Wildlife / USF&W /Planning Council	32.9	2%
4 Bureau of Reclamation	25.9	1%
5 Corps of Engineers	25.8	1%
6 Net Interest Expense	14.0 to 24.0 ²	1%
7 Depreciation and Amortization	6.5 to 10.4 ²	0% to 1%
8 Hydro Projects Insurance	10.0	1%
9 Power Non-Generation Operations	8.2	0%
10 G&A	6.4	0%
11 Purchased Power Expenses	?	?
12 Residential Exchange	?	?
13 DSI Service	?	?
14 Other expenses, net	-1.3	0%
15 Transmission Acquisition	-4.3	0%
16 Renewable and Conservation Generation	-37.2 to 90.7 ²	-2% to 5%
17 Net Change in Expenses	\$224 to 366	

¹Estimate using \$65 million change = \$/mwh rule of thumb, Base = \$28.77/mwh.

²Range reflects capitalizing vs. expensing all conservation acquisitions.

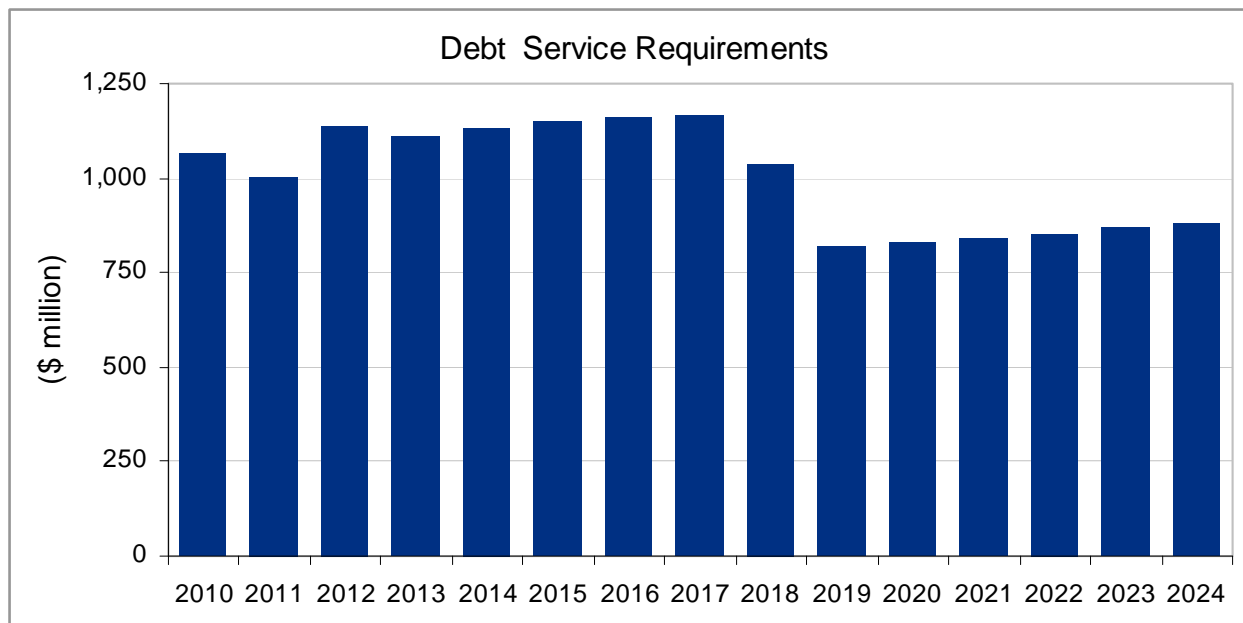
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BPA's Current Power Debt Service

- **Power Services' average annual debt service for the 2012 - 2013 rate period is projected to be \$101 million higher than the 2010-2011 level as forecasted in the WP-10 rate case.**
 - Federal net interest expense is forecasted to increase \$20 million annually.
 - Non-Federal debt service is forecasted to increase \$81 million annually.

- **Currently, Generation non-federal debt service peaks in 2016 and 2017 due to non-federal debt restructuring activities in the past. Because of repayment study methodology, this peak impacts debt service levels in all prior years.**



Fiscal Year	Debt Service Requirements
2010	1,062.7
2011	1,002.5
2012	1,139.7
2013	1,112.1
2014	1,130.6
2015	1,147.6
2016	1,158.5
2017	1,165.4
2018	1,034.9
2019	817.0
2020	830.0
2021	841.2
2022	854.7
2023	867.3
2024	878.0
Total	15,042

This information has been made publicly available by BPA on May 6, 2010 and contains BPA-Approved Agency Financial Information.



Regional Conversations Timeline

Debt Management, IPR Proposed Spending Levels, and Risk Mitigation

This schedule is subject to change as necessary

	May_6	May_10	Late May	June	July	August	September
IPR		May 10 (9am-1pm) IPR Kickoff CFO/Senior VP's Introduce 3 Part Process and Schedule	May 13-25 IPR Workshops	June 8 (9am-12pm) General Manager Workshop Administrator, Power, Transmission VPs, CFO IPR Spending Levels			Late September IPR Close-Out Letter & Report
Debt Management	Public Power Council & Customer Collaborative Meeting Steve Wright • Debt Extension • IPR Spending • Managing Risk		Engage Energy Northwest Executive Board Discuss EN Debt Restructuring	Engage Participants Review Board (PRB) Discuss EN Debt Restructuring June 8 (1pm-4pm) Debt Management Technical Workshop Discuss EN Debt Restructuring June 18 (9am-12pm) Debt Management Technical Workshop Discuss Other Debt Management Tools	July 13 (9am-12pm) General Manager Workshop Administrator, Power VP, Transmission VP, CFO Discuss IPR Proposed Spending Levels, Debt Management Tools & Managing Risk Engage Energy Northwest Executive Board Potential Decision regarding EN Debt Restructuring	Early August Debt Management "Close-Out" Letter	
Risk Mitigation			May 26 Risk Mitigation Workshop Conceptual level of risk tools and how we analyze risk				
		May 10 - July 29 IPR Comment Period		June 8 - July 29 Debt Management Comment Period			

Last Updated 5/5/2010



IPR Workshop Schedule

2010 Integrated Program Review (IPR) Workshop Schedule

All workshops are subject to change as necessary

	Workshop Topic	Date	Time
15	Internal Business Services Workshop (<i>to be reschedule</i>)	June 3, 2010	1:00-3:00 PM
16	General Manager Meeting (IPR Spending Level Discussion)	June 8, 2010	9:00-12:00 AM
17	Debt Management Technical Workshop (Non-IPR Workshop)*		1:00-4:00 PM
18	Transmission & Supply Chain FTE Benchmark Staffing Workshop*	June 10, 2010	9:00-11:00 AM
19	Renewable Resources Follow Up Workshop*		11:00-12:00 PM
21	Technology Innovation Workshop		1:00-3:00 PM
22	Debt Management Technical Workshop (Non-IPR Workshop)*	June 18, 2010	9:00-12:00 PM
23	General Manager Meeting (IPR, Debt Management & Risk Mitigation Discussion)	July 13, 2010	9:00-12:00 PM

*Asterisked workshops indicate the workshop has been recently added to the schedule.

