



Power Internal Operating Costs, Transmission Acquisition and Ancillary Services, Residential Exchange Program

2010 Integrated Program Review (IPR)

May 19, 2010



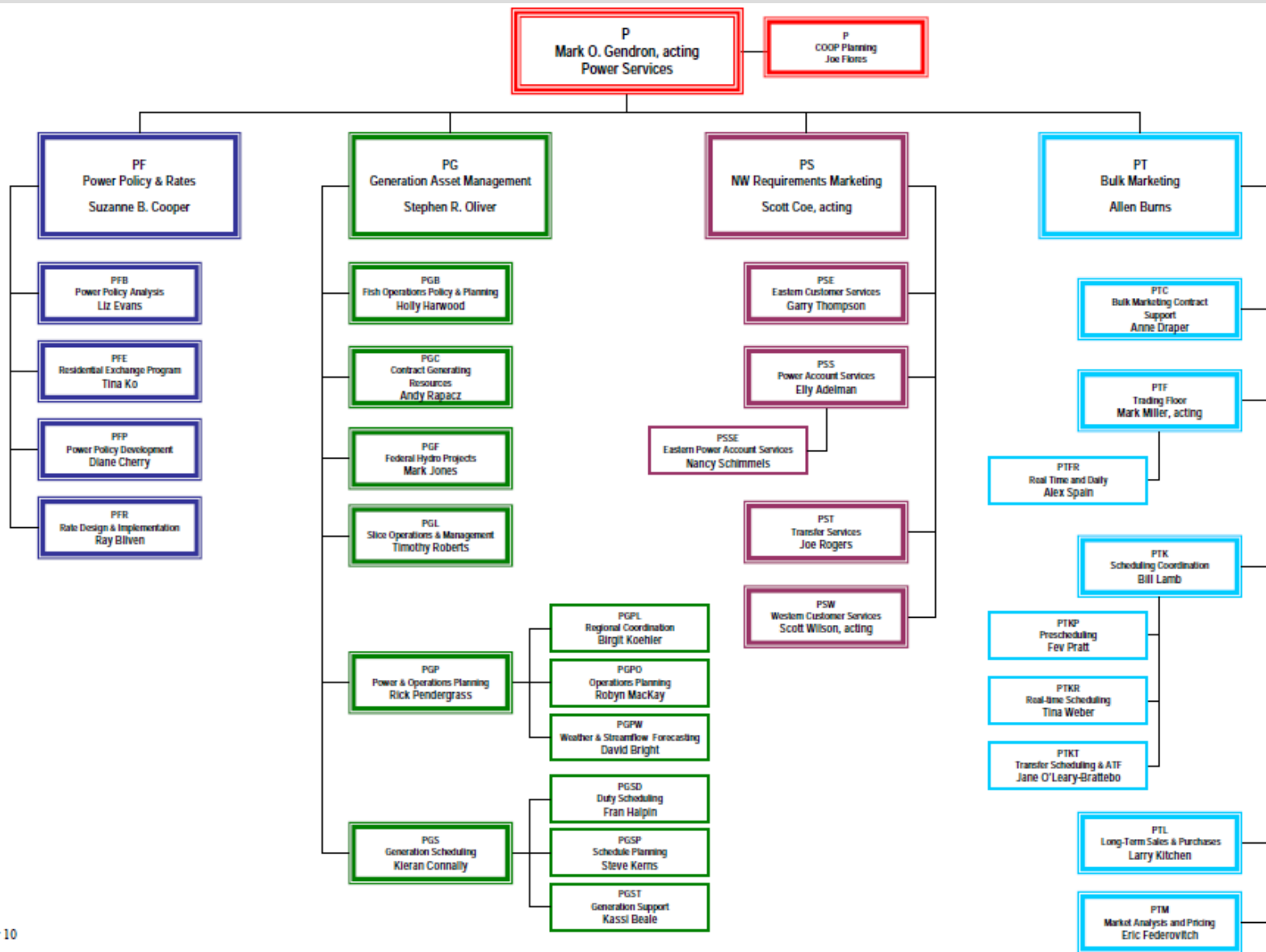
Power Internal Operating Costs (Non-Generation Operations)

Follow-Up Items from May 10th IPR Meeting

- **Historical BPA staffing levels, grade levels, and contractor staffing levels all split by business unit**
 - All of the personnel related follow-up items will be addressed at the May 25th Agency Services workshop
- **Historical comparison of actuals to rate case for FY 2007-09**
 - We are still working on it and will post our response on the IPR website soon



Power Services Organizational Chart



May 10



Non-Generation Operations – Financial Statements

Report ID: 0060FY10	Power Services Detailed Statement of Revenues and Expenses	Run Date/Time: May 13, 2010 07:11
Requesting BL: POWER BUSINESS UNIT	Through the Month Ended April 30, 2010	Data Source: EPM Data Warehouse
Unit of Measure: \$ Thousands	Preliminary/ Unaudited	% of Year Lapsed = 58%

	A	B	C	D	E	F
	FY 2009	FY 2010			FY 2010	FY 2010
	Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals	Actuals per Forecast
Operating Expenses						
Power Non-Generation Operations						
Power Services System Operations						
44 EFFICIENCIES PROGRAM						
45 PBL SYSTEM OPERATIONS R&D	172			33	41	124%
46 INFORMATION TECHNOLOGY	4,834	6,318	6,297	6,296	2,852	45%
47 GENERATION PROJECT COORDINATION	5,761	7,290	8,760	4,898	3,284	67%
48 SLICE IMPLEMENTATION	1,872	2,396	1,859	1,957	1,213	62%
49 Sub-Total	12,640	16,004	16,915	13,184	7,391	56%
Power Services Scheduling						
50 OPERATIONS SCHEDULING	8,196	9,317	9,168	9,168	4,565	50%
51 PBL SCHEDULING R&D				14	14	100%
52 OPERATIONS PLANNING	6,160	5,808	6,066	6,097	3,429	56%
53 Sub-Total	14,357	15,125	15,234	15,279	8,008	52%
Power Services Marketing and Business Support						
54 SALES & SUPPORT	17,453	19,120	19,461	18,597	9,932	53%
55 STRATEGY, FINANCE & RISK MGMT	14,248	16,972	17,892	17,400	7,886	45%
56 EXECUTIVE AND ADMINISTRATIVE SERVICES	2,134	2,546	3,139	3,145	1,398	44%
57 CONSERVATION SUPPORT	8,647	11,254	8,849	8,836	4,846	55%
58 Sub-Total	42,482	49,893	49,341	47,977	24,062	50%
59 Power Non-Generation Operations Sub-Total	69,479	81,022	81,490	76,440	39,461	52%

- Above is an example of where Power’s internal operating costs are displayed on a report that is posted monthly and discussed quarterly at the Quarterly Business Review (QBR).



Non-Generation Operations

Non - Generation Operations	2009 Actuals	2010 SOY	2011 WP-10 Rate Case	2011 IPR	2012 IPR	2013 IPR
CONSERVATION SUPPORT	8,647,189	8,848,903	10,542,500	10,339,196	10,477,905	10,703,225
EXECUTIVE & ADMINISTRATIVE SVC	2,133,515	3,139,198	2,726,655	3,486,615	3,990,566	4,071,513
GENERATION PROJ COORDINATION	5,761,438	8,759,933	7,541,844	5,222,525	6,045,177	6,150,249
INFORMATION TECHNOLOGY	4,834,329	6,296,772	6,281,877	6,438,546	6,568,079	6,724,114
OPERATIONS (SCHEDULING)	8,196,406	9,167,824	9,564,474	10,353,626	10,584,199	10,611,522
OPERATIONS PLANNING	6,160,472	6,066,154	5,874,018	6,453,468	6,989,406	6,990,091
PBL SYSTEM OPERATIONS R&D	171,636	-	-	-	-	-
SALES & SUPPORT	17,453,392	19,460,854	19,324,596	20,387,156	20,978,187	21,515,798
SLICE IMPLEMENTATION	1,872,205	1,858,518	2,448,087	1,904,020	2,492,759	2,580,472
STRATEGY, FINANCE & RISK MGMT	14,248,037	17,892,117	17,342,822	19,579,648	20,781,337	20,804,212
Total	69,478,619	81,490,272	81,646,873	84,164,800	88,907,614	90,151,195

Program Description

- Internal Operations charged to Power Rates consist of the direct costs of managing and operating Power Services (Power Non-Generation Operations) and the Power share of Agency Services, both direct and allocated.
- Organizations that are included in Non-Generation Operations: Power Policy and Rates, Generation Asset Management, NW Requirements Marketing, Bulk Marketing, Fish and Wildlife, Finance, Energy Efficiency, Office of General Counsel, Risk Management, Supply Chain, Customer Support Services, Information Technology, Corporate Strategy, and Aircraft Services



Non-Generation Operations

Strategic Objectives

- S1– Policy and Regional Actions
- S2 – FCRPS Operations and Expansion
- S3 – Tiered Power Rates
- S5 – Energy Efficiency
- S6 – Renewable Energy
- S7 – Environment, Fish & Wildlife
- S8 – Climate Change
- S9 – Stakeholder Satisfaction
- I1 – Systems and Processes
- I2 – One BPA
- I4 – Asset Management
- I6 – Collaboration
- I7 – Risk-Informed

Key Products and Outputs

- Marketing secondary energy; balancing purchases and sales; transmission acquisition and transfer service; hydro operations; managing customer relationships; contract administration; completion of the rate case; Tiered Rates implementation; Regional Dialogue and Regional Enterprise Value (REV) implementation; ongoing oversight and management of Operations & Maintenance for Columbia Generating Station (CGS), Corps of Engineers (COE), and Bureau of Reclamation (BOR); implementation of the resource program; ongoing management of the Residential Exchange Program; energy efficiency programs and services; Wind Integration Team efforts; and BiOp implementation.

FY 2012-13 Program Spending Drivers

- BPA and contractor staffing costs, travel, training, consultant contracts, building leases, IT services and other related costs. These costs include Power business unit costs (including Energy Efficiency and Fish and Wildlife) as well as Agency Services costs, both direct and allocated.



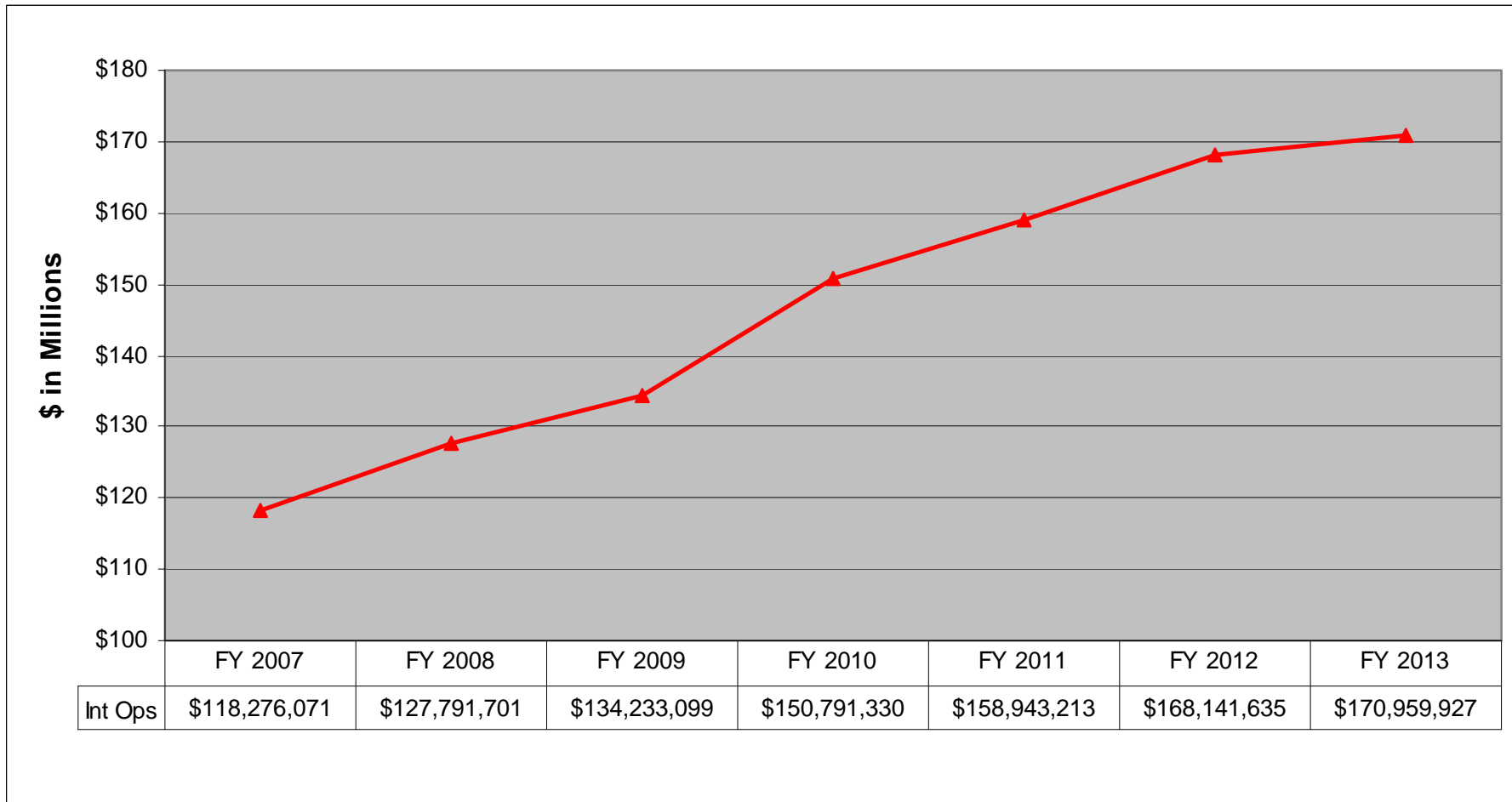
Non-Generation Operations

	Power Depts Only	Actuals FY 2009	SOY FY 2010	IPR FY 2011	IPR FY 2012	IPR FY 2013
1	Personnel Compensation & Benefits	\$33,931,292	\$36,483,114	\$39,282,225	\$40,289,506	\$41,307,237
2	Overtime	\$89,053	\$104,020	\$111,020	\$107,197	\$115,424
3	Awards	\$27,017	\$348,846	\$379,163	\$740,696	\$751,794
4	Materials & Equipment	\$19,766	\$38,000	\$35,500	\$38,752	\$39,099
5	Transportation of Things	\$0	\$0	\$0	\$0	\$0
6	Travel	\$368,699	\$491,345	\$517,945	\$531,150	\$536,464
7	Service Contracts	\$3,240,011	\$3,660,356	\$4,729,618	\$5,878,018	\$4,955,963
8	Supplemental Labor Contracts	\$1,148,448	\$1,522,386	\$1,302,611	\$1,314,209	\$1,328,414
9	Agreements & Grants	\$131,231	\$2,355,000	\$60,000	\$60,480	\$61,085
10	Training	\$62,586	\$128,620	\$133,207	\$147,684	\$152,160
11	Rents/Utilities/Communications	\$30,826	\$43,416	\$42,818	\$43,323	\$43,707
12	Accounting Adjustments	\$4,638	\$0	\$0	\$0	\$0
13	Internal Between Business Expenses	\$59,125	\$0	\$0	\$0	\$0
14	Undistributed Reduction	\$0	(\$599,572)	\$0	\$0	\$0
15	Total	\$39,112,692	\$44,575,531	\$46,594,107	\$49,151,015	\$49,291,347
	Agency Services Direct & Allocated					
16	to Power Non-Generation Operations	\$30,365,927	\$36,914,741	\$37,570,693	\$39,756,601	\$40,859,848
17	Total Power Non-Generation Operations	\$69,478,619	\$81,490,272	\$84,164,800	\$88,907,616	\$90,151,195

- The table above presents Power Services' internal operations costs. It includes all costs that are charged to Non-Generation Operations. Organizations external to Power Services such as Fish and Wildlife, Energy Efficiency, Office of General Counsel, Risk Management, Customer Support Services, and Information Technology are summarized on line 16.
- The numbers exclude internal operating costs for Agency Services G&A.



Internal Operations Charged to Power Services



- The numbers in the table utilize the FY2010 definition for internal operating costs. Any changes to this definition will impact actuals, SOY, and IPR forecasts displayed in this chart.
- The numbers include internal operating costs for Agency Services G&A.



Internal Operating Cost Crosswalk

Program/Category	IPR FY 2012
Power Departments	\$49,151,015
Corporate G&A	\$55,962,316
Other Non-Power Charges and Allocations	\$23,683,597
Fish and Wildlife Program	\$15,656,680
Conservation Support (Energy Efficiency)	\$10,477,905
Technology Innovation	\$6,642,045
Information Technology	\$6,568,079
	\$168,141,637

- The table above presents ALL internal operating costs that are charged to Power Services.
- The numbers in the table utilize the FY2010 definition for internal operating costs. Any changes to this definition will impact the IPR forecast displayed in this table.



Non-Generation Operations – Reduction Scenario

Non - Generation Operations	2012 IPR	2012 IPR Reduction Scenario	Delta	2013 IPR	2013 IPR Reduction Scenario	Delta
CONSERVATION SUPPORT	10,477,905	9,925,317	552,588	10,703,225	10,139,369	563,856
EXECUTIVE & ADMINISTRATIVE SVC	3,990,566	3,789,154	201,412	4,071,513	3,860,593	210,920
GENERATION PROJ COORDINATION	6,045,177	5,683,948	361,229	6,150,249	5,786,182	364,067
INFORMATION TECHNOLOGY	6,568,079	6,083,643	484,436	6,724,114	6,329,329	394,785
OPERATIONS (SCHEDULING)	10,584,199	10,218,961	365,238	10,611,522	10,237,738	373,784
OPERATIONS PLANNING	6,989,406	6,868,358	121,048	6,990,091	6,866,210	123,881
PBL SYSTEM OPERATIONS R&D	-	-	-	-	-	-
SALES & SUPPORT	20,978,187	19,908,318	1,069,869	21,515,798	20,343,005	1,172,792
SLICE IMPLEMENTATION	2,492,759	2,466,148	26,611	2,580,472	2,553,238	27,235
STRATEGY, FINANCE & RISK MGMT	20,781,337	19,768,877	1,012,461	20,804,212	19,793,890	1,010,322
Total	88,907,614	84,712,723	4,194,891	90,151,195	85,909,553	4,241,642

FY 2012-13 Impacts Resulting from Reduction Scenario:

- The following pages describe generally the impacts of reductions to Power Non-Generation Operations costs.
- More detail regarding impacts to Agency Services reductions will be discussed during the Agency Services Workshop on May 25th.
- More detail regarding impacts to Fish and Wildlife reductions will be discussed during the Agency Services Workshop on May 20th.
- More detail regarding impacts to Energy Efficiency reductions will be discussed during the Agency Services Workshop on May 24th.



Non-Generation Operations – Reduction Scenario

Program Line Item	Description of Reduction	\$ Amount of Reduction	Impact of Reduction	Risk
Power's Personnel Costs	Position management of existing personnel and removing proposed personnel increases from FY 2012-13	\$1.68 million per year	<p>Position management would reduce the flexibility in hiring more experienced people to replace personnel that leave the Agency</p> <p>Removing proposed FTE increases may lead to difficulty in keeping up with contractual requirements, particularly if we get involved in acquisitions of energy or balancing resources</p>	Medium
Energy Storage Contract	Reduce proposed energy storage contract	\$0.2 million per year	Reduction will limit BPA's ability to conduct additional energy storage analyses.	Medium
Power's Service Contracts	Reduce a variety of service contracts within Power Services	\$0.25 million per year	Reductions will limit Zebra Mussel research, strain tiered rates and Regional Dialogue implementation, and hamper performance in other programs within Power Services.	High



Non-Generation Operations – Reduction Scenario

Program Line Item	Description of Reduction	\$ Amount of Reduction	Impact of Reduction	Risk
Conservation Support	Reduce Energy Efficiency internal operating costs	\$0.55 million per year	A 5% reduction in Conservation Support would put at risk BPA's ability to achieve its conservation targets by eliminating the staffing resources needed to capture non-programmatic savings and to pilot, implement, and evaluate the breadth of new measures necessary to achieve higher targets under the 6th Power Plan.	High
Environmental Staffing Costs	Reduce project management support staffing and service contracts	\$0.13 million per year	Projects requiring NEPA, NHPA, or ESA compliance may be delayed/deferred depending on priorities set by the program office.	Medium





Long-Term Contract Generating Projects

Long Term Generating Projects

Long-term Generating Projects	2009 Actuals	2010 SOY	2011 WP-10 Rate Case	2011 IPR	2012 IPR	2013 IPR
BILLING CREDITS GENERATION	7,188,458	7,383,219	7,468,899	7,900,000	5,810,000	5,840,000
BUREAU O&M-ELWHA	1,585,000	1,913,000	1,970,000	1,970,000	-	-
CLEARWATER HATCHERY GENERATION	922,500	1,009,572	1,019,668	1,019,668	1,027,825	1,038,104
COWLITZ FALLS O&M	3,539,453	3,291,454	3,239,307	3,301,440	3,123,068	3,169,875
IDAHO FALLS BULB TURBINE	3,672,611	4,789,092	4,789,092	4,789,092	6,198,875	6,198,875
NATIONAL PARK FOUNDATION	1,748,401	-	-	2,300,000	-	-
NEW RESOURCS INTEGRTN WHEELING	870,555	870,555	870,555	870,555	889,000	889,000
WAUNA	9,255,953	11,198,600	11,409,500	10,115,711	10,340,213	10,518,318
Total	28,782,931	30,455,492	30,767,021	32,266,466	27,388,981	27,654,172

Program Description

- This program consists of output contracts for generating resources, such as Cowlitz Falls, Billing Credits Generation, Wauna, Elwah and Glines, Idaho Falls Bulb Turbine and Clearwater Hatchery Generation. Most of the expenses associated with the long term generating projects are based on energy production at the generating units.
- These expense levels are determined in the rate case process.

Strategic Objectives

- S1– Policy and Regional Actions
- S2 – FCRPS Operations and Expansion
- S3 – Tiered Power Rates
- S7 – Environment, Fish & Wildlife
- S9 – Stakeholder Satisfaction
- I6 – Collaboration

Key Products and Outputs

- Generation from these facilities:
 - Cowlitz Falls Project:* Operation and maintenance of the Cowlitz Falls Project, the BPA Cowlitz Falls Fish Facility; and maintenance of BPA's stress relief ponds.
 - WGA (Wauna Project):* Purchase of power generated by the operation of the Wauna paper mill at a price stipulated by a power purchase agreement.



Long Term Generating Projects

Key Products and Outputs (continued):

- Park Service: ~162,696 MWh average annual generation. BPA makes annual payments to the Park Service based on actual generation from the Elwah and Glines plants.
 - *NOTE:* These projects are scheduled to start to be removed during FY 2011, ending generation and operation of the plants, as well as the O&M requirement for the facilities in FY2012. Beginning in FY 2012 and thereafter, both the requirement for an O&M program and the payment to the Park Service will cease.

FY 2012-13 Program Spending Drivers

- *Elwah and Glines:* Salaries and benefits, materials and supplies, etc. for operation and maintenance of Elwah and Glines generation facilities.
- *Cowlitz Falls O&M:* Payments to Lewis County PUD for O&M costs at the Cowlitz Falls Dam; payments to WDFW for salaries, benefits, supplies for operation of BPA's Cowlitz Falls Fish Facility; and payments to Tacoma Power for maintenance of BPA's stress relief ponds and fish transportation.
- *WGA (Wauna Project):* Power purchase costs for power generated by the operation of the Wauna paper mill and co-gen plant at a price stipulated by a power purchase agreement.
- *Idaho Falls Bulb Turbine:* A new 10-year contract with Idaho Falls begins October 2011 that establishes new floor and ceiling prices for the output of the bulb turbines.





Transmission Acquisition and Ancillary Services

Follow-Up Item from May 10th IPR Meeting

- **A question was raised about the transmission expense showed in the rate case**
 - We are still working on it and will post the answer to the IPR website soon



Power Services Transmission Acquisition & Ancillary Services

Power Services Transmission Acquisition and Ancillary Services	2009 Actuals	2010 SOY	2011 WP-10 Rate Case	2011 IPR	2012 IPR	2013 IPR
3RD PARTY GTA WHEELING	41,341,462	50,690,000	51,340,000	54,780,000	52,263,000	52,891,000
3RD PARTY TRANS & ANCILLRY SVC	1,845,884	1,000,000	1,000,000	2,017,200	2,221,320	2,243,533
GENERATION INTEGRATION	6,527,811	6,800,000	6,800,000	8,295,636	8,362,001	8,445,621
PBL- TRANS & ANCILLARY SVCS	108,074,162	119,177,000	107,901,000	113,335,000	110,443,000	108,686,000
TELEMETERING/EQUIP REPLACEMENT	12,778	50,000	50,000	50,000	50,400	50,904
Total	157,802,096	177,717,000	167,091,000	178,477,836	173,339,721	172,317,058

Program Description

- Generally, this category represents costs associated with services necessary to deliver energy from resources to markets and loads: transmission, ancillary services, real power losses.
- Transfer Services represents costs associated with the transmission of federal power over third party systems (see 3rd Party GTA Wheeling).

Strategic Objectives

- F2 – Cost Recovery
- S9 – Stakeholder Satisfaction
- I6 – Collaboration
- S1– Policy and Regional Actions
- I2 – One BPA
- S3 – Tiered Power Rates
- I3 – Governance and Internal Controls

Key Products and Outputs

- Through effective acquisition, utilization and remarketing of transmission services the average cost per MWh of energy transmitted is within a target range

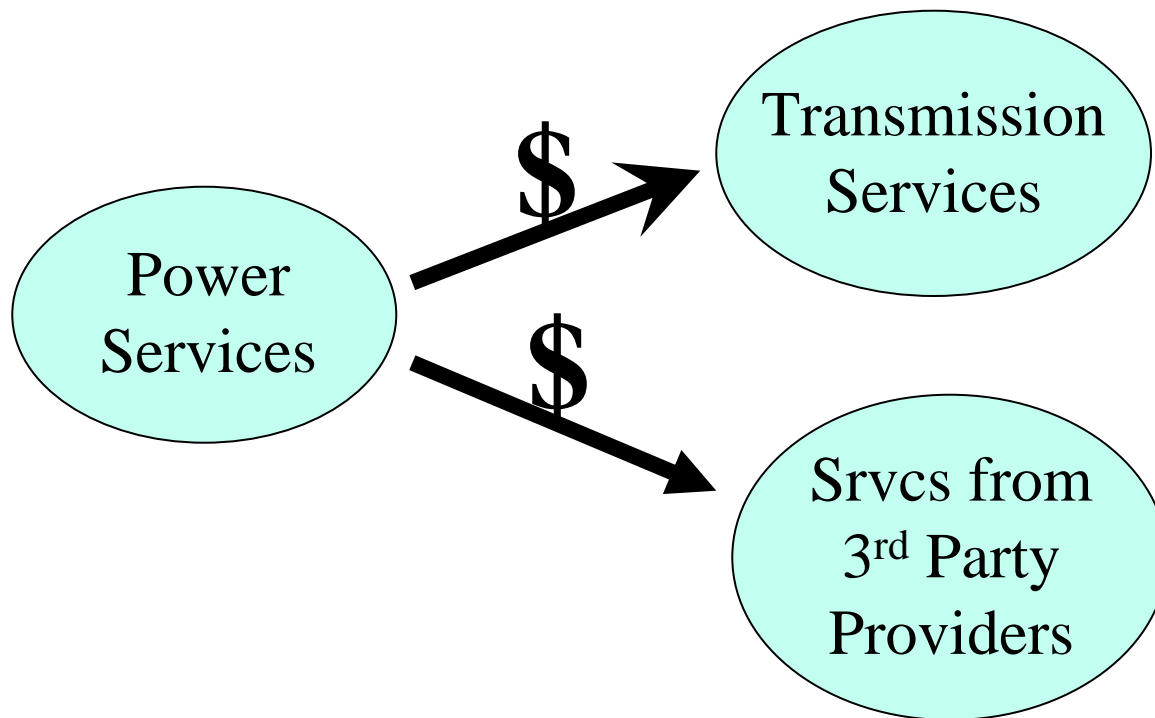
FY 2012-13 Program Spending Drivers

- Transmission Acquisition: inventory management and our transmission strategy for changes in transmission landscape
- Transfer Services: transmission services, study costs, rate case participation (FERC)



Integrated Program Review: FY2011 thru FY2013

Transmission Acquisition Program



Transmission Acquisition Program

Program Description

- The Transmission Acquisition Program represents costs associated with:
 - Services necessary to deliver energy from resources to markets and loads: transmission, ancillary services, real power losses.
 - Generation integration costs associated with the U.S. Army Corps of Engineers and Bureau of Reclamation transmission facilities.
 - Metering and communication requirements.



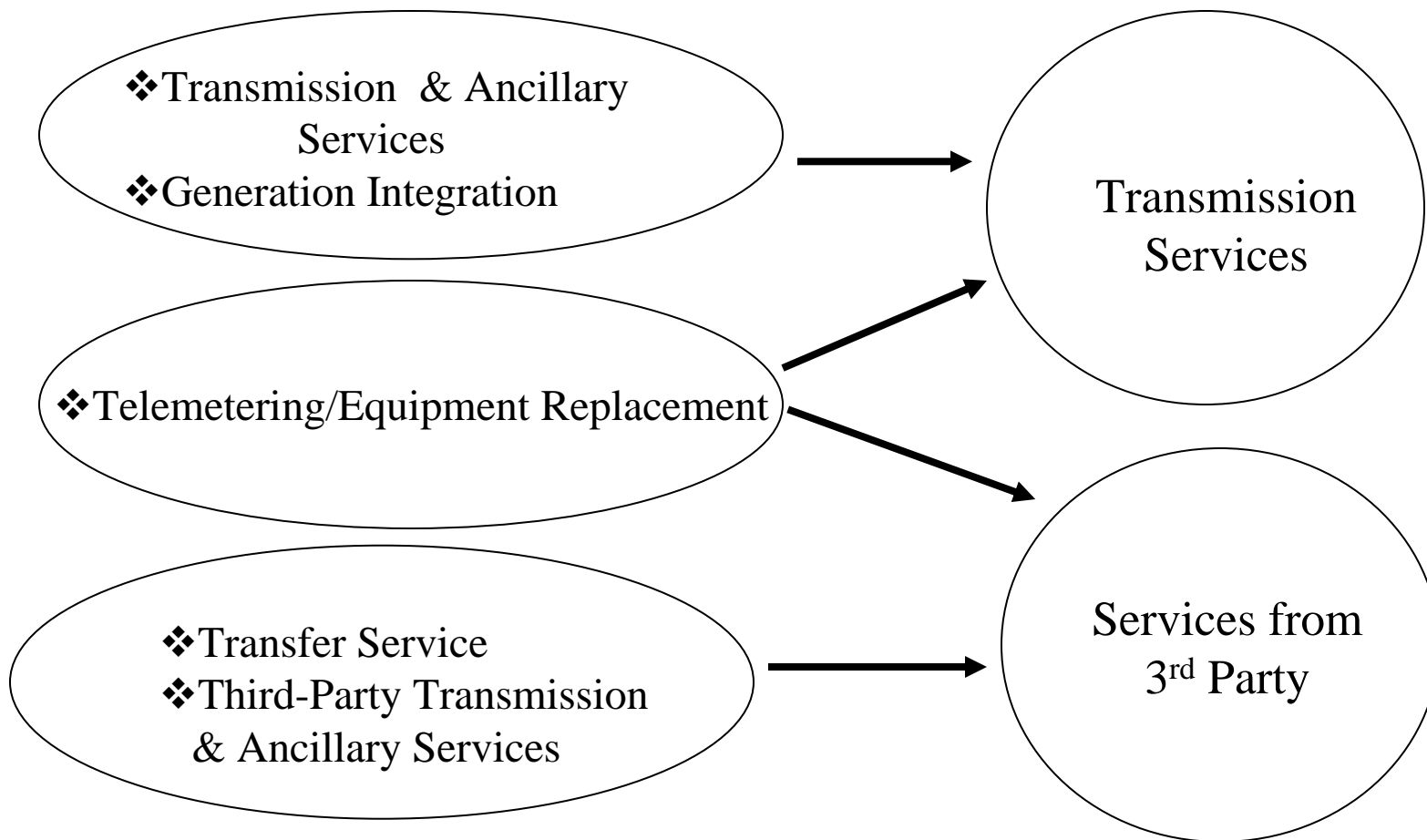
Transmission Acquisition Program

- **The program's primary goals are to:**
 - Be good stewards of our transmission expenses by determining the least-cost mixture of long-term and short-term transmission products that can meet the needs of Power Services' secondary energy marketing strategy.
 - Meet the Agency's transfer service obligation, while attempting to meet specific customer desires by having open communications between our customers regarding plans of services, metering needs, and long-term forecasts.

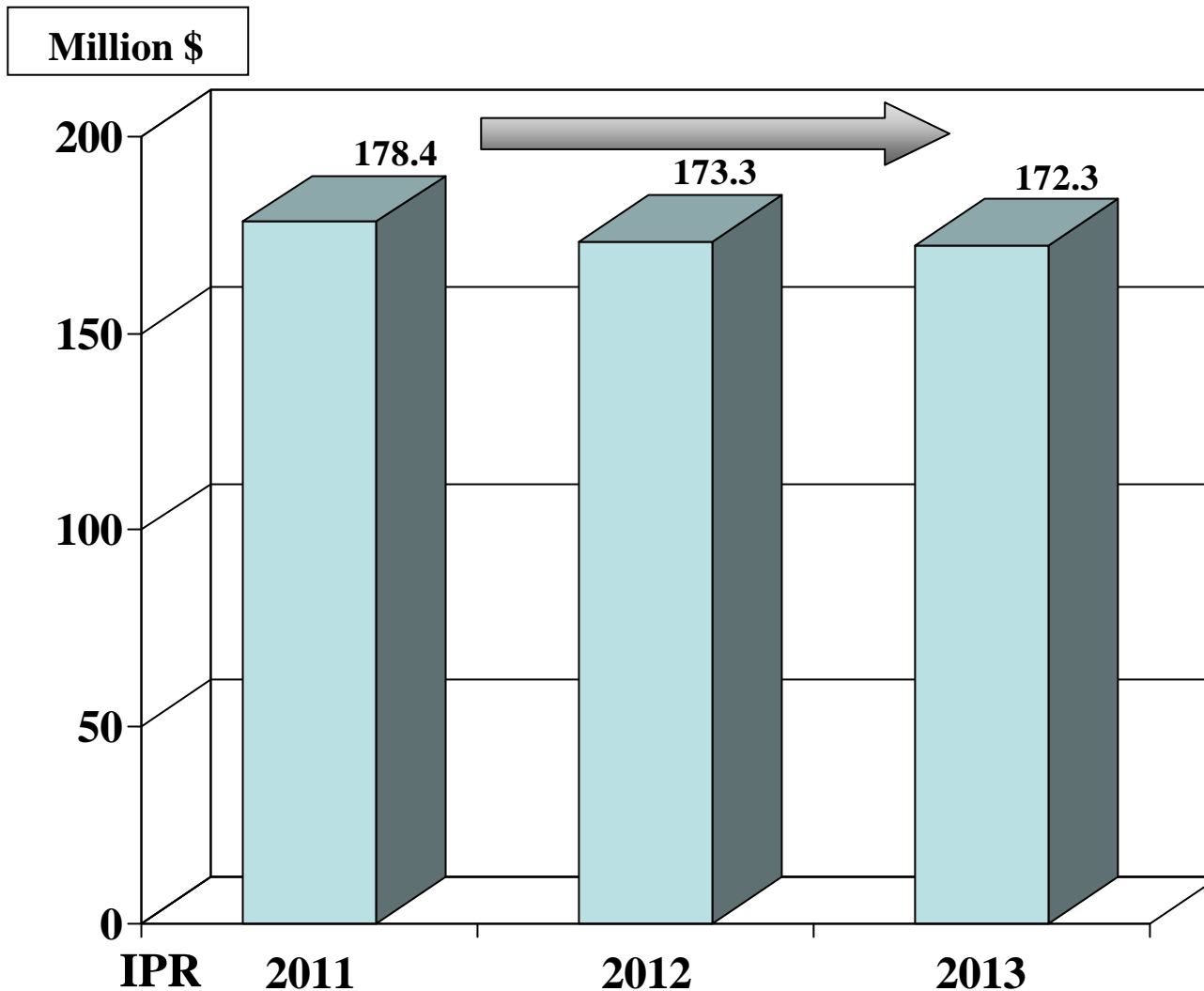


Transmission Acquisition Program

- The program is comprised of 5 distinct components

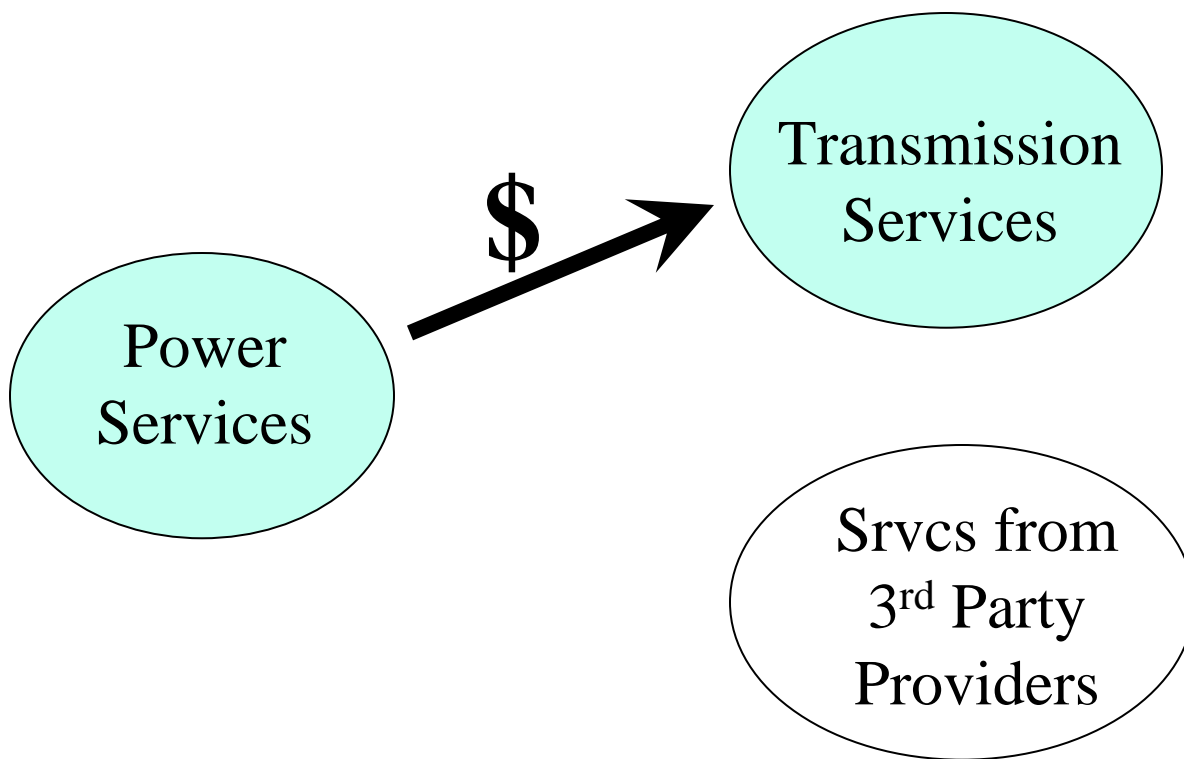


Transmission Acquisition Program



Transmission Acquisition Program

Transmission and Ancillary Services Component



Transmission Acquisition Program

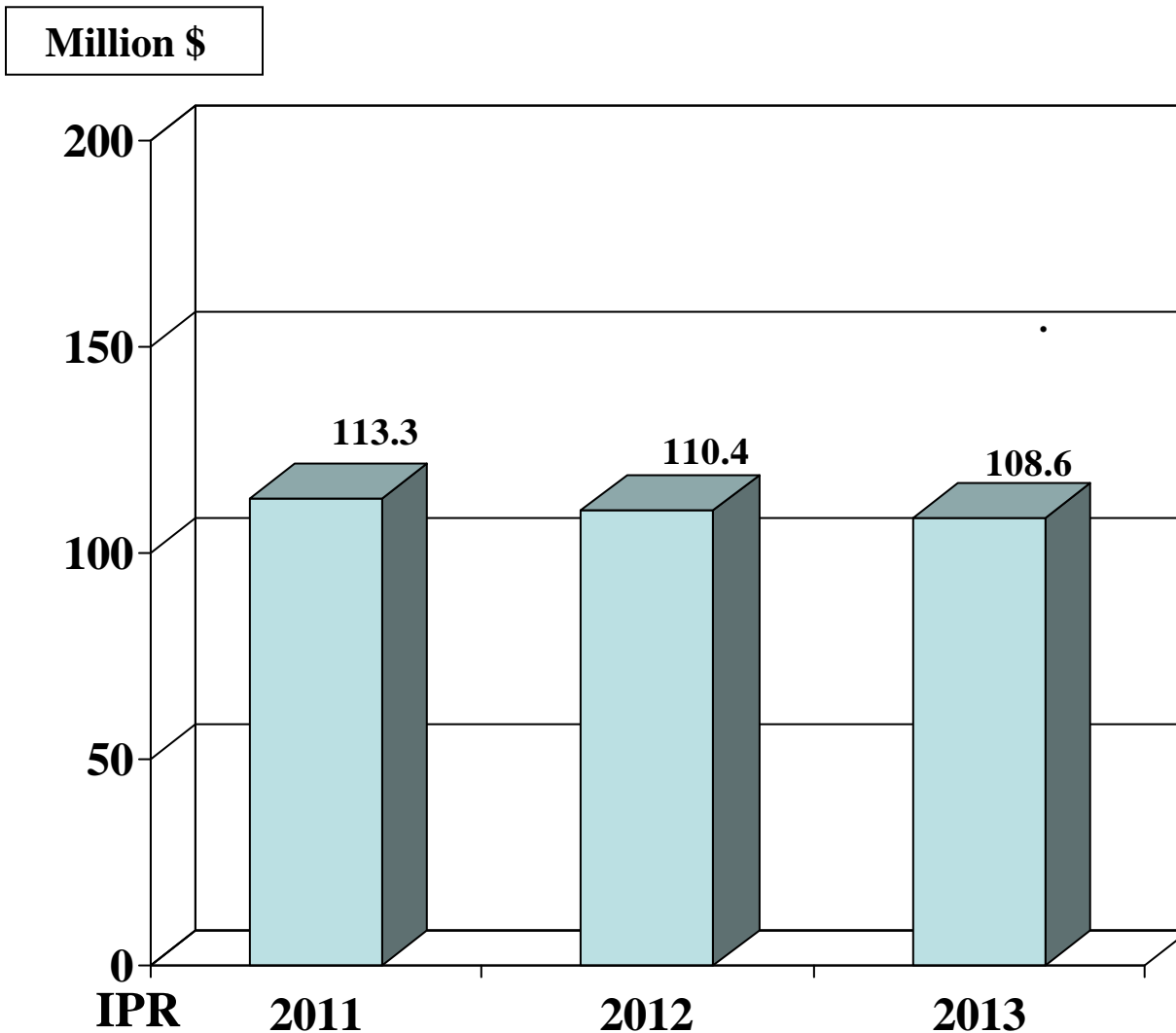
Transmission and Ancillary Services Component

- The Transmission and Ancillary Service Component represents costs associated with payments to BPA's Transmission Services for transmission and ancillary services associated with secondary energy sales.
- The goal of the BPA Power Services' transmission strategy is to determine the least-cost mixture of long-term and short-term transmission products that can meet the needs of Power Services' secondary energy marketing strategy.



Transmission Acquisition Program

Transmission and Ancillary Services Component



Transmission Acquisition Program

Transmission and Ancillary Services Component

- Risks for FY2011-12
 - Surplus levels and shape
 - Changes in transmission rates
 - Congestion costs associated with transmission constraints due to line outages, generation patterns, and level of transmission usage.
 - Limited access to transmission – being forced to more expensive transmission products.
 - Changes in Transmission Business Practices.
 - Acquiring Resources to meet Resource Adequacy.



Transmission Acquisition Program

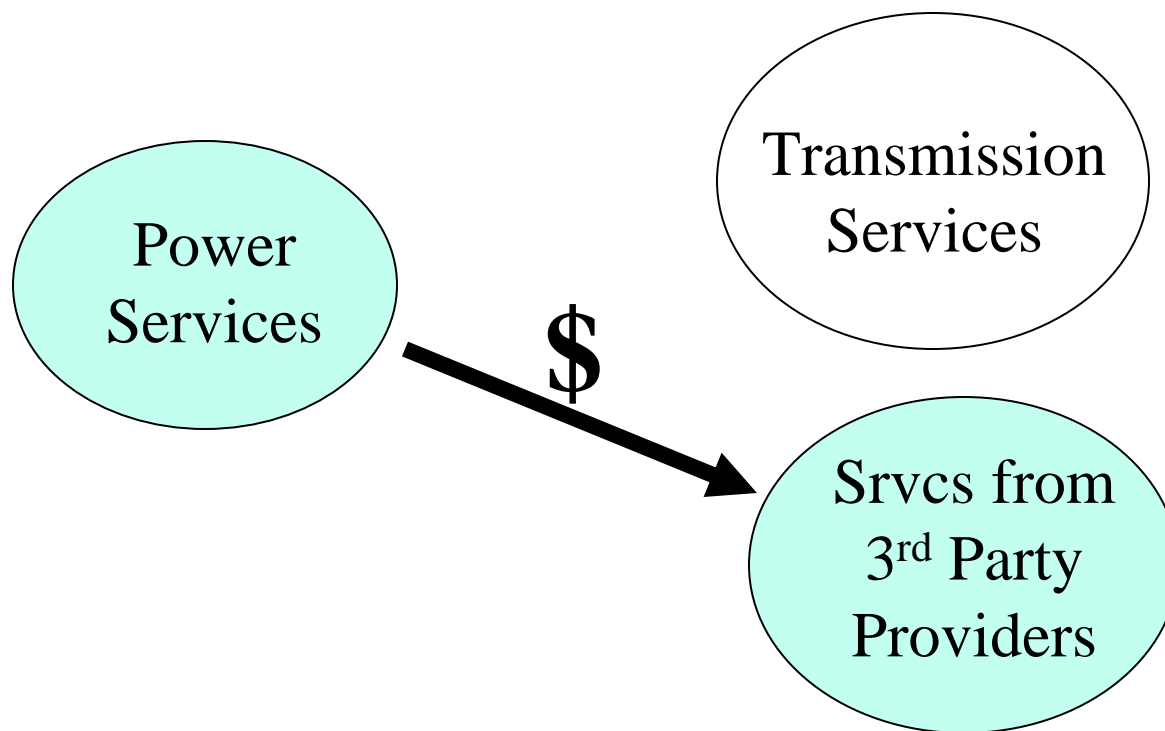
Transmission and Ancillary Services Component

- Managing Costs by:
 - Maintain staff expertise to manage transmission utilization of existing transmission contracts and incremental transmission purchases.
 - Coordinate with trading floor and operations on expected secondary energy (including location of generation and sale).
 - Participate in Transmission Services Rate Case proceedings.
 - Actively participate in Transmission Services' business practice forums to sustain or enhance Power Services' transmission portfolio.
 - Remarketing of unused transmission and purchasing of remarketed transmission in the secondary transmission market.



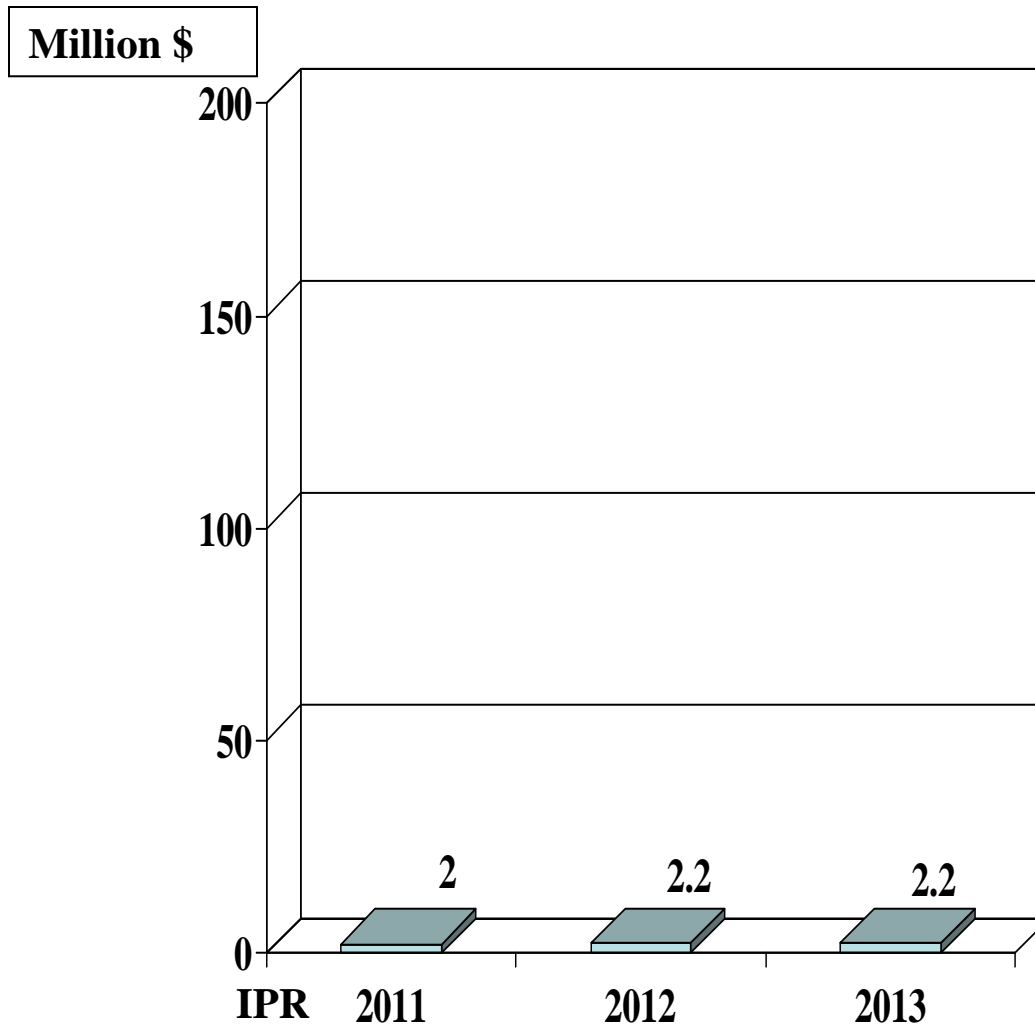
Transmission Acquisition Program

3rd Party Transmission & Ancillary Services Component



Transmission Acquisition Program

3rd Party Transmission & Ancillary Services Component



Transmission Acquisition Program

3rd Party Transmission & Ancillary Services Component

- **The 3rd party transmission and ancillary service component represents costs associated with:**
 - Payments to external BPA entities for transmission, ancillary services, and use of facilities associated with generation located outside the BPA control area (Lost Creek, Greensprings, and Wauna).
 - Secondary energy sales needing delivery over 3rd party systems.
 - Rerouting of transfer service due to transmission constraints (3rd party GTA wheeling).
 - Power Services remarketing of transmission under the transmission and ancillary service component for accounting purposes.
 - *If Power Services reassigns transmission purchased from Transmission Services then we must credit the difference between the cost of the transmission and the reassigned price (since the purchaser of the transmission will pay Transmission Services the posted transmission rate).*



Transmission Acquisition Program

3rd Party Transmission & Ancillary Services Component

- Risks
 - Level of transmission constraints and limitations over transfer service provider systems.
 - Level of generation output, market price for real power losses.

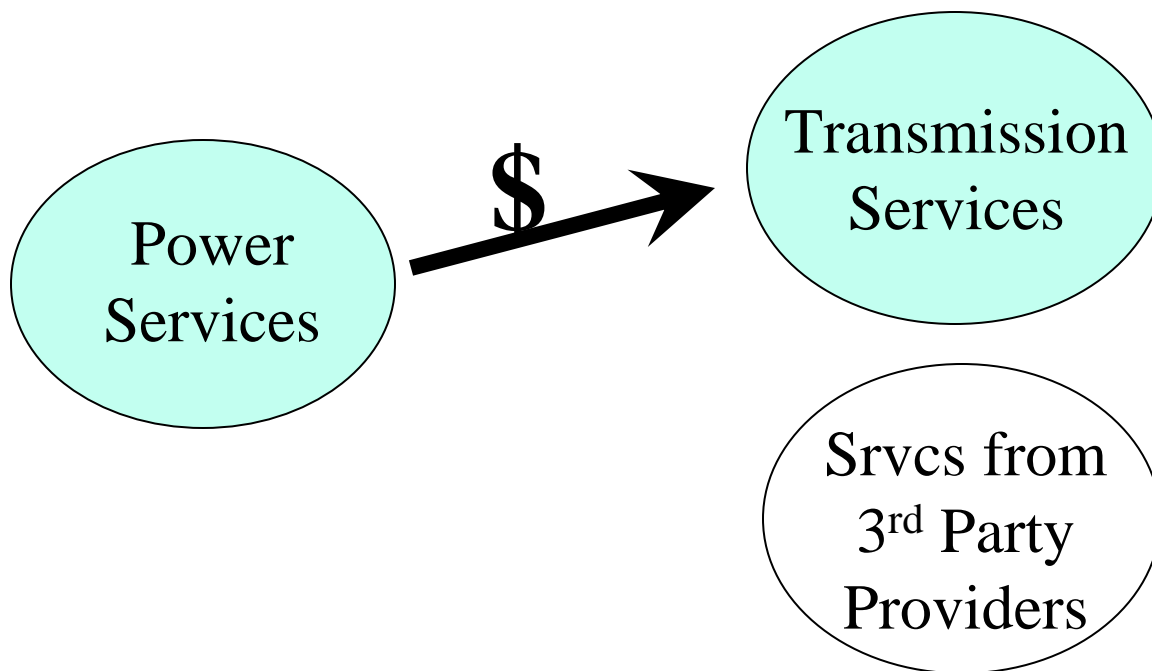
- Managing Costs
 - Maintain staff expertise regarding re-routing alternatives during periods of transmission constraints.



Transmission Acquisition Program

Reserves and Other Services Component

Federal Generation Integration

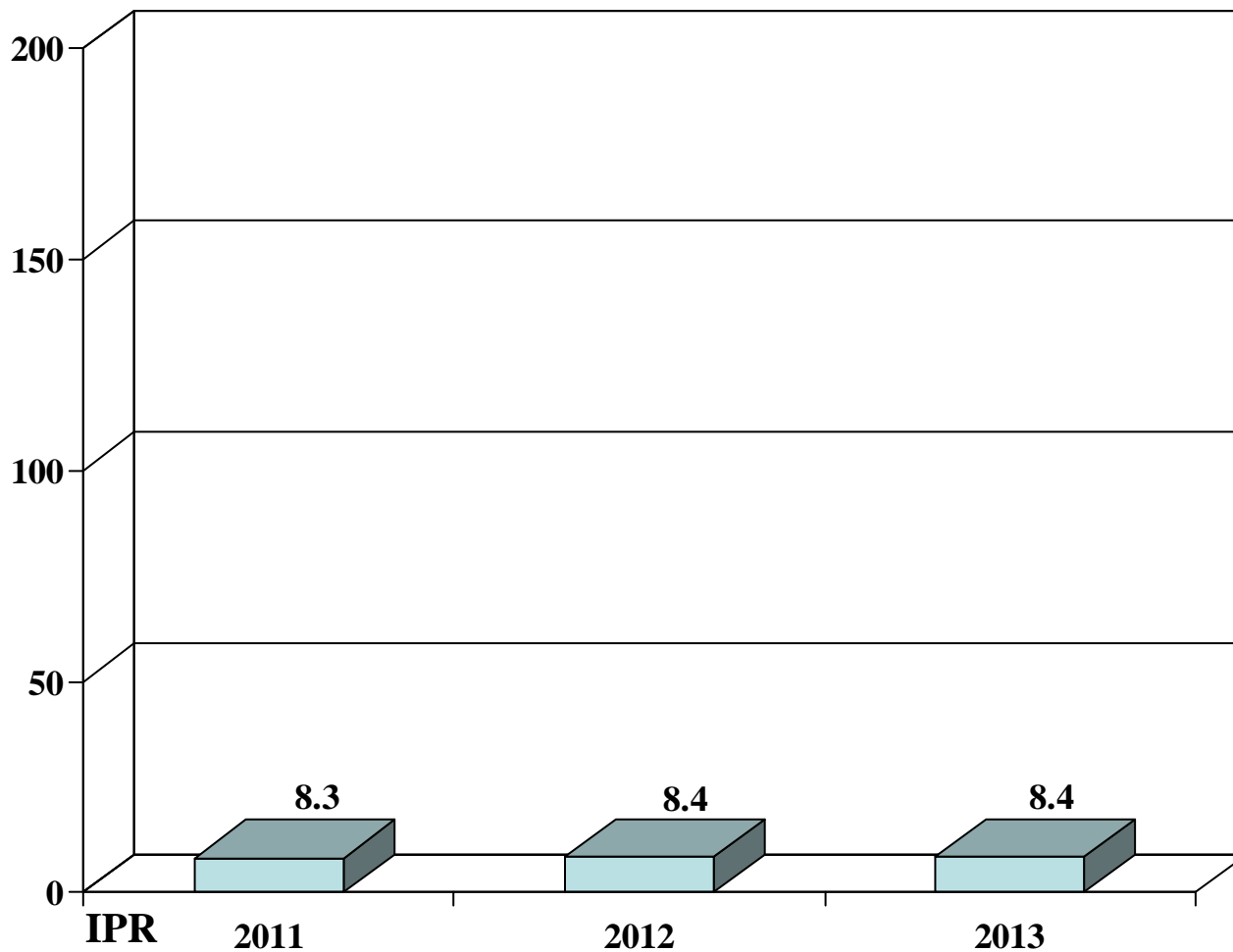


Transmission Acquisition Program

Reserves & Other Services Component

Federal Generation Integration

Million \$



Transmission Acquisition Program

Reserves & Other Services Component

Federal Generation Integration

- The Generation Integration Component represent costs associated with BPA's Transmission Services' Generation Integration (GI) transmission segment.
- The Generation Integration (GI) segment is a transmission rate segment made up from transmission facilities between the generator and the Network station, including step-up transformers, power house lines or cables, and switching equipment at the Network station for the power house line.
- The costs billed to Power Services by Transmission Services are for the BPA-owned GI facilities. The GI segment costs associated with the US Army Corps of Engineers and Bureau of Reclamation transmission facilities and generator step-up (GSU) transformers are directly included in their generation costs.



Transmission Acquisition Program

Reserves & Other Services Component

Federal Generation Integration

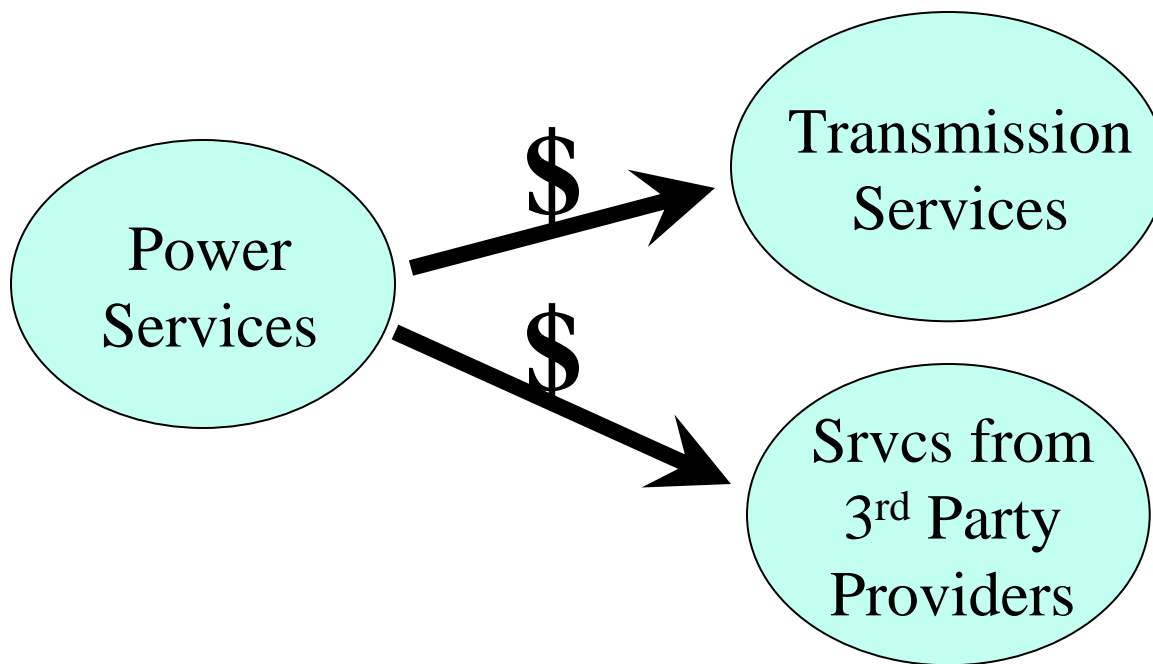
- Risks
 - Adding or replacing facilities to the segment.
 - Higher inflation for O&M costs.

- Managing Costs
 - Generation Integration costs are set in the Transmission Services' rate case, Power Services does not have direct control over managing costs.



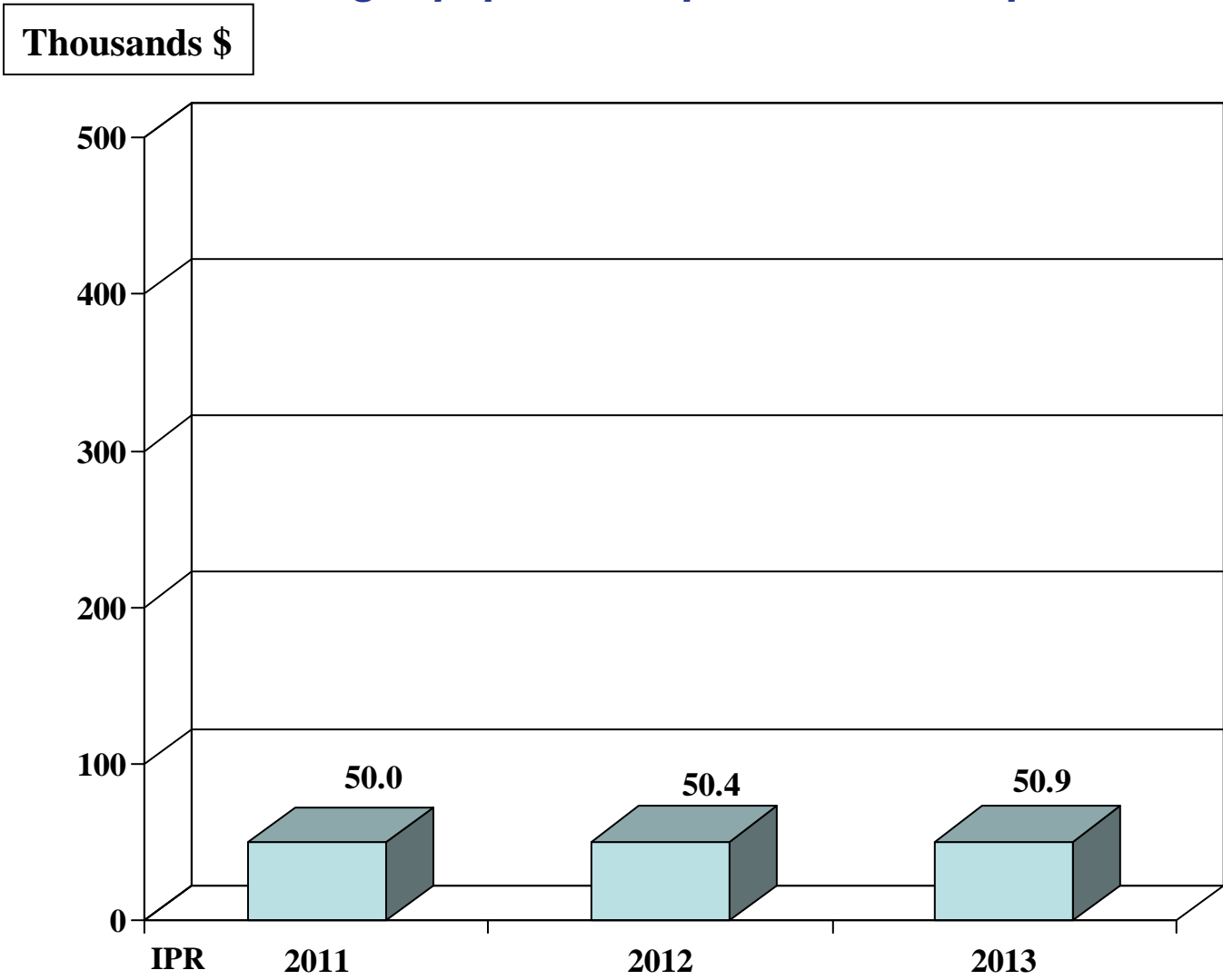
Transmission Acquisition Program

Telemetry/Equipment Replacement



Transmission Acquisition Program

Telemetry/Equipment Replacement Component



Transmission Acquisition Program

Telemetry/Equipment Replacement Component

- The metering, communications and Transmission Services Engineering support component represent costs associated with
 - Installation of metering, telemetry, communications equipment & replacements and ongoing charges to meet increasing Power Services business requirements for frequency and granularity of meter data.

- Major Drivers of Change
 - Industry moving towards a more granular reporting of transmission schedules than we have historically seen which will change our metering requirements.



Transmission Acquisition Program

Telemetry/Equipment Replacement Component

- Risks
 - Existing metering/communications equipment inadequate to meet increasing scheduling criteria set by transmission providers could cause financial exposure (i.e., energy imbalance charges).

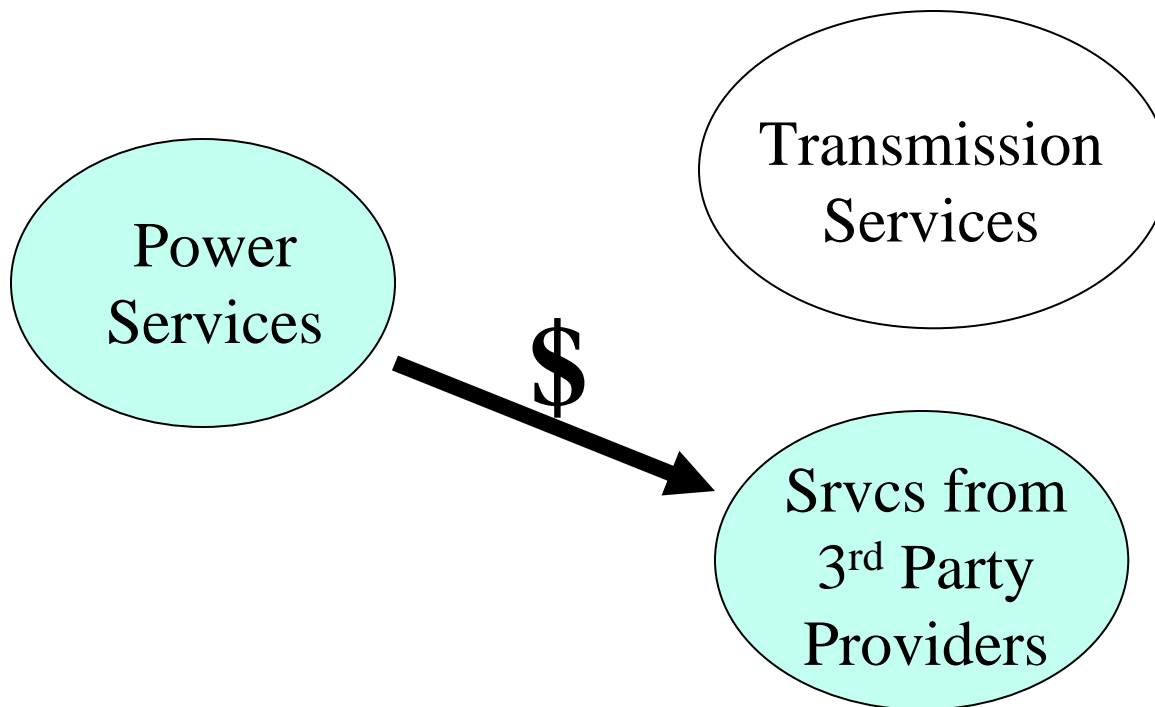
- Managing Costs
 - Collaboratively working with customers to develop plans of service, determine meter data needs, and identify mutually beneficial options.



Transmission Acquisition Program

Integrated Program Review
FY2011 thru FY2013

Transfer Service Component



Transmission Acquisition Program

Transfer Service Component

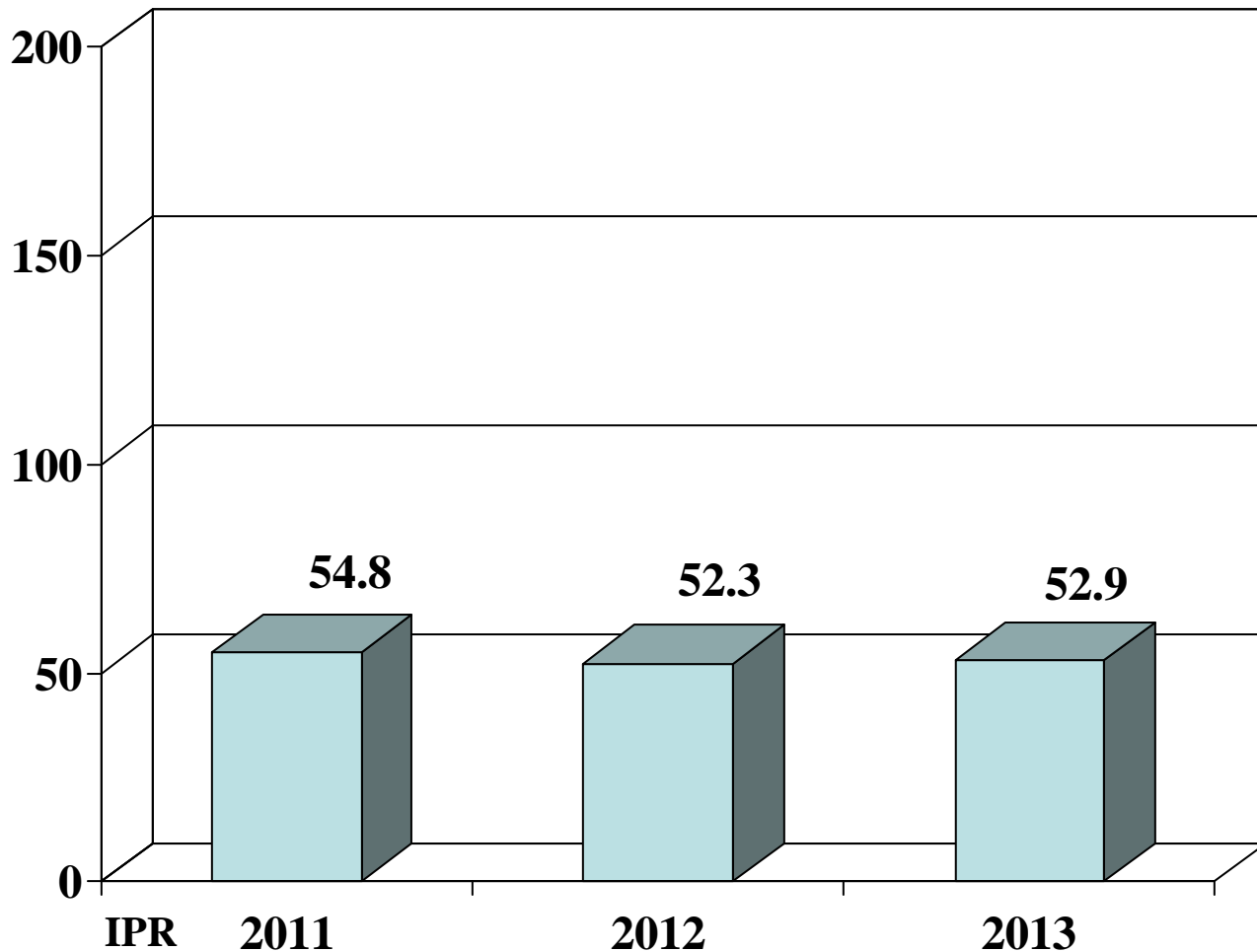
- Transfer Service Component represents the costs associated with BPA providing third party transmission to aid in the delivery of federal power to preference customers in the Pacific Northwest.
- Currently BPA has 82 preference customers that receive all or part of their federal power deliveries using this mechanism.
- BPA contracts for Transfer Service with seven investor owned utilities, public utilities and cooperatives within the region.
- Types of arrangements vary from simple use of facilities agreements and others are complex combinations of agreements (i.e., General Transfer Agreements, Exchange Agreements and Open Access Tariff Transmission).



Transmission Acquisition Program

Transfer Service Component

Million \$



- Reasons for Changes in Expense Levels**
- OATT Conversions
 - Change in Posted Rates
 - Change in Rate Structure
splitting of rates into
Network and Wholesale
Distribution
 - Load Growth
 - New Transfer Customers



Transmission Acquisition Program

Transfer Service Component

- Major Drivers of Change
 - Conversions from GTA Agreements to OATT Agreements (Change in billing factors)
 - Load growth
 - Financial true up of scheduling deviations (energy imbalance under OATT)
 - Increase of transfer costs due to Regional Dialogue policy
 - Rate increases imposed by Idaho Power and NorthWestern Energy



Transmission Acquisition Program

Transfer Service Component

- Risks
 - Estimated inflation/growth rate assumed in forecast.
 - Energy Imbalance – under or over scheduling of loads
 - Funding for network upgrades on 3rd party systems
 - Uncertainty of customers' load growth and resource plans



Transmission Acquisition Program

Transfer Service Component

- Managing Costs
 - Coordination with transfer customers regarding load growth and resource plans.
 - Clarification of duties and responsibilities when encountering unforeseen circumstances, such as facility upgrade costs and re-dispatch.
 - Manage energy imbalance with improved tools for forecasting schedules, (i.e., more frequent meter readings, enhanced load forecasting tools, interchange telemetry and metering, etc.)





Residential Exchange Program

Residential Exchange

Residential Exchange	2009 Actuals	2010 SOY	2011 WP-10 Rate Case	2011 IPR	2012 IPR	2013 IPR
RESIDENTIAL EXCHANGE PROGRAM	205,171,454	264,528,233	270,087,000	268,647,000	268,647,000	268,647,000
Total	205,171,454	264,528,233	270,087,000	268,647,000	268,647,000	268,647,000

Notes: The 2009 actuals of \$205.17 million does not include the Lookback amount of \$77.49 million. The 2010 SOY of \$264.53 million includes the Lookback amount of \$82.08 million. The Lookback amount of \$81.07 million is used for 2011 WP-10 Rate Case and assumed for all IPR forecasts.

Program Description

- The Residential Exchange Program (REP) was established in Section 5(c) of the Northwest Power Act of 1980. The goal of the program has been to provide rate relief to Northwest residential and small-farm customers served by high-cost investor & consumer-owned utilities. Under the REP, BPA "purchases" power from each participating utility at that utility's Average System Cost (ASC). The Administrator then offers, in exchange, to "sell" an equivalent amount of electric power to the utility at BPA's PF Exchange rate. The amount of power purchased and sold is the qualifying residential and small farm load of each utility participating in the REP. These benefits are passed on to the residential and small farm customers of the utility.

Strategic Objectives

- S1 – Policy and Regional Actions
- S3 – Tiered Power Rates
- S9 – Stakeholder Satisfaction
- I6 – Collaboration

Key Products and Outputs

- Work with participating utilities to review and determine average system costs, pay out REP benefits/monies, and implement ASC methodologies. Also, REP staff facilitates the review of each utility's records and accounts to ensure the pass-through of REP benefits to residential and small farm customers.

FY 2012-13 Program Spending Drivers

- The total amount of REP benefits for FY 2012-13 will be determined following the final determination of each exchanging utility's ASC and the integration of final ASCs into the FY 2012-13 Wholesale Power Rate Case.





Non-Operating Generation

Non-Operating Generation

Non-Operating Generation	2009 Actuals	2010 SOY	2011 WP-10 Rate Case	2011 IPR	2012 IPR	2013 IPR
TROJAN O&M	(1,304,296)	2,200,000	2,300,000	1,700,000	1,500,000	1,500,000
WNP-1,3&4 O&M	549,856	418,000	428,000	428,000	438,000	448,000
Total	(754,440)	2,618,000	2,728,000	2,128,000	1,938,000	1,948,000

Program Description

- BPA is responsible for EWEB's 30% share of the Trojan Nuclear Plant costs. Trojan was terminated in 1993. Demolition and decontamination of the site were completed by PGE in FY 2008. These forecasts are for operating and maintaining the on-site spent fuel storage facility (ISFSI) and maintaining the remaining Trojan facilities.
- BPA is responsible for WNP-1 and WNP-4 site costs. WNP-1 was terminated in 1994. BPA agreed to fund WNP-4 restoration costs in 1996. This funding is in support of activities at the WNP-1/4 site that focus on minimal maintenance, economic development and reuse of the site.

Strategic Objectives

- S2 – FCRPS Operations and Expansion

Key Products and Outputs

- Trojan - Operate ISFSI and maintain site
- WNP-1/4 - Maintain site and support site economic development to achieve reuse

FY 2012-13 Program Spending Drivers

- Trojan – The program spending driver for Trojan is maintaining and operating the ISFSI.
- WNP-1/4 – The program spending drivers for WNP-1/4 are site maintenance and economic development to achieve reuse.



Next Steps

Detailed Workshop Schedule

2010 Integrated Program Review (IPR) Workshop Schedule

All workshops are subject to change as necessary

	Workshop Topic	Date	Time
-	Asset Management Overview <i>Pre-IPR meeting held at the Quarterly Business Review</i>	May 3, 2010	3:00-4:00 PM
1	Executive Welcome and Overview <i>Executive Welcome, Introductions, Process Overview Power, Transmission, Corporate overview</i>	May 10, 2010	9:00-1:00 PM
2	Federal Hydro Asset Strategy & Capital Discussion <i>FCRPS Hydro Asset Strategy Federal Hydro Capital Program for FY 2012-17</i>	May 13, 2010	9:00-12:00 PM
3	Transmission Asset Strategies & Capital Discussion <i>Transmission Asset Strategies Transmission Capital Programs for FY 2012-17</i>	May 17, 2010	9:00-4:00 PM
4	Transmission Expense <i>Transmission Expense Programs for FY 2012-13</i>	May 18, 2010	9:00-12:00 PM
5	Transmission Overflow <i>Discuss Remaining Topics, Follow Ups, Etc.</i>		1:00-4:00 PM
6	Power Internal Operating Costs, Acquisition/Ancillary Services & Residential Exchange <i>Power Internal Operating Cost for FY 2012-13 Power Acquisition and Ancillary Services for FY 2012-13 Residential Exchange Program for FY 2012-13</i>	May 19, 2010	9:00-12:00 PM
7	Columbia Generating Station (CGS) <i>CGS Expense and Capital Program for FY 2012-17</i>		1:00-4:00 PM



Detailed Workshop Schedule

2010 Integrated Program Review (IPR) Workshop Schedule

All workshops are subject to change as necessary

	Workshop Topic	Date	Time
8	FCRPS Hydro Operation & Maintenance Program and Cultural Resources <i>FCRPS Hydro O&M Program for FY 2012-13</i> <i>Cultural Resources Program</i>	May 20, 2010	9:00-12:00 PM
9	Fish & Wildlife, Lower Snake River Comp (LSRC) and Northwest Power Planning Council (NWPPC) <i>F&W Expense & Capital Program for FY 2012-17</i> <i>LSRC Program for FY 2012-13</i> <i>NWPPC Expense Program for FY 2012-13</i> <i>Columbia River Fish Mitigation (CRFM) FY 2012-17</i>		1:00-4:00 PM
10	Power Overflow <i>Discuss Remaining Topics, Follow Ups, Etc.</i>	May 24, 2010	9:00-12:00 PM
11	Energy Efficiency & Renewable Resources <i>Energy Efficiency Expense & Capital Program for FY 2012-17</i> <i>Renewable Resources for FY 2012-13</i>		1:00-4:00 PM
12	Facilities Asset Strategy <i>Facilities Asset Strategy</i>	May 25, 2010	9:00-10:30 AM
13	Information Technology (IT) Asset Strategy <i>IT Asset Strategy</i>		10:30-12:00 PM
14	Agency Services <i>Agency Services Expense & Capital Programs for FY 2012-2017</i>		1:00-4:00 PM
15	General Manager Meeting	June 8, 2010	9:00-12:00 PM
16	General Manager Meeting	July 13, 2010	9:00-12:00 PM



Ways to Participate

- All forums are open to the public and will be noticed on the Integrated Program Review (IPR) external website at: <http://www.bpa.gov/corporate/Finance/IBR/IPR/>.
- Representatives from the Corps of Engineers, Bureau of Reclamation and Energy Northwest will be participating in the IPR process including presentations.
- All technical and managerial workshops will be held at BPA Headquarters.
- If participating by phone please dial into the bridge at 503-230-5566, then any time during or after the message and the double beep, enter 3981#. Presentation material will be posted on the IPR external website prior to the workshop taking place.
- The IPR process will include a public comment period for proposed program spending levels. The comment period opens 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



BPA's Financial Disclosure Information

- All FY 2010-2017 information has been made publicly available by BPA on May 18, 2010 and does not contain Agency-approved Financial Information.
- All FY 2009 information has been made publicly available by BPA and contains Agency-approved Financial Information.
- All FY 2011 Rate Case data has been developed for publication in rates proceeding documents and is being provided by BPA.

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