



March 18, 2009

**BPA's FY 2010-2011
Program Levels and
Potential Risk Mitigation Tools
for Power Rates**



Agenda

Introductions

Purpose of this meeting

Power Rates Landscape

Potential Tools to Mitigate Potential Power Rate Increase:

- Cost Reductions
- Risk Mitigation

Next Steps – Game Plan



Purpose of This Meeting

Purpose of this meeting

- Understand events that are threatening to push BPA's 2010-2011 power rates above the 9.4 percent increase in the initial proposal.
- Discuss tools for minimizing the increase and game plan for pursuing them:
 - Cost reductions – the focus of IPR2
 - Risk mitigation tools – the focus of rate case



Power Rates Landscape

Initial Rate Proposal

- No increase in transmission rates, except ancillary and control area services for wind integration
- Significant increase in wind integration rates (subject of separate rate case discussions)
- 9.4 percent increase in preference power rates

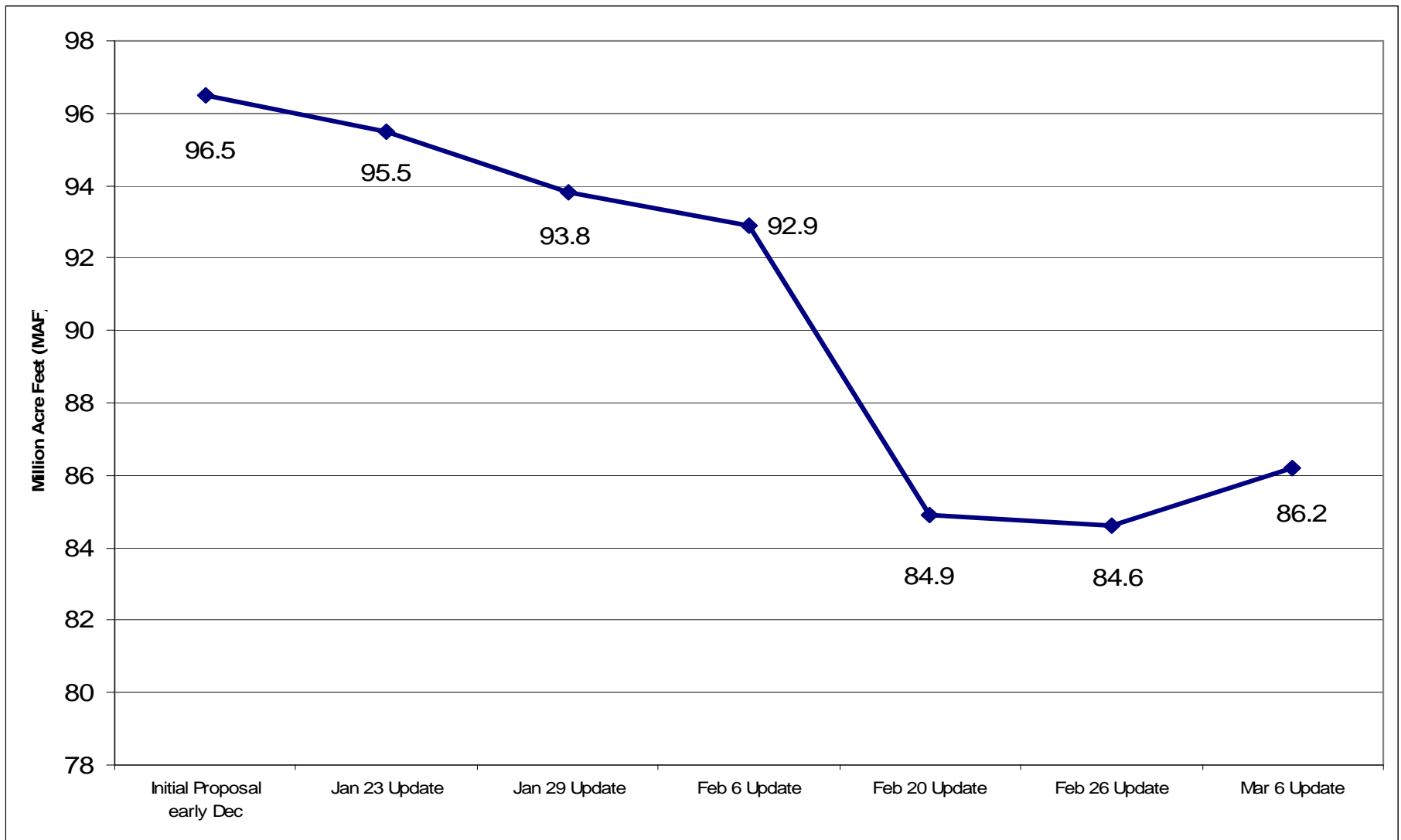
Since Initial Proposal

- Low water and gas and electricity prices putting significant additional upward pressure on power rates
- Collaborative efforts underway in rate case to minimize the rate increase.



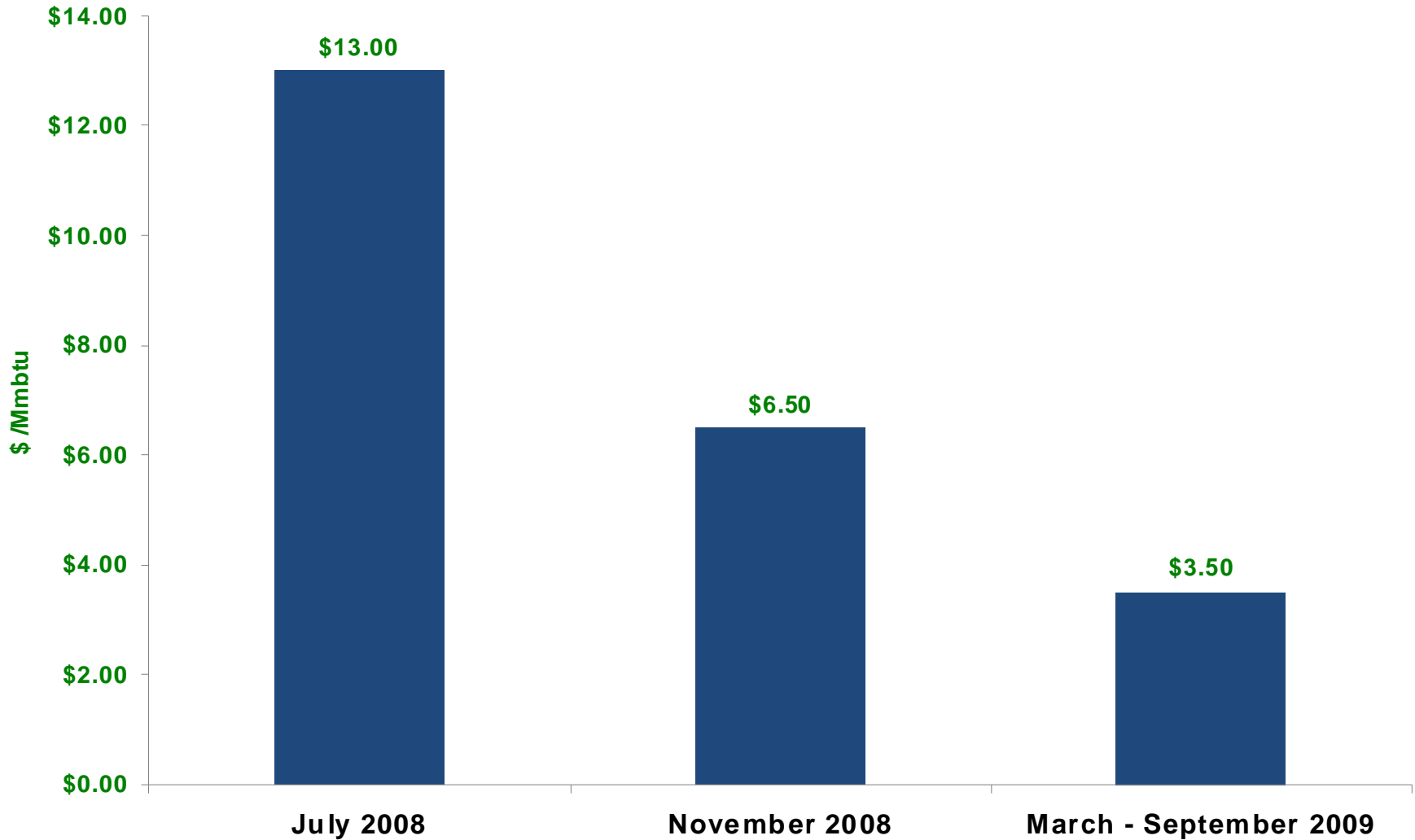
Runoff Forecast

(January-July 2009, River Forecast Center)



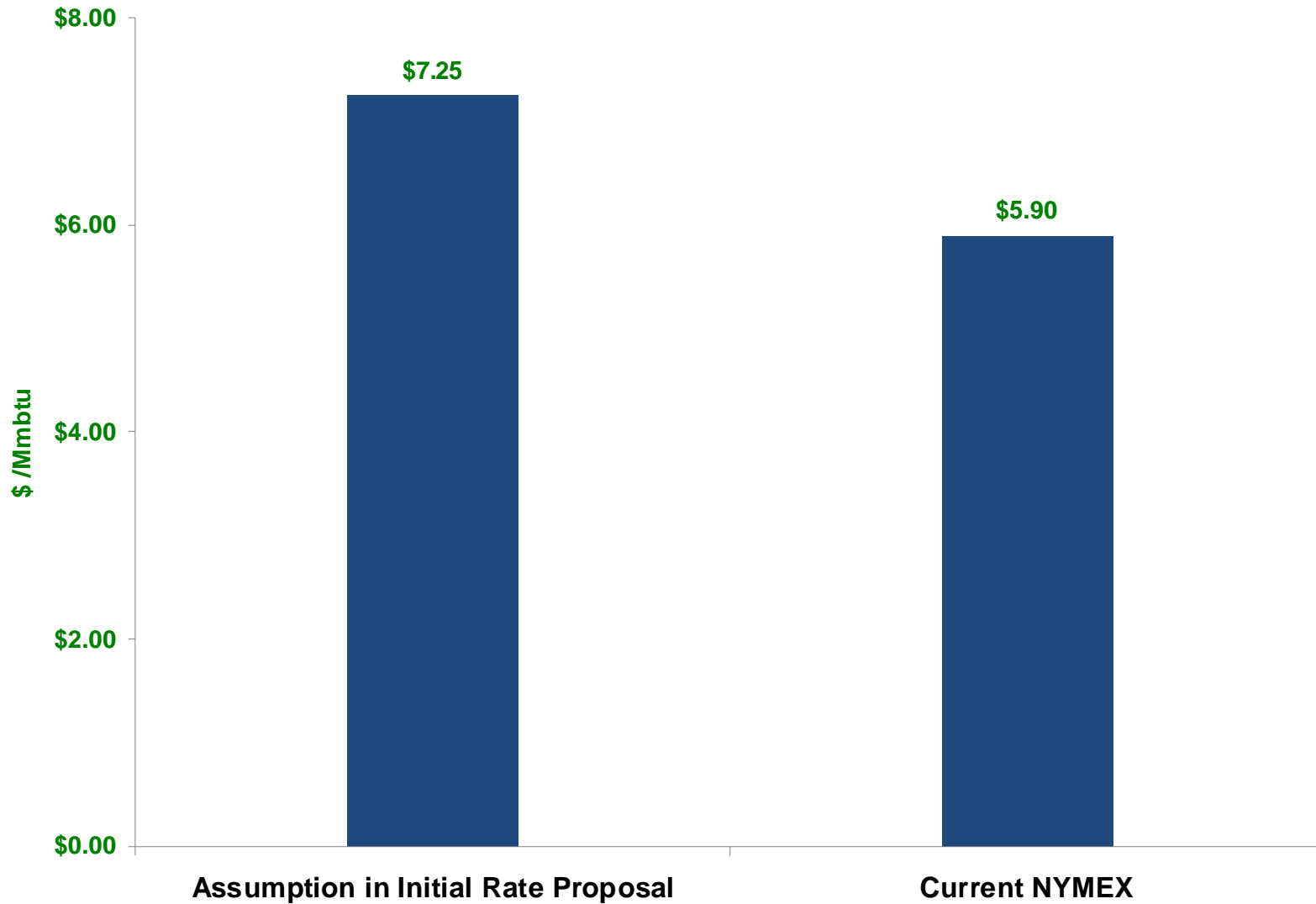


Natural Gas Prices, 2008 & 2009 (Henry Hub)





Natural Gas Prices, 2010 & 2011 (Henry Hub)





Power Costs

Summary of Proposed Changes Since IPR



Cost Drivers of 9.4 percent increase in Initial Power Rate Proposal

For Power, primary drivers of increases in FY 2010-2011 costs relative to FY 2008-2009 costs ^{1/}:

- Increases in operation, maintenance and capital costs to assure reliability and safe operation of the Columbia Generating Station nuclear plant. The plant will also undergo an extended outage in 2011 for condenser replacement. \$64 million
- Increases in capital and operating costs of the hydro system to maintain and improve reliability and output. \$38 million
- New biological opinion requirements and implementation of Columbia Basin Fish Accords. \$62 million

^{1/} Average FY 2010-2011 forecast of program levels from IPR2 compared to average of FY 2008 forecast from WP-07 Final Rate Proposal and FY 2009 forecast from WP-07 Supplemental Proposal



Power Expenses

We reviewed the program levels established in the IPR, and have revised the forecasts in a few areas.

PROGRAM	Actuals		SOY		Rate Case 2/	IPR 1		IPR 2	
	FY 2007	FY 2008	FY 2008	FY 2009	FY 2009	FY 2010	FY 2011	FY 2010	FY 2011
Power									
Columbia Generating Station	276,409	236,736	231,431	293,450	293,700	269,200	365,000	265,700	343,700
Corps and Reclamation	225,742	250,552	240,502	261,600	261,600	280,700	296,461	280,700	296,461
Long Term Generation Program	28,247	27,080	31,858	31,613	31,613	31,889	32,343	30,380	30,722
Power Purchases includes DSI Monetized Power	272,414	419,729	215,811	189,618	292,669	n/a	n/a	n/a	n/a
Residential Exchange Payments/Other	340,247	329	303,000	251,416	251,416	n/a	n/a	n/a	n/a
Renewables includes Rate Credit	26,825	37,102	44,381	41,504	43,955	45,588	45,938	45,588	45,938
Generation Conservation	72,113	57,968	82,983	82,710	80,526	87,088	86,722	86,088	87,222
Internal Operations	108,265	115,059	112,997	122,924	121,018	135,627	139,910	135,627	139,910
Post-Retirement Contribution	10,550	9,000	9,000	15,277	15,277	15,598	16,071	15,447	15,579
Transmission Purchases, Reserve/Ancillary	164,046	165,861	172,982	175,098	175,098	n/a	n/a	n/a	n/a
Fish & Wildlife									
Fish & Wildlife	139,471	148,879	143,000	200,000	163,903	230,000	236,000	230,000	236,000
Lower Snake River Hatcheries	19,270	19,403	19,500	21,116	19,690	23,600	24,480	23,600	24,480
Environmental Requirements	-	68	300	300	300	300	300	300	300
Power and Conservation Council 1/	8,390	8,245	9,266	9,450	9,450	9,641	9,838	9,683	9,934
Total	167,131	176,595	172,066	230,866	193,343	263,541	270,618	263,583	270,714
Net Interest, Amortization/Depreciation, Non-Federal Debt Service 4/	788,124	839,130	875,180	816,055	910,376	929,800	977,200	923,721	965,129
Other-Colville Settlement, Non-Op Generation 3/	21,938	18,644	24,454	27,413	27,413	25,746	28,082	25,746	28,082
Total	2,502,051	2,353,785	2,516,645	2,539,544	2,698,004	2,084,777	2,258,345	2,072,580	2,223,457

1/ Correction to IPR 1 summary tables. Decision to make change was described in narrative in the IPR Close-Out Report but was not reflected in the IPR summary tables.

2/ Represents 2009 Supplemental Rate Case.

3/ Proposed legislation would result payments for a Spokane settlement based on 29% of the Colville Settlement and if passed would result in a projected increase of \$6 million in FY 2010 and FY 2011.

4/ IPR 1 estimates were provided in the IPR Close-Out Report for FY 2010-2011. IPR 2 numbers are preliminary estimates provided for information only. The final amounts will be determined in the rate case and could be considerably different.

"n/a" indicates costs that are determined as a part of modeling in the rate case



Comparison of Power Expense Forecasts

PROGRAM \$ in thousands	IPR 1		IPR 2		IPR 1 vs. IPR 2 Delta	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
	Power					
Columbia Generating Station	269,200	365,000	265,700	343,700	(3,500)	(21,300)
Corps and Reclamation	280,700	296,461	280,700	296,461	-	-
Long Term Generation Program	31,889	32,343	30,380	30,722	(1,509)	(1,621)
Power Purchases includes DSI Monetized Power	n/a	n/a	n/a	n/a	n/a	n/a
Residential Exchange Payments/Other	n/a	n/a	n/a	n/a	n/a	n/a
Renewables includes Rate Credit	45,588	45,938	45,588	45,938	-	-
Generation Conservation	87,088	86,722	86,088	87,222	(1,000)	500
Internal Operations	135,627	139,910	135,627	139,910	-	-
Post-Retirement Contribution	15,598	16,071	15,447	15,579	(151)	(492)
Transmission Purchases, Reserve/Ancillary	n/a	n/a	n/a	n/a	n/a	n/a
Fish & Wildlife						
Fish & Wildlife	230,000	236,000	230,000	236,000	-	-
Lower Snake River Hatcheries	23,600	24,480	23,600	24,480	-	-
Environmental Requirements	300	300	300	300	-	-
Power and Conservation Council 1/	9,641	9,838	9,683	9,934	42	96
Total	263,541	270,618	263,583	270,714	42	96
Net Interest, Amortization/Depreciation, Non-Federal Debt Service 4/	929,800	977,200	923,721	965,129	(6,079)	(12,071)
Other-Colville Settlement, Non-Op Gen 3/	25,746	28,082	25,746	28,082	-	-
Total	2,084,777	2,258,345	2,072,580	2,223,457	(12,197)	(34,888)

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4/ IPR 1 estimates were provided in the IPR Close-Out Report for FY 2010-2011. IPR 2 numbers are preliminary estimates provided for information only. The final amounts will be determined in the rate case and could be considerably different.

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Summary of Proposed Power Changes Since IPR

EXPENSE

CGS: IPR 2 Drivers

- Due to favorable uranium market conditions, EN will make a uranium purchase in FY 2009 reducing forecasted costs in FY 2010-2011. This reduces forecasted O&M costs by \$27.4 million over the rate period but increases costs by \$18 million in FY 2009.
- EN and BPA agreed on a reduction to CGS O&M contingency reserves that is different than what was reflected in IPR 1 forecasts. This reduces forecasted O&M costs by \$1.7 million over the rate period.
- An error in the original IPR 1 forecasts was corrected which increases the forecast by \$4.3 million over the rate period.

Long-Term Generating Operations: IPR 2 Drivers

- Revised analysis in the WP-10 rate case have resulted in the following changes:
 - Cowlitz Falls (including New Resources Integrated Wheeling) - \$460,009 increase in FY 2010 and \$391,562 increase in FY 2011.
 - Idaho Falls - \$1.68 million decrease in both FY 2010 and FY 2011.
 - Wauna Falls CoGen- \$286,943 decrease in FY 2010 and \$330,891 decrease in FY 2011.

Conservation/Energy Efficiency: IPR 2 Drivers

- Northwest Energy Efficiency Alliance Taskforce (NEEA/NEET) revised business plan calls for increased funding to support their efforts. BPA currently funds about 50% of NEEA's \$20M/year budget which expires 9/30/09. BPA's share of the total NEEA budget will be reduced to an estimated 37% in 2010 but overall NEEA's budget will increase to \$40M/year. Although BPA has not endorsed the revised business plan, the IPR2 proposal would assume and increase of \$3M/year.
- Reductions in Conservation Rate Credit totaling \$4 million in 2010 and \$2.5 million in 2011. This is a correction to reflect the actual CRC. The CRC is a calculation of .5 mill x load for both Conservation and Renewables. Since the Renewables credit was increased by \$4 million and \$2.5 million in 2010 and 2011, the Conservation credit should have been reduced by the same amount.

Post-Retirement Contribution: IPR 2 Drivers

- Change in Post-Retirement Contribution forecast of expenses updated to reflect changes in forecast Bonneville staffing levels, slower CSRS employee retirements than previously forecast, and a slower rate of growth of Health Care costs than previously forecast.



Power Capital

PROGRAM	Actuals		SOY		Rate Case 1/	IPR 1		IPR 2					IPR 1 vs. IPR 2 Delta	
	FY 2007	FY 2008	FY 2008	FY 2009	FY 2009	FY 2010	FY 2011	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2010	FY 2011
\$ in thousands														
Power Capital														
Corps and Reclamation*	108,351	105,346	162,488	175,156	133,200	183,200	199,200	185,000	201,000	198,000	210,000	212,000	1,800	1,800
Fish & Wildlife	35,000	26,388	36,000	50,000	50,000	70,000	60,000	70,000	60,000	50,000	50,000	50,000	-	-
Conservation*	7,000	8,219	32,000	32,000	27,200	38,000	46,000	39,000	47,000	56,000	56,000	56,000	1,000	1,000
CGS	82,926	n/a	26,900	81,800	101,900	73,600	99,900	70,000	91,130	51,500	50,000	32,000	(3,600)	(8,770)
CRFM	49,410	37,277	68,300	110,000	110,000	88,000	96,000	101,454	100,066	75,264	190,643	66,224	13,454	4,066
Lapse Factor	-	-	-	-	-	(36,150)	(38,550)	(33,600)	(37,200)	(39,900)	(41,700)	(42,000)	2,550	1,350
Total	282,687	177,230	325,688	448,956	422,300	416,650	462,550	431,854	461,996	390,864	514,943	374,224	15,204	(554)

1/ Represents 2009 Supplemental Rate Case.

* 15% Lapse factor is applied to Corps and Reclamation and Conservation Investment. It does not apply to CGS, Fish & Wildlife or CRFM. The lapse factor is an assumption that a percentage of planned capital investment will be delayed into the subsequent rate period.

Summary of Proposed Changes Since IPR

- CGS: Capital expenditures are reduced in FY 2010 by \$3.6 million and by \$8.8 million in FY 2011. Both IPR 2 forecasts are based on the draft February 2009 Energy Northwest Long Range Plan; the IPR 1 forecasts were based on a draft December 2007 capital forecast. Costs may shift between capital and expense over time but EN has committed to living with the CGS O&M costs in the Long Range Plan.
- CRFM capital expenditures increased \$55 million in FY 2009, \$13.5 million in FY 2010 and \$4 million in FY 2011. FY 2009 increase is attributable to Columbia River mitigation analysis and Lower Snake surface bypass collector being placed into service. FY 2008 plant-in-service amount was lower than forecast. Investments resulting from the Willamette BiOp begin in FY 2013.
- Corps: Original IPR forecasts included incorrect AFUDC amount. Adjustment has been made to reflect correct AFUDC



Agency Services

PROGRAM	Actuals		SOY		IPR 1		IPR 2		IPR 1 vs. IPR 2 Delta	
	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
\$ in thousands										
Agency Services										
Executive Office	995	1,126	1,026	1,069	1,114	1,161	1,114	1,161	-	-
Deputy Administrator	252	261	268	279	289	301	289	301	-	-
Chief Risk Officer	4,105	4,938	5,867	5,734	6,698	6,920	6,698	6,920	-	-
Technology Innovation & Confirmation	1,633	2,332	9,592	2,638	11,990	14,134	11,990	14,134	-	-
Chief Public Affairs Officev 1/	15,051	15,139	16,373	17,439	18,064	18,589	18,106	18,685	42	96
Internal Audit	1,763	1,938	2,163	2,384	2,354	2,355	2,354	2,355	-	-
Finance	12,558	14,122	15,754	14,970	15,617	16,096	15,617	16,096	-	-
Corporate Strategy	269	158	1,341	303	317	331	317	331	-	-
Supply Chain Policy & Gov.	546	637	640	667	696	726	696	726	-	-
Regulatory Affairs	1,576	1,992	1,774	2,327	2,426	2,530	2,426	2,530	-	-
Strategic Planning	1,533	1,492	1,629	1,913	2,076	2,143	2,076	2,143	-	-
Strategy Integration	3,352	3,313	6,876	6,604	7,876	8,340	7,876	8,340	-	-
Security & Emergency Mgmt	6,388	6,276	7,285	7,582	7,646	7,855	7,646	7,855	-	-
General Counsel	7,993	8,804	9,251	9,505	9,643	9,968	9,643	9,968	-	-
Chief Operating Officer	4,606	4,209	5,743	3,299	3,531	1,556	3,531	1,556	-	-
Customer Support Services	7,172	8,224	8,690	10,939	11,778	12,012	11,778	12,012	-	-
Internal Business Services	520	514	557	576	595	2,149	595	2,149	-	-
Business and Process Mgmt	n/a	n/a	n/a	n/a	406	410	406	410	-	-
Civil Rights	606	727	694	725	758	792	758	792	-	-
Safety	2,026	2,117	2,283	2,314	2,393	2,497	2,393	2,497	-	-
Human Capital Management	15,163	16,303	18,002	16,278	16,843	16,336	16,843	16,336	-	-
Supply Chain Services	15,931	17,788	17,715	18,315	21,120	20,887	21,120	20,887	-	-
Workplace Services	26,379	26,069	26,307	30,208	44,806	47,261	44,806	47,261	-	-
Information Technology	57,840	57,798	58,310	58,182	68,245	67,858	68,245	67,858	-	-
Total	188,260	196,277	218,139	214,248	257,285	263,204	257,327	263,300	42	96

1/ Correction to IPR summary tables. Decision to make change to Northwest Power and Conservation forecast was described in narrative in the IPR Close-Out Report but was not reflected in the summary.

Rule Of Thumb: Impact of Agency Services Changes on Rates

Power Expense	Transmission Expense	Transmission Capital	Total Agency Services
37%	44%	19%	100%



Potential Tools to Mitigate Power Rate Increase



Potential Expense Reductions

Ideas that have come up in discussions with customers

1. CGS O&M cost reduction
2. Shorter outage for condenser replacement work
3. Reduce BPA Internal Operating costs
4. Other Program cost reductions
5. Unwind Amortization shift
6. Amortize replacement power costs related to condenser replacement at CGS



Potential Risk Mitigation Tools

Ideas that have come up in discussions with customers

- Reduce the need for Planned Net Revenues For Risk (PNRR)
 - Obtain more liquidity
 - Increase size of Treasury Liquidity Facility
 - Extend Flexible PF Rate Program
 - Use Agency/Transmission Reserves
 - Change CRAC parameters
 - Relax TPP Standard
- DSI CRAC to cover cost of DSI benefits
- Stepped Rates – a two-year rate period with rates set at different levels for each year
- Have two one-year rate periods



Next Steps

- Another IPR2 meeting is scheduled in the rates hearing room on Thursday, April 9, from 1:00 to 4:00 to follow up on topics discussed at this meeting.
- The comment period for the IPR2 opens Wednesday, March 18, 2009. Close of comment is April 18, 2009.
- You have several options to provide comments to BPA:
 1. Attend one or more of the scheduled workshops and give BPA your comments.
 2. Discuss your input with your Customer Account Executive, Constituent Account Executive, or Tribal Liaison.
 3. Submit written comments to Bonneville Power Administration, P.O. Box 14428, Portland, OR 97293-4428.
 4. Submit comments via e-mail to: comment@bpa.gov or submit on line at: <http://www.bpa.gov/comment>.
 5. Comments can also be sent via fax to (503) 230-3285.



BPA's Financial Disclosure Information

1. All FY 2009-2013 information was provided in March 2009 and cannot be found in BPA-approved Agency Financial Information but is provided for discussion or exploratory purposes only as projections of program activity levels, etc.
2. All FY 2007-2008 actuals are provided in March 2009 and are consistent with audited actuals that contain BPA-approved Agency Financial Information.
3. FY 2009 Rate Case data has been developed for publication in rates proceeding documents and is being provided by BPA on March 18, 2009.



APPENDIX



Transmission Costs

Summary of Proposed Changes Since IPR



What Happened in 2008

Last summer, the Integrated Program Review process focused on FY 2010-2011 costs. The major drivers of increased Transmission Services forecasted costs are related to:

- New mandatory requirements (reliability, environmental, tariff, etc.)
- Integration of new wind resources into the BPA transmission system.
- Increased demand for transmission capacity.
- Need to sustain the aging Federal transmission assets.
- Need to reinvest in historically underinvested areas, such as control house buildings, access roads, etc.
- Global competition for material.
- As with Power, the internal costs both within Transmission and in Agency Services that support Transmission Services are increasing in response to the drivers shown here and the growing Transmission infrastructure.



Transmission Expense Forecasts

We reviewed the program levels established in the IPR, and have revised the forecasts in a few areas.

PROGRAM	Actuals		SOY		Rate Case	IPR 1		IPR 2	
	FY 2007	FY 2008	FY 2008	FY 2009	FY 2009	FY 2010	FY 2011	FY 2010	FY 2011
\$ in thousands									
Transmission									
Operations									
System Operations	43,892	48,616	48,118	53,643	43,539	56,573	57,497	56,573	57,497
Scheduling	6,508	8,320	9,577	9,046	9,768	9,423	9,868	9,423	9,868
Marketing	13,712	12,698	15,725	18,337	11,463	19,500	20,225	19,343	20,063
Business Support	27,984	27,256	23,366	34,518	23,518	37,588	37,844	37,866	38,135
Maintenance									
System Maintenance	87,866	112,047	91,749	105,797	93,990	122,099	126,877	122,099	126,877
Environmental Operations	3,039	3,136	3,388	3,597	3,491	3,797	3,996	3,797	3,996
Transmission Engineering	15,017	21,157	24,720	24,505	17,557	26,500	28,011	26,500	28,011
Agency Services	53,789	55,366	52,498	44,448	68,524	58,779	58,940	49,949	50,085
Post-Retirement Contribution	10,550	9,000	9,000	15,277	15,277	15,598	16,071	15,447	15,579
Transmission Acquisition/Ancillary Services (3rd Party)	19,397	17,587	19,250	17,844	20,098	18,371	18,913	23,371	23,913
Other Income, Expenses and Adjustments	(3,019)	(1,379)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Non-Federal Debt Service 1/	2,121	n/a	3,380	6,886	11,544	5,900	4,700	10,843	16,696
Interest Expense 1/	133,806	125,297	127,850	124,682	164,942	151,100	168,600	126,339	141,463
Amortization & Depreciation 1/	175,513	174,452	184,472	190,648	198,535	200,800	211,500	190,228	202,738
Total	590,175	613,553	611,093	726,535	680,246	724,028	761,042	689,778	732,921

1/ IPR 1 estimates were provided in the IPR Close-Out Report for FY 2010-2011. IPR 2 numbers are preliminary estimates provided for information only. The final amounts will be determined in the rate case and could be considerably different.

Summary of Proposed Changes Since IPR

Expense

- Agency Services/Post-Retirement Contribution
 - The Post-Retirement Contribution forecast reflects a half million reduction between FY 2010-11.
 - Due to a review of Agency Services allocations, \$8.8 million of forecasted spending has been allocated to capital instead of expense in FY 2010 and FY 2011.
- Transmission Acquisition/Ancillary Services
 - A \$5 million increase in FY 2010 and FY 2011 reflects funding for a third party supply pilot program intended to facilitate the integration of large amounts of wind power into the Northwest power system at the lowest possible cost.



Comparison of Transmission Expense Forecasts

PROGRAM	SOY	IPR 1		IPR 2		Change from 2009 SOY to Ave 2010-2011 IPR1	Change between IPR 1 and IPR 2		Change from 2009 SOY to Ave 2010-2011 IPR2
		FY 2009	FY 2010	FY 2011	FY 2010		FY 2011	FY 2010	
\$ in thousands									
Transmission									
Operations									
System Operations	53,643	56,573	57,497	56,573	57,497	3,392	-	-	3,392
Scheduling	9,046	9,423	9,868	9,423	9,868	600	-	-	600
Marketing	18,337	19,500	20,225	19,343	20,063	1,526	(157)	(162)	1,366
Business Support	34,518	37,588	37,844	37,866	38,135	3,198	278	291	3,483
Maintenance									
System Maintenance	105,797	122,099	126,877	122,099	126,877	18,691	-	-	18,691
Environmental Operations	3,597	3,797	3,996	3,797	3,996	300	-	-	300
Transmission Engineering	24,505	26,500	28,011	26,500	28,011	2,751	-	-	2,751
Agency Services	44,448	58,779	58,940	49,949	50,085	14,412	(8,830)	(8,855)	5,569
Post-Retirement Contribution	15,277	15,598	16,071	15,447	15,579	558	(151)	(492)	236
Transmission Acquisition/Ancillary Services (3rd Party)	17,844	18,371	18,913	23,371	23,913	798	5,000	5,000	5,798
Other Income, Expenses and Adjustments	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-	-	-	-
Non-Federal Debt Service 1/	6,886	5,900	4,700	10,843	16,696	6,884	4,943	11,996	1,584
Interest Expense 1/	124,682	151,100	168,600	126,339	141,463	9,219	(24,761)	(27,137)	(150,631)
Amortization & Depreciation 1/	190,648	200,800	211,500	190,228	202,738	5,835	(10,572)	(8,762)	(200,315)
Total	726,535	724,028	761,042	689,778	732,921	68,161	(34,250)	(28,121)	(307,179)

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Expense

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 - A \$5 million increase in FY 2010 and FY 2011 reflects funding for a third party supply pilot program intended to facilitate the integration of large amounts of wind power into the Northwest power system at the lowest possible cost.



Transmission Capital

PROGRAM	Actuals		SOY		IPR 1		IPR 2					IPR 1 vs. IPR 2 Delta	
	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010	FY 2011	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2010	FY 2011
\$ in thousands													
Transmission Capital													
Main Grid Projects	17,254	5,589	31,777	66,968	150,587	209,346	178,167	189,939	315,384	217,709	174,058	27,580	(19,407)
Area & Customer Service Projects	1,240	13,103	6,099	14,568	31,714	6,256	31,714	6,256	6,322	7,516	16,814	-	-
Upgrades & Additions	36,398	42,447	60,947	49,763	95,710	112,585	95,710	112,585	69,009	55,807	57,954	-	-
System Replacement Projects	63,728	70,376	62,285	127,830	134,494	138,423	134,494	138,423	109,335	114,660	96,445	-	-
Environmental Projects	3,904	5,404	3,705	4,790	5,530	5,752	5,530	5,752	5,869	5,984	6,101	-	-
Customer Financed Credits	53,100	17,315	71,775	84,428	90,164	102,286	90,164	102,286	83,904	72,742	74,070	-	-
Total Indirect Capital	64,435	74,716	70,895	89,561	87,443	96,243	96,273	105,098	110,402	108,052	108,485	8,830	8,855
Lapse Factor				(64,021)	(100,249)	(103,773)	(105,117)	(109,902)	(104,009)	(86,620)	(79,339)	(4,868)	(6,129)
Total	240,059	228,950	307,483	373,887	495,393	567,118	526,935	550,437	596,216	495,850	454,588	31,542	(16,681)

17% lapse factor is applied to transmission capital projects in FY 2010 and FY 2011. The lapse factor is an assumption that a percentage of planned capital investment will be delayed into the subsequent rate period.

Summary of Proposed Changes Since IPR

Capital

- Main Grid Projects
 - Re-shaping of I-5 Corridor project and addition of Little Goose and West of Garrison projects produce a \$27.6 million increase in FY 2010 and a \$19.4 million reduction in FY 2011.
- Total Indirect Capital (Agency Services)
 - Due to a review of Agency Services allocations, \$8.8 million of forecasted spending has been allocated to capital instead of expense in FY 2010 and FY 2011