

BPA Focus 2028

Kick-Off Meeting

Nov. 4, 2015

1-5:30 p.m.

Portland Airport Sheraton

Phone Bridge: 1-888-330-1716 PASSCODE: 6337708#

1:00 – 1:30	<h2>Gather & Convene in Room</h2>
1:30-1:45	<h2>Welcome & Opening Remarks</h2> <ul style="list-style-type: none"> • Elliot Mainzer – Administrator, Bonneville Power Administration <p>BPA is focused on being the low-cost energy provider of choice when new power sales contracts are offered in the next decade. However, there are many factors that are placing upward pressure on BPA’s long-term costs structure that could call into question BPA’s long-term cost competitiveness and financial health. Through Focus 2028, stakeholders will develop a shared understanding of the interplay between industry changes, program management, costs and long-term rates that BPA must balance.</p>
1:45 – 3:00	<h2>BPA Fiscal Overview and Long-Term Rates Analysis</h2> <ul style="list-style-type: none"> • Javier Fernandez – Deputy Chief Financial Officer, BPA • Mark Gendron – Senior Vice President of Power Services, BPA • Richard Shaheen – Senior Vice President of Transmission Services, BPA <p>Using a current-state view of the world and BPA’s last-published cost figures, BPA has built a long-range rate analysis. This analysis and its results will help BPA and the region understand today’s path forward and use this information as a basis for comparing varied actions and future scenarios. Javier, Mark and Richard share key details of BPA’s current financial health and review the outcomes of the long-term rate analysis.</p>
3:00 = 3:15	<h2>Break</h2>
3:15 – 5:15	<h2>Industry Landscape – The Future is Now</h2> <ul style="list-style-type: none"> • Tony Braun – President, Braun Blaising McLaughlin & Smith • Kathryn “Kat” Brigham – Secretary, Board of Trustees for the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and Chairwoman, Columbia River Intertribal Fish Commission • Tom Eckman – Power Planning Director, Northwest Power and Conservation Council • Lisa Grow – Senior Vice President of Power Supply, Idaho Power • Nancy Hirsh – Executive Director, Northwest Energy Coalition • Mark Johnson – General Manager, Flathead Electric Cooperative • Rob Pratt – Senior Staff Scientist, Pacific Northwest National Laboratory • Debra Smith – General Manager, Central Lincoln PUD <p>This rapid-paced segment explores how the next couple of decades could differ from today, with special emphasis on how trends and drivers may create opportunities or present threats. It also will explore how opportunities or threats could challenge the picture painted by BPA’s long-term rates projection. This session also will set the stage for follow up engagements in fall and early winter to identify the choices that BPA may need to make to sustain financial health given uncertainties we are likely to face in coming years, such as the evolving electricity market, changes in the electricity policy landscape and technology advancements including distributed energy resources, all in context of a changing climate.</p>
5:15 – 5:30	<h2>Wrap Up and Adjourn</h2>

Elliot Mainzer

OPENING REMARKS

Javier Fernandez

LONG-TERM FINANCIAL HEALTH

Reference Case Dashboard

	Nominal \$ 2016	Nominal \$ 2030	Real \$ 2016 (2014 dollars)	Real \$ 2030 (2014 dollars)
PF Rate (Tier 1)	33.75	43.48	32.40	32.50
NT Rate	1.74	2.42	1.69	1.80
PTP Rate	1.49	2.06	1.45	1.54
IS Rate	1.23	1.71	1.20	1.28

Reference Case Dashboard

Financial Metrics

Rate of Change for IPR Costs

Rate of Change for Capital Related Costs

Financial Reserve Level

Days Cash on Hand

Remaining Borrowing Authority

Interest Expense as % of Revenue Requirement

Weighted Avg. Maturity of Debt Portfolio (Years)

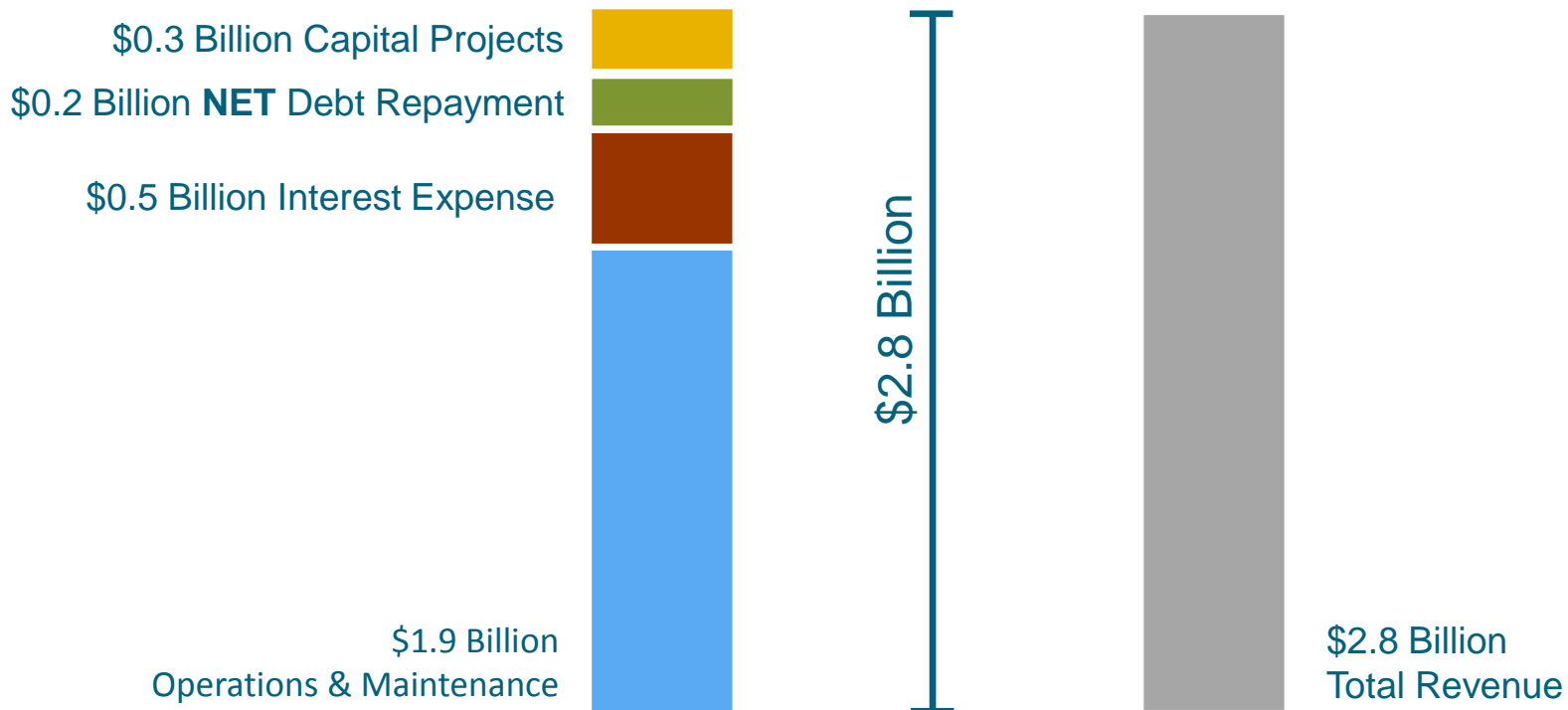
Debt to Asset Ratio

Cost Structure – Reference Case

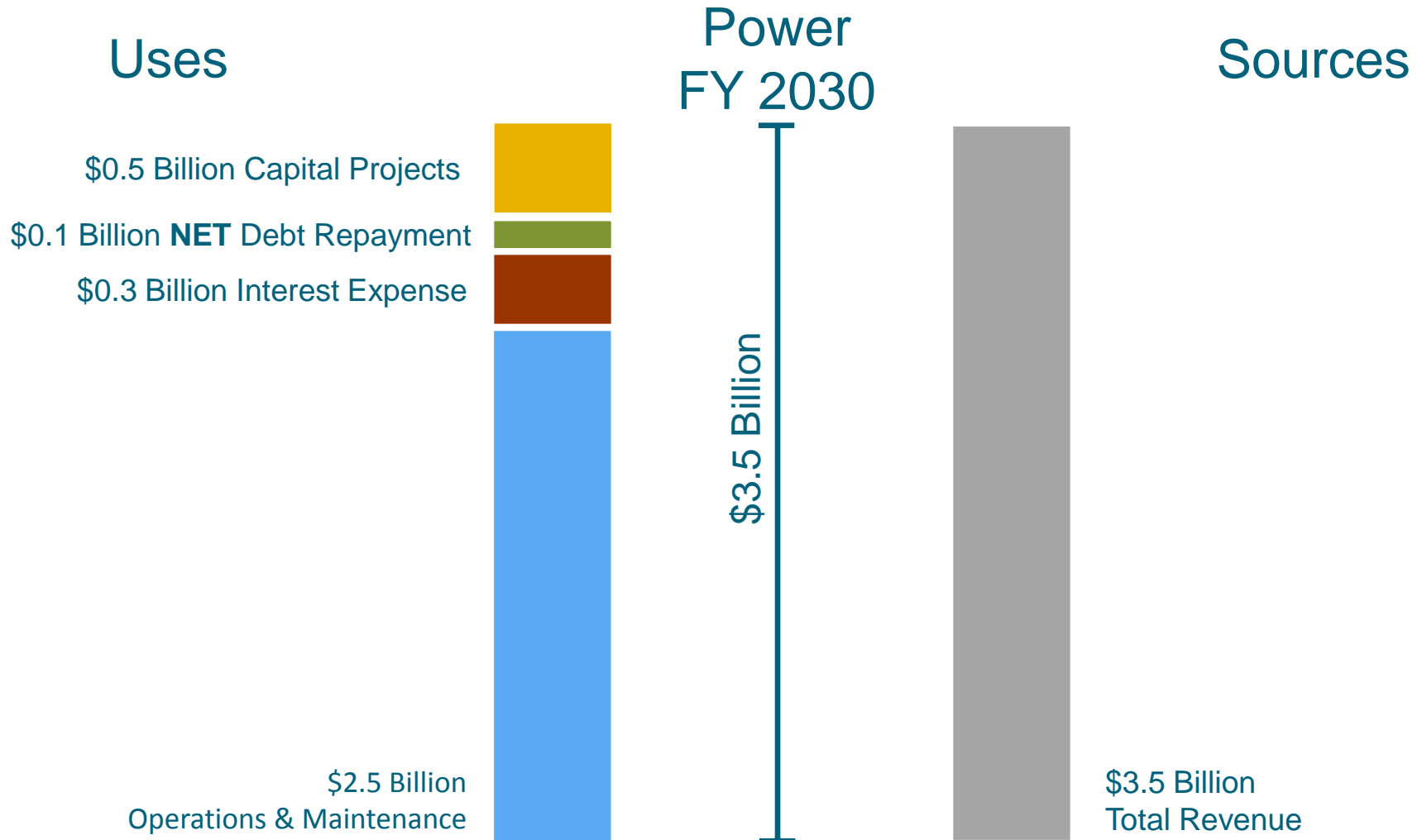
Uses

Power
FY 2016

Sources

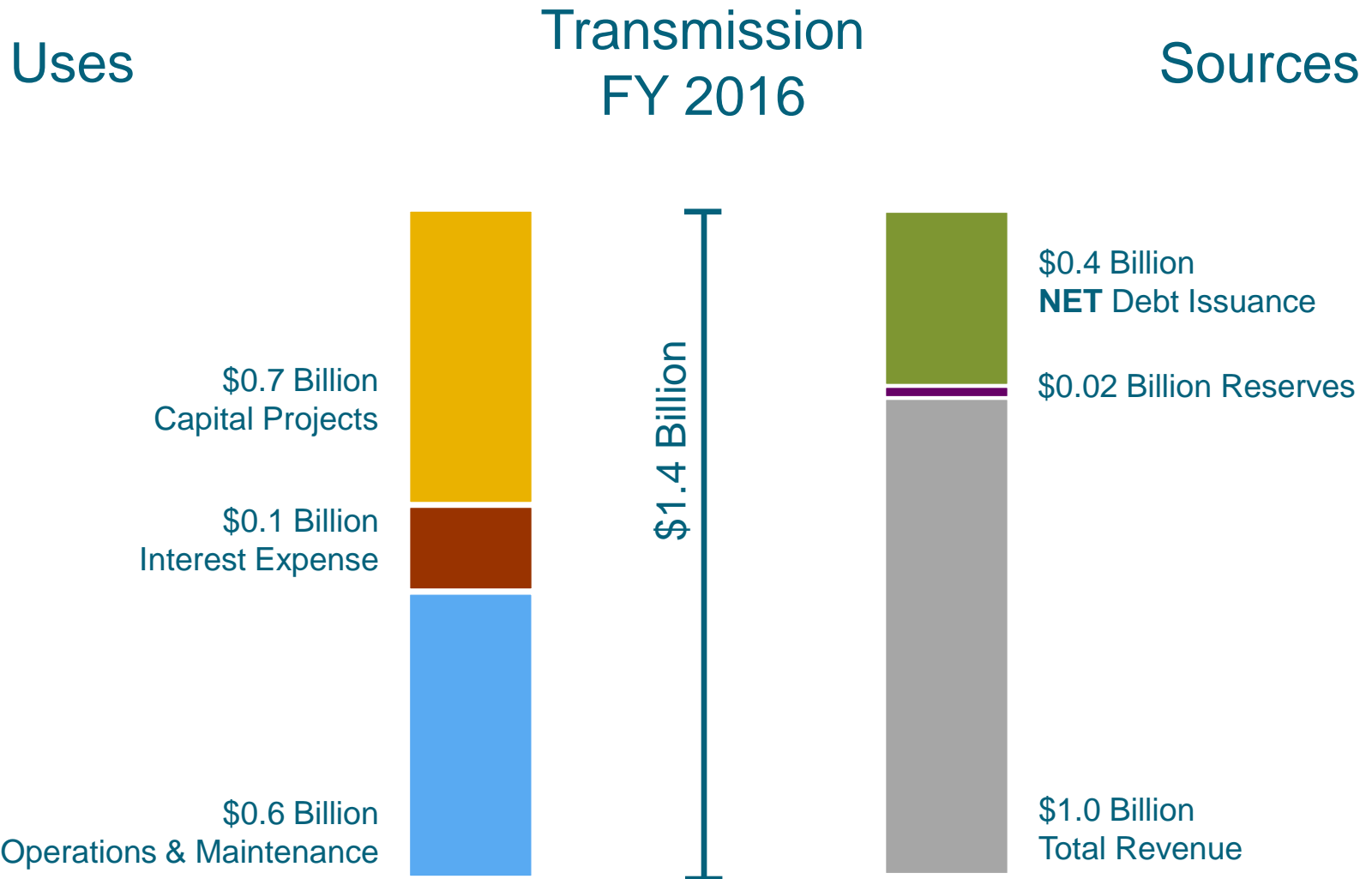


Cost Structure – Reference Case

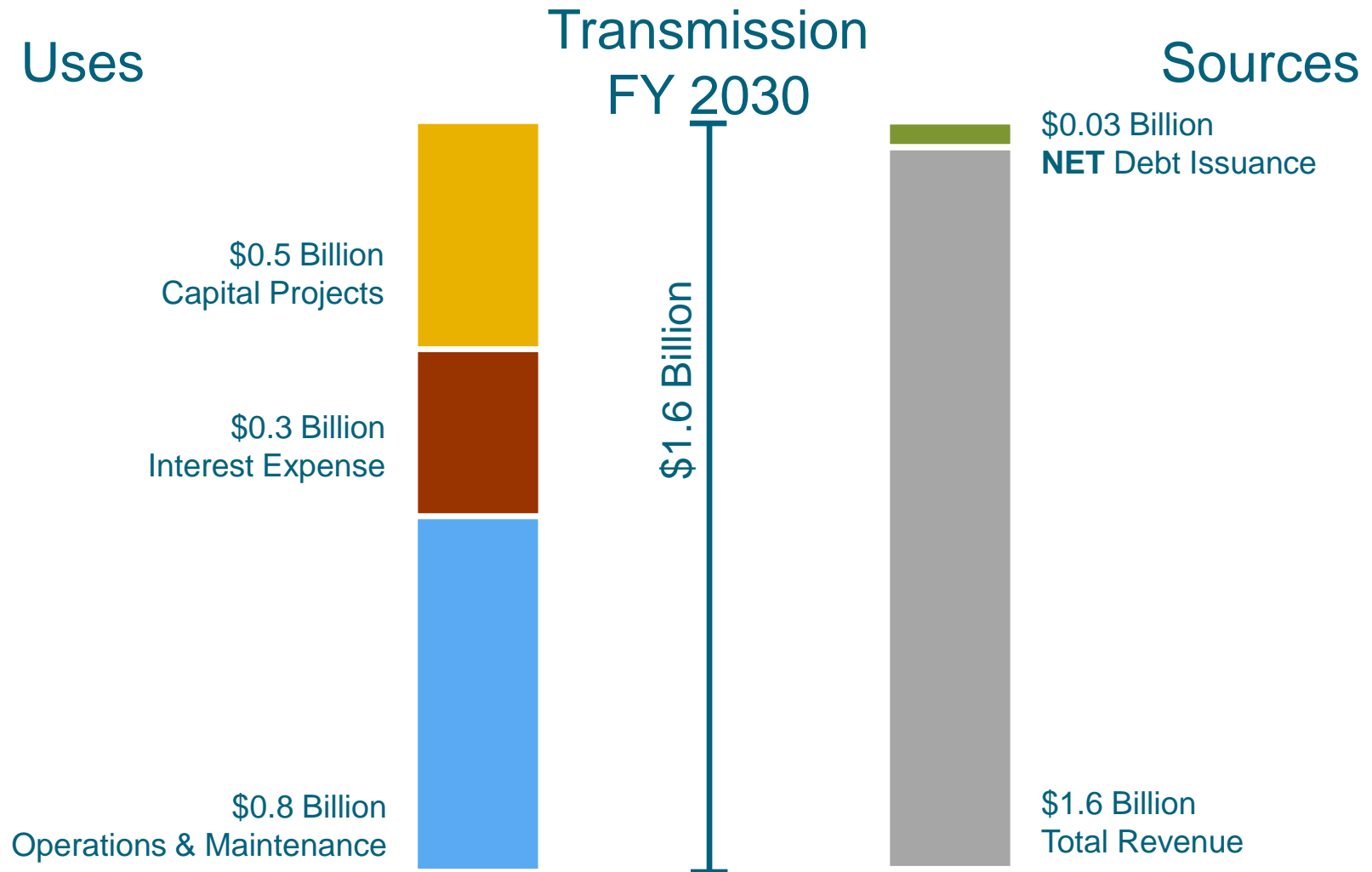


1/ Numbers are based on Reference Case – 'Debt Repayment', 'Interest Expense' and 'Capital Projects' include non-federal amounts – all numbers represent anticipated cash receipts and disbursements, not accruals

Cost Structure – Reference Case



Cost Structure – Reference Case



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Mark Gendron

REFERENCE CASE: POWER

$$\text{Power Rate} = \frac{(\text{Costs} - \text{Net Secondary Revenues})}{\text{Firm Generation}}$$

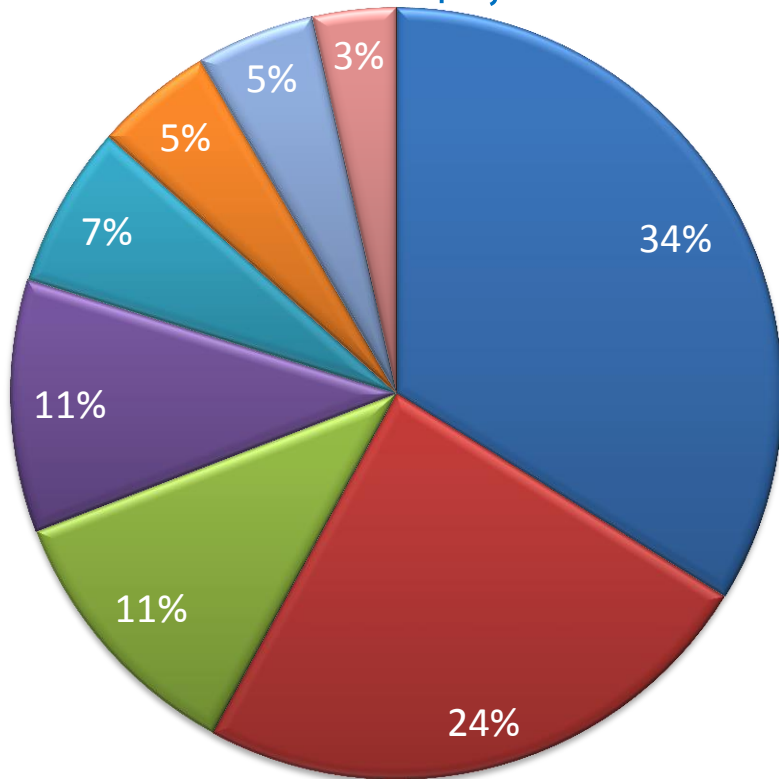
Capital Costs
Generating Asset O&M
Environment, Fish, & Wildlife
Energy Efficiency
Transmission & Ancillary Services
Internal Operating Costs

Unit Availability
Hydro Operations

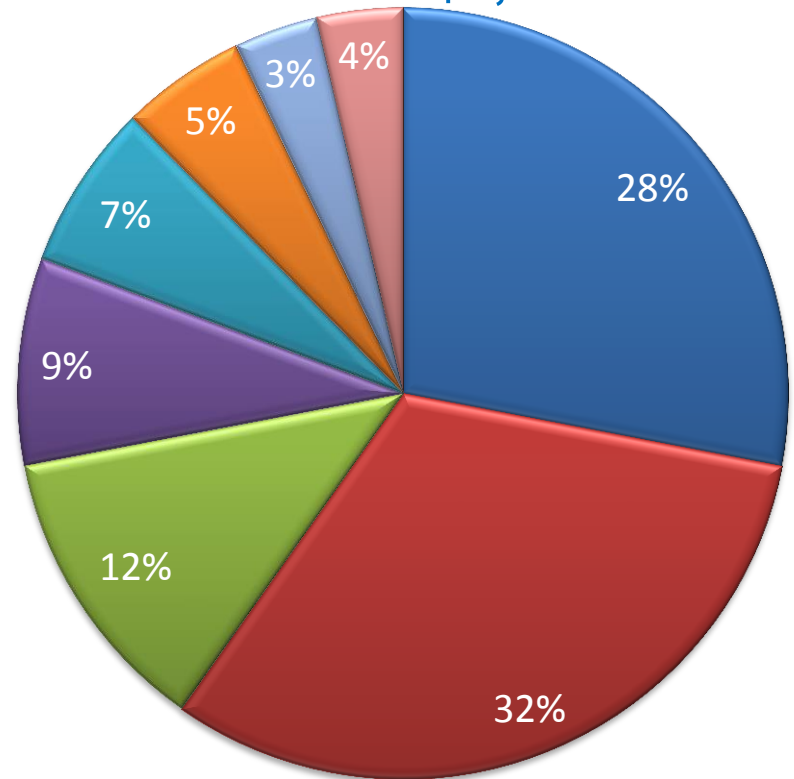
Hydrology
Hydro Operations
Market

Power Revenue Requirement

2016/17: \$2,775



2029/30: \$3,457

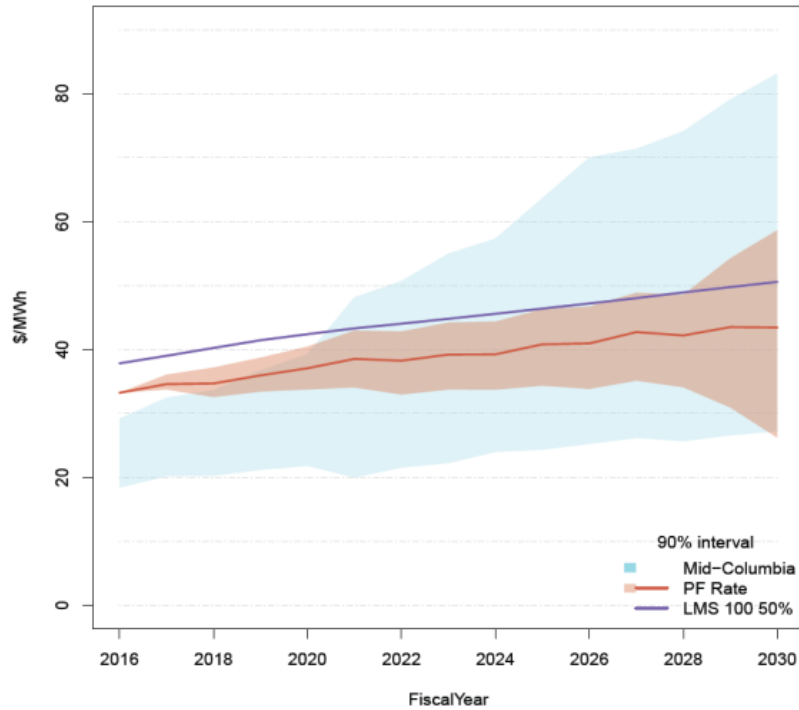


- Capital Related Cost
- Residential Exchange
- Other Costs
- Generating Assets
- Transmission and Ancillary Services
- Internal Operations
- Fish and Wildlife
- Energy Efficiency

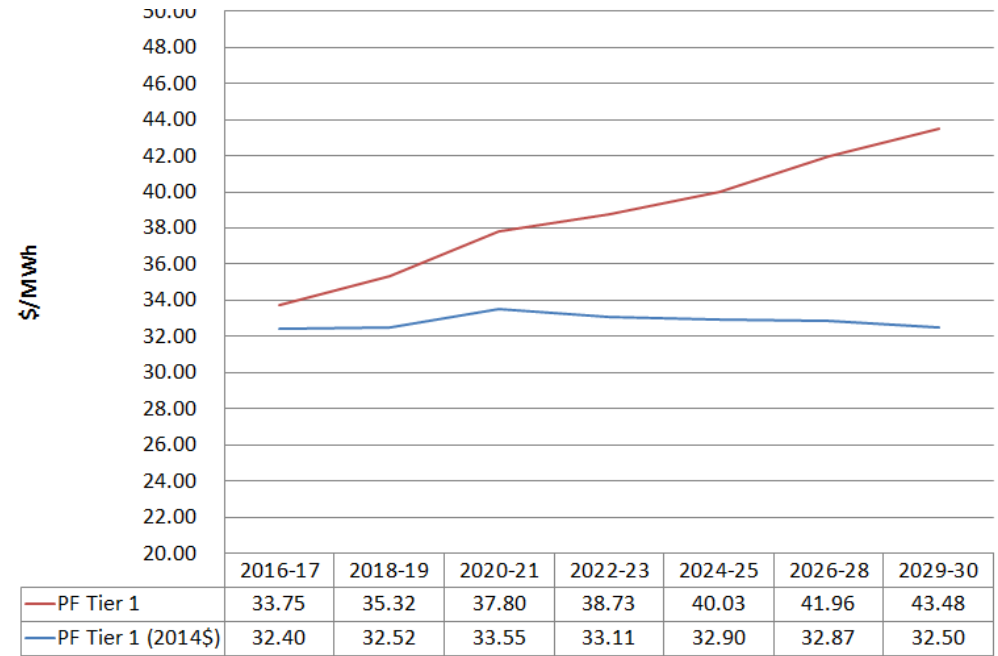
Note – Power Purchase and Augmentation Revenue Requirements are not included in the above.

Power Reference Case Rates

PREFERENCE TIER 1 (PF) RATES,
UNCERTAINTIES, AND
COMPARISONS



PREFERENCE TIER 1 (PF) RATES,
FYs 2016-2030

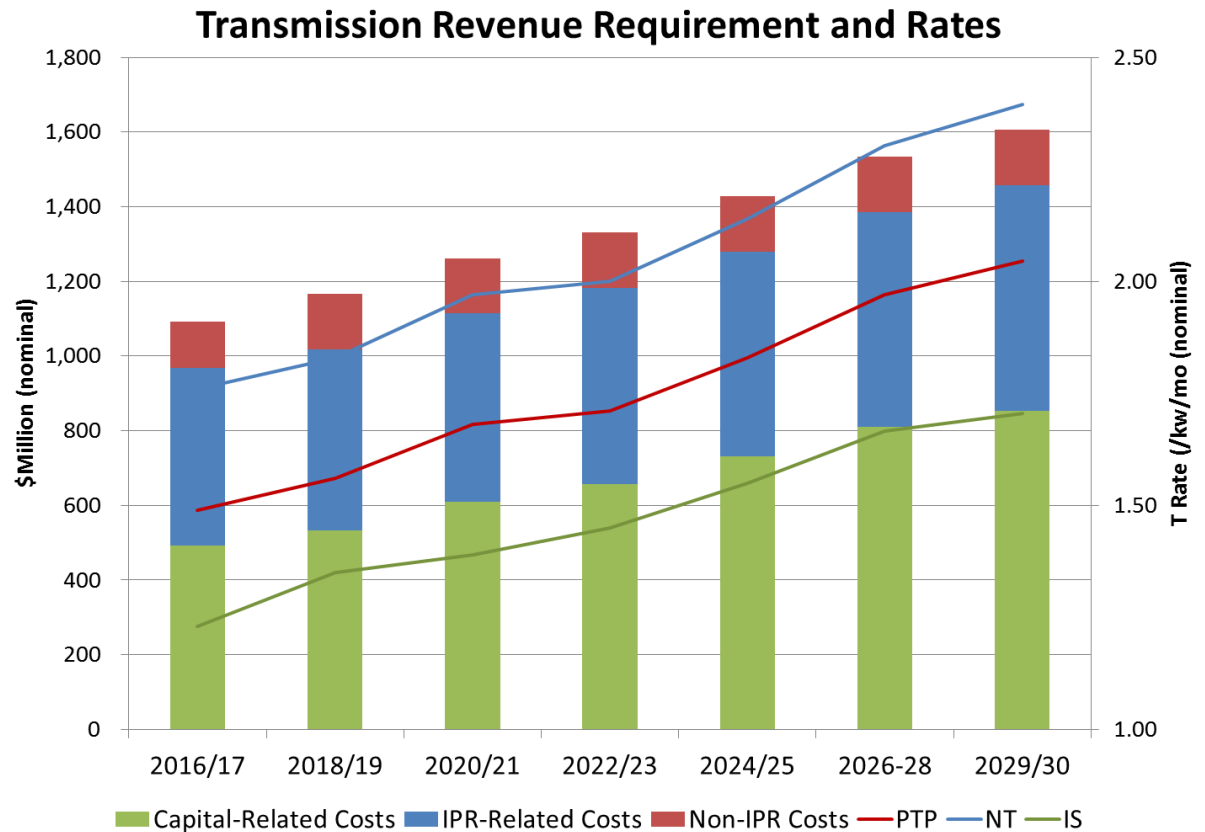


Richard Shaheen

REFERENCE CASE: TRANSMISSION

Transmission Revenue Requirement

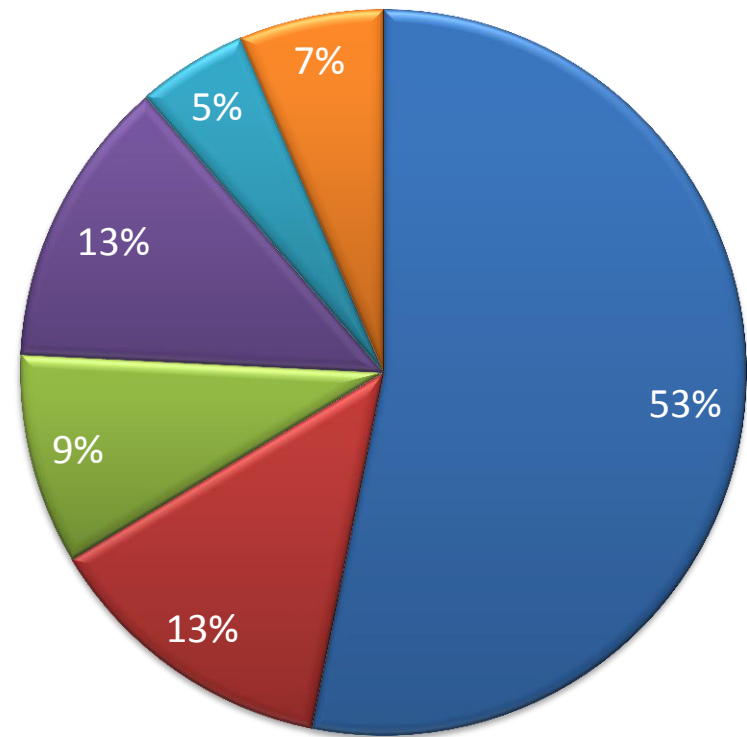
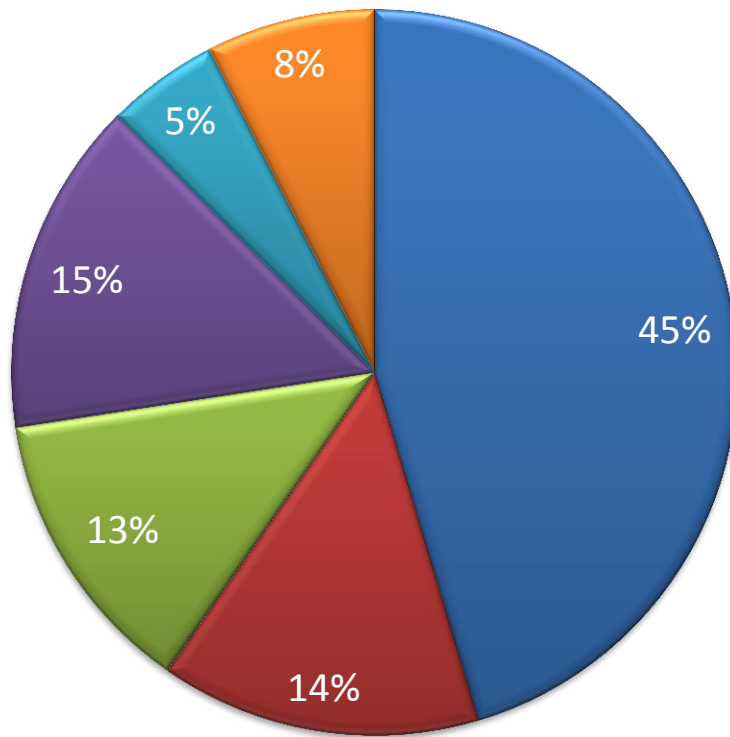
- Sustaining an aging infrastructure
- Reliability
- Compliance
- Expansions



Transmission Revenue Requirement

2016/17: \$1,102

2029/30: \$1,606

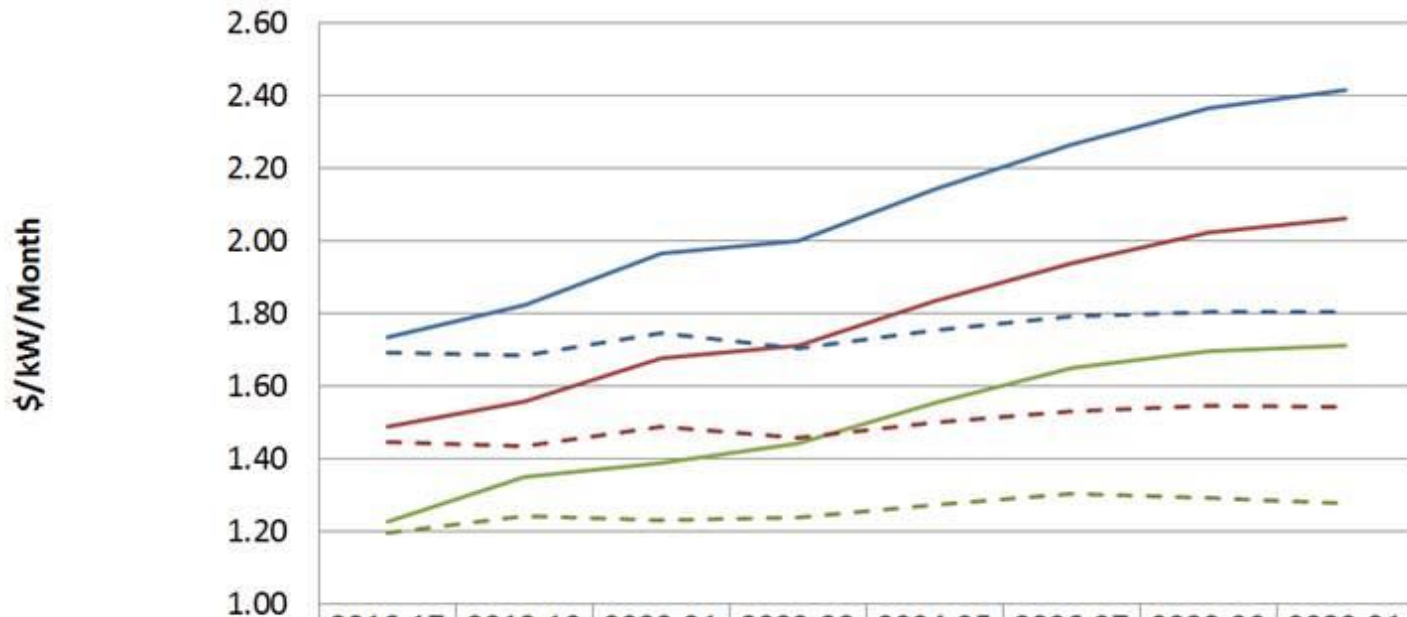


- Capital-Related Costs
- Trans. Services, Acquisition & Ancillary Services
- Transmission Engineering

- Transmission Operations
- Transmission Maintenance
- Internal Operations

Transmission Reference Case Rates

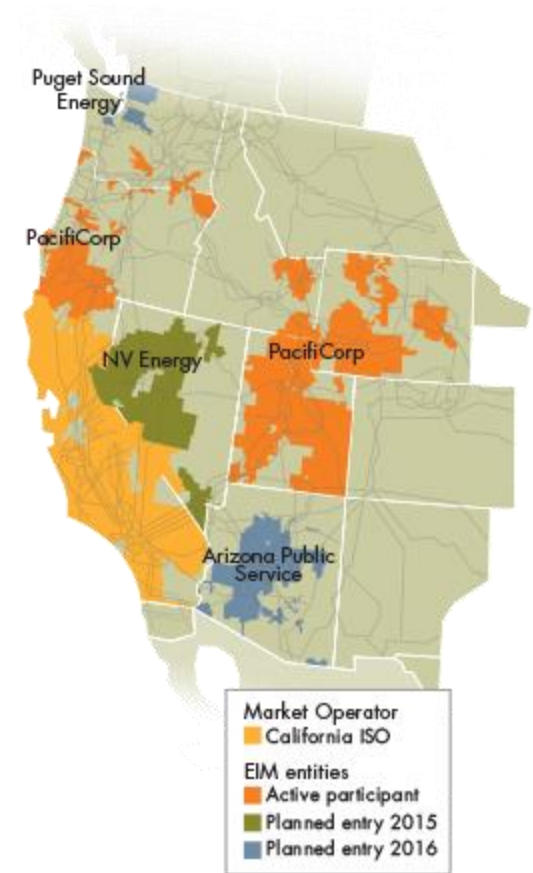
Transmission Rates FY 2016-2031



	2016-17	2018-19	2020-21	2022-23	2024-25	2026-27	2028-29	2030-31
— NT	1.74	1.83	1.97	2.00	2.14	2.27	2.37	2.42
— PTP	1.49	1.56	1.68	1.71	1.83	1.94	2.03	2.06
— IS	1.23	1.35	1.39	1.45	1.55	1.65	1.70	1.71
- - NT (real \$2014)	1.69	1.69	1.75	1.70	1.76	1.79	1.81	1.80
- - PTP (real \$2014)	1.45	1.44	1.49	1.46	1.50	1.53	1.55	1.54
- - IS (real \$2014)	1.20	1.24	1.23	1.24	1.27	1.30	1.29	1.28

Future

CYBER & GRID SECURITY • NEW REGULATIONS • DISTRIBUTED GENERATION



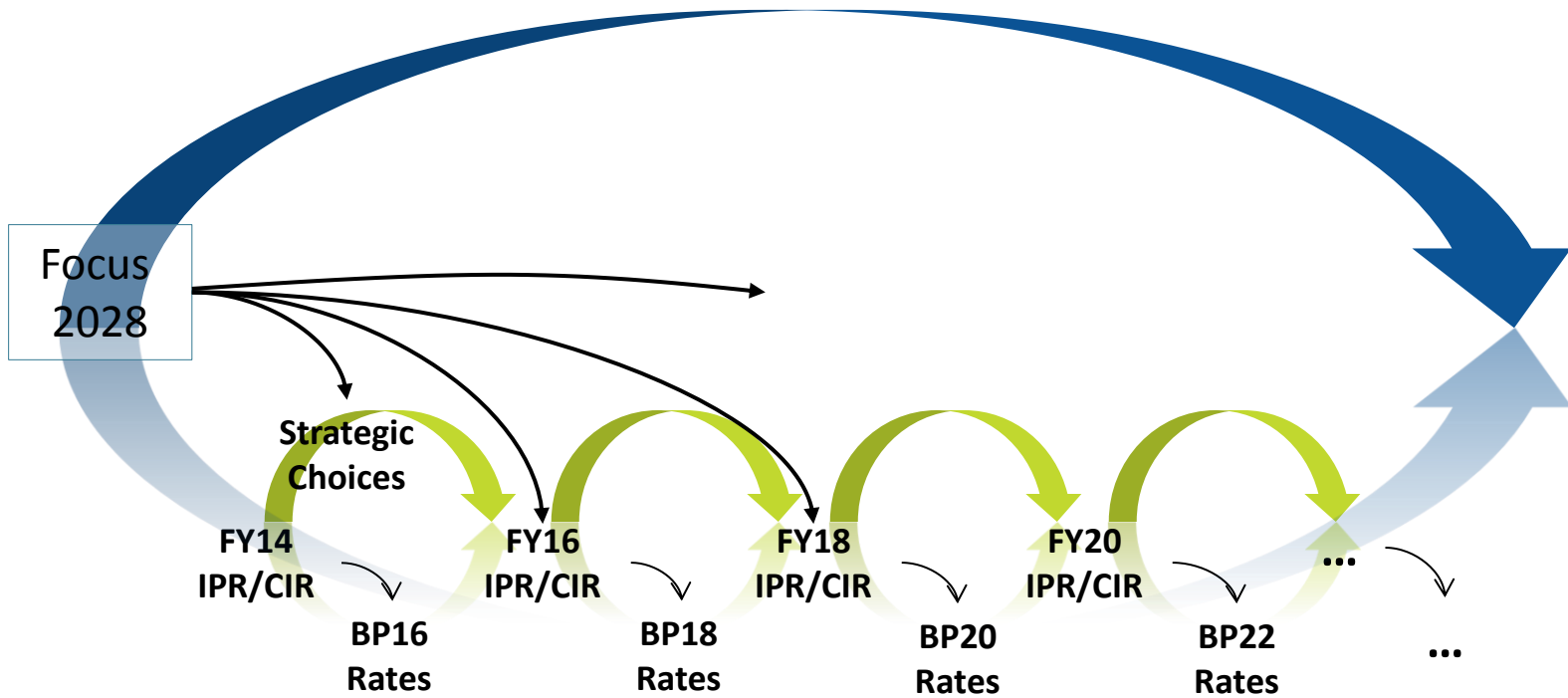
Keeping the lights on

- The right expansions
 - Non-wires tools
- Effective use of technology
 - Reliability
 - Financial Health

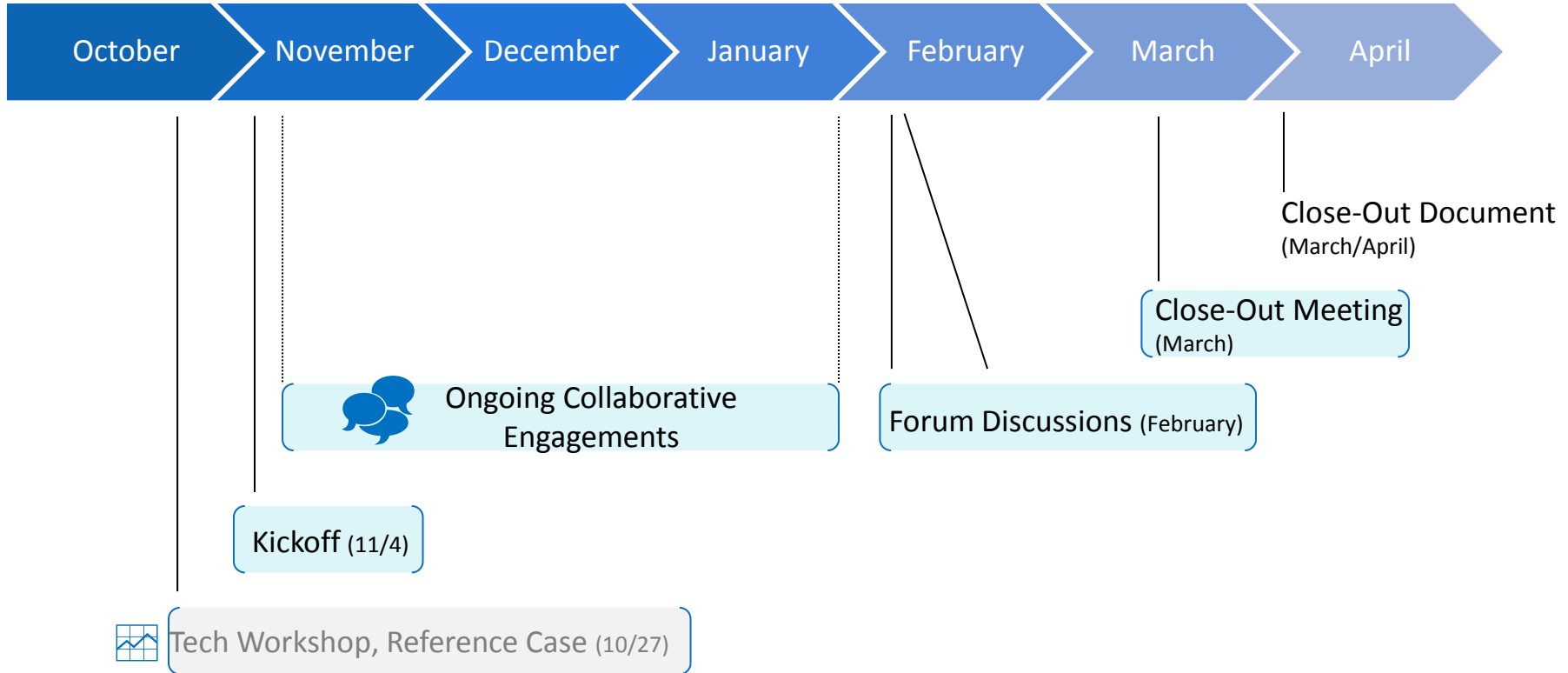
What's Next

BPA FOCUS 2028 UPCOMING EVENTS

BPA Focus 2028



Focus 2028 Process



Financial Disclosure

This information has been made publicly available by BPA on November 4, 2015 and contains information not reported in agency financial statements.