BONNEVILLE POWER ADMINISTRATION

Debt Management Workshop

June 19, 2012

9:00 am – 12:00 pm

Rates Hearing Room

Portland, Oregon

503-230-5566

passcode: 5834#

Agenda

Background

- Capital Related Cost Summaries
- BPA's Outstanding Liabilities
- Potential Revenue Requirements for FY 14/15

Debt Management Proposals

- Proposal One: CGS FY 14/15 Extension
- Proposal Two: Lewis County Extension

2012 Depleted Uranium Enrichment Program (DUEP)

- Background
- Business Case

Transmission Update

Other Rate Relief Options

- Columbia Generating Station (CGS) Decommissioning Trust Fund
- General Summary

Important Dates

FY 2013-2015 Expense & Capital

2012 Integrated Program Review

IPR Kickoff Meeting

- Publish IPR Initial Publication
- Release FY 2013-15 Expense Cost Estimates
- Open Comment Period

June 5

IPR Capital Update

Release FY 2013-15 Capital Forecasts and Debt Service Costs(includes feedback from CIR)

June 18 - 22

Debt Management

Debt Management Technical Workshop

June 19

Requests for Discussion Meetings

All requests for discussion meetings and/or additional information due

June 29

Discussion Meetings

Per customer request

July 16 - 19

Access to Capital Update

Access to Capital Technical Workshop

July 26

Comment Period

Close of IPR Public Comment Period

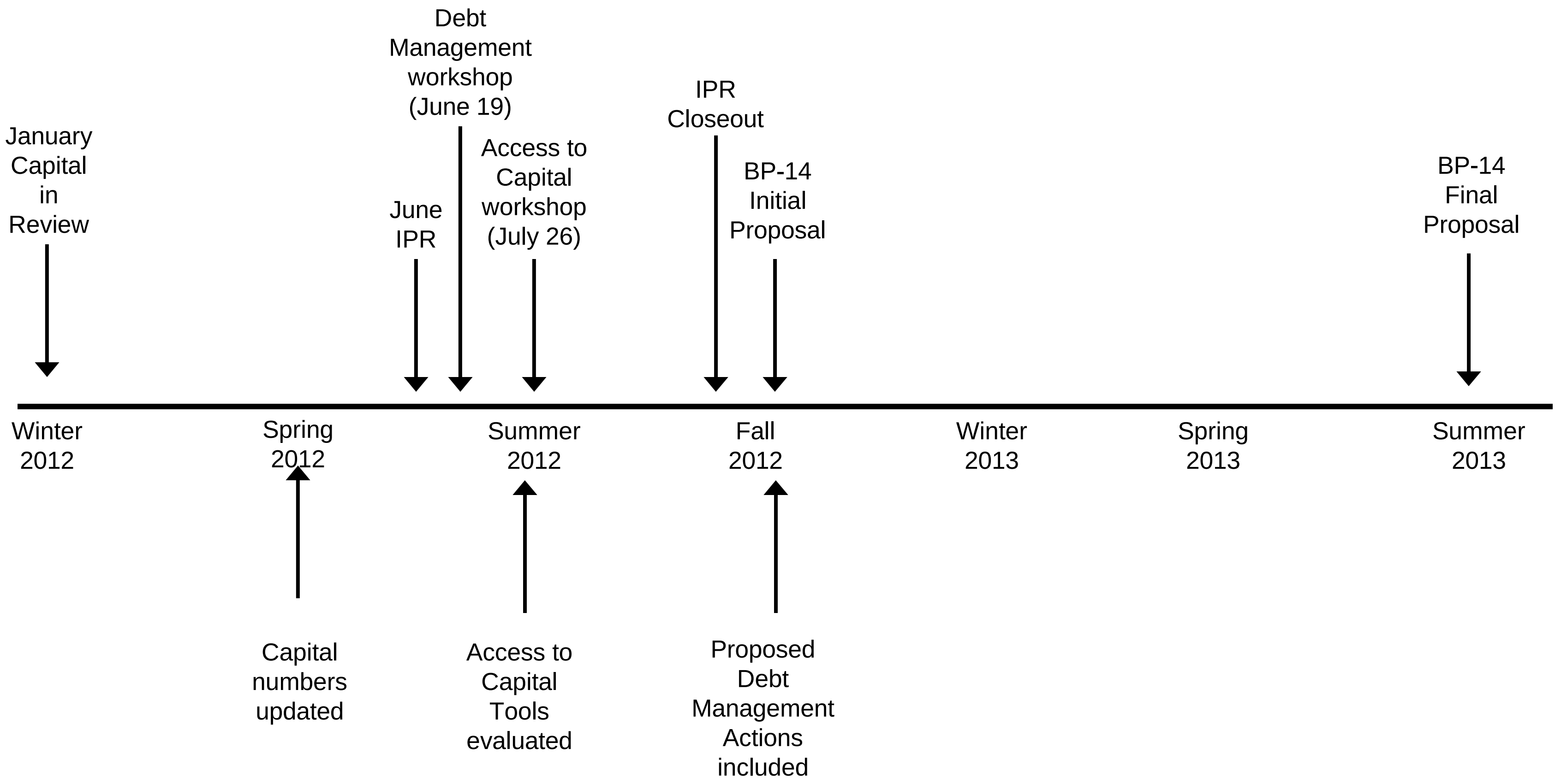
August 10

Final Report

Release IPR Close-Out Letter & Final Report

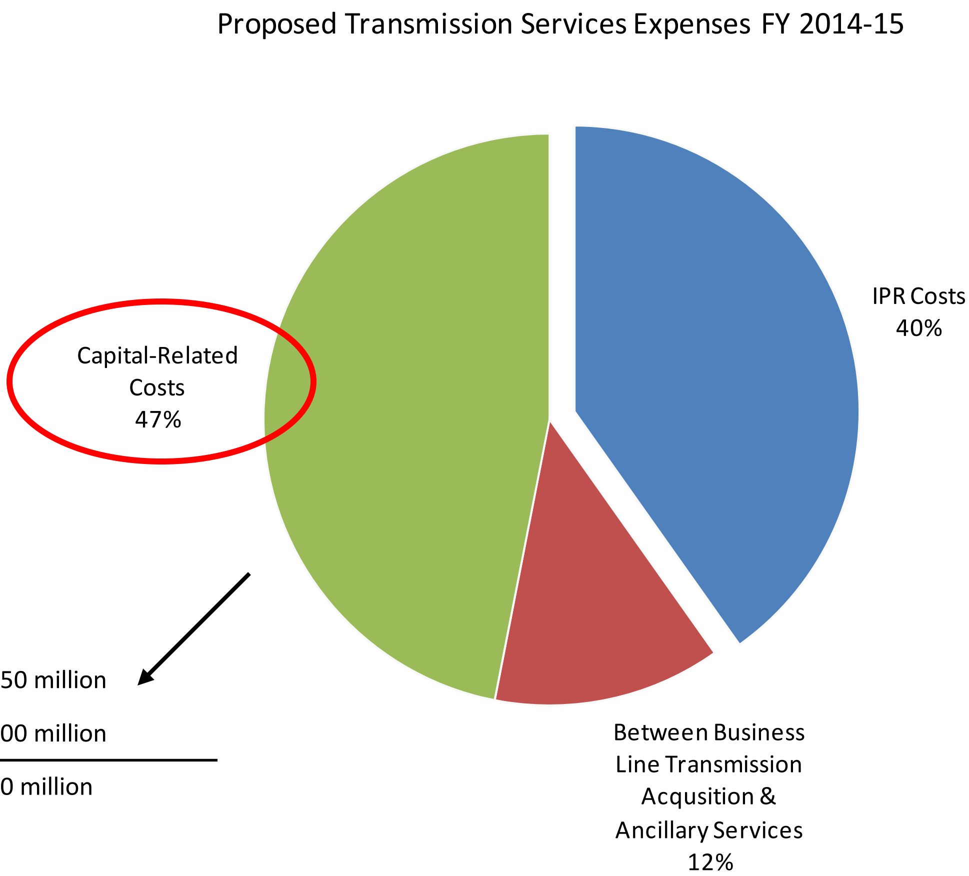
Fall

Timeline


January Capital in Review
June IPR
Debt Management workshop (June 19)
Access to Capital workshop (July 26)
IPR Closeout
BP-14 Initial Proposal
BP-14 Final Proposal
Winter 2012
Spring 2012
Summer 2012
Fall 2012
Winter 2013
Spring 2013
Summer 2013
Capital numbers updated
Access to Capital Tools evaluated
Proposed Debt Management Actions included

Transmission

Potential Transmission Revenue Requirement



Average FY 12/13	$450 million
Average FY 14/15	$500 million
Delta	$50 million

Transmission

Transmission Rate Increase over 2012 – 2013 Rate Case

	Expenses	Change from Rate Case 12/13 to 14/15		Change from 12/13 Final Proposal to 14/15 Cost Targets		Change from 12/13 Final Proposal to 14/15 Proposed	
		$ in Millions	% Change in Rates	$ in Millions	% Change in Rates	$ in Millions	% Change in Rates
1	Operations	15	1.3%	7	1%	11	1%
2	Maintenance	10	0.9%	8	1%	9	1%
3	Other	5	0.4%	4	0%	7	1%
4	Internal Operations	5	0.4%	0	0%	2	0%
5	Expense Sub-Total	35	3.0%	19	2%	29	3%
6	Capital Related Costs	70	6.0%	50	6%	50	6%
7	Use of Reserves for Rate Relief 1/	35	3.0%	35	4%	35	4%
8	Total Revenue Requirement	140	12%	104	12%	114	13%

1/ Reserves were used for rate relief for FY 12-13 but use of reserved were not assumed in FY 14-15

- At the September 2010 Rate Workshop, TS projected FY 2012-2013 rates would be approximately 8% higher.
- TS was able to use reserves to offset rate impacts to customers in FY 2012-13. TS shared with customers that BPA's rate projects for FY 2014-15 could increase up to 19% if reserves were not continued to be used to hold down rates.

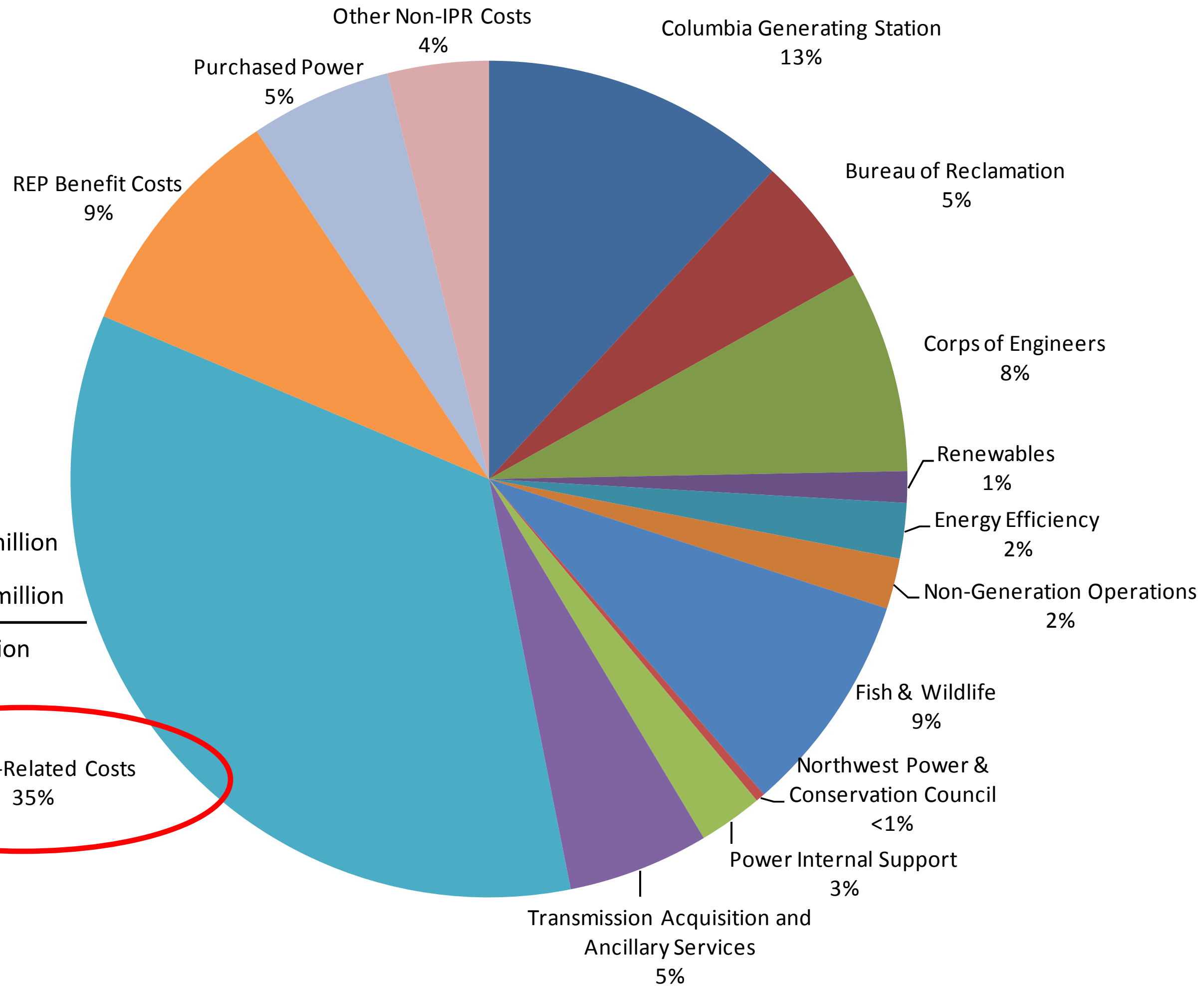
A Look at Potential Capital Components:

Revenue Requirement Elements for FY 14/15 as reflected in IPR slides

	($ thousands) TRANSMISSION	A 2014	B 2015	C Avg	D Change from BP-12
1	**Depreciation & Amortization**	199,488	207,156	203,322	(5,042)
	Interest Expense				
2	On Appropriated Funds	17,193	16,110	16,651	(90)
3	Capitalization Adjustment	(18,968)	(18,968)	(18,968)	0
4	On Treasury Bonds	137,755	161,974	149,864	30,533
5	Amortization of Capitalized Bond Premiums	561	561	561	0
6	Debt Service Reassignment Interest	45,419	38,163	41,791	(11,663)
7	Non-Federal Interest	48,107	51,838	49,973	3,891
8	AFUDC	(35,544)	(35,677)	(35,611)	(4,449)
9	Interest Income	(16,378)	(22,706)	(19,542)	(156)
10	**Net Interest Expense**	178,145	191,294	184,719	18,066
11	**MRNR**	106,584	116,729	111,657	37,207
12	**TOTAL CAPITAL RELATED COSTS**	484,217	515,179	499,698	50,231

Power

Driver: Potential Power Revenue Requirement



Average FY 12/13	$1,009million
Average FY 14/15	$1,035 million
Delta	$26 million

Note: For FY 14/15 the two-year annual average total revenue requirement (before credits) is $3.025 billion. Total revenue credits are roughly $0.85 billion, which includes secondary sales (includes slice value of secondary), generation input revenues, the 4(h)(10)(C) credit, and DSI revenues.

Power

Rate Driver: Summary

IPR Proposed and Target Scenario Cost Deltas from BP-12

	(Delta in $ Million)	Rate %	Proposed (Delta in $	Rate %
IPR Costs:				
Columbia Generating Station:	14	1%	29	1%
Bureau of Reclamation:	1	<1%	35	2%
Corps of Engineers:	5	<1%	22	1%
Renewables:	1	<1%	2	<1%
Energy Efficiency:	1	<1%	1	<1%
Non-Generation Operations:	2	<1%	4	<1%
Fish & Wildlife:	18	1%	19	1%
orthwest Power & Conservation Council:	0	<1%	0	<1%
Power Internal Support:	2	<1%	5	<1%
Total Rate Effect:	**44**	**2%**	**117**	**6%**
Non-IPR Costs: 1/	**33**	**2%**	**33**	**2%**

	Target Current Gas	Rate %	Target Low Gas	Rate %	Proposed Current Gas	Rate %	Proposed Low Gas	Rate %
Revenues and Costs Affected by Gas Price:								
Net Secondary Revenue: **2/**	114	8%	196	14%	114	8%	196	14%
IP Rate Revenue:	-9	<-1%	-14	-1%	-13	-1%	-18	-1%
Other Revenue Credits: **3/**	-8	<-1%	-3	<-1%	-8	<-1%	-3	<-1%
Purchased Power:	20	1%	5	<1%	20	1%	5	<1%
Residential Exchange Program:	-1	<-1%	-2	<-1%	-1	<-1%	-2	<-1%
Irrigation Rate Discount and Low Density Discount:	6	<1%	8	<1%	8	<1%	10	1%
	122	**8%**	**190**	**13%**	**120**	**8%**	**188**	**13%**
Total Rate Effect:		**12%**		**17%**		**16%**		**21%**

1/ Non-IPR costs include transmission expenses and capital-related costs.

2/ Net Secondary Revenue after Slice has a larger per dollar rate impact than the other revenue and expense categories, which are before Slice amounts.

3/ Other revenue credits include such things as 4(h)10(c) credits, generation input revenues, reimburseable energy efficiency revenue, and greeen tags.

A Look at Potential Capital Components:

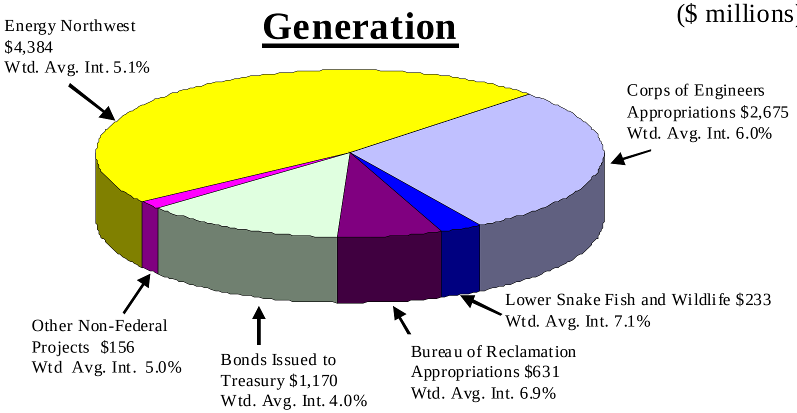
Revenue Requirement Elements for FY 14/15 as reflected in IPR slides

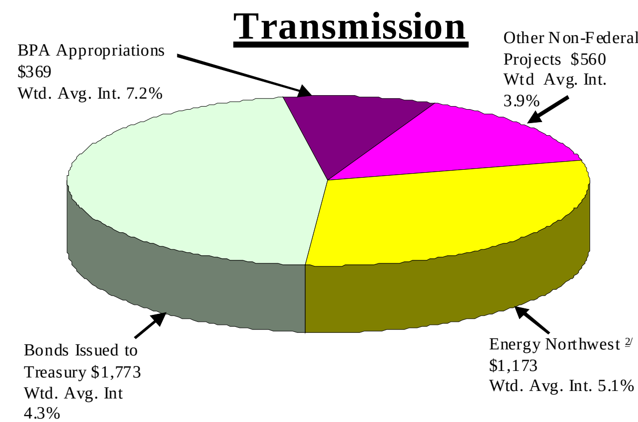
	($ thousands) POWER	A 2014	B 2015	C Avg	D Change from BP-12
1	**Non-Federal Debt Service**	594,226	557,882	576,054	19,776
2	**Depreciation and Amortization**	220,589	224,394	222,491	13,729
	Interest Expense				
3	On Appropriated Funds	224,526	226,457	225,491	3,201
4	Capitalization Adjustment	(45,937)	(45,937)	(45,937)	0
5	On Treasury Bonds	76,079	92,840	84,460	18,204
6	AFUDC	(10,467)	(9,702)	(10,085)	2,967
7	Interest Income	(14,073)	(21,061)	(17,567)	(2,999)
8	**Net Interest**	230,127	242,597	236,362	21,280
9	**MRNR 1/**	0	0	0	(28,416)
10	**TOTAL CAPITAL RELATED COSTS**	1,044,942	1,024,874	1,034,908	26,370
1/	**Cash Flow**	82,434	57,944	70,189	70,189

A Look at the Total Portfolio:

BPA's Outstanding Liabilities

Federal Columbia River Power System (FCRPS)
Total Liabilities to Federal and Non Federal Parties
as of 9/30/2011
($ millions)





$ millions	Generation Liabilities Outstanding	Generation WAI Rate	Transmission Liabilities Outstanding	Transmission WAI Rate	Total Liabilities Outstanding	Total WAI Rate
Total Appropriations 1/	$3,539	6.2	$369	7.2	$3,908	6.3
Total Bonds Issued to Treasury	1,170	4.0	1,773	4.4	2,943	4.2
Total Federal Liabilities	$4,709	5.7	$2,142	4.9	$6,851	5.4
BPA Liabilities to Energy Northwest	$4,384	5.1	$1,173 2/	5.1	$5,557	5.1
BPA Liabilities to Other Non Federal Parties	156	5.0	560	3.9	716	4.2
Total Non Federal Liabilities	$4,540	5.1	$1,732	4.7	$6,273	5.0
Total FCRPS Liabilities	$9,250	5.4	$3,874	4.8	$13,124	5.2

1/ Federal Appropriation amounts are less than the amount per the FCRPS financial statements because the repayment obligation doesn't begin until the related assets are placed in service. Appropriation amounts exclude appropriations for construction work still in progress (CWIP), which was $217 million in FY 2011. Unspent appropriations received by the COE and BOR as well as some adjustments are also excluded.

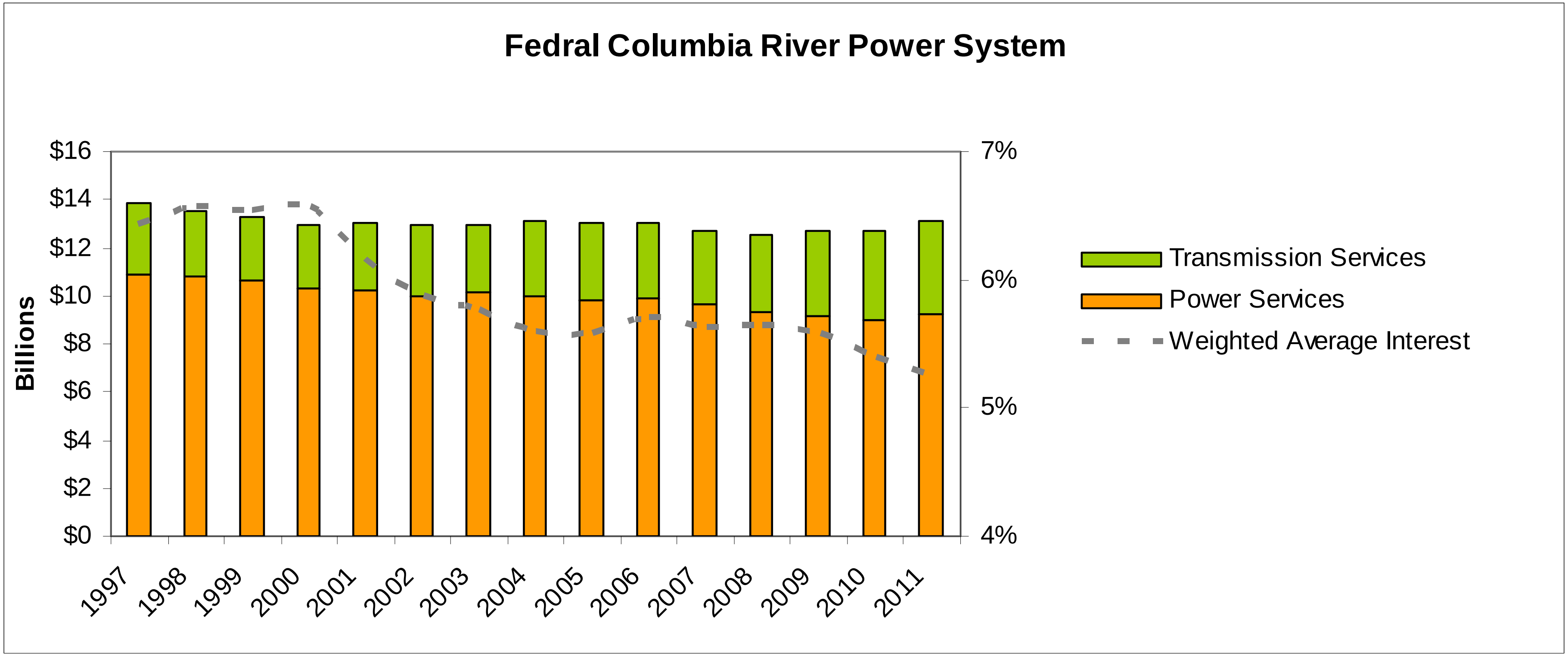
2/ Transmission Services (TS) principal is different from the Non-Federal repayment obligation due to: 1) premium bonds issued, 2) timing differences, and 3) transactions costs. TS is assigned the repayment obligation for these items, which equals the additional Federal prepayment made on TS' behalf.

NOTE: This data does not include irrigation assistance liability of $706 million at zero percent interest.

This information made publicly available by BPA in November 2011.

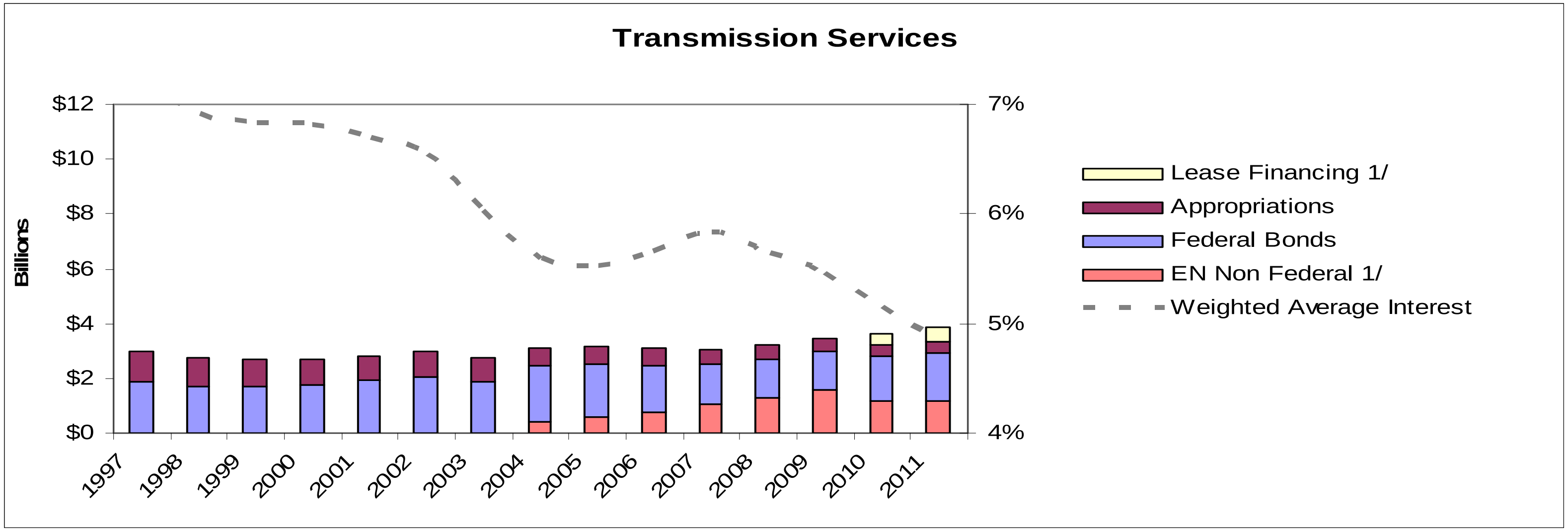
A Look at the Total Portfolio:

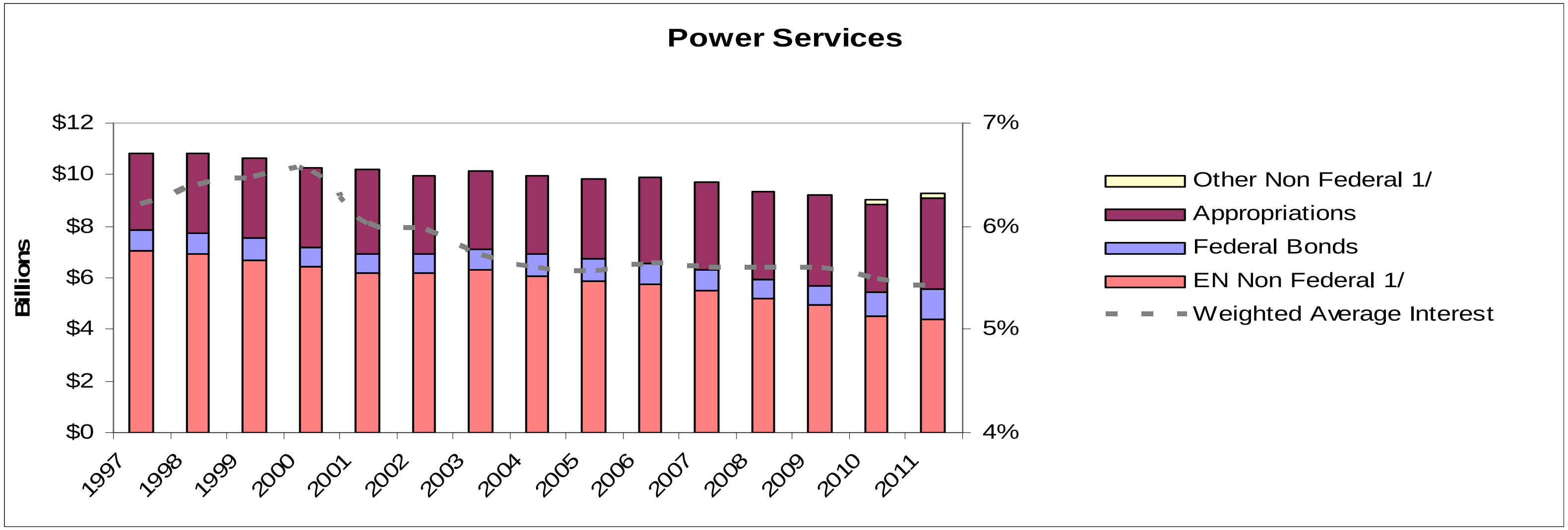
BPA's Outstanding Liabilities Over Time



A Look at the Total Portfolio:

BPA's Outstanding Liabilities Over Time





1/ Other Non Federal Projects, including Lease Financing, were included as part of the EN Non Federal Category until 2010

Updates Since January CIR Base Case

Power Updates

- New Capital Assumptions (June IPR): Updated projected borrowing assumptions.
- Replacements: Updated for Federal hydro 5% base capital and assumptions.
- Income Interest Rates: Updated interest rate forecast and weighted for the annual shift from BPA Fund to market specials.
- Columbia River Fish Mitigation: Updated with the latest Corps forecast of additions to plant/repayment obligations.
- Cougar Dam: Adjustments (reduction in plant/repayment obligation) for the reclassification of a water intake tower from power to common plant.
- Energy Northwest Capital: Updated debt service for forecasted CGS Capital requirements.
- Independent Spent Fuel Storage Installation Settlement: Restricted Proceeds were modeled to call/retire CGS bonds.
- Energy Northwest and Northern Wasco Refinancings

Transmission Updates

- New Capital Assumptions (June IPR): Updated projected borrowing assumptions.
- Replacements: Updated for the new Depreciation Study survivor curves, plant (actual and forecast) and escalation rates.
- Income Interest Rates: Updated interest rate forecast and weighted for the annual shift from BPA Fund to market specials.
- Updated Lease Financing: New Lease Financing advances added through May 15.

A Look At Potential Capital Components

Preliminary Revenue Requirement Elements for FY 14/15 updated with June Capital Numbers

($ thousands)	POWER	A 2014	B 2015	C Avg	D Change From Jan
1	**Non-Federal Debt Service**	589,350	554,816	572,083	(3,971)
2	**Depreciation and Amortization**	223,790	228,193	225,992	3,500
	Interest Expense				
3	On Appropriated Funds	223,187	226,792	224,990	(502)
4	Capitalization Adjustment	(45,937)	(45,937)	(45,937)	-
5	On Treasury Bonds	77,800	95,701	86,750	2,291
6	AFUDC	(10,467)	(9,702)	(10,084)	0
7	Interest Income	(6,551)	(13,520)	(10,036)	7,531
8	**Net Interest**	238,032	253,334	245,683	9,321
9	**MRNR 1/**	0	0	0	-
10	**TOTAL CAPITAL RELATED COSTS**	1,051,172	1,036,343	1,043,758	8,850
1/	**Cash Flow**	81,712	61,743	71,727	1,539

	TRANSMISSION	A 2014	B 2015	C Avg	D Change From Jan
1	**Depreciation & Amortization**	199,488	207,156	203,322	0
	Interest Expense				
2	On Appropriated Funds	17,185	15,797	16,491	(160)
3	Capitalization Adjustment	(18,968)	(18,968)	(18,968)	0
4	On Treasury Bonds	139,604	166,800	153,202	3,338
5	Amortization of Capitalized Bond Premiums	561	561	561	0
6	Debt Service Reassignment Interest	45,419	38,163	41,791	0
7	Non-Federal Interest	48,735	54,113	51,424	1,452
8	AFUDC	(35,544)	(35,677)	(35,611)	0
9	Interest Income	(8,681)	(13,876)	(11,279)	8,263
10	**Net Interest Expense**	188,312	206,913	197,613	12,893
11	**MRNR**	113,095	86,799	99,947	(11,710)
12	**TOTAL CAPITAL RELATED COSTS**	500,894	500,868	500,881	1,183

Debt Management Proposals

All analysis is based on January CIR forecasts

Proposal One:

Context for CGS FY 14/15 Debt Extension

- Continued low market prices for electricity directly impact forecast net secondary revenues and, hence, power rates.
- Currently BPA's forecast of natural gas prices for the FY 2014-15 rate period suggests that annual net secondary revenues will decline by $114 – 196 million relative to FY 2012-13 rates.
- Lower net secondary sales forecast could put upward pressure on power rates in as much as 8-14 percent for the FY 2014-15 rate period, in the midst of a struggling Northwest economy.
- Energy Northwest was recently granted license extension on Columbia Generating Station, extending the life of the facility from 2024 to 2044, an additional 20 years.
- With this extension of the asset life to 2044 and the current secondary sales forecast, BPA is considering extending ~$169 million of CGS debt maturing in FY 2014-15 into 2025-2044, assuming a levelized structure for the resulting debt service.
- The proposed extension better aligns the expected new plant life of CGS with ratepayer costs and benefits; a prudent business decision and equitable for both current and future ratepayers.

Proposal One:

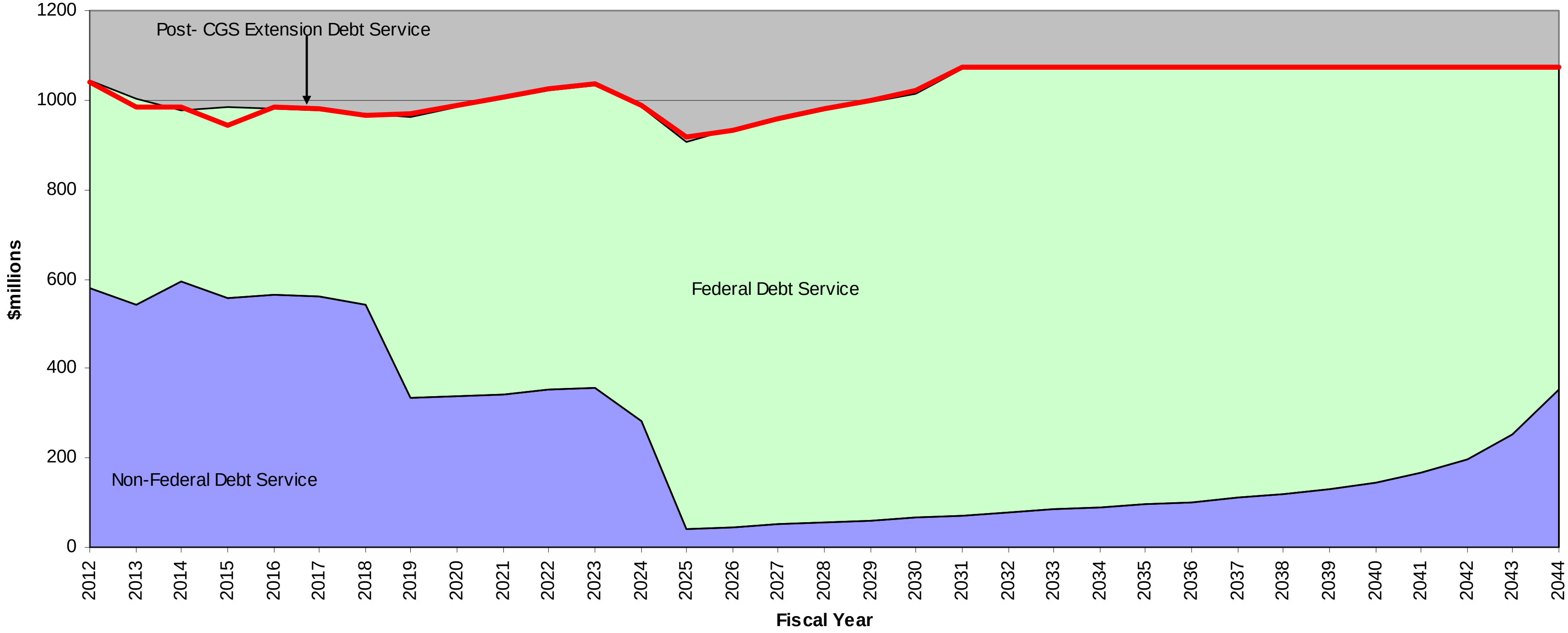
CGS Debt Extension Results & Benefits to BPA's Power Services

- Power's CGS debt service in BPA's FY 2014-15 rate period would be reduced by $161 million by removing maturing CGS principal from those years and extending it. This reflects $169 million of principal payment reduction, offset by an increase in interest of $8 million from the debt extension. (See graphs on following slides.)
- The power repayment study responds to the CGS debt service reduction by increasing Federal repayment in the rate period, producing a net reduction in combined Federal and non-Federal debt service of about $34 million.
- BPA's availability of Treasury borrowing authority could improve by $131 million as a result of increased Federal bond repayment.
- As a result of the CGS debt extension, the combined Federal and non-Federal debt service in the power repayment study is slightly increased in subsequent years.
- When the repayment study results are incorporated into revenue requirements, the benefit to power revenue requirement in the FY 2014-15 rate period is roughly $85 million per year, on average.

		A	B	C
Changes from the January CIR FY14/15				
		Rate Benefit	Operating Expenses	Borrowing Authority Impact
1	CGS 14/15 Extension	$85 million per year	$0	$131 million increase

Proposal One:

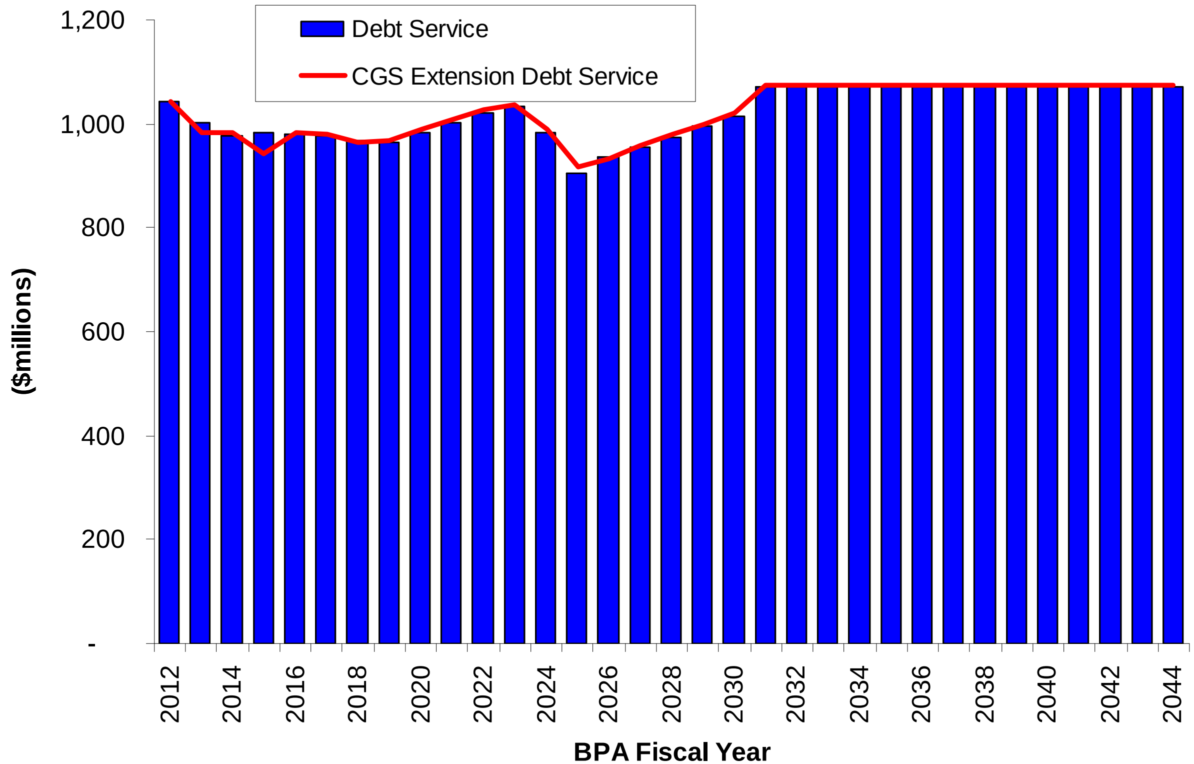
Power Debt Service Pre & Post CGS Debt Extension (combined Federal and non-Federal debt)



Based off of January CIR capital forecasts

Proposal One:

CGS Debt Extension Results & Benefits (combined Federal and non-Federal)



($ millions)

BPA Fiscal Year	Jan CIR Debt Service	CGS Extension Debt Service	Delta from Base Case
2012	1,043	1,042	(1)
2013	1,001	985	(17)
2014	976	984	8
2015	985	943	(42)
2016	979	983	4
2017	976	980	5
2018	968	964	(4)
2019	964	969	5
2020	984	989	5
2021	1,002	1,008	5
2022	1,021	1,026	5
2023	1,033	1,038	5
2024	984	989	5
2025	906	917	11
2026	935	934	(1)
2027	954	959	5
2028	975	980	4
2029	995	999	4
2030	1,015	1,020	5
2031	1,071	1,075	4
2032	1,071	1,075	4
2033	1,071	1,075	4
2034	1,071	1,075	4
2035	1,071	1,075	4
2036	1,071	1,075	4
2037	1,071	1,075	4
2038	1,071	1,075	4
2039	1,071	1,075	4
2040	1,071	1,075	4
2041	1,071	1,075	4
2042	1,071	1,075	4
2043	1,071	1,075	4
2044	1,071	1,075	4
Total	**33,689**	**33,762**	**73**

Based off of January CIR capital forecasts

Proposal One:

Total Energy Northwest Principal Payments By Project: Before and After CGS Debt Extension

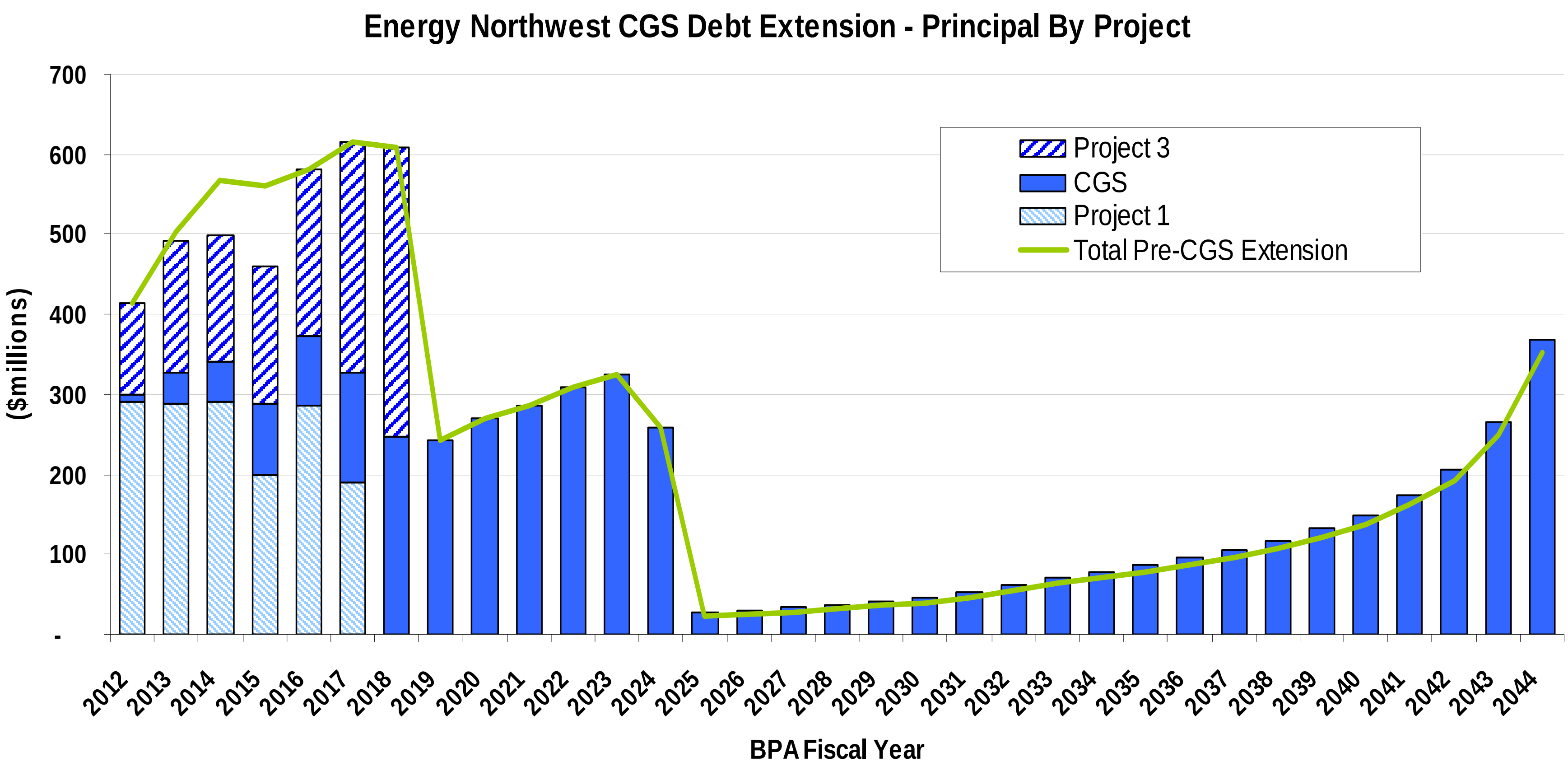


Chart includes:

- Energy Northwest Power and Transmission Principal Payments
- Energy Northwest Power CGS FY 2014-15 Debt Extension
- Debt service for forecasted CGS Capital requirements

Proposal One:

CGS Debt Extension: Maximizing the Benefits to Power Rates

Where does the $85 Million come from?

- The repayment study produced a combined Federal and non-Federal debt service reduction of about $34 million in the FY 2014-15 rate period due to an increase in Federal repayment that offset some of the CGS principal reduction.

- There is a greater revenue requirement benefit since Federal repayment is not a direct component of the revenue requirement. It is represented by depreciation expense. When the repayment obligation is greater than depreciation (and other non-cash elements), BPA adds Minimum Required Net Revenue (MRNR) to the revenue requirement to make up the difference.

- There were two versions of the power repayment study run to maximize the revenue requirement benefit from the CGS debt extension. The first study produced a much greater increase in Federal repayment in FY 2015 than in FY 2014, such that MRNR was required in the former year, but not in the latter. While the revenue requirement benefit was a reduction of $134 million for the rate period, we realized we could refine what was happening to provide greater benefit.

($ thousands)	A	B	C	D	E	F	G
		2014			2015		Rate
Revenue Requirement	Jan CIR	Debt Ext	Change	Jan CIR	Debt Ext	Change	Change
Non-Federal Debt Service	594,226	526,622	(67,604)	557,882	464,610	(93,272)	(160,876)
Federal Net Interest	232,266	232,613	347	244,736	243,553	(1,183)	(836)
Non-Cash Expenses	170,944	170,944	0	174,398	174,398	0	0
Minimum Required Net Revenu	0	0	0	0	27,576	27,576	27,576
Total Revenue Requirement	997,436	930,178	(67,257)	977,016	910,137	(66,879)	(134,137)
Federal Repayment	88,694	134,461	45,767	116,989	201,974	84,985	130,752
Cash Flow	82,250	36,487	(45,763)	57,409	0	(57,409)	(103,172)

Proposal One:

CGS Debt Extension: Maximizing the Benefits to Power Rates

The second power repayment study keyed off of the resulting revenue requirement effects on the previous slide. To further increase the benefits:

- MRNR was reduced to $0 in FY 2015 by having the Federal repayment equal the non-cash expenses and shifting $26 million of amortization into FY 2014.
- Amortization was further increased in FY 2014 by approximately $9 million so that Federal repayment would equal the non-cash expenses in that year.
- Since the increase in Federal repayment resulted from the repayment study filling in with discretionary appropriations, the projected Treasury bond issuances for 2012 and 2013 were set to have sufficient amounts mature in FY 2014-15 to offset the appropriations. This provides additional Federal interest expense reductions in not only the rate period but in the current year and in FY 2013 from the short-term maturities and their lower interest rates.
- As a result of these actions, the revenue requirement for the FY 2014-15 would be reduced by almost $170 million as a result of the CGS debt extension. The potential effect on availability of Treasury borrowing authority is represented by the increase in Federal repayment from the base ($140) million.

($ thousands)	A	B	C	D	E	F	G
		2014			2015		Rate
Revenue Requirement	**Jan CIR**	**Debt Ext**	**Change**	**Jan CIR**	**Debt Ext**	**Change**	**Change**
Non-Federal Debt Service	594,226	526,622	(67,604)	557,882	464,610	(93,272)	(160,876)
Federal Net Interest	232,266	226,673	(5,593)	244,736	242,850	(1,886)	(7,479)
Non-Cash Expenses	170,944	170,944	0	174,398	174,398	0	0
Minimum Required Net Revenue	0	0	0	0	0	0	0
Total Revenue Requirement	997,436	924,239	(73,197)	977,016	881,858	(95,158)	(168,355)
Federal Repayment	88,694	170,944	82,250	116,989	174,398	57,409	139,659
Cash Flow	82,250	0	(82,250)	57,409	0	(57,409)	(139,659)

Proposal Two:

Lewis County (Cowlitz Falls) Debt Restructuring/Extension

- Lewis County (Cowlitz Falls) has $111 million of BPA-backed non-Federal bonds currently outstanding.
- These bonds are callable in July 2013 and can be extended to a new final maturity of 2032.
- The term of the power purchase agreement for Cowlitz Falls ends in 2032.
- Extending debt would save ratepayers approximately $5 million per year in FY 2014 and FY 2015.
- The proposed extension better aligns the current power purchase agreement and ratepayer costs and benefits.

($ millions)

BPA Fiscal Years	Prior Debt Service	New Debt Service	Delta
2014	12	7	5
2015	12	7	5
2016	12	7	5
2017	12	7	5
2018	12	7	5
2019	12	7	5
2020	12	7	5
2021	12	7	5
2022	12	7	5
2023	12	7	5
2024	12	7	5
2025	-	7	(7)
2026	-	7	(7)
2027	-	7	(7)
2028	-	7	(7)
2029	-	7	(7)
2030	-	7	(7)
2031	-	7	(7)
2032	-	7	(7)
Total	130	135	(6)

		A	B	C
		Changes from the January CIR FY14/15		
		Rate Benefit	**Operating Expenses**	**Borrowing Authority Impact**
1	CGS 14/15 Extension	$85 million per year	$0	$131 million increase
2	Lewis County	$5 million per year	$0	$0 million

2012 Depleted Uranium Enrichment Program

2012 Uranium Tails Fuel Transaction

- BPA and Energy Northwest will be conducting an IPR workshop with a more detailed discussion the week of July 16.

- In January 2012, the Department of Energy asked Energy Northwest and BPA if they were interested in pursuing another depleted uranium program similar to the pilot program in 2005.

- In May 2012 the Energy Northwest Board approved the transaction.

- The program is expected to generate $282 million in rate benefits over its life of the program (FY 2014 through 2028), with $40 million in the FY 2014-15 rate period.

- The benefits are derived from reductions to the CGS fuel purchase expenses and the availability of revenue from sales of uranium Energy Northwest will make to the Tennessee Valley Authority to reduce the debt issued to finance the transaction.

- To ensure equity between customer classes and generations, the financing plan includes various debt management actions:
    - Capitalizing near-term interest
    - Structure of principal due dates ensure ratepayer equity between power sales products and over the life of the Regional Dialogue Contracts

Uranium Tails Financing:

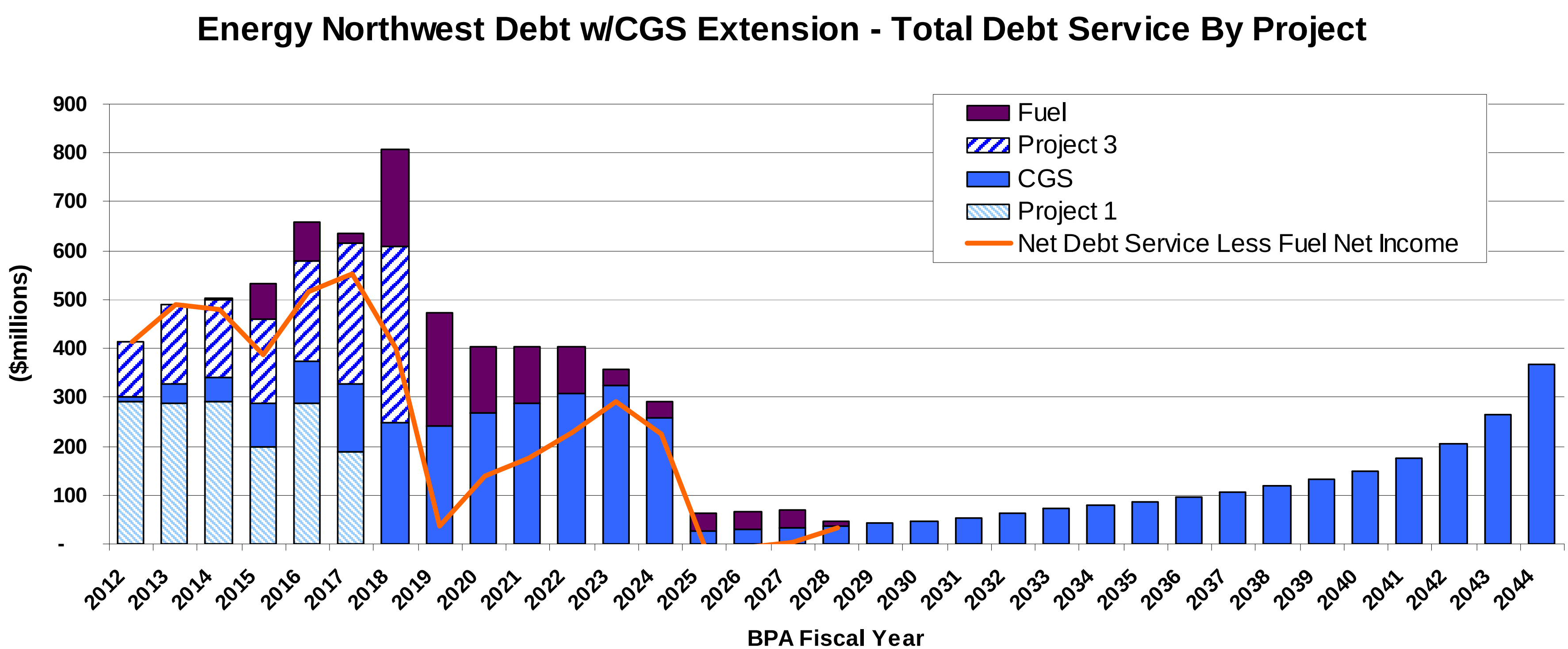
Business Case – Preliminary Analysis

- The chart below highlights the expected debt service structure and the resulting savings based on the revised fuel plan vs. the current fuel plan

($ millions) **BPA FY:**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
Capitalized Interest	4	15	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28
Interest Payments	(4)	(16)	(17)	(16)	(16)	(16)	(15)	(12)	(8)	(6)	(4)	(2)	(2)	(1)	(1)	(0)	-	(136)
Principal Payments	-	-	(7)	(25)	(13)	(41)	(172)	(175)	(103)	(86)	(56)	(12)	(13)	(15)	(15)	(10)	-	(108)
Total Debt Service	-	(1)	(14)	(42)	(30)	(57)	(187)	(187)	(111)	(92)	(60)	(14)	(15)	(16)	(16)	(10)	-	(851)
Forward Sales	-	-	17	59	24	59	178	190	72	81	49	-	-	-	-	-	-	730
10yr Fuel Plan Purchases - Project	27	32	42	35	46	31	48	38	59	41	61	43	63	45	65	46	56	780
10yr Fuel Plan Purchases - No Project	27	31	39	19	7	27	20	21	-	10	31	10	29	10	29	17	50	378
Expense Reduction	-	1	3	16	38	4	28	17	59	31	30	33	34	35	36	29	6	1,158
Total Benefit/(cost)	**-**	**(0)**	**7**	**33**	**33**	**7**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**19**	**6**	**282**
Total Rate Period Benefit/(cost)	**0**		**40**		**40**		**39**		**39**		**39**		**39**		**45**			**282**

Uranium Tails Financing

Preliminary Pro-Forma Debt Profile



Key Highlight:

- The EN debt service will increase, but a positive net income resulting from the Fuel sales less expenses results in lower overall EN cost.

Transmission Update

Lease Financing Update

Amount by Fiscal Year 1/	
2004	$120
2007	$51
2008	$148
2009	$126
2010	$5
2011	$106
2012	$160
	$715

Lease Financing Rate Comparison

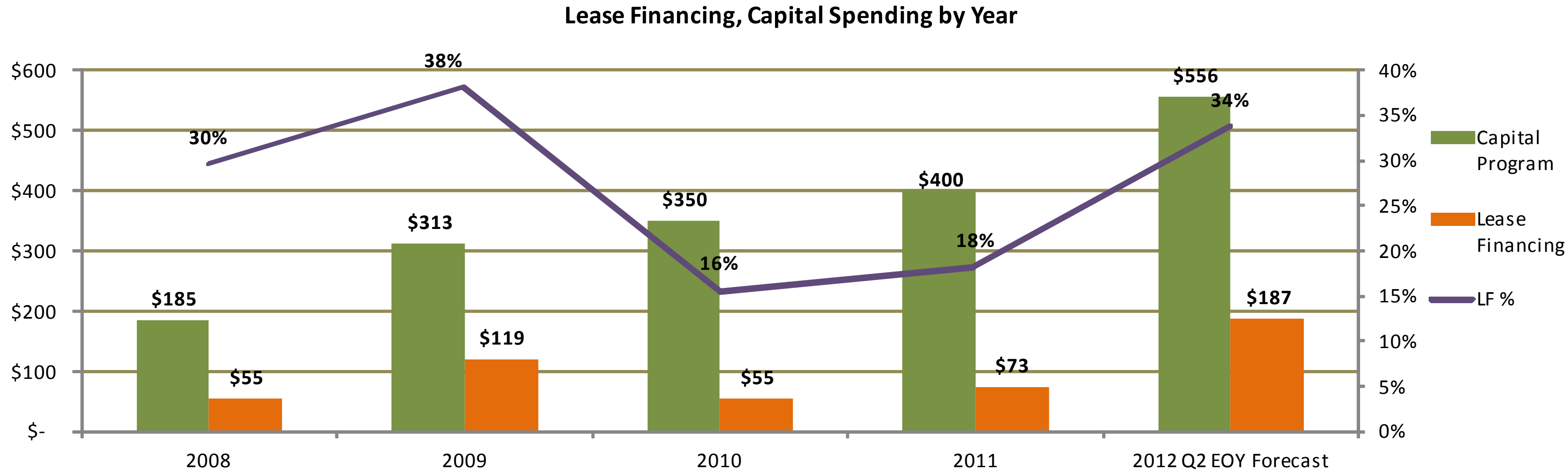
	Weighted Average All In Rate 2/	Comparable Treasury Financing Rate	Delta
NIFC	5.52%	5.23%	0.29%
NIFC II	5.53%	4.63%	0.90%
NIFC III	4.11%	3.73%	0.39%
NIFC IV	4.24%	2.62%	1.61%
NIFC V	2.81%	1.65%	1.16%
NIFC VI	2.61%	1.68%	0.92%

	Leases Signed to Date	All-In Weighted Average Interest 2/	Expiration	Amount Left on the Line
NIFC 3/	$120	5.52%	January 1, 2034	$0
NIFC II	$90	5.53%	July 1, 2014	$0
NIFC III	$200	4.11%	January 1, 2015	$0
NIFC IV	$100	4.24%	January 1, 2016	$0
NIFC V	$118	2.81%	July 1, 2016	$0
NIFC VI	$88	2.61%	January 1, 2019	$112
Total	$715	4.14%		$112

1/ Lease commitment refers to the dollar amount of the leases signed in a year, not the annual spending

2/ Rate includes cost of issuance and annual maintenance costs, but does not include property tax.

3/ NIFC is the only entity with long term (30 year) bonds. All other entities have short term lines of credit (5 or 7 year) that will be refinanced to long term debt.



Lease Financing Update, Cont.

- BPA has set a goal to lease finance at least 50% of the Transmission Capital Program starting in FY 2013

- BPA is currently pursuing a third party financing agreement with the Port of Morrow. The Port of Morrow's authorities were confirmed through a legal proceeding in the Morrow County Circuit Court. On March 15, 2012, the court confirmed the Port of Morrow is able to participate in long term take-out lease financing transactions.

  - The Port of Morrow and BPA are working on an initial bond financing this summer in which the construction line of credit via Northwest Infrastructure Financing Corporation II will be paid off with the proceed of 30 year lease-backed bonds issued by the Port.

Other Potential Rate Relief Options

CGS Decommissioning Trust Fund Contributions

- Due to extension of CGS's operating license, BPA and Energy Northwest collaboratively developed new methodology guiding development of CGS Decommissioning funding plans.

- This methodology allows for stable increases in contribution amounts and results in equitable costs for both current and future ratepayers.

- The results of the proposed plan are:
  - FY 2014 decrease of $10M
  - FY 2015 decrease of $13M

		A	B	C
	Changes from the January CIR FY14/15			
		Rate Benefit	Operating Expenses	Borrowing Authority Impact
1	CGS 14/15 Extension	$85 million per year	$0	$131 million
2	Lewis County	$5 million per year	0	$0 million
3	CGS Decommision Fund	$0 million	$23 million	$0 million

BPA Fiscal Years	March 2011 Funding Plan Contributions	Updated Funding Plan Contributions	Delta
2012	11	9	(2)
2013	12	4	(8)
2014	14	4	(10)
2015	17	4	(13)
2016	25	4	(21)
2017	31	4	(27)
2018	39	5	(34)
2019	48	5	(43)
2020	59	5	(54)
2021	73	5	(68)
2022	90	5	(85)
2023	111	6	(106)
2024	98	6	(92)
2025	-	6	6
2026	-	6	6
2027	-	7	7
2028	-	7	7
2029	-	7	7
2030	-	7	7
2031	-	8	8
2032	-	8	8
2033	-	8	8
2034	-	9	9
2035	-	9	9
2036	-	9	9
2037	-	10	10
2038	-	10	10
2039	-	10	10
2039	-	11	11
2039	-	11	11
2039	-	12	12
2039	-	12	12
2039	-	9	9
Total	627	242	(385)

($ millions)

Summary of Actions and Other Options for Power Rate Relief

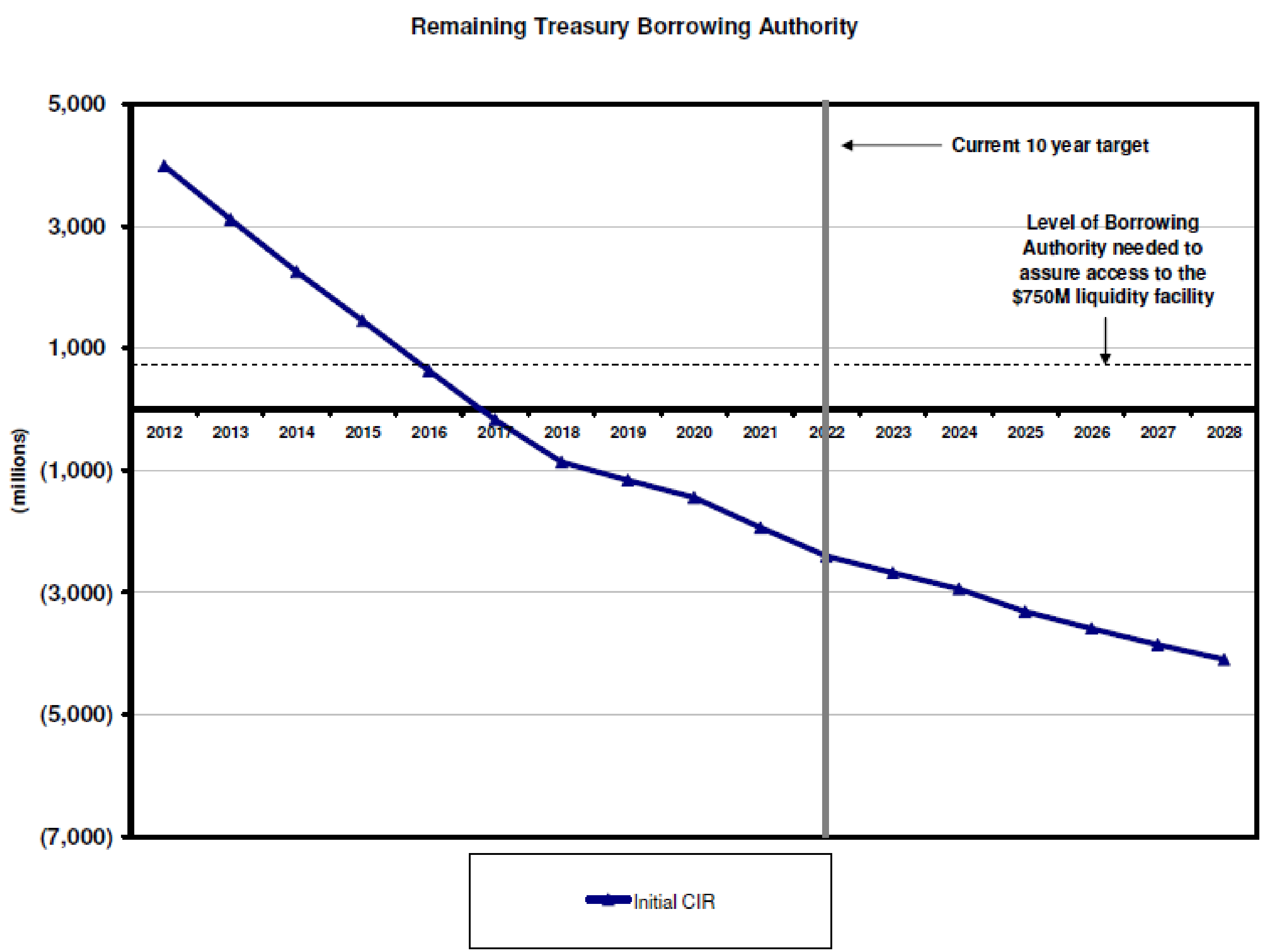
Actions that will Affect Proposed IPR Levels

	A	B	C	E	F	G	H	I	J	K	L
	BP-12 Final Proposal - Average	Target & Proposed IPR - Average	Delta	ISFSI Settlement	EN Refinancing for Savings	Wasco Refinancing	Lewis County Refinancing	CGS Debt Extension	Reduce Contributions to CGS Decommissioning Trust Fund	Uranium Tails Financing	Potential Net Change to Proposed IPR
($ millions) Transaction Date				Completed	Completed	Completed	2013	2013	2012	2012	
1 **Non-Federal Debt Service**	556	576	20	(32)	(6)	(1)	(9)	(163)			**(210)**
2 Depreciation and Amort.	209	222	14								**-**
3 Total Net Interest	215	236	21					(7)			**(7)**
4 MRNR	28	-	(28)								**-**
5 Other (Expense)									(23)	(40)	**-**
6 **TOTAL CAPITAL RELATED COSTS**	1,009	1,035	26	(32)	(6)	(1)	(9)	(170)	(23)	(40)	**(217)**

Summary

- BPA’s Federal and non-Federal debt is managed on a total portfolio basis in order to create equity between both current and future ratepayers.
- CGS Debt extension – NRC recently approved Energy Northwest's request for 20-year license extension, to December 2043. EN Executive Board approval is required to extend debt through the term of the license extension. This action could reduce power’s total capital-related costs by as much as $85 million per year in the FY 2014-15 rate period.
- The recent Uranium Tails agreement with TVA and the U.S. Enrichment Corporation is estimated to save ratepayers about $20 million per year over the next four years.
- CGS Decommissioning Fund realignment can move forward as well now that the license renewal was approved. This results in savings of $10 million in FY 2014 and $13 million in FY 2015.
- It is possible that debt for the Cowlitz Falls hydro project could be extended by 8 years to match the term of the agreement between BPA and Lewis County PUD. Savings could be as much as $5 million per year and as much as $10 million over the rate period. BPA continues to actively manage its debt portfolio to glean efficiencies and savings for the ratepayers of the Pacific Northwest.

Remaining Treasury Borrowing Authority



Next Steps

- If you need clarification or further information related to these Debt Management workshop materials, please email requests to BPAfinance@bpa.gov
- Participants have an opportunity to submit comments on BPA's Initial IPR Publication and proposed IPR levels during a ten week public comment period beginning June 5, 2012 and concluding August 10, 2012. Comments can be submitted online; by email; or by mail to: BPA, P.O. Box 14428, Portland, OR 97293-4428.

  Please send questions to: BPAFinance@BPA.gov
- July 26th is the Access to Capital Workshop
  - BPA is currently evaluating various tools for that workshop
- BPA is currently evaluating a power prepayment program that may be offered in early August.
  - Comment period on this program is open from June 28th to July 19th
  - Webcast/Live meeting is scheduled for June 27th and June 28th from 9am-12pm
    - Please contact your account executive for further information

Integrated Program Review

Financial Disclosure

This information has been made publicly available by BPA on June 15, 2012 and contains information not reported in agency financial statements.