DOE/CF-0101
Volume 6

Department of Energy
FY 2015 Congressional Budget Request

Power Marketing Administrations

Southeastern Power Administration
Southwestern Power Administration
Western Area Power Administration
Bonneville Power Administration

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The Department of Energy's Congressional Budget justification is available on the Office of Chief Financial Officer, Office of Budget homepage at http://www.cfo.doe.gov/crorg/cf30.htm.

FUNDING BY APPROPRIATION

(Discretionary dollars in thousands)

Department of Energy Budget by Appropriation	FY 2013 Current	FY 2014 Enacted	FY 2015 Request	FY 2015 vs. FY 2014 $	FY 2015 vs. FY 2014 %
Energy and Water Development and Related Agencies					
Energy Programs					
Energy Efficiency and Renewable Energy	1,691,757	1,900,641	2,316,749	+416,108	+21.9%
Electricity Delivery and Energy Reliability	129,196	147,242	180,000	+32,758	+22.2%
Nuclear Energy	708,429	888,376	863,386	-24,990	-2.8%
Fossil Energy Programs					
Clean Coal Technology	0	0	-6,600	-6,600	N/A
Fossil Energy Research and Development	498,715	561,931	475,500	-86,431	-15.4%
Naval Petroleum and Oil Shale Reserves	14,129	19,999	19,950	-49	-0.2%
Elk Hills School Lands Fund	0	0	15,580	+15,580	N/A
Strategic Petroleum Reserve	182,625	189,360	205,000	+15,640	+8.3%
Northeast Home Heating Oil Reserve	3,590	8,000	1,600	-6,400	-80.0%
Total, Fossil Energy Programs	***699,059***	***779,290***	***711,030***	***-68,260***	***-8.8%***
Uranium Enrichment D&D Fund	448,231	598,574	530,976	-67,598	-11.3%
Energy Information Administration	99,508	116,999	122,500	+5,501	+4.7%
Non-Defense Environmental Cleanup	223,457	231,741	226,174	-5,567	-2.4%
Science	4,681,195	5,066,372	5,111,155	+44,783	+0.9%
Advanced Research Projects Agency - Energy	250,636	280,000	325,000	+45,000	+16.1%
Departmental Administration	119,195	126,449	129,052	+2,603	+2.1%
Office of Indian Energy Policy and Programs	0	0	16,000	+16,000	N/A
Office of the Inspector General	39,803	42,120	39,868	-2,252	-5.3%
Title 17 - Innovative Technology					
Loan Guarantee Program	0	20,000	7,000	-13,000	-65.0%
Advanced Technology Vehicles Manufacturing Loan Program	5,686	6,000	4,000	-2,000	-33.3%
Total, Energy Programs	***9,096,152***	***10,203,804***	***10,582,890***	***+379,086***	***+3.7%***
Atomic Energy Defense Activities					
National Nuclear Security Administration					
Weapons Activities	6,966,855	7,781,000	8,314,902	+533,902	+6.9%
Defense Nuclear Nonproliferation	2,237,420	1,954,000	1,555,156	-398,844	-20.4%
Naval Reactors	994,118	1,095,000	1,377,100	+282,100	+25.8%
Federal Salaries and Expenses/1	377,457	377,000	410,842	+33,842	+9.0%
Cerro Grande Fire Activities	-61	0	0	0	N/A
Total, National Nuclear Security Administration	***10,575,789***	***11,207,000***	***11,658,000***	***+451,000***	***+4.0%***
Environmental and Other Defense Activities					
Defense Environmental Cleanup	4,627,054	5,000,000	5,327,538	+327,538	+6.6%
Other Defense Activities	760,030	755,000	753,000	-2,000	-0.3%
Defense Nuclear Waste Disposal	-727	0	0	0	N/A
Total, Environmental and Other Defense Activities	***5,386,357***	***5,755,000***	***6,080,538***	***+325,538***	***+5.7%***
Total, Atomic Energy Defense Activities	***15,962,146***	***16,962,000***	***17,738,538***	***+776,538***	***+4.6%***
Power Marketing Administrations					
Southeastern Power Administration	0	0	0	0	N/A
Southwestern Power Administration	11,243	11,892	11,400	-492	-4.1%
Western area Power Administration (CROM)	90,949	95,930	93,372	-2,558	-2.7%
Falcon and Amistad Operating and Maintenance Fund	220	420	228	-192	-45.7%
Colorado River Basins	-23,000	-23,000	-23,000	0	N/A
Transmission Infrastructure Program	0	0	0	0	N/A
Total, Power Marketing Administrations	***79,412***	***85,242***	***82,000***	***-3,242***	***-3.8%***
Federal Energy Regulatory Commission (FERC)	0	0	0	0	N/A
Subtotal, Energy and Water Development and Related Agencies	***25,137,710***	***27,251,046***	***28,403,428***	***+1,152,382***	***+4.2%***
Uranium Enrichment D&D Fund Discretionary Payments	0	0	-463,000	-463,000	N/A
Excess Fees and Recoveries, FERC	-279	-26,236	0	+26,236	+100.0%
Total, Discretionary Funding by Appropriation	**25,137,431**	**27,224,810**	**27,940,428**	**+715,618**	**+2.6%**

1/Formerly Office of the Administrator

Southeastern Power Administration

Southeastern Power Administration

Southeastern Power Administration
Proposed Appropriation Language

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy, including transmission wheeling and ancillary services, and including official reception and representation expenses in an amount not to exceed $1,500, pursuant to section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southeastern power area, $7,220,000, to remain available until expended: Provided, That notwithstanding 31 U.S.C. 3302 and section 5 of the Flood Control Act of 1944, up to [$7,750,000] *$7,220,000*, collected by the Southeastern Power Administration from the sale of power and related services shall be credited to this account as discretionary offsetting collections, to remain available until expended for the sole purpose of funding the annual expenses of the Southeastern Power Administration: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year [2014] *2015* appropriation estimated at not more than $0: Provided further, That, notwithstanding 31 U.S.C. 3302, up to [$78,081,000] *$73,579,000* collected by the Southeastern Power Administration pursuant to the Flood Control Act of 1944 to recover purchase power and wheeling expenses shall be credited to this account as offsetting collections, to remain available until expended for the sole purpose of making purchase power and wheeling expenditures: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred (excluding purchase power and wheeling expenses).

Explanation of Changes

No changes.

Public Law Authorizations:
Public Law 78-534, Flood Control Act of 1944
Public Law 95-91, DOE Organization Act of 1977, Section 302
Public Law 101-1-1, Title III, Continuing Fund (amended 1989)
Public Law 102-486, Energy Policy Act of 1992

Southeastern Power Administration

($K)

FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request
123,298	101,034	101,034	96,930
-123,298	-101,034	-101,034	-96,930
0	0	0	0

Overview

Southeastern Power Administration (Southeastern or SEPA) exists to carry out the functions assigned by the Flood Control Act of 1944: to market the electric power and energy generated by the Federal reservoir projects to public bodies and cooperatives in the southeastern United States in a professional, innovative, customer-oriented manner, while continuing to meet the challenges of an ever-changing electric utility environment through continuous improvement. Southeastern provides 486 public power customers with 3,392 megawatts (MW) of hydroelectric capacity from 22 Federal multipurpose projects, operated by the U.S. Army Corps of Engineers (Corps) at cost-based rates.

Southeastern contributes to the Administration's efforts to secure America's clean energy future by generating clean hydroelectric power without carbon emissions. Annually, Southeastern produces an average of 7,772 gigawatt-hours of clean renewable hydroelectric energy. This energy production reduces emissions of carbon dioxide by 6.4 million tons per year, sulfur dioxide by 19,400 tons per year, and nitrogen oxides by 8,100 tons per year. Without the clean renewable hydropower from Southeastern, 13.3 million barrels of fuel oil, 4.0 million tons of coal, or 66.3 billion cubic feet of natural gas would be depleted each year. [a] Southeastern maintains and upgrades its energy infrastructure to ensure reliable and efficient delivery of Federal power. Southeastern promotes sound management of the dispatch and distribution of Federal hydroelectric power resources in the southeastern United States, while also meeting national utility performance standards and balancing the diverse interests of other water resource stakeholders.

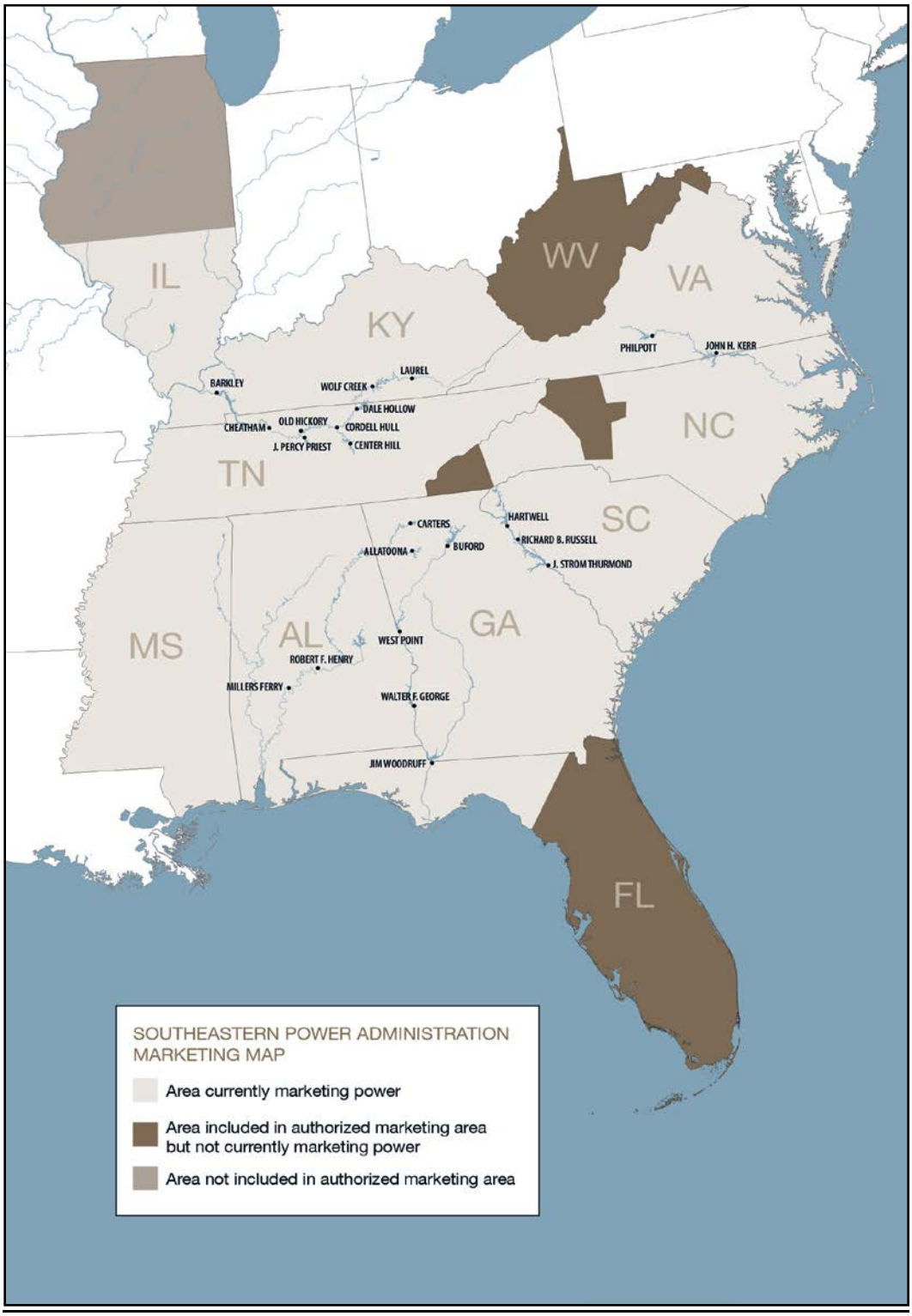
Program Direction supports day-to-day agency operation and Purchase Power and Wheeling supports acquisition of contractually-required transmission services and power purchases. Consistent with the authority provided in the FY 2010 Energy and Water Appropriations, the FY 2015 Budget provides funding for annual expenses (Program Direction) through discretionary offsetting collections derived from power receipts collected to recover those expenses.

Highlights and Major Changes in the FY 2015 Budget Request

Southeastern's request for FY 2015 decreases Purchase Power and Wheeling (-$3.574 million), reflecting changes in transmission rates and water condition estimates, and decreases Program Direction (-$0.530 million) based on more accurate cost estimates.

[a] Emission savings computed using 2001-2010 data from U.S. Energy Information Administration (EIA), assuming a 50/50 Coal/Natural Gas Mix as representative of replacement energy for hydropower in Southeastern's area. Fuel savings based on thermal conversion factors from EIA's Annual Energy Review-2011.

Service Area Map



Southeastern Power Administration
Funding by Congressional Control ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Adjustments	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Southeastern Power Administration						
Purchase Power and Wheeling (PPW)	114,870	93,284		93,284	89,710	-3,574
Program Direction (PD)	8,428	7,750		7,750	7,220	-530
Subtotal, Southeastern Power Administration	**123,298**	**101,034**		**101,034**	**96,930**	**-4,104**
Offsetting Collections, PPW	-100,162	-78,081		-78,081	-73,579	+4,502
Alternative Financing, PPW	-14,708	-15,203		-15,203	-16,131	-928
Offsetting Collections, Annual Expenses, PD	-8,428	-7,750		-7,750	-2,220	+5,530
Use of Prior Year Balances, PD	0	0		0	-5,000	-5,000
Total, Southeastern Power Administration	**0**	**0**		**0**	**0**	**0**
Federal FTEs	**44**	**44**		**44**	**44**	**0**

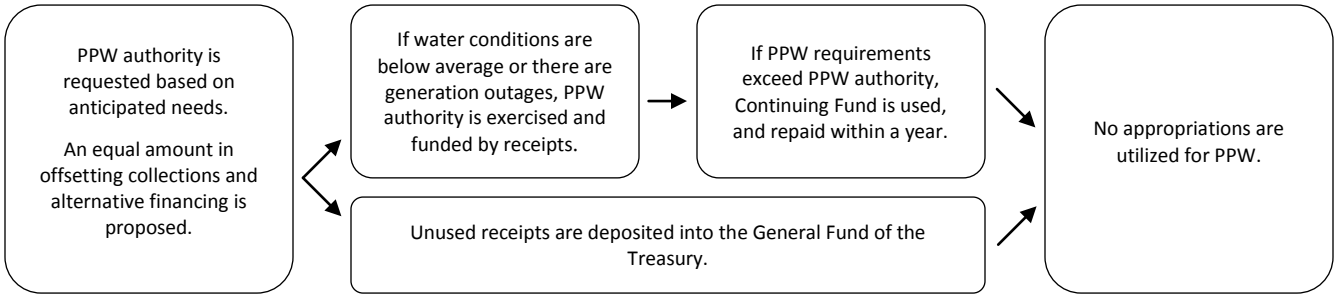
Purchase Power and Wheeling

Overview

The mission of Purchase Power and Wheeling (PPW) is to provide funding for acquisition of transmission services, ancillary services for the system, pumping energy for the Richard B. Russell and Carters Pumped Storage units, and support of the Jim Woodruff Project. Southeastern must purchase power on the open market when its Federal generating assets cannot provide enough power to fulfill its contracts with its customers.

Additionally, because Southeastern does not own or operate any transmission infrastructure itself, transmission expenses are based on contracts with area transmission providers to deliver specified amounts of Federal power from the hydropower projects to Federal power customers. Southeastern has access to a continuing fund for emergency expenses necessary to ensure continuity of service. Southeastern has implemented a plan to repay any Purchase Power and Wheeling expenditures made through the Continuing Fund within one year.

The FY 2015 request uses customer receipts and net billing to pay for purchase power and wheeling expenses at no cost to the Federal Treasury. Some customers, acting independently or in partnerships, acquire replacement power and transmission services directly from suppliers. Southeastern will continue to assist its customers by arranging funding for these activities through alternative financing instruments, as needed.



Highlights of the FY 2015 Budget Request

The PPW subprogram supports Southeastern's mission to market and deliver reliable, cost-based hydroelectric power and related services. PPW enables Southeastern to wheel Federal power to preference customers, purchase replacement power, and acquire pumping energy to maximize the efficiency and benefits of Southeastern's hydropower resources. Power and services are marketed at rates designed to provide recovery of expenses and Federal investment, as established by law.

Purchase Power & Wheeling
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Purchase Power					
Replacement Power	38,362	15,349	15,349	11,000	-4,349
Russell Project pumping power	17,294	17,900	17,900	17,900	0
Carters Project pumping power	17,460	17,500	17,500	17,500	0
Jim Woodruff Project support	3,300	3,300	3,300	3,300	0
Total, Purchase Power	**76,416**	**54,049**	**54,049**	**49,700**	**-4,349**
Wheeling					
Wheeling service charges	33,690	34,471	34,471	35,246	775
Ancillary Services	4,764	4,764	4,764	4,764	0
Total, Wheeling	**38,454**	**39,235**	**39,235**	**40,010**	**775**
Total, Purchase Power and Wheeling	**114,870**	**93,284**	**93,284**	**89,710**	**-3,574**
Alternative Financing					
Net Billing	-14,708	-15,203	-15,203	-16,131	-928
Subtotal, Purchase Power and Wheeling	100,162	78,081	78,081	73,579	-4,502
Offsetting Collections Realized	-100,162	-78,081	-78,081	-73,579	+4,502
Total, Purchase Power and Wheeling Budget Authority	**0**	**0**	**0**	**0**	**0**

Southeastern Power Administration
Operation and Maintenance
Explanation of Major Changes ($K)

	FY 2015 vs. FY 2014 Enacted
Purchase Power and Wheeling: The decrease in Purchase Power is due to expectation of improved water condition factors used in calculating purchase power estimates. The increase in wheeling cost is due to a slight increase in transmission rates.	**-3,574**
Program Direction: The decrease is due to revised estimates based on anticipated workforce in FY 2015 after projected retirements.	**-530**
Total, Southeastern, Operation and Maintenance	**-4,104**

Program Direction

Overview

Program Direction provides the Federal staffing resources and associated costs required to provide overall direction and execution of the Southeastern Power Administration. Provision is made for negotiation and administration of transmission and power contracts, collections of revenues, accounting and budget activities, development of wholesale power rates, amortization of the Federal power investment, energy efficiency and competitiveness program, investigation and planning of proposed water resources projects, scheduling and dispatch of power generation, scheduling storage and release of water, administration of contractual operation requirements, and determination of methods of operating generating plants individually and in coordination with others to obtain maximum utilization of resources.

Highlights of the FY 2015 Budget Request

The FY 2015 budget request for Program Direction includes a use of prior year balances in the amount of $5 million. Southeastern has reevaluated its program direction costs to avoid high unobligated balances in the future. The FY 2015 request accurately reflects the funding level adequate for continued support of its 44 FTE workforce.

Program Direction
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Program Direction Summary					
Southeastern Power Administration					
Salaries and Benefits	5,585	5,400	5,400	4,825	-575
Travel	457	400	400	400	
Support Services	102	100	100	100	
Other Related Expenses	2,284	1,850	1,850	1,895	45
Total, Program Direction	**8,428**	**7,750**	**7,750**	**7,220**	**-530**
Federal FTEs	**44**	**44**	**44**	**44**	
Support Services and Other Related Expenses					
Support Services					
Management and Professional Support Services	102	100	100	100	0
Total, Support Services	**102**	**100**	**100**	**100**	**0**
Other Related Expenses					
Training	132	100	100	15	-85
Communications, Utilities, Misc.	353	310	310	185	-125
Equipment	285	200	200	186	-14
Maintenance Agreements	144	120	120	62	-58
Rent to GSA	408	400	400	337	-63
Rent to Others	10	10	10	9	-1
Tuition	16	15	15	15	0
Contract Services	494	320	320	689	369
Audit of Financial Statements	273	230	230	243	13
Supplies and Materials	126	100	100	116	16
Working Capital Fund	38	40	40	35	-5
Printing and Reproduction	5	5	5	3	-2
Total, Other Related Expenses	**2,284**	**1,850**	**1,850**	**1,895**	**45**

Program Direction

Activities, Milestones, and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Salaries and Benefits The funding supports Federal salaries and benefits for 44 FTEs, administrative support, and workloads in cyber-security and operational reliability. These estimates are derived from the current year budgeted salaries, plus cost-of-living adjustments, promotions, within-grade increases, DOE-cascading performance awards, retirement payouts for unused leave and overtime.	Continue funding support for Federal salaries and benefits for 44 FTEs.	Anticipated retirements.
Travel Funding supports transportation and per diem expenses incurred for preference customer meetings, relocation expenses for new FTEs, contract negotiations, rate forums, Congressional hearings, site visits, workshops, and operations meetings with industry organizations.	Continued use of conference calls and webinar sessions in lieu of travel to meetings.	No change.
Support Services Funding supports preference customers' efforts to address energy efficiency issues and promote development of renewable resources in support of the Energy Policy Act of 2005. Also, develops specifications for training programs, prepares program plans, conducts training, and reviews and evaluates contractors	Continue funding for co-sponsored energy efficiency services and renewable energy acquisition support for municipal and cooperative utilities.	No change.
Other Related Expenses Funding provides administrative support for the office, rent, communications, maintenance, contract services, supplies, materials, and equipment and support for cyber and physical security, training expenses for power operator certification, support for installation of electronic hardware and software for the operations center and provides maintenance to integrate real-time data from the control area and provides the data to other transmission operators and NERC.	Continue funding support for Southeastern's headquarters office.	Anticipated upgrade of financial accounting system.

Southeastern Power Administration
Performance Measures

In accordance with the GPRA Modernization Act of 2010, the Department sets targets for, and tracks progress toward, achieving performance goals for each program. The following tables show the targets and results for FY 2013 and the targets for FY 2014 and FY 2015. For more information, including historical targets and results from FY 2009 through 2013, as well as the planned targets for FY 2014 and 2015, refer to the Department's Annual Performance Plan and Report at [http://energy.gov/cfo/reports/annual-performance-reports].

	FY 2013	FY 2014	FY 2015
Performance Goal (Measure)	**Southeastern - System Reliability Performance – North American Electric Corporation (NERC) Rating** – Meet NERC Control Performance Standards (CPS) of CPS1>100 and CPS2>90 and meet or exceed industry averages. CPS1 measures a generating system's performance at matching supply to changing demand requirements and supporting desired system frequency in one minute increments. CPS2 measures a generating system's performance at limiting the magnitude of generation and demand imbalances in ten minute increments.		
Target	CPS1>100, CPS2>90	CPS1>100, CPS2>90	CPS1>100, CPS2>90
Result	Met – CPS1=220.4, CPS2=99.9	Not yet available	Not yet available
Endpoint Target	Southeastern ensures the integrity of the Nation's integrated grid by operating in compliance with National Energy Reliability Standards.		

Performance Goal (Measure)	**Southeastern - Repayment of the Federal Power Investment** - Ensure unpaid investment (UI) is equal to or less than the allowable unpaid investment (AUI) in accordance with DOE Order RA 6120.2.		
Target	<=$2,133 million dollars AUI	<=$2,132 million dollars AUI	<=$2,141million dollars AUI
Result	Met – $82.9 million UI	Not yet available	Not yet available
Endpoint Target	Continue to meet repayment of Federal investment, thereby achieving and maintaining financial integrity.		

Additional Tables

Revenue and Receipts ($K)

	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Gross Revenues	345,278	378,560	330,850	351,129	352,302	353,536	354,851
Net Billing (Credited as an Offsetting Receipt)	-14,708	-15,203	-16,131	-16,406	-16,696	-16,999	-17,317
Total Cash Receipts	330,570	363,357	314,719	334,723	335,606	336,537	337,534
Use of Offsetting Collections to fund PPW	-100,162	-78,081	-73,579	-74,425	-75,307	-76,238	-77,235
Use of Offsetting Collections to fund Annual Expenses	-8,428	-7,750	-7,220	-6,849	-6,760	-6,797	-6,935
Total Receipts, net use of Offsetting Collections	221,980	277,526	233,920	253,449	253,539	253,502	253,364
Cumberland Rehabilitation	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000
GA-AL-SC Rehabilitation	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000
Kerr-Philpott Rehabilitation	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000
Jim Woodruff	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
Total Proprietary Receipts	155,980	211,526	167,920	187,449	187,539	187,502	187,364
Percent of Sales to Preference Customers	99%	99%	99%	99%	99%	99%	99%
Energy Sales and Power Marketed (megawatt-hours)	7,886,000	7,886,000	7,886,000	7,886,000	7,886,000	7,886,000	7,886,000

Alternative Financing

2013	Transmission	Purchase Power	Offsetting Collections	Net Billing	Appropriated Funds
Jim Woodruff System	265	3,300	-2765	-800	0
Kerr-Philpott System	4,061	0	-4,061	0	0
GA-AL-SC System	24,259	73,116	-93,054	-4,321	0
Cumberland System	9,869	0	-282	-9,587	0
	38,454	76,416	-100,162	-14,708	0

2014	Transmission	Purchase Power	Offsetting Collections	Net Billing	Appropriated Funds
Jim Woodruff System	229	3,300	-2,829	-700	0
Kerr-Philpott System	4,230	0	-4,230	0	0
GA-AL-SC System	24,872	50,749	-70,705	-4,916	0
Cumberland System	9,904	0	-317	-9,587	0
	39,235	54,049	-78,081	-15,203	0

2015	Transmission	Purchase Power	Offsetting Collections	Net Billing	Appropriated Funds
Jim Woodruff System	230	3,300	-2,830	-700	0
Kerr-Philpott System	4,253	0	-4,253	0	0
GA-AL-SC System	25,293	46,400	-66,185	-5,507	0
Cumberland System	10,234	0	-311	-9,924	0
	40,010	49,700	-73,579	-16,131	0

Power Marketed, Wheeled, or Exchanged by Project

Project	State	Plants	Installed Capacity (kW)	FY 2013 Actual Power (GWh)	FY 2014 Estimated Power (GWh)	FY 2015 Estimated Power (GWh)
Kerr-Philpott System				413	293	293
John H. Kerr	VA-NC	1	267,000			
Philpott	VA	1	15,000			
Georgia-Alabama-South Carolina System				3,849	2,508	2,508
Allatoona	GA	1	82,000			
Buford	GA	1	127,000			
Carters	GA	1	600,000			
J. Strom Thurmond	GA-SC	1	364,000			
Walter F. George	GA-AL	1	160,000			
Hartwell	GA-SC	1	432,000			
R. F. Henry	AL	1	82,000			
Millers Ferry	AL	1	90,000			
West Point	GA-AL	1	87,000			
Richard B. Russell	GA-SC	1	664,000			
Jim Woodruff Project	FL-GA	1	43,500	200	148	148
Cumberland System				3,197	2,481	2,481
Barkley	KY	1	130,000			
Center Hill	TN	1	135,000			
Cheatham	TN	1	36,000			
Cordell Hull	TN	1	99,900			
Dale Hollow	TN	1	54,000			
Old Hickory	TN	1	100,000			
J. Percy Priest	TN	1	28,000			
Wolf Creek	TN	1	270,000			
Laurel	TN	1	61,000			
Totals		22	3,927,400	7,659	5,430	5,430

System Statistics

	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
Generating Capacity:			
Nameplate Capacity (kW)	3,939,152	3,939,152	3,939,152
Peak Capacity (kW) [1]	4,330,000	4,330,000	4,330,000
Generating Stations			
Generating Projects (Number)	22	22	22
Available Energy			
Energy from Stream-flow (MWh)	6,643,768	4,685,000	4,685,000
Energy generated from Pumping (MWh)	436,194	745,100	745,100
Energy Purchased for Replacement (MWh)	69,150	157,640	157,640
Total, Energy available for marketing [2] (MWh)	7,149,112	5,587,740	5,587,740

[1] Southeastern markets capacity based on nameplate plus an overload factor. NERC requires that Southeastern keep a portion of the capacity in reserve for emergency purposes and to cover losses.

[2] Gross amount. Transmission losses are deducted from this amount to estimate the amount of energy marketed.

Department Of Energy
FY 2015 Congressional Budget
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($K)

Southeastern Power Admin. - Operation & Maint.	FY 2013 Current	FY 2014 Enacted	FY 2015 Request
Southeastern Power Administration			
Purchase Power and Wheeling			
Purchase Power and Wheeling	114,870	93,284	89,710
Program Direction			
Program Direction	8,428	7,750	7,220
Total, Southeastern Power Administration	**123,298**	**101,034**	**96,930**
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Southwestern Power Administration

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Southwestern Power Administration
Proposed Appropriation Language

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy, for construction and acquisition of transmission lines, substations and appurtenant facilities, and for administrative expenses, including official reception and representation expenses in an amount not to exceed $1,500 in carrying out section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the Southwestern Power Administration, [$45,456,000] *$46,240,000*, to remain available until expended: Provided, That notwithstanding 31 U.S.C. 3302 and section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), up to [$33,564,000] *$34,840,000* collected by the Southwestern Power Administration from the sale of power and related services shall be credited to this account as discretionary offsetting collections, to remain available until expended, for the sole purpose of funding the annual expenses of the Southwestern Power Administration: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year [2014] *2015* appropriation estimated at not more than [$11,892,000] *$11,400,000*: Provided further, That, notwithstanding 31 U.S.C. 3302, up to [$42,000,000] *$53,000,000* collected by the Southwestern Power Administration pursuant to the Flood Control Act of 1944 to recover purchase power and wheeling expenses shall be credited to this account as offsetting collections, to remain available until expended for the sole purpose of making purchase power and wheeling expenditures: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred (excluding purchase power and wheeling expenses).

Explanation of Changes

No changes.

Public Law Authorizations

Southwestern Power Administration:

- P.L. 78-534, Section 5, Flood Control Act of 1944
- P.L. 95–91, Section 302, DOE Organization Act of 1977
- P.L. 100-71, Supplemental Appropriations Act, 1987
- P.L. 101–101, Title III, Continuing Fund (amended 1989)
- P.L. 102-486, Section 721, Energy Policy Act of 1992
- P.L. 108-137, Appropriations Act, FY 2004
- P.L. 111-85, Appropriations Act, FY 2010

Southwestern Power Administration

($K)

FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request
106,358	101,764	101,764	122,666
-95,115	-89,872	-89,872	-111,266
11,243	11,892	11,892	11,400

Overview

Southwestern Power Administration's (Southwestern) mission is to market and reliably deliver Federal hydroelectric power, with preference to public bodies and cooperatives. This is accomplished by maximizing the use of Federal assets to repay the Federal investment and participating with other water resource users in an effort to balance diverse interests with power needs within broad parameters set by the U.S. Army Corps of Engineers (Corps), and implementing public policy.

Southwestern markets and delivers power at wholesale rates to 78 municipal utilities, 22 rural electric cooperatives, and 3 government entities in the six states of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas. In turn, these customers distribute that power to almost nine million end users in the six-state area. In order to integrate the operation of the Federal hydroelectric generating plants and to transmit power from 24 multi-purpose Corps dams to customers, Southwestern operates and maintains 1,380 miles of high-voltage transmission lines, 25 substations/switchyards, and 51 microwave and very high frequency (VHF) radio sites. Southwestern operates from its headquarters in Tulsa, Oklahoma; a dispatch center in Springfield, Missouri; and maintenance facilities in Jonesboro, Arkansas; Gore, Oklahoma; and Springfield, Missouri.

Southwestern's marketing efforts and delivery capability provide for recovery of all annual operating costs, including the generating agencies' hydropower related costs, and for repayment of taxpayer investment in the Federal hydropower program.

Hydroelectric power contributes to the reduction of greenhouse gas emissions and fossil fuel usage while reducing our country's dependence on foreign energy supplies. Annually, Southwestern produces an average of 5,570 gigawatt-hours of clean renewable hydroelectric energy. This energy production reduces emissions of carbon dioxide by 4.6 million tons per year, sulfur dioxide by 13,900 tons per year, and nitrogen oxides by 5,800 tons per year. Without the clean renewable hydropower from Southwestern, 9.5 million barrels of fuel oil, 2.9 million tons of coal, or 47.5 billion cubic feet of natural gas would be depleted each year.

In meeting the challenges of operating and maintaining a high voltage transmission system, Southwestern will use the following strategies:

- Market all available hydropower generated at the Corps multipurpose projects and work with the Corps, states, cooperatives, and municipalities to meet statutory requirements while balancing the interests of other water users and provide power at the lowest possible cost.
- Maintain and modernize systems and infrastructure to increase the reliability, efficiency, and use of Federal assets. This will be accomplished through the use of appropriations, Federal power receipts; alternative financing arrangements, including net billing, bill crediting, and/or reimbursable authority (customer advances).[1]
- Conduct annual power repayment studies to ensure power rates are sufficient to repay all annual operating costs and the Federal investment with interest.
- Meet Southwestern's limited 1200-hour peaking power contractual obligations with necessary purchase power and wheeling through the use of Federal power receipts; alternative financing arrangements, including net billing, bill crediting, and/or reimbursable authority (customer advances); and the Continuing Fund as necessary in periods of below-average hydropower generation.
- Operate the transmission system efficiently to support the Nation's integrated power grid.

[1] Southwestern's authority to use net billing and bill crediting is inherent in the authority provided by the Flood Control Act of 1944 and has been affirmed by the Comptroller General. Honorable Secretary of the Interior B-125127 (February 14, 1956).

- Meet requirements for Southwestern's compliance with the latest North American Electric Reliability Corporation (NERC) standards.

External factors that present potential adverse impacts to the overall achievement of the programs' strategic goals include weather, natural disasters, NERC operating standards, industry deregulation, changing electric industry organizational structure, interconnections, open access, the lack of adequate funding resources, and other unforeseen requirements. More specifically:

- The bulk of Southwestern's transmission infrastructure is approximately 60 years old and is in constant need of repair and replacement.
- Industry efforts to improve the reliability of the Nation's power grid are placing more requirements on Southwestern's workforce to implement mandatory reliability standards.
- Southwestern is competing with the rest of the electric utility industry to attract and retain the quality workforce needed to provide a reliable power supply and transmission services as Southwestern's workforce retires.

Highlights of the FY 2015 Budget Request

Southwestern requests a net appropriation of $11.4 million for FY 2015. Southwestern's appropriation consists of four subprograms: Operations and Maintenance; Construction; Purchase Power and Wheeling; and Program Direction. Consistent with the authority provided in the 2010 Energy and Water Appropriations, the FY 2015 Budget provides funding for annual expenses (Operations and Maintenance and Program Direction) through discretionary offsetting collections derived from power receipts collected to recover those expenses.

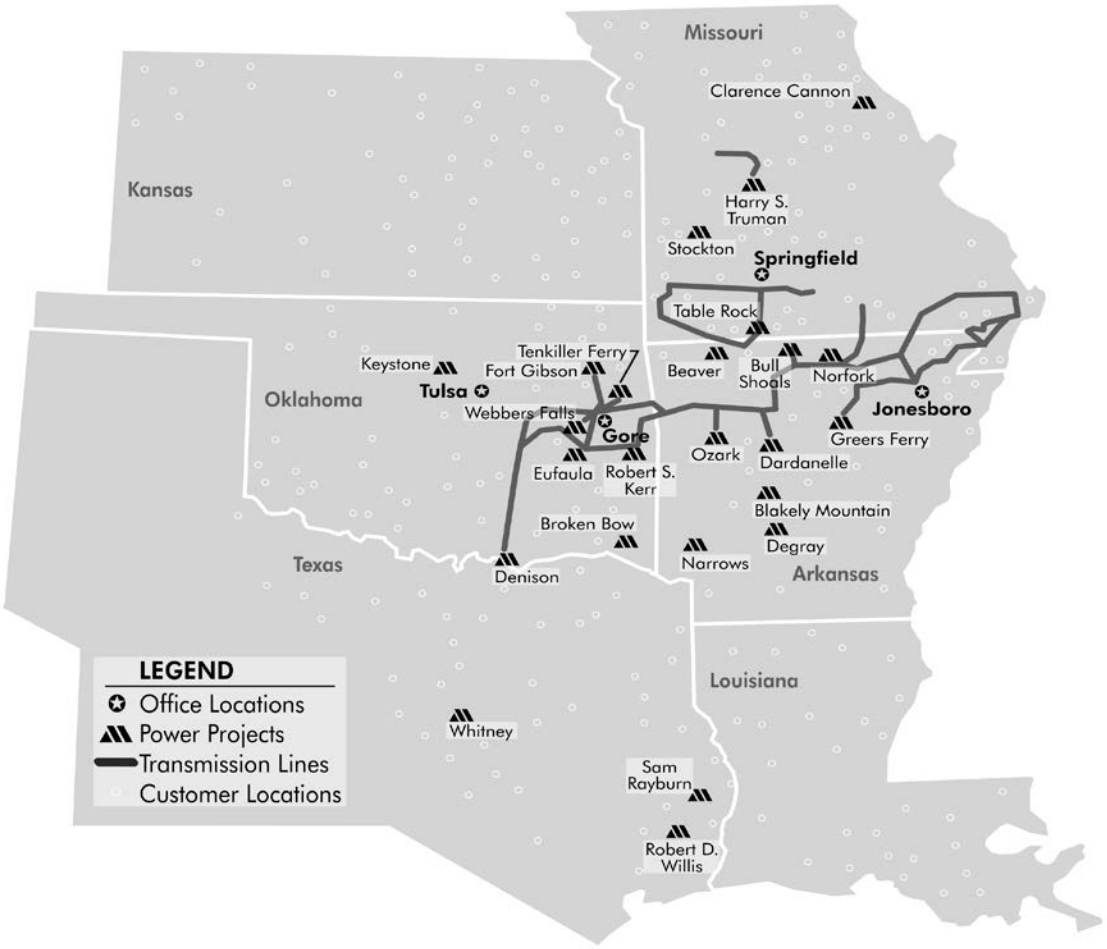
Southwestern Power Administration
Funding by Congressional Control ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs. FY 2014 Enacted
Southwestern Power Administration					
Program Direction (PD)	33,218	29,939	29,939	31,089	+1,150
Operations and Maintenance (O&M)	12,677	13,598	13,598	15,174	+1,576
Construction (CN)	10,463	6,227	6,227	13,403	+7,176
Purchase Power and Wheeling (PPW)	50,000	52,000	52,000	63,000	+11,000
Subtotal, Southwestern Power Administration	106,358	101,764	101,764	122,666	+20,902
Offsetting Collections, PD (annual expenses)	-27,096	-28,267	-28,267	-29,402	-1,135
Offsetting Collections, O&M (annual expenses)	-6,022	-5,297	-5,297	-5,438	-141
Offsetting Collections, PPW	-40,000	-42,000	-42,000	-53,000	-11,000
Alternative Financing, PD	-4,740	0	0	0	0
Alternative Financing, O&M	-2,153	-2,308	-2,308	-5,934	-3,626
Alternative Financing, CN	-5,104	-2,000	-2,000	-7,492	-5,492
Alternative Financing, PPW	-10,000	-10,000	-10,000	-10,000	0
Total, Southwestern Power Administration	11,243	11,892	11,892	11,400	-492
Federal FTEs	166	194	194	194	0

Operation and Maintenance
Explanation of Major Changes ($K)

	FY 2015 vs. FY 2014 Enacted
Operations and Maintenance: Increase in the operations and maintenance subprogram is due to equipment replacements.	**+1,576**
Construction: The increase in the construction subprogram is due to microwave radio and tower replacements and the requirement to construct a new alternate control center.	**+7,176**
Purchase Power and Wheeling: The increase in authority for offsetting collections results from anticipated purchases in drought and below average water conditions. This increase will forestall the need to activate the continuing fund.	**+11,000**
Program Direction: The increase reflects cost of living adjustment, survey-based wage determinations, union-negotiated and Administratively Determined pay adjustments, planned promotions, and within grade increases.	**+1,150**
Total, Southwestern, Operation and Maintenance	**+20,902**

Service Area Map



Southwestern Power Administration
Operations and Maintenance

Description

The activities of the Operations and Maintenance (O&M) subprogram are critical components in maintaining the reliability of the Federal power system, which is part of the Nation's interconnected generation and transmission system. Through the use of renewable hydroelectric energy, Southwestern makes a meaningful contribution of clean, safe, reliable, affordable, and secure energy to our Nation. The Energy Policy Act (EPACT), the National Energy Policy (NEP), and the Department of Energy (DOE) reinforce the importance of renewable hydroelectric energy by emphasizing its significant contribution to the Nation's past, current, and future energy supply and identifying Southwestern's important role in meeting electricity demand by supplying cost-based hydroelectric power to its customers. These entities emphasize the need to repair, maintain, and improve the transmission and generation facilities to ensure reliability of the energy infrastructure.

Consistent with EPACT, Southwestern complies with the North American Electric Reliability Corporation (NERC) standards and participates with the Southwest Power Pool Regional Transmission Organization (SPP RTO), which reinforces Southwestern's role as part of the Nation's interconnected electric grid. In participation with the SPP RTO, Southwestern works on regional initiatives to develop renewables in its region. As demand for the transmission of power increases, the investment in maintaining and improving the Nation's energy infrastructure is critical for achieving energy security for present and future generations.

Southwestern's planned O&M projects are subject to change based on unanticipated equipment failure, customer needs, and weather conditions. The realities of maintaining a complex interconnected power system means unforeseen priority projects will arise periodically, causing a reprioritization of planned projects. All projects share the commonality of maintaining, repairing, and improving the aging infrastructure to ensure the reliability of the Federal power system.

Power Marketing

The Power Marketing activity funds technical and economic studies to support Southwestern's transmission planning, water resources, and communications activities. Technical and economic studies provide data to analyze and evaluate the impacts of proposed operational changes and decision-making based on cost/benefit analysis. Funding is also required for Southwestern's participation in the SPP RTO and to provide regional power restoration assistance to other non-hydropower generation sources during power grid emergencies. The National Electric Transmission Congestion Study identified constraints in the Nation's interconnected electrical grid which could impede power flows. Studies to identify any constraints on Southwestern's system will continue to be conducted. These studies show how the marketing and delivery of power is operationally impacted. The funding level for this activity is derived from Southwestern's engineering plan, negotiated architect/engineering contracts, and the number of studies required per year.

Operations

The Operations activity funds communication activities associated with the dispatch and delivery of power; environmental, safety, and health activities; and other transmission activity costs such as physical security, cyber security, and day-to-day power dispatch functions.

Communications

This subactivity funds telemetering improvements, technical support to protect cyber infrastructure, Supervisory Control and Data Acquisition/Energy Management System maintenance agreements, an e-tagging system that electronically schedules power for customers, load forecasting, digital test equipment, the fee for spectrum, and supplies and materials. The telemetering improvements include replacement of obsolete power and energy accounting equipment and modification of existing remote terminal units that improve the reliability of the power system, specifically in the areas of monitoring and control. Funding is required for upgrades that enable Southwestern to meet the goals of the EPACT, NEP, NERC and DOE's Strategic Plan by replacing aging infrastructure while assuring reliability and continuing to actively participate in the SPP RTO. The funding level for communications maintenance is derived from maintenance history, the age of equipment, expected life span, annual diagnostic maintenance testing, and historical pricing information.

Environmental, Safety, and Health

This subactivity funds environmental activities including waste disposal/clean-up of oil and polychlorinated biphenyl contaminates from old circuit breakers and transformers, grounding and drainage, cultural resource reviews, environmental assessments for threatened and endangered species, property transfers, wetland assessments, environmental library access, Toxic Substance Control Act and Resource Conservation Recovery Act compliance, contractor services, and requirements of the Environmental Protection Program as identified in DOE Order 450.1. The Safety and Health Program activities require funding for aviation safety, industrial hygiene, medical examinations, medical officer, wellness program, safety equipment, and first aid supplies.

Other Transmission

This subactivity funds physical security, field utility costs, and day-to-day power expenses of the dispatch center.

Maintenance

The Maintenance activity funds routine repair, maintenance, and improvement of Southwestern's 25 substations/switchyards and 1,380 miles of high-voltage transmission lines, and ensures delivery of reliable, efficient, and clean power to its customers. Southwestern's initial facilities, which were built approximately 60 years ago, are constantly evaluated. The funding level is based on analysis derived from age of equipment, risk of failure, life cycle of equipment, and field crew evaluation. Internal and external factors include obsolescence of technology and unavailability of replacement parts. This budget request reflects Southwestern's assessment of the funding required to ensure continued reliability of the Federal power system and to fulfill the NERC operational criteria. By replacing aging equipment and removing constraints that impede power flows, Southwestern is meeting the expectations of the National Transmission Grid Study, the Administration's initiative to provide energy efficiencies, and DOE's Strategic Goal. The maintenance activity includes two subactivities:

Substation Maintenance

This subactivity funds one auto-transformer, power circuit breakers, disconnect switches, instrument transformers, protective relays and related equipment, computer aided drafting and design, revenue meters, vehicle maintenance, fuel, and other equipment to reliably perform general maintenance projects. Southwestern maintains the Federal power system in compliance with the regional electric reliability council and NERC requirements. The funding level for this subactivity is derived from an internal maintenance information system, which includes age and condition of the existing equipment.

Transmission Line Maintenance

This subactivity funds the purchase and maintenance of wood and steel structures, crossarms and braces, right-of-way (ROW) clearing, herbicide application, aerial patrol of the transmission system to identify maintenance needs, routine vehicle repair and maintenance, tractors, equipment, and fuel. The number of steel or wood poles and crossarms and high-voltage insulators replaced is derived from internal maintenance information system criteria. Emphasis continues to be placed on ROW clearing since NERC identified improper/insufficient ROW clearing as a major factor in potential blackouts. The funding level is appropriate for the number of structures and components to be replaced and the miles of ROW to be cleared as set forth by Southwestern's maintenance plan in meeting the goals of the EPACT, NEP, NERC, and DOE's Strategic Plan to maintain a reliable transmission system.

Capitalized Moveable Equipment

This activity funds the replacement of vehicles, tractor-trailers, and heavy equipment used for the maintenance and repair of the transmission system and facilities. These vehicles and equipment exceed their useful lives and require high levels of maintenance. The vehicle cost estimates are derived from General Services Administration (GSA) pricing schedules.

Operations and Maintenance
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs. FY 2014 Enacted
Operations and Maintenance (O&M)					
Power Marketing	342	200	200	450	+250
Operations	4,094	4,058	4,058	4,568	+510
Maintenance	6,521	7,153	7,153	8,449	+1,296
Capitalized Moveable Equipment	1,720	2,187	2,187	1,707	-480
Subtotal, Operations and Maintenance	**12,677**	**13,598**	**13,598**	**15,174**	**+1,576**
Offsetting Collections (annual expenses)	-6,022	-5,297	-5,297	-5,438	-141
Alternative Financing	-2,153	-2,308	-2,308	-5,934	-3,626
Total, Operations and Maintenance	**4,502**	**5,993**	**5,993**	**3,802**	**-2,191**

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs. FY 2014 Enacted
Power Marketing		
• The Power Marketing activity funds technical and economic studies to support transmission planning. ($200)	• The Power Marketing activity includes design of the alternate control center. *($450)*	• The increase reflects design for alternate control center. Construction of the alternate control center is funded in the Construction subprogram. (+$250)
Operations		
Communications ($2,947) • This subactivity funds telemetering improvements, technical support to protect cyber infrastructure, SCADA/EMS system maintenance, load forecasting, and digital test equipment.	*Communications ($3,290)* • Funding for this subactivity continues.	*Communications (+$343)* • The increase reflects hardware and software purchases in support of cyber infrastructure and the SCADA/EMS system.
Environmental, Safety, and Health ($896) • This subactivity funds environmental, safety, and health activities.	*Environmental, Safety, and Health ($823)* • Funding for this subactivity continues.	*Environmental, Safety, and Health (-$73)* • The decrease reflects a projected reduction in scope for the planned grounding and drainage project.
Other Transmission ($215) • This subactivity funds physical security, field utility costs, and day to day expenses of the dispatch center.	*Other Transmission ($455)* • Funding for this subactivity continues.	*Other Transmission (+$240)* • The increase reflects site security enhancements.
Maintenance		
Substation ($5,904) • This subactivity funds all equipment, parts, and materials for the operation of high voltage substations.	*Substation ($6,577)* • Funding for this subactivity continues.	*Substation (+$673)* • The increase reflects facility improvements and replacement of an oil tanker truck, test equipment, and material handling equipment.
Transmission Line Maintenance ($1,249) • This subactivity funds all equipment, parts, and materials for the operation of the high voltage transmission system.	*Transmission Line Maintenance ($1,872)* • Funding for this subactivity continues.	*Transmission Line Maintenance (+$623)* • The increase reflects the replacement of hot stick trailers with hot sticks in all three maintenance areas and replacement of three tractors used for right-of-way clearing.
Capitalized Moveable Equipment		

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs. FY 2014 Enacted
• This activity funds the replacement of vehicles, tractor-trailers, and heavy equipment used for the maintenance and repair of the transmission system and facilities. ($2,187)	• This activity funds the replacement of vehicles, tractor-trailers, and heavy equipment used for the maintenance and repair of the transmission system and facilities. ($1,707)	• The decrease reflects a reduction in the number of off-road heavy equipment utility trucks being replaced. *(-$480)*

Southwestern Power Administration
Construction

Description

The activities of the Construction subprogram enable Southwestern to market and deliver Federal hydropower in the most reliable, safe, efficient, and cost-effective manner to meet the operational criteria required by the North American Electric Reliability Corporation (NERC) and as a participant in the National electrical grid while avoiding transmission infrastructure deterioration. The Energy Policy Act, the National Energy Policy, and DOE's Strategic Plan reinforce the importance of renewable hydroelectric energy by emphasizing its ongoing significant contribution to the Nation's past, present, and future energy supply and Southwestern's important role meeting electricity demand by supplying cost-based hydroelectric power to its customers.

Southwestern's participation in the Southwest Power Pool Regional Transmission Organization (SPP RTO), reinforces Southwestern's role as an integral part of the Nation's interconnected generation and transmission system. In participation with the SPP RTO, Southwestern works on regional initiatives to develop renewables in our region. As the demand for the transmission of power increases, the investment in improving the Nation's energy infrastructure, by providing improvements, replacements, and interconnections, is critical in assuring reliable delivery of power, fulfilling energy security for the present as well as for future generations.

Southwestern's planned construction projects are subject to change based on unanticipated equipment failure, customer needs, and weather conditions. The realities of maintaining a complex interconnected power system means unforeseen priority projects will arise periodically, causing a reprioritization of planned projects. All projects share the commonality of replacing aging infrastructure necessary to maintain the reliability of the Federal power system.

Transmission System

This activity funds all construction projects that require expansion of, or additions to, existing facilities. Southwestern ensures system reliability by replacing aging equipment and removing constraints that limit power flows. The projects outlined below reflect Southwestern's efforts to reduce the risk of extended service outages, avoid more costly replacements in the future, and support the increased transmission system usage. The funding level for this activity is derived from internal and external management decisions and field crew observations. System age, risk of equipment failure, life cycles, obsolescence of technology and unavailability of spare parts, budget constraints, cost, and demand for more capacity are also considered in these budgeting decisions. These variables are assessed and incorporated into Southwestern's ten-year construction plan.

Substation Upgrades

This subactivity will fund the construction of a new Alternate Control Center for Southwestern to continue meeting the reliability and security requirements of NERC. Currently, these requirements have been met through the joint use of a Corps of Engineer' site, but due to the evolving security requirements and the growth of tourism around the site, Southwestern's response time to the site has diminished and has the potential to exceed the time required by NERC.

Communication Upgrades

This subactivity funds all communication equipment that is planned to provide improved system reliability and reduce future maintenance and equipment costs. This subactivity also provides funding for microwave radios and microwave tower additions, replacements, and modifications that will increase the reliability of communications with the generating plants and substations. The communication system provides for the transfer of voice and data traffic to allow monitoring and control of power system generation and transmission assets.

Transmission Upgrades

This subactivity funds transmission system upgrades. Much of the conductor and static wire on Southwestern's transmission lines is reaching or has exceeded its 45-year service life. With this assumed service life, approximately 20 to 30 miles of transmission line, including the conductor, static wire and structures, will need to be replaced each year. As Southwestern replaces the conductor, Southwestern will use the opportunity to increase line capacity where practical to accommodate increased loads in the region.

Spectrum Relocation

The Commercial Spectrum Enhancement Act of 2004 (CSEA, Title II of P.L. 108-494) created the Spectrum Relocation Fund (SRF) to streamline the relocation of Federal systems from existing spectrum bands to accommodate commercial use by facilitating reimbursement to affected agencies of relocation costs. Southwestern has received $37.8 million in spectrum relocation funds, as approved by the Office of Management and Budget, and as reported to the Congress. An additional $5.0 million has been reserved for contingencies. Southwestern has completed 60% of the tower installation project, 38% completed overall, and anticipates being completed with construction and obtaining comparable capability by the spring of 2017. These funds are mandatory and will remain available until expended, and agencies will return to the SRF any amounts received in excess of actual relocation costs. Spectrum relocation activities were funded from spectrum auction proceeds; thus, no funding is requested in this subactivity.

Construction Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs. FY 2014 Enacted
Construction					
Transmission System					
Substation Upgrades	0	0	0	4,500	+4,500
Communication Upgrades	5,740	0	0	3,651	+3,651
Transmission Upgrades	4,723	6,227	6,227	5,252	-975
Subtotal, Construction	**10,463**	**6,227**	**6,227**	**13,403**	**+7,176**
Alternative Financing	-5,104	-2,000	-2,000	-7,492	-5,492
Total, Construction	**5,359**	**4,227**	**4,227**	**5,911**	**+1,684**

Construction

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs. FY 2014 Enacted
Transmission System		
Substation Upgrades • No funding requested for FY 2014.	*Substation Upgrades* • Construct an Alternate Control Center to ensure response time as required by NERC.	*Substation Upgrades* • The increase reflects the requirement to have an Alternate Control Center in a closer proximity for response time purposes as required by NERC.
Communication Upgrades • No funding requested for FY 2014 in order to focus on Spectrum Relocation activities.	*Communication Upgrades* • This subactivity funds all communication equipment and microwave radio and tower replacements.	*Communication Upgrades* • The increase reflects funding requested to replace microwave radios and towers.
Transmission Upgrades • Funding to replace 20 to 30 miles of transmission line.	*Transmission Upgrades* • Request reflects the need to continue to replace a portion of Southwestern's transmission lines.	*Transmission Upgrades* • The decrease in funding reflects a reduction in the number of miles of transmission line that will be replaced in FY 2015.

Southwestern Power Administration
Purchase Power and Wheeling

Description

The Purchase Power and Wheeling (PPW) subprogram provides for the purchase of energy to meet peaking power contractual obligations and the delivery of Federal power. Southwestern's power sales contracts provide for 1200-hours of peaking power per year, representing only a portion of its customers' firm load requirements. The customers provide their own resources and/or purchases for the remainder of their firm loads. Southwestern must purchase power when the generating projects cannot produce enough to fulfill the 1200-hour contract obligations. Above average purchases are required in times of severe drought or instances of multiple project outages that limit our power production. Purchases of power are generally made on the open spot market and with public entities. Delivery of purchase power to our system is made via the Southwest Power Pool Regional Transmission Organization or our own transmission system. All such power purchases are blended with the available Federal hydroelectric power to provide a more beneficial and reliable product while ensuring repayment of the Federal investment plus interest.

Southwestern's budget request for the Purchase Power and Wheeling subprogram reflects anticipated needs to ensure adequate funding to fulfill its 1,200-hour peaking power contractual obligations based on volatile market prices, limited availability of energy banks, and all but the most severe hydrological conditions. Southwestern will continue to use Federal power receipts and alternative financing methods, including net billing, bill crediting, and/or reimbursable authority (customer advances), to fund this subprogram. When hydropower generation falls significantly below normal due to severe drought conditions or major outages, Southwestern will utilize the Continuing Fund for emergency PPW expenses.

The activities of the PPW subprogram provide for the purchase of energy to fulfill limited peaking power contractual obligations to ensure the marketability of the Federal resource and repayment of the Federal investment. This subprogram also provides for wheeling services that deliver Federal power to optimize the operation of the hydroelectric facilities marketed by Southwestern. The Energy Policy Act, the National Energy Policy, and the North American Electric Reliability Corporation reinforce the importance of domestic, renewable hydroelectric energy. They emphasize the ongoing significant contribution of hydroelectric energy to the Nation's past, present, and future energy supply and identify Southwestern's important role in meeting electricity demand by supplying cost-based hydroelectric power to its customers. This subprogram enhances the reliability of the electrical transmission grid.

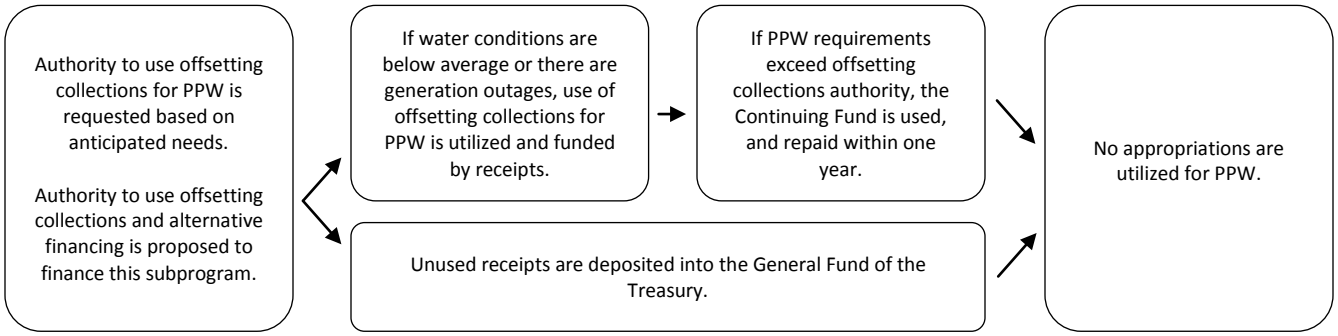
Southwestern's budget request for the PPW subprogram reflects anticipated needs to ensure adequate funding to fulfill its 1200-hour peaking power contractual obligations based on volatile market prices, limited availability of energy banks, and all but the most severe hydrological conditions. PPW includes two subactivities:

<u>System Support</u>

This activity funds purchase power requirements of the hydroelectric power system needed to fulfill all 1200-hour contractual peaking power obligations with customers. System support requirements depend on the conditions of the hydroelectric power system which is affected by weather, volatile market prices, and limited availability of energy banks. In prior years, inadequate funding for PPW and hydrological fluctuations required constant requests to access the Continuing Fund in order to ensure sufficient funding was available to fulfill Southwestern's 1200-hour peaking power contractual obligations. In FY 2008, Southwestern requested, and Congress approved, an increase in its authority to use Federal power receipts (offsetting collections). The use of this authority will be dependent upon the hydrological conditions realized during the fiscal year. Under average conditions, less than half of the authority requested will be used. Since the rates charged to its customers are based on full cost recovery, Southwestern has a built-in incentive to minimize expenditures for purchase power. This authority ensures greater flexibility in times of below average generation and volatile market prices, and will decrease dependence on the Continuing Fund under all but the most severe hydrological conditions.

Other Contractual Services

This activity funds other contractual services that provide for wheeling associated with the purchase of transmission service to meet limited peaking power obligations and for the integration of projects for the delivery of Federal power. The funding level is derived from contractual wheeling requirements. Southwestern will continue to use Federal power receipts and alternative financing methods, including net billing, bill crediting, and/or reimbursable authority (customer advances), to meet wheeling requirements. The FY 2015 funding request reflects the projected cost for wheeling services based on contractual pricing and delivery terms.



Purchase Power and Wheeling
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs. FY 2014 Enacted
Purchase Power and Wheeling					
System Support	46,500	48,500	48,500	59,500	+11,000
Other Contractual Services	3,500	3,500	3,500	3,500	0
Subtotal, Purchase Power and Wheeling	**50,000**	**52,000**	**52,000**	**63,000**	**+11,000**
Offsetting Collections (PPW)	-40,000	-42,000	-42,000	-53,000	-11,000
Alternative Financing	-10,000	-10,000	-10,000	-10,000	0
Total, Purchase Power and Wheeling	**0**	**0**	**0**	**0**	**0**

Purchase Power and Wheeling

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs. FY 2014 Enacted
System Support		
• This activity funds purchase power requirement needed to fulfill all 1200-hour contractual peaking power obligations with customers.	• This activity funds purchase power requirement needed to fulfill all 1200-hour contractual peaking power obligations with customers.	• The increase in system support reflects anticipated needs based on projected increase in market prices.
Other Contractual Services		
• Contractual services for wheeling associated with the purchase of transmission service.	• Contractual services for wheeling associated with the purchase of transmission service.	• Funding remains the same.

Program Direction

Overview

The Program Direction subprogram ensures continued reliability of the Federal power system by utilizing Federal staffing resources and associated funds required to provide overall direction and execution of Southwestern's O&M Program.

The Program Direction subprogram provides compensation and all related expenses for 194 Federal personnel who market, deliver, operate, and maintain Southwestern's high voltage interconnected power system and associated facilities. Southwestern will utilize available programs, and develop new programs to hire and train the next generation of engineers and power system dispatchers. This initiative will address the shortage of these valuable resources as a result of nationwide retirements, and the ever expanding demands on the electric utility industry, such as compliance with the standards of the North American Electric Reliability Corporation (NERC). Southwestern will use appropriations; appropriations offset by receipts; and alternative financing arrangements, including net billing, bill crediting, and/or reimbursable authority (customer advances), with customers and others who provide services or funds to ensure a dependable and reliable Federal power system.

The funding level for salaries is derived from the current year budgeted salaries, projected cost-of-living adjustments, promotions, and within-grade increases. The funding level for benefits is derived from a percentage of budgeted salaries.

Program Direction
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs. FY 2014 Enacted
Program Direction Summary					
Southwestern Power Administration					
Salaries and Benefits	23,562	22,686	22,686	23,170	+484
Travel	1,050	1,251	1,251	1,315	+64
Support Services	2,745	3,004	3,004	3,230	+226
Other Related Expenses	5,861	2,998	2,998	3,374	+376
Subtotal, Southwestern Power Administration	**33,218**	**29,939**	**29,939**	**31,089**	**+1,150**
Offsetting Collections (annual expenses)	-27,096	-28,267	-28,267	-29,402	-1,135
Alternative Financing	-4,740	0	0	0	0
Total, Program Direction	**1,382**	**1,672**	**1,672**	**1,687**	**+15**
Federal FTEs	166	194	194	194	0
Support Services and Other Related Expenses					
Support Services					
Management Support					
Reports and Analyses management and General Administrative Support	2,745	3,004	3,004	3,230	+226
Total Management Support	2,745	3,004	3,004	3,230	+226
Total, Support Services	**2,745**	**3,004**	**3,004**	**3,230**	**+226**
Other Related Expenses					
Rent to Others	715	815	815	825	+10
Communication, Utilities, Misc.	225	215	215	220	+5
Printing and Reproduction	85	80	80	80	0
Other Services	3,425	641	641	623	-18
Training	231	200	200	220	+20
Power Marketing Liaison	140	75	75	75	0
Financial Audit	450	442	442	519	+77
Supplies and Materials	220	200	200	225	+25
Equipment	200	150	150	397	+247
Working Capital Fund	170	180	180	190	+10
Total, Other Related Expenses	**5,861**	**2,998**	**2,998**	**3,374**	**+376**

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs. FY 2014 Enacted
Salaries and Benefits		
• The FY 2014 Salaries and Benefits to support 194 Federal employees.	• This activity funds salaries and benefits for 194 skilled Federal employees who market and deliver Federal hydropower by operating and maintaining Southwestern's high-voltage interconnected power system with its associated facilities and providing support for these functions. The funding level for salaries is derived from the current year budgeted salaries, projected cost-of-living adjustments, promotions, and within-grade increases. The funding level for benefits is derived from a percentage of budgeted salaries. The FY 2015 level supports 194 Federal employees: 54 percent of the employees are General Schedule (GS) and subject to the Administration's proposed cost-of-living adjustment; salaries of the remaining 46 percent (craft workers and power system dispatchers) are determined through union negotiations and wage surveys. This activity also includes overtime, awards, relocation, workers' compensation, recruitment bonuses, retention pay, and advanced in-hire rates. By the end of FY 2014, approximately 41 percent of Southwestern's staff will be eligible for retirement. Southwestern will continue to invest in its current employees, emphasizing strong development programs, completing skills gap analyses, and pursuing aggressive recruitment and retention efforts as identified in its Human Capital Management Workforce Plan.	• The increase reflects cost of living adjustment, survey-based wage determinations, union-negotiated and Administratively Determined pay adjustments, planned promotions, and within grade increases.
Travel		
• This activity funds all related travel and per diem expenses for mission-related travel to maintain the integrity and	• This activity funds all related travel and per diem expenses for mission-related travel to maintain the integrity and reliability of Southwestern's	• The increase reflects travel required for industry related issues and for the maintenance of the transmission system.

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs. FY 2014 Enacted
reliability of Southwestern's geographically dispersed power system.	geographically dispersed power system. The funding level for this activity is primarily derived from the daily requirement of the field maintenance personnel to maintain 1,380 miles of transmission lines, 25 substations/switchyards, 51 microwave/radio sites, communication equipment, and the Supervisory Control and Data Acquisition network. Travel for the performance of general and administrative functions is also included.	
Support Services		
• This activity funds contracted management support services including information technology, E-Government, and administrative/records management support.	• This activity funds contracted management support services including information technology, E-Government, and administrative/records management support. The funding level for this activity is derived from the most recent negotiated contract for support services essential to achieve Southwestern's mission.	• The increase reflects terms of the negotiated contract.
Other Related Expenses		
• This activity funds rental space, facility security, the financial audit, services of the Power Marketing Liaison Office, training, and other aspects of operating a power marketing agency.	• This activity funds rental space, facility security, the financial audit, services of the Power Marketing Liaison Office, the working capital fund, technology refresh in the areas of personal computers, hardware and software, printing and reproduction, and training and tuition fees in support of workforce planning and required training to meet the NERC emergency operations requirement. Rental space costs assume the GSA inflation factor. Other costs are based on the historical usage and actual cost of similar items.	• The majority of the increase reflects equipment replacements, financial audit costs, and training required for new hires.

Southwestern Power Administration Performance Measures

In accordance with the GPRA Modernization Act of 2010, the Department sets targets for, and tracks progress toward, achieving performance goals for each program. The following tables show the targets and results for FY 2013 and the targets for FY 2014 and FY 2015. For more information, including historical targets and results from FY 2009 through 2013, as well as the planned targets for FY 2014 and 2015, refer to the Department's Annual Performance Plan and Report at [http://energy.gov/cfo/reports/annual-performance-reports].

	FY 2013	FY 2014	FY 2015
Performance Goal (Measure)	**Southwestern - System Reliability Performance – North American Electric Corporation (NERC) Rating** – Meet NERC Control Performance Standards (CPS) of CPS1>100 and CPS2>90 and meet or exceed industry averages. CPS1 measures a generating system's performance at matching supply to changing demand requirements and supporting desired system frequency in one minute increments. CPS2 measures a generating system's performance at limiting the magnitude of generation and demand imbalances in ten minute increments.		
Target	CPS1>100, CPS2>90	CPS1>100, CPS2>90	CPS1>100, CPS2>90
Result	Met – CPS1=177.86, CPS2=99.93	Not yet available	Not yet available
Endpoint Target	Southwestern ensures the integrity of the Nation's integrated grid by operating in compliance with National Energy Reliability Standards.		

Performance Goal (Measure)	**Southwestern - Repayment of the Federal Power Investment** - Ensure unpaid investment (UI) is equal to or less than the allowable unpaid investment (AUI) in accordance with DOE Order RA 6120.2.		
Target	<=$1,199 million dollars AUI	<=$1,326 million dollars AUI	<=$1,387 million dollars AUI
Result	**Met** – $440 million UI	Not yet available	Not yet available
Endpoint Target	Continue to meet repayment of Federal investment, thereby achieving and maintaining financial integrity.		

Southwestern Power Administration
Revenues and Receipts

(Dollars in Thousands)

	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Gross Revenues							
Sale and Transmission of Electric Energy	182,499	224,600	225,600	227,500	228,800	229,800	230,800
Total, Gross Revenues	182,499	224,600	225,600	227,500	228,800	229,800	230,800
Alternative Financing Credited as an Offsetting Receipt, Net Billing/Bill Crediting	-65,022	-70,100	-70,200	-71,300	-72,400	-73,600	-74,800
Offsetting Collections, Southwestern Annual Expenses (Net Zero)	-33,118	-33,564	-34,840	-35,943	-36,599	-36,599	-36,599
Offsetting Collections Realized, Purchase Power and Wheeling	-40,000	-42,000	-53,000	-63,000	-73,000	-83,000	-93,000
Adjustments not otherwise Classified	-8,431	0	0	0	0	0	0
Continuing Fund Usage for PPW	0	0	0	0	0	0	0
Total Proprietary Receipts	35,928	78,936	67,560	57,257	46,801	36,601	26,401
Percent of Sales to Preference Customers	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Energy Sales from Power Marketed (billions of kilowatt hours)	5.4	5.4	5.4	5.4	5.4	5.4	5.4

Southwestern Power Administration
System Statistics

	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Generating Capacity (kilowatts)							
Installed Capacity	2,173,800	2,173,800	2,173,800	2,173,800	2,173,800	2,173,800	2,173,800
Peak Capacity	2,052,500	2,052,500	2,052,500	2,052,500	2,052,500	2,052,500	2,052,500
Generating Stations							
Generating Projects (Number)	24	24	24	24	24	24	24
Substations/Switchyards (Number)	25	25	25	25	25	25	25
Substations/Switchyards (kVA Capacity)	1,026,900	1,026,900	1,026,900	1,026,900	1,026,900	1,026,900	1,026,900
Available Energy (Megawatt-hours)							
Energy Generated	3,651,031	5,129,500	5,115,700	5,218,000	5,220,800	5,220,800	5,220,800
Energy Received	588,439	201,200	206,500	193,700	211,200	211,200	211,200
Total, Energy Available for Marketing	4,239,470	5,330,700	5,322,200	5,411,700	5,432,000	5,432,000	5,432,000
Transmission Lines (Circuit-Miles)							
161-KV	1,117	1,117	1,117	1,117	1,117	1,117	1,117
138-KV	164	164	164	164	164	164	164
69-KV	99	99	99	99	99	99	99
Total, Transmission Lines	1,380	1,380	1,380	1,380	1,380	1,380	1,380

Power Marketed, Wheeled, or Exchanged by Project

	State	Number of Plants	Installed Capacity (kW)	FY 2013 Actual Energy (GWh)	FY 2014 Estimated Energy (GWh)	FY 2015 Estimated Energy (GWh)	FY 2016 Estimated Energy (GWh)	FY 2017 Estimated Energy (GWh)	FY 2018 Estimated Energy (GWh)	FY 2019 Estimated Energy (GWh)
Power Marketed										
Interconnected System	Missouri	4	463,200	1,430	1,913	1,909	1,943	1,950	1,950	1,950
	Arkansas	9	1,037,100	822	994	993	1,010	1,014	1,014	1,014
	Oklahoma	7	514,100	925	1,162	1,160	1,180	1,184	1,184	1,184
	Texas	2	100,000	306	353	352	359	360	360	360
	Louisiana	0	0	279	361	360	366	368	368	368
	Kansas	0	0	341	396	396	402	404	404	404
Subtotals		22	2,114,400	4,103	5,179	5,170	5,260	5,280	5,280	5,280
Isolated:										
Robert D. Willis Project										
Sam Rayburn Project										
50% to Texas		2	59,400	38	76	76	76	76	76	76
50% to Louisiana		0	0	37	76	76	76	76	76	76
Subtotals		2	59,400	75	152	152	152	152	152	152
Total, Power Marketed		24	2,173,800	4,178	5,331	5,322	5,412	5,432	5,432	5,432
Power Wheeled/Exchanged										
Wheeled (MW)				833	984	997	1,002	1,080	1,080	1,080
Exchanged (GWh)				1	0	0	0	0	0	0

Department Of Energy
FY 2015 Congressional Budget
Funding By Appropriation By Site **Page: 1**

($K)

Southwestern Power Admin. - Operation & Maint.	FY 2013 Current	FY 2014 Enacted	FY 2015 Request
Southwestern Power Administration			
Systems Operation and Maintenance			
Systems Operation and Maintenance	12,677	13,598	15,174
Purchase Power and Wheeling			
Purchase Power and Wheeling	50,000	52,000	63,000
SWPA Construction			
Construction	10,463	6,227	13,403
Program Direction			
Program Direction	33,218	29,939	31,089
Total, Southwestern Power Administration	**106,358**	**101,764**	**122,666**
Total, Southwestern Power Admin. - Operation & Maint.	**106,358**	**101,764**	**122,666**

Western Area Power Administration

Western Area Power Administration

Construction, Rehabilitation, Operation and Maintenance
Western Area Power Administration
Proposed Appropriation Language

For carrying out the functions authorized by title III, section 302(a)(1)(E) of the Act of August 4, 1977 (42 U.S.C. 7152), and other related activities including conservation and renewable resources programs as authorized, including official reception and representation expenses in an amount not to exceed $1,500; [$299,919,000] *$304,402,000* to remain available until expended, of which [$292,019,000] *$296,321,000* shall be derived from the Department of the Interior Reclamation Fund: Provided, That notwithstanding 31 U.S.C. 3302, section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), and section 1 of the Interior Department Appropriation Act, 1939 (43 U.S.C. 392a), up to [$203,989,000] *$211,030,000* collected by the Western Area Power Administration from the sale of power and related services shall be credited to this account as discretionary offsetting collections, to remain available until expended, for the sole purpose of funding the annual expenses of the Western Area Power Administration: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year [2014] *2015* appropriation estimated at not more than [$95,930,000] *$93,372,000*, of which [$88,030,000] *$85,291,000* is derived from the Reclamation Fund: Provided further, That notwithstanding 31 U.S.C. 3302, up to [$230,738,000] *$260,510,000* collected by the Western Area Power Administration pursuant to the Flood Control Act of 1944 and the Reclamation Project Act of 1939 to recover purchase power and wheeling expenses shall be credited to this account as offsetting collections, to remain available until expended for the sole purpose of making purchase power and wheeling expenditures: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred (excluding purchase power and wheeling expenses)[*: Provided further*, That for purposes of this appropriation in this and subsequent Acts, purchase power and wheeling expenses includes the cost of voluntary purchases of power allowances in compliance with state greenhouse gas programs existing at the time of enactment of this Act].

Explanation of Changes

Deletes the last proviso related to making purchase power and wheeling expenditures. The proviso was permanent and does not require repeating.

Public Law Authorizations

P.L. 57-161, "The Reclamation Act of 1902"
P.L. 78-534, "Flood Control Act of 1944"
P.L. 95-91, "Department of Energy Organization Act" (1977)
P.L. 102-486, "Energy Policy Act of 1992"
P.L. 66-389, "Sundry Civil Appropriations Act" (1922)
P.L. 76-260, "Reclamation Project Act of 1939"
P.L. 80-790, "Emergency Fund Act of 1948"
P.L. 102-575, "Reclamation Projects Authorization and Adjustment Act of 1992"
"Economy Act" of 1932, as amended (41 stat. 613)
"Interior Department Appropriation Act of 1928" (44 Stat. 957)
P.L. 70-642, "Boulder Canyon Project Act" (1928)
P.L. 75-756, "Boulder Canyon Project Adjustment Act" (1940)
P.L. 98-381, "Hoover Power Plant Act of 1984
P.L. 75-529, "The Fort Peck Project Act of 1938"
P.L. 84-484, "The Colorado River Storage Project Act of 1956"
P.L. 90-537, "The Colorado River Basin Project Act of 1968"
The Act of June 18, 1954 (68 Stat. 255)
P.L. No 111-5, "American Recovery and Reinvestment Act of 2009

Falcon and Amistad Operating and Maintenance Fund
Proposed Appropriation Language

For operation, maintenance, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams, [$5,330,671] *$4,727,000*, to remain available until expended, and to be derived from the Falcon and Amistad Operating and Maintenance Fund of the Western Area Power Administration, as provided in section 2 of the Act of June 18, 1954 (68 Stat. 255) as amended: Provided, That notwithstanding the provisions of that Act and of 31 U.S.C. 3302, up to [$4,910,671] *$4,499,000* collected by the Western Area Power Administration from the sale of power and related services from the Falcon and Amistad Dams shall be credited to this account as discretionary offsetting collections, to remain available until expended for the sole purpose of funding the annual expenses of the hydroelectric facilities of these Dams and associated Western Area Power Administration activities: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year [2014] *2015* appropriation estimated at not more than [$420,000] *$228,000*: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred: Provided further, That, for fiscal year [2014] *2015*, the Administrator of the Western Area Power Administration may accept up to [$865,000] *$802,000* in funds contributed by United States power customers of the Falcon and Amistad Dams for deposit into the Falcon and Amistad Operating and Maintenance Fund, and such funds shall be available for the purpose for which contributed in like manner as if said sums had been specifically appropriated for such purpose: Provided further, That any such funds shall be available without further appropriation and without fiscal year limitation for use by the Commissioner of the United States Section of the International Boundary and Water Commission for the sole purpose of operating, maintaining, repairing, rehabilitating, replacing, or upgrading the hydroelectric facilities at these Dams in accordance with agreements reached between the Administrator, Commissioner, and the power customers.

Explanation of Changes

There is no change in the appropriation language.

Public Law Authorizations
P.L. 103-236, “Foreign Relations Authorization Act, Fiscal Years 1994 and 1995”
The Act of June 18, 1954 (68 Stat. 255)

Western Area Power Administration

($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request
Gross	1,067,804	1,026,856	1,026,856	1,087,098
Offsets	-999,635	-953,506	-953,506	-1,016,498
Net BA	**68,169**	**73,350**	**73,350**	**70,600**

Overview

Western Area Power Administration's (Western or WAPA) mission is to market and reliably deliver cost-based Federal hydroelectric power. Western markets power in 15 central and western states from Federally-owned power plants operated primarily by the U.S. Army Corps of Engineers, U.S. Bureau of Reclamation and the Department of State's International Boundary and Water Commission. Western operates and maintains a high-voltage, integrated transmission system, including approximately 17,000 circuit-miles of high-voltage transmission lines, more than 300 substations/switchyards and associated power system controls, and communication and electrical facilities.

Western serves a diverse group of nearly 700 wholesale customers, including municipalities, cooperatives, public utility and irrigation districts, Federal and state agencies and Native American tribes. In turn, Western's customers provide service to millions of retail consumers.

Western's base program is funded through three appropriation accounts: 1) the Construction, Rehabilitation, Operation and Maintenance Account (CROM); 2) Falcon and Amistad Operating and Maintenance Fund; and 3) Colorado River Basins Power Marketing Fund (CRBPMF). Within these three accounts, there are eight subprograms; five in the CROM Account, one in the Falcon and Amistad Operating and Maintenance Fund and two in CRBPMF.

Highlights and Major Changes in the FY 2015 Budget Request

There are no major programmatic or funding changes in the FY 2015 request.

Western Area Power Administration
Funding by Congressional Control ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Adjustments	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Construction, Rehabilitation, Operation and Maintenance (CROM)						
Operation and Maintenance	71,855	82,843	0	82,843	81,958	-885
Construction and Rehabilitation	83,475	122,437	0	122,437	86,645	-35,792
Purchase Power and Wheeling	471,535	407,109	0	407,109	441,223	+34,114
Program Direction	204,227	217,709	0	217,709	227,905	+10,196
Utah Mitigation and Conservation	3,199	0	0	0	0	0
Subtotal, CROM Program	834,291	830,098	0	830,098	837,731	+7,633
Alternative Financing						
Operation and Maintenance	-5,282	-5,500	0	-5,500	-5,197	+303
Construction and Rehabilitation	-62,558	-105,678	0	-105,678	-74,448	+31,230
Purchase Power and Wheeling	-164,994	-176,371	0	-176,371	-180,713	-4,342
Program Direction	-8,936	-5,800	0	-5,800	-5,300	+500
Subtotal, Alternative Financing	-241,770	-293,349	0	-293,349	-265,658	+27,691
Offsetting Collections from Colorado River Dam Fund						
Operation and Maintenance	-1,116	-945	0	-945	-1,615	-670
Program Direction	-3,983	-5,147	0	-5,147	-5,546	-399
Subtotal, Offsetting Collections from Colorado River Dam Fund	-5,099	-6,092	0	-6,092	-7,161	-1,069
Offsetting Collections, annual Operation and Maintenance and Program Direction						
Operation and Maintenance	-33,323	-35,796	0	-35,796	-36,745	-949
Program Direction	-156,609	-168,193	0	-168,193	-174,285	-6,092
Subtotal, Offsetting Collections, annual Operation and Maintenance and Program Direction	-189,932	-203,989	0	-203,989	-211,030	-7,041
Offsetting Collections, Purchase Power and Wheeling	-306,541	-230,738	0	-230,738	-260,510	-29,772
Total, CROM	**90,949**	**95,930**	**0**	**95,930**	**93,372**	**-2,558**
Federal FTEs	**1,111**	**1,137**	**0**	**1,137**	**1,153**	**+5**
Falcon and Amistad Operating and Maintenance Fund	4,169	6,196	0	6,196	5,529	-667
Offsetting Collections, annual Operation and Maintenance	-3,949	-4,911	0	-4,911	-4,499	+412
Alternative Financing	0	-865	0	-865	-802	+63
Total, Falcon and Amistad	**220**	**420**	**0**	**420**	**228**	**-192**
Federal FTEs	**0**	**0**	**0**	**0**	**0**	**0**

	FY 2013 Current	FY 2014 Enacted	FY 2014 Adjustments	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Colorado River Basins Power Marketing Fund (CRBPMF)	220,397	180,844	0	180,844	228,209	+47,365
Offsetting Collections	-243,397	-203,844	0	-203,844	-251,209	-47,365
Total, CRBPMF	**-23,000**	**-23,000**	**0**	**-23,000**	**-23,000**	**0**
Federal FTEs	**283**	**295**	**0**	**295**	**299**	**+4**
Transmission Infrastructure Program Fund (TIP)	8,947	9,718	**0**	9,718	15,629	+5,911
Offsetting Collections	-8,947	-9,718	**0**	-9,718	-15,629	-5,911
Total, TIP	**0**	**0**	**0**	**0**	**0**	**0**
Federal FTEs	**24**	**11**	**0**	**11**	**17**	**+6**
Total, Western Area Power Administration	**68,169**	**73,350**	**0**	**73,350**	**70,600**	**-2750**
Federal FTEs	**1,418**	**1,443**	**0**	**1,443**	**1,469**	**+15**

Construction, Rehabilitation, Operation and Maintenance
Western Area Power Administration

($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request
Gross	834,291	830,098	830,098	837,731
Offsets	-743,342	-734,168	-734,168	-744,359
Net BA	**90,949**	**95,930**	**95,930**	**93,372**

Overview

Western markets and delivers reliable, cost-based Federal hydroelectric power and related services. Western's marketing efforts and delivery capability provide for recovery of annual operational costs, including the generating agencies' hydropower related costs, and repayment of taxpayer investment in the Federal hydropower program. Western repays the Federal investment for which it is responsible within the timeframes established by law and regulations.

Western's Construction, Rehabilitation, Operation and Maintenance Account (CROM) is comprised of four subprograms:

- Operation and Maintenance
- Construction and Rehabilitation
- Purchase Power and Wheeling
- Program Direction

The tables include a fifth subprogram, Utah Mitigation and Conservation. Western's contribution to the mitigation and conservation program ended in FY 2013 as legislated in Title II, Sec 214 of Public Law 108-137.

Highlights of the FY 2015 Budget Request

The FY 2015 request continues to support Western's ongoing mission and programs, using a variety of financing methods including appropriations, alternative financing (primarily customer advances), and use of receipt authorities. There are no major programmatic or funding changes in the FY 2015 request.

Construction, Rehabilitation, Operation and Maintenance
Western Area Power Administration
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Construction, Rehabilitation, Operation and Maintenance (CROM)					
Operation and Maintenance					
Regular Operation and Maintenance	39,385	42,680	42,680	41,764	-916
Replacements and Additions	32,470	40,163	40,163	40,194	+31
Subtotal, Operation and Maintenance	**71,855**	**82,843**	**82,843**	**81,958**	**-885**
Alternative Financing	-5,282	-5,500	-5,500	-5,197	+303
Use of Receipts from Colorado River Dam Fund	-1,116	-945	-945	-1,615	-670
Offsetting Collections	-33,323	-35,796	-35,796	-36,745	-949
Total, Operation and Maintenance	**32,134**	**40,602**	**40,602**	**38,401**	**-2,201**
Construction and Rehabilitation					
Transmission Lines and Terminal Facilities	40,529	76,146	76,146	51,517	-24,629
Substations	36,851	38,353	38,353	33,813	-4,540
Other	6,095	7,938	7,938	1,315	-6,623
Subtotal, Construction and Rehabilitation	**83,475**	**122,437**	**122,437**	**86,645**	**-35,792**
Alternative Financing	-62,558	-105,678	-105,678	-74,448	+31,230
Total, Construction and Rehabilitation	**20,917**	**16,759**	**16,759**	**12,197**	**-4,562**
Purchase Power and Wheeling					
Central Valley	300,584	287,495	287,495	301,035	+13,540
Pick-Sloan Missouri Basin and Other Programs	170,951	119,614	119,614	140,188	+20,574
Subtotal, Purchase Power and Wheeling	**471,535**	**407,109**	**407,109**	**441,223**	**+34,114**
Alternative Financing	-164,994	-176,371	-176,371	-180,713	-4,342
Offsetting Collections	-306,541	-230,738	-230,738	-260,510	-29,772
Total, Purchase Power and Wheeling	**0**	**0**	**0**	**0**	**0**
Program Direction					
Salaries and Benefits	140,772	144,646	144,646	148,292	+3,646
Travel	10,248	10,803	10,803	11,262	+459
Support Services	21,998	23,257	23,257	+26,052	+2,795
Other Related Expenses	31,209	39,003	39,003	+42,299	+3,296
Subtotal, Program Direction	**204,227**	**217,709**	**217,709**	**227,905**	**+10,196**
Alternative Financing	-8,936	-5,800	-5,800	-5,300	+500
Use of Receipts from Colorado River Dam Fund	-3,983	-5,147	-5,147	-5,546	-399

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Offsetting Collections, Other Expenses	-156,609	-168,193	-168,193	-174,285	-6,092
Total, Program Direction	**34,699**	**38,569**	**38,569**	**42,774**	**+4,205**
Utah Mitigation and Conservation	**3,199**	**0**	**0**	**0**	**0**
Total, CROM	**90,949**	**95,930**	**95,930**	**93,372**	**-2,558**

Construction, Rehabilitation, Operation and Maintenance
Western Area Power Administration
Explanation of Major Changes ($K)

	FY 2015 vs FY 2014 Enacted
There are no major programmatic or funding changes in the FY 2015 request	
Operation and Maintenance	**-2,201**
Construction and Rehabilitation	**-4,562**
Purchase Power and Wheeling	**0**
Program Direction	**+4,205**
Utah Mitigation and Conservation	**0**
Total, Construction, Rehabilitation, Operation and Maintenance	**-2,558**

Operation and Maintenance
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Operation and Maintenance					
Regular Operation and Maintenance	39,385	42,680	42,680	41,764	-916
Replacements and Additions	32,470	40,163	40,163	40,194	+31
Total, Operation and Maintenance	**71,855**	**82,843**	**82,843**	**81,958**	**-885**
Alternative Financing	-5,282	-5,500	-5,500	-5,197	+303
Use of Receipts from Colorado River Dam Fund	-1,116	-945	-945	-1,615	-670
Offsetting Collections	-33,323	-35,796	-35,796	-36,745	+949
Total, Operation and Maintenance (Budget Authority)	**32,134**	**40,602**	**40,602**	**38,401**	**-2,201**

Construction, Rehabilitation, Operation and Maintenance
Operation and Maintenance

Description
The Operation and Maintenance (O&M) subprogram is to assure continued reliability of the Federal power system by operating and maintaining Western's transmission system at or above industry standards, including replacement of aging equipment and removal of constraints that would impede power flows.

Regular Operation and Maintenance
Supplies and materials necessary to respond to routine and emergency situations in Western's high-voltage interconnected transmission system will be purchased. This includes miscellaneous equipment and software used for power billing, transmission planning, e-tagging, and energy scheduling, as well as supplies and materials such as wood poles (individual pole replacement only; excludes whole line replacements), instrument transformers, meters, relays, etc.

Replacements and Additions
Western's planned replacements and additions activity is based on an assessment of condition and criticality of equipment, maintenance/frequency of problems on individual items of equipment, availability of replacement parts, safety of the public and Western's personnel, environmental concerns and an orderly work plan. Cost estimates are based on an analysis of system operation/maintenance requirements and concerns, customer-coordinated work plans, actual costs of recent similar projects, and bottom-up budgeting techniques. Planned activity is detailed by category below.

Electrical Equipment
Electrical equipment, such as circuit breakers, transformers, relays, batteries and chargers, reactors, meters, buses, surge arresters, capacitor banks and disconnect switches, will replace obsolete equipment at facilities throughout Western's 15-state area. Test equipment used by maintenance crews, such as metering and relaying test sets, pentameters, Ohm testers, oil dielectric testers, battery load testers, and specialized communication and environmental control test equipment is also included. Also included in this request is funding for Western's wood pole replacement program. This is a continuing program to replace aging wood transmission line structures, line hardware, and repair damaged conductors and static wires. Many of Western's wood transmission line structures were built in the 1950's and 1960's, with the facilities reaching ages in excess of recommended lifespan. Due to age, woodpecker damage, vibratory fatigue, and general deterioration, the system requires constant maintenance upgrades and repairs in order to eliminate the weak links and improve the reliability to our customers.

Communications Equipment
Key to system reliability, replacement of remote terminal units, telephone systems, microwave links, and aged 7 GHz analog radio systems with digital radio and fiber optics continues. Manufacturers have discontinued support of the obsolete analog equipment and there is inadequate channel capacity to support Western's needs. The staged movement to narrowband communications for UHF radios as directed by the National Telecommunications and Information Administration (NTIA) continues. Western's communication systems are currently made up of approximately 9 percent fiber optics, 79 percent fixed radio, and 12 percent mobile radio. Western currently has 1,246 radio frequency authorizations for fixed radio bands, of which 248, or 20 percent, are analog. This funding will not be used to replace equipment impacted by the Spectrum Relocation initiative.

In addition, Western will continue to upgrade its existing supervisory control and data acquisition (SCADA) systems which control Western's electric power system. These hardware and software upgrades improve grid reliability by allowing the main computer to communicate with remote terminal units in over 300 substations across Western's territory, thus allowing the dispatcher to operate a device in any of these substations to make changes rapidly to respond to power industry requirements or system emergencies.

Spectrum Relocation Equipment
The Commercial Spectrum Enhancement Act (CSEA, Title II of P.L. 108-494) of 2004, created the Spectrum Relocation Fund (SRF) to streamline the relocation of Federal systems from specific radio spectrum bands. These spectrum bands will accommodate commercial users and the SRF will facilitate reimbursement to affected agencies for relocation costs. The Federal Communications Commission has allocated this spectrum for Advanced Wireless Services. Funds have been made

available to agencies from the crediting of auction receipts to the SRF during fiscal year 2007 and system relocation efforts are underway. Western received $108.2 million for this effort. This amount includes Western's estimated relocation costs, as approved by the Office of Management and Budget, and as reported to the Congress by the Department of Commerce in December 2005. Since receipt of these funds, Western has completed the preliminary and final design work including radio path analysis, tower load analysis, communication building upgrades and replacements, acquiring radio frequency authorizations, and completing a majority of the radio and other communication equipment purchases. Structural loading analyses for both radio and fiber optic systems were completed in FY 2009. The first construction year for the Spectrum Relocation Fund was during FY 2008 with the beginning of building replacement installations. The phased replacement of 2 GHz radio systems continues. System clean-up, which includes removal of old equipment, buildings, and all associated systems, is anticipated to continue in FY 2013, with project closing activity beginning in FY 2014. Western will return to the SRF any amounts received in excess of actual relocation costs. No appropriations are being requested for this activity.

Capitalized Movable Equipment

The majority of these funds will be used to purchase and lease the fleet of standard and specialized vehicles required for Western's O&M activities. Although Western prefers to lease its vehicles from GSA, GSA cannot always provide the necessary specialized vehicles, especially in the Upper Great Plains Region and the Desert Southwest Region, where they must be equipped for extreme weather and terrain conditions. In these instances, Western is forced to purchase its specialized vehicles. All sedans, vans, SUVs, and light trucks are leased from GSA**.** Western uses over 700 vehicles, of which 59 percent are leased from GSA. Western replaces government-owned vehicles according to the Federal Management Regulations guidelines, the same guidelines used by GSA. Other capitalized movable equipment in this estimate includes substation test equipment, brush chipper, map board replacement; security equipment such as perimeter intrusion detection devices, card readers and associated software, security cameras and recording devices at various sites throughout Western's service area; information technology equipment such as server and router replacements, firewalls, cyber security upgrades, encryptors for the operation offices, LAN upgrades, network equipment replacements, storage upgrades, upgrades to Western's power system simulator equipment for training purposes, auto-CAD workstation replacements, and helicopter equipment replacements that add value to the helicopter or extend the service life, such as engine, rotor blades, avionics, airframe, and other major components.

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Operation and Maintenance		
Regular O&M The continuing maintenance of Western's transmission system at or above industry standards supports DOE and Western missions by minimizing sudden failure, unplanned outages, and possible regional power system disruptions. Safe working procedures are discussed before work begins to optimize safety for the public, Western's staff, and equipment. The request is based on projected work plans for activities funded from this account. Estimates are based on historical data of actual supplies needed to operate and maintain the transmission system and recent procurement of similar items. This request also includes approximately $439,000 for appropriated O&M annual expenses that are required to fund Western's Salinity and Levee non-reimbursable power systems. The request includes approximately $945,000 for activities in the Boulder Canyon Project, funded directly through receipts from the Colorado River Dam.	*Regular O&M* Request funding is to continue the ongoing activities of maintaining Western's transmission system. This request also includes approximately $207,000 for appropriated O&M annual expenses that are required to fund Western's Salinity and Levee non-reimbursable power systems. The request includes approximately $1,615,000 for activities in the Boulder Canyon Project, funded directly through receipts from the Colorado River Dam.	*Regular O&M* The slight decrease in regular O&M is attributed to a decrease in planned purchases for supplies and non-capitalized equipment, offset by inflationary factors and an increase to the activities for the Boulder Canyon Project.
Replacements and Additions Replacement needs are based on age, reliability, and safety of equipment, customer-coordinated review, cost analysis of rebuild versus replacement, availability of replacement parts, and obsolescence of diagnostic maintenance tools. Estimates are determined using actual costs of similar items.	*Replacements and Additions* Requested funding is to continue ongoing efforts.	*Replacements and Additions* The slight increase in Replacement and Additions is attributable to inflationary factors offset by a decrease to capitalized movable property.

Construction and Rehabilitation
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Construction and Rehabilitation					
Transmission Lines and Terminal Facilities	40,529	76,146	76,146	51,517	-24,629
Substations	36,851	38,353	38,353	33,813	-4,540
Other	6,095	7,938	7,938	1,315	-6,623
Subtotal, Construction and Rehabilitation	**83,475**	**122,437**	**122,437**	**86,645**	**-35,792**
Alternative Financing	-62,558	-105,678	-105,678	-74,448	+31,230
Total, Construction and Rehabilitation	**20,917**	**16,759**	**16,759**	**12,197**	**-4,562**

Construction, Rehabilitation, Operation and Maintenance
Construction and Rehabilitation

Description
The Construction and Rehabilitation (C&R) subprogram supports the Department of Energy and Western's mission to deliver reliable power by emphasizing the replacement, upgrade, and modernization of the electrical system infrastructure to bring continued reliability, improved connectivity, and increased flexibility and capability to the power grid.

Financing of the FY 2015 C&R budget, planned at $86.6 million, will continue to rely heavily on voluntary stakeholder participation in alternative methods for capital financing. Approximately 86 percent of the program funding, or $74.4 million, will be required from stakeholders, requiring significant partnering efforts.

Western has initiated a formalized asset management program to capture data more uniformly and systematically on condition, consequences of failure data, and other relevant asset information. The improvements to Western's current asset management practices include stronger objective data driven evidence, risk-informed decisions and greater transparency to stakeholders in the allocation of limited resources.

The request incorporates the most current information to identify and schedule necessary C&R projects. Western assigns the highest program priority to those situations that pose the highest risk to safety and system reliability, while meeting the mandates for open access to our transmission system. When conditions change, Western shifts funding as necessary to ensure the highest program priorities continue to be met to maintain the reliability and integrity of Western's power transmission system.

All replacement and rehabilitation plans are coordinated with customers and stakeholders to help establish the timing and scope of work at specific substations. When upgrades or additional capacity are required, Western actively pursues opportunities to partner with neighboring utilities to jointly finance activities, which result in cost savings and increased efficiencies for all participants.

Unless otherwise provided by law, all C&R costs are recovered from ratepayers with interest over the useful life of the asset providing revenue stream to the U.S. Treasury. In rare cases, where a C&R project is abandoned, costs are still recovered, but may be expensed.

Transmission Lines and Terminal Facilities
Western's 17,000 circuit-mile transmission infrastructure was primarily constructed in the 1940s through 1960s. Thousands of miles of transmission line already exceed their design life. For FY 2015, there is continued focus on replacement and upgrade of deteriorating and inadequate infrastructure across Western's service area using non-appropriated alternative financing, with increasing emphasis on deteriorating transmission lines in the Parker-Davis systems in Arizona. In addition, activities are underway to address voltage support problems in the Colorado front-range, and growing loads in the Pick-Sloan Missouri Basin service territory.

Substations
Western owns and operates more than 300 substations across its 15-state service territory. Many of these facilities were designed and constructed more than 50 years ago. As substation equipment (such as power transformers, circuit breakers, and control equipment) ages, maintenance costs increase, replacement parts become unavailable, risk of outages increase, and system reliability declines. The normal service life for power transformers and circuit breakers is 40 years and 35 years, respectively. This activity funds the construction, replacement, or upgrade of the substations and its components necessary to sustain reliable power delivery and support a stable, flexible interconnected power grid.

Other
The Other category includes construction and rehabilitation activities not otherwise included within the Substation or Transmission Lines and Terminal Facilities categories. These include communication system equipment and other miscellaneous projects covering items like construction or major rehabilitation of maintenance facilities, access roads, and facility decommissioning and removal costs.

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Transmission and Terminal Facilities		
Continuing Work ($11,977,000) • Rehabilitation and construction required on Western's transmission lines and terminal facilities to cost-effectively market and deliver clean renewable Federal hydropower and promote a strong record of reliability and safety. • Appropriations ($1,060,000) requested for the following projects: o Elverta Realignment (CA) o Shasta-Flanagan-Keswick reconductor (CA) o Rapid City-Rapid City DC tie (SD) • Alternative financing ($10,917,000) sought for the following projects: o Estes-Flatiron rebuild (CO) o Lovell-Yellowtail rebuild (WY)	*Continuing Work ($18,631,000)* • Continue rehabilitation and construction required on Western's transmission lines and terminal facilities to cost-effectively market and deliver clean renewable Federal hydropower and promote a strong record of reliability and safety. • No appropriations provided for this activity. • Alternative financing ($18,631,000) sought for the following projects: o Estes-Flatiron rebuild (CO) o Black Point-Mesa reroute (AZ) o Headgate Rock-Bouse rebuild (AZ)	*Continuing Work (+$6,654,000)* The increase in continuing work reflects transition of the Headgate Rock-Bouse project, moving from planning and design phases to acquisition and construction activities.
Rehabilitation Starts ($64,169,000) • Address additional system reliability risk and operational problems. • Appropriations ($725,000) requested for the following: o Black Point-Mesa (AZ) re-route o Wildcat-Mitchell Rural (NE) Tline build o Alcova-Spence-Raderville (WY) rebuild • Alternative financing ($63,444,000) sought for the following projects: o Coolidge-Valley Farms (AZ) rebuild o ED5-Saguaro Northern (AZ)	*Rehabilitation Starts ($32,886,000)* • Address additional system reliability risk and operational problems. • No appropriations requested for project starts in FY15. • Alternative financing ($32,886,000) sought for the following projects: o Blythe-Parker (AZ) rebuild o Coolidge-Valley Farms (AZ) rebuild o Beaver Creek-Sterling (CO) rebuild o Henry-Sievers (NE)Coolidge-Valley Farms (AZ) rebuild o Cottonwood-Olinda (CA) reconductor o Transmission Asset Improvement Program (CA) o Groton-Ordway (SD) upgrade	*Rehabilitation Starts (-$31,283,000)* The decrease reflects a drop in the transmission planning requirements anticipated in the northern plains states. Anticipated growth impacting reliability of Western's system has been deferred. All of the funding required for this activity in FY15 will be pursued from non-appropriated sources.

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
rebuild o Headgate Rock-Bouse (AZ) rebuild o Headgate Rock-Parker (AZ) rebuild o Big Bend-Lower Brule (SD) Tline build o EJ Manning-Rasmussen (SD) Tline build o Oahe-Ash Street (SD) Tline build o Garrison-Beulah-Halliday (ND) upgrade o Halliday-Killdeer-Charlie Creek (ND) upgrade o Williston-Richland (MT/ND) upgrade o Casper PPL-Glendo South (WY) upgrade		
Substations		
Continuing Work ($28,845,000) • Construction, modification, and rehabilitation of Western's substations to ensure power system reliability and stability. • Appropriations *($5,360,000)* provide for the following activities: o Gila Substation (AZ) rebuild o Edgeley Substation (ND) transformer replacement o Rugby Substation (ND) transformer replacement o Rapid City Substation (SD) transformer addition • Alternative financing *($23,485,000)* sought for the following activities:	*Continuing Work ($12,572,000)* • Continue construction, modification, and rehabilitation of Western's substations to ensure power system reliability and stability. • Appropriations *($8,570,000),* targeted for two of Western's most critical reliability risks, provide for the following activities: o Mead Substation (NV) transformer replacement o Gering (NE) breaker bay addition • Alternative financing *($4,002,000)* sought for the following activities: o Liberty Substation (AZ) transformer replacement o Gila Substation (AZ) rebuild o Curecanti Substation (CO) transformer replacement	*Continuing Work (-$16,273,000)* Decrease in continuing work reflects planned completion of several projects, and shift to a phased approach for the Mead transformer replacement to increase probability of completion and reduce risk of single component failure over time. Phased approach for the Mead transformer replacement involves moving forward on purchase of single transformer and analyzing the existing transformer for rehabilitation and reuse in a spare capacity.

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
o Spencer Substation (IA) transformer replacements o Granite Falls Substation (MN) transformer replacement o Mead Substation (NV) transformer replacement o VT Hanlon Substation (SD) rebuild		

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Rehabilitation Starts ($9,508,000) • Address additional system reliability risk and operational problems. • Appropriations *($2,960,000)* requested for the following: o Green Mountain Switchyard (CO) control building o Bayard City Tap (NE) cap bank relocation o Gering Substation (NE) breaker addition o Lancer Substation (NE) construction o Mitchell Rural Substation (NE) construction o Armour Substation (SD) transformer replacements o Badwater Substation (WY) static VAR system addition • Alternative financing *($6,548,000)* sought for the following projects: o Tucson Substation (AZ) upgrade o Curecanti Substation (CO) transformer replacement o Beresford Substation (SD) cap bank additions o Lovell Substation (WY) cap bank addition	*Rehabilitation Starts ($21,241,000)* • Address additional system reliability risk and operational problems. • Appropriations *($3,627,000)* provide for the following activities: o Goshen County Substation (WY) construction • Alternative financing *($17,000)* sought for the following activities: o Liberty Substation (AZ) capacitor bank upgrade o Lyman Yoder switchyard (WY) construction o Mead Substation (NV) capacitor bank replacement o Tucson Substation (AZ) rebuild o Medicine Bow control building (WY) replacement o Grand Island Substation (NE) transformer replacement o New Underwood substation (SD) transformer replacement o Sioux City 2 Substation (IA) reactor replacement o Devils Lake Substation (ND) transformer replacement o Fargo Substation (ND) transformer replacements (2 ea)	*Rehabilitation Starts (+$11,733,000)* Increase associated with replacement of several large transformers, reactors, and capacity banks.
Other		

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Communication Systems ($570,000) • Appropriations *($570,000)* requested for communication system improvements for the Central Valley Project and the Pick-Sloan Missouri Basin Program.	*Communication Systems ($665,000)* • No Appropriations *($0)* requested • Alternative financing *($665,000)* sought for continued communication system improvements for the Pick-Sloan Missouri Basin Program.	*Communication Systems (+$95,000)* Increase provides for additional fiber optic ground wire installations to the Federal transmission system in the Pick-Sloan Missouri Basin Program.
Miscellaneous ($7,368,000) • Appropriations *($6,084,000)* requested for the following activities: o Parker-Davis Project (AZ) Facility Rating Mitigation o Sierra Nevada Region (CA) Transmission Improvement Project o Watertown (SD) maintenance/marketing facility o Power facility development program • Alternative financing *($1,284,000)* sought for the following: o Mesa Substation (AZ) decommission and cleanup	*Miscellaneous ($650,000)* • No Appropriations *($0)* requested • Alternative financing *($650,000)* sought for the following activities: o Parker-Davis Project (AZ) Facility Rating Mitigation o Power facility development program	*Rehabilitation Starts (-$6,718,000)* Decrease reflects completion of planned activities and shift of Sierra Nevada Region Transmission Improvement Project from Other Miscellaneous category to Transmission Lines and Terminal Facilities category as the expenses in this effort will be primarily transmission related

Purchase Power and Wheeling
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Purchase Power and Wheeling					
Central Valley	300,584	287,495	287,495	301,035	**13,540**
Pick-Sloan Missouri Basin and other Programs	170,951	119,614	119,614	140,188	**20,574**
Subtotal, Purchase Power and Wheeling	**471,535**	**407,109**	**407,109**	**441,223**	**34,114**
Alternative Financing Needed	-164,994	-176,371	-176,371	-180,713	-4,342
Offsetting Collections	-306,541	-230,738	-230,738	-260,510	-29,772
Total, Purchase Power and Wheeling (New Budget Authority)	**0**	**0**	**0**	**0**	**0**

Construction, Rehabilitation, Operation & Mainenance
Purchase Power and Wheeling

Description
The Purchase Power and Wheeling subprogram continues to support Western's marketing efforts and delivery capability which spans a 1.3 million square mile area serving a diverse group of several hundred wholesale customers, including municipalities, cooperatives, public utility and irrigation districts, Federal and state agencies and Native American tribes. No appropriated budget authority is necessary.

Central Valley Project
Western continues to deliver on its contractual power commitments to customers under the Central Valley Project's Post 2004 Marketing Plan. The budget request assumes current full load service customers will continue to choose service from Western through "Custom Product" contractual agreements. Western also purchases power to support variable resource customers on a pass-thru basis. If project net generation is not sufficient, Western may also purchase to support project use load, First Preference Customer load, and sub-control area reserve requirements. As part of the Order 741, FERC recently promulgated new guidance requiring RTO/ISOs to take physical title/ownership to the energy bought/sold in their respective markets, making it necessary for Western to acknowledge that customers receive the financial, and not the physical benefit of their Federal power allocations. Western is voluntarily participating in the California greenhouse gas cap-and-trade program which became effective January 1, 2013.

Pick-Sloan Missouri Basin and Other Programs
The budget request continues to support long-term firm power commitments to customers of the Eastern and Western divisions of the Pick-Sloan Missouri Basin Program, the Fryingpan-Arkansas Project, and the Parker-Davis Project commensurate with the levels of average firm hydroelectric energy marketed by Western. The request also provides transmission support for the Pacific Northwest-Southwest Intertie Project. The total program estimates shown are based primarily on market pricing of short term firm energy, negotiated transmission rates, and Western and generating agency's forecasts.

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Central Valley Project		
Program Requirements ($287,495,000) • The Purchase Power and Wheeling subprogram supports Western's power marketing effort by providing for power purchases to firm the variable hydropower resource and securing transmission services as necessary to meet its contractual power delivery obligations.	*Program Requirements ($301,035,000)* • The Purchase Power and Wheeling subprogram continues to support Western's power marketing effort by providing for power purchases to firm the variable hydropower resource and securing transmission services as necessary to meet its contractual power delivery.	*Program Requirements (+$13,540,000)* Provides for the continuation of PPW receipt funded activities at the estimated level necessary to meet contractual firming needs. Amounts are for offsetting collection authority and alternative financing; no direct appropriations are requested for this activity.
Alternative Financing (-$160,833,000) • Contractual arrangements made with customers provide opportunities for alternative financing of the purchase power requirements. Alternative financing methods include net billing, bill crediting, energy exchanges, and direct customer funding.	*Alternative Financing (-$164,460,000)* • Contractual arrangements made with customers provide opportunities for alternative financing of the purchase power requirements. Alternative financing methods include net billing, bill crediting, energy exchanges, and direct customer funding.	*Alternative Financing (-$3,627,000)* Amounts are for offsetting collection authority and alternative financing; no direct appropriations are requested for this activity.
Pick-Sloan Missouri Basin		
Program Requirements ($119,614,000) • The Purchase Power and Wheeling subprogram continues to support Western's power marketing effort by providing for power purchases to firm the variable hydropower resource and securing transmission services as necessary to meet its contractual power delivery obligations.	*Program Requirements ($140,188,000)* • The Purchase Power and Wheeling subprogram continues to support Western's power marketing effort by providing for power purchases to firm the variable hydropower resource and securing transmission services as necessary to meet its contractual power delivery.	*Program Requirements (+$20,574,000)* Provides for the continuation of PPW receipt funded activities at the estimated level necessary to meet contractual firming needs. Amounts are for offsetting collection authority and alternative financing; no direct appropriations are requested for this activity.
Alternative Financing (-$15,538,000) • Alternative financing methods negotiated with customers provide an offset to the total program receipt financing requirement.	*Alternative Financing (-$16,253,000)* • Contractual arrangements made with customers provide opportunities for alternative financing of the purchase power requirements. Alternative financing methods include net billing, bill crediting, energy	*Alternative Financing (-$715,000)* Amounts are for offsetting collection authority and alternative financing; no direct appropriations are requested for this activity.

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Alternative financing methods include net billing, bill crediting, energy exchanges, and direct customer funding.	exchanges, and direct customer funding.	

Program Direction

Overview

Western's Program Direction subprogram provides compensation and all related expenses for its workforce, including those employees that operate and maintain Western's high-voltage interconnected transmission system and associated facilities; those that plan, design, and supervise the construction of replacements, upgrades and additions (capital investments) to the transmission facilities; those that market the power and energy produced to repay annual expenses and capital investment; and those that administratively support these functions.

The Program Direction subprogram supports DOE and Western missions. To attain reliability performance, dispatchers match generation to load minute-by-minute to meet or exceed performance levels established by NERC. Energy schedulers maximize revenues from non-firm energy sales and power rates are reviewed and adjusted to support repayment of the Federal investment. Western trains its employees on a continuing basis in occupational safety and health regulations, policies and procedures, and conducts safety meetings at employee, supervisory and management levels to keep the safety culture strong. Accidents are reviewed to ensure lessons are learned and proper work protocol is in place.

The Program Direction subprogram further supports Western's Human Capital Management (HCM) Workforce Plan, which includes the following activities: exploring ways to increase Human Resource efficiency through consolidation; the development and/or expansion of intern/apprenticeship programs in the occupations of energy marketing, dispatcher, lineman, and electrician; introduction of an under-study program in Power Marketing, prior to an incumbent retiring; rotational training programs for engineers; strategic use of knowledge sharing and training events in critical occupations; and, succession planning development programs for mid- to upper-level graded Federal positions. By design, costs for these HCM programs will be minimal as local area expertise and facilities are used to the maximum extent possible. The HCM Workforce Plan noted that no new A-76 studies were required and/or anticipated at this time.

In consultation with its customers, Western reviews required replacements and upgrades to its existing infrastructure to sustain reliable power delivery to its customers and to contain annual maintenance expenses. The timing and scope of these replacements and upgrades are critical to assure that Western's facilities do not become the "weak link" in the interconnected system. Western pursues opportunities to join with neighboring utilities to jointly finance activities, which avoid redundant facilities and result in realized cost savings and/or increased efficiencies for all participants.

Highlights of the FY 2015 Budget Request

The FY 2015 request provides for the continuation of Western's CROM account activities related to Program Direction at the level necessary to meet mission requirements.

Program Direction
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Program Direction Summary					
Program Direction					
Salaries and Benefits	140,772	144,646	144,646	148,292	+3,646
Travel	10,248	10,803	10,803	11,262	+459
Support Services	21,998	23,257	23,257	26,052	+2,795
Other Related Expenses	31,209	39,003	39,003	42,299	+3,296
Total, Program Direction	**204,227**	**217,709**	**217,709**	**227,905**	**+10,196**
Use of Alternative Financing	-8,936	-5,800	-5,800	-5,300	+500
Use of Receipts from Colorado River Dam Fund	-3,983	-5,147	-5,147	-5,546	-399
Offsetting Collections, Other Expenses	-156,609	-168,193	-168,193	-174,285	-6,092
Total, Program Direction	**34,699**	**38,569**	**38,569**	**42,774**	**+4,205**
Federal FTEs	**1,111**	**1,137**	**1,137**	**1,153**	**+16**
Support Services and Other Related Expenses					
Support Services					
Technical Support					
Economic and Environmental Analysis	3,223	2,590	2,590	5,767	+3,177
Total, Technical Support	**3,223**	**2,590**	**2,590**	**5,767**	**+3,177**
Management Support					
Automated Data Processing	5,737	6,826	6,826	6,448	-378
Training and Education	1,422	1,535	1,535	1,552	+17
Reports and Analyses Management and General Administrative Support	11,616	12,306	12,306	12,285	-21
Total Management Support	**18,775**	**20,667**	**20,667**	**20,285**	**-382**
Total, Support Services	**21,998**	**23,257**	**23,257**	**26,052**	**+2,795**
Other Related Expenses					
Rent to GSA	2,567	2,744	2,744	2,913	169
Communication, Utilities, Misc.	4,702	4,487	4,487	4,679	192
Printing and Reproduction	129	118	118	171	53
Other Services	15,086	21,426	21,426	24,016	2,590
Training	53	72	72	55	-17
Purchases from Gov. Accounts	522	430	430	1,200	770

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Operation and Maintenance of Equipment	984	2,204	2,204	1,025	-1,179
Supplies and Materials	2,992	3,356	3,356	4,082	726
Equipment	2,684	2,632	2,632	2,071	-561
Working Capital Fund	1,490	1,534	1,534	2,087	553
Total, Other Related Expenses	**31,209**	**39,003**	**39,003**	**42,299**	**+3,296**

Program Direction

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Salaries and Benefits		
Salary and benefits provide for Federal employees who construct and replace, operate and maintain, on a continuing basis, Western's high-voltage interconnected transmission system. Salary and benefits funds those FTEs assigned to this account include those salaries determined through negotiations.	Requested funding supports ongoing activities.	The increase to salary and benefits includes Western's request for an increase in the CROM account of 16 FTEs from FY 2014 Request levels. This includes the transfer of 4 within target FTE to the CRBPMF for routine operation and maintenance activities. The net increase of 20 FTE to the CROM account included in this request are funded predominantly through Western's annual O&M offsetting collections funded activity, reimbursable activity, and an indirect account which is distributed to a mixture of all of Western's fund sources. The following positions and number of FTE are requested within the CROM account: Meter and Relay Craftsman (1); Supervisory Public Utilities Specialist (1); Civil Engineer (1); Construction Control Representative (1); Financial Analyst (1); Archeologist (1); Craft Program Maintenance Manager (1); and Vegetation and Access Road Specialist (1). Positions for which only a portion of their FTE (85.8 percent) will be distributed to this account include: Attorney (2); Enterprise Risk Manager (2); Supervisory Public Affairs Specialist (1); IT Specialists/Cyber Security (4); General Engineers – Asset Managers (2); IT Specialist (1) and Contract Specialists (2).
Travel		
Planned essential travel supports Western's mission-related operation and maintenance activities. In support of OMB Memorandum M-12-12 Promoting Efficient Spending to Support Agency Operations, Western is reducing its travel by limiting travel associated with general agency operations, administrative training, and	Requested funding supports ongoing activities.	The slight increase in travel supports essential travel. The balance of the increase is inflationary in nature offset by decreases in support of OMB Memorandum M-12-12 Promoting Efficient Spending to Support Agency Operations.

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
conferences. Also, Western will strive to find alternatives to attain required training by means other than by traveling.		
Support Services		
Support Services funded in this category include information processing, warehousing, job related training and education, engineering, miscellaneous advisory and assistance services, and general administrative support.	Requested funding supports ongoing activities.	Increases to this activity are primarily driven by an increase in technical contractual support for Keswick-Airport and Airport Cottonwood, and the Cottonwood-Olinda 230kV transmission line reconductoring project; Elverta-Hurley overhead optical ground wire addition; as well as miscellaneous inspections. Also slightly increasing is training for inflationary factors, offset by a slight decrease for this activity. These increases are offset by decreases in automated data processing and general administrative support.
Other Related Expenses		
Other related expenses include rental space, utilities, supplies and materials, telecommunications, computers, printing and reproduction, training tuition, and DOE's working capital fund distribution. Rental space costs assume the General Services Administration's (GSA) inflation factor. Other costs are based on historical usage and actual cost of similar items.	Requested funding supports ongoing activities.	The increase is primarily attributable to architectural and engineering services, and other contractual requirements to support Western's mission requirements. Also included are inflationary and other slight increases to purchases from other government accounts, supplies and materials, the distribution of cost estimates to Western from DOE's Working Capital Fund, GSA rental space estimates, communication and utility cost estimates, and printing and reproduction. These increases are offset by slight decreases to training, operation and maintenance of equipment, and office equipment purchases.

Falcon and Amistad Operating and Maintenance Fund

($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request
Gross	4,169	6,196	6,196	5,529
Offsets	-3,949	-5,776	-5,776	-5,301
Net BA	**220**	**420**	**420**	**228**

Overview

The Falcon and Amistad Operating and Maintenance fund (Maintenance Fund) was established in the Treasury of the United States as directed by the Foreign Relations Authorization Act, FYs 1994 and 1995. The Maintenance Fund is administered by Western's Administrator for use by the Commissioner of the U. S. Section of the International Boundary and Water Commission (IBWC) to defray administrative, O&M, replacement, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams. IBWC owns and operates the U.S. portion of the projects, and Federal staff funded under this program continues to be allocated to the U.S. Section of IBWC by the Department of State. The Falcon and Amistad project supports Western's program goals by providing power to rural electric cooperatives through Western. With the exception of monies received from the Government of Mexico, all revenues collected from the sale of electric power generated at the Falcon and Amistad Dams are credited to the Maintenance Fund. Monies received from the Government of Mexico are credited to the General Fund of the U.S. Treasury. Revenues collected in excess of operating expenses are used to repay, with interest, the cost of replacements and original investments. Full funding will support 24-hour/day operation and maintenance of the two power plants to ensure response to ever-changing water conditions, customer demand, and continual coordination with operating personnel of the Government of Mexico.

Highlights of the FY 2015 Budget Request

In FY 2015, Western's request has been formulated to meet its power marketing and contractual power delivery obligations with continued high marks for reliability. Revenues collected from customers to recover the costs of the Federal Power Program will be sufficient to provide for Western's FY 2015 planned expenses for the power systems in the CRBPMF.
Also included in FY 2015 is the continuation of Western's FY 2014 request to allow for U.S. Customer(s) of the Falcon and Amistad Dams to contribute funds for use by the International Boundary and Water Commission (IBWC) in fulfilling their duties in accordance with agreements between Western, IBWC, and the power customers. The change will allow work to be accomplished using customer advances/alternative financing, a funding mechanism used throughout Western under the Contributed Funds Act, 43 USC 395. The customer contributed funds is planned to predominantly assist in capitalized replacement projects.

Falcon and Amistad Operating and Maintenance Fund
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Western Area Power Administration					
Falcon and Amistad Operating and Maintenance Fund	4,169	6,196	6,196	5,529	-667
Subtotal, Falcon and Amistad Operating and Maintenance Fund	**4,169**	**6,196**	**6,196**	**5,529**	**-667**
Offsetting Collections	-3,949	-4,911	-4,911	-4,499	+412
Alternative Financing	0	-865	-865	-802	+63
Total, Falcon and Amistad Operating and Maintenance Fund	**220**	**420**	**420**	**228**	**-192**

Falcon and Amistad Operating and Maintenance Fund

Description

The Falcon and Amistad Project consists of two international dams located on the Rio Grande River between Texas and Mexico. The United States and Mexico operate separate power plants on each side of the Rio Grande River; the power output is divided evenly between the two countries. The Operating and Maintenance Fund was established in the Treasury of the United States and is administered by Western's Administrator for use by the Commissioner of the U.S. Section of the International Boundary and Water Commission (IBWC) to defray administrative, O&M, replacement, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams.

Salaries and Benefits

This activity funds salaries and benefits for the 39 positions of the U.S. Section of the IBWC who operate and maintain the two power plants on a 24-hour/day basis, including planned maintenance activities, required safety services, and emergency response to flood operations and/or equipment failure.

Routine Services

This activity funds routine services such as inspection and service of the HVAC and air compressor system, fire suppression systems, elevators, self-contained breathing apparatus, recharge and hydro-testing of fire extinguishers, calibration of test equipment, rebuilt of electric motors, and repair of obsolete equipment when replacement parts are no longer available.

Miscellaneous Expenses

This activity funds travel, training, communications, utilities, printing, and office supplies and materials for the IBWC employees and technical advisors. The request includes essential training for employees to comply with standards of the Interagency Commission on Dam Safety, Occupational and Health Administration (OSHA), and the National Dam Safety Act.

Marketing, Contract, Repayment Studies

This activity funds interest payments to the U.S. Treasury. Estimates are based on Power Repayment Studies for the Projects funded in this account. This activity funds power marketing, administration of power contracts, and preparation of rate and repayment studies. Based on accurate studies, staff ensures power revenues are set at an appropriate level to recover annual expenses and meet repayment schedules.

Falcon and Amistad Operating and Maintenance Fund

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Falcon and Amistad Operating and Maintenance Fund		
Salaries and Benefits ($2,854,000) This activity funds the salaries and benefits for those employees assigned to the U.S. Section of the IBWC who operate and maintain the two power plants.	*Salaries and Benefits ($2,878,000)* Request funding supports ongoing activities.	*Salaries and Benefits (+24,000)* The increase to salaries and benefits is due to an additional employee position and inflationary factors.
Routine Services ($2,891,000) This activity funds routine services such as equipment inspections and maintenance services.	*Routine Services ($2,056,000)* Request funding supports ongoing activities.	*Routine Services (-$835,000)* The decrease is attributable to the completion of projects anticipated to be funded in FY 2014.
Miscellaneous Expenses ($430,000) This activity funds travel, training, communications, utilities, printing, and office supplies and materials for the IBWC employees and technical advisors. FY 2014 request included the replenishment of $200,000 for the emergency/contingency fund reserve.	*Miscellaneous Expenses ($573,000)* Request funding supports ongoing activities.	*Miscellaneous Expenses (+$143,000)* The increase in miscellaneous expenses is primarily due a slight increase in travel, utilities, and reproduction. These increases are inflationary in nature. Also increasing are supplies and non-capitalized equipment for O&M activity within the two power plants.
Marketing, Contracts, Repayment Studies ($21,000) This activity funds travel, training, communications, utilities, printing, and office supplies and materials for the IBWC employees and technical advisors.	*Marketing, Contracts, Repayment Studies ($22,000)* Request funding supports ongoing activities.	*Marketing, Contracts, Repayment Studies (+$1,000)* The increase is primarily due to the application of inflationary factors.

Colorado River Basins Power Marketing Fund

($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request
Gross	220,397	180,844	180,844	228,209
Offsets	-243,397	-203,844	-203,844	-251,209
Net BA	**-23,000**	**-23,000**	**-23,000**	**-23,000**

Overview

Western operates and maintains the transmission system for the projects funded in this account to ensure an adequate supply of reliable electric power in a clean and environmentally safe, cost-effective manner. The Colorado River Basins Power Marketing Fund Program is comprised of three power systems: the Colorado River Storage Project, including the Dolores and Seedskadee Projects; the Fort Peck Project; and the Colorado River Basin Project. Western is responsible for construction, maintenance, and operation of facilities for transmitting and marketing the electrical energy generated in these power systems.

Highlights of the FY 2015 Budget Request

In FY 2015, Western's request has been formulated to meet its power marketing and contractual power delivery obligations with continued high marks for reliability. Revenues collected from customers to recover the costs of the Federal Power Program will be sufficient to provide for Western's FY 2015 planned expenses for the power systems in the CRBPMF.

Colorado River Basins Power Marketing Fund
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Colorado River Basins Power Marketing Fund					
Equipment, Contracts and Related Expenses					
Supplies, Materials and Services	22,868	21,995	21,995	22,399	+404
Purchase Power Costs	122,041	84,818	84,818	106,033	+21,215
Capitalized Equipment	9,876	10,015	10,015	26,680	+16,665
Interest/Transfers	9,717	6,575	6,575	11,996	+5,421
Total, Equipment, Contracts and Related Expenses	**164,502**	**123,403**	**123,403**	**167,108**	**+43,705**
Program Direction	**55,895**	**57,441**	**57,441**	**61,101**	**+3,660**
Total, Operating Expenses from new authority	**220,397**	**180,844**	**180,844**	**228,209**	**+47,365**
Offsetting Collections Realized	-243,397	-203,844	-203,844	-251,209	-47,365
Total, Obligational Authority	**-23,000**	**-23,000**	**-23,000**	**-23,000**	**0**

Colorado River Basins Power Marketing Fund
Equipment, Contracts and Related Expenses

Description

Western's equipment, contracts and related expenses are necessary to operate and maintain this activity. Revenues from the sale of electric energy, capacity and transmission services replenish the fund and are available for expenditure for operation, maintenance, power billing and collection, program direction, purchase power and wheeling, interest, emergencies, and other power marketing expenses.

Supplies, Materials and Services

This activity funds the procurement of supplies, materials, and services necessary to respond to routine and emergency situations in the transmission system, and the continuation of reimbursements to the U.S. Army Corps of Engineers for operation and maintenance of the Fort Peck Powerplant. Estimates are based on recent actual costs for supplies needed to maintain transmission system reliability.

Purchase Power Costs

This activity funds the procurement of electrical power, transmission capacity and wheeling services on the open market. The request anticipates the results of continued low-steady-flow tests conducted at Glen Canyon Dam, as required by the Glen Canyon Dam Environmental Impact Statement Record of Decision. Additionally, the request includes obligation authority to accommodate replacement power purchases for customers served by the Colorado River Storage Project. The replacement power purchases, a provision of the Salt Lake City Area Integrated Projects electric power contracts, are made at the request of power customers at times when Western lacks sufficient generation to meet its full contract commitment. The funds for the replacement power purchases are advanced by the requesting customers prior to the purchase.

Capitalized Equipment

This activity funds the procurement of capitalized equipment including circuit breakers, transformers, relays, switches, transmission line equipment, microwave, SCADA, and other communication and control equipment to assure reliable service to Western's customers. Replacement and upgrade of aged power system components are crucial to system reliability and transmission services. Planned communications equipment purchases include replacing existing ground wire with fiber optic ground wire and upgrading conductors. Included also is funding for the continuation of the project to replace analog microwave with fiber optic ground wire and fiber optic terminal. Cost comparisons have shown that fiber optics have a significant lower life cycle cost and higher bandwidth capacity than digital microwave.

Transmission line estimates include the purchase of poles, crossarms, conductors, fusion splicers, line switches, overhead ground wire and hardware for the continued transmission line rebuilds. This estimate includes line rebuilds with the anticipated completion of 10 miles a year.

Planned substation estimates include upgrades, replacement of breakers and circuit switches, and replacement of transformers, test equipment, as well as other aged equipment at various substations. Western is beginning the eighth year of a ten-year program to replace older electro-mechanical relays with microprocessor relays. The microprocessor relays will assist in finding faults faster in order to more efficiently restore service to customers. Other miscellaneous items required for substation replacements include surge arrestors, batteries and chargers, and monitoring equipment.

Planned movable capitalized property estimates include replacements of special purpose trucks, replacement of generators to maintain the reliability and backup power to the communications system, and replacement of outdated test and recording equipment. Other estimates include the replacement of outdated test equipment, and test equipment to troubleshoot the new digital microwave radio system. Ongoing replacement is also planned for aging information technology support systems and routers. Other requests include funding for the continuation of the SCADA Upgrade program, as well as other minor enhancements that provide for the ease of maintenance, protection of equipment and materials, and environmental compliance.

Interest/Transfers

This activity funds interest payments to the U.S. Treasury. Estimates are based on Power Repayment Studies for the Projects funded in this account.

Colorado River Basins Power Marketing Fund

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Equipment, Contracts and Related Expenses		
Supplies, Materials & Services This activity funds the procurement of supplies, materials, and services necessary to respond to routine and emergency situations in the transmission system, and the continuation of reimbursements to the U.S. Army Corps of Engineers for operation and maintenance of the Fort Peck Powerplant.	*Supplies, Materials & Services* Request funding supports ongoing activities.	*Supplies, Materials & Services* The increase to supplies, materials and services is primarily attributable to inflationary factors.
Purchase Power Costs This activity funds the procurement of electrical power, transmission capacity and wheeling services on the open market.	*Purchase Power Costs* Request funding supports ongoing activities.	*Purchase Power Costs* Increases to the purchase power cost estimates are due to the current drought requirements and anticipated future water conditions.
Capitalized Equipment This activity funds the procurement of capitalized equipment including circuit breakers, transformers, relays, switches, transmission line equipment, microwave, SCADA, and other communication and control equipment to assure reliable service to Western's customers.	*Capitalized Equipment* Request funding supports ongoing activities.	*Capitalized Equipment* The increase in capitalized equipment includes line upgrades and additional transformers purchases necessary for reliance criticality.
Interest/Transfers This activity funds interest payments to the U.S. Treasury. Estimates are based on Power Repayment Studies for the Projects funded in this account.	*Interest/Transfers* Request funding supports ongoing activities.	*Interest/Transfers* The increase in interest/transfers is due to a planned Treasury interest payment on capital repayments.

Colorado River Basins Power Marketing Fund
Program Direction

Overview
Program Direction provides the Federal staffing resources and associated costs required to provide overall direction and execution of the Colorado River Basins Power Marketing Fund. Western trains its employees on a continuing basis in occupational safety and health regulations, policies and procedures, and conducts safety meetings at employee, supervisory and management levels to keep the safety culture strong. Accidents are reviewed to ensure lessons are learned and proper work protocol is in place.

Highlights of the FY 2015 Budget Request
The FY 2015 request provides for the continuation of Western's revolving funded activities related to Program Direction at the level necessary to meet mission requirements.

Colorado River Basins Power Marketing Fund
Program Direction
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Program Direction Summary					
Program Direction					
Salaries and Benefits	37,356	40,183	40,183	41,245	+1,062
Travel	2,756	3,056	3,056	3,037	-19
Support Services	7,775	5,735	5,735	6,104	+369
Other Related Expenses	8,008	8,467	8,467	10,715	+2,248
Total, Program Direction	**55,895**	**57,441**	**57,441**	**61,101**	**+3,660**
Federal FTEs	**283**	**295**	**295**	**299**	**+4**
Support Services and Other Related Expenses					
Support Services					
Management Support					
Automated Data Processing	2,447	1,681	1,681	1,620	-61
Training and Education	358	401	401	782	+381
Reports and Analyses Management and General Administrative Support	4,970	3,653	3,653	3,702	+49
Total Management Support	**7,775**	**5,735**	**5,735**	**6,104**	**+369**
Total, Support Services	**7,775**	**5,735**	**5,735**	**6,104**	**+369**
Other Related Expenses					
Rent to GSA	979	827	827	885	+58
Communication, Utilities, Misc.	1,411	1,237	1,237	1,396	+159
Printing and Reproduction	30	27	27	39	+12
Other Services	3,584	4,192	4,192	5,865	+1,673
Training	46	27	27	24	-3
Purchases from Gov. Accounts	120	52	52	223	+171
Operation and Maintenance of Equipment	264	263	263	259	-4
Supplies and Materials	829	825	825	993	+168
Equipment	444	647	647	504	-143
Working Capital Fund	301	370	370	527	+157
Total, Other Related Expenses	**8,008**	**8,467**	**8,467**	**10,715**	**+2,248**

Colorado River Basins Power Marketing Fund
Program Direction

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Salaries and Benefits		
Salary and benefits supports a FY 2014 request level of 295 FTE. This includes General Schedule employees, as well as those salaries determined through negotiations. This activity provides for Federal employees who operate and maintain the Program's high-voltage integrated transmission system and associated facilities; plan, design, and supervise the replacement (capital investments) to the transmission facilities; and market the power and energy produced to repay annual expenses and capital investment.	Salary and benefits supports a FY 2015 request level of 299 FTE. This includes General Schedule employees, as well as those salaries determined through negotiations. The transfer of 4 FTE from the CROM account is in support of the CRBPMF operation and maintenance activities. This activity provides for Federal employees who operate and maintain the Program's high-voltage integrated transmission system and associated facilities; plan, design, and supervise the replacement (capital investments) to the transmission facilities; and market the power and energy produced to repay annual expenses and capital investment.	The increase in salaries and benefits supports the FTE charged to this account, including salaries determined by prevailing rates in the electric utility industry.
Travel		
This activity funds personnel travel and per diem expenses for essential mission-related activities, including the maintenance of transmission facilities. The request includes estimates for the rent/lease of GSA vehicles and other transportation. The reduction will be achieved by limiting travel associated with general agency operations, administrative training, and conferences.	Request funding supports ongoing activities.	The slight decrease in travel is in support of OMB Memorandum M-12-12, Promoting Efficient Spending to Support Agency Operations, offset by inflationary increases.
Support Services		
Support services funded in this category include automated data processing support, warehousing, computer-aided drafting/engineering, job related training and education, and general administrative support.	Request funding supports ongoing activities.	The increase is primarily driven by an increase to training/education for mission essential related activities and general administrative support. The increase is offset by a slight decrease in travel.
Other Related Expenses		

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Other related expenses include, but are not limited to, DOE's working capital fund distribution, space, utilities and miscellaneous charges, printing and reproduction, training tuition, maintenance of office equipment, supplies and materials, telecommunications, and office equipment to include computers.	Request funding supports ongoing activities.	The increase is primarily due to environmental costs associated with vegetation management to meet Environmental Compliance requirements. Also included are increases to purchases from government accounts, supplies and materials, communication and utilities, the distribution to this account from the DOE Working Capital Fund, and printing and reproduction. These increases are offset by a slight decrease to operation and maintenance of equipment and training.

Transmission Infrastructure Program (TIP)

($K)

FY 2013 Current	FY 2014 Enacted	FY 2014 Current	FY 2015 Request
0	0	0	0

Overview

Western established the Transmission Infrastructure Program (TIP) and Office to implement Title III, Section 301 of the Hoover Power Plant Act of 1984 as amended by the American Recovery and Reinvestment Act of 2009 (Recovery Act), which provided Western borrowing authority of up to $3.25 billion for the purposes of: (1) constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by Western; and (2) delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed after the date of enactment. As of the start of FY 2014, TIP's outstanding debt is $116 million, after having borrowed a cumulative total of $267 million and repaid $151 million.

TIP is a self-sustaining program that relies on long term funding arrangements. Western collects revenue from project applicants to support ongoing development of TIP projects and to fund the overhead and administrative costs of the program. Reimbursable and Advance Funding Agreements with project applicants are required prior to initiating efforts to evaluate the technical and financial merits of any and all potential projects to ensure the full cost of services delivered are paid by project beneficiaries. For projects that are financed through the use of borrowing authority, the authority to cover the full project costs is apportioned at the outset, cash is borrowed from Treasury as costs are incurred, and the debt is repaid according to the loan terms and conditions.

TIP complements Western's primary mission of marketing and delivering Federal hydropower to customers across the West, and supports both Western and DOE priorities by facilitating delivery of renewable energy resources to market. As mandated, the program is completely separate and distinct from Western's power marketing program.

TIP continues to provide development support to two projects for which new borrowing authority was apportioned in FY 2011. In addition, in FY 2015, TIP estimates receiving and reviewing 100 Project Proposals, evaluating six Business Plan Proposals, providing technical assistance for the development of four projects, and progressing two projects into the financing phase. Projects which progress into the financing phase are funded via Advanced Funding Agreements until loan underwriting is completed. TIP anticipates that the next projects for which it would borrow funds will not begin until FY 2016.

All administrative costs for TIP will be offset by advanced financing and collections. TIP does not plan any new use of its mandatory borrowing authority in FY 2015. Western is not requesting any new annual appropriated funds for TIP.

Highlights and Major Changes in the FY 2015 Budget Request

Western entered into an agreement with the Department of Energy's Loan Program Office (LPO) to provide project financing services for TIP Projects. The borrowing authority will remain the responsibility of Western's Administrator. At a high level, the program improvements include:

- Quarterly review of Project Proposals and acceptance, if warranted. Enhanced communication and timely determination of proposed project adequacy
- Separation of potential projects into two phases: (1) Development Phase; and (2) Financing/Construction Phase

The process allows Western to continue managing and supporting development activities (Development Phase) while relying on the financial expertise of DOE's Loan Program Office for managing loan application, underwriting, and servicing, (Financing/Construction Phase). This streamlined process not only provides increased clarity for project developers, it allows improved efficiency and transparency for Western and TIP.

Note: Values for TIP are based on early stages of project development, forecasts of current projects, estimates of future project development, and assumptions made on the outcome of the LPO/TIP collaboration. While based on knowledge and experience to date, these estimates are to be regarded as non-binding representations that are subject to change.

Transmission Infrastructure Program (TIP)
Funding by Congressional Control ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2014 Adjustments	FY2014 Current	FY 2015 Request	FY 2015 vs FY2014 Enacted
Mandatory, Direct Budget Authority						
New Borrowing Authority	-	-	-	-	-	-
Repayment of Borrowing Authority	-151,000	-	-	-	-	-
Total Mandatory	**-151,000**	**-**	**-**	**-**	**-**	**-**
Federal FTEs	**12**	**6**	**-**	**6**	**8**	**+2**
Discretionary, Reimbursable Budget Authority						
Program Direction	8,947	9,718	-	9,718	15,629	+5,911
Advance Funding	-7,003	-9,393	-	-9,393	-12,400	-3,007
Offsetting Collections	-1,944	-325	-	-325	-3,229	-2,904
Total Discretionary	**-**	**-**	**-**	**-**	**-**	**-**
Total, Transmission Infrastructure Program	**-151,000**	**-**	**-**	**-**	**-**	**-**
Federal FTEs	**12**	**5**	**-**	**5**	**9**	**+4**

Program Direction

Overview

Western's TIP Program Direction subprogram provides compensation and all related expenses for its workforce, including those employees that are directly assigned to the program as project management, technical experts, finance and administration; those that provide expertise in land acquisition, engineering and environmental compliance; those that provide legal counsel; and those that administratively support these functions.

All of the TIP program direction costs are fully offset by customers, either through advanced funding agreements or offsetting collections. Advanced funding is provided to TIP from project applicants who use TIP's expertise in the development of their project. The advanced funding agreements fund federal and/or contract staff working on the development of a specific project. Other sources of funds include the overhead rate applied to each active project; service charges; interest rate differentials; and the advance collection of Project Proposal and Business Plan Proposal evaluation expenses. These collections offset the costs of administering the TIP program and provide a risk mitigation reserve.

All development support costs specific to projects that are financed through the use of borrowing authority are funded by the original authority approved for each project, funding is classified as mandatory, and will support approximately half of the TIP FTEs in FY 2015.

The Program Direction subprogram supports DOE and Western missions. Specifically, TIP promotes firm clean renewable energy resources, reliable power delivery and strengthening of the grid.

Highlights of the FY 2015 Budget Request

The FY 2015 request presents TIP's Program Direction costs as a subprogram of the entire TIP budgetary resources for the first time. The Program Direction subprogram provides information for the overhead, program, and project development related costs of the TIP Office; these costs are offset by advance funding agreements and collections of overhead rates applied to each TIP project.

Program Direction
Funding ($K)

	FY 2013 Current	FY 2014 Enacted	FY2014 Current	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Program Direction Summary					
Transmission Infrastructure Program Office					
Salaries and Benefits	6,594	7,680	7,680	11,567	+3,887
Travel	160	191	191	280	+89
Support Services	1,358	1,707	1,707	2,393	+686
Other Related Expenses	836	140	140	1,389	+1,249
Subtotal, Program Direction	**8,947**	**9,718**	**9,718**	**15,629**	**+5,911**
Offsetting Collections	-8,947	-9,718	-9,718	-15,629	-5,911
Total, Program Direction	0	0	0	0	0
Federal FTEs (Discretionary Reimbursable)	12	6	6	8	+2
Federal FTEs (Mandatory Direct)	12	5	5	9	+4

Support Services and Other Related Expenses

Technical Support					
Projects	1,261	1,691	1,691	2,232	+541
Total, Technical Support	1,261	1,691	1,691	2,232	+541
Management Support					
Financial Modeling	41	10	10	103	+93
Legal Policy and Review	56	6	6	58	+52
Total Management Support	97	16	16	161	+145
Total, Support Services	**1,358**	**1,707**	**1,707**	**2,393**	**+686**
Other Related Expenses					
Communications; utilities; miscellaneous charges	476	116	116	1,111	+995
Services From Non- Federal Sources	42	14	14	167	+153
Services From Loan Program Office	301	8	8	83	+75
Supplies and materials	17	2	2	28	+26
Total, Other Related Expenses	**836**	**140**	**140**	**1,389**	**+1,249**

Program Direction

Activities and Explanation of Changes

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
Salaries and Benefits		
Salary and benefits provide for Federal employees that are directly assigned to the TIP program as project management, technical experts, finance and administration; those that provide expertise in land acquisition, engineering and environmental compliance; those that provide legal counsel; and those that administratively support these functions. FTE assigned to this account charge TIP's mandatory as well as discretionary funding accounts.	Requested funding supports ongoing activities.	The increase to salary and benefits include an increase of 6 FTE from FY2014. This includes estimated needs to support the enhanced TIP program and work scope. The additional TIP FTE will support an estimated increase of 100 Project Proposal reviews and recommendations; evaluation of 6 Business Case Proposals; development assistance for 4 new projects, and progression of 2 projects into the financing phase.
Travel		
Planned essential travel supports TIP's mission related activities. TIP supports efficient spending initiatives and is reducing travel associated with general program operations, focusing on using alternative means to conduct meetings and training sessions.	Requested funding supports ongoing activities.	The increase in travel can be attributed to an increase in FTE and inflation.
Support Services		
Support services funded in this category include technical support costs directly associated with TIP projects; to include Environmental, Lands, Engineering, and Project Management activities. Also within this category are costs to cover legal and financial support activities to include financial modeling, outside legal counsel for contract review, policy issues and legislative concerns.	Requested funding supports ongoing activities.	The increase in support services is due to an increase in technical support requirements associated with the TIP optimization efforts, legal support, and additional project management support activities for the anticipated intake of project proposals and business plans. In addition, Western plans to contract with NREL for website design and application portal development.
Other Related Expenses		
Other related expenses include communications, utilities, training, depreciation, Western overhead rates,	Requested funding supports ongoing activities.	The increase is related to a purchase of computers and peripherals budgeted in FY 2015 for new FTEs and scheduled replacements. Increases can also be

FY 2014 Enacted	FY 2015 Request	Explanation of Changes FY 2015 vs FY 2014 Enacted
supplies and materials. Services from LPO are also included in this category.		attributed to additional training and the increase in program support from LPO and other contractors.

Western Area Power Administration
Performance Measures

In accordance with the GPRA Modernization Act of 2010, the Department sets targets for, and tracks progress toward, achieving performance goals for each program. The following table shows the targets and results for FY 2013 and the targets for FY 2014 and 2015. For more information, including historical targets and results from FY 2009 through 2012, as well as the planned targets for FY 2016 through 2019 (FY 2014-2018 for the National Nuclear Security Administration), refer to the Department's Annual Performance Plan and Report [http://energy.gov/cfo/reports/annual-performance-reports].

	FY 2013	FY 2014	FY 2015
Performance Goal (Measure)	**WAPA - System Reliability Performance – North American Electric Reliability Corporation (NERC) Rating** – Meet NERC Control Performance Standards (CPS) of CPS1>100 and CPS2>90. CPS1 measures a generating system's performance at matching supply to changing demand requirements and supporting desired system frequency in one minute increments. CPS2 measures a generating system's performance at limiting the magnitude of generation and demand imbalances in ten minute increments.		
Target	CPS1>100, CPS2>90	CPS1>100, CPS2>90	CPS1>100, CPS2>90
Result	Met – CPS1=152.91, CPS2= 86.87[1]	Not yet available	Not yet available
Endpoint Target	WAPA ensures the integrity of the Nation's integrated grid by operating in compliance with National Energy Reliability Standards		

	FY 2013	FY 2014	FY 2015
Performance Goal (Measure)	**WAPA – Repayment of the Federal Investment** – Ensure unpaid investment (UI) is equal to or less than the allowable unpaid investment (AUI) in accordance with DOE Order RA 6120.2.		
Target	<=$8,594 million dollars AUI	<=$8,667 million dollars AUI	<=$8,632 million dollars AUI
Result	Met- $6,204 million UI	Not yet available	Not yet available
Endpoint Target	Continue to meet repayment of Federal investment, thereby achieving and maintaining financial integrity.		

[1] CPS2 is currently waived to reflect participation in the Western Electricity Coordinating Council Reliability-based Control Trial.

Estimate of Gross Revenues [1]

(Dollars in Thousands)

	FY 2013	FY 2014	FY 2015
Boulder Canyon Project	95,425	100,067	104,117
Central Valley Project	385,710	389,928	396,552
Central Arizona Project [2]	145,668	145,668	145,668
Falcon-Amistad Project	7,892	7,470	6,391
Fryingpan-Arkansas Project	19,679	19,319	19,319
Pacific Northwest-Southwest Intertie Project	31,219	32,079	32,938
Parker-Davis Project	57,409	70,914	82,551
Pick-Sloan Missouri Basin Program	524,334	509,977	510,146
Provo River Project	300	308	316
Washoe Project	822	822	822
Salt Lake City Area Integrated Projects	176,943	177,773	178,239
Total, Gross Revenues	**1,445,401**	**1,454,325**	**1,477,059**

[1] For most power systems, amounts are based on the FY 2011 Final Power Repayment Studies (PRS). The Falcon-Amistad Project and the Central Arizona Project (CAP) amounts shown are estimated projections.

[2] Western has contracted with the Salt River Project (SRP) to act as the scheduling entity and operating agent for CAP's portion of the Navajo Generating Station's output (547 MW). In return, as Western retains marketing responsibility, SRP agreed to pay monthly costs to cover annual expenses.

Estimate of Proprietary Receipts

(Dollars in Thousands)

	FY 2013 Actual	FY 2014	FY 2015
Mandatory Receipts			
Falcon Amistad Maintenance Fund	661	420	228
Sale and Transmission of Electric Power, Falcon and Amistad Dams	2,800	1,274	862
Sale of Power and Other Utilities Not Otherwise Classified	36,954	30,000	30,000
Sale of Power–WAPA–Reclamation Fund	166,222	142,377	143,945
Total, Mandatory Receipts	**206,666**	**174,071**	**175,035**
Discretionary Receipts			
Offsetting Collections from the Recovery of Power Related Expenses – WAPA CROM	237,876	230,738	260,510
Less Purchase Power and Wheeling Expenses	-237,876	-230,738	-260,510
Subtotal, WAPA CROM Recovery of Power Related Expenses	0	0	0
Offsetting Collections from the Recovery of Annual Expenses – WAPA CROM	189,932	203,989	211,030
Less Operating and Maintenance expenses	-33,323	-35,796	-36,745
Less Program Direction Expenses	-156,609	-168,193	-174,285
Subtotal, WAPA CROM Recovery of Annual Expenses	0	0	0
Offsetting Collections from the recovery of power related expenses – Falcon and Amistad	3,949	4,911	4,499
Less Operating and Maintenance expenses	-3,949	-4,911	-4,499
Subtotal, Falcon and Amistad Recovery of Power Related Expenses	0	0	0
Total, Discretionary Receipts	**0**	**0**	**0**
Total, Proprietary Receipts	**206,666**	**174,071**	**175,035**

Department Of Energy
FY 2015 Congressional Budget
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($K)

Western Area Power Admin. Const.,Rehab.,O&M	FY 2013 Current	FY 2014 Enacted	FY 2015 Request
Western Area Power Administration			
Systems Operation and Maintenance			
Systems Operation and Maintenance	397,229	324,840	349,468
Program Direction			
Program Direction	195,291	211,909	222,605
Total, Western Area Power Administration	**592,520**	**536,749**	**572,073**
Total, Western Area Power Admin. Const.,Rehab.,O&M	**592,520**	**536,749**	**572,073**

Department Of Energy
FY 2015 Congressional Budget
Funding By Appropriation By Site **Page: 1**

($K)

Falcon & Amistad - Operating & Maintenance Fund	FY 2013 Current	FY 2014 Enacted	FY 2015 Request
Western Area Power Administration			
Falcon & Amistad Operating and Maintenance Fund			
Falcon & Amistad - Operating and Maintenance	4,169	5,331	4,727
Total, Western Area Power Administration	**4,169**	**5,331**	**4,727**
Total, Falcon & Amistad - Operating & Maintenance Fund	**4,169**	**5,331**	**4,727**

($K)

Colorado River Basins Power Marketing Fund	FY 2013 Current	FY 2014 Enacted	FY 2015 Request
Western Area Power Administration			
Equipment, Contracts and Other Related Expenses			
Colorado River Storage Project	164,502	123,403	167,108
Program Direction			
Program Direction	55,895	57,441	61,101
Total, Western Area Power Administration	**220,397**	**180,844**	**228,209**
Total, Colorado River Basins Power Marketing Fund	**220,397**	**180,844**	**228,209**

Bonneville Power Administration

Bonneville Power Administration

Bonneville Power Administration (Bonneville, BPA)
Proposed Appropriations Language

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93–454, are approved for [construction of, or participating in the construction of, a high voltage line from Bonneville's high voltage system to the service areas of requirements customers located within Bonneville's service area in southern Idaho, southern Montana, and western Wyoming; and such line may extend to, and interconnect in, the Pacific Northwest with lines between the Pacific Northwest and the Pacific Southwest, and for John Day Reprogramming and Construction, the Columbia River Basin White Sturgeon Hatchery, and Kelt Reconditioning and Reproductive Success Evaluation Research,] *the Black Canyon Trout Hatchery* and, in addition, for official reception and representation expenses in an amount not to exceed $5,000: Provided, That during fiscal year [2014] *2015*, no new direct loan obligations may be made.

Explanation of Changes

The proposed appropriations language restricts new direct loans in FY 2015 as in FY 2014**.** This bill language is drafted consistent with the Credit Reform Act of 1990.

Please Note - The FY 2015 Bonneville Power Administration Congressional Budget submission includes FY 2014 budget estimates.

Bonneville finances its operations with a business-type budget under the Government Corporation Control Act, 31 U.S.C 9101-10, on the basis of the self-financing authority provided by the Federal Columbia River Transmission Act of 1974 (Transmission Act) (Public Law 93-454) and the U.S. Treasury borrowing authority provided by the Transmission Act, the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Pacific Northwest Power Act) (Public Law 96-501) for energy conservation, renewable energy resources, investment in capital fish facilities, and other purposes, the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), and other legislation. Authority to borrow from the U.S. Treasury is available to Bonneville on a permanent, indefinite basis. The amount of U.S. Treasury borrowing outstanding[1] at any time cannot exceed $7.70 billion. Bonneville finances its approximate $4.3 billion annual cost of operations and investments primarily using power and transmission revenues and borrowing from the U.S. Treasury at rates comparable to borrowings at open market rates for similar issues.

This budget has been prepared in accordance with the Statutory Pay-As-You-Go Act (PAYGO) of 2010. Under PAYGO, all Bonneville budget estimates are treated as mandatory and are not subject to the discretionary caps included in the Budget Control Act of 2011. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to Bonneville estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because Bonneville operates within existing legislative authority, Bonneville is not subject to a "pay-as-you-go" test regarding its revision of current-law funding estimates.

[1] Amount of total bonds outstanding can be found on table BP-4 in the Additional Tables section.

Bonneville Power Administration

Funding Profile by Subprogram [1/]

(Accrued Expenditures in Thousands of Dollars)

	Fiscal Year			
	2013 Actuals	2014 Original [/2]	2014 Revised [/2]	2015 Proposed
Capital Investment Obligations				
Associated Project Costs [3/]	186,425	N/A	240,802	239,082
Fish & Wildlife	52,120	N/A	60,275	51,284
Conservation & Energy Efficiency [3/]	78,376	N/A	75,200	92,000
Subtotal, Power Services	316,921	N/A	376,278	382,367
Transmission Services	267,542		648,780	624,730
Capital Equipment & Bond Premium	47,840	N/A	46,897	47,982
Total, Capital Obligations [3/]	632,303	1,178,605	1,071,954	1,055,079
Expensed and Other Obligations				
Expensed	3,364,331	3,046,259	2,940,219	2,996,419
Projects Funded in Advance	230,783	60,511	58,014	46,491
Total, Obligations	4,227,417	4,285,375	4,070,187	4,097,988
Capital Transfers (cash)	223,374	132,442	183,562	209,270
BPA Total	4,450,791	4,417,816	4,253,749	4,307,258
Bonneville Net Outlays	203,000		(10,000)	(10,000)
Full-time Equivalents (FTEs)	2,998	3,100	3,200	3,200

Public Law Authorizations include:

Bonneville Project Act of 1937, Public Law No. 75-329

Federal Columbia River Transmission System Act of 1974, Public Law No. 93-454

Regional Preference Act of 1964, Public Law No. 88-552

Flood Control Act of 1944, Public Law No. 78-543

Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Northwest Power Act), Public Law No. 96-501

Outyear Funding Profile by Subprogram [1/]

(Accrued Expenditures in Thousands of Dollars)

	Fiscal Year			
	2016	2017	2018	2019
Capital Investment Obligations				
Associated Project Costs [3/]	248,293	244,288	255,936	256,717
Fish & Wildlife	36,650	30,795	28,646	44,806
Conservation & Energy Efficiency [3/]	94,760	97,603	100,531	103,547
Subtotal, Power Services	379,703	372,686	385,113	405,070
Transmission Services	637,265	666,242	647,547	548,507
Capital Equipment & Bond Premium	49,067	50,154	49,579	49,837
Total, Capital Obligations [3/]	1,066,036	1,089,082	1,082,239	1,003,413
Expensed and Other Obligations				
Expensed	3,175,940	3,410,219	3,460,654	3,341,610
Projects Funded in Advance	46,253	46,477	55,480	57,153
Total, Obligations	4,288,229	4,545,778	4,598,373	4,402,176
Capital Transfers (cash)	129,819	122,300	114,840	437,360
BPA Total	4,418,049	4,668,077	4,713,213	4,839,536
Bonneville Net Outlays	(10,000)	(10,000)	(10,000)	(10,000)
Full-time Equivalents (FTEs)	3,100	3,100	3,100	3,100

These notes are an integral part of this table.

1/ This budget has been prepared in accordance with PAYGO. Under PAYGO all Bonneville budget estimates are treated as mandatory and are not subject to the discretionary caps included in the Budget Control Act of 2011. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to Bonneville estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because Bonneville operates within existing legislative authority, Bonneville is not subject to a "pay-as-you-go" test regarding its revision of current-law funding estimates.

2/ Original estimates reflect Bonneville's FY 2014 Congressional Budget Submission. Revised estimates, consistent with Bonneville's annual near-term funding review process, provide notification to the Administration and Congress of updated capital and expense funding levels for FY 2014.

3/ Includes infrastructure investments designed to address the long-term needs of the Northwest and to reflect significant changes affecting Bonneville's power and transmission markets.

Additional Notes

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

The cumulative amount of actual advance amortization payments as of the end of FY 2013 is $2,697 million.

Refer to 16 USC Chapters 12B, 12G, 12H, and Bonneville's other organic laws, including P.L. 100-371, Title III, Sec. 300, 102 Stat. 869, July 19, 1988 regarding Bonneville's ability to obligate funds.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

Net Outlay estimates are based on current cost savings to date and anticipated cash management goals. They are expected to follow anticipated management decisions throughout the rate period that, along with actual market conditions, will impact revenues and expenses. Actual Net Outlays are volatile and are reported in Report on Budget Execution and Budgetary Resources (SF-133). Actual Net Outlays could differ from estimates due to changing market conditions, streamflow variability, and continuing restructuring of the electric industry.

Revenues, included in the Net Outlay formulation, are calculated consistent with cash management goals and assume a combination of adjustments. Assumed adjustments include the use of a combination of tools, including upcoming rate adjustment mechanisms, a net revenue risk adjustment, debt service refinancing strategies and/or short-term financial tools to manage net revenues and cash. Some of these potential tools will reduce costs rather than generate revenue, causing the same Net Outlay result. Adjustments for depreciation and 4(h)(10)(C) credits of the Northwest Power Act are also assumed.

FTE outyear data are estimates and may change.

Major Outyear Considerations

Bonneville's outyear estimates reflect its ongoing efforts to achieve its long-term mission and strategic direction. The outyear estimates are developed with consideration of and support of Bonneville's multi-year performance targets that lay out the course for achieving Bonneville's long-term objectives. Outyear capital investment levels support Bonneville's infrastructure program, hydro efficiency program, conservation and energy efficiency projects, and its fish and wildlife mitigation projects.

With passage of the Energy Policy Act of 2005, Bonneville continues to incorporate the various aspects of the legislation related to its business, in particular the energy supply, conservation and new energy technologies for the future that are highlighted in the legislation.

Overview and Accomplishments

Bonneville provides electric power, transmission, and energy efficiency throughout the Pacific Northwest. Bonneville serves a 300,000 square mile area including Oregon, Washington, Idaho, Western Montana, and parts of Northern California, Nevada, Utah, and Wyoming with a population of about 12.3 million people. Bonneville markets the electric power produced from 31 Federal hydro projects in the Pacific Northwest owned by the U.S. Army Corps of Engineers (Corps) and the U.S. Department of Interior, Bureau of Reclamation (Reclamation) – known as Associated Projects. Bonneville also acquires non-Federal power, including the power from the nuclear power plant, Columbia Generating Station (CGS), to meet the needs of its customer utilities. Bonneville maintains and operates 15,239 circuit miles of transmission lines, 261 substations and associated power system control and communications facilities over which this electric power is delivered. Bonneville has capital leases for certain transmission facilities. Bonneville also supports the protection and enhancement of fish and wildlife, and promotes conservation and energy efficiency, as part of its efforts to preserve and balance the economic and environmental benefits of the Federal Columbia River Power System (FCRPS).

The organization of Bonneville's FY 2015 Budget reflects Bonneville's business services basis for utility enterprise activities. Bonneville's two major areas of activity on a consolidated budget and accounting basis include Power Services (PS) and Transmission Services (TS) with administrative costs included. The PS includes line items for Fish and Wildlife, Energy Efficiency, Residential Exchange Program (REP), Associated Projects Operations & Maintenance (O&M) Costs, and Northwest Power and Conservation Council (Planning Council or Council).

The mission of Bonneville is to create and deliver the best value for its customers and constituents as it acts in concert with others to assure the Pacific Northwest: (1) an adequate, efficient, economical and reliable power supply; (2) an open access transmission system that is adequate for integrating and transmitting power from Federal and non-Federal generating units, providing service to Bonneville's customers, providing interregional interconnections, and maintaining electrical reliability and stability; and (3) mitigation of the FCRPS impacts on fish and wildlife. Bonneville is legally obligated to provide cost-based rates and public and regional preference in its marketing of power. Bonneville sets its rates as low as possible consistent with sound business principles and sufficient to ensure the full recovery of all of its costs, including timely repayment of the Federal investment in the system. Bonneville's vision is to provide: (1) high reliability; (2) low rates consistent with sound business principles; (3) responsible environmental stewardship; and (4) accountability to the region. Bonneville pursues this vision consistent with its three core values of trustworthy stewardship of the FCRPS, collaborative relationships, and operational excellence.

Alignment to Strategic Plan and President's Climate Action Plan

Bonneville contributes to the Administration's clean energy goals and aligns to Goal 1 of the Department of Energy's (DOE) Strategic Plan to *Advance foundational science, innovate energy technologies, and inform data driven policies that enhance U.S. economic growth and job creation, energy security, and environmental quality, with emphasis on implementation of the President's Climate Action Plan to mitigate the risks of and enhance resilience against climate change*. Bonneville is currently working to modernize the electric grid in the Northwest through initiatives such as the Smart Grid Demonstration Project, 15-minute Transmission Scheduling and the Syncrophaser Program as well as making significant capital investments in new transmission lines to help integrate wind power and other resources into the power system.

In addition, as part of its responsibilities, Bonneville also promotes energy efficiency, renewable resources and new technologies.

BPA also aligns to Goal 3 of the DOE Strategic Plan to *Position the DOE to meet the challenges of the 21st century and the nation's Manhattan Project and Cold War legacy responsibilities by employing effective management and refining operational and support capabilities to pursue departmental missions*. BPA contributes through Cyber Security, Sustainability, Talent Management, and Safety Policy initiatives.

To validate and verify program performance, Bonneville conducts various internal and external reviews and audits. Bonneville conducts extensive review within the region of both capital and expense programs. In addition, Bonneville's programmatic activities are subject to review by Congress, the U.S. Government Accountability Office (GAO), the DOE's Inspector General, and other governmental entities. Bonneville's financial statements are audited annually by an independent external auditor. Bonneville has received an unqualified audit opinion since the mid-1980s and no material weaknesses have been identified in controls over financial reporting.

Legislative History
The Bonneville Project Act of 1937 provides the statutory foundation for Bonneville's utility responsibilities and authorities. In 1974, passage of the Federal Columbia River Transmission System Act (Transmission Act) applied provisions of the Government Corporation Control Act (31 U.S.C. §§ 9101-9110) to Bonneville. The Transmission Act legislation provided Bonneville with "self-financing" authority, established the Bonneville Fund (a permanent, indefinite appropriation) allowing Bonneville to use its revenues from electric power and transmission ratepayers to directly fund all programs, and authorized Bonneville to sell bonds to the Treasury to finance the region's high-voltage electric transmission system requirements.

In 1980, enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) expanded Bonneville's authorities, obligations and responsibilities to encourage: electric energy conservation to meet regional electric power loads placed on Bonneville; develop renewable energy resources within the Pacific Northwest; assure the Northwest an adequate, efficient, economical, and reliable power supply; promote regional participation and planning; and protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. The Northwest Power Act also established the statutory framework for Bonneville's administrative rates-setting process and established judicial review of Bonneville's final decisions in the Ninth Circuit of the U.S. Court of Appeals.

As of the end of FY 2013, Congress has provided Bonneville with Treasury borrowing authority of $7.7 billion.

The Columbia River Treaty
On December 13, 2013, the U.S. Entity delivered the final regional recommendation concerning the post-2024 future of the Columbia River Treaty to the U.S. Department of State. The final regional recommendation begins by identifying a regional goal for the future of the Treaty post-2024 that involves developing a modernized Treaty framework. The U.S. government is in the process of formally evaluating the future of the Columbia River Treaty.

Judicial and Regulatory Activity
The Energy Policy Act of 2005 authorized the Federal Energy Regulatory Commission (FERC) to approve and enforce mandatory electric reliability standards with which users, owners and operators of the bulk power system, including Bonneville, are required to comply. These standards became enforceable on June 18, 2007, and compliance is monitored by the North American Electric Regulatory Corporation (NERC) and the regional reliability organizations. DOE has taken the position that financial penalties may not be imposed on federal agencies for violations of electric reliability standards.

Fish and Wildlife Program Overview
Bonneville is committed to continue funding its share of the region's efforts to protect and mitigate Columbia River Basin fish and wildlife. To the extent possible, Bonneville is integrating the actions implemented to protect listed species in response to the FCRPS Biological Opinions (BiOps), including the National Oceanic and Atmospheric Administration (NOAA) Willamette River BiOp and the United States Fish and Wildlife Service's (USFWS) 2006 Libby Dam BiOp, with projects implemented under the Council's Fish and Wildlife Program (Council's Program). Sub-basin plans and long-term agreements that include prioritized strategies for mitigation actions will help guide project selection to meet both Bonneville's Endangered Species Act (ESA) and Northwest Power Act responsibilities.

Included with the budget schedules section of this document is the current tabulation of Bonneville's fish and wildlife costs from FY 2004 through FY 2013.

Infrastructure Investment
Bonneville is moving forward with infrastructure investments in the Pacific Northwest to meet transmission needs that will also continue to support a competitive wholesale market in the Western Interconnection, which encompasses 14 western states, two Canadian provinces and one Mexican State. The McNary-John Day line – completed in FY 2012, under budget and ahead of schedule – added 79 miles, and 3 additional proposed transmission lines will add more than 140 miles of lines to the Northwest transmission grid, improving reliability. In combination with other transmission projects, these projects will allow Bonneville to provide service to about 3,881 megawatts (MWs) of requests for Bonneville transmission, including service for 3,138 MWs of additional renewable resource generation. The proposed transmission lines include Bonneville's I-5 Corridor Reinforcement Project, which is currently undergoing environmental review, Central Ferry-Lower Monumental 500kV Reinforcement, which is set to begin construction in spring of 2014, and Big Eddy-Knight 500kV transmission line and substation. If all three projects are constructed along with the McNary-John Day line they will provide almost 6,000 MW of

new transmission service. In addition, Bonneville is continuing to target transmission investments in those areas with reliability needs.

In FY 2012, Bonneville signed two agreements through which the agency agrees to participate with two investor-owned utilities in the environmental work and permitting for the Boardman-to-Hemingway 500kV line. Participation in this preliminary review keeps Bonneville's options open for serving its six southeast Idaho preference customers after the current service agreements are terminated. Bonneville has not made a decision to co-develop or purchase capacity in these projects.

These efforts will help meet the increasing demand for Bonneville's service to meet regional greenhouse gas reduction and environmental goals of western states. In support of these goals and as part of the Regional Dialogue policy implementation, Bonneville is working with stakeholders to review its role in the development and use of energy efficiency.

Bonneville has experienced significant growth within its balancing area of installed variable renewable generation, primarily in the form of wind generation. Since 2001, installed wind generation has grown from 115 MWs to 4,515 MWs through FY 2013. Bonneville estimates as much as 5,600 MWs could be in place by 2015. This substantial increase in variable renewable generation has resulted in additional uncertainties in the balance between load and generation required for maintaining a reliable grid. Wind also is a non-dispatchable source of energy, meaning it cannot be relied upon for capacity. As a result, Bonneville has implemented and continues to study operational tools for integrating this variable generation more cost effectively and reliably. In addition, Bonneville studied the feasibility of further developing storage technologies, including pump storage capabilities at the John W. Keys III Pump Generating Plant. There currently are no plans for further development and Bonneville is continuing to support maintaining the current facility.

Bonneville considers strategies other than the use of Treasury borrowing authority to sustain funding for its infrastructure investment requirements as well. These additional strategies include reserve financing of some amount of transmission investments, and seeking, when feasible, third party financing sources. See the BP-5 Potential Third Party Financing Transparency table in the budget schedules section of this document. This FY 2015 Budget assumes $15 million of annual reserve financing in FYs 2014-2019 for transmission infrastructure capital, which is included in this budget under Projects Funded In Advance.

Radio Spectrum Communications

Bonneville's wireless communication system is used to operate and control critical national transmission grid infrastructure in a reliable, secure and safe manner. Bonneville's communication systems are designed to meet strict reliability/availability objectives as required by NERC and Western Electricity Coordinating Council (WECC) standards. Concerning proper spectrum stewardship, Bonneville designs highly efficient radio systems which use minimal radio frequency (RF) channel bandwidths to meet critical mission needs. However, in certain circumstances, efficiently designed spectrum radio systems will require broad RF channels and/or lower state RF modulation schemes to meet existing and future requirements in order to meet operational and reliability/availability objectives.

In order to meet Bonneville's mission/operational requirements, RF communication equipment approved for system use goes through a rigorous evaluation and testing process. RF spectrum efficiency factors are considered during the evaluation/testing period. RF terminal equipment approved for use is normally purchased directly from vendors and is not typically supplied through an RFP process.

Bonneville operational telecommunications and other capital equipment and systems are acquired using Bonneville's self-financing and procurement authorities. The Bonneville budget includes a system-wide electric reliability performance indicator, consistent with NERC rules, to track and evaluate performance.

Bonneville may share temporarily-available spare capacity on its RF communication system with other government agencies (both Federal and State), and with other electric utilities in the region whose power systems interconnect with Bonneville. Non-critical administrative traffic is typically supported by commercial carrier enterprises. However, to meet NERC/WECC electrical bulk transmission requirements, Bonneville exclusively operates highly critical transmission control traffic over its private telecommunication system as Bonneville has no control over the reliability/availability of the commercial enterprise nor have control on how quickly critical operational control circuits are restored to active service during an interruption.

For high capacity communication system applications, Bonneville considers and operates non-spectrum dependent alternatives such as fiber optic cable infrastructure systems.

During FY 2014, Bonneville plans to begin upgrading the VHF land mobile system and to install a number of digital SONET rings typically consisting of fiber segments in combination with point-to-point microwave hops operating in the 4 GHz and 7/8 GHz bands. These various telecommunication systems operate within Bonneville's approximate 300,000 square mile utility responsibility service territory (Oregon, Washington, Idaho, Montana) with the majority of the RF infrastructure located in low population-rural areas.

The power plants are primarily owned by the Corps and Reclamation, which also utilize federal radio spectrum to preserve very high operational telecommunications and power system reliability.

Bonneville expects to return to Treasury approximately $8 million of excess funds remaining in the Spectrum Relocation Fund in FY 2015.

Financial Mechanisms

Bonneville's program is treated as mandatory and nondiscretionary. Bonneville is "self-financed" by the ratepayers of the Pacific Northwest and does not receive annual appropriations from Congress. Under the Transmission Act, Bonneville funds the expense portion of its budget and repays the Federal investment with revenues from electric power and transmission sales. Bonneville's revenues fluctuate primarily in response to market prices for fuels and stream flow variations in the Columbia River System due to weather conditions and fish mitigation and recovery needs. Through FY 2013, Bonneville has returned approximately $28.8 billion to the Treasury, of which about $3.2 billion was for payment of FCRPS O&M and other costs, $14.4 billion for interest, and $11.1 billion for amortization of appropriations and bonds.

In this FY 2015 Budget, the term Bonneville "bonds" refers to the debt instruments under which Bonneville receives advances of funds from the Treasury. This reference is consistent with section 13(a) of the Transmission Act (P.L. 93-454), which defines Bonneville bonds as all bonds, notes, and other evidences of indebtednesses issued and sold to the Treasury.

Bonneville and Treasury have a comprehensive banking arrangement that covers Bonneville's short- and long-term Federal borrowings and establishes a phased-in approach to a market-based investing program. This provides Bonneville with the ability to borrow to finance assets and, on a short-term basis, to cover Northwest Power Act-related operating expenses. This latter ability provides Bonneville with much needed liquidity to help manage within-year cash flow needs and mitigate risk. Access to this use of Treasury borrowing authority has been incorporated into and relied upon in Bonneville's rate-setting process.

Bonneville initiated a Power Prepayment Program in FY 2013 under which all Bonneville preference customers had an opportunity to submit formal offers to provide lump-sum payments to Bonneville as prepayments of a portion of their power purchases through September 30, 2028, the termination date of the Long-Term Regional Dialogue Power Sales Contracts. Bonneville accepted power prepayments from four preference customers, as described below.

Upon Bonneville's receipt of the agreed-to, lump-sum prepayments, the selected preference customers became entitled to future portions of their electricity from Bonneville without further payment. The power prepayments are and will be reflected in the customers' future power bills from Bonneville as fixed, equal monthly prepayment credits. In effect, the amount of electricity that is prepaid may vary by month, depending on Bonneville's power rates and rate schedules that apply to electricity purchases by the prepaying customers in the related month. Because this is structured as a variable amount prepayment and not as a fixed-price/fixed-amount type of prepayment, Bonneville's flexibility to establish rates for the electric power that is prepaid will not be compromised.

As a result of the Fiscal Year 2013 Prepayment solicitation, Bonneville received $340 million in prepayments, which Bonneville will use to fund needed FCRPS hydroelectric investments. The aggregate prepayment credits are set at $2.55 million per month through FY 2028.

Depending on a variety of factors it is possible that Bonneville may seek to implement later phases of the Power Prepayment Program in connection with future FCRPS hydroelectric investment needs.

Treasury Payments and Budget Overview
Bonneville made its full planned FY 2013 payment of $692 million to the Treasury. Total 4(h)(10)(C) credits associated with fish mitigation and recovery and applied toward Bonneville's Treasury payment, were about $84 million for FY 2013. For FY 2014, Bonneville plans to pay the Treasury $658 million: $184 million to repay investment principal, $385 million for interest, and $90 million for Associated Project costs and pension and post-retirement benefits. The FYs 2015 and 2016 Treasury payments are currently estimated at $715 million and $692 million, respectively. The FYs 2014-2015 4(h)(10)(C) credits are estimated at $97 million and $93 million respectively.

Estimates of interest and amortization levels for outyear Treasury payments are based on estimates from the 2014 transmission and power rate case proposals, which were transmitted to FERC on July 24, 2013, and FERC granted interim approval September 27, 2013. Bond and Appropriations Interest will continue to be revised based on upcoming capital investments and debt management actions. These estimates may change due to revised capital investment plans and actual Treasury borrowing. In recent years, Bonneville has made amortization payments in excess of those scheduled in its FERC-approved rate filings resulting in a balance of advance repayment. The cumulative amount of advance amortization payments as of the end of FY 2013 is about $2,697 million.

Bonneville has direct funding arrangements with the Corps and Reclamation to pay the power related portion of O&M and capital investments. Direct funded capital costs, previously funded through appropriations, are now being paid through Bonneville's borrowing from the Treasury and customer prepayments. Bonneville's total direct funding was $345 million in FY 2013.

This FY 2015 Budget proposes Bonneville accrue expenditures of $2,996 million for operating expenses, $46 million for Projects Funded in Advance (PFIA), $1,055 million for capital investments, and $209 million for capital transfers in FY 2015.

The estimated spending levels in this budget are still subject to change to accommodate competitive dynamics in the region's energy markets, debt management strategies, and the continued restructuring of the electric industry.

Current Financial Status
Bonneville is striving to enhance its competitive, cost-effective delivery of utility products and services and continued delivery of the public benefits of its operations, while ensuring its ability to make its payments to the Treasury on time and in full. Bonneville employs a strategic planning process using the balanced scorecard model to align all business units around specific goals and align resources to achieve these goals. Results from these efforts include continued efficiency gains, performance integration improvements, and a high assurance for repayment of Treasury borrowing.

Continued cost management efforts have helped Bonneville build adequate financial reserve levels to assure full recovery of its costs and long-term financial stability while meeting its overall responsibilities to the Pacific Northwest and U.S. taxpayers.

The Final Record of Decision for the FY 2014-2015 rate case was issued on July 24, 2013 and FERC granted interim approval September 27, 2013.

Budget Estimates and Planning
FY 2013 costs in this FY 2015 Budget are based on Bonneville's FY 2013 audited actuals. FY 2014-2019 expense estimates are based on Bonneville's 2012 Integrated Program Review (IPR) final report. FY 2014-2015 capital estimates are based on Bonneville's IPR2 process that took place in May 2013. FY 2016-2019 capital estimates are based on the IPR final report although Transmission capital and Fed Hydro capital estimates for FY 2016-2019 were updated for shaping.

Capital funding levels reflect Bonneville's capital asset management process and external factors such as the significant changes affecting the West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region and national energy security goals.

Capital investment levels in this FY 2015 Budget reflect executive management decisions from Bonneville's Capital Allocation Board (CAB) and the associated capital review process. Bonneville utilizes a structured capital project selection process requiring submission of a standardized business case for review by Bonneville. Each business case consists of a description of the project, a clear statement of objectives, description and mitigation of risks, and a rigorous analysis of

project costs including a status quo assumption and preferred alternatives. In addition, both annual and end of project targets are set for each project covering cost, scope, and schedule. Progress reports on these targets are provided to Bonneville's senior executives at least quarterly.

The FYs 2014-2019 revenue estimates in this budget, included in the Net Outlay formulation, are calculated consistent with cash management goals. The revenue estimates reflect assumed adjustments, which include the use of a combination of tools, including: upcoming rate adjustment mechanisms; reduced cost estimates; a net revenue risk adjustment; debt management strategies; and/or short-term financial tools to manage net revenues and cash. The revenue estimates also include depreciation and Treasury repayment credit assumptions. These Treasury repayment credits offset, among other things, Bonneville's fish and wildlife program costs allocable to the non-power project purposes of the FCRPS, consistent with the Northwest Power Act.

Overview of Detailed Justifications

Bonneville's Detailed Justification Summaries, included in this FY 2015 Budget, follow present budget requirements for budget line items on the basis of accrued expenditures. Accrued expenditure is the basis of presenting Bonneville's program funding levels in the power and transmission rate making processes and the basis upon which Bonneville managers control their resources to provide products and services. Accrued expenditures relate period costs to period performance. Traditional budget obligation requirements for Bonneville's budget are assumed on the Program and Financing Summary Schedule prepared in accordance with OMB Circular A-11.

The organization of Bonneville's FY 2015 Budget and these performance summaries reflect Bonneville's business services basis for utility enterprise activities. Bonneville's major areas of activity on a consolidated budget and accounting basis include power and transmission, with administrative costs included. Power Services includes line items for Fish and Wildlife, Energy Efficiency, Residential Exchange Program, Associated Projects O&M Costs, and the Council. Environmental activities are shown in the relevant Power Services and Transmission Services sections, as are reimbursable costs. Bonneville's interest expense, pension and post-retirement benefits and capital transfers to the Treasury are shown by program.

The first section of performance summaries, Capital Investments, includes accrued expenditures for investments in electric utility and general plant associated with the FCRPS generation and transmission services, energy efficiency, fish and wildlife, and capital equipment. These capital investments will require budget obligations and expected use of $1,055 million in bonds to be sold to the U.S. Treasury in FY 2015.

The near-term forecast capital funding levels have undergone an extensive internal review as a result of the capital asset management strategy. These capital reviews encompass project cost management initiatives, capital investment assessments, and categorization of capital projects to be funded based on risk and other factors. Consistent with Bonneville's near-term capital funding review process and Bonneville's standard operating budget process, this FY 2015 Budget includes updated capital funding levels for FY 2014. Utilizing this review process helps Bonneville in its efforts to compete in the deregulated wholesale energy market. Bonneville will continue to work with the Corps and Reclamation to optimize the best mix of projects.

In addition to its internal management assessment of capital investments, Bonneville has developed and implemented an associated external capital investment review process that provides significant benefits to Bonneville. The combined internal and external processes add value by both improving direction on what the FCRPS invests in (tying investments more closely to agency strategy) and by improving how those investments are made (more detailed analysis and review of capital investments and their alternatives).

Bonneville's second section of the performance summaries, entitled Annual Operating Expenses, includes accrued expenditures for services and program activities financed by power sales revenues, transmission services revenues and projects funded in advance. For FY 2015, budget expense obligations are estimated at $2,996 million. The total program requirements of all Bonneville programs include estimated budget obligations of $4,098 million in FY 2015.

Evidence and Analysis in the Budget

Consistent with the President's emphasis on evidence and evaluation in the budget, Bonneville has undertaken several initiatives to determine appropriate budget expenditures.

Bonneville's strategy specifically calls out the need for its key systems and processes to employ best practices and emphasize cost performance. In order to aggressively pursue cost reductions and revenue enhancements, several years ago Bonneville, along with external contractor KEMA, embarked on the Enterprise Process Improvement Program (EPIP). KEMA looked at 70 different functions across Bonneville and, using benchmarking and prioritization, identified 23 where potential efficiencies could be found. Bonneville then launched individual EPIP projects across the agency to develop and implement specific changes in how we conduct our business.

As the EPIP projects concluded, Bonneville built on the EPIP work by focusing on institutionalizing operational excellence – continuous improvement that produces more efficient and effective ways to deliver on Bonneville's mission and vision. Bonneville has established a Strategy Execution organization which provides programs and processes to improve business operations, and the quality of outputs, while applying the tools and principles of operational excellence in alignment with the vision of the Bonneville strategic direction. In FY 2012, Bonneville embarked on an extensive assessment of utility benchmarking and elected to adopt a benchmarking program to support meaningful evidence of efficiency and cost-effectiveness. The Bonneville Benchmarking & Operational Excellence Program has comprehensively benchmarked four specific strategic focus areas around Safety, Supply Chain, Reliability Compliance, and Energy Accounting and Determination of Loads.

FTE projections for FY 2014 and FY 2015

Bonneville is committed to restoring its HR functions to full compliance with all applicable laws and regulations. The estimated FTE amounts for FY 2014 and FY 2015 are increased by 100 FTEs for flexibility to address the remedial actions that may be necessary to provide priority consideration to individuals who were disadvantaged between November 2010 and April 2013. Review of Bonneville's past hiring practices is ongoing.

Power Services - Capital
Funding Schedule by Activity

Funding ($K)

	FY 2013 Current	FY 2014 Estimate	FY 2015 Estimate	FY 2015 vs FY 2014 $	FY 2015 vs FY 2014 %
Power Services - Capital					
Associated Project Costs	186,425	240,802	239,082	-1,720	-1%
Fish & Wildlife	52,120	60,275	51,284	-8,991	-15%
Energy Efficiency	78,376	75,200	92,000	16,800	22%
Total, Power Services - Capital	316,921	376,278	382,367	6,089	2%

Outyears ($K)

	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Power Services - Capital					
Associated Project Costs	239,082	248,293	244,288	255,936	256,717
Fish & Wildlife	51,284	36,650	30,795	28,646	44,806
Energy Efficiency	92,000	94,760	97,603	100,531	103,547
Total, Power Services - Capital	382,367	379,703	372,686	385,113	405,070

Program Overview

Associated Project Costs provide for direct funding of additions, improvements and replacements of existing Reclamation and Corps hydroelectric projects in the Pacific Northwest. The FCRPS hydro projects produce electric power that is marketed by Bonneville.

Maintaining the availability and increasing the efficiency of the FCRPS is critical to ensuring that the region has an adequate, reliable and low-cost power system. The FCRPS represents about 80 percent of Bonneville's firm power supply and is comprised of 31 operating Federal hydroelectric projects with over 200 generating units. These projects have an average age of about 50 years, with some that exceed 60 years of age. Through direct funding and the cooperation of the Corps and Reclamation, Bonneville uses its Treasury borrowing authority and customer prepayment program to make investments needed to restore generation availability and improve efficiency, reducing demand on Corps and Reclamation appropriations for power-related investments.

Since the beginning of direct funding in FY 1997, Bonneville, along with these joint operating partners, has improved system performance. In 1999, at the direction of Congress, Bonneville issued a report that it soon began to implement called the "Asset Management Strategy for the FCRPS." Bonneville concluded in this report that it needed to invest nearly $1 billion in the projects over the ensuing 12 to 15 years. Supplementary analyses and experience with the system have revealed additional investment needs above and beyond the levels originally planned under the 1999 Asset Management Strategy well in to the future. In 2008, 2010, and again in 2012, Bonneville updated the System Asset Strategy and refined the long-term capital investment needs to preserve the performance of the system.

These planned investments, included in the FY 2015 Budget estimates, will maintain the generation performance of the FCRPS. Moving forward with the cost-effective opportunities to expand the generation and to preserve and enhance the capability of the Federal system is a smart economic and environmental decision when compared to purchasing power from the market to serve growing Pacific Northwest electricity needs.

Bonneville's fish and wildlife capital program is directed at activities that improve Columbia River Basin fish and wildlife resources, including projects designed to increase juvenile and adult fish passage in tributaries, to increase fish production and survival through construction of hatchery and acclimation facilities, land acquisitions for resident fish and wildlife habitat that follow Bonneville's Capitalization Policy, and fish monitoring facilities. Capital project funding integrates ESA-related priorities with the region's Columbia River Basin Fish and Wildlife Program in order to efficiently meet Bonneville's legal responsibilities to provide mitigation for hydrosystem impacts to Columbia River Basin fish and wildlife and facilitate salmon and steelhead protection and recovery.

Projects recommended by the Council undergo independent review as directed by the 1996 Energy and Water Appropriations Act , which added section 4(h)(10)(D) to the Northwest Power Act. As a result, the Council appoints an Independent Scientific Review Panel (ISRP) "to review a sufficient number of projects" proposed to be funded through Bonneville's fish and wildlife budget "to adequately ensure that the list of prioritized projects recommended is consistent with the Council's program." The Northwest Power Act further states that " . . . in making its recommendations to Bonneville, the Planning Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Today, most mitigation projects funded by Bonneville receive ISRP review as part of the Council recommendation process. The Council has shifted to a multi-year project review cycle during which the ISRP will review categories of projects grouped together; e.g., all anadromous fish habitat projects were recently reviewed.

Under the Northwest Power Act, the Council must develop a fish and wildlife program that protects, mitigates and enhances Columbia River Basin fish and wildlife affected by the Federal and non-Federal hydroelectric projects in the basin. Sub-basin plans and long-term agreements include prioritized strategies for mitigation actions will help guide project selection that meets both Bonneville's responsibilities under the Northwest Power Act, ESA and other laws. In order to address the *in lieu* provision of the Northwest Power Act, which prohibits Bonneville from funding mitigation that other entities are authorized or required to undertake, 16 U.S.C. § 839b(h)(10)(A), Bonneville continues its ongoing work with the Council and the regional fish and wildlife managers, customers, and tribes to review projects to ensure ratepayers fund appropriate mitigation.

Fish and Wildlife Program costs provide funding to implement measures to protect fish and wildlife in the Columbia River and its tributaries that are listed as threatened or endangered under the ESA and the protection, mitigation, and enhancement, of fish and wildlife impacted by the development and operation of the FCRPS as authorized under the Northwest Power Act.

Bonneville continues a comprehensive approach to integrate the ESA requirements of the FCRPS Biological Opinions with the broad resource protection, mitigation and enhancement objectives of the Council's Program, adopted by the Council pursuant to the Northwest Power Act. Bonneville satisfies a major portion of its fish and wildlife responsibilities by funding projects and activities that implement the Program. This includes a number of wildlife mitigation settlements for dam impacts, most recently a 2010 agreement addressing the Willamette Basin in Oregon. It includes the construction and operation of hatcheries to offset fish habitat lost from the development and operation of the FCRPS. Bonneville also implements measures addressed to avoid jeopardizing listed salmon and steelhead as required under the ESA.

The ESA measures are part of the most recent BiOps issued by NOAA in 2008/2010 and USFWS in 2006.

- In February 2006, USFWS issued a new BiOp for Libby Dam for the Kootenai River white sturgeon and bull trout. A subsequent Settlement Agreement between USFWS and the Center for Biological Diversity was memorialized by modifying the BiOp in 2008. Discussions are ongoing as to when and whether additional consultation is necessary as the Action Agencies (Corps, Reclamation, and Bonneville) move forward with finalizing the consultation on bull trout.
- In 2010 USFWS designated critical habitat for bull trout (following USFWS's issuance in 2000 of a BiOp for FCRPS impacts on bull trout). The action agencies have begun to prepare a biological assessment covering FCRPS operational effects on bull trout critical habitat.
- In May 2008, NOAA issued a new FCRPS BiOp for 13 listed species of salmon and steelhead, augmented in a 2010 Supplemental BiOp and Adaptive Management Implementation Plan, which continue to be challenged in Oregon District Court. Additional species included in the 2008 consultation included North American green sturgeon and Southern Resident killer whales. On August 2, 2011, the Federal District Court issued an opinion and order rejecting the 2008/2010 BiOp because it failed to identify specific and verifiable mitigation plans beyond 2013. However, the Federal District Court left the BiOp in place through 2013 while ordering a new supplemental BiOp. As required by the 2008 BiOp and to facilitate NOAA's development of a supplemental 2014 BiOp, on January 10, 2014, the Action Agencies released, among other documents, a 2014-2018 Implementation Plan describing the mitigation actions that will be implemented to achieve BiOp objectives.
- In July 2008, USFWS and NOAA issued Willamette River BiOps to address impacts from 13 federal dams on salmon, steelhead, Oregon chub, and bull trout. Implementation of a BiOp measure related to hatchery fish in the McKenzie River is the subject of current litigation in Federal District Court, and also related to formal consultation with NOAA regarding operation of the McKenzie hatchery.
- On January 17, 2014, NOAA released its 2014 Supplemental BiOp. In the BiOp, NOAA indicates that it is encouraged to find that improvements at the federal dams on the lower Columbia and Snake rivers as well as rehabilitation of habitat and other actions are benefitting federally protected salmon and steelhead as much or more than anticipated five years ago.

These BiOps collectively require the action agencies (Corps, Reclamation, and Bonneville) to implement hydro, habitat, hatchery and other actions throughout the Columbia River Basin to address impacts stemming from the operation of the Federal hydro-electric dams on ESA-listed fish, and to ensure that operations of the Federal dams do not jeopardize the continued existence of the listed species or adversely modify their designated critical habitat.

In addition to the 2008 NOAA FCRPS BiOp, the action agencies also signed the 2008 Columbia Basin Fish Accords (Fish Accords or Accords) with five Northwest Tribes, and the states of Idaho and Montana. In 2009, an agreement was signed with the state of Washington and federal agencies (the state of Washington Estuary agreement). And in 2012 the federal agencies signed an agreement with the Kalispell Tribe of Indians covering Albeni Falls Dam and FCRPS operations. The Fish Accords supplement the activities encompassed within the 2008/2010 BiOp and the Council's Program by providing firm commitments to prioritized mitigation actions and securing funding for 10 years. As a result of the 2008 FCRPS BiOp, the Supplemental FCRPS BiOps issued in 2010 and 2014, and the Fish Accords, as discussed below, expenditures above those planned in FY 2009 are required in FY 2011 and beyond.

These BiOps and Fish Accord commitments, and other projects undertaken to implement the Council's Program pursuant to the Northwest Power Act, are the basis for the Bonneville Fish and Wildlife Program's planned capital investment.

Energy Efficiency is an important part of Bonneville's diverse portfolio of resources that provides a reliable approach to meeting Bonneville's load obligations. When acquiring resources to meet planned future loads, the Northwest Power Act requires the Administrator to first consider and acquire cost-effective conservation that the Administrator determines is consistent with the Council's Power Plan. The Council's 6th Power Plan, finalized in February 2010, established a regional target of 1,200 aMW of energy efficiency in 2010 through 2014. Bonneville, in collaboration with its Public Power Customers, has taken responsibility for Public Power's share of the regional target, approximately 42 percent (504 aMW) of that target. Bonneville anticipates that between 250 and 300 aMW of this amount will be acquired under its capital energy efficiency program. Beginning in FY 2012 at least 70% of this energy efficiency budget was allocated to utilities to fund energy efficiency incentives with the remainder going to support regional programs. Program performance measurements ($/aMW) indicate that Bonneville is realizing value for these investments relative to other resources.

In general, long-term investments in energy efficiency help buffer the FCRPS against future resource uncertainties and during periods of price volatility, energy efficiency reduces financial risk associated with relying on the market for energy purchases in the future.

Accomplishments

- Issued final Record of Decision for the FY 2014-2015 rate case on July 24, 2013.
- Facilitated integration of 4,515 MW of wind generation through FY 2013.
- Completed high voltage cable replacement, governor and exciter replacement, and all other pre-overhaul work in the Grand Coulee Third Power Plant.
- Completed T6 transformer replacement at Ice Harbor.
- Completed DC system upgrades at The Dalles.
- Completed refurbishment of the spillway tainter gates at Dexter.
- The returns of adult salmon and steelhead to the Columbia River system from 2009 to 2013 vary by species, but many stocks (especially Snake River fall Chinook and Snake River sockeye) have returned at the highest numbers in decades. Research shows that survival of juvenile salmon and steelhead migrating down the Snake and Columbia rivers has improved in recent years and is on track to meet performance standards of 96 percent survival per dam for spring-migrating fish and 93 percent survival for summer migrants.

Explanation of Changes

Bonneville's budget includes $382 million in FY 2015 for Power Services capital, which is a 1.6 percent increase over the FY 2014 forecasted level. The FY 2015 level reflects a continuing need for investment in the hydro electric system assets, funding necessary to implement the BiOp, Fish Accords, Columbia Basin Fish and Wildlife activities, and a continued commitment to energy efficiency initiatives by public power within the region.

The FY 2015 budget decreases the levels for Associated Projects (-$1.7 million), decreases Fish & Wildlife (-$8.9 million), and increases Energy Efficiency (+$16.8 million) relative to FY 2014.

Strategic Management

Bonneville provides electric power while supporting the achievement of its vital responsibilities for fish and wildlife, energy efficiency, renewable resources and low-cost power in the Pacific Northwest. Bonneville will continue to implement the following strategies to serve the region:

1. Bonneville coordinates its power operational activities with the Corps, Reclamation, NERC, regional electric reliability councils, its customers, and other stakeholders to provide the most efficient use of Federal assets.
2. Ongoing work with the Corps and Reclamation is focused on improving the reliability of the FCRPS, increasing its generation efficiency, and optimization of hydro facility operation.
3. Bonneville is committed to continue funding efforts to protect listed fish and wildlife species in the Columbia Basin under the ESA and to work closely with the Council, regional fisheries managers, and other Federal agencies to prioritize and manage fish and wildlife program projects.
4. Bonneville's utility customers have been and continue to be a critical part of Bonneville's collaborative efforts to promote and foster efficient use of energy.

5. Bonneville has partnered and assisted with a DOE Wind Power crosscutting initiative to strengthen energy security by adding alternative sources of renewable energy.

The following external factors present the strongest impact to overall achievement of the program's strategic goal:

1. Continually changing economic and institutional conditions
2. Competitive dynamics
3. Ongoing changes in the electric industry

Associated Projects

Overview

Bonneville will work with both the Corps and Reclamation to reach mutual agreement on those capital improvement projects that need to be budgeted and scheduled, are cost-effective and provide system or site-specific enhancements, increase system reliability, or provide generation efficiencies.

The work is focused on improving the reliability of the FCRPS, increasing its generation efficiency or capacity through turbine runner replacements, optimizing hydro facility operation and new unit construction. Also, limited investments may be made in joint use facilities that are beneficial to both the FCRPS operations and to other Corps and Reclamation project purposes.

Corps of Engineers Projects

($K)		
FY 2013	**FY 2014**	**FY 2015**
124,912	177,026	166,343

Bonneville Dam:

- **FY 2013.** Completed protective relay replacements, Powerhouse 2 gantry crane rehabilitation, and additional crane and deck refurbishments. Continued elevator replacement, main unit breakers, station service upgrades, headgate refurbishment/replacements, fire protection upgrades, governor replacements, vibration and air gap monitoring, and transformer improvements. Began Powerhouse 2 transformer refurbishment.
- **FY 2014.** Continue governor replacements, headgate refurbishment/replacements, vibration and air gap monitoring, transformer improvements, main unit breakers, replacement, station service upgrades, Powerhouse 2 transformer refurbishment, and fire protection upgrades. Begin Generator Step Up (GSU) transformer instrumentation and governor oil filtration system.
- **FY 2015.** Complete governor replacements. Continue main unit breakers, governor oil filtration system, vibration and air gap monitoring, GSU transformer instrumentation, and fire protection upgrades. Continue Powerhouse 2 transformer refurbishment, and station service upgrades.

John Day Dam:

- **FY 2013.** Completed elevator rehabilitation and protective relay replacements. Continued fire protection upgrades, governor replacements, Baldwin Lima Hamilton (BLH) turbine hub upgrades, DC system upgrades and station service transformer replacements. Began draft tube bulkhead refurbishment.
- **FY 2014.** Continue governor replacements, DC system upgrades, BLH turbine hub upgrades, station service transformer replacements, draft tube bulkhead refurbishment, and fire protection upgrades.
- **FY 2015.** Continue governor replacements, DC system upgrades, BLH turbine hub upgrades, draft tube bulkhead, station service transformer replacements, and fire protection upgrades. Begin transformer and powerhouse oil/water separator.

The Dalles Dam:

- **FY 2013.** Completed DC system upgrades, powerhouse roof replacement, elevator rehabilitation, and spare 230 kV transformer purchase. Continued governor replacement, preferred AC system upgrades, and fire protection design and upgrades. Began Station Control Console (SCC) control replacement and tailrace gantry crane rehabilitation.
- **FY 2014.** Complete preferred AC upgrades and continue governor replacements, fire protection upgrades, SCC control replacement, and tailrace gantry crane refurbishment. Begin transformer replacements.
- **FY 2015.** Complete fire protection upgrades and governor replacements. Continue SCC control replacements, tailrace gantry crane and transformer replacements.

Willamette Plants:

- **FY 2013.** Completed protective relay replacements at Green Peter and Foster, digital governor replacement at Hills Creek and spillway tainter gate work at Dexter. Continued transformer oil/water separator installation at Cougar and Hills Creek, electric reliability upgrades at Dexter, and emergency engine generator at Lookout Point. Continued governor replacement at Foster, Green Peter, and Lost Creek. Continued turbine runner replacements

at Hills Creek and Lookout Point, penstock roller gate work at Lookout Point, spillway tainter gate work at Big Cliff. Began governor replacements at Big Cliff, Cougar, Detroit, Lost Creek and Dexter. Began spillway tainter gate work at Green Peter.

- **FY 2014.** Complete spillway tainter gate repair at Big Cliff. Complete transformer oil/water separation at Cougar and Hills Creek. Continue turbine runner replacement at Lookout Point and Hills Creek. Continue governor replacement at Lookout Point, and electrical reliability at Dexter. Continue governor replacements at Big Cliff, Cougar, Dexter, Detroit, Foster, and Green Peter. Continue butterfly valve replacement at Lost Creek. Begin transformer oil/water separation at Green Peter, Dexter, and Foster. Begin main unit breaker replacement at Foster. Begin Generic Data Acquisition and Control System (GDACS) installation at all Willamette Valley plants.
- **FY 2015.** Complete spillway tainter gate repair at Lookout Point and butterfly valve replacement at Lost Creek. Complete turbine runner replacements at Hills Creek and Lookout Point. Complete governor replacements at Cougar, Dexter, Detroit, Foster, Green Peter, and Lookout Point. Complete electrical reliability upgrades at Dexter. Continue transformer oil/water separation at Green Peter, Dexter, and Foster and spillway tainter gate repair at Green Peter. Continue main unit breaker replacement at Foster. Continue GDACS installation at all Willamette Valley plants. Begin main unit breaker replacement at Green Peter.

Albeni Falls:

- **FY 2013.** Completed DC system boards and breaker replacement, continued intake and spillway crane modernization and spillway gate modifications. Began tailrace stoplogs.
- **FY 2014.** Complete DC system boards and breaker replacement, spillway crane modernization, spillway gate modifications, intake crane modernization and tailrace stoplogs.
- **FY 2015.** Begin transformer replacement.

Libby Dam:

- **FY 2013.** Completed exciter replacement and continued governor replacement. Began powerhouse and dam electrical distribution equipment replacement.
- **FY 2014.** Begin governor installation. Continue powerhouse and dam electrical distribution equipment replacement.
- **FY 2015.** Continue governor installation and powerhouse and dam electrical distribution equipment replacement. Begin station service Motor Control Center (MCC) replacement.

Chief Joseph Dam:

- **FY 2013**. Completed 480-V upgrade/SQ0 substation replacement and automatic synchronizer replacement. Continued exciter replacements, protective relay replacements, DC and preferred AC upgrades and turbine replacements. Began governor replacement and generator cooling system upgrades.
- **FY 2014**. Complete DC and preferred AC upgrades and protective relay replacements. Continue exciter replacements, generator cooling system upgrades, and turbine replacements. Begin governor installation.
- **FY 2015**. Complete powerhouse HVAC upgrades. Continue exciter replacement, governor installation, generator cooling system upgrades, and turbine replacements.

Dworshak Dam

- **FY 2013**. Completed unit 2 thrust bearing replacement. Continued unit 3 standby generator guide bearing and oil cooler assemblies and powerhouse HVAC upgrade. Began governor replacement design.
- **FY 2014**. Complete unit 3 standby generator guide bearing and oil cooler assemblies and powerhouse HVAC upgrade. Begin governor replacement.
- **FY 2015**. Continue governor replacement.

McNary Dam

- **FY 2013**. Completed protective relay replacements, generator winding replacements on units 3 and 8, and fishway exit cranes replacement. Continued station service rehabilitation, heat pump replacement, potable water system upgrade, turbine design and replacement, and levee drainage pump station upgrades. Began main unit governor replacement.
- **FY 2014**. Complete generator rewinds for units 4 and 11 and heat pump replacement. Continue generator winding replacements, station service rehabilitation, turbine design and replacement, potable water system upgrade and

levee drainage pump station upgrades. Continue main unit governor replacement design. Begin exciter replacement.

- **FY 2015**. Complete generator winding replacements. Continue turbine design and replacement, station service rehabilitation, exciter replacement potable water system upgrade and levee drainage pump station upgrades. Begin governor installation.

Ice Harbor

- **FY 2013**. Completed T6 transformer replacement. Continued units 2 and 3 runner replacements, 480 voltage switchgear (SQ) board replacements, DC system upgrade, and drainage and dewatering pump upgrade. Started main unit governor replacement, and unit 1 runner replacement.
- **FY 2014**. Complete low voltage switchgear SQ board replacements and DC system upgrade. Continue units 1-3 runner replacements and governor replacement. Begin oil storage and handling upgrade.
- **FY 2015.** Complete main unit governor install and oil storage and handling upgrade. Continue units 1-3 runner replacements. Begin HVAC controls upgrade.

Little Goose

- **FY 2013**. Completed thrust bearing shoes, runner and oil coolers replacement and diesel generator replacement. Continued exciter replacements, powerhouse bridge crane rehabilitation, wastewater treatment plant upgrades and intake crane replacement. Began governor replacement design.
- **FY 2014**. Complete exciter replacements. Continue powerhouse bridge crane rehabilitation. Continue wastewater treatment plant upgrades. Begin governor installation.
- **FY 2015.** Continue governor installations and powerhouse bridge crane rehabilitation. Begin spare tailrace stoplogs.

Lower Granite

- **FY 2013.** Completed SQ2 replacement, exciter replacements, diesel generator replacement and intake crane replacement. Continued powerhouse bridge crane refurbishment, powerhouse HVAC upgrade, unit 1 linkage repair, and sewage treatment plant upgrade. Began governor replacement design.
- **FY 2014.** Complete sewage treatment plant upgrade. Continue powerhouse HVAC upgrade and powerhouse bridge crane refurbishment. Begin governor replacement and unit 1 linkage replacement.
- **FY 2015**. Complete powerhouse HVAC upgrade and sewage treatment plant upgrade. Continue powerhouse bridge crane refurbishment and unit 1 linkage replacement. Continue governor replacement.

Lower Monumental

- **FY 2013**. Completed intake crane replacement, SQ2 replacement, diesel generator replacement, and exciter replacements. Continued unit 1 linkage replacement. Began governor replacement design and unit 1 rewind.
- **FY 2014**. Continue unit 1 linkage replacement and generator rewind. Begin governor replacement.
- **FY 2015**. Continue unit 1 linkage replacement and generator rewind, continue governor replacement.

Bureau of Reclamation Projects
($K)

FY 2013	FY 2014	FY 2015
61,513	63,776	72,739

Grand Coulee

- **FY 2013.** Completed air housing cooler replacements, material storage building, third power plant elevator rehabilitation, third power plant crane rehabilitation, exciter and governor replacement, fixed wheel gate chamber modifications, and high voltage cable replacement. Continued Supervisory Control and Data Acquisition (SCADA) replacement, 500 kV switchyard relay replacements, units 19-24 wear ring replacements, left power plant transformer replacements, units 19-21 upgrades including winding replacements, purchase of another left and right powerhouse spare winding, and hydro optimization investigations with related equipment installations.
- **FY 2014.** Continue SCADA replacement, 500 kV switchyard relay replacements, left power plant transformer replacements, purchase of another left and right powerhouse spare winding, units 19-21 upgrades including winding replacements, units 19-24 wear ring replacements, and hydro optimization investigations with related equipment installations.
- **FY 2015.** Continue SCADA replacement, left powerplant transformer replacement, 500 kV switchyard relay replacements, purchase of another left and right powerhouse spare winding, units 19-21 upgrades including winding replacements, G19-24 wear ring replacements, and hydro optimization investigations with related equipment installations. Begin right powerplant transformer replacements.

Hungry Horse

- **FY 2013**. Completed powerhouse roof replacement, and continued SCADA replacement, main unit transformer fire protection system replacement, and Station Service and MCC upgrades.
- **FY 2014**. Continue SCADA replacement, main unit transformer fire protection system replacement, and SS and MCC upgrades.
- **FY 2015.** Complete SCADA replacement and SS and MCC upgrades, continue main unit transformer fire protection system replacement, and begin exciter and governor replacement.

Chandler

- **FY 2013**. Continued transformer replacement.
- **FY 2014.** Complete transformer replacement.

Palisades

- **FY 2013**. Continued turbine runner replacement.
- **FY 2014.** Continue turbine runner replacement.
- **FY 2015.** Continue turbine runner replacement.

Green Springs

- **FY 2013**. Continued transformer replacement and began exciter replacement.
- **FY 2014.** Continue exciter replacement and transformer replacement.
- **FY 2015**. Continue exciter replacement.

Black Canyon

- **FY 2013.** Continued additional unit, units 1 and 2 upgrades, and trash rake system design.
- **FY 2014.** Continue additional unit, units 1 and 2 upgrades, and trash rake system designs.
- **FY 2015**. Continue additional unit, units 1 and 2 upgrades, and trash rake system designs.

Fish & Wildlife ($K)		
FY 2013	FY 2014	FY 2015
52,120	60,275	51,284

Overview

Bonneville continues to develop budgets based on the suite of mitigation projects it adopted in FY 2007 based on recommendations from the Council. Bonneville reaffirmed many project-specific commitments in subsequent agreements and processes, including BiOps and Fish Accords. These funding decisions embrace the management objectives and priorities in the Council's Program and integrate ESA responsibilities as described in the NOAA Fisheries' and USFWS's FCRPS BiOps. Coordination continues among Bonneville, Council, Federal resource management agencies, states, tribes and others to support projects to satisfy Bonneville's mitigation responsibilities.

Bonneville intends to continue implementing the kinds of projects listed below. These projects are based upon the best available science and are regionally important in that they provide high priority mitigation and recovery actions for fish and wildlife populations as affected by the construction and operation of the FCRPS power facilities. Projects and facilities listed below deliver direct on-the-ground benefits to both ESA listed and non-listed fish and wildlife throughout the Columbia River Basin and have been evaluated and coordinated with the Council, state, Federal and tribal fish and wildlife resource managers, local governments, watershed and environmental groups and other interested parties. Specifically, as capital construction projects, these facilities typically go through the Council's three-step process, which includes development of a Master Plan, environmental compliance, ESA consultation, value engineering analysis, and review by the Independent Science Review Panel.

Implementation of reforms to FCRPS hatchery programs that help reduce impacts on ESA-listed species, as called for under NOAA Fisheries' FCRPS BiOp, is done following ESA consultations with NOAA, and USFWS where appropriate, on the development of hatchery genetic management plans, which will establish both specific reforms to individual facilities, as well as priorities for sequencing implementation.

Bonneville also may capitalize the investment in some fish and wildlife habitat acquisitions if such investment provides a creditable and quantifiable benefit against a defined obligation for Bonneville and follows Bonneville's Capitalization Policy.

The three types of projects that Bonneville capitalizes are as follows:

1) Tributary passage -- Activities that enhance fish passage to tributary rivers. For the purpose of capitalization, a tributary is defined by the Council designated sub-basin of the tributary. Functionally interdependent work elements could contain the following: wells, ladders, screens, pumping, culverts, diversion (irrigation) consolidation, piping to reduce water loss, irrigation efficiencies (drip irrigation), lining of ditches (seepage reduction), removal of damming objects or pushup dams in conjunction with related construction, and construction related habitat restoration.
2) Hatchery facility construction -- Projects and activities relating to the construction of fish hatcheries, including related satellite facilities (acclimation ponds and collection weirs). This may also include construction-related habitat restoration.
3) Land acquisition -- Land acquisition projects protect, enhance, and maintain instream wetland and riparian habitat and provide credit to Bonneville, such as habitat units (HUs) or acres for wildlife or instream miles for resident fish, to fulfill the legal obligation of Bonneville to mitigate the impacts from construction and operation of the FCRPS power facilities.

Anadromous fish supplementation, production and related facilities that may require capital funds in FY 2015 include the following:

<u>Requesting Expenditure Authority for the following project:</u>

-Black Canyon Trout Hatchery: The Shoshone Paiute Tribes of the Duck Valley Reservation propose that Bonneville fund the purchase and renovation of an existing privately-owned trout hatchery near Pocatello, Idaho, just outside the boundaries of the Columbia River Basin. The purchase could occur as early as FY 2015. The Tribes would own and operate the hatchery to produce trout for stocking in reservoirs located on the Duck Valley Reservation. Bonneville would fund the capital renovation at the hatchery to meet contemporary aquaculture standards and achieve fish production goals. The Tribe

believes it can reduce federal reservoir stocking costs if it owns and operates the hatchery.

The FY 2014 Omnibus Appropriations Act (Public Law No. 113-76) provided expenditure for the following projects:

- John Day Reprogramming and Construction: This project is being proposed by the Columbia River Inter-Tribal Fish Commission (CRITFC) under the Accords to work on the balance between upriver and down river salmon hatchery production mitigating for John Day and The Dalles Dams. Final reprogramming facilities and locations are still being analyzed by the Tribes, the Corps and Bonneville. The project area encompasses the mainstem Columbia River from the base of McNary Dam downstream to The Dalles Dam. Capital dollars for this project will help fund constructing additions to new or existing FCRPS hatchery facilities to accommodate the reprogramming of hatchery fish.

- Columbia River Basin White Sturgeon Hatchery: The Columbia River Basin White Sturgeon Hatchery, proposed by the CRITFC under the Accords, will mitigate for white sturgeon population declines due to consistent poor recruitment upstream of Bonneville Dam. Expected production at a new or existing facility will be 15,000 - 20,000 yearling white sturgeon per year. The final project may include broodstock collection and holding, rearing wild-spawned juveniles, and acclimating juveniles prior to release. A location for the facility has not yet been determined, but it will likely be located within 60 miles of the confluence of the Columbia and Snake Rivers.

- Kelt Reconditioning and Reproductive Success Evaluation Research: CRITFC, under the Accords, is proposing a relatively small holding tank facility to recondition female steelhead (kelts) after they have spawned. The fish will be held and fed until they have rematured and then be released into the Snake River where they will contribute to the spawning run. The capital portion of the project is expected to be constructed in the Snake River Basin, potentially at Lower Granite Dam. As specified in the 2008 FCRPS BiOp and Supplemental FCRPS BiOps issued in 2010 and 2014, Bonneville will implement the kelt reconditioning plan to improve the productivity of Snake River basin B-run steelhead populations that are listed for protection under the ESA. NOAA's analysis of Prospective Actions indicates that a combination of transportation, kelt reconditioning, and in-stream passage improvements (e.g. spill-flow modifications) could increase kelt returns enough to increase the number of returning Snake River B-run steelhead spawners to Lower Granite Dam by a target of 6% as specified under the BiOp.

Ongoing Projects:

- Kootenai River Native Fish Conservation Aquaculture Program: The Kootenai Tribe of Idaho has started the construction of a new hatchery on tribally owned land at the confluence of the Moyie and Kootenai rivers (Twin Rivers). This new facility will address current physical space limitations that has challenged expansion of the existing Tribal Sturgeon Hatchery located near Bonners Ferry. The Twin Rivers site offers high quality ground and surface water needed to support the aquaculture objectives for Kootenai River white sturgeon and burbot. This location may also help to extend the river reaches where Kootenai sturgeon imprint and ultimately return to spawn. Bonneville completed an Environmental Assessment with findings of no significant impact in April 2013.

Facilities under construction include dual water supplies and filtration, incubation rooms, juvenile rearing tanks and ponds, spawning channels, support facilities and staff housing. The Tribe is also proposing the experimental use of remote streamside incubation and early rearing facilities to imprint Kootenai sturgeon upstream of the new hatchery site. The improvements the Tribe proposed for the existing Tribal Sturgeon Hatchery would enhance sturgeon handling and rearing capabilities. A new spawning room would eliminate the current need to relocate large fish from one building to another. A safer means to transport large adults to and from the river would be provided, in addition to a number of measures to improve fish culture practices and program efficiency and success.

- Crystal Springs Hatchery Facilities: This project is for facilities for rearing and out-planting resident and anadromous fish in central and southern Idaho. The facility is located near the American Falls Reservoir in Idaho. Resident fish that may be produced include Yellowstone Cutthroat. The anadromous fish may include Snake River spring Chinook salmon Snake River steelhead, and Snake River sockeye. The facility is sponsored by the Shoshone-Bannock Tribes under their Accord, who are expected to operate and manage the facility once it is complete. A final Environmental Impact Statement is expected to be complete in 2015-2016.

- Snake River Spring Chinook Salmon artificial propagation facilities (known as the Northeast Oregon Hatchery or NEOH): to be located on the Upper Grande Ronde River near La Grande, Oregon, on Catherine Creek near Union, Oregon, and on Lostine River near Enterprise, Oregon. While design has been ongoing for this project for several years, the decision to proceed with construction is pending ESA consultations and approval by NOAA Fisheries of a Hatchery and Genetic Management Plan for the facility. This project, as a measure in the Council's Fish & Wildlife Program, would also identify and develop artificial propagation facilities to protect and enhance salmon and steelhead native to the Imnaha and Grande Ronde River Basins.

- Redfish Lake Sockeye Salmon program: The Snake River sockeye salmon Evolutionarily Significant Unit (ESU) was listed under the Endangered Species Act in 1991 (56 FR 58619). The Snake River Sockeye Salmon Captive Broodstock Program has prevented extinction of endangered sockeye salmon. The program has been able to help successfully conserve the genetic resources of the founding population and begun producing fish for rebuilding the naturally spawning population in Redfish Lake. The program uses state of the art hatchery facilities and fish husbandry protocols, genetic support, and monitoring and evaluation to continue rebuilding numbers of fish. Currently, the program retains replicate, captive broodstock within multiple facilities (Eagle Fish Hatchery (FH) located in Idaho State and Burley Creek FH and Manchester Research Station both located in Washington State). Eggs produced from these locations are transferred to other facilities (Oxbow FH, located in Oregon State and/or Sawtooth FH located in Idaho State) for release programs. The project continues to expand by increasing the capacity of existing facilities and also acquired a new facility under the Idaho Columbia Basin Fish Accord, the newly constructed Springfield FH located in Idaho for additional smolts as called for in the 2008 FCRPS BiOp. The expanded smolt releases are expected to result in an increase in the abundance and productivity of the naturally-spawning population. This strategy will greatly increase the likelihood of higher adult returns. Additional expansions may include improvements at the Redfish Lake Creek trap and Sawtooth FH weir for holding/trapping an increased number of adults as a result of the increased smolt production from Springfield Hatchery. The biological goals are to increase the number of adults spawning naturally in the Sawtooth Valley and transition the captive broodstock to a conventional hatchery production program that uses anadromous adults as broodstock.

- Chief Joseph Dam Hatchery: Bonneville has funded the construction of Chief Joseph Dam Hatchery Program, primarily a comprehensive management program for supplementing Chinook salmon to increase the abundance, productivity, distribution, and diversity of naturally spawning populations of summer/fall Chinook in the Okanogan River and in the Columbia River below Chief Joseph Dam, Washington (between the confluence of the Okanogan River and Chief Joseph Dam). Project includes a new hatchery facility (at the base of the Chief Joseph Dam). In addition, the Colville Tribes as sponsor will use the facility to reintroduce extirpated spring Chinook back into the Okanogan Sub-basin. This Accord project includes the new hatchery facility and acclimation ponds (throughout the Okanogan River sub-basin), broodstock collection, egg incubation, rearing, release, and selective broodstock collection method development. Planned production levels are 2 million summer/fall Chinook and 0.9 million spring Chinook smolts. Bonneville has entered into an agreement with one public utility where that utility will pay a portion of the capital and operation and maintenance costs associated with this hatchery. In addition, Bonneville has agreed with three public utilities to share the operation and maintenance costs. Construction on the hatchery facility was completed in May 2013 and turned over to the Colville Tribes in June 2013.

- Klickitat Production Expansion: The Klickitat River Master Plan was submitted by the Yakama Nation, reviewed by the ISRP, recommended with comments by the Council, and approved by Bonneville in 2008. The plan's goal is to protect and increase naturally producing populations of spring Chinook and steelhead while protecting the biological integrity and the genetic diversity of indigenous fish stocks in the sub-basin. The Klickitat Master Plan includes three main elements: Lyle Falls Fishway upgrades; construction of the Castile Falls enumeration facility; upgrades to the Klickitat hatchery with the potential for constructing a new facility in the lower Klickitat River to accommodate the ongoing production of coho and fall Chinook; and an acclimation site in the upper watershed at McCreedy Creek. In early 2009 Bonneville completed the Lyle Falls Environmental Impact Statement (EIS) and ROD. Upgrades to enumeration and collection facilities at Lyle and Castile have been completed. Certain upgrades at the Klickitat Hatchery have also been done to maintain existing fish and wildlife program activities and to address hatchery safety concerns. Lyle and Castile Falls fishways have PIT tag interrogation capability, and the Lyle Falls facility includes a lamprey passage structure. A new Klickitat Hatchery Complex EIS initiated in July 2009 will examine options for the development and operation of new production and supplementation facilities and acclimation alternatives, and additional upgrades to the existing hatchery facility. The Yakama Nation issued a revised Master Plan, July 2012, providing updates to their fish management plans. The EIS and Master Plan will be available for Council review and for their recommendation to move from Step 2 to Step 3 in the Council 3-Step Review process. The

Final EIS is anticipated to be complete by fall 2014 and Bonneville will issue a ROD once NMFS completes the Biological Opinion for the Klickitat Production/Fish Management plans. Bonneville is working with Yakama Nation to identify the highest priority construction actions in the Klickitat Watershed to focus on, given the limited capital budget under the Accord.

- Hood River Production Facility: This project includes expansion of existing Parkdale fish hatchery to accommodate spring Chinook rearing, construction of new Hood River adult salmonid trapping facilities, and development of alternative adult trapping sites. The Powerdale Dam Fish Trap formerly provided the foundation for many of the activities associated with implementation of the Hood River Production Program. These include: monitoring escapement, collecting life history characteristics, and broodstock acquisition. Pacific Corps' demolition of its Powerdale Dam and the associated fish trapping facility in 2010 necessitated the development of alternative adult broodstock trapping sites. One permanent fish trap on the West Fork of the Hood River was completed in 2013, and a temporary trapping site is operational on the East Fork Hood River. A permanent trap site on the East Fork is currently being evaluated. The Hood River Production Program has four primary goals: 1) re-establish naturally sustaining runs of spring Chinook in the Hood River; 2) re-build naturally sustaining runs of summer and winter steelhead in the Hood River; 3) maintain genetic characteristics of Hood River fish populations; and 4) provide fish for sustainable harvest by both sport and tribal fishers.

- Mid-Columbia Coho Restoration: Indigenous naturally spawning coho salmon no longer occupy the mid-Columbia River basins. Columbia coho salmon populations were decimated by the early 1900s. For several reasons, including the construction and operation of mainstem Columbia River hydropower projects, habitat degradation, release locations, harvest management, and hatchery practices and genetic guidelines, self-sustaining coho populations have not been re-established in mid-Columbia basins. This Yakama Accord project's vision is to re-establish naturally reproducing coho salmon populations in the Wenatchee and Methow sub-basins at biologically sustainable levels which provide significant harvest in most years. This program will construct a facility on the Wenatchee River for holding and spawning broodstock, incubating eggs, and rearing juveniles. Additional semi-natural ponds will also be constructed in the Wenatchee and Methow sub-basins for acclimating smolts prior to their release. The phased approach, including associated facilities, incorporates development of a mid-Columbia hatchery broodstock, local adaptation to tributaries in the Wenatchee and Methow Basins, and habitat restoration that will benefit coho as well as ESA-listed spring Chinook, steelhead, and bull trout.

- Walla Walla Hatchery: The Walla Walla Hatchery is proposed by the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) under their Accord. The tribe would own and operate the hatchery, which will produce up to 500,000 spring Chinook smolts annually for release into the Walla Walla River. Pre-design has been completed. The next phase of the project, final-design started in the summer of 2013, upon finalization of an NPCC/BPA/CTUIR agreement to proceed. An environmental impact statement, which was started in January 2013, is expected to be completed in the summer of 2014. Construction will likely commence in late 2015. The facility will hold, spawn, incubate and rear spring Chinook on the South Fork Walla Walla River near Milton-Freewater, Oregon.

- Yakima Coho restoration: The goal of this restoration project, including associated facilities, is to restore extirpated Coho salmon to the Yakima River basin at biologically sustainable levels. Before the ocean and lower Columbia exploitation of salmon and steelhead in the late 19th century and early 20th century, and before the Yakima River valley was developed with extensive agricultural irrigation systems, the Yakima Sub-basin supported large runs of spring, summer and fall Chinook, summer steelhead, Coho and sockeye. Historical returns of Coho to the Yakima River Basin have been estimated in the range of 44,000 to more than 100,000 fish annually. Cumulative effects from the disruption of the Yakima Sub-basin ecosystem functions and processes, out of sub-basin impacts, and harvest of salmon have resulted in a significant decline of fish and wildlife abundance from historic levels.

Potential non-construction capital Wildlife and Resident Fish Habitat Acquisitions (including Conservation Easements) eligible for capitalization are:

- Albeni Falls Wildlife Mitigation
- Palisades and Minidoka Wildlife Habitat Acquisitions
- Black Canyon, Boise Diversion, Anderson Ranch Wildlife Habitat Acquisitions
- Willamette Wildlife Habitat Acquisitions

- Libby and Hungry Horse Reservoirs Resident Fish Acquisitions

Energy Efficiency ($K)		
FY 2013	FY 2014	FY 2015
78,376	75,200	92,000

Overview

Bonneville's energy efficiency program offers several ways for customer utilities to participate in regional energy efficiency. Program components including: (1) standard offer efficiency measures and custom projects, which result in customer proposals to conserve energy through such programs as residential weatherization, commercial lighting, Heating, Ventilation, and Air Conditioning (HVAC), industrial processes and lighting, irrigated agriculture, etc.; (2) third party delivery programs, such as residential lighting, the Energy Smart Grocer, Energy Smart Industrial, and Green Motors programs; and, (3) programs to help Federal installations in the region reduce energy use, including Federal Hatcheries, irrigation districts and work at various dams to help the Corps and Reclamation in their efforts to reduce energy use.

Bonneville's energy efficiency budgets reflect a need to meet aggressive targets from the 6th Power Plan and anticipated targets in the 7th Power Plan. Specifically, Bonneville's energy efficiency targets have increased from about 280 aMW under the Council's 5th Power Plan (2005-09) to 504 aMW under its 6th Power Plan (2010-14). The 504 aMW reflects conservation that is achievable in the service territories of Bonneville's preference customers. Bonneville established a five-year target and plan to meet these goals. In FY 2012, Bonneville remained on track to reach the next two-year goal under the Council's 6th Power Plan. The five-year Energy Efficiency Action Plan has been adjusted to account for faster-than-expected energy efficiency savings in FY 2010-2011. The cost of energy efficiency is expected to increase. Some low cost measures are reaching high levels of market penetration and maturity or are impacted by increasing federal standards, leading to these measures being phased out of Bonneville's program. For example, standard twister compact fluorescent lamps (CFLs) were the largest single contributor to past savings. As federal lighting standards increase, CFLs will phase out of Bonneville's program. The shift away from these particularly low-cost measures increases overall energy efficiency costs. The front-loaded shape of these budgets (starting in FY 2011) reflects a push to acquire as much low-cost conservation as possible before the change in lighting and other standards. In meeting its energy efficiency goals Bonneville may employ resource acquisition agreements, authorized by Northwest Power Act section 6, as well as customer self-funded conservation.

Activities and Explanation of Changes

FY 2014	FY 2015	Explanation of Changes FY 2015 vs FY 2014 (Dollars in Thousands)
Associated Projects Milestones: • Complete DC and preferred AC upgrades and protective relay replacements at Chief Joseph Dam. • Complete low voltage switchgear SQ board replacements and DC system upgrade at Ice Harbor. • Complete preferred AC system upgrades at The Dalles. • Complete exciter replacements at Little Goose. • Complete generator rewinds for units 4 and 11 and heat pump replacement at McNary Dam.	Milestones: • Complete governor replacements at Bonneville dam. • Complete spillway tainter gates at Willamette plants. • Complete generator winding replacements at McNary Dam. • Complete main unit governor install and oil storage and handling upgrade at Ice Harbor. • Complete powerhouse HVAC upgrade and sewage treatment plant upgrade at Lower Granite. • Complete SCADA replacement and SS and MCC upgrades at Hungry Horse.	**-$1,720/-0.7%** The decrease reflects a reshaping of funding needs for investment in the hydro electric system assets.
Fish & Wildlife Milestones: • Continue implementation of the BiOp and Fish Accords.	Milestones: • Continue implementation of the BiOp and Fish Accords.	**-$8,991/-14.9%** The decrease reflects a long-term, planned effort to reshape funding necessary to implement the BiOp, Fish Accords, Columbia River Basin Fish and Wildlife activities.
Energy Efficiency Milestones: • Continue to support utility incentive programs. • Continue to support regional energy efficiency programs. • Continue supporting energy efficiency at direct serve federal agencies.	Milestones: • Continue to support utility incentive programs. • Continue to support regional energy efficiency programs. • Continue supporting energy efficiency at direct serve federal agencies.	**+$16,800/+22.3%** The increase reflects a continuing focus on energy conservation initiatives within the region.

Transmission Services – Capital
Funding Schedule by Activity
Funding ($K)

	FY 2013 Current	FY 2014 Estimate	FY 2015 Estimate	FY 2015 vs FY 2014 $	FY 2015 vs FY 2014 %
Transmission Services - Capital					
Main Grid	42,335	139,801	106,683	-33,118	-24%
Area & Customer Services	10,108	26,790	38,341	11,552	43%
Upgrades & Additions	85,303	280,842	268,621	-12,220	-4%
System Replacements	129,796	201,347	211,084	9,737	5%
Projects Funded in Advance	230,783	58,014	46,491	-11,523	-20%
Total, Transmission Services - Capital	498,325	706,793	671,220	-35,573	-5%

Outyears ($K)

	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Transmission Services - Capital					
Main Grid	106,683	218,541	298,046	297,257	177,297
Area & Customer Services	38,341	14,676	13,402	12,955	13,013
Upgrades & Additions	268,621	202,092	159,133	134,920	138,460
System Replacements	211,084	201,957	195,661	202,415	219,737
Projects Funded in Advance	46,491	46,253	46,477	55,480	57,153
Total, Transmission Services - Capital	671,220	683,519	712,718	703,027	605,659

Overview
Transmission Services (TS) is responsible for about 75 percent of the Pacific Northwest's high-voltage transmission. TS provides funding for all additions, upgrades and replacements to the Bonneville transmission system, resulting in reliable service to northwest generators and transmission customers. The Bonneville transmission system also facilitates the sale and exchange of power to and from the region.

TS continues to make significant infrastructure improvements and additions to the system to assure reliable transmission in the Northwest. These improvements and additions will help the Bonneville transmission system continue to comply with national reliability standards, replace aging equipment, allow for interconnection of needed new generation, and remove constraints that limit economic trade or the ability to maintain the system.

Bonneville's completed infrastructure investments in the last decade that further strengthen the network consist of the following projects: Puget Sound Area Additions, North of Hanford/ North of John Day, Celilo Modernization, Eastern Washington Reinforcement, Grand Coulee-Bell, Kangley–Echo Lake, Shultz-Wautoma, McNary-John Day, and Portland Area Additions.

In 2005, with the Congressional approval of wind tax credits, a number of potential wind generation companies made requests for interconnection to the Bonneville transmission grid. The states of Oregon, Washington, and California have implemented Renewable Portfolio Standards. As of 2013, Bonneville has a total installed wind capability of 4,515 MW. Bonneville has more than 13,000 MW in additional wind project interconnection requests presently in the study queue. The current projections are 5,600 MW interconnected by 2015 and possibly 8,500 interconnected MW total by 2025. Much of the wind generation demand is the result of the Renewable Portfolio Standards enacted by California and Pacific Northwest states that require utilities to acquire more than 8,000 MW of renewable energy in the Northwest by 2015. Exports to California could add another 2,000-2,500 MW during the same period. Also in the interconnection queue is approximately 800 MW of natural gas, solar, bio-mass and geothermal fueled generation proposed for connection between 2014 and 2021.

In June 2008, Bonneville's first Network Open Season (NOS) received 153 requests from 28 customers for 6,410 MW of new service, about three-fourths for wind energy integration. Bonneville subsequently offered 1,782 MW of new transmission service on its existing system. Bonneville identified four new Main Grid capital projects from the 2008 NOS: (1) McNary-John Day 500 kV transmission line (part of West of McNary Reinforcements Group 1); (2) Big Eddy-Knight 500 kV transmission line and substation (part of West of McNary Reinforcements Group 2); (3) Central Ferry- Lower Monumental 500 kV Reinforcement (formerly Little Goose Area Reinforcement); and (4) I-5 Corridor 500 kV Reinforcement. Construction of the McNary-John Day 500 kV transmission line is complete and Bonneville has begun construction on the Big Eddy-Knight project. The Central Ferry-Lower Monumental 500 kV Reinforcement project is set to begin in the spring of 2014 and the I-5 Corridor project is in the planning stage. If all four projects are constructed they will provide almost 6,000 MW of new transmission service.

Bonneville's second NOS window for new transmission service requests in 2009 resulted in 82 service requests resulting in 34 contracts totaling 1,553 MW. Of that amount, approximately 923 MW represent wind project interconnection requests.

Bonneville's third NOS window in 2010 resulted in new requests totaling 3,759 MW, of which 2,993 MW represent wind integration requests. The 2010 process saw the addition of two more Main Grid capital projects – the Montana to Washington project and the Northern Intertie project.

After a two- year pause, Bonneville re-started a new NOS process in spring 2013. Currently, almost 8,000 MW of new long-term requests could be included in the Cluster Study delivered in January 2014.

As noted, Bonneville's capital program for TS includes a wide variety of specific investments that are determined after internal review and, in some cases, external review. In 2009, Bonneville's Transmission Services organization began implementing Asset Management based upon best practice Asset Management frameworks that provide a standardized structure and approach to Asset Management. As a result, Transmission Services Asset Strategies, which are derived from Agency Strategies, drive our Asset Plans, which determine our capital and expense needs. On occasion, capital investments must be made on short notice because of unexpected needs, because of the identification of obsolete, worn out, failed, failing, or at-risk systems and facilities, because of system reliability requirements, and because near-term opportunities to

install or construct facilities arise as outages occur or as schedules for outages change. For these and other reasons, Transmission Services capital program is fluid and subject to change. Thus, Bonneville is unable to predict with specificity many of the new capital investments in the transmission system. Nonetheless the types of investments can be identified in general. These items may include but are not limited to: arrestor, bus and bus pedestal, circuit breaker, circuit switcher, communication tower, concrete pole, control center mapboard and video wall displays, control house, converter grading capacitors, converter harmonic filters, converter smoothing reactors, converter transformers, current limiting reactor, current limiting resistor, current transformer, digital fault locator, digital cross-connect system (DCS), disconnect switch, engine generator, engineered steel pole, fiber optic cable, fiber terminal, fuel dispensing facility, grounding system, grounding transformer, microwave multiplex transmitter, network management system (NMS), overhead conductor, overhead ground wire, power transformer, relay, revenue meter, series capacitor, shunt capacitor, shunt reactor, station service transformer, station service inverter, substation dead end tower, substation perimeter fence, switchyard lighting, thyristor, transfer switch, transmission steel tower, voltage regulator, voltage transformer, water/sewer system, wood pole and cross-arm, and other similar items consistent with Bonneville's capitalization policy determinations (such as spacer damper replacements).

Notwithstanding that the capital program for TS is subject to change, Bonneville has identified several general areas where capital program investment will occur.

Bonneville will continue to fund fiber optic communications facilities needed to meet Bonneville's projected operational needs. To the extent that these investments create temporary periods of excess fiber optic capacity, such dark fiber capacity can be made available to telecommunications providers and to non-profits to meet public benefit internet access needs for rural areas and other needs in Bonneville's service area. Bonneville's investments in fiber optics, including the role of the private sector in building fiber optic networks, is consistent with the "Fiber Optic Cable Plan" submitted to Congress on May 24, 2000, accompanying the FY 2000 Energy and Water Development Appropriations Act. In accordance with this plan, when possible, Bonneville will establish partnerships with fiber optic facility and service providers to meet its needs.

In December 2004, the Congress passed and the President signed the Commercial Spectrum Enhancement Act (CSEA, Title II of P.L. 108-494), creating the Spectrum Relocation Fund (SRF) to streamline the relocation of Federal systems from certain spectrum bands to accommodate commercial use by facilitating reimbursement to affected agencies of relocation costs. The Federal Communications Commission has auctioned licenses for reallocated Federal spectrum, which will facilitate the provision of Advanced Wireless Services to consumers. Funds were made available to agencies in FY 2007 for relocation of communications systems operating on the affected spectrum. These funds are mandatory and will remain available until expended, and agencies will return to the SRF any amounts received in excess of actual relocation costs. The estimated Bonneville cost of this relocation is $48.7 million. The project was completed in November 2013 and the operational system performance is being observed during fiscal year 2014 to determine that it has achieved comparable capability as defined under the CSEA.

As part of the Homeland Security Presidential Directives, Bonneville has completed a physical security assessment of all critical facilities and is implementing security enhancements at these facilities. These security enhancements increase access control to Bonneville's facilities and provide video surveillance and monitoring capabilities.

In order to centralize staff and reduce reliance on leasing a multiplicity of commercial office and related space, and to meet the evolving staff needs of Bonneville's Transmission Services, Bonneville has executed a study and design of a new Transmission Services Facility to be located on Bonneville's Ross Campus. This future of this building will be subject to continuing conversations with Bonneville's customers and regional stakeholders.

Accomplishments

- Continued construction of the Big Eddy-Knight project
- Integrated 4,515 MW of wind by FY 2013 on Bonneville's transmission system
- Continued the design for major renovations at Celilo (PDCI Project)
- Continued development, implementation and refinement of Asset Management Strategies for Sustain and Expand Programs

Explanation of Changes
Bonneville's budget includes $671 million in FY 2015 for TS (including non-borrowing authority capital) which is a 5 percent decrease from the FY 2014 forecasted level. The decrease reflects reduced investment in Main Grid and Upgrades and Additions categories driven by a reduction in requests to incorporate and deliver new generation throughout the Northwest as well as increases in System Replacements to address numerous issues with aging electric and telecom infrastructure.

The FY 2015 budget decreases the levels for Main Grid (-$33.1 million), Upgrades & Additions (-$11.6 million) and PFIA (-$12.2 million). The budget increases levels for Area & Customer Services (+$11.6 million) and System Replacements (+$9.7 million).

Strategic Management
Bonneville provides transmission and energy services while supporting integration of renewable resources and low-cost transmission in the Pacific Northwest. Bonneville will continue to implement the following strategies to serve the region:

1. To improve system adequacy, reliability and availability, Bonneville has embarked on major transmission infrastructure projects. The projects shore up the region's transmission system and help deliver the region's future power needs. These projects address multiple challenges, such as integration of renewable energy, the need to relieve a number of congested transmission paths, the pressure to keep up with growing energy demands and the need to meet Bonneville's open access policy in support of competitive markets. Specific strategies for these efforts are outlined in the TS Load Service and Generation Integration strategies.
2. Bonneville will continue to replace aging assets that are vital to the reliability of the existing transmission system. To that end, TS has developed specific long term strategies for the following asset categories:

    a. Substations AC
    b. Power System Control/Telecom
    c. Wood Lines
    d. Steel Lines
    e. Rights of Way (ROW), (Land Rights and Access Roads)
    f. System Protection and Control

    (A long term strategy is under development for Control Center assets)

The following external factors present the strongest impact to overall achievement of the program's strategic goal

1. Continually changing economic and institutional conditions
2. Competitive dynamics
3. Ongoing changes in the electric industry
4. Different siting issues

Main Grid ($K)		
FY 2013	FY 2014	FY 2015
42,335	139,801	106,683

Overview

Bonneville's strategic objectives for Main Grid projects are to assure compliance with the NERC planning standards and Western Electricity Coordinating Council (WECC) reliability criteria, provide voltage support, provide a reliable transmission system for open access, and provide for relief of transmission system congestion. During this budgeting period, projects are planned that will provide transmission reinforcement and voltage support to major load areas that are primarily west of the Cascade Mountains. In addition, transmission reinforcements are planned for load centers in central Oregon, central Washington, the Willamette Valley, and along the I-5 Corridor, as well as projects to provide transmission access for new generation projects.

Continued investments in Main Grid assets include:

I-5 Corridor Reinforcement

- **FY 2013**. Continued environmental analysis and continue design.
- **FY 2014**. Continue route analysis and gathering of customer input.
- **FY 2015**. Continue route analysis and gathering of customer input.

McNary-John Day (West of McNary Reinforcements Group 1)

- **FY 2013**. Completed construction.

Big Eddy-Knight (West of McNary Reinforcements Group 2)

- **FY 2013**. Continued construction.
- **FY 2014**. Continue construction.
- **FY 2015**. Complete construction.

Central Ferry-Lower Monumental 500 kV Reinforcement (formerly Little Goose Area Reinforcement)

- **FY 2013**. Completed design.
- **FY 2014**. Begin construction.
- **FY 2015**. Continue construction.

Ponderosa substation

- **FY 2013**. Completed construction of 2nd 500/230 kV transformer.

Longhorn Annex for UEC

- **FY 2013**. Began design.
- **FY 2014**. Complete design, purchase materials, begin construction.
- **FY 2015**. Continue construction.

Midway- Grandview 115 kV Line upgrade

- **FY 2014**. Begin design.
- **FY 2015**. Begin construction.

Bonanza Substation

- **FY 2014**.Begin design and construction.
- **FY 2015**. Complete construction.

Puget Sound Area Northern Intertie (PSANI)

- **FY 2014**. Begin design and construction.
- **FY 2015**. Continue construction.

-Tucannon, LaPine, Franklin, White Bluffs, Monroe and McNary (6 separate Capacitor projects)

- **FY 2013**. Continued design and began construction (Tucannon, Franklin, White Bluffs), began design (Monroe, McNary), began construction (LaPine).
- **FY 2014**. Continue design and begin construction (Monroe, McNary); complete construction (Tucannon, LaPine, Franklin, White Bluffs).
- **FY 2015**. Complete construction (Monroe, McNary).

Alvey Substation

- **FY 2014**. Design the 230 kV and 500 kV Reactor installations.
- **FY 2015**. Install shunt reactor.

Raver Substation

- **FY 2014**. Upgrade the 500 kV Reactor.

Schultz Series Caps

- **FY 2015.** Begin design.

Monroe-Echo Lake 500 kV Line Re-termination #2

- **FY 2015**.Begin design.

Continue Planning Studies to: (all years)

- Identify infrastructure additions.
- Identify projects driven by NERC planning standards and WECC reliability criteria.
- Identify system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.
- Relieve transmission system congestion and for integrating potential new generation facilities.
- Design for projects related to the NOS.

Area & Customer Service
($K)

FY 2013	FY 2014	FY 2015
10,108	26,790	38,341

Overview
Bonneville's strategic objective for Area and Customer Service projects is to assure that Bonneville meets any reliability standards and our contractual obligations.

Continued investments in Area & Customer Service assets include:
Hooper Springs Substation

- **FY 2013.** Began design.
- **FY 2014.** Complete the design and begin construction.
- **FY 2015**. Continue construction.

Capacitor Bank at Kalispell

- **FY 2013**. Began design.
- **FY 2014**. Complete the design and begin construction.
- **FY 2015**. Complete construction.

Aberdeen

- **FY 2015**. Begin Capacitor design.

Continuous Activities (all years)

- Continue preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for Bonneville's service area. (all years)

Upgrades & Additions
($K)

FY 2013	FY 2014	FY 2015
85,303	280,842	268,621

Overview
Bonneville's strategic objectives for Upgrades and Additions are to replace older communications and controls with newer technology including fiber optics in order to maintain or enhance the capabilities of the transmission system; to implement special remedial action control schemes to accommodate new generation and mitigate immediate operational and market constrained paths; and to support communications and remedial action schemes, among other proposals.

During this budget period, Bonneville will complete design, material acquisition, construction and activation of several fiber optics facilities to provide bandwidth capacity and high-speed data transfers to eventually replace microwave analog radios, which are technologically obsolete and nearing the end of their useful life. Temporarily, in some areas, excess dark fiber capacity is being offered for a term to telecommunications providers or to public entities such as public utilities, schools, libraries, and hospitals, providing them access to high-speed telecommunication services as a public benefit.

Continued investments in Upgrades & Additions assets include:
VHF Radio System Upgrade
- **FY 2013**. Continued design and began construction.
- **FY 2014**. Continue construction.
- **FY 2015**. Continue construction.

Synchrophasor Project
- **FY 2013**. Completed design and continued construction at multiple sites.
- **FY 2014**. Continue construction at multiple sites.
- **FY 2015**. Continue construction at multiple sites.

Pacific DC Intertie to 3,800 MW Project
- **FY 2013**. Completed studies and began design for upgrade.
- **FY 2014** .Complete design and begin construction for upgrade.
- **FY 2015**. Continue construction for upgrade.

Ross-Schultz Fiber Circuit Upgrade
- **FY 2013.** Continued the design and began material procurement.
- **FY 2014**. Begin construction.
- **FY 2015**. Continue construction.

Bell-Boundary #DC SONET Ring Upgrade
- **FY 2013**. Continued the design and began material procurement.
- **FY 2014** .Begin construction.
- **FY 2015**. Continue construction.

Operational Megabit Ethernet (OMET) System
- **FY 2013**. Began design.
- **FY 2014**. Continue design and begin construction.
- **FY 2015**. Continue construction.

Power Control Assembly (PCAs) for smaller substations
- **FY 2013**. Began program development, initiated Proof of Concept, design and ordered units 1-2.
- **FY 2014**. Install units 1-2, design and order units 3-9, install units 3-7.
- **FY 2015**. Install units 8-9, design and order units 10-15, install units 10-14.

500 kV Spares at Wind Integration Substations

- **FY 2015**. Begin design for site 1.

Continuous Activities (all years)

- Upgrading two miles of fiber between Bonneville Power House and Bonneville Control House.
- Planning, design, material acquisition and construction of special remedial action control schemes required for interconnecting new generation projects and mitigating immediate constrained paths.
- Planning, design, material acquisition and construction of various system additions and upgrades necessary to maintain a reliable system for Bonneville's service area.
- Construction of secondary fiber related projects and digital radio system upgrades to improve the operational telecommunication system.
- Material procurement and construction to upgrade the main fiber optic backbone system (#KC and #NC systems).

System Replacements
($K)

FY 2013	FY 2014	FY 2015
129,796	201,347	211,084

Overview
Bonneville's strategic objectives for the Sustain Program are to replace high-risk, obsolete, and maintenance-intensive facilities and equipment and to reduce the chance of equipment failure by: (1) replacing high voltage transformers and power circuit breakers which are at or near the end of their useful life; (2) replacing risky, outdated and obsolete control and communications equipment and systems, and includes mandated replacements due to legislation; and (3) replacing all other existing high-risk equipment and facilities affecting the safety and reliability of the transmission system.

Continued investments in System Replacements assets include:
-Continuous Activity (all years)

Non-Electric Replacements

- Continue non-electric replacements as necessary.
- Continue the design, material acquisition, and construction for the Access Road program capital component and the Land Rights program capital component in support of the Lines and ROW Programs.
- Continue design and construction of capital improvements for identified existing facilities.

Electric Replacements

- Continue replacement of system protection and control equipment and other substation and line facilities as needed to maintain reliability using Reliability Centered Maintenance criteria. Such replacements include relays, annunciators, oscillographs, metering and various types of communication related equipment replacing and migrating analog to digital technology and SCADA equipment.
- Continue replacement of under-rated and high maintenance substation equipment.
- Continue replacing spacer dampers on various 500 kV lines.
- Continue replacing critical, operational tools and marketing business systems at the Dittmer and Munro Control Centers.
- Continue replacing deteriorating wood pole transmission line structures, spacer dampers and insulators with NCI.

Projects Funded in Advance
($K)

FY 2013	FY 2014	FY 2015
230,783	58,014	46,491

Overview

This category includes those facilities and/or equipment where Bonneville retains control or ownership but which are funded or financed by a third party or with reserves, either in total or in part. This program also includes investments associated with the Commercial Spectrum Enhancement Act (CSEA).

Continued investments in PFIA assets include:

Continuous Activity (all years)

- Continue to integrate various new generation and line/load projects into Bonneville transmission grid based on requests placed and processed in accordance with transmission tariff.
- Continue planning studies to identify system impacts and needs regarding proposed new generation projects.
- Engineer and begin construction of several large wind generation interconnection substations.
- Complete environmental cleanup and other work necessary for the sale of Bonneville facilities.
- Continue the design and construction for various radio replacements at accessible sites associated with the CSEA.

California-Oregon Intertie Improvement Project

- **FY 2013**. Completed construction.

Central Ferry Substation

- **FY 2013**. Completed design.
- **FY 2014**. Begin construction.
- **FY 2015**. Continue construction.

Activities, Milestones, and Explanation of Changes

FY 2014	FY 2015	Explanation of Changes FY 2015 vs FY 2014 (Dollars in Thousands)
Main Grid Milestones: • Continue route analysis and gathering of customer input for I-5 Corridor project. • Begin construction of the Central Ferry-Lower Monumental 500 kV Reinforcement project. • Begin design and construction of Bonanza Substation. • Continue construction of the Big Eddy-Knight project. • Begin design and construction of the Puget Sound Area Northern Intertie (PSANI) project.	Milestones: • Continue route analysis and gathering of customer input for I-5 Corridor project. • Begin construction of Midway- Grandview 115Kv Line upgrade. • Complete construction of the Big Eddy-Knight project. • Continue construction of the PSANI project. • Complete construction of Bonanza Substation.	**-$33,118/-23.7%** The decrease reflects the reduced level of funding to support Central Oregon Capacity expansion for Data Centers and NOS projects.
Area & Customer Service Milestones: • Complete the design and begin construction of Hooper Springs Substation and the Capacitor Bank at Kalispell.	Milestones: • Continue construction of Hooper Springs Substation. • Begin Capacitor design at Aberdeen.	**+$11,552/+43.1%** The increase reflects the addition of the Hooper Springs project.

FY 2014	FY 2015	Explanation of Changes FY 2015 vs FY 2014 (Dollars in Thousands)
Upgrades & Additions Milestones: • Complete design and begin construction for the upgrading of the Pacific DC Intertie to 3,800 MW project. • Begin construction of the Ross-Schultz fiber circuit upgrade and begin material procurement. • Begin construction of the Bell-Boundary #DC SONET Ring Upgrade.	Milestones: • Begin design for site 1 for 500Kv spares at wind integration substations. • Continue construction at multiple sites of the Synchrophasor project. • Continue construction for the upgrading of the Pacific DC Intertie to 3,800 MW project.	**-$12,220/-4.4%** The decrease reflects reductions in the Pacific Direct Current Line (PDCI) project.
Systems Replacements Milestones: • Continue design and construction of capital improvements for identified existing facilities. • Continue non-electric replacements as necessary. • Continue replacement of system protection and control equipment and other substation and line facilities as needed to maintain reliability using Reliability Centered Maintenance criteria.	Milestones: • Continue design and construction of capital improvements for identified existing facilities. • Continue non-electric replacements as necessary. • Continue replacement of system protection and control equipment and other substation and line facilities as needed to maintain reliability using Reliability Centered Maintenance criteria.	**+$9,737+4.8%** The increase is due to an increase in the number of replacement projects.
PFIA Milestones: • Central Ferry Substation– Begin Construction. • Engineer and begin construction of several large wind generation interconnection substations.	Milestones: • Central Ferry Substation– Continue construction. • Engineer and begin construction of several large wind generation interconnection substations.	**-$11,523/-19.9%** The decrease reflects reduced requests by wind generators to interconnect new projects.

Capital Information Technology & Equipment/Capitalized Bond Premium
Funding Schedule by Activity
Funding ($K)

	FY 2013 Current	FY 2014 Estimate	FY 2015 Estimate	FY 2015 vs FY 2014 $	FY 2015 vs FY 2014 %
Capital Information Technology (IT) & Equipment/Capitalized Bond Premium					
Capital IT & Equipment	47,840	44,897	45,982	+1,085	+2%
Capitalized Bond Premium	0	2,000	2,000	0	0%
Total, Capital IT & Equipment/Capitalized Bond Premium	47,840	46,897	47,982	+1,085	+2%

Outyears ($K)

	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Capital Information Technology (IT) & Equipment/Capitalized Bond Premium					
Capital IT & Equipment	45,982	47,067	48,154	47,579	47,837
Capitalized Bond Premium	2,000	2,000	2,000	2,000	2,000
Total, Capital IT & Equipment/Capitalized Bond Premium	47,982	49,067	50,154	49,579	49,837

Overview

Capital IT provides for the acquisition of general and some dedicated special purpose capital information technologies, and acquisition of special-use capital and IT equipment in support of Bonneville's strategic objectives. This category also includes Bonneville's on-going efforts to facilitate delivery of a highly resilient organization, able to anticipate, withstand and effectively respond to disruptive events affecting it and its partners in the Northwest region. The four main areas of resiliency focus continue to include asset management, emergency management, crisis management and continuity of operations.

Bonneville continues to move its IT infrastructure to a more efficient architecture. This FY 2015 Budget supports this effort. IT continues to eliminate redundancies in tools and applications, establish an agency-wide IT architecture with standardized IT purchasing criteria, standardize software licensing processes and minimize agency liabilities through stronger contracts, apply continuous improvement practices to IT project management, and implement an agency IT portfolio cost management strategy. The IT estimates in this FY 2015 Budget, under Capital IT and Equipment include all IT functions within the agency except TS grid operations. See the Capital Program – TS section of this budget for additional discussion of grid operations-related IT requirements acquisitions.

Capital equipment provides for the acquisition of general and some dedicated special purchases of capital office furniture and equipment.

Bonneville can incur a bond premium when it repays a Treasury bond before the due date. When bonds are refinanced and premiums are incurred, the bond premiums can be capitalized. Historically, Bonneville generally has chosen to finance capitalized bond premiums with bonds issued to the Treasury, as was envisioned in the Transmission Act.

Capital IT & Equipment
($K)

FY 2013	FY 2014	FY 2015
47,840	44,897	45,982

Overview
This category includes enhancements to Bonneville's information technology processes to provide cost effective efficiencies for secure, timely and accurate information. Investments will enable continued enhancements to Bonneville's Enterprise systems that are designed to link key information systems throughout Bonneville and improve business processes. Current efforts include continued functional process improvements in areas not included in the initial development phase. Other investments include acquisition of capital office furniture and equipment, capital automated data processing (ADP) based administrative telecommunications equipment, ADP equipment (hardware), and support of capital software development for certain Bonneville programs.

Continued investments in Capital IT & Equipment assets include:
Continuous Activity (all years)
Capital system developments in support of:

- Corporate IT Projects
- IT Infrastructure Projects
- Power IT Project
- Transmission Services IT Projects

Capitalized Bond Premium
($K)

FY 2013	FY 2014	FY 2015
0	2,000	2,000

Overview
Continue to assess financial market and when cost-effective, refinance available bonds as prudent.

Activities, Milestones, and Explanation of Changes

FY 2014	FY 2015	Explanation of Changes FY 2015 vs FY 2014 (Dollars in Thousands)
Capital Equipment and IT Milestones: Capital system developments in support of: • Corporate IT Projects • IT Infrastructure Projects • Power IT Projects • Transmission Services IT Projects	Milestones: Capital system developments in support of: • Corporate IT Projects • IT Infrastructure Projects • Power IT Projects • Transmission Services IT Projects	**+$1,085/+2.4%** The increase reflects ongoing emphasis on business resiliency efforts.
Capital Bond Premiums Milestones: • Possible refinancings of outstanding Federal bonds.	Milestones: • Possible refinancings of outstanding Federal bonds.	**$0/-%** No change in funding.

Power Services - Operating Expense
Funding Schedule by Activity
Funding ($K)

	FY 2013 Current	FY 2014 Estimate	FY 2015 Estimate	FY 2015 vs FY 2014 $	FY 2015 vs FY 2014 %
Power Services - Operating Expenses					
Production	1,667,167	1,165,809	1,165,155	-653	-.1%
Associated Projects Costs	386,033	418,096	428,078	9,982	+2%
Fish & Wildlife	238,984	254,000	260,000	6,000	+2%
Residential Exchange Program	201,933	203,900	203,900	-	0%
NW Power & Conservation Council	10,118	10,568	10,799	231	+2%
Energy Efficiency & Renewable Resources	66,541	88,206	89,466	1,260	+1%
Total, Power Services - Operating Expenses	2,570,776	2,140,579	2,157,399	16,820	+1%

Outyears ($K)

	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Power Services - Operating Expenses					
Production	1,165,155	1,246,543	1,395,485	1,358,890	1,183,058
Associated Projects Costs	428,078	454,869	464,286	480,028	488,365
Fish & Wildlife	260,000	267,000	274,000	281,000	288,000
Residential Exchange Program	203,900	213,190	213,190	213,190	213,190
NW Power & Conservation Council	10,799	11,002	11,209	11,419	11,634
Energy Efficiency & Renewable Resources	89,466	90,840	92,033	92,959	94,349
Total, Power Services - Operating Expenses	2,157,399	2,283,444	2,450,203	2,437,486	2,278,596

Overview

Production includes all Bonneville non-Federal debt service (including Energy Northwest debt service), O&M costs for power system generation resources (including a large nuclear plant, business operations, short- and long-term power purchases[2]), electric utility marketing of power, and oversight of hydro and nuclear projects. Bonneville develops products and services to meet the needs of Bonneville customers and stakeholders, and acquires resources as needed. This FY 2015 Budget includes anticipated expenses for new long-term power purchases to meet the needs of Bonneville customers that may include no more than 30 MW of waste energy recovery power.

In FY 2010, Bonneville completed a long-term Resource Program to guide potential future resource acquisitions needed to meet customer loads. In the event that Bonneville does acquire a resource, Bonneville will modify its budget to reflect the acquisition.

Associated Projects represents funding for operation and maintenance costs for the FCRPS, minor additions, improvements and replacements, and liabilities of the Corps and Reclamation hydroelectric projects in the Pacific Northwest, which serve many purposes. All agencies emphasize efficient power production from existing facilities and improvement of the performance and availability of power generating units. Bonneville pays additional financing costs of the FCRPS facilities through its Interest Expense and Capital Transfer budget programs. Bonneville provides funding for the operations and maintenance costs that are part of the Lower Snake River Compensation Plan (LSRCP) hatcheries. Bonneville is responsible for annual payments to the Confederated Tribes of the Colville Reservation for their claims concerning their contribution to the production of hydropower by the Grand Coulee Dam in accordance with the Settlement Agreement between the United States and the Tribes (April 1994).

Bonneville's Fish and Wildlife program provides for extensive protection, enhancement, and mitigation of Columbia River Basin fish and wildlife adversely affected by the development and operation of Federal hydroelectric projects on the Columbia River and its tributaries from which Bonnevill+e markets power. Bonneville satisfies most of its fish and wildlife responsibilities by funding projects and activities designed to be consistent with the Council's Program developed pursuant to Section 4(h) of the Northwest Power Act. Through the Council's Program Bonneville also implements measures to aid in the protection of fish in the Columbia River and its tributaries, listed as threatened or endangered under the ESA. Bonneville pursues a comprehensive approach to integrate the ESA requirements of the FCRPS biological opinions with the broad resource protection, mitigation and enhancement objectives of the Council's Program (see ESA discussion in the Power Capital Overview section).

Bonneville's mitigation and recovery expenditures will focus on activities that benefit Columbia River Basin fish and wildlife resources, following priorities established through ESA consultations and the Council's Program, including:

- increase survival of ESA-listed and non-listed fish at FCRPS dams and reservoirs;
- increase survival of ESA-listed and non-listed fish throughout their life cycle by protecting and enhancing important habitat areas;
- reform hatchery practices that affect ESA-listed populations and use hatcheries to contribute to conservation and recovery of ESA-listed and non-listed fish;
- provide for offsite mitigation projects and habitat, passage, and other improvements that address limiting factors for target species;
- reduce harvest-related mortality on ESA-listed and non-listed fish and encourage sustainable fisheries; and
- support a focused and well-coordinated research, monitoring, and evaluation program.

To the extent possible, Bonneville is integrating the actions implemented in response to the FCRPS BiOps with projects implemented under the Council's Program. Sub-basin plans and Accords that include prioritized strategies for mitigation actions will help guide project selection that meets both Bonneville's ESA and Northwest Power Act responsibilities. In order to address the *in lieu* provision of the Northwest Power Act, which prohibits Bonneville from funding mitigation that

[2] Including expenses associated with the use of power financial instruments to hedge Bonneville's exposure to market price risk and certain index sales contract provisions as permitted by Bonneville's Power Transacting Risk Management Policy.

other entities are authorized or required to undertake, Bonneville continues its ongoing work with the Council and the regional fish and wildlife managers, customers, and Tribes to review projects to ensure ratepayers fund appropriate mitigation. For example, Bonneville established a cost sharing Memorandum of Understanding (MOU) with the U.S. Forest Service in 2005, and renewed it in 2010, that requires a programmatic 30 percent cost share for fish mitigation projects funded by Bonneville on U.S. Forest Service lands. Bonneville continues to operate in a cooperative manner with the U.S. Forest Service.

The Energy and Water Development Appropriations Act of 1996 added section 4(h)(10)(D) to the Northwest Power Act, directing the Council to appoint an ISRP "to review a sufficient number of projects" proposed to be funded through Bonneville's fish and wildlife budget "to adequately ensure that the list of prioritized projects recommended is consistent with the Council's Program." The Northwest Power Act further states that "in making its recommendations to Bonneville, the Council shall consider the impact of ocean conditions on fish and wildlife populations and shall determine whether the projects employ cost effective measures to achieve program objectives." Today, most mitigation projects funded by Bonneville receive ISRP review as part of the Council recommendation process. The Council has shifted to a multi-year project review cycle during which the ISRP reviews categories of projects grouped together; e.g., all anadromous fish habitat projects were recently reviewed.

The Council's major activities include the periodic preparation of a Northwest Conservation and Electric Power Plan (a 20-year electric energy demand and resources forecast and energy efficiency program – known as the Power Plan) and a Columbia River Basin Fish and Wildlife Program. The Northwest Power Act directs that expenses of the Council, subject to certain limits based on forecasted Bonneville power sales, shall be included in Bonneville's annual budget to Congress. Funding for the Council is provided by Bonneville and is recovered through Bonneville power rates.

Bonneville will acquire conservation resources consistent with the Council's Power Plan and act as a catalyst for energy efficiency. Such action will: 1) meet energy efficiency targets; 2) achieve a least cost resource mix; 3) lessen the cost impacts of power purchases; 4) avoid the costs of ramping programs and infrastructure up and down; 5) extend the value of the FCRPS to customers; and 6) build the region's resource portfolio with energy efficiency. Bonneville is also exploring how best to integrate demand-side management, distributed generation, and other leading edge technologies (i.e., Energy Web and Smart Grid applications) into its generation and transmission planning processes.

The Residential Exchange Program (REP) was created by the Northwest Power Act to extend the benefits of low-cost Federal power to the residential and small farm customers of Pacific Northwest electric utilities that have high average system costs. Currently, the region's six investor-owned utilities (IOUs) and two of the region's consumer-owned utilities are actively participating in the REP. Payments under the REP are made to individual IOUs based on the difference between Bonneville's utility-specific PF Exchange rates and each utility's average system cost (ASC), times a utility's residential and farm loads. The process and calculation of ASCs are governed by the 2008 Average System Cost Methodology (ASCM). Participating utility ASCs are established in a public process that occurs prior to and during Bonneville's power rate case. Bonneville's utility-specific Priority Firm (PF) Exchange rates are determined each rate period. As described below, Bonneville and regional parties reached a settlement of the REP in 2011 in which the total amount of REP benefits available to the IOUs has been settled for the next 17 years. Payments are made monthly based on historical invoiced exchange loads.

On July 26, 2011, Bonneville adopted a regionally supported settlement, referred to as the 2012 REP Settlement, which resolves or moots out many legal challenges to Bonneville's implementation of the REP. The settlement reduces a significant element of litigation uncertainty and risk from Bonneville's power rates for the vast majority of utilities in the region. Under the Settlement, the Region's six IOUs will receive about $4.1 billion in REP payments over the 17-year term of the settlement, beginning at $182.1 million in FY 2012 and increasing to $286.1 million in FY 2028. Distribution of the REP payments among the IOUs will be determined each rate period based on the difference between the utilities' respective ASCs and Bonneville's utility-specific PF Exchange rates. In addition to this settlement, Bonneville has reached related REP settlements with the two participating consumer-owned utilities. A single challenge to the 2012 REP Settlement was rejected by the U.S. Court of Appeals for the Ninth Circuit.

Explanation of Changes
Bonneville's budget includes $2,157 million in FY 2015 for Power Services operating expenses, which is a .8 percent increase over the FY14 forecasted level. The increase reflects continuing emphasis on operation and maintenance of hydro generation projects on the FCRPS.

The FY15 budget decreases the level for Production (-$0.7 million), and increases the levels for Associated Projects (+$10.0 million), Fish & Wildlife (+$6.0 million), Planning Council (+$0.2 million) and Energy Efficiency & Renewable Resources (+$1.3 million). There is no change to the level for Residential Exchange.

Production ($K)		
FY 2013	FY 2014	FY 2015
1,667,167	1,165,809	1,165,155

Overview

Power Purchases: Includes purchased power to cover power supply obligations as well as balancing the hydro system. These purchases can be made in the form of long-term purchases to meet supply obligations based on long-term planning requirements or they can be made within the year due to the monthly shape of the loads and the monthly shape of the hydro electric generation. Also, purchases can be made within the month and within the day to fill shortages due to fluctuations in the hydro system and load changes.

Power Scheduling/Marketing: Schedule and market (buy/sell) electric energy with Bonneville customers and the Pacific Northwest's interconnected utilities. Scheduling includes Power Services' implementation of physical and memo power schedules and associated transmission schedules, implementation of Electronic Tagging (ETag) in accordance with NERC and in accordance with FERC, implementation of electronic scheduling and the ColumbiaGrid as it evolves.

Columbia Generating Station (formerly WNP-2): Continue to acquire full capability of CGS. CGS is on a 24-month fuel and outage cycle. A maintenance and refueling outage is planned for the Spring of calendar year 2015.

Continued investments in Production include:
-Continuous Activity (all years)

- Provide oversight of all signed contracts including oversight of large thermal generating plants from which Bonneville purchases capability to ensure that all Bonneville approval rights are protected; coordinate, communicate, and administer agreements, issues, and programs between Bonneville and the project owners.
- Continue to provide wind resource integration services for customer wind generation.
- Power Purchases. Power expenditures could increase somewhat due to the implementation of the Oversupply Management Protocol.
- Power Scheduling/Marketing.
- Continue to provide oversight of all contracts signed to date. Pursue cost-effective means to mitigate capacity demands associated with interconnecting large amounts of wind into the Bonneville system. Pursue acquisition of additional cost-effective renewable generation to meet load growth. Continue to provide oversight on the wind resource integration services currently purchased by public power customers and offer additional renewable resource shaping services to such customers using wind generation to serve their load.

Associated Projects
($K)

FY 2013	FY 2014	FY 2015
386,033	418,096	428,078

Overview

Support FCRPS project costs and work to strengthen interagency and regional relationships to improve project performance, supporting functions, and to better understand project resource requirements and costs. This helps to maintain FCRPS reliability and system performance, as well as to attain Bonneville's strategic business objectives.

Continued investments in Associated Projects include:
-Continuous Activity (all years)
Bureau of Reclamation:

- Continue direct funding Reclamation O&M power activities.

Corps of Engineers:

- Continue direct funding Corps O&M power activities.

Fish & Wildlife
($K)

FY 2013	FY 2014	FY 2015
238,984	254,000	260,000

Overview

Bonneville now implements a stable, mature fish and wildlife mitigation program based on recommendations made by the Council. Several recent Council reviews have made additional fish and wildlife project recommendations to Bonneville. Bonneville, in coordination with the Council, reviews new and on-going projects for consistency with the Program. Bonneville reviews and resets project-specific funding commitments annually, including projects under the FCRPS BiOps, Fish Accords, and Washington Estuary Agreement. Bonneville bases its funding decisions on the management objectives and priorities in the Council's Program (including Sub-basin Plans and ISRP reviews), and the Accords as it integrates their implementation with actions necessary to fulfill ESA responsibilities as described in the NOAA Fisheries' and USFWS's BiOps. Regular coordination continues among Bonneville, Council, Federal resource management agencies, states, tribes and others to plan for additional projects to fill the few specific gaps remaining in Bonneville's mitigation portfolio through targeted solicitations.

Continued investments in Fish &Wildlife include:
-Continuous Activity (all years)

- Anadromous Fish: Continue implementing both ongoing and new projects that support ESA-listed species and other measures called for under the 2008 FCRPS BiOp and Supplemental FCRPS BiOps issued in 2010 and 2014, the Fish Accords, the Washington Estuary Agreement, the Kalispel Agreement, and the Willamette Agreement. Prioritize projects that address the factors that limit mitigation success as identified in the Sub-basin Plans and that fulfill Bonneville's responsibility for mitigating the impacts from the FCRPS power facilities. Implement and develop activities that protect and enhance tributary and estuary habitat; improve mainstream habitat on an experimental basis; reduce potentially harmful hatchery practices on ESA-listed populations; and contribute to sustainable fisheries.
- Resident Fish: Implement activities to determine the impacts of the FCRPS on lamprey and bull trout and mitigate for those impacts, and promote the reproduction and recruitment of Kootenai River white sturgeon. These activities have been selected in response to the USFWS's 2006 Libby BiOp, the Council's Program, and the Fish Accords.
- Continue mitigation using resident fish to offset anadromous fish losses (substitution); mitigate for reservoir power operation impacts to resident fish; and continue to refine, quantify, and delineate the difference between the two. Those resident fish habitat acquisition projects that meet Bonneville's Capitalization Policy will be funded under the capital portion of Bonneville's Fish and Wildlife budget.
- Wildlife: Use existing Bonneville policies to continue the current effort to mitigate wildlife in a manner consistent with the Council's Program and fulfill commitments in wildlife agreements such as the Kalispell Agreement and the Willamette Wildlife Agreement. These activities have been selected in response to the Northwest Power Act requirement to protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries. Those wildlife projects that meet Bonneville's Capitalization Policy will be funded under the capital portion of Bonneville's Fish and Wildlife budget and credited according to Bonneville's crediting policy and applicable mitigation contracts.

Residential Exchange, Northwest Power and Conservation Council, and Energy Efficiency & Renewable Resources

($K)

FY 2013	FY 2014	FY 2015
278,593	302,674	304,165

Overview

Residential Exchange Program

- Includes forecasted REP benefits based on the 2012 REP Settlement.

Northwest Power and Conservation Council

- Continue support of the Council activities, as directed under the Northwest Power Act, including regional power plan development and maintenance, and fish and wildlife program activities.

Energy Efficiency & Renewable Resources

- Continue close-out of the legacy conservation resource acquisition contracts, which support Bonneville's contractual obligation to serve customer load growth.

- Provide credible, unbiased information, and technical and financial support to energy efficiency purposes. Bonneville has a statutory responsibility to encourage and support the development of energy efficiency in the Pacific Northwest. Bonneville is participating with other regional entities to support market transformation and development activities that meet the needs of Bonneville customers and create business opportunities for the private sector in the Pacific Northwest. Toward that end, Bonneville has been helping create a delivery infrastructure to ensure conservation savings are installed efficiently and effectively throughout the region.

- Continue to purchase the output from renewable resources such as wind and solar.

Activities, Milestones, and Explanation of Changes

FY 2014	FY 2015	Explanation of Changes FY 2015 vs FY 2014 (Dollars in Thousands)
Production Milestones: • Continue to provide oversight of all signed contracts. • Continue to provide wind resource integration services for customer wind generation.	Milestones: • Continue to provide oversight of all signed contracts. • Continue to provide wind resource integration services for customer wind generation.	**-$653/-0.1%** The decrease reflects lower Columbia Generating Station (CGS) O&M costs along with decreased power purchases.
Associated Project Costs Milestones: • Continue direct funding of Corps and Reclamation O&M power activities.	Milestones: • Continue direct funding of Corps and Reclamation O&M power activities.	**+$9,982/+2.4%** The increase reflects changes to security, biological opinion requirements, non-routine extraordinary maintenance, WECC/NERC compliance activities, and improvements, replacements, and minor additions at the projects.
Fish & Wildlife Costs Milestones: • Continue implementing both ongoing and new projects that support ESA-listed species and other measures called for under the 2008 and 2010 FCRPS BiOps, the Fish Accords, the Washington Estuary Agreement, the Kalispell Agreement, and the Willamette Agreement.	Milestones: • Continue implementing both ongoing and new projects that support ESA-listed species and other measures called for under the 2008 and 2010 FCRPS BiOps, the Fish Accords, the Washington Estuary Agreement, the Kalispell Agreement, and the Willamette Agreement.	**+$6,000/+2.4%** The increase reflects funding associated with Biological Opinions, Fish Accord commitments and Northwest Power Act activities.
Residential Exchange Program Milestones: • (See Detailed Justification)	Milestones: • (See Detailed Justification)	**$0/0%** No change in funding.

FY 2014	FY 2015	Explanation of Changes FY 2015 vs FY 2014 (Dollars in Thousands)
NW Power & Conservation Council Milestones: • Continue support of the Council activities, as directed under the Northwest Power Act, including regional power plan development and maintenance, and fish and wildlife program activities.	Milestones: • Continue support of the Council activities, as directed under the Northwest Power Act, including regional power plan development and maintenance, and fish and wildlife program activities.	**+$231/2.2%** The increase reflects continuing emphasis on NW Power and Conservation Council.
Energy Efficiency & Renewable Resources Milestones: • Continue close-out of the legacy conservation resource acquisition contracts, which support Bonneville's contractual obligation to serve customer load growth. • Continue to purchase the output from renewable resources such as wind and solar.	Milestones: • Continue close-out of the legacy conservation resource acquisition contracts, which support Bonneville's contractual obligation to serve customer load growth. • Continue to purchase the output from renewable resources such as wind and solar.	**+$1,260/+1.4%** The increase reflects continuing emphasis on energy efficiency program consistent with the Power Plan and increased Renewable Resource acquisition costs.

Transmission Services - Operating Expense
Funding Schedule by Activity
Funding ($K)

	FY 2013 Current	FY 2014 Estimate	FY 2015 Estimate	FY 2015 vs FY 2014 $	FY 2015 vs FY 2014 %
Transmission Services - Operating Expense					
Engineering	54,801	49,052	49,307	256	1%
Operations	148,641	175,800	180,528	4,728	3%
Maintenance	187,210	192,221	197,133	4,911	3%
Total, Transmission Services - Operating Expense	390,652	417,073	426,968	9,985	2%

Outyears ($K)

	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Transmission Services - Operating Expense					
Engineering	49,307	49,701	50,436	51,373	51,959
Operations	180,528	178,320	181,721	184,890	185,254
Maintenance	197,133	202,104	206,132	210,296	211,353
Total, Transmission Services - Operating Expense	426,968	430,125	438,289	446,559	448,566

Overview
This activity provides for the transmission system services of engineering, operations, and maintenance for Bonneville's electric transmission system, and the associated power system control and communication facilities, with an invested cost of more than $6.0 billion. Primary strategies of this program are: 1) maintain the safety and reliability of the transmission system; 2) increase the focus on meeting customers' needs; 3) optimize the transmission system; 4) provide open and non-discriminatory transmission access; and 5) improve Bonneville's cost effectiveness.

Explanation of Changes
Bonneville's budget includes $427 million in FY 2015 for TS expense which is a 2 percent increase over the FY 2014 forecasted level. The increase reflects continuing operation and maintenance of Bonneville's transmission assets.

The FY 2015 budget increases the levels for Engineering (+$0.3 million), Operations (+$4.7 million), and Maintenance (+$4.9 million)

Engineering ($K)		
FY 2013	FY 2014	FY 2015
54,801	49,052	49,307

Overview

Continue efforts to identify best methods for improving system reliability and maintenance practices, and continue cost reduction efforts by identifying opportunities for low-cost reinforcement and voltage support of the existing transmission system.

Continued investments in Engineering include:

Continuous Activity (all years)

- Asset Management: Continue deploying the Asset Management approach to sustain the existing assets and expanding the system to meet Agency objectives using PAS-55 as a methodology for improving Asset Management.

- R&D: Conduct research focused on technologies related to business challenges Bonneville faces including reliability, energy efficiency, and integration of renewable energy resources. Technologies of interest are identified in Bonneville's Technology Roadmaps. A portfolio of research is selected every year through Bonneville's Portfolio Decision Framework.

- Technical Support: Provide technical support activities, such as transmission system planning and studies to optimize portions of the system. Provide support for non-wires solutions studies and pilot projects.

- Capital-to-Expense Adjustments: Conduct annual analysis of Bonneville's outstanding capital work orders to assess whether they should be expensed. As obsolete inventory is identified and disposed of, it is expensed.

- Regulatory Fees: WECC dues and loop flow payments, DOC/NTIA licensing costs for radio frequencies and NERC Critical Infrastructure Protection (CIP) compliance program costs. Includes membership in ColumbiaGrid.

- Reimbursable Transactions: Enter into written agreements with Federal and non-Federal entities that have work or services to be performed by Bonneville staff at the expense of the benefiting entities. The projects must be beneficial, under agreed upon criteria, to Bonneville operations and to the Federal or non-Federal entity involved or otherwise be aligned with or supportive of Bonneville's strategic objectives. Additionally, these activities generally contribute to more efficient or reliable construction of the Federal transmission system or otherwise enhance electric service to the region.

- Leased and Other Costs: Includes leases and other costs of financing transmission, delivery and voltage support facilities when such arrangements are operationally feasible and cost effective to deliver power. Capitalized leases enable Bonneville to continue to invest in infrastructure to support a safe and reliable system for the transmission of power. Other costs included are the accrued interest costs associated with Large Generator Interconnection Agreements (LGIA).

Operations ($K)		
FY 2013	FY 2014	FY 2015
148,641	175,800	180,528

Overview

Substation Operations: Perform operations functions necessary to provide electric service to customers and to protect the Federal investment in electric equipment and other facilities. Includes equipment adjustments, switching lines and equipment during emergencies or maintenance, isolating damaged equipment, restoring service to customers, inspecting equipment, reading meters, etc.

Power System Dispatching and Supporting Functions: Perform central dispatching, control, and monitoring of the electric operation of the Federal transmission system. Also includes load, frequency and voltage control of Federal generating plants, and coordinating long- and short-term outages of system equipment. In addition, provides technical engineering support of dispatching function and provides all technical and systems support for Dittmer Control Center (DCC) and Munro Control Center (MCC).

Marketing and Sales: Provide management and direction of transmission rates, and provide business strategy in marketing of transmission and ancillary products and services of Transmission Services. Involve customers and constituents in the process of product and rate development. Maintain accurate and complete historical records of current and past legacy transmission agreements. Provide guidance for current and future transmission contract negotiations. Provide financial analysis of market strategies. Monitor and report on the financial health of Transmission Services. Support cost management by effective reporting and analysis of current expenditures. Ensure official budget submittals reflect current management financial strategies and adequately fund transmission programs.

Transmission Scheduling: Provide non-discriminatory, open access to the Bonneville transmission system consistent with the Open Access Transmission Tariff (OATT). Schedule transmission capacity to eligible Bonneville customers, which include customers acquiring services under Use of Facilities (UFT), Formula Power Transmission (FPT), Integration of Resources (IR), and Part II, or Part III, of the OATT. Manage the reservations and scheduling of all transmission services associated with the OATT. Ensure commercial compliance for all transmission commercial functions. Update practices, policies and commercial systems to accommodate a large diversity of resources, including wind.

Continuous Activity (all years):

- Continue to operate within parameters of NERC and WECC.
- Continue support of increased compliance activities related to the reliability of the transmission system including cyber security.
- Continue developing facilities, policies, procedures and implementing systems to support the diversity of resources, including wind into the transmission grid.
- Continue preparation for increased complexity of transmission scheduling, power system operations and dispatching, including congestion management and outage scheduling.
- Continue developing facilities to support network operations center and one transmission scheduling operations facility.
- Continue developing a long-term approach to optimize transmission availability through streamlined, cost-effective, and sustainable processes.
- Continue to address succession planning issues across key functions.
- Continue development and implementation of business systems and tools.

Maintenance ($K)		
FY 2013	FY 2014	FY 2015
187,210	192,221	197,133

Overview

In all aspects of maintenance, Bonneville is continuing the use of Reliability Centered Maintenance (RCM) practices. The use of RCM practices is focused on improving system reliability, increasing availability and meeting new and existing compliance regulations at lowest lifecycle costs. In addition Bonneville is deploying Asset Management to optimize maintain/replace decision making. Maintenance costs are expected to increase as Bonneville addresses the aging transmission system, meeting Reliability Standards including Vegetation Management, and environmental constraints associated with construction, enhancement, and maintenance of the system. The Bonneville transmission system encompasses 15,276 circuit miles on over 8,500 right-of-way miles (many of these miles are through rugged, inaccessible terrain).

Continued investments in Maintenance include:
-Continuous Activity (all years)

- Continue to improve performance to meet System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) targets.
- Continue refining processes and procedures for monitoring and tracking compliance activities related to the reliability of the transmission system.
- Continue to improve system availability performance through new maintenance procedures and work practices.
- Continue to develop and implement work practices and procedures for implementation of a new specialty crew using bare-handing live line practices for maintenance of high-voltage transmission lines.
- Continue increased emphasis on replacement of line hardware (life extension programs for insulators, connectors, dampers & fiber optic cable hardware).
- Continue to prepare for the impact of an expected high attrition rate among Bonneville's aging workforce by recruiting apprentices and replacements for critical minimum crew size workload positions.
- Increase outage-scheduling planning and coordination to increase customer satisfaction and system availability.
- Maintain vegetation management levels to ensure system reliability.
- Continue access road work to provide reliable access to facilities and ensure environmental compliance.
- Continue improving environmental stewardship.

Transmission Line Maintenance: Maintain and repair 15,276 circuit miles (24,523 km) of high voltage transmission lines, of which over 7,617 km (4,734 circuit miles) are 500 kV transmission extra-high voltage (EHV). Maintenance of EHV lines is two and one-half times more labor-intensive than maintenance of lower transmission voltages, although more efficient in transmission of power. This responsibility includes maintaining transmission rights-of-way to ensure system reliability, safety, and environmental compliance. Adopt work practices that improve system availability, reliability, and compliance.

Right-of-Way Maintenance: Maintain and manage vegetation from over 8,500 of Bonneville's right-of-way miles. This responsibility includes vegetation management, danger tree management, and access road maintenance to ensure system reliability, safety, and environmental compliance. Adopt procedures and processes that improve system availability, reliability, environmental compliance, and reliability compliance. Continue to deploy new technologies such as LiDAR (Light Detection and Ranging) to reliably and cost-effectively manage vegetation.

Substation Maintenance: Maintain and repair the transmission system power equipment located in Bonneville's 262 substations. Work includes inspections, diagnostic testing and predictive and condition based maintenance.

System Protection Maintenance: Maintain relaying metering and remedial action scheme equipment used to control and protect the electrical transmission system and to meter energy transfers for the purpose of revenue billing. Additionally,

field-engineering services provide technical advice and assure the correct operation of power system relaying and special control systems used to support interregional energy transmission capabilities.

Power System Control Maintenance: Test, repair, and provide field engineering support of Bonneville's highly complex equipment, communications, and control systems, including seven major microwave systems, fiber optic systems, and other critical communications and control equipment that support the power system.

Non-Electric Plant Maintenance: Maintain and manage Bonneville's non-electric facilities. Includes site, building, and building utility maintenance; custodial services; station utility; and other maintenance service activities, as well as, facilities asset management on Bonneville-owned or Bonneville-leased non-electric facilities.

Maintenance Standards and Engineering: Establish, monitor, and update system maintenance standards, policies, and procedures, and review and update long-range plans for maintenance of the electric power transmission system.

Activities, Milestones, and Explanation of Changes

FY 2014	FY 2015	Explanation of Changes FY 2015 vs FY 2014 (Dollars in Thousands)
Engineering Milestones: • Continue efforts to identify best methods for improving system reliability and maintenance practices. • Continue cost reduction efforts by identifying opportunities for low-cost reinforcement and voltage support of the existing transmission system.	Milestones: • Continue efforts to identify best methods for improving system reliability and maintenance practices. • Continue cost reduction efforts by identifying opportunities for low-cost reinforcement and voltage support of the existing transmission system.	**+$256/+0.5%** The increase reflects emphasis on system reliability standards compliance and research and development.
Operations Milestones: • Continue to operate within parameters of NERC and WECC. • Continue support of increased compliance activities related to the reliability of the transmission system including cyber security.	Milestones: • Continue to operate within parameters of NERC and WECC. • Continue support of increased compliance activities related to the reliability of the transmission system including cyber security.	**+$4,728/+2.7%** The increase reflects continued emphasis on reliability compliance activities, wind integration activities, security, and control center systems support.
Maintenance Milestones: • Continue to improve performance to meet System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) targets.	Milestones: • Continue to improve performance to meet System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) targets.	**+$4,911/+2.6%** The increase reflects implementation of facilities asset management plans, continued implementation of live-line crew, NERC/WECC compliance activities related to land rights and vegetation management, continuing maintenance program activities, including system protection, right-of-way, line maintenance, and performance improvements.

Interest, Pension and Post-retirement Benefits
Operating Expense
Funding Schedule by Activity
Funding ($K)

	FY 2013 Current	FY 2014 Estimate	FY 2015 Estimate	FY 2015 vs FY 2014 $	FY 2015 vs FY 2014 %
Interest, Pension and Post-retirement Benefits					
BPA Bond Interest (Net)	130,516	108,718	139,500	30,782	28%
BPA Appropriation Interest	18,641	14,540	14,257	-283	-2%
Corps of Engineers Appropriation Interest	158,056	162,255	160,606	-1,650	-1%
Lower Snake River Comp Plan Interest	16,525	16,525	16,525	-	0%
Bureau of Reclamation Appropriation Interest	43,525	43,526	43,526	-	0%
Subtotal, Interest – Operating Expense	367,263	345,565	374,414	28,849	8%
Additional Pension and Post-retirement Benefits	35,641	37,002	37,638	636	2%
Total, Interest, Pension and Post-retirement Benefits	402,904	382,567	412,052	29,485	8%

Outyears ($K)

	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Interest, Pension and Post-retirement Benefits					
BPA Bond Interest (Net)	139,500	194,548	256,290	308,428	343,516
BPA Appropriation Interest	14,257	7,145	291	-	-
Corps of Engineers Appropriation Interest	160,606	162,340	165,870	168,904	171,655
Lower Snake River Comp Plan Interest	16,525	16,525	16,525	16,525	16,525
Bureau of Reclamation Appropriation Interest	43,526	43,526	43,526	43,526	43,526
Subtotal, Interest – Operating Expense	374,414	424,085	482,502	537,383	575,222
Additional Pension and Post-retirement Benefits	37,638	38,286	39,226	39,226	39,226
Total, Interest, Pension and Post-retirement Benefits	412,052	462,371	521,728	576,609	614,448

Overview

Interest expense provides for the payment of interest due on Federal debt. This consists of capital investment in FCRPS hydroelectric generating and transmission facilities of Bonneville, the Corps and Reclamation. Investments were financed by Congressional appropriations and Bonneville borrowings from the Treasury. Bonneville repays Federal debt through its power sales and transmission services revenues.

Since receiving Treasury borrowing authority in 1974 under the Transmission Act, all Bonneville borrowing has been at market rates. As of October 1, 1996, all of Bonneville's repayment obligations on FCRPS appropriated investment (Corps and Reclamation FCRPS investment and Bonneville investment financed with appropriations prior to the Transmission Act that were unpaid as of September 30, 1996) were restructured and assigned new current-market interest rates. The Bonneville Appropriations Refinancing Act of 1996 (Refinancing Act) called for resetting (reducing) the unpaid principal of FCRPS appropriations and reassigning (increasing) interest rates. New principal amounts were established as of the beginning of FY 1997 at the present value of the principal and annual interest payments Bonneville would make to the Treasury for these obligations in the absence of the legislation, plus $100 million. The new principal amounts were assigned prevailing market interest rates as of October 1, 1996. Bonneville's outstanding repayment obligations on appropriations at the end of FY 1996 were $6.6 billion with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to $4.1 billion with a weighted average interest rate of 7.1 percent. Implementation of the refinancing took place in 1997 after audited actual financial data were available. As called for in the legislation, Bonneville submitted its calculations and interest rate assignments implementing the Refinancing Act to Treasury for its review and approval. Treasury approved the implementation calculations in July 1997. The Refinancing Act also calls for all future FCRPS appropriations to be assigned prevailing Treasury yield curve interest rates.

Interest estimates are a direct function of costs of Treasury borrowing to Bonneville, repayment status of outstanding FCRPS investments, and projected additions to FCRPS plant in service. These estimates may change over time depending on forecasted market conditions. The interest cost estimates include the impact of Bonneville's appropriation refinancing legislation.

Federal employees associated with the operation of the FCRPS participate in either the Civil Service Retirement System or the Federal Employees Retirement System. Employees may also participate in the Federal Employees Health and Benefit Program and the Federal Employee Group Life Insurance Program. All such postretirement systems and programs are sponsored by the Office of Personnel Management; therefore, Bonneville does not record any accumulated plan assets or liabilities related to the administration of such programs. Bonneville makes additional annual contributions to the General Fund of the U.S. Treasury (receipt account 892889) related to the Federal post-retirement benefit programs provided to employees associated with the operation of the FCRPS. These payments are consistent with the FY 2001 Administration's budget which assumed Bonneville would prospectively cover the unfunded liability that accrues in fiscal years after FY 1997 of the Civil Service Retirement and Disability Fund (Disability Fund), the Employees Health Benefits Fund (Health Fund), and the Employees Life Insurance Fund (Insurance Fund) that it had not covered prior to FY 1998. Bonneville's additional annual contributions include amounts relating to pension and post-retirement benefits for Bonneville and the power-related portion of the Corps and Reclamation projects.

Capital Transfers
Funding Schedule by Activity
Funding ($K)

	FY 2013 Current	FY 2014 Estimate	FY 2015 Estimate	FY 2015 vs FY 2014 $	FY 2015 vs FY 2014 %
Capital Transfers					
BPA Bond Amortization[1]	167,000	103,661	111,151	7,490	7%
Reclamation Appropriation Amortization	0	0	0	0	0%
BPA Appropriation Amortization	56,374	3,901	98,119	94,218	2,415%
Corps Appropriation Amortization	0	76,000	0	(76,000)	-100%
Total, Capital Transfers	223,374	183,562	209,270	25,708	14%

Outyears ($K)

	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate
Capital Transfers					
BPA Bond Amortization[1]	111,151	34,888	118,266	114,838	437,360
Reclamation Appropriation Amortization	0	0	0	0	0
BPA Appropriation Amortization	98,119	94,924	4,034	0	0
Corps Appropriation Amortization	0	7	0	2	0
Total, Capital Transfers	209,270	129,819	122,300	114,840	437,360

Overview

This activity conveys funds to the Treasury for repayment of certain FCRPS costs not included in the Associated Project Costs budget. Since capital transfers are cash transactions, they are not considered budget obligations.

[1] Bonneville "Bond(s)" in this FY 2015 Budget refers to all bonds issued by Bonneville to and advances received from the U.S. Treasury. This reference is consistent with section 13(a) of the Transmission Act (P.L. 93-454), which defines Bonneville bonds as all bonds, notes, and other evidences of indebtednesses issued and sold by Bonneville to the U.S. Treasury.

Additional Tables

BONNEVILLE POWER ADMINISTRATION
TOTAL OBLIGATIONS/OUTLAYS
Current Services
(in millions of dollars)
FISCAL YEAR

BP-1 SUMMARY[1/3/]	2013		2014		2015		2016	2017	2018	2019
	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
1 Residential Exchange Program	202	202	204	204	204	204	213	213	213	213
2 Power Services [2/]	2,053	2,053	1,584	1,584	1,593	1,593	1,701	1,860	1,839	1,671
3 Transmission Services	658	658	1,066	1,066	1,052	1,052	1,067	1,105	1,094	997
4 Conservation & Energy Efficiency	145	145	163	163	181	181	186	190	193	198
5 Fish & Wildlife	291	291	314	314	311	311	304	305	310	333
6 Interest/ Pension [4/]	403	403	383	383	412	412	462	522	577	614
7 Associated Project Cost - Capital	186	186	241	241	239	239	248	244	256	257
8 Capital Equipment	48	48	45	45	46	46	47	48	48	48
9 Planning Council	10	10	11	11	11	11	11	11	11	12
10 Misc. Accounting Adjs.	0	0	0	0	0	0	0	0	0	0
11 Projects Funded in Advance	231	231	58	58	46	46	46	46	55	57
12 Capitalized Bond Premiums	0	0	2	2	2	2	2	2	2	2
TOTAL OBLIGATIONS/ OUTLAYS [3/]	**4,227**	**4,227**	**4,070**	**4,070**	**4,098**	**4,098**	**4,288**	**4,546**	**4,598**	**4,402**

REVENUES AND REIMBURSEMENTS

Current Services

(in millions of dollars)

BP-1 SUMMARY	FISCAL YEAR									
	2013		2014		2015		2016	2017	2018	2019
	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
14 Revenues [5/]	3,503	3,503	4,026	4,026	4,064	4,064	4,251	4,508	4,554	4,355
15 Project Funded in Advance	231	231	58	58	46	46	46	46	55	57
16 **TOTAL**	**3,734**	**3,734**	**4,084**	**4,084**	**4,110**	**4,110**	**4,297**	**4,554**	**4,609**	**4,412**
BUDGET AUTHORITY (NET) [6/]	**545**		**888**		**846**		**936**	**967**	**967**	**566**
17 **OUTLAYS (NET) [6/7/]**		**203**		**(10)**		**(10)**	**(10)**	**(10)**	**(10)**	**(10)**

These notes are an integral part of this table.

1/ This FY 2015 budget includes capital and expense estimates based on IPR and IPR2 forecasted data for FYs 2014-2019.

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

2/ Power Services includes Fish & Wildlife, Residential Exchange Program, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

3/ This budget has been prepared in accordance with PAYGO. Under PAYGO all Bonneville budget estimates are treated as mandatory and are not subject to the discretionary caps included in the Budget Control Act of 2011. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to Bonneville estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because Bonneville operates within existing legislative authority, Bonneville is not subject to a "pay-as-you-go" test regarding its revision of current-law funding estimates.

4/ See Interest Expense, Pension and Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of these cost estimates.

5/ Revenues, included in the Net Outlay formulation, are calculated consistent with cash management goals and assume a combination of adjustments. Assumed adjustments include the use of a combination of tools, including upcoming rate adjustment mechanisms, a net revenue risk adjustment, debt service refinancing strategies and/or short-term financial tools to manage net revenues and cash. Some of these potential tools will reduce costs rather than generate revenue, causing the same Net Outlay result. Adjustments for depreciation and 4(h)(10)(C) credits of the Northwest Power Act are also assumed.

6/ BPA received $48.7 million of additional budget authority in FY 2007 to accommodate the work necessary to relocate the radio spectrum consistent with the Commercial Spectrum Enhancement Act (P.L. 108-494). BPA anticipates returning the forecasted unused balance of approximately $8 million to the U.S. Treasury in FY 2015.

7/ Net Outlay estimates are based on current cost savings to date and anticipated cash management goals. They are expected to follow anticipated management decisions throughout the rate period that, along with actual market conditions, will impact revenues and expenses. Actual Net Outlays are volatile and are reported in Report on Budget Execution and Budgetary Resources (SF-133). Actual Net Outlays could differ from estimates due to changing market conditions, streamflow variability, and continuing restructuring of the electric industry.

EXPENSED OBLIGATIONS/OUTLAYS [1,4/]
Current Services
(in millions of dollars)
FISCAL YEAR

BP-2	2013		2014		2015		2016	2017	2018	2019
	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
1 Residential Exchange Program	202	202	204	204	204	204	213	213	213	213
2 Power Services [2/]	2,053	2,053	1,584	1,584	1,593	1,593	1,701	1,860	1,839	1,671
3 Transmission Services	391	391	417	417	427	427	430	438	447	449
4 Conservation & Energy Efficiency	67	67	88	88	89	89	91	92	93	94
5 Fish & Wildlife	239	239	254	254	260	260	267	274	281	288
6 Interest/ Pension [3/]	403	403	383	383	412	412	462	522	577	614
7 Planning Council	10	10	11	11	11	11	11	11	11	12
8 TOTAL EXPENSE	3,364	3,364	2,940	2,940	2,996	2,996	3,176	3,410	3,461	3,342
9 Projects Funded in Advance	231	231	58	58	46	46	46	46	55	57

CAPITAL OBLIGATIONS/OUTLAYS [1/]

Current Services

(in millions of dollars)

FISCAL YEAR

	BP-2 continued	2013		2014		2015		2016	2017	2018	2019
		Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
10	Conservation & Energy Efficiency	78	78	75	75	92	92	95	98	101	104
11	Transmission Services	268	268	649	649	625	625	637	666	648	549
12	Associated Project Cost	186	186	241	241	239	239	248	244	256	257
13	Fish & Wildlife	52	52	60	60	51	51	37	31	29	45
14	Capital Equipment	48	48	45	45	46	46	47	48	48	48
15	Capitalized Bond Premiums	0	0	2	2	2	2	2	2	2	2
16	**TOTAL CAPITAL INVESTMENTS**	**632**	**632**	**1,072**	**1,072**	**1,055**	**1,055**	**1,066**	**1,089**	**1,082**	**1,003**
17	**TREASURY BORROWING AUTHORITY TO**										
18	**FINANCE CAPITAL OBLIGATIONS [4/]**	**632**		**1,072**		**1,055**		**1,066**	**1,089**	**1,082**	**1,003**

These notes are an integral part of this table.

[1/] This FY 2015 budget includes capital and expense estimates based on IPR and IPR2 forecasted data for FYs 2014-2019.

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

[2/] Power Services includes Fish & Wildlife, Residential Exchange Program, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

[3/] See Interest Expense, Pension and Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of these cost estimates.

[4/] This budget has been prepared in accordance with PAYGO. Under PAYGO all Bonneville budget estimates are treated as mandatory and are not subject to the discretionary caps included in the Budget Control Act of 2011. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to Bonneville estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because Bonneville operates within existing legislative authority, Bonneville is not subject to a "pay-as-you-go" test regarding its revision of current-law funding estimates.

BP-3

CURRENT SERVICES

(in millions of dollars)

	CAPITAL TRANSFERS	**FISCAL YEAR**						
	Amortization:	**2013 Pymts**	**2014 Pymts**	**2015 Pymts**	**2016 Pymts**	**2017 Pymts**	**2018 Pymts**	**2019 Pymts**
19	BPA Bonds	167	104	111	35	118	115	437
20	Reclamation Appropriations	0	0	0	0	0	0	0
21	BPA Appropriations	56	4	98	95	4	0	0
22	Corps Appropriations	0	76	0	0	0	0	0
23	**TOTAL CAPITAL TRANSFERS**	**223**	**184**	**209**	**130**	**122**	**115**	**437**
		STAFFING						
24	**FULL-TIME EQUIVALENT (FTE)**	**2,998**	**3,200**	**3,200**	**3,100**	**3,100**	**3,100**	**3,100**

PROGRAM & FINANCING SUMMARY

Current Services

(in millions of dollars)

Identification Code: 89-4045-0-3-271

		2013	2014	2015 est.	2016	2017	2018	2019
Program by activities:								
	Operating expenses:							
0.01	Power Services	1,666	1,166	1,165	1,246	1,396	1,359	1,183
0.02	Residential Exchange Program	202	204	204	213	213	213	213
	Associated Project Costs:							
0.05	Bureau of Reclamation	127	141	143	157	158	165	165
0.06	Corps of Engineers	208	226	232	244	251	259	266
0.07	Colville Settlement	22	21	21	22	22	23	23
0.19	U.S. Fish & Wildlife Service	29	31	32	32	33	34	34
0.20	Planning Council	10	11	11	11	11	11	12
0.21	Fish & Wildlife	239	254	260	267	274	281	288
0.23	Transmission Services	391	417	427	430	438	447	449
0.24	Conservation & Energy Efficiency	67	88	89	91	92	93	94
0.25	Interest	367	346	374	424	483	537	575
0.26	Pension and Health Benefits [1/]	36	37	38	38	39	39	39
0.91	**Total operating expenses [2/]**	**3,363**	**2,940**	**2,996**	**3,175**	**3,411**	**3,461**	**3,342**
	Capital investment:							
1.01	Power Services	186	241	239	248	244	256	257
1.02	Transmission Services	268	649	625	637	666	648	549
1.03	Conservation & Energy Efficiency	78	75	92	95	98	101	104
1.04	Fish & Wildlife	52	60	51	37	31	29	45
1.05	Capital Equipment	48	45	46	47	48	48	48
1.06	Capitalized Bond Premiums	0	2	2	2	2	2	2
1.07	**Total Capital Investment [3/]**	**632**	**1,072**	**1,055**	**1,066**	**1,089**	**1,082**	**1,003**
2.01	Projects Funded in Advanced	231	58	46	46	46	55	57
10.00	**Total obligations [4/]**	**4,227**	**4,070**	**4,098**	**4,287**	**4,547**	**4,598**	**4,402**

These notes are an integral part of this table.

[1/] See Interest Expense, Pension and Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of these cost estimates.

[2/] Assumes expense obligations, not accrued expenses.
Power Services includes Fish & Wildlife, Residential Exchange Program, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

[3/] Assumes capital obligations, not capital expenditures.

[4/] This FY 2015 budget includes capital and expense estimates based on IPR and IPR2 forecasted data for FYs 2014-2019.

For purposes of this table, this FY 2015 budget reflects, for FY 2013, actual third party financing expense only for PFIA.

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

Refer to 16 USC Chapters 12B, 12G, 12H, and Bonneville's other organic laws, including P.L. 100-371, Title III, Sec. 300, 102 Stat. 869, July 19, 1988 regarding Bonneville's ability to obligate funds.

Program and Financing (continued)

Current Services

(in millions of dollars)

		2013	2014	est. 2015	2016	2017	2018	2019
Financing:								
1000	Unobligated balance available, start of year. [5/]	15	9	8	0	0	0	0
1050	Unobligated balance available, end of year.[5/]	9	8	8	0	0	0	0
1900	**Budget authority (gross)**	**4,528**	**4,969**	**4,953**	**5,233**	**5,523**	**5,578**	**4,978**
Budget Authority:								
1400	Permanent Authority: Authority to borrow from Treasury (indefinite) [6/]	632	1,072	1,055	1,066	1,089	1,082	1,003
1800	Spending authority from off-setting collections	3,734	4,084	4,110	4,297	4,556	4,609	4,412
1825	Portion applied to debt reduction	(168)	(184)	(209)	(130)	(122)	(115)	(437)
1850	**Spending authority from offsetting collections (adjusted)**	**2,139**	**3,900**	**3,901**	**4,167**	**4,434**	**4,494**	**3,975**
900	Total obligations	4,227	4,070	4,098	4,287	4,547	4,598	4,402
4100	Outlays (gross)	4,227	4,070	4,098	4,287	4,547	4,598	4,402
Adjustments to budget authority and outlays:								
	Deductions for offsetting collections:							
4120	Federal funds	(53)	(90)	(90)	(90)	(90)	(90)	(90)
4121	Interest on Federal Securities	(3)	(3)	(3)				
4123	Non-Federal sources	(3,691)	(3,991)	(4,017)	(4,207)	(4,466)	(4,519)	(4,332)
4130	Total, offsetting collections	(3,734)	(4,084)	(4,110)	(4,297)	(4,556)	(4,609)	(4,412)
4160	**Budget authority (net)**	**545**	**888**	**846**	**936**	**967**	**967**	**566**
4170	**Outlays (net) [7/]**	**203**	**(10)**	**(10)**	**(10)**	**(10)**	**(10)**	**(10)**

These notes are an integral part of this table.

[5/] Reflects estimated cost for radio spectrum fund.

[6/] The Permanent Authority: Authority to borrow (indefinite) from Treasury amounts reflect both Bonneville's capital program financing needs and either the use of, or creation of, deferred borrowing. Deferred borrowing is created when, as a cash and debt management decision, Bonneville uses cash from revenues to liquidate capital obligations in lieu of borrowing from Treasury. This temporary use of cash on hand instead of borrowed funds creates the ability in future years to borrow money, when fiscally prudent. The FY 1989 Energy and Water Development Appropriations Act (P.L. 100-371 0f 7/19/88) clarified that Bonneville has authority to incur obligations in excess of Treasury borrowing authority and cash in the BPA fund.

[7/] Net Outlay estimates are based on current cost savings to date and anticipated cash management goals. They are expected to follow anticipated management decisions throughout the rate period that, along with actual market conditions, will impact revenues and expenses. Actual Net Outlays are volatile and are reported in Report on Budget Execution and Budgetary Resources (SF-133). Actual Net Outlays could differ from estimates due to changing market conditions, streamflow variability, and continuing restructuring of the electric industry.

Revenues, included in the Net Outlay formulation, are calculated consistent with cash management goals and assume a combination of adjustments. Assumed adjustments include the use of a combination of tools, including upcoming rate adjustment mechanisms, a net revenue risk adjustment, debt service refinancing strategies and/or short-term financial tools to manage net revenues and cash. Some of these potential tools will reduce costs rather than generate revenue, causing the same Net Outlay result. Adjustments for depreciation and 4(h)(10)(C) credits of the Northwest Power Act are also assumed.

This budget has been prepared in accordance with PAYGO. Under PAYGO all Bonneville budget estimates are treated as mandatory and are not subject to the discretionary caps included in the Budget Control Act of 2011. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to Bonneville estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because Bonneville operates within existing legislative authority, Bonneville is not subject to a "pay-as-you-go" test regarding its revision of current-law funding estimates.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of TREASURY BORROWING
CURRENT SERVICES
(in millions of dollars)

BP-4A

	Fiscal Year							
	2013				**2014**			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-Standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-Standing
Start-of-Year: Total	2,625	2,083	3,524	3,420	3,090	2,548	3,989	3,885
Plus: Annual Increase								
Cum.-Annual Treasury Borrowing	632	632	632		1,072	1,072	1,072	
Treasury Borrowing (Cash)				632				1,072
Less:								
BPA Bond Amortization	167	167	167	167	104	104	104	104
Net Increase/(Decrease):	465	465	465	465	968	968	968	968
Cum.-End-of-Year: Total	3,090	2,548	3,989	3,885	4,059	3,517	4,958	4,854
Total Remaining Treasury Borrowing Amount				3,815				2,846
Total Legislated Treasury Borrowing Amount				7,700				7,700

These notes are an integral part of this table.

In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future.

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

In this FY 2015 budget, BPA "bond(s)" refers to all bonds issued by Bonneville to and advances received from the U.S. Treasury. This reference is consistent with section 13 (a) of the Transmission Act (PL 93-454), which defines BPA bonds as all bonds, notes, and other evidences of indebtednesses issued and sold to the U.S. Treasury.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

Bonneville reserve financing of $15 million annually is assumed as part of TS capital-PFIA for FYs 2013-2019.

The cumulative amount of actual advance amortization payments as of the end of FY 2013 is $2,697 million.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of TREASURY BORROWING
CURRENT SERVICES
(in millions of dollars)

BP-4B

	2015				2016			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-Standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-Standing
Start-of-Year: Total	4,059	3,517	4,958	4,854	5,003	4,461	5,902	5,798
Plus: Annual Increase								
Cum.-Annual Treasury Borrowing	1,055	1,055	1,055		1,066	1,066	1,066	
Treasury Borrowing (Cash)				1,055				1,066
Less:								
Total BPA Bond Amortization	111	111	111	111	35	35	35	35
Net Increase/(Decrease):								
Total	944	944	944	944	1,031	1,031	1,031	1,031
Cum.-End-of-Year: Total	5,003	4,461	5,902	5,798	6,034	5,492	6,933	6,829
Total Remaining Treasury Borrowing Amount				1,902				871
Total Legislated Treasury Borrowing Amount				7,700				7,700

These notes are an integral part of this table.

In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future.

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

In this FY 2015 budget, BPA "bond(s)" refers to all bonds issued by Bonneville to and advances received from the U.S. Treasury. This reference is consistent with section 13 (a) of the Transmission Act (PL 93-454), which defines BPA bonds as all bonds, notes, and other evidences of indebtednesses issued and sold to the U.S. Treasury.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

Bonneville reserve financing of $15 million annually is assumed as part of TS capital-PFIA for FYs 2013-2019.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of TREASURY BORROWING
CURRENT SERVICES
(in millions of dollars)

BP-4C Fiscal Year

	2017				2018			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-Standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-Standing
Start-of-Year: Total	6,034	5,492	6,933	6,829	7,003	6,461	7,902	7,798
Plus: Annual Increase								
Cum.-Annual Treasury Borrowing	1,088	1,088	1,088		1,081	1,081	1,081	
Treasury Borrowing (Cash)				1,088				1,081
Less:								
Total BPA Bond Amortization	118	118	118	118	115	115	115	115
Net Increase/(Decrease):								
Total	970	970	970	970	966	966	966	966
Cum.-End-of-Year: Total	7,003	6,461	7,902	7,798	7,970	7,428	8,869	8,765
Total Remaining Treasury Borrowing Amount				(98)				(1,065)
Total Legislated Treasury Borrowing Amount				7,700				7,700

These notes are an integral part of this table.

In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future.

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

In this FY 2015 budget, BPA "bond(s)" refers to all bonds issued by Bonneville to and advances received from the U.S. Treasury. This reference is consistent with section 13 (a) of the Transmission Act (PL 93-454), which defines BPA bonds as all bonds, notes, and other evidences of indebtednesses issued and sold to the U.S. Treasury.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

Bonneville reserve financing of $15 million annually is assumed as part of TS capital-PFIA for FYs 2013-2019.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of TREASURY BORROWING
CURRENT SERVICES
(in millions of dollars)

BP-4D

	Fiscal Year 2019			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-Standing
Start-of-Year: Total	7,970	7,428	8,869	8,765
Plus: Annual Increase				
Cum.-Annual Treasury Borrowing	1,003	1,003	1,003	
Treasury Borrowing (Cash)				1,003
Less:				
Total BPA Bond Amortization	437	437	437	437
Net Increase/(Decrease):				
Total	566	566	566	566
Cum.-End-of-Year: Total	8,536	7,994	9,435	9,331
Total Remaining Treasury Borrowing Amount				(1,631)
Total Legislated Treasury Borrowing Amount				7,700

These notes are an integral part of this table.

In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future.

Capital funding levels reflect external factors such as the significant changes affecting West Coast power and transmission markets, along with planned infrastructure investments designed to address the long-term needs of the region.

In this FY 2015 budget, BPA "bond(s)" refers to all bonds issued by Bonneville to and advances received from the U.S. Treasury. This reference is consistent with section 13 (a) of the Transmission Act (PL 93-454), which defines BPA bonds as all bonds, notes, and other evidences of indebtednesses issued and sold to the U.S. Treasury.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry.

Bonneville reserve financing of $15 million annually is assumed as part of TS capital-PFIA for FYs 2013-2019.

BONNEVILLE POWER ADMINISTRATION

POTENTIAL THIRD PARTY FINANCING TRANSPARENCY

(in millions of dollars)

BP-5

		Fiscal Year						
Transmission Services - Capital		**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Main Grid	Requirements	42	140	107	219	298	297	177
Area & Customer Services		10	27	38	15	13	13	13
Upgrades & Additions		85	281	269	202	159	135	138
System Replacements		130	201	211	202	196	202	220
Projects Funded in Advance		231	58	46	46	46	55	57
Total, Transmission Services - Capital		**498**	**707**	**671**	**684**	**713**	**703**	**606**
Associated Project Costs - Capital								
Associated Project Costs	Requirements	186	241	239	248	244	256	257
Total, Associated Project Costs - Capital		186	241	239	248	244	256	257
Federal and Non-Federal Funding								
Projects Funded in Advance	Sources	231	58	46	46	46	55	57
Treasury Borrowing Authority		454	890	864	886	911	903	805
Scenario								
Projects Funded in Advance[1/]	Scenario	20	150	170	100	100	100	100
Third Party Financing		144	250	250	250	250	250	250
Alternate Treasury Borrowing Authority		290	490	444	536	561	553	455

These notes are an integral part of this table.

[1/] In this scenario the Projects Funded in Advance represents potential prepayment of Power customers' bills reimbursed by future credits and third party non-federal financing for Conservation initiatives. Power Prepays will be included in this category in the future, depending on customer interest in participation.

The table above shows both the potential use of Treasury borrowing authority for transmission capital projects based on this FY 2015 budget and the use adjusted for potential third-party financing to fund appropriate capital expenditures when feasible in lieu of Treasury borrowing. Estimates included in this FY 2015 budget are uncertain and may change due to revised capital investment plans, changing economic conditions, and an evolving financial market environment. The estimates of third-party financing included in the table show a reduction in the use of Treasury borrowing and do not reflect the actual notional third party financing commitment BPA may enter into in that particular year. The difference of reduction in use of Treasury borrowing and the actual notional third party financing commitment is primarily due to the difference in the timing of financing transactions between Treasury and third-party financing for capital projects with multi-year construction schedules.

Bonneville's Third Party Financing for Transmission Services consists primarily of lease-purchase agreements, which are capitalized leases that enable BPA to acquire the use of transmission facilities over time. BPA also undertakes the construction and installation of facilities from funds that customers advance to BPA for construction of BPA-owned facilities that assist the customers in obtaining necessary transmission service from BPA. These customers receive monetary payment credits in bills for transmission services from BPA up to the amount of funds advanced to BPA, plus interest.

BPA's historical Third Party Financing amounts may vary over time due to re-assignment of certain lease-purchase agreements to Treasury Financing.

BPA Status of Treasury Borrowing with Potential Third Party Financing & PFIA Scenario

With the potential use of third party financing assumed in the scenario above, BPA's total remaining Treasury Borrowing Amount would be extended to the following amounts. See BP-4 BPA Status of Treasury Borrowing- Current Services.

	Fiscal Year						
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Start-of-Year: Total Bonds Outstanding	3,420	3,885	4,454	4,978	5,659	6,278	6,895
Plus:							
Treasury Borrowing (Cash)	632	1,072	1,055	1,066	1,088	1,081	1,003
Less:							
Potential Third Party Financing & PFIA	NA	400	420	350	350	350	350
BPA Bond Amortization	167	104	111	35	118	115	437
Net Increase/(Decrease) Bonds Outstanding:	465	568	524	681	620	616	216
Cum.-End-of-Year: Total	3,885	4,454	4,978	5,659	6,278	6,895	7,111
Total Remaining Treasury Borrowing Amount	3,815	3,246	2,722	2,041	1,422	805	589
Total Legislated Treasury Borrowing Amount	7,700	7,700	7,700	7,700	7,700	7,700	7,700

TREASURY PAYMENTS

(in millions of dollars)

		FISCAL YEAR						
		2013	2014	2015	2016	2017	2018	2019
A.	**INTEREST ON BONDS & APPROPRIATIONS**							
	Bonneville Bond Interest							
1	Bonneville Bond Interest (net)	93	109	140	195	256	308	344
2	AFUDC [1/]	38	39	41	39	33	29	27
	Appropriations Interest							
3	Bonneville	19	15	14	7	0	0	0
4	Corps of Engineers [2/]	157	162	161	162	166	169	172
5	Lower Snake River Comp.	17	17	17	17	17	17	17
6	Bureau of Reclamation [3/]	44	44	44	44	44	44	44
	Bond Premium paid							
7	**Total Bond and Approp. Interest**	**367**	**385**	**416**	**463**	**516**	**566**	**602**
B.	**ASSOCIATED PROJECT COST**							
8	Bureau of Reclamation Irrigation Assistance	59	53	52	61	51	28	57
9	Bureau of Rec. O & M [4/]	6	0	0	0	0	0	0
10	Corps of Eng. O & M [4/]	0	0	0	0	0	0	0
11	L. Snake River Comp. Plan O & M [4/]	0	0	0	0	0	0	0
12	**Total Assoc. Project Costs**	**65**	**53**	**52**	**61**	**51**	**28**	**57**
C.	**CAPITAL TRANSFERS**							
	Amortization							
13	Bonneville Bonds [6/]	167	104	111	35	118	115	437
13a	BPA Bond Amortization dependent on ..debt optimization	0	0	0	0	0	0	0
13b	BPA Bond Amortization dependent on ...net secondary revenues	0	0	0	0	0	0	0
14	Bureau of Reclamation Appropriations	0	0	0	0	0	0	0
15	Corps of Engineers Appropriations	0	76	0	0	0	0	0
16	Lower Snake River Comp. Plan	0	0	0	0	0	0	0
17	Bonneville Appropriations	57	4	98	95	4	0	0
	Total Capital Transfers	**224**	**184**	**209**	**130**	**122**	**115**	**437**
D.	**OTHER PAYMENTS**							
18	Unfunded CSRS Liability [5/]	36	37	38	38	39	39	39
21	**TOTAL TREASURY PAYMENTS**	**692**	**658**	**715**	**692**	**729**	**748**	**1,136**

These notes are an integral part of this table.

1/ This interest cost is capitalized and included in BPA's Transmission System Development, System Replacments, and Associated Projects Capital programs. AFUDC is financed through the sale of bonds.

2/ Includes interest on construction funding for Corp of Engineers (Corps) fish bypass facilities at Corps dams in the Columbia River Basin, including Lower Monumental, Ice Harbor, and The Dalles.

3/ Includes payments paid by Reclamation to Treasury on behalf of Bonneville.

4/ Costs for power O&M is funded directly by Bonneville as follows (in millions):

FISCAL YEAR	2013	2014	2015	2016	2017	2018	2019
Bureau of Reclamation	127	141	143	157	158	165	165
Corps of Engineers	208	226	232	244	251	259	266
Subtotal Bureau and Corps	335	366	375	401	409	424	431
Lower Snake River Comp. Plan	29	31	32	32	33	34	34
Total	364	397	407	433	442	457	465

5/ See Interest Expense, Pension and Post-retirement Benefits and Capital Transfers section of this budget for a complete

6/ In this FY 2015 budget, BPA "bond(s)" refers to all bonds issued by Bonneville to and advances received from the U.S. Treasury. This reference is consistent with section 13 (a) of the Transmission Act (PL Law 93-454), which defines BPA bonds as all bonds, notes, and other evidences of indebtednesses issued and sold to the U.S. Treasury.

Does not include Treasury bond premiums on refinanced Treasury bonds.

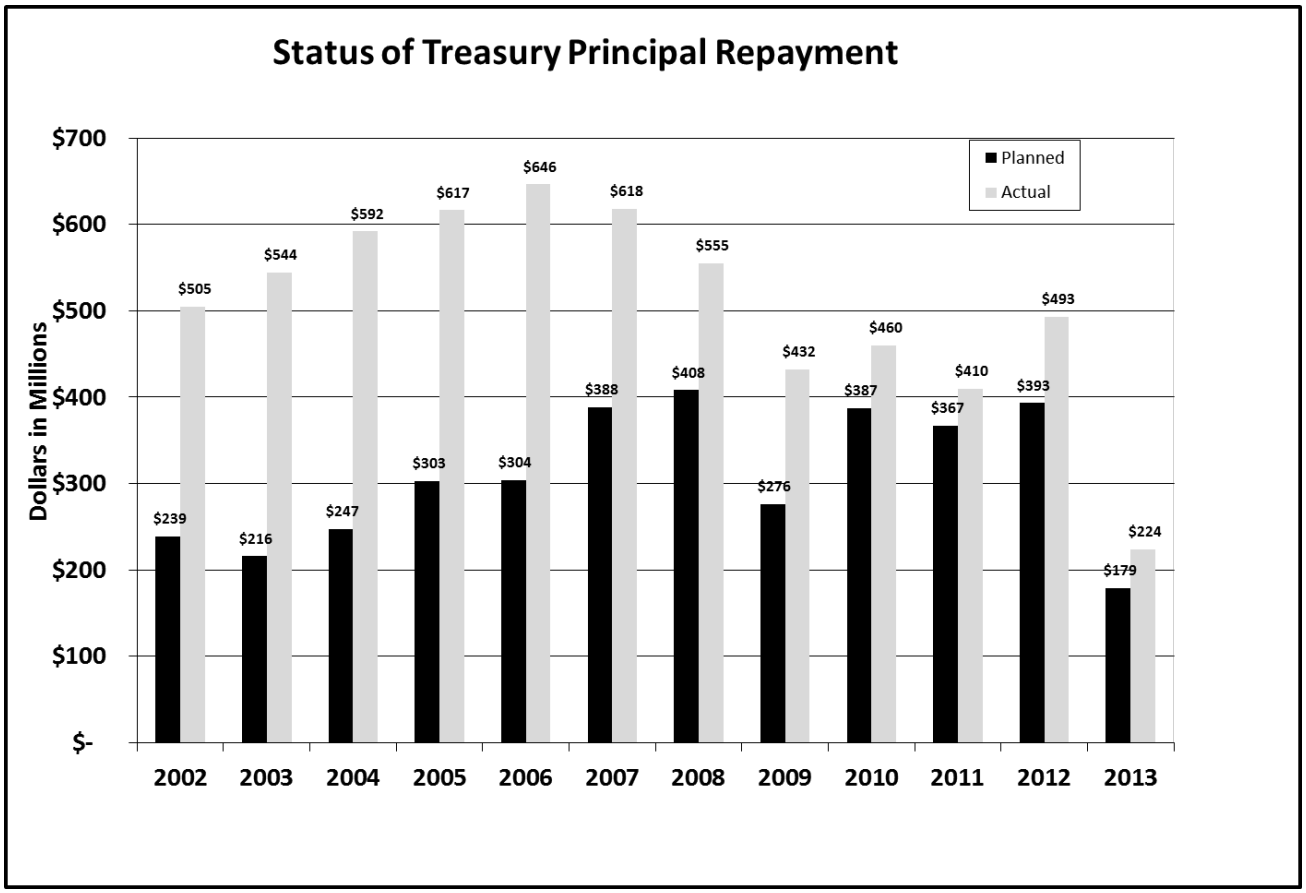


Chart Notes

[1/] This chart displays principal repayment only.

[2/] Treasury payment outyear estimates for planned amortization of principal are based on rate case estimates when available and planned amortization for future rate case periods. These estimates may change due to revised capital investment plans, actual Treasury borrowing, and advanced amortization payments. Bonneville made its full scheduled FY 2013 payment responsibility to the Treasury. Bonneville's aggregate Treasury payment was $692 million, comprised of $224 million in amortization, $367 million in interest, and $36 million of unfunded CSRS liabilities and other costs.

[3/] FYs 2000-2012 payments include portions of future planned amortization amounts consistent with Bonneville's capital strategy plan and the Bonneville /Energy Northwest debt optimization program.

[4/] Advance amortization due to sale of low-voltage transmission facilities includes $13 million and $5.3 million in FYs 2003 and 2006, respectively.

[5/] The cumulative amount of actual advance amortization payments as of the end of FY 2013 is $2,697 million.

OBJECT CLASSIFICATION STATEMENT
(in millions of dollars)

		ESTIMATES				
		2013 act.		**2014**		**2015**
11.1	Full-time permanent	381		367		369
11.3	Other than full-time permanent	-		-		-
11.5	Other personnel compensation	24		23		24
11.9	**Total personnel compensation**	**405**		**390**		**393**
12.1	Civilian personnel benefits	125		120		121
13.0	Benefits for former personnel	-		-		-
21.0	Travel and transportation of persons	20		19		19
22.0	Transportation of things	3		3		3
23.1	Rental payments to GSA	12		11		11
23.2	Rents, other	34		33		33
23.3	Communication, utilities & misc. charges	9		9		9
25.1	Consulting Services	211		203		204
25.2	Other Services	2,536		2,441		2,458
25.5	R & D Contracts	16		16		16
26.0	Supplies and materials	56		54		55
31.0	Equipment	148		142		143
32.0	Lands and structures	286		276		278
41.0	Grants, subsidies, contributions	62		60		60
43.0	Interest and dividends	304		292		294
99.0	**Total obligations**	**4,227**		**4,070**		**4,098**

Estimate of Receipts
(in millions of dollars)

	Fiscal Year						
	2013	2014	2015	2016	2017	2018	2019
Reclamation Interest	44	44	44	44	44	44	44
Reclamation Amortization	0	0	0	0	0	0	0
Reclamation O&M		0	0	0	0	0	0
Reclamation Irrig. Assist.	59	53	52	61	51	28	57
Revenues Collected by Reclamation	-7	-7	-7	-7	-7	-7	-7
Distributed in Treasury Account (credit)							
Colville Settlement (credit)	-5	-5	-5	-5	-5	-5	-5
Total 1/ Reclamation Fund	**90**	**84**	**84**	**92**	**83**	**59**	**89**
Corps O&M							
CSRS	36	37	38	38	39	39	39
Total 2/ Repayments on misc.costs	**36**	**37**	**38**	**38**	**39**	**39**	**39**

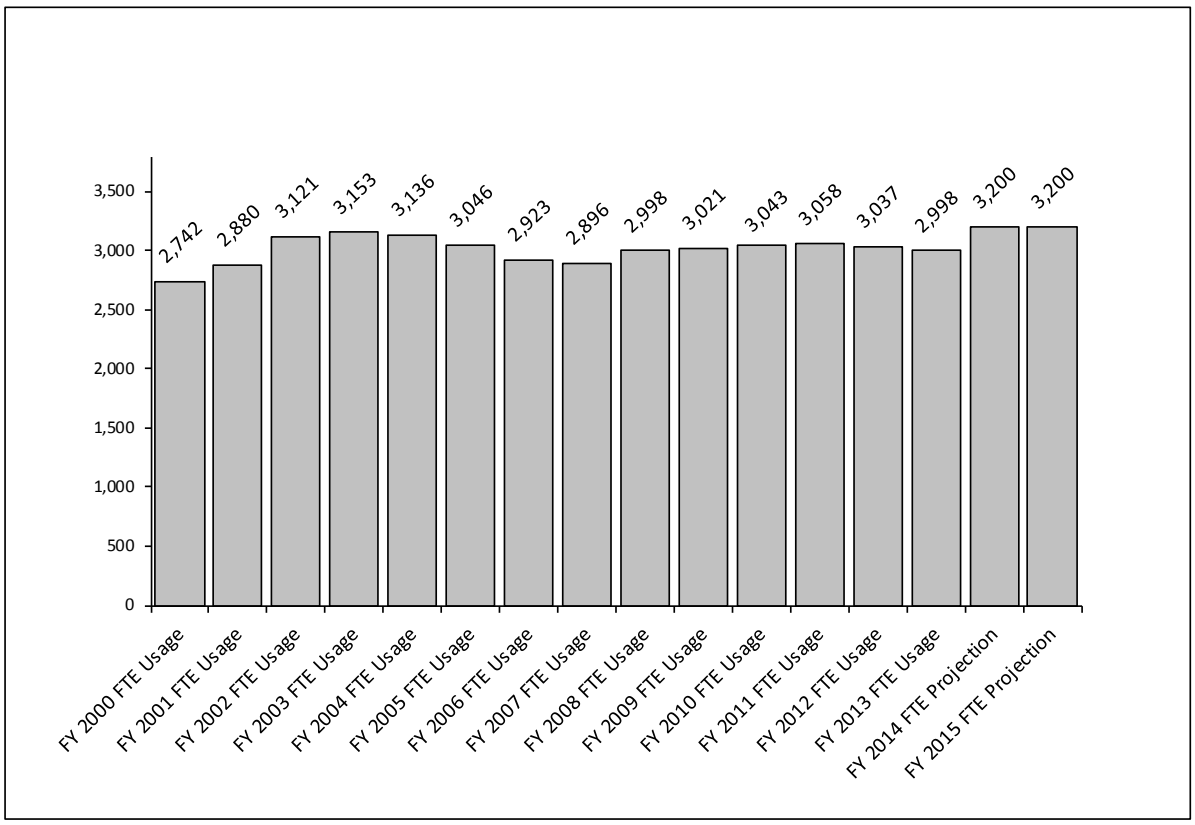
1/ Includes amortization of appropriations and irrigation assistance, and interest costs for Reclamation. The cost of power O&M for Reclamation is no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfer to Account #895000.26

2/ The costs of power O&M for the Corps and Lower Snake Comp. Plan are no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfers to Account #892889, Repayments on misc. recoverable costs, not otherwise classified. Costs for power O&M is funded directly by Bonneville as follows (in millions)

	2013	2014	2015	2016	2017	2018	2019
Bureau of Reclamation	127	141	143	157	158	165	165
Corps of Engineers	208	226	232	244	251	259	266
Lower Snake River Comp. Plan	29	31	32	32	33	34	34

See Interest Expense, Pension and Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of these cost estimates.

BONNEVILLE FTE



Actual FTE data is consistent with DOE personnel reports.

FTE outyear data are estimates and may change.

Total Cost of BPA Fish & Wildlife Actions

COST ELEMENT	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
CAPITAL INVESTMENTS [1]										
BPA FISH AND WILDLIFE	8.5	12.2	35.4	35.2	25.5	27.4	40.0	90.2	57.5	52.1
BPA SOFTWARE DEVELOPMENT COSTS	-	-	0.9	1.0	1.3	0.6	1.2	0.8	0.4	0.0
ASSOCIATED PROJECTS (FEDERAL HYDRO)	75.9	53.8	360.0	60.4	37.3	135.7	56.4	103.0	114.5	103.6
TOTAL CAPITAL INVESTMENTS	**84.4**	**66.0**	**396.3**	**96.6**	**64.2**	**163.7**	**97.6**	**193.9**	**172.3**	**155.7**
PROGRAM EXPENSES										
BPA DIRECT FISH AND WILDLIFE PROGRAM	137.9	135.8	137.9	139.5	148.9	177.9	199.6	221.1	248.9	239.0
FISH & WILDLIFE SOFTWARE EXPENSE COSTS										0.2
SUPPLEMENTAL MITIGATION PROGRAM EXPENSES [2]	7.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
REIMBURSABLE/DIRECT-FUNDED PROJECTS [3]										
O & M LOWER SNAKE RIVER HATCHERIES	17.3	17.2	20.1	19.3	19.4	20.8	23.3	24.5	22.0	28.7
O & M CORPS OF ENGINEERS	32.3	32.5	31.8	32.9	34.4	34.3	36.5	40.3	41.1	39.2
O & M BUREAU OF RECLAMATION	3.9	3.9	4.5	3.9	4.3	4.5	5.2	5.0	5.3	5.6
NW POWER AND CONSERVATION COUNCIL ALLOCATED @ 50%	3.7	4.3	4.3	4.2	4.1	4.7	4.7	4.5	4.6	5.0
SUBTOTAL (REIMB/DIRECT-FUNDED)	57.2	57.9	60.7	60.3	62.2	64.3	69.7	74.3	73.0	78.5
TOTAL OPERATING EXPENSES	**202.9**	**193.7**	**198.6**	**199.7**	**211.1**	**242.1**	**269.3**	**295.3**	**321.9**	**317.70**
PROGRAM RELATED FIXED EXPENSES [4]										
INTEREST EXPENSE	53.3	56.4	53.4	76.0	76.9	78.7	80.5	79.2	80.6	89.1
AMORTIZATION EXPENSE	17.5	17.4	17.4	22.9	24.4	24.6	25.0	28.3	30.2	35.7
DEPRECIATION EXPENSE	14.6	15.9	16.7	14.0	14.9	16.7	18.0	19.6	20.7	18.6
TOTAL FIXED EXPENSES	**85.4**	**89.7**	**87.5**	**112.9**	**116.2**	**120.0**	**123.5**	**127.2**	**131.5**	**143.4**
GRAND TOTAL PROGRAM EXPENSES	**288.3**	**283.4**	**286.1**	**312.7**	**327.3**	**362.1**	**392.8**	**422.5**	**453.4**	**461.1**
FORGONE REVENUES AND POWER PURCHASES										
FOREGONE REVENUES	21.7	182.1	397.4	282.6	273.5	142.8	99.4	156.7	152.2	135.5
BPA POWER PURCH. FOR FISH ENHANCEMENT	191.0	110.8	168.2	120.7	274.9	240.3	310.1	70.7	38.5	85.8
TOTAL FOREGONE REVENUES AND POWER PURCHASES	**212.7**	**292.9**	**565.6**	**403.3**	**548.5**	**383.1**	**409.5**	**227.4**	**190.7**	**221.3**
TOTAL PROGRAM EXPENSES, FOREGONE REVENUES, & POWER PURCHASES	501.0	576.3	851.7	716.0	875.8	745.3	802.3	649.9	644.1	682.4
CREDITS										
4(h)(10)(C)	(77.0)	(57.7)	(76.4)	(66.1)	(100.5)	(99.5)	(122.8)	(85.3)	(77.0)	(84.1)
TOTAL CREDITS	**(77.0)**	**(57.7)**	**(76.4)**	**(66.1)**	**(100.5)**	**(99.5)**	**(122.8)**	**(85.3)**	**(77.0)**	**(84.1)**

1/ Capital Investments include both BPA's direct Fish and Wildlife Program capital investments, funded by BPA's Treasury borrowing, and "Associated Projects", which include capital investments at Corps of Engineers' and Bureau of Reclamation projects, funded by appropriations and repaid by BPA. The negative amount in FY 1997 reflects a decision to reverse "plant-in-service" investment that was never actually placed into service. The annual expenses associated with these investments are included in "Program-Related Fixed Expenses", below.

2/ Includes High Priority and Action Plan Expenses and other supplemental programs.

3/ "Reimbursable/Direct-Funded Projects" includes the portion of costs BPA pays to or on behalf of other entities that is determined to be for fish and wildlife purposes.

4/ "Fixed Expenses" include depreciation, amortization and interest on investments on the Corps of Engineers' projects, and amortization and interest on the investments associated with BPA's direct Fish and Wildlife Program.

Bonneville Power Administration
Research and Development ($K)

	FY 2013 Current	FY 2014 Enacted	FY 2015 Request	FY 2015 vs FY 2014 Enacted
Basic	9,211	4,773	4,868	+95
Applied	5,370	2,473	2,522	+49
Development	1,592	8,661	8,822	+161
Total, Research and Development	**16,173**	**15,907**	**16,212**	**+305**

[SEC. 301. (a) No appropriation, funds, or authority made available by this title for the Department of Energy shall be used to initiate or resume any program, project, or activity or to prepare or initiate Requests For Proposals or similar arrangements (including Requests for Quotations, Requests for Information, and Funding Opportunity Announcements) for a program, project, or activity if the program, project, or activity has not been funded by Congress.

(b)(1) Unless the Secretary of Energy notifies the Committees on Appropriations of the House of Representatives and the Senate at least 3 full business days in advance, none of the funds made available in this title may be used to—

(A) make a grant allocation or discretionary grant award totaling $1,000,000 or more;

(B) make a discretionary contract award or Other Transaction Agreement totaling $1,000,000 or more, including a contract covered by the Federal Acquisition Regulation;

(C) issue a letter of intent to make an allocation, award, or Agreement in excess of the limits in subparagraph (A) or (B); or

(D) announce publicly the intention to make an allocation, award, or Agreement in excess of the limits in subparagraph (A) or (B).

(2) The Secretary of Energy shall submit to the Committees on Appropriations of the House of Representatives and the Senate within 15 days of the conclusion of each quarter a report detailing each grant allocation or discretionary grant award totaling less than $1,000,000 provided during the previous quarter.

(3) The notification required by paragraph (1) and the report required by paragraph (2) shall include the recipient of the award, the amount of the award, the fiscal year for which the funds for the award were appropriated, the account and program, project, or activity from which the funds are being drawn, the title of the award, and a brief description of the activity for which the award is made.

(c) The Department of Energy may not, with respect to any program, project, or activity that uses budget authority made available in this title under the heading "Department of Energy—Energy Programs", enter into a multiyear contract, award a multiyear grant, or enter into a multiyear cooperative agreement unless—

(1) the contract, grant, or cooperative agreement is funded for the full period of performance as anticipated at the time of award; or

(2) the contract, grant, or cooperative agreement includes a clause conditioning the Federal Government's obligation on the availability of future year budget authority and the Secretary notifies the Committees on Appropriations of the House of Representatives and the Senate at least 3 days in advance.

(d) Except as provided in subsections (e), (f), and (g), the amounts made available by this title shall be expended as authorized by law for the programs, projects, and activities specified in the "Final Bill" column in the "Department of Energy" table included under the heading "Title III—Department of Energy" in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act).

(e) The amounts made available by this title may be reprogrammed for any program, project, or activity, and the Department shall notify the Committees on Appropriations of the House of Representatives and the Senate at least 30 days prior to the use of any proposed reprogramming which would cause any program, project, or activity funding level to increase or decrease by more than $5,000,000 or 10 percent, whichever is less, during the time period covered by this Act.

(f) None of the funds provided in this title shall be available for obligation or expenditure through a reprogramming of funds that—

(1) creates, initiates, or eliminates a program, project, or activity;

(2) increases funds or personnel for any program, project, or activity for which funds are denied or restricted by this Act; or

(3) reduces funds that are directed to be used for a specific program, project, or activity by this Act.

(g)(1) The Secretary of Energy may waive any requirement or restriction in this section that applies to the use of funds made available for the Department of Energy if compliance with such requirement or restriction would pose a substantial risk to human health, the environment, welfare, or national security.

(2) The Secretary of Energy shall notify the Committees on Appropriations of the House of Representatives and the Senate of any waiver under paragraph (1) as soon as practicable, but not later than 3 days after the date of the activity to which a requirement or restriction would otherwise have applied. Such notice shall include an explanation of the substantial risk under paragraph (1) that permitted such waiver.**]**

SEC. **[**302**]***301*. The unexpended balances of prior appropriations provided for activities in this Act may be available to the same appropriation accounts for such activities established pursuant to this title. Available balances may be merged with

funds in the applicable established accounts and thereafter may be accounted for as one fund for the same time period as originally enacted.

SEC. **[**303**]***302*. Funds appropriated by this or any other Act, or made available by the transfer of funds in this Act, for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year **[**2014**]** *2015* until the enactment of the Intelligence Authorization Act for fiscal year **[**2014**]** *2015*.

SEC. **[**304**]***303*. None of the funds made available in this title shall be used for the construction of facilities classified as high-hazard nuclear facilities under 10 CFR Part 830 unless independent oversight is conducted by the Office of Health, Safety, and Security to ensure the project is in compliance with nuclear safety requirements.

SEC. **[**305**]***304*. None of the funds made available in this title may be used to approve critical decision-2 or critical decision-3 under Department of Energy Order 413.3B, or any successive departmental guidance, for construction projects where the total project cost exceeds $100,000,000, until a separate independent cost estimate has been developed for the project for that critical decision.

SEC. 305. Section 15(g) of Public Law 85–536 (15 U.S.C. 644), as amended, is further amended by striking paragraph (3).

[SEC. 306. (a) Any determination (including a determination made prior to the date of enactment of this Act) by the Secretary pursuant to section 3112(d)(2)(B) of the USEC Privatization Act (110 Stat. 1321–335), as amended, shall be valid for not more than 2 calendar years subsequent to such determination.

(b) Not less than 30 days prior to the provision of uranium in any form the Secretary shall notify the House and Senate Committees on Appropriations of the following:

(1) the amount of uranium to be provided;

(2) an estimate by the Secretary of the gross fair market value of the uranium on the expected date of the provision of the uranium;

(3) the expected date of the provision of the uranium;

(4) the recipient of the uranium; and

(5) the value the Secretary expects to receive in exchange for the uranium, including any adjustments to the gross fair market value of the uranium.**]**

[SEC. 307. Section 20320 of the Continuing Appropriations Resolution, 2007, Public Law 109–289, division B, as amended by the Revised Continuing Appropriations Resolution, 2007, Public Law 110–5, is amended by striking in subsection (c) "an annual review" after "conduct" and inserting in lieu thereof "a review every three years".**]**

[SEC. 308. None of the funds made available by this or any subsequent Act for fiscal year 2014 or any fiscal year hereafter may be used to pay the salaries of Department of Energy employees to carry out the amendments made by section 407 of division A of the American Recovery and Reinvestment Act of 2009.**]**

SEC. **[**309**]***306*. Notwithstanding section 307 of Public Law 111–85, of the funds made available by the Department of Energy for activities at Government-owned, contractor-operated laboratories funded in this or any subsequent Energy and Water Development Appropriations Act for any fiscal year, the Secretary may authorize a specific amount, not to exceed 6 percent of such funds, to be used by such laboratories for laboratory directed research and development.

[SEC. 310. Notwithstanding section 301(c) of this Act, none of the funds made available under the heading "Department of Energy—Energy Programs—Science" may be used for a multiyear contract, grant, cooperative agreement, or Other Transaction Agreement of $1,000,000 or less unless the contract, grant, cooperative agreement, or Other Transaction Agreement is funded for the full period of performance as anticipated at the time of award.**]**

[SEC. 311. (a) Not later than June 30, 2014, the Secretary shall submit to the Committees on Appropriations of the House of Representatives and the Senate a tritium and enriched uranium management plan that provides—

(1) an assessment of the national security demand for tritium and low and highly enriched uranium through 2060;

(2) a description of the Department of Energy's plan to provide adequate amounts of tritium and enriched uranium for national security purposes through 2060; and

(3) an analysis of planned and alternative technologies which are available to meet the supply needs for tritium and

enriched uranium for national security purposes, including weapons dismantlement and down-blending.

(b) The analysis provided by (a)(3) shall include a detailed estimate of the nearand long-term costs to the Department of Energy should the Tennessee Valley Authority no longer be a viable tritium supplier.**]**

[SEC. 312. The Secretary of Energy shall submit to the congressional defense committees (as defined in U.S.C. 101(a)(16)), a report on each major warhead refurbishment program that reaches the Phase 6.3 milestone, and not later than April 1, 2014 for the B61–12 life extension program, that provides an analysis of alternatives which includes—

(1) a full description of alternatives considered prior to the award of Phase 6.3;

(2) a comparison of the costs and benefits of each of those alternatives, to include an analysis of trade-offs among cost, schedule, and performance objectives against each alternative considered;

(3) identification of the cost and risk of critical technology elements associated with each alternative, including technology maturity, integration risk, manufacturing feasibility, and demonstration needs;

(4) identification of the cost and risk of additional capital asset and infrastructure capabilities required to support production and certification of each alternative;

(5) a comparative analysis of the risks, costs, and scheduling needs for any military requirement intended to enhance warhead safety, security, or maintainability, including any requirement to consolidate and/or integrate warhead systems or mods as compared to at least one other feasible refurbishment alternative the Nuclear Weapons Council considers appropriate; and

(6) a life-cycle cost estimate for the alternative selected that details the overall cost, scope, and schedule planning assumptions. For the B61–12 life extension program, the life cycle cost estimate shall include an analysis of reduced life cycle costs for Option 3b, including cost savings from consolidating the different B61 variants.**]**

[SEC. 313. (a) IN GENERAL.—Subject to subsections (b) through (d), the Secretary may appoint, without regard to the provisions of chapter 33 of title 5, United States Code, governing appointments in the competitive service, exceptionally well qualified individuals to scientific, engineering, or other critical technical positions.

(b) LIMITATIONS.—

(1) NUMBER OF POSITIONS.—The number of critical positions authorized by subsection (a) may not exceed 120 at any one time in the Department.

(2) TERM.—The term of an appointment under subsection (a) may not exceed 4 years.

(3) PRIOR EMPLOYMENT.—An individual appointed under subsection (a) shall not have been a Department employee during the 2-year period ending on the date of appointment.

(4) PAY.—

(A) IN GENERAL.—The Secretary shall have the authority to fix the basic pay of an individual appointed under subsection (a) at a rate to be determined by the Secretary up to level I of the Executive Schedule without regard to the civil service laws.

(B) TOTAL ANNUAL COMPENSATION.—The total annual compensation for any individual appointed under subsection (a) may not exceed the highest total annual compensation payable at the rate determined under section 104 of title 3, United States Code.

(5) ADVERSE ACTIONS.—An individual appointed under subsection (a) may not be considered to be an employee for purposes of subchapter II of chapter 75 of title 5, United States Code.

(c) REQUIREMENTS.—

(1) IN GENERAL.—The Secretary shall ensure that—

(A) the exercise of the authority granted under subsection (a) is consistent with the merit principles of section 2301 of title 5, United States Code; and

(B) the Department notifies diverse professional associations and institutions of higher education, including those serving the interests of women and racial or ethnic minorities that are underrepresented in scientific, engineering, and mathematical fields, of position openings as appropriate.

(2) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary and the Director of the Office of Personnel Management shall submit to Congress a report on the use of the authority provided under this section that includes, at a minimum, a description or analysis of—

(A) the ability to attract exceptionally well qualified scientists, engineers, and technical personnel;

(B) the amount of total compensation paid each employee hired under the authority each calendar year; and

(C) whether additional safeguards or measures are necessary to carry out the authority and, if so, what action, if any, has been taken to implement the safeguards or measures.

(d) TERMINATION OF EFFECTIVENESS.—The authority provided by this section terminates effective on the date that is 4 years after the date of enactment of this Act.**]**

[SEC. 314. Section 804 of Public Law 110–140 (42 U.S.C. 17283) is hereby repealed.**]**

[SEC. 315. Section 205 of Public Law 95–91 (42 U.S.C. 7135), as amended, is hereby further amended:
(1) in paragraph (i)(1) by striking "once every two years" and inserting "once every four years"; and
(2) in paragraph (k)(1) by striking "once every three years" and inserting "once every four years".**]**

[SEC. 316. Notwithstanding any other provision of law, the Department may use funds appropriated by this title to carry out a study regarding the conversion to contractor performance of any function performed by Federal employees at the New Brunswick Laboratory, pursuant to Office of Management and Budget Circular A-76 or any other administrative regulation, directive, or policy.**]**

[SEC. 317. Of the amounts appropriated for non-defense programs in this title, $7,000,000 are hereby reduced to reflect savings from limiting foreign travel for contractors working for the Department of Energy, consistent with similar savings achieved for Federal employees. The Department shall allocate the reduction among the non-security appropriations made in this title.**]**

[SEC. 318. Section 15(g) of Public Law 85–536 (15 U.S.C. 644), as amended, is hereby further amended by inserting the following at the end: "(3) First tier subcontracts that are awarded by Management and Operating contractors sponsored by the Department of Energy to small business concerns, small businesses concerns owned and controlled by service disabled veterans, qualified HUBZone small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women, shall be considered toward the annually established agency and Government-wide goals for procurement contracts awarded.".**]**

[SEC. 319. (a) ESTABLISHMENT.—The Secretary shall establish an independent commission to be known as the "Commission to Review the Effectiveness of the National Energy Laboratories." The National Energy Laboratories refers to all Department of Energy and National Nuclear Security Administration national laboratories.

(b) MEMBERS.—

(1) The Commission shall be composed of nine members who shall be appointed by the Secretary of Energy not later than May 1, 2014, from among persons nominated by the President's Council of Advisors on Science and Technology.

(2) The President's Council of Advisors on Science and Technology shall, not later than March 15, 2014, nominate not less than 18 persons for appointment to the Commission from among persons who meet qualification described in paragraph (3).

(3) Each person nominated for appointment to the Commission shall—

(A) be eminent in a field of science or engineering; and/or

(B) have expertise in managing scientific facilities; and/or

(C) have expertise in cost and/or program analysis; and

(D) have an established record of distinguished service.

(4) The membership of the Commission shall be representative of the broad range of scientific, engineering, financial, and managerial disciplines related to activities under this title.

(5) No person shall be nominated for appointment to the Board who is an employee of—

(A) the Department of Energy;

(B) a national laboratory or site under contract with the Department of Energy;

(C) a managing entity or parent company for a national laboratory or site under contract with the Department of Energy; or

(D) an entity performing scientific and engineering activities under contract with the Department of Energy.

(c) COMMISSION REVIEW AND RECOMMENDATIONS.—

(1) The Commission shall, by no later than February 1, 2015, transmit to the Secretary of Energy and the Committees on Appropriations of the House of Representatives and the Senate a report containing the Commission's findings and conclusions.

(2) The Commission shall address whether the Department of Energy's national laboratories—

(A) are properly aligned with the Department's strategic priorities; (B) have clear, well understood, and properly balanced missions that are not unnecessarily redundant and duplicative;

(C) have unique capabilities that have sufficiently evolved to meet current and future energy and national security challenges;

(D) are appropriately sized to meet the Department's energy and national security missions; and

(E) are appropriately supporting other Federal agencies and the extent to which it benefits DOE missions.

(3) The Commission shall also determine whether there are opportunities to more effectively and efficiently use the capabilities of the national laboratories, including consolidation and realignment, reducing overhead costs, reevaluating governance models using industrial and academic bench marks for comparison, and assessing the impact of DOE's oversight and management approach. In its evaluation, the Commission should also consider the cost and effectiveness of using other research, development, and technology centers and universities as an alternative to meeting DOE's energy and national security goals.

(4) The Commission shall analyze the effectiveness of the use of laboratory directed research and development (LDRD) to meet the Department of Energy's science, energy, and national security goals. The Commission shall further evaluate the effectiveness of the Department's oversight approach to ensure LDRD-funded projects are compliant with statutory requirements and congressional direction, including requirements that LDRD projects be distinct from projects directly funded by appropriations and that LDRD projects derived from the Department's national security programs support the national security mission of the Department of Energy. Finally, the Commission shall quantify the extent to which LDRD funding supports recruiting and retention of qualified staff.

(5) The Commission's charge may be modified or expanded upon approval of the Committees on Appropriations of the House of Representatives and the Senate.

(d) RESPONSE BY THE SECRETARY OF ENERGY.—

(1) The Secretary of Energy shall, by no later than April 1, 2015, transmit to Committees on Appropriations of the House of Representatives and the Senate a report containing the Secretary's approval or disapproval of the Commission's recommendations and an implementation plan for approved recommendations.**]**

[SEC. 320. The Committees on Appropriations of the House of Representatives and the Senate shall receive a 30-day advance notification with a detailed explanation of any waiver or adjustment made by the National Nuclear Security Administration's Fee Determining Official to at-risk award fees for Management and Operating contractors that result in award term extensions.**]**

[SEC. 321. To further the research, development, and demonstration of national nuclear security-related enrichment technologies, the Secretary of Energy may transfer up to $56,650,000 of funding made available in this title under the heading “National Nuclear Security Administration” to “National Nuclear Security Administration, Weapons Activities” not earlier than 30 days after the Secretary provides to the Committees on Appropriations of the House of Representatives and the Senate a cost-benefit analysis of available and prospective domestic enrichment technologies for national security needs, the scope, schedule, and cost of his preferred option, and after congressional notification and approval of the Committees on Appropriations of the House of Representatives and the Senate.**]**

[SEC. 322. None of the funds made available in this Act may be used—

(1) to implement or enforce section 430.32(x) of title 10, Code of Federal Regulations; or

(2) to implement or enforce the standards established by the tables contained in section 325(i)(1)(B) of the Energy Policy and Conservation Act (42 U.S.C. 6295(i)(1)(B)) with respect to BPAR incandescent reflector lamps, BR incandescent reflector lamps, and ER incandescent reflector lamps.**]** *(Energy and Water Development and Related Agencies Appropriations Act, 2014.)*

TITLE V—GENERAL PROVISIONS

SEC. 501. None of the funds appropriated by this Act may be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. 1913.

SEC. 502. None of the funds made available by this Act may be used to enter into a contract, memorandum of understanding, or cooperative agreement with, make a grant to, or provide a loan or loan guarantee to any corporation that was convicted of a felony criminal violation under any Federal law within the preceding 24 months, where the awarding agency is aware of the conviction, unless **[**the**]***a Federal* agency has considered suspension or debarment of the corporation and **[**has**]** made a determination that this further action is not necessary to protect the interests of the Government.

SEC. 503. None of the funds made available by this Act may be used to enter into a contract, memorandum of understanding, or cooperative agreement with, make a grant to, or provide a loan or loan guarantee to, any corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, where the awarding agency is aware of the unpaid tax liability, unless **[**the**]***a Federal* agency has considered suspension or debarment of the corporation and **[**has**]** made a determination that this further action is not necessary to protect the interests of the Government.

[SEC. 504. (a) None of the funds made available in title III of this Act may be transferred to any department, agency, or instrumentality of the United States Government, except pursuant to a transfer made by or transfer authority provided in this Act or any other appropriations Act for any fiscal year, transfer authority referenced in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act), or any authority whereby a department, agency, or instrumentality of the United States Government may provide goods or services to another department, agency, or instrumentality.

(b) None of the funds made available for any department, agency, or instrumentality of the United States Government may be transferred to accounts funded in title III of this Act, except pursuant to a transfer made by or transfer authority provided in this Act or any other appropriations Act for any fiscal year, transfer authority referenced in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act), or any authority whereby a department, agency, or instrumentality of the United States Government may provide goods or services to another department, agency, or instrumentality.

(c) The head of any relevant department or agency funded in this Act utilizing any transfer authority shall submit to the Committees on Appropriations of the House of Representatives and the Senate a semiannual report detailing the transfer authorities, except for any authority whereby a department, agency, or instrumentality of the United States Government may provide goods or services to another department, agency, or instrumentality, used in the previous 6 months and in the year-to-date. This report shall include the amounts transferred and the purposes for which they were transferred, and shall not replace or modify existing notification requirements for each authority.**]**

SEC. **[**505**]***504*. None of the funds made available by this Act may be used in contravention of Executive Order No. 12898 of February 11, 1994 ("Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations").