

QBR Follow Ups

May 1, 2012





- Keys Pump Storage; what is modernization and what is an upgrade?
 - Additional information will be provided at the upcoming IPR.

- When would Project Prioritization be implemented?
 - Asset Management has committed to an August workshop for additional discussion on this topic.

- Cougar Reclassification; is BPA doing further review or reclassification of Willamette projects? How is the allocation percentage developed?
 - After performing a thorough review, BPA does not believe there are any other investments that should be reclassified like was recently done for the water intake tower at Cougar.
 - The power purpose percentages are determined through cost allocation studies and are documented as part of the Congressional authorization for a project. While these percentages can be updated based on new cost allocation studies, BPA does not anticipate any new cost allocation studies for the Willamette projects anytime soon.



- Provide crosswalk between net revenues and reserves.

POWER STATEMENT OF CASH FLOWS
 FY 2012 Year End Forecast (\$millions)

	A	B	C
	Q1 FY12 YEAR END FORECAST	Q2 FY12 YEAR END FORECAST	Delta
1 CASH PROVIDED BY OPERATING ACTIVITIES			
2 NET REVENUE	\$ (45)	\$ 2	\$ 47
3 NON-CASH ITEMS:			
4 DEPRECIATION AND AMORTIZATION	\$ 200	\$ 198	\$ (2)
5 CAP ADJUSTMENT & ACCRUAL REVENUES	\$ (49)	\$ (49)	\$ -
6 CASH ADJUSTMENTS			
7 DELTA: EN CASH PMT TO BUDGET ACCRUAL	\$ 5	\$ 5	\$ -
8 SLICE TRUE UP CASH/ACCRUAL ADJ	\$ (2)	\$ (1)	\$ 0
9 INTER BUSINESS LINE REV/EXP & OTHER	\$ 1	\$ 0	\$ (0)
10 OTHER MISC CASH ADJUSTMENTS	\$ (0)	\$ 2	\$ 2
11 FUNDS HELD FOR OTHERS CASH FLOW	\$ (13)	\$ (16)	\$ (2)
12 RISK & INTEREST ADJ	\$ (3)	\$ (18)	\$ (15)
13 CASH PROVIDED BY OPERATING ACTIVITIES	\$ 94	\$ 123	\$ 29
14 CASH FOR INVESTMENT AND FINANCING ACTIVITIES	\$ (194)	\$ (194)	\$ -
15 ANNUAL (DECREASE)/INCREASE IN CASH	\$ (100)	\$ (71)	\$ 29
PS RESERVES CROSSWALK			
	Q1	Q2	Delta
16 FY12 BEGINNING PS TOTAL RESERVES	342	342	0
17 ANNUAL (DECREASE)/INCREASE IN CASH (ROW 15)	(100)	(71)	29
18 FORECAST FY12 ENDING PS TOTAL RESERVES	\$ 242	\$ 271	\$ 29
19 FY12 BEGINNING PS RESERVES FOR RISK	215	215	0
20 ANNUAL (DECREASE)/INCREASE IN CASH (ROW 15)	(100)	(71)	29
21 LESS PS FUNDS HELD FOR OTHERS (ROW 11)	(13)	(16)	(2)
22 FORECAST FY12 ENDING PS RESERVES FOR RISK	\$ 129	\$ 160	\$ 31



TRANSMISSION STATEMENT OF CASH FLOWS
 FY 2012 Year End Forecast (\$millions)

	A	B	C
	Q1 FY12 YEAR END FORECAST	Q2 FY12 YEAR END FORECAST	Delta
1 CASH PROVIDED BY OPERATING ACTIVITIES			
2 <i>NET REVENUE</i>	\$ 74	\$ 83	\$ 9
3 <i>NON-CASH ITEMS:</i>			
4 DEPRECIATION & AMORTIZATION	202	195	(7)
5 CAP ADJUSTMENT, LGIA REVENUE CREDITS & OTHER	(50)	(53)	(4)
6 <i>CASH ADJUSTMENTS</i>			
7 INTER BUSINESS LINE REV/EXP	1	1	(0)
8 OTHER MISC CASH ADJUSTMENTS	0	0	0
9 FUNDS HELD FOR OTHERS CASH FLOW	(26)	(32)	(6)
10 RISK & INTEREST ADJ	(1)	(1)	(0)
11 CASH PROVIDED BY OPERATING ACTIVITIES	200	193	(7)
12 CASH FOR INVESTMENT & FINANCING			
13 <i>UTILITY PLANT & TREASURY BORROWING</i>	(15)	(15)	0
14 <i>REPAYMENT OF FEDERAL DEBT</i>	(200)	(200)	0
15 <i>DEBT SERVICE REASSIGNMENT</i>	(47)	(44)	3
16 CASH USED FOR INVESTMENT & FINANCING ACTIVITIES	(263)	(260)	3
17 ANNUAL (DECREASE)/INCREASE IN CASH	\$ (62)	\$ (67)	\$ (4)
TS RESERVES CROSSWALK			
	Q1	Q2	Delta
18 FY12 BEGINNING TS TOTAL RESERVES	664	664	0
19 <i>ANNUAL (DECREASE)/INCREASE IN CASH (ROW 17)</i>	(62)	(67)	(4)
20 FORECAST FY12 ENDING TS TOTAL RESERVES	\$ 602	\$ 597	\$ (4)
21 FY12 BEGINNING TS RESERVES FOR RISK	532	532	0
22 <i>ANNUAL (DECREASE)/INCREASE IN CASH (ROW 17)</i>	(62)	(67)	(4)
23 <i>LESS TS FUNDS HELD FOR OTHERS (ROW 9)</i>	(26)	(32)	(6)
24 FORECAST FY12 ENDING TS RESERVES FOR RISK	\$ 495	\$ 497	\$ 2



What is included in the Transmission Miscellaneous Revenues?

Fiscal Year 2012		Sales	Miscellaneous Revenues	Inter-Business Unit Revenues	Total Revenues
Product Group Name	Product Category Name	400001	400002	400003	
NETWORK	FORMULA POWER TRANSMISSION				\$ 25,416,408
	INTEGRATION OF RESOURCES				\$ 22,511,944
	NETWORK INTEGRATION				\$ 122,330,381
	POINT-TO-POINT LONG TERM				\$ 365,638,012
	POINT-TO-POINT SHORT TERM				\$ 24,979,465
INTERTIE	MONTANA INTERTIE LONG TERM				\$ 114,816
	SOUTHERN INTERTIE LONG TERM				\$ 92,347,353
	SOUTHERN INTERTIE SHORT TERM				\$ 4,207,130
ANCILLARY SERVICES	DISPATCHABLE RES BALANCING				\$ 4,249,867
	ENERGY & GENERATION IMBALANCE				\$ 5,523,811
	GENERATION SUPPLIED REACTIVE				\$ -
	OPERATING RESERVE-SPIN & SUPP				\$ 55,622,202
	REGULATION & FREQ RESPONSE				\$ 6,494,618
	SCHED, SYS CTRL & DISPATCH				\$ 92,743,976
	VARIABLE RES BALANCING				\$ 46,072,679
DELIVERY	DSI DELIVERY				\$ 1,781,941
	UTILITY DELIVERY CHARGES- DELIVERY				\$ 2,546,010
FIBER & PCS	FIBER- OTHER REVENUE		\$ 8,177,337		\$ 8,177,337
	FIBER-OTHER REIMBURSABLE REVENUE		\$ 999,516		\$ 999,516
	WIRELESS/PCS- OTHER REVENUE		\$ 4,507,110		\$ 4,507,110
	WIRELESS/PCS- REIMBURSABLE REVENUE		\$ 1,661,843		\$ 1,661,843
OTHER REVENUES & CREDITS	AC-PNW PSW INTERTIE		\$ 1,632,935		\$ 1,632,935
	COE/BOR PROJECT REVENUE				\$ 954,000
	FAILURE TO COMPLY				\$ 413,606
	GEN-INTEGRATION-OTHER REVENUE SOURCE				\$ 8,864,880
	LAND LEASES AND SALES		\$ 245,115		\$ 245,115
	NFP-DEPR PNW PSW INTERTIE		\$ 3,119,370		\$ 3,119,370
	OPERATIONS & MAINTENANCE		\$ 1,127,332		\$ 1,127,332
	OTHER LEASES/MISC REVENUE SOURCES		\$ 127,401		\$ 127,401
	POWER FACTOR PENALTY				\$ 3,936,151
	REMEDIATION ACTION SCHEME		\$ 44,244		\$ 44,244
	RESERVATION FEE- OTHER REVENUE SOURCES				\$ 1,159,346
	SRVCS/FPS LOSS/INT EXCH/ARCRET		\$ 143,159		\$ 324,676
	TOWNSEND-GARRISON TRANSMISSION				\$ 12,420,730
	TRANSMISSIONS SHARE OF IRRIGATION PP		\$ 381,997		\$ 381,997
	UNAUTH INCREASE- OTHER REVENUE SOURCES				\$ -
	USE OF FACILITIES (UFT)				\$ 5,513,918
	REIMBURSABLE	REIMBURSABLE-OTHER REVENUE SOURCES		\$ 23,593,986	
Total Revenues		\$ 801,195,077	\$ 45,761,345	\$ 107,262,254	\$ 954,218,676



- The question posed at the May 1, 2012 QBR meeting asking given the context of the capital prioritization discussions is the SOY amount assumed in the NERC Criteria Compliance for mandatory work and is that work no longer mandatory?
 - The dollars budgeted in NERC Criteria Compliance at the start of the year are for unexpected, mandatory NERC compliance projects that arise during the year.

- Does the forecast for Reserves include anything for oversupply?
 - Nothing was included for oversupply management in our reserves forecast.

- Provide crosswalk on non-cash items showing current to EOY forecast.

	TS	PS	Combined	Corporate		FCRPS
				BBL	DSR	
Revenues	954,219	2,591,943	3,546,162	(237,670)		3,308,492
Operating Expenses	742,124	2,421,238	3,163,362	(238,727)	98,785	3,023,420
Net Interest Expense	128,740	168,447	297,187		(54,354)	242,833
Total Expense	870,864	2,589,685	3,460,549	(238,727)	44,431	3,266,253
Net Revenues	83,355	2,258	85,613	1,057	(44,431)	42,239

- Post Non-Treaty Storage Agreement backgrounder.
 - The Non-Treaty Storage Agreement Fact Sheet is available [online](http://www.bpa.gov/corporate/ntsa/) at <http://www.bpa.gov/corporate/ntsa/>

- Provide the 2012 and 2013 LGIA forecast and what is expected for LGIA payment in FY 2012-13?
 - LGIA forecasts will be discussed in Transmission workshops.



- What are the implications of LGIA on the revenue requirement?
 - LGIA implications on the revenue requirement is a rates workshop topic. As follow-up to the question, attached is information that has been provided in a Transmission rates workshop.
 - The unique nature of the revenue credits associated with LGIA is that payback occurs via rates that must fully recover the costs of the Network.
 - To date, LGIAs have yet to play a direct role in the development of rates. Likely, the next rate case will be the first.

**TRANSMISSION REVENUE REQUIREMENT
STATEMENT OF CASH FLOWS
(\$thousands)
FY 2012**

	TOTAL	LGIA/COI	WITHOUT LGIA/COI
1 CASH FROM CURRENT OPERATIONS			
2 EXPENSES NOT REQUIRING CASH:			
3 DEPRECIATION & AMORTIZATION	198,513	6,703	190,793
4 TRANSMISSION CREDIT PROJECTS NET INTEREST	17,970	17,970	
5 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	561		561
6 CAPITALIZATION ADJUSTMENT	(18,968)		(18,968)
7 ACCRUAL REVENUES (LGIA/AC INTERTIE/FIBER)	(48,616)	(41,985)	(6,631)
8 CASH PROVIDED BY CURRENT OPERATIONS	149,460	(17,312)	165,755
9 CASH FROM TREASURY BORROWING AND APPROPRIATIONS			
10 DEBT SERVICE REASSIGNMENT PRINCIPAL	(41,141)		(41,141)
11 REPAYMENT OF LONG-TERM DEBT	(25,000)		(25,000)
12 REPAYMENT OF CAPITAL APPROPRIATIONS	(175,110)		(175,110)
13 CASH FROM TREASURY BORROWING AND APPROPRIATIONS	(241,251)		(241,251)
14 ANNUAL INCREASE (DECREASE) IN CASH	(91,791)	(17,312)	(75,496)
15 MINIMUM REQUIRED NET REVENUES	91,791	17,312	75,496
16 TOTAL ANNUAL INCREASE (DECREASE) IN CASH	0	0	0

1/ Line 16 must be greater than or equal to zero, otherwise net revenues will be added so that there are no negative cash flows for the year.



- Is the Columbia Generating Station Decommissioning Trust Fund subject to attachment by the United States?
 - No. Monies deposited in the Columbia Generating Station Decommissioning Trust Fund are not “Federal Funds,” but are instead funds in which the beneficial interest exists for purposes of decommissioning and site restoration of the Columbia Generating Station. Without more, funds committed to an established trust purpose may not be attached, particularly when such Trust Fund is established in order to fulfill regulatory requirements of a federal agency, here the Nuclear Regulatory Commission.

- Report on Hydropower Efficiencies
 - BPA and the Corps have implemented optimization software on several of the federal hydropower projects. Prior to 2010, these estimated operational efficiency gains were included in BPA studies as incremental hydroelectric power generation - about 50 aMW. Benchmarking studies performed by BPA for 2008 and 2009, of actual generation versus model results, indicated that the projected gains were already being captured in our models; therefore BPA no longer includes operational optimization gains in our Whitebook (Annual Pacific Northwest Loads and Resources Study) and Rate Case studies. With respect to claiming any operational benefits for the purposes of an RPS, we have not found a way to accurately measure the incremental output from operational efficiency improvements. To further complicate the issue, any gains may be offset due to the increased within hour fluctuations in project generation as a result of the ramp-up in balancing reserves for wind integration.



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