

February 2010 QBR Follow Ups



QBR Follow Ups

Smart Grid

- **Provide customers with additional detail regarding what Technology partners will be providing, specifically Areva, IBM and 3Tier.**
 - **3TIER™:** renewable energy wind, hydro, and solar resource forecasting and assessment
 - **AREVA T&D:** operations software: Real-time Dynamic Pricing, Renewable Energy Management Platforms
 - **IBM:** servers, InfoSphere™ software, cyber security, architect of interoperable transactive signal system
 - **Netezza:** highly parallel data storage appliance located in demonstration's operations center
 - **QualityLogic/Drummond Group:** interoperability testing, standardization, conformance testing, certification

- **Provide customers with the \$10 million spread (by year).**
 - Expected BPA funds to project, subject to our final funding agreement with Battelle:
 - FY 2010 - \$2 million
 - FY 2011 - \$3 million
 - FY 2012 - \$2 million
 - FY 2013 - \$1 million
 - FY 2014 - \$2 million



QBR Follow Ups

IT Capital Requirements

- **Provide the spread of all changes identified on slide 26 of the QBR package, totaling \$74 million in increases by year.**
 - See Slide 4 (FY 2010 and FY 2011, projects identified as being in the “execution” phase).
- **Identify capital projects by year for all four areas identified on slide 26 (REV, TPIP, RODS Replacement and Data Center Modernization).**

Program Area	FY09 CAP (\$M's)	FY10 CAP (\$M's)	FY11 CAP (\$M's)	FY12 CAP (\$M'S)	Total (\$M's)
REV Implementation	\$3.2	\$14.3	\$11.3	\$1.9	\$30.7
TPIP Implementation	\$9.5	\$9.2	\$0.8	\$0.0	\$19.5
RODS Retirement	\$1.6	\$4.4	\$3.8	\$3.2	\$13.0
Data Center Modernization	\$3.0	\$10.5	\$9.9	\$1.8	\$25.2
Total	\$17.3	\$38.4	\$25.8	\$6.9	\$88.4

- **Provide a list of any IT projects amortized over 5 years.**
 - All IT projects are amortized over a 5 year period.
- **Identify which projects have been added for FY 2010 and FY 2011.**
 - See Slide 4 (projects are identified as “planning” or “inception”)
- **Identify what programs/projects capital funding shifted from to cover changes in FY 2010-11.**
 - In FY 2010, funding was shifted from Non-Electric Facilities.
 - No final decision has been made for FY 2011.



IT Capital Requirements

January 15, 2010			FY10 Forecast vs Project Budgets		FY11 Forecast vs Project Budgets		FY12 Forecast vs Project Budgets	
			FY10 TOTAL FORECAST CAP		FY11 TOTAL FORECAST CAP		FY12 TOTAL FORECAST CAP	
CBC - Billing	ITC75	Execution	\$1,836,819		\$0		\$0	
Work Planning and Scheduling	ITT104	Execution	\$2,925,000		\$0		\$0	
Transmission Asset System	ITT103	Execution	\$3,730,000		\$754,543		\$0	
Microsoft Project Integration	ITC78	Execution	\$1,235,146		\$0		\$0	
Field Connectivity Enhancement	ITI82	Execution	\$200,000		\$0		\$0	
Enterprise GIS (eGIS) Phase 2	ITT110	Execution	\$1,119,686		\$0		\$0	
E-Commerce	ITC76	Execution	\$0		\$0		\$0	
Slice Computing Application	ITP81	Execution	\$2,038,008		\$2,282,439		\$1,180,293	
Regional Dialogue Scheduling System	ITP84	Execution	\$2,900,000		\$1,828,557		\$0	
Loads, Obligations & Resource Analyzer	ITP83	Execution	\$2,261,767		\$2,047,647		\$0	
Agency Load Forecasting - ST/LT Integration	ITC77	Execution	\$750,000		\$0		\$0	
CBC - Billing Phase 2	ITC83	Execution	\$1,099,000		\$1,249,296		\$0	
CBC - Contracts	ITC65	Execution	\$1,955,533		\$1,879,488		\$0	
Residential Purchase & Sale Agreement Tools	ITP85	Execution	\$670,000		\$0		\$0	
Service Point Profile	ITC81	Execution	\$591,936		\$128,701		\$0	
Revenue Forecasting	ITP86	Execution	\$879,279		\$344,331		\$0	
RODS Replacement Project	ITI74	Execution	\$4,437,000		\$3,780,667		\$3,178,223	
Data Center Modernization	ITI86	Execution	\$10,541,690		\$9,937,337		\$1,795,971	
Cyber Security Assessment System	ITC84	Execution	\$374,481		\$319,604		\$0	
Voice Recording Replacement	ITI69	Execution	\$50,206		\$0		\$0	
Network Reconstruction	ITI27	Execution	\$456,983		\$0		\$0	
Rate Analysis Model (RAM)	ITP87	Execution	\$525,442		\$101,428		\$0	
HQ Cable Plant Upgrade	ITI84	Execution	\$59,404		\$0		\$0	
Pisces Bi Op Accord Enhancement	ITP88	Execution	\$1,384,107		\$0		\$0	
Trade Management System (Gateway)	ITP80	Execution	\$400,000		\$0		\$0	
Telecommunications Circuit Management System (TCMS)	ITT108	Execution	\$1,703,112		\$500,000		\$0	
Service Connection (Formerly BARS Replacement Project)	ITC42	Execution	\$1,525,404		\$500,000		\$0	
Governance, Risk & Compliance (Formerly NERC Compliance)	ITC54	Execution	\$91,545		\$0		\$0	
OATI Infrastructure Enhancement	ITT115	Planning	\$0		\$0		\$0	
Customer Portal	ITC80	Planning	\$250,000		\$991,003		\$686,000	
Agency Portal (AP)	ITC88	Planning	\$250,000		\$1,175,960		\$686,000	
Customer Data Management	ITC79	Planning	\$400,000		\$430,250		\$0	
Transmission Commercial Sys Reinforcement (TCSR)	ITT112	Inception	\$600,000		\$1,900,000		\$1,000,000	
PGPW Streamflow Model Replacement (PSMR)	ITP89	Inception	\$276,000		\$1,103,999		\$0	
Dynamic Modeling (DM)	ITC86	Inception	\$550,000		\$832,504		\$0	
NERC CIP - Prowatch (Phase II)	NC-TBD	Inception	\$900,000		\$900,000		\$0	
Ross Alarm Monitoring Station Improvement (AMS)	ITI90	Inception	\$260,000		\$878,400		\$0	
High Density Modem Solution & ADC Failover (HDMS-AFP)	ITI88	Inception	\$0		\$1,800,000		\$0	
Large Format Plotter Replacement (LFPR)	ITT114	Inception	\$300,000		\$0		\$0	
ProjectWise Data Restructure (PDR)	ITT111	Inception	\$0		\$878,400		\$0	
Digital Signatures (DS)	ITT113	Inception	\$0		\$1,464,000		\$0	
Field Telephone DATS/PBX Standardization (FTS)	ITI89	Inception	\$0		\$1,379,999		\$0	
PeopleSoft Optimization (PO)	ITC87	Inception	\$0		\$1,464,000		\$0	
Electronic Official Personnel Folder (e-OPF)	ITC89	Inception	\$0		\$649,000		\$0	
BC Response Portal	ITC91	Non APSC	\$0		\$0		\$0	
Ventyx System Optimizer Implementation (VSOI)	ITC90	Non APSC	\$0		\$0		\$0	
			\$49,571,837		\$42,379,955		\$8,526,487	



QBR Follow Ups

Power Financial Highlights

- **Will we be engaging in the Debt Optimization Program in 2010?**
 - No, we will not be engaging in the Debt Optimization Program in 2010. We may however have some debt management activities that we will be performing on an ongoing basis with regards to our federal debt.

- **Provide FY 2009 SOY Revenue Forecast. Customers voiced concerns that the FY 2010 SOY forecast was significantly higher than the FY 2009 actuals and would like to see the delta against FY 2009 SOY.**
 - FY 2009 SOY Gross Sales = \$2,458,640,000; This is based on average water, which is consistent with the way FY 2010 SOY Gross Sales was forecasted.

- **Identify what was in the rate case forecast for other power purchases.**
 - Other Power Purchases includes Other Committed Purchases, Committed Trading Floor Purchases, and Balancing Power Purchases.

- **If available please provide a rule of thumb for MAF to revenue.**
 - Due to the variability in the relationship between MAF and revenue, we do not have a rule of thumb.



QBR Follow Ups

Power Financial Highlights

- **Provide bullet points explaining changes in Power Purchases and Augmentation costs on Slide 62.**
 - Decrease in Augmentation Power Purchases: SOY to Q1 (\$134 million)
 - SOY augmentation expense was taken from the WP-10 rate case study which assumed augmentation to achieve load/resource balance under critical hydro conditions.
 - For Q1, about 60 aMW of non-DSI load and loads for Alcoa and Port Townsend are served out of surplus inventory, therefore the augmentation expense for these loads was removed.
 - Increase in Other Power Purchases: SOY to Q1 (\$150 million)
 - Poor water forecast is the most significant factor in this increase
 - Also includes any purchases necessary to meet loads, including any necessary purchases related to the 60 aMW of non-DSI load, Port Townsend and Alcoa. However, the unit cost of these Other Power Purchases is presently forecast to be less than the unit cost of the Augmentation Power Purchases take from WP-10.
 - Total increase in Augmentation and Other Power Purchases: SOY to Q1 (\$16 million)
 - While we are only seeing a forecasted increase of \$16 million, we are not taking into account the impact on the revenue side due to the poor water and serving Alcoa. The decrease in trading floor sales from SOY to Q1 is \$216 million.



QBR Follow Ups

Seasonality of Financial Reserves

- How do unencumbered reserves decrease through FY 2010 since we are forecasting \$102 million in Transmission Net Revenue?

- Below are the crosswalks for both encumbered and unencumbered reserves that give the answer. Note that one question was what I thought the "encumbered" reserves balance would be for FY 2010. I was incorrect in estimating that it would be between \$60 & \$80 million. As you can see it is \$115.7 million.

EO FY 2009 to EO FY 2010 Forecast Transmission Reserves (with 3 months of actuals)

	Reserves including Funds held for others	Reserves excluding Funds held for others
	2010	2010
EO FY 2009 Transmission reserves balance ^{1/}	\$ 693.4	\$ 515.9
Forecast FY 2010 Net Revenues	102.2	102.2
Depreciation & Amortization	166.9	166.9
Change in Funds Held for Others	(61.9)	0.0
LGIA Revenue Credits	(41.9)	(41.9)
Inter business line revenue/expense elimination	(11.3)	(11.3)
Non cash revenue and expense accruals	(8.0)	(8.0)
Cash Provided by Operations	\$ 146.0	\$ 207.9
Cash Used for Debt Service	(219.7)	\$(219.7)
Cash Used for Reserve Financing	(15.0)	(15.0)
Total Cash used for financing purposes	\$ (234.7)	\$(234.7)
TRAM Rate Case Risk adjustment to cash flows	(35.5)	(35.5)
Ending Forecast 2010 Reserve Balance	\$ 569.2	\$ 453.6
Funds held for others EO FY 2010 ^{1/}	<u>\$ 115.7</u>	
Reserves less Funds Held for Others	453.6	
1/ EO FY 09 funds held for others	\$ 177.6	
Change in funds held for others	\$ (61.9)	
EO FY 10 forecast funds held for others	\$ 115.7	

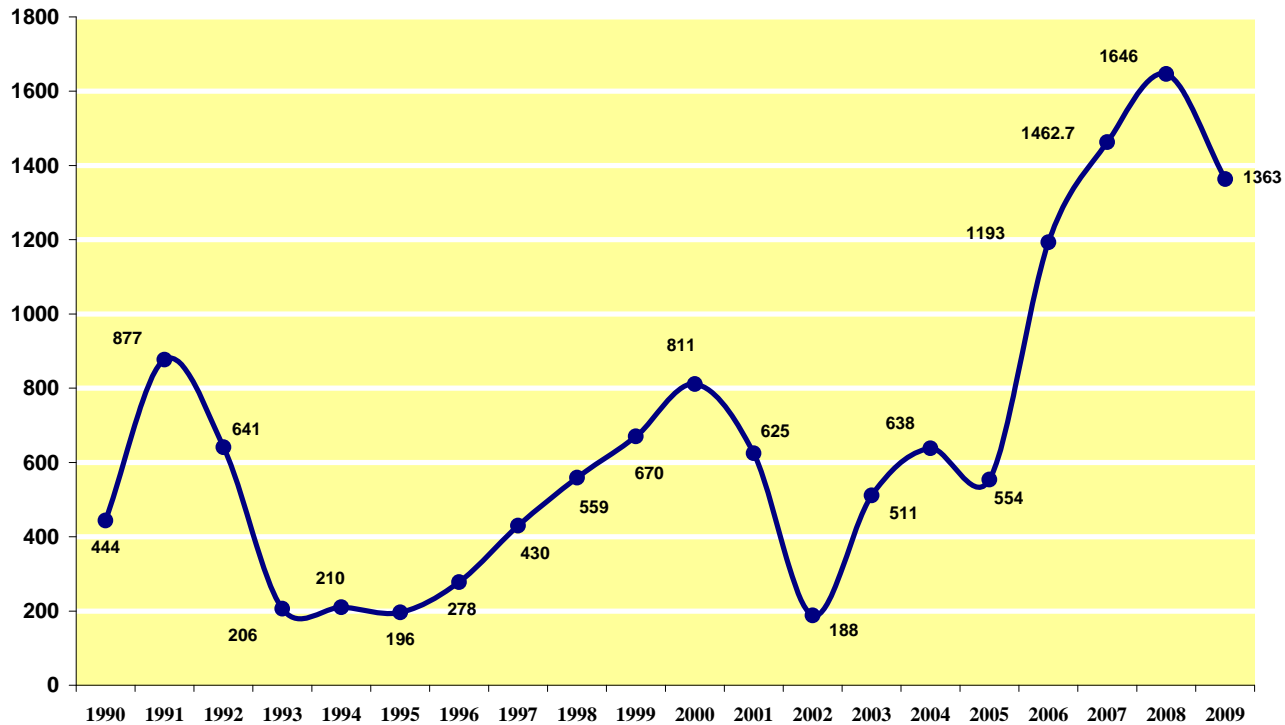


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Seasonality of Financial Reserves

- Provide Agency Reserves history, customers would like to see EOY reserve levels dating back to 1990 split between business lines.
 - Historical reserves broken down by business unit require approval for external release, a request has been submitted. Agency reserves history has been provided starting in FY 1990.

Year-End BPA Financial Reserves
FY 1990 through FY 2009 Actuals
(\$Million)



QBR Follow Ups

The 2nd Quarter QBR was originally scheduled for May 4th from 1-4pm, the meeting has been rescheduled for May 3rd from 1-4pm in the rates hearing room.

