

Quarterly Business Review

November 3, 2010

Follow Ups



QBR Follow Ups – Power Services



- **Provide additional details describing the Power/Transmission Graphic.**
 - See the following slides for marked up reports for Power and Transmission.
- **Provide more detail on Power Debt Service and how Fish Acquisition is impacting it.**
 - The FY 2011 SOY budget was developed assuming that the wildlife mitigation land acquisition was completed in FY 2010. Therefore, the impacts of the land acquisition were included in the Borrowings from US Treasury and Amortization lines as if the acquisitions occurred in FY 2010.
- **Were the FY 2011 PF loads close to what was included in the rate case for FY 2011?**
 - Including Slice, PF load dropped by 416 aMW in FY 2011 compared to the rate case. However, most of the decrease in gross sales between rate case and SOY is due to a decline in secondary sales caused by lower than average water forecasts and low prices.
- **What is causing the Inter-Business Unit revenues to decrease by approximately \$5 million in FY 2011 SOY from the rate case?**
 - BPA updated the revenue forecast for the Customer-Supplied Generation Imbalance pilot. Consequently, BPA is forecasting less revenue from the Wind Balancing Service because Iberdrola will not be purchasing the imbalance component of the service.

Report ID: 0021FY11

Power Services Summary Statement of Revenues and Expenses

Run Date/Time: November 03, 2010 05:56

Requesting BL: POWER BUSINESS UNIT

Through the Month Ended September 30, 2010

Data Source: EPM Data Warehouse

Unit of measure: \$ Thousands

Preliminary/ Unaudited

% of Year Lapsed = 100%

		FY 2009		FY 2010			FY 2010	Revenue Items: Actuals - Rate Case	Expense Items: Actuals - Rate Case
		Actuals: FYTD	Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals: FYTD		
Operating Revenues									
1	Gross Sales (excluding bookout adjustment)	\$2,099,872	\$2,090,387	\$2,658,676	\$2,658,694	\$2,222,630	\$2,233,570	(\$425,106)	
2	Bookout Adjustment to Sales	(36,814)	(36,814)			(88,713)	(120,803)	(120,803)	
3	Miscellaneous Revenues	31,948	33,383	29,421	29,421	28,172	29,370	(51)	
4	Inter-Business Unit	78,318	78,318	90,171	90,171	100,216	100,981	10,810	
5	Derivative Instruments	(34,677)	(34,677)			14,800	14,800	14,800	
6	U.S. Treasury Credits	90,353	104,099	101,289	101,289	134,961	127,690	26,401	
7	Total Operating Revenues	\$2,229,000	\$2,234,695	\$2,879,557	\$2,879,575	\$2,412,066	\$2,385,607		
Operating Expenses									
Power System Generation Resources									
Operating Generation Resources									
8	Columbia Generating Station	288,208	288,208	257,811	257,811	264,211	256,940	(871)	
9	Bureau of Reclamation	77,775	78,228	87,318	87,318	87,318	82,125	(5,193)	
10	Corps of Engineers	170,897	178,407	191,060	191,060	191,060	192,279	1,219	
11	Long-term Contract Generating Projects	28,783	28,783	30,455	30,455	32,755	28,769	(1,686)	
12	Operating Generation Settlement Payment	21,725	18,170	21,328	21,328	16,712	16,712	(4,616)	
13	Non-Operating Generation	(754)	(754)	2,618	2,618	2,618	2,673	55	
14	Gross Contracted Power Purchases and Aug Power Purchases <Note 1	323,968	324,359	270,438	270,689	448,005	472,526	202,087	
15	Bookout Adjustment to Power Purchases	(36,814)	(36,814)			(88,713)	(120,803)	(120,803)	
16	Residential Exchange/IOU Settlement Benefits	205,171	205,171	263,137	264,528	179,970	180,453	(82,063)	
17	Renewable and Conservation Generation	96,267	96,267	123,402	124,039	107,307	102,278	(621)	
18	Subtotal Power System Generation Resources	\$1,175,226	\$1,180,025	\$1,247,567	\$1,249,846	\$1,241,242	\$1,213,951		
19	Power Services Transmission Acquisition and Ancillary Services	157,802	157,802	187,217	177,717	160,713	157,603	(29,614)	
20	Power Non-Generation Operations	72,976	72,656	87,196	86,355	81,854	75,623	(11,573)	
21	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	207,397	208,059	248,583	248,583	248,583	232,395	(16,188)	
BPA Internal Support									
22	Additional Post-Retirement Contribution	16,353	16,353	15,447	16,717	17,392	15,447		
23	Agency Services G&A	48,343	48,216	49,961	49,335	49,567	51,937	1,976	
24	Other Income, Expenses & Adjustments	(2,454)	(2,454)		(1,428)	(4,850)	(7,449)	(7,449)	
25	Non-Federal Debt Service	457,044	457,044	565,486	579,606	537,560	537,830	(27,656)	
26	Depreciation & Amortization	178,655	180,788	197,839	187,435	183,635	184,989	(12,849)	
27	Total Operating Expenses	\$2,311,342	\$2,318,490	\$2,599,296	\$2,594,166	\$2,515,696	\$2,462,325		
28	Net Operating Revenues (Expenses)	(\$82,342)	(\$83,795)	\$280,261	\$285,409	(\$103,629)	(\$76,718)		
Interest Expense and (Income)									
29	Interest Expense	207,661	207,661	219,587	212,069	211,234	211,064	(8,523)	
30	AFUDC	(7,730)	(9,336)	(10,800)	(13,000)	(13,900)	(9,662)	1,138	
31	Interest Income	(46,817)	(46,817)	(42,404)	(41,471)	(23,380)	(24,474)	17,930	
32	Net Interest Expense (Income)	\$153,114	\$151,508	\$166,383	\$157,598	\$173,954	\$176,928		
33	Net Revenues (Expenses)	(\$235,457)	(\$235,303)	\$113,878	\$127,811	(\$277,583)	(\$253,645)		

Notes:

- The total reduction to revenues is calculated by using the yellow shaded cells. (Sum the revenue line items, subtract the yellow expense line items, and add the negative Other Adjustments line items.)
- The total reduction to expenses is calculated by using the green shaded cells. (Sum all of the green line items.)
- On line 16, there is both a green and a yellow item related to the Residential Exchange Program. The \$82M item is the lookback and the \$621k identifies the benefits that came in under the rate case estimate.

Other Adjustments

MNR Adjustment for Debt Service	(27,656)
MNR Adjustment for Mark-to-Market	(14,800)
Removal of Pre-Paid Trans from Rate Case	(9,500)

(\$515,513) Total Change in Revenues from Rate Case

(96,033) Total Change in Expenses from Rate Case

Report ID: 0023FY10

Transmission Services Summary Statement of Revenues and Expenses

Run Date/Time: November 08, 2010/ 15:13

Requesting BL: TRANSMISSION BUSINESS UNIT

Through the Month Ended September 30, 2010

Data Source: EPM Data Warehouse

Unit of Measure: \$ Thousands

Preliminary/ Unaudited

% of Year Lapsed = 100%

	FY 2009		FY 2010			FY 2010	Revenue Items: Actuals - Rate Case	Expense Items: Actuals - Rate Case
	Actuals: FYTD	Actuals	Rate Case	SOY Budget	Current EOY Forecast	Actuals: FYTD		
Operating Revenues								
1 Sales	\$688,217	\$689,197	\$713,981	\$711,669	\$741,530	\$738,330	\$24,349	
2 Miscellaneous Revenues	24,710	24,710	32,378	33,981	29,133	32,175	(203)	
3 Inter-Business Unit Revenues	117,932	117,932	117,381	121,415	106,826	113,576	(3,805)	
4 Total Operating Revenues	\$830,860	\$831,840	\$863,739	\$867,065	\$877,489	\$884,080		
Operating Expenses								
5 Transmission Operations	99,586	98,521	120,400	125,377	117,068	103,625	(16,775)	
6 Transmission Maintenance	128,447	128,284	125,607	135,202	131,213	125,431	(176)	
7 Transmission Engineering	25,230	27,605	25,240	28,483	28,778	24,221	(1,018)	
8 Trans Services Transmission Acquisition and Ancillary Services	85,483	85,241	103,328	103,085	111,107	109,782	6,454	
9 Transmission Reimbursables	8,013	8,733	9,142	9,727	11,580	9,100	(41)	
BPA Internal Support								
Additional Post-Retirement Contribution	16,353	16,353	15,447	16,717	17,392	15,447		
11 Agency Services G&A	46,871	46,753	48,937	49,017	48,641	50,362	1,425	
12 Other Income, Expenses & Adjustments	58	67	(10,000)	(2,000)	1,820	7,722	17,722	
13 Non-Federal Debt Service								
14 Depreciation & Amortization	174,786	174,786	189,702	184,150	183,600	183,382	(6,320)	
15 Total Operating Expenses	\$584,827	\$586,343	\$627,802	\$649,758	\$651,200	\$629,072		
16 Net Operating Revenues (Expenses)	\$246,033	\$245,497	\$235,937	\$217,307	\$226,290	\$255,008		
Interest Expense and (Income)								
17 Interest Expense	174,947	174,947	195,176	180,670	178,157	177,042	(18,134)	
18 AFUDC	(21,373)	(21,373)	(16,501)	(21,300)	(25,100)	(23,204)	(6,703)	
19 Interest Income	(30,681)	(30,681)	(24,655)	(27,226)	(32,570)	(30,644)	(5,989)	
20 Net Interest Expense (Income)	\$122,892	\$122,892	\$154,020	\$132,144	\$120,487	\$123,195		
21 Net Revenues (Expenses)	\$123,141	\$122,605	\$81,917	\$85,163	\$105,803	\$131,814		

Other Adjustments

Removal of rate case assumption that \$9M of expense program would be reserve financed	(8,000)
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Notes:

- The total change in revenues is calculated by summing the yellow shaded cells.
- The total change in expenses is calculated by summing all of the green shaded cells, including the item in the Other Adjustments box.

Total Change in Revenues from Rate Case	\$20,341
Total Change in Expenses from Rate Case	(37,556)

QBR Follow Ups – Transmission Services



- **Provide more information on Transmission capital underruns and revenue accruals.**
 - See slide 6 for details.

Report ID: 0027FY10
 Requesting BL: CORPORATE BUSINESS UNIT
 Unit of Measure: \$Thousands

BPA Statement of Capital Expenditures
 FYTD Through the Month Ended September 30, 2010
 Preliminary Unaudited

Run Date/Run Time: November 03, 2010/ 09:46
 Data Source: EPM Data Warehouse
 100%

	FY 2010		FY 2010		FY 2010
	SOY Budget	Current EOY Forecast	Actuals: Sep	Actuals: FYTD	Actuals / Forecast
Transmission Business Unit					
CAPITAL DIRECT					
TEAP - TOOLS	1,142	2,993	1,247	2,878	96%
TEAP - EQUIPMENT	14,493	12,868	4,210	10,179	79%
SPC - SER	895	1,436	203	1,556	108%
SPC - DFRS	3,578	3,532	571	3,776	107%
SPC - METERING	447			10	
SPC - CONTROL AND INDICATION					
SPC - RELAYS	5,357	3,297	570	3,013	91%
PSC - TELEPHONE SYSTEMS	1,136	824	211	376	46%
PSC - TRANSFER TRIP	7,190	3,062	736	1,564	51%
PSC - FIN/OP NETWORKS	361				
PSC - TLECOM TRANSPORT	1,783	301	51	299	99%
PSC - SCADA/TELEMTRY/SUP CNTRL	940	819	291	843	103%
PSC- TELECOM SUPPORT EQUIPMENT	1,274	994	82	558	56%
PSC - VHF					
SUB DC- PWR ELCTRNC & SRS CAPS	6,987	11,052	330	11,260	102%
SUB AC- BUS & STRUCTURES	678	564	184	730	130%
SUB AC - LOW VOLTAGE AUX.	3,501	4,268	437	3,319	78%
LINES - STEEL HARDWARE REPLCMT	23,936	24,326	4,361	20,258	83%
LINES - WOOD POLE LN REBUILDS	23,310	26,825	6,947	28,387	106%
SUB AC- SHUNT CAPACITORS	1,107	226	25	87	39%
SUB AC-CIRCUIT BRKR & SWTCH GR	13,368	6,179	270	6,905	112%
SUB AC - CVT/PT/CT & ARRESTERS	1,400	949	197	1,057	111%
SUB AC-TRANSFORMERS & REACTORS	4,457	2,210	(407)	2,921	132%
MISC. REPLACEMENT PROJECTS	20,028	2,754	55	1,990	72%
MISC FACILITIES- NON-ELECTRIC	27,339	8,017	2,524	8,466	106%
TOTAL SYSTEM REPLACEMENTS	164,706	117,497	23,096	110,431	94%

- 1/ There were unexpected delays in the manufacturers delivering some of the equipment as well as some delays associated with equipment not passing quality control inspection upon arrival at BPA that had to be returned to the vendor.
- 2/ PSC expenditures were lower than expected due to in-service dates changes resulting from design delays, resource constraints, and outage coordination issues.
- 3/ Majority of underspending is due to transfer of funding originally anticipated to be used for replacement projects to fund Capital IT projects.
- 4/ Tri-Cities Headquarters project was not completed in FY10 as anticipated. Also, McNary maintenance headquarters and shop project experienced delays pending assessment of design options as well as other project delays including Bell Substation conference room, Covington Water Supply and Radio Building replacements.

QBR Follow Ups – Information Technology



- **Provide REV budgets by project.**
 - Information to be provided by 11/22/2010 in a separate follow up package.