

Quarterly Business Review Follow Ups

January 31, 2011



Power Financial Services



- **Why is BPA's streamflow forecast different than the Northwest River Forecasting Center (NWRFC)?**
 - In short, the methodology we use internally to forecast streamflows, is different than the way the NWRFC uses in their published water supply forecast. The NWRFC also develops a forecast using the same methodology we use internally, and it was below average during the same period (101 MAF). The January to July average for the NWRFC is 107.3 MAF. Below is a brief explanation from our streamflow group of the differences in the forecasting methodologies. We use ESP (Ensemble Streamflow Traces) and the published forecast from NWRFC is based on water supply.

Some of the differences is just the way the information is generated. ESP is done the same way ours is which takes into account current hydrologic conditions such as amount of snow water equivalent and how wet the soils are. Water Supply is developed off of regression equations which use observed precipitation, snow measurements and streamflow as proxies to estimate those hydrologic conditions.
- **Is the net secondary net of Transmission?**
 - Power's revenues and power purchases do not include any of the transmission related costs. If BPA's Power Services pays transmission costs, they show up under the Transmission Acquisition expense line item on Power's income statement. Furthermore, the calculation of Net Secondary Revenues does not include any effects of transmission costs.
- **Additional Power Revenue Detail**
 - BPA's Power Leadership Team is determining what, if any, additional revenue detail can be provided.

Financials



- **What is the end of year funds held for others forecast?**
 - FY 2011 End of Year Forecast for funds held for others was assumed to be \$277 million with \$105 million for Power and \$172 million for Transmission.

- **How is the Supply Chain budget impacted by the benefits resulting from operational excellence?**
 - The IPR program level for Supply Chain is based on actual cost estimates with efficiencies built in. The majority of Supply Chain costs come from personnel, then costs to operate the equipment and fleet and special projects are added in to reach the total IPR program level. No benefits created through operational excellence (purchasing, disposal work or Supplemental Labor management) will show up in Supply Chain's program level. Those benefits are credited back to the business line that made the purchase (Transmission, IT, Power, etc). For example, the \$6 million saved on servers for IT last year allowed IT to complete other work or come in under budget.