Information Request & Correction

Information Request

Request for information #1: [M-S-R] Please provide the depreciation study that was used to develop the Leverage Policy proposal and examples, as well as the updated study.

BPA response to request #1: [M-S-R] Links to two deprecation studies are available below and on the Financial Reserves & Leverage external website. The study dated September 30, 2010 was implemented starting in 2012. The study dated September 30, 2016 was implemented in 2018. The study date represents what vintage of data that was used to perform and complete each study. Summaries of the service life, net salvage value, and accrual rates can be found on Part VI Table 1 of the study implemented in 2018 and Part III-4 of the study implemented in 2018.

Depreciation Study implemented in 2012
Depreciation Study implemented in 2018

Request for information #2: [M-S-R] For slides 8 and 9 please provide the projected capital spending by business line during the 10 year plan period

BPA response to request #2: See the Excel file titled "April 20 workshop info requests" on the Financial Reserves & Leverage website.

Request for information #3: [M-S-R] For slides 8 and 9 please provide the projected federal and nonfederal borrowing and repayments by business line during the 10 year plan period.

BPA response to request #3: See the Excel file titled "April 20 workshop info requests" on the Financial Reserves & Leverage website.

Request for information #4: [M-S-R] For slides 8 and 9 please provide the Principal and Interest Repayment amounts broken down between federal and nonfederal borrowing, by business line.

BPA response to request #4: See the Excel file titled "April 20 workshop info requests" on the Financial Reserves & Leverage website.

Request for information #5: [M-S-R] For slide 10, please provide the cost increase/rate increase projections compared with the current BP-18 rates, cumulative over the ten year time period.

BPA response to request #5: As noted during the workshop, we do not have estimated rate increases for Transmission. The various scenarios show a change in capital-related costs only. See the Excel file titled “April 20 workshop info requests” on the Financial Reserves & Leverage website for the data requested.

Request for information #6: [M-S-R] What mechanisms other than Leverage are expected to be used to maintain the $1.5 billion in borrowing, in light of the trajectory shown on slide 14?

BPA response to request #6: The mechanisms to be used to maintain the $1.5 billion in borrowing will be discussed in a May 22, 2018 workshop titled “Strengthening Financial Health: capital financing”.

Request for information #7: [M-S-R] Compare the historical capital spending forecast to the actual spending results.

BPA response to request #7: See the Excel file titled “April 20 workshop info requests” on the Financial Reserves & Leverage website.

Request for information #8: [PSE] For slide 10 of the April 20 Leverage Policy Presentation, what does “Flat capital” mean? Please quantify the amount, by rate period, of “flattening” of capital numbers through 2028.

BPA response to request #8: After the completion of the BP-18 rate case, Transmission Services revised its long term (i.e. post BP-18) capital forecast, which is now approximately $500 million per year. See the Excel file titled “April 20 workshop info requests” on the Financial Reserves & Leverage website.

Capital spending forecasts for BP-20 have not been finalized and will be discussed at the upcoming IPR workshops scheduled in June 2018.

Request for information #9: [PSE] For slides 10 and 18 of the April 20 Leverage Policy Presentation, of the five scenarios, which is BPA proposing?

BPA response to request #9: The scenarios that provided a 10 year look at expected debt-to-asset ratios will not be included in the Leverage Policy. The scenarios provide an analysis based on the best information available to BPA at the time and the expectations on the direction BPA plans to head in the future. The Policy identifies that, within each rate case, the debt-to-asset ratio targets to be achieved by the end of that rate period will be decided. Prior to each rate case, Bonneville will provide an updated rolling 10-year analysis to continue to provide an expectation on the long-term direction BPA is headed. BPA’s goal is to follow the “2. Preferred Scenario // Base Case + Flat Capital + phase-in + 75% target by 2028” scenario on slide 10 for Transmission. This plan, however, is not intended to diminish the Administrator’s ability to determine in each rate case whether to adopt rate actions that impact a business lines’ leverage.

Request for information #10: [PSE] For slides 10 and 18 of the April 20 Leverage Policy Presentation, please provide the estimated transmission rate impact, broken down by rate period, of each of scenarios 1 through 4.

BPA response to request #10: As noted during the workshop, we do not have estimated rate increases for Transmission. The various scenarios show a change in capital-related costs only. See the Excel file titled "April 20 workshop info requests" on the Financial Reserves & Leverage website.

Request for information #11: [PSE] For slide 10 and 18 of the April 20 Leverage Policy Presentation, please provide all analyses undertaken by or on behalf of BPA of the costs and benefits of each of scenarios 1 through 4.

BPA response to request #11: Any analyses undertaken have been included in the workshop presentation materials and in responses to comment documents posted on the Financial Reserves & Leverage website.

Request for information #12: [PSE] Please provide all analyses undertaken by or on behalf of BPA of alternative means of financing capital assets or preserving access to BPA's borrowing authority.

BPA response to request #12: The tools available to finance capital assets and preserving access to BPA's borrowing authority will be discussed in a May 22, 2018 workshop titled "Strengthening Financial Health: capital financing" and is out of scope of the Leverage Policy.

Request for information #13: [PSE] Is it correct that BPA's $750 million line of credit set aside for Power Business Line liquidity, if not used, is not reflected in debt-to-asset calculations, even though that amount of Federal borrowing authority is set aside for the Power Business Line?

BPA response to request #13: The existence of the Treasury facility does not factor into the calculation of the debt-to-asset ratio. The calculation of the ratio only looks at actual debt issued and the forecast of debt issuances. At this time, there is no forecast that the Treasury facility will be used. If it is, the use of the Treasury facility will increase the debt outstanding, which will worsen the ratio.

Request for information #14: [PSE] Please provide all analyses undertaken by or on behalf of BPA of the leverage policy proposals in the comments, dated April 6, 2018, of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc.

BPA response to request #14: Any analyses undertaken have been included in the workshop presentation materials and in responses to comment documents posted on the Financial Reserves & Leverage website.

Request for information #15: [PNGC] Can you provide the previous decade or two of the debt/asset ratios by business line by year?

BPA response to request #15: See the Excel file titled "April 20 workshop info requests" on the Financial Reserves & Leverage website.

Correction

Request for information #16: Correction to the Power and Transmission tables on slide 5 & slide 20 in the 4/20 presentation so the total of assets at each business line equal the total of assets at the FCRPS.

BPA response to request #16: There was an $84 million difference between the total of Power and Transmission Net Utility Plant and the FCRPS total on slide 5. Slide 20 also listed the FY 17 Transmission Net Utility Plant number. A corrected presentation has been uploaded to the Financial Reserves & Leverage website.

Here are the revised tables for easy reference:

(Federal debt + nonfederal debt)/(Net utility plant + nonfederal generation)

$ in millions	FY 2017	
FCRPS	Debt	Assets
Net utility plant		13,426
Nonfederal generation		3,519
Federal appropriations	2,029	
Borrowings from U.S. Treasury	5,009	
Nonfederal debt	8,262	
Total	15,300	16,944

Debt-to-asset ratio: 90 percent

$ in millions	FY 2017	
Power	Debt	Assets
Net utility plant		6,377
Nonfederal generation		3,519
Federal appropriations	2,022	
Borrowings from U.S. Treasury	1,940	
Nonfederal debt	5,766	
Total	9,728	9,896

Debt-to-asset ratio: 98 percent

$ in millions	FY 2017	
Transmission	Debt	Assets
Net utility plant		7,048
Nonfederal generation		
Federal appropriations	7	
Borrowings from U.S. Treasury	3,068	
Nonfederal debt	2,497	
Total	5,572	7,048

Debt-to-asset ratio: 79 percent

(Total debt)/(Total revenue producing assets)

Transmission Example			
	2017*	2018**	2019**
Debt			
New Borrowing		490,808	506,577
Repayment		(241,284)	(252,320)
Total Debt	5,572,491	5,822,015	6,076,272
Assets			
Capital		505,808	521,577
Depreciation		(273,164)	(284,422)
Net Utility Plant	7,048,335	7,226,088	7,463,243
Debt-to-asset ratio (Total Debt/ Net Utility Plant)	**79.1%**	**80.6%**	**81.4%**
*end of year FY17 annual report and debt pie chart			
** BP-18 Transmission revised revenue test			