

## Interpretation of Leverage Policy phase-in

During the June 21 IPR capital-related costs workshop, BPA noted in its presentation that the agency is not proposing any revenue financing or additional debt repayment during the BP-20 rate period. This proposal follows the guidance outlined in the proposed Leverage Policy phase-in for Transmission Services. Section 5 of the proposed policy states that BPA would allow “Transmission’s debt-to-asset ratio to rise from the end of BP-18 to the end of BP-20, but will require the ratio to drop back below the end of BP-18 ratio by the end of the next rate period, BP-22.”

BPA is interested in feedback on whether BPA should interpret this language as permitting a limited amount of additional repayment or revenue financing in BP-20 if it can be supported by cost reductions in other program areas. This interpretation would allow BPA to mitigate the increase in Transmission Services’ leverage ratio in the BP-20 rate period, resulting in a smaller required reduction in leverage for Transmission Services in BP-22. The amount of additional repayment or revenue financing would be determined in the BP-20 Rate Case.

Stakeholder comments on this interpretation should be submitted to the “Extended: Financial Reserves and Leverage policies” comment period open through Aug. 2 on BPA’s [comment page](#).