

2012 Integrated Program Review

Written Follow-Up Responses

August 1, 2012

Contents

POWER.....	2
TRANSMISSION.....	7
AGENCY SERVICES.....	10

POWER

Discussion Meeting Request:

Verify that the reimbursable program is rate neutral (timing of actuals may vary).

BPA Response:

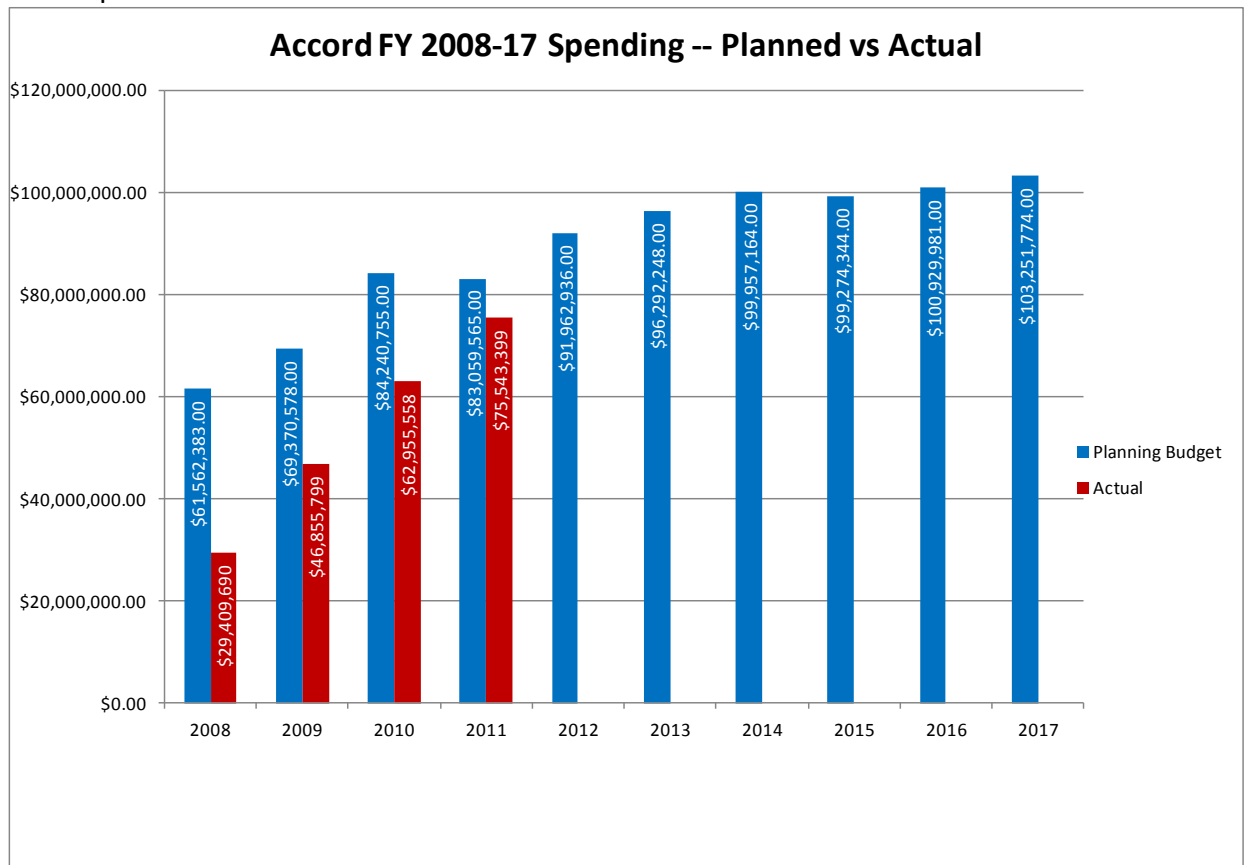
By rate period, the cash and net revenue difference between actual revenues and actual expenses within the reimbursable program was \$1.1 million in FY 2010-11, and about \$800,000 in FY 2007-09. These small differences are highly unlikely to have an across-rate period effect on the power rate. The only time the cash differences, which affect reserves, would have an effect on the level of the rate is if the expense amount is higher than the revenue amount to push TPP below 95 percent, leading to a need for Planned Net Revenue for Risk. But if that were the case, then the need for PNRR would be driven by other issues besides a drop in reserves due to the reimbursable program. In general, the treasury note supports TPP enough to result in \$0 PNRR.

Discussion Meeting Request:

Break out Accord information for FY 2012 and beyond.

BPA Response:

The requested information is in the table below:



Discussion Meeting Request:

Please provide CGS black out back-up planning information.

Energy Northwest Response:

CGS, owned and operated by Energy Northwest, has a portable 480 volt AC generator that is used to keep batteries charged. These batteries provide power to run the equipment needed for operation of the Reactor Core Isolation Cooling (RCIC) system to supply water to the reactor core. This RCIC system was lost at Fukushima when the batteries died after the station blackout. In addition, Columbia also has a procedure in place to run RCIC without the batteries which Fukushima did not have. Finally, the dams immediately up-river and down-river from Columbia are designed to be able to start and run when the grid is down (black-start) and to then be able to supply power to Columbia and other critical assets in the region.

As part of the Fukushima response CGS has also purchased additional portable generators to provide flexibility in how to continue to provide power to critical equipment including batteries. Although CGS has the ability to vent containment today in an emergency, additional venting capability is being designed and will be installed by 2015.

MSR Request:

- 1) 2 year generation history
- 2) cost of power and generation over 10 year (in the prior it has FY 2009-19)
- 3) total annual cost of power on a cash basis
- 4) 24 month rolling average nuclear performance indicators
- 5) radiation exposure for last rate period by comparison to actual and industry benchmark
- 6) list of outages and length during the last 24months (and cost for each and what that means if you have an estimate.)

BPA Response:

Response posted online titled, *CGS Follow Up Response to MSR* and can be found [here](#).

Discussion Meeting Request:

Please provide the name of contractor creating the higher Reclamation NERX estimate.

BPA Response:

The name of the contractor that worked with Reclamation on the estimates for the GCL TPP Overhauls is MWH Global.

Kickoff Presentation Request (updated):

What is the seven percent BPA overhead dollar value on the F&W pie chart on slide 44 of the initial presentation, found [here](#)?

BPA Response (updated):

The seven percent BPA overhead value (\$16.8 million) on the F&W pie chart (slide 44) reflects the FY 2012 value for program administration and technical support contracts.

Program Administration (\$14.7 million)

- Personnel Compensation and Benefits
- Agency Services (e.g., Realty Services)
- General Counsel

Technical support contracts (\$2.1 million)

21 projects that provide professional services

Project Number	Project Title	Proponent Orgs	FY 2012 EXP Expenditures
1996-017-00	Technical and Analytical Support for ESA Activities/Issues	Bioanalysts, Inc.	\$353,286
1991-051-00	Modeling and Evaluation Statistical Support for Life-Cycle Studies	University of Washington	\$307,542
1993-037-01	Technical Assistance of Life Cycle Model	Paulsen Environmental Research Ltd.	\$304,724
2007-389-00	Estuary BiOp Technical Support	PC Trask and Associates	\$302,314
1989-108-00	Modeling and Evaluation Support/Columbia River Integrated Statistical Program (CRISP)	University of Washington	\$238,022
1989-107-00	Statistical Support For Salmon	University of Washington	\$173,618
1998-001-00	ESA and Biological Opinion Technical Support	Hinrichsen Environmental Services	\$165,034
2002-077-00	Estuary/Ocean Research, Monitoring and Evaluation (RM&E) Support	Pacific Northwest National Laboratory (PNNL)	\$93,195
2011-008-00	Technical Support for BiOp RM&E Coordinated Assessments	Tetra Tech, Inc.	\$55,634
2008-006-00	Summer Internship Program with American Indian Science and Engineering Society (AISES)	Bonneville Power Administration	\$12,838
1998-012-00	Geographic Info System Support	Bonneville Power Administration	\$2,229
2001-017-00	Idaho Conservation Data Center	Idaho Department of Fish and Game (IDFG)	\$1,517
			\$2,009,954
<p>This spreadsheet includes FY 2012 actuals, where as the previous presentations were FY 2012 budgets. For this reason, the spreadsheet shows \$2.0 million whereas the previous materials had \$2.2 million.</p>			

PPC Request:

BPA has spent approximately \$1.5M on EE Central. What was the cost for development in the initial contract agreement with vendors?

BPA Response:

Due to ongoing negotiations with the vendor, BPA cannot provide this dollar figure.

PPC Request:

Please provide a corrected copy of the table on page 17 of the Written Follow Up Questions (the Total FTE line is in error). Please describe what the Power non-FTE costs are of \$470 thousand in FY 2014.

BPA Response:

Below is the updated table:

FY2013-2015 Wind Integration Budget -- GEP Funds Availability in FY2013 Only

June 18, 2012

BPA WIT Budget	FY13	FY14	FY15
Power FTE	\$763,125	\$695,000	\$710,000
Power Non-FTE	\$826,375	\$470,000	\$480,000
Total Power	\$1,589,500	\$1,165,000	\$1,190,000
Corporate Strategy FTE	\$141,000	\$215,000	\$220,000
Corporate Strategy Non-FTE	\$0	\$0	\$0
Total Corporate Strategy	\$141,000	\$215,000	\$220,000
Legal FTE	\$280,000	\$145,000	\$150,000
Legal Non-FTE	\$0	\$0	\$0
Total Legal	\$280,000	\$145,000	\$150,000
Transmission FTE	\$4,048,777	\$2,200,000	\$2,240,000
Transmission Non-FTE	\$0	\$0	\$0
Total Transmission	\$4,048,777	\$2,200,000	\$2,240,000
Total FTE	\$5,232,902	\$3,255,000	\$3,320,000
Total Non-FTE	\$826,375	\$470,000	\$480,000
Total WIT Budget	\$6,059,277	\$3,725,000	\$3,800,000

Note:

Technology Innovation not included since not part of WIT projects
Includes Enhances Supplemental Service

BPA WIT Budget Funding Sources	FY13	FY14	FY15
Total Power Wind Integration Budget	\$1,800,000	\$1,345,000	\$1,375,000
Available from Green Energy Premiums (GEP)	\$1,800,000	N/A	N/A
Power Budget Amount Not Covered by GEP	\$0	\$1,345,000	\$1,375,000
Total Transmission Budget	\$4,259,277	\$2,380,000	\$2,425,000
Available from Green Energy Premiums (GEP)	\$0	N/A	N/A
Transmission Budget Amount Not Covered by GEP	\$4,259,277	\$2,380,000	\$2,425,000
Total BPA WIT Budget	\$6,059,277	\$3,725,000	\$3,800,000
Available from Green Energy Premiums (GEP)	\$1,800,000	N/A	N/A
Total BPA WIT Budget Amount Not Covered by GEP	\$4,259,277	\$3,725,000	\$3,800,000

NOTE:1) Funding for Corporate Strategy and Legal is split between Power and Transmission.

NWEC Request:

Our request is intended to assess the effect of CGS operation on BPA nonfirm revenues during non-refueling years, in particular, 2014. We suggest that BPA use Aurora or other appropriate modeling tools to assess operations, market conditions and prices, and total revenues, with and without CGS in operation, during the spring runoff period from April 15 to July 15.

The assessment could be done with cases for below average, medium and above average hydro conditions, with a sensitivity analysis for low, medium and above average prices (perhaps

something like \$10, \$20 and \$30 MWh average market prices)

This stems from a narrative about how NVEC believes that even at 85%, CGS continues to contribute to oversupply and believes it should be further curtailed during times of high run-off.

The purpose is to assess the degree to which CGS is revenue-positive or revenue-negative under different hydro and market conditions. A further assessment of how it affects the persistence and size of oversupply conditions could also be done.

BPA Response:

BPA has performed a high level analysis of the proposal to shut down CGS during the likely time of over-generation in non-refueling years. This analysis was presented at the IPR workshop on July 18, 2012; both presentations can be found on the [IPR website](#). BPA concluded from this analysis that the proposal creates safety and reliability risks that BPA does not believe are appropriate and therefore will not pursue additional analysis as NVEC suggests. The risks to safety and reliability are too high and the economics indicate that it is better to leave the plant running during the spring runoff period in question. For example, this year there were only 73 hours between April 1 and July 15 when wind was displaced. There were 1,751 hours when CGS' output met load or provided surplus energy.

ICNU Request:

ICNU requested Industrial savings in the 6th Power Plan.

BPA Response:

- **Actual Industrial Sector savings**
2010: 15.00 aMW [Note: EE Action Plan shows 14.0 aMW]
2011: 30.57 aMW
Total Industrial Savings: 45.57 aMW
- **Industrial Sector targets...per the most current EE Action Plan**
2012: 7.0 aMW
2013: 7.0 aMW
2014: 8.0 aMW
2015: unknown (EE Action Plan and NWPCC's 6th Power Plan was for 2010-2014 period)
- **Link to the EE Action Plan:**
http://www.bpa.gov/Energy/N/pdf/BPA_Action_Plan_FINAL_20120301.pdf
- **Specifics on the Council's 6th Plan, can be found on this website:**
<http://www.nwcouncil.org/energy/powerplan/6/default.htm>

TRANSMISSION

PPC Request:

BPA is currently performing a review on whether PTSA related projects will go forward. Will the decision on PTSA reform be made in time to affect the results of the CIR process? If so what amount of capital funding may be affected by these decisions?

BPA Response:

It does not appear that requests participating in PTSA reform will cause any of the transmission projects that are currently proposed in CIR to be in question. Although, there are other factors outside of the PTSA reform that could change the timing of capital projects currently forecasted in the CIR.

PPC Request:

Please identify and quantify, to the extent possible, the “cost efficiencies” referenced on page 16 of the handout and achieved to date from the “total economic cost evaluation.” Please describe the value that you expect to achieve from the project. (For e.g., is the project intended to help identify work that needs to be done or to prioritize work; is it intended to generate cost or capital savings?)

BPA Response:

The economic value modeling effort currently underway in the sustain program is in its early stages of implementation. The evaluation tool from the model is providing us the ability to understand the cost implications of replacing certain types of equipment before others based on a quantification of cost and risk associated with equipment failure. The results of the evaluation will drive the creation of prioritized replacement programs that are expected to achieve a reduction in total economic cost by addressing high risk equipment while saving costs on deferring non-critical work.

The modeling work has also progressed the efforts to more formally integrate the PSC and SPC strategies. When implemented together, cost efficiencies are expected through more structured combining of projects and sharing of resources. The integrated model also enables the ability to maximize value by determining which program should receive funding should funding constraints be identified.

PPC Request:

Describe the assumptions made regarding impact on cost targets the deferrals of commencement of transmission services and termination of PTSA and TSAs.

BPA Response:

PTSA's and TSA's are outside the scope of the IPR, additional information will be shared August 21st and it the PTSA Reform Customer Meeting scheduled 1 p.m. - 4 p.m. in the Rates Hearing Room.

PPC Request:

Please provide a table with a description and dollar figure for each of the projects or categories of cost that are contributing to the “delta” amounts and percentages for FY 2014 and FY 2015 in the tables on pages 5, 8, 12, 14 and 19 of the handout title “Integrated Program Review, Transmission, July 18, 2012” (handout). For each project or category please specify which line item in the table to which it corresponds. If a project or category was included in the 2010 IPR expenses of a different organization or table line item, please specify line organization or line item.

BPA Response:

Response posted online and can be found [here](#).

PPC Request:

Please identify the total FTE represented by the regulatory costs line item in the table on page 14 of the handout. If costs other than FTE expenses are included in that line item, please identify what those are and their dollar amounts.

BPA Response:

Response posted online and can be found [here](#).

PPC Request:

Please provide the current and projected volumes of e-tags. For projected volumes please provide the assumptions on which the estimates are based.

BPA Response:

BPAT Tagging Volumes (*)										
Month	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
January	36,910	40,688	40,601	73,035	77,285	89,361	148,483	105,445		
February	37,398	38,617	41,136	67,377	69,530	77,655	139,002	94,926		
March	43,864	41,721	62,958	74,055	84,733	102,061	139,019	119,076		
April	39,899	53,201	61,314	70,768	84,043	100,933	111,563	134,529		
May	45,054	54,724	63,280	85,491	82,929	102,088	109,372	140,244		
June	45,209	54,422	65,317	100,177	91,138	118,432	119,519	132,946		
July	45,982	51,894	70,456	88,335	88,449	109,127	123,871			
August	45,843	44,309	68,642	78,282	89,810	106,725	117,910			
September	37,111	40,721	57,385	69,727	87,043	102,876	100,770			
October	40,081	44,154	63,305	77,112	91,054	101,031	102,430			
November	37,735	44,556	65,556	73,366	88,201	106,406	103,067			
December	37,590	32,700	71,119	82,908	89,877	126,691	102,896			
Total	492,676	541,707	731,069	940,633	1,024,092	1,243,386	1,417,902	727,166	0	0

(*) Approved/Denied/Pending/Study

The table on the previous page is the history of e-tag "action" activity. "Action" means each time an individual unique tag id has had BPAT's webTrans take an action on that tag. This is the equivalent of a phone call prior to e-tags. BPA does not do any forecasting of what the volumes of e-Tags will be in the future.

PPC Request:

Regarding BPA, Integrated Program Review, Initial Publication, section 6, p. 168-171 (June 2012), please provide a crosswalk of G&A expenses from the 2010 IPR to the 2012 IPR that sets out the G&A expense dollars allocated to each organization in the 2010 IPR process and the dollars now allocated to each organization in the 2012 IPR process, so that we can track the movement and size of expenses among the BPA line organizations.

BPA Response:

The table on page 111 of the *IPR Initial Publication* (found [here](#)) displays the G&A expense dollars (direct and allocated) for the 2012 IPR and 2010 IPR. Values reflected in the rate case column for FY 2012 and 2013 represent spending estimates from the 2010 IPR with slight variations.

PPC Request:

Please identify to what organization the decrease in "Business Support" expenses (see table on page 12 of the handout) has been allocated.

BPA Response:

The net decrease in this program is the result of several things taking place. The largest reduction was due to the Finance and Security organizations decisions to discontinue direct charging, as described in the Initial Publication, to the business units. The G&A allocations have been adjusted to account for these costs. They will come back to Transmission in the Agency Services G&A program as shown in the Finance (pg 123) and Security (pg 155) program details in the [IPR Initial Publication](#). There were also movements of cost for the Transmission organizations that netted a reduction to Business Services, while increasing other Transmission Programs.

Intentionally Left Blank

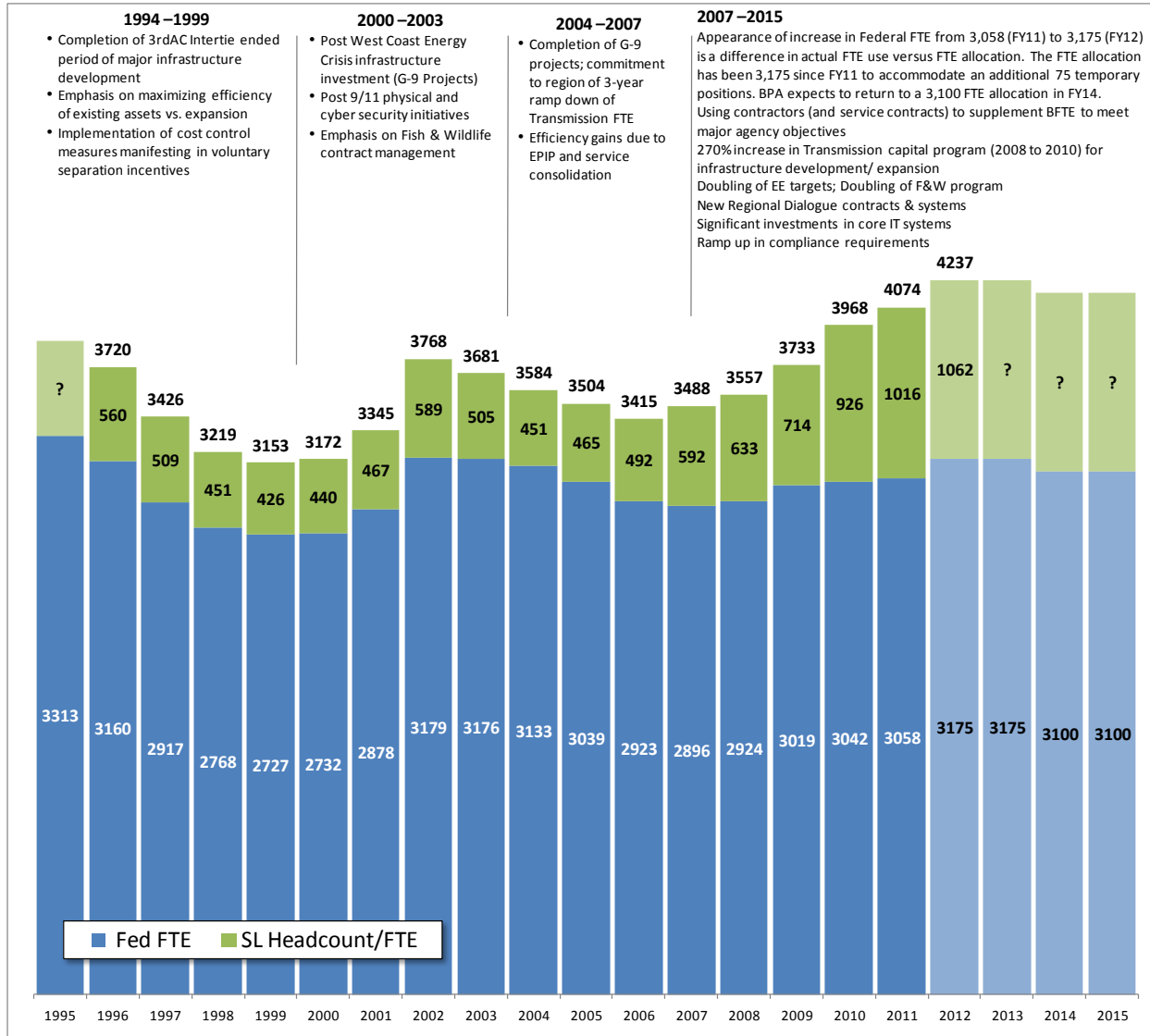
AGENCY SERVICES

NRU Request (updated):

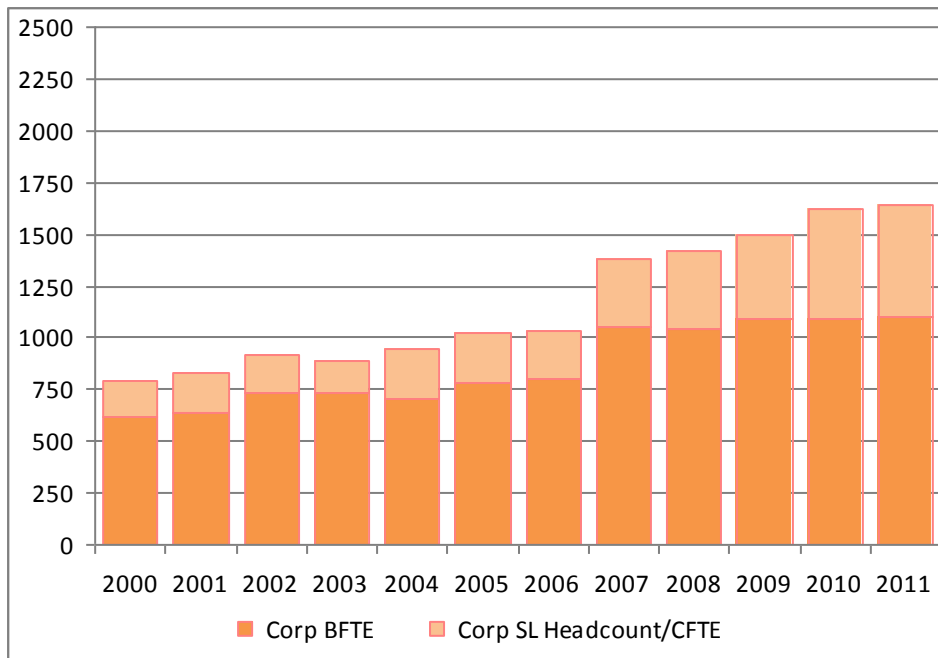
NRU would like to see a chart of FTE's and contract employees working for BPA for FY 2011-15 for Power, Transmission and Agency Services and their individually listed components.

BPA Response (updated):

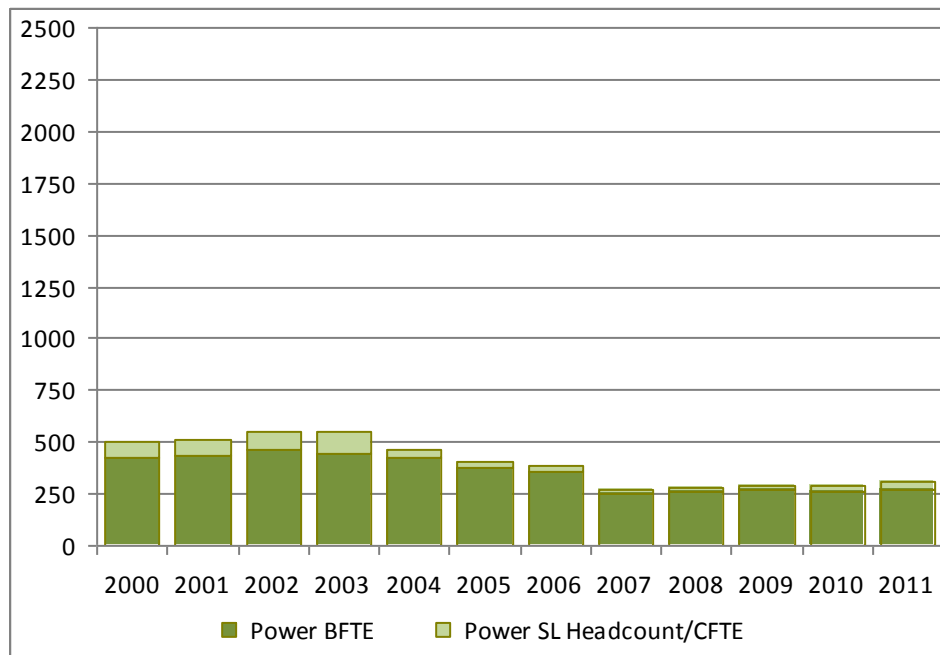
Below is a chart of FTEs and contract employees working for BPA for FY 2011 through FY 2015.



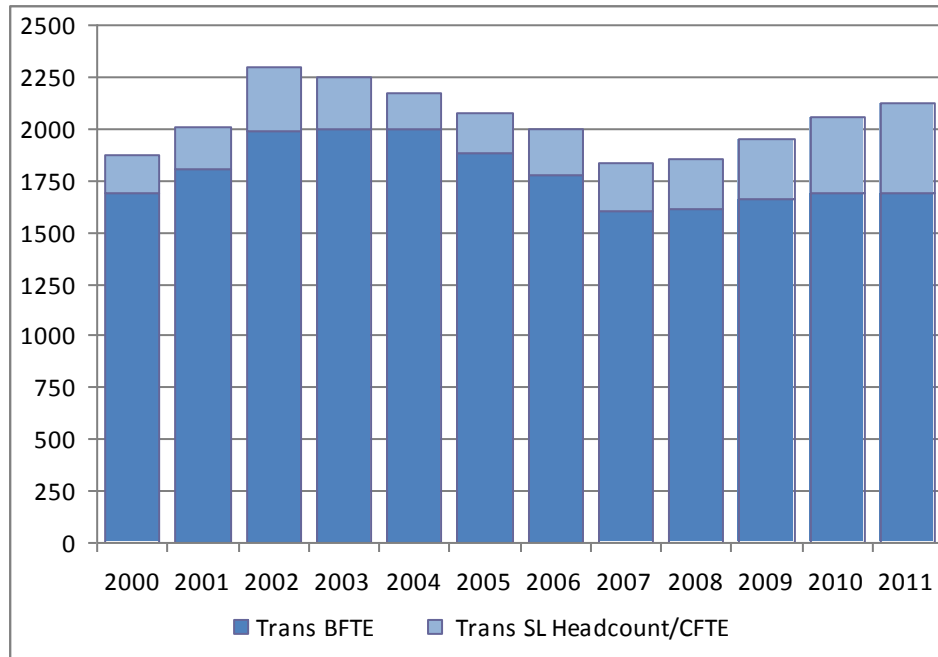
Below are charts for FTE's and contract employees working for BPA through FY 2011 for Power, Transmission and Agency Services listed individually by component.



In FY 2007, the Corporate business unit saw an increase in FTE. This was due to the reorganization of many shared functions through the EPIP process. These functions included Information Technology, Energy Efficiency, Supply Chain, Customer Support Services, Public affairs, Human Capital, and Non-Electric Facilities. In FY 2010, there is an increase in contractor headcount (CFTE). This increase is due primarily to increased use of contractor staff on IT projects.



In FY 2007, the Power Services business unit saw a decrease in FTE. This decrease was due to the centralization of many shared functions into the Corporate business unit through the EPIP process.



In FY 2007, the Transmission Services business unit saw a decrease in FTE. This decrease was due to the centralization of many shared functions into the Corporate business unit through the EPIP process. In FY 2009, Transmission saw an increase in the number of contractors on-board. This increase is mainly due to the higher capital program requiring more man-power.

PPC Request:

PPC requests a split of legal services, internal vs. external support? (slide 13 of Transmission package which can be found [here](#)).

BPA Response:

Fiscal Year	2013 Target	2013 Proposed	2014 Target	2014 Proposed	2015 Target	2015 Proposed
Scenario	Rate Case Amt	Rate Case Amt	Rate Case Amt	Rate Case Amt	Rate Case Amt	Rate Case Amt
Internal Resources	\$2,552,778	\$2,518,538	\$2,560,761	\$2,560,760	\$2,620,246	\$2,620,247
Outside counsel	\$658,567	\$1,522,656	\$338,901	\$1,315,901	\$345,278	\$1,330,279
Total	\$3,211,344	\$4,041,194	\$2,899,662	\$3,876,661	\$2,965,524	\$3,950,526
Outside council for finance-related issues	\$150,000	\$850,000	\$150,000	\$797,000	\$150,000	\$845,000
Outside counsel for other issues	\$508,567	\$672,656	\$188,901	\$518,901	\$195,278	\$485,279
Total	\$658,567	\$1,522,656	\$338,901	\$1,315,901	\$345,278	\$1,330,279

ADDITIONAL INFORMATION

PPC Request:

Please define the scope of the decision that will be made in the IPR process. Will BPA make any decision in this process on capital investments described in the Capital Investment Review and is this our opportunity to comment on that? Will BPA make any decision in this process on access to capital issues as discussed in Access to Capital workshops and is this our opportunity to comment on that? If the answer to either question is “no,” please identify in what process(es) the issues are being concluded and the opportunities for parties to provide comments.

BPA Response:

Now that additional debt management and access to capital information has been released, BPA is seeking more informed, specific comments on proposed capital investment levels for FY 2013-15 than previously received during the Capital Investment Review. The IPR closeout letter and report will take into consideration participants’ comments and will reflect the Administrator’s best estimate regarding the appropriate spending levels to assume in setting rates.

BPA will also consider comments received during the IPR when finalizing the current draft asset strategies for final review and approval by the Capital Allocation Board.

PPC Request:

What are the expected overall rate increases for power and transmission rates resulting from the target and proposed IPR budget numbers after taking into account the savings from the rate relief actions described at the June 19th Debt Management Workshop?

BPA Response:

As noted in the July 2012 BPA Fact Sheet debt service actions discussed at the June 19th workshop could shave 5.5 to 6 percentage points off the potential power rate increase. For additional details please see the Fact Sheet. Since these transactions are focused on Power costs, Transmission rate projections are not affected.

FINANCIAL DISCLOSURE

FY 2011 actuals have been made publicly available by BPA and contains Agency-approved Financial Information.

FY 2012-13 forecasts for Rate Case and Start of Year have been made publicly available by BPA and contains Agency-approved Financial Information.

FY 2013-15 IPR target and Proposed IPR levels have been made publicly available by BPA on June 5, 2012 and reflect information not reported in agency financial statements.