

# Columbia IPR 2 and Cost-effective Operation

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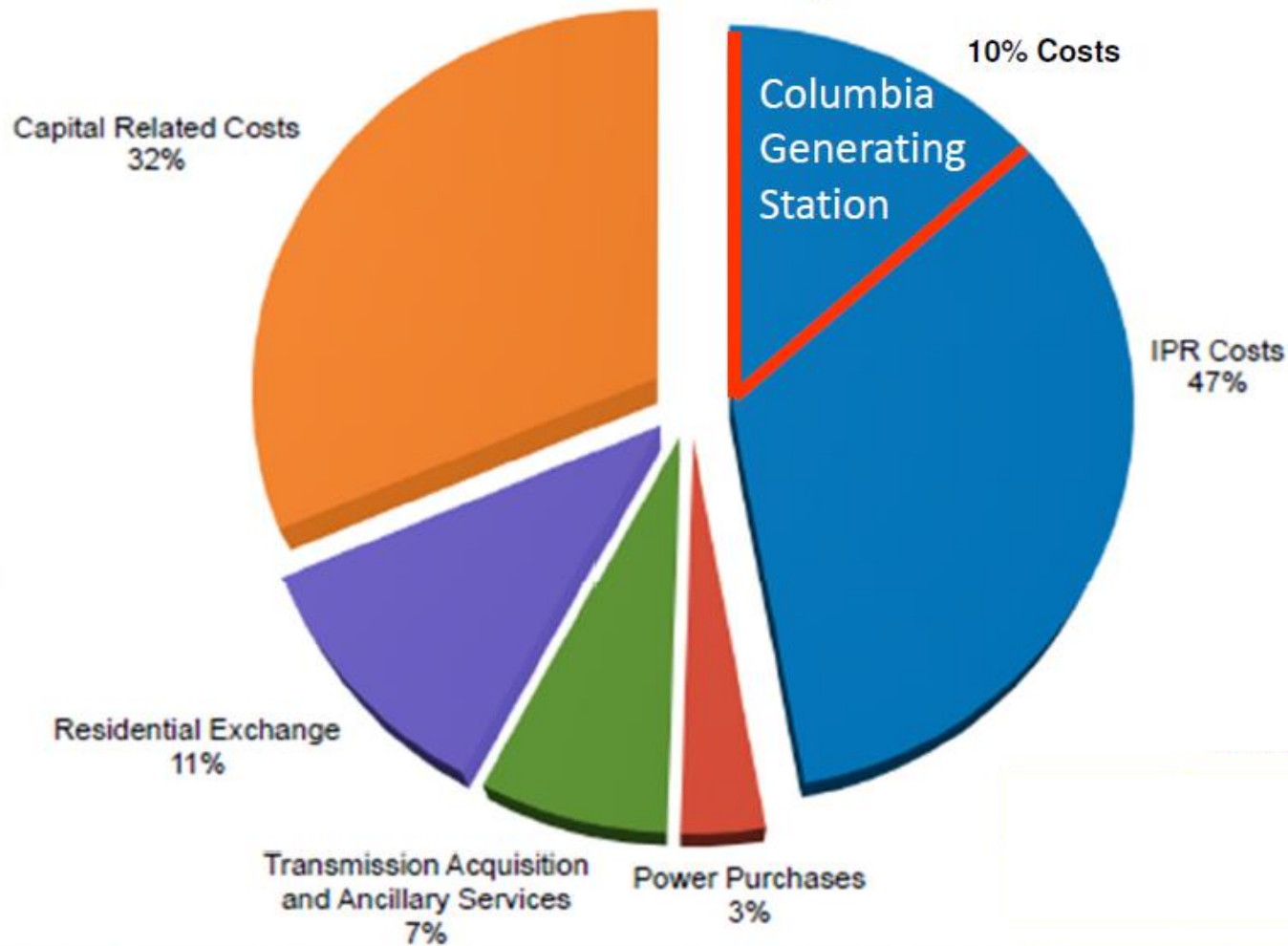
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# Columbia's Contribution to Rates

## Potential Power Revenue Requirement

FY 2018-2019 Average



# Topics

- Columbia's Long Range Plan (LRP) and O&M Reductions
- Long Term Plan – Cost Effective Operation
  - Focused Initiatives
  - Staffing Projections
  - Delivering the Nuclear Promise
- Operational Excellence

# Changes to Columbia's LRP

- O&M Net Decreases over 10-Year Period
  - Cost-effective Operation (CeO) and IPR Reduction Plan
  - Reduction in risk reserve
  - Reduction in escalation for non-labor

## IPR O&M Expense Reductions

- \$7M annual average reduction made in initial IPR
- \$6.3M annual average reduction with IPR 2 Review
  - ✓ Continue cost reduction through attrition
  - ✓ Near-term O&M Non-Labor Reductions in rate case period
  - ✓ Reduced O&M Risk Reserve
  - ✓ Annual assessment of escalation
  - ✓ Reduced outage duration: 40 to 35 days in FY19

# Summary of 2018–2019 Budget Proposal

Dollars in Millions – Annual Average

- \$13.3M annual average 2018-19 rate period

Scenario	Columbia
BP-16 - 2016-2017 Rate Case	292.7
CGS FY 2017 Draft Long Range Plan	312.1
IPR	306.6
IPR Closeout	305.1
IPR2 Proposal	298.8
Increase from BP-16	2.1%

# Basis for planned O&M reductions and ongoing sustainability

- Improved zero based budgeting for recurring O&M projects/programs (improved predictability in cost)
- Optimized certain non-critical preventative maintenance programs (aligned frequency with standard)
- Reduction in outage duration
- Transfer of risk related to mid to large unknowns or significant material escalation to Bonneville Risk Reserve
- Delivering the nuclear promise initiatives and focus on eliminating low value work

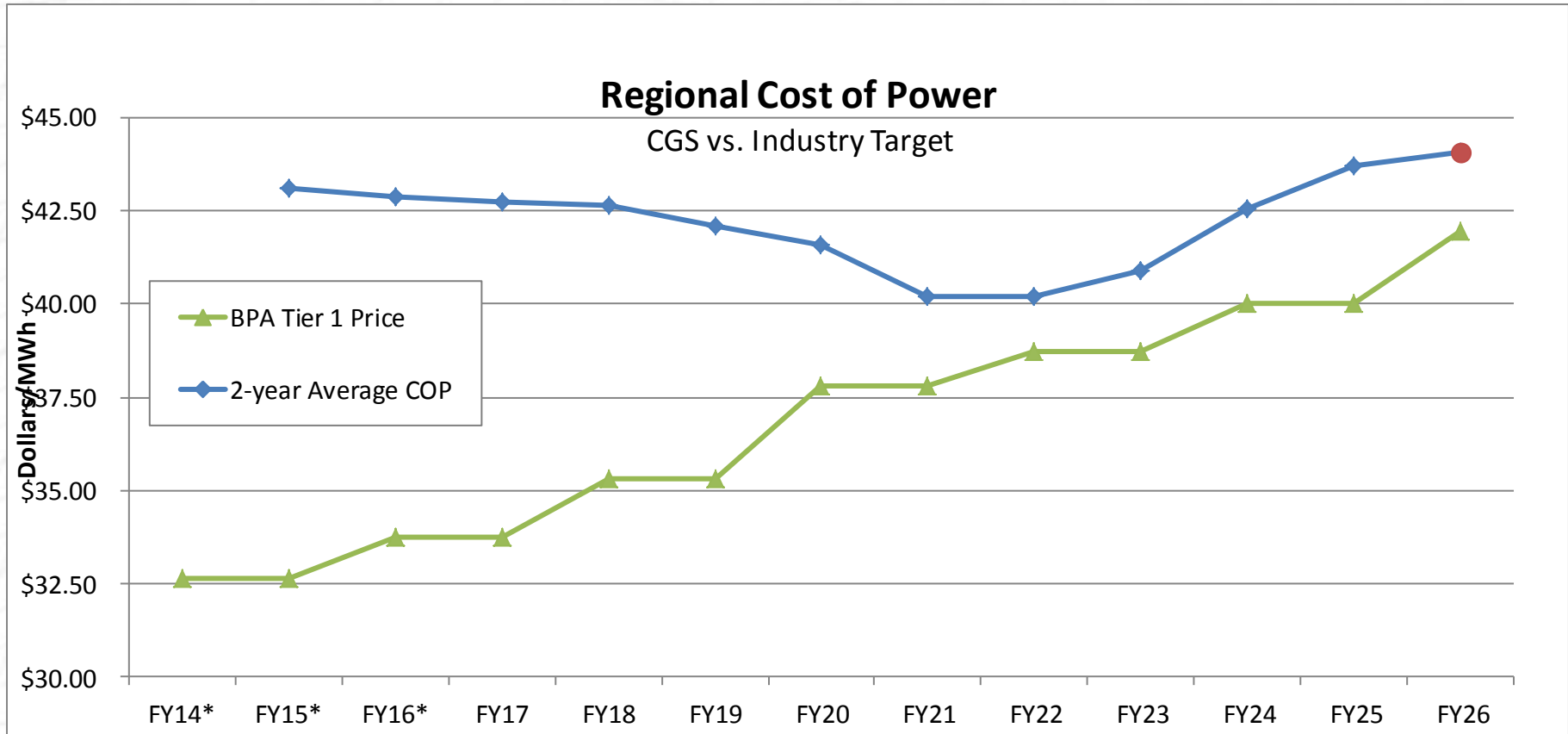
# Columbia Cost-effective Operation



# Cost-effective Operation - 2016

- Project goal is to achieve a reduced cost of power that continues to be regionally competitive.
- The focus is to approach Bonneville Power Administration preference customer Tier 1 pricing by FY2026.

# Cost-effective Operation



# Operations and Maintenance Cost Excellence Initiatives

- Columbia Cost-effective Operation
- Industry Initiatives – Nuclear Promise
- Fuel Savings
- Ensure Safe, Reliable Operation of Columbia Generating Station

# Cost-effective Operation

- Implementing Phase IV Focus Area
  - Defined goal/target:
    - Pacific Northwest Target Reference
    - Supports BPA Focus 2028
  - Project Team and Oversight Committee
  - Station Alignment – Excellence Model
  - Training/Briefings/All-Hands meetings
  - Communication and Messaging - “Less with Less”
  - Monthly management review on metrics for Budget/Cost
  - Delivering the Nuclear Promise
  - Utilizing budget challenges, performance review actions and incentives to achieve targets

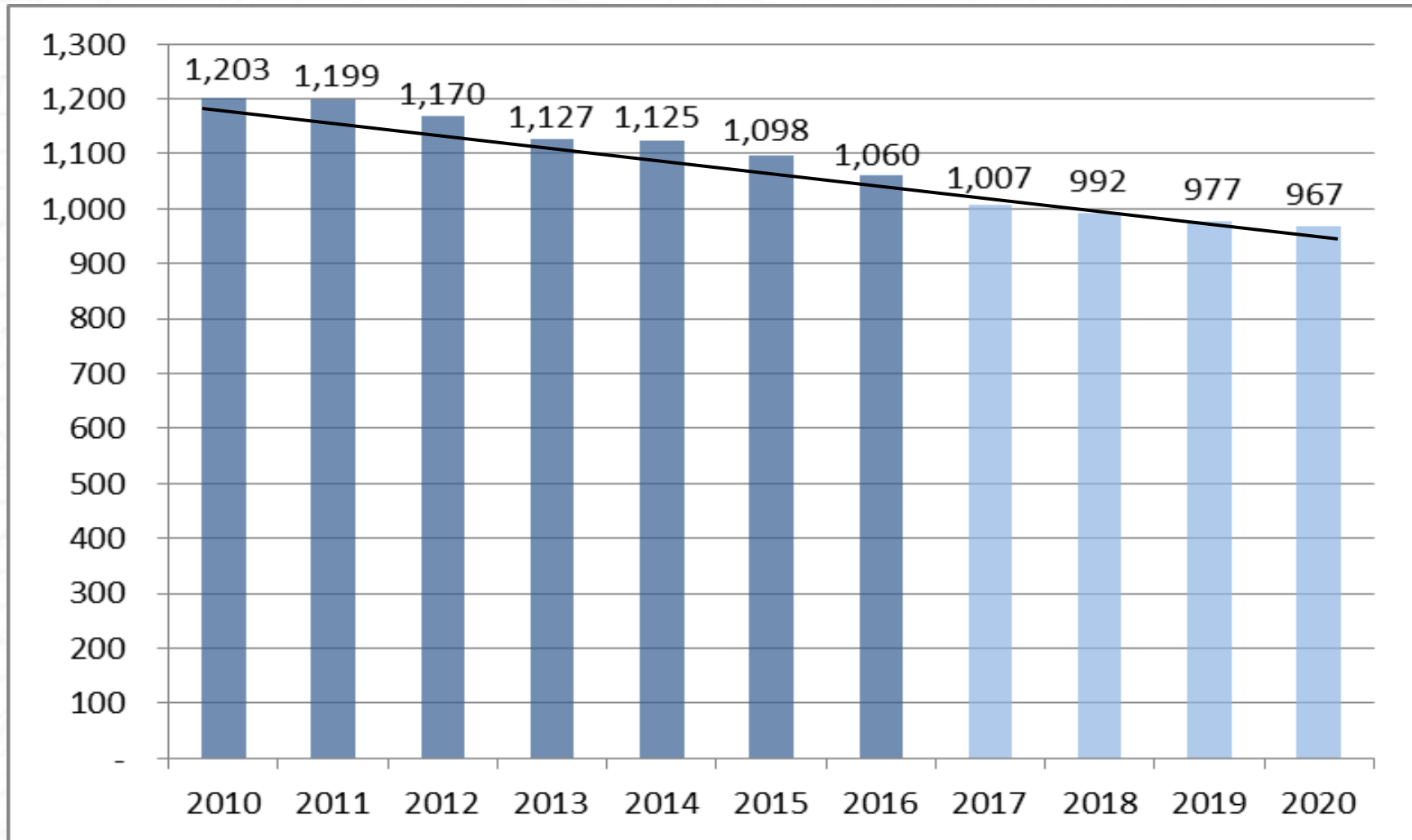
# Cost-effective Operation

## Columbia Cost Control: How will we achieve the goal?

### Ensuring Safe, Reliable Operation of Columbia Generating Station

- Risk Assessments to Avoid Negative Impact on Safety & Reliability
- O&M Cost Reductions
- Attrition Management (Hiring Panel)
- Contractor Management
- Process Streamlining
- Benefit Cost Review
- Personal Time/Vacation Requirements
- Nuclear Promise Initiative – efficiencies now and future **sustainability**
- Reset Targets Annually

# Columbia Staffing Levels



# Delivering the Nuclear Promise

## 3 Strategic Focus Areas

### Maintain Operational Focus



### Increase Value



### Improve Efficiency



# NUCLEAR PROMISE

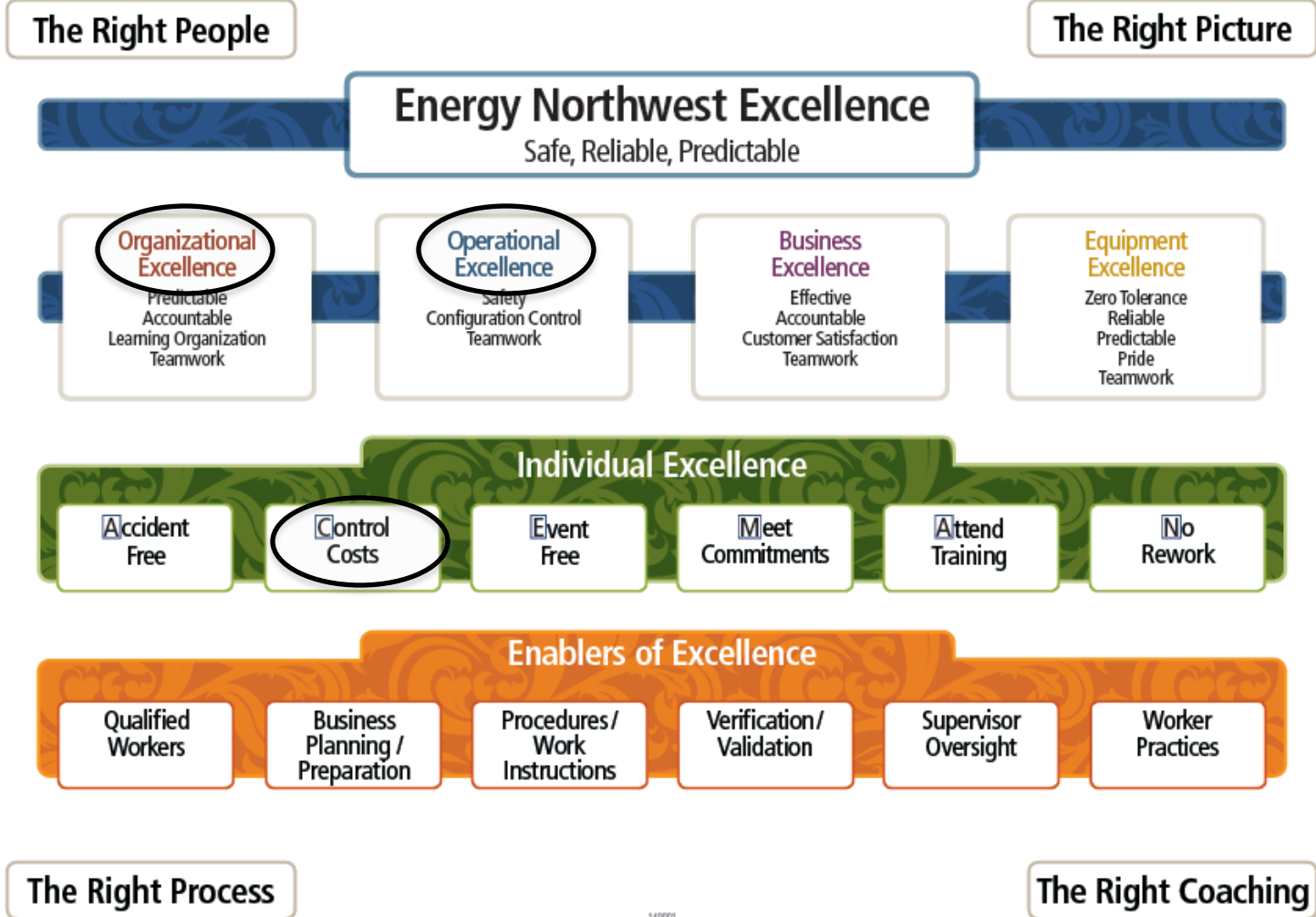
*an industry Chief Nuclear Officers' initiative*

## Improvement Areas

- Corrective Action Program
- Engineering
- Preventative Maintenance
- Radiation Protection
- Regulatory Efficiency
- Security
- Supply Chain Efficiency
- Training
- Transform Engineering and Maintenance Org.
- Work Management



# EXCELLENCE MODEL



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- Questions



# Contact Us

## Comments can be sent to:

Participants can submit comments on BPA's IPR 2 proposed levels during a public comment period which opens Feb. 15 and closes March 13, 2017. Comments can be submitted:

- Online at [www.bpa.gov/comment](http://www.bpa.gov/comment)
- By mail to: BPA, P.O. Box 14428, Portland, OR 97293-4428.
- By email to [BPAFinance@BPA.gov](mailto:BPAFinance@BPA.gov)

## Please send questions to:

[BPAFinance@BPA.gov](mailto:BPAFinance@BPA.gov)

# Financial Disclosure

- This information was made publicly available on Feb.10, 2017, and contains information not sourced directly from BPA financial statements.