

## Responses to Request for Information regarding BPA's Commercial Operations Key Strategic Initiative Proposed IPR2 Budget received from PPC on Tuesday, February 21, 2017.

Regarding projects presented as candidate and approved projects:

- The business cases for the three projects that BPA has decided to fund and implement in FY 18-19;  
Response: BPA approved funding for two projects in FY 17 and implementation of these projects will carry over into FY 18 - 19. We will provide business case summaries for each of them. The other approved funding line item was for program management of the KSI.
- A detailed description of how and why BPA is prioritizing, and will prioritize, the approved and candidate projects for expenditures for projects under consideration in IPR2;  
Response: BPA is in the process of developing evaluation criteria for candidate projects and will share the criteria at a future customer meeting. At a high level, the criteria will assure a project:
  1. Is consistent with Commercial Operations long term program objectives;
  2. Provides appropriate value;
  3. Can be effectively implemented;
  4. Is sustainable over time; and
  5. Is sponsored at the appropriate level to ensure oversight and demonstration of measurable results.Candidate projects will be evaluated against the criteria and recommendations will be made at the executive-level to the Commercial Operations Steering Committee for final approval.
- Identification of candidate projects which are dependent on other projects and how they must be sequenced or developed in parallel. If any of the candidate or approved projects for FY2017-19 build on, or complete projects that have been funded in previous BPA budgets, please identify those linked projects;  
Response: The long term Commercial Operations roadmap is under development with support from Utilicast and is expected to be complete by the end of October. The road map will include project dependencies and priority sequencing. A draft of the roadmap will be shared with stakeholders this summer/early fall with the final roadmap expected in November.
- Please provide the list of all of the "gaps" identified in each of the existing gap analyses (grouped by the year of the analysis).  
Response: The gap analysis is currently underway and will inform roadmap development. The gap analysis results will be shared with stakeholders this summer.

With regard to the proposed budget for the FY 2017-19 rate periods, we would appreciate it if you would please provide the following:

- A list of the projects included in the proposed budget in the order of their current priority;  
Response: Candidate projects and priority have not yet been defined. Projects and prioritization will be based on outcomes of the gap analysis, results of the long term roadmap and evaluation results.
- The forecasted incremental and total cost associated with each project by fiscal year;  
Response: As discussed in the workshop, the candidate project estimation of incremental and total costs by fiscal year was developed as representative of the scope and scale of the program, rather than specific estimates. Specific estimates will be developed as part of the project proposal process and will include articulation of benefits commensurate with costs. Business case summaries for each approved project will be shared at future customer meetings.

- An indication of whether any of the cost would be capitalized, and why or why not;  
Response: Business cases (projects) are subject to review against BPA’s capitalization policies. BPA has not yet reached the finalized business case phase but we anticipate some candidate projects from our proposed spending level will be categorized as capital.
- The portion of these costs that would be allocated to BPA’s Power and to Transmission cost pools.  
Response: The BP-18 Initial Proposal reflects the IPR cost allocation of Commercial Operations of 35% Power, 65% Transmission.
- A timeline for expected expenditures over the life of the project and any follow-on costs that are expected to be incurred to the extent those are not already included in the total cost estimate. (e.g., training, licenses, expected software upgrades or replacement);  
Response: Business case summaries containing the expected total expenditure will be developed and shared at future customer meetings.
- A quantified estimate of the benefit to BPA (even if the estimate is very rough).  
Response: The candidate project benefits have not yet been determined. Benefits will be determined as part of the long term roadmap effort and through the development of project business cases.

Other information we would like BPA to provide is as follows:

- A list of projects for modernization of the system that BPA has already committed to and funded in the current and prior rate periods including the budgeted funding for and amount spent on each.  
Response: BPA approved Commercial Operations funding for two modernization projects in FY 17 and implementation of these projects will carry over into FY 18 - 19. Business case summaries for each of these projects, Outage Tracking System (OTS) and Marketing & Settlements Solution (MSS), will be posted along with these responses.
- Please provide the same information requested in the immediately preceding section for the proposed metering project, which we understand has been moved to the capital budget.  
Response: BPA is evaluating the condition of its metering infrastructure to understand the extent of metering upgrades required. If metering infrastructure is determined to be deficient and a business case can be made which meets the criteria for Commercial Operations, the project will compete for capital funds with other capital investments. Incremental expense funding may be provided through commercial operations.
- Please describe the methodology and inputs that BPA believes it may use for an EIM Benefits Study.  
Response: BPA expects to use a similar analytical approach to the recent EIM Benefits studies conducted by Portland General Electric, Idaho Power, Seattle City Light and Chelan County Public Utility District. Specific assumptions and process have not been defined, but BPA expects to have a stakeholder process if it initiates an EIM Benefits Study.

Financial Disclosure: This information was made publicly available on March 3, 2017, and contains information not sourced directly from BPA financial statements.