Bonneville
POWER ADMINISTRATION

Capital-related Costs

June 21, 2018

AGENDA

- Review preliminary capital-related costs based on initial IPR capital plans

Overview

- All values are preliminary estimates. Data and analysis will be refined through the summer.
- This is a high-level overview. A more detailed discussion of the assumptions and analysis will occur at the July 25th workshop on the revenue requirement study and repayment model.

Capital-related costs estimates: Transmission

($ millions)	BP-18 Rate Case 2018	BP-18 Rate Case 2019	BP-18 Annual Ave	Proposed 2018 IPR 2020	Proposed 2018 IPR 2021	BP-20 Annual Ave	Difference
Depreciation/Amortization	273.2	284.4	278.8	346.8	355.0	350.9	72.1
Net Interest	148.2	164.2	156.2	182.4	199.7	191.1	34.9
Minimum Requred Net Revenue (MRNR)	8.6	0.3	4.5	-	-	0.0	(4.5)
Grand total	430.0	448.9	439.5	529.1	554.7	541.9	102.4
Debt to Asset Ratio		81.49%			82.55%		1.06%

- Depreciation/Amortization increases are due to the new depreciation study and the amortization of the South of Allston regulatory asset.
- Net interest growth is driven by interest added by continued investment and premiums on debt repayment.
- Debt Service Reassignment interest declines as scheduled.
- Federal appropriations are completely repaid by the end of BP-18.
- MRNR is eliminated.

Capital-related costs estimates: Power

($ millions)	BP-18 Rate Case 2018	BP-18 Rate Case 2019	BP-18 Annual Ave	Proposed 2018 IPR 2020	Proposed 2018 IPR 2021	BP-20 Annual Ave	Difference
Depreciation	144.1	144.1	144.1	138.1	139.6	138.8	(5.2)
Amortization	86.8	87.5	87.1	86.3	87.8	87.1	(0.1)
Nonfederal Debt Service	490.6	420.7	455.6	335.8	491.5	413.6	(42.0)
Other Income & Expense							
RCD Effect	11.8	(3.7)	4.1	-	-	-	(4.1)
RCD Offset	(70.0)	-	(35.0)	-	-	-	35.0
EE Expense Offset	(60.5)	(60.5)	(60.5)	-	-	-	60.5
Net Interest	95.7	100.3	98.0	69.9	76.6	73.3	(24.7)
Minimum Requred Net Revenue (MRNR)	220.3	68.0	144.1	213.7	90.3	152.0	7.8
Grand total	918.6	756.3	837.5	843.8	885.7	864.7	27.2
Debt to Asset Ratio		93.35%			91.44%		-1.91%

- BP-18 did not assume future Regional Cooperation Debt (RCD) transactions. The net impact of those transactions is rolled up in the RCD Effect.
- The BP-20 view shows what costs would look like assuming the final RCD transaction in 2020 occurs (pending future decision). Including it in the base assumption makes the RCD Effect unnecessary.
- The RCD Offset and EE Expense Offset were one-time adjustments for BP-18.
- Net interest is significantly lower because of the RCD program, which ends in 2020.
- MRNR is relatively stable.


QUESTIONS?

FINANCIAL DISCLOSURE

This information was publicly available on June 18, 2018, and contains information not sourced directly from BPA financial statements.