

IPR Follow Up Question

Please provide supporting data and work papers for all “Additional Post-Retirement Benefits” amounts for both Power and Transmission. Please explain changes from 2016 and 2017 actuals for these amounts to the proposed IPR amounts.

For an explanation of these costs, please refer to the Notes to the Financial Statements in the Bonneville Power Administration Fiscal Year 2017 Annual Report. On page 58 it states:

Pension and other post retirement benefits

Federal employees associated with the operation of the FCRPS participate in either the Civil Service Retirement System or the Federal Employees Retirement System. Employees may also participate after retirement in the Federal Employees Health and Benefit Program and the Federal Employee Group Life Insurance Program. All such postretirement systems and programs are sponsored by the Office of Personnel Management; therefore, the FCRPS financial statements do not include accumulated plan assets or liabilities related to the administration of such programs. As part of BPA’s scheduled payment each year to the U.S. Treasury for bonds and other purposes, BPA makes contributions to cover the estimated annual unfunded portion of FCRPS pension and postretirement benefits. These contribution amounts are paid to the U.S. Treasury and are recorded as Operations and maintenance in the Combined Statements of Revenues and Expenses during the year to which the payment relates.

Equivalent information is also provided in the IPR Detailed Document Initial Publication, June 2018 on page 37, where it states:

Both federal employers and their employees contribute a percentage of eligible employee compensation toward funding the employees’ post-retirement benefits. BPA and employee contribution rates under the Civil Service Retirement System are 7 percent each. Under the Federal Employees Retirement System, the contribution rates are 11.7 percent and 0.8 percent, respectively. Employees also usually participate in the Federal Employees Health Benefits Program and/or the Federal Employees’ Group Life Insurance Program. Beginning in 1998, the BPA administrator elected to include an additional post-retirement contribution as an operational expense as part of power and transmission rates to help offset underfunding for the before-mentioned programs. BPA does this by voluntarily remitting to the U.S. Treasury each year in the year-end payment. The contribution includes component amounts that represent both BPA retirees and the retirees related to the power producing operations of the Corps and Reclamation.

This information was made publicly available on July 9, 2018, and contains information sourced directly and not directly from BPA financial statements.



Variances from year to year are due to changes in the following factors:

- Number of FCRPS federal employees
- Participation in, and mix of, pension and postretirement benefit programs
- Actuarial guidance provided by the Office of Personnel Management