Proposed IPR Expense and Capital Programs
Transmission Services

- Transmission Service is responsible for planning, designing, marketing, operating and maintaining approximately 15,000 miles of the Pacific Northwest’s high-voltage transmission assets across multiple states.

- Agency strategic goals

  #1 Strengthen Financial Health
  #2 Modernize Assets & System Operations
  #3 Provide Competitive Power Products & Services
  #4 Meet Transmission Customer Needs Efficiently & Responsively
Transmission Services

IPR principles:

• Limit rate increases.
• Mission critical work.
• Make investments that provide savings to ratepayers.
• Focus on risk-prioritized investments.
Transmission Guidelines

• Proposed expense funding levels held at the rate of inflation.

• To hold costs at the rate of inflation, Transmission identified cost savings and efficiencies, and focused funding on priority areas to mitigate risks.

• Trade-offs helped to mitigate cost pressures, cost reductions were identified, and personnel will focus on mission critical work.
## Transmission Services - Expense

### Costs Described in IPR

<table>
<thead>
<tr>
<th></th>
<th>Actuals 2018</th>
<th>Actuals 2019</th>
<th>Rate Case</th>
<th>Proposed IPR</th>
<th>Average Rate Case</th>
<th>Average Proposed IPR</th>
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<tbody>
<tr>
<td><strong>Asset Management</strong></td>
<td>256,165</td>
<td>267,336</td>
<td>362,974</td>
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<td>Enterprise Services G&amp;A</td>
<td>91,752</td>
<td>101,622</td>
<td>92,528</td>
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<td>Operations</td>
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<td>54,872</td>
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<td>57,136</td>
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<td><strong>Costs Described in IPR Total</strong></td>
<td>470,154</td>
<td>486,754</td>
<td>488,678</td>
<td>490,965</td>
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<td>510,101</td>
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</table>
Transmission Services - Capital

<table>
<thead>
<tr>
<th>(Thousands)</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
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<tbody>
<tr>
<td>Transmission Asset Category</td>
<td>312,000</td>
<td>327,000</td>
<td>385,000</td>
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<td>499,000</td>
<td>392,000</td>
<td>314,000</td>
<td>314,000</td>
<td>321,067</td>
<td>328,130</td>
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<td>Other Asset Categories Within Transmission</td>
<td>105,780</td>
<td>118,990</td>
<td>110,000</td>
<td>36,410</td>
<td>54,920</td>
<td>53,630</td>
<td>57,540</td>
<td>58,250</td>
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<tr>
<td>Transmission Indirects</td>
<td>53,390</td>
<td>54,072</td>
<td>54,755</td>
<td>55,437</td>
<td>56,119</td>
<td>56,801</td>
<td>57,484</td>
<td>58,166</td>
<td>58,848</td>
<td>59,531</td>
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<tr>
<td>Corporate Indirects</td>
<td>46,765</td>
<td>47,082</td>
<td>48,187</td>
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<td>50,428</td>
<td>51,572</td>
<td>52,737</td>
<td>53,861</td>
<td>54,958</td>
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<tr>
<td>PFIA</td>
<td>45,000</td>
<td>50,000</td>
<td>40,000</td>
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<tr>
<td>AFUDC</td>
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<td>15,159</td>
<td>17,594</td>
<td>21,942</td>
<td>27,373</td>
<td>31,307</td>
<td>32,140</td>
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<td>30,447</td>
<td>28,988</td>
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<tr>
<td>Capital Total</td>
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<td>655,536</td>
<td>727,785</td>
<td>716,840</td>
<td>615,310</td>
<td>543,901</td>
<td>545,746</td>
<td>556,655</td>
<td>557,208</td>
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</tbody>
</table>
IPR FY 2022-23 Average - Capital

Transmission Asset Category 54%
Other Asset Categories 19%
PFIA 8%
Loadings 17%
AFUDC 2%
Transmission Programs

- Transmission Commercial Activities
- Transmission Asset Management
- Transmission Operations
- Enterprise Services
Transmission Commercial Activities

Mission
The Commercial Activities provides leadership and direction to standardize and streamline products, rules and strategies to satisfy BPA commercial objectives and customer needs. The Commercial Operation also strives to optimize current and future opportunities and efficiencies to support over 300 customers resulting in an average annual revenues of $1.1 billion.
Transmission Commercial Activities

<table>
<thead>
<tr>
<th>Year</th>
<th>Actuals</th>
<th>Rate Case</th>
<th>Proposed IPR</th>
<th>Average Rate Case</th>
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<tbody>
<tr>
<td>2018</td>
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<td>54,872</td>
<td>62,078</td>
<td>57,136</td>
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</table>
Transmission Commercial Activities

- FY 22/23 average proposed levels: $59 million
- Change from BP-20 rate case: no change

- **Program Objectives in 2022 and 2023:**
  - Design and Offer High Quality Services
  - Align Service Performance Expectations
  - Capture Revenue and Mitigate Commercial Risk
  - Manage the Business Interfaces with Customers
Transmission Commercial Activities

• Benefits of proposed spending levels:
  – Core work
  – Efficiency improvements
  – Strategic initiatives
Transmission Asset Management

Mission
Transmission Services will manage its assets to achieve safety, reliability, and availability and adequacy standards and maximize economic value for the region. It will use efficient and transparent practices that are effective in managing risks and delivering results.
Transmission Asset Management Strategy

Objective: Align with Institute of Asset Management (IAM) best practices

- Lifecycle costing
- Technological obsolescence
- Compliance
- Greater system visibility
Transmission Asset Management - Expense

<table>
<thead>
<tr>
<th>Category</th>
<th>Actuals</th>
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<td>2019</td>
<td></td>
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## Transmission Asset Management - Capital

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<th>2023</th>
<th>2024</th>
<th>2025</th>
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<td>543,901</td>
<td>545,746</td>
<td>556,655</td>
<td>557,208</td>
</tr>
</tbody>
</table>
Transmission Asset Management

• FY 22/23 average proposed levels:
  – Expense: $289 million
  – Capital: $594 million

• Change from BP-20 rate case:
  – Expense: $23 million increase
  – Capital: $73 million increase

• Program Objectives in 2022 and 2023:
  – Maintenance and capital replacements
  – Right-sized investments
  – Optimizing lifecycle and maintenance processes
Benefits of proposed spending levels:

- Enables Asset Management maturity as a result of applying IAM framework
- Helps resolve constraint mitigation via Secondary Capacity Model
- Integrated maintenance practices and asset replacement
Transmission Operations

Mission
Transmission Operations is responsible for the safe, reliable operation and dispatch of the high-voltage transmission system and interconnected generation. Transmission Operations staff support initiatives providing planning, scoping, and project management activities that lead to improvements in the tools available for the reliable operation of BPA’s transmission system.
## Transmission Operations

**Graph:**
- **$\text{Actuals}$**
- **Rate Case**
- **Proposed IPR**
- **Average Rate Case**
- **Average Proposed IPR**

### Subcategories:
- Substation Operations
- Power System Dispatching
- Technical Operations
- Sched-Real-Time Scheduling
- Sched-Technical Support
- Strategic Integration
- Operations Enterprise Svcs
- Other (programs < $5m Proposed IPR)

### Table:

<table>
<thead>
<tr>
<th></th>
<th>Actuals ($Thousands)</th>
<th>Rate Case ($Thousands)</th>
<th>Proposed IPR ($Thousands)</th>
<th>Average Rate Case ($Thousands)</th>
<th>Average Proposed IPR ($Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Grand Total</td>
<td>58,786</td>
<td>62,926</td>
<td>71,098</td>
<td>71,150</td>
<td>64,284</td>
</tr>
</tbody>
</table>

**Columns:**
- Actuals
- Rate Case
- Proposed IPR
- Average Rate Case
- Average Proposed IPR

**Years:**
- 2018
- 2019
- 2020
- 2021
- 2022
- 2023
- 2020-2021
- 2022-2023

**Units:**
- $\text{in Millions}$
Transmission Operations

• FY 22/23 average proposed levels: $65 million
• Change from BP-20 rate case: $6 million decrease
  – Includes $8.4 million shift for Grid Mod KSI to Enterprise Services Program Plan

• Program Objectives in 2022 and 2023
  – Deliver Generation to Load
  – Conduct Performance Analysis
Benefits of proposed spending levels:

- Allow full support of Grid Modernization and Energy Imbalance Market
- Absorb, through attrition, to staff an EIM desk
- Maintain current service levels through efficiency and continuous improvement
Enterprise Services
FY 22/23 Average proposed levels: $102 million
Change from BP-20 rate case: $9 million
Internal support consists of two separate programs, “Additional Post Retirement Benefits Contributions” and “Enterprise Services General and Administrative” that are included in Transmission’s revenue requirements.
The Enterprise Services G&A funding levels are costs not direct charged to Transmission’s program plans and are determined by the level of service required to support the business units.
Proposed funding levels for Agency Services have increased from the BP-20 funding levels and discussed at the Corporate IPR session.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Enterprise Services’ G&amp;A Allocations</td>
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<td>81,413</td>
<td>74,090</td>
<td>74,591</td>
<td>88,521</td>
<td>89,651</td>
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<td>89,086</td>
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<td>Post-retirement benefits</td>
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<td>20,210</td>
<td>18,438</td>
<td>19,293</td>
<td>12,607</td>
<td>12,952</td>
<td>18,866</td>
<td>12,779</td>
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<tr>
<td>Total</td>
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<td>101,622</td>
<td>92,528</td>
<td>93,884</td>
<td>101,128</td>
<td>102,602</td>
<td>93,206</td>
<td>101,865</td>
</tr>
</tbody>
</table>
In Summary

Agency strategic goals

1. Strengthen Financial Health
2. Modernize Assets & System Operations
3. Provide Competitive Power Products & Services
QUESTIONS?
This information was publicly available on June 12, 2020, and contains information not sourced directly from BPA financial statements.
THANK YOU