

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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BPA offers rate relief to customers hit economically by pandemic *Suspension of reserves surcharge will save utilities more than \$35 million*

Portland, Oregon – The Bonneville Power Administration issued today a decision to suspend its financial reserves surcharge through September 2021.

“This decision is the result of a strong collaborative partnership with our customers,” said BPA Administrator and CEO Elliot Mainzer. “The steps we have taken in recent years to sustain BPA’s financial health make it possible for us to provide some measure of relief to our power customers as they work to address the economic consequences of the pandemic.”

The suspension of the surcharge, once approved by the Federal Energy Regulatory Commission, is expected to provide relief to BPA’s power customers totaling about \$3 million per month for the remainder of FY 2020, and \$30 million over FY 2021. The relief could come as early as July 1 if FERC issues an immediate interim rate approval.

BPA uses financial reserves as a tool to maintain financial health and mitigate financial risk, as it allows BPA to continue to meet all payment obligations when its sales revenues fall short of forecast. Financial reserves, which are defined as cash on hand, short-term investments and deferred borrowing, also plays a role in how agencies determine BPA’s credit rating.

“Maintaining reserves is a staple of financial strength,” said Michelle Manary, BPA Chief Financial Officer. “But given the significant challenges customers are facing, we agree this is not the time to be building up cash reserves.”

This is not the only relief measure BPA is offering its customers. BPA also is streamlining the process for customers to request payment extensions if they are facing financial hardship due to COVID-19 and are unable to pay their bills. This is available to all power and transmission customers on a case-by-case basis. This is not a waiver of the bill, but extends the payment out, with interest, for up to three years. BPA Power Services also has the Flexible Priority Firm Rate



Option through the end of FY 2020, which is available to Regional Dialogue customers interested in shaping a portion of their FY 2020 bills into FY 2021.

“We offer these measures to our customers to be a responsive business partner,” said BPA Chief Operating Officer John Hairston. “We believe we have found a range of options that help customers without harming our bottom line in the long term.”

BPA established the financial reserves policy surcharge in its BP-20 rate proceeding as a way to build up cash reserves when they fall below a certain threshold. The surcharge triggered for BPA power customers for FY 2020 and was expected to trigger again in FY 2021. The surcharge did not trigger for BPA’s transmission customers in FY 2020 and was not expected to trigger for FY 2021. BPA’s [2018-2023 Strategic Plan and its Financial Plan](#) provide a framework for how the agency maintains and strengthens financial health, which is foundational to its long-term commercial success.

The suspension of the surcharge occurred through an expedited rate proceeding, which concluded today with the publication of the [Administrator’s Final Record of Decision](#).

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale, carbon-free hydropower from 31 federal dams in the Columbia River Basin. It also markets the output of the region’s only nuclear plant. BPA delivers this power to more than 140 Northwest electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA also owns and operates more than 15,000 circuit miles of high-voltage power lines and 261 substations, and provides transmission service to more than 300 customers. In all, BPA provides nearly a third of the power generated in the Northwest. To mitigate the impacts of the federal dams, BPA implements a fish and wildlife program that includes working with its partners to make the federal dams safer for fish passage. It also pursues cost-effective energy savings and operational solutions that help maintain safe, affordable, reliable electric power for the Northwest. www.bpa.gov

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