



Bonneville
POWER ADMINISTRATION



INTEGRATED PROGRAM REVIEW

Transmission Business Line

June 15, 2022

Proposed IPR Expense and Capital Programs



Transmission Business Line

- 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



Transmission Business Line

IPR principles:

- Limit forecast cost increases. 
- Mission critical work.   
- Invest in our people 
- Focus on risk-prioritized investments.   
- Make investments that provide savings to ratepayers.   

Transmission Guidelines

- Proposed expense funding levels held at the rate of inflation to the extent possible however Transmission is facing cost pressures above inflation.
- Transmission focused funding on priority areas to mitigate risks such as wildfire mitigation and cyber security.
- Trade-offs helped to mitigate cost pressures, cost reductions were identified, and personnel will focus on mission critical work.

#1 STRENGTHEN
FINANCIAL HEALTH

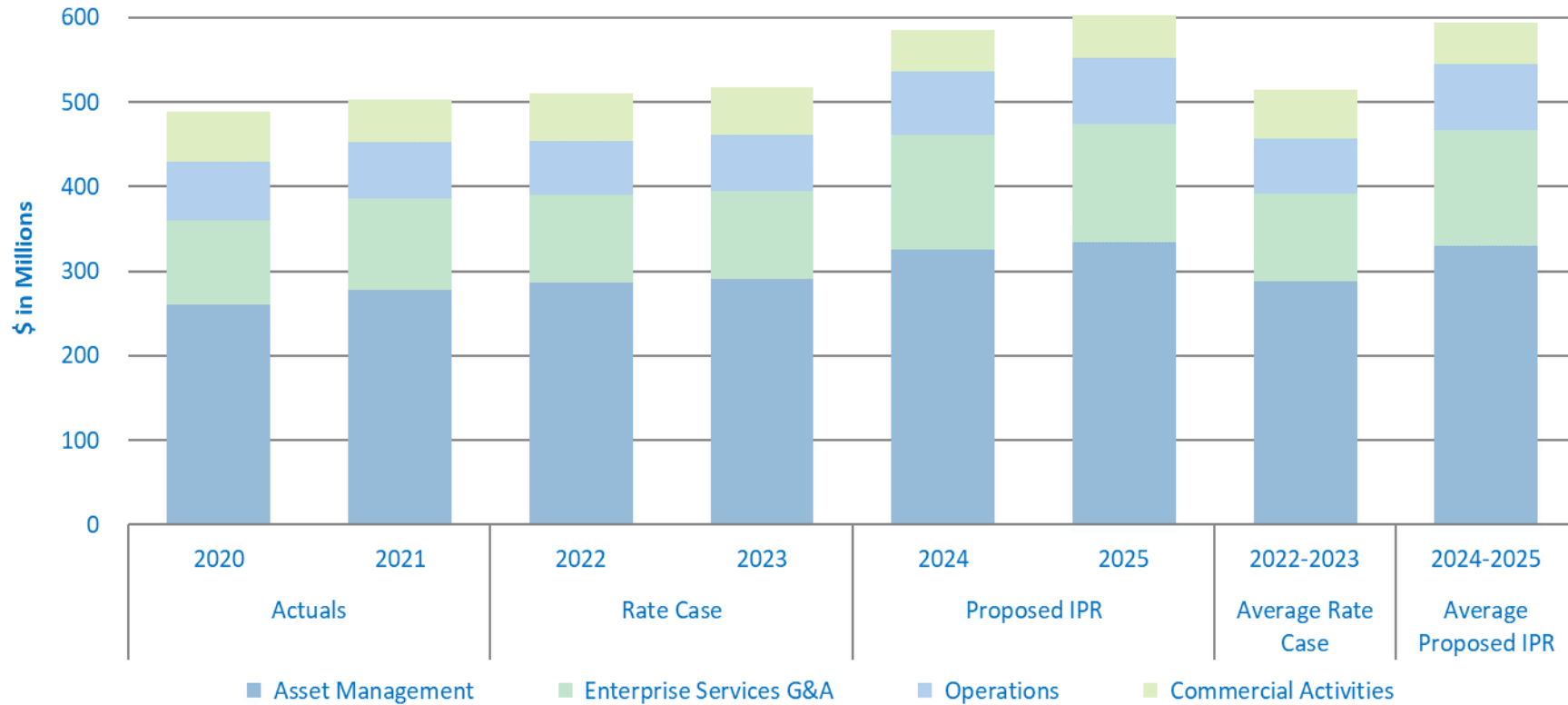
#1 STRENGTHEN
FINANCIAL HEALTH

#1 STRENGTHEN
FINANCIAL HEALTH

#2 MODERNIZE
ASSETS &
SYSTEM OPERATIONS

#4 MEET TRANSMISSION
CUSTOMER NEEDS
EFFICIENTLY & RESPONSIVELY

Transmission Business Line - Expense

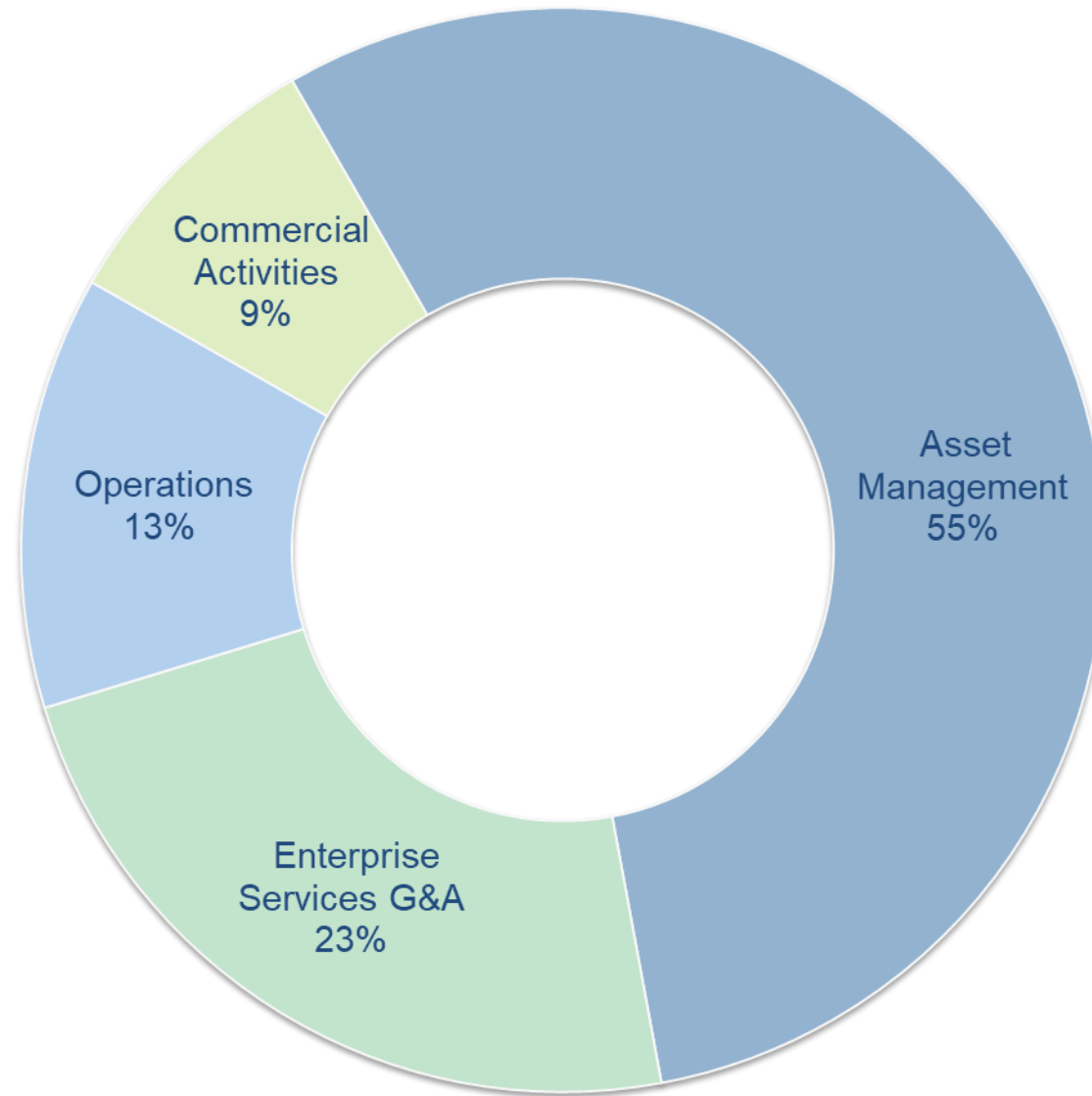


(\$Thousands)	Actuals		Rate Case		Proposed IPR	
	2020	2021	2022	2023	2024	2025
Asset Management	261,109	277,367	286,951	290,281	324,988	333,897
Enterprise Services G&A	99,671	109,165	103,195	104,681	136,034	139,965
Operations	68,600	66,219	64,284	65,598	75,118	78,595
Commercial Activities	59,457	50,406	56,470	57,541	49,549	50,854
Costs Described in IPR Total	488,838	503,157	510,899	518,101	585,690	603,310

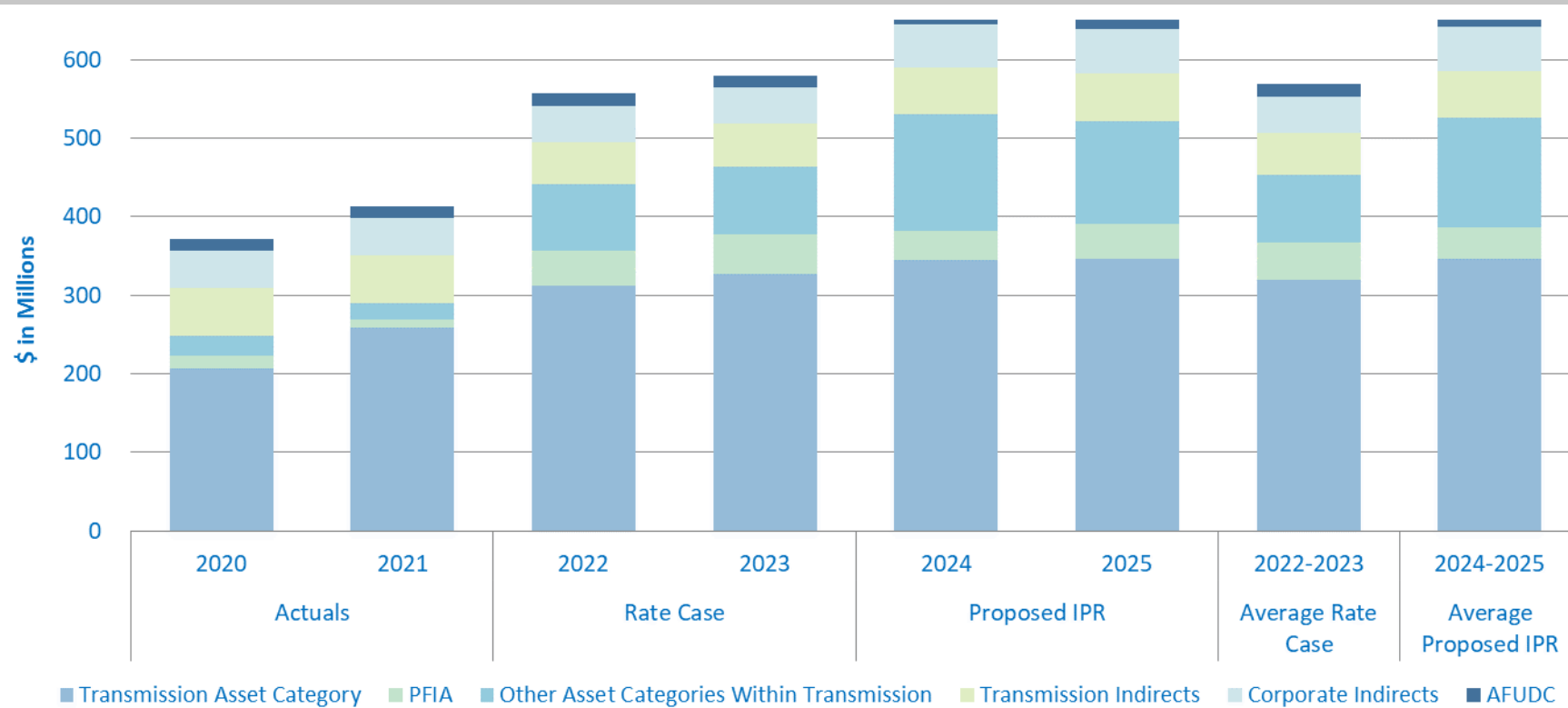
IPR FY 2024-25 Average - Expense

	FY2022-23 Average
Total	\$515 Million

	FY2024-25 Average
Total	\$594 Million



Transmission Services - Capital

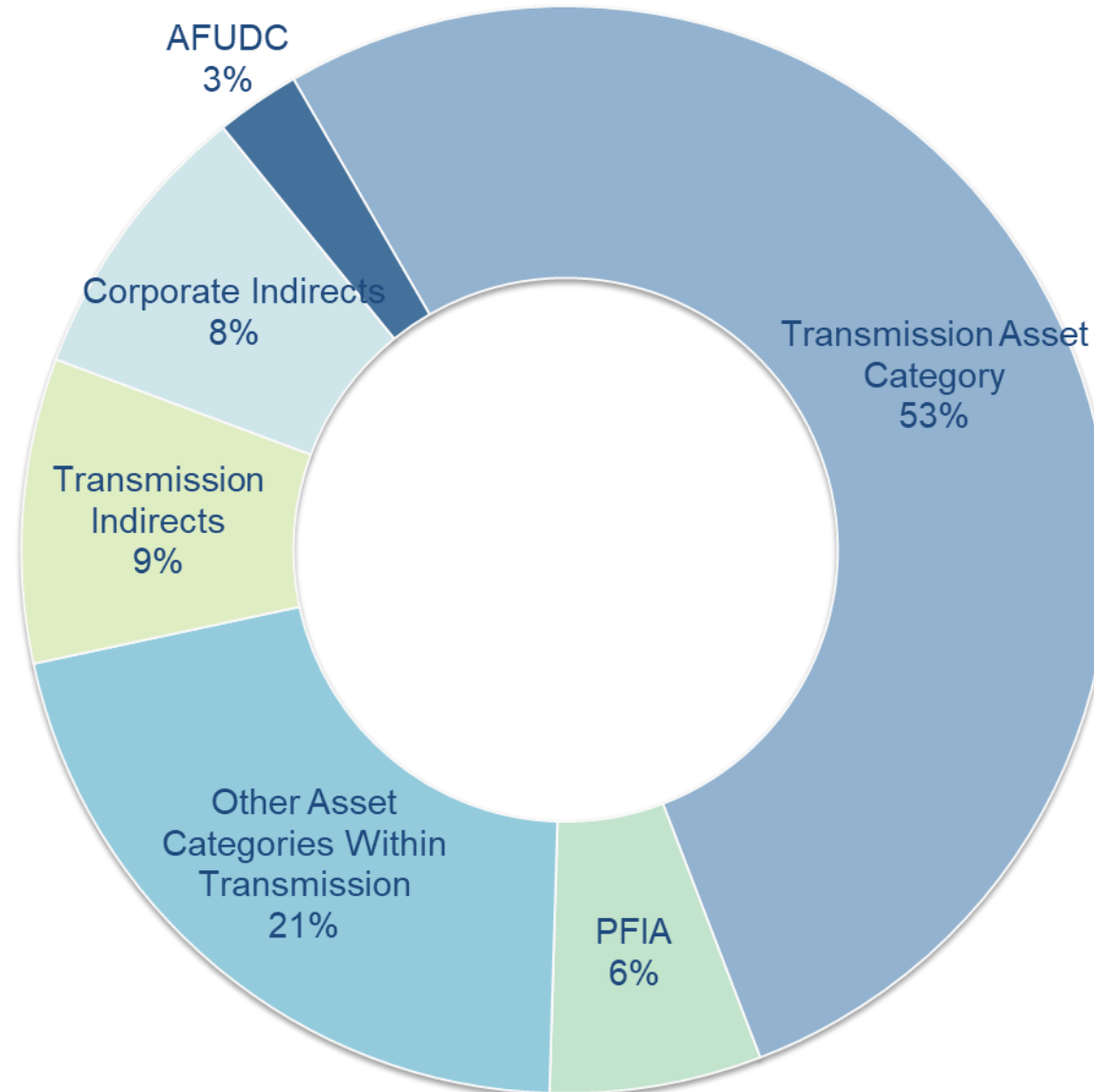


(\$Thousands)	Actuals		Rate Case		Proposed IPR	
	2020	2021	2022	2023	2024	2025
Transmission Asset Category	206,737	258,722	312,000	327,000	344,700	346,500
PFIA	15,626	10,916	45,000	50,000	37,800	45,000
Other Asset Categories Within Transmission	25,969	20,000	84,780	86,990	148,000	130,610
Transmission Indirects	61,400	61,283	53,390	54,072	59,432	59,788
Corporate Indirects	47,564	47,701	46,042	46,337	54,815	56,563
AFUDC	13,704	14,040	15,937	15,845	16,500	16,500
Capital Total	370,999	412,662	557,149	580,244	661,247	654,961

IPR FY 2024-25 Average - Capital

FY2022-23 Average	
Total	\$569 Million

FY2024-25 Average	
Total	\$658 Million



Transmission Programs

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

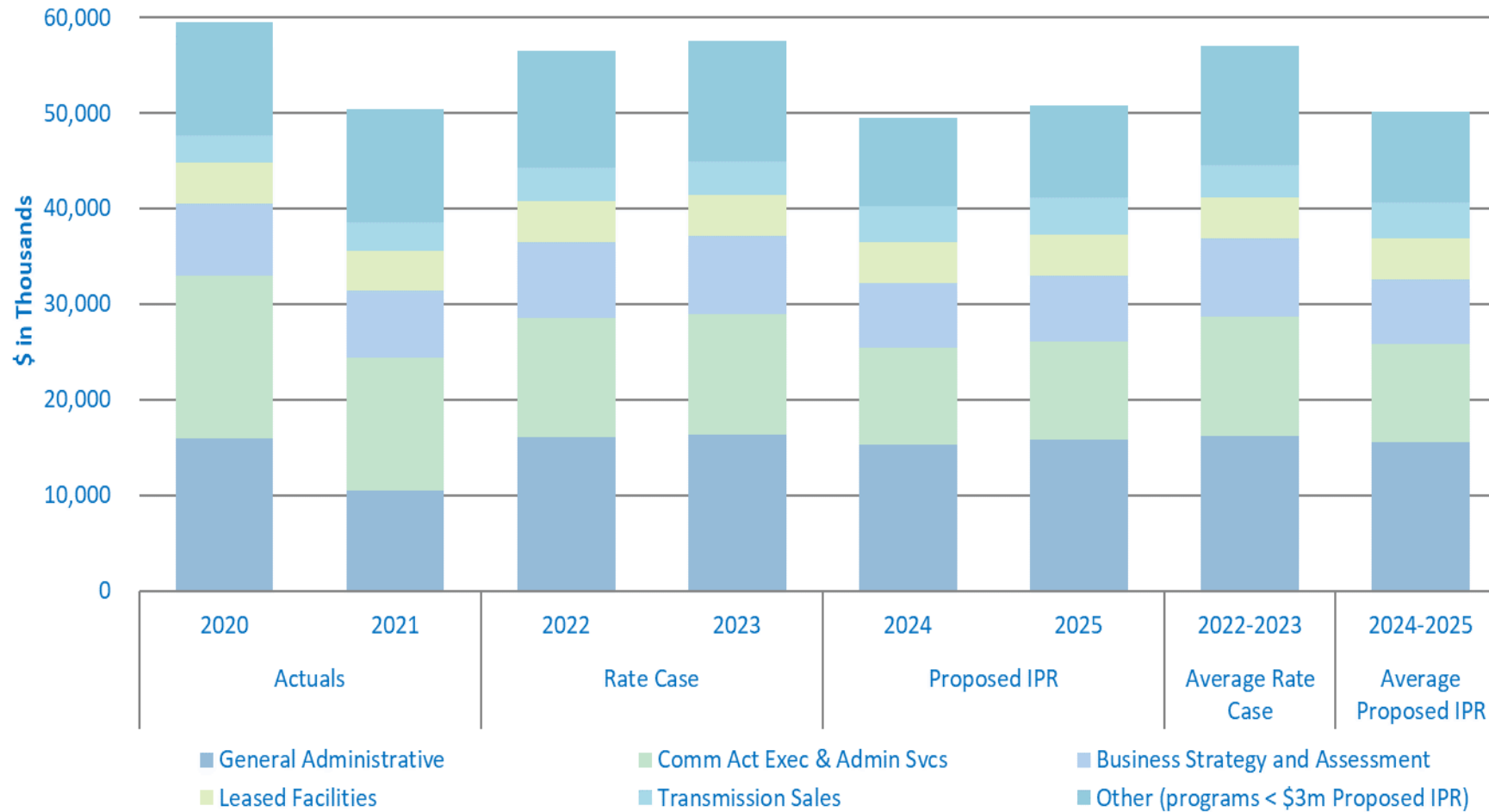
Transmission Commercial Activities

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 Activities also strives to optimize current and future opportunities and efficiencies to support over 300 customers resulting in an average annual revenues of \$1.2 billion.



Transmission Commercial Activities



(\$Thousands)	Actuals		Rate Case		Proposed IPR	
	2020	2021	2022	2023	2024	2025
Grand Total	59,457	50,406	56,470	57,541	49,549	50,854

Transmission Commercial Activities

- FY 24/25 average proposed levels: \$50 million
- Change from BP-22 rate case: (\$7M)
- **Program Objectives in 2024 and 2025:**
 - 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

- Outcomes and impacts of proposed spending levels:
 - Core work
 - Efficiency improvements
 - Strategic initiatives
 - Staffing levels held flat which will provide response time similar to FY22/23 or slightly reduced dependent on the increase in customer requests and contract actions

Transmission Asset Management

Mission

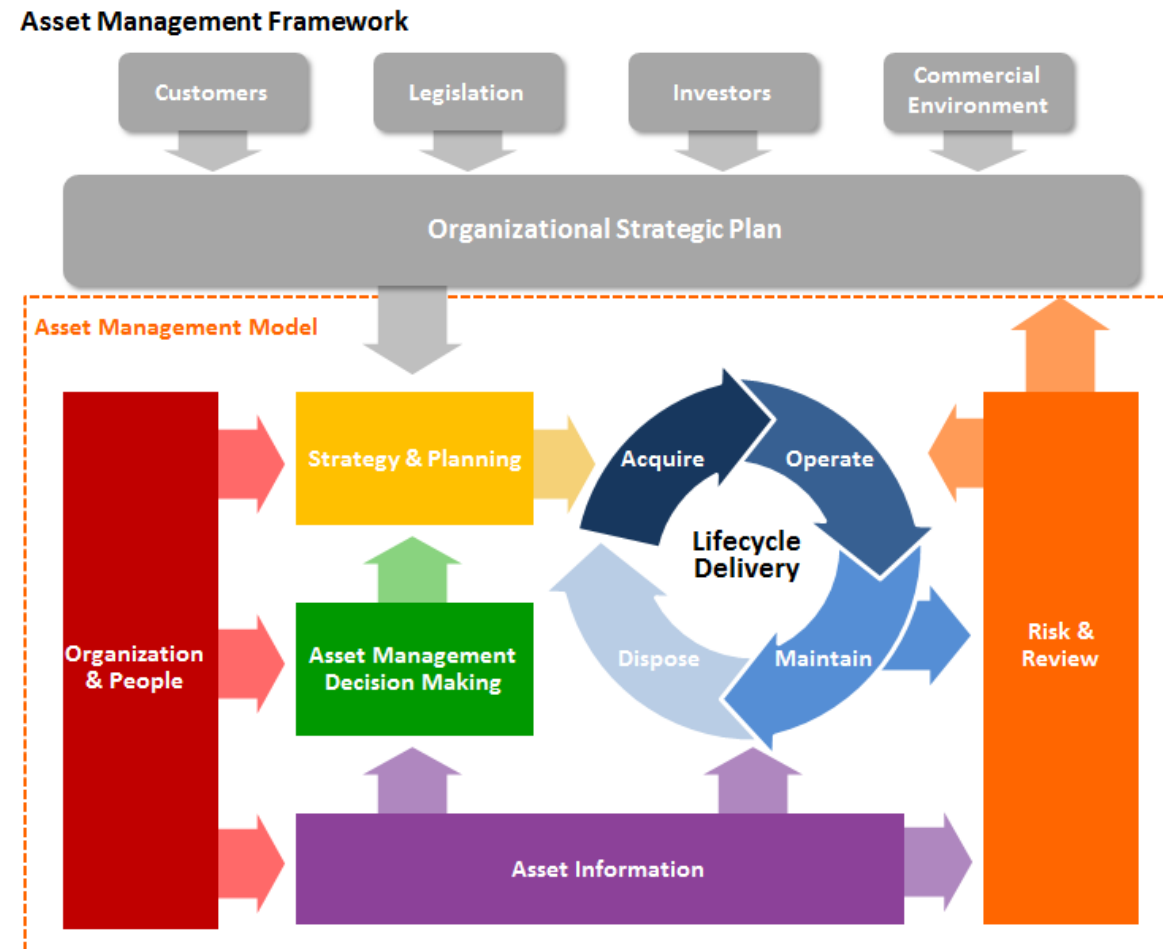
Transmission Services will manage its assets to achieve safety, reliability, and availability and adequacy standards and maximize economic value for the region. It will use efficient and transparent practices that are effective in managing risks and delivering results.



Transmission Asset Management Strategy

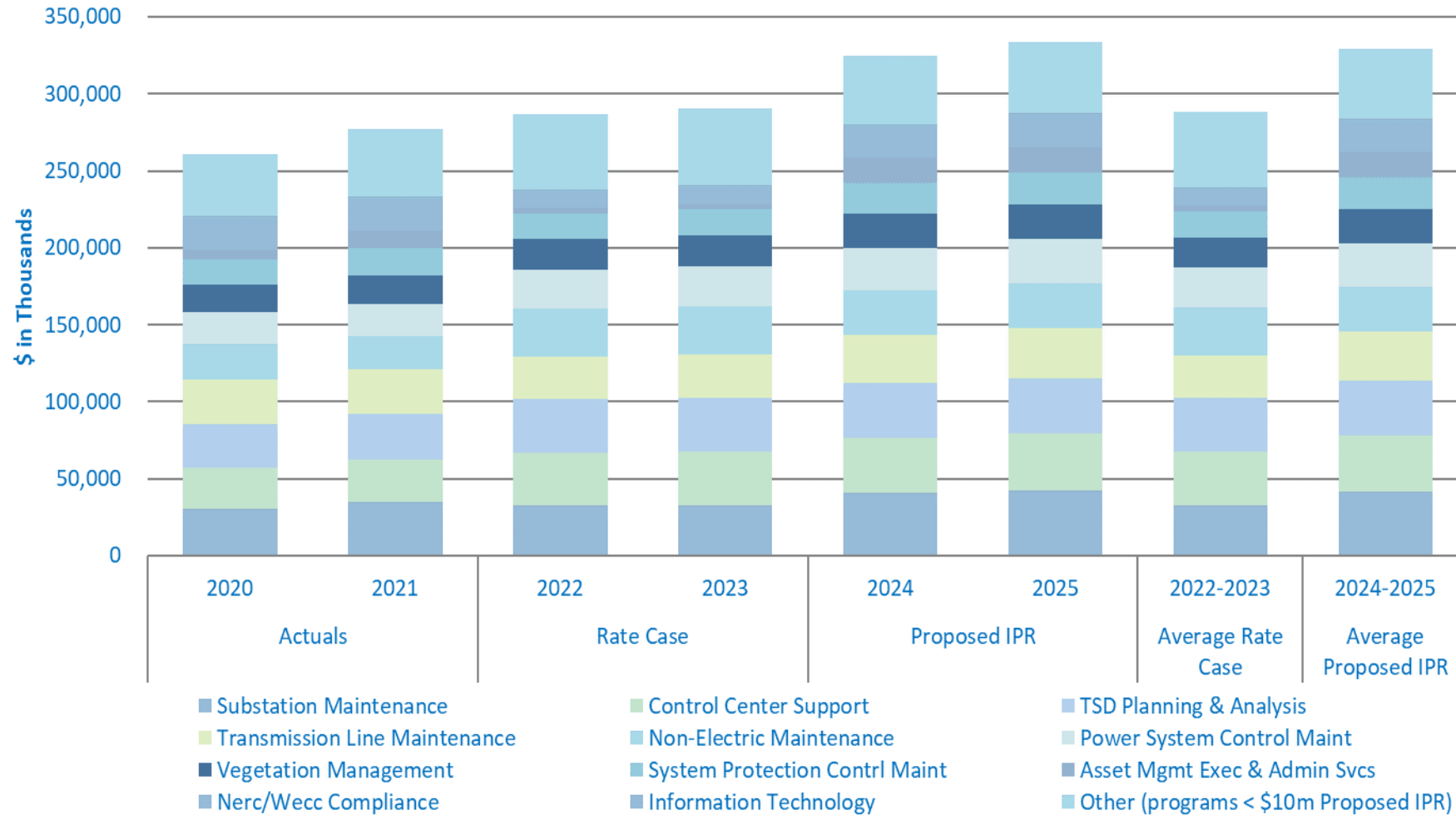
Objective: Align with Institute of Asset Management (IAM) best practices

- Risk based planning and prioritization
- Financial effectiveness
- Technological obsolescence and aging infrastructure
- Compliance



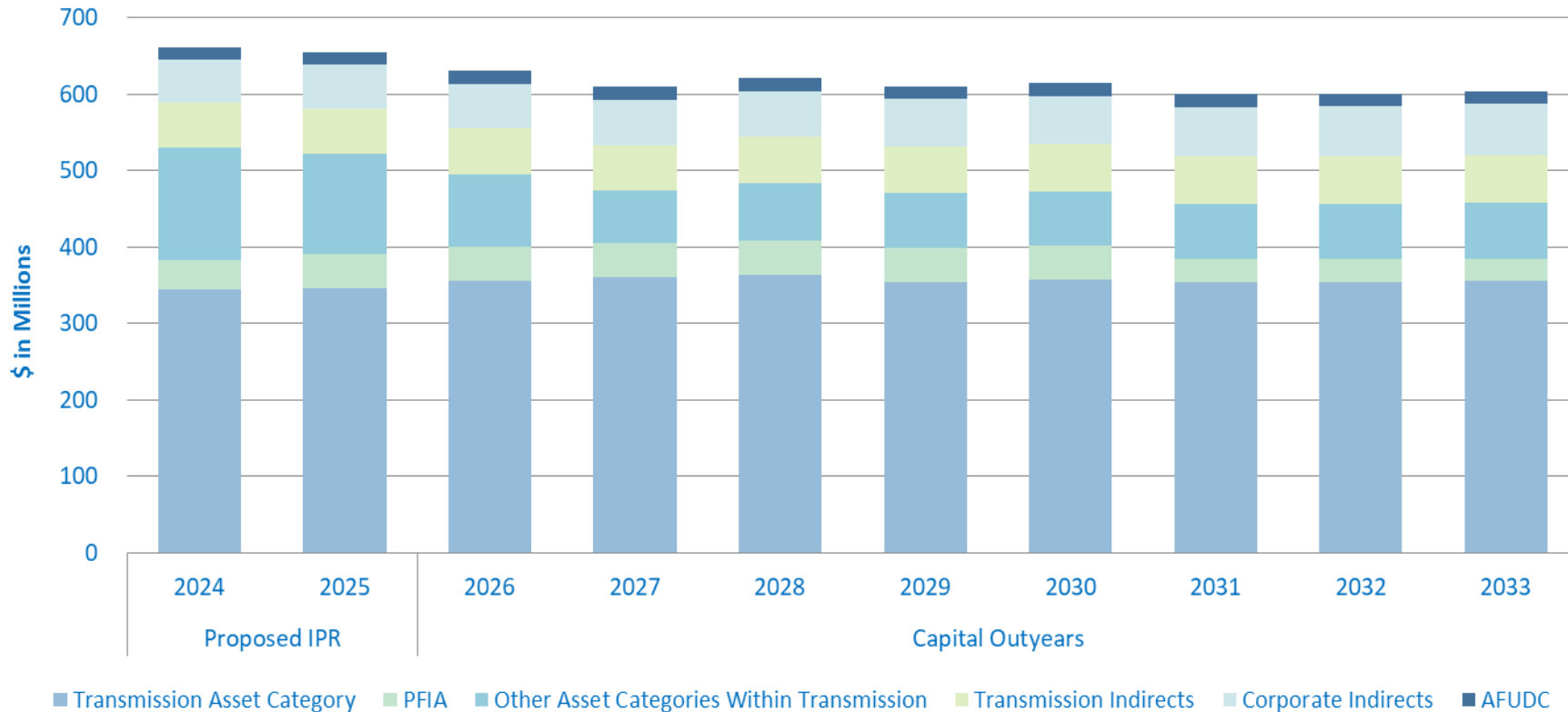
The Institute of Asset Management (IAM)

Transmission Asset Management - Expense



(\$Thousands)	Actuals		Rate Case		Proposed IPR	
	2020	2021	2022	2023	2024	2025
Grand Total	261,109	277,367	286,951	290,281	324,988	333,897

Transmission Asset Management - Capital



(\$Thousands)	Proposed IPR		Capital Outyears							
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Transmission Asset Category	345	347	356	360	363	353	357	354	355	356
PFIA	38	45	45	45	45	45	45	31	30	28
Other Asset Categories Within Transmission	148	131	95	69	75	72	71	72	72	74
Transmission Indirects	59	60	60	61	61	61	62	62	62	63
Corporate Indirects	55	57	58	59	61	62	63	65	66	67
AFUDC	17	17	17	17	17	17	17	17	17	17
Capital Total	661	655	630	610	621	611	614	600	601	604

Transmission Asset Management

- **FY 24/25 average proposed levels:**
 - Expense: \$329 million
 - Capital: \$658 million
- **Change from BP-22 rate case:**
 - Expense: \$41 million increase
 - Capital: \$89 million increase
- **Program Objectives in 2024 and 2025:**
 - Maintenance and capital replacements
 - Increasing execution throughput
 - Continuous improvement of data, analytics and processes across the asset lifecycle

Transmission Asset Management

- Outcomes and impacts of proposed spending levels:
 - Enables Asset Management maturity as a result of maturing risk based planning, metrics and prioritization
 - Prioritized funding to support advances in the cyber security program, expanded wildfire mitigation efforts and the Grand Coulee asset transfer
 - Trade-offs affected expense investments in access roads and vegetation management. No significant expense investment in seismic hardening

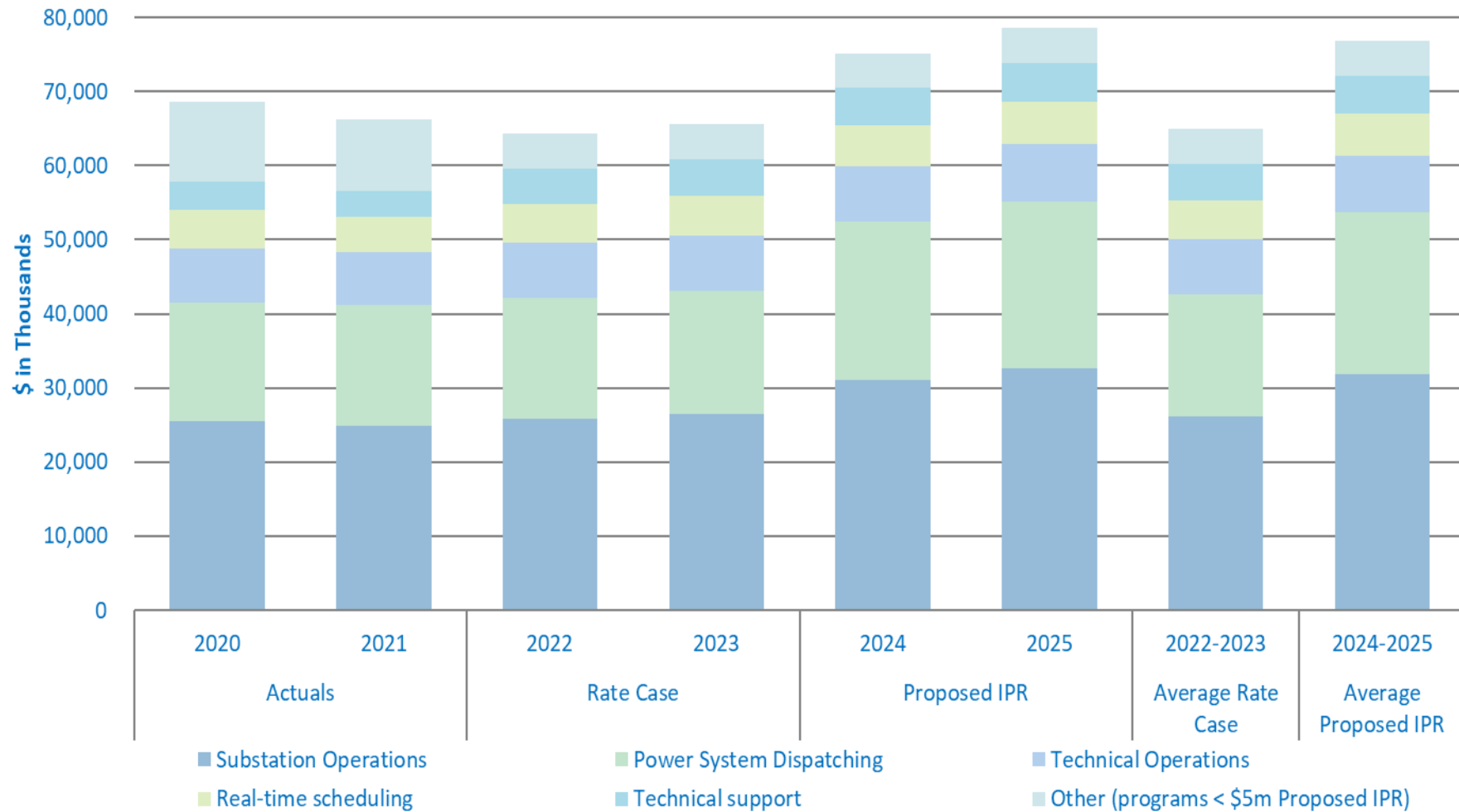
Transmission Operations

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



(\$Thousands)	Actuals		Rate Case		Proposed IPR	
	2020	2021	2022	2023	2024	2025
Grand Total	68,600	66,219	64,284	65,598	75,118	78,595

Transmission Operations

- **FY 24/25 average proposed levels:**
 - Expense: \$77 million
- **Change from BP-22 rate case:**
 - Expense: \$12 million increase
- **Program Objectives in 2024 and 2025:**
 - Deliver Generation to Load
 - Conduct Performance Analysis

Transmission Operations

- Outcomes and impacts of proposed spending levels:
 - Maintain current staffing levels to support BPA's initiatives including staffing of an EIM desk
 - Prioritized critical expenditures to protect safety and reliability
 - Trade-offs resulted in reduced support, which may cause delays in project work, analysis and metrics, as well as decreased engagement in industry forums

Enterprise Services



Enterprise Services

- FY 24/25 Average proposed levels: \$138 million
- Change from BP-22 rate case : \$34 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-22 funding levels and discussed at the IPR Kick-off session and IT session.

(\$Thousands)	Actuals		Rate Case		Proposed IPR	
	2020	2021	2022	2023	2024	2025
Enterprise Services’ G&A Allocations	83,693	91,535	90,589	91,730	117,564	121,495
Post-retirement benefits	15,979	17,629	12,607	12,952	18,470	18,470
Grand Total	99,671	109,165	103,195	104,681	136,034	139,965

In Summary

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
- #5 VALUE PEOPLE & DELIVER RESULTS



SUBMITTING COMMENTS

- Comment period open June 17 – July 18
- Comments can be submitted:
 - Online at www.bpa.gov/comment.
 - By mail to BPA, P.O. Box 14428, Portland, OR 97293
- Link to SAMPs webpage: www.bpa.gov/about/finance/strategic-asset-management-plans
 - SAMPs comments can be made at www.bpa.gov/comment.



QUESTIONS?

BP-24 IPR Initial Publication is available at
www.bpa.gov/about/finance/bp-24-ipr

Questions?

Send questions to **BPAFinance@bpa.gov**. Answers will be posted by
July 1 at **www.bpa.gov/about/finance/bp-24-ipr**

FINANCIAL DISCLOSURE

This information was publicly available on June 9, 2022, and contains information not sourced directly from BPA financial statements.

THANK YOU