



Bonneville
POWER ADMINISTRATION



INTEGRATED PROGRAM REVIEW

Kickoff – June 14, 2022



INTRODUCTIONS

Darren Heim, MANAGER, FINANCIAL PLANNING AND ANALYSIS, ACTING

AGENDA

Time	Topic	Speaker
1:05 – 1:10	Introductions	Darren Heim <i>Manager, Financial Planning & Analysis, Acting</i>
1:10 – 1:25	Program Costs Overview	John Hairston <i>Administrator and CEO</i>
1:25 – 1:45	Power Services	Suzanne Cooper <i>Senior VP of Power Services</i>
1:45 – 2:05	Transmission Services	Richard Shaheen <i>Senior VP of Transmission Services</i>
2:05 – 2:15	Chief Administrative Office	Robin Furrer <i>Chief Administrative Officer</i>
2:15 – 2:25	Chief Workforce and Strategy Office	Dan James <i>Chief Workforce and Strategy Officer</i>
2:25 – 2:35	Corporate Services	Marcus Harris <i>Executive VP and Chief Financial Officer, Acting</i>
2:35 – 2:45	Next Steps	Darren Heim <i>Manager, Financial Planning & Analysis, Acting</i>
2:45 – 4:00	Question and Answer	Darren Heim <i>Manager, Financial Planning & Analysis, Acting</i>



PROGRAM COSTS OVERVIEW

John Hairston, ADMINISTRATOR and CEO

Cost priorities in BP-24

Invest in the workforce

Generation resource operations and maintenance

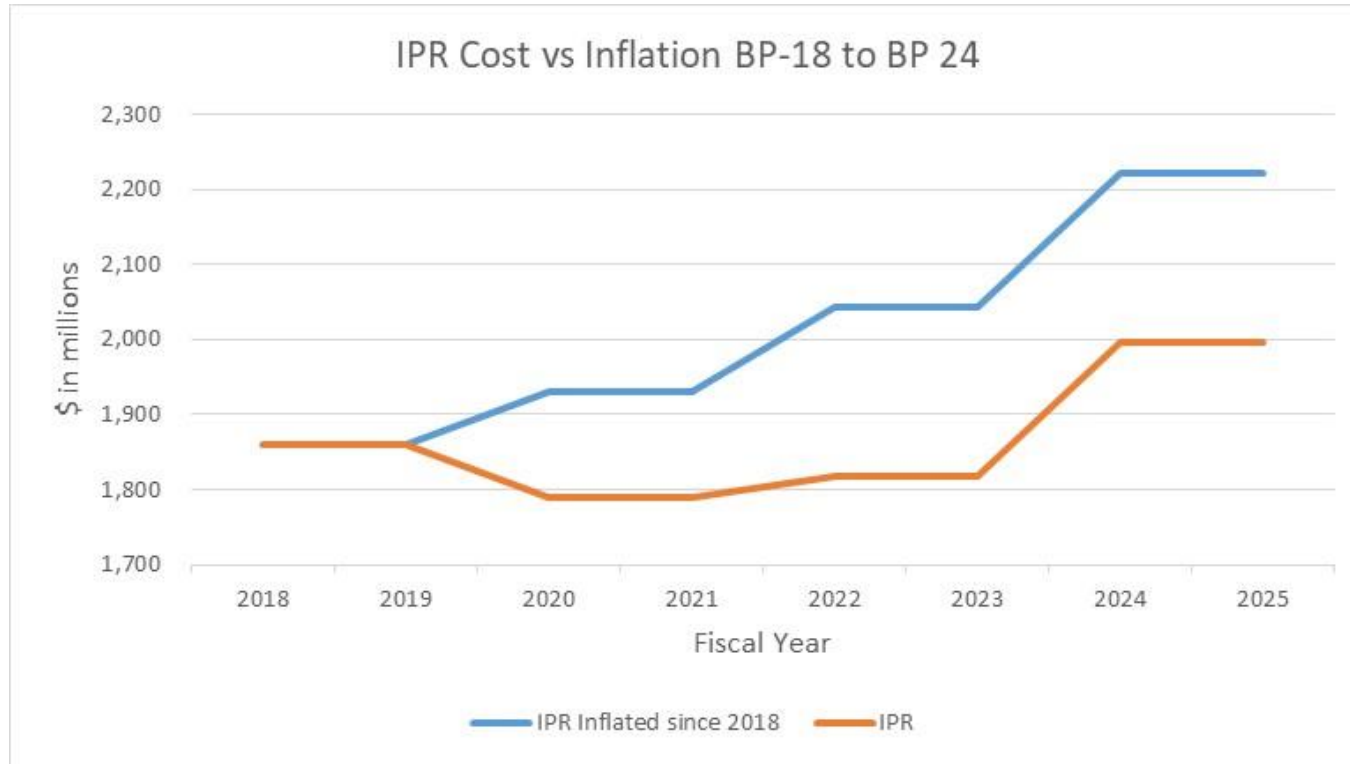
Information technology and cybersecurity

Fish and Wildlife program obligations

Wildfire mitigation

Grand Coulee asset swap

Cost management context



BP-24 IPR Proposed Spending Levels

		BP-22 Average	BP-24 IPR Proposed Average	Delta
	(\$millions)			
Power		1,304.2	1,402.7	98.5
Transmission		514.5	594.5	80.0
Total		1,818.7	1,997.2	178.5



POWER SERVICES

Suzanne Cooper, SENIOR VICE PRESIDENT OF POWER SERVICES

POWER OVERVIEW

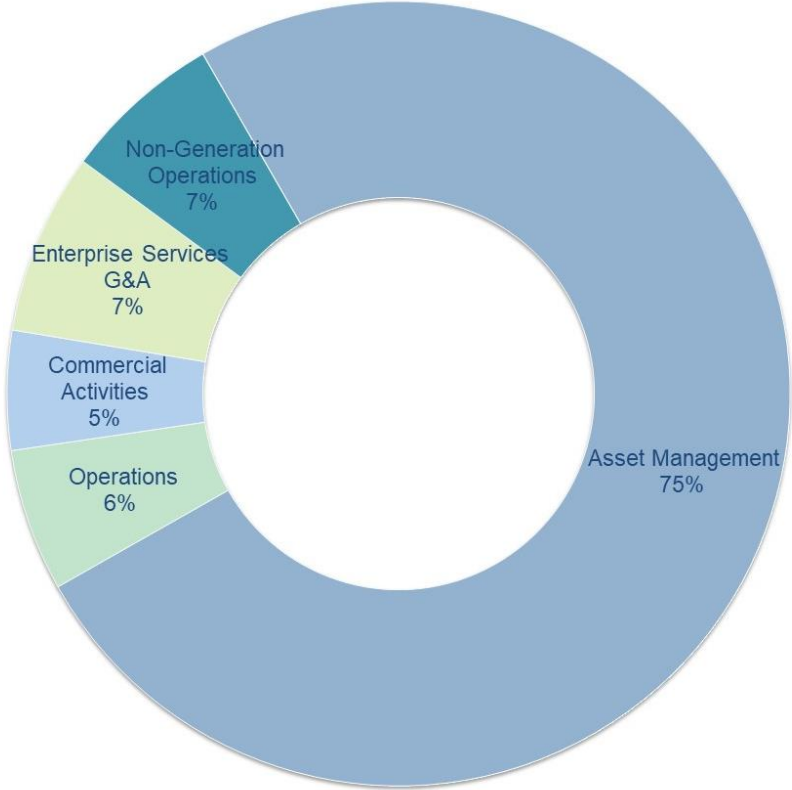
Power Services proposes to hold IPR costs slightly below the rate of inflation with an increase of \$98.5 million per year compared to BP-22 rate case.

- Power Services is committed to BPA's cost-management objective.
- Expenses are prioritized to support optimize and modernize generating assets, support new market transformation activities, and invest in our workforce.
- Capital spending is set to achieve safety and high reliability, availability and adequacy standards, and to maximize economic value to the region.

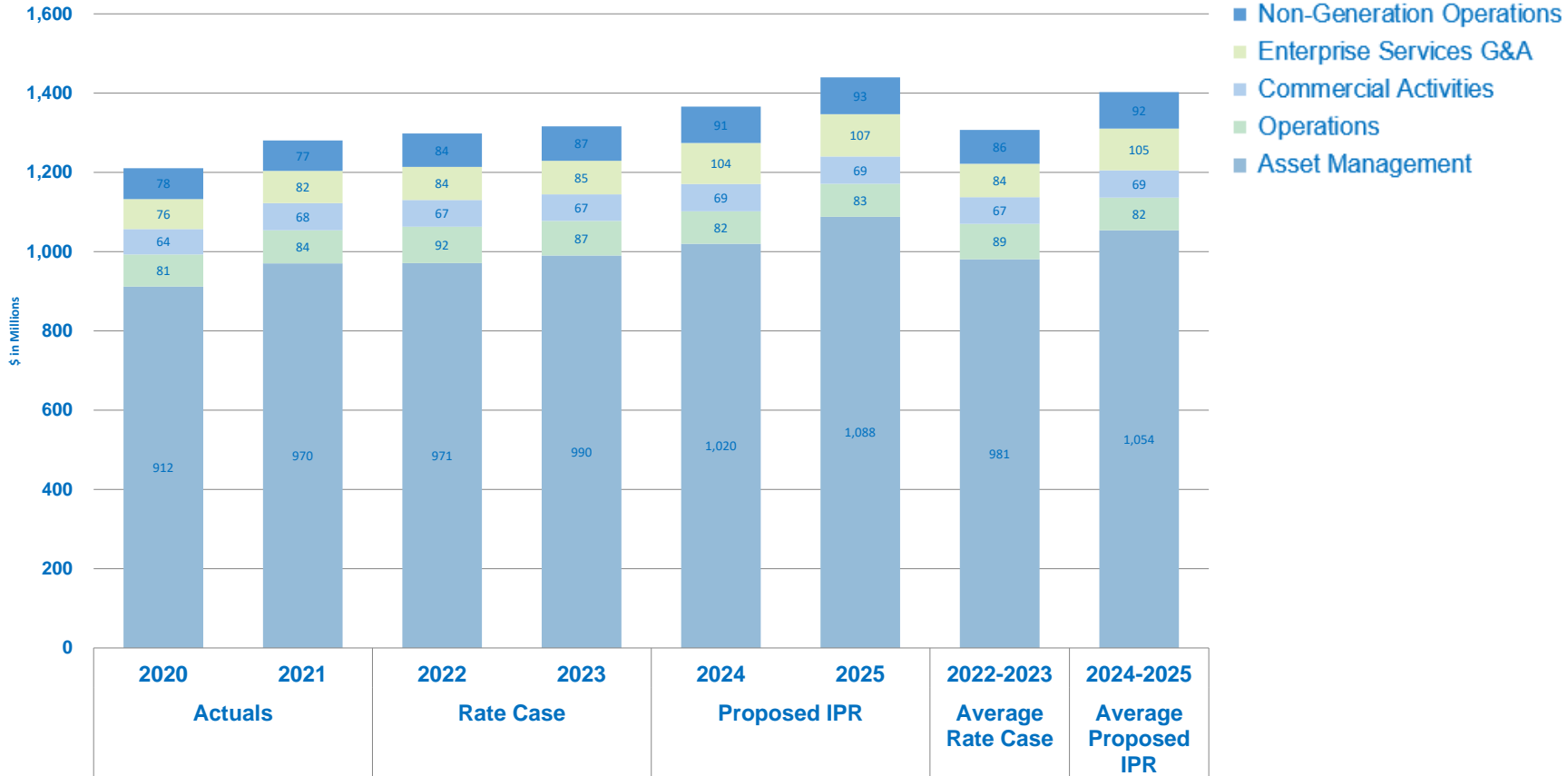
FY 2024–25 AVERAGE - Expense

FY2022-23 Average	
Total	\$1,304 Million

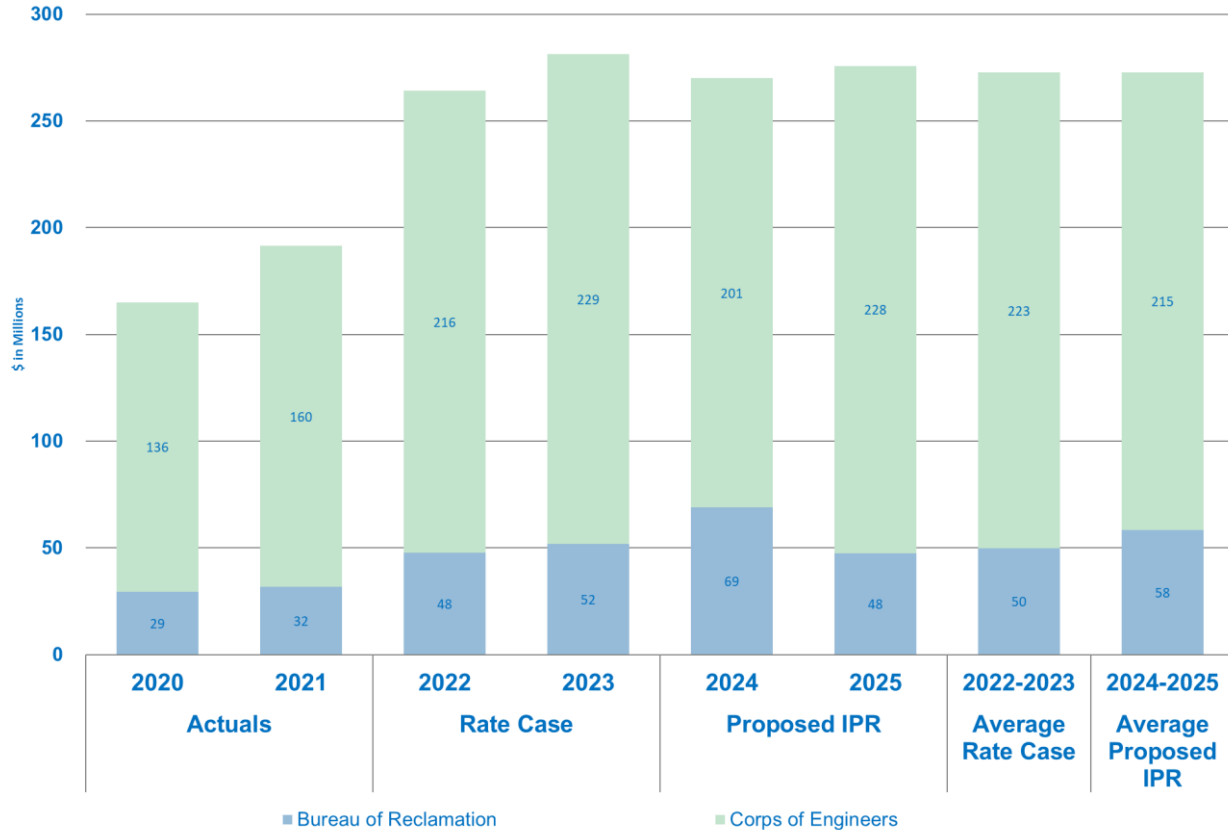
FY2024-25 Average	
Total	\$1,403 Million



POWER EXPENSE SUMMARY



CAPITAL SUMMARY: FED HYDRO



Priorities



Maintain cost management



Invest in revenue producing assets
Optimize system operations



Maintain competitiveness



Invest in our people

Cost Pressures & Risks

- Fed Hydro O&M
- Columbia Generating Station O&M
- Internal Costs
 - Increasing workforce costs for Power and Corporate



TRANSMISSION SERVICES

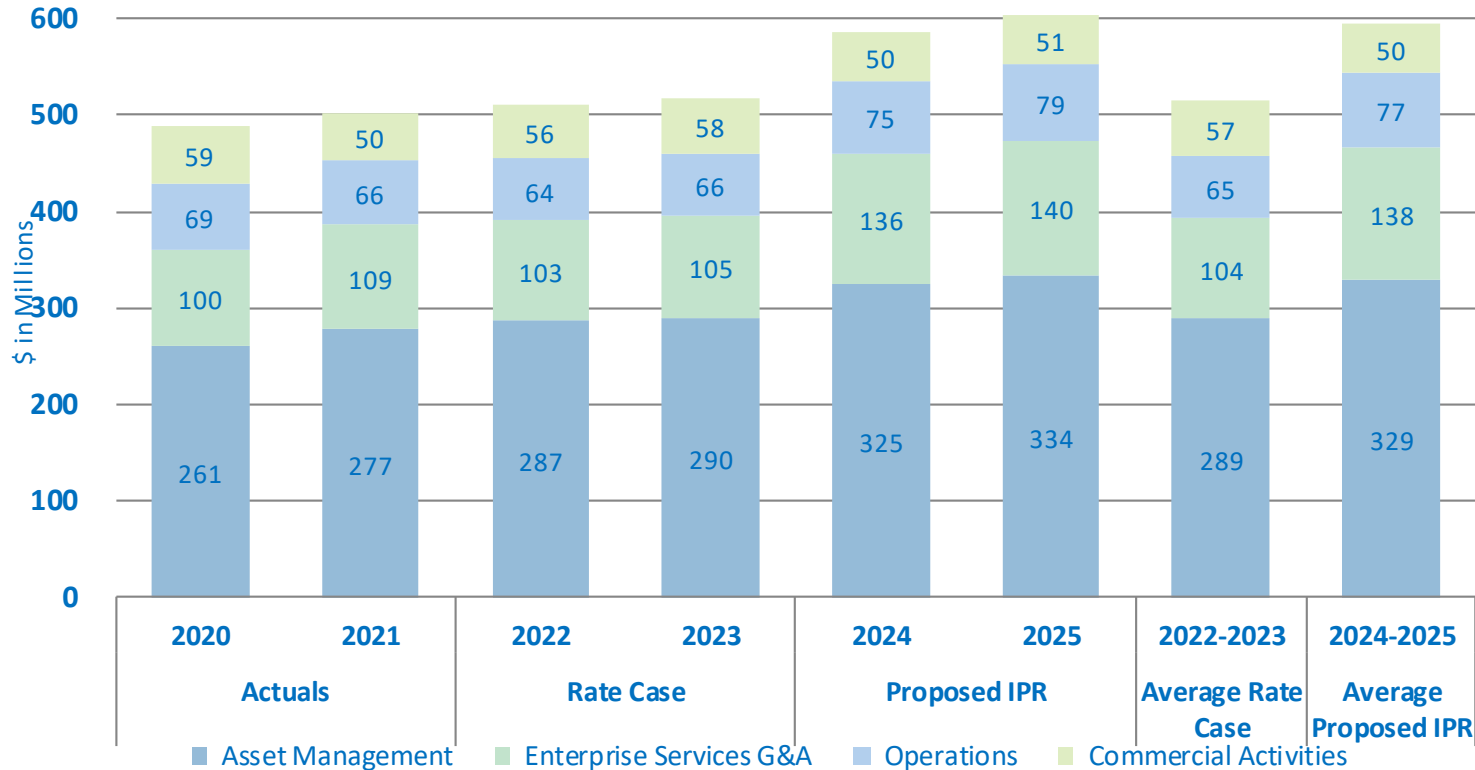
Richard Shaheen, SENIOR VICE PRESIDENT OF TRANSMISSION SERVICES

TRANSMISSION OVERVIEW

Transmission Services proposes an increase of \$80M per year compared to BP-22 rate case which is \$34.7M above the inflationary target.

- Transmission Services is committed to BPA's cost-management objective but is facing greater cost pressures above inflation. Most of the \$34.7M will support critical investments in:
 - Wildfire mitigation
 - Cybersecurity and IT systems
 - Grand Coulee asset transfer
 - Rising labor costs
- Capital spending is set to achieve safety and high reliability, availability and adequacy standards, and to maximize economic value to the region.

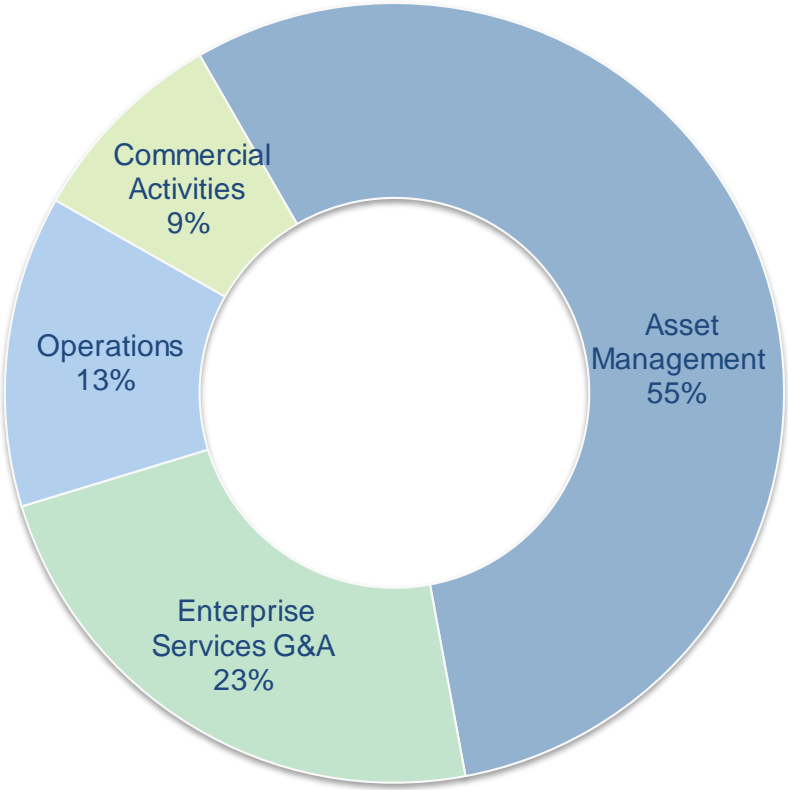
TRANSMISSION EXPENSE SUMMARY



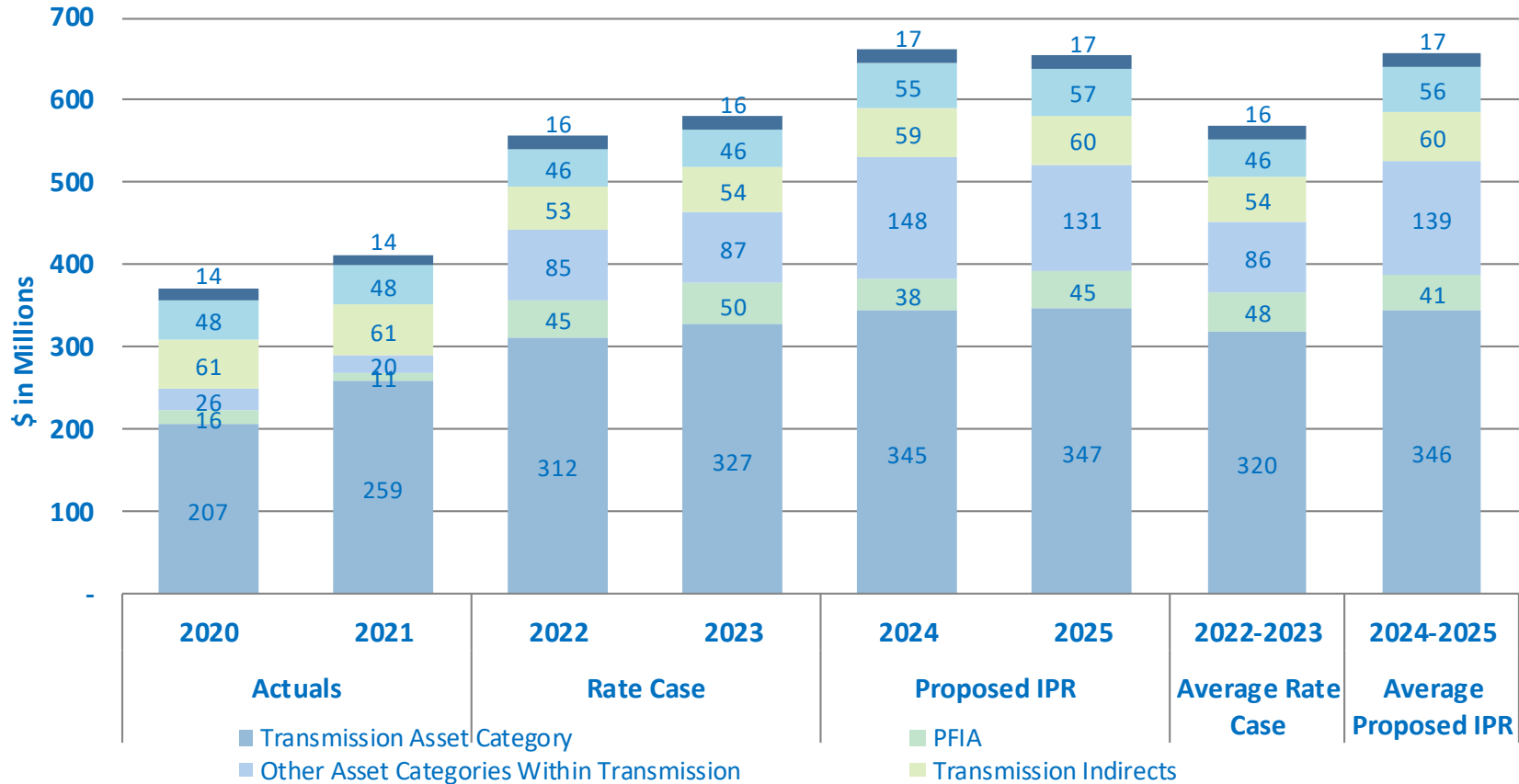
FY 2024–25 AVERAGE - Expense

FY2022-23 Average	
Total	\$515 Million

FY2024-25 Average	
Total	\$595 Million



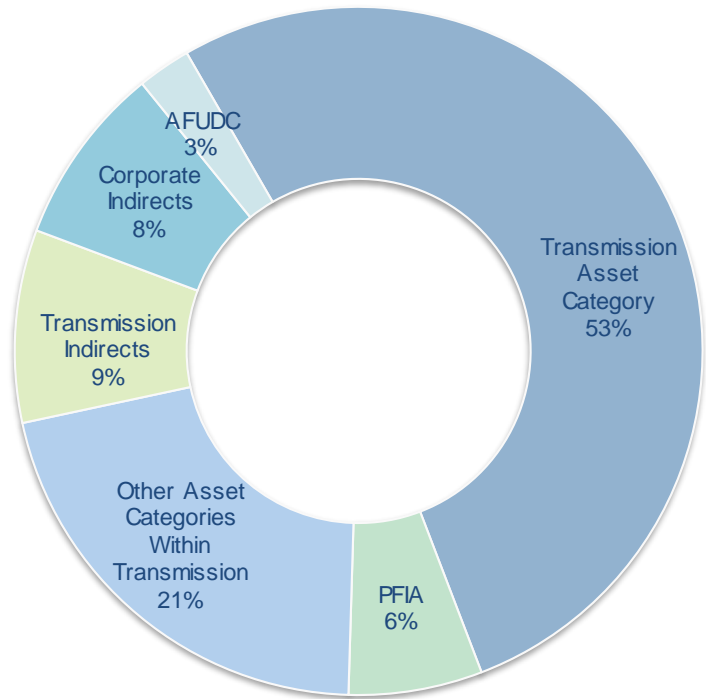
CAPITAL SUMMARY



IPR FY 2024–25 Average - Capital

FY2022-23 Average	
Total	\$569 Million

FY2024-25 Average	
Total	\$658 Million



PRIORITIES

#1 STRENGTHEN
FINANCIAL HEALTH

Cost Management

#2 MODERNIZE
ASSETS &
SYSTEM OPERATIONS

Asset Management
Modernizing systems & processes

#4 MEET TRANSMISSION
CUSTOMER NEEDS
EFFICIENTLY & RESPONSIVELY

Customer Responsiveness

#5 VALUE PEOPLE
& DELIVER RESULTS

Invest in our people

Cost Pressures & Risks

- Internal Costs
 - Increasing workforce costs
 - Increasing corporate costs
- External Costs
 - Supply Chain uncertainty
 - Inflation uncertainty



CHIEF ADMINISTRATIVE OFFICE

Robin Furrer, CHIEF ADMINISTRATIVE OFFICER

CAO OVERVIEW

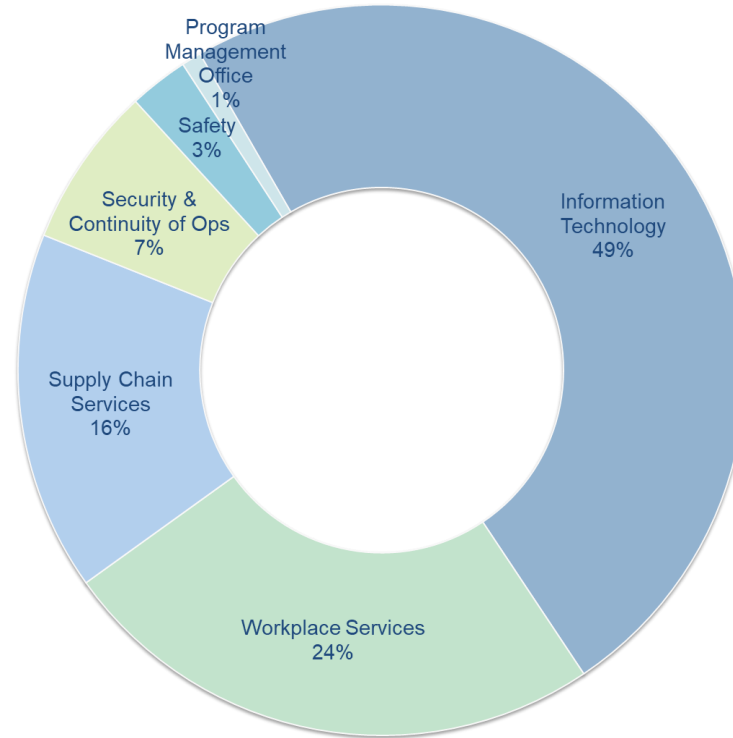
CAO Programs proposes an increase of \$43M per year compared to BP-22 rate case.

- The Chief Administrative Office (CAO) is committed to BPA's cost-management objective and is facing cost pressures and service requests above the rate of inflation.
- Critical investments in BP-24 include:
 - Cybersecurity and IT systems
 - Physical Security and Continuity of Operations
 - Grand Coulee asset transfer
 - Implementing Executive Order 14057 - Sustainability
- Capital spending is set to achieve safety, security and high reliability, availability and adequacy standards, and to maximize economic value to the region.

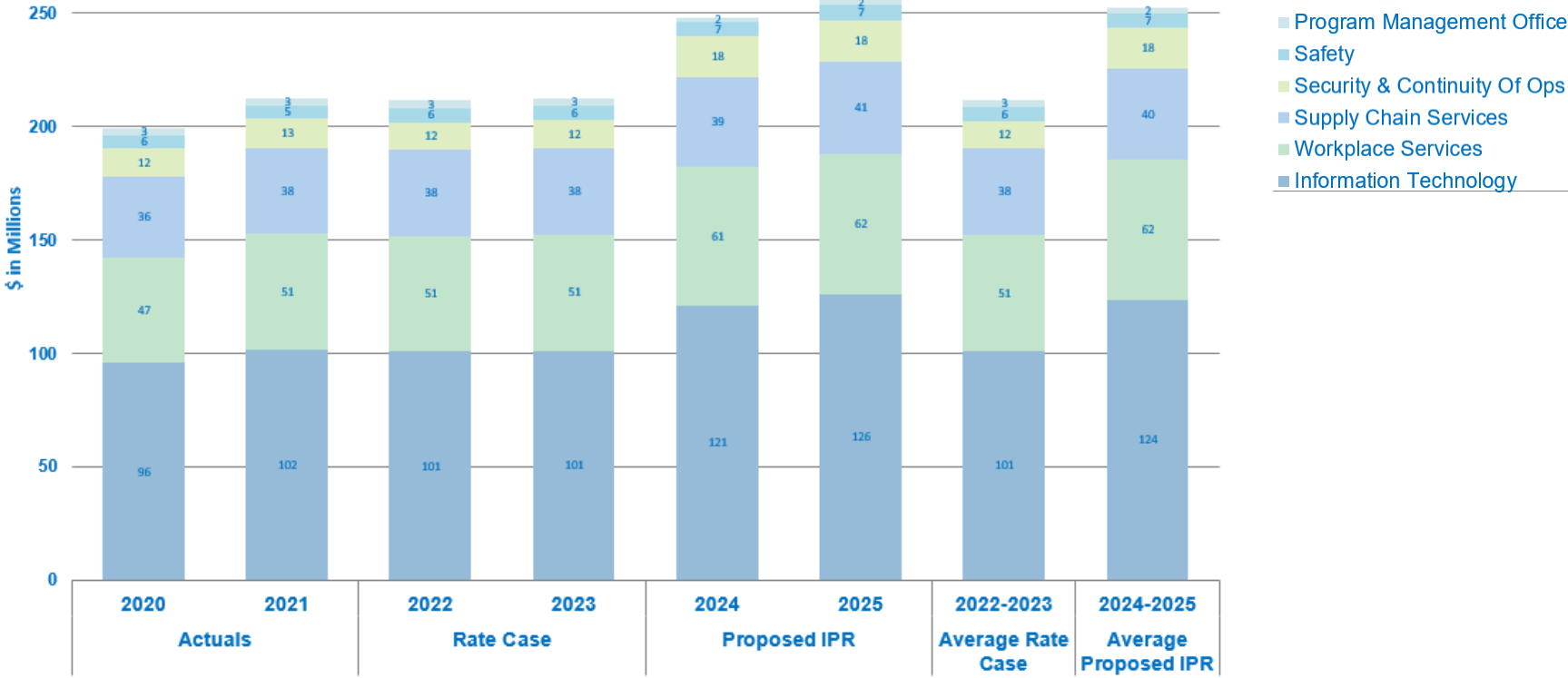
CAO FY 2024-25 AVERAGE

FY2022-23 Average	
Total	\$209 Million

FY2024-25 Average	
Total	\$252 Million

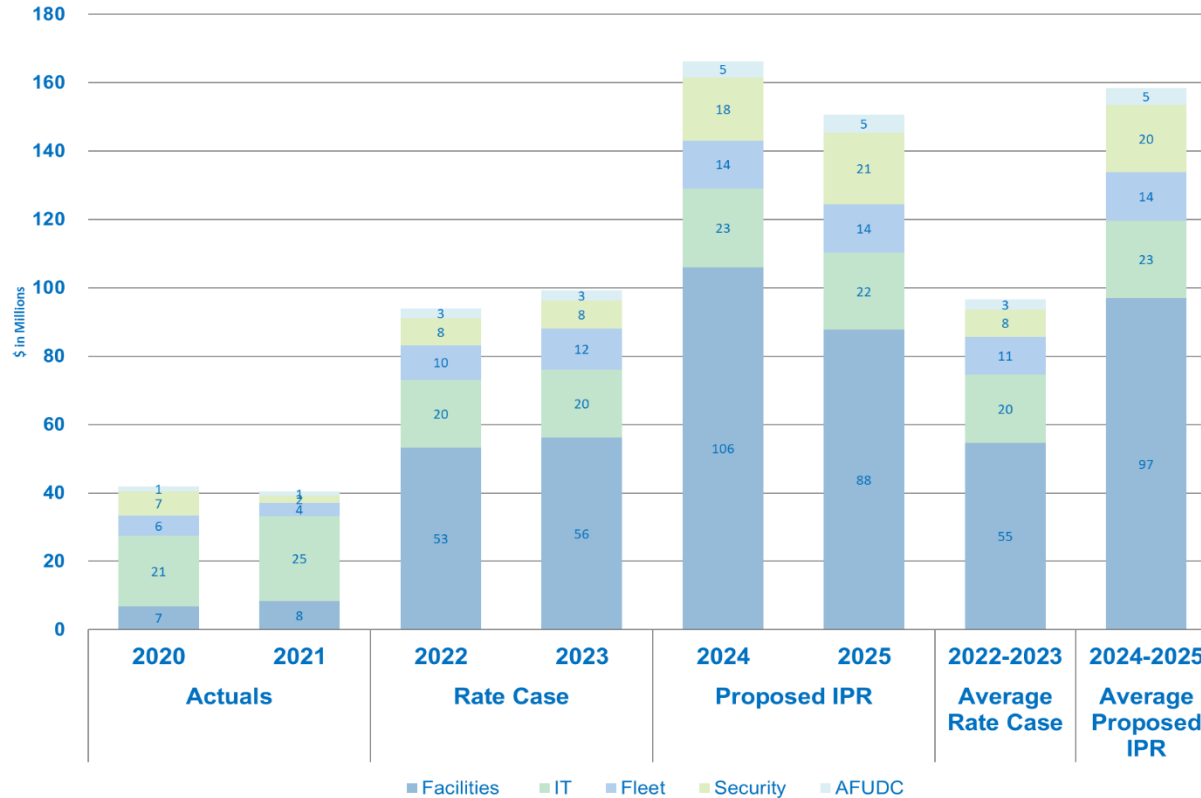


CAO EXPENSE SUMMARY

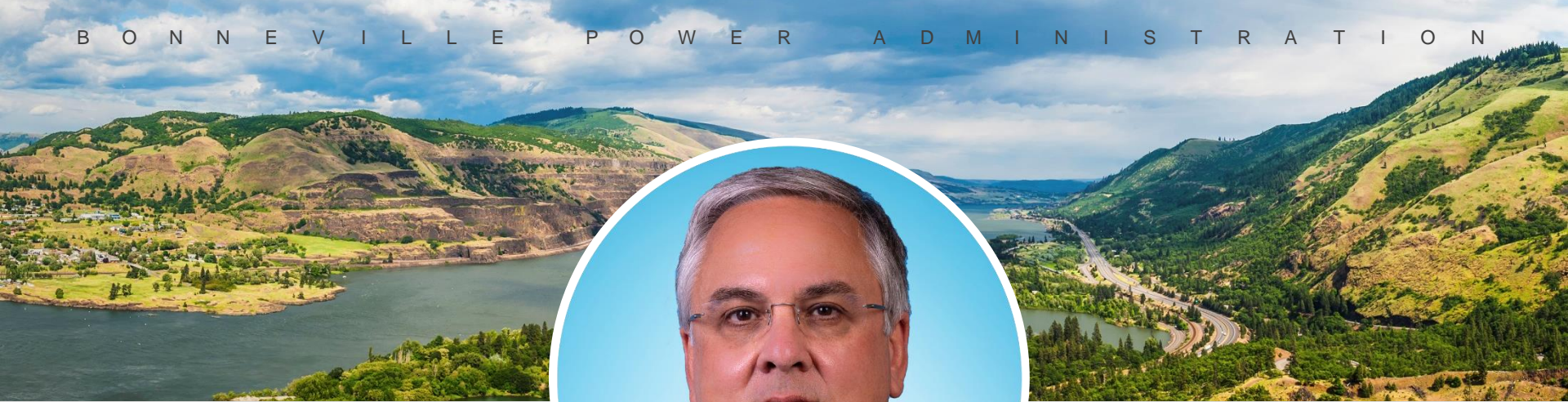


The amounts in this chart are included in the Power and Transmission program totals and are not additive to the total agency spending proposal.

CAO CAPITAL SUMMARY



The amounts in this chart are included in the Power and Transmission program totals and are not additive to the total agency spending proposal.



CHIEF WORKFORCE AND STRATEGY

Dan James, CHIEF WORKFORCE AND STRATEGY OFFICER

CWSO OVERVIEW

The new Chief Workforce and Strategy Office:

- Chief Culture Office
- Civil Rights and Equal Employment Opportunity Office
- Communications
- Human Resources Service Center
- Technology Innovation and Strategy Office

CWSO OVERVIEW

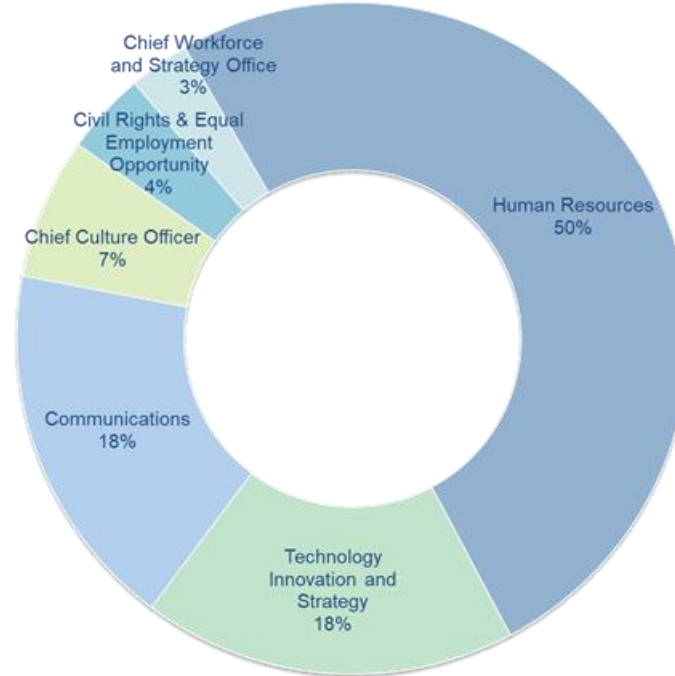
Chief Workforce and Strategy Office is proposing increasing costs by \$8 million compared to BP-22.

- Approximately \$5 million of projected increase represents the expected cost with inflation of additional staffing and resources required to execute the CWSO's mission
- Additional \$3 million is forecast in wage inflation from staff and resources that existed prior to the re-organization and creation of new functions
- Initial Publication includes more information on the CWSO organizational costs and allocation methodologies

CWSO FY 2024-25 AVERAGE

	FY2022-23 Average
Total	\$27 Million

	FY2024-25 Average
Total	\$36 Million





CORPORATE SERVICES

Marcus Harris, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, ACTING

Corporate Services Core Functions

Executive Office	<ul style="list-style-type: none">○ Acts as liaisons and collaborates with BPA management and staff, customers, federal, state, local governments and elected officials, federally-recognized tribal government entities, regional constituents and public stakeholders
Business Transformation Office	<ul style="list-style-type: none">○ Supporting key strategic initiatives○ Program and change management activities
Compliance, Audit and Risk Management	<ul style="list-style-type: none">○ FERC compliance and NERC standards of conduct compliance○ Internal policy management○ OMB Circular A-123 compliance○ Information governance, privacy compliance, and FOIA response○ Fraud risk management○ Regulatory compliance certification and reporting○ Compliance remediation tracking and reporting

Corporate Services Core Functions

Finance	<ul style="list-style-type: none">○ FCRPS commercial financial statements and federal financial reporting.○ FCRPS commercial and federal budgets, and rate case revenue requirements.○ ~\$14 billion debt portfolio, ~\$1 billion cash and investment portfolio, and ~\$500 million CGS decommissioning trust fund portfolio.○ Analytical services in treasury, accounting, and budget operations○ Financial systems operation and maintenance.
Chief Operating Office	<ul style="list-style-type: none">○ Customer billing○ Asset management○ Load forecasting○ Metering
General Counsel	<ul style="list-style-type: none">○ Provides legal services on Power and Transmission services○ Natural Resources, Fish & Wildlife, NEPA, Environmental○ Personnel, financial matters, procurement, torts, FOIA, issues relating to BPA's authority to incur obligations, make expenditures, issue bonds to the US Treasury

Corporate Services FY 2024–25 AVERAGE

FY2022-23 Average	
Total	\$61 Million*

FY2024-25 Average	
Total	\$71 Million*



* These BP24 cost projections reflect adjustments for reorganizations and reductions in Grid Mod spending in order to make them comparable to BP22.

CORPORATE SERVICES OVERVIEW

Corporate Services is proposing increasing costs by \$10 million compared to BP-22.

- Corporate Services comprises all the Corporate organizations with the exception of the CAO and the new CWSO office.
- Corporate Services represents approximately 3.6% of total IPR costs
- Approximately half of costs allocated to Power and half to transmission
- Corporate Services costs are predominately people driven, roughly 300 full time federal employees and 30 contractors.
- Funding priorities for Corporate Services are to fund people on board, with a few additions in key risk areas to add or enhance mission delivery.
- Also fund rising cost of Transmission property insurance and Nuclear insurance premium.

Finance Modernization

- Finance Modernization initiative is still in the scoping phase at this time.
- This effort is expected to be a portfolio project focused on Finance systems and processes and upgrades designed to modernize BPA's finance function.
- The Finance Modernization initiative is strategic in nature and will be designed with an Enterprise Architecture lens.



NEXT STEPS

Darren Heim, MANAGER, FINANCIAL PLANNING AND ANALYSIS, ACTING

PROCESS OVERVIEW

- **June 9**
 - BP-24 IPR initial publication released
- **June 14 – June 16**
 - Kickoff and individual program workshops
- **June 17 – July 18**
 - Opportunity to comment on expense and capital projected cost proposals for FY 2024 and 2025
- **Early October**
 - BP-24 IPR closeout report published with final projected costs

WORKSHOP SCHEDULE

	TUESDAY JUNE 14	WEDNESDAY JUNE 15	THURSDAY JUNE 16	MONDAY JULY 18	FALL 2022
MORNING		9:00 - 11:00 AM Federal Hydropower Expense & Capital 11:00 - Noon Energy Efficiency	9:00 - 10:30 AM Fish & Wildlife Expense & Capital 10:30 - Noon Information Technology Expense & Capital		
AFTERNOON	1:00 - 4:00 PM Kick-off	1:00 - 4:00 PM Transmission Expense & Capital	1:00 - 2:30 PM Columbia Generating Station	Close of IPR Public Comment Period	Release of IPR Close-Out Letter and Final Report

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.

QUESTION AND ANSWER

THANK YOU

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 13, 2022, and contains information not sourced directly from BPA financial statements.