JAN. 29, 2019, QBR TRANSCRIPT

Please note due to technical issues, BPA was unable to record the state of the business portion of the QBR. The recording and transcript start close to the beginning of Joel Cook's Power Services update.

SLIDE 10 – POWER SERVICES EXPENSE

JOEL COOK: -- less than the rate case forecast during the first quarter. We expect to continue that trend. Our current end-of-year forecast is $204 million less than the rate case. A few things that are contributing to this. First, cost-management actions targeting our internal support costs, energy efficiency and fish and wildlife programs are expected to be lower about $45 million for fiscal year expenses. Second, the most recent forecast takes into account debt-management actions that were not modeled in our rate case for reduction for $159 million in expenses. Our CFO Michelle Manary will talk more about these debt-management actions later on.

Our cost-management actions are fully mitigating the variability in our other cost categories including $29 million increase in expected power purchases during the dry weather conditions we've experienced. I'll get to the snowpack conditions in a minute, but first let's cover revenues on the next slide.

SLIDE 11 – POWER SERVICES REVENUES

Power's first quarter revenues exceeded the rate case forecast by $35 million. As you can see in the upper right-hand corner, the increase was driven by higher than expected market prices. This is despite lower than expected inventory due to the dry weather. We also had higher than expected 4h10c credits from our U.S. Treasury. These are credits we receive for purchasing replacement power as a result of fish operations and this too contributed to the higher revenues.

However, when looking at the whole year we are expecting revenues to fall short of our rate case forecast by $24 million. This is due to expected lower than average water supply as well as lower loads both from preference customers and from Alcoa exercising its right under its power purchase agreement to terminate at the end of August.

When you look at net revenues, these lower than expected revenues are offset by cost-management actions I mentioned earlier bringing our end-of-year net revenue forecast to $311 million which is $181 million higher than the rate case. If you adjust for the $159 million of debt management, I mentioned earlier, which was not modeled in the rate case, our Q1 net revenue forecast for the year is $22 million higher than rate case.

SLIDE 12 – SNOWPACK CONDITIONS

Turning to snowpack. As I mentioned earlier, we could see above average water year, although it's too early to be certain. Sorry, below average water year, although it's too early to be certain. Snowpack, this slide shows the current snowpack conditions as of January 18th. Snowpack in Canada remains average to above average. Conditions deteriorate to the south. The snowpack is in the worst shape in the upper and middle Snake River.

When you focus on runoff as you look at this map, remember that over 35 percent of runoff comes from the Canadian portion of the Columbia River. The drainage above Grand Coulee accounts for almost two-thirds of the entire basin's contribution and that's where we're seeing the larger snowpack right now.

SLIDE 13 – HENRY HUB PRICES

Let's move onto market prices slide 13. At the national level, natural gas prices in Q1 were higher than expected in the rate case. Going into the winter the gas market walked a fine line attempting to keep enough storage to get through the colder months while leaving enough room to accommodate all the gas expected from production in 2018. So when November posted record high demand prices spiked and stayed high to encourage consummation and to ensure adequate supply through the peak winter demand.

With the market having to aggressively ration gas in November and December, levels of gas in storage are quickly converging on the five-year average levels once again returning the gas market's attention to the impending surplus of gas due to arrive in the summer of '19. This is currently pushing NYMEX forward for Henry Hub below BPA's rate case forecast for the rest of the year.

At the regional level, the big story here is the October pipeline explosion on the British Columbia pipeline that feeds the Pacific Northwest. With the explosion and the subsequent curtailment of natural gas supply, regional natural gas prices surged. These very high regional prices pushed Mid-C power prices well above BPA's rate case forecast.

SLIDE 14 – MID-C PRICES

As you can see on the next page, turning to Mid-C, power prices have been quite strong during the first quarter FY19 due to the robust natural gas prices. Entering the second quarter of the year, the situation with the BC pipeline has improved and enough that Sumas prices are back to year-ago levels.

Unfortunately, the water supply forecast has been moving down towards 90 percent of normal. This expectation for subpar hydro generation for the remainder of the fiscal year is keeping the Mid-C prices above the rate case forecast especially for the summer period as you can see on the graph. The higher prices typically help BPA if we have surplus to sell, but that isn't always the case in the summer depending on how much the water supply situation deteriorates.

SLIDE 15 – POWER CAPITAL EXPENDITURE

Now turning to power's capital. This chart shows capital expenditures on assets at the federal dams as well as fish and wildlife and IT. Power capital expenditures for the first quarter totaled $46 million. This is $15 million less than the rate case forecast and largely reflects unspent funds by fish and wildlife. However, those frequently materialize in the last part of the year.

Looking forward, power's total capital expenditures for the year are forecast to be $59 million less than the rate case. This reduction is largely within the federal hydropower program and reflects our current expectations that factor in available resources, refined project scopes and reprioritization of projects.

SLIDE 16 – POWER CAPITAL WORKPLAN COMPLETE

The second capital slide focuses on the federal hydropower assets and shows the percentage of units completed compared to the percent of budget spent. I'm happy to report that fed hydro completed 100 percent of the work planned for Q1, a total of seven projects while spending only 73 percent of the planned budget. Fed hydro will continue to work on multiyear projects through the remainder of the year.

SLIDE 17 – FEDERAL HYDROPOWER RELIABILITY

Now turning to reliability. We measure federal hydropower reliability using the forced outage factor. This reflects the percentage of hours the federal system is not available due to unplanned outages. The target for this year is 5.9 or lower. The year-to-date forced outage factor for the federal system through December is 5.1 percent, so we're within our target.

SLIDE 18 – COLUMBIA GENERATING STATION RELIABILITY

The Columbia Generation Station exceeded its target for the first quarter with 100 percent availability factor. This means it did not experience any outages in the first quarter. In fact, the Columbia Generation Station produced more energy during '18 than any other year in its 34-year history. It generated more than 9.7 million megawatt hours of electricity surpassing previous generation records set in '16 of 9.6 million. And Columbia set new generation records five of the last seven years.

Before I turn it over to Richard, I wanted to note that we are releasing the remaining BP-20 initial proposals documentation on January 14th, as we plan to move forward with the proposed partial rate settlement that was included in our initial proposal in December.

We still anticipate releasing a draft record of decision on power rates in June and the final ROD in July. With that, I'll now turn it over to Richard who will share more on where we are with the tariff and the rate settlement.

SLIDE 19 – TRANSMISSION SERVICES

RICHARD SHAHEEN: All right. Thank you, Joel, and thank you Elliott and Scott as well. And good morning to everyone. In a similar fashion as Joel just presented for power services, I'll start my report with an overview of where transmission finances are in the first quarter, then review our reliability performance, then wrap it up with a few relevant transmission updates.

SLIDE 20 – TRANSMISSION SERVICES EXPENSE

Starting with Slide 20. As shown in this graphic, transmission Q1 expense actuals are $7 million below Q1 rate-case projection. However, transmission's first quarter end-of-year expense forecast is $3 million more than our rate case end-of-year expense projection. This end-of-year projection has improved significantly from our start-of-year expectations which were that our total expenses would actually be $20 million above rate case.

There are three drivers behind this current end-of-year expense forecast. First, operating and maintenance expenses are continuing to run $18 million lower than rate case as a result of current budget year cost-management initiatives and continued effective fiscal discipline. Second, depreciation expenses is expected to be $25 million higher than rate case driven by implementing new increased depreciation rates resulting from the spring of FY18 depreciation study. Although still higher than rate case, the Q1 updated depreciation forecast is a main driver of the improved expense picture compared to the start-of-year budget. Third, interest expense is running $21 million lower than rate case helping to offset the $25 million higher in depreciation expense.

The bottom line is that the transmission services Q1 end-of-year expense forecast is at $1.07 billion versus the rate case end of year projection of $1.067 billion.

SLIDE 21 – TRANSMISSION SERVICES REVENUES

Moving now to Slide 21. As shown on this graphic, transmission's Q1 revenues actuals are at $8 million below the Q1 rate-case projections. Transmission first quarter end-of-year revenue forecast is $5 million less than our rate case end-of-year revenue projection. The first major driver for the lower revenue forecast is mainly in the point-to-point or PTP product. We're seeing more referrals than we had expected. Second, we're experiencing a reduction in capacity requests as contracts are renewed. Third, all of these reductions are offset by additional conditional firm sales that have exceeded our expectations. This is likely due to the transmission integrated planning process or TIPP.

The bottom line here is that the transmission services Q1 end of year revenues forecast is at $1.055 billion versus the rate case end-of-year projections of $1.06 billion.

In summary, combining these two measures: transmission's slightly higher $3 million expenses and slightly lower minus $5 million in revenues coupled with a starting point of a rate case target of -$7 million in net revenue the result is a current overall forecast of negative net revenues of $15 million for fiscal year 2019. That's the three plus the five plus the seven. This is a much-improved forecast from the start of the year when we projected net revenues of a -$33 million. The bottom line here is that we're making progress in narrowing the gap with the rate case projection.

SLIDE 22 – TRANSMISSION CAPITAL EXPENDITURE

Now, moving onto the status of transmission's capital program starting with Slide 22. This chart shows actual capital expenditures to date compared to the rate-case projection. Based on the first quarter, transmission's capital expenditures for the year are currently forecast to be $97 million less than the rate case.

Several factors are contributing to this lower capital expenditure forecast. First, 25 percent of the customer related projects forecasted during the rate case, also known as projects funded in advance or PFIA, have been withdrawn or delayed by the requesting customers. This equates to about $20 million less in expected capital expenditures. Additionally, project throughput is challenged as a result of larger numbers of smaller projects and fewer larger projects. This strains processes and resources throughout the project pipeline such as: engineering; project management; construction workforces; and contracting. However, several process changes and organizational changes are currently underway to address all of these challenges.

Also, as we continue to optimize the use of our transmission's grid, outages needed to conduct construction work on highly utilized transmission paths are becoming less available. The result is that outages both planned and unplanned increasingly impact project execution schedules. A newly deployed continuous outage analysis process which Nita Zimmerman will be talking about in just a moment, is intended to deliver countermeasures to help alleviate this particular challenge.

Finally, our planning, engineering, supply chain and construction teams are constantly finding more cost-effective solutions to complete work at lower costs. While we do forecast a lower capital expenditure, we continue driving towards completing our forecasted asset installation plans.

SLIDE 23 – TRANSMISSION CAPITAL PLAN COMPLETE

Turning now to Slide 23, it shows completed versus planned asset installations. We've completed 58 asset category units in the first quarter out of 377 planned for the year. While the 58-unit count doesn't equal a quarter of the total annual plan, the shape of the plan is not linear nor equally spread across each of the fiscal year's four quarters. Again, we still anticipate being very close to our forecasted asset installation count by year's end.

SLIDE 24 – TRANSMISSION RELIABILTY – SAIFI

Now, turning to transmission reliability starting with Slide 24. This slide shows our system average interruption frequency index results, or industry standard SAIFI, which measures the frequency of outages on both our high voltage and low voltage systems. Down is good on this particular measure. In the first quarter, BPA was within its target on both the higher and lower voltage lines. The higher voltage SAIFI is doing particularly well showing its best performance in the last 10 years.

SLIDE 25 – TRANSMISSION RELIABILTY - SAIDI

Turning now to our system average interruption duration index measure, or industry standard SAIDI, on the next slide. This looks at the annualized duration of outages per line. Again, down is good for this measure and again, in the first quarter BPA is within its target on both higher and the lower voltage lines.

SLIDE 26 – ENGAGE WITH TRANSMISSION

Finally, turning to slide 26. I'd like to share a few relevant transmission updates. First, regarding the status of reliability coordinator services, or RC services, for BPA. Most recently, CAISO, the California Independent System Operator, received FERC approval for its tariff changes to provide RC services including approval of its RC services agreement. Further, BPA has now signed the RC services agreement with CAISO as we had decided and announced last year.

Next, regarding the TC-20, or terms and conditions 20, schedule and settlement discussions. As most are aware BPA engaged in TC-20 settlement discussions with transmission customers during the latter part of last calendar year to reach consensus on terms and conditions for a new BPA transmission tariff as well as gain agreement from customers to convert their current contracts to the new tariff when it becomes effective. With more than 98 percent of impacted customers signing the TC-20 settlement, the TC rate case proceeded with the settlement agreement as the initial proposal.

In addition, the BP-20 Rate Case proceeded with the transmission and ancillary and controlled area service rates agreed upon in the settlement. We anticipate a TC-20 Record of Decision in spring of this calendar year 2019 and a BP-20 Record of Decision in summer 2019. For more information on the status of TC-20 you can dial into a workshop on January 31st at 2:00 p.m. Details for this are on BPA.gov.

Lastly, in the planning arena two items I'd like to note. One, first draft of a funding and planning agreement for a regional planning organization, or RPO, are complete and a draft has been started for the vendor agreement. The new RPO being proposed is to replace the Columbia Grid and Northern Tier Transmission Group organizations. Jurisdictionals are expected to provide FERC staff an update on the RPO effort in late February.

Two, as part of our asset management efforts, our criticality health and risk assessments, or CHR, are progressing at a very healthy pace. CHR is an industry best practice that focuses investments on an assets individual metric instead of spreading investments broadly over all assets equally without regard to particular circumstances. As part of CHR the transmission health assessment is wrapping up on transformers and the breaker and relay portion of the assessment is starting. We continue to see good progress in this effort as we continue to strengthen our asset management processes and drive efficiencies in effectiveness in all our asset investment decisions.

That concludes my Transmission Services update. Thanks for your time and I'd also like to give my personal thanks to the BPA transmission services team that continue to work hard towards providing transmission excellence. I'll now turn it over Michelle Manary, our Chief Financial Officer, who will share with you our BPA financial outlook for the year.

SLIDE 27 – FINANCE

MICHELLE MANARY: Good morning. I've now completed my first quarter as Bonneville's CFO and I'm very excited about what we are working on here in finance. I've been primarily focused on strengthening our internal processes and policies particularly around our reserve reporting. To that end, I've kicked off a deep dive reserves reporting process improvement effort with dedicated resources and strong sponsorship. I expect this project to establish a strong foundation for our reserves reporting to ensure that it's sustainable and dependable going forward. We will use the QBR as a forum to keep you updated on this value process improvement work.

Because of this fundamental work we are doing on reserves and the significant hydro and market uncertainty that exists this early in the year, we've decided not to share a reserves forecast for Q1. We're going to complete our process improvement efforts and share our forecast with you at the end of the second quarter.

I'll add that we're not stopping at our process improvement work as we've been through reserves. We'll be strengthening our financial, analytical and forecasting capabilities in order to continue and enhance our efforts at bending BPA's cost curve. And we will look across the rest of finance on a risk informative basis. Again, we will keep you updated on this work at future QBRs.

SLIDE 28 – BUSINESS LINE FINANCIAL HIGHLIGHTS

Slide 28; to summarize what you've heard from Joel and Richard, we are hovering around rate case levels for our net revenue forecasts. The high-level story is both business lines are experiencing fewer revenues however, our commitment to manage cost and bending the cost curve is offsetting those decreases. The upper left-hand box shows power expenses are lower than rate case, driven strongly by cost management actions implemented at the beginning of the year that hit our commitment to the region. Below that you can see power revenues are expected to underperform mainly due to regional load loss and slightly below average water supply.

Shifting to the right-hand boxes. The upper right-hand box shows transmission expenses are greater than rate case largely due to updated depreciation and amortization expenses as a result of the most recent depreciation study and lower capital spending levels. Finally, the lower right-hand box shows transmission revenues are expected to underperform rate case levels primarily due to more deferrals of service and capacity requests for transmission.

SLIDE 29 – AGENCY FINANCIAL HEALTH

The next slide shows a breakout of our expenses into two categories: the programs we are doggedly managing as committed to in the Integrated Program Review, or as we call it here IPR; and the other costs, non-IPR that are driven mostly by market hydro conditions and tend to vary depending on those conditions. Even though we are actively managing the entire expense category we broke it out here so it's easier for you to track our progressive on our IPR commitments.

Combining all together the agency's Q1 forecast for integrated program review expenses are $51 million less than rate case expectations largely due to the cost-management efforts Joel and Richard both spoke to. Total expenses are anticipated to end the year $196 million under rate case expectations due to proactive cost-management actions mentioned by Joel and Richard before and also due to Regional Cooperation Debt refinancing. As a reminder, BPA did not plan for the refinancing in the current rate case and is expected to reduce expenses by $159 million this fiscal year. Eliminating the impact of Regional Cooperation Debt refinancing is one of the improvements we're making in BP-20 so that those differences are not so large when we do comparisons starting in FY20. If you were to remove the effects of RCD, or Regional Cooperation debt, our total expenses are anticipated to be $38 million under rate case.

SLIDE 30 – AGENCY NET REVENUES

Next slide. Taking into account lower revenues and lower expenses, BPA currently anticipates ending the year $160 million above rate case expectations, or $6 million, when adjusted for management actions. While we are still early in the year and there is a lot of uncertainty net revenues are a key indicator of our financial health and will be a key metric to watch as the year progresses.

SLIDE 31 – RESERVES

As I mentioned earlier, we will not be sharing reserves forecast for this quarter. We will maintain our focus on our process improvement work and share our forecast with you next quarter.

I will now turn the presentation over to Nita Zimmerman, our Deputy Executive Vice President of the Business Transformation Office who will give an update on our grid modernization efforts. Because grid modernization is BPA's sole key strategic initiative, we want to be sure to keep you updated on our progress.

SLIDE 32 – GRID MODERNIZATION

NITA ZIMMERMAN: Thank you Michelle. I'm excited to be joining the call today to share an update on where we are with advancing our grid mod initiatives.

SLIDE 33 – OVERVIEW

I know many of you may be familiar with the grid mod initiatives from previous QBRs and other meetings, but I'd like to start with a quick overview.

Grid modernization falls under our second strategic goal to modernize assets and system operations. This is a critical goal given our reliance on costly legacy systems and non-standard commercial practices that have led us to be overly conservative in our power and transmission operations planning and marketing. The grid modernization initiative will make strategic investments to support a more reliable, flexible and efficient system, reduce future costs and create new market opportunities. Grid modernization does include exploring whether or not BPA should join an energy imbalance market. However, the majority of the work being done will continue regardless of BPA's decision as the project provides independent value by bringing our systems, processes and skills up to date.

SLIDE 34 – ROADMAP

Advancing to the next slide with our roadmap. This roadmap shows the timeline completing all grid modernization projects we have scheduled over the six-year life of this initiative. You are not expected to be able to read this here. I will provide information on how to access this on our website.

We've prioritized the projects based on their business value to BPA and their dependencies on other projects. For example, we need some of our mission critical IT systems in place before we can move forward with other projects. Therefore, we started those mission critical IT projects in late calendar year 2017 as we were still establishing the grid modernization initiative.

The roadmap is color coded. Green shows what's been completed and as you can see, we completed two projects in fiscal year 2018. I'm going to highlight the marketing and settlement solution project which replaced BPA's system used for power, trading, settlement, reporting and querying functions for transactions with the California Independent System Operator. The project gives us an automated system to manage the growing complexity of our marketing efforts with CAISO. After every sale or purchase we have to settle by verifying if we received the energy we paid for and delivered what we sold. These settlements used to be performed for transactions that could occur once per hour. Now certain transactions settle every five minutes.

The new system has taken the burden off of employees who were calculating these settlements manually. It is also providing better situational awareness through improved access to real-time market data increasing secondary revenue opportunities. The marketing and settlement solution has an estimated net financial benefit of $3.3 million over the next five years. We currently have 26 grid modernization projects inflight. These are either in the execution stage which you can see demonstrated in light blue on the roadmap or in the upfront planning stages in dark blue.

We are taking more time upfront to scope and plan for projects to ensure when we get to execution we can do so easily. The orange bars are projects associated with joining an EIM. As you see, those would not start until after a decision has been made about whether or not to join. There is one EIM related project being completed this year, settlement scoping, which is something we will need even if we do not pursue an EIM. You can find the full roadmap in a more readable version on BPA's website under initiatives, click on grid mod and then go to the roadmap.

SLIDE 35 – GRID MOD SPENDING

Moving on with an update of the grid mod spending. In the first quarter we spent $1.6 million in incremental spending and $1 million in existing. The incremental spending is in reference to the additional funds that were put in place in the 2016 Integrated Program Review 2 to help us retain additional resources needed to move forward on time with what was then called the commercial operations. The existing spending is the money the business lines were already investing to update their systems. There is a reason for low spending in the first quarter.

As I indicated, we are taking our time to do a thorough upfront scoping and planning to ensure a smoother execution on projects. Our expectation that spending will uptick regularly through the remainder of the fiscal year and we anticipate spending the $15 million in incremental spending committed to in the rate case. We're continually working on improving the forecasted portfolio spending as projects continue through the planning phase to execution and we will provide updates at future QBRs on those forecasts.

Before we wrap up on grid mod, I want to share one of our recent successes.

SLIDE 36 – CONTINUOUS OUTAGE ANALYSIS

In the first week of January we launched our continuous outage analysis process which is a critical component of our larger outage management projects that Janet Herrin briefly touched on last quarter. This new process is designed to identify the optimal timing for an outage early on in the planning process primarily for our 500-kilovolt equipment. The continuous outage analysis process creates a more collaborative effort across BPA to maximize the value of the system and ensure we are minimizing the negative impacts to transmission, power or fish and wildlife operations. It will help us reduce the likelihood of rescheduling an outage even as it provides more lead time to manage risk issues that develop on the grid.

Ultimately, this helps us lessen the impact of maintenance on our customers by reducing the number of outages and optimizing transmission capacity. Additionally, the data gathered through this process will result in more effective use of our resources. This effort requires cross agency engagement and drew upon elements from our hydro operations, environment fish and wildlife and all facets of transmission.

During the pilot, this coordination led to an early success regarding an outage on a line in the Ross district that historically had been difficult to schedule. The process identified flexibilities that were not immediately obvious and that led to preventative maintenance taking place without a negative impact on fish operations while saving BPA money.

In another instance, the process helped to schedule and outage at The Dalles Dam for work on the Big Eddy Substation. Cross agency partnerships as well as coordination with the U.S. Army Corps of Engineers created an approach that minimized the impact of the outage by preventing overspill at The Dalles that might have harmed fish.

SLIDE 37 – PUBLIC ENGAGEMENT

Now I’m going to turn it over to Scott Simms to cover some of the other upcoming processes that you can be involved in.

SCOTT SIMMS: Thank you very much Nita. and welcome to the QBR by the way. I’m going to quickly share where you can join us in meeting some processes in FY2019, provide a heads up on current comment periods and will close today with a brief Q&A exchange.

SLIDE 38 – PUBLIC MEETINGS

On the public meetings front, the distributed energy resources utility cross share event is happening on January 30th. BPA and Clark Public Utilities are hosting this event to share experiences and interest in demand response, energy storage and other distributed energy resource topics.

An update on the proposed TC-20 settlement update is happening on January 31st. A draft scheduled for customer engagement and an update on the overall plan for implementing proposed commitments will be shared at that meeting.

As well on January 31st and following the settlement update, there will be a transmission long term commercial update. The meeting will share details on long term available transmission capacity, the transmission commercial system management study and expansion project, the 2019 cluster study and conditional firm transmission service.

Last, on February 5th we're hosting an update of BPA's work with its regional partners to form a new regional planning organization as Richard had discussed earlier.

SLIDE 39 – COMMENT PERIODS

We have two comment periods open right now. The first is a proposal to upgrade the Windy Devil Radio Station in collaboration with the Bureau of Land Management to provide high frequency two-way radio coverage. And a Windy Devil is definitely one of our favorite project names. This comment period closes February 20th. The second is for comments on the BP-20 Rate Case. This comment period closes on March 1st. Details for both the events and comment periods I have mentioned today are available on our event calendar on BPA.gov.

SLIDE 40 – QUESTION AND ANSWER

This concludes today's presentation. Now we're going to start answering questions that have come in during the presentation today. You can still submit question by clicking on the chat button in the upper right-hand side of your screen, enter your question and press send. Your questions will be sent to the BPA host.

We have two questions submitted so far, both in the finance area. What we're going to do is turn to Michelle Manary, have her read the question and then provide the answer. SO we'll start with Q1 which has do to with the deep dive.

MICHELLE MANARY: The question is: what prompted deep dive into the financial reserves forecasting? Were there issues with past forecasting efforts? And s=coupled with that, it's actually linked is: has BPA determined the FY18 end-of-year power and transmission reserves risk?

This is one that keyed up the last QBR and it really started with when we were looking at our models that forecast and our actuals and we were seeing that the actuals that were coming through accounting and the forecasts were starting to diverge. The first part of this effort really is going back and realigning all our models and our actuals. That actually goes back to early 2000s.

We're recreating the data, recreating the processes to make sure that when we follow through our Regional Cooperation Debt transactions as well as some of how the costs were allocated. Those parts of that is why this is so complicated and why I don't have a number yet. We are committed to getting it Q2, but I wanted to get it right. But it really is not only scrubbing the numbers but putting the new processes in place, so this doesn't happen again.

I don't have the '18 yet. Getting very close but '18 is foundational for '19 and going forward and so it really was when we were looking at doing the due diligence and seeing how actuals were coming through and what our forecasts were showing and we couldn't explain some of the differences, so it was diving into that. That's what prompted the deep dive.

SCOTT SIMMS: Great. Thank you, Michelle. The second question had to do with power and transmission finances. Perhaps you want to share the question and the answer?

MICHELLE MANARY: That was one other one I said how has BPA determined FY18 end-of-year reserves, power and transmissions. It's all part of the same package.

SLIDE 41 – THANK YOU

SCOTT SIMMS: Great. Do we have any other submitted questions? Okay. Well, in the spirit of what we call BPA making meetings matter, we're going to let everyone have additional extra time. We're going to wrap up the call here. We do appreciate the submitted questions. If you didn't get a chance to certainly, we have opportunities for you to submit. If you want to submit those question in more detail later what you can do is just email us at communications@BPA.gov. Those questions already submitted via today's webinar don't need to be resubmitted but if you want to clarify or add any more detail, you're certainly encouraged to do so.

We'll be posting follow up answers to these questions in the QBR webpage in the coming weeks along with a recording of today's meeting and/or transcript. If you have a topic that you think warrants further discussion, we're interested in ensuring that you get that information. Please email communications@BPA.gov with your topic ideas and we will look at the best way to get that information back to you whether it's posted responses or a short meeting with you.

To wrap things up, we really appreciate your listening today and we appreciate you engaging with us whether in this forum or others. We look forward to you joining us on April 30th when we kick off our next QBR. With that, thanks everyone. Have a great day.

SLIDE 42 – FINANCIAL DISCLOSURE

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