

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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Fourth quarter buoys net revenues beyond forecasts

BPA proposes to pay down debt, reduce rates, provide liquidity and accelerate fish and wildlife mitigation

Portland, Ore. – The Bonneville Power Administration ended fiscal year 2023 on solid financial footing, exceeding expectations of previous quarterly forecasts that indicated the agency would miss net revenues and expense targets. The agency’s [annual report](#) describes how the agency bounced back in the fourth quarter, offsetting cost pressures primarily from the 13th driest year on record.

“We overcame a very challenging, dry year to maintain financial strength, substantial liquidity, and ample U.S. Treasury borrowing authority along with high investment-grade credit ratings,” said BPA Administrator and CEO John Hairston. “Credit goes to our workforce for expertly navigating these challenges and providing low-cost, reliable power and transmission service to the Pacific Northwest. Our end of year financial reserves have exceeded our targets, and I am proposing to apply the outcome of those efforts for debt reduction, rate relief, additional liquidity and accelerated fish and wildlife mitigation.”

BPA met all of the agency’s annual financial performance targets and finished the year with higher-than-expected net revenues, totaling negative \$257 million, which is \$75 million better than the target.

After making its 40th consecutive U.S. Treasury payment of \$1.02 billion, BPA’s reserves balances for Power and Transmission ended the year well above their thresholds, triggering reserves distribution clauses in the amount of \$285.4 million for Power Services and \$130.4 million for Transmission Services.

The reserves distribution clause (RDC) is a component of BPA’s Financial Reserves Policy that triggers when reserves, measured in days cash on hand, reach pre-established targets.



At the end of FY 2023, agency days cash on hand was 181 days, with both Power Services and Transmission Services well above their 120-day upper thresholds.

At today's [Quarterly Business Review](#), BPA announced a proposal to use Power's RDC toward a combination of rate relief, debt reduction and accelerated fish and wildlife mitigation; and to apply Transmission's RDC toward debt reduction and holding reserves to support higher personnel costs and work related to evolving grid projects and new markets. BPA expects to make the final decision in December after it reviews customer and stakeholder feedback.

While Transmission Services' net revenues looked strong all year, BPA signaled at the August Quarterly Business Review that Power Services and the agency would come in below target after power purchase costs related to low water and high market prices drove up expenses early in the year.

"With skilled planning and marketing actions, and strategic decisions to preserve liquidity, Power was able to offset some of those costs to end the year in strong position," said Chief Financial Officer Marcus Harris. "We also remained focused throughout the year on cost management, further supporting our bottom line."

BPA maintains high investment-grade credit ratings on nonfederal BPA-backed bonds with all three major ratings agencies – Moody's, Fitch and S&P Global. Earlier this year, Moody's upgraded its rating to Aa1, citing the \$10 billion increase to BPA's Treasury borrowing authority from the Infrastructure Investment and Jobs Act, BPA's updated financial plan objective to reduce leverage and resolution of the federal debt ceiling issue. In November 2023, Moody's affirmed the Aa1 rating but placed BPA on a negative outlook due to a recent similar action taken on the outlook for the U.S. government. Fitch and S&P maintained BPA's stable outlook.

BPA's annual report describes other FY 2023 accomplishments, including the agency's adoption of a new five-year strategic plan and multiple initiatives that will continue to shape the Northwest's clean energy landscape.

BPA's end-of-year results are provided on BPA's [Quarterly Business Review webpage](#) and in the [annual report](#).

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer in the U.S. Department of Energy 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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