Handout

Policy Meeting
Risk Mitigation in the FY07-09 Rate Period
June 23, 2005; 1 pm to 3:30 pm
BPA Rates Hearing Room, Portland, OR

BPA has heard the following questions from customers in various forums. We thought this list of questions might be helpful to frame our discussion today.

1. What level of working capital and "liquidity reserves" does the PBL need?
2. What level of Treasury Payment Probability (TPP) should BPA assume?
3. Should the TPP be calculated using Agency or business line reserves? Should the TPP be calculated assuming TBL reserves can be made available to PBL?
4. Should BPA use a Treasury Recovery Probability (TRP) instead? [This is a concept where the Treasury Payments would be made in full by the end of the rate period, rather than at the end of each year.]
5. Should BPA amortize some regulatory assets (e.g., conservation and BPA Fish and Wildlife Program capital) over the expected life of each asset rather than following existing accounting policy?
6. How much should BPA rely on access to the note with the U.S. Treasury?
7. Are there other flexibilities BPA can get from the U.S. Treasury (e.g., delaying year-end payments to January instead of paying them in September)?
8. Can/should Treasury provide a short-term line of credit?
9. Can/should BPA get a short-term line of credit from any non-governmental third party?
10. What Energy Northwest cash-flow alternatives are there?
11. Why not assume "contingent budgeting" as a risk mitigation tool?