

## Draft Closeout Letter Proposals for FY 2007-2009 Spending Levels

		EXPENSE	CAPITAL
<b>Could be Updated for Rate Case</b>	<b>BPA's PFR Proposals</b>	<b>Proposed PFR FY 2007-2009 Average (Reductions)/Increases</b>	<b>Proposed PFR FY 2007-2009 Average (Reductions)/Increases</b>
	<b>PFR Decision Areas</b>		
No	Remove Telemetry Costs from Transmission Forecast	(\$0.8 M/year)	
No	Reduce Conservation Expense Forecast	(\$1 M/year)	
No	Reduce Conservation Capital Spending Forecast		(\$4 M/year)
Maybe	Remove forecast of Calpine from FY 2007-2008 in Renewables Forecast (\$11 M/year for FY 2007-2008)	(\$7 M/year)	
Maybe	Include facilitation forecast for FY 2007-2008 in Renewables Forecast (\$5.5 M FY 2007, \$11 M FY2008)	\$6 M/year	
No	Include renewable rate credit in Renewables Forecast	\$6 M/year	
No	Include TCI cost to Internal Operations Charged To Power Forecast	\$1.3 M/year	
Maybe	Include efficiencies forecast for Internal Operations Charged To Power Forecast	(\$8 M/year)	
Maybe	Include reduced funding for WECC/NERC compliance in Corps/Reclamation Forecast	(\$1.5 M/year)	
Maybe	Reduce O&M costs per Draft Long Range Plan in CGS Forecast	(\$22 M/year)	
No	Increase Integrated Program Forecast for F&W	\$4 M/year	
No	Reduce US Fish & Wildlife Service Spending Level	(\$0.3 M/year)	
No	Included forecast updates for Environmental Requirements, Transmission 3 <sup>rd</sup> Party GTA Wheeling and misc.	(\$13 M/yr)	
Maybe	Remove Spokane Settlement Amount in Forecast	(\$6 M/year)	
	<b>Subtotal PFR Decision (Reductions)/Increases</b>	<b>(\$42 M/year)</b>	<b>(\$4 M/year)</b>
	<b>Rate Case and Other Decision Areas</b>		
Maybe	Debt Finance CGS Capital (net reduction)	(\$13 M/year)	
Maybe	Adopt different CRFM schedule	(\$5 M/year)	
Maybe	Change Conservation Amortization Schedule to 5 years	(\$10 M/year)	
Yes	Include Interest Income on cash balances from BPA fund	(\$10 M/year)	
	<b>Subtotal Est. Debt Management Reductions</b>	<b>(\$38 M/year)</b>	
	<b>Grand Total</b>	<b>(\$80 M/year)</b>	

**To be potentially updated in the rate case but not changed for PFR forecast:**

- Any identified Corps of Engineers and Bureau of Reclamation savings from benchmarking against Mid-C non-federal hydro projects.
- Any identified Corps of Engineers and Bureau of Reclamation efficiency gains from 2012 program and potential future staffing savings.
- DSI benefits (\$40 M/year monetary benefits placeholder in PFR Base forecast)

**Summary Table Incorporated Into BPA's Financials for PFR Draft Proposal:**

		FY 2002-2006 Average Expense	FY 2002-2006 Average Capital	PFR Base FY 2007-2009 Average	PFR Base FY 2007-2009 Average Capital	PFR Draft Closeout letter Average Expense	PFR Draft Closeout Average Capital	Proposed PFR Delta Expense	Proposed PFR Delta Capital
1	Long-Term Generating Projects	\$ 28	\$ -	\$ 25	\$ -	\$ 25	\$ -	\$ -	\$ -
2	Renewables Program (Expense Only) Removed Geothermal forecast FY07-08 - (\$7 M/yr) Add facilitation budget FY07-08 - \$6 M/yr Add renewable rate credit FY07-09 - \$6 M/yr	\$ 22	\$ -	\$ 56	\$ -	\$ 61	\$ -	\$ 5	\$ -
3	Conservation Program (Expense Only) Reduced Capital Forecast - (\$4 M/yr) Reduced Expense Forecast - (\$1 M/yr)	\$ 66	\$ 27	\$ 71	\$ 32	\$ 70	\$ 28	\$ (1)	\$ (4)
4	Internal Operations Charged to Power Rates Included forecast for Process Improvements - (\$8 M/yr) Included TCI forecast - \$1.3 M/yr	\$ 107	\$ -	\$ 116	\$ -	\$ 110	\$ -	\$ (6)	\$ -
5	Other Removed Spokane Settlement Forecast - (\$6 M/yr) Updated Environmental Benefits Forecast - (\$7 M/yr) Reduced US Fisheries Forecast - (\$300 K/yr) Misc. Updates - (\$1 M/yr)	\$ 83	\$ -	\$ 120	\$ -	\$ 105	\$ -	\$ (15)	\$ -
6	Fish & Wildlife Direct Program (Integrated Program) Increased Integrated Program Forecast - \$5 M/yr	\$ 139	\$ 20	\$ 139	\$ 36	\$ 143	\$ 36	\$ 4	\$ -
7	Transmission Purchases, and Reserve/Ancillary Services Removed Telemetry Forecast - (\$800 K/yr) Updated 3rd Party GTA Wheeling Forecast - (\$4 M/yr)	\$ 171	\$ -	\$ 189	\$ -	\$ 184	\$ -	\$ (5)	\$ -
8	Settlement Payments to Residential & Small Farm Consumers of IOUs 1/	\$ 375	\$ -	\$ 323	\$ -	\$ 323	\$ -	\$ -	\$ -
9	Corps and Reclamation O&M for Hydro Projects Reduced WECC/NERC compliance forecast - (\$1.5 M/yr)	\$ 196	\$ 110	\$ 242	\$ 138	\$ 240	\$ 138	\$ (2)	\$ -
10	Columbia Generating Station O&M for Nuclear Plant Reduced O&M forecast per Draft Long Range Plan - (\$22 M/yr)	\$ 215	N/A	\$ 284	\$ -	\$ 262	\$ -	\$ (22)	\$ -
11	Debt Management Debt Finance CGS Capital - (\$13 M/yr) 2/ Adopt different CRFM schedule (\$5 M/yr) Change Conservation Augmentation Schedule to 5 years - (\$10 M/yr)	\$ 892	\$ -	\$ 1,003	\$ -	\$ 965	\$ -	\$ (38)	\$ -
12	Power Purchases	\$ 559	\$ -	\$ 107	\$ -	\$ 107	\$ -	\$ -	\$ -
13	<b>Total</b>	<b>\$ 2,853</b>	<b>\$ 157</b>	<b>\$ 2,674</b>	<b>\$ 206</b>	<b>\$ 2,594</b>	<b>\$ 202</b>	<b>\$ (80)</b>	<b>\$ (4)</b>

1/ Total includes 900 aMW of Monetary Benefit (\$139 M/yr average), and approximately 618 aMW of load augmentation (BPA power buyback) (\$235 M/yr average)

2/ Total includes net impact of CGS capital decision. Final rate case outcome will show a reduction in CGS O&M and an increase in Debt Management.