



Effects of the Economic Downturn on Bonneville Power Administration

Council Meeting – March 11, 2009

Greg Delwiche

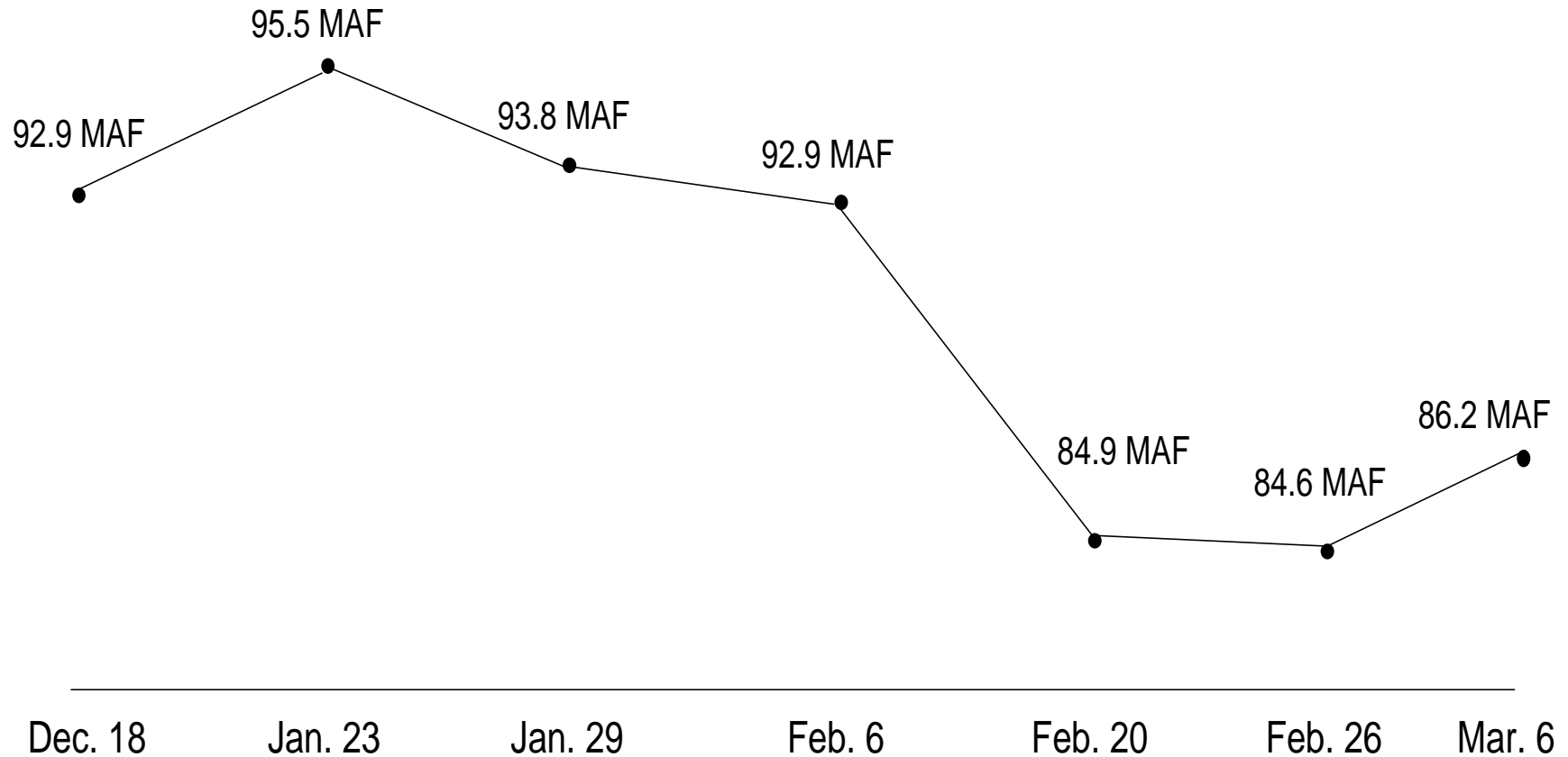


Runoff Forecast

(January-July, RFC)

Forecast in Initial Rate Proposal

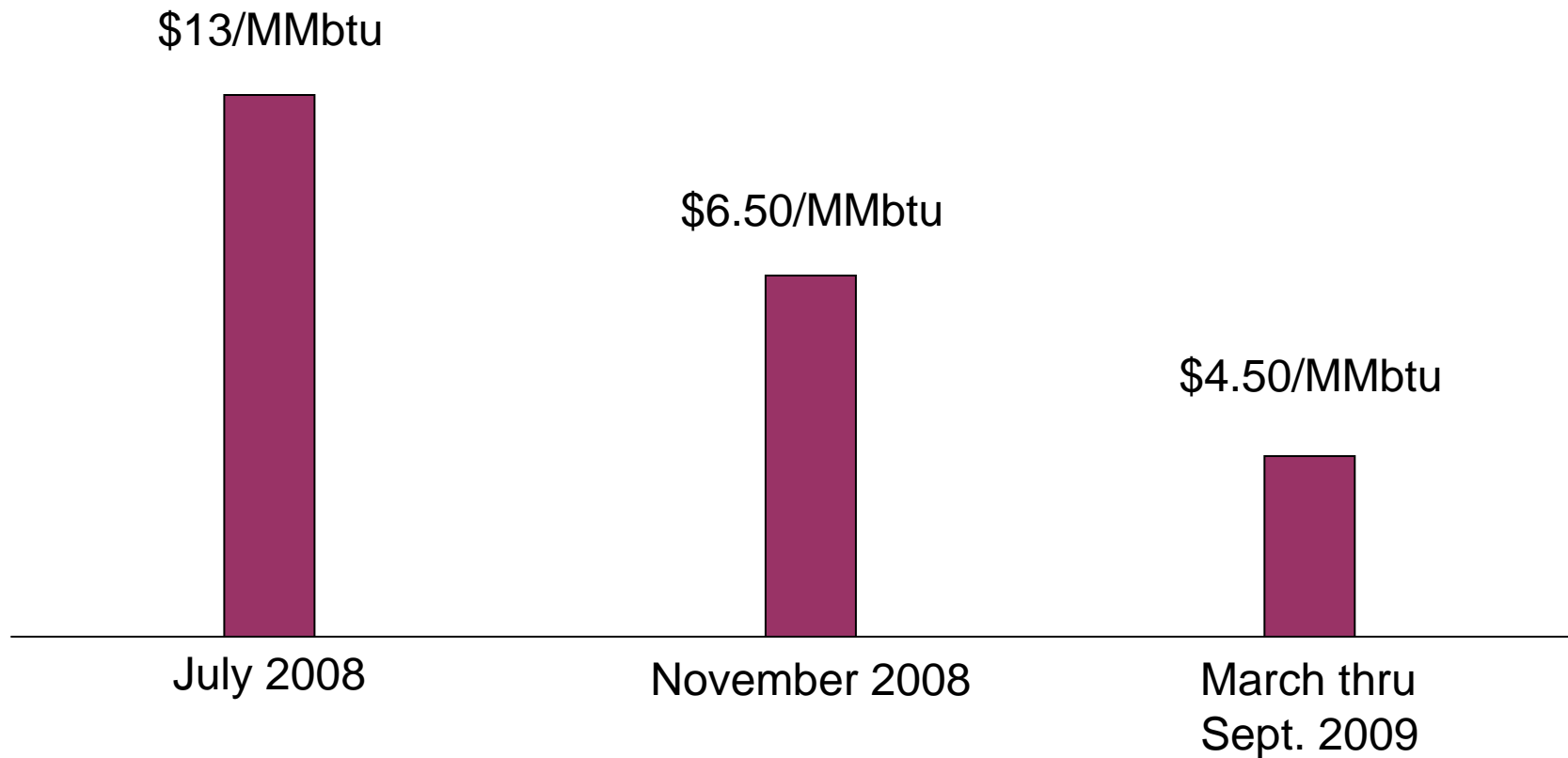
Average = 104 MAF





Natural Gas Prices, 2008 & 2009

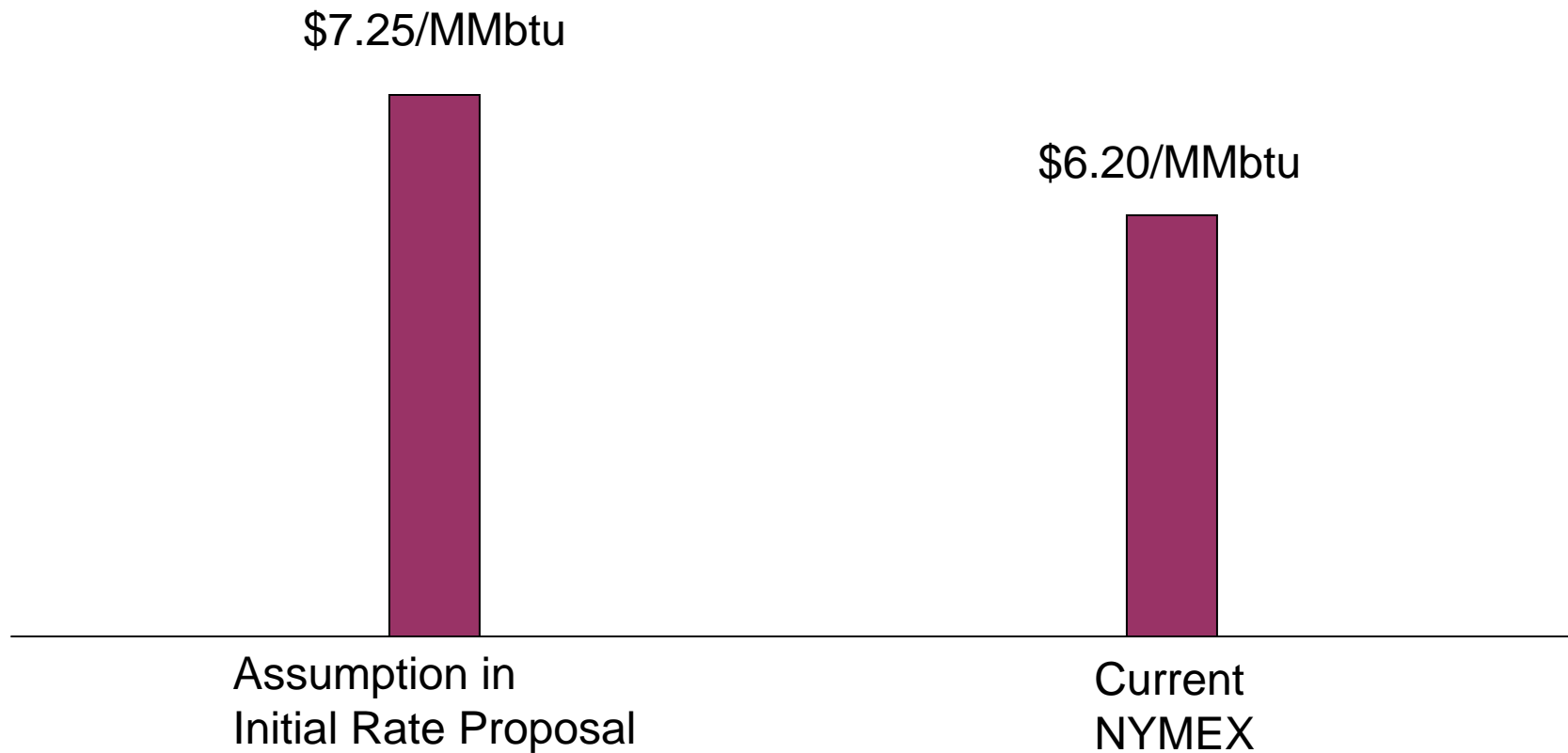
(Henry Hub)





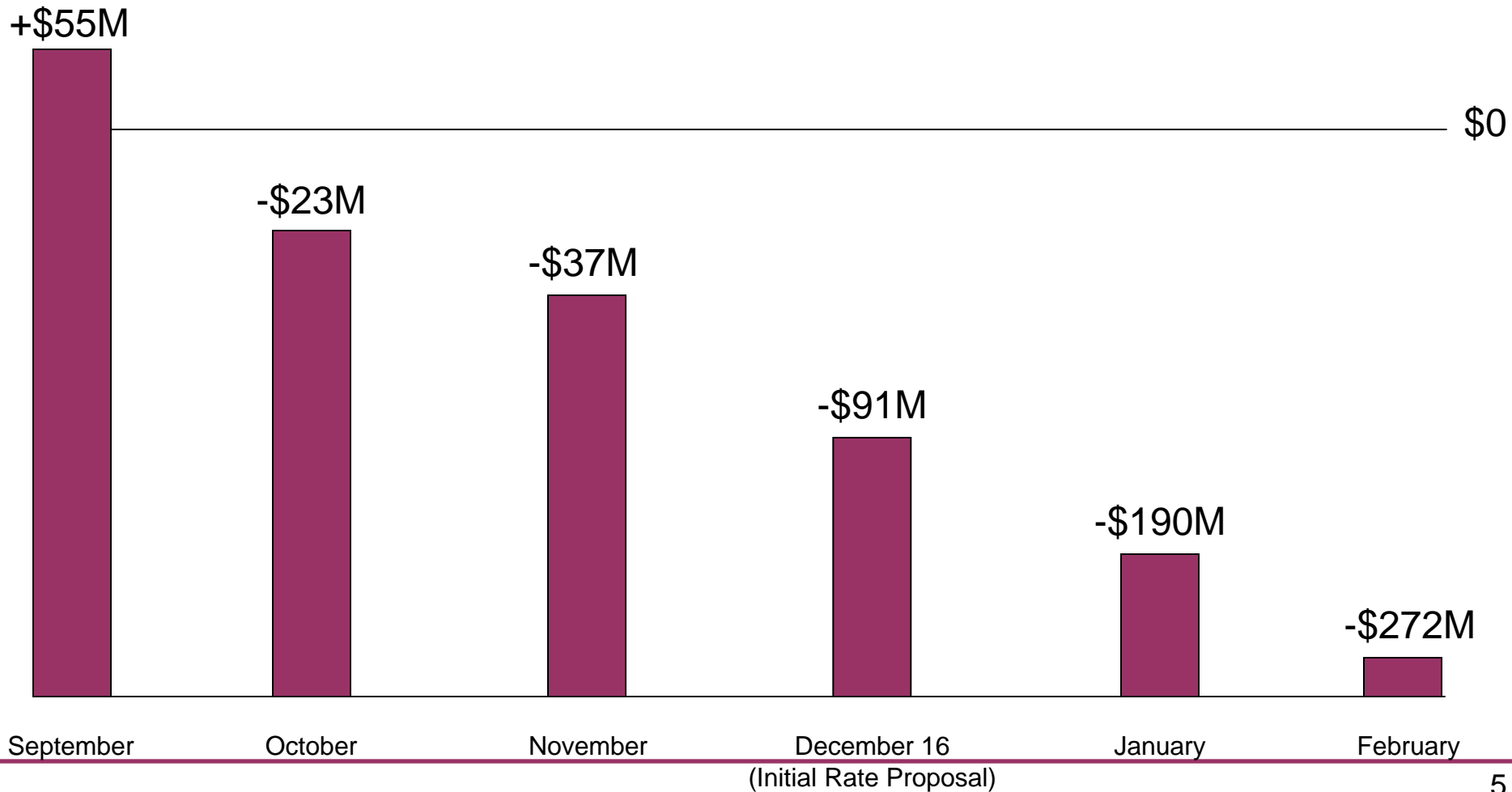
Natural Gas Prices, 2010 & 2011

(Henry Hub)





FY09 Power Net Revenue Forecast at Different Dates





- BPA Initial Rate Proposal for 2010 and 2011: 9.4% Power Rate Increase
- Current Outlook: Much greater increase could be needed

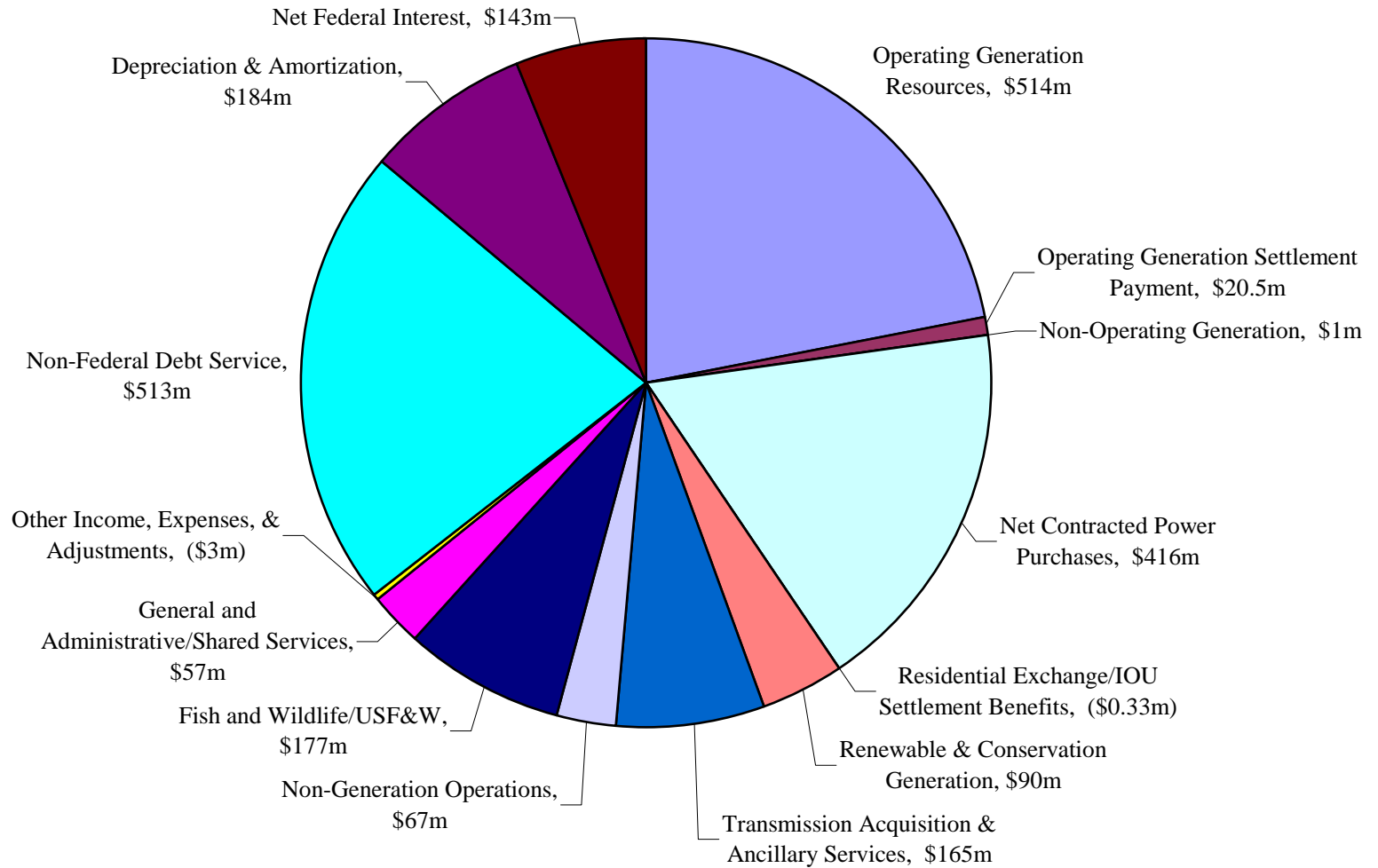


Approaches for Achieving the Lowest Rate Increase

- Potential changes that affect the Base Rate (other than PNRR)
 - CGS fuel cost and O&M cost reductions
 - CGS outage length reduction
 - DSI benefit reduction
 - PF load reduction due to economy
 - Other cost changes
 - Fuel and market price forecasts
- Potential changes that affect the Risk mitigation component of rates through PNRR and CRAC/ DDC
 - Use of Agency reserves/ Agency TPP
 - Future Transmission Revenue Financing
 - Change the CRAC/DDC reserve thresholds
 - Renew the Flexible PF Rate Program
 - Potential FY09 cost changes
 - DSI benefits
 - Internal costs
 - CGS O&M cost reductions and fuel cost increase



BPA's Financial Structure: *Composition of Generation Expenses* FY 2008

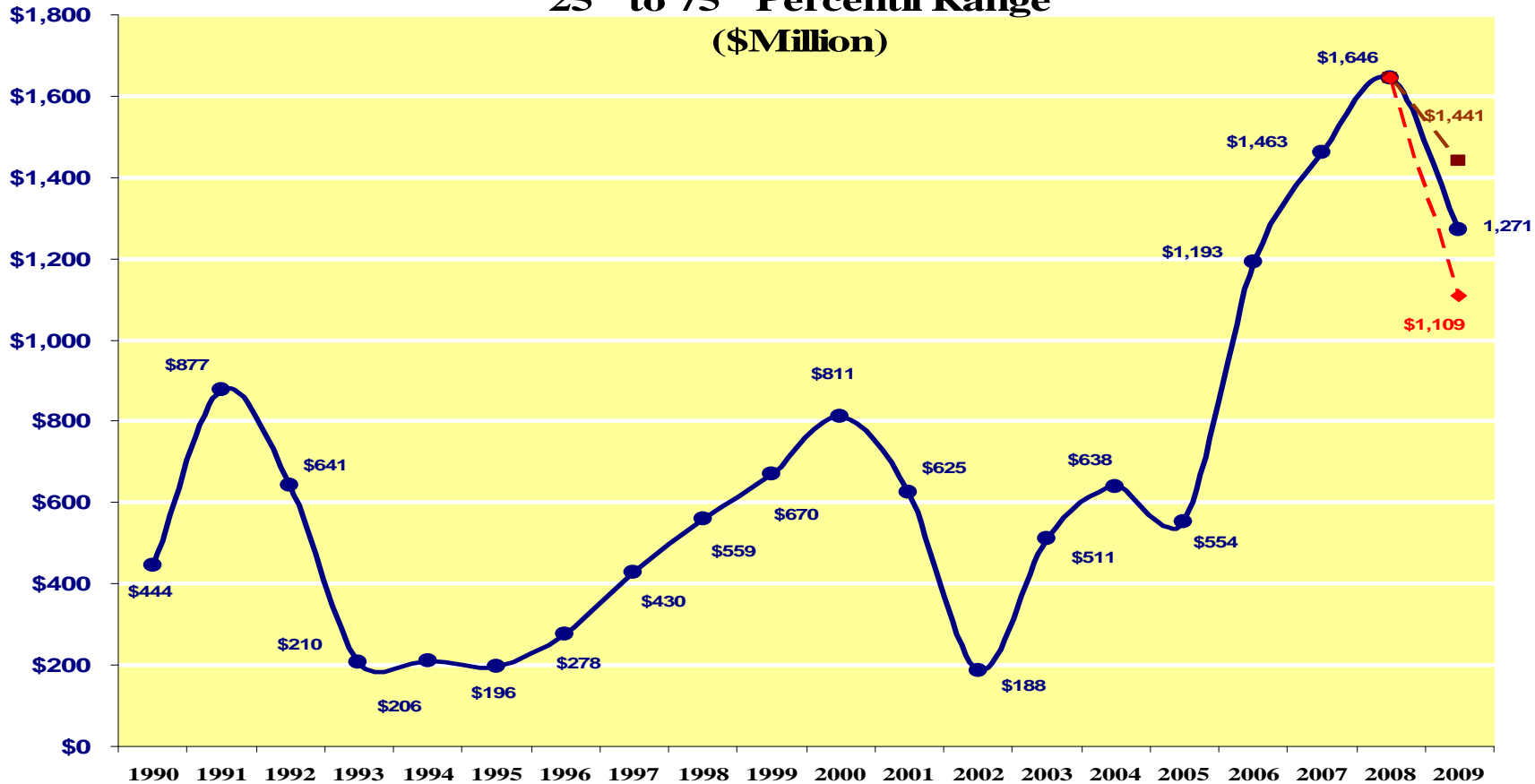




Year-End BPA Financial Reserves

FY 1990 through FY 2008 Actuals; 1st Quarter FY 09 Forecast plus

25th to 75th Percentil Range
(\$Million)



Runoff

