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April 25, 2012

MEMORANDUM

TO: Council Members

FROM: Charlie Grist

SUBJECT: BPA Integrated Program Review

The Bonneville Power Administration will brief the Council on the Agency's current capital budgeting issues, its upcoming Integrated Program Review (IPR) and other matters. The IPR is the process where Bonneville provides an opportunity to review and comment on its program budget estimates prior to spending levels being set in rate cases.

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Public Involvement Overview

Northwest Power and Conservation Council

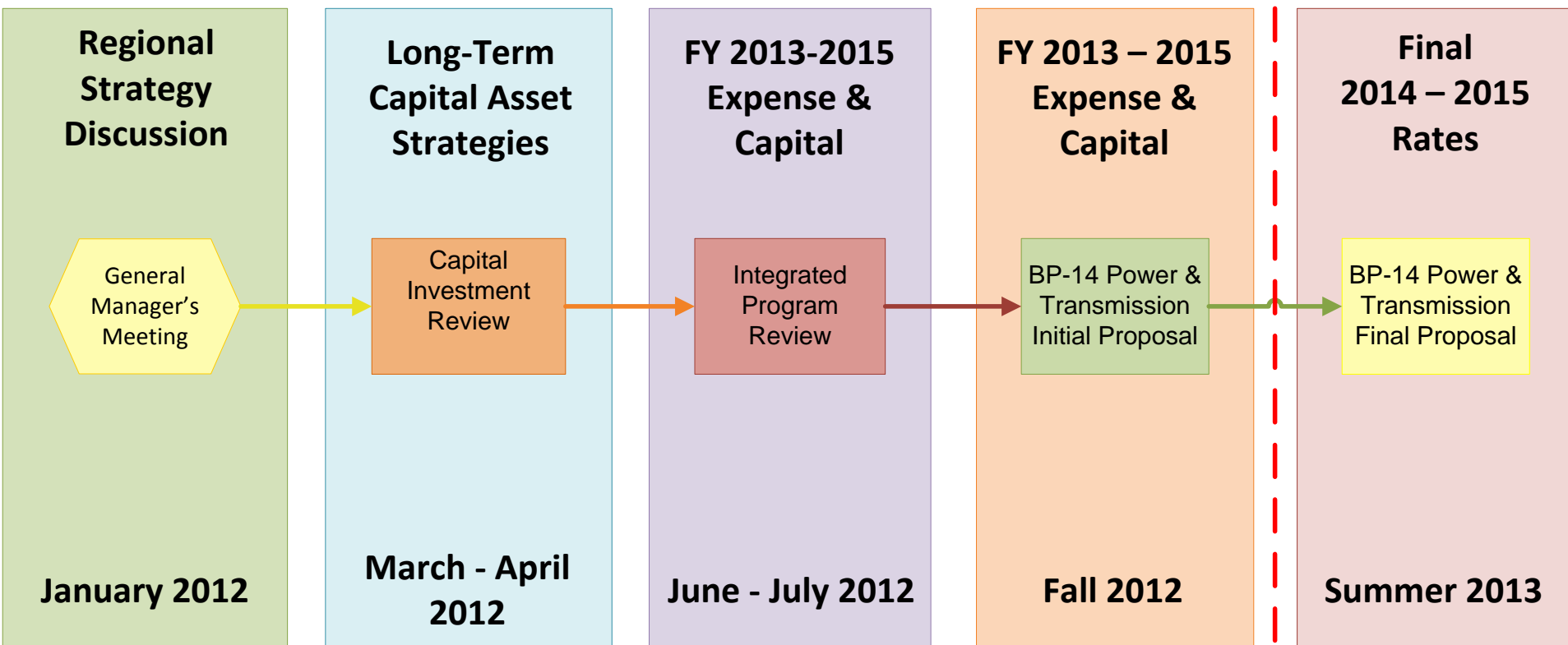
May 9, 2012

Bonneville Power Administration

Don Carbonari, Acting Deputy Chief Financial Officer

2012 Public Involvement

The Capital In Review (CIR) process will inform the Integrated Program Review (IPR).



Regional Tour

- Deputy Administrator and Chief Financial Officer toured the region and held seven meetings, discussing:
 - Goal of BPA's draft asset strategies (maximizing the long-term operational and economic value of the assets) and providing insight into BPA's capital investment decisions
 - Proposed long-term capital spending by major asset category
 - Planned capital spending levels drive power and transmission rates because capital related costs are the biggest revenue requirement category
 - Access to capital challenges relative to remaining Treasury borrowing authority and need for Power customer prepayment program
- What They Heard
 - Customers were generally supportive of draft asset strategies with strong support of BPA's hydro asset strategy
 - Prioritizing within asset categories is good but some customers want BPA to prioritize across all categories
 - Some customers expressed concern regarding BPA's role in energy efficiency investments and indicated a desire to fund and run their own programs

Key Dates

- May 11: Close of comment period for CIR and draft asset strategies
- June 5: IPR kickoff and discussion of expenses
- June 19: Release updated capital forecasts for FY13-15 and associated debt service
- July 16-20: Stakeholder-driven follow-up workshops
- August 10: Close of comment period for IPR
- Early Fall: IPR close-out
- Fall: FY14-15 Initial Rate Proposal
- Summer 2013: FY 14-15 Final Rate Proposal