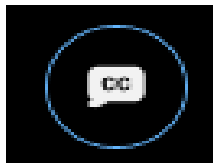


Webex Accessibility tools

To enable Closed Captions

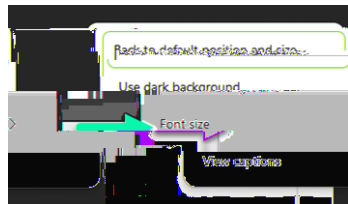
Select the **CC icon** in the lower-left of the WebEx screen



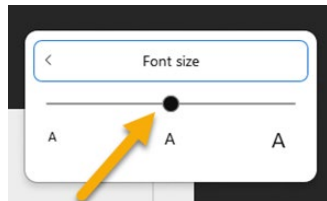
Note: CC is set individually by each person who wants to enable them.

Change font size

Select the **ellipsis** in the lower right



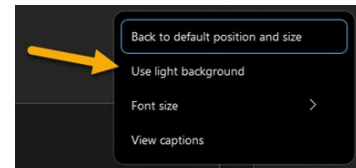
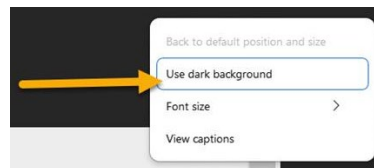
Select **font size**



Use the slider to select the desired size

Change background contrast

1. Select the **ellipsis** in the lower right
2. Select the **dark or light background**



Safety Moment

- The Rates Hearing Room has two exits.
- In the event an alarm sounds, please meet at Holladay Park across the street.





BP-26 INTEGRATED PROGRAM REVIEW

Kickoff

June 27, 2024





INTRODUCTIONS

Kyna Alders

Manager of Financial Planning & Analysis

Agenda

Topic	Minutes	Presenter
Introductions	5	Kyna Alders <i>Manager, Financial Planning & Analysis</i>
Program Costs Overview	15	John Hairston <i>Administrator and CEO</i>
Power Services	20	Melanie Spraggins <i>Deputy Senior VP of Power Services</i>
Transmission Services	20	Richard Shaheen, P.E. <i>Senior VP of Transmission Services</i>
Chief Administrative Office	10	Robin Furrer <i>Chief Administrative Officer</i>
Chief Operating Office	10	Joel Cook <i>Chief Operating Officer</i>
Chief Workforce and Strategy Office	10	Dan James <i>Chief Workforce and Strategy Officer</i>
Corporate Services	10	Marcus Harris <i>Executive VP and Chief Financial Officer</i>
Next Steps and Q&A	60	Kyna Alders <i>Manager, Financial Planning & Analysis</i>



PROGRAM COSTS OVERVIEW

John Hairston, Administrator and CEO

Priorities in BP-26

BPA's Strategic Plan

Transmission expansion

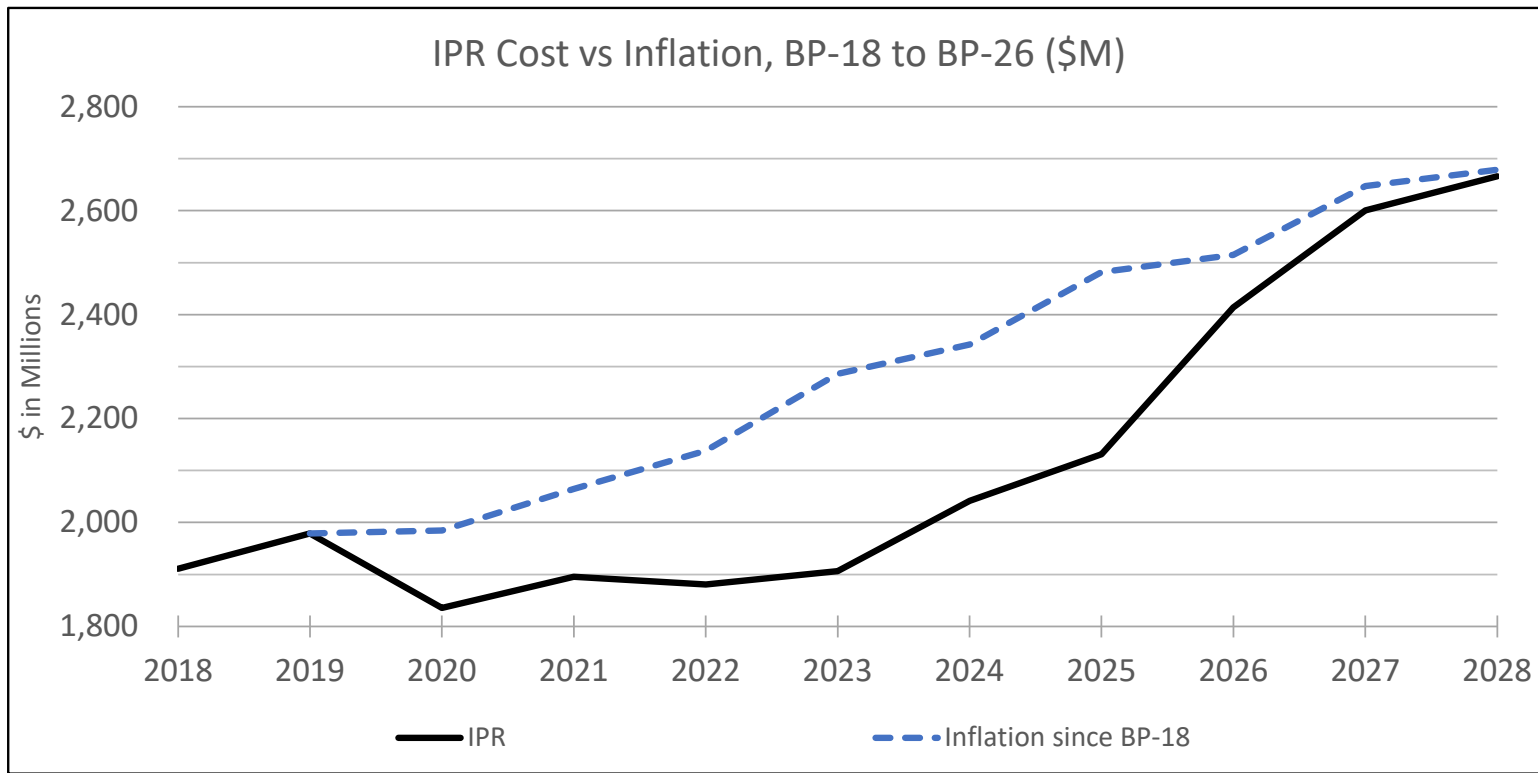
Generating resources

Information technology

Environmental stewardship

BPA's workforce

Cost Management Context



IPR Forecast Expenses

(\$millions)	Average BP-24 Rate Case	Average BP-26 Initial IPR	IPR vs Rate Case Over (Under)
Power IPR Expense	1,409	1,674	265
Transmission IPR Expense	594	775	180
Total	2,003	2,449	445

IPR Capital Forecast

(\$millions)	Average BP-24 Rate Case	Average BP-26 Initial IPR	IPR vs Rate Case Over (Under)
Power IPR Capital	430	809	379
Transmission IPR Capital	640	1,404	764
Total	1,071	2,214	1,143



POWER SERVICES

Melanie Spraggins, Deputy Senior Vice President of Power Services

BP-26 IPR Objectives

- Maintain the safety, reliability and flexibility of carbon-free generating resources.
- Market federal power and remain provider of choice.
- Modernize operations to participate in new markets and regional resource adequacy initiatives.
- Acquire cost-effective energy savings to meet the agency's power resource needs.
- Fish and wildlife stewardship.
- Invest in our workforce.



Preserve safe, reliable system operations



Sustain financial strength



Enhance the value of products and services



Sustain financial strength



Invest in people



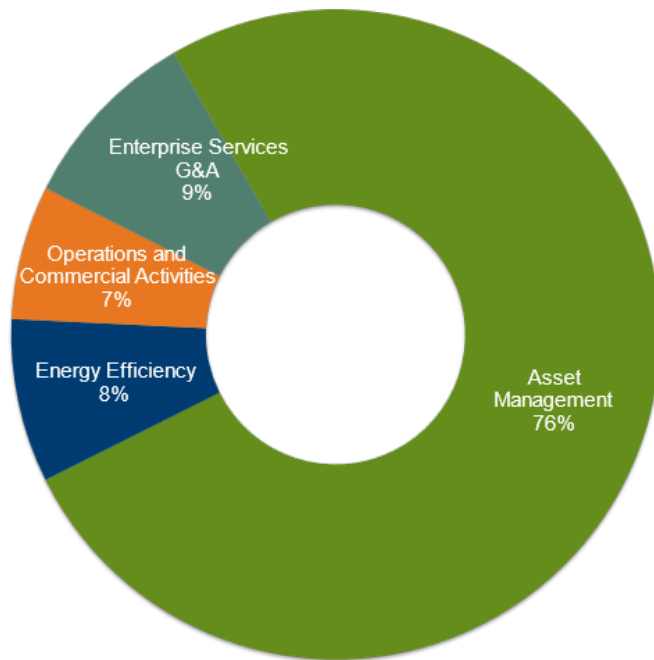
Sustain financial strength

Power Overview

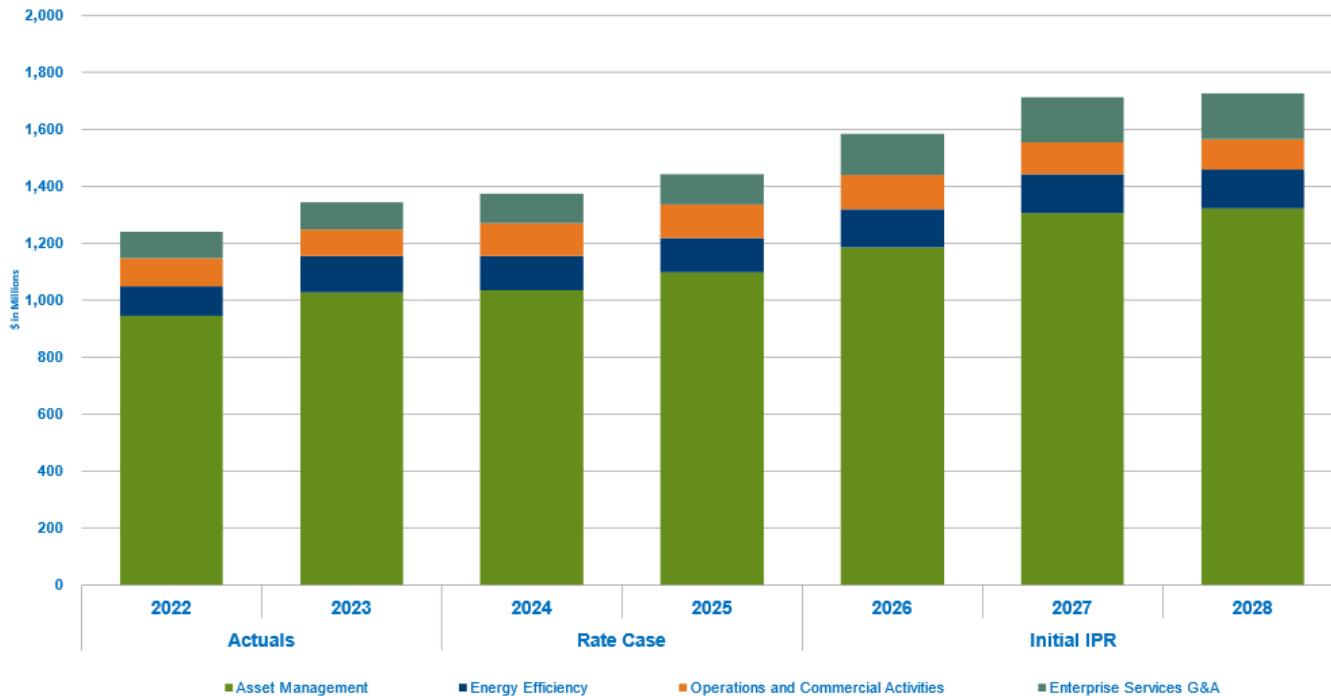
Power Services is forecasting cost increases of \$265 million compared to BP-24

- **Historically**, Power program costs decreased in BP-20, were flat in BP-22, and increased 3.7% in BP-24, which is substantially lower than inflationary pressure over the same period.
 - **Expense:** Power is forecasting a **19% increase (\$265 m)** in IPR costs from BP-24.
 - **Capital:** Power is forecasting a **16% increase (\$379 m)** in capital costs from BP-24.
- **Power program costs include forecasted increases in Bonneville's Fish & Wildlife program, Federal Hydro, Columbia Generating Station, and Power's portion of agency IT. All will be covered in **separate workshops**.

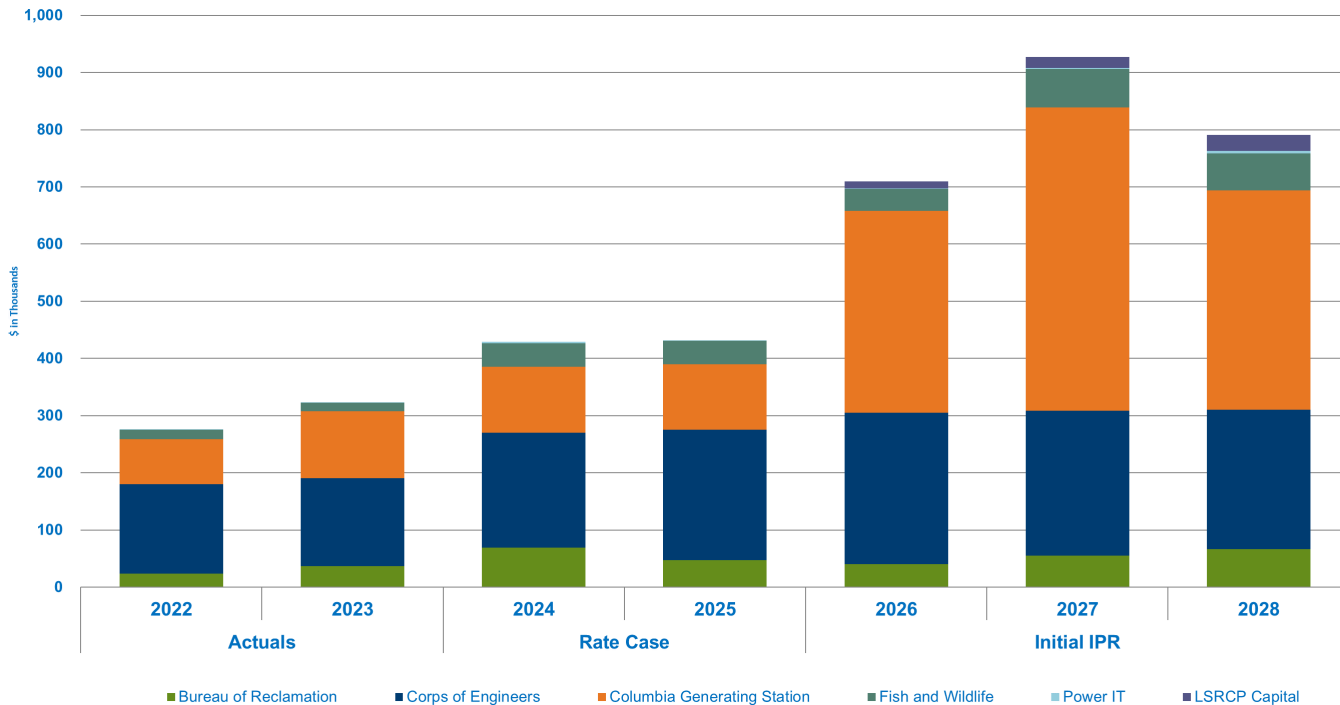
BP-26 Power Expense Summary



Power Expense Summary



Power Capital Summary





TRANSMISSION SERVICES

Richard Shaheen, P.E., Senior Vice President of Transmission Services

BP-26 IPR Objectives

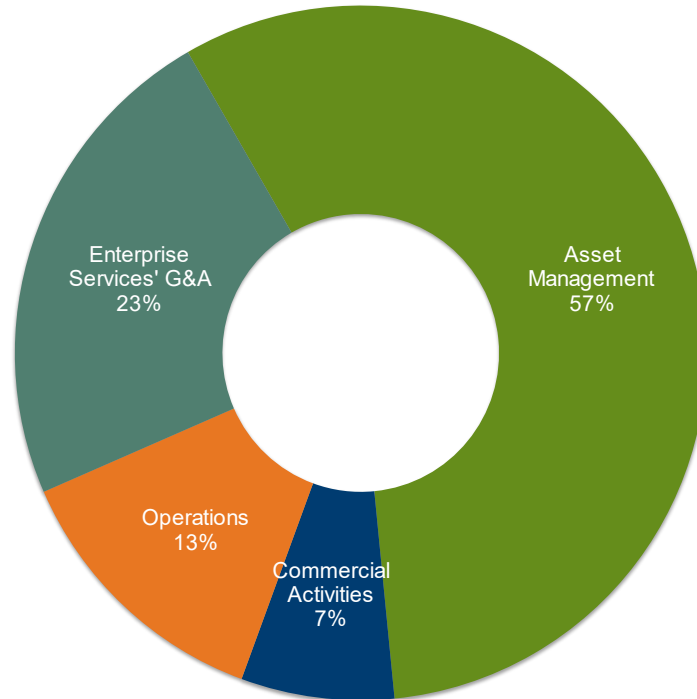
- Safely maintain our asset base  
- Customer responsiveness 
- Increase resiliency for high impact events such as wildfire, severe weather and cyber threats  
- Modernize systems and implement operational improvements for situational awareness  
- Trade-offs helped to mitigate cost pressures, cost reductions were identified, and personnel will focus on mission critical work 

Transmission Overview

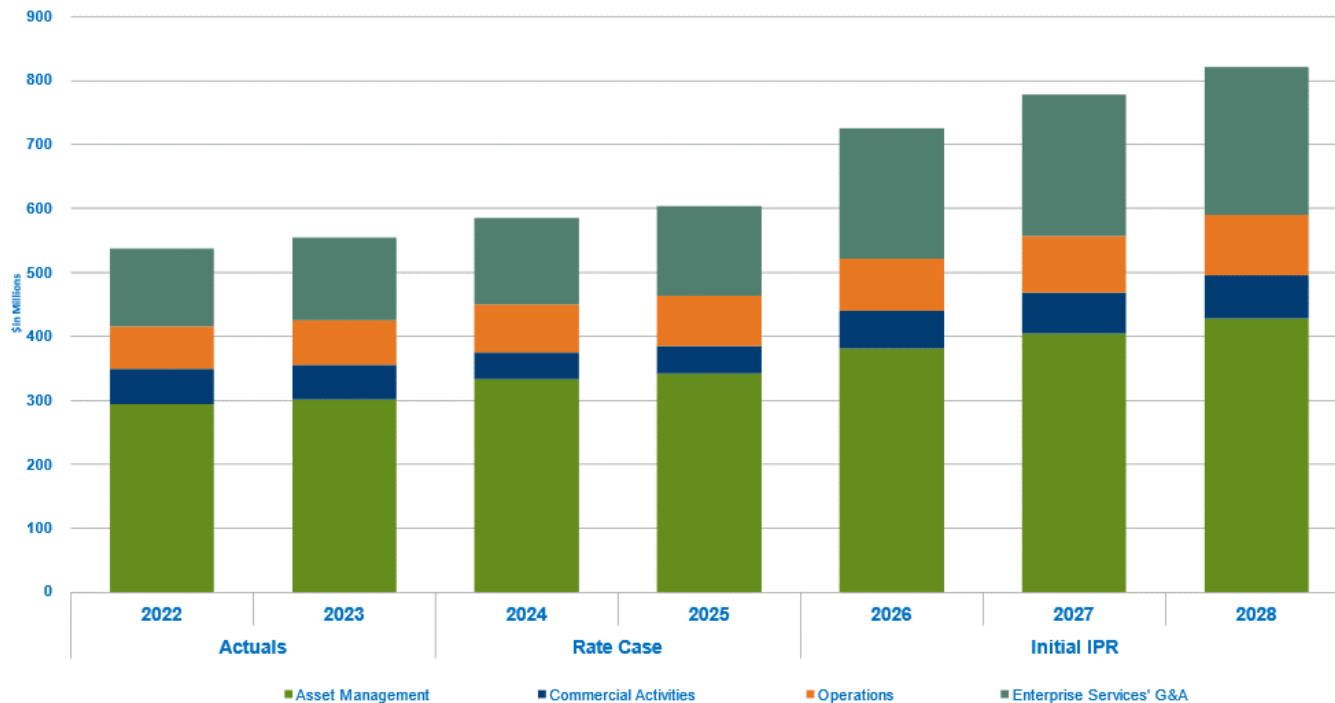
Transmission Services is forecasting cost increases of \$180 million compared to BP-24

- From BP-18 to BP-24, Transmission program costs increased by a total of 15%, which is substantially lower than inflationary pressure over the same period.
- Transmission Services is committed to BPA's cost-management objective, but is facing cost pressures above inflation.
- The projected Transmission Services costs for the upcoming rate period supports BPA's strategic direction, builds on BPA's legacy of transmission system reliability, and is based on a foundation of safety, providing the best value for our customers and constituents, and delivering a robust, open-access transmission system.
- Capital and expense program growth is driven by increased demand along with the need to maintain and reinforce the aging transmission system. Transmission is investing to meet the demand to expand our network while also making changes to internal and external processes to gain efficiencies and increase speed of service. This work will ensure Transmission maintains financial strength while continuing to meet customer needs and delivering the public benefits that are so valuable to the region.

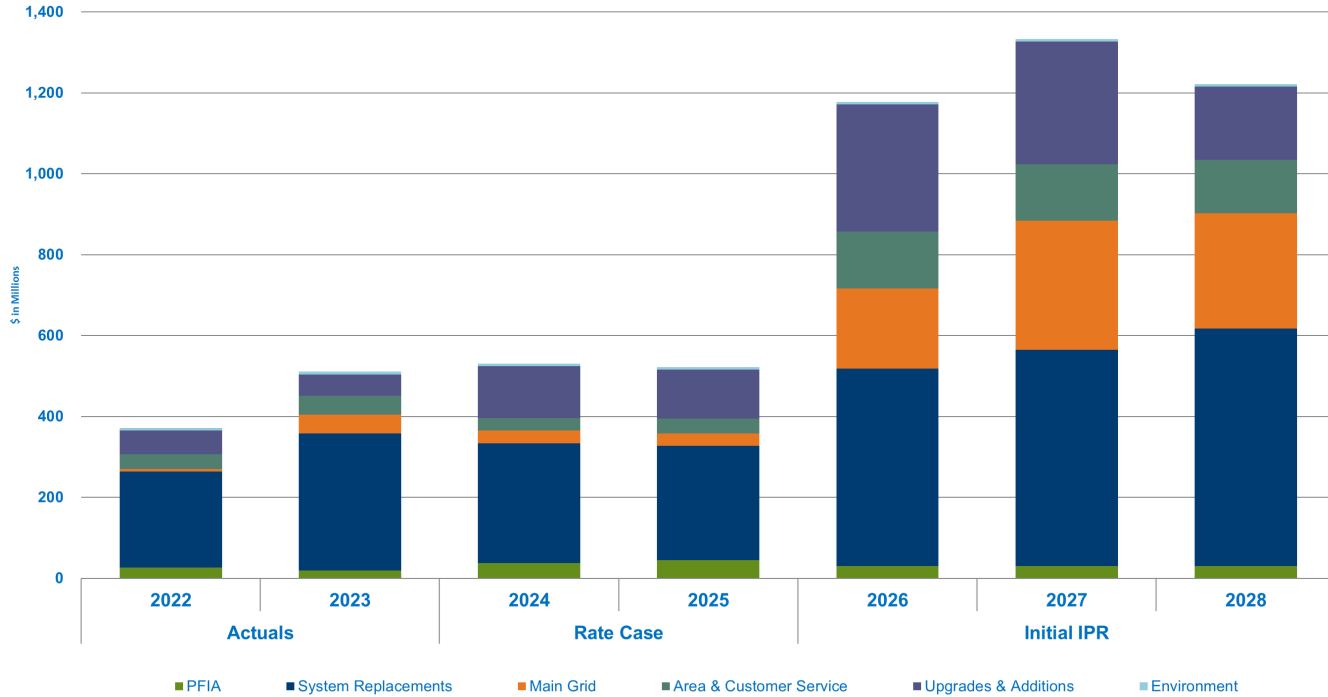
BP-26 Transmission Expense Summary



Transmission Expense Summary



Transmission Capital Summary





CHIEF ADMINISTRATIVE OFFICE

Robin Furrer, Chief Administrative Officer

CAO Overview

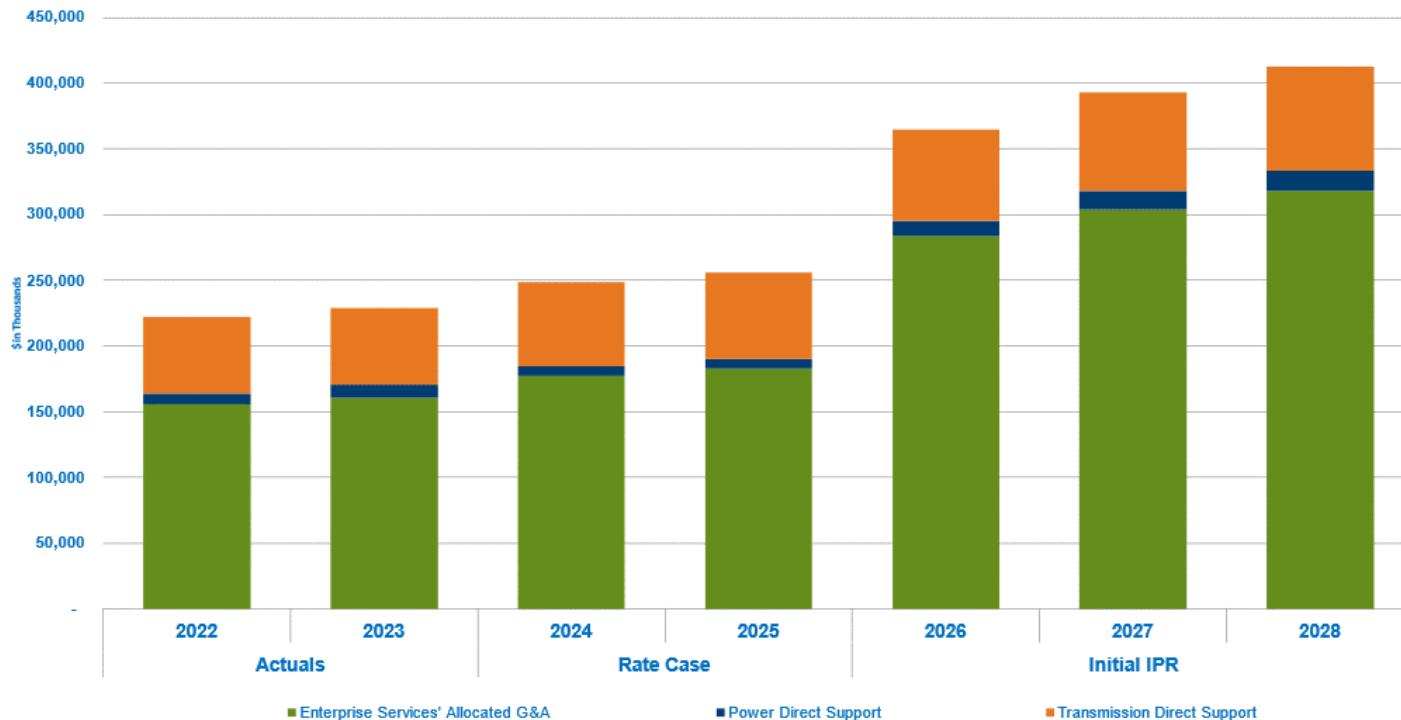
The Chief Administrative Office is forecasting cost increases of \$138 million compared to BP-24

- The CAO is comprised of the following functions: Information Technology (IT), Safety, Security and Continuity of Operations, Supply Chain, Workplace Services, and the Program Management Office (Compliance, Sustainability and Resiliency) and are vital to enabling the execution of BPA's mission.
- From BP-18 to BP-24, CAO total program costs increased by a total of 10.4%, which is substantially lower than inflationary pressure over the same period.
- The CAO is committed to BPA's cost management objective and is facing cost pressures above the rate of inflation, primarily in support of Transmission's build program, significant technology demand for key strategic and operational initiatives, and physical and cyber security requirements and evolving threats.
- The projected increases will modernize IT, improve architecture and facilitate a forward looking technology function to support fast moving strategic initiatives while maturing cyber security capabilities and real-time situational awareness; enable BPA's continued journey to Safest Utility in North America with a significant expansion of contracting tools and capabilities in support of Transmission's historical build-out program; continued implementation of Executive Order 14057 (sustainability/net zero emissions by 2050); enhancing physical and personnel security programs to address evolving threats and compliance requirements; protecting BPA's physical assets and maintaining the safety of our workforce through physical security; and maximizing the value of BPA facilities, fleet, and security assets through construction support and maintenance.
- The CAO will continue to actively manage costs by investing in core infrastructure, key processes and close partnerships with lines of business to maximize the value of BPA's resources over the next rate period and in future rate periods.

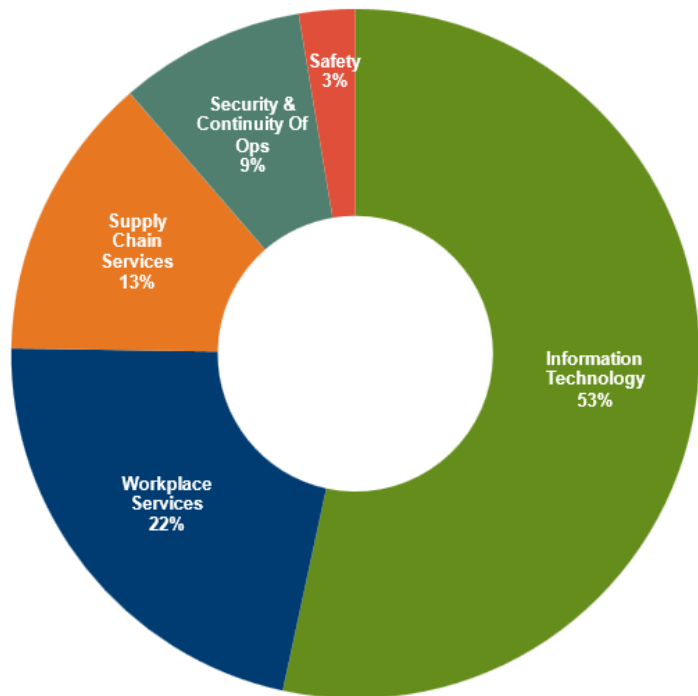
BP-26 IPR Objectives

- Safely maintain our asset base  
- Increase customer responsiveness 
- Modernize systems  
- Increase resiliency for high impact events such as wildfire, severe weather and cyber threats  
- Investing in real-time tools for situational awareness 
- Trade-offs helped to mitigate cost pressures, cost reductions were identified, and personnel will focus on mission critical work 

CAO Expense Summary



BP-26 CAO Expense Summary





CHIEF OPERATING OFFICE, BUSINESS MANAGEMENT & DEVELOPMENT OFFICE





Joel Cook, Chief Operating Officer

COO + BMD Overview

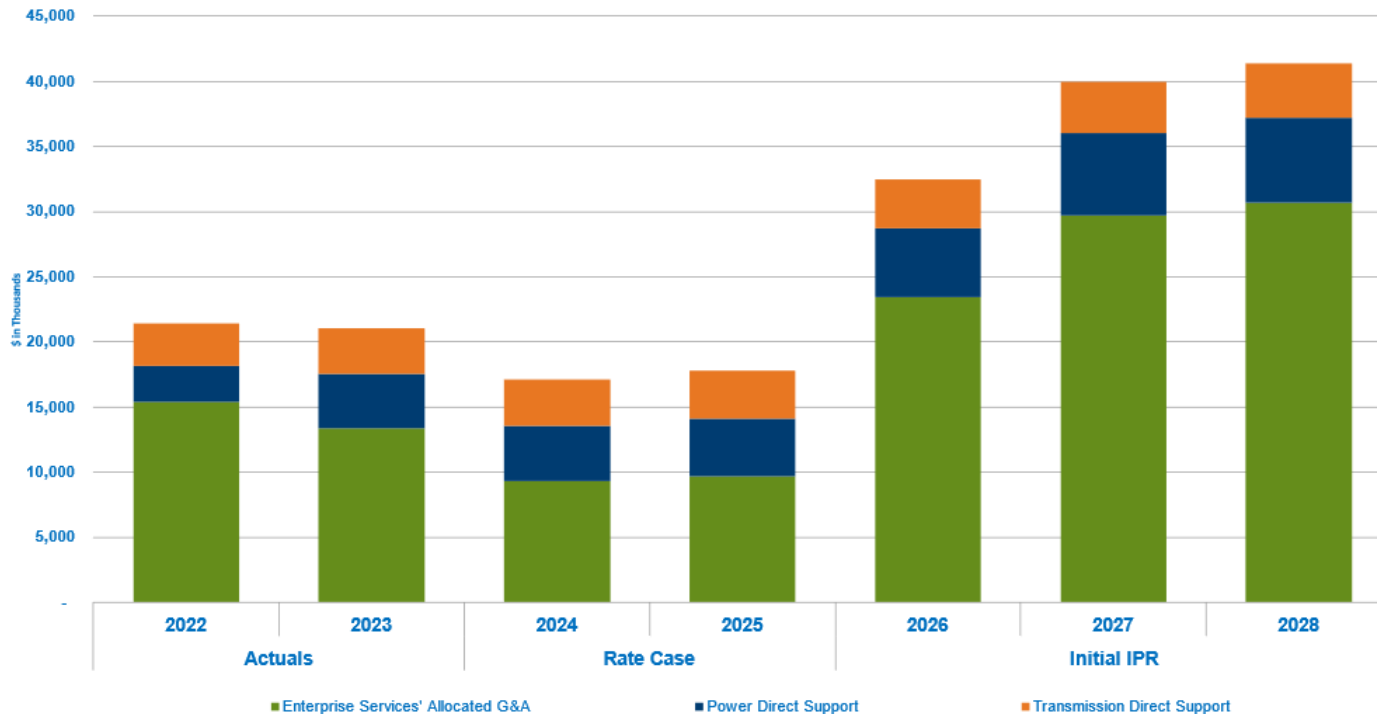
The Chief Operating Office is forecasting cost increases of \$20 million compared to BP-24

- The Chief Operating Office (COO) oversees and provides direction and guidance for Power Services, Transmission Services, Environment, Fish and Wildlife, and the newly created Business Management and Development organization.
- The Business Management and Development organization includes Customer Support Service, the Business Transformation Office and Operational Performance.

BP-26 IPR Objectives

- Invest in our people 
- Mature and maintain our asset management capabilities 
- Modernize systems and business resiliency 
- Facilitate implementation of Provider of Choice contracts 
- Foster new market development 
- Modernize operations to participate in new markets 

COO + BMD Expense Summary





CHIEF WORKFORCE & STRATEGY OFFICE




Dan James, Chief Workforce & Strategy Officer

CWSO Overview

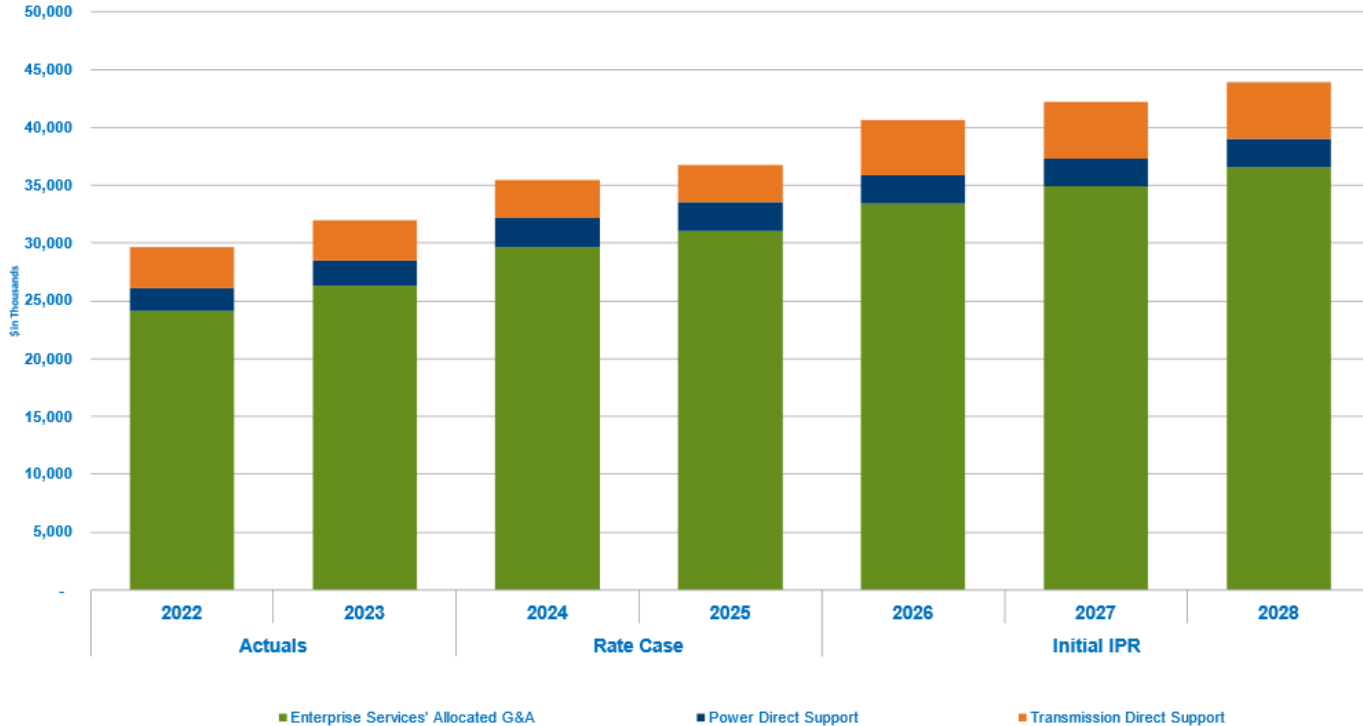
The Chief Workforce and Strategy Office is forecasting cost increases of \$6 million compared to BP-24

- Our goal is to strengthen the agency's strategic capabilities in a fast-changing industry; support organizational alignment; ensure BPA can attract and retain its skilled workforce; and provide a workplace that drives employee satisfaction and productivity.
- The CWSO is projecting increased costs in BP-26 that largely support growth in demand for core work, including:
 - Additional personnel to support recruitment and retention activities, achieve diversity and inclusion objectives, and ensure Civil Rights and Equal Employment Opportunity compliance program requirements are met.
 - Growth in internal operations functions that support efficient operations and reporting for the organization.

BP-26 IPR Objectives

- Become the safest utility in North America. 
- Attract, retain and develop a resilient workforce capable of achieving BPA's mission and strategy in a changing environment. 
- Advance a positive workplace culture that values diversity, equity, inclusion and accessibility to ensure everyone can thrive. 

CWSO Expense Summary





CORPORATE SERVICES

Marcus Harris, Executive Vice President and Chief Financial Officer

Corporate Services Overview

Corporate Services is forecasting cost increases of \$8 million compared to BP-24

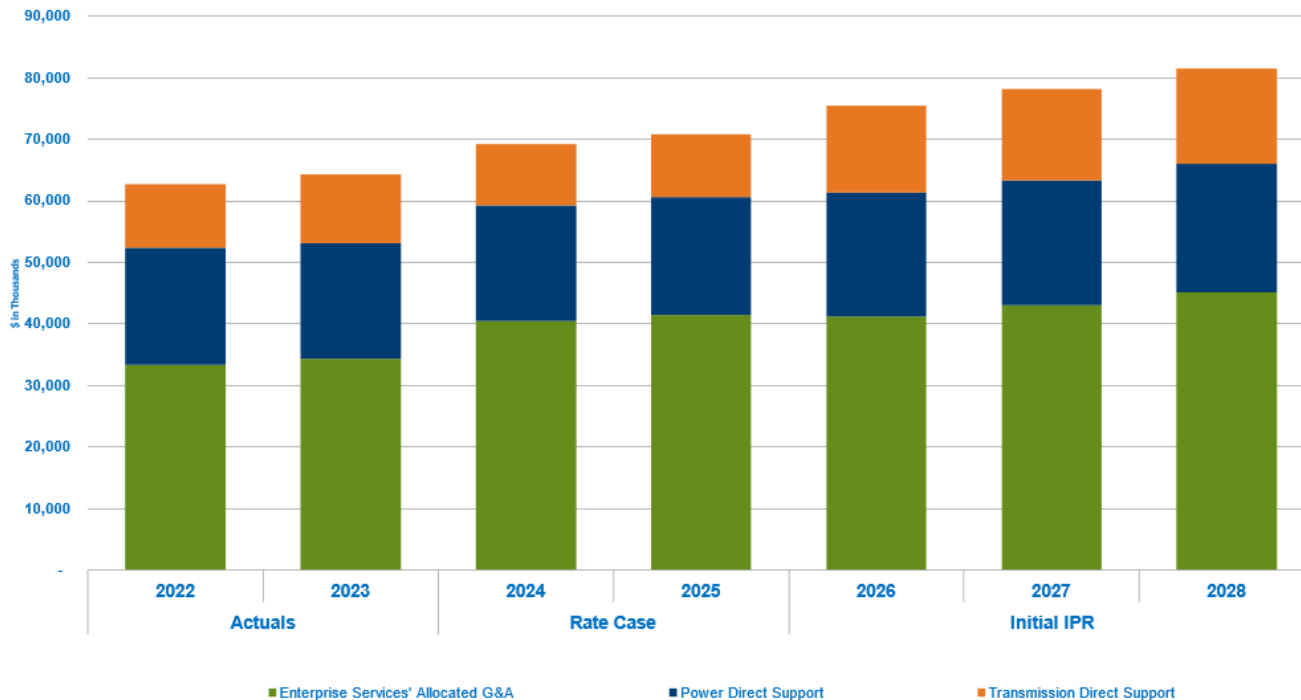
- Corporate Services comprises:
 - Finance; Compliance, Audit, and Risk Management; General Counsel; Intergovernmental Affairs.
- Corporate Services represents approximately 14% of all Enterprise Services costs.
- ~50% of costs are allocated to Power and half to Transmission.
- Corporate Services costs are predominately people driven.

BP-26 IPR Objectives

Corporate Services costs are increasing by 12% above the prior rate period. The main drivers for this increase are:

- Continuing to provide consistent support to BPA's mission related work and funding inflation on existing personnel.
- Supporting the work related to BPA's Strategic Plan.
- Increases in the costs of property insurance and other contract related costs.

Corporate Services Expense Summary





NEXT STEPS

Kyna Alders

Manager of Financial Planning & Analysis

Process Overview

- **June 25th**
 - IPR Initial Publication released
- **June 27th, 28th, and July 1st**
 - IPR workshops
- **July 2nd – August 5th**
 - Opportunity to comment on proposed expense and capital levels for FY-26 to FY-28
- **Early October**
 - BP-26 IPR Closeout Report published with final projected costs

Workshop Schedule

Thursday
6/27

9:00 – Noon
IPR Kick-off

1:00 – 3:00 PM
BPA Strategic Plan
in IPR

3:00 – 4:00 PM
CGS
Decommissioning
Trust Fund

Friday
6/28

9:00 – Noon
Transmission
Services

1:00 – 4:00 PM
Chief
Administrative
Office &
Information
Technology

Monday
7/1

9:00 – 10:00 AM
Fish & Wildlife

10:00 – Noon
Columbia
Generating Station

1:00 – 4:00 PM
Federal
Hydropower

Monday
8/5

Close of the IPR
Public Comment
Period

Fall 2024

Release of the IPR
Closeout Letter &
Final Report

Submitting Comments

- Comment Period: July 2nd – August 5th
- Comments can be submitted through:
 - Online: www.bpa.gov/comment
 - Mail: BPA Public Involvement, P.O. Box 14428, Portland, OR 97293
- Webpages:
 - IPR: <https://www.bpa.gov/about/finance/bp-26-ipr>
 - SAMPs: <https://www.bpa.gov/about/finance/strategic-asset-management-plans>



QUESTION AND ANSWER



Publication

The BP-26 Initial Publication and other materials are available at:
<https://www.bpa.gov/about/finance/bp-26-ipr>

Strategic Asset Management Plans (SAMPs) are available at:
<https://www.bpa.gov/about/finance/strategic-asset-management-plans>

Questions can be submitted to BPAFinance@BPA.gov

FINANCIAL DISCLOSURE

This information was publicly available on June 25, 2024, and contains information not sourced directly from BPA financial statements.

