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February 4, 2014

MEMORANDUM

TO: Council Members

FROM: Charlie Black, Power Planning Division Director

SUBJECT: Briefing on Bonneville's Integrated Program Review Process

At the Council meeting on February 11, 2014, Nancy Mitman, Acting Executive Vice President and Chief Financial Officer at the Bonneville Power Administration, will provide a briefing on the startup of Bonneville's Capital in Review (CIR) and Integrated Program Review (IPR) process. The CIR and IPR are two significant public involvement processes that the agency conducts related to its financial planning and management activities. For example, they provide Bonneville's near-term capital and expense outlay forecasts, including its planned funding for energy efficiency, federal hydro, transmission, and fish and wildlife.

Ms. Mitman's presentation slides are attached for your review in advance of the meeting.

Attachment

Capital In Review/ Integrated Program Review

Northwest Power and Conservation Council Offices

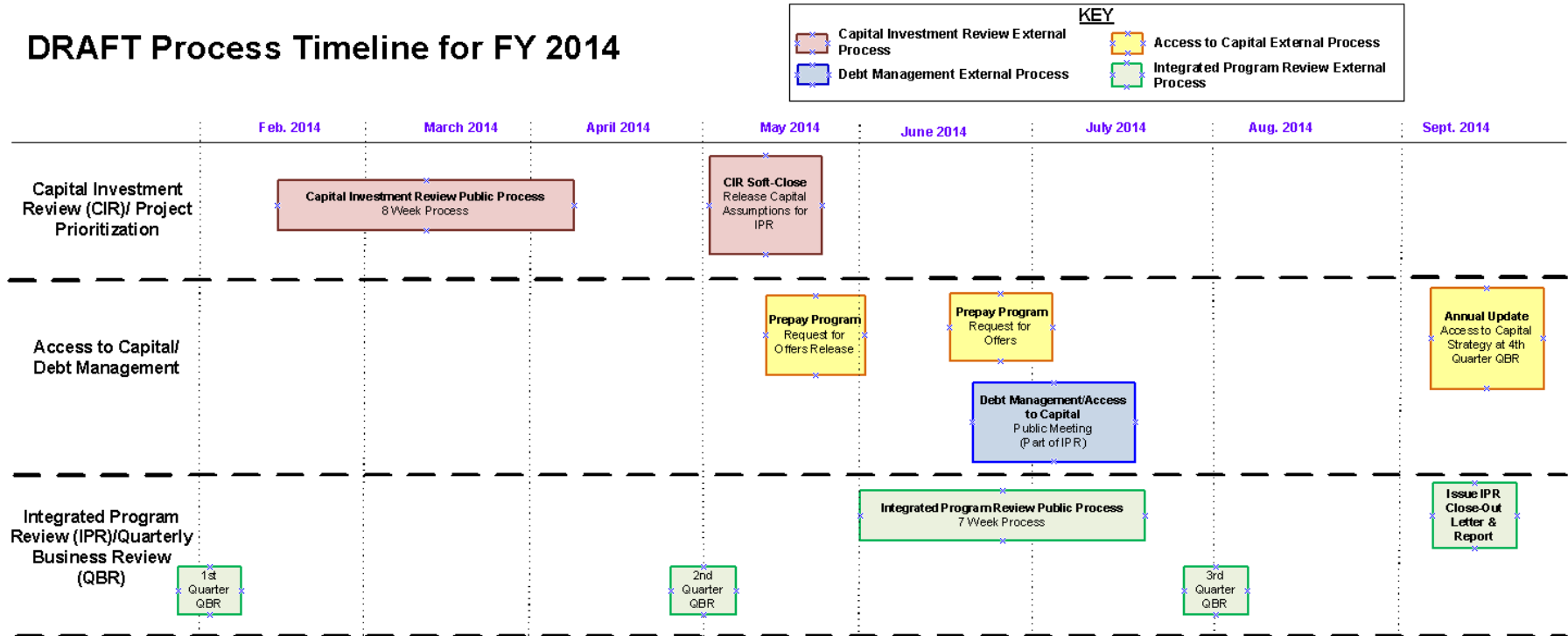
February 11, 2014

4:00-4:30pm

Nancy M. Mitman

Acting Executive Vice President and Chief Financial Officer

DRAFT Process Timeline for FY 2014



Purpose of each process

- **Quarterly Business Review (QBR):** provides stakeholders with BPA's financial performance and current year-end forecasts.
- **Capital Investment Review (CIR):** offers stakeholders an opportunity to discuss and provide feedback on BPA's draft asset strategies, 10-year capital forecasts and project prioritization.
- **Integrated Program Review (IPR):** affords participants opportunity to review and comment on BPA's program level estimates prior to spending levels being set for inclusion in the upcoming rate cases.
- **Debt Management Workshops:** provides interested parties an opportunity to collaborate and offer feedback on access to capital issues, financing tools and development of BPA's long-term debt management strategy.

What's Coming

- **February – March** ~ Capital Investment Review (CIR) Public Process
- **May – July** ~ Integrated Program Review (IPR) Public Process
- **June – July** ~ Debt Management
- **September** ~ Integrated Program Review Close-Out Letter and Report
- **November** ~ Power and Transmission Initial Rate Proposal for FY 2016-2017
- **July 2015** ~ Power and Transmission Final Rate Proposal for FY 2016-2017

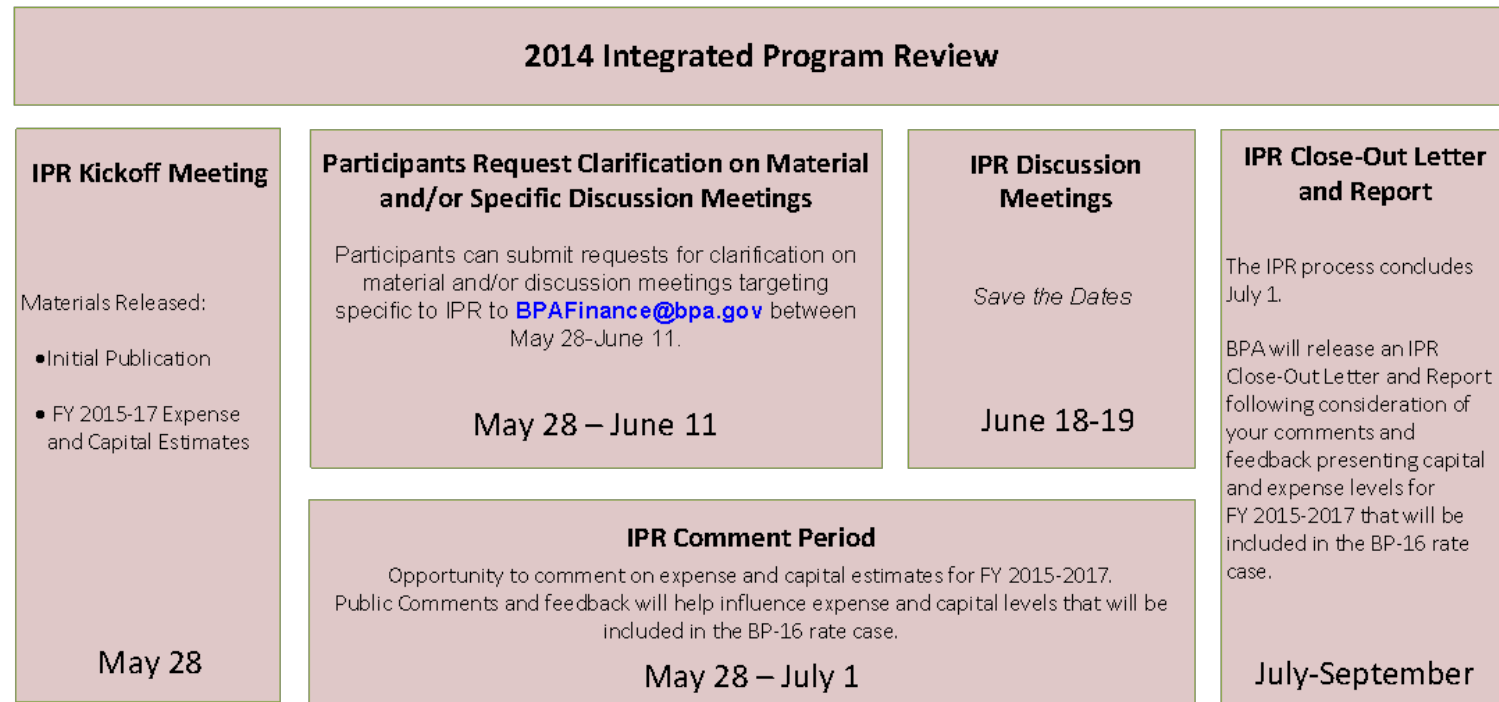
Capital Investment Review (CIR)

- The CIR will cover transmission, federal hydro, facilities, information technology, energy efficiency, fish and wildlife, and other BPA investments.
- BPA will release draft asset management strategies, 10-year capital forecasts and present a prioritized portfolio of investments for review and comment.
- Participants will also be offered 10 days following release of the initial publication to request clarification on material and/or discussion meetings targeting specific CIR areas.



2014 Integrated Program Review (IPR)

- The IPR will cover near-term capital and expense spending forecasts
- BPA will release a comprehensive initial publication review and comment.
- Participants will also be offered 10 days following release of the initial publication to request clarification on material and/or discussion meetings targeting specific IPR areas.



2014 Debt Management

- BPA will conduct a Debt Management Workshop in June.
- The workshop is a follow-up on the Debt Management Strategy Workshop held in October 2013 and will discuss financing tools, including the risks associated with each tool and the availability of tools, as well as share ideas on a long term debt management strategy.

2014 Debt Management			
Initial Debt Management Discussion Oct 23 – Initial Debt Management Discussion Meeting Oct. 23 – Dec. 11 - Public comment period provided to collect feedback on material discussed Oct. 23 Jan. 7 – CFO announces next steps for Debt Management Discussion Oct-January	Debt Management Discussion This workshop is a follow-up to the Debt Management discussion in October 2013 and will provide an update on access to capital, discuss financing tools and share ideas on a long term debt management strategy. <i>A specific meeting date will be announced this Spring.</i> June	Debt Management Comment Period Opportunity to comment on access to capital, financing tools and initial ideas for a long term debt management strategy. June-July	Debt Management Debt management and access to capital discussions will remain ongoing with the public. BPA will consider the comments and feedback received during the June-July public process for inclusion in the BP-16 rate case and while developing a long term debt management strategy. July-September

The Public Forum for Discussion Issues

- Scrubbing spending levels, looking at alternatives, prioritizing spending, “rolling up our sleeves to scrub numbers” – **IPR**
- More discussion and understanding of the “Affordability Cap” – **CIR**
- Use of Financial Reserves – **Workshop planned in early summer**
- Debt Management alternatives – **Workshop planned in June**