

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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Expensive winter continues to weigh on BPA finances

Despite conditions, BPA financial policies and actions help weather tough fiscal year

Portland, Ore. – The effects of a dry, cold winter and higher-than-expected supplemental power purchase expenses continue to weigh on the Bonneville Power Administration’s finances three-quarters of the way through the fiscal year.

Agency net revenue is now forecast to be negative \$382 million, which is \$56 million below this year’s performance target. The year has been particularly tough on Power Services net revenues, forecasted to be negative \$442 million, which is \$155 million below target. However, despite the down year, BPA recently announced it would hold its average wholesale power rates steady for the upcoming two-year rate period, which begins Oct. 1, and continues to provide money back this fiscal year to customers through the previous rate period’s Reserves Distribution Clause. Transmission net revenues are projected to be positive \$50 million, which is \$89 million above the agency target.

“Heading toward the home stretch of the fiscal year, we see stabilization after a challenging and expensive winter,” said Marcus Harris, BPA’s executive vice president and chief financial officer. “The good news is as the fiscal year’s financial picture comes into greater focus, we expect our cash reserves to be at the upper threshold or beyond for both sides of our business with one quarter left.”

This year’s negative net revenue target accounts for the RDC rate reduction to customers, which lowered revenues relative to the rate case. It also reflects modest budget increases to fund additional inflationary pressures, the Boardman to Hemimngway non-cash expense, and unused budget shifted from last year.

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Agency financial reserves for risk are forecast to be \$941 million at the end of this fiscal year, a decrease of \$571 million from the prior year. This is a slight improvement from BPA's mid-year projection. From the business line perspective, the end of year Power reserves for risk forecast is \$638 million, a decrease of \$606 million from the prior year; and we forecast Transmission to end the year with \$303 million of reserves for risk, an increase of \$36 million from the prior year.

"While this has been a down year for power net revenues, the transmission side of our business is thriving," said Harris. "As a result, there's a high degree of certainty the reserves distribution clause will be in effect for our transmission customers."

Transmission has a 99% modeled probability of an RDC with an expected value of \$70 million. Like power rates, BPA is also holding transmission rates flat for the upcoming rate period. While the Power reserves forecast is projected to be at the upper RDC threshold of \$638 million, this forecast assumes foregoing all \$40 million of planned revenue financing and a \$50 million reduction of planned debt repayment from the 2022 RDC decision in order to preserve \$90 million of liquidity, allowing Power reserves to remain at the upper RDC threshold by the end of the year on a forecast basis.

BPA's full third quarterly business review is available at the [link](#).

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale, carbon-free hydropower from 31 federal dams in the Columbia River Basin. It also markets the output of the region's only nuclear plant. BPA delivers this power to more than 140 Northwest electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA also owns and operates more than 15,000 circuit miles of high-voltage power lines and 261 substations, and provides transmission service to more than 300 customers. In all, BPA provides nearly a third of the power generated in the Northwest. To mitigate the impacts of the federal dams, BPA implements a fish and wildlife program that includes working with its partners to make the federal dams safer for fish passage. It also pursues cost-effective energy savings and operational solutions that help maintain safe, affordable, reliable electric power for the Northwest. www.bpa.gov

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