

## IPR Follow Up Questions

### Fed Hydro

- **What capital expenditures are forecast for the Willamette Valley projects?**

We are assuming that the question is inquiring specifically about power capital expenditures related directly to the powerhouses in the Willamette Valley. BPA's Fed Hydro group currently has placed a pause on funding new power capital investments at the Willamette Valley projects due to uncertainties around project operations that are currently being analyzed as part of the EIS process and interim injunctive measures.

To provide specificity to the pause on investments, we are not initiating any new design or construction efforts. We plan to continue preliminary scoping of projects (we call Phase 1A), and finish the design (Phase 1) and construction (Phase 2) work that is already in flight. New Phase 1 and Phase 2 work is being paused until there is greater clarity on future operations. Consideration may be given to continue work with critical safety or environmental elements.

Therefore, forecasted power capital expenditures in the Willamette Valley in FY24 is \$4.556 million; and in FY25 \$1.078 million.

### Columbia Generating Station

- **Are there any other operational changes that could increase Columbia's flexibility for the benefit of ratepayers to offset the costs of increased outage duration in FY2025?**

At this time, Energy Northwest does not see any additional operational changes that could support further reductions, additional benefits to ratepayers or cost offsets to further mitigate the increased outage duration in FY2025 without creating significant increased risk. However, Energy Northwest continues to strive to identify additional cost reductions or ways to mitigate cost increases. As it relates to the increased outage duration in FY2025, Energy Northwest will utilize the upcoming outage (R26) in FY2023 to further mitigate risk to final implementation of the Moisture Separator Reheater project in FY2025 and continue to look for ways to reduce costs further.

Energy Northwest has historically looked for innovative ways to support the region's ratepayers through other means including, but not limited to, Regional Cooperation Debt initiatives, strategic fuel management practices, increasing efficiency and MWe output from existing life-cycle management projects, and maximizing Columbia's safe and reliable generation. Energy Northwest will continue to do so.

- **When is BPA expected to complete the review of Columbia's extended power uprate proposal?**

BPA has not established a formal timeline. We are currently working in collaboration with Energy Northwest to develop a timeframe that will support both organizations.

- **What is the effect of the extended power uprate proposal on decommissioning costs?**

An existing fund is held for Columbia restoration and decommissioning related activities that will support removal of plant facilities and eventual restoration of the site. With an Extended Power Uprate (EPU), minimal change is expected, given that the EPU initiative would involve replacing

and/or enhancing a number of existing plant components, which would be required for decommissioning under existing conditions.

### **Transmission**

- **Transmission Asset Management’s program objective for BP-24 is increasing execution throughput. How much of the cost is accounted for by the Secondary Capacity Model (SCM)? Is SCM meeting its cost and execution targets?**

At this time we estimate that SCM will spend approximately 37% of the total Transmission capital budget in FY23. As time moves on, this percentage will grow and preliminary numbers show that SCM will spend approximately 50% of the total Transmission capital budget in FY24.

Cost of the program is within the expected range anticipated with a steep increase in FY23 & FY24 as more projects move into their construction phase. There has been a steady cadence of new projects entering the program bringing the total now to 34 projects since the start of work 18 months ago.

One small accelerated project has started construction and other projects in the first batch will start construction in the spring of 2023. Because most of the projects in SCM are still in preliminary phases, it will be another 18 months before BPA can fully evaluate the total effectiveness of the program.

### **Enterprise Services**

- **What cost saving measures has been/could be implemented to eliminate discretionary spending in Enterprise Services?**

In BP-20, BPA reduced IPR costs by \$66 million per year compared to the BP-18 rate period. In BP-22, BPA held Power Services’ projected IPR expenses flat while Transmission Services’ business line projected expenses increased at the forecast inflation rate. Over the previous four years, IPR costs staying essentially flat have naturally sunsetted areas of BPA’s discretionary spending such as reduced travel and training.

The two largest Enterprise Services organizations, the Chief Administration Office (CAO) and IT have made targeted reductions to discretionary spending. In IT, BPA implemented the ten approved recommendations in the *Enterprise Technology Assessment* intended to optimize IT, increase efficiency and reduce costs. The other CAO organizations (Human Resources, Supply Chain, Security and Continuity, Safety and Facilities) reduced spending to free up funding for unfunded core IT needs. This included reducing training and travel budgets, deferring or cancelling scheduled discretionary IT, Facilities, and other work and projects, postponing backfilling some vacancies and reducing our contractor workforce supporting deferred projects or reduced services.

- **With supply chain issues still on the horizon, are IT costs a reasonable expectation of BP-24 IT costs?**

Yes, Information Technology’s (IT) BP-24 IPR cost projection is a reasonable expectation based on what we know today. IT will continue to work closely with their vendors to understand their vendor’s capability to deliver on IT’s orders and may adjust spending based on prioritization.

## General Questions

- **What is BPA’s vision as it relates to right-sizing the workforce, including labor to implement Transmission’s Secondary Capacity Model?**

BPA implemented two major initiatives to inform the right-sizing of our workforce: a comprehensive workforce study and the use of staffing plans.

In 2018 – 2019 a comprehensive workforce study was performed. The study involved confirming required functions and the number of hours it takes to complete those functions down to the workgroup level for every organization. Those hours were used as a baseline to determine the total FTE required to perform those functions. From there, several scenarios were developed to determine the distribution of FTE across organizations. Many factors were involved that included budget, strategic priorities, and mission critical/mission essential functions. Once FTE were assigned, organizations were expected to manage to their authorized number of positions. A structured position management process was implemented to manage to their expected FTE levels and targets.

Position Management is essentially a framework that allows managers to effectively track positions at BPA, supporting efficient and economical use of positions. The Human Resources Service Center has updated position information in our personnel system to accurately reflect authorized allocations for each Organization. This enables our managers to strategically plan how best to resource positions in order to achieve current and future business goals.

To ensure the workforce study data stays current, refresh studies are performed every two years. Each organizations reviews the baseline data to adjust for new functions, new strategic priorities, and new or changed regulatory/compliance initiatives. The process involves reviewing required functions and either identifying the hours required to complete any new functions and adjusting hours required to complete functions if requirements changed for a function since the last workforce study.

The Staffing Plan initiative is an annual process where each organization prepares a plan that:

- Identify and evaluate impacts to the business and resources
- Strategically views the workforce to aid in planning for challenges expected in the fiscal year
- Document the plan and solutions to address changing workloads, capabilities, skill sets, and business objectives
- Ensure resources are focused on the highest priorities

Also, BPA formed a small support group with a few new staff to implement and manage the Secondary Capacity Model. The small increase in staff needed to manage the Secondary Capacity Model is significantly lower than if BPA were to internally staff to meet the demands of increased capital execution.

- **What projects are eligible for Bipartisan Infrastructure Bill funding? Specifically, are large powertrain investments, Grand Coulee asset transfer and Vancouver Control Center projects eligible for this funding?**

Section 40110 of the IJA provided Bonneville an additional \$10B in Treasury borrowing authority available for all the same purposes as Bonneville’s previously existing Treasury borrowing authority. At this time Bonneville has not identified any current projects that are eligible for funding made

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available elsewhere in the IIJA, but we continue to work with DOE to ensure that any potential funding options are fully explored for all projects.

### **Process**

- **Is there a planned IPR2 process to take into account developments before the formal Rate Case process (for example: inflation expectations, BPA analysis on Columbia Generating Station's request for extended uprate, etc.)?**

At this time BPA is not planning to do an IPR2. If new information or significant cost pressures materialize BPA will consider the information and decide if an IPR2 is necessary.

- **How will the proposed spending in the IPR match with the Strategic Plan that is still in development?**

BPA and this IPR process are still guided by the 2018-2023 Strategic Plan and 2018 Financial Plan. We will continue to use these plans to guide decision making until updated plans are in place. Until that time, we cannot know how the spending levels in this IPR match with the updated plans.