



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621



December 11, 2025

In reply refer to: F-2

Subject: Implementation of the 2025 Power Financial Reserves Policy Surcharge

The Bonneville Power Administration is implementing the 2025 Power Financial Reserves Policy Surcharge, as discussed at the Quarterly Business Review public meeting on Nov. 13. Based on the FY 2025 end-of-year Power Reserves for Risk, the final Power FRP Surcharge Amount of \$40 million will be recovered in rates from Dec. 2025 through Sept. 2026.

The FRP Surcharge is an important element of our Financial Reserves Policy to maintain financial stability through adequate liquidity. Our implementation of the policy, coupled with strict cost-management, helped BPA maintain stable rates at or below the rate of inflation over the last decade.

We acknowledge this result was unexpected, as our third-quarter forecast indicated a low probability of triggering the surcharge. However, continued cost increases in Power purchases, resulting from the third bad water year in a row, and other unanticipated costs in Q4 depleted Power reserves below the lower threshold.

Consistent with the General Rate Schedule Provisions that define the Surcharge process and requirements, BPA determined the final Power FRP Surcharge Amount after conducting a public review and comment period on the preliminary data and calculations. We received only one comment on the surcharge and process itself, and none on the data or calculations.

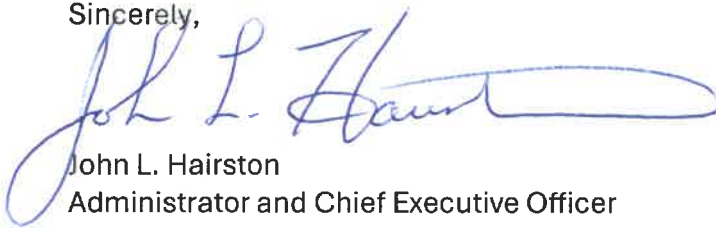
The final Power FRP Surcharge Rate is \$1.01/MWh, and the final Annual Power FRP Surcharge Rate is \$0.84/MWh. These final amounts have not changed from the preliminary data and calculations shared on Nov. 13.

BPA understands how this surcharge will impact our customers, and we are taking steps to improve our forecasting and transparency.

Further, BPA has committed to leading a holistic reevaluation of its current risk mitigation measures, including the FRP Surcharge, prior to the BP-29 rate period. This review will leverage our experience in FY 2025, as well as lessons from navigating three consecutive poor water years and its strain on the agency's financial reserves.

We look forward to the open dialogue, which we expect to begin in calendar year 2026, and appreciate your continued collaboration as we seek to sustain BPA's long-term financial strength.

Sincerely,

A handwritten signature in blue ink, appearing to read "John L. Hairston", with a long horizontal flourish extending to the right.

John L. Hairston
Administrator and Chief Executive Officer