

Program Specific Recovery Plan (PSRP) Name: Bonneville Power Administration (BPA) Borrowing Authority (\$3.25B)		
PSRP Lead Program Office and/or Laboratory/Site Office: Bonneville Power Administration		
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Data Call 8

Program-Specific Recovery Plan (PSRP) Template

NEW TEMPLATE for Recovery Program Plans (RPPs) based on updated OMB guidance

Does this program align with an existing PART program? Y/N

Yes

Does this program align with an existing CFDA program? Y/N

No

If it does not correspond to existing PART or CFDA please enter in Program Title

Will align with BPA's actual PART program name.

1. Objectives:

Program Purpose

The Recovery Act provides BPA a new increment of Treasury Borrowing Authority under the Transmission System Act. BPA is authorized to use its borrowing authority for multiple purposes, including to expand and upgrade its transmission system for diverse purposes, including the integration and transmission of new renewable electricity resources; energy efficiency; and to meet its obligations under the Pacific Northwest Electric Power Planning and Conservation Act of 1980.

These objectives support the following GPRA Units:

- 10000082 Bonneville Power Administration

Public Benefits

Drivers of BPA's capital spending come from regional goals for new infrastructure to support renewable energy and environmental restoration and the need to maintain and upgrade an aging transmission and power system. Before passage of the Recovery Act, BPA projected that the need for increased major investments would exhaust its finite capital resources some time

between 2012 and 2016, depending on financial market conditions. Even though the borrowing authority is repaid with interest over the life of the facilities, the amount of the capital program would have outpaced the remaining borrowing. BPA estimates that the additional \$3.25 billion could potentially extend its ability to meet its capital needs for about another ten years, depending on the actual rate of capital spending, and sustain its major investment program in the Pacific Northwest.

The demand for BPA's transmission system to facilitate achievement of greenhouse gas reduction and environmental goals continues to increase as new renewable projects are developed. Wind generation is rapidly concentrating in BPA's system. Projections are that 6,000 megawatts of wind could be attached to the BPA system by 2013. BPA is advantaged by a Federal hydrosystem that is a major source of carbon-free electricity for the Pacific Northwest. However, it is now being called upon to back up the intermittent supply of growing wind resources and, especially with fish constraints, is reaching the limits of its ability to meet that need. BPA continues to work with the region to meet the wind integration challenges. Adequate access to capital is a key component to modernizing the system for that capability.

2. Projects and Activities:

Kinds and Scope of Projects and Activities to be Performed

In 2008, BPA conducted a first-of-its-kind Network Open Season (NOS) to sort out a complicated queue of service requests from customers seeking access to BPA's transmission system. Many of these requests were for delivery of wind-generated electricity. Constraints on the transmission system at critical transfer points prevented BPA from providing service without upgrade and expansion of the grid. BPA has conducted financial analysis of the construction costs for service requests in response to the NOS and is preparing to offer transmission service with four new transmission lines and one system upgrade for 3,700 megawatts, almost 2,800 of which will come from renewable, non-carbon-emitting generation.

BPA also has completed asset management studies of needed capital upgrades and replacements for its aging transmission system and of the needs for the aging Federal hydro generation, which BPA finances through direct-funding agreements with the U.S. Army Corps of Engineers and Bureau of Reclamation. We have a prioritized sequence of projects that are needed to maintain the quality and reliability of the Northwest power system and to optimize the output of this significant source of non-carbon-emitting electrical generation.

BPA is in the process of identifying projects that address system needs and fit the Recovery Act criteria. The projects under consideration fall into these general categories:

- Transmission and hydro projects that are needed to maintain the quality and reliability of the Northwest power system and to optimize the output of this significant source of non-carbon-emitting electrical generation and facilitate integration of new renewable generation.

- Fish and wildlife projects to support the restoration of salmon and steelhead listed for protection under the Endangered Species Act.
- Assistance with regional programs to meet clean energy goals through capitalization of major investments in energy efficiency. BPA currently budgets about \$40 million for annual capital investments in energy efficiency. The provisions of Recovery Act that apply to BPA are consistent with BPA’s self-financing business model, in that it increases BPA’s borrowing authority rather than authorizing appropriations, which BPA does not receive. This significant difference does make BPA’s approach to Recovery Act projects different than those DOE projects funded through appropriations. The project selection process and the funding mechanism reflect the unique BPA structure. However these differences do not alter the goals, timing, transparency and reporting requirement objectives associated with the additional borrowing authority provided under the Transmission System Act in the Recovery Act. BPA’s existing obligation to provide information to ratepayers will be used as the basis for meeting the requirements of the Recovery Act for projects funded using the added borrowing authority.

Projects and activities address the following GPRA Units:

The table below lists the funding amounts for the program by GPRA unit		
GPRA Unit Name		Borrowing Authority (\$M)
1000082	Bonneville Power Administration	3,250

3. Characteristics:

Types of Financial Awards to be used

Type of Recipient

Type of Beneficiary

4. Major Planned Program Milestones:

BPA is in the process of identifying specific projects that will be funded directly by use of the borrowing authority provided by the Recovery Act. Until the projects are identified, it is premature to define milestones.

Milestone #1

Milestone #2

Milestone #X

These milestones support the following GPRA Units:

- 1000082 Bonneville Power Administration

5. Monitoring and Evaluation:

I. Corporate Controls

Office of Internal Review (OIR)

DOE's OIR helps programs ensure that internal controls are in place, effective, and support the risk based approach to managing Recovery Act activities. OIR programs are being implemented or expanded to ensure the Recovery Act objectives are met and DOE managers and partners are both held accountable for successful execution and also have the appropriate tools to ensure that success. These programs include coordinating DOE's "Internal Control Acknowledgment" program, conducting agency wide assessments and analyses and performing oversight of Recovery Act programs, including site and field visits. OIR worked with key impacted programs to produce initial vulnerability assessments identifying potential program specific and cross-cutting risks to ensure successful execution.

II. BPA Processes

BPA has designated the BPA CFO's office as the central coordination office with the DOE Recovery Office.

In addition to BPA's standard management of Treasury Borrowing Authority, BPA has identified the following objectives for management of the increased availability of Borrowing Authority:

- Increased Borrowing Authority will be used by BPA for authorized purposes and in accordance with legal and regulatory requirements.
- Reported results regarding the use of Increased Borrowing Authority and outcomes achieved will be accurate and verifiable; and
- Key process and controls associated with BPA's use of Increased Borrowing Authority will be evaluated to assure effectiveness.

Bonneville will rely on our existing debt management controls, public processes, and project management controls and practices to ensure it does not increase costs to customers unnecessarily as a result of gaining the additional borrowing authority. It will supplement these proven practices with relevant tools designated for Recovery Act projects. BPA plans to leverage its existing risk management processes and oversight practices. BPA has a strong track record in compliance and management assurance and has received an unqualified audit opinion for over two decades. Key controls over financial management reporting of Recovery Act activities will be included in BPA's A-123 review process.

Throughout its 72 year history, BPA has repaid federal investments within the period prescribed by law. BPA has attained very high credit ratings of AA by Standard and Poors, Aaa by Moody's and AA with a positive outlook from Fitch Ratings based on BPA's sound financial practices and control and risk management. Overall these ratings reflect the sound financial management maintained by BPA. Such ratings allow BPA to conduct its business at lower cost both financially and commercially.

BPA has implemented asset management practices to govern the planning, investing, operating, maintaining, and disposing of assets. These practices will meet the agency's objectives for control and oversight as well as the requirements for Recovery Act projects by:

1. Evaluating and applying leading asset management practices;
2. Establishing long-term asset management strategies and asset objectives directed at achieving the agency's mission, vision, and strategic objectives;
3. Developing asset management plans to implement the strategies and achieve the asset objectives and targets;
4. Monitoring and ensuring delivery of the asset objectives and targets;
5. Employing BPA's risk management policy and approach;
6. Providing ready access to necessary asset and financial information;
7. Establishing clear roles, responsibilities, and accountabilities;
8. Incorporating structured reviews directed at continuously improving the systems.

6. Measures:

Measure Text

- System Reliability
- Hydropower Generation Efficiency Performance
- Repayment of Federal Power Investment Performance
- Any Recovery Act related measures as appropriate for the projects to be identified

Measure Type

- **System Reliability**—Outcome
- **Hydropower Generation Efficiency Performance**—Efficiency
- **Repayment of Federal Power Investment Performance**—Outcome

Measure Frequency

- Reported Annually
- For Recovery Act related measures, as frequently as appropriate

Direction of Measure

Unit of Measure

System Reliability - Control Performance Standards

CPS-1 – percent

CPS-2 – percent

Heavy-Load-Hour Availability - percent

Repayment of Federal Power Investment - dollars

Explanation of Measure

System Reliability—Attain average North American Reliability Council (NERC) compliance ratings for the following NERC Control Performance Standards (CPS) measuring the balance between power generation and load, including support for system frequency: (1) CPS-1, which measures generation/load balance on one-minute intervals (rating ≥ 100); and (2) CPS-2, which limits any imbalance magnitude to acceptable levels (rating ≥ 90).

Hydropower Generation Efficiency Performance—Achieve $\geq 97.5\%$ Heavy-Load-Hour Availability (HLHA) through efficient performance of Federal hydro-system process and assets, including joint efforts of BPA, Army Corps of Engineers, and Bureau of Reclamation.

Repayment of Federal Power Investment Performance—Meet planned annual repayment of principal on Federal power investments.

Year

Original Program Target

BPA will insert established PART targets.

Revised Full Program Target

Target (incremental change in performance)

Actual

Goal Lead

Stephen J. Wright

These measures support the following GPRA Units:

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7. Transparency and Accountability:

BPA is committed to ensuring regular access to clear and transparent financial information and frequent opportunities for meaningful input into BPA cost and program decisions. The development of a regional cost review process was prompted by customer requests for an approach that provides useful and detailed information before decisions on program levels are made and by BPA's desire to assure its decision-making is open and transparent which is consistent with Recovery Act requirements. The review structure is made up of two processes. The first process is the Integrated Program Review, which addresses proposed program costs prior to their inclusion in a rate case. The second process is the Quarterly Business Review. This customer centric process focuses on cost trends and implications for expense and capital programs.

Also, BPA prepares quarterly financial reviews, quarterly financial reports, and annual reports which are made available to the general public on our external website. Each year BPA's external auditors perform a financial statement audit. Since 1985, BPA has received an unqualified opinion that its financial statements conform with generally accepted accounting principles and are a fair representation of BPA's operations in all material respects.

Since BPA is a self funded government entity, BPA budgets are prepared on the basis of accrued expenditures consistent with BPA's FASB GAAP commercial operational reporting and rate making processes. Accrued expenditures are the basis of presenting BPA's program funding levels in the power and transmission rate making processes and the basis upon which BPA managers control their resources. BPA is mandated to deposit all revenue receipts from Northwest ratepayers and to make all expenditures from the BPA Fund. BPA will completely fulfill public transparency and accountability objectives through separate project accrued expenditure reporting using its enterprise system for any future projects attributed to the Recovery Act.

Performance results will be uploaded into the DOE iManaged Data Warehouse (IDW) for required agency reporting.

Performance results from DOE's Recovery Act activities will also be monitored through OMB's PARTweb system. This information will be available at Recovery.gov.

BPA's financial website is located at: <http://www.bpa.gov/corporate/Finance/>.

8. Federal Infrastructure Investments:

The Recovery Act provides BPA a new increment of Treasury Borrowing Authority under the Transmission System Act. BPA is authorized to use its borrowing authority for multiple purposes, including among other capital purposes energy efficiency and conservation investments in BPA's real property. BPA will comply with energy efficiency and green building requirements for all applicable federal infrastructure investments.

9. Environmental Review Compliance

Bonneville Power Administration will incorporate NEPA review and compliance with other environmental requirements into its decisionmaking process as proposals for use of Recovery Act borrowing authority are identified. For NEPA compliance, proposals may require an environmental impacts statement, environmental assessment, or other review consistent with DOE NEPA regulations (10 CFR Part 1021) and established BPA procedures.