

BPA NEWS

PR 21 16

BONNEVILLE POWER ADMINISTRATION
FOR IMMEDIATE RELEASE: Tuesday, November 23, 2021
CONTACT: Doug Johnson, BPA, 503-713-7658
or 503-230-5131

BPA closes the book on financially successful 2021

10-year power rate trend below inflation – Financial Plan refresh looks to build on success

Portland, Oregon – The Bonneville Power Administration has closed the books on fiscal year 2021. The results outlined in the agency’s [annual report](#) indicate enhanced financial strength despite challenges from COVID-19, severe weather and lower than average water.

“Bonneville’s financial position is solid and our FY 21 results are yet another marker on the positive trajectory we’ve been on for more than four years,” said BPA Administrator and CEO John Hairston. “Our cost discipline continues to benefit our customers. The low-cost, carbon-free energy and reliable transmission we deliver lay a foundation for continued prosperity for the region. And this is another demonstration to our customers that they can count on us to be their energy provider for the long term.”

BPA met all of its annual performance targets in fiscal year 2021 while simultaneously driving the region closer to its clean energy goals. The agency also wrapped up a rate case in July that saw an average 2.5% decrease in power rates for customers. However, the rate impact will vary for each customer depending on their specific BPA product election.

BPA finished the fiscal year with higher-than-expected net revenues totaling \$398 million against a target of \$38 million and improved its liquidity position. At the end of FY 2021, agency days cash on hand was 130 days, with both Power Services and Transmission Services well above the 60-day lower threshold for each business unit included in BPA’s Financial Reserves Policy. Power Services’ reserves were high enough to trigger the Reserves Distribution Clause in the amount of \$13.7 million. At today’s [Quarterly Business Review](#), BPA announced it is proposing to apply the entire amount to rate relief. BPA will make the final decision in December after it reviews customer and stakeholder feedback.

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BPA's recently released annual report details grid modernization accomplishments and the agency's historic decision to join the Western Energy Imbalance Market, which are enabling BPA to unlock more value from the hydropower and transmission system. It also reports on how its Power business line took important steps to lay the groundwork for future long-term power contracts through the Provider of Choice initiative, and profiles how Transmission Services managed to minimize system impacts of the many wildfires that tore through the Northwest.

BPA is maintaining high investment-grade credit ratings with all three major ratings agencies – Moody's, Fitch and S&P Global. Earlier this year, Fitch changed BPA's outlook from negative to stable. Moody's and S&P maintained BPA's stable outlook.

"These strong results show that BPA is containing costs and building financial resiliency while maintaining power rates well below the rate of inflation for the past four years," said acting Chief Financial Officer Marcus Harris. "Our goal is to continue to build on these efforts by maintaining our cost discipline and investing capital with higher execution rates, consistent with our strategic asset management plans."

Financial plan refresh

In September, BPA kicked off an initiative to refresh its financial plan, released in 2018 as a companion to its five-year agency strategy.

At that time, the agency's debt-to-asset ratio was approximately 90%. At the end of FY 2021, it stood at around 83%, which is on the high end of the target to achieve a debt-to-asset ratio of between 75% and 85% by 2028. BPA's long-term target is 60% to 70%. Continuing the downward trend will require a further focus on strategic asset management and a regional commitment to debt reduction.

"Debt service is still a large cost for BPA's customers," said Hairston. "As the region continues efforts to green its power portfolio, BPA will have to balance the need to maintain existing infrastructure while devoting capital to new projects that may emerge."

Access to capital should not be an issue for BPA for the foreseeable future, thanks to the Bipartisan Infrastructure Deal. The legislation signed into law on Nov. 15 increases the amount of money available for BPA to borrow from the U.S. Treasury from \$7.7 billion to \$17.7 billion.

"We appreciate the efforts of those responsible for the borrowing authority increase that provides Bonneville flexibility and funding certainty to meet our near-term and future capital funding levels," said Hairston. "While access to additional borrowing from Treasury

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provides these benefits, it doesn't change our focus on long-term financial goals. We will continue to prioritize prudent debt management and sustainable capital funding practices, which are focuses of our financial plan refresh initiative.”

BPA will continue its financial plan refresh workshops into the winter and spring. Following a public process over the summer, the agency will publish the final financial plan in September 2022.

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About BPA

The Bonneville Power Administration, headquartered in Portland, Ore., is a nonprofit federal power marketer that sells wholesale electricity from 31 federal dams and one nuclear plant to 142 Northwest electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA delivers power via more than 15,000 circuit miles of lines and 259 substations to 490 transmission customers. In all, BPA markets about a third of the electricity consumed in the Northwest and operates three-quarters of the region's high-voltage transmission grid. BPA also funds one of the largest fish and wildlife programs in the world, and, with its partners, pursues cost-effective energy savings and operational solutions that help maintain affordable, reliable and carbon-free electric power for the Northwest. www.bpa.gov