

B2H Workshop

January 23, 2023



Welcome to the Boardman to Hemingway (B2H) w/ Transfer Service Workshop - *The meeting will begin momentarily*

- When joining the Event, enter your name and email address where indicated so your name is visible in the Participant window to the meeting host
- Use the “Call Me using phone” (recommended) or “Use computer audio” for your Audio connection to the meeting
- Once in the meeting, open both the Participant and Chat windows for interacting with panelist and seeing your meeting status

Meeting Participation and How to Ask Questions:

- After you join the WebEx Event, you will not be able to unmute yourself or share your video/webcam unless the presenter makes you a panelist.
- **To be recognized for asking a question:**
 1. Use the Chat option to send a question request to “Everyone”
 2. Or use the “Raise your Hand” option to signal you have a question
- The Host/Panelists will monitor these actions and unmute or move you to “Panelist Status” and then call on you to ask a question.
- When finished the Host will re-mute or move you back to Attendee status. Please remember to re-mute and lower your hand when done speaking.



Agenda

- Executive Overview
- Background and Context
- Business Case
- Final Terms and Agreements
 - Arrangements to effectuate long-term firm transfer service for SILS customers' loads
 - Transmission arrangements for PacifiCorp and Idaho Power
- Next Steps
- Q & A

Executive Overview

- Contract negotiation for B2H with Transfer Service have concluded and BPA is proposing to execute these contracts
 - Contracts reflect terms in the non-binding Term Sheet
- Key Benefits:
 - Eliminates reliance on conditional firm PTP for transfer service to SILS customers
 - Financial benefits of having a single wheel of transfer service
 - Migration of SILS customer loads to simplified, durable and reliable firm network transmission service
 - Congestion relief that benefits BPA's deliveries for all Southern and Southeast Idaho customers
 - Eliminating today's interim service reliance on market purchases
 - Incremental revenues from new PTP sales over BPA's system

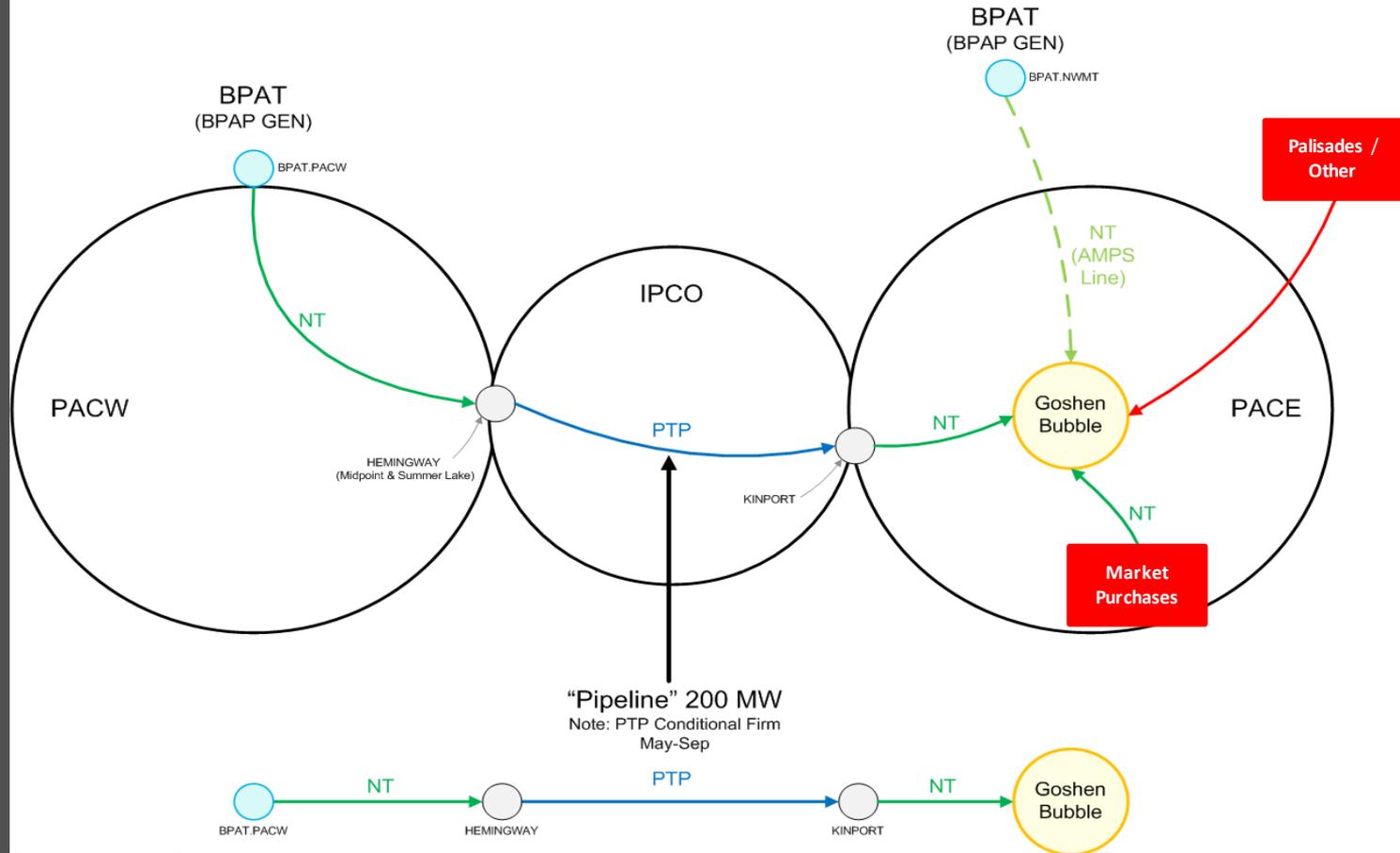


Background and Context

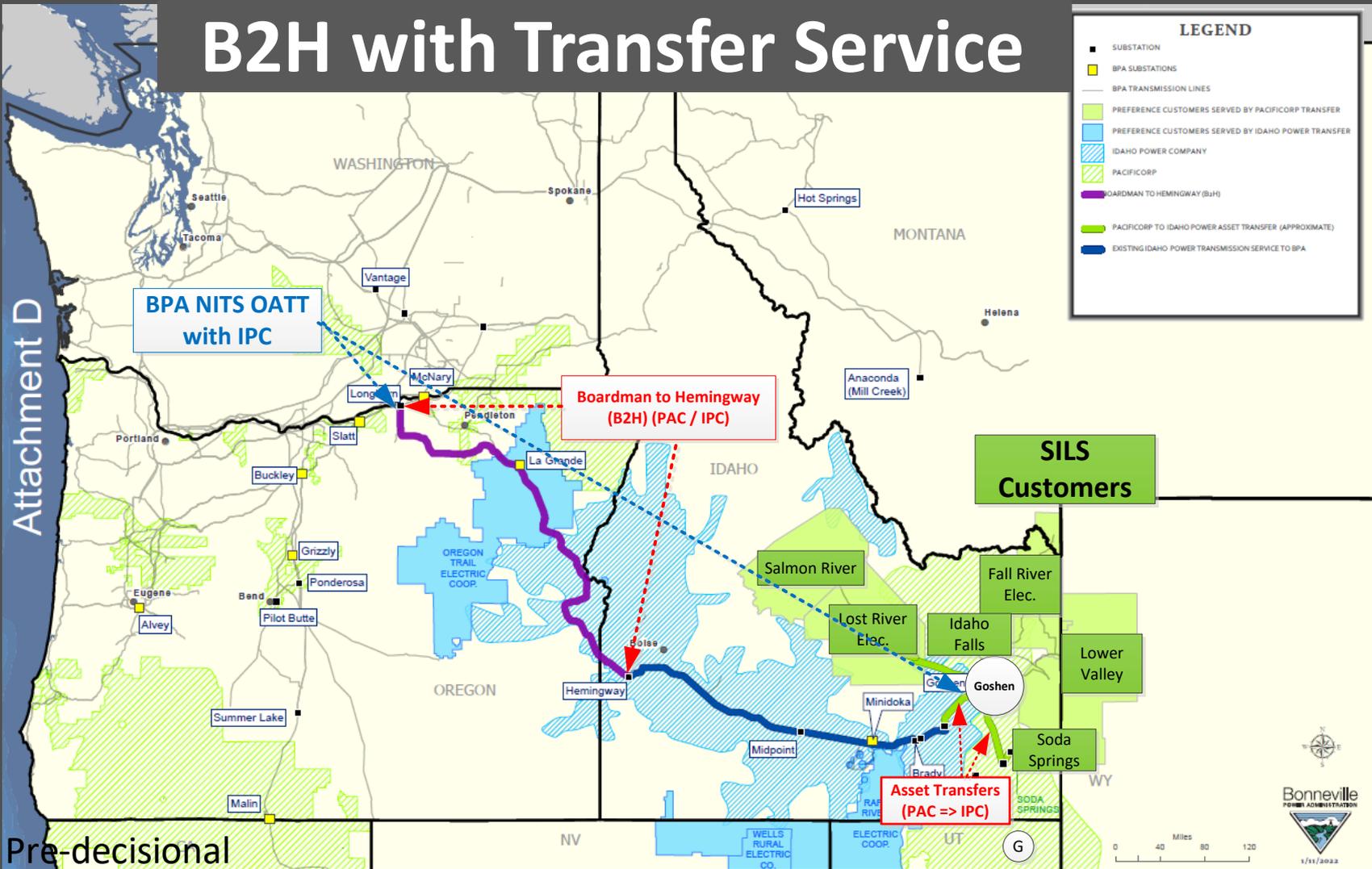
Pre-decisional



Current Load Service



B2H with Transfer Service





Business Case

Pre-decisional



Business Case

- Over 30 year period:
 - Interim plan of service (current state): \$1.24B
 - B2H with Transfer Service: \$520M
 - Gross Savings \$720M
- Primary Quantitative Cost Factors:
 - Lower transmission costs from IPC from removing an additional wheel across Idaho Power
 - Reduced energy cost by reduced reliance on market purchases
 - Recovery of sunk costs
 - Incremental transmission revenue
- Additional Qualitative Benefits:
 - NITS service on firm transmission with redispatch compared to PTP CF which is non-firm for a period of the year
 - Additional capacity on IPC's system enhances ability to serve existing preference customers on IPC's system
 - Reduced reliance on market purchases for SILS customers
 - Conversion of legacy rights to OATT

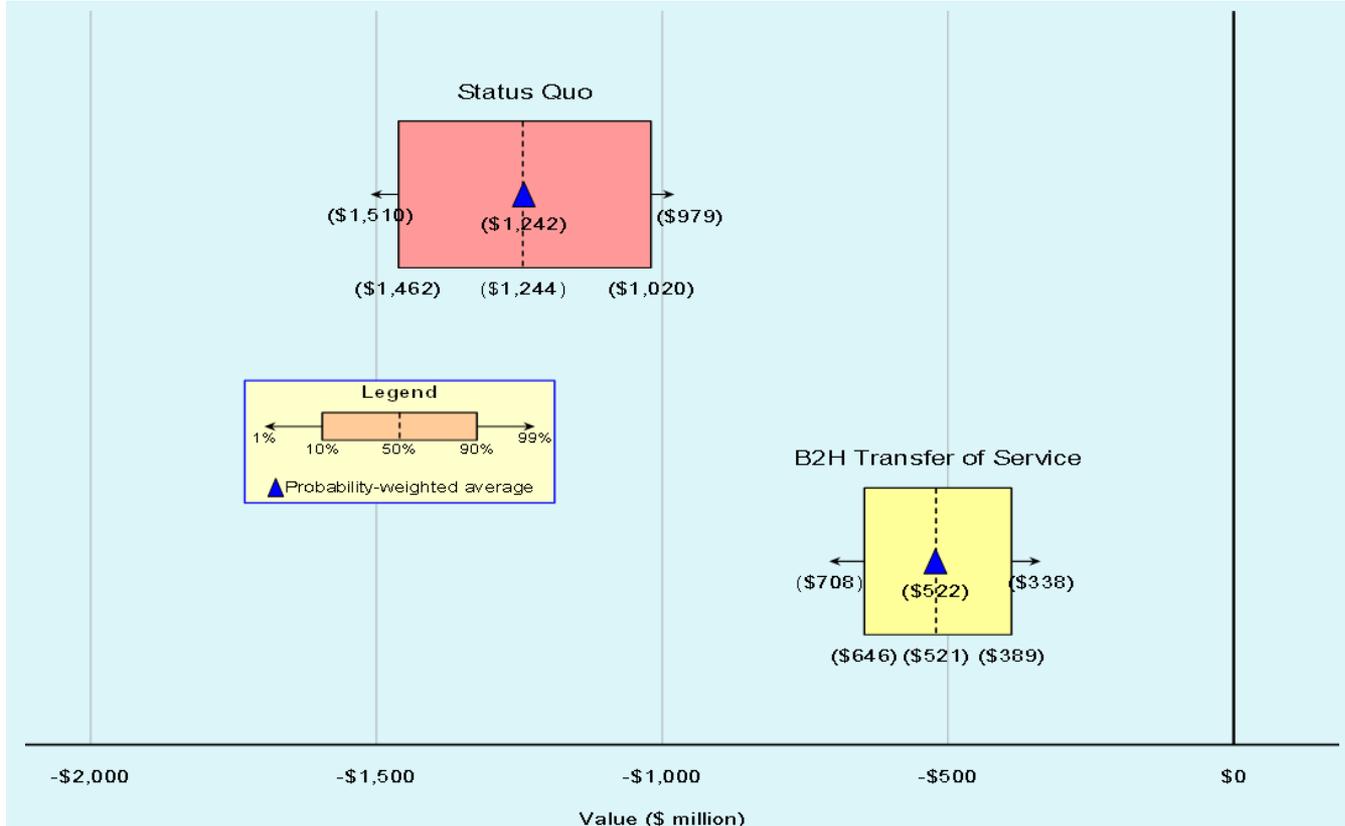
Business Case – Status Quo PV

Cost Summary	Present Value Cost
(\$ in Millions)	
Energy Costs, net	(46.4)
PAC Transmission Costs	(681.2)
IPC PTP Costs	(281.8)
IPC NT Costs	(230.7)
IPC NEPA/Pre-Construction Sunk Cost Recovery	0
Sales Revenue (Longhorn to Mid-C w/ IPC)	0
Total Cost	(1,240.1)

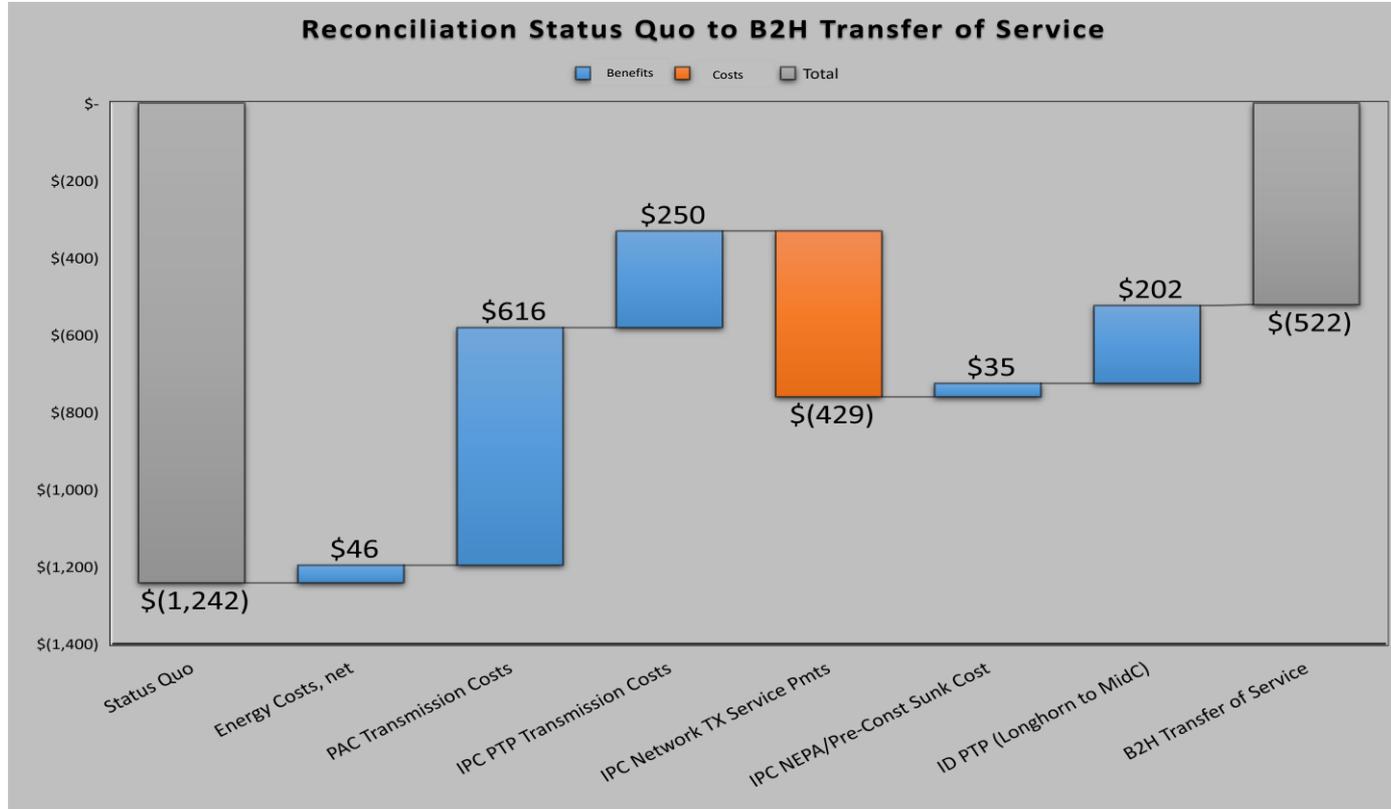
Business Case – B2H with Transfer Service PV

Cost Summary	Present Value Cost
(\$ in Millions)	
Energy Costs, net	(0.9)
PAC Transmission Costs	(61.0)
IPC PTP Costs	(30.3)
IPC NT Costs	(654.8)
IPC NEPA/Pre-Construction Sunk Cost Recovery	34.9
Sales Revenue (Longhorn to Mid-C w/ IPC)	193.5
Total Cost	(518.6)

Business Case – PV Summary

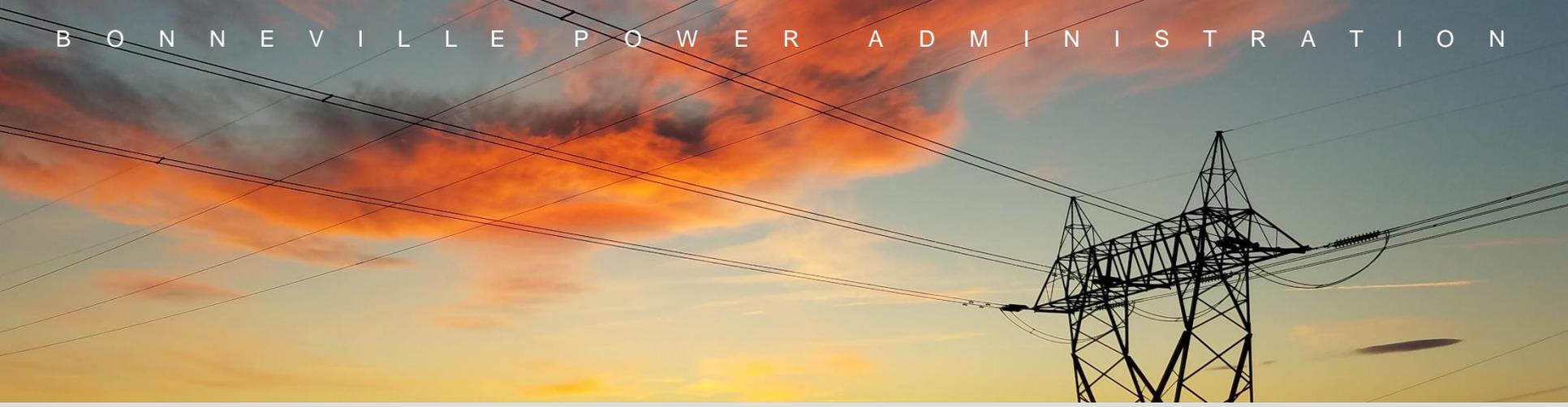


Business Case – PV Crosswalk



Business Case – Key Assumptions

- Period of analysis 30 years (Benefits) plus construction period (2023 through 2027)
- Discount Rate: 2.81% (BPA weighted average cost of debt)
- BPA Southern Idaho Load Forecast
- BPA Energy Price Forecast for Mid-C and Mona (Palo Verde)
- Contract energy purchases to firm up energy delivery renewed in July 2022 for another 5 year term. Assume renewal every 5 years in Status Quo – continued transfer service
- Sale of Transmission service to IPC
 - IPC purchase of 500 MW of PTP for 5 years after energization, with reduced sales following
- Rate Assumptions (escalations based on 10 years of historic increases)
 - BPA – Current Rates (BP-22) escalated at 2.21% (PTP Service)
 - IPC Current PTP Rate escalated at 3.41%
 - IPC Network Rate (Revenue Requirement) escalated at 3.3%, plus IPC share of B2H investment (45%)
 - PAC Network Rate – current escalated at 3.22%



Final Terms and Agreements

Pre-decisional



Purchase, Sale, and Security Agreement

- BPA would transfer its permitting interest share to Idaho Power in exchange for payment to BPA for the costs BPA incurred towards permitting the B2H project
- BPA would also pay Idaho Power the \$10 million security payment. Idaho Power would return the \$10 million security to BPA within 60 days of energization of the B2H project
- The remaining amount of the Purchase Price would be paid in installments based on a 20 year payment schedule, beginning 10 years after B2H is energized, provided that loads reach required level

NITS Agreements with Idaho Power

- 2 New NITSAs:
 - NITSA to provide service to the Goshen area customers (Lower Valley, Soda Springs, Fall River, Lost River, and Salmon River) (“Goshen NITSA”)
 - NITSA to provide service for Idaho Falls (“Idaho Falls NITSA”)
 - Service under the NITSAs would commence upon energization of B2H. Service would terminate on July 1, 2046, and could be rolled over for additional terms

Existing NITSA with Idaho Power

- BPA has three existing NITSA with Idaho Power serving 15 Preference customers and Reserve Power Customers (USBR irrigation load)
- Idaho has identified transmission constraints serving these load from our current designated network resources
- BPA will add new Points of Receipt in these 3 NITSA once B2H is energized

Wells Rural Elec
Albion
Burley, City of
Declo, City of
East End Mutual
Farmers Electric
Heyburn, City of
Minidoka, City of
Oregon Trail
Riverside Electric
Rupert, City of
South Side Electric
Raft River REC
United Electric Co-op, Inc.
Weiser, City of

Assignment Agreement with PacifiCorp

- BPA has 200 MWs of PTP CF from Idaho Power
 - Won't be needed with B2H with Transfer Service
- BPA would submit redirect requests and assign its two 100 MW PTP CF agreements to PacifiCorp after B2H energization
- The redirect and assignments for PacifiCorp would be at no cost to BPA. PacifiCorp would reimburse BPA for all costs BPA incurs

BPA providing PTP service to PacifiCorp

- BPA would provide PacifiCorp with 680 MW PTP service at/near the Ponderosa substation, which includes:
 - Conversion of PacifiCorp legacy scheduling rights over BPA's Buckley-Summer Lake line to PTP service paired with the redirect of PacifiCorp's existing PTP service
 - PacifiCorp will pay for the PTP service pursuant to BPA's posted transmission rates
- Service would commence after the following conditions precedent are satisfied:
 - The B2H Project, which includes series compensation at the midpoint of the line, is energized
 - PacifiCorp transferring its Goshen assets to Idaho Power w/ BPA taking NITS from Idaho Power
 - PacifiCorp increases the series compensation at the Meridian substation
- Evaluation of the PTP service was consistent with BPA's Tariff and business practices
 - PacifiCorp submitted transmission service requests last spring
 - BPA's evaluation took into account existing obligations and higher queued requests
 - BPA's evaluation concluded that conversion paired with redirected service does not affect transmission service BPA provides to other customers in central Oregon

BPA providing PTP service to Idaho Power

- BPA would provide Idaho Power with 500 MW of PTP service for delivery of northwest resources to the B2H interconnection at the proposed Longhorn substation
- TSR submitted prior to the execution of the Term Sheet
- Evaluated as part of the 2021 TSEP Cluster Study
 - Request could be accommodated after energization of B2H and the proposed B2H interconnection at Longhorn
- Idaho Power to pay for the PTP service pursuant to BPA's posted transmission rates

B2H Interconnection to the proposed BPA Longhorn Substation

- BPA is studying the line and load interconnection request to interconnect the B2H project to the proposed BPA Longhorn substation
- BPA's decision to build Longhorn is not being made as part of this B2H with Transfer Service decision
 - BPA's decision on building Longhorn substation will be made in response to Umatilla's interconnection request, which predated Idaho Power's B2H interconnection request
 - Technical studies for the Umatilla interconnection request are complete and environmental review is in process (expected completion February 2023)
- Design of Longhorn substation would accommodate the B2H interconnection request and future interconnections
- Equipment specific to each request would be designed, funded, and developed in accordance with BPA's line and load interconnection practice
 - Allocation of advance funding responsibilities between Umatilla and B2H

Removal of a segment of BPA's Boardman-to-lone transmission line

- Transmission path south of Boardman is congested
- BPA's Boardman-lone 69kV serves Columbia Basin Electric
 - BPA to construct alternative service to lone south of Navy property
 - Power will come from recently built Umatilla Electric Line
 - BPA will then abandon easement on Navy property
 - B2H to use part of the abandoned path
 - B2H will reimburse BPA for all costs associated with removal/replacement
 - B2H needs access to path by spring 2025 in order to energize B2H spring 2026
 - B2H is currently funding BPA's scoping and transformer procurement



Next Steps

- Comment period is open through February 9, 2023
- Closeout Letter would be issued on or about Mar 23, 2023
 - BPA's final decision
 - Responding to public comments
- If BPA's decision is to proceed with B2H with Transfer Service, then contracts would be executed concurrent with the Closeout Letter



Q & A

Pre-decisional

