



BPA Power Reserves & BP-27 Rate Case

Council Meeting, Town of Eatonville

April 13, 2026



Topics

- Overview: Reserves & BPA's Financial Reserves Policy
- 2023 RCBA & 2026 Preliminary Injunction
- Recent History: End of Year Power Reserves
- So far in FY 2026...
- Recovering Power Reserves
- Upcoming Rate Case & Timeline
- Questions?

Financial Reserves Policy (FRP)

- Reserves
 - Bonneville's main liquidity tool during difficult years.
 - Help BPA maintain credit ratings and keep rates stable.
 - Separate "buckets" for BPA Power & BPA Transmission.
- FRP
 - Created in 2018; helps BPA "weather the storm" annually.
 - Guidance on reserves requirements.
 - Creates a process for repurposing excess reserves.
 - Main objective: maintaining minimum 60 days cash on hand.

FRP (Continued)

- FRP creates target ranges for reserves; 2 years at a time.
- End of year reserves targets set to ensure 95% chance of BPA making full payment to U.S. Treasury every Oct. 1st.
- Upper and lower thresholds define when rate action is needed.

Reserves > upper threshold = refund

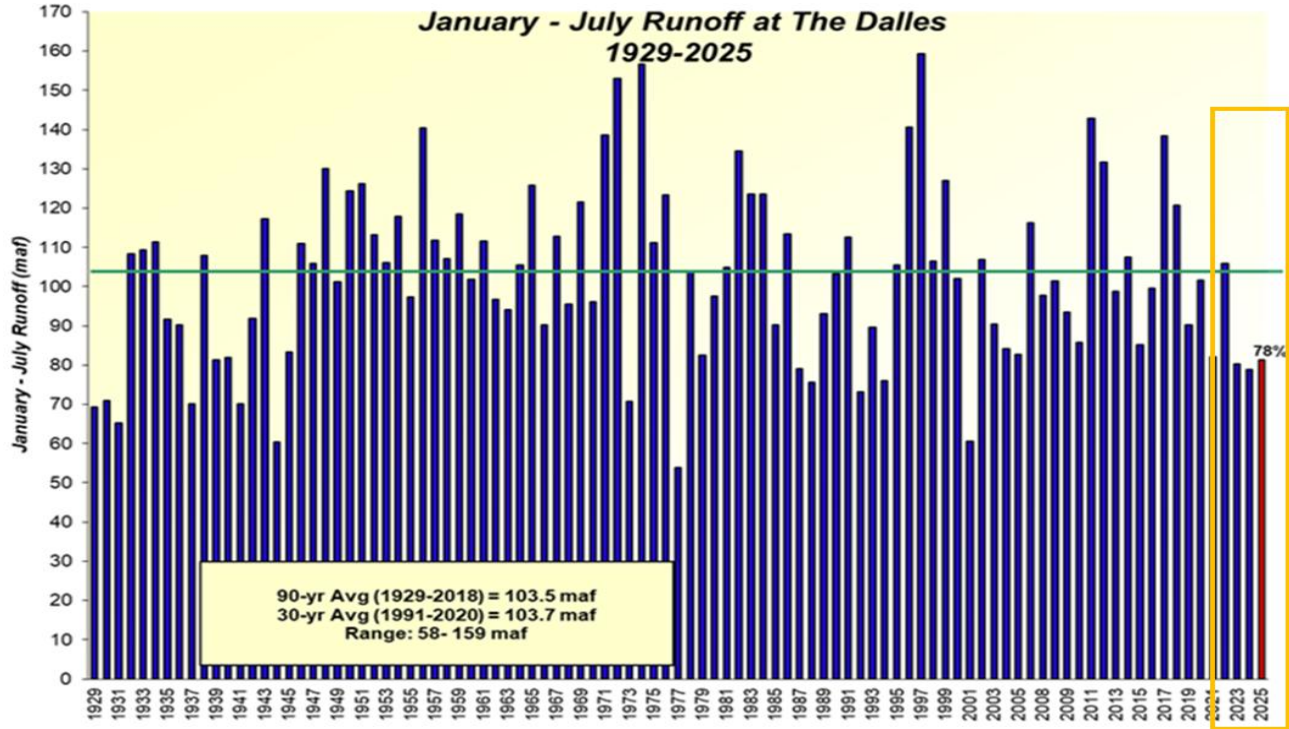
Reserves > lower threshold = surcharge.



Spillway, The Dalles Dam

Water & Weather

- 31 dams produce 83% of federal system power.
- Favorable precipitation & weather are vital to BPA's financial health.
- Low annual water from 2023-2025.



Recent history: End of Year Power Reserves

- **September 2022: Greatest year in BPA's history.**
\$1.2B in reserves, \$600M above upper threshold.
\$500M cap on possible rebate; \$350M returned to utilities.
Remaining \$150M earmarked for debt reduction, fish & wildlife projects.
- **September 2023: Another excellent year**
\$923M in reserves, exceeded upper threshold by \$285M.
\$129M returned to utilities.
Remaining \$156M dedicated to debt reduction & F&W projects.
- **September 2024: Fair year, but not great**
\$508M in reserves – higher than \$319M lower threshold, below \$638M upper threshold.
No utility credit or surcharge

End of Year Reserves: FY 2025

- Power reserves \$100M below lower threshold.
- FY 2026-2028 Rate Case created a \$40M surcharge cap.
- BPA recovering funds over 10 months (Dec. 2025 – Sept. 2026).
- Goal was restoring power reserves to a sufficient level to begin FY 2027 in October.

FY25 ACTUALS: Reserves for Risk



Quarter 1 Forecast for End of FY 2026

- In February, BPA held its first Quarterly Business Review of the current fiscal year.
 - Covered October-December 2025 period.
 - Lower end of forecasted reserves range could be just \$11M above the surcharge trigger amount.

| FY26 FORECAST RESERVES FOR RISK | | | | |
|---------------------------------|-----------------|-----------|-----------|---------|
| Q1 Forecast Range | | | | |
| Business Unit | RFR | Days Cash | Surcharge | RDC |
| Power | \$381M – \$442M | 65 – 75 | <\$370M | >\$741M |

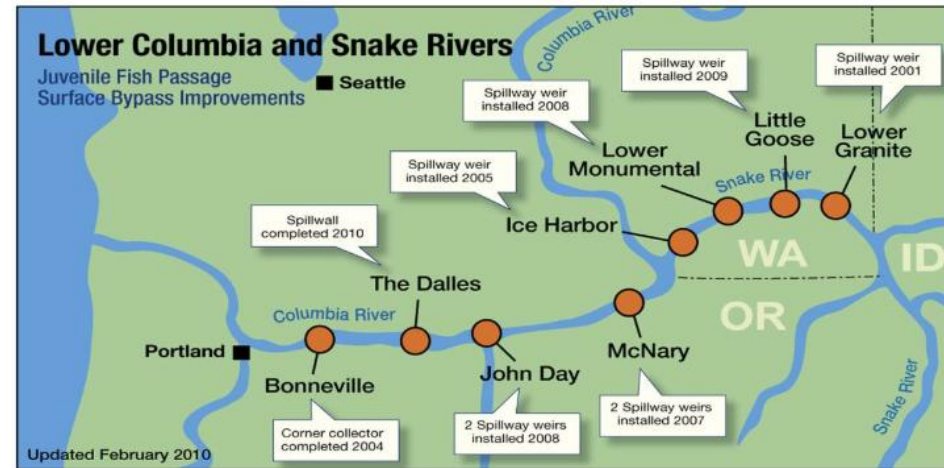
CRSO Litigation & Resilient Columbia Basin Agreement (RCBA)

- Prior to 2023 – decades of ongoing litigation over operation of the Columbia River hydropower system.
- December 2023: RCBA was signed by federal government and “6 Sovereigns.”
- U.S. Gov’t committed \$300M over 10 years to F&W projects, 2-3 GW of new renewable energy projects.
- 5-10 year pause on court CRSO court case.



2026 Preliminary Injunction

- RCBA reversed in June 2025.
- Litigation resumed last October.
Plaintiffs: Increased spill requested at 8 consecutive dams; asked for expedited decision from judge.
- Late February 2026: Preliminary injunction in favor of plaintiffs.
- New spill requirements underway.
- BPA estimate: \$100M in annual foregone power revenue.



“BP-27” Rate Case

- Bonneville to initiate rate case to determine recovery of lost revenue.
- \$250M collected from BPA customers during the next two fiscal years.
- BPA deciding on one of two options:

| Option A | Option B |
|---|---|
| Collect \$125M from BPA customers during all 12 months of FY 2027, another \$125M across FY 2028. | Annual surcharge based on actual annual shortfall in power reserves. |
| Subject to end of year review; over-collection returned to utilites as appropriate. | 1st year: Monthly surcharge begins in December 2026, ends in Setptember 2027. |
| Collection could be halted prematurely if no longer needed to restore reserves. | 2nd year: same collection cadence. |

Timeline

- Bonneville currently reviewing public feedback.
- BPA to initiate a special rate case via Federal Register Notice on April 29th.
- Rate case complete by June 30th.
- Final decision from BPA by July 31st.
- Bonneville submits to FERC for approval.
- Collection begins on Oct. 1 (Option A) or in Dec. (Option B).



Questions?

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