

BPA NEWS

PR 22 02

BONNEVILLE POWER ADMINISTRATION
FOR IMMEDIATE RELEASE: Tuesday, February 8, 2022
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BPA encouraged by strong 2022 first quarter results

Strong marketing bolsters results – materials and labor cost increases on the radar

Portland, Oregon – The Bonneville Power Administration reports that its strong 2021 financial performance has carried into the first quarter of 2022. BPA’s current net revenue forecast is \$456 million compared to a rate case net revenue forecast of \$178 million.

These results come on the heels of a strong FY 2021 performance that led to a \$14 million distribution of reserves to its Power customers, lowering power rates for FY 2022.

“Our trading strategies and increased energy sales to our Power customers are promising, but it’s too early to celebrate,” said BPA Administrator and CEO John Hairston. “We have three more quarters to go, and last couple of years have taught us that weather and market uncertainty is the new normal. I am cautiously optimistic about our financial prospects for FY 2022.”

While the revenue forecast is stronger than the rate case expectation, BPA projects that its FY 2022 expenses will be \$11 million higher than projected. Last year, BPA beat its expense projection by \$35 million.

“We remain committed to cost discipline across the organization, which has been critical to improving the competitive position of both the Power and Transmission business lines, while strengthening their balance sheets through higher cash reserves and lower leverage,” said BPA Chief Financial Officer Marcus Harris. “This is the fifth year our programmatic costs have remained flat, with the exception of modest budget increases this fiscal year for IT and the Transmission business line. It has become increasingly difficult to meet our strict cost targets. We are seeing labor and material costs rising.

(MORE)



Continued success on this front will require continued refactoring to ensure we are achieving our highest priority business outcomes with less overall spending power. We will continue to focus on where we can save, what we can do less of and what we can stop doing altogether.”

The first quarter forecast for FY 22 end-of-year reserves is coming in very strong, with both business lines forecast to be above the upper threshold for the reserves distribution clause. The first quarter point forecast for end of year reserves for risk shows Power Services at \$906 million, Transmission Services at \$211 million and the agency at \$1.1 billion.

“Our reserves are an important hedge against the uncertainty we face year to year in markets, water supply, runoff shape and the threat of unexpected weather-related costs,” said Harris. “At this early stage, we should be encouraged – but there is work left to do before we declare success.”

BPA’s full first quarterly business review is available at the [link](#).

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale, carbon-free hydropower from 31 federal dams in the Columbia River Basin. It also markets the output of the region’s only nuclear plant. BPA delivers this power to more than 140 Northwest electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA also owns and operates more than 15,000 circuit miles of high-voltage power lines and 261 substations, and provides transmission service to more than 300 customers. In all, BPA provides nearly a third of the power generated in the Northwest. To mitigate the impacts of the federal dams, BPA implements a fish and wildlife program that includes working with its partners to make the federal dams safer for fish passage. It also pursues cost-effective energy savings and operational solutions that help maintain safe, affordable, reliable electric power for the Northwest. www.bpa.gov

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