2024 Annual Report

Powering a clean energy future

Bonneville
POWER ADMINISTRATION

Chemistry and Calibration Lab (on track for completion in summer 2025)

As part of the Ross Complex Redevelopment, this new 7,500 square-foot building will enhance BPA's technical capabilities. Read the full story on page 13.

Hills Creek-Lookout Point Line Rebuild demolition (completed in 2024)

The 26-mile Hills Creek-Lookout Point No. 1 transmission line is a critical link to the community of Oakridge, Oregon. Following a multi-year rebuild, the line is better equipped to withstand extreme weather events and will provide safe, reliable power for decades to come.

Celilo Converter Station – 230-kV yard demolition (completed in 2024)

A 10-year project to remove a shuttered 230-kV yard resulted in millions of pounds in recovered materials and millions of dollars in savings. Read the full story on page 15.

HYDROELECTRIC DAM

NUCLEAR POWER

In construction at the end of FY 2024:

NEW FACILITY

NEW LINE OR REBUILD

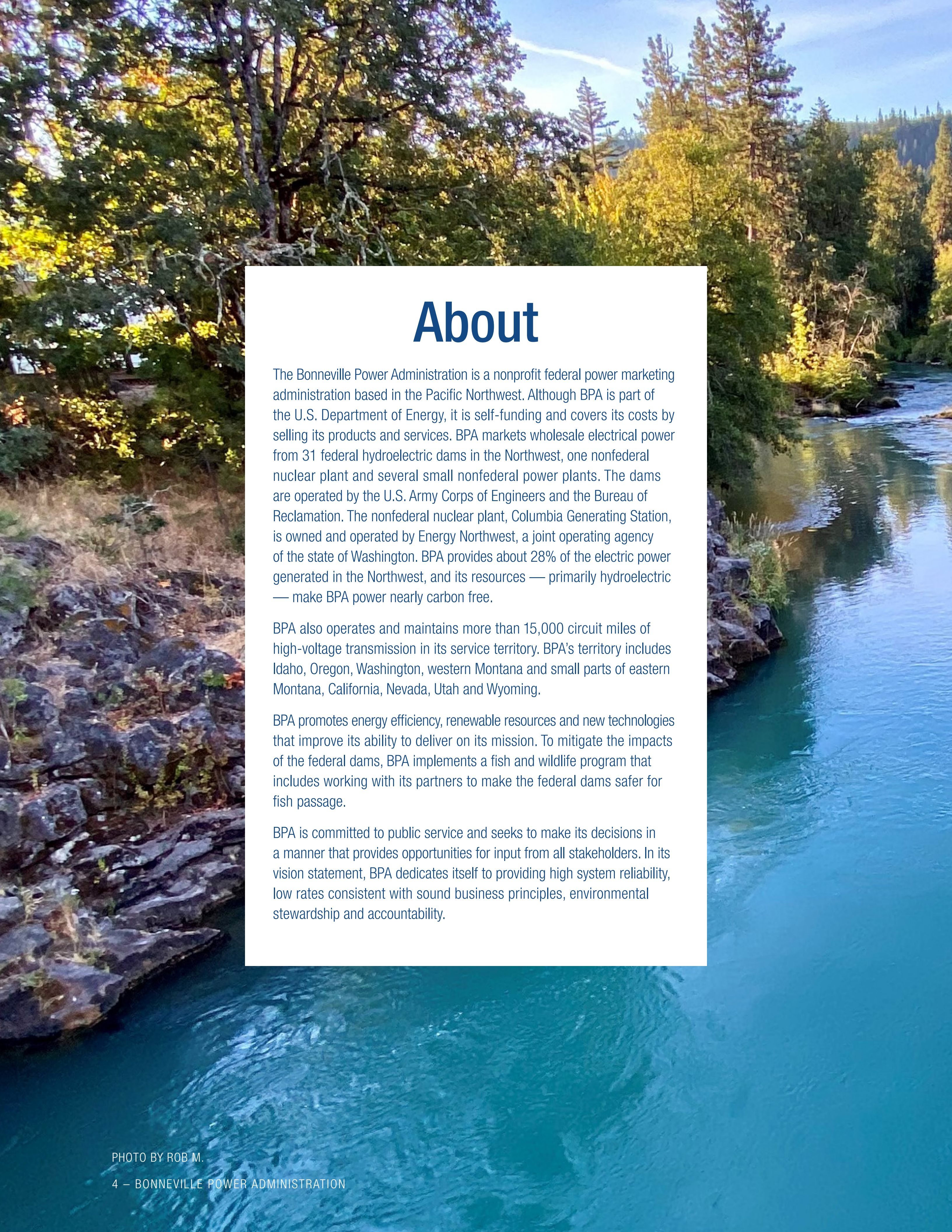
NEW SUBSTATION OR UPGRADE

Schultz-Wautoma 500-kV Series Capacitors (completed in 2024)

The energization of this series capacitor bank increased available transfer capacity, enabled 815 MW of transmission service requests, and will provide congestion relief during periods of high south-to-north flows along the I-5 transmission corridor.

Longhorn Substation (on track for completion in 2025)

This new substation, near Boardman, Oregon, will serve customer interconnection requests and increase local area capacity to support future load growth.



About

The Bonneville Power Administration is a nonprofit federal power marketing administration based in the Pacific Northwest. Although BPA is part of the U.S. Department of Energy, it is self-funding and covers its costs by selling its products and services. BPA markets wholesale electrical power from 31 federal hydroelectric dams in the Northwest, one nonfederal nuclear plant and several small nonfederal power plants. The dams are operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. The nonfederal nuclear plant, Columbia Generating Station, is owned and operated by Energy Northwest, a joint operating agency of the state of Washington. BPA provides about 28% of the electric power generated in the Northwest, and its resources — primarily hydroelectric — make BPA power nearly carbon free.

BPA also operates and maintains more than 15,000 circuit miles of high-voltage transmission in its service territory. BPA's territory includes Idaho, Oregon, Washington, western Montana and small parts of eastern Montana, California, Nevada, Utah and Wyoming.

BPA promotes energy efficiency, renewable resources and new technologies that improve its ability to deliver on its mission. 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.

BPA is committed to public service and seeks to make its decisions in a manner that provides opportunities for input from all stakeholders. In its vision statement, BPA dedicates itself to providing high system reliability, low rates consistent with sound business principles, environmental stewardship and accountability.

PHOTO BY ROB M.

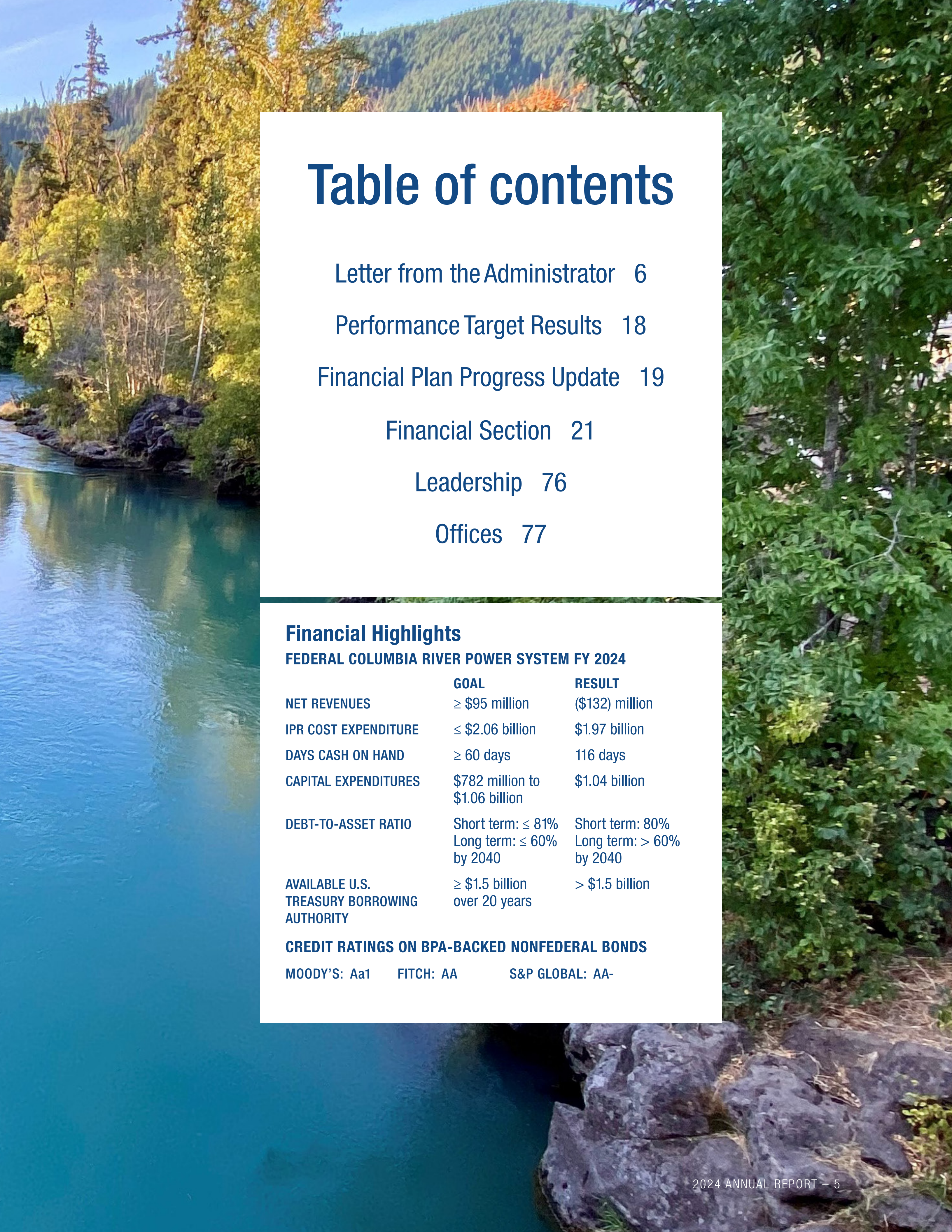


Table of contents

Financial Highlights

FEDERAL COLUMBIA RIVER POWER SYSTEM FY 2024

	GOAL	RESULT
NET REVENUES	≥ $95 million	($132) million
IPR COST EXPENDITURE	≤ $2.06 billion	$1.97 billion
DAYS CASH ON HAND	≥ 60 days	116 days
CAPITAL EXPENDITURES	$782 million to $1.06 billion	$1.04 billion
DEBT-TO-ASSET RATIO	Short term: ≤ 81% Long term: ≤ 60% by 2040	Short term: 80% Long term: > 60% by 2040
AVAILABLE U.S. TREASURY BORROWING AUTHORITY	≥ $1.5 billion over 20 years	> $1.5 billion

CREDIT RATINGS ON BPA-BACKED NONFEDERAL BONDS

MOODY'S: Aa1 FITCH: AA S&P GLOBAL: AA-

Letter from the administrator

We are building for the future.

Through our new 2024–2028 Strategic Plan, we are maintaining and enhancing the valuable federal power and transmission systems, strengthening the grid's resilience and responding to our utility customers' changing needs.

We've also taken steps to provide certainty and stability for our customers in this time of transformation. In fiscal year 2024, we established a framework for new long-term power contracts; reached an agreement in principle to modernize the Columbia River Treaty; strengthened partnerships for fish and wildlife while preserving hydropower flexibility; and advanced critical transmission initiatives to expand the grid in support of load growth and renewable resource integration.

These actions, along with many others described in this report, solidified our path forward and will deliver tremendous long-term value for our customers and the Pacific Northwest.

PHOTO BY JUSTIN H.

Sustaining financial strength

We started the fiscal year on solid footing.

With over $1 billion in financial reserves, the Reserve Distribution Clauses triggered for both the Power and Transmission business lines. These distributions — $285 million for Power and $130 million for Transmission — supported several high-value purposes, including a one-year rate reduction for Power customers and debt reduction for Transmission.

The remaining liquidity served us well as the year unfolded. In January, a severe cold snap coincided with a period of record-low hydropower and high market prices. That single event shaped the entire year's net revenue outlook. Power purchases over the four-day event caused a nearly $300 million loss, driving end-of-year agency net revenues of negative $132 million, $227 million below the target. This event highlighted the importance of risk mitigation tools, such as our Financial Reserves Policy, that help Bonneville absorb volatile market and weather conditions on behalf of our customers.

While power net revenues fell short, transmission net revenues exceeded expectations by $32 million, coming in at $28 million. Key drivers included increased transmission sales to serve higher-than-expected power demand, as well as an uptick in short-term sales from customers seeking access to more favorable market conditions. Lower-than-expected personnel costs were also a contributor, despite Transmission's record hiring in FY 2024.

Cost discipline further bolstered BPA's bottom line, with operating expenses coming in $93 million below target. We also maintained high investment-grade credit ratings on BPA-backed bonds and ended the year with substantial U.S. Treasury borrowing authority. Financial reserves remain strong as well. Transmission's reserves exceeded the upper threshold of our policy, triggering an $82.8 million reserves distribution that will be considered for other high-value purposes. And for the 41st consecutive year, we made our annual U.S. Treasury payments on time and in full, totaling $792 million. This final payment of the fiscal year demonstrated the agency met all its financial commitments

In preparation for the next rate period, we launched the Integrated Program Review to seek public input on BPA's capital and expense projections. Initial cost forecasts for the three-year rate period spanning fiscal years 2026–2028 reflected projected increases in key strategic areas, including transmission infrastructure, generating resources, information technology, environmental stewardship and workforce needs. After collecting feedback on our initial cost forecasts, we adjusted our projections and issued an IPR closeout report in the early weeks of FY 2025. We'll use those projections alongside many other considerations to develop power and transmission rates for the next rate period.

Debt-to-asset ratio

After declining 8% since 2018, progress is likely to slow as BPA makes significant transmission investments.

BPA has made steady progress toward its goal of achieving a debt-to-asset ratio of 60% by 2040. After an additional 1% reduction in FY 2024, BPA's debt-to-asset ratio now sits at just over 80%, down from 88% in 2018. And until recently, we remained on track to achieve our long-term target. Our latest projections, however, show that it will take us longer to reach 60% due to planned grid expansion investments.

We are proud to be able to support our customers' and the region's growing transmission needs. We still believe 60% by 2040 is the right target and will need to consider our debt-to-asset ratio trajectory to accommodate this critical work while sustaining BPA's financial strength.

Putting people first

The most important investment we can make is in our people. We know that providing a safe, positive and inclusive work environment paves the path for our workforce to feel valued and to consistently deliver results.

We solidified our commitment to putting people first by adopting "invest in people" as the leading goal in our 2024–2028 Strategic Plan, and then took it a step further in a new culture strategy that serves as a blueprint for our investments.

The 2024–2028 Culture Strategy focuses on supporting a workplace culture where everyone feels a sense of belonging and where differences are leveraged to generate innovative solutions that benefit those we serve. We also issued a new diversity, equity, inclusion and accessibility strategy to describe how the presence of these four critical elements in our operations helps us deploy the full talents, expertise and perspectives of our workforce.

Another aspect of our people-centric strategy is a heightened emphasis on recruitment and outreach efforts to reach diverse, qualified candidates. Through these activities and hiring efficiencies, we are growing Bonneville's workforce to enable the ambitious goals of our strategic plan.

We brought on a record 407 new BPA employees in FY 2024, growing our federal workforce to more than 3,300 — a staffing level not seen since 2003. After accounting for retirements, other departures and a decrease in supplemental labor, we achieved a net staffing increase of more than 160, exceeding our projection. We also maximized internship opportunities, welcoming 53 high school and college students. Internships at BPA open the door to long-term employment, help us build a pipeline of diverse talent and promote succession planning.

34th Annual Science Bowl: Building a pipeline of future energy professionals

BPA's Regional Science Bowl is one of the agency's best investments in community outreach and education. Over the course of two weekends, the intense academic competition attracts around 500 middle school and high school students from across Oregon and Washington. It takes nearly 200 volunteers, mostly members of BPA's workforce, to ensure each event is successful. Science Bowl encourages young people to pursue their interests in science, technology, engineering and math, and introduces them to careers in the energy industry.

Pictured above, 2024 Science Bowl volunteers.

Safety shows you care about people.

A SIX-WORD SAFETY STORY WRITTEN BY
— Alisa Yannello

Seemed unimportant but saved a life.

A SIX-WORD SAFETY STORY WRITTEN BY
— Laura McNamara

Double checked, lived to check again.

A SIX-WORD SAFETY STORY WRITTEN BY
— Richard Rosencrans

Be the kindness your co-worker needs.

A SIX-WORD SAFETY STORY WRITTEN BY
— Anne Walker

Prevent wildfires, drown ALL campfire embers.

A SIX-WORD SAFETY STORY WRITTEN BY
— Karrie Carnes

Drive conditions, not the speed limit!

A SIX-WORD SAFETY STORY WRITTEN BY
— Larry King

10 years of 'Standing Up for Safety'

This year's Stand Up for Safety events — an annual series of workforce engagements — marked 10 years since BPA established safety as a core value. With a commitment to integrate safety into everything we do, our efforts over the last decade have prevented injuries, both on and off the job. And we constantly strive to take our safety culture to the next level. In recent years, we adopted a heightened emphasis on psychological safety, building on our physical safety advancements.

This year, recognizing the power of participation, we surveyed employees about their safety perceptions and are using that feedback in support of continuous improvement. We also tapped into workforce creativity through a six-word story campaign, collecting more than 500 concise but meaningful narratives that capture the importance of safety at work and home. These stories will soon be displayed in our facilities to remind us what matters most.

Powering the Northwest

The federal hydropower system prevailed against extreme weather in FY 2024, and we took significant steps to maximize its long-term value.

Water conditions in the Columbia River Basin were below average in FY 2024, coming in at 77% of normal. But the federal dams and Columbia Generating Station nuclear plant consistently delivered, keeping the lights on even through the most extreme events when other generation experienced outages.

During a four-day cold snap in January, we were able to serve all our customers' load, with up to 90% being served by hydropower from the FCRPS. Proactive coordination among weather forecasters and operations planners before the storm, followed by real-time adjustments as conditions evolved, led to that successful outcome.

At the same time, however, electricity demand in BPA's service area reached record highs, exceeding the output of the FCRPS. We turned to power markets to fill the gap. With market prices also soaring during that time, our power purchases cost nearly $300 million, leading to a second-quarter Power net revenue forecast of negative $285 million. BPA spent the rest of the year recovering from that loss. Using creative marketing strategies and additional flexibilities afforded by new agreements for Columbia River operations, BPA's Trading Floor greatly reduced the shortfall, ending the year with Power net revenues of negative $157 million.

Securing our role as provider of choice

BPA's largest source of revenue is its long-term power sales contracts with regional utilities. With current contracts expiring in 2028, BPA has focused heavily in recent years on preserving these mutually beneficial relationships and developing the next generation of power sales policy and contracts through our Provider of Choice initiative. In March, we issued our final Provider of Choice Policy and Record of Decision, a culmination of five years of collaboration with customers and other interested parties. And then in August, we released our draft Public Rate Design Methodology, which spells out how BPA will allocate costs under the new contracts. We are on track to have final contracts signed by December 2025, with power deliveries set to begin Oct. 1, 2028.

Reinvesting in power assets

Bonneville continued to partner with the U.S. Army Corps of Engineers and Bureau of Reclamation to care for and maximize the value of the region's federal hydropower assets. We met our capital execution targets with expenditures of $246 million. Completed projects include rehabilitated spillway gates that control the flow of water at Hills Creek Dam; restored station service units that provide power for plant operations at McNary; and new pumps that support fish passage at John Day. We also advanced large projects at Grand Coulee, McNary and Chief Joseph dams to improve reliability and extend the lifespan of these critical hydropower plants.

Supporting clean energy goals through energy efficiency

Energy efficiency measures maximize the value of clean hydropower resources in the FCRPS and reduce BPA's need to acquire other, potentially more expensive or carbon-emitting resources. Our strategy for achieving conservation is captured in an updated EE Action Plan, published this year.

In partnership with our utility customers, BPA acquired conservation in all areas of the Northwest's economy. Examples include efficiencies in industrial processes, advancements in residential heating and cooling, and irrigation measures that reduce the use of energy and water for agriculture. In total, we achieved 34.8 average megawatts of energy savings in FY 2024. Our Energy Efficiency team is working closely with customers to implement strategies that maximize cost-effective EE opportunities and keep us on track to reach our two-year rate-period goal of 90 average megawatts.

Since the passage of the Northwest Power Act in 1980, BPA has acquired about 2,620 average megawatts of energy savings — enough energy to fuel 1.9 million homes for a year — delivering an estimated $2 billion in annual ratepayer savings.

Powered by diversity

With over 150 years of energy industry experience between them, this highly capable team of women provides essential leadership for BPA's Power Services organization at a critical time for the agency.

From left to right: Melanie Spraggins; deputy senior VP; Rachel Dibble, Bulk Marketing VP; Suzanne Cooper, senior VP; Michelle Cathcart, Generation Asset Management VP; Kim Thompson, Northwest Requirements Marketing VP; Jamae Hilliard Creecy, Energy Efficiency VP.

A framework for a modern Columbia River Treaty

For 60 years, the Columbia River Treaty has allowed the U.S. and Canada to share the benefits of the Pacific Northwest's largest river. Now, after reaching the significant milestone of an agreement in principle for Treaty modernization, the two countries have a framework for managing the river in a way that will deliver tremendous value on both sides of the border for decades to come.

For BPA and our customers, this framework offers both power and economic benefits, along with operational predictability that will support the generation and delivery of clean hydropower.

Notably, the framework captures a sizeable reduction in the amount of energy and capacity BPA delivers to Canada under the Treaty, known as the Canadian Entitlement. This change will retain over a billion dollars in value in the Northwest over 20 years and help support increasing power demand in our region. Other elements capture transmission related cost savings for BPA, as well as a sound framework for the continuation of BPA's environmental stewardship responsibilities.

While this is a significant step forward, it is not the end of negotiations. Specific Treaty text and amendments are in development, and both countries must go through their respective processes for formal ratification. In the interim, however, BPA is using existing authorities to begin implementing some terms of the agreement in principle. Of significant note, the Canadian Entitlement reduction began Aug. 1.

Preserving, restoring and expanding the grid

Through winter storms and wildfires, Transmission Services consistently delivered safe, reliable service across the Northwest.

BPA's record of reliability is a testament to strategic asset management, effective risk mitigation strategies, and the team's skill and expertise.

Even during the worst winter cold snap in 20 years and an active summer wildfire season, Real-Time Operations quickly reacted to changing conditions, making adjustments to preserve reliability. When faced with system emergencies and physical damage, field crews safely responded in challenging weather conditions to restore equipment.

The threat of wildfire continues to rank among our highest risks, with the 2024 wildfire season being one of the most severe in the Pacific Northwest's recent history. In our service territory alone, more than 3.2 million acres had burned by the end of the fiscal year — nearly a three-fold increase over the 10-year average — with more fires still burning in early FY 2025.

Despite extensive wildfire damage across the region, Transmission continued to deliver reliable service, coming in below annual targets for frequency and duration of line outages.

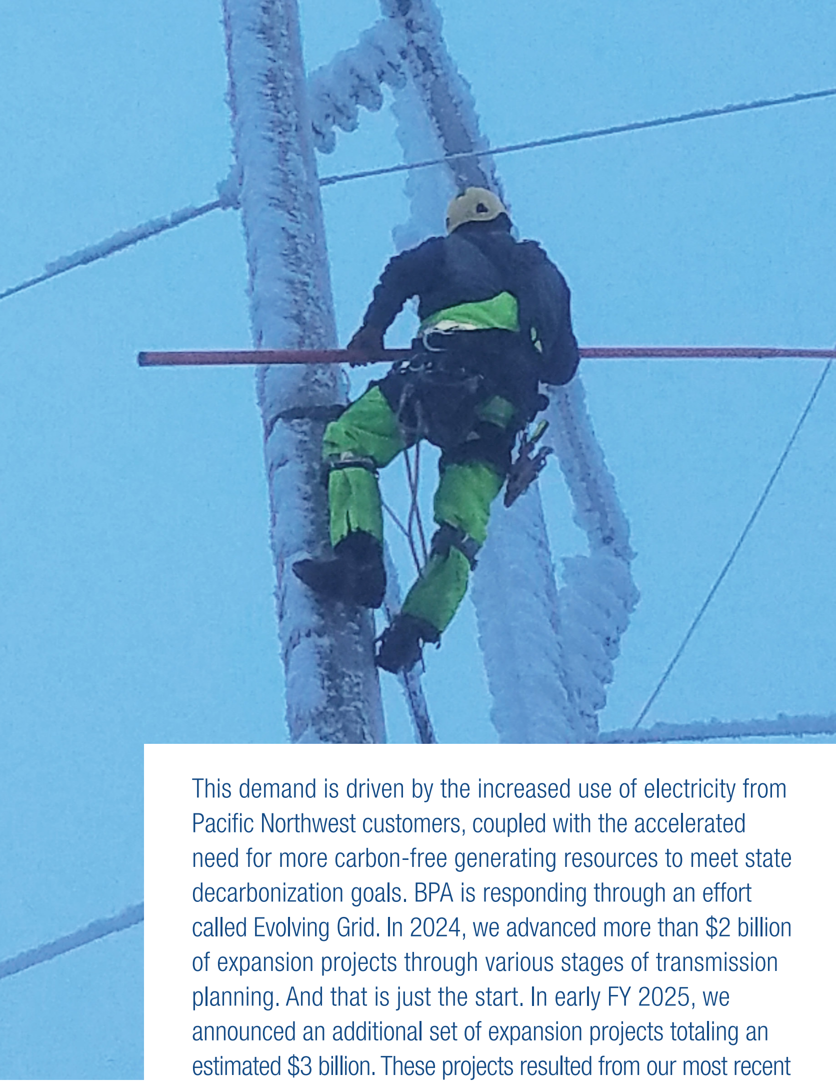
Through our updated Wildfire Mitigation Plan, we continued to strengthen wildfire prevention efforts to minimize grid impacts. On three occasions this fiscal year, extreme conditions warranted the use of our public safety power shutoff procedure to de-energize specific lines. We also began the practice of applying fire-resistant wraps to wood pole structures, protecting them from wildfire damage and improving resilience.

This technology was put to the test in late July when roughly 10 miles of a 230-kilovolt transmission line — including approximately 150 wrapped wood poles — sat in the path of the Wacoa-Swawilla Fire near Keller, Washington. Had they not been wrapped, the poles would have likely burned beyond repair. Instead, they survived with little to no damage, equating to significant cost savings.

In an ongoing effort to modernize and make the best use of systems and assets, Transmission launched a new dynamic line rating tool that produces more accurate equipment ratings. This tool uses real-time ambient temperature data from across the grid, replacing the use of less precise seasonal ratings.

Building for the future

Not since the 1940s — during the original buildout of the federal high-voltage transmission network — has BPA seen such intense regional interest in grid expansion.



This demand is driven by the increased use of electricity from Pacific Northwest customers, coupled with the accelerated need for more carbon-free generating resources to meet state decarbonization goals. BPA is responding through an effort called Evolving Grid. In 2024, we advanced more than $2 billion of expansion projects through various stages of transmission planning. And that is just the start. In early FY 2025, we announced an additional set of expansion projects totaling an estimated $3 billion. These projects resulted from our most recent reliability studies, load and resource forecasts, and the 2023 Transmission Service Request Study and Expansion Process, or TSEP. Combined, these proposed expansion projects would increase capacity by thousands of megawatts to support load growth and renewable resource integration.

While planning for future expansion, Transmission deployed $665 million toward capital projects this year — an increase of $232 million over the prior year. Major projects included completion of the Hills Creek-Lookout Point line rebuild in Oregon, and the Schultz-Wautoma 500-kV series capacitors in Washington. This project increased available transfer capacity, enabled more than 800 MW of transmission service requests, and redirects flows to provide congestion relief along the I-5 corridor. We also made significant headway on the new Longhorn Substation near Boardman, Oregon. On track for completion in 2025, Longhorn will serve customer interconnection requests and increase local area capacity to support future load growth.

This year's strong capital execution is attributed to accelerated hiring and efficiencies in our Primary Capacity Model, which uses internal resources and service contracts. This model saw a 35% increase over FY 2023, for a total spend of $482 million. We also expanded the use of our Secondary Capacity Model, a nearly fully contracted approach, by 140%, accounting for $183 million of our capital program in FY 2024.

Renovating Ross

Bonneville is transforming the Ross Complex in Vancouver, Washington, into a modern-day transmission facility capable of meeting customers' evolving needs. This year, BPA broke ground on the new Chemistry and Calibration Lab, following the 2023 completion of the Technical Services Building — both of which enhance BPA's technical capabilities. We also began demolition of the WWII-era North and South Ampere buildings. Removing these structures clears the way for the new Vancouver Control Center that BPA will begin constructing in FY 2025. The new control center will provide continuity, security and technology capabilities to support critical functions through hazardous events, with flexibility for future growth and market opportunities.

Meanwhile, on the other side of the Cascade Mountains, BPA strengthened resilience and continuity of operations by establishing a new Emergency Management Office at the **Munro Control Center**. Munro, which serves as an emergency backup for grid operations, now has the capabilities of the Vancouver emergency management facility. The new office is staffed by emergency managers who specialize in coordinating resources during a major disaster and maintaining BPA's Situational Awareness Tool. In the event of a catastrophe west of the Cascades, the space will be the central coordination center for staff who relocate there.

Preserving security

Protecting our physical and technology assets is critical to grid reliability and BPA's mission delivery.

Proactive physical security measures taken this year, including upgrades to electronic security systems and the use of security technology, help us defend critical infrastructure against transgressors.

We also proactively defend our grid from cyber attacks. We continued to evolve our cybersecurity protections to guard the agency from the latest threats. Actions this year included deploying an industry best practice to strengthen the security of Critical Business Systems, and the continued modernization of forensics and intelligence capabilities.

This model saw a 35% increase over FY 2023, for a total spend of $482 million. We also expanded the use of our Secondary Capacity Model, a nearly fully contracted approach, by 140%, accounting for $183 million of our capital program in FY 2024.

Transmission Services has also taken a new approach to managing the influx of requests for new generator interconnections. In early 2024, we adopted tariff reforms that will allow us to more efficiently integrate new resources by using a first-ready, first-served cluster study approach, rather than studying requests individually in the order received. In our transition to the new study process, we are preparing for our first-ever interconnection cluster study, expected to start in early 2025. Customers seeking to participate in the transition process have submitted requests for 234 projects, totaling a staggering 95 gigawatts of interconnection service.

We've seen similar growth in our queue for transmission service requests, which exceeded 68,000 MW at the end of FY 2024. That's more than the last 24 years of studied requests combined. For comparison, the most recent cluster study for transmission service requests, conducted in 2023, included around 16,000 MW.

BPA is not alone in this escalating demand. To address growing interstate and interregional long-term planning needs, BPA helped form the Western Transmission Expansion Coalition, or WestTEC. This unprecedented alliance of states, tribes and diverse sectors in the energy industry is developing 10- and 20-year transmission plans that span the entire Western Interconnection. These transmission plans will complement Bonneville's own transmission expansion plans and investments.

BPA takes ownership of Grand Coulee transmission assets

Known as the crown jewel of the Federal Columbia River Power System, Grand Coulee Dam in northeastern Washington is the nation's largest-capacity power project. The power generated at Grand Coulee makes its way to communities across the Northwest, starting at three high-voltage switchyards that connect its power-houses to the transmission grid.

Dating back to Grand Coulee's construction in the 1940s, the Bureau of Reclamation held responsibility for the switchyards' operations and maintenance as the asset owner. But in FY 2024, BPA and Reclamation reached an agreement to transfer those assets, with BPA taking over ownership on Oct. 1, FY 2025.

The transfer takes advantage of BPA's transmission expertise as well as its authority to borrow from the U.S. Treasury, which will eliminate financial hurdles and open the door to other efficiencies. The transfer will also reduce expenses associated with interagency coordination.

The timing is opportune, given BPA's plans to modernize these assets over the next decade. On two upcoming modernization projects, the transfer is expected to produce savings of up to 40%, or approximately $40 million, in addition to estimated annual savings of $4 million for ongoing operations and maintenance.

Greening our fleet

To reach the agency goal of zero emissions, BPA is gradually replacing its 1,000-plus fleet assets with electric vehicles. This year, we focused heavily on charging infrastructure. In a single year, the number of charging stations grew from four, all at headquarters, to 44 stations at sites across our service territory. With this infrastructure in place, we expect our current EV fleet of 11 will grow rapidly in the coming years. The EV program is part of an overall sustainability plan that includes reducing greenhouse gas emissions from facilities and optimizing building efficiency.

The benefits of a modern grid

Six years ago, BPA launched an ambitious plan to optimize the federal power and transmission systems and improve reliability. Our Grid Modernization portfolio included more than 30 projects, many of which required extensive cross-agency collaboration and careful sequencing to address interdependencies. This year, we brought the total number of projects completed to 24. Three other projects will be complete by mid-2025.

Thanks to this work, BPA was able to join the Western Energy Imbalance Market in 2022 and will be able to leverage future market opportunities. We've also advanced systems and tools to improve operations and marketing capabilities, reduce operational uncertainty and improve our grid congestion management capabilities.

Delicate demolition

In 2024, BPA completed a 10-year project to remove vintage equipment from the Celilo Converter Station near The Dalles, Oregon. But this was no ordinary demolition.

Piece by piece, BPA crews and a specialized recycler meticulously dismantled the entire 230-kilovolt yard — a 20-acre site containing obsolete converters, transformers, towers and other assets. The team recycled, repurposed and sold **12 million pounds** of material; recycled **500,000 gallons** of oil; recovered **$3.4 million** from sales of scrap materials and usable assets; and saved an estimated **$2.5 million** by using BPA crews instead of an outside demolition contractor.

Led by BPA's Investment Recovery Center — known for its award-winning, sustainable waste-management practices — the project required coordination of crews from Hazmat, Transportation, Force Account, Transmission Line Maintenance and Substation Maintenance, as well as the expertise of riggers, heavy equipment operators and engineers.

Originally built in 1970, Celilo is the northern end of the Pacific Direct Current Intertie — the longest and highest-capacity direct current transmission line in the nation. Converters change alternating current to direct current, making it possible to efficiently send energy over long distances. The 230-kV yard became obsolete after BPA completed a massive Celilo upgrade in 2015. The area is now being considered for other purposes.

Top: before; bottom: after.

Evaluating day-ahead markets

Emerging day-ahead markets could lower power costs for retail consumers by optimizing dispatch from a larger pool of loads and resources. BPA continued its market assessment this year and issued a staff recommendation that identified the Southwest Power Pool's Markets+ initiative as the preferred alternative over the California Independent System Operator's Extended Day-Ahead Market.

Given the significance of this decision and uncertainties with each market option, in August we extended our process schedule by six months, pushing our draft record of decision to March 2025. We continue to support the development of both market alternatives to ensure we end up with two viable options. Key factors for BPA and our customers include independent governance and ensuring the low-carbon attributes of the federal system flow to those who have contracted with Bonneville for federal power.

Another important factor in our day-ahead market decision is alignment with the **Western Resource Adequacy Program**. Known as WRAP, this program increases transparency into the resources and transmission needed to reliably meet existing and future load demands. BPA is fully engaged in the technical design and implementation of WRAP. This year BPA also helped redesign WRAP's transition plan to give participants more time to address procurement issues and ensure the program will have the critical mass it needs to succeed when members begin binding operations in 2027–2028.

PHOTO ABOVE BY KEVIN C.

A new chapter in fish and wildlife partnerships

Relying on regional partnerships to protect and enhance the natural environment.

For decades, BPA has relied on extensive regional partnerships to protect and enhance the natural environment. Among our shared accomplishments is the permanent protection of over 1 million acres of wildlife habitat — about 10 times the size of Seattle — with more being protected each year.

In FY 2024, we forged new partnerships through landmark agreements that will build on our actions to enhance native fish populations. This includes the Resilient Columbia Basin Agreement between the United States and the Nez Perce Tribe, the Confederated Tribes of the Warm Springs Reservation, the Confederated Tribes of the Umatilla Indian Reservation, the Yakama Nation, the states of Oregon and Washington, and a group of environmental advocacy organizations. This agreement honors the cultural significance of salmon for the tribes while ensuring the Columbia River System continues to provide the reliable, affordable, clean energy that drives the Northwest's economy.

We also strengthened relationships with the Confederated Tribes of the Colville Reservation, the Coeur d'Alene Tribe and the Spokane Tribe of Indians through an agreement that provides support for the Phase 2 Implementation Plan, a scientific and stepwise approach to test the feasibility of reintroducing salmon and steelhead above Chief Joseph and Grand Coulee dams.

In addition, we entered into 10-year agreements with the Spokane Tribe of Indians, the Coeur d'Alene Tribe, and the Kalispel Tribe of Indians to further support science-based, cost-effective fish and wildlife mitigation.

Actions on the ground

In partnership with federal agencies, tribes, states, non-governmental organizations and others, BPA's Fish & Wildlife Program implements hundreds of actions each year that benefit fish and wildlife to mitigate for the effects of the Federal Columbia River Power System. One of this year's projects created new tidal wetlands in the South Tongue Point estuary in Astoria, Oregon. The new wetlands provide a refuge for young salmon and steelhead to grow and gain strength on their way to the ocean.

Another highlight was the closeout of the Southern Idaho Wildlife Mitigation Agreement between BPA and the State of Idaho. BPA committed to acquire and preserve high-quality wildlife habitat to mitigate impacts of the construction, inundation and operations of southern Idaho dams. With nearly 20,000 acres protected through this agreement since 1997, BPA exceeded its obligation while staying within budget.

We also broke ground on a state-of-the-art steelhead kelt reconditioning facility on Idaho's Clearwater River. Kelt are steelhead that have completed their first spawn, which often leaves them depleted of energy and nutrients. Through reconditioning, the kelt are fed and nurtured until they are ready to spawn again. BPA is partnering with the Columbia River Inter-Tribal Fish Commission and the Nez Perce Tribe to complete the new facility in 2025.

Top: BPA's support of the South Tongue Point Restoration Project, a collaborative project led by the Columbia River Estuary Study Taskforce, created new tidal wetlands near Astoria, Oregon, where young salmon and steelhead will grow and gain strength for their time in the ocean. This unique project involved constructing habitat on 22 acres of dredge material.

Bottom: The Nez Perce Tribe held a groundbreaking ceremony on July 19, 2024, for the new $2 million steelhead kelt reconditioning facility. BPA is funding the construction of a state-of-the-art complex in efforts to restore threatened steelhead populations in Idaho's Clearwater River.

By the numbers

In FY 2024, BPA and its partners:

- Preserved or protected nearly **6,400 acres** through land acquisitions and improvements.
- Restored **24,275 acres** and **300 stream miles** of habitat for fish.
- Released **22.6 million** juvenile hatchery fish.

Looking forward

Everything we've accomplished this year supports our vision for economic prosperity and environmental sustainability, while overcoming challenges to enable the Northwest's clean energy future.

Bonneville remains committed to being a reliable business partner that our customers can count on to meet their evolving needs, and a trustworthy steward that the region can count on to provide vital power and transmission resources.

2024 Performance target results

BPA sets annual targets to gauge the agency's performance. Where applicable, financial results are for the FCRPS reporting entity.

FINANCIAL STRENGTH

Agency capital expenditures Target met. BPA's direct capital expenditures for the year are $1.04 billion, which meets the end-of-year target range to expend between $782 million to $1.06 billion.

Agency days cash on hand Target met. The agency days cash on hand is 116 days, above the target of 60 days or more.

Agency debt-to-asset ratio Target not met. The agency debt-to-asset ratio is 80% against a target of equal to or less than the prior fiscal year, which was 81%. However, the current forecast shows BPA will miss the target of 60% by 2040.

Agency Integrated Program Review cost expenditures Target met. BPA's IPR cost expenditures for the year are $1.97 billion, which meets the end-of-year target to not exceed the inflation-adjusted rate case expectation of $2.06 billion.

Agency net revenues Target not met. BPA generated net revenues of negative $132 million, which is $227 million below the rate case expectation of $95 million.

Available U.S. Treasury borrowing authority Target met. BPA's remaining borrowing authority with the U.S. Treasury is $7.7 billion against the target of at least $1.5 billion, and the current forecast shows no borrowing authority shortfall for the next decade, but constraints in the latter half of the 20-year period will require the use of other existing access to capital tools to ensure the target is met over the full 20-year period.

GRID MODERNIZATION

Grid modernization milestones Target met. BPA met 100% of milestones for grid modernization projects, against a target of 90% to 100%. With the majority of projects now complete, BPA has closed out the grid modernization portfolio and will no longer report on this metric. Over six years, this effort transformed BPA's commercial operations, resulting in more reliable, flexible and efficient power and transmission systems.

POWER AND TRANSMISSION RELIABILITY

Federal hydro forced outage factor Target not met. BPA's forced outage factor for hydropower generation facilities, reflecting the percentage of hours within the period the asset was not available to run due to an unplanned event, was 9.8%, above the target of 5% or less. BPA continues to work closely with the Corps and Reclamation to coordinate the work and funding to resolve forced outages; and the Joint Operating Committee Co-Chairs reprioritize non-routine expense funding to address the most impactful outages in a timely manner.

Columbia Generating Station availability factor Target met. Columbia's availability factor, measured from July 1, 2023, to June 30, 2024, was 100%, above the target of 93% or higher.

System average interruption frequency index – low voltage (<200-kV) Target met. BPA's frequency of annualized unplanned line outages on low-voltage lines was 0.41, below the target of 0.50 outages per line or less.

System average interruption frequency index – high voltage (≥200-kV) Target met. BPA's frequency of annualized unplanned line outages on high-voltage lines was 0.28, below the target of 0.48 outages per line or less.

System average interruption duration index – low voltage (<200-kV) Target met. BPA's duration of annualized unplanned line outages on low-voltage lines was 207.93 minutes per line, below the target of 306.5 minutes or less.

System average interruption duration index – high voltage (≥200-kV) Target met. BPA's duration of annualized unplanned line outages on high-voltage lines was 194.44 minutes per line, below the target of 232.61 minutes or less.

SAFETY

Incident frequency rate Target met. BPA recorded an incident frequency rate of 0.8 per 200,000 hours worked, below the ceiling of 0.9. IFR measures the recordable injuries and illnesses occurring per 100 full-time employees over the course of the fiscal year.

Safety corrective actions Target met. BPA completed 89.2% of safety corrective actions, above the target of 80%.

Financial plan progress update

BPA's Financial Plan serves as a guiding framework for decision-making and outlines objectives to sustain the agency's financial strength. The following section describes BPA's progress toward each objective.

Objective 1: Cost-management discipline

To help achieve the lowest possible power and transmission rates consistent with sound business principles, BPA set the goal of holding program costs at or below the rate of inflation through 2028. For the BP-24 rate period, program costs were set above the rate of inflation to support strategic objectives. In FY 2024, BPA continued its cost-management discipline while setting budgets that reflect inflationary pressure and the funding needed to execute its strategic plan. Despite these cost pressures, program costs came in at $1.97 billion, $93 million below the target of $2.06 billion.

For capital investments, BPA focuses on two primary metrics — budget execution and work completed. Capital execution ended the year at $1.04 billion, which is within the target range of $782 million to $1.06 billion. Results for work completed were also positive. Power exceeded its work-completed target by placing 35 assets in service, above the target of 26 assets. Transmission completed a substantial body of work, installing 3,334 Category A assets against a target of 2,050, and 1,233,000 Category B assets against a target of 616,000.

Objective 2: Build financial resilience

BPA measures financial resilience in the following three ways: operational liquidity, measured by days cash on hand; leverage, measured by debt-to-asset ratio; and debt capacity, measured by available borrowing authority.

Operational liquidity, measured by days cash on hand: BPA's operational liquidity comes primarily from financial reserves and, as a secondary measure, a short-term line of credit from the U.S. Treasury. To support BPA's financial reserves, BPA has set the goal of maintaining a minimum of 60 days cash on hand for each business unit. The Financial Reserves Policy includes adjustment mechanisms to help achieve this target and contains both lower and upper thresholds for days cash on hand. The upper threshold includes a two-tiered test, which if passed triggers the Reserves Distribution Clause. The RDC can be enacted through a rate reduction or other high value purposes, such as additional debt reduction.

At the end of FY 2024, agency days cash on hand was 116, Power's days cash was 103, and Transmission's days cash was 146. For Transmission, all tests were met to trigger an RDC — both the agency and Transmission exceeded their upper thresholds of 90 days and 120 days, respectively, and the RDC amount is greater than $5 million. The Transmission RDC amount is $82.8 million. The administrator will make the final decision on how to allocate the RDC in the first quarter of FY 2025.

Another goal to measure liquidity is maintaining a 97.5% annual Treasury payment probability. This goal ensures a very high likelihood of meeting all payment obligations, including the last payment of the fiscal year to the U.S. Treasury. This goal was met in FY 2024 with the $792.3 million payment being made on time and in full to the U.S. Treasury.

Leverage, measured by debt-to-asset ratio: BPA's goal is to see the debt-to-asset ratio trend down over time and ultimately achieve a debt-to-asset ratio of no greater than 60% by 2040 for each business unit and the agency. The Sustainable Capital Financing Policy calls for the use of revenue financing as a standard financing tool to help BPA achieve its debt-to-asset ratio goal while remaining focused on maintaining competitive rates. At the end of FY 2024, both business units and the agency met the current short-term target, with BPA's debt-to-asset ratio at 80%, a 1% decrease from FY 2023. While Power is on track to meet the long-term goal of 60% by 2040, Transmission is not on track to meet this goal due to significant proposed capital expansion and interconnection activities. As a result, the agency also is not on track to achieve the 60% by 2040 target. Moving forward, BPA will continue to monitor this metric and assess whether corrective measures are necessary.

Debt capacity, measured by available borrowing authority: BPA's goal is to preserve $1.5 billion of U.S. Treasury borrowing authority on a rolling 20-year basis. The Infrastructure Investment and Jobs Act of 2021 provided a permanent increase of $10 billion to BPA's Treasury borrowing authority, with $6 billion available immediately and the remaining $4 billion available at the start of FY 2028, which will bring the total up to $17.7 billion. As of Sept. 30, 2024, BPA had used $6 billion of the current $13.7 billion cap, leaving $7.7 billion of available financing. BPA does not expect borrowing authority constraints over the next decade, but constraints appear in the latter half of the 20-year period. BPA will begin to assess and use other access to capital tools in a targeted manner to ensure continuing access to Treasury borrowing authority over the full 20-year horizon.

Objective 3: Independent financial health assessment

BPA's goal is to maintain high investment-grade credit ratings on BPA-backed nonfederal bonds from the three major ratings agencies. In FY 2024, we continued to meet this goal, with all three agencies (Moody's, S&P and Fitch) affirming their ratings with no changes. BPA's ratings are:

Moody's: Aa1 / S&P: AA- / Fitch: AA

Full credit rating reports are available at www.bpa.gov/about/finance/investor-relations.

PHOTO BY DAVID M.

Table of contents

Management's discussion and analysis

General

The Federal Columbia River Power System (FCRPS) financial statements combine the accounts of the Bonneville Power Administration (BPA) with the accounts of the Pacific Northwest generating facilities of the U.S. Army Corps of Engineers (USACE) and the Bureau of Reclamation (Reclamation). The FCRPS combined financial statements also include the operations and maintenance costs of the U.S. Fish and Wildlife Service for the Lower Snake River Compensation Plan facilities. Consolidated with BPA is a variable interest entity (VIE) of which BPA is the primary beneficiary, and from which BPA leases certain transmission facilities. The FCRPS fiscal year is from October 1 to September 30.

FCRPS revenues are derived principally from the sale of power and transmission products and services. In 1937, the Bonneville Project Act created BPA and directed it to market federally produced hydroelectric power to customers, giving preference and priority in power sales to public bodies and cooperatives. The Act authorized BPA to provide, construct, operate, maintain and improve transmission facilities to deliver federal power at cost. BPA is obligated to meet its statutory and contractual load obligations to preference customers so they can meet their total retail loads and load growth, minus their own nonfederal power supply. Preference customers are the largest customer group to which BPA sells power. BPA's current power sales agreements with preference customers are in effect through fiscal year 2028. As an open access transmission service provider, BPA provides ancillary and control area services to support basic transmission services, including providing balancing reserves for interconnected renewable generation. BPA remains committed to providing nondiscriminatory open access transmission after meeting statutory responsibilities to preference customers and others.

BPA's hydroelectric power supply depends on the amount and timing of precipitation in the Columbia River Basin and the shape, or timing, of the resulting runoff. For ratemaking purposes, BPA balances its firm load obligations with the runoff consistent with "critical water conditions." This assumption yields estimated power generation under historically low water conditions, which provides BPA with a reliable estimate of the firm power available to meet firm load obligations. Federal firm power is provided to meet regional preference customer loads first. BPA may also sell firm power to other entities, including regional investor-owned utilities and direct-service industrial customers. Power produced in excess of BPA's firm load obligations, if available, is considered by BPA to be surplus power and is sold in the Western Interconnection wholesale power markets. When generation is not sufficient to meet loads, BPA purchases power on the wholesale markets or acquires the output of resources.

Use of Estimates and Forward-Looking Information

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

This Management's Discussion and Analysis (MD&A) is unaudited and may contain statements which, to the extent they are not recitations of historical facts, constitute "forward-looking statements." In this respect, the words "planned," "predict," "could," "estimate," "expect" and similar expressions are intended to identify forward-looking statements. A number of important factors affecting FCRPS business and financial results could cause actual results to differ materially from those stated in forward-looking statements due to factors such as changes in economic, industry, political and business conditions; changes in laws, regulations and policies and the application of the laws; and changes in climate, weather, hydroelectric conditions and power services supply and demand. BPA does not plan to issue updates or revisions to the forward-looking statements.

Rates and the Effect of Regulations

Background

BPA is committed to cost-based rates, and public and regional preference in its marketing of power. BPA sets its rates as low as possible consistent with sound business principles and the full recovery of all of its costs, including timely repayment of the federal investment in the FCRPS.

Under BPA's U.S. Treasury payment probability standard, BPA establishes rates sufficient to maintain a level of financial reserves and achieve a 97.5% annual probability of making all of BPA's scheduled U.S. Treasury payments during the two-year rate period. (For the definition of financial reserves, see the Liquidity and Capital Resources section in this MD&A.)

Rates for Fiscal Years 2022–2023

Rates for the two-year BP-22 rate period began on Oct. 1, 2021, and concluded Sept. 30, 2023.

Based upon fiscal year 2022 financial results and year-end reserves for risk levels for both Power and Transmission Services, the Reserves Distribution Clause (RDC) occurred for application to fiscal year 2023 power and transmission rate levels. The Power RDC Amount was $500 million and the Transmission RDC was $63.1 million. The fiscal year 2023 effects of the Power and Transmission RDC are discussed in the 2023 Annual Report.

Rates for Fiscal Years 2024–2025

To establish rates for fiscal years 2024 and 2025, BPA concluded the BP-24 rate proceeding in July 2023 by releasing the Administrator's Final Record of Decision and Final Proposal. Rates went into effect on Oct. 1, 2023, and will be effective through Sept. 30, 2025. The Federal Energy Regulatory Commission's (FERC) practice is to grant approval of BPA's rates on an interim basis at the beginning of the rate period, pending final review. FERC granted final approval of the BP-24 Power and Transmission rates in March 2024. BPA held power and transmission rates flat when compared to the prior rate period (BP-22).

As with the 2022-2023 rate period, power and transmission rates in the BP-24 rate period also include other rate adjustment mechanisms, such as the Cost Recovery Adjustment Clause (CRAC), Financial Reserves Policy (FRP) Surcharge and Reserves Distribution Clause (RDC), which BPA employs if certain financial conditions occur. As defined in the BP-24 rate case, if business line financial reserves and agency reserves are above their respective upper thresholds, and the RDC amount is greater than $5 million, the BPA Administrator shall consider the above-threshold financial reserves for debt reduction, incremental capital investment, rate reduction through a Dividend Distribution, distribution to customers, or any business line specific purposes determined by the BPA Administrator.

Based on fiscal year 2023 financial results and year-end reserves for risk levels for both Power and Transmission Services, an RDC occurred for application in fiscal year 2024. The Transmission RDC was $130.4 million and the Power RDC was $285.4 million. In December 2023, the BPA Administrator determined the final application of the Transmission and Power RDC Amounts. Of the total $130.4 million Transmission RDC Amount, $50.4 million was held for cost pressures that were not included in the BP-24 Integrated Program Review (IPR) process, and $80 million was applied towards debt reduction.

Of the total $285.4 million Power RDC, $165.4 million was used to reduce fiscal year 2024 power rates through a Power Dividend Distribution, which resulted in a credit applied to December 2023 through September 2024 customer bills. To satisfy this commitment, BPA recorded a reduction to Power Services revenue of $165.4 million through Sept. 30, 2024. In addition, $90 million was held to preserve BPA's liquidity. An additional $30 million has been set aside and is available for, on an accelerated basis, fish and wildlife mitigation that (i) BPA anticipates would otherwise need to be addressed during future rate periods and (ii) will result in avoidance of those costs in future rate periods. Expenditure of this $30 million is expected to begin in fiscal year 2025 and will continue until fully expended, likely over the next several fiscal years.

Based upon fiscal year 2024 financial results and year-end reserves for risk levels for Transmission services, a Transmission RDC will occur for application in fiscal year 2025. The Transmission RDC amount is $83 million. BPA's Administrator will determine final amounts and use of the fiscal year 2025 Transmission RDC by Dec. 13, 2024, with application of most RDC actions likely to occur between December and September of fiscal year 2025.

Slice

BPA provides a power sales product called "Slice of the System," or "Slice." For this product, Slice customers pay for a fixed percentage of BPA's power costs in exchange for the right to an indeterminate and variable amount of power. The amount of power Slice customers receive is indexed to their respective Slice percentages and the decisions they make using a BPA-provided water routing simulator that reasonably represents the real-world constraints and capabilities of the FCRPS. BPA and its federal partners retain all operational control of resources that comprise the FCRPS at all times. The aggregate amount of Slice that BPA sold in fiscal year 2024 decreased to 19.7% of the system. In fiscal year 2023 the amount was 22.4%. The Slice percentage for fiscal year 2025 will be 19.7%.

Results of Operations

Operating revenues

A comparison of FCRPS operating revenues follows for the fiscal years ended Sept. 30, 2024, and 2023:

(Millions of dollars)	Fiscal Year 2024	Fiscal Year 2023	Revenue Increase (Decrease)	% Change
Sales				
Consolidated sales				
Power gross sales	$ 3,084.1	$ 2,873.2	$ 210.9	7 %
Transmission	1,178.6	1,097.2	81.4	7
Bookouts (Power)	(77.0)	(93.8)	16.8	(18)
Consolidated sales	4,185.7	3,876.6	309.1	8
Other revenues				
Power	66.1	53.7	12.4	23
Transmission	55.0	55.3	(0.3)	(1)
Other revenues	121.1	109.0	12.1	11
Sales	4,306.8	3,985.6	321.2	8
U.S. Treasury credits	262.4	262.3	0.1	—
Total operating revenues	$ 4,569.2	$ 4,247.9	$ 321.3	8

Total operating revenues increased $321.3 million when compared to fiscal year 2023. Sales of Power and Transmission services, including other revenues and the effect of bookouts, increased $321.2 million.

Power Services gross sales increased $210.9 million.

- Firm power sales increased $217.6 million due to large offsetting increases and decreases in various firm power products. Increases in firm power sales of $284.2 million were partially offset by $55.2 million of decreases primarily due to warmer weather decreasing load shaping revenues when compared to the prior fiscal year. Additionally, three customers switched from the slice/block product to load following, which coupled with a change in certain rates in BP-24 led to a decrease in firm power sales in fiscal year 2024. The $284.2 million revenue increase was primarily driven by a diminished impact of the Power RDC to revenues in fiscal year 2024 when compared to the prior fiscal year ($165.4 million revenue reduction vs. $350 million reduction in fiscal year 2023). In addition, BPA has experienced fiscal year 2024 increases in Tier 2 and composite revenues driven by increased demand for the Tier 2 product and rate increases in the BP-24 rate period.
- Surplus power sales, including revenue from derivative instruments settled with physical deliveries, increased $6.7 million due to a $73.5 million increase in real power transmission loss imbalances settled financially rather than with an in-kind power return. Offsetting this increase was a $80.2 million decrease driven by lower prices when compared to fiscal year 2023.
- January through July 2024 runoff volume at The Dalles Dam was 79 million acre feet (maf), a decrease of 1 maf from the same period in 2023. The volume of runoff measured at The Dalles Dam is one of several indicators of the amount of electricity the hydropower system can produce. The full fiscal year 2024 volume finished at 102 maf, an increase of 2 maf from fiscal year 2023 and below the historical average (1929-2018) of 134 maf.
- Gross power sales increased to 65,369,625 megawatt-hours in fiscal year 2024 from 46,420,376 megawatt-hours in fiscal year 2023.

Transmission sales increased $81.4 million primarily due to a $49.2 million increase in Energy Imbalance Market (EIM) revenues when compared to the same period of fiscal year 2023. In January 2024 the region experienced a generational cold snap which, coupled with hydroelectric power generation outages, transmission congestion and increases in energy prices, led to the increase in EIM revenues. The remaining $32.2 million increase was primarily due to increases in ancillary services, network integration and point-to-point long-term revenues.

Bookouts are presented on a net basis in the Combined Statements of Revenues and Expenses. When sales and purchases are scheduled with the same counterparty on the same transmission path for the same hour, the power is typically booked out and not scheduled for physical delivery. The megawatt-hours offset each other, netting to zero. These offsetting transactions' dollar values reduce sales and purchased power expense and are recorded as bookouts. Therefore, the accounting treatment for bookouts has no effect on net revenues, cash flows or margins.

Power other revenues increased $12.4 million primarily due to an increase in realized gains associated with financial future trades. BPA uses financial futures contracts on energy as an operational hedge to mitigate for price volatility in the physical energy market. Financial futures contracts are settled financially and not through the delivery of power.

Operating expenses

A comparison of FCRPS operating expenses follows for the fiscal years ended Sept. 30, 2024, and 2023:

(Millions of dollars)	Fiscal Year 2024	Fiscal Year 2023	Expense Increase (Decrease)	% Change
Operations and maintenance	$ 2,463.1	$ 2,328.0	$ 135.1	6 %
Purchased power	1,023.2	977.0	46.2	5
Depreciation, amortization and accretion	870.9	848.9	22.0	3
Total operating expenses	$ 4,357.2	$ 4,153.9	$ 203.3	5

Total operating expenses increased $203.3 million when compared to fiscal year 2023.

Operations and maintenance expense increased $135.1 million, primarily due to the following factors:

- $30.1 million increase in EIM settlement charges due to the extreme cold snap experienced during January 2024. The EIM settlement charges were largely offset by the previously discussed Transmission EIM revenues increase.
- $27 million increase in USACE and Reclamation expenses primarily due to increased labor costs.
- $25.4 million increase in Transmission maintenance expenses due to an increase in maintenance work performed throughout various Asset Management programs.
- $9.6 million increase to control center support, mainly due to inflation and new support contracts.
- $8.7 million increase in third-party wheeling expenses due to a fiscal year 2024 rate increase.
- $7.2 million increase in costs related to the Residential Exchange Program. The amount of the residential exchange settlement payments made each year is set in the rate case, and amounts in BP-24 rate period are higher than the prior BP-22 rate period.
- $7 million increase to Fish and Wildlife Program expenses due to a planned increase in the amount of work performed when compared to the same period of fiscal year 2023.
- $5.4 million increase in operations and maintenance costs related to the Cowlitz Falls Hydroelectric Project due to a planned increase to cover inflation and additional project work.
- $5 million increase in fish and wildlife costs in connection with the fiscal year 2022 RDC decision, in which BPA committed to funding certain expenditures in advance of when they were originally expected to be made. This increase includes amounts supporting BPA’s direct fish and wildlife program and the U.S. Fish and Wildlife Service Lower Snake River Compensation Plan.
- $3 million increase as a result of more work performed at certain Lower Snake River Compensation Plan facilities.
- $30.2 million net increase to various other Transmission, Power, and Enterprise Services program costs primarily due to increases in personnel costs.
- Partially offset by a $23.5 million decrease to conservation purchases due to a reduction in work performed.

Purchased power expense, including the effects of bookouts, increased $46.2 million primarily due to the following factors:

- $151.9 million increase in power purchases largely driven by the January 2024 cold snap, where BPA was a net purchaser of power at extremely high prices.
- $105.7 million decrease related to water storage agreements with BC Hydro, an electric utility owned by the Province of British Columbia. Yearly fluctuations in water levels, river operations and storage plans, particularly at certain dams in and near Canada, affect the amounts owed to, or from, BC Hydro.

Depreciation, amortization and accretion increased $22 million primarily due to an increase in utility plant assets in service.

Interest expense and other income, net

A comparison of FCRPS interest expense and other income, net follows for the fiscal years ended Sept. 30, 2024, and 2023:

(Millions of dollars)	Fiscal Year 2024	Fiscal Year 2023	Expense Increase (Decrease)	% Change
Interest expense	$ 457.2	$ 448.4	$ 8.8	2 %
Irrigation assistance	8.4	—	8.4	100
Allowance for funds used during construction	(56.8)	(42.0)	(14.8)	35
Interest income	(43.9)	(69.4)	25.5	(37)
Other, net	(20.7)	14.0	(34.7)	(248)
Total interest expense and other income, net	$ 344.2	$ 351.0	$ (6.8)	(2)

Total interest expense and other income, net decreased $6.8 million when compared to fiscal year 2023.

Interest expense increased $8.8 million primarily due to higher interest rates on outstanding Borrowings from U.S. Treasury.

Irrigation assistance expense increased $8.4 million. Fiscal year 2024 is the first year BPA has recorded an expense for the annual irrigation assistance payment made to the U.S. Treasury. In prior years, this amount was recognized as a distribution from accumulated net revenues. For more detail about this change, see Note 5, Effects of Regulation, Note 11, Deferred Credits and Other and Note 14, Commitments and Contingencies in the fiscal year 2024 Notes to Financial Statements.

Allowance for funds used during construction increased $14.8 million due to higher interest rates and Construction work in progress balances when compared to the same period in fiscal year 2023.

Interest income decreased $25.5 million due to lower amounts of short-term investments in U.S. Treasury securities coupled with slightly lower interest rates. These investments have original maturities of 90 days or less and are recorded as Cash and cash equivalents on the Combined Balance Sheets.

Other, net decreased $34.7 million primarily due to the following factors:

- $4.7 million increase in dividends and net realized gains received on investments held in the nonfederal nuclear decommissioning and site restoration trust funds.
- $2.1 million gain as a result of the extinguishment of certain lease-purchase liabilities via a debt refinancing in June 2024. As discussed in Lease-Purchase Program of this MD&A, this refinancing involved "green" climate certified bonds.
- $2 million gain from debt extinguishment associated with Energy Northwest issuing bonds in May 2024 and paying off long-term debt with part of the proceeds.
- Fiscal year 2023 Boardman to Hemingway and federal debt extinguishment transactions not repeated in fiscal year 2024 represent the remaining $25.8 million decrease to net expenses when compared to the same period of fiscal year 2023.

Other Operational Matters

Resilient Columbia Basin Agreement

In December 2023, the United States (including BPA and other federal partners), the States of Washington and Oregon, the Confederated Tribes and Bands of the Yakama Nation, the Confederated Tribes of the Umatilla Indian Reservation, the Confederated Tribes of the Warm Springs Reservation, the Nez Perce Tribe, and certain environmental non-profit organizations signed an agreement to further the restoration of native fish populations, while also providing reliable, affordable, and economic power and transmission. The agreement provides for a potential 10-year stay on litigation on the operation and maintenance of the Columbia River System, including a 10-year operational component, with a 5-year check in and presumed 5-year renewal. In December 2023, the signatories submitted a motion to the District Court for the initial 5-year stay, and the Court granted this stay in February 2024.

In connection with this agreement, BPA will invest up to $300 million over 10 years. Of this $300 million, $200 million will be available to directly provide funds to the U.S. Fish and Wildlife Service for hatchery modernization, upgrades and non-recurring maintenance at Lower Snake River Compensation Plan facilities. BPA has not recorded a liability for this $200 million commitment to fund the hatchery work at the Lower Snake River Compensation Plan facilities. The remaining $100 million (adjusted for inflation) will be provided to the four Lower River Treaty Tribes, identified above, Washington and Oregon (collectively the Six Sovereigns) over 10 years to use for projects that contribute to native fish restoration projects. In December 2023, BPA recorded the undiscounted inflation-adjusted amount of approximately $111 million related to this liability owed to the Six Sovereigns. BPA also recorded a corresponding $111 million regulatory asset representing the BPA Administrator's decision to defer expense recognition to future rate periods beginning in fiscal year 2026.

In addition to the BPA commitments outlined above, the agreement also outlines commitments made by other federal partners that are not expected to impact BPA or the FCRPS financial statements.

Decommissioning Study

In fiscal year 2024, as a result of a site-specific decommissioning study on the Columbia Generating Station (CGS), BPA management increased its asset retirement obligation (ARO) liability for CGS by $59.1 million. For fiscal year 2024 and the BP-24 rate period, BPA management does not expect the increased ARO liability to affect power rates charged to customers or to require any adjustments to its current trust fund contribution levels. A $59.1 million increase to the Nonfederal generation asset on the Combined Balance Sheets offset the increased ARO liability. There were no impacts to cash flows, revenues or expenses as a result of the aforementioned items.

Long-term funding agreements

In fiscal year 2024, and as a result of commitments made in the September 2023 Phase 2 Implementation Plan (P2IP) Settlement Agreement, BPA signed two separate 10-year agreements with the Spokane Tribe of Indians and the Coeur d'Alene Tribe to implement projects that promote the protection and restoration of fish and wildlife in the upper Columbia River Basin. Together these agreements commit approximately $311 million, adjusted for inflation, expire in 2033 and will result in future expenses or regulatory assets. BPA anticipates recording liabilities and associated expenses or regulatory assets related to these agreements in the future as work progresses by the agreement partners in accordance with contractual terms.

Columbia River Treaty Modernization

In July 2024, the United States and Canada reached an agreement in principle on the key elements of a modernized Columbia River Treaty. The agreement in principle outlines a framework for managing the Columbia River in a way that will deliver value on both sides of the border. For BPA, this framework results in a sizable reduction in the Canadian Entitlement, which is energy and capacity that BPA delivers to Canada under the Treaty. This reduction in the Canadian Entitlement began on August 1, 2024 with an immediate 37 percent decrease, with further reduction of up to 50 percent by 2033. Other elements of the agreement in principle allow for transmission-related costs savings for BPA, as well as a sound framework for the continuation of BPA's environmental stewardship responsibilities.

This agreement in principle represents an important milestone in the modernization of the Columbia River Treaty regime, but efforts are ongoing to finalize a modernized treaty and bring it into force.

Liquidity and Capital Resources

Cash and cash equivalents and financial reserves

To ensure BPA is able to meet its financial responsibilities to counterparties and to the U.S. Treasury, BPA relies on measures such as financial reserves, a line of credit with the U.S. Treasury and other items such as a Financial Reserves Policy Surcharge and a Cost Recovery Adjustment Clause (CRAC). The Surcharge and CRAC are rate mechanisms BPA can use to adjust rates once each fiscal year if certain financial conditions exist. Financial reserves, a non-GAAP liquidity measure used by BPA management, consist of BPA cash and cash equivalents, investments in U.S. Treasury market-based special securities and deferred borrowing. The U.S. Treasury market-based special securities reflect the market value as if securities were liquidated as of the end of the period. Deferred borrowing represents amounts that BPA is authorized to borrow from the U.S. Treasury for capital expenditures on utility plant assets and for expenditures on certain regulatory assets, primarily related to fish and wildlife, that BPA has incurred but has not borrowed for as of the end of the period. Over time, BPA intends to borrow such deferred borrowing amounts from U.S. Treasury.

BPA's financial reserves decreased $428.5 million during fiscal year 2024:

(Millions of dollars)	As of Sept. 30, 2024	As of Sept. 30, 2023	Increase (Decrease)	% Change
Cash and cash equivalents	$ 1,412.0	$ 2,037.9	$ (625.9)	(31) %
Less: Cash and cash equivalents held by USACE and Reclamation	651.1	556.1	95.0	17
Add: Deferred borrowing	537.9	245.5	292.4	119
BPA financial reserves balance	$ 1,298.8	$ 1,727.3	$ (428.5)	(25)

Three-year capital forecast

Planned capital expenditures for the FCRPS over the next three fiscal years for utility plant and for fish and wildlife assets, recorded as regulatory assets, are shown below. Where applicable, the amounts include estimates for capitalized indirect, overhead and interest costs. Actual capital expenditures may differ materially from these estimates based upon a number of factors, including environmental and cultural resource requirements, project lead times, resource availability, outages, dependencies associated with other projects and other factors. Amounts in the table below do not include investments projected by Energy Northwest for Columbia Generating Station.

(Millions of dollars)	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Transmission assets	$ 1,046	$ 1,350	$ 1,514
Federal system hydro generation assets	266	328	332
Fish and wildlife	59	50	86
IT and other assets	22	35	38
Total annual capital forecast	$ 1,393	$ 1,763	$ 1,970

Access to capital

BPA makes capital investments to support its multifaceted responsibilities to the region. BPA's primary source of financing for its capital program is its ability to borrow from the U.S. Treasury, which is limited and discussed in the section below. In attempts to assure continued funding necessary for critical infrastructure improvements, BPA has expanded its options over the years. These options include nonfederal debt financing and refinancing, lease-purchases, the power prepay program, reserves and revenue financing, and asset management strategies to more rigorously prioritize proposed capital investments. The USACE and Reclamation also receive congressional appropriations to finance certain hydropower-related capital investments. BPA's repayment obligation begins when those capital investments are completed and placed into service by USACE and Reclamation.

BPA borrowing authority from the U.S. Treasury

BPA is currently authorized by Congress to issue and sell bonds to the U.S. Treasury and have outstanding at any one time up to $13.7 billion aggregate principal amount of bonds. Beginning in fiscal year 2028, an additional $4 billion of U.S. Treasury borrowing authority will be available. The U.S. Treasury borrowing authority may be used to finance capital programs for the FCRPS. In addition, BPA and the U.S. Treasury have agreed to a liquidity facility for Northwest Power Act expenses in the amount of $750 million. Use of the facility is counted within the $13.7 billion overall limit. For capital programs, the related U.S. Treasury debt is term limited depending on the facilities financed: 50 years for USACE and Reclamation capital investments, 35 years for transmission facilities, 15 years for fish and wildlife projects and six years for corporate capital assets.

As of Sept. 30, 2024, BPA had $5.96 billion of bonds outstanding to the U.S. Treasury and $7.74 billion in remaining U.S. Treasury borrowing authority.

Regional Cooperation Debt

Starting in fiscal year 2014, BPA and Energy Northwest worked closely to establish a new phase of integrated debt management for their combined total debt portfolios, the debt service of which is borne by BPA ratepayers through BPA's rates. Energy Northwest-related debt refinanced under this effort is called Regional Cooperation Debt. The first phase of this effort focused on reducing the weighted-average interest rate and maturity of BPA's overall debt portfolio.

In fiscal year 2021, BPA entered the second phase of the Regional Cooperation Debt program. This phase is focused on replenishing BPA's U.S. Treasury borrowing authority or directly funding capital expenditures. This phase of the Regional Cooperation Debt program utilizes the issuance of new bonds by Energy Northwest to refinance outstanding bonds shortly before their maturities when substantial principal repayments are due. In addition, bonds issued under phase two may fund a portion of interest payments related to outstanding Energy Northwest bonds. Freed-up amounts in the BPA Fund from these actions will be used to either pay off certain bonds issued by BPA to the U.S. Treasury or to directly fund capital expenditures.

BPA estimates that Energy Northwest may potentially issue up to $2.41 billion in aggregate future Regional Cooperation Debt phase two bonds in fiscal years 2025 through 2030.

Lease-Purchase Program

The Lease-Purchase Program enables BPA to provide for continued investment in infrastructure to support a safe and reliable system for the transmission of power without using U.S. Treasury borrowing authority. Under this program, BPA generally acts as the construction provider and has entered into lease-purchase arrangements with third parties that issue bonds and other debt instruments to fund construction of specific transmission assets. These third parties in fiscal year 2024 included the Port of Morrow, Oregon and the Idaho Energy Resources Authority, an independent public instrumentality of the state of Idaho. With the fiscal year 2022 increase in U.S. Treasury borrowing authority and further revenue financing, BPA's need to rely on the Lease-Purchase Program to finance new capital investments has been reduced from prior years. In the future, should the need arise, BPA could continue to fund certain transmission infrastructure projects with lease-purchase arrangements with third parties. For additional information regarding the Lease-Purchase Program, see Note 8, Debt and Appropriations, in the fiscal year 2024 Notes to Financial Statements.

In June 2024, the Port of Morrow issued approximately $76 million of green or climate certified bonds under BPA's Lease-Purchase program. These new BPA-backed bonds fund transmission projects that connect new carbon-free generation resources, support expanding electrification across multiple sectors of the economy and enhance overall grid reliability in the Pacific Northwest. Green bonds are certified by the Climate Bonds Standard Board, which identifies investments that contribute to addressing climate change consistent with the goals of the Paris Climate Agreement adopted in 2015. An independent party performed the required review to validate against the standards for the green certification designation.

U.S. Treasury payment

BPA made its U.S. Treasury payment of $792.3 million for fiscal year 2024, the 41st consecutive year in which BPA made its scheduled payment on time and in full.

(Millions of dollars)	Fiscal Year 2024	Fiscal Year 2023
Scheduled payment		
Principal	$ 305.9	$ 315.0
Interest	231.9	218.2
Irrigation assistance	8.4	13.5
Other FCRPS costs	52.1	48.9
Scheduled payment	598.3	595.6
Advanced principal payment	194.0	425.7
Total Treasury payment	$ 792.3	$ 1,021.3

The fiscal year 2024 payment included an unscheduled advance payment of $194 million. This was made possible by additional cash in the Bonneville Fund becoming available primarily as a result of the second phase of the Regional Cooperation Debt Program and the fiscal year 2023 Transmission RDC.

Critical Accounting Policies

Regulatory accounting

BPA's rates are designed to recover its cost of service. In connection with the rate-setting process, certain current costs or credits may be included in rates for recovery or refund over future periods. Under those circumstances, regulatory assets or liabilities are recorded in accordance with authoritative guidance for regulated operations. Such costs or credits are amortized during the periods they are scheduled in rates.

In order to apply regulatory accounting, an entity must have the statutory authority to establish rates that recover all costs, and rates so established must be charged to and collected from customers. If BPA's rates should become market-based, BPA would review any deferred costs and revenues for possible recognition in the Combined Statement of Revenues and Expenses in that period. Since BPA's rates are not structured to provide a rate of return, regulatory assets are recovered at cost without an additional rate of return. Amortization of these assets and liabilities is reflected in the Combined Statements of Revenues and Expenses.

Revenues

BPA has elected to apply the right-to-invoice practical expedient to FCRPS rate-regulated revenues from power and transmission services. Amounts invoiced correspond directly with the value to the customers for energy or services provided by the FCRPS reporting entities. Therefore, revenues from power and transmission sales, which include billed and estimated unbilled amounts, are recognized over time upon the delivery of energy or services to the customers. Operating revenues include estimates for unbilled power and transmission services that were delivered but not billed by the end of the fiscal year. Accrued unbilled revenues are estimated from forecasts based on multiple factors including streamflows, seasonality, weather, changes in electricity prices, and customer load and usage patterns. Consequently, the amount of accrued unbilled revenues can vary significantly from period to period.

PHOTO BY ROB M.

Report of Independent Auditors

To the Administrator of the
Bonneville Power Administration,
United States Department of Energy

Opinion

We have audited the accompanying combined financial statements of the Federal Columbia River Power System (the "FCRPS"), which comprise the combined balance sheets as of September 30, 2024 and 2023, and the related combined statements of revenues and expenses and of cash flows for the years ended September 30, 2024, 2023 and 2022, including the related notes (collectively referred to as the "combined financial statements").

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the FCRPS as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years ended September 30, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the FCRPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FCRPS' ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will

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always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FCRPS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the FCRPS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
November 1, 2024

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Federal Columbia River Power System
Combined Balance Sheets
As of September 30

(Millions of Dollars)

	2024	2023
Assets		
Utility plant and nonfederal generation		
Completed plant	**$ 22,235.9**	$ 21,674.7
Accumulated depreciation	**(8,604.9)**	(8,316.0)
Net completed plant	**13,631.0**	13,358.7
Construction work in progress	**2,236.4**	1,733.1
Net utility plant	**15,867.4**	15,091.8
Nonfederal generation	**3,410.0**	3,380.0
Net utility plant and nonfederal generation	**19,277.4**	18,471.8
Current assets		
Cash and cash equivalents	**1,412.0**	2,037.9
Accounts receivable, net of allowance	**95.4**	84.7
Accrued unbilled revenues	**348.2**	282.7
Materials and supplies, at average cost	**140.5**	121.0
Prepaid expenses	**81.0**	67.9
Total current assets	**2,077.1**	2,594.2
Other assets		
Regulatory assets	**4,153.4**	4,272.4
Nonfederal nuclear decommissioning trusts	**623.5**	479.5
Deferred charges and other	**169.6**	222.0
Total other assets	**4,946.5**	4,973.9
Total assets	**$ 26,301.0**	$ 26,039.9

The accompanying notes are an integral part of these financial statements.

Federal Columbia River Power System
Combined Balance Sheets
As of September 30

(Millions of Dollars)

	2024	2023
Capitalization and Liabilities		
Capitalization and long-term liabilities		
Accumulated net revenues	**$ 5,456.9**	$ 5,589.1
Debt		
Federal appropriations	**1,697.1**	1,597.6
Borrowings from U.S. Treasury	**5,846.7**	5,584.8
Nonfederal debt	**6,779.3**	6,885.6
Total capitalization and long-term liabilities	**19,780.0**	19,657.1
Commitments and contingencies (See Note 14 to 2024 Audited Financial Statements)		
Current liabilities		
Debt		
Borrowings from U.S. Treasury	**114.0**	199.0
Nonfederal debt	**521.9**	505.5
Accounts payable and other	**869.1**	885.0
Total current liabilities	**1,505.0**	1,589.5
Other liabilities		
Regulatory liabilities	**1,522.4**	1,543.2
IOU exchange benefits	**1,062.8**	1,299.2
Asset retirement obligations	**1,118.2**	1,015.1
Deferred credits and other	**1,312.6**	935.8
Total other liabilities	**5,016.0**	4,793.3
Total capitalization and liabilities	**$ 26,301.0**	$ 26,039.9

The accompanying notes are an integral part of these financial statements.

Federal Columbia River Power System
Combined Statements of Revenues and Expenses
For the Years Ended September 30

(Millions of Dollars)

	2024	2023	2022
Operating revenues			
Sales	**$ 4,306.8**	$ 3,985.6	$ 4,604.6
U.S. Treasury credits	**262.4**	262.3	116.9
Total operating revenues	**4,569.2**	4,247.9	4,721.5
Operating expenses			
Operations and maintenance	**2,463.1**	2,328.0	2,195.8
Purchased power	**1,023.2**	977.0	358.7
Depreciation, amortization and accretion	**870.9**	848.9	841.0
Total operating expenses	**4,357.2**	4,153.9	3,395.5
Net operating revenues	**212.0**	94.0	1,326.0
Interest expense and other income, net			
Interest expense	**457.2**	448.4	417.7
Irrigation assistance	**8.4**	-	-
Allowance for funds used during construction	**(56.8)**	(42.0)	(24.9)
Interest income	**(43.9)**	(69.4)	(10.6)
Other, net	**(20.7)**	14.0	(20.3)
Total interest expense and other income, net	**344.2**	351.0	361.9
Net revenues (expenses)	**(132.2)**	(257.0)	964.1
Accumulated net revenues, beginning of year	**5,589.1**	5,859.6	4,912.6
Irrigation assistance	**-**	(13.5)	(17.1)
Accumulated net revenues, end of year	**$ 5,456.9**	$ 5,589.1	$ 5,859.6

The accompanying notes are an integral part of these financial statements.

Federal Columbia River Power System

Combined Statements of Cash Flows

For the Years Ended September 30

(Millions of Dollars)

		2024		2023		2022
Cash flows from operating activities						
Net revenues (expenses)	**$**	**(132.2)**	$	(257.0)	$	964.1
Adjustments to reconcile net revenues to cash provided by operations:						
Depreciation, amortization and accretion		**870.9**		848.9		841.0
Boardman to Hemingway non-cash net loss		**-**		27.9		-
Other		**(28.7)**		(20.4)		(13.4)
Changes in:						
Receivables and unbilled revenues		**(78.8)**		132.5		(180.3)
Materials and supplies		**(19.5)**		(11.6)		0.1
Prepaid expenses		**(13.1)**		(18.9)		(9.5)
Accounts payable and other		**151.8**		329.1		334.1
Regulatory assets and liabilities		**70.3**		(217.2)		(7.4)
IOU exchange benefits		**(236.4)**		(214.8)		(208.2)
Nonfederal nuclear decommissioning trusts		**(128.9)**		(60.0)		105.3
Other assets and liabilities		**89.3**		237.4		(49.0)
Net cash provided by operating activities		**544.7**		775.9		1,776.8
Cash flows from investing activities						
Investment in utility plant, including AFUDC		**(1,169.2)**		(851.9)		(693.8)
Proceeds from sale of utility plant		**2.6**		3.2		13.2
U.S. Treasury securities:						
Purchases		**-**		(250.0)		(1,250.0)
Maturities		**-**		750.0		750.0
Deposits to nonfederal nuclear decommissioning trusts		**(15.1)**		(4.9)		(4.7)
Lease-purchase trust funds:						
Deposits to		**(1.5)**		-		-
Receipts from		**4.3**		-		-
Net cash used for investing activities		**(1,178.9)**		(353.6)		(1,185.3)
Cash flows from financing activities						
Federal appropriations:						
Proceeds		**126.3**		80.5		43.1
Repayment		**(26.8)**		(123.8)		(5.0)
Borrowings from U.S. Treasury:						
Proceeds		**650.0**		722.0		744.0
Repayment		**(473.1)**		(616.9)		(694.2)
Nonfederal debt:						
Repayment		**(294.7)**		(160.4)		(208.5)
Customers:						
Net advances for construction		**48.6**		84.2		20.3
Repayment of funds used for construction		**(22.0)**		(20.1)		(21.0)
Irrigation assistance		**-**		(13.5)		(17.1)
Net cash provided by (used for) financing activities		**8.3**		(48.0)		(138.4)
Net increase (decrease) in cash, cash equivalents and restricted cash		**(625.9)**		374.3		453.1
Cash, cash equivalents and restricted cash at beginning of year		**2,046.1**		1,671.8		1,218.7
Cash, cash equivalents and restricted cash at end of year	**$**	**1,420.2**	$	2,046.1	$	1,671.8
Less: Restricted cash at end of year, reported in Deferred charges and other		**8.2**		8.2		8.8
Cash and cash equivalents at end of year	**$**	**1,412.0**	$	2,037.9	$	1,663.0
Supplemental disclosures:						
Cash paid for interest, net of amount capitalized	**$**	**490.7**	$	404.2	$	396.4
Significant noncash activities:						
Nonfederal debt increase	**$**	**1,012.5**	$	674.9	$	705.6
Nonfederal debt decrease	**$**	**(802.3)**	$	(489.9)	$	(507.4)
Nonfederal debt cost of issuance	**$**	**(5.4)**	$	(3.4)	$	(3.0)
Increase in Nonfederal generation asset	**$**	**59.1**	$	-	$	-

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

ACCOUNTING PRINCIPLES

Combination of entities

The Federal Columbia River Power System (FCRPS) financial statements combine the accounts of the Bonneville Power Administration (BPA) with the accounts of the Pacific Northwest generating facilities of the U.S. Army Corps of Engineers (USACE) and the Bureau of Reclamation (Reclamation). The FCRPS combined financial statements also include the operations and maintenance costs of the U.S. Fish and Wildlife Service for the Lower Snake River Compensation Plan (USFWS LSRCP) facilities. Consolidated with BPA is a variable interest entity (VIE) of which BPA is the primary beneficiary and from which BPA leases certain transmission facilities. (See Note 8, Debt and Appropriations, and Note 9, Variable Interest Entities.)

BPA is a separate and distinct entity within the U.S. Department of Energy; the USACE is part of the U.S. Department of Defense; and Reclamation and U.S. Fish and Wildlife Service are part of the U.S. Department of the Interior. Each of the combined entities is separately managed, but the facilities are operated as an integrated power system with the financial results combined as the FCRPS. BPA is a self-funding federal power marketing administration that purchases, transmits and markets power for the FCRPS. While the costs of USACE, Reclamation and USFWS LSRCP projects serve multiple purposes, only the power portion of total project costs are assigned to the FCRPS through cost allocation processes. All intracompany and intercompany accounts and transactions have been eliminated from the FCRPS financial statements.

FCRPS financial statements are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. FCRPS financial statements also reflect the Uniform System of Accounts (USoA) as prescribed for electric public utilities by the Federal Energy Regulatory Commission (FERC). FCRPS accounting policies also reflect other specific legislation and directives issued by U.S. government agencies. All U.S. government properties and income are tax exempt.

Use of estimates

The preparation of FCRPS financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the FCRPS financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rates and regulatory authority

BPA establishes separate power and transmission rates in accordance with several statutory directives. Rates proposed by BPA are subject to an extensive formal hearing process, after which they are submitted by BPA and reviewed by FERC. FERC's review is based on BPA statutes that include a requirement that rates must be sufficient to ensure repayment of the federal investment in the FCRPS over a reasonable number of years after first meeting BPA's other costs. After the final FERC approval, BPA's rates may be reviewed by the United States Court of Appeals for the Ninth Circuit (Ninth Circuit Court) if challenged by parties involved in the rate proceedings. Petitions seeking such review must be filed within 90 days of the final FERC approval. The Ninth Circuit Court may either confirm or reject a rate proposed by BPA. BPA's rates are not structured to provide a rate of return on its assets. Rates for the two-year BP-24 rate period began on Oct. 1, 2023, and will conclude on Sept. 30, 2025.

In accordance with authoritative guidance for regulated operations, certain costs or credits may be included in rates for recovery or refund over a future period and are recorded as regulatory assets or liabilities. (See Note 5, Effects of Regulation.)

Utility plant

Utility plant is stated at original cost and includes federal system hydro generation assets (i.e., Pacific Northwest generating facilities of the USACE and Reclamation) as well as transmission and other assets. The costs of substantial additions, major replacements and substantial betterments are capitalized. Costs include direct labor and materials; payments to contractors; indirect charges for engineering, supervision and certain overhead items; and an allowance for funds used during construction (AFUDC). Maintenance, repairs and replacements of items determined to be less than major units of property are charged as incurred to Operations and maintenance in the Combined Statements of Revenues and Expenses. When utility plant is retired, the original cost and any net proceeds from the disposition are charged to accumulated depreciation. (See Note 3, Utility Plant and Nonfederal Generation.)

Depreciation, amortization and accretion

Depreciation of the original cost of generation plant is computed using straight-line methods based on estimated average service lives of the various classes of property. For transmission plant, depreciation of original cost and estimated net cost of removal is computed primarily on the straight-line group life method based on estimated average service lives of the various classes of property. Periodically BPA conducts a depreciation study on transmission and general plant assets. BPA updates depreciation rates based on updated asset lives and net salvage, which considers cost of removal and salvage proceeds. The estimated net cost of removal is included in depreciation expense. (See Note 3, Utility Plant and Nonfederal Generation.)

In the event removal costs associated with transmission plant are expected to exceed salvage proceeds, a reclassification of this negative salvage is made from accumulated depreciation to a regulatory liability. As actual removal costs are incurred, the associated regulatory liability is reduced. (See Note 5, Effects of Regulation.)

Amortization expense relates to nonfederal generation assets, certain regulatory assets and finance lease right-of-use assets. (For further discussion see Note 3, Utility Plant and Nonfederal Generation; Note 5, Effects of Regulation and Note 4, Leases.)

Accretion expense is recorded throughout the fiscal year in connection with a periodic increase to the Columbia Generating Station (CGS) asset retirement obligation (ARO) liability to reflect the passage of time. (For further discussion see Note 6, Asset Retirement Obligations.)

Allowance for funds used during construction

AFUDC represents the estimated cost of interest on financing the construction of new assets. AFUDC is calculated based on the construction work in progress balance and on Lease-Purchase Program trust fund balances held for construction purposes. (See Note 7, Deferred Charges and Other.) AFUDC is charged to the capitalized cost of the utility plant asset and is a reduction of Interest expense and other income, net in the Combined Statements of Revenues and Expenses.

AFUDC is capitalized at one rate for construction funded substantially by BPA and at another rate for USACE and Reclamation construction funded by congressional appropriations. (See Note 3, Utility Plant and Nonfederal Generation.) The BPA rate is determined based on the weighted-average cost of borrowing for certain types of debt and deferred credits that are related to BPA construction activity. The rate for appropriated funds is provided at the beginning of each year to BPA by the U.S. Treasury.

Nonfederal generation

BPA is party to long-term contracts for BPA to acquire all of the generating capability of Energy Northwest's CGS nuclear power plant and Lewis County PUD's (Public Utility District's) Cowlitz Falls Hydroelectric Project. CGS is a nonfederal nuclear power plant owned and operated by Energy Northwest, a joint operating agency of the state of Washington. The current license termination dates for CGS and the Cowlitz Falls Project are in December 2043 and May 2036, respectively. BPA has acquired the output of CGS and the Cowlitz Falls Project through December 2043 and June 30, 2032, respectively. These contracts require BPA to meet all of the facilities' operating, maintenance and debt service costs. Operations and maintenance expense for these projects are recognized based upon annual total project cash funding requirements, which vary from year to year.

Nonfederal generation assets on the Combined Balance Sheets are amortized on a straight-line basis, with the amortization expense included in Depreciation, amortization and accretion in the Combined Statements of Revenues and Expenses. CGS is amortized through the current license termination date in 2043. Beginning in fiscal year 2024, in alignment with the BP-24 rate case, the amortization period for the Cowlitz Falls Project changed from the license termination date in 2036 to align with the period in which BPA is contracted to receive the output of the Cowlitz Falls Project, which ends in 2032. As of Sept. 30, 2024, and 2023, the CGS Nonfederal generation asset also includes approximately $98 million of prepaid nuclear fuel purchased by Energy Northwest that management anticipates CGS will begin using in 2031. Future amortization expense is expected to occur over the years in which the fuel will be used.

Cash and cash equivalents

Cash amounts for the FCRPS include cash and cash equivalents in the Bonneville Power Administration Fund (Bonneville Fund) within the U.S. Treasury and cash from certain unexpended appropriations of the USACE and Reclamation related to the FCRPS. As of Sept. 30, 2024, and 2023, cash amounts also include cash held in a margin account with BPA's financial futures broker, which BPA could access within one day. Cash equivalents in the Bonneville Fund consist of investments in non-marketable market-based special securities issued by the U.S. Treasury with original maturities of 90 days or less at the date of investment. The carrying value of cash and cash equivalents approximates fair value.

Concentrations of credit risks

General credit risk

Financial instruments that potentially subject the FCRPS to concentrations of credit risk consist primarily of BPA accounts receivable. Credit risk relates to the loss that might occur as a result of counterparty non-performance.

BPA's accounts receivable are spread across a diverse group of customers throughout the western United States and Canada, and include consumer-owned utilities (COUs), investor-owned utilities (IOUs), power marketers, wind generators and others. BPA's accounts receivable exposure is generally from large and stable counterparties and does not represent a significant concentration of credit risk. During fiscal years 2024, 2023 and 2022, BPA experienced no material losses as a result of any customer defaults or bankruptcy filings.

BPA mitigates credit risk by reviewing counterparties for creditworthiness, establishing credit limits and monitoring credit exposure. To further manage credit risk, BPA obtains credit support, such as letters of credit, parental guarantees, and cash in the form of prepayments, deposits or escrow funds, from some counterparties. BPA monitors counterparties for changes in financial condition and regularly updates credit reviews. (See Note 12, Risk Management and Derivative Instruments.)

Allowance for doubtful accounts

Management reviews accounts receivable to determine if any receivable will potentially be uncollectible. The allowance for doubtful accounts includes amounts estimated through an evaluation of specific customer accounts, based upon the best available facts and circumstances of customers that may be unable to meet their financial obligations, and a reserve for all other customers based on historical experience. The allowance is not material to the financial statements.

Derivative instruments

Derivative instruments consist primarily of forward electricity contracts and are measured at fair value and recognized on the Combined Balance Sheets as either Deferred charges and other or as Deferred credits and other. Changes in fair value are deferred as either Regulatory assets or Regulatory liabilities on the Combined Balance Sheets in accordance with regulated operations accounting guidance. Recognition of these contracts in the Combined Statements of Revenues and Expenses occurs in Sales or Purchased power when the contracts settle. BPA elects the normal purchases and normal sales exception under derivatives and hedging accounting guidance for certain contracts that require physical delivery, are expected to be used or sold in the normal course of business and meet the derivative accounting definition of a capacity contract. The FCRPS does not apply hedge accounting. (See Note 12, Risk Management and Derivative Instruments.)

Fair value

Carrying amounts of current assets and current liabilities approximate fair value based on the short-term nature of these instruments. Fair value measurements are applied to certain financial assets and liabilities and to determine fair value disclosures in accordance with GAAP. When developing fair value measurements, it is BPA's policy to use quoted market prices whenever available or to maximize the use of observable inputs and minimize the use of unobservable inputs when quoted market prices are not available. Fair values are primarily developed using industry standard models that consider various inputs including quoted forward prices for commodities, time value, volatility factors, current market and contractual prices for underlying instruments, market interest rates and yield curves, and credit spreads, as well as other relevant economic measures. (See Note 12, Risk Management and Derivative Instruments and Note 13, Fair Value Measurements.)

Operating revenues and net revenues

Sales include estimated unbilled revenues. (See Note 2, Revenue Recognition.) Net revenues over time are committed to payment of operational obligations, including debt for both operating and non-operating nonfederal projects, debt service on bonds BPA issues to the U.S. Treasury, the repayment of federal appropriations for the FCRPS, and the payment of certain irrigation costs.

U.S. Treasury credits

U.S. Treasury credits represent nonpower-related costs that BPA recovers from the U.S. Treasury in accordance with certain laws. (See Note 2, Revenue Recognition.)

Purchased power

Purchased power expense represents wholesale power purchases that are meant to augment the FCRPS resource pool to meet loads and obligations. In addition, this expense includes the costs of certain water storage agreements between BPA and third parties. Purchased power excludes operations and maintenance expenses associated with CGS and the Cowlitz Falls Hydroelectric Project, and with certain contracts for renewable resources that BPA management considers part of the FCRPS resource pool.

Interest expense

Interest expense includes interest associated with nonfederal debt related to operating or terminated nonfederal generation assets, bonds issued by BPA to the U.S. Treasury, the unpaid balance of federal appropriations scheduled for repayment, and other nonfederal debt and certain liabilities. In addition, interest expense includes the amortization of bond premiums, discounts and costs of issuance. Reductions to interest expense include the amortization of a capitalization adjustment regulatory liability. (See Note 5, Effects of Regulation.)

Interest income

Interest income includes interest earnings on market-based special securities in the Bonneville Fund and interest earnings from other sources.

Other, net

Other, net primarily includes dividend income and realized gains and losses associated with the nonfederal nuclear decommissioning trusts for CGS. In addition, gains and losses incurred because of early debt extinguishment are recorded to this caption. In fiscal year 2023, Other, net also included $31 million net non-cash expense related to the "Boardman to Hemingway (B2H) with Transfer Service" transaction in March 2023. For further information on the B2H transaction, see Note 7, Deferred Charges and Other.

Residential Exchange Program

In order to provide residential and small farm customers of qualifying regional utilities, primarily IOUs, access to power benefits from the FCRPS, Congress established the Residential Exchange Program (REP) in Section 5(c) of The Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). Whenever a

Pacific Northwest electric utility offers to sell power to BPA at the utility's average system cost of resources, BPA purchases such power and offers, in exchange, to sell an equivalent amount of power at BPA's priority firm exchange rate to the utility for resale to that utility's residential and small farm consumers. No physical power is transmitted. Rather, the REP functions exclusively as a net financial transaction; wherein, higher-cost utilities participating in the REP receive benefits payments from BPA and entirely pass-through these monies to their eligible residential and small farm customer. REP costs are forecast for each year of the rate period and included in the revenue requirement for establishing BPA's power rates. REP costs are recognized when incurred and are included in Operations and maintenance in the Combined Statements of Revenues and Expenses.

In fiscal year 2011, BPA signed the 2012 Residential Exchange Program Settlement Agreement (2012 REP Settlement Agreement), resolving disputes related to the REP. The 2012 REP Settlement Agreement provided for fixed "Scheduled Amounts" payable to the IOUs through fiscal year 2028. (See Note 10, Residential Exchange Program.)

Pension and other postretirement benefits

Federal employees associated with the operation of the FCRPS participate in either the Civil Service Retirement System or the Federal Employees Retirement System. Employees may also participate after retirement in the Federal Employees Health and Benefit Program and the Federal Employees Group Life Insurance Program. All such postretirement systems and programs are sponsored by the U.S. Office of Personnel Management; therefore, the FCRPS financial statements do not include accumulated plan assets or liabilities related to the administration of such programs. As part of BPA's scheduled payment each year to the U.S. Treasury for bonds and other purposes, BPA makes contributions to cover the estimated annual unfunded portion of FCRPS pension and postretirement benefits. These contribution amounts are paid to the U.S. Treasury and are recorded as Operations and maintenance in the Combined Statements of Revenues and Expenses during the year to which the payment relates.

SUBSEQUENT EVENTS

Management has performed an evaluation of events and transactions for potential FCRPS recognition or disclosure through Nov. 1, 2024, which is the date the financial statements were issued.

In October 2024, an agreement was signed to extend an existing Columbia Basin Fish Accord through Sept. 30, 2034. (See Note 14, Commitments and Contingencies.)

2. Revenue Recognition

DISAGGREGATED REVENUE

Years ended Sept. 30 - millions of dollars	2024	2023	2022
Sales			
Power			
Firm	$ 2,034.6	$ 1,817.0	$ 2,095.0
Surplus[1]	972.5	962.4	1,337.0
Transmission	1,178.6	1,097.2	1,070.4
Other[2]	121.1	109.0	102.2
Sales	$ 4,306.8	$ 3,985.6	$ 4,604.6
U.S. Treasury credits[3]	262.4	262.3	116.9
Total operating revenues[4]	$ 4,569.2	$ 4,247.9	$ 4,721.5

[1] Surplus revenue includes $300.7 million, $227.9 million, and $575.2 million of derivative commodity contracts and related operational hedging activity for fiscal years 2024, 2023 and 2022, respectively, which are not considered revenue from contracts with customers under ASC 606. For further information, see additional disclosure below.
[2] Other revenue includes $56.5 million, $42.6 million and $41.7 million for fiscal years 2024, 2023 and 2022, respectively, that are not classified as revenue from contracts with customers under ASC 606. For further information, see additional disclosure below.
[3] U.S. Treasury credits are not classified as revenue from contracts with customers under ASC 606. For further information, see additional disclosure below.
[4] Revenue from contracts with customers was $3,949.6 million, $3,715.1 million and $3,987.7 million for fiscal years 2024, 2023 and 2022, respectively.

SALES

A substantial majority of FCRPS revenues is from rate-regulated sales of power and transmission products and services. All revenues are from contracts with customers except for U.S. Treasury credits, derivatives and certain other revenues as shown in the table above. BPA establishes rates for its power and transmission services in a formal rate proceeding. The power and transmission rate schedules and general rate schedule provisions establish the rates, billing determinants, and rate provisions applicable to all BPA power and transmission contracts. Charges for services specified in the rate schedules and their provisions represent the amount billed by BPA for the goods or services used and purchased by its customers.

BPA has elected to apply the right-to-invoice practical expedient to FCRPS rate-regulated revenues from power and transmission services. Amounts invoiced correspond directly with the value to the customers for energy or services provided by the FCRPS reporting entities. Therefore, revenue from power and transmission sales, which includes billed and estimated unbilled amounts, is recognized over time upon the delivery of energy or services to the customers. The customers receive and benefit from the value of power and transmission at the time of delivery. Payments for amounts billed by BPA are generally due from customers within 20 days of billing. There are no material significant financing components.

"Firm" power consists of energy, capacity, or both, that is guaranteed to be available to the customer at all times during the period covered by a contract, except by reason of certain uncontrollable forces or service interruption provisions. The Northwest Power Act obligates BPA to meet a utility customer's firm consumer load net of the customer's resources used to serve its load. In addition, BPA sells firm power to other federal agencies and to a direct service industrial customer within the region for their direct consumption. The vast majority of firm power sold by BPA in fiscal years 2024, 2023 and 2022 was to preference customers, which make long-term power purchases from BPA at cost-based rates to meet their retail loads in the region. Preference customers are qualifying public utility districts, municipalities, consumer-owned electric cooperatives, and tribal utilities within the region. BPA's current power sales agreements with preference customers are in effect through fiscal year 2028.

“Surplus” power consists of energy and capacity that can be provided on an hourly or other short-term basis that is surplus to meeting certain firm loads as defined in the Northwest Power Act. BPA often describes the sale of surplus power as secondary sales. Most surplus power is sold to Pacific Northwest and California markets under short-term power sales that allow for flexible negotiated prices, or under longer-term contracts. The availability of surplus power depends primarily on precipitation and reservoir storage levels, performance of the Columbia Generating Station, BPA’s firm power load obligations and other factors. Secondary revenues from the sale of surplus power are highly variable and depend on market conditions and the resulting prices. Amounts disclosed are net of bookouts, which occur when sales and purchases are scheduled with the same counterparty on the same path for the same hour.

Also included within Surplus sales are revenues from derivative commodity contracts in scope of ASC 815, Derivatives and Hedging, which are not considered revenue from contracts with customers under ASC 606. Derivative revenues are reported net of bookouts and primarily source from certain secondary power contracts that involve derivative instruments. (For further information on derivatives, see Note 1, Summary of Significant Accounting Policies, and Note 12, Risk Management and Derivative Instruments.)

“Transmission” revenues consist primarily of revenue for the transmission of power on BPA’s network within and through the BPA service area. Point-to-point long-term contracts exceeding one year comprise the majority of network revenues and allow customers to move energy on a firm basis from a point of receipt to a point of delivery. In addition, Network Integration Transmission Service delivers power to load within BPA’s balancing authority area and is a significant component of transmission revenues. Revenue from ancillary services and the Southern Intertie also comprise a significant portion of transmission revenues. Ancillary services ensure transmission grid reliability and include items such as scheduling, dispatch, balancing reserves and other services. The Southern Intertie is a system of transmission lines used primarily to transmit power between the Pacific Northwest and California. The majority of intertie revenue is from long-term contracts exceeding one year in duration. Transmission customers include entities that buy and sell non-federal power in the region, in-region purchasers of federal power, generators, power marketers and utilities that seek to transmit power into, out of or through the region.

“Other” revenues source primarily from the sales of power and other services or items by Reclamation and USACE. In particular, Reclamation sells power to certain Pacific Northwest irrigation districts. Other revenues also include reimbursable revenues associated with work performed for BPA customers. Reimbursable revenues are offset by an equivalent amount of reimbursable expenses.

Also included within other revenues are the following types of revenue not with customers: leasing fees that BPA receives as the lessor of certain fiber optic cables and other assets; revenue from deferred project revenue funded in advance, which is recognized over the life of the corresponding transmission assets once placed in service and reduces the associated liability; and realized gains on financial futures contracts. (See Note 11, Deferred Credits and Other for further information on deferred project revenue funded in advance.)

U.S. TREASURY CREDITS

U.S. Treasury credits represent BPA’s recovery of certain nonpower-related costs from the U.S. Treasury in accordance with certain laws. The primary U.S. Treasury credit is the 4(h)(10)(C) credit provided for in the Northwest Power Act. This Act requires BPA to recover the nonpower portion of expenditures—set at 22.3%—that BPA makes for fish and wildlife protection, mitigation and enhancement. Through Section 4(h)(10)(C), the Northwest Power Act ensures that the costs of mitigating these impacts are allocated between the power-related and other purposes of the federal hydroelectric projects of the FCRPS. Power-related costs are recovered in BPA’s rates. U.S. Treasury credits are reported as a component of Operating revenues in the Combined Statements of Revenues and Expenses.

As part of its annual payment to the U.S. Treasury, BPA applies the U.S. Treasury credits earned each fiscal year against various categories of payment obligations. For example, BPA may apply U.S. Treasury credits against interest expense or liabilities such as borrowings from U.S. Treasury and federal appropriations.

CONTRACT BALANCES

As of Sept. 30 — millions of dollars	2024	2023
Receivable assets		
Accounts receivable, net of allowance	$ 95.4	$ 84.7
Accrued unbilled revenues	348.2	282.7
Contract liabilities		
Customer prepaid power purchases	$ 111.7	$ 139.2
Third AC Intertie capacity agreements	80.2	82.6
Unearned revenue from customer deposits	73.9	66.0
Revenue recognized during the fiscal year from amounts included in contract liabilities at the beginning of the year	$ 98.2	$ 94.6

Accounts receivable and accrued unbilled revenues source primarily from contracts with customers.

Contract liabilities represent an entity's unsatisfied performance obligation to transfer goods or services to a customer from which the entity has received consideration. The contract liability amounts in the table above show expected future revenues to be recorded as power is delivered (for customer prepaid power purchases), over the estimated life of transmission assets placed in service (for Third AC Intertie capacity agreements), or as expenditures are incurred (for unearned revenue from customer deposits). These contract liabilities have no variable consideration and require little or no significant judgment in revenue recognition. The average contract term varies by customer and type and may span several years. (See Note 8, Debt and Appropriations, for further information on customer prepaid power purchases, and Note 11, Deferred Credits and Other, for further information on Third AC Intertie capacity agreements and unearned revenue from customer deposits.)

3. Utility Plant and Nonfederal Generation

As of Sept. 30 — millions of dollars		2024		2023	2024 Estimated average service lives
Completed plant					
Federal system hydro generation assets	$	10,507.4	$	10,337.3	75 years
Transmission assets		11,624.3		11,230.0	51 years
Other assets		104.2		107.4	8 years
Completed plant	$	22,235.9	$	21,674.7	
Accumulated depreciation					
Federal system hydro generation assets	$	(4,266.0)	$	(4,139.2)	
Transmission assets		(4,284.7)		(4,126.6)	
Other assets		(54.2)		(50.2)	
Accumulated depreciation	$	(8,604.9)	$	(8,316.0)	
Construction work in progress					
Federal system hydro generation assets	$	693.5	$	588.5	
Transmission assets		1,507.8		1,118.7	
Other assets		35.1		25.9	
Construction work in progress	$	2,236.4	$	1,733.1	
Nonfederal generation	$	3,410.0	$	3,380.0	
Net utility plant and nonfederal generation	$	19,277.4	$	18,471.8	

Allowance for funds used during construction

Fiscal year	2024	2023	2022
BPA rate	3.3%	3.0%	2.4%
Appropriated rate	5.5%	3.6%	0.1%

Amounts accrued in Accounts payable and other on the Combined Balance Sheets for Construction work in progress assets were approximately $168 million, $122 million, and $93 million as of Sept. 30, 2024, 2023, and 2022, respectively.

4. Leases

An arrangement contains a lease if a lessee has the right to control an identified asset for a period of time in exchange for consideration. At contract inception, management determines whether an arrangement contains a lease and lease classification, if applicable. At the lease commencement date, lease right-of-use (ROU) assets and lease liabilities are recorded based upon the present value of lease payments over the lease term, including initial direct costs, if any. If a contract provides an implicit rate, it is used to determine the present value of future lease payments. If a contract does not provide an implicit rate, management uses the incremental borrowing rate available at lease commencement. Operating lease ROU assets include any lease payments made at or before the commencement date and exclude lease incentives.

Certain lease arrangements contain renewal or early termination options. If management is reasonably certain to exercise these options, they are included in the calculation of the ROU asset and lease liability by incorporating the option into the lease term. Certain renewal options include an adjustment to future lease cost based upon various factors, such as pre-determined percentage increases, the Consumer Price Index, or other methods. Management has also elected to account for arrangements with lease and non-lease components as a single lease component.

Operating leases are primarily for office spaces and leased vehicles. Operating lease terms range from 1 to 34 years. Finance leases are primarily for transmission lines and equipment. Finance lease terms range from less than one year to 63 years. There were no material lessor arrangements as of Sept. 30, 2024, and 2023.

The following table provides supplemental balance sheet information related to leases:

As of Sept. 30 — millions of dollars	Financial Statement Line Item	2024	2023
Operating leases			
ROU assets	Deferred charges and other	$ 101.3	$ 91.4
Short-term lease liability	Accounts payable and other	14.6	16.4
Long-term lease liability	Deferred credits and other	86.8	75.0
Finance leases			
ROU assets	Completed plant	$ 97.7	$ 99.1
Short-term lease liability	Nonfederal debt	5.8	4.9
Long-term lease liability	Nonfederal debt	97.5	99.5

The following table provides supplemental expense information related to total lease costs:

Years ended Sept. 30 — millions of dollars	Financial Statement Line Item	2024	2023	2022
Operating lease cost [1]	Operations and maintenance	$ 18.8	$ 18.7	$ 18.6
Finance lease cost:				
Amortization of ROU assets	Depreciation, amortization and accretion	6.0	5.2	4.5
Interest on lease liabilities	Interest expense	5.2	5.1	5.1
Total lease costs		$ 30.0	$ 29.0	$ 28.2

[1] Includes variable lease costs, which were immaterial for the fiscal years ended Sept. 30, 2024, 2023 and 2022.

	Weighted-average remaining lease term	Weighted-average discount rate
Operating leases	7.0 years	3.2%
Finance leases	46.1 years	5.1%

The following table provides supplemental cash flow information related to leases:

Years ended Sept. 30 - millions of dollars	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash outflows:			
Operating lease payments	$ 18.8	$ 18.7	$ 18.6
Interest on finance leases	5.2	5.1	5.1
Financing cash outflows:			
Principal payments on finance lease	5.7	4.4	3.8
Right-of-use assets obtained in exchange for new lease obligations			
Operating leases	26.5	9.3	3.0
Finance leases	4.5	8.2	7.0

The following table provides maturities of operating lease liabilities:

As of Sept. 30 - millions of dollars	
2025	$ 17.6
2026	18.3
2027	17.6
2028	14.6
2029	14.3
2030 and thereafter	31.7
Total undiscounted lease liabilities	$ 114.1
Less: Amounts representing interest	12.7
Total lease liabilities	$ 101.4

See Note 8, Debt and Appropriations, for finance lease maturity analysis.

5. Effects of Regulation

Regulatory assets include the following items:

REGULATORY ASSETS

As of Sept. 30 — millions of dollars	2024	2023
Terminated nuclear facilities	$ 1,355.0	$ 1,425.4
IOU exchange benefits	1,062.8	1,299.2
Columbia River Fish Mitigation	725.4	745.2
Phase 2 Implementation Plan (P2IP) Settlement Agreement	252.8	252.8
Irrigation assistance	227.6	—
Fish and wildlife measures	206.8	213.5
Resilient Columbia Basin Agreement - Six Sovereigns	111.2	—
Trojan decommissioning and site restoration	94.6	92.9
Spacer damper replacement program	43.1	46.0
Conservation measures	26.0	48.3
Legal claims and settlements	22.0	22.0
Federal Employees' Compensation Act	21.0	17.8
Other	3.1	3.6
Derivative instruments	1.7	1.8
Terminated hydro facilities	0.3	2.2
Terminated I-5 Corridor Reinforcement Project	—	26.0
Decommissioning and site restoration	—	75.7
Total	$ 4,153.4	$ 4,272.4

"**Terminated nuclear facilities**" consist of amounts to be recovered in future rates to satisfy the nonfederal debt for Energy Northwest Projects 1 and 3. These assets are amortized to depreciation, amortization and accretion through 2043, as established in the rate case.

"**IOU exchange benefits**" reflect amounts to be recovered in rates through 2028 for the IOU exchange benefits liability incurred as part of the 2012 REP Settlement Agreement. These amounts are amortized to operations and maintenance expense. (See Note 10, Residential Exchange Program.)

"**Columbia River Fish Mitigation**" is the cost of research and development for fish bypass facilities funded through appropriations since 1989 in accordance with the Energy and Water Development Appropriations Act of 1989, Public Law 100-371. Through fiscal year 2021, these costs were recovered in rates over 75 years and amortized to depreciation, amortization and accretion expense. Beginning in fiscal year 2022, these costs are no longer deferred and are instead recorded as operations and maintenance expense when incurred. In addition, beginning in fiscal year 2022 the amortization period for remaining deferred amounts has changed from 75 years to 50 years as stated in the BP-22 rate case.

"**Phase 2 Implementation Plan (P2IP) Settlement Agreement**" represents the deferral of expenses related to the P2IP settlement agreement signed in September 2023. BPA expects that these costs will be recovered through future rates. The amortization period and expense location on the Combined Statements of Revenues and Expenses will be determined prior to the BP-26 rate proposal. (For further information on the P2IP transaction, see Note 11, Deferred Credits and Other.)

"**Irrigation assistance**" reflects the amount to be recovered in future rates through 2045 in connection with the annual irrigation assistance payment made to the U.S. Treasury. Amortization of these costs will be recorded as non-operating expenses under Irrigation assistance on the Combined Statements of Revenues and Expenses in the year of payment. (For further information on Irrigation assistance, see Note 11, Deferred Credits and Other and Note 14, Commitments and Contingencies.)

"**Fish and wildlife measures**" consist of deferred fish and wildlife project expenses to be recovered in future rates. These costs are amortized to depreciation, amortization and accretion expense over a period of 15 years.

“**Resilient Columbia Basin Agreement – Six Sovereigns**” represents the deferral of expenses related to the settlement agreement signed in December 2023 between BPA and certain state and tribal partners, collectively known as the Six Sovereigns. BPA expects that these costs will be recovered through future rates. The amortization period and expense location on the Combined Statements of Revenues and Expenses will be determined prior to the BP-26 rate proposal. (For further information on this transaction, see Note 11, Deferred Credits and Other.)

“**Trojan decommissioning and site restoration**” reflects the amount to be recovered in future rates for funding the asset retirement obligation (ARO) liability related to the former Trojan nuclear facility through 2059. This amount equals the associated liability. (See Note 6, Asset Retirement Obligations.)

“**Spacer damper replacement program**” consists of costs to replace deteriorated spacer dampers on certain transmission lines and are recovered in future rates under the Spacer Damper Replacement Program. These costs are amortized to depreciation, amortization and accretion expense over a period of 25 or 30 years.

“**Conservation measures**” consist of the costs of deferred energy conservation measures to be recovered in future rates. These costs are amortized to depreciation, amortization and accretion expense over periods of 12 or 20 years. BPA deferred certain costs of energy conservation measures through fiscal year 2015 and, beginning with fiscal year 2016, began recording such costs as operations and maintenance expense when incurred.

“**Legal claims and settlements**” reflect amounts to be recovered in future rates to satisfy accrued liabilities related to legal claims and settlements. These costs will be recovered and amortized to operations and maintenance expense over a period to be established during future rate cases.

“**Federal Employees’ Compensation Act**” reflects the actuarial estimated amount of future payments for current recipients of BPA’s worker compensation benefits. This amount equals the associated liability, and related expenses are recorded to operations and maintenance expense as payments are made. (See Note 11, Deferred Credits and Other.)

“**Derivative instruments**” reflect the unrealized losses from BPA's derivative portfolio. These amounts are deferred over the corresponding underlying contract delivery months. (See Note 12, Risk Management and Derivative Instruments.)

“**Terminated hydro facilities”** consist of the amounts to be recovered in future rates to satisfy nonfederal debt for the Northern Wasco Hydro Project, for which BPA ceased its participation as recipient of the project’s electric power. These assets are amortized to depreciation, amortization and accretion through 2025, as established in the rate case. (See Note 8, Debt and Appropriations.)

“Terminated I-5 Corridor Reinforcement Project” consists of the costs to be recovered in future rates for preliminary construction and related activities for the former I-5 Corridor Reinforcement Project. These costs were amortized to depreciation, amortization and accretion expense through 2024, as established in the rate case.

“**Decommissioning and site restoration**” represents unrealized losses in the nonfederal nuclear decommissioning trust assets for the Columbia Generating Station. (See Note 6, Asset Retirement Obligations.)

Regulatory liabilities include the following items:

REGULATORY LIABILITIES

As of Sept. 30 — millions of dollars		2024		2023
Capitalization adjustment	$	758.0	$	822.9
Accumulated plant removal costs		709.2		666.2
Decommissioning and site restoration		36.4		2.6
Derivative instruments		18.8		51.5
Total	$	1,522.4	$	1,543.2

“**Capitalization adjustment**” is the difference between the outstanding balance of federal appropriations, plus $100 million, before and after refinancing under the BPA Refinancing Section of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, 16 U.S.C. 838(l). Consistent with treatment in BPA’s power and transmission rate cases, this adjustment is amortized over a 40-year period through fiscal year 2036. Amortization of the capitalization adjustment as a reduction to interest expense was $64.9 million each year for fiscal years 2024, 2023 and 2022.

“**Accumulated plant removal costs**” represent a liability for amounts previously collected through rates as part of depreciation expense. The liability increases as depreciation expense is incurred and is reduced as actual costs of removal, net of proceeds, are incurred. (See Note 1, Summary of Significant Accounting Policies.)

“**Decommissioning and site restoration**” represents unrealized gains in the nonfederal nuclear decommissioning trust assets for the Columbia Generating Station. (See Note 6, Asset Retirement Obligations.)

“**Derivative instruments**” reflect the unrealized gains from BPA’s derivative portfolio. These amounts are deferred over the corresponding underlying contract delivery months. (See Note 12, Risk Management and Derivative Instruments.)

6. Asset Retirement Obligations

Asset retirement obligations include the following items:

As of Sept. 30 — millions of dollars		2024		2023
CGS decommissioning and site restoration	$	1,020.7	$	921.8
Trojan decommissioning		94.6		92.9
Energy Northwest Projects 1 and 4 site restoration		2.9		0.4
Total	$	1,118.2	$	1,015.1

AROs represent the legal obligations associated with the future retirement of certain tangible, long-lived assets. FCRPS AROs are recognized based on the estimated fair value of the dismantlement and restoration costs, primarily associated with the retirement of the Columbia Generating Station. BPA also has AROs for a 30% share of the former Trojan nuclear power plant decommissioning activities and for certain Energy Northwest-related site restoration activities. ARO liabilities are adjusted for any revisions, expenditures and the passage of time.

As of Sept. 30 — millions of dollars		2024		2023		2022
Beginning Balance	$	1,015.1	$	964.3	$	929.2
Activities:						
Accretion		42.8		40.2		38.6
Expenditures		(5.6)		(5.5)		(6.1)
Revisions		65.9		16.1		2.6
Ending Balance	$	1,118.2	$	1,015.1	$	964.3

As a result of a 2024 site-specific decommissioning study for CGS, BPA management increased the estimate for the CGS ARO liability by $59.1 million. This change in estimate was largely driven by higher labor costs, increases in low-level radioactive waste disposal rates and increases in spent fuel cask procurement and management costs. Actual decommissioning costs may vary from this estimate because of various factors including future decommissioning dates, requirements, costs and technology. A $59.1 million increase to the Nonfederal generation asset on the Combined Balance Sheets offset the increased ARO liability.

Based on agreements in place, BPA directly funds Eugene Water and Electric Board’s 30% share of the former Trojan nuclear power plant decommissioning activities that consist of long-term operation and decommissioning of the Independent Spent Fuel Storage Installation (ISFSI). BPA funds these costs through current rates, with the expenses included in Operations and maintenance in the Combined Statements of Revenues and Expenses. Trojan decommissioning primarily relates to the storage of spent nuclear fuel through 2059 at the former nuclear plant site. Decommissioning of the ISFSI and final site restoration activities is not expected to occur before 2059, which is the year the Nuclear Regulatory Commission (NRC) extended the fuel storage license through. In fiscal year 2024, BPA management revised the estimate for the Trojan ARO liability by $3.1 million. This change in estimate was driven by the aging management program, headcount and frequency of cask inspections. In fiscal year 2023, BPA management revised the estimate for the Trojan ARO liability by $14.9 million. This change in estimate was driven by increases in expected annual ISFSI operation costs primarily due to additional personnel and construction-related expenses. A $14.9 million increase to Regulatory assets on the Combined Balance Sheets offset the increased ARO liability in fiscal year 2023.

Based on a prior settlement agreement with the DOE, BPA receives an annual reimbursement for certain costs related to monitoring the spent nuclear fuel. BPA reduces operations and maintenance expense when it receives the reimbursement, which was $2.7 million, $1.8 million, and $1.5 million in fiscal years 2024, 2023, and 2022, respectively.

The FCRPS also has tangible long-lived assets such as federal hydro projects and transmission assets without an associated ARO because no legal obligation exists to remove these assets.

NONFEDERAL NUCLEAR DECOMMISSIONING TRUSTS

As of Sept. 30 — millions of dollars	2024		2023	
	Amortized cost	Fair value	Amortized cost	Fair value
Equity securities	$ 456.5	516.4	$ 442.4	$ 396.1
Debt securities	113.6	89.9	95.9	66.4
Cash and cash equivalents	17.2	17.2	17.0	17.0
Total	$ 587.3	623.5	$ 555.3	$ 479.5

These assets are trust fund account balances, primarily for CGS decommissioning and site restoration costs, but also for site restoration at Energy Northwest Projects 1 and 4, which terminated prior to completion. The fair value of the trust fund balances for CGS decommissioning and site restoration costs as of Sept. 30, 2024, and 2023 were $606.3 million and $462.5 million, respectively. The investment securities in the CGS decommissioning and site restoration trust fund accounts comprise both equity and debt securities and are recorded at fair value in accordance with applicable accounting guidance. Equity securities include both domestic and international index mutual funds. Debt securities are classified as available-for-sale and include bond mutual funds that hold inflation-protected securities. The trust fund balances for the site restoration at Energy Northwest Projects 1 and 4 were $17.2 million and $17 million, respectively. The site restoration fund for Energy Northwest Projects 1 and 4 is invested in a money market fund that is considered cash and cash equivalents.

External trust fund accounts for decommissioning and site restoration costs for CGS are funded monthly, with these contributions recorded as an increase to the trust fund asset. The CGS decommissioning trust fund account was established to provide for decommissioning at the end of the project's operations in accordance with NRC requirements. The NRC requires that this period be no longer than 60 years from the time the plant ceases operations. Decommissioning funding requirements for CGS are based on a 2024 site-specific decommissioning study for CGS and the current license termination date, which is in December 2043. The CGS trust fund accounts are funded and managed by BPA in accordance with NRC requirements and site certification agreements.

Unrealized gains and losses are recorded to a regulatory liability or regulatory asset, respectively. Realized gains and losses for CGS are recorded to Other, net in the Combined Statements of Revenues and Expenses and were considered when establishing rates for fiscal years 2022 through 2024. Realized gains reported for fiscal years 2024, 2023 and 2022 were $2.5 million, $0.1 million, and $2.9 million, respectively.

Contribution payments to the CGS trust fund accounts for fiscal years 2024, 2023 and 2022 were $15.1 million, $4.9 million and $4.7 million, respectively. Based on current estimates, BPA and Energy Northwest have no obligation to make further payments into the site restoration fund for Energy Northwest Projects 1 and 4.

7. Deferred Charges and Other

Deferred Charges and Other include the following items:

As of Sept. 30 — millions of dollars	2024	2023
Operating leases	$ 101.3	$ 91.4
Lease-Purchase trust funds	22.6	35.7
Derivative instruments	18.8	51.5
Transmission line-related receivables	10.4	10.4
Spectrum Relocation Fund	8.2	8.2
Cloud computing arrangements	5.5	6.2
Other	2.8	3.9
Water storage agreements	—	14.7
Total	$ 169.6	$ 222.0

“**Operating leases**” represent right-of-use assets that are amortized to operations and maintenance expense over the term of the related leases. (See Note 4, Leases.)

“**Lease-Purchase trust funds**” are investments held in separate trust accounts outside the Bonneville Fund for the construction and administration of leased transmission assets, the use of which BPA has acquired under lease-purchase agreements. The amounts held in trust are also used in part for debt service payments during the construction period and include an investment fund mainly for future principal and interest debt service payments. (See Note 8, Debt and Appropriations.) Interest income and realized and unrealized gains or losses on amounts held in trust for construction are recorded as AFUDC. Interest income and gains and losses on other trust balances are recorded as either income or expense in the period when earned. At the time of debt extinguishment, unspent trust funds under a particular transaction are used to repay the related lease-purchase debt and associated debt extinguishment costs for that transaction.

The Lease-Purchase trust funds are primarily comprised of held-to-maturity fixed-income investments and cash and cash equivalents.

Investments classified as held-to-maturity were $19 million and $19.1 million as of Sept. 30, 2024, and 2023, and are recorded at amortized cost. The fair value of held-to-maturity investments exceeded amortized cost by approximately $2 million and $1 million as of Sept. 30, 2024, and 2023, respectively. Unrealized gains comprise the difference between amortized cost and fair value for both years. Held-to-maturity investments as of Sept. 30, 2024, mature in November 2030.

As of Sept. 30, 2024, and 2023, trust balances also included cash and cash equivalents of $3.6 million and $14 million, respectively.

Investments classified as available-for-sale were $0 and $2.6 million at Sept. 30, 2024, and 2023, respectively. These investments were held for construction purposes and were stated at fair value based on quoted market prices. The fair value of these investments approximated amortized cost, with immaterial unrealized and realized gains or losses recorded during fiscal years 2023, and 2022. (See Note 13, Fair Value Measurements.)

“**Derivative instruments**” represent unrealized gains from BPA’s derivative portfolio, which primarily includes physical power purchase and sale transactions.

“**Transmission line-related receivables**” represent the receivable assets recorded in relation to the March 2023 Boardman to Hemingway with Transfer Service transaction, in which BPA transferred its 24.24% permitting interest share in the proposed Boardman to Hemingway transmission line to Idaho Power Company (IPC). Taking into account the time value of money and project risks, the permitting interest transfer resulted in a $3.4 million financial asset and a corresponding non-cash gain recorded to Other, net related to the sale. Additionally, BPA paid IPC a $10 million security payment which, once adjusted for the time value of money, resulted in a $7 million deferred asset increase, and a $3 million loss recorded to Other, net.

BPA expects to receive approximately $31 million, plus interest, from IPC over 10 years beginning 10 years after IPC builds and energizes the B2H transmission line and also reaches service thresholds as defined in the aforementioned March 2023 contracts. Additionally, upon energization BPA expects to recover the $10 million security payment from IPC.

“**Spectrum Relocation Fund**” was created to reimburse certain federal agencies such as BPA for the costs of replacing radio communication equipment displaced as a result of radio band frequencies no longer available to the affected federal agencies. These amounts previously received from the U.S. Treasury are held as restricted cash in the Bonneville Fund for the sole purpose of constructing replacement assets. These amounts are the only source of restricted cash reported on the Combined Statements of Cash Flows.

“**Cloud computing arrangements**” represent the capitalized implementation costs incurred in a cloud computing arrangement that is a service contract. These costs are amortized to operations and maintenance expense over the terms of the respective contracts once placed in service.

“**Water storage agreements**” represent amounts owed to BPA by BC Hydro, an electric utility owned by the Province of British Columbia. Yearly fluctuations in water levels, river operations and storage plans, particularly at certain dams in and near Canada, affect the amounts owed to or from BC Hydro. The final annual amount is invoiced based on August 31 ending balances.

8. Debt and Appropriations

As of Sept. 30 — millions of dollars		2024		2023	
	Terms	Carrying Value	Weighted-Average Interest Rate	Carrying Value	Weighted-Average Interest Rate
Nonfederal debt					
Nonfederal generation:					
Columbia Generating Station	0.9 – 5.0% through 2042	$ 3,434.4	4.4%	$ 3,381.9	4.5%
Cowlitz Falls Hydro Project	4.0 – 5.3% through 2032	47.3	5.1	52.0	5.1
Terminated nonfederal generation:					
Nuclear Project 1	0.9 – 5.0% through 2042	829.0	4.8	837.5	4.8
Nuclear Project 3	2.9 – 5.0% through 2042	967.4	4.8	970.6	4.9
Northern Wasco Hydro Project	5.0% through 2024	1.9	5.0	3.6	5.0
Lease-Purchase Program:					
Lease-purchase liability	2.3 – 4.9% through 2046	1,671.7	2.9	1,766.8	2.8
NIFC debt	5.4% through 2034	119.1	5.4	119.1	5.4
Finance lease liability	1.3 – 6.9% through 2087	103.3	5.1	104.4	4.9
Other financial liability	3.4% through 2043	15.4	3.4	16.0	3.4
Customer prepaid power purchases	4.3 – 4.6% through 2028	111.7	4.5	139.2	4.5
Total Nonfederal debt		$ 7,301.2	4.2%	$ 7,391.1	4.2%
Federal debt and appropriations					
Borrowings from U.S. Treasury	0.4 – 5.9% through 2053	$ 5,960.7	3.4%	$ 5,783.8	3.4%
Federal appropriations	1.4 – 4.4% through 2074	1,110.7	3.2	1,123.9	3.2
Federal appropriations (not scheduled for repayment)		586.4	n/a	473.7	n/a
Total Federal debt and appropriations		$ 7,657.8	3.3%	$ 7,381.4	3.4%
Total debt and appropriations		$ 14,959.0	3.8%	$ 14,772.5	3.8%

NONFEDERAL DEBT

Nonfederal generation and Terminated nonfederal generation

As described in Note 1, Summary of Significant Accounting Policies, Nonfederal generation section, BPA is party to long-term contracts for BPA to acquire all of the generating capability of Energy Northwest’s Columbia Generating Station and, through June 2032, all of Lewis County PUD’s Cowlitz Falls Hydroelectric Project. Under certain agreements, BPA also has financial responsibility for meeting all costs of Energy Northwest’s Projects 1 and 3, including debt service costs of bonds and other financial instruments issued for the projects, even though these projects have been terminated. BPA is also required by a “Settlement and Termination Agreement” between BPA and Northern Wasco PUD to pay amounts equal to annual debt service on certain bonds of the Northern Wasco Hydro Project. Under the Settlement and Termination Agreement, BPA ceased its participation in this project.

Cowlitz Falls Hydroelectric Project debt of $47.3 million is callable, in whole or in part, at Lewis County PUD’s option with the approval of BPA, at 100% of the principal amount plus accrued interest.

BPA recognizes certain expenses for these nonfederal generation and terminated nonfederal generation projects based on annual total project cash funding requirements, which include interest expense and operating and maintenance expense. BPA recognized operating and maintenance expense for these projects of $331.5 million, $327 million and $287.4 million in fiscal years 2024, 2023 and 2022, respectively, which is included in Operations and maintenance in the Combined Statements of Revenues and Expenses. On the Combined Balance Sheets, related assets for CGS and the Cowlitz Falls Hydroelectric Project are included in Nonfederal generation. Related assets for terminated nonfederal generation are included in Regulatory assets. (See Note 5, Effects of Regulation.)

During fiscal year 2024, BPA recorded gains of $2 million when certain Energy Northwest debt was extinguished via the issuance of long-term debt. BPA recorded no similar gains or losses during fiscal year 2023 but recorded gains of $2.2 million during fiscal year 2022.

Energy Northwest debt of $3.12 billion is callable, in whole or in part, at Energy Northwest’s option with the approval of BPA, on call dates between July 2025 and July 2034 at 100% of the principal amount.

Lease-Purchase Program

Under the Lease-Purchase Program, BPA has incurred financial liabilities for lease-purchase transactions with certain third-party entities. These transactions are primarily with the Port of Morrow, a port district located in Morrow County, Oregon, and the Idaho Energy Resources Authority (IERA), an independent public instrumentality of the State of Idaho, for transmission facilities, including lines, substations and general plant assets. These financial liabilities are paid from the rental payments made by BPA. The facilities are not security for the payment of these obligations. The lease-purchase agreements contain provisions that allow BPA to purchase the related assets at any time during each lease term for a bargain purchase price plus the value of the related outstanding debt instrument. During fiscal year 2024, BPA recorded a $2.1 million gain when certain lease-purchase liabilities were extinguished via the issuance of long-term debt.

Under the Lease-Purchase Program, BPA consolidates one special purpose corporation, Northwest Infrastructure Financing Corporation, or NIFC. (See Note 9, Variable Interest Entities.) As of Sept. 30, 2024, and 2023, the NIFC had $119.6 million of bonds outstanding, including debt issuance costs. The rental payments from BPA are pledged to the payment of the debt, but the facilities do not secure the debt. The NIFC bonds are reported as NIFC debt and are subject to redemption by NIFC, in whole or in part, at any date, at the higher of the principal amount of the bonds or the present value of the bonds discounted using the U.S. Treasury rate plus a premium of 12.5 basis points.

On the Combined Balance Sheets, the Lease-Purchase liability and NIFC debt are included in Nonfederal debt. The related assets are included in Utility plant and in Deferred charges and other for unspent funds held in trust accounts outside the Bonneville Fund.

Finance lease liability

Included among this liability are finance lease agreements for transmission lines and equipment. The related assets are recorded as completed plant. For additional information regarding finance leases, see Note 4, Leases.

Other financial liability

This agreement is with a transmission customer. BPA is deemed the accounting owner of the assets, which are included in Utility plant on the Combined Balance Sheets. The agreement contains provisions that allow BPA to purchase the related assets at any time during the contract term, with ownership transferring to BPA at the end of the term.

Customer prepaid power purchases

During fiscal year 2013, BPA entered into agreements with four regional COUs for the advance payment of portions of their power purchases. Under this program, customers purchased prepaid power in blocks through fiscal year 2028. For each block purchased, BPA repays the prepayment, with interest, as monthly fixed credits on the customers' power bills.

In March 2013, BPA received $340 million representing $474.3 million in scheduled credits for blocks purchased by customers. BPA accounts for the prepayment proceeds as a financing transaction and reports the value of the obligations associated with the fixed credits as a prepayment liability. Interest expense is recognized using a weighted-average effective interest rate of 4.5%. The prepaid liability is reduced and the credits are applied as power is delivered through fiscal year 2028.

FEDERAL DEBT AND APPROPRIATIONS

Borrowings from U.S. Treasury

BPA is authorized by Congress to issue and sell bonds to the U.S. Treasury and to have outstanding at any time up to $13.70 billion aggregate principal amount of bonds. Beginning in fiscal year 2028, an additional $4.00 billion of U.S. Treasury borrowing authority will be available. Of the $13.70 billion in borrowing authority currently available, $1.25 billion is available for electric power conservation and renewable resources, including capital investment at the FCRPS hydroelectric facilities owned by the USACE and Reclamation, and $12.45 billion is available for BPA's transmission capital program and to implement BPA's authorities under the Northwest Power Act. Of the total U.S. Treasury borrowing authority available at any one time ($13.70 billion through fiscal year 2027 and $17.70 billion beginning in fiscal year 2028), $750 million can be issued to finance Northwest Power Act-related expenses. The interest on BPA's outstanding bonds is set at rates comparable to rates on debt issued by other comparable federal government institutions at the time of issuance. Bonds can be issued with call options.

As of Sept. 30, 2024, and 2023, no bonds outstanding were related to Northwest Power Act expenses.

As of Sept. 30, 2024, $392.1 million of variable-rate bonds are callable by BPA at par value on their interest repricing dates, which occurs every three or six months. The remaining $5.57 billion of bonds are callable by BPA at a premium or discount, which is calculated based on the current government agency rates for the remaining term to maturity at the time the bonds are called. As of Sept. 30, 2023, $495.2 million of variable-rate bonds were outstanding.

In fiscal year 2024, BPA called $274.1 million of bonds it had previously issued to the U.S. Treasury. As a result, BPA recognized a net loss of $0.1 million to Other, net in the Combined Statements of Revenues and Expenses. Additionally, in fiscal year 2023, BPA called $322.9 million of bonds it had previously issued to the U.S. Treasury, and recognized a related net gain of $5 million to Other, net in the Combined Statements of Revenues and Expenses. BPA recorded no such gains or losses during fiscal year 2022.

Federal appropriations

Federal appropriations reflect the responsibility that BPA has to repay the U.S. Treasury for congressionally appropriated amounts in the FCRPS. Federal appropriations repayment obligations consist of the remaining unpaid power portion of USACE and Reclamation capital investments funded through congressional appropriations. These include appropriations for the Columbia River Fish Mitigation program as allocated to the power purpose of the USACE's FCRPS hydroelectric projects. BPA's repayment obligation begins when capital investments are completed and placed into service, unless directed otherwise by specific legislation.

BPA is obligated to establish rates to repay appropriations for federal generation and transmission plant investments within a specified repayment period, which is the reasonably expected service life of the facilities, not to exceed 50 years. Federal appropriations may be repaid early without penalty at their par value (i.e., carrying value for federal appropriations) as part of BPA's payment to the U.S. Treasury. BPA repaid appropriations earlier than their due dates in fiscal years 2024 and 2023. BPA establishes schedules for the repayment of federal appropriations when it establishes its power and transmission rates. These schedules can change depending on whether appropriations have been prepaid or deferred. Interest on appropriated amounts begins accruing when the related assets are placed into service, unless repayment obligation is deferred by specific legislation.

As of Sept. 30 — millions of dollars	Maturing Nonfederal debt excluding finance leases	Future minimum lease payments under finance leases	Borrowings from U.S. Treasury	Federal appropriations	Total
2025	$ 572.7	$ 10.9	$ 114.0	$ —	$ 697.6
2026	581.8	8.9	131.0	—	721.7
2027	528.9	7.6	181.0	—	717.5
2028	673.2	7.3	309.8	—	990.3
2029	134.2	7.1	306.0	—	447.3
2030 and thereafter	5,048.9	164.0	4,918.9	1,697.1	11,828.9
Total	$ 7,539.7	$ 205.8	$ 5,960.7	$ 1,697.1	$ 15,403.3
Less: Executory costs	2.7	—	—	—	2.7
Less: Amount representing interest	681.8	102.5	—	—	784.3
Less: Unamortized debt issuance cost	20.3	—	—	—	20.3
Plus: Unamortized premiums	363.0	—	—	—	363.0
Present value of debt	7,197.9	103.3	5,960.7	1,697.1	14,959.0
Less: Current portion	516.1	5.8	114.0	—	635.9
Long-term debt	$ 6,681.8	$ 97.5	$ 5,846.7	$ 1,697.1	$ 14,323.1

FAIR VALUE OF DEBT AND APPROPRIATIONS

See Note 13, Fair Value Measurements, for a comparison of carrying value to fair value for debt. Due to the current par value call provision on BPA's federal appropriations, the fair value of BPA's federal appropriations is equal to the carrying value. This call provision allows BPA to prepay appropriations repayment obligations without premiums or a mark-to-market adjustment.

9. Variable Interest Entities

A VIE is an entity that does not have sufficient equity at risk to finance its activities without additional financial support or whose equity investors lack characteristics of a controlling financial interest. An enterprise that has a controlling interest is known as the VIE's primary beneficiary and is required to consolidate the VIE.

Management reviews executed lease-purchase agreements with nonfederal entities for VIE accounting impacts. BPA has determined that NIFC is a VIE and that BPA is the primary beneficiary of NIFC. As such, this entity is consolidated. The key factors in this determination are BPA's ability to take contractual actions that significantly impact the economic, commercial and operating activities of NIFC and BPA's obligation to absorb losses that could be significant to NIFC. Additionally, BPA's lease-purchase agreement with NIFC obligates BPA to absorb the operational and commercial risks, and thus potentially significant benefits or losses associated with the underlying transmission facilities. BPA also has exclusive use and control of the facilities during the lease period and has indemnified NIFC for all construction and operating risks associated with its transmission facilities.

Amounts related to NIFC include Lease-Purchase trust funds and other assets of $20.6 million and Nonfederal debt of $119.1 million as of Sept. 30, 2024, and 2023. BPA has also entered into lease-purchase agreements with Port of Morrow and IERA, which are nonfederal entities. These entities are governmental and, in accordance with VIE accounting guidance, are therefore not consolidated into the FCRPS financial statements. (See Note 8, Debt and Appropriations.)

BPA has entered into power purchase agreements with wind farm-related VIEs, which, because of their pricing arrangements, provide that BPA absorb commodity price risk from the perspective of the counterparty entities. However, BPA management has concluded that in no instance does BPA have the power to control the most significant operating and maintenance activities of these entities. Therefore, BPA is not the primary beneficiary and does not consolidate these entities. Additionally, BPA does not provide, and does not plan to provide, any additional financial support to these entities beyond what BPA is contractually obligated to pay. Thus, BPA has no exposure to loss on contracts with these VIEs. Expenses related to VIEs for which BPA is not the primary beneficiary were $7.8 million, $9.5 million and $16.5 million in fiscal years 2024, 2023 and 2022, respectively. These expenses were recorded to operations and maintenance as BPA management considers the related purchases to be part of the FCRPS resource pool.

10. Residential Exchange Program

BACKGROUND

In 1981 and as provided in the Northwest Power Act, BPA began to implement the Residential Exchange Program (REP) through various contracts with eligible regional utility customers. BPA's implementation of the REP has been the subject of various litigations and settlement agreements.

REP SCHEDULED AMOUNTS

As of Sept. 30 — millions of dollars		
2025	$	273.6
2026		286.1
2027		286.1
2028		286.1
Subtotal of annual payments		1,131.9
Less: Discount for present value		69.1
IOU exchange benefits	$	1,062.8

2012 RESIDENTIAL EXCHANGE PROGRAM SETTLEMENT AGREEMENT

Beginning in April 2010, over 50 litigants and other regional parties entered into mediation to resolve numerous disputes over the REP. In fiscal year 2011 the parties reached a final settlement agreement – the 2012 Residential Exchange Program Settlement Agreement (2012 REP Settlement Agreement). As a result of the settlement, BPA recorded an associated long-term IOU exchange benefits liability and corresponding regulatory asset of $3.07 billion. Under the 2012 REP Settlement Agreement, the IOUs' REP benefits were determined for fiscal years 2012 - 2028 (also referred to herein as Scheduled Amounts). The Scheduled Amounts started at $182.1 million for fiscal year 2012 and increase over time to $286.1 million for fiscal year 2028. As provided in the 2012 REP Settlement Agreement, the Scheduled Amounts are established for each IOU based on the IOU's average system cost, its residential exchange load and BPA's applicable Priority Firm Exchange rate. The Scheduled Amounts total $4.07 billion over the 17-year period through fiscal year 2028, with remaining Scheduled Amounts as of Sept. 30, 2024, totaling $1.13 billion. Amounts recorded of $1.06 billion at Sept. 30, 2024, represent the present value of future cash outflows for these IOU exchange benefits.

11. Deferred Credits and Other

Deferred Credits and Other include the following items:

As of Sept. 30 — millions of dollars	2024	2023
Interconnection agreements	$ 282.3	$ 248.3
Phase 2 Implementation Plan (P2IP) Settlement Agreement	232.5	242.8
Irrigation assistance	214.3	—
Deferred project revenue funded in advance	142.3	144.8
Resilient Columbia Basin Agreement - Six Sovereigns	91.0	—
Operating leases	86.8	75.0
Third AC Intertie capacity agreements	80.2	82.6
Service deposits	79.3	48.2
Unearned revenue from customer deposits	73.9	66.0
Federal Employees' Compensation Act	21.0	17.8
Fiber optic leasing fees	5.5	5.9
Other	1.8	2.6
Derivative instruments	1.7	1.8
Total	$ 1,312.6	$ 935.8

"**Interconnection agreements**" are advances for requested new network upgrades and interconnections. These advances accrue interest and will be returned as cash or credits against future transmission service on the new or upgraded lines.

"**Phase 2 Implementation Plan (P2IP) Settlement Agreement**" represents the undiscounted long-term portion of future payments to be made to certain Upper Columbia River tribes as agreed to in the P2IP Settlement Agreement signed in September 2023. Per the terms of the agreement, BPA will provide $10 million per year, beginning in fiscal year 2024 for the 20-year duration of the agreement, for a total of $200 million (adjusted for inflation). These funds are to be used to test the feasibility of, and ultimately reintroduce salmon in blocked habitats in the Upper Columbia River Basin. The Settlement Agreement became effective in October 2023 upon the dismissal of the related tribal litigation.

"Irrigation assistance" represents the long-term portion of future payments to be made to the U.S. Treasury in connection with the original construction costs of certain Pacific Northwest irrigation facilities. Amounts owed are representative of construction costs that are deemed to be beyond the irrigators ability to pay. (For further information, see Note 5, Effects of Regulation, and Note 14, Commitments and Contingencies.)

Estimated future payments for Irrigation assistance over the next five fiscal years are as follows: $13.3 million in 2025, $20.8 million in 2026, $6.4 million in 2027, $11.7 million in 2028 and $4.1 million in 2029. Payments made between fiscal years 2030 and 2045 are expected to total $171.3 million

"Deferred project revenue funded in advance" consists of third-party advances received where BPA will own the resulting transmission assets. The balance is amortized as other revenue not with customers over the life of the assets, so that the balance prevents any stranded costs in case of impairment as prescribed by the transmission rate process.

"**Resilient Columbia Basin Agreement – Six Sovereigns'**" represents the undiscounted long-term portion of future payments to be made to certain Lower Columbia River tribes and States (collectively known as the Six Sovereigns) in alignment with the settlement agreement signed in December 2023. Per the terms of this agreement, BPA will make available $10 million per year over ten years, beginning in fiscal year 2024 for a total of $100 million (adjusted for inflation). These funds are to be used for projects that contribute to the restoration of salmon and other native fish populations as prioritized by the Six Sovereigns. The $10 million associated with fiscal year 2024 has not yet been disbursed and BPA expects to make the fiscal year 2024 payment in fiscal year 2025.

"**Operating leases**" consists of long-term lease liabilities. (See Note 4, Leases.)

“**Third AC Intertie capacity agreements**” reflect unearned revenue from customers related to the Third AC Intertie transmission line capacity project. Revenue is recognized over an estimated 51-year life of the related assets, which are generally added and retired each year. (See Note 2, Revenue Recognition.)

“Service deposits” reflect required deposits for BPA products or services. The majority of these amounts are expected to be returned to the customer after a period of service.

“**Unearned revenue from customer deposits**” consists of advances received from customers for projects or studies undertaken at their request. Revenue is recognized as expenditures are incurred. (See Note 2, Revenue Recognition.)

“**Federal Employees’ Compensation Act**” reflects the actuarial estimated amount of future payments for current recipients of BPA’s worker compensation benefits.

“**Fiber optic leasing fees**” reflect unearned revenue related to the leasing of fiber optic cables. BPA recognizes revenue over the lease terms, which extend through 2025. (See Note 2, Revenue Recognition.)

“**Derivative instruments**” reflect the unrealized loss of the derivative portfolio, which primarily includes physical power purchase and sale transactions.

12. Risk Management and Derivative Instruments

BPA is exposed to various forms of market risks related to commodity prices and volumes, counterparty credit and interest rates. Non-performance risk, which includes credit risk, is described in Note 13, Fair Value Measurements. BPA has formal risk management processes in place to manage agency risks, including the use of derivative instruments. The following sections describe BPA’s exposure to and management of certain risks.

RISK MANAGEMENT

Due to the operational risk posed by fluctuations in river flows and electricity market prices, net revenues that result from underlying surplus or deficit energy positions are inherently uncertain. BPA’s Risk Oversight Committee has responsibility for the oversight of market risk and determines the transactional risk policy and control environment at BPA. Through simulation and analysis of the hydro supply system, experienced business and risk managers install market price risk measures to capture additional market-related risks, including credit and event risk.

COMMODITY PRICE RISK AND VOLUMETRIC RISK

BPA has exposure to commodity price risk through fluctuations in electricity market prices that affect the value of energy bought and sold. Volumetric risk is the uncertainty of energy production from the hydro system. The combination of the two results in net revenue uncertainty. BPA routinely models commodity price risk and volumetric risk through parametric calculations, Monte Carlo simulations and general market observations to derive net revenues at risk, mark-to-market valuations, value at risk and other metrics as appropriate. These metrics capture the uncertainty around single point forecasts in order to monitor changes in the revenue risk profile from changes in market price, market price volatility and forecasted hydro generation. BPA measures and monitors the output of these methods on a regular basis. In order to mitigate revenue uncertainty that is beyond BPA’s risk tolerance, BPA enters into short-term and long-term purchase and sale contracts by using instruments such as forwards, futures, swaps, and options.

CREDIT RISK

Credit risk relates to the loss that might occur as a result of counterparty non-performance. BPA mitigates credit risk by reviewing counterparties for creditworthiness, establishing credit limits and monitoring credit exposure. To further manage credit risk, BPA obtains credit support, such as letters of credit, parental guarantees, and cash in the form of prepayments, deposits or escrow funds, from some counterparties. BPA monitors counterparties for changes in financial condition and regularly updates credit reviews. BPA uses scoring models, publicly available financial information and external ratings from major credit rating agencies to determine appropriate levels of credit for its counterparties.

During fiscal year 2024, BPA experienced no material losses as a result of any customer defaults or bankruptcy filings. As of Sept. 30, 2024, BPA had $61 million in credit exposure related to purchase and sale contracts after taking into account netting rights. Of this $61 million, $59.7 million was related to investment grade counterparties and $1.3 million was related to sub-investment grade counterparties who provided letters of credit, cash collateral, or a combination of both. The letters of credit and collateral serve as a guarantee arrangement and mitigate BPA's credit risk exposure to these counterparties.

INTEREST RATE RISK

BPA has the ability to issue variable rate bonds to the U.S. Treasury. BPA may manage the interest rate risk presented by variable rate U.S. Treasury debt by holding U.S. Treasury security investments with a similar maturity profile. Such investments may earn interest that is correlated, but typically lower than, the interest rate paid on U.S. Treasury variable rate debt.

DERIVATIVE INSTRUMENTS

Commodity Contracts

BPA's forward electricity contracts are eligible for the normal purchases and normal sales exception if they require physical delivery, are expected to be used or sold by BPA in the normal course of business and meet the derivative accounting definition of capacity described in the derivatives and hedging accounting guidance. Transactions for which BPA has elected the normal purchases and normal sales exception are not recorded at fair value in the financial statements. Recognition of these contracts in Sales or Purchased power in the Combined Statements of Revenues and Expenses occurs when the contracts are delivered and settled.

For derivative instruments recorded at fair value, BPA offsets unrealized gains and losses as Regulatory assets and Regulatory liabilities on the Combined Balance Sheets. Realized gains and losses are included in Sales and Purchased power in the Combined Statements of Revenues and Expenses when the contracts are delivered and settled.

When available, quoted market prices or prices obtained through external sources are used to measure a contract's fair value. For contracts without available quoted market prices, fair value is determined based on internally developed modeled prices. (See Note 13, Fair Value Measurements.)

As of Sept. 30, 2024, the derivative commodity contracts recorded at fair value totaled 2.2 million megawatt hours (MWh), gross basis, with delivery months extending to September 2025.

On the Combined Balance Sheets, BPA reports net fair value amounts of derivative instruments subject to a master netting arrangement (excluding contracts designated as normal purchases or normal sales) in accordance with ASC 210 and 815. In the event of default or termination, contracts with the same counterparty are offset and net settle through a single payment. BPA does not offset cash collateral against recognized derivative instruments with the same counterparty under the master netting arrangements.

If reported gross, BPA's derivative position would have resulted in assets of $20 million and $51.9 million, and liabilities of $2.9 million and $2.2 million as of Sept. 30, 2024, and 2023, respectively. (See Note 5, Effects of Regulation.)

13. Fair Value Measurements

BPA applies fair value measurements and disclosures accounting guidance to certain assets and liabilities including assets held in trust funds, commodity derivative instruments, debt and other items. BPA maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, BPA seeks price information from external sources, including broker quotes and industry publications. If pricing information from external sources is not available, BPA uses forward price curves derived from internal models based on perceived pricing relationships to major trading hubs.

BPA also utilizes the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value, into three broad levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities that BPA has the ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of financial instruments such as exchange-traded financial futures, fixed income investments, equity mutual funds and money market funds.

Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 include certain non-exchange traded commodity derivatives and certain agency, corporate and municipal securities as part of the Lease-Purchase trust funds investments. Fair value for certain non-exchange traded derivatives is based on forward exchange market prices and broker quotes adjusted and discounted. Lease-Purchase trust funds investments are based on a market input evaluation pricing methodology using a combination of observable market data such as current market trade data, reported bid/ask spreads, and institutional bid information.

Level 3 – Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

BPA includes non-performance risk when calculating fair value measurements. This includes a credit risk adjustment based on the credit spreads of BPA's counterparties when in an unrealized gain position. BPA's assessment of non-performance risk is generally derived from the credit default swap market and from bond market credit spreads. The impact of the credit risk adjustments for all outstanding derivatives was immaterial to the fair value calculation at Sept. 30, 2024, and 2023. There were no transfers between Level 2 and Level 3 during fiscal years 2024 and 2023.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

As of Sept. 30, 2024 — millions of dollars

	Level 1	Level 2	Level 3	Total
Assets				
Nonfederal nuclear decommissioning trusts				
Equity securities	$ 516.4	$ —	$ —	$ 516.4
Debt securities	89.9	—	—	89.9
Cash and cash equivalents	17.2	—	—	17.2
Derivative instruments [1]				
Commodity contracts	0.8	2.5	15.5	18.8
Transmission line-related receivables	—	—	10.4	10.4
Total	$ 624.3	$ 2.5	$ 25.9	$ 652.7
Liabilities				
Derivative instruments [1]				
Commodity contracts	$ —	$ (1.7)	$ —	$ (1.7)
Total	$ —	$ (1.7)	$ —	$ (1.7)

As of Sept. 30, 2023 — millions of dollars

	Level 1	Level 2	Level 3	Total
Assets				
Nonfederal nuclear decommissioning trusts				
Equity securities	$ 396.1	$ —	$ —	$ 396.1
Debt securities	66.4	—	—	66.4
Cash and cash equivalents	17.0	—	—	17.0
Lease-Purchase trust funds				
U.S. government obligations	—	2.6	—	2.6
Derivative instruments [1]				
Commodity contracts	0.1	40.3	11.1	51.5
Transmission line-related receivables	—	—	10.4	10.4
Total	$ 479.6	$ 42.9	$ 21.5	$ 544.0
Liabilities				
Derivative instruments [1]				
Commodity contracts	$ —	$ (1.8)	$ —	$ (1.8)
Total	$ —	$ (1.8)	$ —	$ (1.8)

[1] Derivative instruments assets and liabilities are included in Deferred charges and other and Deferred credits and other, respectively, on the Combined Balance Sheets. See Note 12, Risk Management and Derivative Instruments for more information related to BPA's risk management strategy and use of derivative instruments.

Commodity contracts assets and liabilities classified as Level 3 consist of instruments for which fair value is derived using one or more significant inputs that are not observable for the entire term of the instrument. These instruments consist of power contracts measured at fair value on a recurring basis using the California-Oregon Border (COB) forward price curves. They include power contracts delivering to illiquid trading points or contracts without available market transactions for the entire delivery period. Forward prices are considered a key component to contract valuations. All valuation pricing data is generated internally by BPA's risk management organization.

Quantitative information regarding the only significant unobservable input used in the measurement of Level 3 commodity contract assets and liabilities is presented below:

	Fair Value		Valuation Technique	Significant Unobservable Input	Range (per MWh)		
	Assets[1]	Liabilities[1]			Low	High	Weighted Average
	(in millions)						
As of Sept. 30, 2024							
Physical forward power contracts	$ 15.5	$ —	Discounted cash flow	Electricity forward price	$ 29.8	$ 124.8	$ 85.3
As of Sept. 30, 2023							
Physical forward power contracts	$ 11.1	$ —	Discounted cash flow	Electricity forward price	$ 48.1	$ 183.8	$ 124.3

[1] The valuation techniques, unobservable inputs and ranges are the same for asset and liability positions

The significant unobservable input listed above is used by the risk management organization to construct the fair value through the use of available market prices, broker quotes and bid/offer spreads. In periods where market prices or broker quotes are not available, the risk management organization derives monthly prices by applying seasonal shaping based on historical broker quotes and spreads. Long-term prices are derived from internally developed or commercial models with both internal and external data inputs. BPA management believes this approach maximizes the use of pricing information from external sources and is currently the best option for valuation. Significant increases or decreases in the inputs would result in significantly higher or lower fair value measurements.

Forward power prices are influenced by, among other factors, the price of natural gas, seasonality, hydro forecasts, expectations of demand growth, and planned changes in the regional generating plants.

Transmission line-related receivables classified as Level 3 consist of a set of contracts executed between BPA and IPC governing the Purchase, Sale and Security provisions related to the transfer of BPA's permitting interest share in the proposed Boardman-to-Hemingway transmission line to IPC. (For further information on this transaction, see Note 7, Deferred Charges and Other.) These contracts determine whether, when and how much of BPA's contributions towards project security, initial design and permitting will be returned to BPA.

Significant unobservable inputs related to the Transmission line-related receivable asset are the occurrence of certain contingent contractual provisions and the energization of the underlying transmission line. These assessments result in expectations concerning specific future cash flows, which are currently estimated to occur between 2028 and 2047.

The following table presents the changes in the assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category.

As of Sept. 30 — millions of dollars	2024	2023
Beginning Balance	$ 21.5	$ 12.5
Changes in unrealized gains (losses)[1]	4.4	(1.4)
Changes in Transmission line-related receivables	—	10.4
Ending Balance	$ 25.9	$ 21.5

[1] Unrealized gains and losses are included in Regulatory assets and Regulatory liabilities on the Combined Balance Sheets. Realized gains and losses are included in Sales and Purchased power, respectively, in the Combined Statements of Revenues and Expenses.

DEBT

As of Sept. 30 — millions of dollars	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Nonfederal Debt				
Nonfederal generation:				
Columbia Generating Station	$ 3,434.4	$ 3,438.7	$ 3,381.9	$ 3,229.6
Cowlitz Falls Project	47.3	47.4	52.0	56.4
Terminated nonfederal generation:				
Nuclear Project 1	829.0	840.7	837.5	832.6
Nuclear Project 3	967.4	1,004.3	970.6	987.1
Northern Wasco Hydro Project	1.9	1.9	3.6	3.6
Lease-Purchase Program:				
Lease-purchase liability	1,671.7	1,408.5	1,766.8	1,372.2
NIFC debt	119.1	129.8	119.1	118.7
Other financial liability	15.4	9.5	16.0	8.5
Customer prepaid power purchases	111.7	111.7	139.2	139.2
Federal debt				
Borrowings from U.S. Treasury	$ 5,960.7	$ 5,349.1	$ 5,783.8	$ 4,756.6

The fair value measurements described above are considered Level 2 in the fair value hierarchy.

The fair value of Nonfederal debt, excluding Other financial liability and Customer prepaid power purchases, is primarily based on a market input evaluation pricing methodology using a combination of market observable data such as current market trade data, reported bid/ask spreads and institutional bid information.

The fair value of Other financial liability is based upon discounted future cash flows using estimated interest rates for similar debt that could have been issued at Sept. 30, 2024, and 2023.

The opportunity to participate in the Customer prepaid power purchase program was made to a subset of BPA's power customers with repayment terms through billing credits extending to fiscal year 2028. Management believes that the customer prepaid power purchases are specific to BPA's operating environment and are nontransferable. As a result, the carrying value of customer prepaid power purchases is equal to its fair value.

The fair value of Borrowings from U.S. Treasury is based on discounted future cash flows using interest rates for similar debt that could have been issued at Sept. 30, 2024, and 2023.

The table above does not include Finance lease liabilities, a component of BPA's nonfederal debt. See Note 8, Debt and Appropriations, for the full carrying value of BPA's debt portfolio.

14. Commitments and Contingencies

INTEGRATED FISH AND WILDLIFE PROGRAM

The Northwest Power Act directs BPA to protect, mitigate and enhance fish and wildlife and their habitats to the extent they are affected by the federal hydroelectric projects on the Columbia River and its tributaries from which BPA markets power. BPA makes expenditures and incurs other costs for fish and wildlife protection and mitigation that are consistent with the purposes of the Northwest Power Act and the Pacific Northwest Power and Conservation Council's Columbia River Basin Fish and Wildlife Program. In addition, certain fish and wildlife species that inhabit the Columbia River Basin are listed under the Endangered Species Act (ESA) as threatened or endangered. BPA makes expenditures and incurs other costs related to power purposes to comply with the ESA and implement certain biological opinions (BiOp) prepared by the National Oceanic and Atmospheric Administration Fisheries Service and the U.S. Fish and Wildlife Service in furtherance of the ESA (including results from the Columbia River System Operations (CRSO) Environmental Impact Statement). BPA's total commitment including timing of payments under the Northwest Power Act, ESA and BiOp, including CRSO Environmental Impact Statement impacts, is not fixed or determinable.

As of Sept. 30, 2024, BPA has long-term fish and wildlife agreements with estimated contractual commitments of $1.01 billion, which are likely to result in future expenses or regulatory assets. These agreements include the Columbia Basin Fish Accords, two non-accord long-term funding agreements with certain tribal partners and an agreement to fund certain Lower Snake River Compensation Plan (LSRCP) hatchery costs. BPA anticipates these agreements will result in future expenses or regulatory assets in the future as work progresses by the agreement partners in accordance with contractual terms.

Columbia Basin Fish Accords

BPA and its federal partners, USACE and Reclamation, have agreements with Accords partners, namely certain states and tribes, for fish and wildlife protection and mitigation. The Accords and associated BPA funding commitments facilitate implementation of projects that provide BPA with legal compliance actions under applicable laws, including the Northwest Power Act and Endangered Species Act, and that benefit Columbia River Basin fish and wildlife. As of Sept. 30, 2024, existing accord agreements commit approximately $502 million through Sept. 30, 2025. In October 2024, BPA signed an extension to an existing accord agreement which commits an additional $89 million through Sept. 30, 2034. These accords agreements will result in future expenses or regulatory assets as work progresses by accord partners in accordance with contractual terms.

Long-term funding agreements

In fiscal year 2024, and as a result of commitments made in the September 2023 P2IP Settlement Agreement, BPA signed two separate 10-year agreements with the Spokane Tribe of Indians and Coeur d'Alene Tribe to implement projects that promote the protection and restoration of fish and wildlife in the upper Columbia River Basin. Together these agreements originally committed approximately $311 million, after adjustment for inflation, expire in 2033 and will result in future expenses or regulatory assets. As of Sept. 30, 2024, approximately $306 million is available under these agreements. BPA anticipates recording liabilities and associated expenses or regulatory assets related to these agreements in the future as work progresses by the agreement partners in accordance with contractual terms.

U.S. Government Commitments in Support of the U.S. Fish and Wildlife Service for the Lower Snake River Compensation Plan

Additionally, in December 2023 the United States (including BPA and other federal partners), the States of Washington and Oregon, the Confederated Tribes and Bands of the Yakama Nation, the Confederated Tribes of the Umatilla Indian Reservation, the Confederated Tribes of the Warm Springs Reservation, the Nez Perce Tribe, and certain environmental non-profit organizations signed an agreement to further the restoration of native fish populations, while also providing reliable, affordable, and economic power and transmission. In connection with this agreement, BPA committed to make available $200 million over 10 years to the U.S. Fish and Wildlife Service for Lower Snake River Compensation Plan hatchery modernization, upgrades and maintenance. The use of these funds is guided by the priorities of the fishery managers including the states and tribal partners outlined above. BPA anticipates recording liabilities and associated regulatory assets related to these agreements in the future as work progresses by the state and tribal partners in accordance with contractual terms.

IRRIGATION ASSISTANCE

As directed by law, BPA is required to establish rates sufficient to make distributions to the U.S. Treasury for original construction costs of certain Pacific Northwest irrigation projects for which the costs have been determined to be beyond the irrigators' ability to pay. These irrigation distributions do not specifically relate to power generation. In establishing power rates, particular statutory provisions guide the assumptions that BPA makes as to the amount and timing of such distributions.

Future irrigation assistance payments are scheduled to total $227.6 million over a maximum of 66 years since the time the irrigation facilities were completed and placed in service. BPA is required by the Grand Coulee Dam - Third Powerplant Act to demonstrate that reimbursable costs of the FCRPS will be returned to the U.S. Treasury from BPA within the period prescribed by law. BPA is required to make a similar demonstration for the costs of irrigation projects to the extent the costs have been determined to be beyond the irrigators' ability to repay. These requirements are met by conducting power repayment studies including schedules of distributions at the proposed rates to demonstrate repayment of principal within the allowable repayment period. Irrigation assistance excludes $40.3 million for Teton Dam, which failed prior to completion and for which BPA has no obligation to repay.

In August 2024, BPA management implemented a new policy regarding the administration of the annual payment made to the U.S. Treasury. This policy establishes the irrigation assistance payment as a required component of the broader payment made to the U.S. Treasury each year. As such, in fiscal year 2024, BPA recorded $227.6 million representative of the outstanding liability as of Sept. 30, 2024. BPA also recorded a corresponding $227.6 million regulatory asset representing the BPA Administrator's decision to defer expense recognition to future rate periods. (For further information regarding these amounts see Note 5, Effects of Regulation, and Note 11, Deferred Credits and Other.) Prior to fiscal year 2024, distributions were not considered to be regular operating costs of the power program and were treated as distributions from accumulated net revenues when paid. Beginning with fiscal year 2024, these distributions are recorded as a non-operating expense in the year of payment and in connection with the amortization of the regulatory asset.

FIRM PURCHASE POWER COMMITMENTS

Years ended Sept. 30 — millions of dollars		
2025	$	41.0
2026		43.8
Total	$	84.8

BPA periodically enters into long-term commitments to purchase power for future delivery. When BPA forecasts a resource shortage, based on its planned contractual obligations for a period and the historical water record for the Columbia River basin, BPA takes a variety of operational and business steps to cover a potential shortage including entering into power purchase commitments. Additionally, under BPA's current Tiered Rates Methodology and its current Regional Dialogue power sales contracts, BPA's customers may request that BPA meet their power requirements in excess of the Rate Period High Water Mark load under their contract. For these Above High Water Mark load requests, BPA may meet such requests by entering into power purchase commitments.

The preceding table includes firm purchase power agreements that are currently in place to assist in meeting expected future obligations under BPA's current long-term power sales contracts. Included are three purchases to meet load obligations in Idaho. Power purchase agreements to satisfy load obligations in Idaho utilize variable pricing. Variable pricing arrangements are based on the current market price of energy on the date of delivery. The expenses associated with the Idaho purchases were $52.1 million, $74.9 million and $7.6 million for fiscal years 2024, 2023 and 2022, respectively. BPA has several other purchase agreements with wind-powered and other generating facilities that are not included in the preceding table as payments are based on the variable amount of future energy generated and as there are no minimum payments required.

ENERGY EFFICIENCY PROGRAM

BPA is required by the Northwest Power Act to meet the net firm power load requirements of its customers in the Pacific Northwest. BPA is authorized to help meet its net firm power load through the acquisition of electric conservation. BPA makes available a portfolio of initiatives and infrastructure support activities to its customers to ensure the conservation targets established in the Northwest Power and Conservation Council's then-current Power Plan are achieved. The Council released the 2021 Northwest Power Plan in fiscal year 2022. These initiatives and activities are often executed via conservation commitments made by BPA to its customers through agreements with utility customers and contractors that provide support in the way of energy efficiency program research, development and implementation. The timing of the payments under these commitments is not fixed or determinable, and these agreements will expire at various dates through fiscal year 2028. Conservation-related expenses are recorded to operations and maintenance expense as incurred.

1989 ENERGY NORTHWEST LETTER AGREEMENT

In 1989, BPA agreed with Energy Northwest that, in the event any participant shall be unable for any reason, or shall fail or refuse, to pay to Energy Northwest any amount due from such participant under its net billing agreement for which a net billing credit or cash payment to such participant has been provided by BPA, BPA will be obligated to pay the unpaid amount in cash directly to Energy Northwest. As of Sept. 30, 2024, and 2023, no amounts have been accrued related to this agreement.

NUCLEAR INSURANCE

BPA is a member of Nuclear Electric Insurance Limited (NEIL), a mutual insurance company established to provide insurance coverage for nuclear power plants. The insurance policies purchased from NEIL by BPA for CGS include: 1) Primary Property and Decontamination Liability Insurance; 2) Excess Property, Excess Decontamination Liability and Decommissioning Liability Insurance; and 3) NEIL I Accidental Outage Insurance.

Under each insurance policy, BPA could be subject to a retrospective premium assessment in the event that a member-insured loss exceeds reinsurance and reserves held by NEIL. The maximum assessment for the Primary Property and Decontamination Liability Insurance policy is $19.8 million. For the Excess Property, Excess Decontamination Liability and Decommissioning Liability Insurance policy, the maximum assessment is $7.1 million. For the NEIL I Accidental Outage Insurance policy, the maximum assessment is $6.5 million.

Additionally, in the event of a nuclear accident resulting in public liability losses exceeding $450 million under the Nuclear Regulatory Commission's indemnity for public liability coverage under the Price-Anderson Act, BPA could be subject to a retrospective assessment of up to $165.9 million limited to $24.7 million per incident within one calendar year. Assessments would be included in BPA's costs and recovered through rates. As of Sept. 30, 2024, there have been no assessments payable by BPA under any of these events.

ENVIRONMENTAL MATTERS

From time to time there are sites for which BPA, the USACE or Reclamation may be identified as potential responsible parties. Costs associated with cleanup of sites are not expected to be material to the FCRPS financial statements. As such, no material liability has been recorded.

INDEMNIFICATION AGREEMENTS

BPA, USACE and Reclamation have provided indemnifications of varying scope and terms in contracts with customers, vendors, lessors, trustees, and other parties with respect to certain matters including, but not limited to, losses arising out of particular actions taken on behalf of the FCRPS, certain circumstances related to Energy Northwest Projects, and in connection with lease-purchases. Because of the absence of a maximum obligation in the provisions, management is not able to reasonably estimate the overall maximum potential future payments. Based on historical experience and current evaluation of circumstances, management believes that as of Sept. 30, 2024, the likelihood is remote that the FCRPS would incur any significant costs with respect to such indemnities. No liability has been recorded in the financial statements with respect to these indemnification provisions.

RESERVES DISTRIBUTION CLAUSE

The Reserves Distribution Clause (RDC) is a rate adjustment mechanism that triggers if reserves for risk levels exceed certain cash on hand targets at September 30 for Power Services or Transmission Services. Terms of the RDC are discussed in the BP-24 and BP-22 rate cases, which state that the BPA Administrator shall consider above-threshold financial reserves for debt reduction, incremental capital investment, rate reduction through a Dividend Distribution, distribution to customers, or any Power- or Transmission-specific purposes determined by the Administrator.

Based upon fiscal year 2024 financial results and year-end reserves for risk levels for Transmission services, a Transmission RDC is expected to occur for application in fiscal year 2025. BPA's Administrator will determine final amounts and use of the fiscal year 2025 Transmission RDC by Dec. 15, 2024, with application of most RDC actions likely to occur between December and September of fiscal year 2025. Based on fiscal year 2024 results and year-end reserves for risk levels for Power services, a Power RDC is not expected to occur for application in fiscal year 2025.

Based on fiscal year 2023 financial results and year-end reserves for risk levels for both Power and Transmission Services, an RDC occurred for application in fiscal year 2024. BPA's Administrator determined final amounts and use of the Power and Transmission RDC during fiscal year 2024, and application of most RDC actions occurred between December and September of fiscal year 2024.

As of Sept. 30, 2024, and 2023, no liability had been accrued for the RDC.

LITIGATION

Rates

BPA's rates are frequently the subject of litigation. Most of the litigation typically involves claims that BPA's rates are inconsistent with statutory directives, are not supported by substantial evidence in the record, or are arbitrary and capricious. It is the opinion of BPA's general counsel that if any rate were to be rejected, the remedy accorded would be a remand to BPA to establish a new rate. BPA's flexibility in establishing rates could be restricted by the rejection of a BPA rate, depending on the grounds for the rejection. BPA is unable to predict, however, what new rate it would establish if a rate were rejected. If BPA were to establish a rate that was lower than the rejected rate, a petitioner may be entitled to a refund in the amount overpaid; however, BPA is required by law to set rates to meet all of its costs. Thus, it is the opinion of BPA's general counsel that BPA may be required to increase its rates to seek to recover the amount of any such refunds, if needed.

Other

The FCRPS may be affected by various other claims, actions and complaints, including claims regarding litigation under the Endangered Species Act, which may include BPA as a named party. Certain of these cases may involve material amounts including operational changes at FCRPS federal dams that may restrict hydroelectric generation. Management is unable to predict whether the FCRPS will avoid adverse outcomes in these legal matters.

Judgments and settlements are included in FCRPS costs and recovered through rates. As of Sept. 30, 2024, no material liability has been recorded for the above legal matters.

PHOTO BY ALEXANDER L.

Federal repayment

Revenue requirement study

The submission of BPA's annual report fulfills the reporting requirements of the Grand Coulee Dam — Third Powerplant Act, Public Law 89-448. The revenue requirement study demonstrates repayment of federal investment. It reflects revenues and costs consistent with BPA's 2024 Final Wholesale Power and Transmission Rate Proposals of July 2023, for fiscal years 2024 and 2025. (See BP-24-FS-BPA-02 for Power and BP-24-FS-BPA-06 for Transmission.) The final proposals filed with FERC contain the official amortization schedule for the rate periods. FERC granted final approval to the Power Rates Schedules and the Transmission, Ancillary and Control Area Service Rate Schedules on March 6, 2024.

Repayment demonstration

BPA is required by Public Law 89-448 to demonstrate that reimbursable costs of the FCRPS will be returned to the U.S. Treasury from BPA net revenues within the period prescribed by law. BPA is required to make a similar demonstration for the costs of irrigation projects that are beyond the ability of irrigation water users to repay. These requirements are met by conducting power repayment studies including schedules of payments at the proposed rates to demonstrate repayment of principal within the allowable repayment period.

Since 1985, BPA has prepared separate repayment demonstrations for generation and transmission in accordance with an order issued by FERC on Jan. 27, 1984 (26 FERC 61,096).

Repayment policy

BPA's repayment policy is reflected in its generation and transmission revenue requirements and respective rate levels. This policy requires that FCRPS revenues be sufficient to:

1. Pay the cost of operating and maintaining the power system.
2. Pay the cost of obtaining power through purchase and exchange agreements (nonfederal projects) and transmission services that BPA is obtaining under capitalized lease-purchase agreements.
3. Pay interest on and repay outstanding U.S. Treasury borrowings to finance transmission system construction, conservation, environmental, direct-funded Corps and Reclamation improvements, and fish and wildlife projects.
4. Pay interest on the unrepaid investment in facilities financed with appropriated funds. (Federal hydroelectric projects all were financed with appropriated funds, as were BPA transmission facilities constructed before 1978.)
5. Pay, with interest, any outstanding deferral of interest expense.
6. Repay the power investment in each federal hydroelectric project with interest within 50 years after the project is placed in service (except for the Chandler project, which has a legislated repayment period of 66 years). Repay each increment of the investment in the BPA transmission system financed with appropriated funds with interest within the average service life of the associated transmission plant or 35 years, whichever is less.
7. Repay the appropriated investment in each replacement at a federal hydroelectric project within its service life up to a maximum of 50 years.
8. Repay irrigation investment at federal reclamation projects assigned for payment from FCRPS revenues, after all other elements in the priority of payments are paid and within the same period established for irrigation water users to repay their share of construction costs. These periods range from 40 to 66 years, with 50 years being applicable to most of the irrigation payment assistance.

Investments bearing the highest interest rate will be repaid first, to the extent possible, while still completing repayment of each increment of investment within its prescribed repayment period.

Repayment obligation

BPA's rates must be designed to collect sufficient revenues to return separately the power and transmission costs of each FCRPS investment and each irrigation assistance obligation within the time prescribed by law.

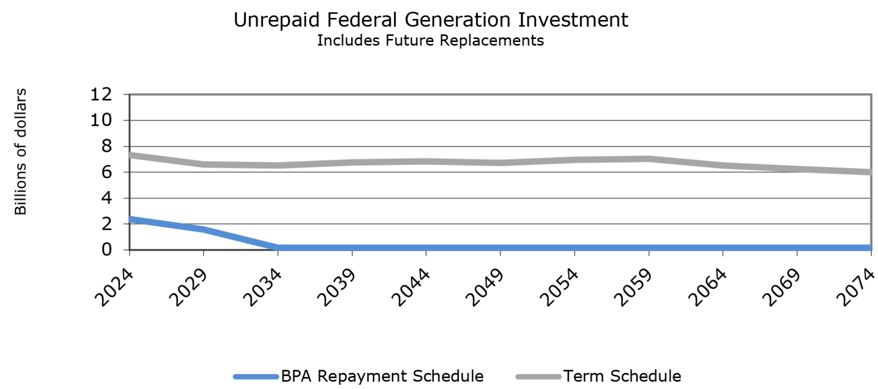
If existing rates are not likely to meet this requirement BPA must reduce costs, adjust its rates, or both. Comparing BPA's repayment schedule for the unrepaid capital appropriations and bonds with a "term schedule" demonstrates that the federal investment will be repaid within the time allowed. A term schedule represents a repayment schedule whereby each capitalized appropriation or bond would be repaid in the year it is due.

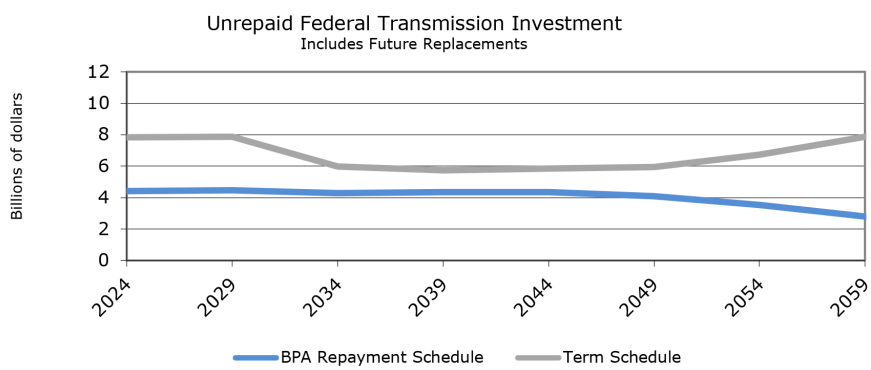
Reporting requirements of Public Law 89-448 are met so long as the unrepaid FCRPS investment and irrigation assistance resulting from BPA's repayment schedule are less than or equal to the allowable unrepaid investment in each year. While the comparison is illustrated by the following graphs representing total FCRPS generation and total FCRPS transmission investment, the actual comparison is performed on an investment-by-investment basis.

Repayment of FCRPS investment

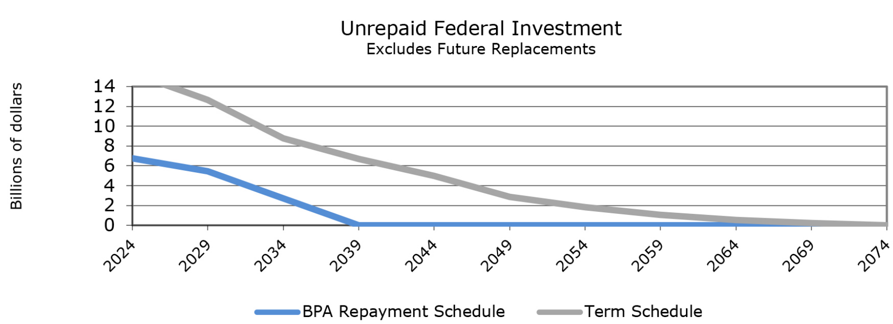
The graphs for Unrepaid Federal Generation and Transmission Investment illustrate that unrepaid investment resulting from BPA's generation and transmission repayment schedules is less than the allowable unrepaid investment. This demonstrates that BPA's rates are sufficient to recover all FCRPS investment costs on or before their due dates.

The term schedule lines in the graphs show how much of the obligation can remain unpaid in accordance with the repayment periods for the generation and transmission components of the FCRPS. The BPA repayment schedule lines show how much of the obligation remains to be repaid according to BPA's repayment schedules. In each year, BPA's repayment schedule is ahead of the term schedule. This occurs because BPA plans repayment both to comply with obligation due dates and to minimize costs over the entire repayment study horizon (35 years for transmission, 50 years for generation). Repaying highest interest-bearing investments first, to the extent possible, minimizes costs. Consequently, some investments are repaid before their due dates while assuring that all other obligations are repaid by their due dates. These graphs include forecasts of system replacements during the repayment study horizon that are necessary to maintain the existing FCRPS generation and transmission facilities.





The Unrepaid Federal Investment graph displays the total planned unrepaid FCRPS obligations compared to allowable total unrepaid FCRPS investment, omitting future system replacements. This demonstrates that each FCRPS investment through 2024 is scheduled to be returned to the U.S. Treasury within its repayment period and ahead of due dates.



If, in any given year, revenues are not sufficient to cover all cash needs including interest, any deficiency becomes an unpaid annual expense. Interest is accrued on the unpaid annual expense until paid. This must be paid from subsequent years' revenues before any repayment of federal appropriations can be made.

Leadership

Enterprise Board members as of Sept. 30, 2024

John Hairston
Administrator and Chief Executive Officer

Joel Cook
Chief Operating Officer

Robin Furrer
Chief Administrative Officer

Dan James
Chief Workforce and Strategy Officer

Suzanne Cooper
Senior Vice President, Power Services

Richard Shaheen
Senior Vice President, Transmission Services

Scott Armentrout
Executive Vice President, Environment, Fish and Wildlife

Tom McDonald
Executive Vice President, Compliance, Audit and Risk Management

Nita Zimmerman
Executive Vice President, Chief Information Officer (acting)

Marcus Chong Tim
Executive Vice President and General Counsel

Marcus Harris
Executive Vice President and Chief Financial Officer

Lizá Rosa
Director, Human Resources Service Center

Sonya Baskerville
Director, Intergovernmental Affairs and Regional Relations

Anna-Lisa Miller
Chief Business Transformation Officer (acting)

Joel Scruggs
Chief Communications Officer

Offices

General BPA Offices and Websites

BPA Headquarters 503-230-3000
905 N.E. 11th Ave., P.O. Box 3621, Portland, OR 97208; www.bpa.gov

BPA Visitor Center 503-230-INFO [4636]; 800-622-4520
905 N.E. 11th Ave., P.O. Box 3621, Portland, OR 97208

Public Engagement 800-622-4519
P.O. Box 14428, Portland, OR 97293
www.bpa.gov/comment

Washington, D.C., Office 202-586-5640
Forrestal Bldg., Room 8G-061, 1000 Independence Ave. S.W., Washington, D.C. 20585

Crime Witness Program 800-437-2744
To report crimes to BPA property or personnel

Power Services

Boise Customer Service Center 208-670-7406
950 W. Bannock St., Suite 805, Boise, ID 83702

Eastern Area Customer Service Center 509-822-4591
P.O. Box 789, Mead, WA 99021

Montana Customer Service Center 406-676-2669
P.O. Box 640, Ronan, MT 59864

Seattle Customer Service Center 206-220-6770
909 First Ave., Suite 380, Seattle, WA 98104

Western Area Customer Service Center 503-230-5856
905 N.E. 11th Ave., P.O. Box 3621, Portland, OR 97208

Transmission Services

Transmission Services Headquarters 503-230-3000
P.O. Box 491, Vancouver, WA 98666-0491

Ross Complex 503-230-3000
5411 N.E. Highway 99, Vancouver, WA 98663

Van Mall One Park Place 503-230-3000
7600 NE 41st Street, Vancouver WA 98662

Covington District 253-638-3700
28401 Covington Way S.E., Kent, WA 98042

Eugene District 541-988-7401
86000 Hwy. 99 S., Eugene, OR 97405

Idaho Falls Regional Office 208-612-3100
1350 Lindsay Blvd., Idaho Falls, ID 83402

Kalispell District 406-751-7802
2520 U.S. Hwy. 2 E., Kalispell, MT 59901

Longview District 360-414-5600
3750 Memorial Park Drive, Longview, WA 98632

Olympia Regional Office 360-570-4305
5240 Trosper Road S.W., Olympia, WA 98512

Redmond District 541-516-3200
3655 S.W. Highland Ave., Redmond, OR 97756

Salem District 503-304-5900
2715 Tepper Lane N.E., Keizer, OR 97303

Snohomish District 360-563-3600
914 Ave. D, Snohomish, WA 98290

Spokane District 509-468-3002
2410 E. Hawthorne Road, Mead, WA 99021

The Dalles District 541-296-4694
3920 Columbia View Drive E., The Dalles, OR 97058

Tri-Cities District 509-544-4702
2211 N. Commercial Ave., Pasco, WA 99301

Wenatchee District 509-886-6000
13294 Lincoln Park Road, East Wenatchee, WA 98802

This year, BPA celebrated a record-breaking year, honoring 50 employee-nominated awardees, that is 46 individuals and four teams, for their hard work and dedication and whose service directly contributes to the agency's 2024–2028 strategic goals.

BRILLIANT PROGRESSIVE ADMIRABLE

Employee Development Award

Jason Jennings – Substation Operations
Kyle Kohne – Transmission Planning
David Scharton – Tech. Training Center

Eugene C. Starr Technical Achievement Award

MayMay Adolf – (retired) RAS Engineering
Leah Sullivan – Fish Operations Policy & Planning

Roy Hunter Sampsel Tribal Achievement Award

Kat Brigham – Confederated Tribes of the Umatilla Indian Reservation
Carol Evans – Spokane Tribal Business Council

Safety Excellence Award

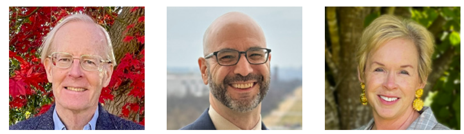
Lance Thornall – Supply Chain Services

Unsugn Hero Award

Matt Balogh – Corporate & Infrastructure Acquisition
Eric Bell – Chief Administrative Office
Zack Buus – Transmission Commercial System Processes & Implementation
Ray Charbonneau – Agency Commercial Systems
Jon Guyer – Aircraft Services

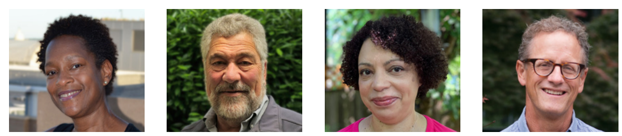
Anna Hayes – Finance Treasury Operations
Dustin McVay – Business Controls & Information
Jackie Quinn – Enterprise Technology Operations Services
Chris Roper – Facility Operations & Maintenance
Kristina Rohe – Bulk Marketing Scheduling Coordination

Exceptional Public Service Award



Ralph Cavanagh – Natural Resources Defense Council
Kurt Miller – formerly of Northwest RiverPartners
Debra Smith – formerly of Seattle City Light

Meritorious Service Award



Sonya Baskerville – Intergovernmental Affairs
Jim Burgess – (retired) Geomatics
Yvette Gill – Enterprise Shared Services
Tim Johnson – Office of General Counsel

Alex Lennox – Revenue Requirement, Repayment & Financial Strategy
Margaret Pedersen Mainzer – (retired) Long-Term Sales and Purchases
Garett Rehbein – (retired) Transmission Field Services
Fred Walasavage – Pollution Prevention & Abatement

Exceptional Service Award

NOT PICTURED

Kristine Bartlett – Short-Term Planning
Mary Godwin – Office of General Counsel, Natural Resources
Jenny Hurlburt – Slice Operations & Management
Shana Kuhn – Transmission Commercial System Management
Danielle Johnson – OASIS Management

Steve Lowder – (retired) Substation Maintenance & Application
Lauren Nichols-Kinas – Transmission Commercial Planning
Rob Petty – Power & Operations Planning
Nita Zimmerman – Business Transformation Office

Exemplary or Courageous Act Award

Joby Shelton – Eugene District Operations

Construction and Maintenance Services Crew
Scott Burns, John Cain, Shawn Dishman, Rob Ebeling, Craig Langan, Toni Lindsay, Steve Parrish, Travis Petty, Tim Pitts, Leander Pruett

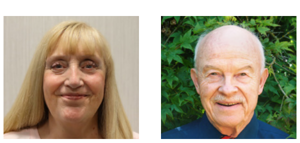
Outstanding Team Achievement Award

BP-22 Power Rate Case Team
Daniel Fisher, Richard A. Greene, Christian Griffen, Neil Gschwend, Courtney Olive, Tucker Miles, Mary Bodine-Watts, Dorie Welch

Grid Modernization Portfolio Team
Elsa Chang, Eva Cobb (retired), Alan DeJong, Mike Gardiner, Manny Holowatz, Heather Jespersen, Art Kautz, Chuck Kisselburg, Josh Kulak, Vasia Limantzakis, Allie Mace, Brian Montoya, Adam Morse, John Nguyen, Kristy Norton (retired), Jacob Sigo, Anne Simon, Tracey Stancliff, Mark Symonds, Don Valentine

Phase 2 Implementation Plan Team
Marcy Foster, Mary Godwin, Maureen Kavanagh, Jill Leary, Anne Senters, Leah Sullivan, Jason Sweet, Ben Zelinsky

Special Service Award

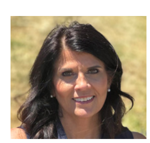


Debbie Ray – ACS Group, Inc. Construction & Maintenance Services
Mike Street – Motus Recruiting & Staffing Network & Support Engineering

Workplace or Technology Innovation Award

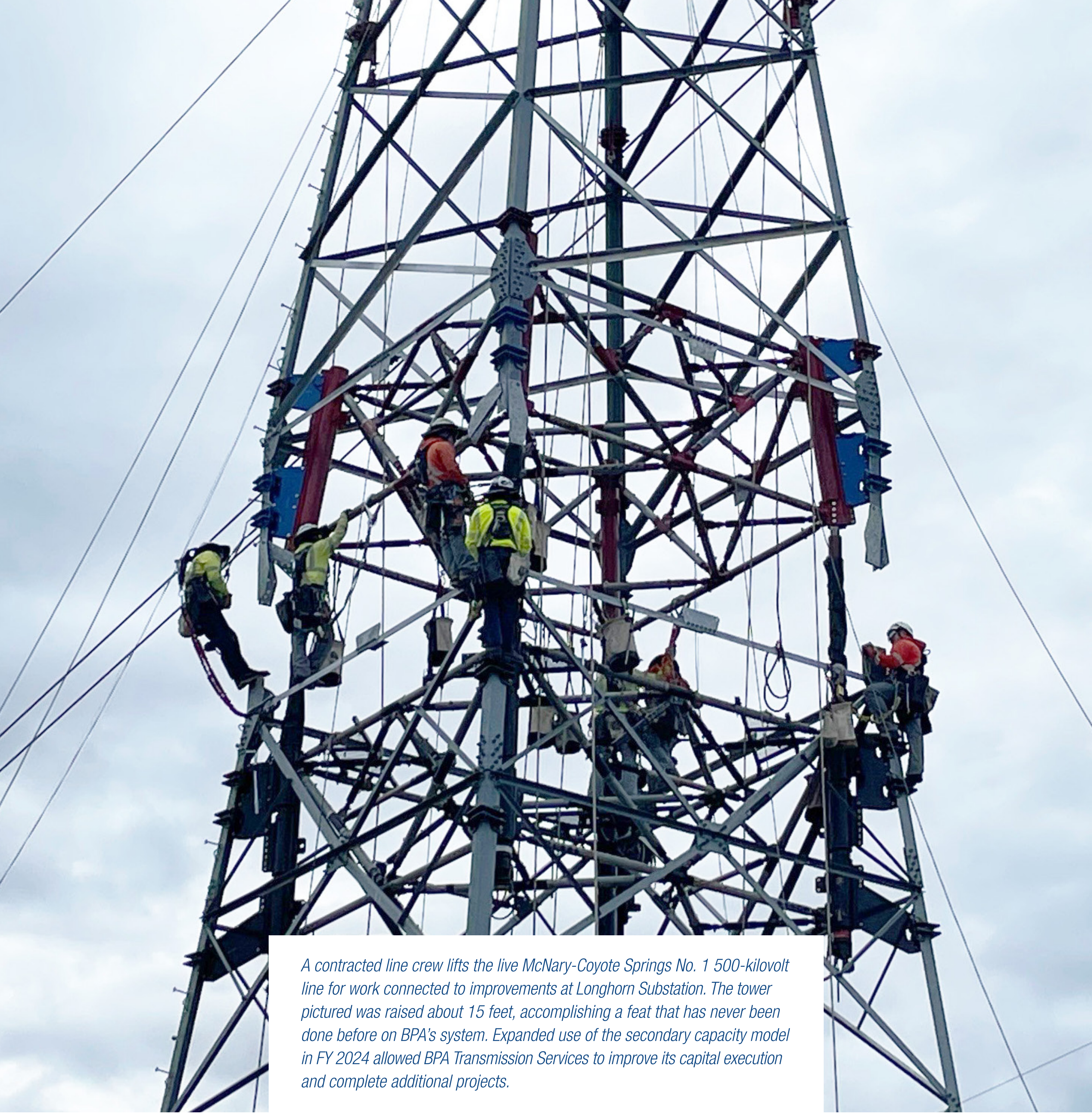
Gordon Ashby – Generating Assets
Daniel Kuraspediani – Operations Planning
Shawn Patterson – Power System Control
Chelsea Smith-Nelson – Operations Planning

George Bell Community Outreach Award



Cymany O'Brien – Materials Management

PHOTO BY MITCHELL B



A contracted line crew lifts the live McNary-Coyote Springs No. 1 500-kilovolt line for work connected to improvements at Longhorn Substation. The tower pictured was raised about 15 feet, accomplishing a feat that has never been done before on BPA's system. Expanded use of the secondary capacity model in FY 2024 allowed BPA Transmission Services to improve its capital execution and complete additional projects.

www.bpa.gov

BONNEVILLE POWER ADMINISTRATION
P.O. Box 3621 Portland, Oregon 97208-3621

DOE/BP-5300 • November 2024

FRONT COVER PHOTO BY AARON E.