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Financial Forecast Update

August 13, 2019



Recap of July Financial Forecast*

			Significant Uncertainty			
Description		MTM 2019	50th 2020	50th 2021	50th 2022	50th 2023
June	Projected Rate Increase	Oct 1 2.9%	-	-	-	-
	Days Cash on Hand	106	115	115	144	154
	Net Income	\$2.4M	\$11.6M	\$13.2M	\$11.8M	\$8.1M
July	Projected Rate Increase	Oct 1 2.9%	-	-	-	-
	Days Cash on Hand	102	106	101	124	129
	Net Income	\$0.7M	\$9.9M	\$10.9M	\$9.6M	\$6.7M

Lower end of planning targets

*Forecast details located in the Appendix to this presentation

Recap of July Forecast Updates

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- ∞ Two major changes (Conditions still exist in August forecast)
 - ∞ BPA Financial Reserve Policy (FRP) Surcharge
 - ∞ Back into play at full amounts 2020-2023
 - ∞ ~\$2.9M total additional expense
 - ∞ Forward Market Prices
 - ∞ Forward market price curve has dropped
 - ∞ 2019 (-11%), 2020 (-14%), 2021 (-10%), 2022 (-12%), and 2023 (-10%)
 - ∞ Reduces net secondary market revenues
- ∞ More uncertainties
 - ∞ Summer/Winter Temperature
 - ∞ 2019 Water
 - ∞ Future water years
 - ∞ Upcoming capital budgets

August Financial Forecast*

		Significant Uncertainty					
		MTM	50th	50th	50th	50th	
		2019	2020	2021	2022	2023	
June	Projected Rate Increase	Oct 1 2.9%	-	-	-	-	
	Days Cash on Hand	106	115	115	144	154	
	Net Income	\$2.4M	\$11.6M	\$13.2M	\$11.8M	\$8.1M	
July	Projected Rate Increase	Oct 1 2.9%	-	-	-	-	
	Days Cash on Hand	102	106	101	124	129	
	Net Income	\$0.7M	\$9.9M	\$10.9M	\$9.6M	\$6.7M	
August	Projected Rate Increase	Oct 1 2.9%	-	Oct 2.4%	-	-	
	Days Cash on Hand		97	104	95	113	129
	Net Income	\$0.4M	\$10.1M	\$11.2M	\$12.8M	\$10.1M	

Lower end of planning targets

*Forecast details located in the Appendix to this presentation



August Financial Forecast*

2020: 50th v. 25th Percentile for Net Power Costs

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Description		MTM 2019	Significant Uncertainty			
			50 th 2020	50 th 2021	50 th 2022	50 th 2023
August	Projected Rate Increase	Oct 1 2.9%	-	Oct 2.4%	-	-
	Days Cash on Hand	97	104	95	113	129
	Net Income	\$0.4M	\$10.1M	\$11.2M	\$12.8M	\$10.1M

Description		MTM 2019	Significant Uncertainty			
			25 th 2020	50 th 2021	50 th 2022	50 th 2023
August	Projected Rate Increase	Oct 1 2.9%	-	Apr 2.9%	-	-
	Days Cash on Hand	97	99	95	115	133
	Net Income	\$0.4M	\$8.3M	\$13.3M	\$13.4M	\$10.8M



*Forecast details located in the Appendix to this presentation

August Forecast Updates

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∞ Major Changes

- ∞ BPA final rates (issued July 25, 2019)
 - ∞ About \$100k better than staff estimates
- ∞ BPA Slice True-Up (2019)
 - ∞ Now projected to be a \$170k charge, was \$150k credit
- ∞ Water Forecast
 - ∞ Reduced BPA forecasted generation going forward
- ∞ Upcoming capital planning
 - ∞ Developing 5-year capital plan

∞ Uncertainties remain

- ∞ Summer/Winter Temperature
- ∞ 2019 Water
- ∞ Future water years
- ∞ Upcoming capital budgets

BPA BP-20 Rates

BPA Power & Transmission				
Description	BP-20 (Jan 19)	BP-20 (Jun 19)*	BP-20 (July 19)	BP-20 (Final)
Power – Base	1.4%	0.0%	0.0%	0.0%
Power - FRP	1.5%	(assuming 0.6%)	1.5%	1.5%
Transmission	3.6%	3.6%	3.6%	3.6%
As applied to Benton PUD				
Annual \$ Increase	\$1.3M	\$0.6M	\$0.9M	\$0.8M
Annual % Increase	1.8%	0.8%	1.3%	1.2%

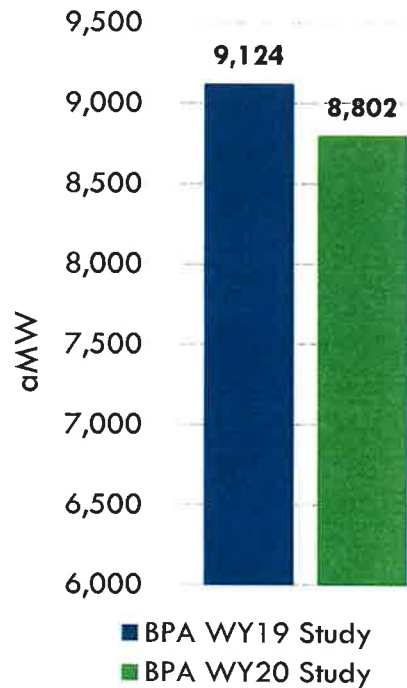
*In the June forecast, the FRP was assumed to only be in Fiscal Year 2020, not subsequent years



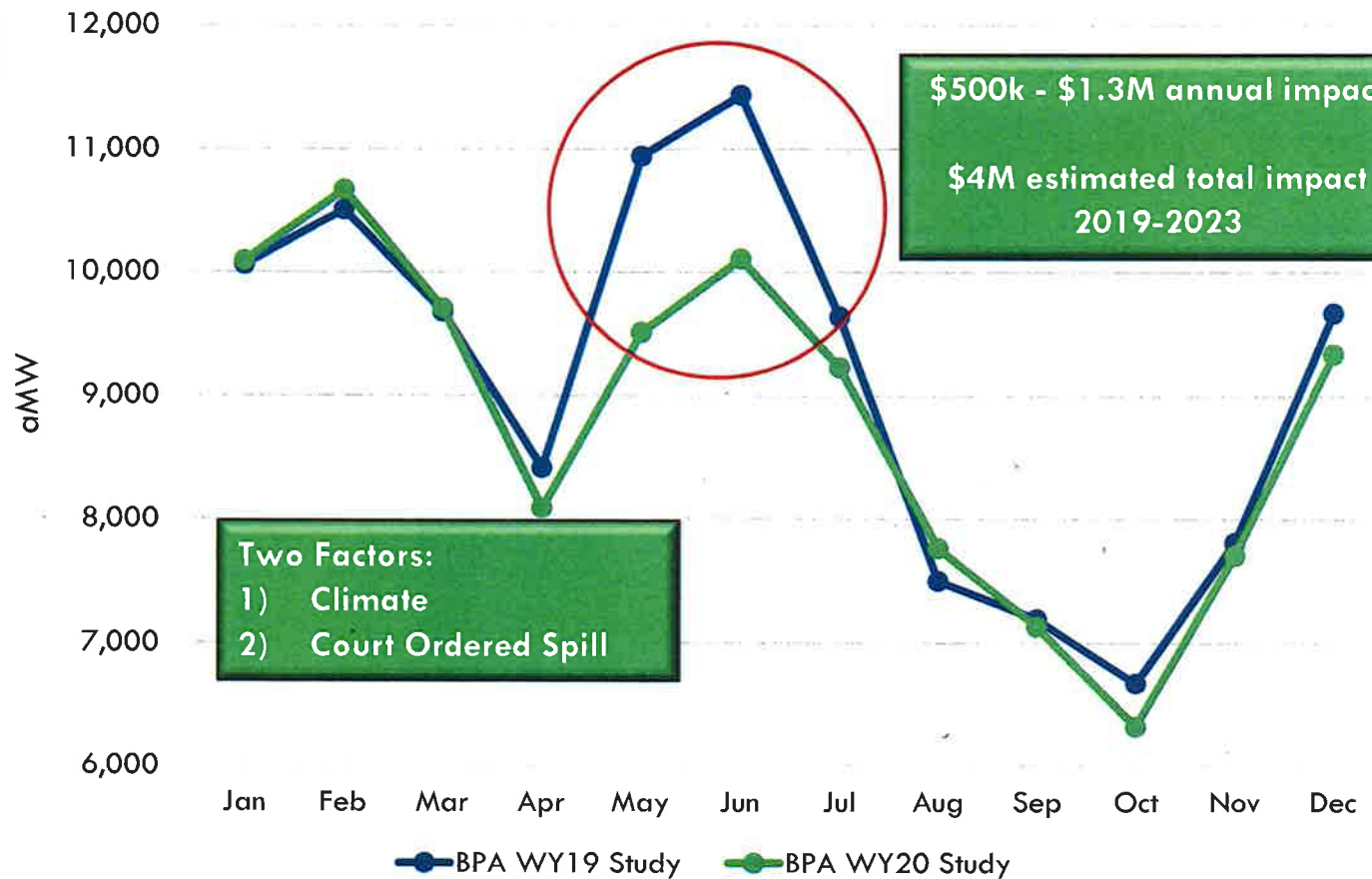
BPA Generation

Benton PUD receives a "slice" or 1.37% of this generation

BPA Forecasted 2020 Annual Generation



BPA Forecasted 2020 Monthly Generation Shaping



Net Power Costs

Increase from June to August

In millions

Forecast	2019	2020	2021	2022	2023	Total
June	\$89.1	\$79.4	\$77.6	\$79.2	\$82.6	\$407.9
August	\$90.7	\$81.5	\$80.9	\$81.6	\$84.0	\$418.7
Increase	\$1.6	\$2.1	\$3.3	\$2.4	\$1.4	\$10.8

Summary of Increase

FRP Surcharge	\$2.9M
BPA Water Forecast	\$4.0M
Market Conditions	\$3.9M
Total	\$10.8M

Capital Planning

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- ∞ Currently developing latest 5-year capital plan
 - ∞ Primary factors driving capital
 - ∞ Continued growth
 - ∞ Aging infrastructure
 - ∞ Physical and cyber security
 - ∞ Draft preliminary estimates
 - ∞ Proposed increases in 5-year capital plan projected
 - ∞ Little change looking at 2019/2020 combined
 - ∞ After factoring in carryovers from 2018
 - ∞ Increases estimated in 2021-2023
 - ∞ Will discuss in more depth during budget process

Sensitivity Analysis

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- What if some of the variables change?
- Staff has created 3 different scenarios
 - ▣ Net Revenue reductions

Scenario	2019	2020	2021	2022	2023	Total
1	\$0.5M	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$4.5M
2	\$1.0M	\$2.0M	\$2.0M	\$2.0M	\$2.0M	\$9.0M
3	\$1.5M	\$3.0M	\$3.0M	\$3.0M	\$3.0M	\$13.5M

Sensitivity Analysis Scenarios*

Significant Uncertainty

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Description		MTM 2019	50th 2020	50th 2021	50th 2022	50th 2023
Scenario 1 (\$4.5M Total)	Projected Rate Increase	Oct 1 2.9%	-	Apr 1 2.9%	-	-
	Days Cash on Hand	96	100	92	109	125
	Net Income	\$(0.1M)	\$9.1M	\$12.3M	\$12.4M	\$9.7M
Scenario 2 (\$9M Total)	Projected Rate Increase	Oct 1 2.9%	Oct 1 2.9%	Oct 1 2.9%	-	-
	Days Cash on Hand	94	97	91	114	136
	Net Income	\$(0.6M)	\$8.8M	\$12.8M	\$14.9M	\$12.3M
Scenario 3 (\$13.5M Total)	Projected Rate Increase	Oct 1 2.9%	Oct 1 2.9%	Apr 1 3.2%	-	-
	Days Cash on Hand	93	93	90	111	131
	Net Income	\$(1.1M)	\$7.8M	\$14.1M	\$14.3M	\$11.6M



*Forecast details located in the Appendix to this presentation

Discussion



Rate Increase Meetings

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- ∞ Proposed Customer Meetings
 - ∞ Key Accounts: August 21, 2019 @ 8:00am
 - ∞ All Customers: August 21, 2019 @ 5:30pm
- ∞ Commission to consider final adoption
 - ∞ September 10, 2019

End of Presentation

