

**Federal Columbia River Power System (FCRPS)
FY 2011 SECOND QUARTER REVIEW**

Net Revenues and Reserves

Projection for FY 2011



April 28, 2011

**FY 2011
EXECUTIVE HIGHLIGHTS
April 28, 2011**

(\$ in Millions)

	A <i>FY 2010 Audited Actuals without Derivative Effects & Bookouts</i> ^{1/}	FY 2011 Current Expectation		
		B <i>FY 2011 SOY without Bookouts</i> ^{2/}	C <i>without Bookouts</i> ^{2/}	D <i>with Bookouts</i> ^{3/}
1. REVENUES	3,161.1	3,307.9	3,405.1	3,349.9
2. EXPENSES	3,303.5	3,275	3,301.8	3,246.6
3. NET REVENUES ^{4/}	(142.4)	32.4	103.3 ^{7/}	103.3 ^{7/}
4. END OF YEAR FINANCIAL RESERVES ^{5/}	1,113.6	929	1,062 ^{7/}	1,062 ^{7/}
5. BPA ACCRUED CAPITAL EXPENDITURES ^{6/}	762.3	696.7	822.9	822.9

Footnotes

- 1/ Does not include mark-to-market adjustments required by derivative accounting guidance as amended or reflect the change in accounting for power "bookout" transactions made after adoption of new accounting guidance as of Oct 1, 2003. Actual Net Revenues for FY 2010 with the mark-to-market adjustments were \$(127.6) million and Modified Net Revenues were \$(164.4).
- 2/ Columns B and C do not reflect the change in accounting for power "bookout" transactions made after adoption of new accounting guidance, effective as of Oct 1, 2003.
- 3/ Includes an "accounting only" (no cash impact) adjustment representing the mark-to-market adjustment required by derivative accounting guidance as amended for identified derivative instruments.
- 4/ Net revenues include the effects of non-federal debt management and derivative accounting guidance as amended. Modified Net Revenues were developed without these line items. An example of non-federal debt management is the refinancing of ENW debt.
- 5/ Financial reserves equal total cash plus deferred borrowing and investments in non-marketable U.S. Treasury securities.
- 6/ Funded by borrowing from the U.S. Treasury.
- 7/ There is significant uncertainty regarding the potential financial results that could occur by the end of the year, mainly a result of water conditions and short-term market prices, both of which can affect net secondary sales.

FCRPS Summary Statement of Revenues and Expenses

Requesting BL: CORPORATE BUSINESS UNIT

Quarterly Review at March 31, 2011

Data Source: EPM Data Warehouse

Unit of measure: \$ Thousands

Preliminary / Unaudited

% of Year Lapsed = 50%

		A	B	C	D	E	F
		FY 2010	FY 2011				
		Actuals	Start of Year Budget	Current EOY Forecast	Current Forecast as a % of SOY Budget	Actuals: FYTD	Actuals as a % of SOY Budget
Operating Revenues							
1	Gross Sales (excluding bookout adjustment) <Notes 1 and 5	\$2,971,900	\$3,131,938	\$3,255,180	104%	\$1,755,847	56%
2	Bookout adjustment to Sales <Note 1	(120,803)		(55,161)		(55,161)	
3	Miscellaneous Revenues	61,544	58,385	58,236	100%	28,828	49%
4	Derivative Instruments <Note 2	14,800					
5	U.S. Treasury Credits	127,690	117,541	91,613	78%	53,196	45%
6	Total Operating Revenues	\$3,055,131	\$3,307,864	\$3,349,869	101%	\$1,782,711	54%
Operating Expenses							
Power System Generation Resources							
Operating Generation Resources							
7	Columbia Generating Station	256,940	323,082	321,683	100%	184,006	57%
8	Bureau of Reclamation	82,125	96,110	96,110	100%	36,198	38%
9	Corps of Engineers	192,279	192,433	192,433	100%	84,549	44%
10	Long-term Contract Generating Projects	28,769	31,266	30,246	97%	13,008	42%
11	Operating Generation Settlement Payment	16,712	21,754	17,570	81%	7,119	33%
12	Non-Operating Generation	2,673	2,128	2,740	129%	1,330	63%
13	Gross Contracted Power Purchases and Augmentation Power Purch <Note 1	472,526	162,715	210,038	129%	159,569	98%
14	Bookout Adjustment to Power Purchases <Note 1	(120,803)		(55,161)		(55,161)	
15	Exchanges & Settlements <Note 5	180,453	188,987	179,860	95%	100,391	53%
16	Renewables	34,296	39,578	39,635	100%	17,982	45%
17	Generation Conservation	66,870	76,200	74,200	97%	29,674	39%
18	Subtotal Power System Generation Resources	\$1,212,839	\$1,134,254	\$1,109,354	98%	\$578,666	51%
19	Power Services Transmission Acquisition and Ancillary Services - (3rd Party)	47,352	56,677	56,797	100%	25,924	46%
20	Power Services Non-Generation Operations	75,576	86,811	81,473	94%	34,598	40%
21	Transmission Operations	103,625	128,088	123,112	96%	53,400	42%
22	Transmission Maintenance	125,431	142,151	142,331	100%	58,677	41%
23	Transmission Engineering	24,221	32,033	30,967	97%	13,503	42%
24	Trans Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 3, 4	8,801	7,531	9,482	126%	3,828	51%
25	Transmission Reimbursables	9,100	9,920	9,917	100%	5,880	59%
26	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	231,528	259,212	259,614	100%	107,791	42%
BPA Internal Support							
27	Additional Post-Retirement Contribution	30,894	31,157	31,157	100%	15,579	50%
28	Agency Services G&A	102,299	104,195	107,561	103%	51,967	50%
29	Other Income, Expenses & Adjustments <Note 3	(1,026)		3,763		3,626	
30	Non-Federal Debt Service	600,360	623,147	627,877	101%	295,492	47%
31	Depreciation & Amortization <Note 3	368,371	393,465	394,065	100%	195,214	50%
32	Total Operating Expenses	\$2,939,370	\$3,008,642	\$2,987,470	99%	\$1,444,146	48%
33	Net Operating Revenues (Expenses)	\$115,761	\$299,222	\$362,398	121%	\$338,565	113%
Interest Expense and (Income)							
34	Interest Expense <Note 3	331,255	346,359	341,323	99%	164,000	47%
35	AFUDC	(32,867)	(36,875)	(40,500)	110%	(18,557)	50%
36	Interest Income	(55,047)	(42,666)	(41,676)	98%	(17,687)	41%
37	Net Interest Expense (Income)	\$243,342	\$266,818	\$259,147	97%	\$127,755	48%
38	Net Revenues (Expenses) <Note 4	(\$127,581)	\$32,404	\$103,252	319%	\$210,810	651%

<1 Beginning in FY 2004, actuals for Power Sales and Contracted Power Purchases are affected by the change in accounting for power "bookout" transactions after adoption of new accounting guidance as of Oct 1, 2003. Bookout transactions are not included in the SOY budget or forecasted through the remaining year. Bookouts included in the Forecast column reflect actuals recorded to date.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by derivative accounting guidance as amended, for identified derivative instruments. The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 Beginning in FY 2004, the consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with accounting guidance for special purpose entities effective as of December, 2003. The SOY Budget and Current Forecast are for the Bonneville Power Administration only.

<4 The consolidated FCRPS Statement reduces reported Revenues and Expenses where between business line transactions occur, the most significant of which are for Transmission Acquisition and Ancillary Services.

<5 The Residential Exchange Program (REP) Lookback Amount applied is returned to the Consumer Owned Utilities (COU's) and recovered from the Investor Owned Utilities (IOU's). Throughout the year actual revenue will be reduced by this amount to reflect the Lookback Amount refunded to COU's. COU's and actual REP expense will be reduced to reflect the Lookback Amount by the IOU's. Budgets were developed with the Lookback Amount as an increase to the REP expenses, without adjustment to revenue. These circumstances will present actual revenue and REP expense running under budget.