

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

Net Revenues and Reserves

Projection for FY 2011



July 29, 2011

**FY 2011
EXECUTIVE HIGHLIGHTS
July 29, 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	3,385.4	3,322.6
2. EXPENSES	3,303.5	3,275	3,297.5	3,234.6
3. NET REVENUES ^{4/}	(142.4)	32.4	87.9 ^{7/}	87.9 ^{7/}
4. END OF YEAR FINANCIAL RESERVES ^{5/}	1,113.6	929	1,019 ^{7/}	1,019 ^{7/}
5. BPA ACCRUED CAPITAL EXPENDITURES ^{6/}	762.3	696.7	787.6	787.6

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 June 30, 2011

Data Source: EPM Data Warehouse

Unit of measure: \$ Thousands

Preliminary / Unaudited

% of Year Lapsed = 75%

		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	\$3,238,482	103%	\$2,461,874	79%
2	Bookout adjustment to Sales <Note 1	(120,803)		(62,811)		(62,811)	
3	Miscellaneous Revenues	61,544	58,385	55,702	95%	42,435	73%
4	Derivative Instruments <Note 2	14,800					
5	U.S. Treasury Credits	127,690	117,541	91,185	78%	72,036	61%
6	Total Operating Revenues	\$3,055,131	\$3,307,864	\$3,322,558	100%	\$2,513,533	76%
Operating Expenses							
Power System Generation Resources							
Operating Generation Resources							
7	Columbia Generating Station	256,940	323,082	321,683	100%	252,024	78%
8	Bureau of Reclamation	82,125	96,110	96,110	100%	60,757	63%
9	Corps of Engineers	192,279	192,433	192,433	100%	139,108	72%
10	Long-term Contract Generating Projects	28,769	31,266	30,246	97%	19,110	61%
11	Operating Generation Settlement Payment	16,712	21,754	17,570	81%	12,557	58%
12	Non-Operating Generation	2,673	2,128	2,740	129%	2,147	101%
13	Gross Contracted Power Purchases and Augmentation Power Purch <Note 1	472,526	162,715	217,962	134%	187,263	115%
14	Bookout Adjustment to Power Purchases <Note 1	(120,803)		(62,811)		(62,811)	
15	Exchanges & Settlements <Note 5	180,453	188,987	182,260	96%	143,045	76%
16	Renewables	34,296	39,578	39,635	100%	28,364	72%
17	Generation Conservation	66,870	76,200	68,000	89%	43,678	57%
18	Subtotal Power System Generation Resources	\$1,212,839	\$1,134,254	\$1,105,827	97%	\$825,242	73%
19	Power Services Transmission Acquisition and Ancillary Services - (3rd Party)	47,352	56,677	52,797	93%	37,083	65%
20	Power Services Non-Generation Operations	75,576	86,811	81,007	93%	53,954	62%
21	Transmission Operations	103,625	128,088	119,593	93%	81,575	64%
22	Transmission Maintenance	125,431	142,151	141,511	100%	89,778	63%
23	Transmission Engineering	24,221	32,033	30,337	95%	20,405	64%
24	Trans Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 3, 4	8,801	7,531	11,155	148%	5,129	68%
25	Transmission Reimbursables	9,100	9,920	10,070	102%	7,974	80%
26	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	231,528	259,212	259,607	100%	170,636	66%
BPA Internal Support							
27	Additional Post-Retirement Contribution	30,894	31,157	31,157	100%	23,368	75%
28	Agency Services G&A	102,299	104,195	109,447	105%	80,413	77%
29	Other Income, Expenses & Adjustments <Note 3	(1,026)		4,079		3,482	
30	Non-Federal Debt Service	600,360	623,147	625,013	100%	461,143	74%
31	Depreciation & Amortization <Note 3	368,371	393,465	391,065	99%	292,839	74%
32	Total Operating Expenses	\$2,939,370	\$3,008,642	\$2,972,665	99%	\$2,153,022	72%
33	Net Operating Revenues (Expenses)	\$115,761	\$299,222	\$349,893	117%	\$360,511	120%
Interest Expense and (Income)							
34	Interest Expense <Note 3	331,255	346,359	340,837	98%	248,665	72%
35	AFUDC	(32,867)	(36,875)	(38,700)	105%	(28,974)	79%
36	Interest Income	(55,047)	(42,666)	(40,186)	94%	(28,661)	67%
37	Net Interest Expense (Income)	\$243,342	\$266,818	\$261,951	98%	\$191,030	72%
38	Net Revenues (Expenses) <Note 4	(\$127,581)	\$32,404	\$87,941	271%	\$169,482	523%

<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 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.