Federal Columbia River Power System (FCRPS)

FY 2001 THIRD QUARTER REVIEW

Net Revenues and Reserves

Projection for FY 2001

August 29, 2001

FY 2001
EXECUTIVE HIGHLIGHTS
August 2001

($ in Millions)

	FY 2000 Actuals	FY 2001: 1996 Final Rate Proposal		FY 2001: Agency Target 1/		FY 2001 Current Expectations: without FAS 133 1/	FY 2001 Current Expectations: with FAS 133 2/
1. REVENUES	3,040.2	**2,342.5**	3/	**2,924.2**		**4,207.4**	**4,023.6**
2. EXPENSES	2,799.2	**2,332.0**	3/	**2,871.8**		**4,562.0**	**4,562.0**
3. NET REVENUES FROM CONTINUING OPERATIONS	241.0	**10.5**		**52.4**	4/	**(354.6)**	**(538.4)**
4. TOTAL CASH AND DEFERRED BORROWING	810.6	**602.6**		**927.9**		**593.4**	**593.4**
5. BPA ACCRUED CAPITAL EXPENDITURES	192.8	**310.0**		**324.9**		**306.8**	**306.8**

Footnotes

1/ Does not include mark to market adjustments required by SFAS 133.

2/ Includes a decrease of $183.8 million as an “accounting only” (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133 at June 30, 2001, for identified derivative instruments. The amount represents the net change in the MTM from BPA’s transition adjustment at October 1, 2000 and the quarter ending June 30, 2001. The amount is composed of transactions BPA enters into known as “bookouts”. SFAS 133, as amended by SFAS 138, specifically defines “bookout” transactions as derivatives and does not allow normal/accrual accounting to be applied to such transactions.

3/ Revenues and expenses do not include $16 million of reimbursable items.

4/ Agency FY 2001 target for net revenue ranges between $11 million to $103 million.

FCRPS Quarterly Review
Net Revenue Target Report

Through the Month Ended June 30, 2001

Preliminary Unaudited/ For Internal Use Only - $ in thousands

		A	B	C	D	E	F
		Previous FY Actuals <4	**Target**	**Current End of Year Forecast**	**Current Forecast as a % of Target**	**Actuals: FYTD**	**Actuals as a % of Target**
	Operating Revenues:						
1.	Revenue	2,962,329	2,842,842	3,596,285	126.50%	2,753,135	96.84%
2.	MTM Gain/(Loss) Derivative Instrument <Note 1			(183,753)		(183,753)	
3.	Other	77,840	81,403	611,050	750.65%	209,711	257.62%
4.	*Total Operating Revenues*	3,040,169	2,924,245	4,023,582	137.59%	2,779,093	95.04%
	Operating Expenses:						
5.	PBL Operations & Maint. (NOM and Non-NOM)	294,006	401,644	393,208	97.90%	259,092	64.51%
6.	TBL Operations and Maintenance	220,425	248,857	233,193	93.71%	153,025	61.49%
7.	Undistributed Corporate Overhead	(79)				2,123	
8.	Corporate Misc Income Deductions	3,800				(909)	
9.	Other Entities Operations & Maintenance	377,137	463,116	447,810	96.69%	330,577	71.38%
10.	Other Power Purchases	624,882	359,485	2,219,199	617.33%	1,490,237	414.55%
11.	Non-Federal Debt Service	560,836	627,791	530,590	84.52%	383,419	61.07%
12.	Residential Exchange	63,593	68,954	68,954	100.00%	51,018	73.99%
13.	Depreciation	242,673	265,615	250,600	94.35%	181,930	68.49%
14.	Conservation and Fish and Wildlife Amortization	77,269	78,709	76,500	97.19%	57,140	72.60%
15.	*Total Operating Expenses*	2,464,542	2,514,170	4,220,053	167.85%	2,907,652	115.65%
16.	*Net Operating Revenue*	575,627	410,075	(196,472)	-47.91%	(128,560)	#N/A
	Interest Expense:						
17.	Interest	363,404	367,294	353,059	96.12%	258,321	70.33%
18.	AFUDC	(28,754)	(9,490)	(11,188)	117.89%	(11,676)	123.03%
19.	*Total Interest Expenses*	334,650	357,804	341,871	95.55%	246,645	68.93%
20.	**Net Income from Continuing Operations**	**240,977**	**52,271**	**(538,343)**	**-1029.91%**	**(375,205)**	**#N/A**
21.	Cumulative Effect of Change in Accounting Principle for Derivatives/Hedging Activities (SFAS 133) <Note 2			(168,491)		(168,491)	
22.	Cumulative Effect of Change in Accounting Principle for SFAS 133 "C-15" Issue <Note 3			218,418			
23.	**Net Income** *(Expense) Revenue*	240,977	52,271	(488,415)	-934.39%	(543,696)	#N/A

1)This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133 at Quarter End, for identified derivative instruments. The amount represents the net change in the MTM from BPA's transition adjustment (note 2) at October 1, 2000 and the most recent quarter. The amount is composed of transactions Bonneville enters into known as "bookouts". FASB reversed its position requiring Bookouts to be MTM as of July 01, 2001 (see footnote 3).

2) Represents the mark-to-market (MTM) required transition adjustment at October 1, 2000, the date of adoption for SFAS 133, for identified derivative instruments. The MTM SFAS 133 adjustment is not included in the PBL NOM target and it will not be included in any future rate case triggered adjustments.

3) Represents the transition adjustment required as of July 01, 2001 related to FASB's new guidance on Bookout transactions.

4) FY 2000 results have cha nged due to the reflection of Auditing Adjustments and accounting changes.

Bonneville Power Administration - Power Business Unit
Accumulated Net Revenue - FBCRAC &DDC

$ in thousands

	Prior Years Actuals (FY 2000)	Current Year Forecast	Accumulated Results	FY 2001 Trigger
Total Revenues	2,720,940	3,620,869	6,341,809	
Total Expenses	2,468,600	4,202,203	6,670,803	
Net Income from Continuing Operations	252,340	(581,334)	(328,994)	
FAS 133: Accounting for Derivative Instruments and Hedging Activities		(183,753)	(183,753)	
Debt Service Energy Northwest per Accounting Record	525,441	498,800	1,024,241	
Debt Service Energy Northwest per Rate Case	607,118	603,001	1,210,119	
Adjusted Net Revenue	170,663	(501,782)	(331,118)	(386,000)

This report is dependant upon a forecast of projected end-of-year Accumulated Net Revenues (ANR) as adjusted per rate filing (see below), and as of the reporting date. The report is published to determine if the Adjusted ANR (FB CRAC Adjusted ANR) forecast at the end of the current fiscal year is below the FB CRAC Threshold. In no way is this report an absolute prediction of future revenue or costs, nor is it the actual ANR for the end of the fiscal year. This report alone should not be used for investment purposes, nor is it a guarantee that the actual ANR will be achieved as forecasted.

The ANR is defined in the 2002 Supplemental Appendix to the ROD as "generation function net revenues, as accumulated since 1999, at the end of each of the FY 2001-2005…confirmed by BPA's independent auditing firm." The FB CRAC Adjusted ANR is distinguished from the BPA ANR in two ways: the FB CRAC Adjusted ANR does not include the impact of SFAS 133 transactions (Accounting for Derivative Instruments and Hedging Activities); and secondly, the FB CRAC Adjusted ANR includes the Energy Northwest debt service expenses as forecasted in the WP-02 Final Studies, (instead of the actual Energy Northwest debt service expenses as used in calculating the BPA ANR.)

The Dividend Distribution Clause (DDC) is similarly dependant upon the forecasted ANR, and the Adjusted ANR.