Federal Columbia River Power System (FCRPS)

FY 2002 THIRD QUARTER REVIEW

(Includes 10 months of actual results)

Net Revenues and Reserves

Projection for FY 2002

August 2002

FY 2002
EXECUTIVE HIGHLIGHTS
August 2002

($ in Millions)

	FY 2001 without FAS 133 Actuals 1/	FY 2002: 2002 Final Rate Proposal 1/		FY 2002: Agency Target 1/	FY 2002: Current Forecast without FAS 133 1/		FY 2002: Current Forecast with FAS 133 2/	
1. REVENUES	4,230.8	**2,945.4**	3/	**3,669.8**	**3,576.8**		**3,598.4**	
2. EXPENSES	4,447.6	**2,822.1**	3/	**3,594.8**	**3,605.4**		**3,605.4**	6/
3. NET REVENUES FROM CONTINUING OPERATIONS	(216.8)	**123.3**		**75.0**	**(28.6)**	5/ 6/	**(7.0)**	5/
4. FINANCIAL RESERVES 4/	625.3	**1,085.3**		**600.0**	**187.0**		**187.0**	
5. BPA ACCRUED CAPITAL EXPENDITURES	272.5	**374.5**		**457.8**	**383.0**		**383.0**	

Footnotes

1/ Does not include mark-to-market adjustments required by SFAS 133.
Actual Net Revenue from Continuing Operations for FY 2001 with the mark-to-market adjustment is ($168.9) million.

2/ Includes an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133 for identified derivative instruments.

3/ Includes revenues and expenses from the proposed rate test in May 2000 Power Revenue Requirement Study because the June 2001 Power Supplemental Proposal only showed net revenues in the risk analysis and did not contain explicit revenues and expense forecasts.
Revenues and expenses do not include $19.8 million of reimbursable items.

4/ Financial reserves equal total cash plus deferred borrowing.

5/ Agency FY 2002 target for net revenues ranges between $75 million and $150 million.
Financial forecasts are highly volatile and will change with market prices and water conditions.

6/ Includes $327.6 million of expense reductions due to refinancing Energy Northwest debt. Absent these expense reductions, principally resulting from debt management actions, BPA's loss would be ($356.2 million).

Report ID: MRV1010	**FCRPS Quarterly Review**	Run Date/Time: August 22,2002 17:14
Requesting Business Unit:	**Net Revenue Target Report**	$ in thousands
CORPORATE BUSINESS UNIT	Through the Month Ended July 31, 2002	% of Year Lapsed = 83%
	Preliminary Unaudited/ For Internal Use Only	

		A	B	C	D	E	F
		FY 2001 Actuals	Target	Current End of Year Forecast	Current Forecast as a % of Target	Actuals: FYTD	Actuals as a % of Target
	Operating Revenues:						
1.	Revenue	3,611,534	3,557,433	3,525,731	99%	2,852,889	80%
2.	MTM Gain/(Loss) Derivative Instrument <Note 1	47,877		21,630		21,630	
3.	Other	619,259	112,354	51,042	45%	41,427	37%
4.	*Total Operating Revenues*	4,278,669	3,669,787	3,598,402	98%	2,915,945	79%
	Operating Expenses:						
5.	PBL Operations & Maint. (NOM and Non-NOM)	403,916	440,712	383,782	87%	308,821	70%
6.	TBL Operations and Maintenance	219,651	313,584	277,824	89%	219,831	70%
7.	Undistributed Corporate Overhead	320				(692)	
8.	Corporate Misc Income Deductions	16,934		25,000		169	
9.	Other Entities Operations & Maintenance	440,081	471,297	438,452	93%	318,023	67%
10.	Power Acquisitions	2,166,154	1,199,485	1,419,501	118%	1,154,620	96%
11.	Non-Federal Debt Service	477,215	395,421	221,248	56%	197,405	50%
12.	Residential Exchange	68,082	143,802	143,803	100%	120,869	84%
13.	Depreciation	247,247	254,102	255,000	100%	206,614	81%
14.	Conservation and Fish and Wildlife Amortization	76,067	78,786	76,500	97%	65,013	83%
15.	*Total Operating Expenses*	4,115,666	3,297,189	3,241,110	98%	2,590,673	79%
16.	*Net Operating Revenue*	163,003	372,598	357,292	96%	325,272	#N/A
	Interest Expense:						
17.	Interest	377,588	379,048	379,076	100%	323,184	85%
18.	AFUDC	(45,679)	(12,254)	(14,801)	121%	(20,960)	171%
19.	*Total Interest Expenses*	331,909	366,794	364,275	99%	302,224	82%
20.	**Net Rev. (Exp.) from Continuing Operations**	**(168,905)**	**75,000**	**(6,983)**	**-9%**	**23,048**	**#N/A**
21.	Cumulative Effect of Change in Accounting Principle for Derivatives/Hedging Activities (SFAS 133) <Note 2	(168,491)					
22.	**Net Revenue (Expense)**	(337,396)	75,000	(6,983)	-9%	23,048	#N/A

1)This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133 for identified derivative instruments.

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.

3) To achieve the agency net revenue target costs need to be reduced and revenues increased.

Report ID: MRV2200	Power Business Line - Accumulated Net Revenue - FBCRAC &DDC		
Run Date/Time: August 20,2002 14:22	Preliminary - Unaudited/For Internal Use Only		
Reporting Period July 31, 2002	$ in thousands	% of Year Lapsed =	83%

	Actuals Two Fiscal Years Prior	Actuals Prior Fiscal Year	Current Year Forecast	Accumulated Results	FY 2002 Trigger
Total Revenues	2,720,940	3,888,052	3,110,156	9,719,148	
Total Expenses	2,468,811	4,100,095	3,205,339	9,774,245	
Net Revenue (Expense) from Continuing Operations	252,130	(212,043)	(95,183)	(55,097)	
FAS 133: Accounting for Derivative Instruments and Hedging Activities		47,877	21,630	69,506	
Debt Service Energy Northwest per Accounting Record	525,441	445,148	256,000	1,226,589	
Debt Service Energy Northwest per Rate Case	607,118	603,001	528,865	1,738,984	
Adjusted Net Revenue	170,453	(417,773)	(389,677)	(636,998)	(407,500)

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. This report is not an absolute prediction of future revenue or costs, nor does it reflect the actual ANR the end of the fiscal year. This report 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

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