

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

Net Revenues and Reserves

Projection for FY 2011



January 27, 2011

**FY 2011
EXECUTIVE HIGHLIGHTS
January 27, 2011**

(\$ in Millions)

	A	FY 2011 Current Expectation		
		B	C	D
	<i>FY 2010 Audited Actuals without Derivative Effects & Bookouts ^{1/}</i>	<i>FY 2011 SOY without Bookouts ^{2/}</i>	<i>without Bookouts ^{2/}</i>	<i>with Bookouts</i>
1. REVENUES	3,161.1	3,307.9	3,156 - 3,407	3,182 - 3,433
2. EXPENSES	3,303.5	3,275	3,274 - 3,352	3,300 - 3,378
3. NET REVENUES ^{3/}	(142.4)	32.4	(118) - 55 ^{6/}	(118) - 55 ^{6/}
4. END OF YEAR FINANCIAL RESERVES ^{4/}	1,113.6	929	816 - 1,002 ^{6/}	816 - 1,002 ^{6/}
5. BPA ACCRUED CAPITAL EXPENDITURES ^{5/}	762.3	696.7	801.8	801.8

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, was effective as of Oct 1, 2003.
- 3/ Net revenues include the effects of non-federal debt management and derivative accounting guidance as amended. Modified net revenues were line items. An example of non-federal debt management is the refinancing of ENW debt.
- 4/ Financial reserves equal total cash plus deferred borrowing and investments in non-marketable U.S. Treasury securities.
- 5/ Funded by borrowing from the U.S. Treasury.
- 6/ There is significant uncertainty regarding the potential financial results that could occur by the end of the year, mainly a result of water conditions, which may affect net secondary sales, and short-term market prices.

FCRPS Summary Statement of Revenues and Expenses

		A	B	C	D	E	F
		FY 2010			FY 2011		
		Actuals	Start of Year (SOY) 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, 5	\$2,971,900	\$3,131,938	\$3,172,323	102%	\$836,370	27%
2	Bookout adjustment to Sales <Note 1	(120,803)		(26,061)		(26,061)	
3	Miscellaneous Revenues	61,544	58,385	57,886	99%	13,796	24%
4	Derivative Instruments <Note2	14,800					
5	U.S. Treasury Credits	127,690	117,541	93,800	80%	26,916	23%
6	Total Operating Revenues	\$3,055,131	\$3,307,864	\$3,297,948	100%	\$851,022	26%
Operating Expenses							
Power System Generation Resources							
Operating Generation Resources							
7	Columbia Generating Station	256,940	323,082	323,082	100%	92,410	29%
8	Bureau of Reclamation	82,125	96,110	96,110	100%	19,869	21%
9	Corps of Engineers	192,279	192,433	192,433	100%	42,252	22%
10	Long-term Contract Generating Projects	28,769	31,266	31,266	100%	5,957	19%
11	Operating Generation Settlement Payment	16,712	21,754	21,754	100%	5,438	25%
12	Non-Operating Generation	2,673	2,128	2,740	129%	581	27%
13	Gross Contracted Power Purchases and Augmentation Power Purch <Note 1	472,526	162,715	245,656	144%	105,535	65%
14	Bookout Adjustment to Power Purchases <Note 1	(120,803)		(26,061)		(26,061)	
15	Exchanges & Settlements <Note 5	180,453	188,987	181,990	96%	46,229	24%
16	Renewables	34,296	39,578	39,758	100%	7,986	20%
17	Generation Conservation	66,870	76,200	76,200	100%	13,511	18%
18	Subtotal Power System Generation Resources	\$1,212,839	\$1,134,254	\$1,184,930	103%	\$313,708	28%
19	Power Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 4	47,352	56,677	56,797	100%	12,421	22%
20	Power Services Non-Generation Operations	75,576	86,811	84,615	97%	17,116	20%
21	Transmission Operations	103,625	128,088	126,131	98%	25,134	20%
22	Transmission Maintenance	125,431	142,151	142,326	100%	27,260	19%
23	Transmission Engineering	24,221	32,033	32,220	101%	5,131	16%
24	Trans Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 3, 4	8,801	7,531	7,262	96%	1,339	18%
25	Transmission Reimbursables	9,100	9,920	10,430	105%	2,976	30%
26	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	231,528	259,212	259,714	100%	51,721	20%
BPA Internal Support							
27	Additional Post-Retirement Contribution	30,894	31,157	31,157	100%	7,789	25%
28	Agency Services G&A	102,299	104,195	104,689	100%	25,035	24%
29	Other Income, Expenses & Adjustments	(1,026)		3,462		3,148	
30	Non-Federal Debt Service <Note 4	600,360	623,147	625,436	100%	147,747	24%
31	Depreciation & Amortization <Note 4	368,371	393,465	393,465	100%	96,059	24%
32	Total Operating Expenses	\$2,939,370	\$3,008,642	\$3,062,634	101%	\$736,584	24%
33	Net Operating Revenues (Expenses)	\$115,761	\$299,222	\$235,313	88%	\$114,437	38%
Interest Expense and (Income)							
34	Interest Expense	331,255	346,359	339,818	98%	81,467	24%
35	AFUDC	(32,867)	(36,875)	(38,509)	104%	(9,201)	25%
36	Interest Income	(55,047)	(42,666)	(41,764)	99%	(7,453)	17%
37	Net Interest Expense (Income)	\$243,342	\$266,818	\$259,545	97%	\$64,813	24%
38	Net Revenues (Expenses)	(\$127,581)	\$32,404	(\$24,232)	11%	\$49,624	153%

<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 that is effective as of that is 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 Lookback Amount applied is returned to the Consumer Owned Utilities (COUs) and recovered from the Investor Owned Utilities. Throughout the year actual revenue will be reduced by this amount to reflect the Lookback Amount returned by the IOUs. Budgets were developed with the Lookback Amount applied as an increase to the REP expense, without adjustment to revenue. These circumstances will present actual revenue and REP expense running under budget.