

Customer Collaborative Meeting December 2005



Customer Collaborative Meeting

Financial Overview through October 31, 2005

- FCRPS Modified Net Revenue (MNR) forecast in the SOY budget is \$192.1 million.
- Power Business Line (PBL) MNR forecast in the SOY budget is \$137.6 million.
 - The SOY forecast includes net secondary revenues based on average water and prices that are risk adjusted and that were forecast prior to the run-up since hurricane Katrina, resulting in a forecast value of around \$560 million. We recognize there is a lot of volatility in water and market prices when trying to forecast at the beginning of the year, and since our forecast impacts rates, we try to take these volatile factors into account by applying risk tolerance measures. As the year progresses and when appropriate, these measures will be removed and replaced with updated water and price assumptions which can have a significant impact on the end of year forecast.
 - PBL actual expenses affecting MNR are targeted to be \$2,654 million in the SOY budget, which is consistent with the forecast provided when setting the FY '06 rates.



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Financial Overview through October 31, 2005

- TBL Net Revenue (NR) forecast in the SOY budget is \$39.9 million, \$14.4 million higher than the \$25.5 million established in the 2006 Rate Case due to decreases in forecast expenses.
 - TBL revenues are forecast to be \$728.1 million in the SOY budget, down slightly from the 2006 Rate Case revenue of \$728.4 million.
 - TBL total expenses (operating expenses and net interest) are targeted to be \$688.1 million in the SOY budget, \$14.7 million lower than the 2006 Rate Case due primarily to decreases in depreciation and interest expense.
 - TBL depreciation expenses are forecast to be \$183.4 million in the SOY budget. This is \$12.5 million below the Rate Case depreciation of \$195.9 million. The driver of this reduction was the implementation of the 2005 depreciation study.
 - TBL interest expenses are forecast to be \$146.2 million in the SOY budget. This is \$5.5 million below the Rate Case interest of \$151.7 million. The primary driver of this reduction was lower capital investment in FY 2005 than anticipated in the Rate Case.



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- It is too early in the year to have a steadfast forecast of stream-flows. Uncertainties include:
 - Stream-Flow
 - Highly unpredictable. In the 1929 to 2002 history, the smallest stream-flow was 79 maf and the largest stream-flow was 194 maf.
 - Drives the power output of the system.
 - Prices
 - Risk level varies with market price assumptions.
 - Temperatures
 - Load increases and stream flow availability
 - Can affect loads and resource availability.
- Other factors that may impact the year:
 - Judge Redden's decision on the Biological Opinion could have significant impact on our river operation.
 - Columbia Generating Station operations.



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Financial Overview through October 31, 2005

- FCRPS Statement of Revenue and Expenses
- PBL Statement of Revenue and Expenses
- PBL/FCRPS Statement of Modified Net Revenue
- TBL Statement of Revenue and Expenses
- Corporate Statement of Revenue and Expenses



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Financial Overview through October 31, 2005

Report ID: CC_0020 Requesting BL: CORPT Unit of measure: \$ Thousands		Federal Columbia River Power System Statement of Revenues and Expenses - Customer Collaborative Through the Month Ended October 31, 2005 as of October 31, 2005 Preliminary/ Unaudited			Data Source: EPM Data Warehouse Run Date: November 14, 2005 Run Time: 13:25 % of Year Lapsed = 8%	
		A	B <Note 3	C <Note 4	D	E
		Actuals: FY 2005	Target SOY: FY 2006	Forecast: Qtr 1 FY 2006	Actuals: FYTD 2006	Actuals: FYTD 2005
Operating Revenues						
1	Gross Sales (excluding bookout adjustment) <Note 1	3,290,822	3,195,132		222,520	225,765
2	Bookout adjustment to Sales <Note 1	(238,847)			(12,851)	(16,441)
3	Miscellaneous Revenues	59,211	48,753		3,064	3,138
4	Derivatives - Mark to Market Gain (Loss) <Note 2	94,596			(6,758)	49,082
5	U.S. Treasury Credits	62,300	93,320		7,777	6,365
6	Total Operating Revenues	3,268,083	3,337,205		213,753	267,910
Operating Expenses						
Power System Generation Resources						
Operating Generation Resources						
7	Columbia Generating Station	243,297	228,100		16,883	21,416
8	Bureau of Reclamation	55,736	65,400		2,492	5,000
9	Corps of Engineers	142,554	148,700		8,146	11,400
10	Long-term Contract Generating Projects	26,348	29,850		1,064	933
11	Operating Generation Settlement Payment	17,798	17,510		1,333	1,271
12	Non-Operating Generation	3,959	7,200		143	982
13	Gross Contracted Power Purchases and Augmentation Power Purchases (excluding bookout adj.) <Note 1	783,231	544,308		54,881	53,913
14	Bookout Adjustment to Power Purchases <Note 1	(238,847)			(12,851)	(16,441)
15	Residential Exchange/IOU Settlement Benefits	144,073	140,271		12,069	11,964
16	Renewable and Conservation Generation, including C&RD	82,841	94,210		5,477	3,367
17	Subtotal Power System Generation Resources	1,260,989	1,275,549		89,638	93,804
PBL Transmission Acquisition and Ancillary Services - (3rd Party) <Note 6						
18	PBL Transmission Acquisition and Ancillary Services - (3rd Party) <Note 6	40,321	46,210		2,317	(2,841)
PBL Non-Generation Operations						
19	PBL Non-Generation Operations	50,226	53,355		3,915	3,123
20	Transmission Operations	76,365	78,870		5,908	5,515
21	Transmission Maintenance	79,537	87,990		5,347	4,908
22	Transmission Engineering	9,972	10,485		(739)	(444)
23	TBL Transmission Acquisition and Ancillary Services - (3rd Party) <Note 5, 6	6,421	21,228		667	1,077
24	Transmission Reimbursables	11,467	9,700		1,631	1,247
25	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	161,512	166,227		1,126	756
BPA Internal Support						
26	Additional Post-Retirement Contribution	26,500	23,150		1,933	2,208
27	Corporate G&A and Shared Services (includes Supply Chain)	117,597	125,562		4,306	4,195
28	Other Income, Expenses & Adjustments	(4,118)			(12)	121
29	Non-Federal Debt Service <Note 5	291,540	406,539		27,657	27,538
30	Depreciation & Amortization <Note 5	375,600	357,607		41,771	29,978
31	Total Operating Expenses	2,503,929	2,662,472		185,466	171,186
32	Net Operating Revenues (Expenses)	764,154	674,733		28,287	96,724
Interest Expense						
33	Interest	294,187	311,745		24,591	26,082
34	AFUDC	(16,903)	(18,219)		(1,580)	(2,187)
35	Net Interest Expense	277,284	293,526		23,011	23,895
36	Net Revenues (Expenses) from Continuing Operations	486,870	381,207		5,276	72,829
37	Net Revenues (Expenses)	\$486,870	\$381,207	\$	\$5,276	\$72,829

<1 For BPA management reports, Gross Sales and Purchase Power are shown separated from the power bookout adjustment (EITF 03-11, effective as of Oct 1, 2003) to provide a better picture of our gross sales and gross purchase power.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments

The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 The Start-of-Year (SOY) budget reflects the power rates decisions made in August 2005 for FY06 and includes transmission data that is consistent with the data presented in the Programs-in-Review (PIR) process.

<4 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices.

These uncertainties among other factors may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<5 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46)

that is effective as of December, 2003. VIES information is not included in rate case, budget and forecast data.

<6 The consolidated FCRPS Statement eliminates reported Revenues and Expenses where between business line transactions occur, the most significant of which are for Transmission Acquisition and Ancillary Services.



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Financial Overview through October 31, 2005

Power Business Line		Statement of Revenues and Expenses - Customer Collaborative Through the Month Ended October 31, 2005 as of October 31, 2005			Data Source: EPM Data Warehouse Run Date/Time: November 14, 2005 12:49	
Report ID: CC_0021					% of Year Lapsed = 8%	
Requesting BL: POWER						
Unit of measure: \$ Thousands		Preliminary/ Unaudited				
		A	B <Note 3	C <Note 4	D	E
		Actuals: FY 2005	Target SOY: FY 2006	Forecast: Qtr 1 FY 2006	Actuals: FYTD 2006	Actuals: FYTD 2005
Operating Revenues						
1	Gross Sales (excluding bookout adjustment) <Note 1	2,790,793	2,604,910		176,694	184,844
2	Bookout adjustment to Sales <Note 1	(238,847)			(12,851)	(16,441)
3	Miscellaneous Revenues	31,859	23,800		1,365	2,167
4	Inter-Business Unit	73,524	69,675		5,857	7,465
5	Derivatives - Mark to Market Gain (Loss) <Note 2	94,596			(6,758)	49,082
6	U.S. Treasury Credits	62,300	93,320		7,777	6,365
7	Total Operating Revenues	2,814,224	2,791,705		172,084	233,483
Operating Expenses						
Power System Generation Resources						
Operating Generation Resources						
8	Columbia Generating Station	243,297	228,100		16,883	21,416
9	Bureau of Reclamation	55,736	65,400		2,492	5,000
10	Corps of Engineers	142,554	148,700		8,146	11,400
11	Long-term Contract Generating Projects	26,348	29,850		1,064	933
12	Operating Generation Settlement Payment	17,798	17,510		1,333	1,271
13	Non-Operating Generation	3,959	7,200		143	982
14	Gross Contracted Power Purchases and Aug Power Purchases (excluding bookout adj.) <Note 1	783,231	544,308		54,881	53,913
15	Bookout Adjustment to Power Purchases <Note 1	(238,847)			(12,851)	(16,441)
16	Residential Exchange/IOU Settlement Benefits	144,073	140,271		12,069	11,964
17	Renewable and Conservation Generation, including C&RD	82,910	94,265		5,477	3,367
18	Subtotal Power System Generation Resources	1,261,059	1,275,604		89,638	93,804
17	PBL Transmission Acquisition and Ancillary Services	145,980	170,037		11,141	6,059
18	Power Non-Generation Operations	50,413	53,568		3,915	3,123
19	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	161,746	166,578		1,126	756
BPA Internal Support						
20	Additional Post-Retirement Contribution	13,250	11,600		967	1,104
21	Corporate G&A and Shared Services (includes Supply Chain)	56,374	56,907		1,326	1,771
22	Other Income, Expenses & Adjustments	(3,391)			(2)	23
23	Non-Federal Debt Service	447,018	504,952		38,722	41,593
24	Depreciation & Amortization	186,099	174,211		23,728	14,396
25	Total Operating Expenses	2,318,547	2,413,456		170,562	162,629
26	Net Operating Revenues (Expenses)	495,677	378,249		1,522	70,854
Interest Expense						
27	Interest	170,578	188,404		14,624	15,342
28	AFUDC	(3,967)	(8,000)		(667)	(733)
29	Net Interest Expense	166,610	180,404		13,957	14,610
30	Net Revenues (Expenses) from Continuing Operations	329,067	197,845		(12,435)	56,244
31	Net Revenues (Expenses)	\$329,067	\$197,845	\$	(\$12,435)	\$56,244

<1 For BPA management reports, Gross Sales and Purchase Power are shown separated from the power bookout adjustment (EITF 03-11, effective as of Oct 1, 2003) to provide a better picture of our gross sales and gross purchase power.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments. The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 The Start-of-Year (SOY) budget reflects the power rates decisions made in August 2005 for FY06.

<4 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.



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Financial Overview through October 31, 2005

Report ID: CC_0022	Federal Columbia River Power System	Data Source: EPM Data Warehouse
Requesting BL: CORPT	Schedule of Net Revenue (Expense) to Modified Net Revenue - Customer Collaborative	Run Date: November 14, 2005
Unit of measure: \$ Thousands	Through the Month Ended October 31, 2005 as of October 31, 2005	Run Time: 12:58
	Preliminary/ Unaudited	

	A	B	C	D	E	F	G <Note 9	H <Note 7
	Actuals: FY 2000	Actuals: FY 2001	Actuals: FY 2002	Actuals: FY 2003	Actuals: FY 2004	Actuals: FY 2005	Target SOY: FY 2006	Forecast: QTR FY 2006
Power Business Line (PBL)								
1 PBL Net Revenue (Expense) <Note 1	252,130	(380,538)	(87,421)	242,996	319,256	329,067	197,845	
PBL Modified Net Revenue Adjustments:								
2 SFAS 133 Adjustments (MTM) <Notes 1, 2		(120,614)	38,354	55,265	89,452	94,596		
3 ENW Debt Adjustments <Note 2	(81,677)	(157,853)	(264,697)	(148,085)	(151,275)	(84,027)	(60,265)	
4 PBL Modified Net Revenue Adjustments <Note 3	(81,677)	(37,239)	(303,051)	(203,350)	(240,727)	(178,623)	(60,265)	
5 PBL Modified Net Revenue <Note 4	170,453	(417,778)	(390,472)	39,646	78,529	150,444	137,579	
6 PBL Accumulated Net Revenue (GRSP Defined) <Note 5	170,453	(247,325)	(637,797)	(598,151)	(519,622)	(369,178)	(231,599)	
7 FBCRAC Threshold Amount <Note 6	--	(386,000)	(408,000)	(378,000)	(264,000)	(334,000)	NA	NA
8			MNR Improvements Required to not trigger FBCRAC				TBD	
9 FCRPS Modified Net Revenue <Note 8	159,300	(374,640)	(346,387)	36,874	66,327	126,135	192,129	(539,804)

- <1 Includes \$168,491k unrealized loss due to the Cumulative Effect of Change in Accounting Principle for SFAS 133, which was posted to FY 2001. This amount is excluded when calculating the MNR. Prior report releases and presentations reported the net effect of this change, resulting in previously reported amounts of \$(212,043.18)k for PBL Net Revenue (Expense), and \$(205,730.03) for PBL MNR Adjustment.
- <2 Revenue Adjustments reflect impacts from SFAS 133 that are subtracted from net revenue, while EN Debt Service adjustments reduce MNR if rate case amounts exceed actual EN Debt Services expenses.
- <3 Consistent with the GRSP's, the Modified Net Revenue (MNR) is an adjustment to Net Revenues for the purpose of calculating the rate case Financial and Safety-net Cost Recovery Adjustment Clause. The MNR excludes the impact of SFAS 133 transactions (Accounting for Derivative Instruments and Hedging Activities); for Debt Service, the MNR excludes actual EN debt service and substitutes the Energy Northwest debt service expenses as forecasted in the WP-02 Final Studies.
- <4 FYTD PBL MNR equals (\$14)million and FYTD FCRPS MNR equals (\$10) million .
- <5 The GRSP's definition of the Accumulated Net Revenue (ANR) differs from the accounting standard definition of ANR. The GRSP's defined ANR is used in determining the FB CRAC rates; the GRSP's ANR represents the accounting standard Accumulated Net Revenue (starting 09/30/99) less the accumulated effects of FAS 133 and EN debt refinancing activities (see note 1.)
- <6 In accordance with the GRSP's, the FB CRAC thresholds were established to provide an upward adjustment to rates to address declining financial circumstances. The thresholds are established as a benchmark in which to evaluate the financial condition. The FB CRAC thresholds for the ends of FY 2003 - 2005 are reset to equal the SN CRAC thresholds each time the SN CRAC thresholds are recalculated. [SN-03-A-02]
- <7 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. This report is not an absolute prediction of future revenues or costs, nor does it reflect the actual ANR for the end of the fiscal year, (unless otherwise indicated.) This report should not be used for investment purposes, nor is it a guarantee that the actual ANR will be achieved as forecasted.
- <8 Because the FCRPS MNR excludes actual EN debt service amounts and substitutes the Energy Northwest debt service expenses as forecasted in the WWP-02 Final Studies, the FCRPS MNR removes the effect of debt refinancing from BPA's annual financial activities.
- <9 The Start-of-Year (SOY) budget reflects the power rates decisions made in September 2004 for FY05 and includes transmission data that is consistent with the data presented in the Programs-in-Review (PIR) process.



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Financial Overview through October 31, 2005

Report ID: CC_0023 Requesting BL: TRANS Unit of Measure: \$ Thousands	Transmission Business Line Statement of Revenues and Expenses - Customer Collaborative Through the Month Ended October 31, 2005 as of October 31, 2005 Preliminary/ Unaudited	Data Source: EPM Data Warehouse Run Date/Time: December 08, 2005/ 18:15 % of Year Lapsed = 8%
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	A	B <Note 1	C <Note 2	D <Note 3	E	F
	Actuals: FY 2005	Rate Case Forecast: FY 2006	Target: SOY FY 2006	Forecast: Quarter1 FY 2006	Actuals: FYTD 2006	Actuals: FYTD 2005
Operating Revenues						
1 Sales	500,030	595,190	590,222		45,826	40,921
2 Miscellaneous Revenues	27,353	30,302	24,953		1,700	971
3 Inter-Business Unit Revenues	107,147	102,870	112,916		8,825	8,900
4 Total Operating Revenues	634,530	728,361	728,092		56,351	50,792
Operating Expenses						
5 Transmission Operations	76,480	94,666	78,870		5,908	5,515
6 Transmission Maintenance	79,557	84,942	87,991		5,347	4,908
7 Transmission Engineering	10,472	9,555	10,985		(739)	(444)
8 TBL Transmission Acquisition and Ancillary Services <Note 4	79,310	93,415	93,210		6,524	8,542
9 Transmission Reimbursables	11,467	10,000	10,000		1,631	1,247
BPA Internal Support						
10 Additional Post-Retirement Contribution	13,250	11,550	11,550		967	1,104
11 Corporate G&A and Shared Services (includes Supply Chain)	61,584	53,780	68,654		2,980	2,424
12 Other Income, Expenses & Adjustments	(91)				(19)	98
13 Non-Federal Debt Service <Note 4	1,555	(2,680)	(2,680)		66	(536)
14 Depreciation & Amortization <Note 4	189,501	195,884	183,396		18,042	15,582
15 Total Operating Expenses	523,085	551,112	541,977		40,708	38,441
16 Net Operating Revenues (Expenses)	111,445	177,249	186,114		15,643	12,351
Interest Expense						
17 Interest	148,690	166,461	156,420		12,702	12,876
18 AFUDC	(12,936)	(14,753)	(10,219)		(866)	(1,436)
19 Net Interest Expense	135,754	151,708	146,201		11,837	11,440
20 Net Revenues (Expenses) from Continuing Operations	(24,309)	25,541	39,913		3,806	912
21 Net Revenues (Expenses)	(\$24,309)	\$25,541	\$39,913	\$	\$3,806	\$912

<1 The TBL groupings of expenses by programs and sub-programs for FY 2005 estimates, developed as part of the 2005 Rate Case, are reconstituted to match the programs and sub-programs groupings shown on this report.

<2 The Start-of-Year (SOY) budget for FY 2005 is consistent with the data presented in the Programs-in-Review (PIR) process.

<3 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<4 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003. VIES information is not included in rate case, budget and forecast data.



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Financial Overview through October 31, 2005

		Corporate Business Unit			Data Source: EPM Data Warehouse	
Report ID: CC_0024		Statement of Revenues and Expenses - Customer Collaborative			Run Date: November 14, 2005	
Requesting BL: CORPT		Through the Month Ended October 31, 2005 as of October 31, 2005			Run Time: 13:29	
Unit of measure: \$ Thousands		Preliminary/ Unaudited			% of Year Lapsed = 8%	
		A	B	C	D	E
		Actuals: FY 2005	Target SOY: FY 2006	Forecast: Qtr 1 FY 2006	Actuals: FYTD 2006	Actuals: FYTD 2005
Operating Revenues						
1	Sales					
2	Miscellaneous Revenues					
3	Derivatives - Mark to Market Gain (Loss)					
4	U.S. Treasury Credits					
5	Total Operating Revenues					
Operating Expenses						
	Power System Generation Resources					
	Operating Generation Resources					
6	Columbia Generating Station					
7	Bureau of Reclamation					
8	Corps of Engineers					
9	Long-term Contract Generating Projects					
10	Operating Generation Settlement Payment					
11	Non-Operating Generation					
12	Contracted Power Purchases and Augmentation Power Purchases					
13	Residential Exchange/IOU Settlement Benefits					
14	Renewable and Conservation Generation, including C&RD					
15	Subtotal Power System Generation Resources					
16	PBL Transmission Acquisition and Ancillary Services					
17	PBL Non-Generation Operations					
18	Transmission Operations					
19	Transmission Maintenance					
20	Transmission Engineering					
21	TBL Transmission Acquisition and Ancillary Services					
22	Transmission Reimbursables					
23	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements					
	BPA Internal Support					
24	Additional Post-Retirement Contribution					
25	Corporate G&A and Shared Services (includes Supply Chain)					
26	Other Income, Expenses & Adjustments <Note 1				9	
27	Non-Federal Debt Service <Note 2	(157,032)	(95,733)		(11,131)	(13,519)
28	Depreciation & Amortization					
29	Total Operating Expenses	(157,032)	(95,733)		(11,122)	(13,519)
30	Net Operating Revenues (Expenses)	157,032	95,733		11,122	13,519
Interest Expense						
31	Interest <Note 3	(25,080)	(33,079)		(2,736)	(2,136)
32	AFUDC				(48)	(19)
33	Net Interest Expense	(25,080)	(33,079)		(2,783)	(2,155)
34	Net Revenues (Expenses) from Continuing Operations	182,112	128,812		13,905	15,674
35	Net Revenues (Expenses)	\$182,112	\$128,812	\$	\$13,905	\$15,674

<1 Balances may be due to under/(over) clearing of Corporate expenses.

<2 Corporate Non-Federal Debt Service represents transactions related to Energy Northwest Debt Reassignment.

<3 Corporate Interest reflects the reassignment of Energy Northwest Debt transactions for interest paid by the Transmission business line for use of Debt Reassignment proceeds.

