

FY 2002 FIRST QUARTER REVIEW

BPA Net Revenues and Reserves

Projection for FY 2002



DRAFT
January 31, 2002

**FY 2002
EXECUTIVE HIGHLIGHTS
January 2001**

(\$ in Millions)

	FY 2001 Actuals 1/	FY 2002				
		2002 Final Rate Proposals 1/	Agency Target 1/	Range of Current Expectations		
				without FAS 133 1/	with FAS 133 2/	
1. REVENUES	4,230.8	2,945.4 3/	3,669.8	3,580.0 --	3,680.0	3,530.0 -- 3,630.0
2. EXPENSES	4,447.6	2,822.1 3/	3,594.8	3,780.0 --	3,680.0	3,780.0 -- 3,680.0
3. NET REVENUES FROM CONTINUING OPERAT	(216.8)	123.3	75.0 5/	(200.0) --	0.0 5/	(250.0) -- (50.0) 5/
4. FINANCIAL RESERVES 4/	625.3	1,085.3	600.0	150.0 --	350.0	150.0 -- 350.0
5. BPA ACCRUED CAPITAL EXPENDITURES	272.5	374.5	457.8	457.8		457.8

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 the 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 revenue 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 revenue ranges between \$75 million to \$150 million.
Expected financial results are highly volatile and will change with market prices.

FY 2002
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- * **FY 2002 results are shown as a range of current expectations.**

- * **There is still a high degree of uncertainty surrounding BPA's forecast of year-end results:**
 - **Uncertainty regarding the price of power**
 - **Uncertainty regarding the regional loads**
 - **Uncertainty regarding the adverse consequences of normal operating risks, such as the availability of generation resources and transmission line outages**

- * **Actions BPA is taking to reduce the uncertainty:**
 - **taking identified cost reductions and continuing to look for additional cost reductions**
 - **changing marketing strategies to enhance revenues and continuing to look for further revenue enhancements**

- * **Year-to-date actual results compared with year-end agency target show:**
 - **Total operating revenues, without an adjustment for mark-to-market losses, for the first quarter of FY 2002 are 25% of the year-end agency target**
 - **Total operating expenses for the first quarter of FY 2002 are 26% of the year-end agency target**
 - **Total operating expenses, not including short-term power purchase, for the first quarter of FY 2002 are 21% of the year-end agency target**
 - **Total short-term purchase power expenses for the first quarter of FY 2002 are 37% of the year-end agency target**
 - **Consequently, net revenues from continuing operations, not including an adjustment for mark-to-market losses, for the first quarter of FY 2002 are \$119 million below the year-end agency target**