Federal Columbia River Power System (FCRPS)

FY 2002 SECOND QUARTER REVIEW

Net Revenues and Reserves

Projection for FY 2002

April 23, 2002

FY 2002
EXECUTIVE HIGHLIGHTS
April 2002

($ in Millions)

	FY 2001 without FAS 133 Actuals 1/	FY 2002: 2002 Final Rate Proposal 1/		Agency Target 1/	Current Forecast: without FAS 133 1/		Current Forecast: with FAS 133 2/	
1. REVENUES	4,230.8	**2,945.4**	3/	**3,669.8**	**3,600.6**		**3,601.9**	
2. EXPENSES	4,447.6	**2,822.1**	3/	**3,594.8**	**3,516.9**		**3,516.9**	
3. NET REVENUES FROM CONTINUING OPERATIONS	(216.8)	**123.3**		**75.0**	**83.7**	**5/**	**85.0**	5/
4. FINANCIAL RESERVES 4/	625.3	**1,085.3**		**600.0**	**109.0**		**109.0**	
5. BPA ACCRUED CAPITAL EXPENDITURES	272.5	**374.5**		**457.8**	**436.8**		**436.8**	

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 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.

FCRPS Quarterly Review
Net Revenue Target Report

Through the Month Ended March 31, 2002

% of Year Lapsed = 50%

Preliminary Unaudited - $ in Thousands

		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	3,555,898	100%	1,741,519	49%
2.	MTM Gain/(Loss) Derivative Instrument <Note 1	47,877		1,319		1,319	
3.	Other	619,259	112,354	44,662	40%	28,458	25%
4.	*Total Operating Revenues*	4,278,669	3,669,787	3,601,880	98%	1,771,297	48%
	Operating Expenses:						
5.	PBL O&M (NOM and Non-NOM) & Power Marketing	403,916	440,712	406,586	92%	175,014	40%
6.	TBL Operations and Maintenance	219,651	313,584	290,881	93%	122,001	39%
7.	Undistributed Corporate Overhead						
8.	Corporate Misc Income Deductions	16,934				42	
9.	Other Entities Operations & Maintenance	440,081	471,297	427,136	91%	209,286	44%
10.	Power Acquisitions	2,166,154	1,199,485	1,379,723	115%	738,704	62%
11.	Non-Federal Debt Service	477,215	395,421	172,399	44%	170,762	43%
12.	Residential Exchange	68,082	143,802	143,802	100%	70,910	49%
13.	Depreciation	247,247	254,102	253,100	100%	122,792	48%
14.	Conservation and Fish and Wildlife Amortization	76,067	78,786	77,200	98%	38,132	48%
15.	*Total Operating Expenses*	4,115,345	3,297,189	3,150,827	96%	1,647,642	50%
16.	*Net Operating Revenue*	163,323	372,598	451,053	121%	123,655	#N/A
	Interest Expense:						
17.	Interest	377,588	379,048	382,118	101%	199,832	53%
18.	AFUDC	(45,679)	(12,254)	(16,000)	131%	(12,517)	102%
19.	*Total Interest Expenses*	331,909	366,794	366,118	100%	187,315	51%
	Changes from Expense Reduction, Marketing, and Operations Strategies		3/				
20.	**Net Income from Continuing Operations**	**(168,585)**	**75,000**	**84,935**	**113%**	**(63,660)**	**#N/A**
21.	Cumulative Effect of Change in Accounting Principle for Derivatives/Hedging Activities (SFAS 133) <Note 2	(168,491)					
22.	**Net Income** *(Expense) Revenue*	(337,076)	75,000	84,935	113%	(63,660)	#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.

Bonneville Power Administration - Power Business Line Unit
Accumulated Net Revenue - FBCRAC &DDC
Reporting Period March 31, 2002

Preliminary Unaudited - $ in Thousands
% of Year Lapsed = 50%

	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	3,107,708	9,716,700	
Total Expenses	2,468,811	4,100,095	3,037,467	9,606,372	
Net Income from Continuing Operations	252,130	(212,043)	70,241	110,328	
FAS 133: Accounting for Derivative Instruments and Hedging Activities		47,877	1,319	49,196	
Debt Service Energy Northwest per Accounting Record	525,441	445,148	152,400	1,122,989	
Debt Service Energy Northwest per Rate Case	607,118	603,001	528,865	1,738,984	
Adjusted Net Revenue	170,453	(417,773)	(307,543)	(554,863)	(407,500)

This report is dependent 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 expense 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 dependent upon the forecasted ANR, and the Adjusted ANR.