

Federal Columbia River Power System (FCRPS)
FY 2002 FOURTH QUARTER REVIEW

Net Revenues and Reserves

Preliminary Unaudited Actual Results for FY 2002



December 2002

FY 2002
EXECUTIVE HIGHLIGHTS
December 2002

(\$ in Millions)

	<i>FY 2001 without FAS 133 Actuals 1/</i>	FY 2002			
		<i>2002 Final Rate Proposal 1/</i>	<i>Agency Target 1/</i>	<i>Preliminary Unaudited without FAS 133 1/ with FAS 133 2/</i>	
1. REVENUES	4,230.8	2,945.4 3/	3,669.8	3,500.0	3,538.4
2. EXPENSES	4,447.6	2,822.1 3/	3,594.8	3,529.2	3,529.2 6/
3. NET REVENUES FROM CONTINUING OPERATIONS	(216.8)	123.3	75.0	(29.2) 5/ 6/	9.2 5/
4. FINANCIAL RESERVES 4/	625.3	1,085.3	600.0	186.7	186.7
5. BPA ACCRUED CAPITAL EXPENDITURES	272.5	374.5	457.8	390.0	390.0

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 \$318 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 (\$347.2 million).

Federal Columbia River Power System Consolidated Statement of Revenue and Expenses

Reporting Period: Through September 30, 2002

Preliminary Unaudited - \$ in thousands

% of Year Lapsed = 100%

	<u>SOY Budget</u>	<u>Current Month</u>	<u>FYTD</u>	<u>% to Date</u>
Operating Revenues:				
1. Revenue	3,557,433	364,080	3,457,042	97%
2. MTM Gain/(Loss) Derivative Instrument <Note 1		980	38,354	
3. Other	112,354	(3,224)	43,000	38%
4. Total Operating Revenues	3,669,787	361,835	3,538,396	96%
Operating Expenses:				
5. PBL Operations & Maint. (NOM and Non-NOM)	440,712	65,819	416,267	94%
6. TBL Operations and Maintenance	313,584	38,998	280,676	90%
7. Other Expenses		1,937	(3,503)	
8. Bad Debt Expense		29,192	64,568	
9. Other Entities Operations & Maintenance	471,297	59,765	422,698	90%
10. Power Acquisitions	1,199,485	137,389	1,286,867	107%
11. Non-Federal Debt Service	395,421	18,443	230,175	58%
12. Residential Exchange	143,802	11,245	143,983	100%
13. Depreciation	254,102	21,471	254,332	100%
14. Conservation and Fish and Wildlife Amortization	78,786	6,591	80,874	103%
15. Total Operating Expenses	3,297,189	390,851	3,176,936	96%
16. Net Operating Revenue	372,598	(29,016)	361,460	97%
Interest Expense:				
17. Interest	379,048	24,516	410,192	108%
18. AFUDC	(12,254)	(2,423)	(57,892)	472%
19. Total Interest Expenses	366,794	22,093	352,300	96%
22. Net Revenues (Expenses) <Note 2	75,000	(51,109)	9,160	12%

1) 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.

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