

Major Program August 02 Forecasts vs. Rate Case (1998 Cost Review)

\$ in Millions

<i>Program Description</i>	FY 2000	FY 2001	FY 2002			FY 2002		FY 2003		
	Actuals	Actuals	June 2001 Rate Case	Aug 2002 Forecast	Delta	Actuals thru June	Percent of Year = 75%	June 2001 Rate Case	Aug 2002 Forecast	Delta
1 Columbia Generating Station (WNP-2)	182.4	209.5	154.1	177.7	23.6	104.0	59%	163.8	248.4	84.6
2 NORM - PNRR 1/			17.9	0.0	(17.9)			17.9	0.0	(17.9)
3 Revenue Offsets from Increased Investment			0.0	(10.0)	(10.0)			0.0	(10.0)	(10.0)
4 Total CGS Expenses	182.4	209.5	172.0	167.7	(4.3)			181.7	238.4	56.7
5 Corps of Engineers O&M	104.1	115.0	108.0	136.5	28.5	78.0	57%	112.0	145.2	33.2
6 Bureau of Reclamation O&M	46.1	53.2	47.0	55.7	8.7	41.6	75%	48.3	62.2	13.9
7 NORM - PNRR 1/			2.7	0.0	(2.7)			6.1	0.0	(6.1)
8 Revenue Offsets from Generation Investments			0.0	(7.5)	(7.5)			0.0	(7.5)	(7.5)
9 Total Corps and Bureau Expenses	150.2	168.2	157.7	184.7	27.0			166.4	199.9	33.5
10 Shared Services (estimate for FY 2000)	14.1	15.2	7.4	19.6	12.2	14.6	74%	10.0	22.6	12.6
11 Corporate G&A (estimate for FY 2000)	20.6	22.3	10.0	26.7	16.7	16.6	62%	6.7	28.4	21.7
12 NORM - PNRR 1/			3.0	0.0	(3.0)			3.0	0.0	(3.0)
13 Total Expenses for SS and Corporate G&A	34.7	37.5	20.4	46.3	25.9			19.7	51.0	31.3
14 Power Business Operations	52.6	49.3	36.9	48.3	11.4	39.6	82%	28.5	61.4	32.9
15 NORM - PNRR 1/			4.5	0.0	(4.5)			4.5	0.0	(4.5)
16 Conservation and Energy Efficiency	32.7	30.5	29.4	40.8	11.4	23.8	58%	31.4	41.1	9.7
17 NORM - PNRR 1/			0.0	0.0	0.0			2.7	0.0	(2.7)
18 Revenue Offsets from Reimbursable Contracts			0.0	(11.5)	(11.5)			0.0	(10.0)	(10.0)
19 PBL Efficiencies project	0.5	5.7	0.0	2.7	2.7	3.8	139%	0.0	4.5	4.5
20 Revenue Offsets from System Efficiencies			0.0	0.0	0.0			0.0	(7.5)	(7.5)
21 Generation Devlpmt & Coordination	6.7	4.2	3.0	7.9	4.9	6.5	82%	2.6	13.4	10.8
22 Colville Settlement	14.8	19.7	16.0	21.4	5.4	17.5	82%	16.0	20.0	4.0
23 Planning Council	7.4	7.3	5.1	8.3	3.2	6.2	74%	5.1	8.5	3.4
24 Telemetering/Equip Replacement	0.0	0.0	0.0	0.7	0.7	0.0	0%	0.0	2.0	2.0
25 Renewables	3.9	7.9	20.3	5.0	(15.3)	12.7	255%	20.1	10.5	(9.6)
26 Revenue Offsets			0.0	0.0	0.0			0.0	(9.0)	(9.0)
27 Long-Term Generating Projects	(3.8)	20.0	26.8	23.3	(3.5)	16.6	71%	27.2	27.7	0.5
28 Fish & Wildlife Augmentation Initiative	0.0	1.8	0.0	10.0	10.0	1.8	18%	0.0	0.0	0.0
29 Fish & Wildlife	108.2	101.1	131.7	120.0	(11.7)	84.2	70%	138.0	130.0	(8.0)
30 WNP-1,3 & 4 O&M/Decommissioning	(0.3)	0.0	3.5	0.1	(3.4)	0.0	0%	3.6	0.1	(3.5)
31 Between Business Expenses	0.0	0.0	4.0	0.0	(4.0)	0.0	#DIV/0!	4.0	0.0	(4.0)
32 Ancillary & Reserve Services	30.2	28.6	8.0	10.0	2.0	2.9	29%	8.0	10.0	2.0
33 Trojan O&M Decommissioning	13.9	2.6	9.6	0.6	(9.0)	0.1	17%	4.2	13.4	9.2
34 GTA Wheeling	32.8	34.2	52.0	35.2	(16.8)	24.2	69%	52.0	36.0	(16.0)
35 US Fish and Wildlife	12.4	12.7	15.4	14.9	(0.5)	9.6	64%	16.2	16.197	0.0
36 CSRS Pension	2.4	3.2	27.6	27.6	0.0	27.6	100%	17.6	17.6	0.0
37 Total Power Business Operations	314.4	328.8	393.8	365.2	(28.6)	277.1	76%	381.7	385.9	4.2
38 Major Program Expense Total	\$ 681.7	\$ 744.0	\$ 743.9	\$ 763.9	\$ 20.0	\$ 531.9	70%	\$ 749.5	\$ 875.1	\$ 125.6

1/ NORM refers to Non-Operating Risk Model as used in the June 2001 Power Rate Case to calculate a component of Planned Net Revenues for Risk. Planned Net Revenues for Risk (PNRR) were included to cover the risk of not meeting those aggressive targets. See pages 3-5 for line item descriptions.

Major Program August 02 Forecasts vs. Rate Case (1998 Cost Review)

\$ in Millions

<i><u>Program Description</u></i>	FY 2004			FY 2005			FY 2006			Average	
	June 2001 Rate Case	Aug 2002 Forecast	Delta	June 2001 Rate Case	Aug 2002 Forecast	Delta	June 2001 Rate Case	Aug 2002 Forecast	Delta	Delta 2003- 2006	Total Delta
1 Columbia Generating Station (WNP-2)	170.7	233.0	62.3	173.8	289.1	115.3	179.8	223.0	43.2		
2 NORM - PNRR 1/	17.9	0.0	(17.9)	17.9	0.0	(17.9)	17.9	0.0	(17.9)		
3 Revenue Offsets from Increased Investment	0.0	(10.0)	(10.0)	0.0	(10.0)	(10.0)	0.0	(10.0)	(10.0)		
4 Total CGS Expenses	188.6	223.0	34.4	191.7	279.1	87.4	197.7	213.0	15.3	48.4	193.8
5 Corps of Engineers O&M	112.0	146.2	34.2	112.0	148.3	36.3	112.0	150.9	38.9		
6 Bureau of Reclamation O&M	48.3	64.0	15.7	48.3	65.9	17.6	48.3	67.6	19.3		
7 NORM - PNRR 1/	6.1	0.0	(6.1)	6.1	0.0	(6.1)	6.1	0.0	(6.1)		
8 Revenue Offsets from Generation Investments	0.0	(7.5)	(7.5)	0.0	(7.5)	(7.5)	0.0	(7.5)	(7.5)		
9 Total Corps and Bureau Expenses	166.4	202.7	36.3	166.4	206.6	40.2	166.4	211.0	44.6	38.7	154.6
10 Shared Services (estimate for FY 2000)	10.0	23.4	13.4	10.0	24.6	14.6	10.0	24.6	14.6		
11 Corporate G&A (estimate for FY 2000)	6.7	28.9	22.2	6.7	29.8	23.1	6.7	30.4	23.7		107.4
12 NORM - PNRR 1/	3.0	0.0	(3.0)	3.0	0.0	(3.0)	3.0	0.0	(3.0)		
13 Total Expenses for SS and Corporate G&A	19.7	52.3	32.6	19.7	54.4	34.7	19.7	55.0	35.3	33.5	133.9
14 Power Business Operations	20.9	62.6	41.7	19.6	63.5	43.9	17.7	64.8	47.1		165.6
15 NORM - PNRR 1/	4.5	0.0	(4.5)	4.5	0.0	(4.5)	4.5	0.0	(4.5)		(18.0)
16 Conservation and Energy Efficiency	31.6	44.2	12.6	32.0	40.8	8.8	32.3	41.1	8.8		39.9
17 NORM - PNRR 1/	2.7	0.0	(2.7)	2.7	0.0	(2.7)	2.7	0.0	(2.7)		(10.8)
18 Revenue Offsets from Reimbursable Contracts	0.0	(10.0)	(10.0)	0.0	(10.0)	(10.0)	0.0	(10.0)	(10.0)		(40.0)
19 PBL Efficiencies project	0.0	3.3	3.3	0.0	3.4	3.4	0.0	1.6	1.6		12.9
20 Revenue Offsets from System Efficiencies	0.0	(7.5)	(7.5)	0.0	(7.5)	(7.5)	0.0	(7.5)	(7.5)		(30.0)
21 Generation Devlpmt & Coordination	3.1	14.2	11.1	3.1	16.2	13.1	3.2	16.3	13.1		48.1
22 Colville Settlement	16.0	20.0	4.0	16.0	21.0	5.0	16.0	21.0	5.0		18.0
23 Planning Council	5.1	8.7	3.6	5.1	8.9	3.8	5.1	9.0	3.9		14.7
24 Telemetering/Equip Replacement	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0		8.0
25 Renewables	20.0	8.1	(11.9)	19.9	15.4	(4.5)	19.8	15.5	(4.3)		(30.3)
26 Revenue Offsets	0.0	(7.0)	(7.0)	0.0	(14.0)	(14.0)	0.0	(14.0)	(14.0)		(44.0)
27 Long-Term Generating Projects	27.7	28.3	0.6	28.3	28.8	0.5	28.8	29.3	0.4		2.0
28 Fish & Wildlife Augmentation Initiative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
29 Fish & Wildlife	140.1	134.4	(5.7)	142.9	139.0	(3.9)	144.4	143.7	(0.7)		(18.3)
30 WNP-1,3 & 4 O&M/Decommissioning	3.6	0.1	(3.5)	3.6	0.1	(3.5)	3.6	0.1	(3.5)		(14.2)
31 Between Business Expenses	4.0	0.0	(4.0)	4.0	0.0	(4.0)	4.0	0.0	(4.0)		(16.0)
32 Ancillary & Reserve Services	8.0	8.0	0.0	8.0	8.0	0.0	8.0	8.0	0.0		2.0
33 Trojan O&M Decommissioning	2.6	11.2	8.6	2.6	7.1	4.5	2.6	2.8	0.2		22.5
34 GTA Wheeling	52.0	37.0	(15.0)	52.0	38.0	(14.0)	52.0	39.0	(13.0)		(58.0)
35 US Fish and Wildlife	17	16.995	0.0	17.9	17.892	0.0	18.8	18.789	0.0		0.0
36 CSRS Pension	15.5	15.5	0.0	13.3	13.3	0.0	11.6	11.6	0.0		0.0
37 Total Power Business Operations	374.4	390.0	15.6	375.5	391.7	16.2	375.1	393.1	18.0		54.0
38 Major Program Expense Total	\$ 749.1	\$ 868.1	\$ 119.0	\$ 753.3	\$ 931.8	\$ 178.5	\$ 758.9	\$ 872.1	\$ 113.2	\$ 134.1	\$ 536.3

1/ NORM refers to Non-Operating Risk Model as used in the June 2001 Power Rate Case to calculate a component of Planned Net Revenues for Risk. Planned Net Revenues for Risk (PNRR) were included to cover the risk of not meeting those aggressive targets. See pages 3-5 for line item descriptions.

1 – Columbia Generating Station O&M (WNP-2). Operating and maintenance costs, including capital infrastructure investments and nuclear fuel. Costs are higher in refueling years (i.e., 2003 and 2005) when less electricity is generated.

5 & 6 – Corps of Engineers and Bureau of Reclamation O&M reflect the direct operating and maintenance expenses of all power generating projects in the Federal Columbia River Power System.

10 – Shared Services represent the costs for information technology services, infrastructure and maintenance; building rent, maintenance and security; mail services, personnel services, library and printing services, internal training, purchasing, and furniture.

11 – Corporate G&A represents the allocated portion of Corporate general and administrative costs, which are now split evenly between both business lines. Major functions besides the Executive Office and its functions, are Corporate Communication, Finance, Diversity, and Safety.

14 – Power Business Operations reflects most of the people and related costs within the Power Business organization with the exception of those groups charging their time to Conservation & Energy Efficiency and Generation Development & Coordination, as well as some direct labor and contract costs from other organizations in BPA, primarily Legal, Finance, Strategic Planning and Fish & Wildlife.

16 – Conservation and Energy Efficiency reflects the costs of several conservation programs in Power, including Market Development which are reimbursable contracts with equal and offsetting revenues; Market Transformation, Legacy Conservation programs, Technology Leadership, and Low Income Weatherization.

19 - PBL Efficiencies is a set of projects started in 1999 in response to the Cost Review to improve overall efficiencies to maximize performance and meet the challenges in rapidly changing markets. They consist of **Near Real Time Optimization** to more accurately optimize the federal hydro system generation; **Columbia Vista** software which will make more efficient use of water thus resulting in added net revenues; **Enterprise Application Integration** which will provide a seamless integration of applications across BPA networks which will reduce interface development, maintenance costs, and staff time associated with introducing new application into the PBL application architecture; **Generation Management System** is a real-time system for better managing generating resources, inventories, implement zonal generation management, transition to RTO and update systems to industry standards; this will allow duty schedulers to have increased control of the hydro system and depend less on manual processes; **Information Factory** to access, query and analyze information from multiple sources, including PBL processes, agency financial systems and the Corporate InfoFactory; **Load Forecasting** project to improve all aspects of generating or using load information which will improve revenue, rates, and risk predictions as well as improved operations planning procedures; **Transaction Scheduling System** will facilitate the power/transmission transaction process from contract signing to billing eliminating the need for multiple, manual processes.

21- Generation Development and Coordination consists primarily of Federal Hydro Project and Contract Generating Resource support, including the associated people costs. These are the people and related costs associated with those PBL operations activities not included in line 14 – Power Business Operations or in line 16 – Conservation and Energy Efficiency.

22 - Colville Settlement is the program for settling with the Colville Nation lands lost with the construction of Grand Coulee dam and is based on an algorithm of actual generation from Grand Coulee with sales revenue.

23 - Planning Council pays for the staff and expenses of the Northwest Power Planning Council.

24 - Telemetry/Equipment Replacements are for transmission engineering services, including equipment, to provide transmission support for General Transfer Agreement (GTA) customers. This is a new program initiated in FY 2002 to replace aging equipment.

25 - Renewables are generating projects fueled by renewable energy resources, such as wind, geothermal, methane gas, solar and “fish friendly” small hydro projects.

27 - Long-Term Generating Projects consist of output contracts for generating resources, such as Cowlitz Falls, Billing Credits Generation, Wauna, Packwood dam O&M, and Clearwater Hatchery Generation.

28 - Fish & Wildlife Augmentation Initiative reflects costs incurred to mitigate the impacts of the drought and low water conditions in FY 2001. There are no expected costs beyond FY 2002.

29 – Fish & Wildlife represents the expected value of a range of costs of the direct BPA program costs for mitigating and enhancing Endangered Species Act listed species and other measures called for under the 2000 FCRPS NMFS Biological Opinion. This program uses the NW Power Planning Council’s Review and Sub-basin Planning processes to identify activities for implementation.

30 – WNP-1, 3 & 4 O&M/Decommissioning reflects the costs for the decommissioning or restoration of sites for three incomplete nuclear power plants.

31 - Between Business Expenses reflects costs for services provided by the Transmission Business Line except the wheeling of power (e.g., aircraft services [for travel], engineering design services, etc.). These costs are now identified by general ledger accounts, as opposed to Projects, and are forecast within Power Business Operations, Generation Development & Coordination, and Conservation (lines 14, 16 and 21).

32 - Ancillary & Reserve Services represent costs associated with services necessary to support the transmission of energy from resources to loads: reliability, scheduling and dispatch, spinning reserves, emergency reserves, load following and regulation, automatic generation control, energy imbalance, transmission losses, control area reserves for resources and for interruptible purchases.

33 - Trojan O&M Decommissioning reflects the costs associated with the decommissioning of the Trojan nuclear power plant.

34 - GTA (General Transfer Agreements) Wheeling reflects the costs for wheeling power over a second utility's line to a customer of the first utility in the second utility's control area.

35 - U.S. Fish and Wildlife reflects the costs for the Lower Snake River Compensation Plan, a series of 13 fish hatcheries on the Lower Snake to mitigate the damage done to fish by the construction of Lower Monumental, Little Goose, Lower Granite, and Ice Harbor dams.

36 - CSRS Pension reflects the costs for the unfunded liability of the Civil Service Retirement and Disability Fund, the Employees Health Benefits Fund, and the Employees Life Insurance Fund that has not been covered prior to FY 1998. This cost is split 50/50 between Power and Transmission. Cost estimates also include the power related portion of Corps of Engineers, Bureau of Reclamation, and the U.S. Fish and Wildlife Pension and Post-retirement Benefits. This is a fixed amount not subject to change through the rate period.