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1. **Purpose & Background**

This policy establishes the use of non-generally accepted accounting principles (non-GAAP) financial measures for Federal Columbia River Power System (FCRPS) financial reporting and institutes the basis for which these measures shall be adopted.

The Bonneville Power Administration (BPA) prepares an Annual Report on the operations of the FCRPS, which includes the accounts of BPA, the accounts of the Pacific Northwest generating facilities of the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation), as well as the operations and maintenance costs of the U.S. Fish and Wildlife Service for the Lower Snake River Compensation Plan facilities.

Consolidated with BPA is a variable interest entity of which BPA is the primary beneficiary, and from which BPA leases certain transmission facilities.

As part of the Annual Report, BPA prepares the unaudited Management’s Discussion and Analysis (MD&A) section that provides a high-level overview of the business operations and FCRPS financial performance for the year. The MD&A compares actual results to the same period of the prior year for a frame of reference and comparability.

Management may use the MD&A to provide certain financial metrics such as BPA financial reserves that are non-standard or unique to the organization to provide additional information. These are non-GAAP measures that are intended to provide users of the financial statements information that management considers to be a useful representation of FCRPS financial performance. BPA will include agency performance measures adopted from rate case concepts to correlate rate setting intent with actual financial performance results.

Audited FCRPS financial statements are prepared in accordance with GAAP as promulgated by the Financial Accounting Standards Board (FASB) including recognition of Federal Energy Regulatory Commission (FERC) regulatory accounting. In addition, although neither BPA nor the FCRPS reporting entity are SEC registrants, BPA may follow certain SEC reporting guidelines to the extent there is not a statutory conflict to do so. For example, the Sarbanes-Oxley Act of 2002 required the SEC to establish new rules and amendments to address public companies' disclosure of certain non-GAAP financial information. The SEC adopted Regulation G, which requires public companies to present the most directly comparable GAAP financial measure and reconcile it with the disclosed non-GAAP financial measure. When applicable, BPA follows this SEC guidance.

2. **Policy Owner**

BPA’s Executive Vice President and Chief Financial Officer (CFO) has overall responsibility for this policy and overseas the implementation in collaboration with the Accounting Officer.
3. **Applicability**

   This policy is applicable to the FCRPS financial statements and associated reporting sections of the BPA Annual Report (Annual Report).

4. **Terms & Definitions**

   Non-GAAP Financial Measures: Include information calculated and presented based on measures other than those required under GAAP, included in SEC rules or guidance by other regulatory entities (e.g., FERC).

5. **Policy**

   To the extent practicable and appropriate, BPA considers SEC guidelines related to non-GAAP financial measures when calculating and presenting measures that have been developed through other means than are required for reporting under GAAP.

   Under current report presentations for financial statements and other materials required by the Chief Financial Officers Act of 1990 (CFO Act), BPA will provide for non-GAAP financial measures when appropriate in the MD&A section or other unaudited sections of the Annual Report. As the Annual Report is the responsibility of the CFO, acting by and through the Accounting Officer, the Accounting Officer will determine the character, presentation, and appropriateness of non-GAAP financial measures, and changes thereto, for inclusion in the Annual Report. Decision factors include, but are not limited to, relevance to management and financial statement users, permanence, and consistency of the calculation.

6. **Policy Exceptions**

   None.

7. **Responsibilities**

   A. The authority for making accounting policy is vested in the Administrator and is delegated to the CFO.

   B. The CFO is delegated the authority by the Administrator to provide, on a BPA-wide basis, those financial management systems, policies, and procedures deemed necessary to keep complete and accurate accounts of operations, including all funds expended and received in connection with acquisition, transmission, and sale of electric energy and other BPA services.

   C. The Accounting Officer is responsible for developing policy, operational procedures and practices that implement reporting and accounting guidance and relevant training, ensuring that work results conform to established policies.

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<tr>
<th>Organization</th>
<th>Title</th>
<th>Unique ID</th>
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<tr>
<td>Accounting and Reporting (FR)</td>
<td>Non-GAAP Measures Disclosure</td>
<td>212-6</td>
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<tr>
<td><strong>Author</strong></td>
<td><strong>Approved by</strong></td>
<td><strong>Date</strong></td>
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<tr>
<td>Kevin Owen (FR)</td>
<td>Marcus Harris, CFO</td>
<td>08/25/2021</td>
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D. Managers within the Accounting and Reporting group provide functional guidance and oversight to BPA’s financial management systems and establish BPA and FCRPS requirements and reporting mechanisms, ensuring adequacy of internal controls and compliance with applicable laws, regulations, and internal directives.

E. Subject matter experts are responsible for following this policy.

8. Standards & Procedures

The Accounting Officer shall, as part of the Quarterly and Annual Report preparation and planning process, determine performance metrics that are to be incorporated in the MD&A. Upon determination of the metrics to be used, Accounting and Reporting staff shall perform an evaluation of said metrics for compliance with SEC guidelines and provide a recommendation as to the use of non-GAAP financial measures. The Accounting Officer shall make the final determination as to the appropriate use of these non-GAAP measures.

9. Performance & Monitoring

The determination and evaluation will occur on a quarterly basis and shall be performed by the Accounting and Reporting organization.

10. Authorities & References

A. Bonneville Project Act of 1937
B. Grand Coulee – Third Powerplant Act of 1966
C. Federal Columbia River Transmission Act of 1974
E. Chief Financial Officers Act of 1990

11. Review

This policy is scheduled for review in June 2026.
### 12. Revision History

<table>
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<tr>
<th>Version Number</th>
<th>Issue Date</th>
<th>Brief Description of Change or Review</th>
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<tbody>
<tr>
<td>1.0</td>
<td>05/26/2016</td>
<td>New policy</td>
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<tr>
<td>2.0</td>
<td>08/25/2021</td>
<td>Minor wording clarifications</td>
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