

# Quarterly Financial Report

## 2026 First Quarter

Q1

## Management's Discussion and Analysis

### Profile

The Bonneville Power Administration (BPA) is a nonprofit federal power marketing administration based in the Pacific Northwest. Although BPA is part of the U.S. Department of Energy, it is statutorily separate and distinct, and is self-financed through the selling of its products and services. BPA markets wholesale electrical power from 31 federal hydroelectric projects in the Northwest, one nonfederal nuclear plant and several small nonfederal power plants. The dams are operated by the U.S. Army Corps of Engineers (USACE) and the Bureau of Reclamation (Reclamation) with BPA directly funding power share costs. The nonfederal nuclear plant, Columbia Generating Station, is owned and operated by Energy Northwest, a joint operating agency of the state of Washington.

BPA provides about one-third of the electric power generated in the Northwest, primarily from reliable, dispatchable and flexible hydroelectric resources. BPA also operates and maintains approximately 15,000 circuit miles of high-voltage transmission in its service territory. BPA's territory includes Idaho, Oregon, Washington, western Montana and small parts of eastern Montana, California, Nevada, Utah and Wyoming.

BPA promotes energy conservation and innovative technologies that improve its ability to deliver on its mission. To mitigate the impacts of the federal dams, BPA implements a fish and wildlife program that includes working with its partners to make the federal dams safer for fish passage.

BPA is committed to public service and seeks to make decisions in a manner that provides opportunities for input from all interested parties. In its vision statement, BPA dedicates itself to providing high system reliability, low rates consistent with sound business principles, environmental stewardship and accountability.

### General

The Federal Columbia River Power System (FCRPS) financial statements combine the accounts of BPA with the accounts of the federal hydropower generating facilities in the Pacific Northwest operated by the USACE and Reclamation. The FCRPS combined financial statements also include 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 (VIE) of which BPA is the primary beneficiary, and from which BPA leases certain transmission facilities. The FCRPS fiscal year is from Oct. 1 to Sept. 30.



## Use of Estimates and Forward-Looking Information

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

This Management's Discussion and Analysis (MD&A) is unaudited and may contain statements which, to the extent they are not recitations of historical facts, constitute "forward-looking statements." In this respect, the words "planned," "predict," "could," "estimate," "expect" and similar expressions are intended to identify forward-looking statements. Several important factors affecting FCRPS business and financial results could cause actual results to differ materially from those stated in forward-looking statements due to factors such as changes in economic, industry, political and business conditions; changes in laws, regulations and policies and the application of the laws; and changes in weather patterns, hydroelectric conditions and power services supply and demand. BPA does not plan to issue updates or revisions to the forward-looking statements.

## Rates

### *Rates for Fiscal Years 2026-2028*

To establish rates for fiscal years 2026 through 2028, BPA concluded the BP-26 rate proceeding in July 2025 by releasing the Administrator's Final Record of Decision and Final Proposal. Rates went into effect on Oct. 1, 2025, and will be effective through Sept. 30, 2028, assuming final approval by FERC. FERC reviews BPA's proposed rates to ensure they recover BPA's costs. FERC typically grants approval of BPA's rates on an interim basis at the beginning of a rate period, pending final approval. The average effective increase for the Priority Firm Tier 1 power rate, which represents the majority of BPA's power sales is 8.9%, and does not include the impacts of the Financial Reserves Policy Surcharge described below. The average transmission service rate increase across all products is 19.9%.

As with the 2024-2025 rate period, power and transmission rates in the BP-26 rate period include rate adjustment mechanisms, such as the Cost Recovery Adjustment Clause (CRAC), Financial Reserves Policy (FRP) Surcharge and Reserves Distribution Clause (RDC), which BPA employs if certain financial conditions occur. If power financial reserves and agency reserves are above their respective upper thresholds, and the RDC amount is greater than \$5 million, the BPA Administrator shall consider the above-threshold power financial reserves for debt reduction, incremental capital investment, rate reduction through a Dividend Distribution, distribution to customers, or any business line specific purposes determined by the BPA Administrator, in alignment with the BP-26 rate case. Any above-threshold financial reserves for transmission shall be applied to rate reduction through a Transmission Dividend Distribution, in alignment with the BP-26 Transmission Rates Settlement Agreement.

Based upon fiscal year 2025 financial results a Power Surcharge has triggered for \$40 million to be collected from December 2025 through September 2026, resulting in an effective rate increase of 2.2% for Power Services. As of Dec. 31, 2025, BPA has billed customers \$4.5 million for the FRP surcharge. The surcharge is reassessed at the close of each fiscal year and may again trigger for application in fiscal year 2027.

## Results of Operations

### Operating revenues

A comparison of FCRPS operating revenues follows for the three months ended Dec. 31, 2025, and Dec. 31, 2024:

<i>(Millions of dollars)</i>	Fiscal Year 2026	Fiscal Year 2025	Revenue Increase (Decrease)	% Change
Sales				
Consolidated sales				
Power gross sales	\$ 825.2	\$ 744.8	\$ 80.4	11 %
Transmission	353.5	291.7	61.8	21
Bookouts (Power)	(8.5)	(3.0)	(5.5)	183
Consolidated sales	1,170.2	1,033.5	136.7	13
Other revenues				
Power	8.3	6.2	2.1	34
Transmission	14.1	15.9	(1.8)	(11)
Other revenues	22.4	22.1	0.3	1
Sales	1,192.6	1,055.6	137.0	13
U.S. Treasury credits	44.8	42.5	2.3	5
Total operating revenues	\$ 1,237.4	\$ 1,098.1	\$ 139.3	13

Total operating revenues increased \$139.3 million when compared to the same period of fiscal year 2025. Sales of Power and Transmission Services, including other revenues and the effect of bookouts, increased \$137 million.

Power gross sales increased \$80.4 million.

- Surplus power sales, including revenue from derivative instruments settled with physical deliveries, increased \$56.6 million primarily due to higher streamflows and increased precipitation leading to more water available for power generation when compared to the same period of fiscal year 2025.
- Firm power sales increased \$23.8 million primarily due to an increase in revenues of \$29.7 million across multiple product categories due to new rates that went into effect at the start of fiscal year 2026. Additionally, \$4.5 million was recorded under the FRP surcharge that was implemented for fiscal year 2026 rates but was not in effect for the prior rate period. Partially offsetting these increases was a \$7.5 million decrease in load shaping revenues due to weather variability.

Transmission sales increased \$61.8 million primarily due to new rates that went into effect at the start of fiscal year 2026.

Power other revenues increased \$2.1 million due to an increase in realized gains associated with financial future trades. BPA uses financial futures contracts on energy as an operational hedge to mitigate price volatility in the physical energy market. Financial futures contracts are settled financially and not through the delivery of power.

Transmission other revenues decreased \$1.8 million primarily due to a decrease in reimbursable revenues associated with work performed for BPA customers. Reimbursable revenues are generally offset by an equivalent amount of reimbursable expenses.

Bookouts are presented on a net basis in the Combined Statements of Revenues and Expenses. When sales and purchases are scheduled with the same counterparty on the same transmission path for the same hour, the power is typically booked out and not scheduled for physical delivery. The megawatt-hours that offset each other net to zero. The dollar values of these offsetting transactions reduce both sales and purchased power expense and are recorded as bookouts. Therefore, the accounting treatment for bookouts has no effect on net revenues, cash flows or margins.

### **Operating expenses**

A comparison of FCRPS operating expenses follows for the three months ended Dec. 31, 2025, and Dec. 31, 2024:

<i>(Millions of dollars)</i>	Fiscal Year 2026	Fiscal Year 2025	Expense Increase (Decrease)	% Change
Operations and maintenance	\$ 613.0	\$ 624.1	\$ (11.1)	(2) %
Purchased power	92.3	105.6	(13.3)	(13)
Depreciation, amortization and accretion	236.6	217.3	19.3	9
Total operating expenses	<u>\$ 941.9</u>	<u>\$ 947.0</u>	<u>\$ (5.1)</u>	<u>(1)</u>

Total operating expenses decreased \$5.1 million when compared to the same period of fiscal year 2025.

Operations and maintenance expense decreased \$11.1 million primarily due to the following factors:

- \$15 million decrease to Columbia Generating Station costs primarily due to fiscal year 2025 being a refueling year. Refueling occurs biennially, most recently in fiscal year 2025, and refueling and maintenance expenses are higher in refueling years.
- \$5.2 million decrease in Reclamation expenses due to delays in work completion resulting from the federal government shutdown that occurred during the first quarter of fiscal year 2026.
- \$3.5 million expense increase related to the amortization of the Phase 2 Implementation Plan Settlement Agreement regulatory asset. In alignment with the BP-26 rate case, amortization began in fiscal year 2026 and will continue through 2043.
- \$3.4 million increase in Residential Exchange Program (REP) costs in alignment with the 2012 REP Settlement Agreement. Under this agreement, which expires at the end of fiscal year 2028, the amount of REP costs recorded increases at the start of each new rate period.
- \$3.3 million increase in the amount of transmission non-electric maintenance work performed when compared to the first quarter of the prior fiscal year.
- \$3.3 million decrease in conservation purchases due to less energy efficiency projects completed by customers.
- \$2.7 million decrease in third-party General Transfer Agreement (GTA) wheeling expenses due to lower loads when compared to the first quarter of fiscal year 2025.

- \$2.6 million increase to Fish and Wildlife Program expenses due to greater amounts of work performed when compared to the same period of fiscal year 2025.

Purchased power expense, including the effects of bookouts, decreased \$13.3 million primarily due to the following factors:

- \$40.7 million decrease in power purchases due to comparatively warm and wet weather experienced during the first quarter of fiscal year 2026, which reduced BPA's need to purchase power.
- \$27.4 million increase driven by the expiration of certain water storage agreements with BC Hydro during fiscal year 2025. As of Dec. 31, 2024, BPA was owed approximately \$27 million, which reduced fiscal year 2025 expense and led to the year over year increase.

Depreciation, amortization and accretion increased \$19.3 million primarily due to an increase in depreciation expense of \$18.6 million resulting from revised depreciation rates that went into effect in March 2025.

### ***Interest expense and other income, net***

A comparison of FCRPS interest expense and other income, net, follows for the three months ended Dec. 31, 2025, and Dec. 31, 2024:

*(Millions of dollars)*

	Fiscal Year 2026	Fiscal Year 2025	Expense Increase (Decrease)	% Change
Interest expense	\$ 117.2	\$ 113.3	\$ 3.9	3 %
Irrigation assistance	5.5	3.3	2.2	67
Allowance for funds used during construction	(19.8)	(17.2)	(2.6)	15
Interest income	(5.2)	(7.7)	2.5	(32)
Other, net	(10.5)	(7.9)	(2.6)	33
Total interest expense and other income, net	\$ 87.2	\$ 83.8	\$ 3.4	4

Total interest expense and other income, net, increased \$3.4 million when compared to the same period of fiscal year 2025.

Interest expense increased \$3.9 million, primarily due to a \$5.5 million increase in interest expense related to Borrowings from U.S. Treasury, driven by increased debt balances and higher interest rates. Partially offsetting this increase was a \$2.6 million decrease driven by increased amortization of nonfederal debt premiums, which reduce interest expense.

Irrigation assistance expense increased \$2.2 million when compared to the same period of fiscal year 2025. Reclamation provides BPA with the amount of irrigation assistance to be repaid each year and repayment is typically scheduled in line with the expected life of each related irrigation project.

Allowance for funds used during construction (AFUDC) increased \$2.6 million due to higher Construction work in progress balances and higher interest rates when compared to the same period in fiscal year 2025. For additional information on how the rates applied to AFUDC are calculated each year, see Note 1, Summary of Significant Accounting Policies, in BPA's 2025 Annual Report.

Interest income decreased \$2.5 million as a result of lower amounts of U.S. Treasury market-based special securities due to lower cash balances coupled with lower interest rates received from U.S. Treasury. These investments have original maturities of 90 days or less and are recorded as Cash and cash equivalents on the Combined Balance Sheets.

Other, net changed \$2.6 million due to an increase in dividends received on investments held in the nonfederal nuclear decommissioning trusts.

## **Accrued Construction work in progress**

Amounts accrued in Accounts payable and other on the Combined Balance Sheet for Construction work in progress assets were approximately \$141 million and \$118 million as of Dec. 31, 2025, and 2024, respectively.

## **Other Operational Matters**

### ***Energy Northwest Line of Credit Activity***

In December 2024, Energy Northwest entered into a \$120 million line of credit arrangement to provide interim financing to pay for certain costs of the Columbia Generating Station nuclear facility. Amounts borrowed are due to be repaid on or before Dec. 16, 2026.

Of the available \$120 million, \$18.9 million is currently outstanding, as described below.

As of Sept. 30, 2025, Energy Northwest had borrowed \$6.2 million. In October, November and December 2025, Energy Northwest borrowed an additional \$1.7 million, \$1.6 million and \$9.4 million, respectively. These borrowings provide interim financing for capital costs associated with an extended power uprate project that will increase the output of the Columbia Generating Station. Energy Northwest expects to repay these amounts with bond proceeds in fiscal year 2026.

### ***U.S. Treasury Liquidity Facility***

In December 2025, BPA issued \$150 million of short-term debt on its liquidity facility with the U.S. Treasury to meet operating expenses and manage within-year working capital. BPA plans to repay this amount no later than September 2026.

## **Additional Information**

To see BPA's annual and quarterly reports, go to [www.bpa.gov/about/finance/investor-relations](http://www.bpa.gov/about/finance/investor-relations)

For general information about BPA, go to BPA's home page at [www.bpa.gov](http://www.bpa.gov)

For information on Power Services, go to [www.bpa.gov/energy-and-services/power](http://www.bpa.gov/energy-and-services/power)

For information on Transmission Services, go to [www.bpa.gov/energy-and-services/transmission](http://www.bpa.gov/energy-and-services/transmission)

# Federal Columbia River Power System

## Combined Balance Sheets <sup>(Unaudited)</sup>

(Millions of Dollars)

	As of December 31, 2025	As of September 30, 2025
<b>Assets</b>		
<b>Utility plant and nonfederal generation</b>		
Completed plant	\$ 23,349.8	\$ 23,142.4
Accumulated depreciation	(9,076.5)	(8,947.3)
Net completed plant	14,273.3	14,195.1
Construction work in progress	2,583.5	2,482.0
<b>Net utility plant</b>	<b>16,856.8</b>	<b>16,677.1</b>
Nonfederal generation	3,591.5	3,581.2
<b>Net utility plant and nonfederal generation</b>	<b>20,448.3</b>	<b>20,258.3</b>
<b>Current assets</b>		
Cash and cash equivalents	1,197.2	1,206.6
Accounts receivable, net of allowance	23.0	42.3
Accrued unbilled revenues	447.2	370.7
Materials and supplies, at average cost	153.0	148.7
Prepaid expenses	74.7	96.5
<b>Total current assets</b>	<b>1,895.1</b>	<b>1,864.8</b>
<b>Other assets</b>		
Regulatory assets	3,611.2	3,700.7
Nonfederal nuclear decommissioning trusts	737.4	714.1
Deferred charges and other	175.4	155.7
<b>Total other assets</b>	<b>4,524.0</b>	<b>4,570.5</b>
<b>Total assets</b>	<b>\$ 26,867.4</b>	<b>\$ 26,693.6</b>



# Federal Columbia River Power System

## Combined Balance Sheets <sup>(Unaudited)</sup>

(Millions of Dollars)

	As of December 31, 2025	As of September 30, 2025
<b>Capitalization and Liabilities</b>		
<b>Capitalization and long-term liabilities</b>		
Accumulated net revenues	\$ 5,739.0	\$ 5,530.7
Debt		
Federal appropriations	1,784.2	1,775.0
Borrowings from U.S. Treasury	6,046.5	6,114.5
Nonfederal debt	6,905.5	6,923.5
<b>Total capitalization and long-term liabilities</b>	<b>20,475.2</b>	<b>20,343.7</b>
 <b>Commitments and contingencies (See Note 14 to 2025 Audited Financial Statements)</b>		
 <b>Current liabilities</b>		
Debt		
Borrowings from U.S. Treasury	332.0	131.0
Nonfederal debt	585.0	571.8
Accounts payable and other	683.7	804.1
<b>Total current liabilities</b>	<b>1,600.7</b>	<b>1,506.9</b>
 <b>Other liabilities</b>		
Regulatory liabilities	1,560.7	1,560.7
IOU exchange benefits	753.2	818.8
Asset retirement obligations	1,188.0	1,177.1
Deferred credits and other	1,289.6	1,286.4
<b>Total other liabilities</b>	<b>4,791.5</b>	<b>4,843.0</b>
 <b>Total capitalization and liabilities</b>	 <b>\$ 26,867.4</b>	 <b>\$ 26,693.6</b>



# Federal Columbia River Power System

## Combined Statements of Revenues and Expenses <sup>(Unaudited)</sup>

(Millions of Dollars)

	Three Months Ended December 31,		Fiscal Year-to-Date Ended December 31,	
	2025	2024	2025	2024
<b>Operating revenues</b>				
Sales	\$ 1,192.6	\$ 1,055.6	\$ 1,192.6	\$ 1,055.6
U.S. Treasury credits	44.8	42.5	44.8	42.5
<b>Total operating revenues</b>	<b>1,237.4</b>	<b>1,098.1</b>	<b>1,237.4</b>	<b>1,098.1</b>
<b>Operating expenses</b>				
Operations and maintenance	613.0	624.1	613.0	624.1
Purchased power	92.3	105.6	92.3	105.6
Depreciation, amortization and accretion	236.6	217.3	236.6	217.3
<b>Total operating expenses</b>	<b>941.9</b>	<b>947.0</b>	<b>941.9</b>	<b>947.0</b>
<b>Net operating revenues</b>	<b>295.5</b>	<b>151.1</b>	<b>295.5</b>	<b>151.1</b>
<b>Interest expense and other income, net</b>				
Interest expense	117.2	113.3	117.2	113.3
Irrigation assistance	5.5	3.3	5.5	3.3
Allowance for funds used during construction	(19.8)	(17.2)	(19.8)	(17.2)
Interest income	(5.2)	(7.7)	(5.2)	(7.7)
Other, net	(10.5)	(7.9)	(10.5)	(7.9)
<b>Total interest expense and other income, net</b>	<b>87.2</b>	<b>83.8</b>	<b>87.2</b>	<b>83.8</b>
<b>Net revenues</b>	<b>\$ 208.3</b>	<b>\$ 67.3</b>	<b>\$ 208.3</b>	<b>\$ 67.3</b>

# Federal Columbia River Power System

## Combined Statements of Cash Flows <sup>(Unaudited)</sup>

(Millions of Dollars)

Fiscal Year-to-Date Ended  
December 31,

	2025	2024
<b>Cash flows from operating activities</b>		
Net revenues	\$ 208.3	\$ 67.3
Adjustments to reconcile net revenues to cash provided by operations:		
Depreciation, amortization and accretion	236.6	217.3
Amortization of nonfederal debt (premiums) and discounts, net	(11.6)	(9.6)
Other, net	1.5	0.8
Changes in:		
Receivables and unbilled revenues	(57.2)	42.9
Materials and supplies	(4.3)	(6.0)
Prepaid expenses	21.8	8.0
Accounts payable and other	(88.1)	(82.3)
Regulatory assets and liabilities	7.2	(34.2)
IOU exchange benefits	(65.6)	(60.5)
Nonfederal nuclear decommissioning trusts	(19.4)	22.2
Other assets and liabilities	(34.4)	(23.7)
<b>Net cash provided by operating activities</b>	<b>194.8</b>	<b>142.2</b>
<b>Cash flows from investing activities</b>		
Investment in utility plant, including AFUDC	(352.6)	(342.8)
Proceeds from sale of utility plant	0.8	0.3
Deposits to nonfederal nuclear decommissioning trusts	(3.9)	(3.8)
<b>Net cash used for investing activities</b>	<b>(355.7)</b>	<b>(346.3)</b>
<b>Cash flows from financing activities</b>		
Federal appropriations:		
Proceeds	9.2	7.2
Borrowings from U.S. Treasury:		
Proceeds	150.0	340.0
Repayment	(17.0)	-
Nonfederal debt:		
Repayment	(8.2)	(9.9)
Customers:		
Net advances for construction	24.0	11.9
Repayment of funds used for construction	(6.5)	(5.6)
<b>Net cash provided by financing activities</b>	<b>151.5</b>	<b>343.6</b>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(9.4)</b>	<b>139.5</b>
Cash, cash equivalents and restricted cash at beginning of year	1,217.3	1,420.2
<b>Cash, cash equivalents and restricted cash at end of quarter</b>	<b>\$ 1,207.9</b>	<b>\$ 1,559.7</b>
Less: Restricted cash at end of quarter, reported in Deferred charges and other	10.7	8.2
<b>Cash and cash equivalents at end of quarter</b>	<b>\$ 1,197.2</b>	<b>\$ 1,551.5</b>
<b>Supplemental disclosures:</b>		
Cash paid for interest, net of amount capitalized	\$ 147.1	\$ 147.6
Significant noncash activities:		
Nonfederal debt increase	\$ 15.0	\$ 56.1
Nonfederal debt decrease	\$ (11.6)	\$ (9.6)

A caption from the prior period has been expanded for comparability with the current period.