B O N N E V I L L E  P O W E R  A D M I N I S T R A T I O N

# Quarterly Financial Report
**2020** Third Quarter

## 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 self-funded and covers its costs by selling 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 federal dams are operated by the U.S. Army Corps of Engineers (USACE) and the Bureau of Reclamation (Reclamation). 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 27% of the electric power generated in the Northwest, and its resources – primarily hydroelectric – make BPA power nearly carbon free.

BPA also operates and maintains more than 15,000 circuit miles of high-voltage transmission lines. BPA's territory includes Idaho, Oregon, Washington, western Montana and small parts of eastern Montana, California, Nevada, Utah and Wyoming.

BPA promotes energy efficiency, renewable resources and new technologies that improve its ability to deliver on its mission. It also funds regional efforts to protect and enhance fish and wildlife populations affected by hydropower development in the Columbia River Basin.

BPA is committed to public service and seeks to make its decisions in a manner that provides opportunities for input from all stakeholders. 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 Pacific Northwest generating facilities of 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 October 1 to September 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 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,"

*This BPA-approved financial information was made publicly available on 7-31-2020.*

“predict,” “could,” “estimate,” “expect” and similar expressions are intended to identify forward-looking statements. A number of 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 climate, weather, hydroelectric conditions and power services supply and demand. BPA does not plan to issue updates or revisions to the forward-looking statements.

See Other Operational Matters, COVID-19 Pandemic and Effects on the Bonneville Power Administration, for a short discussion of how BPA is responding to the evolving risks and uncertainties resulting from the coronavirus and COVID-19 pandemic.

## Rates and the Effect of Regulations

### *Rates for Fiscal Years 2020-2021*

Rates for the two year BP-20 rate period began on Oct. 1, 2019, and will conclude on Sept. 30, 2021. When compared to the prior rate period, the average transmission rate increase was 3.6%, while the base power rate increase was zero. The base power rate does not include the impact of the Financial Reserves Policy surcharge, which triggered in October 2019 for application to fiscal year 2020 power rates. The surcharge resulted in an average increase of 1.5% to fiscal year 2020 power rates, with a range of 1 to 2% depending on product type. BPA implemented a $30 million power rate surcharge, the maximum allowed under BPA’s Financial Reserves Policy, for collection over the remainder of fiscal year 2020. As of June 30, 2020, BPA had recorded $21 million of revenue from power customers for the fiscal year 2020 Financial Reserves Policy surcharge.

Due to financial hardship experienced by certain customers in the region because of the COVID-19 pandemic, BPA in June 2020 initiated the BP-20E Expedited Rate Proceeding to suspend the Financial Reserves Policy surcharge for the remainder of the BP-20 rate period. On June 29, 2020, BPA issued a final Record of Decision to suspend the Financial Reserves Policy surcharge for the final three months of fiscal year 2020 and all of fiscal year 2021. On July 23, 2020, the Federal Energy Regulatory Commission (FERC) gave interim approval for BPA to suspend the surcharge. BPA will cease collecting the additional $9 million ($3 million per month) for the remainder of fiscal year 2020 and will not collect the $30 million that was expected to be applied to fiscal year 2021 rates based on the forecast fiscal year 2020 year-end power reserve level. Final approval of the surcharge adjustment is still pending before FERC, though it is expected to be granted at the end of the year or early 2021.

During the BP-20 rate case, the actions to recover and ongoing deferrals of certain regulatory assets and liabilities were changed. As a result of the BP-20 rate case, the manner in which certain current costs or credits were included in rates for recovery or refund over future periods, and the method of recovery or refund of certain amounts that were previously deferred were changed. These changes were made to align rate treatment across all FCRPS generating assets and related debt. Additionally, during the BP-20 rate case it was decided to no longer defer the expenses and realized income related to the Columbia Generating Station (CGS) asset retirement obligation (ARO) and decommissioning trust fund as regulatory assets and liabilities. In accordance with Accounting Standards Codification (ASC) 980, Regulated Operations, BPA applies regulatory accounting to account for actions of the regulator. The financial statement impacts of the changes prescribed in the rate case are outlined below.

### *Nonfederal generation assets and terminated nonfederal generation assets, amortization and interest expense*

- The nonfederal generation assets are now amortized on a straight-line basis through their respective license termination dates, rather than over the terms of the related outstanding nonfederal debt as in prior fiscal years.

- Nonfederal generation assets, which include CGS and the Cowlitz Falls Hydroelectric Project, are now recovered in the same manner as utility plant. As a result, these assets are now reported as a significant subtotal within a new Combined Balance Sheets caption titled Utility plant and nonfederal generation.
- Terminated nonfederal generation assets, which include regulatory assets for Nuclear Projects 1 and 3 as well as the Northern Wasco Hydro project, are now amortized on a straight-line basis over periods established in the BP-20 rate case. Prior to fiscal year 2020, these assets were amortized over the terms of the related outstanding nonfederal debt.
- Amortization expense associated with the nonfederal assets described above is recorded within Depreciation, amortization and accretion, a revised caption that now includes 'accretion' in the Combined Statements of Revenues and Expenses. Prior to fiscal year 2020, the amortization of nonfederal generation assets was recorded to Nonfederal projects in the Combined Statements of Revenues and Expenses. However, beginning with fiscal year 2020 the Nonfederal projects caption will no longer be used.
- Interest expense related to nonfederal debt is now recorded within Interest expense in the Combined Statements of Revenues and Expenses. Prior to fiscal year 2020, this interest expense was recorded within Nonfederal projects expense.

### *Columbia Generating Station (CGS) nuclear decommissioning trust fund assets, income and liability*

- Contributions made by BPA to the CGS nuclear decommissioning trust fund are now recorded as an increase to the trust fund asset. Prior to fiscal year 2020, these contributions were recorded to Operations and maintenance in the Combined Statements of Revenues and Expenses.
- CGS decommissioning trust fund realized gains/losses and dividends are now recorded within Other income, net in the Combined Statements of Revenues and Expenses. Prior to fiscal year 2020, these items were deferred as a regulatory liability. Trust fund unrealized gains/losses are still deferred as a regulatory liability or asset, respectively.
- Trust fund interest income is recorded within interest income. Prior to fiscal year 2020, these items were deferred as a regulatory liability.
- Accretion expense recorded in connection with a periodic increase to the CGS ARO liability to reflect the passage of time is reported among Depreciation, amortization and accretion in the Combined Statements of Revenues and Expenses. Fiscal year 2020 is the first year that accretion expense has been recognized in the Combined Statements of Revenues and Expenses. Prior to fiscal year 2020, accretion expense was deferred as a reduction to a regulatory liability. The regulatory liability resulting from the deferral of trust fund earnings and accretion expense was offset against the nonfederal generation asset at the beginning of fiscal year 2020.

BPA management believes the effect of the BP-20 rate changes creates a consistent treatment among all of the FCRPS generating assets.

## Results of Operations

### *Operating revenues*

A comparison of FCRPS operating revenues follows for the nine months ended June 30, 2020, and June 30, 2019:

| *(Millions of dollars)* | Fiscal Year 2020 | Fiscal Year 2019 | Revenue Increase (Decrease) | % Change |
|---|---|---|---|---|
| Sales | | | | |
| Consolidated sales | | | | |
| Power gross sales | $ 1,937.9 | $ 1,965.7 | $ (27.8) | (1) % |
| Transmission | 700.5 | 675.3 | 25.2 | 4 |
| Bookouts (Power) | (29.2) | (22.8) | (6.4) | 28 |
| Consolidated sales | 2,609.2 | 2,618.2 | (9.0) | (0) |
| Other revenues | | | | |
| Power | 25.5 | 40.8 | (15.3) | (38) |
| Transmission | 34.7 | 35.8 | (1.1) | (3) |
| Other revenues | 60.2 | 76.6 | (16.4) | (21) |
| Sales | 2,669.4 | 2,694.8 | (25.4) | (1) |
| U.S. Treasury credits | 83.3 | 86.3 | (3.0) | (3) |
| Total operating revenues | $ 2,752.7 | $ 2,781.1 | $ (28.4) | (1) |

Total operating revenues decreased $28.4 million when compared to the same period of fiscal year 2019. Sales of Power and Transmission Services, including other revenues and the effect of bookouts, decreased $25.4 million.

Power Services gross sales decreased $27.8 million.

- Firm power sales decreased $19.0 million through the third quarter of fiscal year 2020. Lower loads for the composite product, which comprises a majority of BPA's firm revenues, led to a $40 million decrease. This effect was partially offset by the $21.0 million recorded under the Financial Reserves Policy surcharge that was implemented for fiscal year 2020 rates, but was not available in prior rate periods.
- Surplus power sales, including revenues from derivative instruments settled with physical deliveries, decreased $8.8 million. The decrease was mainly driven by lower short-term energy market prices that BPA was able to obtain for the sale of surplus power in fiscal year 2020 when compared to fiscal year 2019.

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.

Transmission Services sales increased $25.2 million largely due to the 3.6% average transmission rate increase for fiscal year 2020. In addition, moderately higher spring 2020 run-off resulted in increased short-term point-to-point service revenues of $3.2 million.

Other power revenues decreased $15.3 million, of which $13.0 million was due to a decrease in realized gains associated with financial futures trades. BPA uses financial futures contracts on energy as an operational hedge to mitigate for price volatility in the physical energy market. Financial futures contracts are settled financially and not through the delivery of power.

U.S. Treasury credits decreased $3.0 million for fish and wildlife mitigation due to decreased power purchase requirements because of increased streamflows through the third quarter of fiscal year 2020. Power purchases are needed to replace lost hydroelectric generation due to fish mitigation measures. Under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), BPA reduces its annual payment to the U.S. Treasury for the nonpower portion of expenditures, set at 22.3%, that BPA makes for fish and wildlife protection, mitigation and enhancement. Through the fiscal year, BPA records anticipated U.S. Treasury credits earned through the reporting period. At fiscal year-end, BPA calculates and records the annual amount of U.S. Treasury credits earned.

## Operating expenses

A comparison of FCRPS operating expenses follows for the nine months ended June 30, 2020, and June 30, 2019:

| *(Millions of dollars)* | Fiscal Year 2020 | Fiscal Year 2019 | Expense Increase (Decrease) | % Change |
|---|---|---|---|---|
| Operations and maintenance | $ 1,517.1 | $ 1,583.8 | $ (66.7) | (4) % |
| Purchased power | 92.3 | 268.5 | (176.2) | (66) |
| Nonfederal projects | - | 158.2 | (158.2) | (100) |
| Depreciation, amortization and accretion | 612.6 | 397.5 | 215.1 | 54 |
| Total operating expenses | $ 2,222.0 | $ 2,408.0 | $ (186.0) | (8) |

Total operating expenses decreased $186.0 million when compared to the same period of fiscal year 2019.

Operations and maintenance expense decreased $66.7 million, primarily because of the following factors:

- Energy Northwest's Columbia Generating Station nuclear power plant costs decreased $82.5 million because fiscal year 2019 was a refueling year. Refueling occurs biennially, most recently in fiscal year 2019, and refueling and maintenance expenses are higher in refueling years.
- U.S. Army Corps of Engineers operations and maintenance costs decreased $13.3 million largely due to execution delays in non-routine work caused by the COVID-19 pandemic.
- Conservation purchases increased $12.0 million because spending typically increases at the start of a new rate period. As part of the Energy Efficiency program, BPA provides its utility customers with funding for approved energy efficiency programs and measures. Energy efficiency program costs can fluctuate within a two-year rate period mainly due to program effectiveness and adoption.
- Various other Power, Transmission and Enterprise Services program costs saw a net increase of approximately $9 million when compared to the same period in the last fiscal year.
- Residential Exchange Program (REP) payments to investor-owned utilities (IOUs) and consumer-owned utilities (COUs) increased relative to last year by $8.7 million. Payments to IOUs increased pursuant to the 2012 Residential Exchange Program (REP) Settlement Agreement. Payments to the COUs vary depending on their loads and average system cost filings.

Purchased power expense, including the effects of bookouts, decreased $176.2 million primarily because of the following factors:

- Expenses related to BC Hydro water storage agreements decreased $119.0 million when compared to the same period of fiscal year 2019. In the second quarter of fiscal year 2019, high power prices resulted in BC Hydro, an electric utility owned by the Province of British Columbia, releasing water from Arrow Dam in Canada under certain water storage agreements. Per terms of the agreements between BPA and

BC Hydro, BPA recorded an expense and accrued a liability to BC Hydro for the value of the water released at the prevailing price at time of release. Such conditions have not repeated in fiscal year 2020, leading to much lower purchased power expense.

- Contracted power purchases decreased $29.5 million, which includes the effects of bookouts. BPA's need for purchased power declined in fiscal year 2020, especially during times of high market prices, compared to the same period of fiscal year 2019. In early 2019 during times of high market prices and extremely cold weather, BPA experienced a period of dry weather and low water available for power generation, which led to an increased amount of power purchases.
- BPA has made no purchases in fiscal year 2020 to meet preference customers' load growth, which is considered a Tier 2 power obligation. Prior to the BP-20 rate case BPA was obligated to make power purchases to meet preference customers' long-term load growth due to power purchase contracts that were signed with customers in fiscal years 2012 and 2013. These contracts expired in fiscal year 2019 and are no longer an obligation or necessity, as BPA can meet load growth with power that it would have otherwise sold as surplus power. Through the third quarter of fiscal year 2019, BPA had made $30.7 million of such Tier 2 power purchases.

Nonfederal projects expense is zero as a result of changes set forth in the BP-20 rate case and implemented at the start of fiscal year 2020. For further information, see Rates and the Effect of Regulations section.

Depreciation, amortization and accretion increased $215.1 million, primarily because of the following factors:

- Amortization and accretion expenses related to nonfederal generation assets, primarily the Columbia Generating Station, increased $161.4 million and $24.8 million, respectively. For further information on these fiscal year 2020 changes, see Rates and the Effect of Regulations section.
- Amortization expense related to the Terminated I-5 Corridor Reinforcement Project regulatory asset was $19.5 million. Fiscal year 2020 is the first of five years over which this regulatory asset will be amortized.
- Depreciation expense increased $6.7 million due to an increase in utility plant assets in service.

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

A comparison of FCRPS interest expense and other income, net follows for the nine months ended June 30, 2020, and June 30, 2019:

| *(Millions of dollars)* | Fiscal Year 2020 | Fiscal Year 2019 | Expense Increase (Decrease) | % Change |
|---|---|---|---|---|
| Interest expense | $ 355.2 | $ 184.2 | $ 171.0 | 93 % |
| Allowance for funds used during construction | (22.3) | (24.2) | 1.9 | (8) |
| Interest income | (2.8) | (7.2) | 4.4 | (61) |
| Other income, net | (5.4) | - | (5.4) | (100) |
| Total interest expense and other income, net | $ 324.7 | $ 152.8 | $ 171.9 | 113 |

Total interest expense and other income, net increased $171.9 million when compared to the same period of fiscal year 2019.

Interest expense increased $171.0 million, primary due to an increase in nonfederal-related interest resulting from changes set forth in the BP-20 rate case and implemented at the start of fiscal year 2020. For further information, see Rates and the Effect of Regulations section.

Other income, net, relates primarily to dividends and net realized gains on investments held in the nonfederal nuclear decommissioning trusts. Income of $10.5 million was partially offset by a $5.1 million loss incurred in June 2020 when certain Port of Morrow lease-purchase liabilities were extinguished via a debt refinancing.

## Other Operational Matters

**U.S. Treasury liquidity facility**

In October 2019, BPA issued $100.0 million of short-term debt on its liquidity facility with the U.S. Treasury. BPA borrowed this amount to meet operating expenses and manage within-year working capital. BPA repaid this amount in December 2019.

**U.S. Treasury bond refinancing**

Through the third quarter of fiscal year 2020, BPA refinanced an aggregate $668.0 million of variable-rate debt for fixed-rate debt. BPA refinanced this debt at par value with no gain or loss, taking advantage of historically low fixed interest rates.

**Energy Northwest line of credit activity**

In January 2019, Energy Northwest obtained a $227 million line of credit to finance operations and maintenance expenses and interest payments for outstanding bonds related to CGS. In May 2020, BPA funded Energy Northwest's repayment of the entire $227 million owed. This amount is recorded as a repayment of nonfederal debt in the FCRPS Combined Statement of Cash Flows.

In May 2020, Energy Northwest obtained two separate $150 million lines of credit from two banks. These amounts were intended to facilitate the refinancing of maturing bonds and fund interest payments and capital expenditures in case the COVID-19 pandemic prevented Energy Northwest from issuing bonds for the purposes described above. Through June 30, 2020, Energy Northwest had drawn $10 million of the $300 million available. BPA will fund the repayment of this debt.

**Noncash transactions**

Management adopted Topic 842, Leases, effective Oct. 1, 2019. As a result of adoption on October 1, management recorded the following noncash transactions during the first quarter of fiscal year 2020:

- Recognition of $41.8 million of operating lease right-of-use assets and $41.8 million lease liabilities within Deferred charges and other and Deferred credits and other, respectively, on the Combined Balance Sheets.
- Derecognition of $49.2 million build-to-suit, construction work in progress asset and $49.2 million of Nonfederal debt, on the Combined Balance Sheets.
- Recognition of $88.7 million of finance lease assets and $88.7 million lease liabilities within Completed plant and Nonfederal debt, respectively, on the Combined Balance Sheets.

**COVID-19 Pandemic and Effects on the Bonneville Power Administration**

Currently there are no significant operational impacts to mission essential functions because of the coronavirus and associated COVID-19 pandemic. However, at the request of certain customers that are experiencing financial hardship due to the COVID-19 pandemic, BPA suspended the Financial Reserves Policy surcharge for the final three months of fiscal year 2020 and all of fiscal year 2021. (See previous discussion in Rates for Fiscal Years 2020–2021.) In addition, BPA suspended work on non-essential construction projects during the fiscal third quarter, focusing instead on projects that ensure the continued reliability of the transmission grid. By the end of June, work had restarted on the suspended projects, which require enhanced COVID-19 safety protocols.

The COVID-19 pandemic did not materially affect FCRPS net revenues through the nine months ended June 30, 2020. In addition, during the third quarter of fiscal year 2020 the nonfederal nuclear decommissioning trust fund assets for the Columbia Generating Station recovered much of the unrealized losses experienced during the second quarter. Because of the COVID-19 pandemic, stock markets worldwide fell sharply during late February and March but recovered somewhat through June 30. As a result, equity index funds owned by the trust accounts experienced swings in valuations.

On March 13, 2020, BPA implemented maximum telework operations for non-essential employees and contract personnel and closed its Portland, Vancouver and Spokane facilities to non-essential staff until further notice. BPA continues to fulfill its mission to deliver reliable power and transmission service throughout the region, and management continues to actively monitor and take actions in response to this evolving public health threat under its continuity of operations plans. During the Quarterly Business Review (QBR) meeting on August 5, and at the August 18 QBR Technical Workshop, BPA may discuss COVID-19, including management's views on known or possible operational and financial impacts of COVID-19, as well as mitigating actions that BPA has or may employ.

BPA cannot predict the potential impacts of COVID-19, if any, on BPA's future operations or financial results. If the COVID-19 pandemic continues and efforts to contain it are unsuccessful or disrupt BPA's ability to operate, FCRPS financial results could be adversely impacted.

# Additional Information

To see BPA's annual and quarterly reports, go to www.bpa.gov/goto/AnnualReport

For general information about BPA, refer to BPA's home page at www.bpa.gov

For information on Power Services, go to www.bpa.gov/power

For information on Transmission Services, go to www.bpa.gov/transmission

# Federal Columbia River Power System

## Combined Balance Sheets (Unaudited)

(Millions of dollars)

| | As of June 30, 2020 | As of September 30, 2019 |
|---|---|---|
| **Assets** | | |
| **Utility plant and nonfederal generation** | | |
| Completed plant | **$ 20,220.5** | $ 19,894.9 |
| Accumulated depreciation | **(7,424.9)** | (7,179.5) |
| Net completed plant | **12,795.6** | 12,715.4 |
| Construction work in progress | **1,298.7** | 1,248.2 |
| **Net utility plant** | **14,094.3** | 13,963.6 |
| Nonfederal generation | **3,579.0** | 3,774.3 |
| **Net utility plant and nonfederal generation** | **17,673.3** | 17,737.9 |
| **Current assets** | | |
| Cash and cash equivalents | **977.7** | 523.5 |
| Accounts receivable, net of allowance | **23.6** | 40.3 |
| Accrued unbilled revenues | **289.4** | 294.1 |
| Materials and supplies, at average cost | **110.4** | 106.5 |
| Prepaid expenses | **71.4** | 31.0 |
| **Total current assets** | **1,472.5** | 995.4 |
| **Other assets** | | |
| Regulatory assets | **5,065.2** | 5,292.1 |
| Nonfederal nuclear decommissioning trusts | **386.1** | 391.6 |
| Deferred charges and other | **274.0** | 140.9 |
| **Total other assets** | **5,725.3** | 5,824.6 |
| **Total assets** | **$ 24,871.1** | $ 24,557.9 |
| **Capitalization and Liabilities** | | |
| **Capitalization and long-term liabilities** | | |
| Accumulated net revenues | **$ 4,521.4** | $ 4,315.4 |
| Debt | | |
| Federal appropriations | **1,621.3** | 1,595.2 |
| Borrowings from U.S. Treasury | **5,234.6** | 4,850.6 |
| Nonfederal debt | **6,754.7** | 6,701.7 |
| **Total capitalization and long-term liabilities** | **18,132.0** | 17,462.9 |
| **Commitments and contingencies (See Note 13 to 2019 Audited Financial Statements)** | | |
| **Current liabilities** | | |
| Debt | | |
| Borrowings from U.S. Treasury | **635.0** | 429.0 |
| Nonfederal debt | **669.8** | 891.6 |
| Accounts payable and other | **419.7** | 551.6 |
| **Total current liabilities** | **1,724.5** | 1,872.2 |
| **Other liabilities** | | |
| Regulatory liabilities | **1,663.4** | 1,804.5 |
| IOU exchange benefits | **1,947.6** | 2,092.8 |
| Asset retirement obligations | **882.5** | 821.2 |
| Deferred credits and other | **521.1** | 504.3 |
| **Total other liabilities** | **5,014.6** | 5,222.8 |
| **Total capitalization and liabilities** | **$ 24,871.1** | $ 24,557.9 |

# Federal Columbia River Power System

## Combined Statements of Revenues and Expenses (Unaudited)

(Millions of dollars)

| | Three Months Ended June 30, | | Fiscal Year-to-Date Ended June 30, | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| **Operating revenues** | | | | |
| Sales | **$ 863.4** | $ 863.1 | **$ 2,669.4** | $ 2,694.8 |
| U.S. Treasury credits | **23.1** | 9.2 | **83.3** | 86.3 |
| **Total operating revenues** | **886.5** | 872.3 | **2,752.7** | 2,781.1 |
| **Operating expenses** | | | | |
| Operations and maintenance | **506.8** | 538.1 | **1,517.1** | 1,583.8 |
| Purchased power | **22.3** | 19.0 | **92.3** | 268.5 |
| Nonfederal projects | **-** | 54.3 | **-** | 158.2 |
| Depreciation, amortization and accretion | **205.3** | 133.1 | **612.6** | 397.5 |
| **Total operating expenses** | **734.4** | 744.5 | **2,222.0** | 2,408.0 |
| **Net operating revenues** | **152.1** | 127.8 | **530.7** | 373.1 |
| **Interest expense and other income, net** | | | | |
| Interest expense | **116.4** | 61.0 | **355.2** | 184.2 |
| Allowance for funds used during construction | **(7.5)** | (8.5) | **(22.3)** | (24.2) |
| Interest income | **(0.5)** | (2.6) | **(2.8)** | (7.2) |
| Other income, net | **0.4** | - | **(5.4)** | - |
| **Total interest expense and other income, net** | **108.8** | 49.9 | **324.7** | 152.8 |
| **Net revenues** | **$ 43.3** | $ 77.9 | **$ 206.0** | $ 220.3 |

# Federal Columbia River Power System
## Combined Statements of Cash Flows (Unaudited)
(Millions of dollars)

| | Fiscal Year-to-Date Ended June 30, 2020 | 2019 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net revenues | **$ 206.0** | $ 220.3 |
| Adjustments to reconcile net revenues to cash provided by operations: | | |
| Depreciation, amortization and accretion | **612.6** | 397.5 |
| Amortization of nonfederal projects | **-** | 152.6 |
| Deferred payments for Energy Northwest-related O&M and interest | **10.0** | 227.0 |
| Other | **4.7** | - |
| Changes in: | | |
| Receivables and unbilled revenues | **21.4** | 24.8 |
| Materials and supplies | **(3.9)** | 3.3 |
| Prepaid expenses | **(40.4)** | (3.5) |
| Accounts payable and other | **(18.2)** | (33.1) |
| Regulatory assets and liabilities | **(8.9)** | 49.0 |
| IOU exchange benefits | **(145.2)** | (130.9) |
| Other assets and liabilities | **(44.8)** | (12.5) |
| **Net cash provided by operating activities** | **593.3** | 894.5 |
| **Cash flows from investing activities** | | |
| Investments in utility plant, including AFUDC | **(415.7)** | (450.5) |
| Proceeds from sale of utility plant | **6.4** | - |
| U.S. Treasury securities: | | |
| Purchases | **-** | (110.0) |
| Maturities | **-** | 150.0 |
| Deposits to nonfederal nuclear decommissioning trusts | **(3.0)** | (2.9) |
| Lease-purchase trust funds: | | |
| Deposits to | **(71.0)** | - |
| Receipts from | **36.8** | 39.4 |
| **Net cash used for investing activities** | **(446.5)** | (374.0) |
| **Cash flows from financing activities** | | |
| Federal appropriations: | | |
| Proceeds | **26.1** | 35.3 |
| Borrowings from U.S. Treasury: | | |
| Proceeds | **1,358.0** | 75.0 |
| Repayment | **(768.0)** | (312.0) |
| Nonfederal debt: | | |
| Proceeds | **71.1** | 4.0 |
| Repayment | **(382.2)** | (359.5) |
| Debt extinguishment costs | **(5.1)** | - |
| Customers: | | |
| Net advances for construction | **18.5** | 21.9 |
| Repayment of funds used for construction | **(11.4)** | (10.9) |
| **Net cash provided by (used for) financing activities** | **307.0** | (546.2) |
| **Net increase (decrease) in cash, cash equivalents and restricted cash** | **$ 453.8** | $ (25.7) |
| Cash, cash equivalents and restricted cash at beginning of year | **534.9** | 816.4 |
| **Cash, cash equivalents and restricted cash at end of quarter** | **$ 988.7** | $ 790.7 |
| Less: Restricted cash at end of quarter, reported in Deferred charges and other | **11.0** | 11.7 |
| **Cash and cash equivalents at end of quarter** | **$ 977.7** | $ 779.0 |
| **Supplemental disclosures:** | | |
| Cash paid for interest, net of amount capitalized | **$ 331.1** | $ 198.4 |
| Significant noncash activities: | | |
| Nonfederal debt increase | **$ 930.8** | $ 743.3 |
| Nonfederal debt decrease | **$ (784.3)** | $ (263.9) |
| Nonfederal debt cost of issuance | **$ (4.2)** | $ - |
| Increase in Nonfederal generation asset | **$ -** | $ 825.2 |

Captions from the prior period have been combined for comparability with the current period.