

1994 Annual Report
Bonneville Power Administration

Table of Contents

Financial Highlights	2
Letter to the President	3
Serving the Pacific Northwest Economy	4
A New Emphasis on Customer Service	6
Custom-Tailored Service	8
Aiming for Results	10
Service You Can Count On	12
Mission Statement	15
Financial Section	15
Management's Discussion & Analysis	16
Balance Sheets	24
Statements of Revenues & Expenses	26
Statements of Changes in Capitalization & Long-Term Liabilities	27
Statements of Cash Flows	28
Notes to Financial Statements	29
Schedule of Amount & Allocation of Plant Investment	36
Report of Independent Accountants	38
Federal Repayment	39
Sales of Electric Power	42
Federal System Hydroelectric Projects	49
Organization Chart	50
BPA Offices	52

Financial Highlights

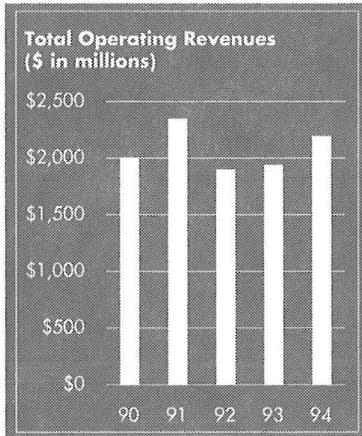
Federal Columbia River Power System

September 30

FY 1994

FY 1993

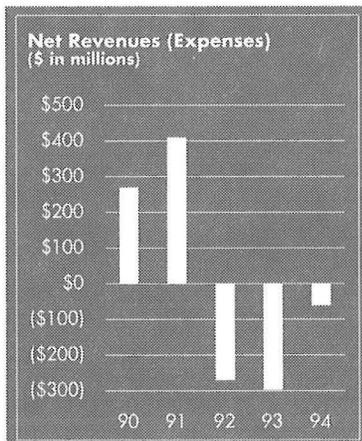
(Thousands of Dollars)



Operating Revenues

Sales of electric power:

Sales within the Northwest region	\$ 1,952,231	\$ 1,738,768
Sales outside the Northwest region	76,461	75,262
Wheeling and other sales	167,256	128,429
Total operating revenues	2,195,948	1,942,459
Total operating expenses	1,880,334	1,879,694
Net operating revenues	315,614	62,765
Net interest expense	376,275	359,725
Net expenses	\$ (60,661)	\$ (296,960)



End of Year

Total Assets (Net of accumulated depreciation)	\$ 16,618,875	\$ 16,274,391
Total Capitalization and Liabilities:		
Accumulated net expenses	\$ (470,297)	\$ (409,636)
Federal appropriations	6,824,117	6,867,316
Long-term debt	2,616,500	2,331,873
Non-federal projects debt	7,259,003	7,144,736
Other	389,552	340,102
	\$ 16,618,875	\$ 16,274,391
Employees (staff years)	3,444	3,655

To President Clinton

Dear Mr. President:

The Bonneville Power Administration is undergoing momentous change, the most dramatic sudden turnabout since passage of the Northwest Power Act in 1980. After moving decisively to meet the challenges posed by deregulation, BPA is in much better shape to meet its economic, social, and environmental challenges than it was just a year ago.

In 1994 we completely reorganized the agency, with an eye toward making BPA — and our utility customers — more competitive. We surveyed our market and drafted a business strategy that shapes our products to fit what customers want and are willing to pay for. We cut budgeted costs. We eliminated, or won waivers on, much of the bureaucratic red tape that slowed things down. Fewer people work here, and those who do are more responsive to customers.

Our business must flourish in order to support our broader commitments to fish and wildlife, energy conservation, and other social values. Economic survival is not enough. Unless we deliver economically *and* environmentally, we are not delivering on our mission.

Change hasn't been easy, and it's not over, but we do have sound strategies in place

to take advantage of the basic strengths of the federal power system. We are still the region's lowest-cost supplier of electricity. We own three-quarters of the region's high-voltage power lines, and most of the links to the north, south, and east. And we have the bulk of Northwest water storage capacity.

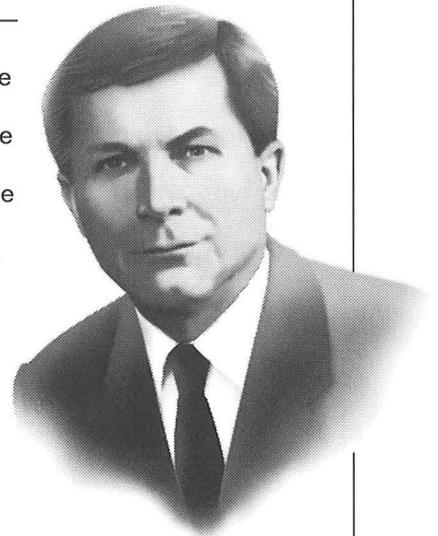
Several accomplishments in the past year added stability to BPA's position. We reached or are nearing agreements with Canadian and other American parties on how the Columbia River's benefits are to be shared in the future. A 12-year annual battle about how to retire BPA's debt is close to resolution. And we avoided raising power rates for 1995.

In short, we are well-positioned to serve the region. This annual report is dedicated to the idea that service — sharp customer service as well as responsible public service — is the key to this New BPA.

Respectfully,



Randall W. Hardy
Administrator



Serving the Pacific Northwest Economy

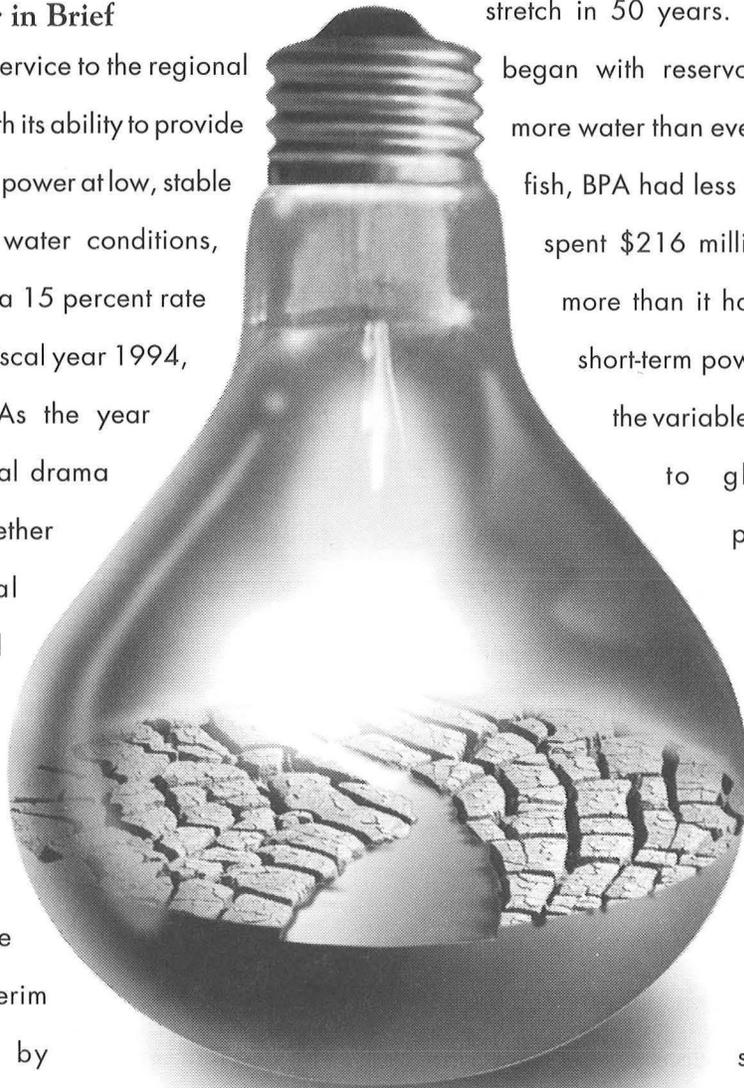
The Fiscal Year in Brief

Bonneville's service to the regional economy starts with its ability to provide wholesale electric power at low, stable rates. Adverse water conditions, which had led to a 15 percent rate increase to start fiscal year 1994, did not abate. As the year went on, the fiscal drama centered on whether BPA's financial reserves would drop below \$145 million and trigger another rate hike for fiscal year 1995. We avoided the interim rate increase by spending much less than budgeted and reshaping incremental power sales, but it wasn't a sure thing until August.

The problem again was not enough water. For six of the last seven years, runoff in the Columbia River Basin has fallen short of average. Now we're in the driest three-year

stretch in 50 years. Because the year began with reservoirs depleted, and more water than ever was dedicated to fish, BPA had less power to sell. BPA spent \$216 million — \$55 million more than it had budgeted — on short-term power purchases. And the variable industrial rate, tied to global aluminum prices, remained low throughout the year.

The picture was considerably brighter in areas we could control. Bonneville cut its administrative costs, and total operating expenses for the year were \$36 million less than had been projected in the rate case. BPA also, with the help of the Northwest congressional delegation and the backing of the Administration, received an \$18.7 million contribution to its U.S. Treasury payment for 1994 emergency spill and flow augmentation.



Bonneville made its planned \$696-million payment to the U.S. Treasury as the fiscal year ended. For the eleventh consecutive year, BPA met this annual obligation on time and in full.

Total expenses in 1994 exceeded total revenues by \$61 million. BPA's financial reserves, which consist of cash and unused borrowing authority, have dropped from \$877 million at the end of fiscal year 1991 to \$232 million at the end of 1994.

Reversal of this trend is what the Competitiveness Project (next page) is all about, and several actions taken this year promise to help stabilize BPA's financial future. In September, legislation to refinance BPA's debt was approved by the Administration. If passed by Congress, it will, with little impact on rates, help reduce the federal deficit and put to rest 12 years of contention about how BPA's debt is to be repaid. This year Congress passed legislation that settled the issue of compensating Colville Tribes for a share of the power values from Grand Coulee Dam. And Bonneville won relief from \$10 million per year in future preservation costs when the Washington Public Power Supply System decided — at BPA's urging — to terminate two unfinished nuclear

plants, WNP-1 and WNP-3, starting in January 1995.

Bonneville also worked closely in 1994 with the Department of Energy and other agencies to seek waivers of unnecessary barriers to businesslike activity. BPA got relief from some of the rules on purchasing equipment and services, for example. While that effort was fruitful, it was not a complete or lasting fix. In order to permanently remove much of the red tape that hinders the agency, Bonneville is proposing draft legislation that would make BPA a federal corporation. Federal corporations generally adhere to practices more relevant to commercial activities, such as power marketing, than do regular federal agencies. Without changing our mission or responsibilities, the legislation would enhance BPA's accountability to the region and remove administrative burdens that don't make sense.

A New Emphasis on Customer Service

The Competitiveness Project

The impetus for change came from a recent and dramatic narrowing of the gap between what Bonneville and its competitors could offer in the way of power rates and delivery services. Facing deregulation and new market conditions, BPA had to cinch up its belt and focus on what customers said was most important: low and stable prices, and responsive customer service. We had to be more competitive.

The Competitiveness Project began in February 1993 with a top-to-bottom and function-by-function review of everything BPA does. Spurred by the Vice President's naming Bonneville a government "reinvention laboratory," BPA managers huddled with customers and interest groups and came out with a new strategic mission. With input from advisory groups and sounding boards, Bonneville then hammered out a set of business objectives that will enable the agency to better serve the region. In the meantime, a thorough overhaul of the agency's structure was under way. As fiscal year 1994 came to a close, the transformation was basically complete.

Gone is an agency built around geographic areas of service. In its place is a BPA organized by the types of customers we serve. There are six **segment managers**, each of them watching the special needs of a customer group — generating public utilities, non-generating public utilities, direct service industries, investor-owned utilities, independent power producers, or utilities outside the region.

Gone are layers of management that often frustrated customers' attempts to find the person who could get a job done. In their place are **account executives**, each of them answerable to one or more individual customers such as the Montana Power Co. or the City of Centralia. Some account executives deal directly with non-customer groups such as the state of Oregon, or Umatilla Tribes.

Gone is the underlying assumption that you come to us. In its place, we come to you.

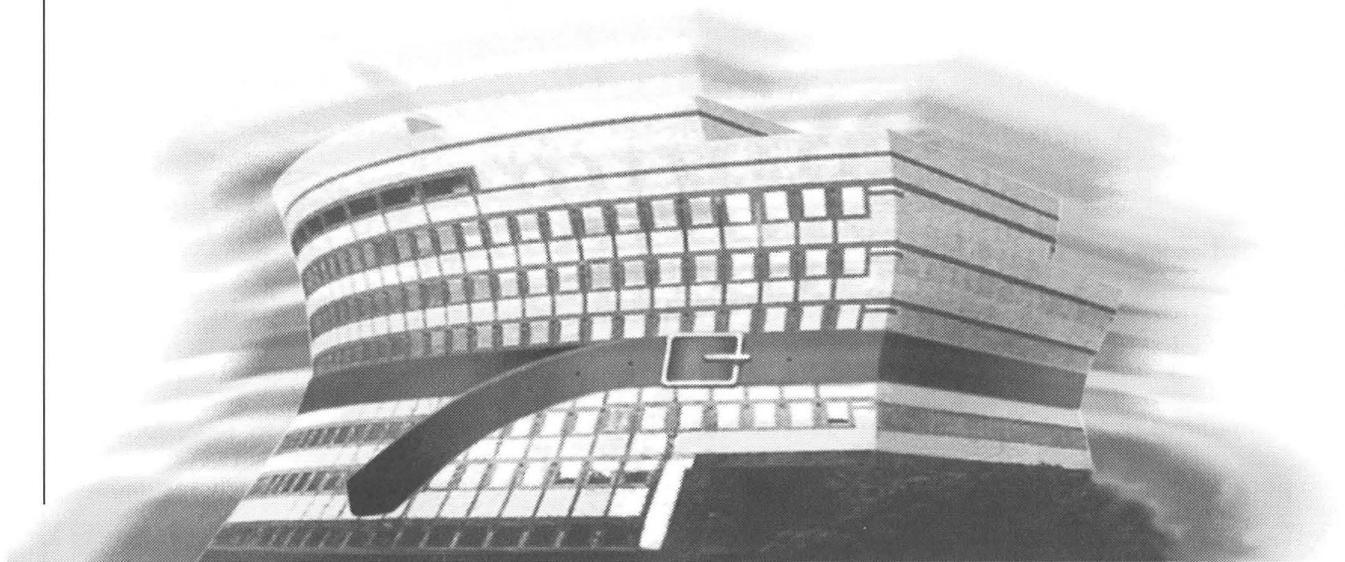
A moving target of the Competitiveness Project is to get the job done better with fewer people and at lower cost. Last year the announced goal was to reduce the BPA work force by 600 to 800 by 1997. Now, faced with continuing drought and uncertain

fish costs, we need to cut more, sooner. The new goal is to reduce by 1,000 workers — 500 employees and 500 contractors — by 1996. The reduction is on track. This year 357 employees opted for separation incentives or early retirement. Additional cost-cutting and efficiencies have cut about \$300 million per year from BPA's planned expenditures for fiscal years 1996-2002.

The transformation is designed to make Bonneville not just smaller and cheaper, but also smarter and more businesslike. With

downsizing comes a new emphasis on measuring and rewarding output rather than process. BPA sales and service people are empowered to make independent decisions, and their success will be judged on results.

They are supported by a work force that emphasizes teamwork and communication. All across the agency, BPA employees are prepared to extend the same passionate service to their sales and service people that customers expect on the front line.



Custom-Tailored Service

The Business Plan

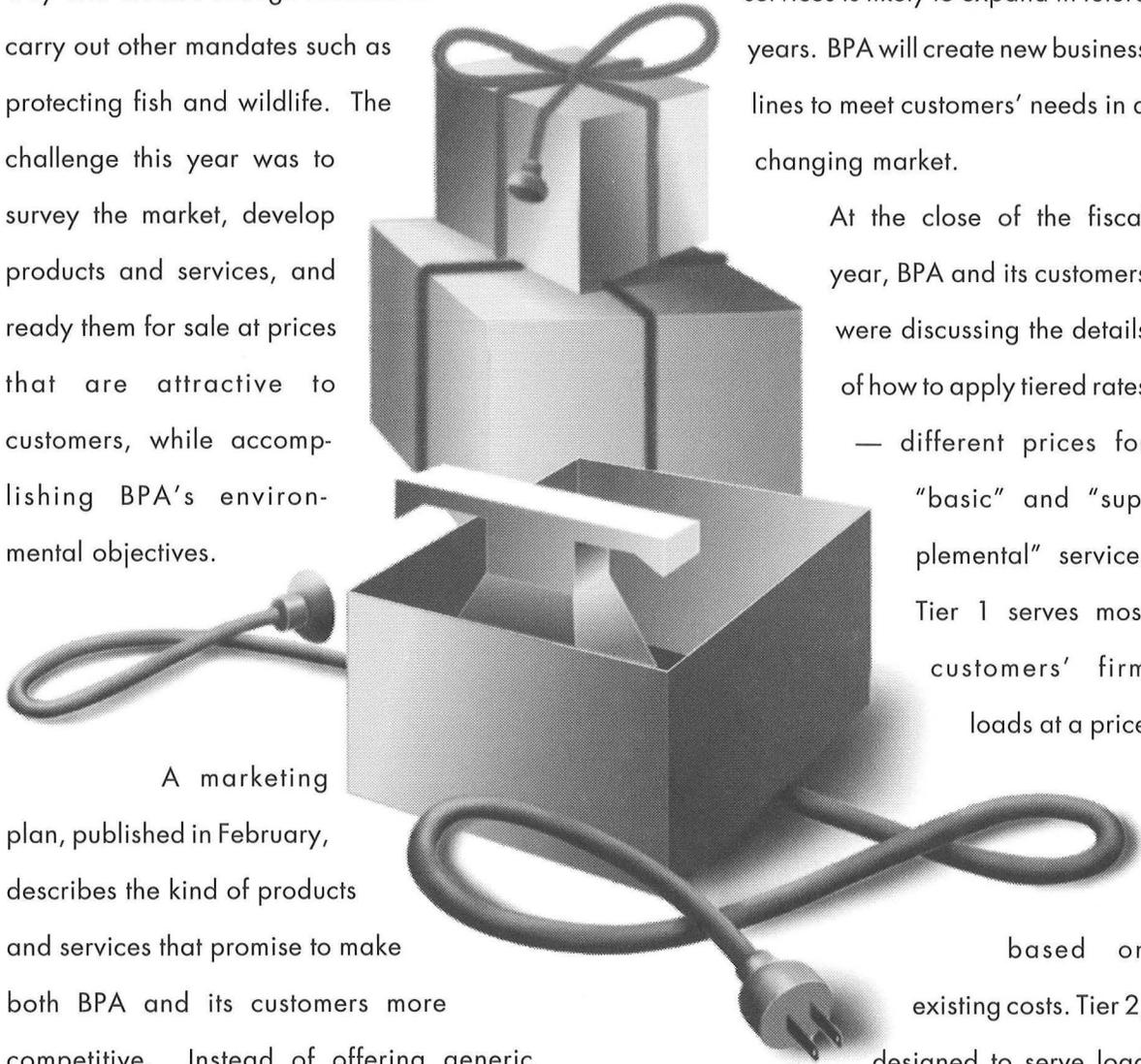
BPA is positioning itself to operate more as a business — a business that sells and delivers electricity in an environmentally responsible way and creates enough revenue to carry out other mandates such as protecting fish and wildlife. The challenge this year was to survey the market, develop products and services, and ready them for sale at prices that are attractive to customers, while accomplishing BPA's environmental objectives.

A marketing plan, published in February, describes the kind of products and services that promise to make both BPA and its customers more competitive. Instead of offering generic packages (one-size-fits-all), products and services will be unbundled and rebundled to fit discrete market segments. The unbundled

product line makes possible different combinations of power, transmission, load-shaping, wheeling, and environmental services. The initial offering of products and services is likely to expand in future years. BPA will create new business lines to meet customers' needs in a changing market.

At the close of the fiscal year, BPA and its customers were discussing the details of how to apply tiered rates — different prices for “basic” and “supplemental” service. Tier 1 serves most customers' firm loads at a price

based on existing costs. Tier 2, designed to serve load growth, is more expensive. It includes the costs of acquiring new resources. Tiered rates are meant to create incentives for energy



conservation and efficient resource acquisitions. They are expected to apply in the 1996-97 rate period, and for current and new long-term power sales contracts.

The marketing plan is but one part of Bonneville's Strategic Business Plan, the overall blueprint for constructing a more businesslike BPA. The plan lists specific business objectives. It also provides the critical indicators that serve as yardsticks for measuring the agency's success in reaching each objective. Included are long-range strategic action plans for each of six major groups in the reorganized BPA.

A draft of the Business Plan, for public review and comment, came out in June. Those comments were due near the end of the fiscal year, and a "final" Business Plan will be published in June 1995. Final is not quite the right word. The Business Plan will be re-examined and revised in future years as the competitive environment evolves, and as BPA gains experience about which parts of the plan work best.

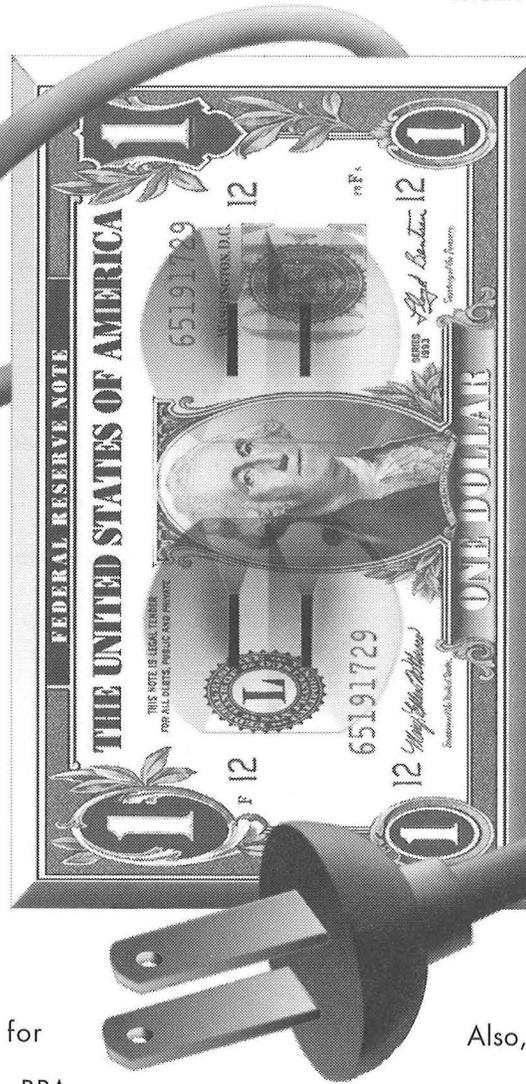
Accompanying the Business Plan is an environmental impact statement. It describes six alternative business approaches under fundamentally different schemes for operating the federal hydro system. The statement shows how Bonneville's customers might react to different BPA choices, and it projects the alternative impacts on the environment through the year 2003. Considerations of environmental impact helped shape the Business Plan, from the beginning.

Aiming for Results

Conservation Reinvention

Bonneville intends to capture all cost-effective energy conservation opportunities and meet BPA's target — set by the Northwest Power Planning Council at 660 average megawatts — by the year 2003. The goal hasn't changed. But the Business Plan proposes new ways to meet that goal. The plan is to decentralize the region's conservation efforts by 1996. Much of the direct responsibility for meeting BPA's conservation target will shift to our customers.

Part of the goal will still be met by BPA-funded programs that aim for electricity savings on a broad scale. BPA will encourage tougher energy-efficiency codes. And it will pay for research and development that promises design improvements in buildings and products. But customers will be asked to plan and manage local energy conservation programs that, taken together, will meet regional goals.



Much of conservation reinvention is tied to tiered rates, which reward those who conserve. Growth in demand for power would be served by the more

expensive tier 2 rates.

Also, BPA will offer a menu of demand-side products and services such as technical advice, financing for energy efficiencies, energy audits, and engineering design assistance. These are expected to help customers help themselves, and to maintain the momentum the region has achieved in conservation.

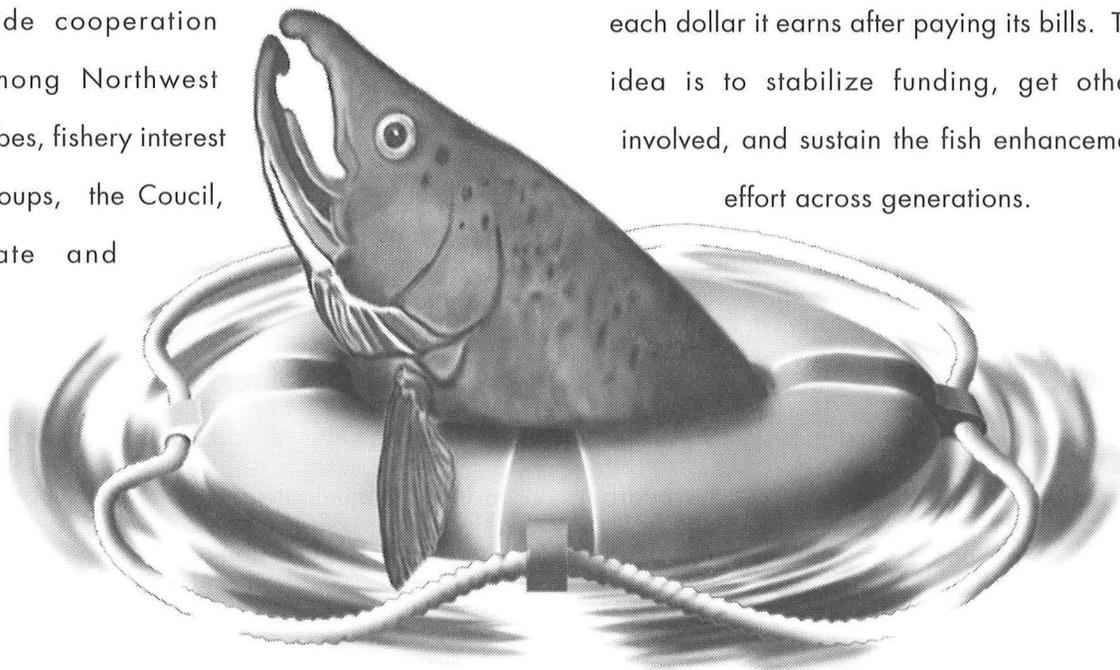
Fish and Wildlife

In re-examining the agency this year, it was clear BPA needed a new strategy to guide its fish and wildlife investments. Our determination to do what's best for salmon and steelhead, for example, has been frustrated by a lack of scientific consensus in the region about what steps should be taken. BPA worked with the Northwest Power Planning Council and others in 1994 on the extremely difficult task of refining fish and wildlife goals and choosing the measures that promise the greatest results.

The Business Plan describes BPA as a partner in a broader ecosystem-based planning effort. It recognizes the need for region-wide cooperation among Northwest tribes, fishery interest groups, the Council, state and

federal agencies, customers, and others. The goal is a fish and wildlife program that is biologically sound, with measurable objectives. And it has to be cost-effective, in the long run, for BPA to sustain its competitiveness and keep funding the program.

An ecosystem plan that makes sense for fish should have a similar — much broader — funding base. BPA discussed with the Council and others this year the idea of a Columbia Basin EcoTrust, in which the region's resources would be pooled in order to cut overhead expenses and channel funds toward priority projects. Bonneville would guarantee a basic level of funding for at least five years, while building up a trust fund with 10 percent of each dollar it earns after paying its bills. The idea is to stabilize funding, get others involved, and sustain the fish enhancement effort across generations.



Service You Can Count On

For all the streamlining and refigurations, customers say they value most highly the reliability of BPA's service. They don't want to jeopardize Bonneville's history of delivering power the region can count on.

Transmission reliability is a formidable challenge, one that often goes unnoticed unless it is not met. This year BPA has been planning with the Northwest Power Pool to meet loads in the event of cold snaps or transmission constraints such as the fire — and then an earthquake — that damaged the California end of the DC intertie. And BPA and Puget Sound area utilities have largely eliminated the risk of blackout due to voltage sag, a threat that looked very real in that fast-growing area just a few years ago. The problem was solved by putting new equipment in existing substations, building two new 500-kilovolt substations, boosting energy conservation efforts, and agreeing on procedures in which customers "share the shortage" in the event of system crisis.

The federal transmission system's transfer capacity is relatively certain, but the hydro system itself is under extreme pressure, not just from adverse weather conditions but also from

conflicting demands on what the river can be expected to do.

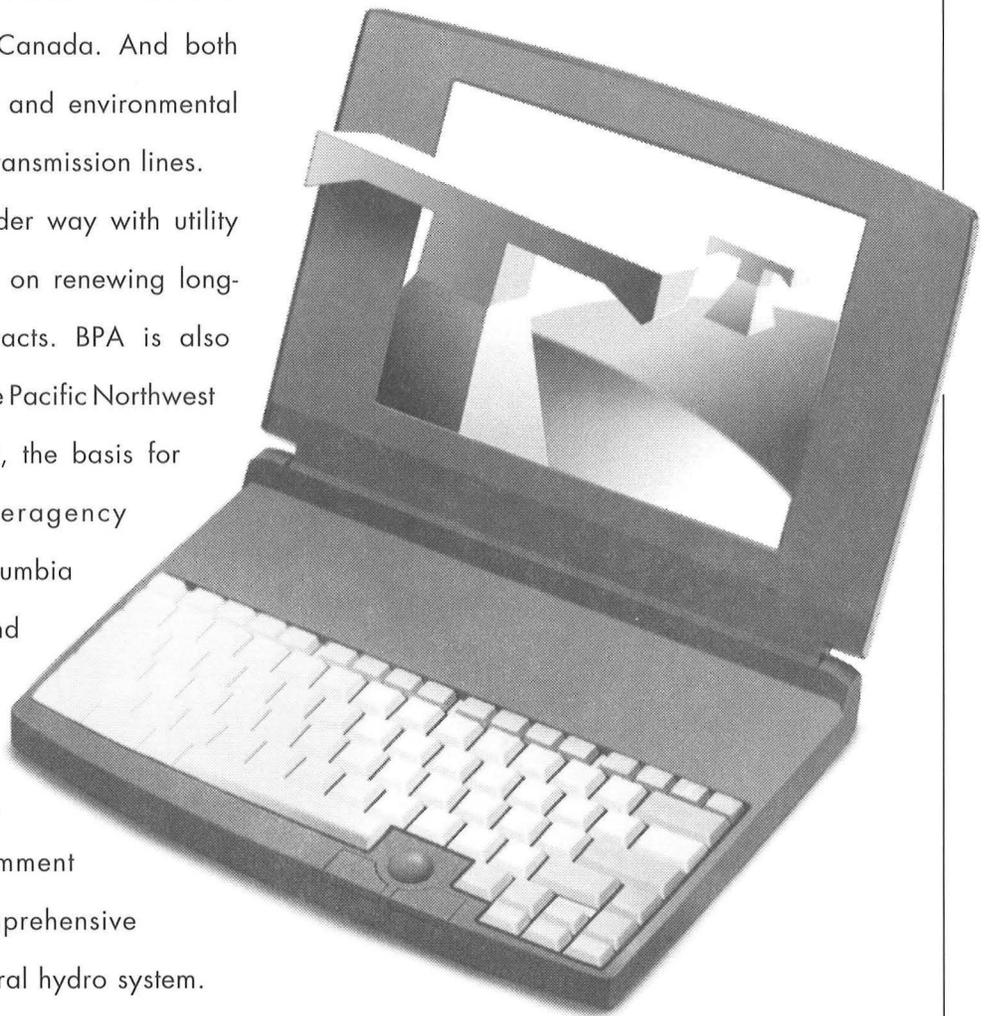
The biggest unanswered question relates to the Endangered Species Act. How much of the river's flow should be devoted specifically to assisting fish migration? In 1994, augmentation flows exceeded 10 million acre-feet of water, and increased regulated flows by 40 percent during fish migration. This despite one of the lowest years on record for streamflows. In addition, special spills of water at the dams were ordered by the National Marine Fisheries Service. But the U.S. District Court ruled in March that the NMFS biological opinion was flawed, and sent federal agencies back to the drawing board. A Ninth Circuit Court ruling in September raised questions about the Northwest Power Planning Council's fish and wildlife program. The effects of these decisions are not yet known, but they are likely to have a significant impact on future hydro operations.

The enemy of any power system is uncertainty. On several fronts, Bonneville acted in 1994 to eliminate areas of uncertainty and shore up system reliability.

In September, Bonneville reached an agreement in principle on the Canadian Entitlement — Canada's portion of the additional downstream generation that resulted from the Columbia River Treaty. Existing pacts on the entitlement, which was sold to U.S. utilities in 1964, expire in stages beginning in 1998. The new deal relieves BPA of having to find about 450 megawatts of replacement power if the entire entitlement had to be returned to Canada. And both countries avoid the cost and environmental impact of building new transmission lines.

Negotiations are under way with utility and industrial customers on renewing long-term power sales contracts. BPA is also considering renewal of the Pacific Northwest Coordination Agreement, the basis for interutility and interagency coordination of the Columbia River power system. And with the U.S. Army Corps of Engineers and Bureau of Reclamation, BPA sought public comment this summer on a comprehensive review of the entire federal hydro system.

The System Operation Review analyzes alternative strategies, and their environmental effects, for operating the system. Its completion will add a welcome degree of certainty to regional power planning.



Financial Section

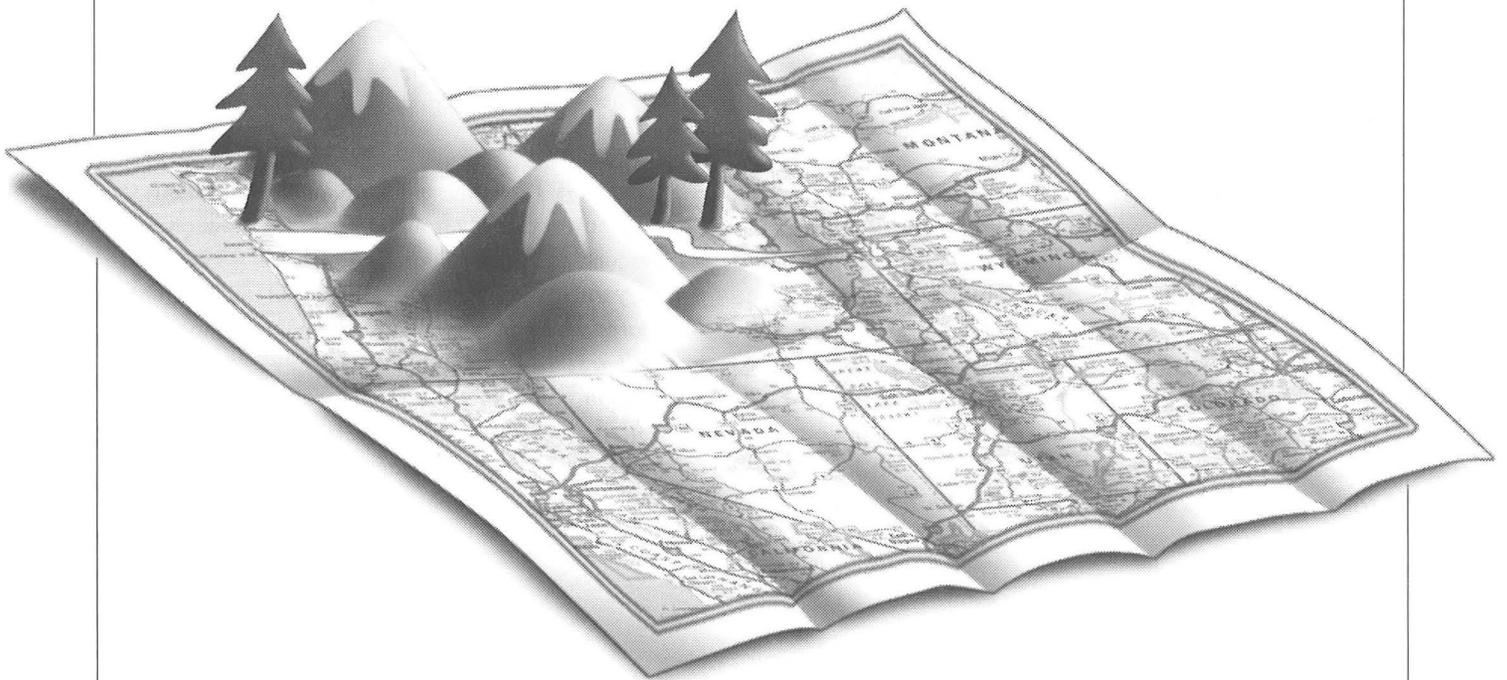
BPA Mission Statement

BPA provides electric power, transmission, and energy-efficiency services in increasingly competitive markets. Our success in the marketplace supports the achievement of our vital responsibilities for fish and wildlife. We succeed by satisfying our customers and enhancing the economic and environmental health of the Pacific Northwest.

We will remain the least-cost producer and a creative and flexible marketer in the region. Our success will help ensure financially strong Pacific Northwest communities.

We value the individual diversity, entrepreneurial spirit, personal responsibility, and public service of our fellow workers. We welcome new ideas and are accessible to the citizens of the Pacific Northwest.

June 1994



"Unless we deliver economically and environmentally we are not delivering on our mission."

Management's Discussion & Analysis

Results of Operations

Federal Columbia River Power System revenues are less predictable from year to year than are expenses, but both answer to the vagaries of weather. In 1994, power sales were limited by low streamflows in the Northwest, and expenses increased due to the corresponding need to import replacement power. Low aluminum prices and special water releases devoted to fish migration also contributed to lower than expected revenues.

Total FCRPS expenses exceeded revenues by \$61 million in 1994. After four straight years of positive net revenues, ending in 1991, revenues have failed to cover expenses for three years in a row. BPA's net expense was \$274 million in 1992, and \$297 million in 1993.

Revenues

Total FCRPS operating revenues rose by \$253 million to \$2,196 million, an increase of 13 percent. In 1993, revenues had risen less than 1 percent over the year before.

Most of the difference this year was due to an average wholesale power rate increase of 15 percent for the 1994-95 rate period. The volume of megawatt-hour sales did not change dramatically in any customer category. The year began with reservoirs low. Then came water releases and emergency spill related to the Endangered Species Act. While water releases did generate power, the surplus came when Northwest temperatures were warm and power sold at lower rates. Prices were much higher when BPA had to buy

the power back, in winter. The region has experienced steady economic growth since 1992, but the load growth normally associated with economic expansion was masked in 1994 by an unusually mild winter. Revenue trends vary by customer class, as indicated in the accompanying charts and in the following descriptions.

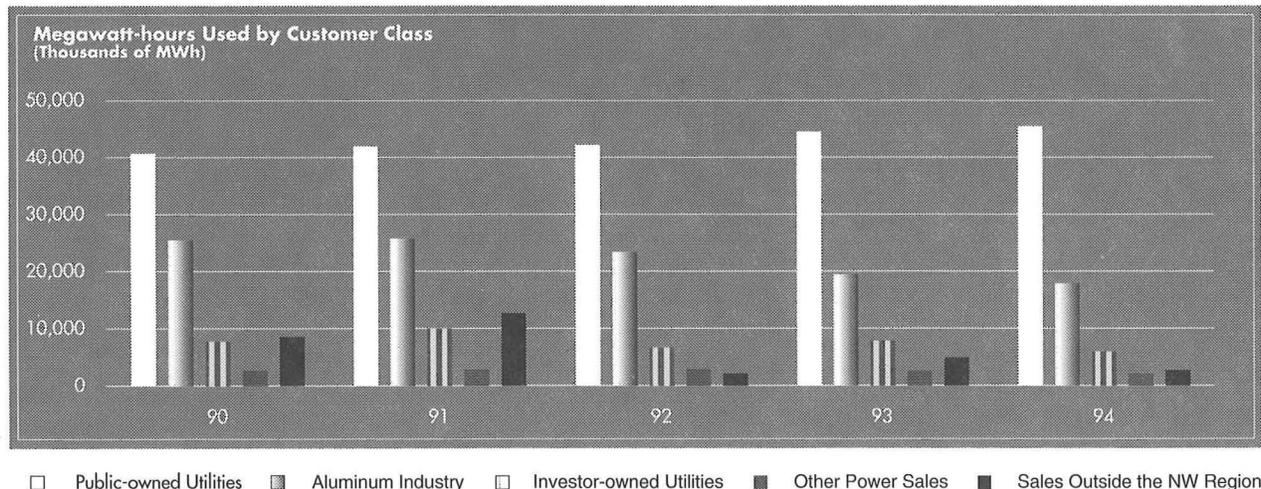
Northwest Public-Owned Utilities

Revenues from power sales to public utilities rose \$173 million, or 17 percent, to \$1,204 million in 1994. The year before, they were up 7 percent. Public utilities are BPA's biggest customer group and also its fastest growing, both in revenues and volume of sales. Megawatt-hour sales of energy to public utilities have increased 12 percent over the last five years. In 1994, expanding economic growth in the region more than countered the revenue-limiting effects of a mild winter.

Included in the public utility category are 28 public utility districts, 41 municipalities, and 56 cooperatives.

Aluminum Industry

Revenues from the eight aluminum companies that buy power directly from BPA rose \$40 million, or 11 percent, to \$391 million in 1994. But 1993 was a bad year, an 11-year low. The \$351 million that BPA earned from power sales to aluminum companies in 1993 was down 14 percent from 1992, and down 40 percent from 1991. Normally, sales to aluminum smelters make up well over one-fourth of BPA's total revenues. In the past three years, however, aluminum's share of BPA total revenues has fallen to 21.2 percent,



Management's Discussion & Analysis

to 18.1 percent, and to 17.8 percent in 1994.

The drop is due mainly to a depressed global market for aluminum. BPA's variable industrial rate is tied to prices that slumped from a high of \$1.06 a pound in 1988 to an average 57 cents in 1992 and 55 cents in 1993. Aluminum prices rose from a low of 50 cents a pound in November 1993 to 78 cents in September 1994. The rise was enough to begin moving BPA's variable rate from its floor — 22.1 mills per kilowatt-hour — toward a plateau of 25.9 mills/kWh. Due to a three-month lag in rate changes, the revenue gains were only beginning to register as fiscal year 1994 ended.

Another reason revenues from aluminum companies were down is that BPA sold them less power. Except during fish migration in spring and early summer, BPA exercised its right to restrict 25 percent of the power it usually sells to aluminum smelters. Because of drought and high demand for power, BPA needed that energy to serve other firm loads.

Northwest Investor-Owned Utilities

Revenues from seven investor-owned utilities were stable, rising only 1 percent, or \$3 million, to \$303 million in 1994. Revenues were up 3 percent in 1993. IOUs have power-generating resources of their own. Power from BPA supplements their sources.

Other Northwest Power Sales

BPA sells directly to seven federal agencies and eight non-aluminum industries. Revenues from this group dropped in 1994 from \$56 million to

\$54 million, down from \$66 million in 1992. While demand from federal agencies held steady, energy sales to non-aluminum industries decreased.

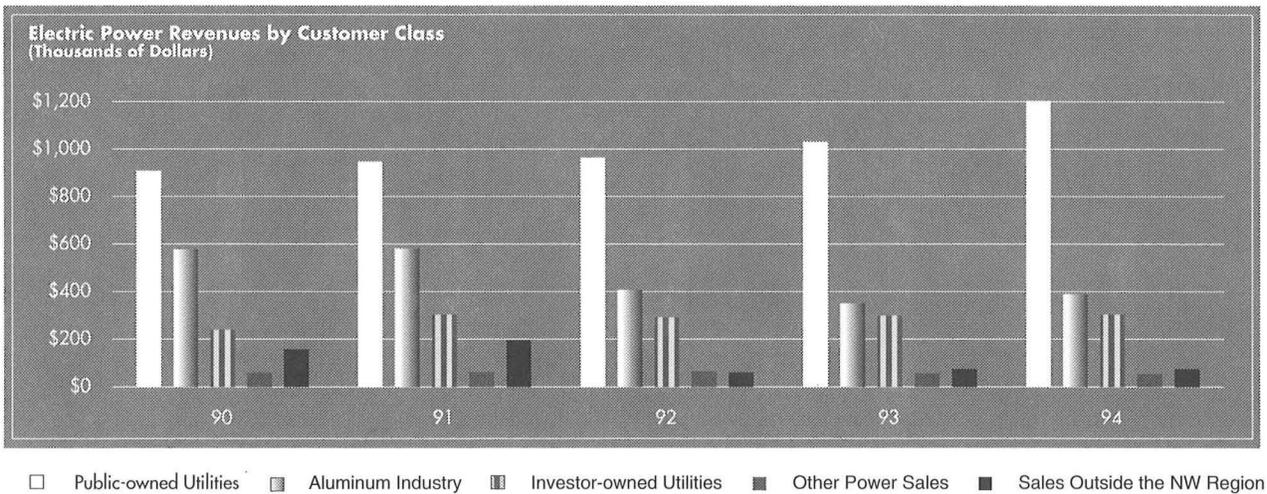
Sales Outside the Northwest

Customers outside the Northwest include 20 public utilities, five investor-owned utilities, and one federal agency. Most of them are in California. By law, BPA serves Northwest customers first.

BPA had very little excess energy to deliver over the federal intertie. Because of low streamflows and high regional demand for power, the only system surplus power BPA had in 1994 was generated by passing storage water through dams to aid the out-migration of fish in spring and early summer. The power generated by those flows sold at prices lower than in winter, when BPA bought the power back. This has been the case for three years. BPA earned \$60 million in 1992, \$75 million in 1993, and \$76 million in 1994 from power sales outside the region. BPA hasn't come close to matching its \$196 million in export sales during 1991, the last normal — not abundant — water year.

Wheeling and Other Sales

Wheeling and other revenues increased from \$128 million in 1993 to \$167 million in 1994, after dropping by \$9 million the year before. Revenues from wheeling increased about as much as rates rose. The "other sales" category includes an \$18.7 million contribution to help offset BPA's costs for emergency spills and flow augmentation for fish.



Management's Discussion & Analysis

Expenses

Total FCRPS operating and net interest expenses rose \$17 million to \$2,257 million in 1994, up less than one percent. In 1993, overall expenses rose 1.7 percent.

Operations and maintenance expenses remained virtually unchanged for the last two years, rising only \$14 million in 1993 and \$10 million in 1994 to \$1,022 million, as BPA put the lid on costs it could control. The larger changes occurred in areas over which BPA has relatively little control.

For the third year in a row, low streamflows contributed to higher-than-expected costs. The federal hydro system began the fiscal year with reservoirs less than full, and ended it with the lowest September streamflows on record. In order to meet firm power commitments, conserve system storage, and provide adequate flows for fish, BPA spent \$216 million on short-term power purchases in 1994, \$55 million more than rates were designed to cover. Power purchases declined slightly from 1993, but they were nearly 50 percent higher than in 1992 and eight times what BPA spent on power purchases in 1991, the most recent year of average runoff in the Columbia River Basin.

Debt service on non-federal projects increased by \$32 million to \$469 million, but it had decreased by \$38 million the year before. Due to the structure of advanced refunding from refinancing Washington Public Power Supply System bonds, savings vary from year to year. In years prior to 1990 — before refinancing — BPA's expenses in this category ran well over \$600 million a year.

Net interest expenses also rose. New borrowing increased the amount of annual interest BPA paid out. And with its cash reserve balance low, BPA had less cash on deposit earning interest. Expenses in this category increased by \$17 million to \$376 million in 1994. The year before, they had risen by \$46 million.

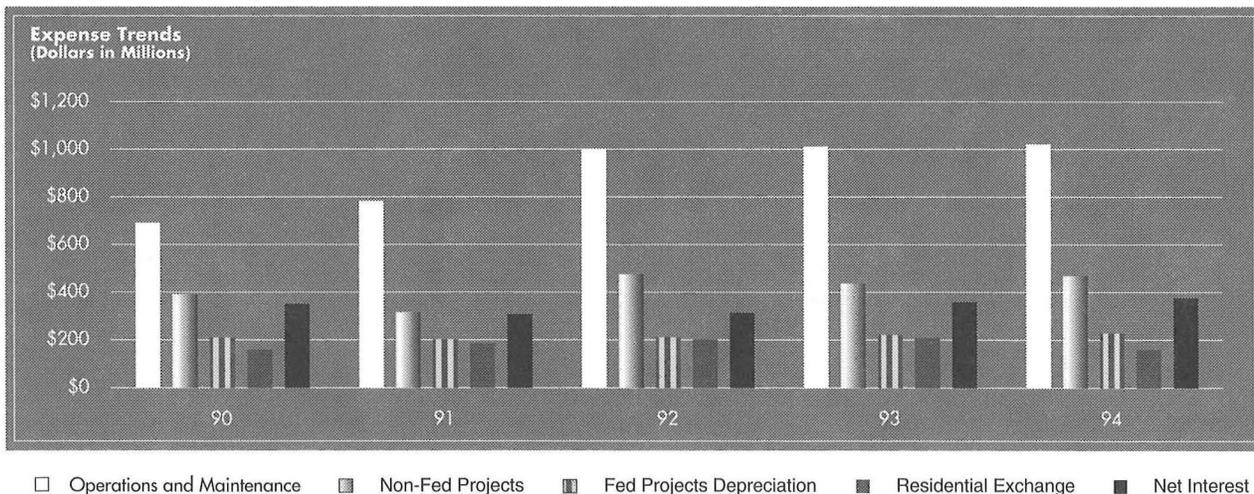
Offsetting the increases in the above two categories was a large decrease in expenses for the net residential exchange. The exchange cost BPA \$160 million in 1994, compared to \$210 million in 1993 and \$202 million in 1992. The main reason for the large decrease this year was the narrowing gap between system costs of BPA and utilities taking part in the exchange.

Depreciation on federal projects rose \$8 million in 1993 and \$9 million in 1994 to \$229 million.

Total operating expenses declined slightly in the last two years, from \$1,889 in 1992, to \$1,880 in 1993 and 1994. The 1994 total was \$36 million less than the amount forecast in the rate design.

Financial Condition

FCRPS operating results had raised BPA's financial reserves — cash and deferred borrowing authority — to \$877 million at the beginning of fiscal year 1992. After net losses in each of the last three years, the agency's reserve balance stood at \$232 million at the end of 1994. The final 1993 rate proposal had projected reserves of \$288 million at the end of 1994 and \$365 million at the end of 1995. Mainly because of low reservoirs and a continuing dry weather trend, the actual reserve balance is now expected to be significantly lower — around \$90 million — at the end



Management's Discussion & Analysis

of next year. BPA met all of its fiscal year 1994 obligations including those to the United States Treasury. Nonetheless, under certain circumstances relating to the uncertainties described above, Bonneville may be unable to satisfy in full its fiscal year 1995 payments to the United States Treasury.

Rates

BPA raised wholesale power rates an average 15 percent to start fiscal year 1994. The new rates were designed to generate total operating revenues of \$2,313 million in 1994. But factors beyond BPA's control — dry weather, power system adjustments for fish, and the protracted slump in aluminum prices — combined to depress revenues. Actual revenues fell \$117 million short of the projection.

BPA kept its operating expenses well below budgeted levels, and the Administration contributed \$18.7 million to help offset the costs of emergency fish spill. Careful shaping of power sales and exchanges also helped BPA make its annual payment to the U.S. Treasury in full and on time, and avoid an interim rate adjustment. Had BPA's projected financial reserves fallen below \$145 million at the end of 1994, a rate increase of up to 10 percent might have been triggered.

At the close of the fiscal year, conditions that led to revenue shortfall were still with us. Reservoirs are again low to start 1995, and uncertainties remain about future power adjustments for fish. On the positive side, BPA's variable industrial rate will begin to reflect a rebound in the aluminum market that began in late 1994 and will boost 1995 revenues. Another possibility, not reflected in the financial statements but currently under discussion with the Office of

Management and Budget, is that credits from the Treasury will help compensate BPA for emergency fish spill costs and help increase reserves. But BPA's cushion of financial reserves is precariously thin. A rise in wholesale power rates for fiscal years 1996-97 will almost certainly be necessary. Rate case workshops with customers and others are scheduled for February 1995, or as soon as negotiations on long-term power sales contracts temporarily cease.

Financing

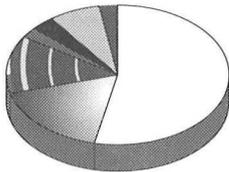
To finance capital programs such as transmission system development, conservation, and fish and wildlife enhancement, BPA is authorized to borrow up to \$3.75 billion from the U.S. Treasury. At the end of fiscal year 1994, BPA's debt in this category totaled \$2.6 billion. This is an increase of \$285 million over 1993.

The U.S. Army Corps of Engineers and Bureau of Reclamation use federal appropriations for new construction and replacement investments at the dams they operate. These appropriations, like BPA's borrowings, are to be repaid to the Treasury by BPA. The total remaining to be paid at the end of the year was \$6.8 billion, or \$43 million less than last year.

BPA owes another \$7.3 billion to non-federal sources for financing three Washington Public Power Supply System nuclear projects and several smaller generation and conservation investments. BPA backs bonds issued by others in the capital markets to finance these projects.

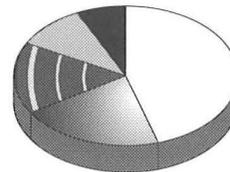
Due to the regulatory environment in which BPA establishes rates, as discussed further in Note 1 to the financial statements, certain costs may be deferred

1994 Sources of Revenue and Net Expenses



- Public-owned Utilities
- Sales Outside the Northwest Region
- Aluminum Industry
- Wheeling and Other Sales
- Investor-owned Utilities
- Net Expenses
- Other Power Sales

1994 Disposition of Revenue



- Operations and Maintenance
- Residential Exchange
- Non-Federal Projects
- Net Interest
- Federal Projects Depreciation

Management's Discussion & Analysis

and expensed in future periods under Statement of Financial Accounting Standards No. 71 (SFAS 71) "Accounting for the Effects of Certain Types of Regulation." In order to defer incurred costs under SFAS 71, a regulated entity must have the statutory authority to establish rates which recover all costs and rates so established can be charged to and collected from customers.

SFAS 71 Assets September 30, 1994

Asset	(Thousands of Dollars)
Non-Federal Projects	
Conservation	\$ 48,172
Delayed Construction/ Terminated Nuclear Facilities	4,364,533
Trojan Decommissioning Cost	108,528
Conservation	695,394
Fish and Wildlife	86,216
Total	\$ 5,302,843

The SFAS 71 assets reflect an increase of \$46 million over the prior year. Amortization of these costs of \$143 million for the year ended September 30, 1994 is reflected in the Statement of Revenues and Expenses.

Due to increasing competitive pressures, BPA may be required to seek alternative solutions in the future to avoid raising rates to a level that is no longer competitive. If BPA should establish market rates which are insufficient to recover incurred costs, SFAS 71 may no longer be applicable and any costs deferred under that standard would be expensed in the Statement of Revenues and Expenses.

For seven of the last eight years, every U.S. presidential budget has proposed some version of repayment reform for BPA's appropriated debt. Potential rate impacts varied, but they tended to fall in the 10 to 15 percent range. In the last three years, sparked by a proposal by Oregon Senator Mark Hatfield in 1991, BPA has sought a way to "buy out," or refinance, its appropriated debt. As the fiscal year closed, BPA was on the verge of a solution that would put this issue to rest for good. Last year, the Clinton Administration backed proposed legislation

that would increase power rates by only about one half of 1 percent for the first five years, and 1 percent thereafter. Benefits to the government include a \$100 million increase in the present value of debt-service payments, and reducing the federal deficit by an estimated \$44 million. The legislation, a refinement of a September 1994 proposal, is expected to be reintroduced to Congress early in 1995.

The buyout bill applies only to appropriated obligations. BPA also continues to look for opportunities to refinance all categories of long-term debt at lower interest rates. This year over \$914 million of Supply System bonds were refinanced, along with \$190 million worth of Treasury bonds.

Looking Forward

Major influences will come from BPA's effort to transform itself into a more businesslike agency, oriented toward customer service. The draft of a guiding document, the Business Plan, came out in June 1994. Much of the rest of the year was devoted to meeting with customers and other parties to review the concepts and quantify projected effects. Changes such as unbundling services and products, and offering tiered rates, go to the very core of how BPA conducts its business. The final Business Plan, with its accompanying environmental impact statement, is expected to be out in June 1995.

Long-Term Contracts and Agreements

BPA's push to reinvent itself is particularly timely and challenging because several important contracts, which together form the foundation of the Northwest hydroelectric system, will expire near the year 2000. Much of BPA's attention this year was devoted to renewing or replacing those contracts.

In September, BPA signed a memorandum of agreement with Canadian and U.S. parties on how to return the Canadian Entitlement to downstream power benefits that resulted from the Columbia River Treaty, ratified in 1964. The entitlement was sold to U.S. utilities for 30 years, and that deal expires in stages beginning in 1998. The memorandum of agreement — with details yet to be worked out — outlines how the entitlement is to be shared for the next 30 years. It also specifies a delivery method to Canada that avoids the cost and environmental

Management's Discussion & Analysis

impact of having to build a new power line to Oliver, British Columbia.

As the fiscal year ended, BPA was considering renewing the Pacific Northwest Coordination Agreement, which guides the many utilities and agencies that must coordinate operation of the power system. BPA also was holding public meetings on the draft environmental impact statement of the System Operation Review — an analysis of how BPA, the Corps of Engineers, and the Bureau of Reclamation should address the future sharing of benefits and obligations in running the Federal Columbia River Power System.

After two years of preliminary talks, negotiations with customers on long-term power sales contracts began in September. The contracts, due to expire in 2001, spell out what products and services BPA will sell and under what terms. The negotiations are especially complex because the old concepts of power sales and services are changing. New on the table are tiered rates, unbundled products and services, and transmission options that reflect a more open access policy. Because the discussions expanded to include issues bearing on other areas, the negotiations involve not only BPA and its customers but also non-customer interest groups. A draft addressing contract principles and key contract issues is expected to be ready for public comment in early 1995.

Financial Planning

Change at BPA has been driven in large part by the prospect of a revenue gap. Due to rising costs and a newly competitive market in which customers could go elsewhere, BPA's anticipated expenses were suddenly \$300 million to \$600 million more than projected revenues. The Business Plan is BPA's answer to the new realities. Folded into it are several new elements of financial planning.

Still applicable is the 10-Year Financial Plan, developed in 1993 after discussions with customers and the public. That plan addresses BPA's normal operating risks, and it examines ways to reduce BPA's traditional reliance on borrowing from the Treasury for all of its capital investments. It identifies alternative sources of capital, and it compares the availability, reliability, and cost of various funding sources.

The draft Business Plan shows how BPA proposes to close the revenue gap. Cost reductions averaging

\$300 million per year from 1996 to 2002 are proposed through better scrutinizing residential exchange costs, reducing long-term generating resource acquisitions in favor of short-term buys, reducing staffing, improving productivity in ways identified by a function-by-function review, and cutting capital and expenses through reinvention of programs. Revenue increases through the sale of new and unbundled products are projected to average \$200 million per year over the same period.

The draft Business Plan calls for reducing capital spending by about 30 percent, or more than \$200 million each year, below the budget BPA submitted to Congress in February 1994. The reductions come from reinventing some agency functions and eliminating or deferring all but the most essential capital investments. Further reductions in capital spending will come from a new budgeting process: Instead of making program-by-program decisions, BPA will assure that all capital investment decisions meet a coherent, agencywide investment strategy. BPA plans to use third-party financing wherever it is economical, and a portion of its transmission and fish and wildlife capital investments will be covered each year by customer revenues. Details are under discussion with customers and other groups, and some combination of these steps will be prescribed in the final Business Plan.

Environment

BPA is committed to maintaining the integrity of the Northwest's waters, air, land, and natural resources. BPA, with a good track record for environmental protection, understands that wise environmental investments make good business sense. The agency is finding ways to conduct its National Environmental Policy Act reviews better and faster, and it has established a set of objective measurements that will help evaluate environmental progress.

Like any large electric utility that has been in business for many years, BPA has to correct some of its past practices. Work continued in 1994 to clean up residues, reduce hazardous wastes, and prevent future contamination at transmission and other sites. The plan calls for removal of all of the BPA transmission system's PCB capacitors, for example, by the year 2007. Investigation of BPA's Ross Complex, a designated superfund site near Vancouver,

Management's Discussion & Analysis

Washington, revealed no groundwater problems that needed remediation, and only isolated soil contamination. For processing the contaminated soil, BPA built a hazardous and toxic material handling center at the Ross Complex that serves as a model for meeting the industry's strict new federal and state environmental regulations.

As the fiscal year came to a close, BPA announced its intention to conduct a preliminary assessment, as required by the Environmental Protection Agency, of possible contamination of soil or water at the Starr Complex, the northern terminus of the DC intertie, near The Dalles, Oregon. There are no anticipated costs associated with the Starr Complex, the Ross Complex, or any other sites that would be material to the FCRPS financial statements.

Energy Resources

In recent years, BPA has relied primarily on conservation programs to meet growth in power needs. Conservation is the resource of first choice because it can be brought on in small, manageable increments, and it is generally less expensive than other energy resources. The goal, as set by the Northwest Power Planning Council, is to acquire at least 660 average megawatts of cost-effective energy savings by the year 2003. The goal has not changed, but the strategy for reaching it has. Conservation reinvention, discussed earlier, is part of the draft Business Plan that is under development. The ratio of BPA-funded to customer-funded programs is expected to shift, and BPA will market demand-side products and services in ways that are currently being negotiated with participating customers.

As hydro operations change, and BPA changes its business strategy to compete in a changing utility market, there is new uncertainty about how much power BPA will need in the future. Early in the fiscal year, BPA terminated negotiations on seven billing credit proposals and stopped other processes to acquire new generating resources other than those already in the pipeline. BPA had already agreed to acquire the power output from Cowlitz Falls Dam, which was built by Lewis County PUD and became operational in June. And BPA completed the environmental review for the proposed 240-megawatt Tenaska II project, a gas-fired combustion turbine to

be built near Tacoma. But the prudent course in 1994 was to go slowly on the acquisition of new resources. BPA will rely on short-term power purchases, if necessary, until we have a better idea how much future power will be needed.

BPA pressed forward in 1994 to develop and test renewable resources. The agency signed letters of agreement for two wind projects, one in Washington and one in Wyoming, that are expected to produce electricity by early 1996. And a 30-megawatt pilot project on the flank of the Newberry Volcano, near Bend, Oregon, passed environmental review and should produce geothermal power by late 1997.

Washington Public Power Supply System

BPA backs bonds issued by the Supply System to finance three nuclear power projects. WNP-2, the only one to be completed, had one of the best years in its 10-year history. In April, the plant set a record 257 days of continuous operation before it shut down for refueling.

In May, the Supply System's board of directors voted to terminate its two partially completed nuclear projects, WNP-1 and WNP-3, in January 1995. Final disposition of the plants has not been determined. Construction at the two projects had been suspended at BPA's request in the early 1980s. The plants were then preserved, at a maintenance cost to BPA of about \$10 million a year, about \$5 million for each plant, in case they might become cost-effective resources for the future. Now, however, gas-fired and other lower-cost generating resources, along with energy conservation, are better alternatives for meeting BPA's future resource needs.

Transmission

Completion of the Oregon portion of the Third AC intertie early this year connected the Northwest with the recently completed California portion of the line. It helps all West Coast utilities run their power systems more efficiently with seasonal power sales and exchanges. But the overall emphasis in 1994, and for the foreseeable future, is not on building major new transmission facilities but on making the most of what we have and keeping it safe and reliable. Important projects this year were those that relieved the threat of voltage collapse in the Puget Sound and Portland areas, addressed bottlenecks elsewhere, and

Management's Discussion & Analysis

completed critical maintenance services. BPA shored up the system by installing stability controls, reconfiguring the existing grid at trouble spots, and arranging to drop selected loads in the event of emergency. While maintaining the safety and reliability of an aging system, BPA concentrated on the most pressing items in order to keep capital investments to a minimum. In September, the capital budget for transmission system development and replacement, already lean for 1994 and 1995, was cut another 10 percent below levels called for in the draft Business Plan for 1996 and 1997.

BPA has long made the federal transmission system accessible to other users when capacity was available. Since passage of the Energy Policy Act in 1992, transmission lines are more open and accessible throughout the industry, giving rise to new forms of competition and new opportunities for cooperation. BPA was actively involved this year in developing the proposed Western and Pacific Northwest regional transmission associations. BPA also developed in 1994 a strategic action plan for transmission services that outlines how BPA can provide the necessary flexibility and reach the right markets. The plan notes that BPA will provide new or expanded transmission services — such as fiber optics communications, power quality products, specialized expertise in DC transmission, and equipment testing. And it describes how BPA will provide flexible and reliable technical support for segment managers and account executives as they work hand in hand with customers on planning to meet their needs.

Fish and Wildlife

BPA has long been active in efforts to protect fish and wildlife that were affected by federal hydro projects in the Columbia River Basin. Since its founding, BPA has paid for hatcheries and fish ladders associated with the dams. And since the 1980 passage of the Northwest Power Act, BPA ratepayers have invested over \$1.7 billion — including special water flows, spill, and mitigation and recovery projects — for fish. In following the Northwest Power Planning Council's fish and wildlife program, BPA pays for projects that aim to build up salmon and steelhead runs in the basin by such measures as restoring fish habitat, improving fish passage at the dams, and helping fish escape

disease and predation. In the last three years, the listing of Snake River sockeye and chinook salmon under the Endangered Species Act has raised the urgency and shifted the emphasis of the Council's program toward the protection of wild fish runs.

As the fiscal year began, BPA had conducted — along with the Corps of Engineers and the Bureau of Reclamation — a biological assessment to make sure its water management actions in 1994 to 1998 would cause no jeopardy to the listed salmon stocks. And the National Marine Fisheries Service presented a draft plan by its recovery team that rested substantially on the foundation laid by the Council's salmon strategy. In 1994, river managers dedicated 10.6 million acre-feet (13 million cubic kilometers) of water specifically to aid fish migration. Along with flow augmentation, the hydro system helped migrating salmon by spilling water at the dams rather than directing it through turbines. Spill for fish this year cost BPA about \$33 million and federal taxpayers \$10 million for a total of \$43 million.

A U.S. District Court ruled in March that the NMFS's biological opinion was flawed. The judge ordered agencies that operate the federal hydro system to meet with states and tribes to discuss issues related to the biological opinion. Another important ruling came in September when the Ninth Circuit Court of Appeals ruled that the Council's fish and wildlife program had not properly weighed input from tribes and fish and wildlife agencies. While the Council takes another look at its salmon strategy, the effects on future operation of the power system are unknown, but they are likely to be significant.

BPA, in the meantime, wants to find the best ways to implement the Council's program, even as the program changes. BPA's own fish and wildlife strategy, as described in the draft Business Plan, is changing to put more emphasis on results. Instead of measuring our work in terms of the number of programs funded and dollars spent, BPA will put high priority on measures that show the greatest promise of paying back the ratepayers' investments in fish. The goal is to achieve measurable results that are biologically sound and cost effective. The results also have to fit a broader, ecosystem-management approach that is consistent with efforts of the Council, state and federal agencies, tribes, customers, and other interest groups.

Balance Sheets

Federal Columbia River Power System

September 30

Assets	1994	1993
		(Thousands of Dollars)
Utility Plant (Notes 1 and 3)		
Completed plant	\$10,023,629	\$ 9,739,877
Accumulated depreciation	(2,749,833)	(2,620,473)
	7,273,796	7,119,404
Construction work in progress	479,164	536,072
Net utility plant	7,752,960	7,655,476
Non-Federal Projects (Notes 1 and 4)		
Conservation	48,172	10,475
Hydro	258,365	226,310
Nuclear	2,587,933	2,474,435
Delayed construction/terminated	4,364,533	4,433,516
Total non-federal projects	7,259,003	7,144,736
Trojan Decommissioning Cost (Note 4)	108,488	108,899
Conservation , net of accumulated amortization of \$358,569 in 1994 and \$309,509 in 1993 (Notes 1 and 2)	695,394	630,966
Fish and Wildlife , net of accumulated amortization of \$27,271 in 1994 and \$20,433 in 1993 (Notes 1 and 2)	86,216	72,567
Current Assets		
Cash	238,610	246,186
Accounts receivable	43,771	25,875
Accrued unbilled revenues	97,077	75,077
Materials and supplies, at average cost	73,806	75,946
Prepaid expenses	180,835	193,057
Total current assets	634,099	616,141
Other Assets	82,715	45,606
	\$16,618,875	\$16,274,391

Capitalization and Liabilities**1994**

1993

(Thousands of Dollars)

Accumulated Net Expenses (Note 1)	\$ (470,297)	\$ (409,636)
Federal Appropriations , net of current portion (Note 3)	6,824,117	6,857,240
Long-Term Debt (Note 2)	2,410,500	2,331,873
Non-Federal Projects Debt , net of current portion (Notes 1 and 4)	7,141,126	7,049,796
Trojan Decommissioning Reserve , net of current portion (Note 4)	106,360	106,872
Total capitalization and long-term liabilities	16,011,806	15,936,145

Commitments and Contingencies (Notes 6 and 7)**Current Liabilities**

Current portion of federal appropriations	—	10,076
Current portion of long-term debt	206,000	—
Current portion of non-federal projects debt	117,877	94,940
Current portion of Trojan decommissioning reserve	2,128	2,027
Accounts payable	226,305	188,963
Employees' accrued leave	14,553	14,361
Total current liabilities	566,863	310,367

Deferred Credits

40,206	27,879
\$16,618,875	\$16,274,391

Statements of Revenues & Expenses

Federal Columbia River Power System

September 30

	1994	1993	1992
(Thousands of Dollars)			
Operating Revenues			
Sales of electric power:			
Sales within the Northwest region:			
Public-owned utilities	\$ 1,203,708	\$ 1,031,186	\$ 965,849
Aluminum industry	391,389	351,178	408,024
Investor-owned utilities	302,881	299,953	291,663
Other power sales	54,253	56,451	65,673
Sales outside the Northwest region	76,461	75,262	60,025
	2,028,692	1,814,030	1,791,234
Wheeling and other sales	167,256	128,429	137,569
Total operating revenues	2,195,948	1,942,459	1,928,803
Operating Expenses			
Operations and maintenance	1,021,893	1,012,082	998,541
Non-federal projects (Note 4)	469,211	437,545	476,030
Federal projects depreciation	229,354	220,073	212,349
Residential exchange (Note 5)	159,876	209,994	201,976
Total operating expenses	1,880,334	1,879,694	1,888,896
Net operating revenues	315,614	62,765	39,907
Interest Expense			
Interest on federal investment:			
Appropriated funds	229,102	240,426	231,579
Long-term debt	171,902	159,027	111,783
Allowance for funds used during construction (AFUDC)	(24,729)	(39,728)	(29,862)
Net interest expense	376,275	359,725	313,500
Net expenses	(60,661)	(296,960)	(273,593)
Accumulated net (expenses) revenues, Oct. 1	(409,636)	(112,676)	160,917
Accumulated net expenses, Sept. 30	\$ (470,297)	\$ (409,636)	\$ (112,676)

Statements of Changes in Capitalization & Long-Term Liabilities

Federal Columbia River Power System

	Accumulated Net Revenues (Expenses)	Federal Appropriations	Long-Term Debt	Non-Federal Projects Debt	Trojan Decommissioning Reserve	Total
(Thousands of Dollars)						
Balance at September 30, 1991	\$ 160,917	\$ 6,727,882	\$ 1,671,573	\$ 6,894,285	—	\$ 15,454,657
Increase in federal appropriations:						
Operations and maintenance	—	119,245	—	—	—	119,245
Construction	—	84,753	—	—	—	84,753
Repayment of federal appropriations:						
Operations and maintenance	—	(119,245)	—	—	—	(119,245)
Construction	—	(3,406)	—	—	—	(3,406)
Increase in long-term debt	—	—	854,000	—	—	854,000
Reduction of long-term debt:						
Repayment	—	—	(245,000)	—	—	(245,000)
Refinance	—	—	(375,000)	—	—	(375,000)
Net increase in non-federal projects debt	—	—	—	85,431	—	85,431
Repayment of non-federal projects debt	—	—	—	(103,930)	—	(103,930)
Net expenses	(273,593)	—	—	—	—	(273,593)
Balance at September 30, 1992	\$ (112,676)	\$ 6,809,229	\$ 1,905,573	\$ 6,875,786	—	\$ 15,477,912
Increase in federal appropriations:						
Operations and maintenance	—	126,800	—	—	—	126,800
Construction	—	83,350	—	—	—	83,350
Repayment of federal appropriations:						
Operations and maintenance	—	(126,800)	—	—	—	(126,800)
Construction	—	(25,263)	—	—	—	(25,263)
Increase in long-term debt	—	—	650,000	—	—	650,000
Repayment of long-term debt	—	—	(223,700)	—	—	(223,700)
Net increase in non-federal projects debt	—	—	—	341,390	—	341,390
Repayment of non-federal projects debt	—	—	—	(72,440)	—	(72,440)
Establishment of Trojan decommissioning reserve	—	—	—	—	108,899	108,899
Net expenses	(296,960)	—	—	—	—	(296,960)
Balance at September 30, 1993	\$ (409,636)	\$ 6,867,316	\$ 2,331,873	\$ 7,144,736	\$ 108,899	\$ 16,043,188
Increase in federal appropriations:						
Operations and maintenance	—	133,288	—	—	—	133,288
Construction	—	94,165	—	—	—	94,165
Repayment of federal appropriations:						
Operations and maintenance	—	(133,288)	—	—	—	(133,288)
Construction	—	(137,364)	—	—	—	(137,364)
Increase in long-term debt	—	—	530,527	—	—	530,527
Repayment of long-term debt	—	—	(55,900)	—	—	(55,900)
Refinance of long-term debt	—	—	(190,000)	—	—	(190,000)
Net increase in non-federal projects debt	—	—	—	203,097	—	203,097
Repayment of non-federal projects debt	—	—	—	(88,830)	—	(88,830)
Trojan decommissioning reserve	—	—	—	—	(411)	(411)
Net expenses	(60,661)	—	—	—	—	(60,661)
Balance at September 30, 1994	\$ (470,297)	\$ 6,824,117	\$ 2,616,500	\$ 7,259,003	\$ 108,488	\$ 16,337,811

Statements of Cash Flows

Federal Columbia River Power System

September 30

Assets	1994	1993	1992
		(Thousands of Dollars)	
Cash from Operating Activities			
Net expenses	\$ (60,661)	\$ (296,960)	\$ (273,593)
Expenses (Income) not requiring cash:			
Depreciation	173,456	170,535	168,168
Amortization	55,898	49,538	44,181
Amortization of non-federal projects	88,830	72,440	103,930
AFUDC	(24,729)	(39,728)	(29,862)
Gain on WNP-3 property tax settlement	—	(16,702)	—
(Increase) decrease in:			
Receivables and unbilled revenues	(39,896)	15,817	(32,754)
Materials and supplies	2,140	(5,559)	(21,034)
Prepaid expenses	12,222	(53,999)	70,928
Increase (decrease) in:			
Accounts payable	37,342	(41,807)	86,845
Employees' accrued leave	192	(1,077)	(134)
Other	(24,782)	11,388	(56,867)
Cash provided by (used for) operating activities	220,012	(136,114)	59,808
Cash from Investment Activities			
Investment in:			
Utility plant	(246,211)	(400,280)	(336,111)
Conservation	(113,488)	(97,910)	(74,668)
Fish and Wildlife	(20,487)	(17,338)	(11,178)
Cash used for investment activities	(380,186)	(515,528)	(421,957)
Cash from Borrowing and Appropriations			
Increase in federal appropriations:			
Operations and maintenance	133,288	126,800	119,245
Construction	94,165	83,350	84,753
Repayment of federal appropriations:			
Operations and maintenance	(133,288)	(126,800)	(119,245)
Construction	(137,364)	(25,263)	(3,406)
Increase in long-term debt	530,527	650,000	854,000
Repayment of long-term debt	(55,900)	(223,700)	(245,000)
Refinance of long-term debt	(190,000)	—	(375,000)
Repayment of non-federal projects debt	(88,830)	(72,440)	(103,930)
Cash provided by			
borrowing and appropriations	152,598	411,947	211,417
Decrease in cash	(7,576)	(239,695)	(150,732)
Beginning cash balance	246,186	485,881	636,613
Ending cash balance	\$ 238,610	\$ 246,186	\$ 485,881

Notes to Financial Statements

1. Summary of General Accounting Policies

The Federal Columbia River Power System (FCRPS) includes the accounts of the Bonneville Power Administration (BPA), which purchases, transmits, and markets power, and the accounts of the Pacific Northwest generating facilities of the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation) for which BPA is the power marketing agency. Each entity is separately managed and financed, but the facilities are operated as an integrated power system with the financial results combined under the FCRPS title. Costs of multipurpose Corps and Reclamation projects are assigned to specific purposes through a cost allocation process. Only the portion of total project costs allocated to power is included in these statements.

FCRPS accounts are maintained in accordance with generally accepted accounting principles and the uniform system of accounts prescribed for electric utilities by the Federal Energy Regulatory Commission (Commission). FCRPS accounting policies also reflect specific legislation and executive directives issued by U.S. government departments (BPA is a unit of the Department of Energy; Reclamation is part of the Department of Interior; and the Corps is part of the Department of Defense). FCRPS properties and income are tax-exempt.

Regulatory Authority

FCRPS power rates must be confirmed and approved by the Commission.

Revenues and Net Revenues

Operating revenues are recorded on the basis of service rendered, which includes estimated unbilled revenues. Bonneville's rates are established in accordance with several statutory directives. Rates proposed by Bonneville are subjected to an extensive formal review process, after which they are established by Bonneville and reviewed by the Commission. The Commission's review is limited to three standards set out in the Northwest Power Act. The Commission reviews Bonneville's rates for all firm power, for nonfirm energy sold within the region, and for transmission service under such statutory standards that include a requirement that these rates be sufficient to assure repayment of the federal investment in the FCRPS over a reasonable number of years after first

meeting Bonneville's other costs.

After final Commission approval, Bonneville's rates may be reviewed by the United States Court of Appeals for the Ninth Circuit. Action seeking such review must be filed within 90 days of the final Commission decision. The Commission and the Court of Appeals may either confirm or reject a rate proposed by Bonneville. It is the opinion of Bonneville's General Counsel that, if a rate were rejected, it would be remanded to Bonneville for reformulation. By contract, Bonneville has agreed that rates for the sale of power pursuant to its present contracts may not be revised on less than nine month's notice and may not be increased more than once in a 12-month period.

In June 1994, the Commission approved Bonneville's rates for fiscal years 1994 and 1995 which increased average rates by approximately 15 percent on October 1, 1993.

Because BPA is a U.S. government power marketing agency, net revenues over time are committed to repayment of the U.S. government investment in the FCRPS and the payment of certain irrigation costs as discussed in Note 6.

Utility Plant

Utility plant is stated at original cost. Cost includes direct labor and materials, payments to contractors, indirect charges for engineering, supervision and similar overhead items, and an allowance for funds used during construction. The costs of additions, major replacements, and betterments are capitalized. Repairs and minor replacements are charged to operating expense. The cost of utility plant retired, together with removal costs and less salvage, is charged to accumulated depreciation when it is removed from service.

Allowance for Funds Used During Construction

The allowance for funds used during construction (AFUDC) constitutes interest on the funds used for utility plant under construction. AFUDC is capitalized as part of the cost of utility plant and results in a non-cash reduction of interest expense. While cash is not realized currently from this allowance, it is realized under the rate-making process over the service life of the related property through increased revenues resulting from higher plant in-service and higher depreciation expense.

Notes to Financial Statements

AFUDC capitalization rates are stipulated in the Congressional acts authorizing construction for certain generating projects (2.5 percent to 7.85 percent in 1994, 2.5 percent to 8.2 percent in 1993, and 2.5 percent to 8.9 percent in 1992). Capitalization rates for other construction approximate the cost of borrowing from the U.S. Treasury (7.125 percent in 1994, 7.9 percent in 1993, and 8.5 percent in 1992).

Depreciation and Amortization

Depreciation of utility plant is computed on the straight-line method based on estimated service lives of the various classes of property, which average 45 years for transmission and 85 years for generation. Amortization of conservation and fish and wildlife is computed on the straight-line method based on estimated service lives, which are 20 years for conservation and 15 years for fish and wildlife.

Non-Federal Projects and Related Debt

BPA has agreed to acquire all or part of the generating capability of five nuclear power plants. Construction has been delayed at two plants pending their termination and operations have been terminated at two completed plants. BPA has also acquired all of the output of three hydro projects. BPA has agreed to fund debt service on bonds issued to finance three conservation projects sponsored by BPA. The non-federal projects will be amortized as such costs are scheduled to be recovered in rates.

Retirement Benefits

FCRPS employees belong to either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FCRPS and employees contribute to the systems. Both are contributory pension plans. Retirement benefit expense under CSRS is equivalent to 7 percent of eligible employee compensation and under FERS is variable based upon options chosen by the participant but does not exceed 24.2 percent of eligible employee compensation. Retirement benefits are payable by the U.S. Treasury and not by the FCRPS.

Cash

For purposes of reporting cash flows, cash includes cash in the BPA fund and unexpended appropriations of Reclamation and the Corps. Cash paid for interest

was \$377 million in 1994, \$362 million in 1993, and \$318 million in 1992.

Non-cash transactions include changes in non-federal projects and non-federal projects debt, other than debt-service payments made by BPA and amortizations of non-federal assets of \$203 million in 1994, \$341 million in 1993 and \$85 million in 1992 and the establishment of the Trojan decommissioning reserve of \$109 million in 1993.

Financial Instruments

All significant financial instruments of the FCRPS were recognized in the Balance Sheet as of September 30, 1994. The carrying value reflected in the Balance Sheet approximates fair value for the FCRPS's financial assets and current liabilities. The fair values of long-term liabilities are discussed in the respective footnotes.

2. Long-Term Debt

To finance its capital programs, BPA is authorized by the Federal Columbia River Transmission System Act to issue to the U.S. Treasury up to \$3.75 billion of interest-bearing debt with terms and conditions comparable to debt issued by U.S. government corporations. A portion (\$1.25 billion) of the \$3.75 billion is reserved for conservation and renewable resource loans and grants. At September 30, 1994, \$642.2 million of this reserved amount and \$1,974.3 million of other borrowings were outstanding. The average interest rate of the BPA's borrowings from the U.S. Treasury exceeds the rate which could be obtained currently. As a result, the fair value of the BPA long-term debt, based upon discounting future cash flows using rates offered by the United States Treasury as of September 30, 1994, for similar maturities exceeds carrying value by approximately \$127 million or 4.6 percent. BPA's policy is to refinance debt that is callable when associated benefits exceed costs. The table on page 32 reflects the terms and amounts of long-term debt.

3. Federal Appropriations

Construction and replacement of Corps and Reclamation generating facilities are financed through annual federal appropriations. Annual appropriations

Notes to Financial Statements

Long-Term Debt ^(a)

Issue Date	First Call Date	Maturity Date	Interest Rate	Construction and Fish & Wildlife	Conservation	Cumulative Total
(Thousands of Dollars)						
Bonds						
February 1991	none	1995	7.55 %	\$ 60,000	\$ —	\$ 60,000
September 1989	none	1995	8.60 %	—	66,000	126,000
April 1992	none	1995	6.20 %	80,000	—	206,000
March 1986	none	1996	8.15 %	100,000	—	306,000
March 1986	none	1996	8.15 %	—	50,000	356,000
May 1991	none	1996	7.95 %	50,000	—	406,000
April 1992	none	1997	7.00 %	50,000	—	456,000
April 1992	none	1997	7.00 %	28,300	—	484,300
July 1992	none	1997	5.80 %	—	80,200	564,500
October 1992	none	1997	6.05 %	50,000	—	614,500
May 1994	1995	1998	7.10 %	—	50,000	664,500
May 1994	1995	1998	7.10 %	97,100	—	761,600
May 1989	none	1999	8.95 %	25,000	—	786,600
May 1989	none	1999	8.95 %	75,000	—	861,600
September 1994	1995	1999	7.65 %	55,000	—	916,600
September 1994	1995	1999	7.65 %	20,000	—	936,600
August 1992	none	2000	6.60 %	107,800	—	1,044,400
September 1989	none	2002	8.65 %	—	66,000	1,110,400
July 1992	1997	2007	7.14 %	—	100,000	1,210,400
August 1992	1997	2007	7.25 %	107,700	—	1,318,100
February 1993	1998	2008	6.95 %	20,000	—	1,338,100
July 1989	none	2009	8.55 %	—	40,000	1,378,100
October 1992	1997	2012	8.05 %	—	50,000	1,428,100
February 1993	1998	2013	7.40 %	—	50,000	1,478,100
August 1993	1998	2013	6.75 %	—	40,000	1,518,100
January 1994	1999	2014	6.75 %	—	50,000	1,568,100
January 1990	2000	2030	9.25 %	50,000	—	1,618,100
April 1992	1997	2032	8.80 %	150,000	—	1,768,100
July 1992	1997	2032	8.13 %	150,000	—	1,918,100
October 1992	1997	2032	8.35 %	100,000	—	2,018,100
February 1993	1998	2033	7.80 %	130,000	—	2,148,100
April 1993	1998	2033	7.50 %	100,000	—	2,248,100
August 1993	1998	2033	6.95 %	110,000	—	2,358,100
October 1993	1998	2033	6.85 %	108,400	—	2,466,500
October 1993	1998	2033	6.85 %	50,000	—	2,516,500
January 1994	1999	2034	7.05 %	50,000	—	2,566,500
May 1994	1999	2034	8.20 %	50,000	—	2,616,500
				\$ 1,974,300	\$ 642,200	\$ 2,616,500
Less current portion						\$ (206,000)
						\$ 2,410,500

(a) The weighted average interest rate was 7.6 percent and 7.9 percent on outstanding long-term debt as of September 30, 1994 and 1993 respectively. All the construction, conservation, and fish and wildlife bonds are term bonds.

Notes to Financial Statements

are also made for their operation and maintenance costs, although these are repaid by BPA to the U.S. Treasury by the end of each fiscal year. BPA transmission construction and operations and maintenance costs were also financed by appropriations before the Federal Columbia River Transmission System Act in 1974.

Interest rates on the appropriated funds range from 2.5 percent to 8.5 percent (the weighted average rate was 3.5 percent in 1994, 3.5 percent in 1993 and 3.4 percent in 1992). The rates are set by law, administrative order pursuant to law, or administrative policies.

Federal appropriations relating to generating projects and the transmission system are repaid to the U.S. Treasury within 50 and 45 years, respectively, from the time each facility is placed in service.

If, in any given year, revenues are not sufficient to cover all cash needs, including interest, any deficiency becomes an unpaid annual expense. Interest is accrued on the unpaid annual expense until paid. This must be paid from subsequent years' revenues before any repayment of federal appropriations can be made.

The fair value of the federal appropriations debt, based upon the rate BPA could currently obtain through borrowings from the U.S. Treasury, is below the carrying value. This is because the majority of the federal appropriations were obtained at times when lower rates were in effect.

The table shows the term repayments on the remaining federal appropriations as of September 30, 1994.

Federal Appropriations

Term Repayments^(a)

	(Thousands of Dollars)
1995	\$ -
1996	-
1997	-
1998	37,199
1999	45,099
2000+	6,741,819
	\$ 6,824,117

(a) Includes payments on historic replacements but excludes planned future replacements and irrigation assistance.

4. Non-Federal Projects

BPA has acquired all or part of the generating capability of five nuclear power plants. Construction has been delayed at two plants pending their termination and operations have been terminated at two completed plants. The contracts to acquire the generating capability of the projects, referred to as "net-billing agreements," require BPA to pay all or part of the annual projects budgets, including debt service, whether or not the projects are completed. BPA has also acquired all of the output of the Idaho Falls, Cowlitz Falls, and Wasco hydro projects. BPA has agreed to fund debt service on EWEB, Emerald and CARES bonds issued to finance conservation programs sponsored by BPA.

BPA recognizes expenses for these projects based upon total project cash funding requirements reflected in project budgets that are adopted by BPA and the Washington Public Power Supply System (72 percent of Hanford Generating Project, 100 percent of WNP-1 & -2, 70 percent of WNP-3), Eugene Water and Electric Board (30 percent of Trojan, EWEB conservation), City of Idaho Falls (Idaho Falls hydro), PUD No. 1 of Lewis County (Cowlitz Falls hydro), Northern Wasco County Peoples Utility District (Wasco hydro), Conservation and Renewable Energy System (CARES conservation), and Emerald People's Utility District (Emerald conservation). Operating expense for the projects is included in operations and maintenance in the accompanying Statements of Revenues and Expenses.

Following restoration of the Supply System's bond rating in late 1988, BPA and the Supply System developed a refunding plan to refinance outstanding high-interest rate net-billed bonds. By the end of fiscal year 1994, twelve advance refunding sales were completed.

In total \$8.3 billion of refunding bonds were issued to refinance \$6.9 billion of previously outstanding bonds. These advance refundings reduced the cash requirements pursuant to the project budgets BPA is required to pay under the net-billing agreements by \$131.6 million in fiscal 1992, \$106.7 million in 1993, and \$124.1 million in 1994 from 1989 levels. Additionally the structure of the advance refundings allowed the use of cash reserves held by the bond trustee to further reduce the project budgets for fiscal

Notes to Financial Statements

1993 and 1994. This resulted in \$58.2 million and \$11.5 million of lower project budgets for fiscal 1993 and 1994 respectively. Cash reserves were not available to reduce project budgets in fiscal 1992.

In summary, non-federal project expense included in the Statement of Revenues and Expenses was reduced by \$131.6 million, \$164.9 million, and \$135.6 million for fiscal 1992, 1993, and 1994, respectively, relating to the above factors. The table below shows future principal payments required for non-federal projects total \$7.3 billion.

Non-Federal Project Debt Repayments

	(Thousands of Dollars)
1995	\$ 117,877
1996	156,413
1997	167,022
1998	172,261
1999	263,574
2000+	6,381,856
Total	\$ 7,259,003

Construction on two projects, WNP-1 and WNP-3, has been delayed indefinitely. In May, the Supply System's board of directors voted to terminate WNP-1 and WNP-3 in January 1995. The financial statements as of September 30, 1994 do not reflect a liability for dismantlement and site restoration cost as final disposition of the plants has not been determined.

As discussed, BPA is required to pay a portion of the respective non-federal projects annual budgets, including debt service, which are established by the respective asset owners. As BPA is not the primary borrower, no alternative current market rates are available to BPA. Therefore, it is not practicable to calculate the fair value of this debt.

In January 1993, the Portland General Electric (PGE) Board of Directors formally notified BPA of its intent to terminate the operation of the Trojan plant. PGE's rate filing in November 1993 with the Oregon Public Utility Commission included an estimated

decommissioning liability of \$401 million (in 1993 dollars) which has been revised as of September 30, 1994 to \$428 million based on site specific studies. BPA's 30 percent share of the estimated liability of \$128 million, net of the decommissioning trust fund balance of \$11.9 million and actual expenditures through September 30, 1994, has been included in the accompanying balance sheet. Contributions to the decommissioning trust fund are made pursuant to the net-billing agreement for the plant through 2023 and were approximately \$2 million for each of the years ended September 30, 1994, 1993, and 1992. PGE plans to make a final proposal to the Nuclear Regulatory Commission in 1994 regarding the decommissioning method to be implemented. The method selected could impact BPA's funding of the decommissioning trust. The decision to terminate the plant is not expected to result in the acceleration of debt-service payments. BPA will continue to recover its share of Trojan's costs through rates.

5. Residential Exchange

As provided for in the Pacific Northwest Electric Power Planning and Conservation Act of 1980, Section 5(c), BPA entered into residential exchange contracts with several electric utilities. These contracts allow each utility to sell to BPA its qualified residential and irrigation load at the average system cost of the utility's resources. In exchange, BPA sells to the utilities electric power for their residential and irrigation loads at BPA's priority firm power rate. Purchases and sales of electric power by BPA during fiscal years 1994, 1993, and 1992 under these contracts are shown in the table below.

Residential Exchange

	1994	1993	1992
	(Thousands of Dollars)		
Expense	\$ 962,498	\$919,078	\$844,587
Revenue	(802,622)	(709,084)	(642,611)
Net	\$ 159,876	\$209,994	\$201,976

Notes to Financial Statements

6. Commitments and Contingencies

Irrigation Assistance

Legislation requires that FCRPS net revenues be used to pay the U.S. Treasury for costs allocated to irrigation of certain Pacific Northwest projects that are determined to be beyond the ability of the irrigation water users to repay. The first irrigation assistance payment from power net revenues is currently planned to be made in 1997, and cumulative payments could ultimately total \$832 million. Although such costs may be paid by power ratepayers, these costs are for the benefit of the water users and are not a regular operating cost of the power program. Accordingly, these costs will be reflected in the financial statements if paid.

Net-Billing Agreements

BPA has agreed with the Supply System that, in the event any participant shall be unable for any reason, or shall refuse, to pay to the Supply System any amount due from such participant under its net-billing agreement for which a net-billing credit or cash payment to such participant has been provided by the BPA, BPA will be obligated to pay the unpaid amount in cash directly to the Supply System, unless payment of such unpaid amount is made in a timely manner pursuant to the net-billing agreements.

Nuclear Insurance

BPA is a member of the Nuclear Electric Insurance Limited (NEIL) established to provide insurance coverage for replacement power costs resulting from an accidental outage at a member's nuclear site, and excess property damage and decontamination liability. Under its replacement power cost insurance coverage (NEIL-I), BPA could be subject to a maximum assessment of \$4.6 million in the event of a NEIL-I member's replacement power loss exceeding NEIL-I reserves and reinsurance. Under its property and decontamination coverage, BPA could be subject to a maximum assessment of \$8.9 million in the event of a NEIL-II member insured loss exceeding the NEIL-II reserves and reinsurance.

As a separate requirement, BPA is liable under the Nuclear Regulatory Commission's (NRC) indemnity for public liability coverage under the Price-Anderson Act. In the event of a nuclear incident, BPA could be

subject to a retrospective assessment of \$79.3 million for WNP-2 and \$23.8 million for Trojan limited to an annual maximum of \$10 million for WNP-2 and \$3 million for Trojan.

Decommissioning Costs

Decommissioning costs are charged to operations over the operating life of a project. An external decommissioning sinking fund for costs is being funded monthly, as payments are made pursuant to the net-billing agreement, for WNP-2. The sinking fund is expected to provide for decommissioning at the end of the project's operating life in accordance with NRC requirements. Sinking fund requirements for WNP-2 are based on an estimate of decommissioning cost, and assumes a 40-year project life.

The estimated decommissioning sum of expenditures for WNP-2 is \$403 million (1987 dollars). Payments to the sinking fund for the years ended September 30, 1994, 1993, and 1992 were approximately \$3 million per year. The sinking fund balance at September 30, 1994 is \$26 million.

Decommissioning costs are included in operations and maintenance expense in the Statements of Revenues and Expenses.

Environmental Cleanup

The Ross Complex in Vancouver, Washington, has been identified as a superfund site. In addition, there are other sites where BPA has been or may be identified as a potential responsible party. Costs associated with cleanup are not expected to be material to the FCRPS financial statements.

Endangered Species Act

Actions related to the Endangered Species Act are adding to BPA's costs. These expenses are expected to recur and increase. These additional costs will be recovered through future rate increases.

7. Litigation

Involving the Washington Public Power Supply System (Supply System)

On January 22, 1982, the Supply System stopped construction of two nuclear projects: WNP-4 at Hanford and WNP-5 at Satsop. WNP-1 and -4, and WNP-3

Notes to Financial Statements

and -5 were to be built as two sets of twin plants, sharing many common elements, including design and some shared facilities. Costs of constructing the twin plants were to be shared on the basis of proportion of respective benefit to each project. Chemical Bank, the WNP-4 and -5 bond trustee, now seeks to have the terminated plants' portion of those shared costs retroactively reallocated to WNP-1 and -3. On October 5, 1990, the court ruled that principles of incremental cost sharing were required. The court stated that because such principles were not applied, WNP-4 and -5 apparently have paid more than their fair and equitable share of construction costs. BPA and several other parties appealed the District Court's October 1990 decision. On February 25, 1992, the United States Court of Appeals reversed the District Court's ruling that incremental cost sharing should have been applied and concluded that the cost sharing principles which the Supply System used were proper. The case was then remanded back to the District Court to determine whether the Supply System correctly applied proportional cost sharing. The discovery phase of the

litigation is now underway. Trial is scheduled to begin on July 15, 1995.

Chemical Bank is claiming approximately \$1 billion, including interest through September 30, 1994. Because of the net-billing agreements discussed in Note 4, which require BPA to pay the participants' portion of the annual project costs for WNP-1, -2, and -3, BPA might be required to fund judgments against the Supply System affecting the net-billed projects.

Settlement discussions are currently underway that if successful could significantly reduce the additional costs assumed by WNP-1 and -3, and the amount that BPA may be required to fund. Although the settlement discussions are nearing a conclusion, management is not in a position to predict the outcome of this matter.

Other Matters

Certain other claims, suits and complaints have been filed or are pending against entities of FCRPS. In the opinion of BPA General Counsel and management for those entities, the actions are either without merit or involve amounts which are not material to the FCRPS financial statements.

Selected Quarterly Information (Unaudited)^(a)

3 Months Ended	December 31	March 31	June 30	September 30
(Thousands of Dollars)				
1994				
Operating revenues	\$ 607,095	\$600,457	\$485,307	\$ 503,089
Operating expenses	441,972	426,441	459,638	552,283
Net interest expenses	97,450	98,773	79,761	100,291
Net revenues (expenses)	\$ 67,673	\$ 75,243	\$ (54,092)	\$ (149,485)
1993				
Operating revenues	\$ 513,288	\$ 561,482	\$ 431,412	\$ 436,277
Operating expenses	422,801	569,848	420,338	466,707
Net interest expenses	82,978	81,979	94,920	99,848
Net revenues (expenses)	\$ 7,509	\$ (90,345)	\$ (83,846)	\$ (130,278)
1992				
Operating revenues	\$ 550,683	\$ 534,283	\$ 411,119	\$ 432,718
Operating expenses	431,749	496,770	455,538	504,839
Net interest expenses	76,618	75,800	73,050	88,032
Net revenues (expenses)	\$ 42,316	\$ (38,287)	\$ (117,469)	\$ (160,153)

(a) BPA's net revenues are normally higher in the first and second quarters of the fiscal year than in the third and fourth. In fall and winter, loads grow to serve Northwest heating needs. In warmer weather, loads decline and BPA spends more in yearly maintenance.

Schedule of Amount & Allocation of Plant Investment

Federal Columbia River Power System

September 30, 1994

Schedule A	Total	Commercial Power			Returnable from Commercial Power Revenues
		Completed Plant	Construction Work in Progress	Total Commercial Power	
(Thousands of Dollars)					
Bonneville Power Administration					
Transmission facilities	\$ 4,544,384	\$ 4,174,533	\$ 369,851	\$ 4,544,384	\$ —
Bureau of Reclamation					
Boise	109,926	11,129	2,236	13,365	24,005
Columbia Basin	1,837,794	1,085,258	9,705	1,094,963	569,998
Hungry Horse	124,193	81,186	17,704	98,890	—
Minidoka-Palisades	326,279	14,681	35,688	50,369	10,248
Yakima	190,319	6,365	270	6,635	12,303
Total Bureau projects	2,588,511	1,198,619	65,603	1,264,222	616,554
Corps of Engineers					
Albeni Falls	38,704	35,831	444	36,275	—
Bonneville	1,214,607	814,806	5,797	820,603	—
Chief Joseph	598,042	558,433	1,370	559,803	—
Cougar	62,425	20,328	—	20,328	—
Detroit-Big Cliff	67,701	41,280	—	41,280	—
Dworshak	363,626	305,377	494	305,871	—
Green Peter-Foster	90,352	50,003	32	50,035	—
Hills Creek	48,961	17,493	55	17,548	—
Ice Harbor	190,107	139,085	702	139,787	—
John Day	630,180	456,819	14,283	471,102	—
Libby	568,638	432,887	436	433,323	—
Little Goose	249,307	205,139	2,650	207,789	—
Lookout Point-Dexter	100,162	47,509	367	47,876	—
Lost Creek	150,461	27,007	56	27,063	—
Lower Granite	403,090	329,823	171	329,994	—
Lower Monumental	268,905	225,065	1,074	226,139	—
McNary	354,199	280,112	755	280,867	—
The Dalles	361,678	294,241	15,026	309,267	—
Columbia River Fish Bypass	147,000	130,143	—	130,143	—
Lower Snake	241,395	239,097	—	239,097	—
Total Corps projects	6,149,540	4,650,478	43,712	4,694,190	—
Irrigation assistance at 12 projects having no power generation	201,179	—	—	—	157,144
Total plant investment	13,483,614	10,023,630	479,166	10,502,796	773,698
Repayment obligation retained by					
Columbia Basin project	4,639	2,836 ^(a)	—	2,836	1,803
Investment in Teton project ^(b)	79,107	—	7,269	7,269	56,573
Total	\$13,567,360	\$10,026,466	\$ 486,435	\$10,512,901	\$ 832,074

(a) Amount represents joint costs transferred to Bureau of Sports Fisheries and Wildlife. This is included in other assets in the accompanying balance sheets.

Irrigation		Non-reimbursable					Percent of Total Returnable from Commercial Power Revenues
Returnable from Other Sources	Total Irrigation	Navigation	Flood Control	Fish and Wildlife	Recreation	Other	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	100.00%
41,157	65,162	—	31,399	—	—	—	34.00%
109,275	679,273	1,000	56,052	5,794	154	558	90.60%
—	—	—	25,303	—	—	—	79.63%
65,066	75,314	—	64,442	1,712	10,269	124,173	18.58%
122,902	135,205	—	912	47,329	—	238	9.95%
338,400	954,954	1,000	178,108	54,835	10,423	124,969	72.66%
—	—	167	211	—	2,051	—	93.72%
—	—	390,653	—	—	1,289	2,062	67.56%
226	226	—	—	—	4,035	33,978	93.61%
3,280	3,280	547	38,270	—	—	—	32.56%
5,105	5,105	230	21,086	—	—	—	60.97%
—	—	9,563	34,395	—	13,797	—	84.12%
6,220	6,220	366	30,368	—	1,693	1,670	55.38%
4,577	4,577	624	26,212	—	—	—	35.84%
—	—	47,414	—	—	2,906	—	73.53%
—	—	99,522	21,508	—	11,639	26,409	74.76%
—	—	—	97,484	870	6,324	30,637	76.20%
—	—	34,849	—	—	4,065	2,604	83.35%
1,501	1,501	750	49,523	—	512	—	47.80%
2,185	2,185	—	53,009	24,336	30,244	13,624	17.99%
—	—	52,613	—	—	12,641	7,842	81.87%
—	—	39,527	—	—	2,822	417	84.10%
—	—	68,511	—	—	4,821	—	79.30%
—	—	50,313	—	—	2,076	22	85.51%
—	—	16,857	—	—	—	—	88.53%
—	—	2,298	—	—	—	—	99.05%
23,094	23,094	814,804	372,066	25,206	100,915	119,265	76.33%
44,035	201,179	—	—	—	—	—	78.11%
405,529	1,179,227	815,804	550,174	80,041	111,338	244,234	83.63%
—	1,803	—	—	—	—	—	100.00%
3,681	60,254	—	9,151	—	2,433	—	80.70%
\$ 409,210	\$ 1,241,284	\$ 815,804	\$ 559,325	\$ 80,041	\$ 113,771	\$ 244,234	83.62%

(b) The \$7,269,000 commercial power portion of the Teton project is included in other assets in the accompanying balance sheets. Teton amounts exclude interest totaling approximately \$2.2 million subsequent to June 1976 which was charged to expense.

Report of Independent Accountants



To the Administrator of
Bonneville Power Administration,
United States Department of Energy:

In our opinion, the accompanying balance sheets and the related statements of revenues and expenses, changes in capitalization and long-term liabilities and of cash flows present fairly, in all material respects, the financial position of the Federal Columbia River Power System (FCRPS) at September 30, 1994 and 1993, and the results of its operations, changes in capitalization and long-term liabilities and its cash flows for each of the three years in the period ended September 30, 1994, in conformity with generally accepted accounting principles. These financial statements are the responsibility of FCRPS's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 7 to the financial statements, pending litigation related to the allocation of certain costs among Washington Public Power Supply System nuclear projects may have a significant impact on FCRPS. The ultimate outcome of the litigation cannot presently be determined. Accordingly, the accompanying financial statements do not include any adjustments which might result from the outcome of this litigation.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Amount and Allocation of Plant Investment as of September 30, 1994, (Schedule A) is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Price Waterhouse LLP

Portland, Oregon
December 15, 1994

Federal Repayment

Basis for Financial Reporting

BPA prepares financial statements for the FCRPS to report its financial condition as if it were a public utility. The financial statements are independently audited by Price Waterhouse LLP, independent accountants, in accordance with generally accepted auditing standards. Power rates are based on the FCRPS revenue requirement study. The financial statements show historical results, and the revenue requirement study shows projected costs to be recovered from rates. The revenue requirement study is prepared consistent with BPA's statutory obligation to set rates to recover all costs of acquiring, conserving, and transmitting electric power, including timely repayment of the federal investment in the FCRPS, and all other costs incurred by the Administrator pursuant to law. Costs include operation and maintenance, non-federal projects debt service, federal interest, and recovery of the federal investment.

Revenue Requirement Study

The revenue requirement study demonstrates repayment of federal investment and it reflects revenues and costs consistent with the 1993 Wholesale Power and Transmission Rate Filing. The Federal Energy Regulatory Commission granted final approval for proposed rates on June 20, 1994 for fiscal years 1994 and 1995 (67 FERC 61,351).

Repayment Demonstration

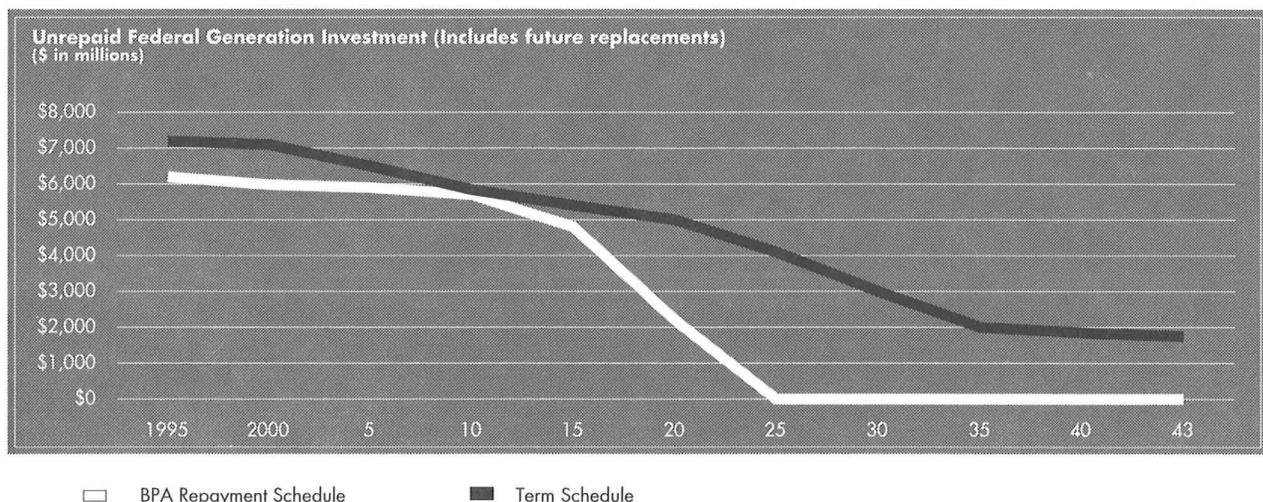
BPA is required by P.L. 89-448 to demonstrate that reimbursable costs of the FCRPS will be returned to the U.S. Treasury from BPA net revenues within the period prescribed by law. BPA is required to make a similar demonstration for the costs of irrigation projects which are beyond the ability of the 22 irrigation water users to repay. These requirements are met by conducting power repayment studies which produce schedules of payments at the proposed rates to demonstrate repayment of principal within the allowable repayment period.

Since 1985, BPA has prepared separate repayment demonstrations for generation and transmission in accordance with an order issued by the Commission on January 27, 1984 (26 FERC 61,096).

Repayment Policy

BPA's repayment policy is reflected in its revenue requirements and rate levels. This policy requires that FCRPS revenues be sufficient to:

1. Pay the cost of obtaining power through purchase and exchange agreements (non-federal projects).
2. Pay the cost of operating and maintaining the power system.
3. Pay interest on and repay outstanding bonds issued to Treasury to finance transmission system construction, conservation, and fish and wildlife projects.



Federal Repayment

4. Pay interest on the unrepaid investment in power facilities financed with appropriated funds. (Federal hydroelectric projects are all financed with appropriated funds, as were BPA transmission facilities constructed before 1978.)
5. Pay, with interest, any outstanding deferral.
6. Repay the power investment in each federal hydroelectric project within 50 years after going into service (except for the Chandler project, which has a legislated repayment period of 66 years).
7. Repay each increment of the investment in the BPA transmission system financed with appropriated funds within the average service life of the transmission facilities (45 years).
8. Repay the investment in each replacement at a federal hydroelectric project within its service life.
9. Repay construction costs at federal reclamation projects which are beyond the ability of the irrigators to pay, and are assigned for payment from commercial power net revenues, within the same period available to the water users for making payments. These periods range from 40 to 66 years, with 50 years being applicable to most of the irrigation payment assistance.

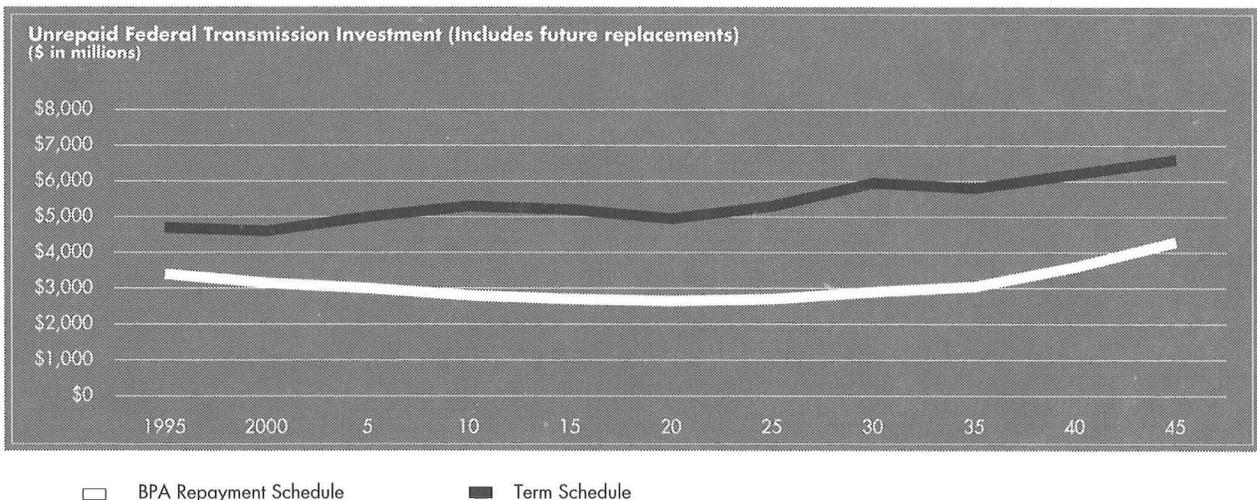
Investments bearing the highest interest rate will be repaid first, to the extent possible, while still completing repayment of each increment of investment within its prescribed repayment period.

Repayment Obligation

BPA's rates must be designed to collect sufficient revenues to return the reimbursable power costs of each FCRPS investment and each irrigation assistance obligation within the time prescribed by law. However, total irrigation assistance payments cannot require an increase in the BPA power rate level. In the absence of a specific legislated period, the costs must be returned within 50 years from the date the investment is capable of producing revenue or within the investment's average service life, whichever is less. If existing rates are not likely to meet this requirement, BPA must reduce costs, adjust its rates, or both.

By comparing the unrepaid investment resulting from BPA's repayment schedule with the allowable unrepaid investment resulting from a "term schedule" on a year-by-year basis it is demonstrated that the federal investment is repaid within the time allowed. A term schedule represents a repayment schedule whereby each investment would be repaid in total in the year it is due.

Reporting requirements of P.L. 89-448 are met so long as the unrepaid FCRPS investment and irrigation assistance resulting from BPA's repayment schedule is less than or equal to the allowable unrepaid investment in each year. While the comparison is illustrated by graphs representing total FCRPS generation and total FCRPS transmission investment, the actual comparison is performed on an investment-by-investment basis.



Federal Repayment

Repayment of FCRPS Investment

The graphs for Unrepaid Federal Generation and Transmission Investment on pages 39 and 40 illustrate that unrepaid investment resulting from BPA's generation and transmission repayment schedules is less than the allowable unrepaid investment. This demonstrates that BPA's rates are sufficient to recover all reimbursable costs of FCRPS investments on or before their due dates.

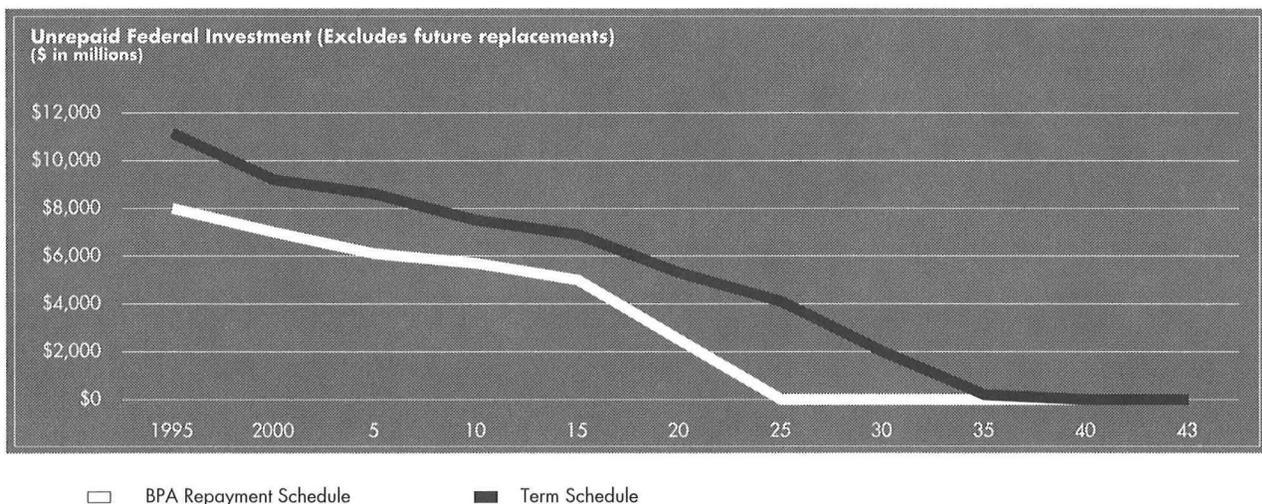
The term schedule lines in the graphs show how much of the investment can remain unpaid in accordance with the repayment period for the generation and transmission components of the FCRPS. The BPA repayment schedule lines show how much of the investment remains to be repaid according to BPA's repayment schedules. In each year, BPA's repayment schedule is ahead of the term schedule.

This occurs because BPA plans repayment both to comply with investment due dates and to minimize costs over the 50-year repayment period. Costs are minimized by repaying highest interest-bearing

investments first, to the extent possible. Consequently some investments are repaid before their due dates, while assuring that all other investments are repaid by their due dates. These graphs include forecasts of future system replacements necessary to maintain the existing FCRPS generation and transmission facilities.

The Unrepaid Federal Investment graph below displays the total planned unrepaid FCRPS investment compared to allowable total unrepaid FCRPS investment omitting future system replacements. This demonstrates that the FCRPS investment expected through fiscal year 1995 is scheduled to be returned to the U.S. Treasury within the 50-year repayment period and ahead of due dates.

If, in any given year, revenues are not sufficient to cover all cash needs, including interest, any deficiency becomes an unpaid annual expense. Interest is accrued on the unpaid annual expense until paid. This must be paid from subsequent years' revenues before any repayment of federal appropriations can be made.



Sales of Electric Power

Federal Columbia River Power System

September 30

1994

Capacity Sales

Energy Sales

Customer

(Thousands of Dollars)

Customer	MW	Revenue	MWh	Revenue
Northwest Region Municipalities				
Albion, ID	7	\$ 32	3,110	\$ 63
Ashland, OR	359	1,487	163,695	3,276
Bandon, OR	137	566	60,277	1,205
Blaine, WA	120	497	62,381	1,251
Bonnors Ferry, ID	46	235	8,254	299
Burley, ID	228	947	115,350	2,300
Canby, OR	270	1,118	123,142	2,473
Cascade Locks, OR	38	149	18,642	355
Centralia, WA	393	1,625	165,863	3,391
Cheney, WA	218	903	104,708	2,100
Chewelah, WA	48	199	23,318	469
Cons. Irrig. Dist., WA	3	14	1,199	25
Coulee Dam, WA	33	132	15,237	310
Declo, ID	7	30	3,360	67
Drain, OR	47	195	21,792	434
Eatonville, WA	45	182	20,205	409
Ellensburg, WA	336	1,392	169,246	3,382
Eugene, OR	3,010	12,453	1,927,763	38,747
Fircrest, WA	86	356	39,548	799
Forest Grove, OR	358	1,428	170,461	3,414
Heyburn, OR	180	747	107,066	2,121
Idaho Falls, ID	1,195	4,950	566,447	11,351
McCleary, WA	78	323	34,428	688
McMinnville, OR	1,338	5,495	612,776	12,217
Milton, WA	110	457	52,768	1,063
Milton-Freewater, OR	155	592	71,265	1,413
Minidoka, ID	2	9	942	19
Monmouth, OR	130	539	59,324	1,196
Plummer, ID	17	69	6,755	122
Port Angeles, WA	1,099	4,581	625,408	12,529
Richland, WA	1,386	5,735	626,789	12,467
Rupert, ID	167	689	80,029	1,606

Sales of Electric Power

September 30

Customer	Capacity Sales		Energy Sales	
	MW	Revenue	MWh	Revenue
(Thousands of Dollars)				
Northwest Region Municipalities (Continued)				
Seattle, WA	195	\$ 532	2,146,706	\$ 42,762
Soda Springs, ID	47	199	23,014	462
Springfield, OR	1,591	6,585	809,669	16,217
Steilacoom, WA	89	369	38,909	790
Sumas, WA	33	135	17,265	342
Tacoma, WA	2,850	11,405	2,391,839	47,703
Troy, MT	30	125	14,342	289
Vera Irrig. Dist., WA	376	1,556	174,763	3,508
WPPSS, WA	81	336	41,254	824
Total Municipalities (41)	16,938	\$ 69,368	11,719,309	\$ 234,458
Public Utility Districts				
Benton Co.	3,033	\$ 12,560	1,428,456	\$ 26,505
Central Lincoln	2,503	10,363	1,343,790	26,594
Chelan Co.	238	139	24,303	443
Clallam Co.	1,174	4,516	492,649	9,270
Clark Co.	6,450	26,783	3,357,686	67,560
Clatskanie	1,432	5,923	884,534	17,466
Columbia River	536	2,067	284,748	5,255
Cowlitz Co.	6,270	25,774	4,230,692	83,409
Douglas Co.	192	88	12,611	140
Emerald	896	3,451	388,659	7,197
Ferry Co.	237	909	119,700	2,219
Franklin Co.	1,339	5,548	650,056	12,254
Grant Co. #2	839	615	609,668	11,392
Grays Harbor	2,006	8,310	1,016,869	20,390
Kittitas Co.	90	339	42,382	761
Klickitat Co.	614	2,360	296,443	5,372
Lewis Co.	1,241	4,812	701,157	13,194
Mason Co. #1	133	514	57,563	1,077
Mason Co. #3	1,144	4,403	517,785	9,683
Northern Wasco Co.	546	2,261	255,264	5,097

Sales of Electric Power

September 30

Customer	Capacity Sales		Energy Sales	
	MW	Revenue	MWh	Revenue
(Thousands of Dollars)				
Public Utility Districts (Continued)				
Okanogan Co.	571	\$ 2,102	325,041	\$ 6,456
Pacific Co. #2	611	2,529	271,215	5,461
Pend Oreille Co.	458	1,890	285,546	5,823
Skamania Co.	233	896	103,173	1,931
Snohomish Co.	8,595	35,588	4,894,263	98,766
Tillamook	833	3,208	366,862	6,831
Wahkiakum Co.	81	313	35,541	665
Whatcom Co.	284	1,176	178,692	3,501
Total Public Utility Districts (28)	42,579	\$ 169,437	23,175,348	\$454,712
Cooperatives				
Alder Mutual Light	6	\$ 26	2,931	\$ 56
Benton Rural Elec. Assn.	769	2,956	371,386	6,411
Big Bend Co-op	856	3,270	436,410	6,239
Blachly-Lane Co-op	313	1,230	137,915	2,607
Central Elec. Co-op	1,036	3,983	426,225	7,674
Clearwater Power Co.	373	1,435	163,261	3,029
Columbia Basin Co-op	221	848	107,817	1,858
Columbia Power Co-op	62	237	28,309	499
Columbia Rural Elec. Assn.	458	1,748	228,821	3,208
Consumers Power	785	3,019	341,202	6,313
Coos-Curry Elec. Co-op	655	2,519	282,502	5,229
Douglas Elec. Co-op	304	1,166	133,407	2,476
East End Mutual Elec.	41	166	19,342	336
Elmhurst Mutual P&L	533	2,207	237,694	4,832
Fall River Elec. Co-op	396	1,527	176,692	3,077
Farmers Elec. Co.	7	35	3,795	76
Flathead Elec. Co-op	418	1,610	187,296	3,464
Glacier Elec. Co-op	299	1,147	157,056	2,901
Harney Elec. Co-op	432	1,651	247,765	3,722
Hood River Elec. Co-op	190	788	94,910	1,909
Idaho Co. L&P Co-op	79	314	36,931	686

Sales of Electric Power

September 30

Customer	Capacity Sales		Energy Sales	
	MW	Revenue	MWh	Revenue
	(Thousands of Dollars)			
Cooperatives (Continued)				
Inland P&L	1,100	\$ 4,235	490,076	\$ 9,140
Kootenai Elec. Co-op	526	2,026	246,624	4,583
Lakeview L&P	552	2,285	281,987	5,654
Lane Elec. Co-op	482	1,892	207,475	3,976
Lincoln Elec. Co-op - MT	217	837	100,604	1,871
Lincoln Elec. Co-op - WA	213	812	109,203	1,656
Lost River Elec. Co-op	149	570	77,807	1,132
Lower Valley P&L	967	3,720	446,684	8,413
Midstate Elec. Co-op	614	2,363	277,052	4,936
Missoula Elec. Co-op	320	1,231	148,603	2,802
Modern Elec. Water Co-op	405	1,671	204,142	4,062
Nespelem Valley Elec. Co-op	87	344	39,233	697
Northern Lights	429	1,655	193,032	3,598
Ohop Mutual Light Co.	125	483	52,823	998
Okanogan County Co-op	81	312	37,325	690
Orcas P&L	339	1,304	149,879	2,813
Oregon Trail Elec.	1,235	4,757	556,826	10,171
Pacific NW Generating Co.	11	46	474	8
Parkland Light & Water	206	850	100,328	2,029
Peninsula Light Co.	973	4,026	432,491	8,751
Raft River Elec. Co-op	398	1,517	215,994	2,886
Ravalli Elec. Co-op	216	829	98,001	1,791
Riverside Elec. Co.	34	135	14,900	263
Rural Elec. Co.	185	744	89,925	1,614
Salem Elec.	681	2,818	342,198	6,834
Salmon River Co-op	239	927	125,671	2,141
South Side Elec. Lines	93	362	44,059	681
Surprise Valley Elec.	288	1,099	142,666	2,333
Tanner Elec.	95	367	43,519	818
Umatilla Elec. Co-op	1,186	4,654	658,642	10,537
Unity P&L	162	648	79,358	1,368
Vigilante Elec. Co-op	256	990	121,771	2,058

Sales of Electric Power

September 30

1994

Capacity Sales

Energy Sales

Customer

(Thousands of Dollars)

	MW	Revenue	MWh	Revenue
Cooperatives (Continued)				
Wasco Elec. Co-op	185	\$ 694	84,703	\$ 1,528
Wells Rural	822	3,212	448,343	8,198
West Oregon Co-op	153	591	65,254	1,213
Total Cooperatives (56)	22,257	\$ 86,888	10,549,339	\$ 188,845
Federal Agencies				
U.S. Department of Energy	554	\$ 2,294	330,011	\$ 6,547
U.S. Bureau of Mines	13	57	4,773	98
U.S. Air Force	125	516	59,422	1,177
U.S. Bureau of Reclamation	0	0	116,460	440
U.S. Bureau of Indian Affairs	541	2,136	235,982	4,339
U.S. Navy	761	3,152	399,142	7,928
U.S. Army Corps of Engineers	28	116	0	0
Total Federal Agencies (7)	2,022	\$ 8,271	1,145,790	\$ 20,529
Investor-Owned Utilities				
Colockum Transmission Co.	268	\$ 122	0	\$ 0
Idaho Power Co.	0	0	353,711	5,996
Montana Power Co.	0	0	627,103	27,980
Pacific Power & Light Co.	13,655	77,430	841,864	31,075
Portland General Elec. Co.	1,700	5,610	1,531,417	51,375
Puget Sound P&L Co.	1,223	1,095	1,655,325	62,062
Washington Water Power	820	3,173	925,133	36,963
Total Investor-Owned Utilities (7)	17,666	\$ 87,430	5,934,553	\$ 215,451
Aluminum Industries				
Alcoa	1,880	\$ 9,476	963,742	\$ 13,634
Columbia Aluminum Co.	2,782	16,680	2,024,646	26,795
Columbia Falls Aluminum Co.	3,170	18,875	2,265,293	29,996
Intalco Aluminum Co.	4,027	23,999	2,906,971	38,407
Kaiser Aluminum	5,566	32,688	4,006,689	55,921
Northwest Aluminum Co.	1,684	10,083	1,222,319	16,189

Sales of Electric Power

September 30

Customer	Capacity Sales		Energy Sales	
	MW	Revenue	MWh	Revenue
(Thousands of Dollars)				
Aluminum Industries (Continued)				
Reynolds Metals Co.	4,744	\$ 25,648	2,909,899	\$ 38,513
Vanalco, Inc.	2,286	13,695	1,620,192	20,790
Total Aluminum Industries (8)	26,139	\$ 151,144	17,919,751	\$ 240,245
Other Industries				
ACPC, Inc.	17	\$ 70	5,944	\$ 141
ATOCHEM N. America	835	4,257	593,284	11,049
Georgia Pacific Corp.	249	1,257	175,093	3,287
Gilmore Steel	3	13	1,043	19
Nickel Joint Venture	2	26	(5,688)	(43)
Oregon Metallurgical	154	782	107,136	2,006
Port Townsend Paper	150	764	97,089	1,825
Stewart Elsner/Camp High Cliff	0	0	2	0
Total Other Industries (8)	1,410	\$ 7,169	973,903	\$ 18,284
Total Sales NW Region (155)	129,011	\$ 579,707	71,417,993	\$1,372,524
Outside Northwest Region				
Anaheim, CA - Public	64	\$ 279	0	\$ 0
B.C. Power Export - Public	0	0	8,311	123
Burbank, CA - Public	362	2,174	129,569	3,803
Cominco, LTD., B.C. - Investor	645	199	4,025	53
Glendale, CA - Public	170	1,023	74,747	2,100
Hetch Hetchy Water Power - Public	0	0	75,913	1,123
Lassen Municipal Util. Dist. - Public	0	0	27,915	532
Los Angeles, CA - Public	0	0	7,912	182
MSR Public Power Agency - Public	1,200	7,366	420,935	13,913
Modesto Irrigation Dist - Public	0	0	126,092	2,182
No. California Power Agency - Public	40	114	86,613	1,595
Pacific Gas & Elec. Co. - Investor	1,600	5,808	598,192	9,646
Pasadena, CA - Public	102	614	27,788	812
Plains Electric, NM - Public	0	0	111,784	2,012
Redding, CA - Public	0	0	575	13

Sales of Electric Power

September 30

1994

Capacity Sales

Energy Sales

Customer

Customer	(Thousands of Dollars)			
	MW	Revenue	MWh	Revenue
Outside Northwest Region (Continued)				
Riverside, CA - Public	64	\$ 279	0	\$ 0
Sacramento, CA - Public	350	1,682	468,327	8,220
Salt River Project - Public	0	0	541	13
San Diego Gas & Elec. - Investor	0	0	96,498	1,430
Santa Clara, CA - Public	0	0	112,482	2,010
Sierra Pacific Power Co. - Investor	0	0	1,685	22
So. Cal. Edison Co. - Investor	0	0	203,164	5,427
State of California - Public	0	0	21,855	383
Turlock Irrigation Dist - Public	0	0	36,801	562
Vernon, CA - Public	0	0	45,995	763
WAPA-Mid Pacific Region - Federal	0	0	150	4
Total Outside NW Region (26)	4,597	\$ 19,538	2,687,869	\$ 56,923
Sales of Electric Power (181)	133,608	\$ 599,245	74,105,862	\$1,429,447

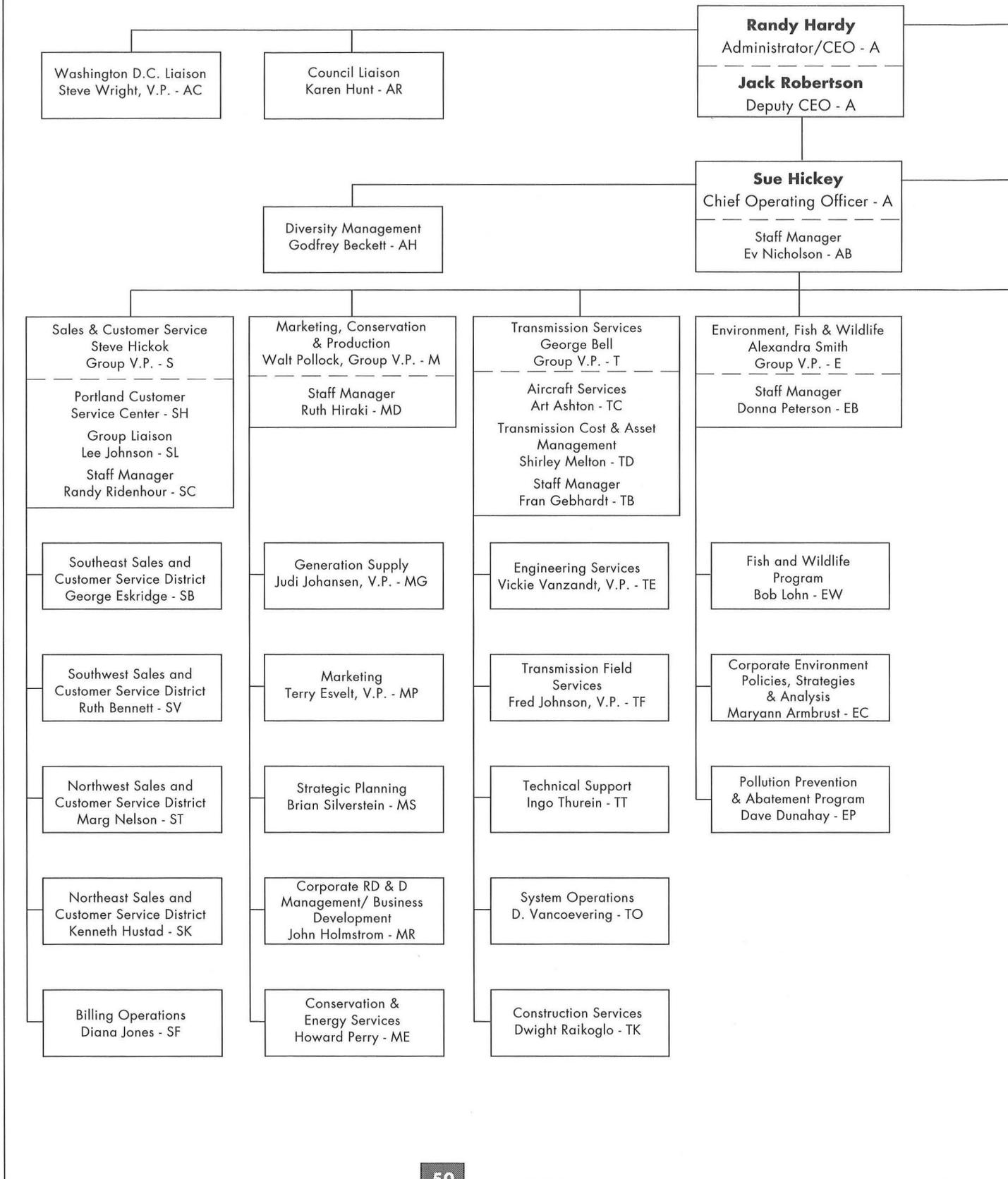
Federal System Hydroelectric Projects

Federal Columbia River Power System

Project ^(a)	Initial Year of Service	Number of Units	Nameplate Rating (MW)	Instantaneous Generating Capacity (peak MW)	Firm Energy (aMW)
U.S. Bureau of Reclamation Hydroelectric Projects					
Grand Coulee	1941	27	6,187.5	6,684	1,951
Grand Coulee Pump Generators	1973	6	314.0	314	0
Hungry Horse	1952	4	392.0	428	100
Palisades	1957	4	142.2	164	61
Anderson Ranch	1950	2	27.0	30	11
Minidoka	1909	7	13.4	16	9
Roza	1958	1	11.3	13	4
Black Canyon	1925	2	8.0	10	7
Chandler	1956	2	12.0	13	7
Total Bureau of Reclamation Projects		55	7,107.4	7,672	2,150
U.S. Army Corps of Engineers Hydroelectric Projects					
Chief Joseph	1955	27	2,069.0	2614	1,194
John Day	1968	16	2,160.0	2484	942
The Dalles	1957	22	1,780.0	2074	744
Bonneville	1938	18	1,050.0	1186	501
McNary	1953	14	980.0	1127	682
Lower Granite	1975	6	810.0	932	216
Lower Monumental	1969	6	810.0	930	220
Little Goose	1970	6	810.0	932	213
Ice Harbor	1961	6	603.0	693	199
Libby	1975	5	525.0	600	184
Dworshak	1974	3	400.0	460	166
Lookout Point	1954	3	120.0	138	24
Detroit	1953	2	100.0	115	34
Green Peter	1967	2	80.0	92	22
Lost Creek	1975	2	49.0	56	23
Albeni Falls	1955	3	42.6	49	26
Hills Creek	1962	2	30.0	35	14
Cougar	1964	2	25.0	29	12
Foster	1968	2	20.0	23	10
Big Cliff	1954	1	18.0	21	11
Dexter	1955	1	15.0	17	8
Total Corps of Engineers Projects		149	12,496.6	14,607	5,445
Hydro Efficiency Improvements		0	0	0	45
May Water Budget Overgeneration		0	0	0	-265
Total BOR and COE Projects		204	19,604.0	22,279	7,375

(a) 1993 Pacific Northwest Loads and Resources Study

Organization Chart



Internal Audit
Jack Strayer - AK

Contracts & Property
Management
Steve Kallio - AE

Corporate Services
Ed Sienkiewicz
Group V.P. - C
Safety
Xury Waldron - CC
Field Corporate Services
Lynda Boetcher Stelzer - CF
Staff Manager
Nancy Ducharme - CB

Human Resources
Veronica Williams - CH

Information Resources
Mike Holm - CI

General Services
Jack Kiley - CG

Corporate
Communications
Carolyn Whitney - CK

Purchasing and
Supply
Mike Federovitch - CP

Financial Services
Jim Curtis
Group V.P. - F
Staff Manager
Leanne Cesario - FB

Financial Planning
and Support
Pam Marshall - FP

Treasury Functions
Herb Kuhn - FT

Client Financial
Services
Larry Davidson - FC

Financial Reporting
Services
Tom Thompson - FR

Legal Services
Harvey Spigal
Group V.P. - L
Staff Manager
Germaine Sunday - L

Power & Transmission
M. Vanburen - LP

Natural Resources
Jim Luce - LN

Finance
Preston Michie - LF

Lands & Federal
Resources
Paul Majkut - LL

Rates
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