

**Federal Columbia River Power System (FCRPS)  
FY 2008 THIRD QUARTER REVIEW**

**Net Revenues and Reserves**

**Projection for FY 2008**



**July 25, 2008**

**FY 2008  
EXECUTIVE HIGHLIGHTS  
July 25, 2008**

(\$ in Millions)

	<b>A</b>	<b>B</b>	<b>FY 2008</b>	
			<b>C</b>	<b>D</b>
	<i>FY 2007 Audited Actuals without FAS 133 &amp; Bookouts <sup>1/</sup></i>	<i>FY 2008 SOY without FAS 133 &amp; Bookouts <sup>2/</sup></i>	<i>without FAS 133 &amp; Bookouts <sup>2/</sup></i>	<i>with FAS 133 &amp; Bookouts <sup>3/</sup></i>
1. REVENUES	3,369.9	3,236.7	<b>3,538.0</b>	<b>3,442.1</b>
2. EXPENSES	2,906.1	2,932.3	<b>3,129.0</b>	<b>3,059.7</b>
3. NET REVENUES <sup>4/</sup>	463.8	304.4	<b>409.0</b> <sup>7/</sup>	<b>382.4</b> <sup>7/</sup>
4. MODIFIED NET REVENUES <sup>4/</sup>	217.3	191.7	<b>270.0</b> <sup>7/</sup>	<b>270.0</b> <sup>7/</sup>
5. END OF YEAR FINANCIAL RESERVES <sup>5/</sup>	1,462.7	1,569.0	<b>1,660.6</b> <sup>7/</sup>	<b>1,660.6</b> <sup>7/</sup>
6. BPA ACCRUED CAPITAL EXPENDITURES <sup>6/</sup>	312.4	462.6	<b>341.3</b>	<b>341.3</b>

**Footnotes**

- 1/ Does not include mark-to-market adjustments required by SFAS 133 or reflect the change in accounting for power "bookout" transactions made after adoption of new accounting guidance, EITF 03-11, which was effective as of Oct 1, 2003. Actual Net Revenues for FY 2007 with the mark-to-market adjustments were \$457.2 million.
- 2/ Columns B and C do not reflect the change in accounting for power "bookout" transactions made after adoption of new accounting guidance, EITF 03-11, which was effective as of Oct 1, 2003.
- 3/ Includes an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133 for identified derivative instruments.
- 4/ Net revenues include the effects of non-federal debt management and SFAS 133. Modified net revenues were developed without these line items. An example of non-federal debt management is the refinancing of ENW debt.
- 5/ Financial reserves equal total cash plus deferred borrowing.
- 6/ Funded by borrowing from the U.S. Treasury.
- 7/ There is some uncertainty regarding the potential financial results that could occur by the end of the year, mainly a result of water conditions, which may affect net secondary sales, and short-term market prices, which also can affect net secondary sales.

**Federal Columbia River Power System Statement of Revenues and Expenses**  
**Quarterly Review at June 30, 2008**

	A	B	C	D	E	F
	Actuals: FY 2007	FY 2008 Target (SOY)	FY 2008 Current EOY Forecast	Current Forecast as a % of Target	Actuals: FYTD 2008	Actuals as a % of Target
<b>Operating Revenues</b>						
1 Gross Sales (excluding bookout adjustment) <Note 1	\$3,230,921	\$3,079,810	\$3,373,321	110%	\$2,496,530	81%
2 Bookout adjustment to Sales <Note 1	(94,705)		(69,261)		(69,261)	
3 Miscellaneous Revenues	68,246	62,513	58,450	94%	45,092	72%
4 Derivatives - Mark to Market Gain (Loss) <Note 2	(6,519)		(26,608)		(26,608)	
5 U.S. Treasury Credits	70,697	94,329	106,245	113%	77,461	82%
6 <b>Total Operating Revenues</b>	<b>3,268,641</b>	<b>3,236,652</b>	<b>3,442,147</b>	<b>106%</b>	<b>2,523,215</b>	<b>78%</b>
<b>Operating Expenses</b>						
Power System Generation Resources						
Operating Generation Resources						
7 Columbia Generating Station	276,409	231,431	238,131	103%	158,288	68%
8 Bureau of Reclamation	67,332	74,760	72,760	97%	46,928	63%
9 Corps of Engineers	158,410	165,742	165,742	100%	111,320	67%
10 Long-term Generating Projects	28,247	31,858	31,858	100%	19,467	61%
11 Operating Generation Settlement Payment	19,871	17,354	20,499	118%	13,015	75%
12 Non-Operating Generation	2,108	5,300	1,800	34%	985	19%
13 Gross Contracted & Augmentation Power Purchases (excluding bookout adjustment) <Note 1	367,119	215,811	462,980	215%	395,138	183%
14 Bookout Adjustment to Contracted & Augmentation Power Purchases <Note 1	(94,705)		(69,261)		(69,261)	
15 Exchanges and Settlements	340,247	303,000	303,520	100%	227,913	75%
16 Renewable and Conservation Generation	98,936	127,364	115,007	90%	73,448	58%
17 <b>Subtotal Power System Generation Resources</b>	<b>1,263,974</b>	<b>1,172,621</b>	<b>1,343,036</b>	<b>115%</b>	<b>977,241</b>	<b>83%</b>
18 Power Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 4	45,328	50,350	50,470	100%	32,437	64%
19 Power Services Non-Generation Operations	61,831	69,537	70,982	102%	49,851	72%
20 Transmission Operations	92,096	96,787	97,935	101%	69,826	72%
21 Transmission Maintenance	90,905	95,136	105,334	111%	77,038	81%
22 Transmission Engineering	15,017	24,720	22,954	93%	13,622	55%
23 Trans Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 3, 4	12,566	19,250	16,990	88%	4,610	24%
24 Transmission Reimbursables	13,081	10,000	10,000	100%	6,916	69%
25 Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	166,920	171,746	172,066	100%	116,412	68%
BPA Internal Support						
26 Additional Post-Retirement Contribution	21,100	18,000	18,000	100%	13,500	75%
27 Agency Services G&A	100,202	95,957	95,958	100%	74,702	78%
28 Other Income, Expenses & Adjustments	(3,443)	(200)	(4,173)	2086%	(2,714)	1357%
29 Non-Federal Debt Service <Note 3	343,321	511,658	485,480	95%	367,090	72%
30 Depreciation & Amortization <Note 3	351,787	372,363	355,886	96%	265,572	71%
31 <b>Total Operating Expenses</b>	<b>2,574,685</b>	<b>2,707,926</b>	<b>2,840,919</b>	<b>105%</b>	<b>2,066,103</b>	<b>76%</b>
32 <b>Net Operating Revenues (Expenses)</b>	<b>693,956</b>	<b>528,726</b>	<b>601,228</b>	<b>114%</b>	<b>457,112</b>	<b>86%</b>
<b>Interest Expense</b>						
33 Interest	269,919	245,891	240,734	98%	182,489	74%
34 AFUDC	(33,172)	(21,530)	(21,935)	102%	(16,853)	78%
35 <b>Net Interest Expense</b>	<b>236,747</b>	<b>224,361</b>	<b>218,799</b>	<b>98%</b>	<b>165,637</b>	<b>74%</b>
36 <b>Net Revenues (Expenses) from Continuing Operations</b>	<b>457,209</b>	<b>304,365</b>	<b>382,429</b>	<b>126%</b>	<b>291,475</b>	<b>96%</b>
37 <b>Net Revenues (Expenses)</b>	<b>\$457,209</b>	<b>\$304,365</b>	<b>\$382,429</b>	<b>126%</b>	<b>\$291,475</b>	<b>96%</b>

<1 Beginning in FY 2004, actuals for Power Sales and Contracted Power Purchases are affected by the change in accounting for power "bookout" transactions after adoption of new accounting guidance, EITF 03-11, effective as of Oct 1, 2003. Bookout transactions are not included in the SOY budget or forecasted through the remaining year. Bookouts included in the Forecast column reflect actuals recorded to date.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments. The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 Beginning in FY 2004, the consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003. The SOY Target and Current Forecast are for the Bonneville Power Administration only.

<4 The consolidated FCRPS Statement reduces reported Revenues and Expenses where between business line transactions occur, the most significant of which are for Transmission Acquisition and Ancillary Services.