Bonneville Power Administration

Proposed Appropriations Language

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93-454, are approved for official reception and representation expenses in an amount not to exceed $1,500.

During fiscal year [2002] *2003*, no new direct loan obligations may be made.

Explanation of Changes

The proposed appropriations language restricts new direct loans in FY 2003 as in FY 2002.

Bonneville Power Administration

Executive Budget Summary

Mission

Bonneville Power Administration (Bonneville) is the Department of Energy's (DOE) electric power marketing administration for the Federal Columbia River Power System (FCRPS). Bonneville's mission is to meet its public responsibilities through commercially successful businesses. Bonneville's business strategies to fulfill its mission can be summarized as: meeting the electric energy market price; managing costs to be competitive in providing services to customers; strengthening Bonneville's financial position; and reorienting the organization to be responsive, flexible and competitive.

Bonneville's success in the marketplace supports the achievement of its vital responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost power for the people of the Pacific Northwest. Success is achieved by satisfying its customers and enhancing the economic and environmental health of the region. Bonneville values the individual diversity, entrepreneurial spirit, personal responsibility, and public service of its workers.

Bonneville provides electric power (about forty-five percent of the electricity consumed in the region), transmission (about three-fourths of the region's high voltage transmission capacity), and energy efficiency throughout the Pacific Northwest, a 300,000 square mile service area. Bonneville markets the electric power produced from 30 Federal hydro projects in the Pacific Northwest owned by the U.S. Army Corps of Engineers (Corps) and the U.S. Department of Interior, Bureau of Reclamation (Bureau), and also acquires non-Federal power to meet the needs of its customer utilities.

Congress created Bonneville in 1937 as part of the Bonneville Project Act, providing the foundation for Bonneville's statutory utility responsibilities and authorities. In 1974, passage of the Federal Columbia River Transmission System Act (Transmission System Act) placed Bonneville under provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110). The Legislation provided Bonneville with "self-financing" authority and established the Bonneville Fund, a revolving fund, allowing Bonneville to use its revenues from electric ratepayers to directly fund all programs and to sell bonds to the U.S. Treasury to finance the region's high-voltage electric transmission system requirements. In 1980, enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) expanded Bonneville's utility obligations and responsibilities to encourage electric energy conservation and develop renewable energy resources, and protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these expanded responsibilities, Bonneville's Treasury borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements.

Bonneville's program is mandatory and nondiscretionary. It receives no annual appropriations from Congress. Bonneville funds the expense portions of its budget and repays the Federal investment in the

FCRPS with revenues from electric rates. Bonneville is authorized to sell bonds to the Treasury up to a cumulative outstanding total of $3.75 billion (permanent, indefinite borrowing authority). Through FY 2001, Bonneville has returned approximately $17.1 billion to the Treasury for payment of FCRPS O&M (about $2.7 billion), interest (about $9.7 billion), and amortization (about $4.9 billion) of appropriations and bonds. Bonneville made its full FY 2001 payment of $729 million, including $57 million in accelerated amortization from that stated in the Final 1996 Rate Case, and with over $590 million in Fish Credits. For FY 2002, Bonneville plans to pay the Treasury $730 million, of which $239 million is to repay investment principal, $452 million is for interest, and $39 million is for Pension and Post-retirement Benefits. The FY 2003 Treasury payment is currently estimated at $736 million

Bonneville's FY 2003 budget has been prepared on the basis of its major areas of activity, Power and Transmission. This structure supports Bonneville's ability to become more competitive in the rapid restructuring of the deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC Orders 888 and 889) requiring separation of utility power and transmission functions. As a Federal agency, Bonneville is not subject to FERC jurisdiction, but chooses to comply with the FERC orders because it views compliance as essential to successfully compete in the current and future electric power market. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of major activities.

Strategic Objective

ER9: Ensure Federal hydropower is marketed and delivered while passing the North American Electric Reliability Council's (NERC) Compliance Ratings, meeting planned repayment targets, and achieving a recordable accident frequency rate at or below our safety performance standard.

This strategic objective is supported by the Program Strategic Performance Goals that follow:

ER9-1: Maintain reliability in the evolving electric utility industry.

ER9-2: Establish and meet annual repayment targets for each Federal power system.

ER9-3: Ensure everyone at Bonneville is aware of, committed to, and has the tools to work safely.

Strategy

Bonneville's FY 2003 budget incorporates the budget decisions that Bonneville has made to remain competitive in the electric utility industry in the Pacific Northwest. These budget estimates, however, are subject to continual change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest.

The following table provides a summary of accrued expenditures.

FUNDING SUMMARY (accrued expenditures in thousands of dollars)

	FY 2001	FY 2002	FY 2003
CAPITAL INVESTMENTS			
Power Business Line	$ 81,800	$165,700	$197,500
Transmission Business Line	$182,700	$300,000	$405,500
Capital Equipment & Bond Premium	$ 17,500	$ 28,500	$ 27,800
Total Capital Investments \1	$282,000	$494,200	$630,800
Accrued expenditures will require budget obligations of	$282,000	$494,200	$630,800
Operating Expenses	$4,060,600	$3,199,300	$3,013,200
Projects Funded in Advance	$17,800	$25,000	$25,000
CAPITAL TRANSFERS (cash)	$236,300	$239,000	$247,300
BPA NET OUTLAYS	$624,000	-$102,000	-$5,000
BPA STAFFING (FTE)	2,880	3,259	3,278

Date 1/24/02

Stephen J. Wright
Administrator and Chief Executive Officer

Bonneville Power Administration

Program Mission

Overview

Bonneville provides electric power, transmission and energy efficiency throughout the Pacific Northwest. Created in 1937 to market and transmit the power produced by the Bonneville Dam on the Columbia River, Congress has since then directed Bonneville to sell at wholesale the electrical power produced from 30 Federal hydro projects and to acquire non-Federal power and conservation resources sufficient to meet the needs of Bonneville's customer utilities. Bonneville serves a 300,000 square mile area including Oregon, Washington, Idaho, Western Montana, and parts of Northern California, Nevada, Utah and Wyoming.

The Transmission System Act placed Bonneville under the provisions of the Government Corporation Control Act (31 U.S.C. 9101-9110) and allows Bonneville to use its revenue from electric ratepayers to fund all programs directly through the Bonneville revolving fund, and to sell bonds to the Treasury to finance the region's high voltage transmission requirements. The Northwest Power Act expanded Bonneville's utility obligations and responsibilities to meet requesting utility loads, encourage conservation and develop renewable resources, and to protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these responsibilities, Bonneville's borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and to carry out fish and wildlife capital improvements. This Act also required regional energy plans and programs and created the Northwest Power Planning Council (Planning Council).

Bonneville is "self-financed" by the electric ratepayers of the Pacific Northwest and receives no annual appropriations from Congress. The revenue-generating and rate-setting authorities of the Bonneville Project Act of 1937 and the Northwest Power Act provide Bonneville's statutory budget authority. Under the Transmission System Act, Bonneville funds the expense portion of its budget and repays the Federal investment with revenues from electric rates. Bonneville's revenues fluctuate primarily in response to market prices for fuels and stream flow variations in the Columbia River System due to weather conditions and fish recovery needs. Bonneville's permanent, indefinite statutory borrowing authority authorizes the agency to sell bonds to the Treasury up to a cumulative outstanding total of $3.75 billion. Through FY 2000, Bonneville has returned approximately $17.1 billion to the Treasury in interest, amortization, and repayment of Federal power generation, operation, maintenance, and construction costs. Bonneville made its full FY 2001 payment of $729 million, including $57 million in accelerated amortization from that stated in the Final 1996 Rate Case. Bonneville's projected total Treasury payments for FY 2002 and FY 2003 are $730 million and $736 million, respectively.

Treasury payment estimates for interest and amortization levels are based on ratecase estimates updated for planned infrastructure investments. These estimates may change due to revised

capital investment plans, actual Treasury borrowing, and accelerated amortization payments. In previous years BPA has accelerated its scheduled amortization payments, including $227 million over amounts stated in the 1996 Final Rate Case. Bonneville may make additional, unscheduled payments when fiscal conditions permit, rather than hold large cash balances in the Bonneville fund. In the event that Bonneville is unable to make full scheduled Treasury payments in subsequent years, these accelerated payments will be called upon to show the extent to which Bonneville is current in its Treasury payments over time.

Starting in FY 1997, Bonneville began direct funding the Bureau Pacific Northwest power O&M costs and in FY 1999 began direct funding Corps Pacific Northwest power O&M costs. Bonneville began direct funding the U.S. Fish and Wildlife Service (USFWS) in FY 2001 to pay for O&M costs of the Lower Snake River Compensation Plan facilities. Bonneville's direct funding arrangement includes a portion of power O&M capital investments. These costs, previously funded through appropriations, are now being paid through borrowing from the U.S. Treasury without additional BPA borrowing authority.

Bonneville's FY 2003 budget has been prepared on the basis of its major areas of activity, Power and Transmission. This structure supports Bonneville's competitiveness in the rapidly restructuring deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing FERC Orders 888 and 889 requiring separation of utilities power and transmission functions. As a Federal agency, Bonneville is not subject to FERC's jurisdiction, but chooses to comply with the FERC orders because it views compliance as essential to successfully compete in the current and future electric power market. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy." This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of business lines (BLs). This budget proposes FY 2003 accrued expenditures of $3,013 million for operating expenses, $25 million for Projects Funded in Advance, $631 million for capital investments, and $247 million for capital transfers.

Spending levels in this budget are still subject to change to accommodate competitive dynamics in the region's energy markets, debt service refinancing strategies, and the continued restructuring of the electric industry.

Program Mission

The strategic mission of Bonneville is to meet its public responsibilities through commercially successful businesses.

Bonneville provides electric power, transmission, and energy services in increasingly competitive markets. Bonneville's success in the marketplace supports the achievement of its vital responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost power for the people of the Pacific Northwest. Bonneville succeeds by satisfying its customers and enhancing the economic and environmental health of the region.

Bonneville will remain the least-cost producer and a creative and flexible marketer in the region. Its success will help ensure economically strong Pacific Northwest communities.

Bonneville values the individual diversity, entrepreneurial spirit, personal responsibility, and public service of its workers. Bonneville welcomes new ideas and is accessible to the citizens of the Pacific Northwest.

Strategic Objective

ER9: Ensure Federal hydropower is marketed and delivered while passing the North American Electric Reliability Council's Control Compliance Ratings, meeting planned repayment targets, and achieving a recordable accident frequency rate at or below our safety performance standard.

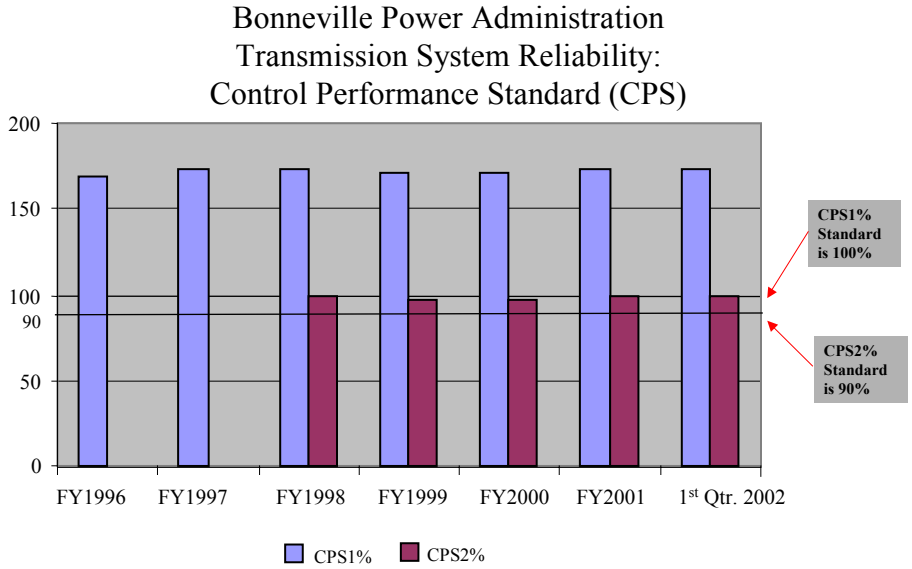
Program Strategic Performance Goals

ER9-1: Maintain reliability in the evolving electric utility industry.

Performance Indicator
Receive monthly control compliance ratings that meet or exceed the Control Performance Standard (CPS) 1 and 2 established by the North American Electric Reliability Council (NERC).

This indicator defines a standard of minimum control performance. Each control area is to have the best operation above this minimum that can be achieved within the bounds of reasonable economic and physical limitations. Each control area shall monitor its control performance on a continuous basis against two standards, CPS1 and CPS2. These two standards have very defined technical requirements.

In FY 2001, Bonneville exceeded the minimum compliance level required by NERC with a CPS1 of 173.1% and a CPS2 of 98.7%.



Performance Standards
Blue/Green: Achieve "Pass" (CPS1≥100;CPS2 ≥90) on all 24 monthly standards for the year
Yellow/Red: Failure to achieve "Pass" on 23 monthly standards during the year
Red: Achieve "Pass" on 22 or less monthly standards during the year

Annual Performance Results and Targets

FY 2001 Results	FY 2002 Targets	FY 2003 Targets
Transmission System Performance: MET GOAL (ER2-5)	Receive monthly control compliance ratings of pass using the NERC performance standard. (ER2-5)	Receive monthly control compliance ratings that meet or exceed the CPS 1 and 2 established by the NERC. (ER9-1)

ER9-2: Establish and meet annual repayment targets for each Federal power system.

Performance Indicator
Meet planned annual repayment of principal on Federal power investments.

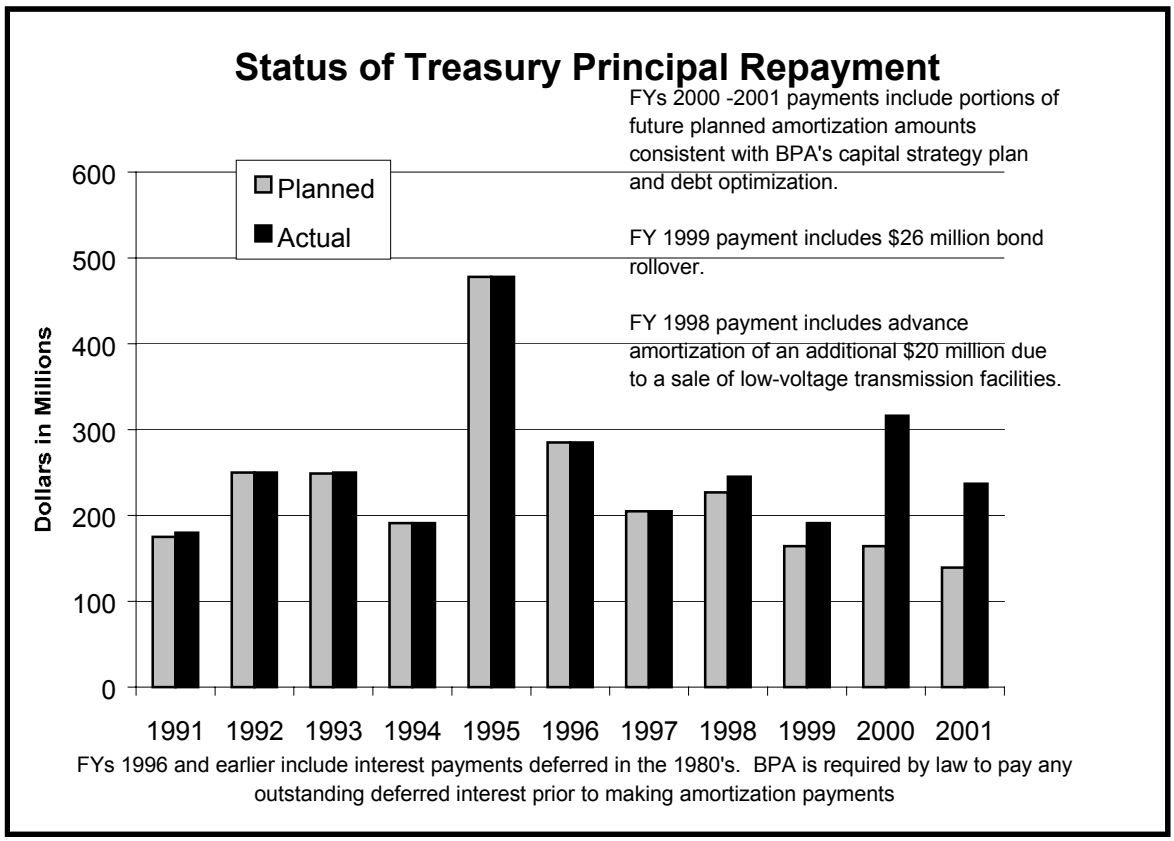
This indicator measures the variance of actual from planned principal payments to the U.S. Treasury. The indicator will be zero if the actual payment is equal to the planned payment.

Performance Standards
Blue: Achieve >105% of planned annual repayment
Green: Achieve 95%-105% of planned annual repayment
Yellow: Achieve 80-94% of planned annual repayment
Red: Achieve <80% of planned annual repayment

Annual Performance Results and Targets

FY 2001 Results	FY2002 Targets	FY 2003 Targets
Repayment of Federal Power Investment: MET GOAL (ER2-5)	Meet planned repayment of principal on power investments. (ER2-5)	Meet planned annual repayment of principal on Federal power investments. (ER9-2)

The following chart displays principal repayment only.



ER9-3: Ensure everyone at Bonneville is aware of, committed to, and has the tools to work safely.

Performance Indicator
Achieve a safety performance of not greater than a 3.3 recordable accident frequency rate for recordable injuries per 200,000 hours worked or the Bureau of Labor and Statistics' industry rate, whichever is lower.

This indicator measures the recordable accident frequency rate by first multiplying the number of recordable injuries by 200,000. This number is then divided by the total hours worked. The PMAs measure their performance against a Bureau of Labor and Statistics standard industry case rate.

The national average recordable injury frequency rate shown below is based on Bureau of Labor and Statistics. The Bureau of Labor's data is collected from organizations representing the private sector in the generation, transmission, and distribution of electric energy. The Bureau of Labor and Statistics includes a 2000 national average recordable injury frequency rate of 4.8 injuries per 200,000 hours worked. Bonneville's recordable injury frequency rate for FY 2001 was 2.0 injuries.

Performance Standards
Blue: Achieve 10% below a 3.3 rate or the Bureau of Labor Statistics' industry rate, whichever is lower
Green: Achieve 0-10% below a 3.3 rate or the Bureau of Labor Statistics' industry rate, whichever is lower
Yellow: Achieve 0-10% above a 3.3 rate or the Bureau of Labor Statistics' industry rate, whichever is lower
Red: achieve 10% above a 3.3 rate or the Bureau of Labor Statistics' industry rate, whichever is lower

Annual Performance Results and Targets

FY 2001 Results	FY2002 Targets	FY 2003 Targets
Safety: MET GOAL (ER2-5)	Achieve a safety performance of a 3.3 recordable accident frequency rate for recordable injuries per 200,000 hours worked or the Bureau of Labor and Statistics' industry rate, whichever is lower. (ER2-5)	Achieve a recordable accident frequency rate for recordable injuries per 200,000 hours worked of not greater than 3.3, or the Bureau of Labor Statistics' industry rate, whichever is lower. (ER9-3)

Significant Accomplishments and Program Shifts

- Bonneville's FY 2003 budget reflects the significant financial and business events of the past year that have shaped Bonneville's response to the ongoing competitive pressures of the region's electric utility industry. Throughout the past year, Bonneville has striven to enhance its competitive, cost-effective delivery of business-line utility products and services and continued delivery of the public benefits of its operations, while ensuring its ability to continue to make its payments to the Treasury on time and in full.

- BPA and the Pacific Northwest are facing a combination of power supply and economic challenges that are unprecedented in its history. Tight power supply conditions in the West Coast market and poor hydro conditions due to a drought have contributed to emergency power shortages in California and extremely high power purchase costs throughout the interconnected West in 2001. BPA's large purchases of power in 2001 drew heavily on its financial reserves and contributed to rate pressure. The drought and high power purchase costs also contributed to a large 4(H)10c revenue credit of $342 million for FY2001. In addition, as a result of these market conditions BPA accessed the Fish Cost Contingency Fund in FY 2001 for the first time in history for $247 million. The credit computation is subject to an annual true up. As in the past, fish credits may vary due to a variety of causes, including hydro conditions and market prices.

- Bonneville adopted a Power Subscription Strategy in 1998 to guide its power sales contracting and rates starting in FY 2002. The strategy which set the path for power rates for 2002 to 2006 included the following goals: to spread the benefits of the FCRPS as broadly as possible, with special attention to residential and rural customers; avoid an increase in the average price of lowest cost priority firm power; meet Bonneville's fish and wildlife obligations while assuring a high probability of U. S. Treasury payment; and provide incentives for the development of energy conservation and renewable resources. The Subscription process was concluded in October 2000 with total Subscription sales over 9,000 aMWs, about 1,500 aMWs higher than anticipated earlier. The increase in subscription sales meant that Bonneville would have to augment its power supply from other sources besides the federal system in order to meet all of its contractual commitments.

- Bonneville's rate setting for post 2001 established separate rate processes for the first time for the power and transmission functions. Bonneville concluded its power rate setting process for FYs 2002-2006 in May 2000 and submitted its rate proposal to the Federal Energy Regulatory Commission. Subsequently, extremely high volatility and price uncertainty in power markets led Bonneville to reexamine its rate proposal. As a result, Bonneville made the decision to amend its power rate proposal knowing that a significant rate increase was likely.

- In June 2001, after a public process, BPA submitted a supplemental power rate proposal to FERC and was subsequently granted interim approval in September 2001. This proposal focused primarily on modifications to proposed risk mitigation measures. BPA and many parties to the rate case collaboratively developed the terms of the proposal. A key feature of the proposal is a three-component cost recovery adjustment clause (CRAC): one component, the Load-Based CRAC tied to BPA's power system load, allows a rate adjustment every six months to reflect BPA's actual costs of purchasing power to augment the system. A second component, the Financial-Based CRAC based on BPA's financial status, allows a one-year rate increase in any year of the five-year rate period, to restore reserve levels if end-of-year accumulated net revenues drop below a threshold level. The third component, the Safety Net CRAC, allows BPA to change the parameters of the Financial-Based CRAC costs if BPA were to forecast missing a payment to the Treasury or other creditor, or actually misses such a payment. As in the original filing, the Supplemental Proposal continues to reflect implementation of Bonneville's fish and wildlife obligations while still maintaining the ability to make our planned payments to the U.S. Treasury on time and in full. The Load-Based CRAC in the Supplemental Proposal will have the effect of increasing initial rate levels for the rate period, based on market prices and the amount of load actually placed on BPA. The initial load-based CRAC will be in effect for the six-month period starting October 1, 2001, and is a 46% increase.

- A key step to keeping the power rate increase as low as possible was to implement a load reduction strategy designed to help bridge the gap between the amount of load on the system and the amount of power purchases required to meet that load. Bonneville, with help across all customer groups, was successful in reducing its load commitments by over 2,000 a MW. These load reductions vary in length of time, from a few months to up to two

years. Even with the successful results of the load reduction strategy, Bonneville still expects over the rate period to make significant power purchases in the market at prices higher than earlier anticipated. Given the volatility of the market, these purchases could be at substantially higher prices than earlier anticipated. However, once planned regional generation and transmission projects to meet load requirements are completed, the market price is expected to be significantly lower. Therefore, the load reduction efforts early in the rate period help to minimize BPA's market exposure.

- In contrast to the power rate case, the 2002 transmission and ancillary service rates were designed to be effective for FYs 2002 and 2003 rather than a five-year period. In view of FERC Order 2000, Bonneville and the parties to the transmission rate case and Open Access Transmission Tariff (OATT), expected the Northwest to form a Regional Transmission Organization (RTO) in the near future. The two-year transmission rate period was designed to bridge the gap between the expiration of the current 1996 rates and the formation of an RTO. In June 2000, Bonneville and parties to the transmission rate case and Open Access Transmission Tariff case agreed on a settlement to the substantive portion of proceedings. By proposing a settlement to the transmission proceedings, parties agreed that the time and resources required to follow a rigorous rate case schedule would detract from the important collaborative work of forming an RTO. This settlement allowed the region to more quickly move on to developing the RTO. FERC approved the transmission and ancillary service rates on a final basis in May 2001, and approved the OATT in March 2001.

- The primary factors behind the transmission and ancillary service rate increase are the cost of delivering services in a deregulated and restructured industry, the shift of some costs from power rates to ancillary service rates, the need to maintain system reliability, and the increased costs of recruiting and maintaining a highly skilled labor force. On average, the transmission and ancillary service rates are a very small portion of wholesale power costs and the impacts will vary from utility to utility. Bonneville expects to continue to maintain its position as a low cost transmission provider in the Northwest.

- In response to the unprecedented power supply and economic challenges facing the Northwest, Bonneville is working to help ease the West Coast energy crisis and help meet the region's long-term power and transmission infrastructure needs. Bonneville is currently planning infrastructure investments in the Pacific Northwest to meet Northwest transmission needs that will also continue a competitive wholesale market in the Western Interconnection that encompasses 15 western states, 2 Canadian provinces and 2 Mexican states.

- BPA has identified a number of actions that it is taking or could take over the next five years to provide additional electrical infrastructure relief. These actions include federal hydro generation efficiencies and additions, additional renewable resource generation and conservation efforts, long and short-term power purchases and construction of transmission projects that reinforce the grid and integrate new generation. As part of these efforts, Bonneville has designed a process to review and prioritize the investments. Part of this process, developed with stakeholder input, will provide investor-owned utilities and public

utilities an opportunity to evaluate proposed major transmission infrastructure additions for their cost, benefits, and their contribution to reliability, as well as schedules for project completions. Bonneville will also engage regional stakeholders in discussions to clarify needed generation improvements and conservation.

- Bonneville's remaining borrowing authority is not sufficient to fund all projects that have been identified to help relieve the region's infrastructure problems. As a result, this FY 2003 budget includes a legislative proposal to increase Bonneville's limit on borrowing authority by $700 million. Bonneville will set rates to assure sufficient revenues to recover the expenses associated with these investments. Additional borrowing authority provides near-term funding relief for Bonneville's capital needs to meet its responsibilities and assure a reliable Northwest energy supply. In implementing the new borrowing authority, Bonneville will encourage private-sector or other non-federal financing or joint financing of transmission line expansions and additions, develop a five-year transmission investment plan with the participation of the regional Infrastructure Technical Review Committee or its successor in the region, use funds only for authorized purposes, include the proposed use of the funds in its annual budget submissions, and select projects based on cost effectiveness criteria for achieving the objective. See BP-2 Capital Investments Under Proposed Legislation, and BP-4 Status of Borrowing Under Proposed Legislation in the Schedules sections of this budget.

- Bonneville has also commenced a public process to explore non-federal financial participation in its transmission infrastructure projects through informal discussions with transmission customers and others in the region. These informal discussions have begun as a prelude to a more formal and more broadly directed solicitation of interest in such participation. This effort will be designed to obtain as much interest as is possible in cost effective and timely non-federal participation and financing of transmission infrastructure that can be operated and maintained integrally with the Federal grid. A set of principles for non-federal financial participation will be developed by BPA and publicly announced in OASIS/Federal Register postings in early 2002. That posting will start a formal schedule for soliciting interest in non-federal participation. The schedule will be sufficiently flexible to accommodate the level of interest expressed and the schedule of individual transmission projects.

- Updated expense estimates in this budget for FY 2002 and beyond, as well as capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. In addition, these estimates reflect the recent and significant changes affecting the West Coast power and transmission markets along with planned infrastructure investments designed to address the long-term needs of the region and other significant known changes. Capital estimates for FYs 2004 and beyond reflect reductions assumed from original estimated program levels, in order not to exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing that could be used under the existing $3.75 billion cap and do not reflect BPA program authority. FY 2001 costs are based on BPA unaudited actual costs. For a reconciliation to audited actuals, refer to DOE's audited FY 2001 financial statements.

- In response to FERC Order 2000 and consistent with the Administration's support for the development of efficient, reliable and competitive interstate electric markets, Bonneville is continuing to work closely with the region's investor-owned utilities as well as other stakeholder interests through a public collaborative process to design an RTO (RTO West) that meets FERC requirements and the specific needs of the Northwest. Goals of the RTO development include enhancing the overall reliability of the high voltage transmission system and providing an improved wholesale power market that will provide benefits for all Northwest ratepayers. The FERC Order 2000 required utilities to file RTO proposals with FERC by October 15, 2000, with the RTOs to be fully operating by December 15, 2001. The RTO West filing utilities submitted portions of the RTO proposal to FERC in October and December 2000. FERC responded to those filings with an April 26 Order, which included a request for follow-up on interregional coordination progress by Dec. 1. FERC also indicated flexibility with regards to the Dec. 15, 2001 operations date, given that RTO West shows sufficient progress towards start-up. A status report, consistent with the April 26 Order, was submitted on Dec. 1, 2001 by the filing utilities. Current efforts are to prepare a March 1, 2002 filing to FERC that will lay out the entire RTO West proposal. Potential payments to a RTO are not included in this budget.

- BPA efforts to keep its rates as low as possible are augmented by the implementation of the Bonneville Appropriations Refinancing Act (part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996) that refinanced Bonneville's outstanding repayment obligations on appropriations. The legislation called for increasing low interest rates on historic appropriations to current Treasury market rates and resetting (reducing) the principal of FCRPS appropriations unpaid as of the end of FY 1996. New principal amounts were established as of the beginning of FY 1997, at the present value of the principal and annual interest payments Bonneville would make to the Treasury for these obligations in the absence of the Act, plus $100 million. The new principal amounts were then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. Bonneville's outstanding repayment obligation on appropriations at the end of FY 1996 was $6.7 billion, with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to $4.1 billion, with a weighted average interest rate of 7.1 percent. As called for in the legislation, Bonneville submitted its calculations and interest rate assignments implementing the refinancing to Treasury for their review and approval. Treasury approved the implementation transactions in July 1997.

- Consistent with assumptions for the power rate case and subscription strategy, Bonneville has reached a settlement of the Residential Exchange Program for regional utilities for the post-2001 period. Regional utilities were eligible to participate in the Residential Exchange Program beginning in 2001, except for the nine utilities that previously executed settlement agreements for terms beyond July 2001. To settle the Residential Exchange, Investor Owned Utility (IOU) customers will receive 1,900 average MW (aMW) in power and financial benefits at prices generally equivalent to the priority firm power rate. No settlement offer was made to Bonneville's preference customers, or public agency utilities, because none had forecasted average system costs that were sufficiently high to qualify for Residential Exchange benefits.

- As part of its continuing competitive efforts, BPA is working to further optimize debt service costs. BPA has reached agreement with Energy Northwest to pursue refinancing of certain Energy Northwest bonds. BPA pays the debt service on these bonds under the terms of earlier net billing agreements. A component of the refinancing strategy will be to extend the final maturity on the Columbia Generating Station (formerly WNP-2) debt. In addition, for Projects 1 and 3, some debt currently maturing prior to FY 2012 will be extended into the 2013-2018 time period. BPA has committed to Energy Northwest to use the reductions in debt service resulting from this extension to amortize Federal debt earlier than currently scheduled. Only under extreme financial pressure would this strategy be reconsidered. Implementation of the refinancing components will be subject to favorable market conditions and interest rate environment. Thus only the debt service savings of actual debt refinancings are included in cost estimates for this FY 2003 budget.

- Bonneville's competitiveness efforts have had a major impact on the agency's human resource levels, both Federal full-time equivalents (FTE) and contractor full-time equivalents (CFTE). In 1994, Bonneville established targets for reducing its workforce. As a result of cost cutting, reorganization, and the availability of Voluntary Separation Incentive (VSI) authority, Bonneville has achieved these target goals. As reflected in this budget, Bonneville has achieved FTE reductions resulting in a total of 2,880 FTE in FY 2001. In FY 2001, Bonneville continued to use VSI and Voluntary Early Retirement Authority (VERA) to target staff reduction in areas of decreasing skill needs. These reductions, however, have not completely offset our succession planning and infrastructure needs. As part of its strategic staffing efforts and infrastructure project requirements, Bonneville has identified a need for an increase in current FTE levels. This increase is designed in part to accommodate a shift in critical skills needed to meet the demands of succeeding in a deregulated energy market. Bonneville FTE projections included in this FY 2003 budget are 3,259 and 3,278 for FYs 2002 and 2003, respectively.

- Bonneville withdrew from the 248-megawatt Tenaska power project when, in 1995, demands on Bonneville for power dropped suddenly as the effects of wholesale electricity deregulation took hold. As a result, Tenaska Power Partners II (Tenaska) and Chase Manhattan Bank (Chase), which provided the project funding, sued Bonneville for damages. Bonneville settled the lawsuit with Chase in June 1996, agreeing to pay Chase $115 million. Bonneville settled with several subcontractors of Tenaska for $29 million in FY 1997 and $13.7 million in FY 1998. In July 1998, arbitrators awarded Tenaska $159 million which was paid directly from the U.S. Treasury's judgment fund in November 1998. Bonneville has fully reimbursed the Treasury for the judgment funds used plus interest, assuring that taxpayers are in no way affected by this award. In December 1998 Bonneville made its first reimbursement payment of $80.4 million to the Judgment Fund Branch followed by annual payments of $26.2 million in August of 1999, 2000 and 2001 for the remainder of the debt. Consistent with a Memorandum of Understanding with the U.S. Treasury, Bonneville made interest payments on the outstanding debt to the U.S. Treasury's "miscellaneous receipts" account.

- As Bonneville faced unprecedented challenges in continuing its service to the Pacific Northwest, the costs of Bonneville's commitment to rebuild salmon runs have risen

sharply. Congress and the Executive Branch have helped immensely by providing certainty to Bonneville's contribution to Northwest fish and wildlife restoration and mitigation. Bonneville, the Administration, and other agencies finalized an interagency agreement. The agreement ensured a stable level of fish and wildlife costs through 2001, while also confirming Bonneville's obligation to fund fish and wildlife activities for the 1995 Biological Opinion (BO) of the National Marine Fisheries Service (NMFS).

- This budget is consistent with the above interagency agreement that called for Bonneville fish and wildlife funding of $252 million per year, on average, and hydro operation changes needed to implement the BOs on Endangered Species Act (ESA) listed species of approximately $90-$280 million per year for the period FY 1996 through FY 2001. Included with the budget schedules section of this budget document is the current tabulation of the history of Bonneville's fish and wildlife investments.

- Bonneville is committed to continue funding its share of the region's efforts to recover listed Columbia Basin fish and wildlife. In its power rate case, Bonneville incorporated fish funding principles that were developed and supported by a broad base of regional interests. Consistent with these principles, the rate case provides sufficient revenue to cover a range of fish recovery alternatives to ensure that funding will be adequate. The projected costs of implementing the Council's Fish and Wildlife Program and the most recent NMFS and USFWS Biological Opinions, released in December 2000, are well within the range of costs used in the rate case.

- Bonneville anticipates that implementation of fish and wildlife priorities will occur through a unified, integrated planning and implementation approach for the Council's Program and the reasonable and prudent alternative (RPA) actions described in the FCRPS BiOps. Many of the actions in the BiOps and the Council's Program overlap, particularly in the areas of habitat, hatchery and harvest offsite mitigation measures. It is Bonneville's desire that the Action Agencies' – Corps of Engineers (Corps), Bureau of Reclamation (Bureau), and Bonneville FCRPS Biological Opinion Implementation Plans, and the Council's Program through Provincial Reviews, will describe an integrated approach for the actions needed within the hydro system and off-site, to avoid jeopardizing the survival of the listed species and to protect, mitigate and enhance all fish and wildlife affected by the operation of the FCRPS.

- Bonneville believes future funding for fish recovery must be based on a regionally accepted basin wide strategy that addresses actions in habitat, harvest, hatcheries, and hydropower. To succeed, the plan must be scientifically credible, legally defensible, and it must be feasible. Bonneville is one of nine Federal Caucus agencies working to develop this basin wide strategy. In December, 2000, after an extensive public involvement effort, the Federal Caucus released its Final Basin wide Salmon Recovery Strategy (All-H Paper) to states and tribes. In that document, the Federal Caucus proposed the range of actions that are most likely to recover threatened and endangered aquatic species in the Columbia Basin. In order to ensure efficiency, eliminate overlap and omissions, and focus resources where they can best achieve results, the Federal Caucus agencies also proposed to coordinate funding requirements and proposals to be submitted through Federal budget

processes. The agencies intend to report on the availability of resources and implications for the agencies' ability to carry out the strategy. The Caucus is also collaborating with others as it reviews and updates its region's fish and wildlife program.

- The FY 1997 Energy and Water Development Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Act, directing the Planning Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Planning Council's fish and wildlife program." And, ". . . in making its recommendations to Bonneville, the Planning Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

- Bonneville has adopted the following operating objectives for FY 2002: 1. Achieve high and continually improving customer satisfaction. -- BPA's viability begins and ends with the customer. We must anticipate their needs and serve them with excellence. 2. Increase the value of our business and share the expanded benefits. -- BPA is more than a business, but BPA must succeed as a business in a competitive market if it is to carry out its legislative mandates. Market success gives BPA the financial strength necessary to deliver both commercial and public benefits. 3. Be a low-cost provider of power and transmission services in the region. -- The provision of low-cost power and transmission to the region is a principal reason for BPA's existence. BPA's commercial success also hinges on it – requiring constant pursuit of efficiency and optimizing the use of assets. 4. Achieve and maintain financial integrity. -- Financial integrity means each business line is recovering all costs, ensuring full and timely payments to creditors, including the U.S. Treasury, maintaining economic access to capital, providing high quality and timely information to BPA managers and other interested parties, and assessing and managing financial, operational and strategic risks. 5. Keep the system safe and reliable. -- BPA must strive continually to improve its record of safety and reliability. Safety is critical to our workforce and reliability is an important source of our value to the region. 6. Invest in results to enhance the region's natural environment. -- The natural systems of the Pacific Northwest are valuable in their own right and essential to the quality of life of the people of the region. We must seek to have a light environmental footprint. 7. Transform BPA into a diverse, employee-centered, high-performing, business-oriented organization in which: employee development is supported; contributions are recognized; employees feel connected with the business; systems are fair and open; quality and quantity of communications are high; management focuses primarily on employees; and personal integrity, trust and respect are demonstrated.

Bonneville Power Administration

Overview of Detailed Program Justifications

Bonneville's detailed justification summaries that follow present budget requirements of budget line items (BLI) on the basis of accrued expenditures. Accrued expenditure is the basis of presenting Bonneville's program funding levels in the power and transmission rate making processes, and the basis upon which Bonneville managers control their resources to provide products and services. Accrued expenditures relate costs to performance. Traditional budget obligation requirements for Bonneville's budget are shown on the Program and Performance Schedule prepared in accord with OMB Circular A-11.

The FY 2003 budget and these performance summaries reflect Bonneville's business line basis for utility enterprise activities. Bonneville's major areas of activity on a consolidated budget and accounting basis include Power and Transmission with administrative costs included. The Power business line includes line items for Fish and Wildlife, Conservation and Energy Efficiency, Residential Exchange, Associated Projects O&M Costs and Planning Council. Environmental activities are shown in the relevant business line, and in accord with OMB Circular A-11 guidance for revolving funds, reimbursable costs are incorporated within the associated business lines. All programs funded in advance will be fully funded by benefiting entities. Bonneville's interest expenses, pension and post-retirement benefits, and capital transfers to the Treasury are shown by program.

The first section of performance summaries, Capital Investments, includes accrued expenditures for investments in electric utility and general plant associated with the FCRPS generation and transmission services, conservation and energy efficiency services, fish and wildlife, and capital equipment. These capital investments will require budget obligations and use of existing borrowing authority of $631 million in FY 2003.

The near-term forecasted capital funding levels have undergone an extensive internal review as a result of implementation of a capital asset management strategy. Consistent with the regional Cost Review Management Committee recommendations, this strategy encompasses prioritizing capital projects to be funded based on risk and other factors. Establishing this review process helps Bonneville in its efforts to compete in the deregulated energy market. Bonneville will continue to work with the Corps and the Bureau to optimize the best mix of projects.

In addition to implementation of a capital asset management strategy, Bonneville embarked in 1998 on an effort to improve its capital investment decision-making process. This effort resulted in a revised capital investment review process that provides significant benefits to Bonneville by both improving direction on what the FCRPS invests in (tying investments more closely to agency strategy) and by improving how those investments are made (better analysis and review of capital investments and their alternatives). As part of this process Bonneville established a Cross-Agency Capital Allocation Board (Board). Near- term capital funding levels in this budget are based on Board decisions after extensive review. BPA will continue

its efforts to refine and implement the revised capital investment review process to improve the value provided.

Bonneville's second section of the performance summaries, entitled Annual Operating Expenses, includes accrued expenditures for business line and program activities financed by power sales and transmission services revenues and projects funded in advance. For FY 2003, budget expense obligations are estimated at $3,013 million. The total program requirements of all Bonneville programs include estimated budget obligations of $3,669 million in FY 2003.

Funding Profile [a]

(dollars in thousands)

	Fiscal Year				
	2001 Actuals (unaudited)	2002 Original [b]	2002 Adjustments	2002 Revised	2003 Proposed
Capital Investment Obligations					
Associated Project Costs [c]	**65,000**	**NA**	-	**105,000**	**117,000**
Fish & Wildlife	**16,800**	**NA**	-	**34,700**	**38,300**
Conservation & Energy Efficiency [c]	**-**	**NA**	-	**26,000**	**42,200**
Subtotal, Power Business Line d	**81,800**	**NA**	-	**165,700**	**197,500**
Transmission Business Line c	**182,700**	**NA**	-	**300,000**	**405,500**
Capital Equipment	**17,500**	**NA**	-	**28,500**	**27,800**
Total, Capital Obligations c	**282,000**	**374,500**	-	**494,200**	**630,800**
Expensed and Other Obligations					
Expensed	**4,060,600**	**2,547,000**	-	**3,199,300**	**3,013,200**
Projects Funded in Advance	**17,800**	**25,000**	-	**25,000**	**25,000**
Total, Obligations e	**4,360,400**	**2,946,500**		**3,718,500**	**3,669,000**
Capital Transfers (cash) [f]	**235,700**	**239,000**	-	**239,000**	**247,000**
BPA TOTAL	**4,596,100**	**3,185,500**	-	**3,957,500**	**3,916,000**
Total Excluding Legislative Funding for Federal Retirements g	**4,596,100**	**3,185,500**	**-**	**3,974,100**	**3,933,000**
Full-time Equivalents (FTEs)	**2,880**	**2,867**	-	**3,259**	**3,278**

Public Law Authorizations, include:
Bonneville Project Act of 1937, Public Law No. 75-329, H.R. 7642
Federal Columbia River Transmission Act of 1974, Public Law No. 93-454 S. 3362
Regional Preference Act of 1964, Public Law No. 88-552
Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Northwest Power Act), Public Law No. 96-501, S. 885

[a] BPA's FY 2003 budget has been prepared in accord with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to discretionary "caps" in the BEA. These estimates support activities that are legally separate from discretionary activities and accounts. Thus, changes to BPA estimates cannot be used to affect any other budget categories such as domestic discretionary, or defense discretionary, which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a BEA "pay-as-you-go" test regarding its revision of funding estimates.

[b] These estimates reflect BPA's FY 2002 Congressional Budget Submission.

[c] Includes infrastructure investments designed to address the long-term needs of the Northwest and to reflect significant changes affecting BPA's power and transmission markets.

[d] The Power Business Line includes Fish and Wildlife, Conservation & Energy Efficiency, and Associated Project costs in the Performance Summaries, and which appear separately in this table.

[e] Includes short-term purchase power contract estimates for meeting load requirements.

[f] Includes $26 million Tenaska reimbursement payment for FY 2001.

[g] See Interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of these cost estimates and the impact of proposed legislative funding.

Power Business Line - Capital

Mission Supporting Goals and Objectives

Associated Project Costs provide for direct funding of additions, improvements and replacements of existing Bureau of Reclamation (Bureau), and U.S. Army Corps of Engineers (Corps) hydroelectric projects in the Pacific Northwest. The Bureau and Corps provide power production, which is marketed by Bonneville, and invest in additions, improvements, and replacements that provide for increased performance and availability of generating units.

Maintaining the availability and increasing the efficiency of the FCRPS is critical to ensuring the region has an adequate, reliable and low-cost power system. The FCRPS represents about 80% of BPA's power supply, and is composed of 30 Federal hydro projects with over 200 generating units. These projects have an average age of just over 45 years, with some that exceed 60 years of age. Through direct funding, and the close cooperation of the Corps and Bureau, Bonneville uses its borrowing authority to make investments needed to restore generation availability and improve efficiency, eliminating demand on Corps and Bureau appropriations for power-related investments. Since the beginning of direct funding, Bonneville has significantly improved system performance - generation availability is up to 89 percent as of last year. In 1999, at the direction of Congress, BPA issued a report that it soon began to implement called the "Asset Management Strategy for the FCRPS." Bonneville concluded in this report that it needs to invest nearly $1 billion in the projects over the next 12 –15 years. Without these investments, that are focused on restoring and maintaining the reliability of the system, history indicates that unit availability may decline at a rate of about 1.5% per year. Supplementary analysis, and experience with the system, has revealed additional investment needs above and beyond the levels originally planned under the Asset Management Strategy for the next two five-year periods.

These planned investments, included in these FY 2003 budget's funding estimates, will increase the output of the FCRPS. Moving forward with these cost-effective opportunities to expand the generation capability of the Federal system is a smart economic and environmental decision compared to purchasing power from the market to serve Pacific Northwest electricity needs.

The Fish and Wildlife program provides for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife, due to losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries, pursuant to Section 4(h) of the Northwest Power Act. BPA satisfies a major portion of its fish and wildlife responsibilities and reduces the Administrator's obligation under the Northwest Power Act by funding projects and activities designed to be consistent with the Planning Council's Fish and Wildlife Program. BPA is also mandated to implement measures called for under the Endangered Species Act. These measures are part of the Biological Opinions (BOs) issued by the NMFS and the USFWS, regarding the operations of the Federal Columbia River hydro system.

Fish and Wildlife program estimates reflect, and are consistent with, the fish and wildlife principles that originally were identified in the 1996 Fish Budget MOA.

Bonneville has been working with the Planning Council, the Columbia Basin tribes, state and Federal agencies, and public interest groups to develop an expected range for Bonneville's fish and wildlife costs for FYs 2002-2006. As of July 2001 the total estimated annual average financial impact on Bonneville for the region's fish and wildlife programs ranges from $438 million to over $724 million per year. This range of costs was used to develop the power rate proposal for FYs 2002 – 2006. Bonneville's fish and wildlife costs are expected to be within the range described above, including capital, expenses, and lost revenues from spill.

Bonneville's fish and wildlife capital program is directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to increase juvenile and adult fish passage in tributaries and at mainstream dams, increase fish production and survival through construction of hatchery and acclimation facilities, fish monitoring facilities and fish habitat enhancement. Funding is also included for pre-engineering design and studies for new and developing projects. The priority for capital project funding will focus first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS Biological Opinions, and second on implementing the Planning Council's Fish and Wildlife Program. A current goal of the Planning Council, and one supported by Bonneville, is that projects funded under both Bonneville's direct program as well as the reimbursable and capital investment components of the other Federal agencies will be reviewed and prioritized as part of a regional planning initiative process.

The FY 1997 Energy and Water Appropriations bill added section 4(h)(10)(D) to the Northwest Power Act, directing the Power Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Council's fish and wildlife program." And, " . . . in making its recommendations to BPA, the Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council's initiative process. The Conference Report on the FY 1999 Energy and Water Development Appropriations bill included a new assignment for the Independent Scientific Review Panel (ISRP) and the Planning Council. The ISRP was to review the fish and wildlife projects, programs, or measures included in Federal agency budgets that are reimbursed, and/or directly funded, by Bonneville and to make funding recommendations to Congress. The ISRP was directed to determine whether the proposals are consistent with the scientific criteria in the Northwest Power Act as amended in 1996, and provide a report to the Council by April 1 of each year. The Council, in turn, must report to the Congress annually by May 15.

When acquiring resources to meet planned future loads, the NW Power Act requires the Administrator to first consider and acquire resources through cost effective conservation to reduce load that the Administrator determines are consistent with the NW Power Planning Council's Power Plan. The Council's Power Plan specifies BPA's share of the regional, cost effective conservation target will be

about 220 aMW by 2006. In addition, the Council's Plan further estimates that BPA's target will be another 250 aMW of conservation in the 2007 to 2011 period. BPA anticipates that between 100 and 225 aMW of this amount will be acquired under its augmentation strategy using BPA treasury borrowing authority.

Conservation is key to the recent effort to reduce BPA's power delivery obligations as a way of limiting the impact of volatile and high market prices on BPA's rates. With the current demand for FCRPS resources exceeding supply, BPA is augmenting the system to meet the obligations from customers signing subscription contracts. Conservation is an important part of BPA's augmentation portfolio. A diverse portfolio of resources that includes conservation provides a more reliable approach to meeting BPA's load obligations.

Long-term investments in energy efficiency help buffer the FCRPS against future resource uncertainties. During periods of price volatility, conservation also helps reduce financial risk associated with relying on the market for energy purchases in the future, because it keeps producing at the original cost incurred.

Bonneville also is exploring how best to integrate demand-side management, distributed generation, and other leading edge technologies into its resource portfolio through its Energy Web program.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2001	FY 2002	FY 2003	$ Change	% Change
Associated Project Costs	65,000	105,000	117,000	+12,000	11.4%
Fish & Wildlife	16,800	34,700	38,300	+3,600	10.4%
Conservation & Energy Efficiency	0	26,000	42,200	+16,200	62.3%
Total, Power Business Line - Capital	81,800	165,700	197,500	+31,800	19.2%

Detailed Program Justification

(dollars in thousands)

	FY 2001	FY 2002	FY 2003
Associated Project Costs	65,000	105,000	117,000

Work with both the Corps and the Bureau to reach mutual agreement on those capital improvement projects that need to be budgeted and scheduled, are cost effective and are of mutual benefit to provide system or site specific enhancements, increase reliability, and efficiencies. These types of projects are in line with the DOE Strategic Objective ER-4 and associated PMA Program Strategic Performance and Goals as discussed earlier in this budget. It likewise supports several power performance objectives and targets.

The work is focused on improving the reliability of the FCRPS, increasing its generation efficiency through turbine runner replacements and optimization of hydro facility operation, development of new generation at existing Federal hydro sites, and small capital reimbursements associated with routine maintenance activities. In addition, limited investments may be made in joint use facilities that are beneficial to the FCRPS and its operation.

- **Corps of Engineers (known projects to date):**

  FY 2001: Continued work on Power System Reliability Improvement. Continued rewedging at Bonneville. Continued refurbishment/replacement of head gates and gantry crane at Bonneville. Continued development of main unit and station service breaker replacement program. Continued Ice Harbor exciter replacement. Continued rewedging at Little Goose. Continued work on oil/water separators at Lower Snake River projects. Continued work on replacing main unit annunciation at Chief Joseph. Started replacement of DC power supplies at John Day and The Dalles. Continued evaluation of new turbine runners at McNary. Continued hydro optimization investigations system wide.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

FY 2002: Continue work on Power System Reliability Improvements. Continue refurbishment/replacement of head gates and gantry crane at Bonneville. Continue rewedging at Bonneville. Begin main unit and stationservice breaker replacements at selected projects. Complete Ice Harbor exciter replacement. Continue work on oil/water separators at Lower Snake River projects. Complete work on replacing main unit annunciation at Chief Joseph. Complete replacement of DC power supplies at John Day and The Dalles. Select a prototype turbine runner for McNary. Continue hydro optimization investigations system wide. Test prototype replacement governors at The Dalles. Complete design for Cougar modernization. Continue exciter replacements at John Day. Install battery system at McNary. Plus a variety of smaller continuing or new investments.

FY 2003: Complete work on Power System Reliability Improvements. Continue refurbishment/replacement of head gates and gantry crane at Bonneville. Continue rewedging at Bonneville. Continue main unit and station service breaker replacements at selected projects. Continue work on oil/water separators at Lower Snake River projects. Continue with turbine runner replacement and modernization at McNary. Continue hydro optimization investigations system wide. Begin replacement governors at selected projects. Begin Cougar modernization. Continue exciter replacements at John Day. Continue with 480-volt distribution replacement at Chief Joseph. Purchase replacement generator winding for Lower Granite. Plus a variety of smaller continuing or new investments.

- **Bureau of Reclamation (known projects to date):**

FY 2001: Continued Grand Coulee transformer replacements. Continued Grand Coulee runner replacements. Continued Grand Coulee repairs associated with station service fire. Completed Grand Coulee and Hungry Horse CO2 replacements. Continued elevator rehabilitations at Grand Coulee. Started breaker replacement at Grand Coulee and other projects. Completed Hungry Horse energy efficiency upgrades. Completed Anderson Ranch transformer replacements. Continued Grand Coulee pump-generator circuit addition and transformer replacement.

FY 2002: Complete Grand Coulee transformer replacements. Continue Grand Coulee runner replacements. Continue Grand Coulee repairs associated with station service fire. Continue elevator rehabilitations at Grand Coulee. Continue breaker replacement at Grand Coulee and other projects. Continue Grand Coulee pump-generator circuit addition and transformer replacement. Continue with Hungry Horse life-safety modifications and a variety of smaller continuing or new investments.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

FY 2003: Continue Grand Coulee runner replacements. Complete Grand Coulee repairs associated with station service fire. Continue elevator rehabilitations at Grand Coulee. Continue breaker replacement at Grand Coulee and other projects. Continue Grand Coulee pump-generator circuit addition and transformer replacement. Continue with Hungry Horse life-safety modifications. Purchase spare winding for Grand Coulee. Plus a variety of smaller continuing or new investments.

Fish and Wildlife	16,800	34,700	38,300

Although the regional prioritization process and independent scientific review for projects to be recommended for funding in FY 2002 is not yet complete, and is not expected to be completed until early in FY 2002, the following projects are candidates for capital funding. It is BPA's intention to proceed with design and construction of those projects from this list that are recommended for funding within the available budget. The costs indicated are preliminary estimates only and actual costs may be greater or lower than those estimates depending on final design and construction costs.

FY 2002-2003 efforts include continued implementation of high priority Endangered Species Act related projects and activities associated with the FY 2000 FCRPS, NMFS, and USFWS Biological Opinions. Projects may include a supplementation and genetics research facility and a Hatchery Safety Net Program for up to ten ESA listed salmon and steelhead populations if determined to be necessary by formulation of Hatchery Genetic Management Plans and Genetic Risk Analyses. Implementation of reforms to hatchery programs may also be warranted as information on the types of changes to these facilities are established and priorities for sequencing implementation are developed through the Council's Artificial Production Review Committee. Projects that meet the Reasonable and Prudent Measures (RPA's) and other high priority measures in the NMFS and USFWS BO's are also described in the action agencies (Corps of Engineers and Bureau of Reclamation) Annual Implementation Plan for FY 2002.

- Anadromous fish supplementation facilities in the Yakima River Basin and Upper Snake River Basin include the following projects:

    - Mid-Columbia Coho Salmon Restoration. Based on Planning Council approval in FY 2000 for continued project implementation using the Hatchery and Genetics Management Plan. Continue feasibility studies for reintroduction of Coho in the Wenatchee and Methow Rivers. Determine feasibility of design and construction alternatives for Coho adult collection in addition to rearing and acclimation.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

- The Yakima River Fall Chinook supplementation along the Yakima River near Yakima, Washington, is for the design and construction of fish rearing, acclimation, and adult collection facilities on the lower Yakima River and Marion Drain irrigation return canal. The design and construction is expected to continue. These activities will occur near the cities of Yakima and Prosser, Washington.

- Yakima River Coho Restoration. The purpose of this project is to determine the feasibility, design, and construction of acclimation sites in the Yakima River at various locations. This project may include producing Coho as part of the Yakama Nation's salmon enhancement program. The design and construction is expected to continue.
A long-range goal of the Yakama Nation is to see the return of naturally spawning Coho back to the Yakima River.

- Yakima River Spring Chinook Supplementation Facility, located in Cle Elum, Washington. This project is for the construction of an interpretive building for public education and for the design and construction of a monitoring and evaluation building for use by project biologists.

- Johnson Creek Summer Chinook Salmon restoration in South Fork Salmon Basin of Idaho is to develop, construct, and implement facilities for adult collection and holding, juvenile rearing, and acclimation. The design and construction is expected to continue.

- The Upper Snake River Spring Chinook captive brood stock program includes juvenile fish acclimation sites and adult collection facilities located within the Grande Ronde River Basin in Northeast Oregon and captive Broodstock hatchery rearing facilities located at the Bonneville Dam site hatchery in Oregon and at the NMFS research station, Manchester, Washington. Also includes the potential initiation of the Northeast Oregon Hatchery Master Plan. This project, as a measure in the Planning Council's Fish & Wildlife Program, would identify and develop artificial propagation facilities to protect and enhance salmon and steelhead native to the Imnaha, Grande Ronde and Walla Walla River Basins.

- Upper Snake River Spring Chinook Salmon captive Broodstock acclimation and adult collection facilities will be located on the Upper Grande Ronde River near La Grande, Oregon, on the Catherine Creek near Union, Oregon, and on the Lostine River near Enterprise, Oregon. The design and construction is expected to continue.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

- The resident trout fish culture facility in Southeast Idaho or the Snake River Resident Fish Production Facility will be located near Pocatello, Idaho. The purpose of this facility is for resident fish production as a substitute for the loss of anadromous fish due to the construction and operation of the FCRPS. This facility is intended to provide a supply of various species of trout for residents of the Duck Valley Indian Reservation, Nevada, and the Fort Hall Indian Reservation, Idaho. The facility involves the purchase of an existing hatchery facility and construction upgrades. The design and construction is expected to continue.

  - Construction on the Yakima River hatcheries. The design and construction is expected to continue.

  - Construction on the Umatilla River Hatchery Supplementation Facility. The design and construction is expected to continue.

  - Construction on the Yakima Screens Facilities Phase II. The design and construction is expected to continue.

  - Nez Perce Hatchery. The design and construction is expected to continue.

  - Nez Perce Tribe Resident Fish Substitution Program. The purpose of this program is to increase fish harvest opportunities to mitigate partially for anadromous and resident fish losses incurred as a result of the construction and operation of Dworshak Dam on the North Fork Clearwater River. The National Environmental Policy Act (NEPA) process and subsequent preliminary design process are on hold pending further scientific review. Once initiated, it is expected that the design and construction continue.

  - Coeur D' Alene Tribe Trout Production Facility. The purpose of this facility is to produce fish in support of on-going Couer D' Alene Tribal fisheries enhancement projects. Target species include Westslope cutthroat trout, Bull trout and Rainbow trout. The design and construction is expected to continue.

  - Construct habitat improvement passage projects and small irrigation screening projects including development and enhancement of model watersheds. The design and construction is expected to continue.

  - Continue implementation of high priority Endangered Species Act related projects, and activities associated with the USFWS BO and the NMFS BO.

  - Continue acquisition and installation of Adult Pit tag monitors at selected Federal dams in Snake and lower Columbia rivers. The design and construction is expected to continue.

	(dollars in thousands)		
	FY 2001	FY 2002	FY 2003
Conservation and Energy Efficiency	0	26,000	42,200

The Conservation Augmentation (ConAug) program offers several ways for customers to participate in regional conservation. ConAug program components include: (1) request for Interest in Reducing Load Through Conservation (IRLC), which will result in customer proposals to conserve energy through residential weatherization, commercial lighting and HVAC, industrial processes and lighting, and irrigated agriculture; (2) residential compact fluorescent lighting;
(3) "Vending Mi$er", a program to reduce energy use in regional refrigerated vending machines; (4) Federal "Quick Start," a program to help Federal installations in the region reduce energy use; and (5) several other initiatives still in the design stage.

The Energy Web, a program advancing innovation and deployment of new energy technologies, will: (1) provide benefit to the Pacific Northwest; (2) promote standards and technology development deployment to achieve business benefits for BPA and its customers; and (3) promote the "Green" aspects of the Energy Web. Implications of participation in Energy Web development include:

- Diversification of BPA risk hedges to include physical alternatives such as demand reductions and peak generation.
- Demonstration of potential to reduce peak loads and transmission needs.
- Clarification of location benefits associated with peak load reduction, power and system reliability, power quality, and avoiding greenhouse gas production.
- Participating in an EPRI initiative, which will leverage BPA funding by promoting additional program development.

Total Power Business Line – Capital	81,800	165,700	197,500

Explanation of Funding Changes From FY 2002 to FY 2003

	FY 2003 vs. FY 2002 ($000)
Associated Project Costs	
■ Increase due to continuing power system reliability improvements.	+12,000
Fish and Wildlife	
■ Increase due to implementation of additional requirements in the most recent BO' s and revised Council Program	+3,600
Conservation and Energy Efficiency	
■ Increase reflects promotion of energy conservation in lieu of generating resource purchases	+16,200
Total Funding Change, Power Business Line - Capital	+31,800

Transmission Business Line - Capital

Mission Supporting Goals and Objectives

The Transmission Business Line (TBL) provides for all additions, upgrades, and replacements to the Federal transmission system in the Pacific Northwest, allowing reliable service to be provided to Northwest industrial users and utility customers. The transmission system also allows for the sale and exchange of power to and from the region.

TBL plans to make significant improvements and additions to the system over the next five years to assure reliable transmission in the Northwest. These improvements and additions will help the Federal transmission system remain in compliance with national reliability standards, allow for interconnection of needed new generation, remove constraints that limit economic trade, remove constraints that limit the ability to maintain the system, and replace aging equipment. No major transmission projects have been built since 1987. Only incremental additions have been built into the system over the years, but it is stretched to the limit. Approximately 30,000 MW of generation are under consideration for siting in the Northwest. The Transmission System will become even more stressed with the addition of generation if nothing is done to reinforce the existing network. The map on the following page shows the constrained paths in the Northwest region.

The first phase of Bonneville's infrastructure addition consists of the following major projects:

(1) Puget Sound Area Additions; (2) North of Hanford/North of John Day; (3) West of McNary; (4) Starbuck Generation; (5) Lower Monumental & McNary Area Generation (Phase II); (6) Cross Cascades North; (7) Celilo Modernization; (8) I-5 Corridor Generation Additions; (9) Spokane Area and Western Montana Generation Additions. These projects are further described below.

Bonneville assumes that some generators will integrate their load into the Federal system. Depending on which generators build on sites in the Northwest and the project locations: between 8000 to 12000 MW can be integrated with the completion of the above additions and improvements. The benefits will include relief from congestion, as well as restoring reliability margin back in the grid. This additional margin will be used to respond to a competitive market, meet regional load during outages, move power to meet changing loads, perform maintenance without harming the market, and allow the RTO to start without the regional grid heavily congested.

The system replacement plan is to replace high-risk, obsolete, and maintenance-intensive facilities and equipment and to reduce the chance of equipment failure by: 1) replacing high voltage transformers and power circuit breakers which are at or near the end of their useful life; 2) replacing risky, outdated and obsolete control and communications equipment; and 3) replacing all other existing high-risk equipment and facilities affecting the safety and reliability of the transmission system.

Bonneville will continue to fund fiber optic communications facilities needed to meet Bonneville's projected operational needs. To the extent that these investments create temporary periods of excess fiber optic capacity, such capacity can be made available to telecommunications providers and to non-profits to meet rural and other needs in Bonneville's service area. Bonneville's investments in fiber optics, including the role of the private sector in building fiber optic networks, is consistent with the "Fiber Optic Cable Plan" submitted to Congress on May 24, 2000, accompanying the FY 2000 Energy and Water Development Appropriations Act. In accordance with this plan, when possible, Bonneville will seek partnerships with fiber optic facility and service providers to meet its needs.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2001	FY 2002	FY 2003	$ Change	% Change
Main Grid	16,600	133,700	299,700	+166,000	124.2%
Area & Customer Services	11,600	33,700	6,700	-27,000	-80.1%
Upgrades & Additions	91,800	49,700	26,400	-23,300	-46.9%
System Replacements	62,700	82,900	72,700	-10,200	-12.3%
Projects Funded in Advance	17,800	25,000	25,000	0	0.00%
Total, Trans Business Line - Capital	200,500	325,000	430,500	+105,500	32.5%

Detailed Program Justification

(dollars in thousands)

	FY 2001	FY 2002	FY 2003
Main Grid	16,600	133,700	299,700

Strategic objectives: Bonneville's strategic objectives for main grid projects are to provide: voltage support; provide a reliable transmission system for open access per FERC criteria; provide for relief of transmission system congestion; and to assure compliance with NERC, Western Systems Coordinating Council (WSCC) and BPA reliability standards. During this budgeting period, projects are planned that will provide voltage support to major load areas that are primarily west of the Cascade mountains, and to provide for transmission access for new generation projects to the load center. Minor reinforcements in the Portland, OR/Seattle, WA corridor are also planned.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

- FY 2001: (1) Completed planning studies and beginning of design and material acquisition for the Schultz 500kV series capacitors; (2) Completed the design for the Raver-Paul 500kV outage relief via RAS modifications; (3) Completedplanning and began design for a new line from McNary to John Day Substations in lieu of the proposed tap line from McNary to the Ashe-Marion 500kV line, that is required to provide firm transmission service to new generators near McNary and Lower Monumental area; (4) Completed planning studies for the West of Hatwai transmission problems resulting in a proposed new Bell-Grand Coulee 500kV line; (5) Continued planning studies to correct the PNW-Idaho transmission capacity problems, including negotiations with Pacific Corp. and Idaho Power; (6) Completed the first phase of planning studies to comply with the N-2 outage criteria; (7) Continued required studies for the Northern Intertie and Puget Sound load growth, resulting in a new 500/230kV transformer addition at SnoKing Substation and a proposed second Echo Lake-Monroe 500kV line to enable BPA to meet the Canadian Treaty obligation and serve load in the Puget Sound Area; (8) Completed studies and began design for a new Schultz-Blackrock area 500kV line in lieu of the proposed Hanford-Schultz 500kV line, to eliminate transmission capacity problems north of Hanford; (9) Completed studies for the retermination of the Raver end of the Schultz-Raver 500kV line into Echo Lake, which requires 9 miles of a new 500kV line to improve the load serving capability into the Puget Sound area; (10) Awarded turnkey contract for the Celilo mercury arc valve replacement; (11) Completed studies for the integration of new generation in the north of McNary area, resulting in proposed new 500kV lines between Starbuck and Lower Monumental Substations and between Wallula and McNary Substations per open access policies; (12) Continued planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

- FY 2002: (1) Complete design of the Kangley-Echo Lake 500 KV line and substation addition at Echo Lake and the 500/230 KV bank addition at SnoKing substation; (2) Begin design of the Schultz-Wautoma 500 KV line; (3) Begin design of the new 500 KV Wautoma substation; (4) Complete environmental studies and begin design of the McNary-John Day 500 KV line and substation additions at John Day and McNary; (5) Begin design of the Lower Monumental-Starbuck 500 KV line and substation addition at Lower Monumental; (6) Begin design of the McNary-Smiths Harbor 500 KV line and the 500 KV shunt capacitor additions at McNary, Big Eddy, and Slatt substations; (7) Begin replacement of converter valves at Celilo; (8) Begin design of the Grand Coulee-Bell 500 KV line, the 500 KV series capacitor additions at Bell and Dworshak substations, 500 KV series capacitor replacement at Garrison substation, and the 500 KV shunt reactor addition at Grand Coulee; (9) Begin installation of the 500/230 KV bank addition at Pearl substation; (10) Begin design of the Libby-Bonners Ferry 230 KV line addition; (11) Begin design of the Hanford-Ostrander 500 KV loop to Big Eddy substation; (12) Complete cooling plant construction at Celilo for valve groups 1-6; (13) Begin installation of new converter valves at Celilo; (14) Award Furnish and Install (F & I) contract for the infrastructure line projects; (15) Continue planning studies and design to comply with the N-2 outage criteria; (16) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions; (17) Continue planning studies to identify system to improve infrastructure additions.

- FY 2003: (1) Begin construction of the Kangley-Echo Lake 500 KV line and substation addition at Echo Lake and the 500/230 KV bank addition at SnoKing substation; (2) Complete design of the Schultz-Wautoma 500 KV line; (3) Complete design and begin construction of the 500 KV Wautoma substation; (4) Complete design of the McNary-John Day 500 KV line and substation additions at John Day and McNary; (5) Complete design of the Lower Monumental-Starbuck 500 KV line and substation addition at Lower Monumental; (6) Complete design of the McNary-Smiths Harbor 500 KV line and 500 KV shunt capacitor additions at McNary, Big Eddy and Slatt substations; (7) Complete installation of the 500 KV series capacitor addition at Schultz substation; (8) Continue replacement of converter valves at Celilo; (9) Complete design of the Grand Coulee-Bell 500 KV line, 500 KV series capacitor additions at Bell and Dworshak substations, 500 KV series capacitor replacement at Garrison substation and the 500 KV shunt reactor addition at Grand Coulee; (10) Complete installation of the 500/230 KV bank addition at Pearl substation; (11) Complete design and begin construction of the Libby-Bonners Ferry 230 KV line addition; (12) Complete design and begin construction of the Hanford-Ostrander 500 KV loop to Big Eddy substation; (13) Complete design and begin construction of the Olympia-Satsop 500 KV line interchange to Shelton 500 KV line; (14) Begin preliminary engineering design of the Paul-Troutdale 500 KV line addition; (15) Continue planning studies for the integration of new generation facilities; (16) Continue planning studies to identify the system additions to solve the transmission system capacity congestion; (17) Continue planning studies and design to comply with the N-2 outage criteria; (18) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions; (19) Continue planning studies to identify infrastructure additions.

(dollars in thousands)

	FY 2001	FY 2002	FY 2003
Area & Customer Services ……	11,600	33,700	6,700

Area and Customer service projects assure that Bonneville meets the reliability standards and the contractual obligations we have to our customers for serving load growth.

- FY 2001: (1) Continued design, material acquisition and began construction to replace the cable and upgrade support and maintain reliability for the San Juan area in NW Washington; (2) Continued design, material acquisition and began construction on the Shelton-Kitsap line rebuild to double circuit to provide voltage stability and prevent transformer and line overloads in the Kitsap area; (3) Continued studying the needs for reinforcements for the Southwestern Oregon Coast Project to maintain reliability in the Southwest Oregon Area; (4) Discontinued design and construction of the Custer-Intalco contractual obligations and provide reliability to the Snohomish, Washington area; (5) Continued preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.

- FY 2002: (1) Complete design, material acquisition and begin construction on the Shelton Kitsap line rebuild to double circuit to provide voltage stability and prevent transformer and line overloads in the Kitsap area; (2) Complete design, material acquisition and construction to replace the cable and upgrade support and maintain reliability for the San Juan area in NW Washington; (3) Continue studying the need for reinforcements for the Southwestern Oregon Coast Project to maintain reliability in the Southwest Oregon Area; (4) Continue preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.

- FY 2003: (1) Continue design and beginmaterial acquisition and construction for reinforcements for the Southwestern Oregon Coast Project to maintain reliability in the Southwest Oregon Area; (2) Continue preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.

Upgrades and Additions	91,800	49,700	26,400

Replacing older communications and controls with newer technology including fiber optics in order to maintain or enhance the capabilities of the transmission system. During this budget period, BPA will complete design, material acquisition, construction and activation of several fiber optics facilities to provide bandwidth capacity and high-speed data transfers to eventually replace microwave analog radios, which are becoming technologically obsolete and nearing the end of their useful life. Temporarily, in some areas excess fiber capacity is being offered for a term to telecommunications providers and public entities such as public utilities, schools, libraries, and hospitals providing them access to high-speed telecommunication services as a public benefit.

- FY 2001: (1) Continue completion of the Noxon to Kalispell section of the Noxon-Hot Springs 200 mile fiber optic project. This is part of the communications upgrade in Western Montana to replace aging analog radio systems and enhance control and communications to improve system reliability; (2) Completed the installation of fiber optic terminal equipment and switching of operational circuits onto the fiber at various BPA substations; (3) Completed design and material acquisition of fiber optic projects as a continuation of the overall upgrade to the operational telecommunication system; (4) Completed design, material acquisition and construction of microwave, digital radio system upgrades that are critical for the overall upgrade to the operational telecommunication system; (5) Completed additional efforts to separate Transmission from the Power scheduling function; (6) Continued planning, design, material acquisition, and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.

- FY 2002: (1) Complete design, material acquisition, and construction of 35 miles of fiber optic cable from Flathead Substation to Libby Substation and Libby Powerhouse; (2) Complete construction of the Kalispell to Hot Springs section of the Noxon-Hot Springs 200 mile fiber optic project; (3) Design, material acquisition and construction of 10 miles of fiber optic cable and terminations between Longview and Allston. This is part of the long range plans to implement reliable digital communications on the 500 kV main grid which also allows for more efficient interconnection of any new generation projects; (4) Continued design, material acquisition and construction of 37 miles of fiber optic cable and terminations between Custer and Intalco. This is part of the overall replacement of analog communications and which will become part of the Northern Intertie fiber loop that will provide reliable communications between western Canada and the US; (5) Continued design, material acquisition and construction of 97 miles of fiber optic cable and terminations between Bell and Taft. This is part of the overall upgrade of the backbone analog communications on the main grid. (6) Continue the installation of fiber optic terminal equipment and switching of operational circuits onto the fiber at BPA substations; (7) The 12 mile fiber optic cable between Raver and Echo Lake was re-scheduled into 2 phases. In FY 2002 Phase 1 of the design and material acquisition will continue; (8) Complete design, material acquisition, and construction of fiber optics projects to continue the improvement of the operational telecommunication system; (9) Complete design, material acquisition and construction of critical microwave, digital radio system with particular emphasis on the Montana area; (10) Complete additional efforts to separate Transmission from the Power Scheduling functions at the Dittmer and Munro Control Center; (11) Continue planning, design, material acquisition and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.
- FY 2003: (1) Complete material acquisition and construction of the 12 mile fiber optic cable on the Raver-Echo Lake 500 kV line, Phase 2 of this project; (2) As part of the overall effort to upgrade the analog system and provide a more reliable backbone communication system – design, acquire material and construct 33 miles of fiber optic cable and terminations from Covington to Maple Valley to Echo lake, 45 miles from Echo lake to Monroe to Snohomish, 68 miles from Snohomish to Bellingham, 8 mile from Bellingham to BC Hydro's system, 112 miles from Alvey to Marion to Pearl and 45 miles from Pearl to Ostrander to Troutdale. The connections from Covington to BC Hydro's system is what was referred to as the Covington to Blaine project that was previously deferred; (3) Continue design, material acquisition and construction of fiber projects and digital radio system upgrades to improve the operational telecommunication system and to meet rural needs; (4) Continue efforts to replace and upgrade operational and business tools at the control centers; (5) Continue planning, design, material acquisition and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.

System Replacements	62,700	82,900	72,700

Non-Electric Replacements:

- FY 2001: (1) Completed various maintenance building and control house roof replacements; (2) Completed seismic upgrades to buildings; (3) Completed various High Voltage Alternating Current (HVAC) replacements; (4) Completed various necessary non-electrical replacements based on RCR implementation; (5) Completed other non-electric replacements as required.

  FY 2002: (1) Complete various maintenance building and control house roof replacements; (2) Complete seismic upgrades to buildings; (3) Complete various HVAC replacements; (4) Complete other non-electric replacements as necessary; (5) Begin design activities, material acquisition, and construction for the new Access Road Program, a prioritized effort to upgrade aging access roads to critical transmission lines; (6) Begin preliminary design and complete requirements for the Dittmer Control Center expansion at the Ross Complex.

  FY 2003: (1) Complete various maintenance building and control house roof replacements; (2) Complete seismic upgrades to buildings; (3) Complete various HVAC replacements; (4) Complete other non-electric replacements as necessary; (5) Continue the design, material acquisition, and construction for the Access Road Program; (6) Complete design and site preparation for the Dittmer Control Center expansion at the Ross Complex.

Electric Replacements:

All electrical replacements were accomplished to maintain a reliable electrical system at the least cost by strategically replacing critical items.

- FY 2001: (1) Completed design, material acquisition, and construction of PCB-contaminated capacitor replacement at various locations; (2) Completed design, material acquisition, and construction of system protection and control equipment replacements and replacement of other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and Supervisory Control And Data Acquisition (SCADA) equipment; (3) Replaced critical, operational tools and systems at the Dittmer and Munro Control Centers; (4) Continued replacing deteriorating wood pole transmission line structures.

- FY 2002: (1) Complete design, material acquisition, and construction of PCB-contaminated capacitor replacement at various locations; (2) Continue design, material acquisition, and construction of system protection and control equipment replacements, and replacement of other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment; 3) Start design and material acquisition of the replacement of aging control systems at the Celilo Converter Station necessary to continue operation of 3100 MW of DC transmission capability; (4) Continue replacing critical, operational tools and systems at the Dittmer and Munro Control Centers; (5) Continue replacing deteriorating wood pole transmission line structures.

- FY 2003: (1) Continue design, material acquisition, and construction of system protection and control equipment replacements and replacement of other substation and line facilities as needed to maintain reliability using RCR criteria. Such replacements include relays, annunciators, oscillographs, various types of communication related equipment and SCADA equipment; (2) Continue design and start construction of the replacement of aging control systems at the Celilo Converter Station necessary to continue operation of 3100 MW of DC transmission capability ; (3) Continue replacing critical, operational tools and systems at the Dittmer and Munro Control Centers; (4) Continue replacing deteriorating wood pole transmission line structures.

Projects Funded in Advance …….	17,800	25,000	25,000

This category includes those facilities and/or equipment where BPA retains ownership but which are funded by another entity, either in total or in part through a cost-share agreement.

- FY 2001: (1) Completed design, material acquisition and construction of Teton Area Reinforcement facility needed to prevent low voltages in the Teton, Idaho and Jackson, Wyoming area; (2) Completed the design, material acquisition and construction of 70 miles of fiber optic cable from Keeler Substation to Tillamook Substation on the Northern Oregon coast; (3) Completed the integration of new 265 MW generation capacity at Rathdrum into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (4) Continued the integration of new 280MW generation capacity in Boardman, OR into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (5) Continued the integration of new 536MW generation capacity near Hermiston into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (6) Continued integration of new 270 MW generation capacity near Tacoma into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (7) Continued integration of new 248 MW and 225 MW generation capacities near Goldendale into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (8) Continued integration of new 600MW generation capacity near Chehalis into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (9) Conducted preliminary work to integrate the new 1200 MW generation capacity near Starbuck into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (10) Conducted preliminary work to integrate the new 1300 MW generation capacity near Wallula into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (11) Performed studies to identify system impacts and needs regarding proposed new generation projects; (12) Performed environmental cleanup and other work necessary for the sale of BPA facilities; (13) Completed other projects as requested by customers.

- FY 2002: (1) Complete the integration of new 280 MW generation capacity in Boardman, OR into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (2) Complete the integration of new 536MW generation capacity near Hermiston into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (3) Complete the integration of new 270 MW generation capacity near Tacoma into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (4) Complete the integration of new 248 and 225 MW generation capacities near Goldendale into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (5) Continue the integration of new 600MW generation capacity near Chehalis into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (6) Integrate new 1200 MW generation capacity near Starbuck into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (7) Integrate new 1300 MW generation capacity near Wallula into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (8) Perform studies to identify system impacts and needs regarding proposed new generation projects; (9) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (10) Complete other projects as requested by customers.

- FY 2003: (1) Complete the integration of new 600MW generation capacity near Chehalis into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (2) Continue the integration of new 1200 MW generation capacity near Starbuck into the BPA transmissiongrid per Transmission Service Request via the Open Access Tariff; (3) Continue the integration of new 1300 MW generation capacity near Wallula into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (4) Perform studies to identify system impacts and needs regarding proposed new generation projects; (5) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (6) Complete other projects as requested by customers.

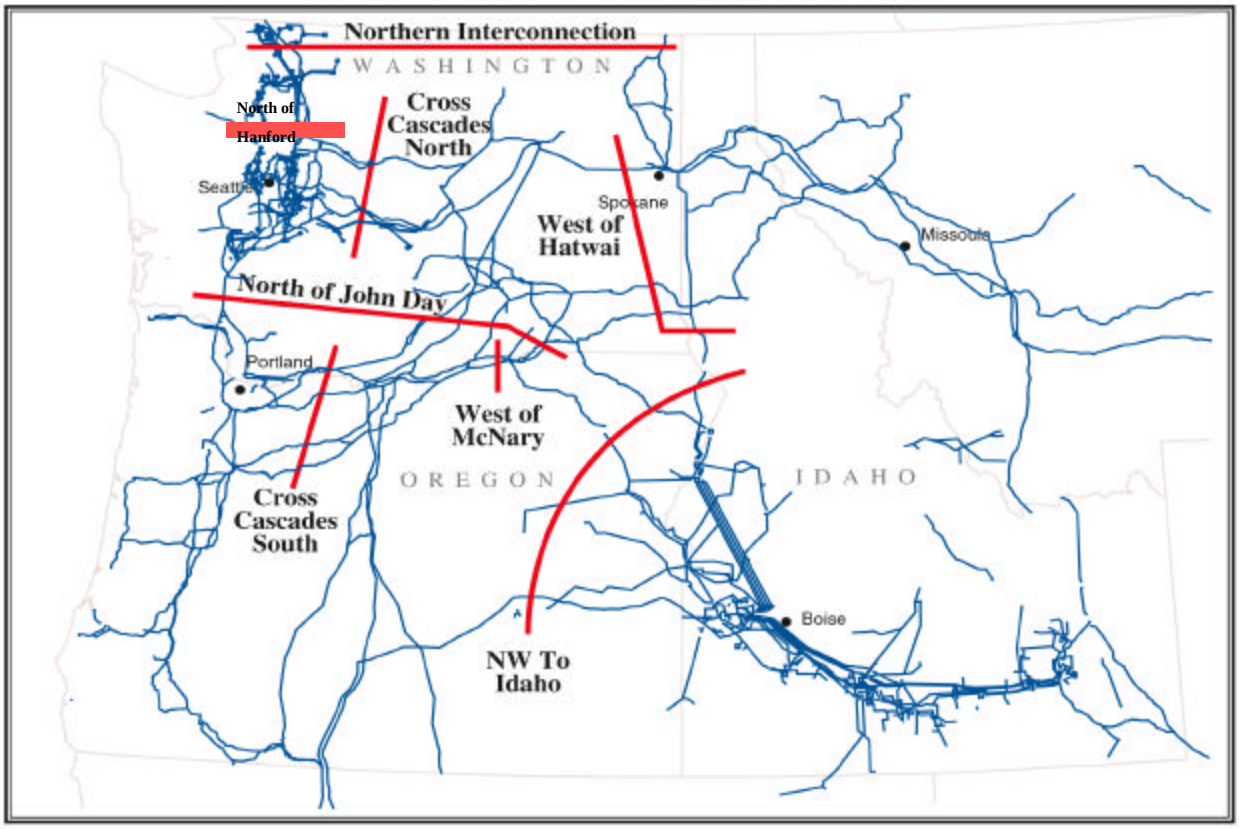
Total, Transmission Business Line – Capital	200,500	325,000	430,500

Explanation of Funding Changes From FY 2002 to FY 2003

	FY 2003 vs. FY 2002 ($000)
Main Grid	
■ Reflects increased materials and construction costs to make significant improvements and additions to the transmission system.	+166,000
Area & Customer Services	
■ Reflects less emphasis on customer service projects as strategic focus has changed to improvements and additions to the Main Grid facilities	-27,000
Upgrades & Additions	
■ Reflects less emphasis on communications upgrades system-wide as the strategic focus has changed to improvements and additions to the Main Grid facilities. Communications related to the new facilities is included in the Main Grid projects	-23,300
System Replacements	
■ Reflects less emphasis on system replacements, except for the Celilo project, as the strategic focus has changed to improvements and additions to the Main Grid facilities	-10,200
Projects Funded in Advance	
■ No change	+0
Total Funding Change, Transmission Business Line Capital	+105,500

Bonneville Power Administration

NW Constrained Paths



Capital Equipment/Capitalized Bond Premium

Mission Supporting Goals and Objectives

This activity provides for the acquisition of general and dedicated special purpose capital automatic data processing (ADP) equipment, development of capitalized ADP software, and acquisition of special-use capital furniture and equipment in support of BPA's strategic objectives. This budget category provides the BPA business lines with the ability to acquire general and dedicated special purpose capital ADP equipment. This activity also provides the ability for developing capitalized ADP software, and acquiring special-use capital furniture and equipment for BPA to meet its strategic business objectives.

Bonneville incurs a bond premium whenever it repays a bond before the due date. When bonds are refinanced, the bond premiums incurred are capitalized. Historically, BPA generally has chosen to finance capitalized bond premiums with bonds issued to the U.S. Treasury, as was envisioned in the Federal Columbia River Transmission System Act of 1974.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2001	FY 2002	FY 2003	$ Change	% Change
Capital Equipment	17,500	26,300	24,800	-1,500	-5.7%
Capitalized Bond Premium	0	2,200	3,000	+800	36.4%
Total, Capital Equipment/Capitalized Bond Premium	17,500	28,500	27,800	-700	-2.5%

Detailed Program Justification

(dollars in thousands)

	FY 2001	FY 2002	FY 2003
Capital Equipment	17,500	26,300	24,800

- Acquire capital office furniture and equipment, capital ADP-based administrative telecommunications equipment, ADP equipment (hardware), and support capital software development for all BPA programs. Includes enhancements to BPA's Enterprise systems, designed to link key information systems throughout Bonneville and improve business processes. Current efforts include functional expansion into areas not implemented during the initial development phase.

Capitalized Bond Premium	0	2,200	3,000

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- Continue to assess financial market and when cost-effective, refinance available bonds as prudent.

Total, Capital Equipment/Capitalized Bond Premium .	**17,500**	**28,500**	**27,800**

Explanation of Funding Changes From FY 2002 to FY 2003

	FY 2003 vs. FY 2002 ($000)
Capital Equipment	
■ Decrease due to implementation of Business Solutions Project	-1,500
Capitalized Bond Premium	
■ Increase in anticipated bond refinancing due to evolving refinancing opportunities	+800
Total, Funding Change Capital Equipment/Capital Bond Premium	-700

Power Business Line - Operating Expense

Mission Supporting Goals and Objectives

Production includes all BPA strategic resource planning and business development, short and long-term power purchases, wheeling, electric utility marketing of resources, hedging-related costs, generation and oversight costs, including the large thermal nuclear projects. These activities identify the Administrator's load obligations, develop product plans and services to meet the needs of BPA customers, and acquire resources as needed. As a means of mitigating power market risk, BPA's Hedging Policy allows the use of financial instruments in the power, natural gas, and aluminum markets to hedge the price of electricity and reduce BPA's exposure to market fluctuations and certain index sales contract provisions.

Associated Projects provide funding for operation and maintenance costs for the FCRPS; minor additions, improvements, and replacements; and liabilities of the Corps of Engineers and Bureau of Reclamation hydroelectric projects in the Pacific Northwest, which serve many purposes. Both agencies are emphasizing efficient power production from existing facilities and improvement of the performance and availability of power units. BPA pays additional financing costs of the FCRPS facilities through its Interest Expense and Capital Transfer budget programs. BPA is responsible for the actual operations and maintenance expenditures incurred as part of the Lower Snake River Compensation Plan (LSRCP) hatcheries. Bonneville is responsible for annual payments to the Confederated Tribes of the Colville Reservation for their claims concerning their contribution to the production of hydropower by the Grand Coulee Dam in accordance with the Settlement Agreement between the United States and the Tribes (April 1994). Beginning in FY 2001, as part of Reclamation operation and maintenance costs, Bonneville is responsible for the power portion of the Green Springs Powerplant operations and maintenance costs.

Fish and Wildlife expenses provide for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife due to losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries. BPA discharges a major portion of its fish and wildlife responsibilities pursuant to Section 4(h) of the Northwest Power Act by funding projects and activities designed to be consistent with the Planning Council's Fish and Wildlife Program. To satisfy its responsibilities under the Endangered Species Act, BPA implements measures in the biological opinions issued by the NMFS and the USFWS regarding the operations of the Federal Columbia River hydro system.

Fish and Wildlife program estimates reflect, and are consistent with, the fish and wildlife principles that originally were identified in the 1996 Fish Budget MOA.

NMFS and USFWS issued new Biological Opinions (Bos) on FCRPS operations in December 2000. The BO's require the Action Agencies (COE, BOR, and BPA) to implement actions throughout the Columbia River Basin that comprehensively address all the life stages of Endangered Species Act (ESA)-listed fish. BPA's responsibilities under the 2000 FCRPS BO's are expected to significantly escalate its Fish and Wildlife costs in future years. To plan for this expected increase, BPA incorporated a wide range of fish and wildlife costs for rate-setting purposes. Based on the 2000 FCRPS BO requirements, BPA expects to annually obligate an average of $150 million for fish and wildlife for the rate case covering FY 2002 - 2006. This is within the range assumed in the

power rate case, which assumed an annual average of $139 million, based on a range of $109 - $179 million of accrued expenses.

BPA's fish and wildlife expense funds will focus on activities that benefit Columbia River Basin fish and wildlife resources including projects designed to:

- increase survival of ESA-listed fish at FCRPS dams and reservoirs;
- increase survival of ESA-listed fish throughout their life cycle by protecting and enhancing important habitat areas;
- reform hatchery practices and use hatcheries to contribute to conservation and recovery of ESA-listed fish;
- reduce harvest-related mortality on ESA-listed fish and support sustainable fisheries; and,
- support a disciplined and well-coordinated research, monitoring, and evaluation program.

BPA is working to integrate the actions implemented in response to the 2000 FCRPS BO's with projects implemented under the Council's Fish and Wildlife Program. In the near term, BPA will use the Council's Provincial Review process as the primary vehicle for soliciting project proposals to address BO actions. Provincial Review project solicitations will identify specific BO implementation needs in conjunction with the broader non-ESA Northwest Power Act priorities. BPA also may use targeted solicitations if BO requirements are not fully satisfied through the Provincial Review's solicitations.

The FY 1997 Energy and Water Development Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Act, directing the Planning Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Planning Council's fish and wildlife program." And, " . . . in making its recommendations to BPA, the Planning Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

The Northwest Power Act created the Residential Exchange Program (REP) to extend the benefits of low-cost Federal power to Pacific Northwest electric utilities serving the residential and small farm customers of the Pacific Northwest. The 1996 Comprehensive Regional Review recommended that BPA engage in settlement discussions regarding Residential Exchange. BPA developed a Subscription Strategy based on the recommendations of the Comprehensive Review. That strategy proposed a comprehensive settlement of the REP for Investor-Owned Utilities (IOU) in the Pacific Northwest which has resulted in new contracts with regional IOUs that provide power and monetary benefits to their residential and small farm customers.

To settle the REP with the Investor-Owned Utilities, IOU customers were offered 1900 aMW in power and monetary benefits. The power was sold at a price equivalent to the priority firm power rate. The monetary benefits are calculated based on a forecast of the cost of purchasing the power in the market less the price used for sale of power to the IOU customers. All 6 regional IOUs signed contracts in the fall of 2000 implementing this settlement of the Residential Exchange. They originally were to receive 1000 aMW of power and 900 aMW in monetary benefits for FY 2002-2006, but the IOUs subsequently converted 619 aMW of power to monetary benefits. In FY 2007 the total amount of settlement benefits changes to 2200 aMW. Under the Subscription

strategy, BPA stated its intent for all of these benefit to be provided as power; however, BPA may provide either power or monetary benefits under the terms of the settlement agreements.

BPA's preference utilities, or public agency utilities, are eligible to execute new Residential Exchange Program contracts beginning in 2001, except for the nine utilities that previously executed settlement agreements for terms ending July 1, 2011. These customers are forecasted to have average system costs that are lower than the Exchange Program rate and thus would not qualify for these benefits.

The Northwest Power Act directs that expenses of the Planning Council, subject to certain limits based on forecasted BPA power sales, shall be included in BPA's annual budget to Congress. Funding for the Planning Council is provided by Bonneville and is recovered through Bonneville rates. Its major activities include the periodic preparation of a Northwest Conservation and Electric Power Plan (a 20-year electric energy demand and resources forecast and energy conservation program) and a Columbia River Basin Fish and Wildlife Program of loss mitigation and resource enhancement actions.

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. PBL will acquire conservation in accordance with the Northwest Power Planning Council's guidance and act as a catalyst for energy efficiency and direct application renewables. The resources will provide a vital component of PBL's diversified resource portfolio: (1) meet conservation targets; (2) achieve a least cost resource mix; (3) dampen the cost impacts of power purchases; (4) avoid the costs of ramping programs and infrastructure up and down; (5) extend the value of the FCRPS to customers; (6) cushion the need for rate increases; and (7) build the region's resource portfolio with conservation and direct application renewables.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2001	FY 2002	FY 2003	$ Change	% Change
Production	2,980,900	1,875,900	1,685,300	-190,600	-10.2%
Associated Projects Costs.	195,400	209,800	223,700	+13,900	6.6%
Fish & Wildlife.	102,800	150,000	150,000	0	0%
Residential Exchange	68,100	143,800	143,800	0	0%
Planning Council	7,300	8,300	8,300	0	0%
Conservation and Energy Efficiency	30,900	35,400	34,900	-500	-1.4%
Total, Power Services - Operating Expense	3,385,400	2,423,200	2,246,000	-177,200	-7.3%

Detailed Program Justification

	(dollars in thousands)		
	FY 2001	FY 2002	FY 2003
Production	2,980,900	1,875,900	1,685,300

Short-Term Power Purchases/Pacific Northwest Coordination Agreement (PNCA) Interchange: Includes purchase power for efficient operation of the power system, fish mitigation and resale. Due to higher and more volatile market prices in 2001, Bonneville was subject to much greater demand for service from its customers. This increase in load demand over the rate period indicates that Bonneville may need to make substantially greater power purchases in the market. In order to mitigate a larger rate increase, FY 2002 and FY 2003 expenses include $484 million, and $341 million respectively, in IOU and DSI load buy downs. See additional discussion of the evolving power market included in "Significant Accomplishments and Program Shifts" included in the Program Mission section of this budget.

Under terms of the PNCA, BPA makes interim cash payments to other generating utilities for power received as interchange energy. Likewise, BPA receives interim cash payments from other generating utilities for power that BPA delivers as interchange energy. Interchange energy is an energy exchange between utilities to supply all or a part of any deficiency between a utility's actual energy capability and its firm energy load carrying capability. The energy is then returned to the supplying utility at a time that it has a deficiency.

- Power Scheduling/Marketing: Schedule and market (buy/sell) electric energy with BPA customers and the Pacific Northwest's interconnected utilities. Scheduling includes PBL's implementation of physical and memo power schedules and associated transmission schedules, implementation of Electronic Tagging (ETag) in accordance with NERC, and in accordance with FERC, implementation of electronic scheduling and the RTO as it evolves. PBL's acquisition of a new Transaction Scheduling System will facilitate the above needs. Place major emphasis on marketing for support of the Biological Opinion of the Fish and Wildlife Program.

- Trojan: Continue termination and decommissioning of BPA's 30 percent share of the Trojan Nuclear Plant. Due to a delay in a major decommissioning project, activity at Trojan decreased for FY 2001 and should stay at a lower level through FY 2002. As work on the delayed project is restarted, activity should increase in FY 2003.

- Columbia Generating Station (WNP-2): Continue to acquire full capability of Columbia Generating Station (Columbia). Columbia has now completed the transition to a 24-month fuel cycle from a 12-month cycle. Changes are due to increased fuel costs associated with the transition and other major capital projects scheduled for out years. Outages occurred in FY 2001 and will occur in FY 2003.

- WNP-1/WNP-3: Continue to fulfill contractual obligations for WNP-1 and WNP-3.

(dollars in thousands)		
FY 2001	FY 2002	FY 2003

- Long Term Power Purchases and Wheeling:

  FY 2001 and FY 2002: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, Wauna and BPA's share of Foote Creek 1 project output. Continue contract payments on four billing credit projects. Continue to acquire 100 percent of the output of the Foote Creek 2 and 4 wind project and a 15-kW share of the output from the Solar Ashland Project.

  FY 2003: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, Wauna and BPA's share of Foote Creeke 1 project output. Continue contract payments on four billing credit projects. Continue to acquire 100 percent of the output of the Foote Creek 2 and 4 wind projects and a 15-kW share of the output from the Solar Ashland Project. BPA decided to execute the contracts and acquire all of the output from the Condon and Stateline wind projects, and may acquire a portion of the output from the Maiden and Blackfeet wind projects. Make decisions whether to acquire output from seven additional wind projects.

- Generation & Oversight:

  FY 2001: Completed the NEPA process and issued a Record of Decision for the Condon Wind Project. Issued a Record of Decision for the Fourmile Hill Geothermal Project. Initiated additional renewable resource acquisitions.

  FY 2001-2002: Continue to provide oversight of all contracts signed to date. Provide oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners. Make decision whether to purchase a share of output from the Stateline Wind Project. Initiate additional renewable resource acquisitions. Continue or initiate NEPA process for 10 new wind projects.

  FY 2003: Continue to provide oversight of all contracts signed to date. Provide oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners. Complete NEPA process and make decisions whether to acquire wind projects initiated in FY 2001.

Associated Project Costs 195,400 209,800 223,700

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- Support FCRPS project costs and work to strengthen relationships to improve project support and better understand project costs. This helps to maintain FCRPS system integrity and to attain BPA's strategic business objectives.

(dollars in thousands)		
FY 2001	FY 2002	FY 2003

- Bureau of Reclamation:
  FY 2001: Continue direct funding Bureau O&M power activities.
  FY 2002: Continue direct funding Bureau O&M power activities.
  FY 2003: Continue direct funding Bureau O&M power activities.
- Corps of Engineers:
  FY 2001: Continue direct funding Corps O&M power activities.
  FY 2002: Continue direct funding Corps O&M power activities.
  FY 2003: Continue direct funding Corps O&M power activities.

Fish and Wildlife 102,800 150,000 150,000

In a manner consistent with the assumptions used for the FY 2002-2006 power rate case: Anadromous Fish: Continue implementing projects which support Endangered Species Act listed species and other measures called for under the 2000 FCRPS NMFS BO. Use the Council's Provincial Review and Sub-basin Planning processes to identify activities for implementation. Implement and develop activities that protect and enhance tributary and estuary habitat, improve mainstem habitat on an experimental basis, reduce potentially harmful hatchery practices, and contribute to sustainable fisheries. These activities have been selected in response to the Northwest Power Act section 2(6) to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries."

Resident Fish: Implement activities to determine the impacts of the FCRPS on bull trout and mitigate for those impacts, and promote the reproduction and recruitment of Kootenai River white sturgeon. These activities have been selected in response to the U. S. Fish and Wildlife Service 2000 FCRPS BO and the Northwest Power Act to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries."

- Continue mitigation in resident fish for anadromous losses (substitution), mitigation for reservoir operation impacts to resident fish, and continue to refine, quantify, and delineate the difference between the two.

- Wildlife: Continue the current program including funding for wildlife actions resulting from Planning Council Fish and Wildlife Program amendments for wildlife mitigation. These activities have been selected in response to the Northwest Power Act to "protect, mitigate and enhance fish and wildlife including related spawning grounds and habitat on the Columbia River and its tributaries."

Residential Exchange 68,100 143,800 143,800
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- Includes negotiated contract settlement agreement costs consistent with assumptions in the power rate case and subscription strategy.

	(dollars in thousands)		
	FY 2001	FY 2002	FY 2003
Planning Council	7,300	8,300	8,300
Conservation and Energy Efficiency	30,900	35,400	34,900

- Close out the Legacy conservation resource acquisition contracts, which support BPA's contractual obligation to serve customer load growth. As part of the power subscription strategy and the 2002 Power Rate Case, BPA implemented a conservation rate credit system for utility customers.

  Provide credible, unbiased information or technical or financial support to conservation purposes. As an agency of the DOE, and with independent responsibilities based on its authorizing legislation, BPA has a statutory responsibility to provide support to certain conservation objectives which are governmental in nature, such as assisting in the development of emerging technologies and providing unbiased information to consumers. BPA is participating with other regional entities to support market transformation and development activities that meet the needs of BPA customers and create business opportunities for the private sector in the Pacific Northwest.

- Seek to make the existing energy efficiency marketplace larger by helping to remove barriers which customers face in the development of conservation projects. This opens up possibilities that have previously been foreclosed, thus serving to "grow the pie." This activity must be self-financing; that is, payments from customers must cover all of the costs of performing the service.

- Create and enhance markets for energy efficiency and end-use renewables through delivery of public benefits. Promote the development and implementation of new energy efficiency technologies. Provide leadership and collaborative funding for market transformation initiatives. Continue activities being performed through the regionally-funded Northwest Energy Efficiency Alliance through a multi-party agreement signed in 2000.

Total, Power Business Line – Operating Expense . . .	3,385,400	2,423,200	2,246,000

Explanation of Funding Changes from FY 2002 to FY 2003

	FY 2003 vs. FY 2002 ($000)
Production	
■ Decrease in short-term power purchases due to expected lower market prices, especially as more generation comes on-line in the region.	-190,600
Associated Project Costs	
■ Increase due to improvements, replacements, and minor additions	13,900
Fish and Wildlife	
■ No change.	0
Residential Exchange	
■ No change.	0
Planning Council	
■ No change.	0
Conservation and Energy Efficiency	
■ Minor decreased costs due to program funding requirements	-500
Total Funding Change, Power Business Line - Operating Expense	-177,200

Transmission Business Line - Operating Expense

Mission Supporting Goals and Objectives

This activity provides for the transmission system services of engineering, operations and maintenance for BPA's electric transmission system of 15,000 circuit miles (24,135 circuit kilometers) of lines, 324 substations, and associated power system control and communication facilities with an invested cost of more than $4.8 billion. Primary strategies of this program are: 1) maintain the safety and reliability of the transmission system, consistent with the strategic performance goals ER 9-3 and ER 9-1; 2) increase the focus on customers; 3) optimize the transmission system; and 4) improve BPA's competitive position.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2001	FY 2002	FY 2003	$ Change	% Change
Engineering	20,100	38,000	36,800	-1,200	-3.2%
Operations	77,600	99,300	98,500	-800	-0.8%
Maintenance	117,900	158,200	155,300	-2,900	-1.8%
Total, Transmission Business Line - Operating Expense	215,600	295,500	290,600	-4,900	-1.7%

Detailed Program Justification

(dollars in thousands)

	FY 2001	FY 2002	FY 2003
Engineering	20,100	38,000	36,800

Continue efforts to identify best methods for improving system reliability and maintenance practices, and continue cost reduction efforts by identifying opportunities for low cost reinforcement and voltage support of the existing transmission system.

- R&D: Conduct in-house transmission system research and development, including (1) studies on reliability, HVDC (high voltage direct current) and HVAC (high voltage alternating current) outage reduction, (2) methods to update existing facilities and reduce maintenance costs including reliability-centered monitoring and recording methods for analysis.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

- Technical Support: Provide technical support activities, such as transmission system planning and studies to optimize portions of the system.

- Capital-to-Expense Adjustments: Annually, BPA analyzes its outstanding capital work orders to assess whether they should be expensed.

- Reimbursable Transactions: BPA enters into written agreements with Federal and non-Federal entities that have work or services to be performed by BPA staff at the expense of the benefiting utilities. The projects must be beneficial, under agreed upon criteria, to BPA operations and to the Federal or non-Federal entity involved. Additionally, these activities contribute to more efficient or reliable construction of the Federal transmission system or otherwise enhance electric service to the region.

- Leased Facilities: When operationally feasible, BPA leases delivery facilities and voltage support facilities to support the transmission system instead of building or purchasing new assets.

Operations	77,600	99,300	98,500

- FY 2001: Continued to operate within parameters of regional transmission authorities. Prepared for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled operation dispatching workforce by recruiting and training apprentices and skilled replacements. Continued development and implementation of business systems and tools. Participated in planning and preparation for potential establishment of an RTO.

- FY 2002: Continue to operate within parameters of regional transmission authorities. Continue preparation for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled operation dispatching workforce by recruiting and training apprentices and skilled replacements. Continue development and implementation of business systems and tools. Participate in planning and preparation for potential establishment of an RTO.

- FY 2003: Continue to operate within parameters of regional transmission authorities. Continue preparation for increased complexity of outage scheduling, transmission scheduling, and dispatching as well as impact of an expected high attrition rate of skilled operation dispatching workforce by recruiting and training apprentices and skilled replacements. Continue development and implementation of business systems and tools. Participate in planning and preparation for potential establishment of an RTO.

	(dollars in thousands)		
	FY 2001	FY 2002	FY 2003

- Substation Operations: Perform operations functions necessary to provide electric service to customers and to protect the Federal investment in electric equipment. Includes equipment adjustments, switching lines and equipment during emergencies or maintenance, isolating damaged equipment, restoring service to customers, and inspecting equipment, reading meters, et cetera.
- Power System Control & Dispatching: Includes central dispatching, control, and monitoring of the electric operation of the Federal transmission system. Also includes load, frequency, and voltage control of Federal generating plants, and operation of the system control and data computers at Dittmer and Munro Control Centers.

- Operations Standards & Engineering: Includes analyzing system loads, voltage levels, outage information, stability levels and other data, and making policy recommendations for system operations and related affairs. Provides for development of control center requirements for centralized automation of substations and generation, and BPA participation with other utilities in developing utility operating standards and guides.

- Marketing, Sales, & Services: Provides management and direction of transmission rates, provides business strategy in marketing of transmission and ancillary products and services of the Transmission Business Line.

- Transmission Scheduling: Provides open access to the Federal transmission system consistent with transmission tariffs approved by FERC. Schedule and market transmission capacity to BPA customers, California ISO and Pacific Northwest's interconnected utilities. Manages the reservations and scheduling of all transmission services associated with the transmission tariffs.

Maintenance	117,900	158,200	155,300

In all aspects of maintenance, Bonneville is shifting to the implementation of reliability-centered maintenance practices. This change is focused on improving system reliability and significantly reducing maintenance costs.

Access road maintenance costs are expected to increase dramatically as Bonneville deals with the aging roads system and environmental constraints associated with construction, enhancement, and maintenance of access roads. The BPA transmission system encompasses up to 50,000 miles of access roads. Cost increases over current levels could be as much as $1,000,000 annually.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

- FY 2001: Continued to refine Reliability Center Maintenance (RCM) practices at all of BPA's O&M regions. Continued to improve performance to meet System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) targets. Continued efforts to achieve the SAIFI and SAIDI targets of no control chart violations for circuit importance categories 1-2 (highest importance), and not more than one violation for category 4. Control charts are statistically-based graphs which illustrate variability in performance. Utilized retention and recruitment incentives to ensure succession of the current work force and remain competitive as an employer in the utility industry. This included increased benefits for hourly employees as part of a Columbia Power Trades Council (CPTC) agreement to bring our wages in line with the public sector. Increased outage scheduling planning to increase customer satisfaction. Continued high levels of vegetation management.

- FY 2002: Continue to refine RCM practices at all of BPA's O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above. Continue to prepare for the impact of an expected high attrition rate among BPA's aging workforce by recruiting apprentices and replacements for critical minimum crew size workload positions. Increase outage-scheduling planning to increase customer satisfaction. Continue high levels of vegetation management. Increase access road work to provide reliable access to facilities and ensure environmental compliance.

- FY 2003: Continue to refine RCM practices at all of BPA's O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above. Continue to prepare for the impact of an expected high attrition rate among BPA's aging workforce by recruiting apprentices and replacements for critical minimum crew size workload positions. Increase outage-scheduling planning to increase customer satisfaction. Continue high levels of vegetation management. Increase access road work to provide reliable access to facilities and ensure environmental compliance.

- Transmission Line Maintenance: Maintain and repair nearly 24,135 km (15,000 circuit miles) of high voltage transmission lines, of which over 6,436 km (4,000 circuit miles) are 500-kV transmission EHV (extra-high voltage), which is two and one-half times more labor-intensive than lower transmission voltages, although more efficient in transmission of power. This responsibility includes maintaining transmission rights of way to ensure system reliability, safety and environmental compliance.

- Substation Maintenance: Provides for service and repair of the transmission system power equipment located at more than 360 work sites annually.

(dollars in thousands)

FY 2001	FY 2002	FY 2003

- System Protection Maintenance: Provides for the maintenance of relaying and metering equipment used to control and protect the electrical transmission system and to meter energy transfers for the purpose of revenue billing. Additionally, field-engineering services provide technical advice and assure the correct operation of power system relaying and special control systems used to support interregional energy transmission capabilities.

- Power System Control Maintenance: Provides for the testing, repair, and field engineering support of BPA's highly complex equipment, communications and control systems, including seven major microwave systems and other critical communications and control systems that support the power system.

- Non-Electric Plant Maintenance: Provides for the maintenance of BPA's non-electric facilities. Includes site, building, and building utility maintenance; custodial services; station utility; and other maintenance service activities on BPA-owned or BPA-leased non-electric facilities.

- Maintenance Standards & Engineering: Provides for establishing, monitoring, and updating system maintenance standards, policies, and procedures; and for the review and update of long-range plans for maintenance of the electric power transmission system.

Total, Transmission Business Line - Operating Expense	215,600	295,500	290,600

Explanation of Funding Changes From FY 2002 to FY 2003

	FY 2003 vs. FY 2002 ($000)
Engineering	
■ Minor decrease reflects lower administrative costs	-1,200
Operations	
■ Minor decrease primarily due to rate case estimates of lower administrative costs due to assumed efficiencies.	-800
Maintenance	
■ Minor decrease primarily due to rate case estimates of lower administrative costs due to assumed efficiencies.	-2,900
Total Funding Change, Transmission Business Line – Operating Expense. .	-4,900

Interest, Pension and Post-retirement Benefits - Operating Expense and Capital Transfers

Operating Expense
Mission Supporting Goals and Objectives

Interest expense provides for the payment of interest due on FCRPS debt. This consists of capital investment in FCRPS hydroelectric generating and transmission facilities of BPA, the Corps and the Bureau. Investments were financed by Congressional appropriations and BPA borrowings from the U.S. Treasury. BPA repays FCRPS debt through its power sales and transmission services revenues.

Since receiving Treasury borrowing authority in 1974 under the Transmission System Act, all BPA borrowing has been at market rates. As of October 1, 1996, all of BPA's repayment obligations on FCRPS appropriated investment (Corps and Bureau FCRPS investment and BPA investment financed with appropriations prior to the Transmission System Act) which were unpaid as of September 30, 1996, were restructured and assigned new current-market interest rates. The Bonneville Appropriations Refinancing Act of 1996 (Act) called for resetting (reducing) the unpaid principal of FCRPS appropriations and reassigning (increasing) interest rates. New principal amounts were established as of the beginning of FY 1997 at the present value of the principal and annual interest payments BPA would make to the U.S. Treasury for these obligations in the absence of the legislation, plus $100 million. The new principal amounts are then assigned new interest rates based on the Treasury yield curve rates prevailing at the end of FY 1996. BPA's outstanding repayment obligations on appropriations at the end of FY 1996 were $6.7 billion with a weighted average interest rate of 3.4 percent. The refinancing reduced the principal amount to $4.1 billion with a weighted average interest rate of 7.1 percent. Implementation of the refinancing took place in 1997 after audited actual financial data was available. As called for in the legislation, BPA submitted its calculations and interest rate assignments implementing the Act to Treasury for their review and approval. Treasury approved the implementation calculations in July 1997. The Act also calls for all future FCRPS appropriations to be assigned prevailing Treasury yield curve interest rates.

Interest estimates are a direct function of costs of Treasury borrowing to BPA, repayment status of outstanding FCRPS investments, and projected additions to FCRPS plant in service. The interest cost estimates below include the impact of BPA's appropriation refinancing legislation.

The Administration is proposing legislation to require all federal agencies beginning in FY 2003 to pay the full Government share of the accruing cost of retirement for current CSRS employees. The legislation also requires agencies to pay the full accruing cost of post-retirement health benefits for current civilian employees and the post-retirement health costs of all retirees.

Bonneville Pension and Post-retirement Benefits costs, consistent with the proposed legislation, are estimated as follows: $14.2 million in FY 2001, $16.6 million in FY 2002, $17.0 million in FY 2003, $18.7 million in FY 2004, $18.9 million in FY 2005, $19.2 million in FY 2006, and $19.5 million in FY 2007. The FY 2001 and FY 2002 estimates are comparable to the FY 2003 estimate. These costs would be paid to a receipt account with the Office of Personnel Management. These estimates include a small DOE allocation of Pension and Post-retirement Benefit costs associated with the General Services Administration and the U.S. Geological Survey for FYs 2001-2003. The associated Corps, Bureau, and USFW costs are assumed to be paid by the respective agencies with the power related portion of these costs reimbursed through direct funding by Bonneville. These estimates are subject to revision following additional review.

Bonneville has been paying its unfunded liability of the CSRS and post-retirement benefits into the General Fund of the U.S. Treasury (receipt account 892889) since FY 1998. These payments are consistent with the FY 2001 Administration's budget which assumed Bonneville would prospectively cover the full unfunded liability that accrues in fiscal years after FY 1997 of the Civil Service Retirement and Disability Fund (Disability Fund), the Employees Health Benefits Fund (Health Fund) and the Employees Life Insurance Fund (Insurance Fund) that it had not covered prior to FY 1998. As part of the FY 2001 Administration's Budget, Bonneville assumed its entire CSRS cost recovery would be phased in over a ten-year period given that wholesale power and transmission rates for Bonneville were contractually frozen until the end of FY 2001 in order to meet competitive market pressures. BPA paid $6 million and $8 million in FYs 2000 and 2001, respectively, and the following amounts were assumed to be recovered by Bonneville through rates: $55.2 million in FY 2002, $35.1 million in FY 2003, $30.9 million in FY 2004, $26.6 million in FY 2005, $24.5 million in FY 2006, and $21.1 million in FY 2007. Cost estimates include Bonneville and the power related portion of Corps, Bureau of Reclamation, and the United States Fish & Wildlife Pension and Post-retirement Benefits. These estimates are subject to revision following additional review.

Pension and Post-retirement Benefit estimates in this budget for fiscal years beyond 2001 include the difference between those cost estimates currently covered through rates and being paid by Bonneville into receipt account 892889 as described above, and those costs estimated under the proposed legislation. The FY 2001 amount includes the actual amount paid to receipt account 892889.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2001	FY 2002	FY 2003	$ Change	%Change
BPA Bond Interest (Net)	161,900	140,100	158,400	+18,300	13.1%
BPA Appropriation Interest	87,700	66,400	63,500	-2,900	-4.4%
Corps of Engineers Appropriation Interest	145,500	182,800	185,100	+2,300	1.3%
Lower Snake River Comp Plan Interest	16,100	16,300	16,300	0	0%
Bureau of Reclamation Appropriation Interest	40,400	36,400	35,200	-1,200	-3.3%
Subtotal, Interest – Operating Expense	451,600	442,000	458,500	+16,500	+3.7%
Pension & Post-retirement Benefits . . .	8,000	38,600	18,100	-20,500	-53.1%
Total, Interest, Pension and Post - retirement Benefits	459,600	480,600	476,600	-4,000	-0.8%

Capital Transfers

Mission Supporting Goals and Objectives

This activity conveys funds to the U.S. Treasury for repayment of certain FCRPS costs not included in the Associated Project Costs budget. Since capital transfers are cash transactions they are not considered budget obligations.

The FY 2001 BPA bond amortization amount includes a portion of future planned amortization consistent with BPA's capital strategy plan and debt optimization.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2001	FY 2002	FY 2003	$ Change	% Change
BPA Bond Amortization	84,700	174,700	247,300	+72,600	+41.6%
Bureau Bond Amortization	19,500	17,400	0	-17,400	-100%
BPA Appropriation Amortization 1/.	73,000	42,900	0	-42,900	-100%
Corps Appropriation Amortization	59,100	4,000	0	-4,000	-100%
Total, Capital Transfers	236,300	239,000	247,300	+8,300	+3.5%

1/ Includes $26 million Tenaska reimbursement payment for FY 2001.

BONNEVILLE POWER ADMINISTRATION
TOTAL OBLIGATIONS/OUTLAYS

(in millions of dollars) KGF 25-Jan-02

FISCAL YEAR

BP-1 SUMMARY 5/	2001		2002		2003		2004	2005	2006	2007
	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
1 Residential Exchange	68	68	144	144	144	144	144	144	144	144
2 Power Business Line 1/	3,176	3,176	2,086	2,086	1,908	1,908	1,879	1,907	1,891	1,910
3 Transmission Business Line	399	399	596	596	697	697	716	433	375	369
4 Conservation & Energy Efficiency Services	31	31	61	61	77	77	85	55	52	40
5 Fish & Wildlife	120	120	185	185	188	188	180	160	157	158
6 Interest/ Pension 3/	460	460	481	481	477	477	504	524	539	546
7 Associated Project Costs - Capital	65	65	105	105	117	117	99	39	30	32
8 Capital Equipment	17	17	26	26	25	25	22	7	3	3
9 Planning Council	7	7	8	8	8	8	8	8	8	8
10 Projects Funded in Advance	18	18	25	25	25	25	25	25	25	25
11 Capitalized Bond Premiums	0	0	2	2	3	3	3	1	1	1
12 **TOTAL OBLIGATIONS/ OUTLAYS 2/**	**4,361**	**4,361**	**3,719**	**3,719**	**3,669**	**3,669**	**3,665**	**3,303**	**3,225**	**3,236**

REVENUES AND REIMBURSEMENTS

(in millions of dollars)

FISCAL YEAR

	BP-1 SUMMARY	2001		2002		2003		2004	2005	2006	2007
		Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
13	Revenues 4/	4,009	4,009	3,745	3,745	3,663	3,663	3,826	3,450	3,400	3,400
14	Projects Funded in Advanced	18	18	25	25	25	25	25	25	25	25
15	**TOTAL**	**4,027**	**4,027**	**3,770**	**3,770**	**3,688**	**3,688**	**3,851**	**3,475**	**3,425**	**3,425**
	BUDGET AUTHORITY (NET)	**121**		**14**		**(19)**		**(187)**	**(171)**	**(200)**	**(188)**
16	**OUTLAYS (NET)**		**337**		**(52)**		**(19)**	**(187)**	**(171)**	**(200)**	**(188)**

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

2/ This budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.

3/ See Interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension & Post-retirement Benefits cost estimates and the impact of proposed legislative funding.

4/ Forecasted revenues are assumed to include BPA accrued expenses, depreciation, net revenues adjusted for risk, debt optimization adjustment, and 4(h)(10)(C) and Fish Cost Contingency Fund credits.

5/ Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest.

Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. These estimates reflect planned infrastructure investments designed to address the long-term needs of the region. Capital estimates for FYs 2004 and beyond reflect reductions assumed from expected program levels, in order to produce estimates that do not exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

BP-2

EXPENSED OBLIGATIONS/OUTLAYS

(in millions of dollars)

FISCAL YEAR

		2001		2002		2003		2004	2005	2006	2007
		Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
1	Residential Exchange	68	68	144	144	144	144	144	144	144	144
2	Power Business Line 1/	3,176	3,176	2,086	2,086	1,908	1,908	1,879	1,907	1,891	1,910
3	Transmission Business Line	216	216	296	296	291	291	295	301	306	311
4	Conservation & Energy Efficiency Services	31	31	35	35	35	35	34	32	32	31
5	Fish & Wildlife	103	103	150	150	150	150	150	150	150	150
6	Interest/ Pension 2/	460	460	481	481	477	477	504	524	539	546
7	Planning Council	7	7	8	8	8	8	8	8	8	8
8	**OBLIGATIONS/ OUTLAYS**	**4,061**	**4,061**	**3,200**	**3,200**	**3,013**	**3,013**	**3,014**	**3,066**	**3,070**	**3,100**
9	Projects Funded in Advance	18	18	25	25	25	25	25	25	25	25

CAPITAL OBLIGATIONS/OUTLAYS
(in millions of dollars)
FISCAL YEAR

BP-2 continued	2001		2002		2003		2004	2005	2006	2007
	Oblig.	Outlays	2,027	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
10 Conservation & Energy Efficiency Services	0	0	26	26	42	42	51	23	20	9
11 Transmission Business Line	183	183	300	300	406	406	421	132	69	58
12 Associated Project Costs - Capital	65	65	105	105	117	117	99	39	30	32
13 Fish & Wildlife	17	17	35	35	38	38	30	10	7	8
14 Capital Equipment	17	17	26	26	25	25	22	7	3	3
15 Capitalized Bond Premiums	0	0	2	2	3	3	3	1	1	1
16 **TOTAL CAPITAL INVESTMENTS \5**	**282**	**282**	**494**	**494**	**631**	**631**	**626**	**212**	**130**	**111**
17 **BORROWING AUTHORITY TO FINANCE CAPITAL OBLIGATIONS 3,4/**	**307**		**493**		**631**		**626**	**212**	**130**	**111**
18 **BORROWING TO FINANCE OTHER OBLIGATIONS**	**1**		**(242)**		**(403)**		**(404)**	**92**	**107**	**50**
19 **TOTAL BORROWING AUTHORITY**	**260**		**251**		**228**		**222**	**304**	**237**	**161**

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

2/ See Interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension & Post-retirement Benefits cost estimates and the impact of proposed legislative funding.

3/ This budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.

4/ Borrowing Authority to Finance Other Obligations represents the use of (positive), or building up of (negative), deferred borrowing. Deferred borrowing is created when Bonneville uses cash from revenues to liquidate capital obligations in lieu of borrowing. This creates the ability in future years to borrow money, when fiscally prudent, to liquidate revenue funded activities. The amount on this line, under the title "Borrowing Authority to Finance Other Obligations" represents the annual use, or creation of deferred borrowing. OMB has requested that Bonneville show this deferred borrowing as a resource carried forward from year-to-year in the manner displayed here.

5/

Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. These estimates reflect planned infrastructure investments designed to address the long-term needs of the region. Capital estimates for FYs 2004 and beyond reflect reductions assumed from expected program levels, in order to produce estimates that do not exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

CURRENT SERVICES
(in millions of dollars)
FISCAL YEAR

	CAPITAL TRANSFERS Amortization:	**2001 Pymts**	**2002 Pymts**	**2003 Pymts**	**2004 Pymts**	**2005 Pymts**	**2006 Pymts**	**2007 Pymts**
20	BPA Bonds	85	175	247	242	212	130	111
21	Bureau Amortization	19	17	0	0	0	1	1
22	BPA Appropriations 1/	73	43	0	100	140	199	116
23	Corps Appropriations	59	4	0	66	123	107	121
24	**TOTAL CAPITAL TRANSFERS**	**236**	**239**	**247**	**408**	**475**	**437**	**349**
			STAFFING					
25	**FULL-TIME EQUIVALENT. (FTE)**	**2,880**	**3,259**	**3,278**	**3,309**	**3,303**	**3,279**	**3,272**

1/ Includes $26 million Tenaska reimbursement payment for FY 2001.

PROGRAM & FINANCING SUMMARY

Current Services

(in millions of dollars)

Identification Code: 89-4045-0-3-271

		Actuals 6/		est.				
		2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
	Program by activities:							
	Operating expenses:							
0.01	Power Business Line	2,981	1,876	1,685	1,650	1,672	1,651	1,660
0.02	Residential Exchange	68	144	144	144	144	144	144
	Associated Project Costs:							
0.05	Bureau of Reclamation	54	57	59	61	63	65	67
0.06	Corps of Engineers	117	117	125	128	131	134	139
0.07	Colville Settlement	20	20	23	23	23	23	24
0.19	U.S. Fish & Wildlife Service	4	15	16	17	18	19	20
0.20	Planning Council	7	8	8	8	8	8	8
0.21	Fish & Wildlife	103	150	150	150	150	150	150
0.23	Transmission Business Line	216	296	291	295	301	306	311
0.24	Conservation & Energy Efficiency	31	35	35	34	32	32	31
0.25	Interest	452	442	459	491	517	533	545
0.26	Pension and Health Benefits 1/	8	39	18	12	8	5	2
0.91	**Total operating expenses 2/**	**4,061**	**3,199**	**3,013**	**3,013**	**3,067**	**3,070**	**3,101**
	Capital investment:							
1.01	Power Business Line	65	105	117	99	39	30	32
1.02	Transmission Services	183	300	406	421	132	69	58
1.03	Conservation & Energy Efficiency	0	26	42	51	23	20	9
1.04	Fish & Wildlife	17	35	38	30	10	7	8
1.05	Capital Equipment	17	26	25	22	7	3	3
1.06	Capitalized Bond Premiums	0	2	3	3	1	1	1
1.91	**Total Capital Investment 3/**	**282**	**494**	**631**	**626**	**212**	**130**	**111**
2.01	Projects Funded in Advanced	18	25	25	25	25	25	25
10.00	**Total obligations**	**4361**	**3,718**	**3,669**	**3,664**	**3,304**	**3,225**	**3,237**

1/ See Interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension & Post-retirement Benefits cost estimates and the impact of proposed legislative funding.

2/ Reflects expense obligations, not accrued expenses.

3/ Reflects capital obligations, not capital expenditures.
Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. These estimates reflect planned infrastructure investments designed to address the long-term needs of the region. Capital estimates for FYs 2004 and beyond reflect reductions assumed from expected program levels, in order to produce estimates that do not exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

Program and Financing (continued)

Current Services

(in millions of dollars)

	2001 est.	2002	2003	2004	2005	2006	2007
Financing:							
21.90 Unobligated balance available, start of year: Treasury balance 3/	(977)	(734)	(800)	(800)	(800)	(800)	(800)
24.40 Unobligated balance available, end of year: Treasury balance 3/	800	800	800	800	800	800	800
25.00 Unobligated balance lapsing	0	0	0	0	0	0	0
39.00 **Budget authority (gross)**	**4,148**	**3,784**	**3,669**	**3,665**	**3,304**	**3,225**	**3,237**
Budget Authority:							
67.15 Permanent Authority: Authority to borrow (indefinite) 4/	260	251	228	222	304	237	161
69.00 Spending authority from off-setting collections	4,027	3,770	3,688	3,851	3,475	3,425	3,425
69.47 Portion applied to debt reduction 5/	(139)	(237)	(247)	(408)	(475)	(437)	(349)
69.90 **Spending authority from offsetting collections (adjusted)**	**3,888**	**3,533**	**3,441**	**3,443**	**3,000**	**2,988**	**3,076**
Relation of obligations to outlays:							
71.00 Total obligations	4,364	3,718	3,669	3,664	3,304	3,225	3,237
Obligated balance, start of year:							
72.47 Authority to borrow	197	197	197	197	197	197	197
74.47 Authority to borrow	(197)	(197)	(197)	(197)	(197)	(197)	(197)
87.00 Outlays (gross)	4,364	3,718	3,669	3,664	3,304	3,225	3,237
Adjustments to budget authority and outlays:							
Deductions for offsetting collections:							
88.00 Federal funds	(90)	(90)	(90)	(90)	(90)	(90)	(90)
88.40 Non-Federal sources	(3,937)	(3,680)	(3,598)	(3,761)	(3,385)	(3,335)	(3,335)
88.90 Total, offsetting collections	(4,027)	(3,770)	(3,688)	(3,851)	(3,475)	(3,425)	(3,425)
89.00 **Budget authority (net)**	**121**	**14**	**(19)**	**(187)**	**(171)**	**(200)**	**(188)**
90.00 **Outlays (net) 6/**	**337**	**(52)**	**(19)**	**(187)**	**(171)**	**(200)**	**(188)**

3/ Treasury balance and unobligated balance estimates assume that BPA will borrow the amount needed to finance the full capital program. Actual Treasury borrowing and cash balances will be different, depending on net revenues, Treasury interest rates, and other cash management factors. Borrowing could be higher such that cash balances at the end of each year could equal total reserves.

4/ The Permanent Authority: Authority to borrow (indefinite) amounts reflect both BPA's capital program financing needs and either the use of, or creation of, deferred borrowing. Deferred borrowing is created when, as a cash and debt management decision, BPA uses cash from revenues to liquidate capital obligations in lieu of borrowing, This temporary use of cash on hand instead of borrowed funds creates the ability in future years to borrow money, when fiscally prudent. Technical Executive Branch budget display and tracking requirements have modified the way BPA shows this deferred borrowing as a resource carried forward from year-to-year. This amount must therefore be added to, or subtracted from, BPA's current year borrowing authority amount, making this number a combination of capital program financing needs and the annual use, or creation of deferred borrowing. The FY 1989 Energy and Water Development Appropriations Act (P.L. 100-371 of 7/19/88) clarified that BPA has authority to incur obligations in excess of borrowing authority and cash in the BPA Fund. The two amounts which comprise the net amount on line 67.15 above are as follows:

	FISCAL YEAR						
Borrowing Authority:	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
to finance capital obligations	259	493	631	626	212	130	111
to finance other obligations	1	(242)	(403)	(404)	92	107	50
Total Borrowing Authority (67.15)	**260**	**251**	**228**	**222**	**304**	**237**	**161**

5/ Includes amortization of BPA and Corps of Engineers appropriations and amortization of BPA bonds. Line 69.47 is referred to as capital transfers on BP-3.

6/ FY 2001 reflects unaudited actuals. For a reconciliation to audited actuals, refer to DOE's audited FY 2001 Financial Statements. The Net Outlays reflected in this budget are the same as those reflected in the DOE audited financial statements.

CAPITAL OBLIGATIONS/OUTLAYS

With Proposed Borrowing Authority Legislation

(in millions of dollars)

FISCAL YEAR

	BP-2	2001		2002		2003		2004	2005	2006	2007
		Oblig.	Outlays	Oblig	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
10	Conservation & Energy Efficiency Services	0	0	26	26	42	42	60	76	34	9
11	Transmission Business Line	183	183	300	300	406	406	497	442	116	58
12	Associated Project Costs - Capital	65	65	105	105	117	117	117	130	51	32
13	Fish & Wildlife	17	17	35	35	38	38	36	34	12	8
14	Capital Equipment	17	17	26	26	25	25	26	25	5	3
15	Capitalized Bond Premiums	0	0	2	2	3	3	3	3	1	1
16	**TOTAL CAPITAL INVESTMENTS \5**	**282**	**282**	**494**	**494**	**631**	**631**	**739**	**710**	**219**	**111**

1/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

2/ See Interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension & Post-retirement Benefits cost estimates and the impact of proposed legislative funding.

3/ This budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.

4/

5/ The Administration is proposing a $700 million increase in Bonneville's borrowing authority for planned infrastructure investments. In implementing the new borrowing authority, Bonneville will encourage private-sector or other non-federal financing or joint financing of transmission line expansions and additions, develop a five-year transmission investment plan with the participation of the regional Infrastructure Technical Review Committee or its successor in the region, use funds only for authorized purposes, include the proposed use of the funds in its annual budget submissions, and select projects based on cost effectiveness criteria for achieving the objective.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
CURRENT LEGISLATION
(in millions of dollars)

BP-4A

	Fiscal Year 2001				Fiscal Year 2002			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**1,675**		**1,675**		**1,790**		**1,790**	
Start-of-Year: 1980 Act	**811**		**811**		**893**		**893**	
Start-of-Year: Total	2,486	2,444	2,486	2,488	2,683	2,641	2,683	2,663
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**200**		200		**329**		329	
Annual Increase: 1980 Act	**82**		82		**166**		166	
Annual Borrowing A. Increase	282	282	282		495	495	495	
Treasury Borrowing (Cash)				260				495
Less:								
Bond Amortization: 1974 Act	**85**		**85**		**89**		**89**	
Bond Amortization: 1980 Act	**0**		**0**		**86**		**86**	
Total BPA Bond Amortization	85	85	85	85	175	175	175	175
Net Increase/(Decrease):								
1974 Act	**115**		**115**		**240**		**240**	
1980 Act	**82**		**82**		**80**		**80**	
Total	197	197	197	175	320	320	320	320
Cum. - End-of-Year: 1974 Act	**1,790**		**1,790**		**2,030**		**2,030**	
End-of-Year: 1980 Act	**893**		**893**		**973**		**973**	
End-of-Year: Total	2,683	2,641	2,683	2,663	3,003	2,961	3,003	2,983
Total Borrowing Authority 2/				1,087				767
Total Legislated Borrowing Authority 2/				3,750				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission System Act cap and the Northwest Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission System Act (PL 93-454). This Act, as amended, provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. These estimates reflect planned infrastructure investments designed to address the long-term needs of the region. Capital estimates for FYs 2004 and beyond reflect reductions assumed from expected program levels, in order to produce estimates that do not exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

FY 2001 is based on unaudited actual results. Audited results could result in a slightly different remaining borrowing authority estimate for FY 2002 and beyond.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
CURRENT LEGISLATION
(in millions of dollars)

BP-4B

	Fiscal Year 2003				Fiscal Year 2004			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,030**		**2,030**		**2,313**		**2,313**	
Start-of-Year: 1980 Act	**973**		**973**		**1,073**		**1,073**	
Start-of-Year: Total	3,003	2,961	3,003	2,983	3,386	3,344	3,386	3,366
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**433**		433		**446**		446	
Annual Increase: 1980 Act	**198**		198		**180**		180	
Annual Borrowing A. Increase	631	631	631		626	626	626	
Treasury Borrowing (Cash)				631				626
Less:								
Bond Amortization: 1974 Act	**150**		**150**		**215**		**215**	
Bond Amortization: 1980 Act	**98**		**98**		**27**		**27**	
Total BPA Bond Amortization 2/	248	248	248	248	242	242	242	242
Net Increase/(Decrease):								
1974 Act	**283**		**283**		**231**		**231**	
1980 Act	**100**		**100**		**153**		**153**	
Total	383	383	383	383	384	384	384	384
Cum. - End-of-Year: 1974 Act	**2,313**		**2,313**		**2,544**		**2,544**	
End-of-Year: 1980 Act	**1,073**		**1,073**		**1,226**		**1,226**	
End-of-Year: Total	3,386	3,344	3,386	3,366	3,770	3,728	3,770	3,750
Total Borrowing Authority 2/				384				0
Total Legislated Borrowing Authority 2/				3,750				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission System Act cap and the Northwest Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission System Act (PL 93-454). This Act, as amended, provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. These estimates reflect planned infrastructure investments designed to address the long-term needs of the region. Capital estimates for FYs 2004 and beyond reflect reductions assumed from expected program levels, in order to produce estimates that do not exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
CURRENT LEGISLATION
(in millions of dollars)

BP-4C

	Fiscal Year 2005				Fiscal Year 2006			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,544**		**2,544**		**2,497**		**2,497**	
Start-of-Year: 1980 Act	**1,226**		**1,226**		**1,273**		**1,273**	
Start-of-Year: Total	3,770	3,728	3,770	3,750	3,770	3,728	3,770	3,750
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**140**		140		**73**		73	
Annual Increase: 1980 Act	**72**		72		**57**		57	
Annual Borrowing A. Increase	212	212	212		130	130	130	
Treasury Borrowing (Cash)				212				130
Less:								
Bond Amortization: 1974 Act	**187**		**187**		**110**		**110**	
Bond Amortization: 1980 Act	**25**		**25**		**20**		**20**	
Total BPA Bond Amortization 2/	212	212	212	212	130	130	130	130
Net Increase/(Decrease):								
1974 Act	**(47)**		**(47)**		**(37)**		**(37)**	
1980 Act	**47**		**47**		**37**		**37**	
Total	0	0	0	0	0	0	0	0
Cum. - End-of-Year: 1974 Act	**2,497**		**2,497**		**2,460**		**2,460**	
End-of-Year: 1980 Act	**1,273**		**1,273**		**1,310**		**1,310**	
End-of-Year: Total	3,770	3,728	3,770	3,750	3,770	3,728	3,770	3,750
Total Borrowing Authority 2/				0				0
Total Legislated Borrowing Authority 2/				3,750				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission System Act cap and the Northwest Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission System Act (PL 93-454). This Act, as amended, provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. These estimates reflect planned infrastructure investments designed to address the long-term needs of the region. Capital estimates for FYs 2004 and beyond reflect reductions assumed from expected program levels, in order to produce estimates that do not exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
CURRENT LEGISLATION
(in millions of dollars)

BP-4D

	Fiscal Year 2007			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,460**		**2,460**	
Start-of-Year: 1980 Act	**1,310**		**1,310**	
Start-of-Year: Total	3,770	3,728	3,770	3,750
Plus: Annual Increase 1/				
Annual Increase: 1974 Act	**62**		62	
Annual Increase: 1980 Act	**49**		49	
Annual Borrowing A. Increase	111	111	111	
Treasury Borrowing (Cash)				111
Less:				
Bond Amortization: 1974 Act	**111**		**111**	
Bond Amortization: 1980 Act	**0**		**0**	
Total BPA Bond Amortization 2/	111	111	111	111
Net Increase/(Decrease):				
1974 Act	**(49)**		**(49)**	
1980 Act	**49**		**49**	
Total	0	0	0	0
Cum. - End-of-Year: 1974 Act	**2,411**		**2,411**	
End-of-Year: 1980 Act	**1,359**		**1,359**	
End-of-Year: Total	3,770	3,728	3,770	3,750
Total Borrowing Authority 2/				0
Total Legislated Borrowing Authority 2/				3,750

1/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission System Act cap and the Northwest Power Act cap. In addition, BPA continues to seek a reduction in its level of debt financing through the following; a) further reduction in capital spending, b) revenue financing, and c) exploring the use of third-party financing, if feasible.

2/ BPA's total legislated borrowing amount arises from the Transmission System Act (PL 93-454). This Act, as amended, provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. These estimates reflect planned infrastructure investments designed to address the long-term needs of the region. Capital estimates for FYs 2004 and beyond reflect reductions assumed from expected program levels, in order to produce estimates that do not exceed Bonneville's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
PROPOSED LEGISLATION \1
(in millions of dollars)

BP-4A

Fiscal Year

	2001				2002			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**1,675**		**1,675**		**1,790**		**1,790**	
Start-of-Year: 1980 Act	**811**		**811**		**893**		**893**	
Start-of-Year: Proposed	**0**		**0**		**0**		**0**	
Start-of-Year: Total	2,486	2,444	2,486	2,488	2,683	2,641	2,683	2,663
Plus: Annual Increase 2/								
Annual Increase: 1974 Act	**200**		200		**329**		329	
Annual Increase: 1980 Act	**82**		82		**166**		166	
Annual Increase: Proposed	**0**		0		**0**		0	
Annual Borrowing A. Increase	282	282	282		495	495	495	
Treasury Borrowing (Cash)				260				495
Less:								
Bond Amortization: 1974 Act	**85**		**85**		**89**		**89**	
Bond Amortization: 1980 Act	**0**		**0**		**86**		**86**	
Bond Amortization: Proposed	**0**		**0**		**0**		**0**	
Total BPA Bond Amortization	85	85	85	85	175	175	175	175
Net Increase/(Decrease):								
1974 Act	**115**		**115**		**240**		**240**	
1980 Act	**82**		**82**		**80**		**80**	
Proposed Act	**0**		**0**		**0**		**0**	
Total	197	197	197	175	320	320	320	320
Cum. - End-of-Year: 1974 Act	**1,790**		**1,790**		**2,030**		**2,030**	
End-of-Year: 1980 Act	**893**		**893**		**973**		**973**	
End-of-Year: Proposed	**0**		**0**		**0**		**0**	
End-of-Year: Total	2,683	2,641	2,683	2,663	3,003	2,961	3,003	2,983
Total Borrowing Authority 3/				1,087				767
Total Legislated Borrowing Authority 3/				3,750				3,750

1/ This table reflects $700 million in new borrowing authority legislation in FY 2003. BPA's existing remaining borrowing authority is not sufficient to fund a projects identified to help relieve the region's infrastructure problems. Thus $700 million in new borrowing authority is assumed in FY 2003. Projected amortization estimates currently are allocated between the existing acts establishing borrowing authority and are subject to chang with establishment of proposed legislation

2/ In any given year, BPA may issue less debt than forecast depending on net revenues, Treasury interests rates, and other cash management factors. In such cases, BPA accumulates a deferred borrowing balance that it accesses as necessary in the future. For the preparation of this budget, BPA minimizes its level of Federal debt financing by assuming an optimal allocation of borrowing resources between the Transmission System Act cap and the Northwest Power Act cap. In addition, BPA continues to manage its level of debt financing through the following; a) revenue financing, and b) exploring the use of third-party financing, if feasible.

3/ BPA's total legislated borrowing amount arises from the Transmission System Act (PL 93-454). This Act, as amended, provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion. This BP-4 Table for Proposed Legislation provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed $4.45 billion as of FY 2003.

The proposed increase in borrowing authority of $700 million is consistent with planned infrastructure investments designed to address long-term regional needs. Updated capital estimates for FYs 2002 through 2003, are based on estimates from both the power and transmission rate cases. FYs 2002 through 2006 include planned infrastructure investments assuming the additional $700 million in borrowing authority. Beyond FY 2006, capital amounts reflect reductions assumed from expected program levels (including infrastructure) in order to produce estimates that do not exceed BPA's current borrowing authority of $3.75 billion. These outyear estimates reflect the amount of Treasury financing which could be used under the existing $3.75 billion cap and do not reflect BPA program authority.

This budget submission does not reflect potential private, non-federal and joint financing of capital investment projects.

BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
PROPOSED LEGISLATION \1
(in millions of dollars)

BP-4B

	Fiscal Year							
	2003				**2004**			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,030**		**2,030**		**2,313**		**2,313**	
Start-of-Year: 1980 Act	**973**		**973**		**1,073**		**1,073**	
Start-of-Year: Proposed	**0**		**0**		**0**		**0**	
Start-of-Year: Total	3,003	2,961	3,003	2,983	3,386	3,344	3,386	3,366
Plus: Annual Increase 2/								
Annual Increase: 1974 Act	**433**		433		**446**		446	
Annual Increase: 1980 Act	**198**		198		**180**		180	
Annual Increase: Proposed	**0**		0		**113**		113	
Annual Borrowing A. Increase	631	631	631		739	739	739	
Treasury Borrowing (Cash)				631				739
Less:								
Bond Amortization: 1974 Act	**150**		**150**		**215**		**215**	
Bond Amortization: 1980 Act	**98**		**98**		**27**		**27**	
Bond Amortization: Proposed	**0**		**0**		**0**		**0**	
Total BPA Bond Amortization	248	248	248	248	242	242	242	242
Net Increase/(Decrease):								
1974 Act	**283**		**283**		**231**		**231**	
1980 Act	**100**		**100**		**153**		**153**	
Proposed Act	**0**		**0**		**113**		**113**	
Total	383	383	383	383	497	497	497	497
Cum. - End-of-Year: 1974 Act	**2,313**		**2,313**		**2,544**		**2,544**	
End-of-Year: 1980 Act	**1,073**		**1,073**		**1,226**		**1,226**	
End-of-Year: Proposed	**0**		**0**		**113**		**113**	
End-of-Year: Total	3,386	3,344	3,386	3,366	3,883	3,841	3,883	3,863
Total Borrowing Authority 3/				1,084				587
Total Legislated Borrowing Authority 3/				4,450				4,450

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BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
PROPOSED LEGISLATION \1
(in millions of dollars)

BP-4C

	Fiscal Year							
	2005				2006			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,544**		**2,544**		**2,497**		**2,497**	
Start-of-Year: 1980 Act	**1,226**		**1,226**		**1,273**		**1,273**	
Start-of-Year: Proposed	**113**		**113**		**611**		**611**	
Start-of-Year: Total	3,883	3,841	3,770	3,863	4,381	4,339	3,770	4,361
Plus: Annual Increase 2/								
Annual Increase: 1974 Act	**140**		140		**73**		73	
Annual Increase: 1980 Act	**72**		72		**57**		57	
Annual Increase: Proposed	**498**		498		**89**		89	
Annual Borrowing A. Increase	710	710	710		219	219	219	
Treasury Borrowing (Cash)				710				219
Less:								
Bond Amortization: 1974 Act	**187**		**187**		**110**		**110**	
Bond Amortization: 1980 Act	**25**		**25**		**20**		**20**	
Bond Amortization: Proposed	**0**		**0**		**0**		**0**	
Total BPA Bond Amortization 2/	212	212	212	212	130	130	130	130
Net Increase/(Decrease):								
1974 Act	**(47)**		**(47)**		**(37)**		**(37)**	
1980 Act	**47**		**47**		**37**		**37**	
Proposed Act	**498**		**498**		**89**		**89**	
Total	498	498	498	498	89	89	89	89
Cum. - End-of-Year: 1974 Act	**2,497**		**2,497**		**2,460**		**2,460**	
End-of-Year: 1980 Act	**1,273**		**1,273**		**1,310**		**1,310**	
End-of-Year: Proposed	**611**		**611**		**700**		**700**	
End-of-Year: Total	4,381	4,339	4,381	4,361	4,470	4,428	4,470	4,450
Total Borrowing Authority 3/				89				0
Total Legislated Borrowing Authority 3/				4,450				4,450

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BONNEVILLE POWER ADMINISTRATION
BPA STATUS of BORROWING
PROPOSED LEGISLATION \1
(in millions of dollars)

BP-4D

	Fiscal Year 2007			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,460**		**2,460**	
Start-of-Year: 1980 Act	**1,310**		**1,310**	
Start-of-Year: Proposed	**700**		**700**	
Start-of-Year: Total	4,470	4,428	4,470	4,450
Plus: Annual Increase 2/				
Annual Increase: 1974 Act	**110**		110	
Annual Increase: 1980 Act	**20**		20	
Annual Increase: Proposed	**365**		365	
Annual Borrowing A. Increase	495	495	495	
Treasury Borrowing (Cash)				495
Less:				
Bond Amortization: 1974 Act	**111**		**111**	
Bond Amortization: 1980 Act	**0**		**0**	
Bond Amortization: Proposed	**0**		**0**	
Total BPA Bond Amortization 2/	111	111	111	111
Net Increase/(Decrease):				
1974 Act	**(1)**		**(1)**	
1980 Act	**20**		**20**	
Proposed Act	**365**		**365**	
Total	384	384	384	384
Cum. - End-of-Year: 1974 Act	**2,459**		**2,459**	
End-of-Year: 1980 Act	**1,330**		**1,330**	
End-of-Year: Proposed	**1,065**		**1,065**	
End-of-Year: Total	4,854	4,812	4,854	4,834
Total Borrowing Authority 3/				(384)
Total Legislated Borrowing Authority 3/				4,450

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TREASURY PAYMENTS

(in millions of dollars)

		FISCAL YEAR						
		2001	2002	2003	2004	2005	2006	2007
A.	**INTEREST ON BONDS & APPROPRIATIONS**							
	Bonneville Bond Interest							
1	Bonneville Bond Interest (net)	162	140	158	184	210	239	266
2	AFUDC 1/	12	11	14	16	16	15	15
	Appropriations Interest							
3	Bonneville	88	66	63	63	56	46	32
4	Corps of Engineers 2/	146	183	185	192	199	197	196
5	Lower Snake River Comp. Plan	16	16	16	16	16	16	16
6	Bureau of Reclamation Interest 3/	40	36	35	35	35	35	35
7	**Total Bond and Approp. Interest**	**464**	**452**	**471**	**506**	**532**	**548**	**560**
B.	**ASSOCIATED PROJECT COST**							
8	Bureau of Reclamation Irrigation Assistance	17	0	0	1	0	0	0
9	Bureau of Rec. O & M 4/	0	0	0	0	0	0	0
10	Corps of Eng. O & M 4/	0	0		0	0	0	0
11	L. Snake River Comp. Plan O & M 4/	0	0	0	0	0	0	0
12	**Total Assoc. Project Costs**	**17**	**0**	**0**	**1**	**0**	**0**	**0**
C.	**CAPITAL TRANSFERS**							
	Amortization							
13	Bonneville Bonds 5/	85	175	247	242	212	130	111
14	Bureau of Reclamation Amortization	19	17	0	0	0	1	1
15	Corps of Engineers	59	4	0	66	123	107	121
	Lower Snake River Comp. Plan	0	0	0	0	0	0	0
17	Bonneville Appropriations 6/	73	43	0	100	140	199	116
	Total Capital Transfers	**236**	**239**	**247**	**408**	**475**	**437**	**349**
D.	**OTHER PAYMENTS**							
18	Unfunded CSRS Liability 7/	8	39	18	12	8	5	2
21	**TOTAL TREASURY PAYMENTS 8/**	**725**	**730**	**736**	**927**	**1,015**	**990**	**911**

1/ This interest cost is capitalized and included in Bonneville's Transmission System Development, System Replacements, and Associated Projects Capital programs. AFUDC is financed through the sale of bonds.

2/ Includes interest on construction funding for Corps of Engineers (Corps) fish bypass facilities at Corps dams in the Columbia River Basin, including Lower Monumental, Ice Harbor, and The Dalles dams, as called for in the Fish Spillway Memorandum of Agreement approved on April 10, l989.

3/ Includes payments paid by Bureau to Treasury on behalf of Bonneville.

4/ Costs for power O&M is funded directly by Bonneville as follows (in millions)

	FISCAL YEAR						
	2001	2002	2003	2004	2005	2006	2007
Bureau of Reclamation	54	57	59	61	63	65	67
Corps of Engineers	117	117	125	128	131	134	139
Lower Snake River comp Plan	4	15	16	17	18	19	20

Bureau O&M budget estimates do not reflect approximately $10 million in Bureau of Reclamation cost savings of which $3 million can be spent in a single fiscal year.

Bonneville, through FY 2006, also directly funds the Corps of Engineers $6 million annually for small capital power O & M items. Funding for these small capital power items is included within the Power Business Line capital budget.

5/ FY2001 payment includes portion of future planned amortization consistent with BPA's capital strategy plan and debt optimization plan.

6/ Includes $26 million Tenaska reimbursement payment for FY 2001.

7/ See Interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of these cost estimates and the impact of proposed legislative funding.

8/ Does not include Treasury bond premiums on refinanced Treasury bonds.

OBJECT CLASSIFICATION STATEMENT
(in millions of dollars)

IDENTIFICATION CODE: 89-4045-0-3-271
DIRECT OBLIGATIONS

ESTIMATES

		2001	2002	2003
11.1	Full-time permanent	180	154	152
11.3	Other than full-time permanent	3	2	2
11.5	Other personnel compensation	17	15	15
11.9	**Total personnel comp.**	**200**	**171**	**169**
12.1	Civilian personnel benefits	47	40	39
21.0	Travel and transportation of persons	9	8	7
22.0	Transportation of things	6	5	5
23.1	Rental payments to GSA	11	9	9
23.2	Rents, other	11	9	9
23.3	Communication, utilities & misc. charges	5	5	4
24.0	Printing and reproduction	0	0	0
25.1	Consulting Services	11	10	10
25.2	Other services	3,298	2,811	2,775
25.3	Purchases from Government Accounts	189	161	159
25.5	R & D Contracts	2	2	2
26.0	Supplies and materials	41	35	35
31.0	Equipment	24	20	20
32.0	Lands and structures	22	19	19
41.0	Grants, subsidies, contributions	24	20	20
43.0	Interest and dividends	461	393	387
99.0	Subtotal obligations	4,361	3,718	3,669
99.9	**Total obligations**	**4,361**	**3,718**	**3,669**

Estimate of Proprietary Receipts
(in millions of dollars)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Bureau Interest	40	36	35	35	35	35	35
Bureau Amortization	19	17	0	0	0	1	1
Bureau O&M	0	0	0	0	0	0	0
Bureau Irrig. Assist.	17	0	0	1	0	0	0
Revenues Collected by Bureau							
Distributed in Treasury Account(credit)	-6	-7	-7	-7	-7	-7	-7
4(H)(10)©Revenues	-53						
Colville Settlement (credit)	-18	-5	-5	-5	-5	-5	-5
Total 1/	-1	41	23	24	23	24	24
CSRS	8	39	18	12	8	5	23
LSRCP O&M	3						
Total 2/	11	39	18	12	8	5	23

1/ Includes amortization of appropriations and irrigation assistance, and interest costs for the Bureau of Reclamation. The cost of power O&M for Bureau of Reclamation is no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfers to Account #895000.26

2/ The costs of power O&M for Corps of Engineers and Lower Snake Comp. Plan are no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfers to Account #892889, Repayments on misc. recoverable costs, not otherwise classified. Costs for power O&M is funded directly by Bonneville as follows (in millions)

2001	2002	2003	2004	2005	2006	2007
54	57	59	61	63	65	67
117	117	125	128	131	134	139
4	15	16	17	18	19	20

Bureau O&M budget estimates do not reflect approximately $10 million in Bureau of Reclamation cost savings of which $3 million can be spent in a single fiscal year.

Bonneville, through FY 2006, also directly funds the Corps of Engineers $6 million annually for small capital power O & M items. Funding for these small capital power items is included within the Power Business Line capital budget.

See Interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension & Post-retirement Benefits cost estimates and the impact of proposed legislative funding.

Executive Summary
BPA Fish and Wildlife MOA Funding
(Dollars in Millions)
3/13/2001

FY	Actual 1996	Actual 1997	Actual 1998	Actual 1999	Actual 2000	Est 2001	96-01 Total	96-01 Avg	*Est 2002*	*Est 2003*	*Est 2004*
Direct Program Expenses									/ 8	/ 8	/ 8
MOA Plan	100.0	100.0	100.0	100.0	100.0	100.0	600.0	100.0			
Avg Expenditure Amount Available 1/	100.0	133.1	153.5	150.7	144.6	138.7					
Actual (FY 1996-2000); Planned (FY 2001) 2/	68.5	82.2	104.9	108.2	108.2	110.0	581.9	97.0			
Carry Forward Balance 3/ 4/	31.5	50.9	48.6	42.5	36.4	28.7					
Reimbursable F&W Expenses of Other Agencies											
MOA Plan	38.4	40.5	40.5	40.5	40.5	40.5	240.9	40.2			
Avg Expenditure Amount Available	40.2	45.3	50.0	54.4	56.6	60.4					
Actual (FY 1996-2000); Planned (FY 2001)	35.4	35.9	36.4	38.9	37.6	48.5	232.7	38.8			
Carry Forward Balance 4/	4.8	9.4	13.6	15.5	19.0	11.9					
Capital Investments Fixed Expenses											
MOA Plan	73.1	87.2	105.7	117.7	129.3	156.0	669.0	111.5			
Avg Expenditure Amount Available 1/	111.5	151.9	190.3	233.4	278.6	325.4					
Actual (FY 1996-2000); Planned (FY 2001)	73.1	76.3	74.1	76.1	77.2	90.9	467.6	77.9			
Carry Forward Balance 4/	38.4	75.6	116.2	157.3	201.4	234.5					
Total											
MOA Plan	211.5	227.7	246.2	258.2	269.8	296.5	1,509.9	251.7			
Avg Expenditure Amount Available 1/	251.7	330.3	393.8	438.5	479.8	524.5					
Actual Expenditures	176.9	194.3	215.4	223.2	222.9	249.4					
Carry Forward Balance 4/	74.8	136.0	178.4	215.3	256.8	275.0					
River Operations											
Power Purchases 5/	0.0	0.0	5.4			95.9	101.3	16.9			
Foregone Revenues 5/	81.7	107.8	116.5			64.6	370.6	61.8			
Other 7/	4.0	4.0	4.0			4.3	16.3	2.7			
Total	85.7	111.8	125.9	NA	NA	164.8	488.2	81.4			
Actual Expenditures Grand Total	262.6	306.1	341.3	223.2	222.9	414.2	1,770.4	295.1 6/			
ESA Related Transmission Enhancements	0.0	12.7	0.0	0.0	0.0	0.0	12.7	2.1			

Assumptions:
Actual Expenditures for all expenses and capital investments reflect FY 1996 - 2000 actual results. For FY's 2000 through 2000, program expenses and capital investments are consistent with the Fish and Wildlife Budget Memorandum of Agreement for fiscal years 1996 - 2001. This funding stream shows the most likely accruals related to Obligations from the NWPPC prioritization process. Actual accruals may be more or less during a given year within the 6 year MOA period. No agreement has been reached at this time on BPA's Fish and Wildlife Budget for fiscal years beyond 2001. However, under the Fish and Wildlife Funding Principles, announced September 16, 1998, Bonneville will assure that its' post - 2001 rate case provides for a wide range of future options.

Notes:
1/ In addition, $27 million per year in capital funding (borrowing) will be provided by BPA for the Direct Program through 2001. The Interest and Amortization for this is reflected in the Expenditures Plan for the Capital Investment category.
2/ This information is reported on an accrual basis. For Direct Program management purposes, BPA also reports these expenditures on an obligations basis. Typically the accruals lag the obligations, since not all funds are expended in the year in which they are obligated.
3/ BPA's FY 1996 - 2001 Fish and Wildlife Program Expense Budget is $100 million per year. Actual expenses for FY 1996 - 2000 were approximately $36.4 million less than what was available. BPA, in accordance with the MOA, will carry forward this amount with interest.
4/ Original MOA Plan included interest at 5.093 percent for FY 1999 - 2001. The actual interest rate is determined annually (10/1). The interest rate for FY 1996 is 5.083%, 1997 is 5.093%, 1998 is 4.221%, 1999 is 4.864%, 2000 is 6.193%. Estimated interest for FY 2001 is 6.193%.
5/ Estimated for FY 1996-1998, actual amount will change when the river models are executed. For FY 1999 & 2000, final hydro operations values require information on actual hydrological conditions. This information is not yet available.
6/ During the initial discussions when developing the MOA, the "96-01 Avg" was estimated to be about $435 million.
7/ These estimated costs are related to limitations placed on operating ranges (forebay levels and generator efficiency) and other operations for fish which produce effects on power production not identified in Hydro regulation models.
8/ BPA worked with the NW Power Planning Council, the Columbia Basin tribes, state and federal agencies, and public interest groups to develop an expected range for BPA's fish and wildlife costs for 2002-2006. As of December 2000 the total estimated annual average financial impact on BPA, for the region's fish and wildlife programs ranges from $430 million to over $781 million per year. This range of costs was used to develop the rate proposal for the 2002-2006 power rate case.

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

	First Funded by:	FY 1978-FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	TABLE 1 Subtotal 78-84
CAPITAL INVESTMENTS							
BPA Fish and Wildlife 1/	BPA	0	0	0	0	0	0
Associated Projects (Federal Hydro) 2/	COE	30.0	17.9	61.7	55.1	9.0	173.7
TOTAL CAPITAL INVESTMENTS		**30.0**	**17.9**	**61.7**	**55.1**	**9.0**	**173.7**
PROGRAM OPERATING EXPENSES							
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/							
Non-ESA Activities	BPA	2.3	2.3	4.6	9.1	19.6	37.9
ESA Activities	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		2.3	2.3	4.6	9.1	19.6	37.9
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993							
Existing Water Budget 3/	BPA	0.0	0.0	0.0	0.0	12.0	12.0
ESA Implementation 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		0.0	0.0	0.0	0.0	12.0	12.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	---	---	---
Flow Augmentation 7/	BPA	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---
Subtotal							
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)							
O&M Lower Snake River Hatcheries	USFWS	0.0	0.5	1.0	2.2	3.6	7.3
O&M Corps (w/bypass eff. FY 1992)	COE	15.0	5.4	7.6	9.1	10.0	47.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)	BPA	0.0	0.2	2.9	2.9	2.4	8.4
Subtotal		15.0	6.1	11.5	14.2	16.0	62.8
TOTAL PROGRAM OPERATING EXPENSES		**17.3**	**8.4**	**16.1**	**23.3**	**47.6**	**112.7**
PROGRAM RELATED FIXED EXPENSES 9/							
Interest Expense	BPA	15.0	6.4	9.2	12.1	12.7	55.4
Amortization Expense	BPA	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation Expense	BPA	9.0	2.4	3.2	3.8	3.9	22.3
TOTAL PROGRAM FIXED EXPENSES		**24**	**8.8**	**12.4**	**15.9**	**16.6**	**77.7**
GRAND TOTAL PROGRAM EXPENSES		**41.3**	**17.2**	**28.5**	**39.2**	**64.2**	**190.4**
FOREGONE REVENUES THRU FY 1993							
Spill (at Federal dams)	BPA	0.0	3.0	14.0	1.0	8.0	26.0
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	**3.0**	**14.0**	**1.0**	**8.0**	**26.0**
FOREGONE REVENUES FY 1994 5/							
U. Columbia River Water Budget	BPA	---	---	---	---	---	---
Spill for Juvenile Passage 6/	BPA	---	---	---	---	---	---
Flow Augmentation	BPA	---	---	---	---	---	---
Reduced Forebay Levels 10/	BPA	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---
Subtotal							
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**41.3**	**20.2**	**42.5**	**40.2**	**72.2**	**216.4**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

	First Funded by:
CAPITAL INVESTMENTS	
BPA Fish and Wildlife 1/	BPA
Associated Projects (Federal Hydro) 2/	COE
TOTAL CAPITAL INVESTMENTS	
PROGRAM OPERATING EXPENSES	
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/	
Non-ESA Activities	BPA
ESA Activities	BPA
Subtotal	
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993	
Existing Water Budget 3/	BPA
ESA Implementation 4/	BPA
Subtotal	
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/	
U. Columbia River Water Budget	BPA
Spill for Juvenile/Adult Passage 6/	BPA
Flow Augmentation 7/	BPA
Reduced Forebay Levels	BPA
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA
Subtotal	
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)	
O&M Lower Snake River Hatcheries	USFWS
O&M Corps (w/bypass eff. FY 1992)	COE
O&M Bureau (hatchery eff. FY 1992)	BOR
Other (NW Power Planning Council)	BPA
Subtotal	
TOTAL PROGRAM OPERATING EXPENSES	
PROGRAM RELATED FIXED EXPENSES 9/	
Interest Expense	BPA
Amortization Expense	BPA
Depreciation Expense	BPA
TOTAL PROGRAM FIXED EXPENSES	
GRAND TOTAL PROGRAM EXPENSES	
FOREGONE REVENUES THRU FY 1993	
Spill (at Federal dams)	BPA
ESA Drawdown - Minimum Operating Pool 10/	BPA
FOREGONE REVENUES FY 1994 5/	
U. Columbia River Water Budget	BPA
Spill for Juvenile Passage 6/	BPA
Flow Augmentation	BPA
Reduced Forebay Levels 10/	BPA
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA
Subtotal	
TOTAL - PROGAM EXP. & FOREGONE REVENUES	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

	First Funded by:	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	TABLE 2 Subtotal 85-90
CAPITAL INVESTMENTS								
BPA Fish and Wildlife 1/	BPA	10.2	8	4.7	7.7	8.3	16.2	55.1
Associated Projects (Federal Hydro) 2/	COE	46.4	9.1	78.6	7.6	5.3	4.5	151.5
TOTAL CAPITAL INVESTMENTS		**56.6**	**17.1**	**83.3**	**15.3**	**13.6**	**20.7**	**206.6**
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
Non-ESA Activities	BPA	15.9	19.6	22.2	18.8	23.0	32.8	132.3
ESA Activities	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		15.9	19.6	22.2	18.8	23.0	32.8	132.3
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993								
Existing Water Budget 3/	BPA	17.0	74.0	11.0	40.0	40.0	40.0	222.0
ESA Implementation 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal		17.0	74.0	11.0	40.0	40.0	40.0	222.0
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	---	---	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	---	---	---	---
Flow Augmentation 7/	BPA	---	---	---	---	---	---	---
Reduced Forebay Levels	BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---	---
Subtotal								
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O&M Lower Snake River Hatcheries	USFWS	5.4	4.9	5.8	5.1	7.6	8.3	37.1
O&M Corps (w/bypass eff. FY 1992)	COE	11.4	15.8	20.7	10.5	12.3	11.5	82.2
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (NW Power Planning Council)	BPA	3.1	3.0	3.2	3.4	3.7	3.6	20.0
Subtotal		19.9	23.7	29.7	19.0	23.6	23.4	139.3
TOTAL PROGRAM OPERATING EXPENSES		**52.8**	**117.3**	**62.9**	**77.8**	**86.6**	**96.2**	**493.6**
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA	15.3	17.1	22.2	24.3	24.5	26.0	129.4
Amortization Expense	BPA	0.1	0.5	0.8	1.1	1.7	2.4	6.6
Depreciation Expense	BPA	4.3	4.5	5.5	5.6	5.7	5.9	31.5
TOTAL PROGRAM FIXED EXPENSES		**19.7**	**22.1**	**28.5**	**31**	**31.9**	**34.3**	**167.5**
GRAND TOTAL PROGRAM EXPENSES		**72.5**	**139.4**	**91.4**	**108.8**	**118.5**	**130.5**	**661.1**
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	27.0	19.0	9.0	10.0	15.0	15.0	95.0
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		27.0	**19.0**	**9.0**	**10.0**	**15.0**	**15.0**	**95.0**
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	---	---	---	---
Spill for Juvenile Passage 6/	BPA	---	---	---	---	---	---	---
Flow Augmentation	BPA	---	---	---	---	---	---	---
Reduced Forebay Levels 10/	BPA	---	---	---	---	---	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	---	---	---	---
Subtotal								
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**99.5**	**158.4**	**100.4**	**118.8**	**133.5**	**145.5**	**756.1**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

FISH AND WILDLIFE CROSSCUT

(dollars in millions)

	First Funded by:	FY 1991	FY 1992	FY1993	FY 1994	FY 1995	Subtotal FY 91-95	TABLE 3 TOTAL 78-95
CAPITAL INVESTMENTS								
BPA Fish and Wildlife 1/	BPA	17.7	11.2	17.3	20.5	32.5	99.2	154.3
Associated Projects (Federal Hydro) 2/	COE	12.0	4.7	162.0	63.0	48.0	289.7	614.9
TOTAL CAPITAL INVESTMENTS		**29.7**	**15.9**	**179.3**	**83.5**	**80.5**	**388.9**	**769.2**
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
Non-ESA Activities	BPA	32.7	59.4	30.0	43.5	47.7	213.3	383.5
ESA Activities	BPA	0.3	7.6	19.6	12.4	23.7	63.6	63.6
Subtotal		33.0	67.0	49.6	55.9	71.4	276.9	**447.1**
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) THRU FY 1993								
Existing Water Budget 3/	BPA	40.0	40.0	40.0	0.0	0.0	120.0	354
ESA Implementation 4/	BPA	0.0	19.0	64.0	0.0	0.0	83.0	83
Subtotal		40.0	59.0	104.0	0.0	0.0	203.0	**437.0**
BPA PWR. PURCH. FOR FISH ENHANCE. (NET) EFF. FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	40.0	0.0	---	---
Spill for Juvenile/Adult Passage 6/	BPA	---	---	---	5.7	0.0	---	---
Flow Augmentation 7/	BPA	---	---	---	66.0	0.0	---	---
Reduced Forebay Levels	BPA	---	---	---	0.0	0.0	---	---
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	0.0	0.0	---	---
Subtotal					111.7	114.0	225.7	225.7
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O&M Lower Snake River Hatcheries	USFWS	8.7	11.2	11.2	12.4	12.7	56.2	100.6
O&M Corps (w/bypass eff. FY 1992)	COE	11.8	13.3	14.0	16.9	17.8	73.8	203.1
O&M Bureau (hatchery eff. FY 1992)	BOR	0.0	0.0	1.2	1.3	1.3	3.8	3.8
Other (NW Power Planning Council)	BPA	3.8	3.9	4.1	4.3	4.3	20.4	48.8
Subtotal		24.3	28.4	30.5	34.9	36.1	154.2	356.3
TOTAL PROGRAM OPERATING EXPENSES		**97.3**	**154.4**	**184.1**	**202.5**	**221.5**	**859.8**	**1466.1**
PROGRAM RELATED FIXED EXPENSES 9/								
Interest Expense	BPA	29.2	31.4	40.6	46.1	44.9	192.2	377
Amortization Expense	BPA	3.6	4.8	5.5	6.8	8.5	29.2	35.8
Depreciation Expense	BPA	5.4	5.7	7.5	8.4	10.2	37.2	91
TOTAL PROGRAM FIXED EXPENSES		**38.2**	**41.9**	**53.6**	**61.3**	**63.6**	**258.6**	**503.8**
GRAND TOTAL PROGRAM EXPENSES		**135.5**	**196.3**	**237.7**	**263.8**	**285.1**	**1118.4**	**1969.9**
FOREGONE REVENUES THRU FY 1993								
Spill (at Federal dams)	BPA	15.0	15.0	20.0	---	---	50.0	171
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	8.0	25.0	---	---	33.0	33
		15.0	**23.0**	**45.0**	**0.0**	**0.0**	**83.0**	**204.0**
FOREGONE REVENUES FY 1994 5/								
U. Columbia River Water Budget	BPA	---	---	---	0.0	---	---	0.0
Spill for Juvenile Passage 6/	BPA	---	---	---	32.0	---	---	0.0
Flow Augmentation	BPA	---	---	---	0.0	---	---	0.0
Reduced Forebay Levels 10/	BPA	---	---	---	25.0	---	---	0.0
ESA - NMFS Fund (Add. Spill for Juvenile Passage)	BPA	---	---	---	5.0	---	---	0.0
Subtotal					**62.0**	**114.0**	**176.0**	**176.0**
TOTAL - PROGAM EXP. & FOREGONE REVENUES		**150.5**	**219.3**	**282.7**	**325.8**	**399.1**	**1377.4**	**2349.9**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION

Notes - Fish and Wildlife Investments Crosscut Tables
Fiscal Years 1978 through 1995

These notes support three tables that display the Pacific Northwest electric utility ratepayers' investment in fish and wildlife activities within the Columbia River Basin. The tables represent the annual expense for all fish and wildlife investments funded under the Federal Columbia River Power System from a rate making, revenue requirement perspective for the period Fiscal Years (FY) 1978 to 1995. Where audited actuals are not available in this period, best estimates are used. The three tables cover the following periods: Table 1 - FY 1978 through FY 1984, Table 2 - FY 1985 through FY 1990, and Table 3 - FY 1991 through FY 1995.

The costs shown in the tables are based on budget outlays (rather than obligations) for the year shown. The title "Capital Investments," shown at the top of the table, is presented for information only. The annual expense (interest, amortization, and depreciation) associated with these capital investments is shown under the title "Program Related Fixed Expenses."

BPA has a mandate, under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), to undertake activities to enhance and support fish and wildlife resources adversely affected by the hydroelectric development of the Columbia River Basin. Under the Act, the Northwest Power Planning Council has established a fish and wildlife program that oversees regional efforts to improve fish and wildlife survival. In conjunction with the Power Planning Council, affected states within the BPA service area, public agencies and Indian tribes, BPA identifies opportunities for effective actions to restore habitat and support fish and wildlife population, and provides funding for those activities.

BPA also has a mandate to implement measures called for under the Endangered Species Act. These measures are part of the Biological Opinions (BO) issued by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro electric system. The expenses associated with the calendar year (CY) 1995 NMFS BO, addressing measures regarding listed salmon species, and the CY 1995 USFWS BO, addressing measures concerning Kootanai River sturgeon and certain Snake River snails, are reflected in the tables.

BPA funding of the Power Planning Council's Fish and Wildlife Program measures and measures called for under ESA, starting in FY 1992, has increasingly become interrelated and as such, difficult to separately track. As a result, the ESA activities reported under the heading "BPA Direct Fish and Wildlife Program" will no longer be separated in forecasts that extend beyond the budget year.

BPA has a direct program "budget" that is the source of funding the Council's Fish and Wildlife Program and certain ESA measures called for in Biological Opinions. This budget is reflected in these tables under two headings. The first is under "Capital Investments" for fish and wildlife, and the second is under "Program Operating Expenses" for BPA fish and wildlife program. (Because these tables present a "revenue requirement" view of BPA's overall fish and wildlife annual investment, only the fixed expenses of the capital investment are included in the total, as noted above.)

Adjustments for implementation of Section 4(h)(10)(C) of the Northwest Power Act for FY 1994 and FY 1995 are $18.7 million and $56.3 million, respectively, are not reflected in Table 3. The Section 4(h)(10)(C) credits were received against BPA's FY 1994 and FY 1995 Treasury repayment. The credit reflects implementation of Section 4(h)(10)(C) which calls for a portion of BPA's fish and wildlife expenses to be allocated to the other purposes of the Federal projects in the Columbia River Basin. Analysis has determined that the BPA's power share is 73 percent and the taxpayer's share is 27 percent.

- The tables represent a "revenue requirement" view of BPA's fish and wildlife funding responsibilities except for foregone revenues. All expenses in these tables are paid for by BPA's ratepayers.
- Power purchases and foregone revenues for FY 1994 reflect the measures contained in the CY 1994 National Marine Fisheries Service's (NMFS) Biological Opinion issued March 16, 1994, pursuant to the Endangered Species Act (ESA). Estimates for FY 1995 reflect the average of 50 water year conditions and reflect the measures contained in the NMFS Biological Opinion issued March 2, 1995, pursuant to ESA. The estimated expenses for FY 1995 are split 50/50 between power purchases and foregone revenues. A detailed accounting

of FY 1995 expenses is not complete at this writing but should be included in later u pdates to Table 3. A format change in the display of the Power Purchases for Fish Enhancement and Foregone Revenues occurs starting in FY 1994 to better reflect NMFS Biological Opinion elements.

Footnotes

1/ Based on outlays. The BPA Program Expenses - ESA for the period FY 1991 through FY 1995 reflect funding specifically mandated by ESA and also those expenditures that, while not specifically mandated, are intended to assist in the recovery of ESA -listed species. Examples of these projects are the sq uawfish predator control program and the Kootanai River sturgeon program.

2/ Based on plant-in-service as reported by the Corps of Engineers. Through FY 1977, cumulative plant -in-service is estimated at $165 million. A review of these annual estimates i s planned and may result in restatements of annual plant-in-service and resulting adjustments in Program Related Fixed Expenses.

3/ Expenses through FY 1991 are for Water Budget only. ESA implementation began in FY 1992 in anticipation of NMFS listings t hat led to a Biological Opinion that was issued in calendar year (CY) 1993.

4/ In FY 1993, estimates reflect the CY 1993 NMFS Biological Opinion.

5/ The FY 1994 estimates reflect the measures contained in the 1994 NMFS Biological Opinion issued March 16, 1994. Estimates for FY 1995 reflect NMFS Biological Opinion issued March 2, 1995, and are the average of 50 water year conditions. As noted above, accounting is not complete on FY 1995 hydro operations. Effective in FY 1994, these expenses are displayed with greater detail, consistent with categories identified by NMFS in the Biological Opinion.

6/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion spill levels April 10, 1994, through the migration period. It also reflects emergency spil l measures implemented by NMFS May 11, 1994 through June 20, 1994.

7/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion flow augmentation volumes plus the additional releases from Dworshak (to elevation 1490 feet) and Upper Columbia reser voirs (1.33 MAF).

8/ Associated Projects costs reflect the power share of the fish and wildlife O&M reimbursed to the Treasury. The amounts shown are based on estimates of the agency, adjusted for actuals by BPA where data is available. (Prior versions of these tables included a line representing estimates for “ESA” related expenses for FY’s 1992 and 1993. This sub-category has been removed because expenses are not separately reported to Bonneville, although ESA expenses are assumed to be imbedded in th e expenses of the Federal agencies [excluding the Council which has no ESA related expenses.])

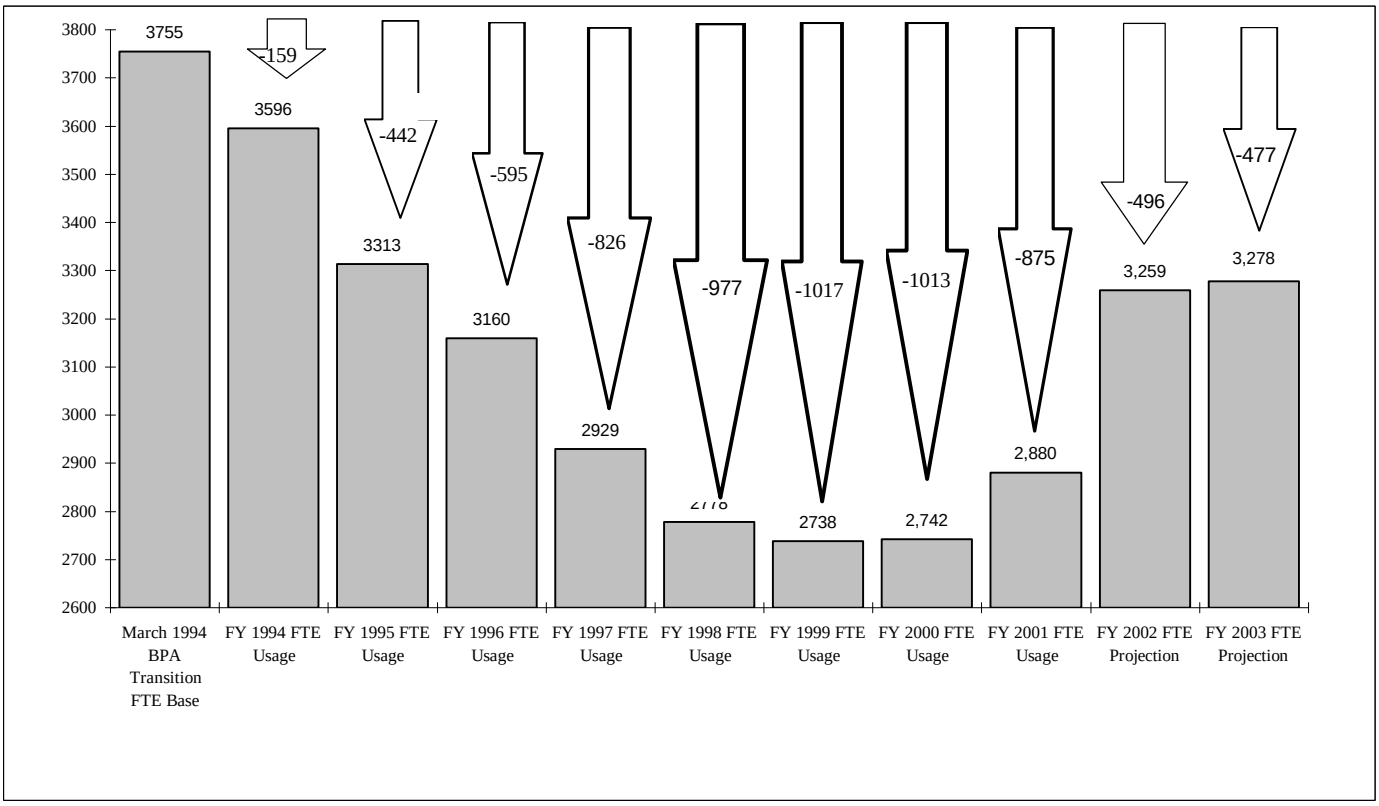
9/ Interest expense includes BPA’s interest on bonds (for fish and wildlife) and interest on the Corps of Engineers (Federal) investment in fish and wildlife as signed to the power purposes of the Federal projects. Amortization reflects BPA’s bonds and depreciation reflects the Federal investment in fish and wildlife. These amounts include expenses for interest during construction on federal investments.

10/ "ESA drawdown" includes operations of the four Lower Snake River dams at near minimum operating pool elevations and John Day Dam at minimum irrigation pool, as in 1992. Other drawdown proposals being studied include physical changes to the Lower Snake River dams. These proposals would result in significantly higher costs and are not included in either the ESA drawdown or reduced forebay levels in these tables.

3/6/96

dmb:230-3171 (ECB-SB31D1)

BONNEVILLE FTE
(Revised January 2002)



BPA's March 1994 baseline for FY 1994 was the number of filled positions (permanent and temporary, full and part-time, including student programs charged against FTE allocations) whose incumbents were actually on board and charging against BPA FTE. BPA identified this as baselines for both employment and FTE.

BPA has utilized the following number of Voluntary Separation Incentives (VSIs): 190 in FY 1994, 240 in FY 1995, 137 in FY 1996, 135 in FY 1997, 121 in FY 1998, 81 in FY 1999, 43 in FY 2000, and 12 in FY 2001.

As part of its strategic staffing efforts and infrastructure project requirements, Bonneville has identified a need for an increase in current FTE levels. This increase is designed in part to accommodate a shift in critical skills needed to meet the demands of succeeding in a deregulated energy market.