Management's Discussion & Analysis

General

The Federal Columbia River Power System (FCRPS) combines the accounts of the Bonneville Power Administration (BPA), the accounts of generating facilities of the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation) and the operation and maintenance costs of the U.S. Fish and Wildlife Service (Fish and Wildlife) for the Lower Snake River Compensation Plan Facilities.

BPA was created by an act of Congress in 1937 to market electric power from the Bonneville Dam located on the Columbia River and to construct facilities necessary to transmit such power. Congress has designated BPA to be the marketing agent for power from all of the federally-owned hydroelectric projects in the Pacific Northwest. In addition, BPA also has a statutory obligation to serve the net requirements of preference customers and investor owned utilities that request service from BPA. BPA, whose headquarters are located in Portland, Oregon, is one of four regional federal power marketing administrations within the U.S. Department of Energy. Many of BPA's statutory authorities are vested in the Secretary of Energy, who appoints, and acts by and through, the BPA Administrator. Some other authorities are vested directly in the BPA Administrator.

BPA's primary enabling legislation includes the following federal statutes: the Bonneville Project Act of 1937; the Flood Control Act of 1944; Public Law 88-552 - the Regional Preference Act; the Federal Columbia River Transmission System Act of 1974 (Transmission System Act); and the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). BPA markets electric power from 31 federal hydroelectric projects, most of which are located in the Columbia River Basin and all of which are owned and operated either by the Corps or Reclamation. These projects have an expected aggregate output of roughly 9,000 average megawatts under median water conditions. BPA has acquired all of the generating capability of Energy Northwest's Columbia Generating Station (CGS) nuclear power plant. The contracts to acquire the generating capability of the project, referred to as "a net-billing agreements," result in BPA's meeting the entire annual project budget, including operating expense and debt service. BPA also acquired all of the output of the Cowlitz Falls hydro project and agreed to pay the operating expense and debt service. BPA sells, purchases and exchanges firm power, non-firm energy, peaking capacity and related power services. BPA also constructed and operates and maintains a high voltage transmission system comprising approximately three-fourths of the bulk transmission capacity in the Pacific Northwest. BPA uses this transmission capacity to deliver power to its customers and makes transmission capacity available to other utilities and power marketers.

BPA's primary customer service area is the Pacific Northwest region (Pacific Northwest or Region) of the United States, encompassing the states of Idaho, Oregon, Washington, parts of western Montana, and small parts of western Wyoming, northern Nevada and northern California. BPA estimates that the population of the 300,000 square-mile service area is approximately eleven million people. Electric power sold by BPA accounts for about 40 percent of the electric power consumed within the Region. BPA markets the majority of this power to over 100 publicly owned and cooperatively-owned utilities for resale to consumers in the Region. BPA also has contracts to sell power for direct consumption to a small number of companies (Direct Service Industries or DSIs) located in the Region. BPA is also required by law to exchange power with qualifying utilities to meet their residential and small farm electric power loads within the Region. The operation of this program, referred to as the "Residential Exchange Program," may result in payments by BPA to the exchanging utilities if the applicable power rates for FCRPS power are lower than the utilities' respective average system cost of meeting their residential and small farm power loads. The primary participants in the Residential Exchange Program historically have been investor-owned utilities (IOUs) in the Region.

The Transmission System Act placed BPA on a self-financing basis, meaning that BPA pays its costs from revenues it receives from the sale of power and the provision of transmission and other services, which BPA provides at rates that seek to produce revenues that recover BPA's costs, including certain payments to the U.S. Treasury. BPA's rates for the foregoing services are subject to approval by the Federal Energy Regulatory Commission (FERC) on the basis that, among other things, they recover BPA's costs. BPA issues and sells bonds to the U.S. Treasury and uses the proceeds thereof to fund certain activities authorized under federal law.

With the Energy Policy Act of 1992, BPA could be required by FERC to provide transmission services to applicants under limited circumstances. BPA thereafter adopted a policy to provide open access, non-discriminatory transmission service to all requestors using pro forma tariffs as approved by the FERC. After certain national regulatory initiatives to promote competition in wholesale power markets were announced, BPA separated its power marketing function from its transmission system operation and electric system reliability functions in 1996. While BPA is a single legal entity, it conducts its business as separate business lines; the Power Business Line (PBL) and the Transmission Business Line (TBL). The Energy Policy Act of 2005 provides FERC with authority to issue rules or orders requiring BPA to provide transmission service at rates comparable to those it charges itself, and on terms and conditions that are comparable and not unduly discriminatory or preferential.

BPA's cash receipts from all sources, including from both its transmission and power marketing business lines, must be deposited in the BPA Fund, which is a revolving fund account of the U.S. Treasury and which is available to pay BPA's costs. In accordance with the Transmission System Act, BPA must make expenditures from the BPA Fund as "shall have been included in annual budgets submitted to Congress, without further appropriation and without fiscal year limitation, but within such specific directives or limitations as may be included in appropriation acts, for any purpose necessary or appropriate to carry out the duties imposed upon [BPA] pursuant to law..."

BPA is required to establish rates to assure repayment of the U.S. Treasury over a reasonable number of years. This results in BPA scheduling to make certain annual payments to the U.S. Treasury. These payments are subject to the availability of net proceeds, which are gross cash receipts remaining in the BPA Fund after deducting all of the costs paid by BPA to operate and maintain the FCRPS other than those used to make payments to the U.S. Treasury for the repayment of the federal investment in certain transmission facilities and the power generating facilities at federally-owned hydroelectric projects in the Pacific Northwest, debt service on bonds issued by BPA and sold to the U.S. Treasury, repayments of appropriated amounts to the Corps and Reclamation for certain costs allocated to power generation at federally-owned hydroelectric projects in the Pacific Northwest, and costs allocated to irrigation projects as are required by law to be recovered from power sales. BPA has made all payments to the U.S. Treasury in full and on time since 1984.

Customers

BPA sells power and related services to four main types of customers: Northwest publicly owned utilities, DSIs, Northwest IOUs and other regional and extra regional customers. BPA also sells relatively small amounts of power to several federal agencies within the region. The revenue derived from these customers provides BPA with a large portion of the funds needed to pay its costs. BPA sells transmission and related services under open access tariffs to a broad variety of power generators, including wind generators, marketers and power purchasers. The Revenues by Customer Class Table at the end of this section includes the following classifications.

Sales within the Northwest Region

Northwest Publicly Owned Utilities

Qualifying public utility districts, municipalities and consumer-owned electric cooperatives within the Region are entitled to a statutory preference and priority in the purchase of available FCRPS power. These customers have what is referred to as “public preference.” They are eligible to purchase power at BPA’s priority firm rate for most of their loads. As a group, these “Preference Customers” constitute BPA’s largest customer base in terms of number, megawatt sales and revenues.

Direct-Service Industries

BPA is not required to do so, but may offer to sell power for direct consumption to a limited number of existing DSIs within the region.

Northwest Investor-Owned Utilities

BPA provides some firm power to Northwest IOUs. This is power not sold under the public preference priority rate. BPA also sells substantial amounts of peaking capacity to Northwest IOUs during cold periods. As part of its Subscription Strategy, BPA entered into certain agreements, as amended, with the Northwest IOUs in settlement of the statutory obligation that BPA has to provide benefits under the Residential Exchange Program for specified periods that began Oct. 1, 2001.

Discretionary power sales revenues from Northwest IOUs fluctuate with stream-flows in the Columbia River Basin. Stream-flows directly impact the amount of surplus energy available for sale, the costs of generating power with alternative fuels, and ultimately the price BPA can obtain for these sales.

Sales outside the Northwest Region

BPA sells secondary power to various buyers that is in excess of what is needed to serve firm load obligations in the Region. Revenue from sales outside the Northwest are highly dependent upon stream-flows in the Columbia River Basin which affect the amount of secondary energy available for sale, and upon the costs of generating power with alternative fuels, which affect the price BPA can obtain for its exported non-firm energy and surplus firm power. As is the case with revenues from Northwest IOUs, revenues from Sales outside the Northwest Region fluctuate with stream-flows in the Columbia River Basin.

Bookouts

BPA's total operating expenses and revenues from electricity sales reflect Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB) guidance (referred to herein as "EITF 03-11"). Both revenues and expenses associated with non-trading energy activities that are "booked out" (settled other than by the physical delivery of power) are reported on a "net" basis in both operating revenues and purchased power expense. The accounting treatment under EITF 03-11 has no effect on net revenue, cash flows or margins.

Transmission

BPA receives revenues by providing transmission and other related services. Transmission revenues fluctuate with weather conditions within the Region and outside of the Region, hydro conditions related to secondary power sales and outage requests for construction and maintenance purposes. Over the past few years, secondary sales of transmission service have grown. Customers with excess capacity are able to sell that capacity to other users at a rate below BPA's rate for short-term, non-firm transmission service. BPA is required to provide transmission service to generators and marketers under the same open access tariffs it uses to charge the PBL and other transmission customers.

Other Revenues

Derivative mark-to-market adjustments and other miscellaneous revenues are included in this category.

U.S. Treasury Credits for Fish

The Northwest Power Act obligated the BPA Administrator to make expenditures for fish and wildlife protection, mitigation and enhancement for both power and non-power purposes, on a reimbursement basis. The Northwest Power Act also specified that consumers of electric power, through their rates for power services "shall bear the costs of measures designed to deal with adverse impacts caused by the development and operation of electric power facilities and programs only." Section 4(h)(10)(C) of the Northwest Power Act was designed to ensure that the costs of mitigating these impacts are properly accounted for among the various purposes of the hydroelectric projects. In the early 1990s, BPA, the U.S. Treasury and the Office of Management and Budget agreed to a crediting mechanism whereby BPA reduces its cash payments to the U.S. Treasury by an amount equal to the mitigation measures funded on behalf of the non-power purposes. BPA has taken U.S. Treasury credits for fish annually since 1995.

The table below summarizes Revenues by Customer Class for the quarters ended Dec. 31, 2005, and 2004.

Revenues by Customer Class

Federal Columbia River Power System
For the quarters ended Dec. 31 — thousands of dollars

	2005	2004
Sales of electric power:		
Sales within the Northwest region		
Northwest publicly owned utilities	**$ 436,778**	$ 448,114
Direct-service industries	**21,849**	23,499
Northwest investor-owned utilities	**111,766**	85,526
Sales outside the Northwest region	**134,096**	115,438
Bookouts	**(31,753)**	(49,605)
Total sales of electric power	**672,736**	622,972
Transmission	**151,930**	130,038
Other revenues	**(27,635)**	(2,369)
U. S. Treasury credits for fish	**21,465**	17,338
Total operating revenues	**$ 818,496**	$ 767,979

Liquidity and Capital Resources

Operating Activities

Cash provided by operating activities of the FCRPS increased $76 million to $245 million for the quarter ended Dec. 31, 2005, compared to $169 million for the quarter ended Dec. 31, 2004.

The change in operating cash flow primarily reflects the change in deferred asset derivatives and differences in the timing of collecting receivables and payments of accounts payable and accrued liabilities.

Investment Activities

Cash used for investment activities of the FCRPS increased $13 million to $87 million for the quarter ended Dec. 31, 2005, primarily from higher capital expenditures for federal utility plant, when compared to the quarter ended Dec. 31, 2004. Capital expenditures for federal utility plant totaled $87 million for the quarter ended Dec. 31, 2005, compared to $67 million for the quarter ended Dec. 31, 2004. The increase was primarily a result of changed methodology to recognize on a prorated basis annual capital costs related to Columbia River Fish Mitigation work at dams operated by the Corps.

Financing Activities

Cash used for financing activities of the FCRPS was $71 million for the quarter ended Dec. 31, 2005, compared to $60 million cash provided by financing activities for the quarter ended Dec. 31, 2004. The $131 million decrease was primarily the result of repaying $90 million net bonds issued to U.S. Treasury compared to issuing $55 million net bonds issued to the U.S. Treasury in the quarters ended Dec. 31, 2005 and 2004, respectively.

Results of Operations

Net Revenues

For the three months ended Dec. 31, 2005, the Federal Columbia River Power System earned net revenues of $132 million, compared with $109 million for the same period a year ago. Operating revenues increased $51 million, operating expenses increased $29 million, and net interest decreased $1 million from last year. The $23 million increase in net revenues from the first three months of fiscal year 2005 is the result of several factors.

Operating Revenues

In total, operating revenues increased $51 million, or 7 percent from the three months ended Dec. 31, 2004. Revenues from electricity and transmission sales for the three months ended Dec. 31, 2005, were up $71 million, or 10 percent when compared to the comparable period a year earlier. Both Power and Transmission revenues increased as reported in the Segment Reporting statements below. Power Business Line revenues increased due to higher market prices for sales of discretionary surplus power in the current year. Transmission Business Line rates increased 12 percent Oct. 1, 2005, resulting in higher revenues for the current year. SFAS 133 derivative mark-to-market loss increased $24 million, or 274 percent, miscellaneous revenues decreased $1 million, or 7 percent, and U.S. Treasury credits for fish increased $4 million, or 24 percent.

Operating Expenses

In total, operating expenses increased $29 million, or 5 percent from the first quarter of fiscal year 2005. Operations and maintenance increased $11 million, or 4 percent through the three months ended Dec. 31, 2005, from the comparable period a year earlier. Purchased power increased $23 million, or 17 percent compared to the three months ended Dec. 31, 2004. Market prices for power were considerably higher in the beginning of fiscal year 2006 from levels in fiscal year 2005. Nonfederal projects debt service expense decreased $1 million, or 2 percent. Federal projects depreciation decreased $3 million, or 4 percent reflecting new depreciation rates.

Interest Expense

Net interest expense for the three months ended Dec. 31, 2005, decreased $1 million, or 2 percent, compared to the same period a year ago. Interest on appropriated funds decreased due to lower principal owed the U.S. Treasury and reduced weighted average interest rates. Interest on bonds issued to the U.S. Treasury decreased as the weighted average interest rate declined from 4.9 percent at the beginning of fiscal year 2005 to 4.8 percent at the beginning of fiscal year 2006. This interest expense also decreased as the income earned on BPA's cash account at the U.S. Treasury increased with higher cash balances. BPA reports interest expense on long-term debt net of the interest income earned. The decreased interest expense was mostly offset by decreased allowance for funds used during construction.

Modified Net Revenues

Modified net revenues are net revenues after removing the effects of SFAS 133 derivative mark-to-market and nonfederal debt management actions that differ from rate case assumptions. The debt optimization program and other debt management actions have contributed significantly to net revenues for a fifth year. Management has determined that modified net revenues are a better representation of the outcomes of normal operations during periods of debt management actions and fluctuations in derivative market prices.

Modified net revenues were $34 million higher for the three months ended Dec. 31, 2005, compared to the three months ended Dec. 31, 2004. Net revenues were $23 million higher as discussed above, SFAS 133 derivative mark-to-market loss increased $24 million and nonfederal debt management actions increased $13 million.

The table below demonstrates the calculation for modified net revenues.

Modified Net Revenues

Federal Columbia River Power System
For the quarters ended Dec. 31 — thousands of dollars

	2005	2004
Net Revenues	**$ 132,257**	$ 109,473
SFAS 133 derivative mark-to-market	**32,969**	8,826
Nonfederal debt management actions	**(67,332)**	(54,471)
Modified net revenues	**$ 97,894**	$ 63,828

Rates

BPA has three Cost Recovery Adjustment Clauses (CRACs) in its power rates that are designed to collect additional power revenues to ensure that BPA has sufficient funds to meet its obligations, including repayment to the U.S. Treasury during the rate period from fiscal year 2002 to 2006. The three CRACs include a Load-Based (LB) CRAC, a Financial-Based (FB) CRAC, and a Safety-Net (SN) CRAC.

The LB CRAC is a percentage rate adjustment and is based on BPA's costs to purchase power to meet load obligations. Because BPA expected to acquire some portions of this power in a highly volatile market, in developing it rates proposal Bonneville concluded that would not be possible to forecast accurately the cost of purchasing this power over the entire five-year rate period. Accordingly, the LB CRAC has been designed to be responsive to changes in the market price of power and to reflect the change in prices in the fixed power purchase contracts and will be reset every six months to recover the anticipated augmentation costs to meet load that cannot be recovered with the base rates. The LB CRAC has remained in effect for both fiscal years 2005 and 2006.

The FB CRAC triggers when forecast accumulated net revenues falls below a threshold value for a particular year. BPA triggered the FB CRAC on Oct. 1, 2002, for fiscal year 2003. The FB CRAC has remained in effect for both fiscal years 2005 and 2006.

The SN CRAC is designed to raise rates if a payment to the U.S. Treasury or other creditor has been missed, or if the administrator projects a 50 percent probability that such a payment may be missed in the then-current fiscal year. The SN CRAC was set at zero and 1.75 percent for fiscal years 2005 and 2006, respectively.

Additional Information

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

For information about hydro power or current hydrological information, go to www.bpa.gov/power/pg/hydrspl.shtml

For information on the Power Business Lines 2007 Wholesale Power (WP-07) Rate Case, go to www.bpa.gov/power/pfr/rates/ratecases/wp07

For information on the Transmission Business Line, go to www.transmission.bpa.gov

Federal Columbia River Power System
Combined Balance Sheets
(Unaudited)

	December 31, **2005**	September 30, 2005
	(thousands of dollars)	
Assets		
Federal utility plant		
Completed plant	**$ 12,797,101**	$ 12,722,386
Accumulated depreciation	**(4,555,276)**	(4,453,745)
	8,241,825	8,268,641
Construction work in progress	**1,188,888**	1,152,978
Net federal utility plant	**9,430,713**	9,421,619
Nonfederal generation	**2,385,745**	2,389,445
Current assets		
Cash	**738,143**	651,740
Accounts receivable, net of allowance	**143,368**	88,184
Accrued unbilled revenues	**237,271**	208,801
Materials and supplies, at average cost	**75,904**	75,073
Prepaid expenses	**266,139**	321,032
Total current assets	**1,460,825**	1,344,830
Other assets		
Regulatory assets	**6,005,254**	5,509,596
Nonfederal nuclear decommissioning trusts	**129,008**	125,509
Deferred charges and other	**184,257**	234,773
Total other assets	**6,318,519**	5,869,878
Total assets	**$ 19,595,802**	$ 19,025,772
Capitalization and Liabilities		
Capitalization and long-term liabilities		
Accumulated net revenues	**$ 1,466,551**	$ 1,334,294
Federal appropriations	**4,300,429**	4,272,662
Bonds issued to U.S. Treasury	**2,171,800**	2,211,800
Nonfederal projects debt	**6,277,664**	6,286,559
Total capitalization and long-term liabilities	**14,216,444**	14,105,315
Commitments and contingencies (See Note 7 to annual financial statements)		
Current liabilities		
Federal appropriations	**68,939**	68,939
Bonds issued to U.S. Treasury	**515,000**	565,000
Nonfederal projects debt	**208,676**	207,490
Accounts payable and other current liabilities	**343,371**	322,497
Total current liabilities	**1,135,986**	1,163,926
Other Liabilities		
Regulatory liabilities	**2,115,170**	2,129,660
IOU exchange benefits	**1,494,496**	984,187
Nonfederal nuclear asset retirement obligations	**161,900**	160,600
Deferred credits	**471,806**	482,084
Total other liabilities	**4,243,372**	3,756,531
Total capitalization and liabilities	**$ 19,595,802**	$ 19,025,772

Federal Columbia River Power System

Combined Statements of Revenues and Expenses

(Unaudited)

	Three Months Ended December 31, 2005	2004
	(thousands of dollars)	
Operating revenues		
Sales	**$ 818,931**	$ 747,551
SFAS 133 derivative mark-to-market	**(32,969)**	(8,826)
Miscellaneous revenues	**11,069**	11,916
U.S. Treasury credits for fish	**21,465**	17,338
Total operating revenues	**818,496**	767,979
Operating expenses		
Operations and maintenance	**290,475**	279,879
Purchased power	**156,283**	133,304
Nonfederal projects	**82,612**	83,987
Federal projects depreciation and amortization	**86,615**	89,845
Total operating expenses	**615,985**	587,015
Net operating revenues	**202,511**	180,964
Interest expense		
Interest on federal investment		
Appropriated funds	**48,052**	49,084
Bonds issued to U.S. Treasury	**26,943**	29,005
Allowance for funds used during construction	**(4,741)**	(6,598)
Net interest expense	**70,254**	71,491
Net revenues	**$ 132,257**	$ 109,473

Derivative instruments and hedging activities

The SFAS 133 mark-to-market (MTM) amount is an "accounting only" (no cash impact) adjustment representing the MTM adjustment required by SFAS 133, as amended, for identified derivative instruments.

Federal Columbia River Power System

Combined Statements of Cash Flows

(Unaudited)

	Three Months Ended December 31, 2005	2004
	(thousands of dollars)	
Cash provided by operating activities		
Net revenues	**$ 132,257**	$ 109,473
Non-cash items:		
Depreciation	**69,800**	72,381
Amortization	**16,815**	17,464
Amortization of capitalization adjustment	**(16,226)**	(16,226)
(Increase) decrease in:		
Receivables and unbilled revenues	**(83,654)**	(88,127)
Materials and supplies	**(832)**	(762)
Prepaid expenses	**54,893**	47,519
Decrease (increase) in:		
Accounts payable and other	**20,874**	40,374
Other	**50,706**	(12,779)
Cash provided by operating activities	**244,633**	169,317
Cash used for investment activities		
Investment in:		
Federal utility plant (including AFUDC)	**(87,271)**	(67,160)
Nonfederal projects	**7,710**	2,164
Conservation	**(1,778)**	(4,690)
Fish and wildlife	**(5,477)**	(4,348)
Cash used for investment activities	**(86,816)**	(74,034)
Cash provided by and used for financing activities		
Increase (repayment):		
Federal construction appropriations	**27,765**	8,477
Bonds issued to U.S. Treasury	**(90,000)**	55,000
Nonfederal debt	**(9,179)**	(3,695)
Cash (used for) provided by financing activities	**(71,414)**	59,782
Increase in cash	**86,403**	155,065
Beginning cash balance	**651,740**	654,242
Ending cash balance	**$ 738,143**	$ 809,307

Federal Columbia River Power System

Segment Reporting

(Unaudited)

Three Months Ended December 31, **2005**

	Power	Transmission	Other	FCRPS
		(thousands of dollars)		
Unaffiliated revenues	**$ 666,566**	**$ 151,930**	**$ -**	**$ 818,496**
Intersegment revenues	**18,081**	**28,407**	**(46,488)**	**-**
Total operating revenues	**684,647**	**180,337**	**(46,488)**	**818,496**
Unaffiliated expenses	**499,924**	**68,100**	**(38,654)**	**529,370**
Depreciation	**43,999**	**42,616**	**-**	**86,615**
Intersegment expenses	**28,407**	**18,081**	**(46,488)**	**-**
Total operating expenses	**572,330**	**128,797**	**(85,142)**	**615,985**
Net operating revenues	**112,317**	**51,540**	**38,654**	**202,511**
Interest expense	**43,728**	**34,877**	**(8,351)**	**70,254**
Net revenues	**$ 68,589**	**$ 16,663**	**$ 47,005**	**$ 132,257**

2004

	Power	Transmission	Other	FCRPS
		(thousands of dollars)		
Unaffiliated Revenues	$ 637,941	$ 130,038	**$** -	$ 767,979
Intersegment Revenues	19,179	22,714	(41,893)	-
Total operating revenues	657,120	152,752	(41,893)	767,979
Unaffiliated expenses	478,447	57,965	(39,242)	497,170
Depreciation	43,703	46,142	-	89,845
Intersegment expenses	22,711	19,179	(41,890)	-
Total operating expenses	544,861	123,286	(81,132)	587,015
Net operating revenues	112,259	29,466	39,239	180,964
Interest expense	44,156	33,802	(6,467)	71,491
Net revenues (expenses)	$ 68,103	$ (4,336)	$ 45,706	$ 109,473

Operating Segments

In fiscal year 1997 BPA opted to implement FERC's open-access rulemaking and standards of conduct. FERC requires that transmission activities are functionally separate from wholesale power merchant functions and that transmission is provided in a nondiscriminatory open-access manner.

The FCRPS' major operating segments are defined by the utility functions of generation and transmission. The Power Business Line represents the operations of the generation function, while the Transmission Business Line represents the operations of the transmission function. The business lines are not separate legal entities. Where applicable, "Other" represents items that are necessary to reconcile to the financial statements, which generally include shared activity and eliminations. Each FCRPS segment operates predominantly in one industry and geographic region: the generation and transmission for electric power in the Pacific Northwest.

The FCRPS centrally manages all interest expense activity. Since BPA has one fund with the U.S. Treasury, all cash and cash transactions are also centrally managed. Unaffiliated revenues represent sales to external customers for each segment. Intersegment revenues are eliminated.

Major Customers

During fiscal 2006, and 2005, no single customer represented 10% or more of the FCRPS' revenues.