Management's Discussion & Analysis

General

The Federal Columbia River Power System (FCRPS) combines the accounts of the Bonneville Power Administration (BPA), the accounts of the Pacific Northwest 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 for the Lower Snake River Compensation Plan Facilities. Northwest Infrastructure Financing Corporation (NIFC), a "Special Purpose Corporation," is consolidated with BPA.

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 since designated BPA to be the marketing agent for power from all of the federally owned hydroelectric projects in the Pacific Northwest. 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 customer service area is the Pacific Northwest 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 just under 12 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, although the contracted amount of service BPA provides to DSIs has diminished substantially relative to levels from the 1940s through the 1990s. BPA is 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. BPA sets rates at levels to ensure 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 to fund certain activities established under federal law.

With the Energy Policy Act of 1992, BPA was required to provide open access, non-discriminatory transmission service to all requestors using pro forma tariffs as approved by the FERC. While BPA is a single legal entity, it conforms to FERC standards of conduct to ensure its transmission function does not discriminatorily advantage its merchant power function.

BPA's cash receipts from all sources, including from both its transmission and power marketing businesses, 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 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 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.

Rates

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

The LB CRAC was a percentage rate adjustment and was based on BPA's costs to purchase power to meet load obligations. Because BPA acquires some portions of this power in a highly volatile market, it was not possible to forecast accurately the cost of purchasing this power over the entire five-year rate period. Accordingly, the LB CRAC was 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. It was reset every six months to recover the anticipated augmentation costs to meet load that could not be recovered with the base rates. The FB CRAC triggered if forecast accumulated power net revenues fell below a threshold value for a particular year. The SN CRAC was designed to raise rates if a payment to the U.S. Treasury or other creditor was missed, or if the administrator projected a 50 percent probability that such a payment might be missed in the then-current fiscal year.

Under BPA's proposed rates effective Oct. 1, 2006, these CRACs have been replaced with a comprehensive set of rate adjustment tools centered on a single CRAC mechanism.

Customers

BPA sells power (energy and capacity) 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.

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. By law, 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, publicly owned utilities constitute BPA's largest customer base in terms of number, megawatt-hour 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. Beginning with the current rate period Oct. 1, 2006, BPA no longer delivers power to the DSIs but instead provides the DSIs monetary benefits to be used for their power purchases.

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 weather extremes. As part of its Subscription strategy, BPA entered into certain agreements, as amended, with the Northwest IOUs in settlement of BPA's statutory obligation to provide benefits under the Residential Exchange Program for specified periods that began Oct. 1, 2001.

Revenues from Northwest IOUs fluctuate with stream flows in the Columbia River Basin. Stream flows directly impact the amount of surplus power 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 some surplus power to various extra regional buyers which is in excess of what is needed to serve firm load obligations in the region. Revenue from these sales fluctuate with stream flows in the Columbia River Basin. Stream flows directly impact the amount of surplus power available for sale, the costs of generating power with alternative fuels, and ultimately the price BPA can obtain for these sales.

Bookouts

BPA's revenues from electricity sales and total operating expenses 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

Transmission revenues fluctuate with weather conditions within 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. BPA's Transmission Services is required to provide transmission service to generators and marketers under the same open access tariffs it uses to charge BPA's Power Services and other transmission customers.

Other Revenues

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

U.S. Treasury Credits for Fish

The Northwest Power Act obligated BPA 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.

The Revenues table below summarizes revenues of electric power by customer, transmission, SFAS 133 derivative mark-to-market, other revenues, and U.S. Treasury credits for fish for the 3 months ended December 31, 2006, and 2005.

Revenues

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

	2006	2005
Sales of electric power:		
Sales within the Northwest region		
Northwest publicly owned utilities	**$ 537,476**	$ 436,262
Direct-service industries	**—**	21,849
Northwest investor-owned utilities	**65,303**	112,282
Sales outside the Northwest region	**46,500**	134,096
Bookouts	**(23,750)**	(31,753)
Total sales of electric power	**625,529**	672,736
Transmission	**166,251**	151,930
Other revenues	**8,623**	(27,635)
U. S. Treasury credits for fish	**18,525**	21,465
Total operating revenues	**$ 818,928**	$ 818,496

Results of Operations

Net Revenues

The Federal Columbia River Power System earned net revenues of $93 million for the three months ended December 31, 2006, as reported in the Combined Statements of Revenues and Expenses below. By comparison, net revenues were $132 million for the three months ended December 31, 2005.
The decline in net revenues from the 1st quarter of fiscal year 2005 is the result of total operating expenses increasing $47 million and net interest expense decreasing $7 million from last year.

Operating Revenues

Sales, revenues from electricity and transmission, for the three months ended December 31, 2006, were down $35 million, or 4 percent when compared to the comparable period a year earlier. These revenues decreased as a result of a dry spell from July through October, resulting in lower stream flows relative to the prior year restricting discretionary sales of surplus power. The present National Weather Service Northwest River Forecast Center forecast indicates January through July Columbia River runoff at The Dalles Dam will be 10 percent lower than last year.

The decreased sales were offset by the change in SFAS 133 derivative mark-to-market which was negative $33 million the 1st quarter of fiscal year 2005 and was nearly zero the 1st quarter of the current fiscal year. This change did not impact the cash flows.

Operating Expenses

In total, operating expenses increased $47 million, or 8 percent from the first quarter of fiscal year 2005.

Operations and maintenance increased $83 million, or 29 percent for the three months ended December 31, 2006, from the comparable period a year earlier. The increase was primarily a result of settlement of the Slice Litigation, Investor-owned Utility Exchange Benefits payments and increased Annual Budget Funding Requirements for operating the Columbia Generating Station nuclear plant.

- The Department of Justice approved the Slice Settlement for the Power Services Slice rate period 2002 through 2006 on November 9, 2006. The Slice Settlement was executed by all parties on November 22, 2006. BPA recorded an expense for $26 million in the first quarter.
- IOU exchange benefits are provided pursuant to the Northwest Power Act to spread benefits to IOU residential and small farm customers. Through fiscal 2006 settlement costs were allocated to augmentation power purchases made to purchase back power to meet other firm power sales obligations, and exchange benefits were classified as purchased power in operating expenses. Beginning with the current rate period on Oct. 1, 2006, the IOU exchange benefits settlements are monetary payments. These payments are classified within operations and maintenance expenses in operating expenses.
- CGS budget requirements are higher than last year as both nuclear refueling and a maintenance outage are scheduled.

Purchased power decreased $45 million, or 28 percent compared to the three months ended December 31, 2005. As discussed above, most augmentation power purchase contracts expired with the rate period ended Sept. 30, 2006. The decrease resulting from expired augmentation power purchase contracts was partially offset by increased short-term purchased power expense as a result of lower stream flows than the prior year.

Nonfederal projects increased $5 million or 6 percent due to higher debt service expense for Energy Northwest. The increase is the result of planned payment scheduling for nonfederal debt within the total FCRPS debt portfolio. The overall objective of debt management actions is to achieve the optimal total debt portfolio. The portfolio includes Federal appropriations, bonds issued to the U. S. Treasury, and nonfederal projects debt. Portfolio management causes nonfederal debt to fluctuate between years.

Federal projects depreciation increased $3 million, or 4 percent reflecting amortization for Columbia River Fish Mitigation measures beginning Oct. 1, 2006.

Interest Expense

Net interest expense for the three months ended December 31, 2006, decreased $7 million, or 10 percent, compared to the same period a year ago.

Interest on appropriated funds owed the U.S. Treasury increased $2 million with the Columbia River Fish Mitigation funded with appropriations.

Interest on bonds issued to the U.S. Treasury decreased $10 million as the income earned on BPA's cash account at the U.S. Treasury increased with higher cash balances. BPA reports interest expense on bonds issued to the U.S. Treasury net of the interest income earned.

Lower interest expense was partially offset by a slight decrease in allowance for funds used during construction as a result of the completion of a large BPA transmission project, the Schultz Wautoma transmission line in 2006.

Liquidity and Capital Resources

Operating Activities

Cash provided by operating activities of the FCRPS decreased $67 million to $164 million for the three months ended December 31, 2006, compared to $232 million for the three months ended December 31, 2005.

The change in operating cash flow primarily reflects the changes in net revenues, in other for deferred asset derivatives, and differences in the timing of collecting receivables and payments of accounts payable and accrued liabilities. Prepaid expenses decreased due to a change to direct payments by BPA for Energy Northwest costs. Beginning the 3rd quarter of 2006 receipts from participating BPA utility customers flow to BPA rather than Energy Northwest. As a result of direct payment, prepaid expenses for Energy Northwest at December 31, 2006, were zero compared to $234 million at December 31, 2005.

Investment Activities

Cash used for investment activities of the FCRPS increased $15 million to $90 million for the three months ended December 31, 2006, primarily from higher capital expenditures for federal utility plant, when compared to the three months ended December 31, 2005.

Capital expenditures for federal utility plant totaled $95 million for the three months ended December 31, 2006, compared to $79 million for the three months ended December 31, 2005.

Financing Activities

Cash used for financing activities of the FCRPS was $25 million for the three months ended December 31, 2006, compared to $70 million cash used for financing activities for the three months ended December 31, 2005.

The $45 million change was primarily the result of repaying $40 million compared to $90 million of bonds issued to the U.S. Treasury in the three months ended December 31, 2006 and 2005, respectively.

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 $64 million lower for the three months ended December 31, 2006, compared to the three months ended December 31, 2005. The table below demonstrates the calculation for modified net revenues.

Modified Net Revenues

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

	2006	2005
Net Revenues	**$ 92,688**	$ 132,257
SFAS 133 derivative mark-to-market	**238**	32,969
Nonfederal debt management actions	**(59,168)**	(67,332)
Modified net revenues	**$ 33,758**	$ 97,894

Additional Information

To see BPA's most recent annual report including audited financial statements, go to www.bpa.gov/corporate/finance/a_report

To see BPA's most recent press releases, go to www.onlinepressroom.net/bonneville

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

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

For information about hydro power or current hydrological information, go to www.bpa.gov/power/pgf/hydrology/weekly.shtml

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

Federal Columbia River Power System

Combined Balance Sheets

(Unaudited)

		December 31, **2006**		September 30, 2006
		(thousands of dollars)		
Assets				
Federal utility plant				
Completed plant	**$**	**13,148,290**	$	13,056,815
Accumulated depreciation		**(4,715,510)**		(4,652,107)
		8,432,780		8,404,708
Construction work in progress		**789,646**		795,151
Net federal utility plant		**9,222,426**		9,199,859
Nonfederal generation		**2,430,365**		2,435,065
Current assets				
Cash		**1,274,509**		1,225,075
Accounts receivable, net of allowance		**136,235**		137,179
Accrued unbilled revenues		**252,729**		247,418
Materials and supplies, at average cost		**75,740**		71,765
Prepaid expenses		**27,436**		21,453
Total current assets		**1,766,649**		1,702,890
Other assets				
Regulatory assets		**6,100,256**		6,217,712
Nonfederal nuclear decommissioning trusts		**148,143**		140,896
Deferred charges and other		**105,442**		101,024
Total other assets		**6,353,841**		6,459,632
Total assets	**$**	**19,773,281**	$	19,797,446
Capitalization and Liabilities				
Capitalization and long-term liabilities				
Accumulated net revenues	**$**	**2,038,045**	$	1,945,357
Federal appropriations		**4,314,102**		4,290,035
Bonds issued to U.S. Treasury		**1,905,500**		1,925,500
Nonfederal projects debt		**6,275,064**		6,284,379
Total capitalization and long-term liabilities		**14,532,711**		14,445,271
Commitments and contingencies (See Note 7 to annual financial statements)				
Current liabilities				
Federal appropriations		**33,694**		33,694
Bonds issued to U.S. Treasury		**536,300**		556,300
Nonfederal projects debt		**231,299**		230,879
Accounts payable and other current liabilities		**364,473**		369,597
Total current liabilities		**1,165,766**		1,190,470
Other Liabilities				
Regulatory liabilities		**2,086,817**		2,072,362
IOU exchange benefits		**1,143,398**		1,224,198
Nonfederal nuclear asset retirement obligations		**170,700**		169,300
Deferred credits		**673,889**		695,845
Total other liabilities		**4,074,804**		4,161,705
Total capitalization and liabilities	**$**	**19,773,281**	$	19,797,446

Federal Columbia River Power System

Combined Statements of Revenues and Expenses

(Unaudited)

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Fiscal Year-to-Date Ended December 31, 2006	Fiscal Year-to-Date Ended December 31, 2005
			(thousands of dollars)	
Operating revenues				
Sales	**$ 784,002**	$ 818,931	**$ 784,002**	$ 818,931
SFAS 133 derivative mark-to-market	**(238)**	(32,969)	**(238)**	(32,969)
Miscellaneous revenues	**16,639**	11,069	**16,639**	11,069
U.S. Treasury credits for fish	**18,525**	21,465	**18,525**	21,465
Total operating revenues	**818,928**	818,496	**818,928**	818,496
Operating expenses				
Operations and maintenance	**373,437**	290,475	**373,437**	290,475
Purchased power	**111,759**	156,283	**111,759**	156,283
Nonfederal projects	**87,956**	82,612	**87,956**	82,612
Federal projects depreciation and amortization	**89,675**	86,615	**89,675**	86,615
Total operating expenses	**662,827**	615,985	**662,827**	615,985
Net operating revenues	**156,101**	202,511	**156,101**	202,511
Interest expense				
Interest on federal investment				
Appropriated funds	**50,384**	48,052	**50,384**	48,052
Bonds issued to U.S. Treasury	**17,264**	26,943	**17,264**	26,943
Allowance for funds used during construction	**(4,235)**	(4,741)	**(4,235)**	(4,741)
Net interest expense	**63,413**	70,254	**63,413**	70,254
Net revenues	**$ 92,688**	$ 132,257	**$ 92,688**	$ 132,257

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)

	Fiscal Year-to-Date Ended December 31, 2006	2005
	(thousands of dollars)	
Cash provided by operating activities		
Net revenues	**$ 92,688**	$ 132,257
Non-cash items:		
Federal projects depreciation and amortization	**89,675**	86,615
Amortization of capitalization adjustment	**(16,226)**	(16,226)
(Increase) decrease in:		
Receivables and unbilled revenues	**(4,367)**	(83,654)
Materials and supplies	**(3,975)**	(832)
Prepaid expenses	**(5,983)**	54,893
Decrease (increase) in:		
Accounts payable and other	**(5,124)**	20,874
Other	**17,595**	37,614
Cash provided by operating activities	**164,283**	231,541
Cash used for investment activities		
Investment in:		
Federal utility plant (including AFUDC)	**(94,721)**	(78,893)
Nonfederal projects	**4,700**	3,700
Cash used for investment activities	**(90,021)**	(75,193)
Cash provided by and used for financing activities		
Increase (repayment):		
Federal construction appropriations	**24,067**	27,765
Bonds issued to U.S. Treasury	**(40,000)**	(90,000)
Nonfederal debt	**(8,895)**	(7,710)
Cash provided by (used for) financing activities	**(24,828)**	(69,945)
Increase in cash	**49,434**	86,403
Beginning cash balance	**1,225,075**	651,740
Ending cash balance	**$ 1,274,509**	$ 738,143

Federal Columbia River Power System
Segment Reporting
(Unaudited)

Three Months Ended
December 31,
2006

	Power	Transmission	Other	FCRPS
		(thousands of dollars)		
Unaffiliated revenues	**$ 652,677**	**$ 166,251**	**$ -**	**$ 818,928**
Intersegment revenues	**18,438**	**28,074**	**(46,512)**	**-**
Total operating revenues	**671,115**	**194,325**	**(46,512)**	**818,928**
Unaffiliated expenses	**546,478**	**65,608**	**(38,934)**	**573,152**
Depreciation	**45,370**	**44,305**	**-**	**89,675**
Intersegment expenses	**27,977**	**18,437**	**(46,414)**	**-**
Total operating expenses	**619,825**	**128,350**	**(85,348)**	**662,827**
Net operating revenues	**51,290**	**65,975**	**38,836**	**156,101**
Interest expense	**40,179**	**34,009**	**(10,775)**	**63,413**
Net revenues	**$ 11,111**	**$ 31,966**	**$ 49,611**	**$ 92,688**

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 (expenses)	$ 68,589	$ 16,663	$ 47,005	$ 132,257

Federal Columbia River Power System

Segment Reporting

(Unaudited)

Fiscal Year-to-Date Ended
December 31,
2006

	Power	**Transmission**	**Other**	**FCRPS**
		(thousands of dollars)		
Unaffiliated Revenues	**$ 652,677**	**$ 166,251**	**$ -**	**$ 818,928**
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Net revenues (expenses)	$ 68,589	$ 16,663	$ 47,005	$ 132,257

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. Power Services represents the operations of the generation function, while the Transmission Services represents the operations of the transmission function. Power and Transmission Services 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 2007, and 2006, no single customer represented 10% or more of the FCRPS' revenues.