

**Federal Columbia River Power System (FCRPS)  
FY 2010 THIRD QUARTER REVIEW**

**Net Revenues and Reserves**

**Projection for FY 2010**



**July 29, 2010**

**FY 2010  
EXECUTIVE HIGHLIGHTS  
July 29, 2010**

	<b>A</b>	<b>B</b>	<b>FY 2010 Current Expectation</b>	
			<b>C</b>	<b>D</b>
	<i>FY 2009 Audited Actuals without Derivative Effects &amp; Bookouts <sup>1/</sup></i>	<i>FY 2010 SOY without Derivative Effects &amp; Bookouts <sup>2/</sup></i>	<i>without Derivative Effects &amp; Bookouts <sup>2/</sup></i>	<i>with Derivative Effects &amp; Bookouts <sup>3/</sup></i>
1. REVENUES	2,941.8	3,535.1	3,156.4	3,082.5
2. EXPENSES	3,008.1	3,322.9	3,347.3	3,258.6
3. NET REVENUES <sup>4/</sup>	(66.3)	212.1	(190.9) <sup>7/</sup>	(176.1) <sup>7/</sup>
4. MODIFIED NET REVENUES <sup>4/</sup>	(187.2)	232.0	(212.9) <sup>7/</sup>	(212.9) <sup>7/</sup>
5. END OF YEAR FINANCIAL RESERVES <sup>5/</sup>	1,363.0	1,291.0	1,028.0 <sup>7/</sup>	1,028.0 <sup>7/</sup>
6. BPA ACCRUED CAPITAL EXPENDITURES <sup>6/</sup>	409.2	647.9	631.5	631.5

**Footnotes**

- 1/ Does not include mark-to-market adjustments required by derivative accounting guidance as amended or reflect the change in accounting for power "bookout" transactions made after adoption of accounting guidance as of Oct 1, 2003. Actual Net Revenues for FY 2009 with the mark-to-market adjustments were \$(101.1) million.
- 2/ Columns B and C do not reflect the change in accounting for power "bookout" transactions made after adoption of accounting guidance, was effective as of Oct 1, 2003.
- 3/ Includes an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by derivative accounting guidance as amended for identified derivative instruments.
- 4/ Net revenues include the effects of non-federal debt management and derivative accounting guidance as amended. An example of non-federal debt management is the refinancing of ENW debt.
- 5/ Financial reserves equal total cash plus deferred borrowing and investments in non-marketable U.S. Treasury securities.
- 6/ Funded by borrowing from the U.S. Treasury.
- 7/ There is uncertainty regarding the potential financial results that could occur by the end of the year, mainly a result of water conditions, which may affect net secondary sales, and short-term market prices, which also can affect net secondary sales.

	A	B	C	D	E	F	
	FY 2009 Actuals	FY 2010 Budget (SOY)	FY 2010 Current EOY Forecast	Current Forecast as a % of Budget	FY 2010 Actuals	Actuals as a % of Budget	
<b>Operating Revenues</b>							
1	Gross Sales (excluding bookout adjustment) <Notes 1 and 5	\$2,779,584	\$3,370,363	\$2,964,160	88%	\$2,278,363	68%
2	Bookout adjustment to Sales <Note 1	(36,814)		(88,713)		(88,713)	
3	Miscellaneous Revenues	58,093	63,402	57,305	90%	43,509	69%
4	Derivative Instruments <Note 2	(34,677)		14,800		14,800	
5	U.S. Treasury Credits	104,099	101,289	134,961	133%	102,547	101%
6	<b>Total Operating Revenues</b>	<b>2,870,285</b>	<b>3,535,054</b>	<b>3,082,513</b>	<b>87%</b>	<b>2,350,506</b>	<b>66%</b>
<b>Operating Expenses</b>							
Power System Generation Resources							
Operating Generation Resources							
7	Columbia Generating Station	288,208	257,811	264,211	102%	172,411	67%
8	Bureau of Reclamation	78,228	87,318	87,318	100%	58,606	67%
9	Corps of Engineers	178,407	191,060	191,060	100%	132,287	69%
10	Long-term Generating Projects	28,783	30,455	32,755	108%	21,558	71%
11	Operating Generation Settlement Payment	18,170	21,328	16,712	78%	11,798	55%
12	Non-Operating Generation	(754)	2,618	2,618	100%	2,255	86%
13	Gross Contracted & Augmentation Power Purchases (excluding bookout adjustment) <Note 1	324,359	270,689	448,005	166%	353,455	131%
14	Bookout Adjustment to Contracted & Augmentation Power Purchases <Note 1	(36,814)		(88,713)		(88,713)	
15	Exchanges and Settlements <Note 5	205,171	264,528	179,970	68%	143,071	54%
16	Renewable and Conservation Generation	98,709	128,903	112,171	87%	72,266	56%
17	<b>Subtotal Power System Generation Resources</b>	<b>1,182,467</b>	<b>1,254,711</b>	<b>1,246,107</b>	<b>99%</b>	<b>878,993</b>	<b>70%</b>
18	Power Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 4	42,756	51,570	52,590	102%	35,951	70%
19	Power Services Non-Generation Operations	69,409	81,465	76,963	94%	52,424	64%
20	Transmission Operations	98,521	125,377	117,068	93%	75,925	61%
21	Transmission Maintenance	128,284	135,202	131,213	97%	86,894	64%
22	Transmission Engineering	27,605	28,483	28,778	101%	16,337	57%
23	Trans Services Transmission Acquisition and Ancillary Services - (3rd Party) <Notes 3 and 4	6,923	13,248	10,725	81%	5,793	44%
24	Transmission Reimbursables	8,733	9,727	11,580	119%	7,295	75%
25	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	207,569	248,126	248,568	100%	157,760	64%
BPA Internal Support							
26	Additional Post-Retirement Contribution	32,706	33,435	34,785	104%	26,426	79%
27	Agency Services G&A	94,969	98,351	98,208	100%	73,178	74%
28	Other Income, Expenses & Adjustments	(3,978)	(3,428)	(3,030)	88%	(4,116)	120%
29	Non-Federal Debt Service <Note 3	501,367	642,136	600,090	93%	452,341	70%
30	Depreciation & Amortization <Note 3	355,574	371,585	367,235	99%	272,260	73%
31	<b>Total Operating Expenses</b>	<b>2,752,905</b>	<b>3,089,988</b>	<b>3,020,879</b>	<b>98%</b>	<b>2,137,462</b>	<b>69%</b>
32	<b>Net Operating Revenues (Expenses)</b>	<b>117,379</b>	<b>445,066</b>	<b>61,634</b>	<b>14%</b>	<b>213,044</b>	<b>48%</b>
<b>Interest Expense and (Income)</b>							
33	Interest Expense	326,494	335,958	332,610	99%	248,052	74%
34	AFUDC	(30,710)	(34,300)	(39,000)	114%	(29,217)	85%
35	Interest Income	(77,355)	(68,697)	(55,950)	81%	(41,919)	61%
36	<b>Net Interest Expense (Income)</b>	<b>218,430</b>	<b>232,961</b>	<b>237,660</b>	<b>102%</b>	<b>176,916</b>	<b>76%</b>
37	<b>Net Revenues (Expenses) from Continuing Operations</b>	<b>(101,050)</b>	<b>212,105</b>	<b>(176,026)</b>	<b>-183%</b>	<b>36,128</b>	<b>17%</b>
38	<b>Net Revenues (Expenses)</b>	<b>(\$101,050)</b>	<b>\$212,105</b>	<b>(\$176,026)</b>	<b>-183%</b>	<b>\$36,128</b>	<b>17%</b>

<1 Beginning in FY 2004, actuals for Power Sales and Contracted Power Purchases are affected by the change in accounting for power "bookout" transactions after adoption of new accounting guidance as of October 1, 2003.

Bookout transactions are not included in the SOY budget or forecasted through the remaining year. Bookouts included in the Forecast column reflect actuals recorded to date.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by derivative accounting guidance as amended, for identified derivative instruments.

The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 The Start of Year and Forecast columns do not include the VIEST entities.

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

<5 The Residential Exchange Program Lookback Amount applied is returned to the Consumer Owned Utilities (COUs) and recovered from the Investor Owned Utilities. Throughout the year actual revenue will be reduced by this amount to reflect the Lookback Amount refunds returned to COUs and actual REP expense will be reduced to reflect the Lookback Amount returned by the IOUs. Budgets were developed with the Lookback Amount applied as an increase to the REP expenses, without adjustment to revenue. These circumstances will present actual revenue and REP expense running under budget.