

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

Net Revenues and Reserves

Based on Audited Actual Results for FY 2010



October 28, 2010

**FY 2010
EXECUTIVE HIGHLIGHTS
October 28, 2010**

	A	B	FY 2010 Audited Actuals	
			C	D
	<i>FY 2009 Audited Actuals without Derivative Effects & Bookouts ^{1/}</i>	<i>FY 2010 SOY without Derivative Effects & Bookouts ^{2/}</i>	<i>without Derivative Effects & Bookouts ^{2/}</i>	<i>with Derivative Effects & Bookouts ^{3/}</i>
1. REVENUES	2,941.8	3,535.1	3,161.1	3,055.1
2. EXPENSES	3,008.1	3,322.9	3,303.5	3,182.7
3. NET REVENUES ^{4/}	(66.3)	212.1	(142.4)	(127.6)
4. MODIFIED NET REVENUES ^{4/}	(187.2)	232.0	(164.4)	(164.4)
5. END OF YEAR FINANCIAL RESERVES ^{5/}	1,363.0	1,291.0	1,113.6	1,113.6
6. BPA ACCRUED CAPITAL EXPENDITURES	593.1	797.7	762.3	762.3

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.

	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
Operating Revenues						
1 Gross Sales (excluding bookout adjustment) <Notes 1 and 5	\$2,779,584	\$3,370,363	\$2,964,160	88%	\$2,971,900	88%
2 Bookout adjustment to Sales <Note 1	(36,814)		(88,713)		(120,803)	
3 Miscellaneous Revenues	58,093	63,402	57,305	90%	61,544	97%
4 Derivative Instruments <Note 2	(34,677)		14,800		14,800	
5 U.S. Treasury Credits	104,099	101,289	134,961	133%	127,690	126%
6 Total Operating Revenues	2,870,285	3,535,054	3,082,513	87%	3,055,131	86%
Operating Expenses						
Power System Generation Resources						
Operating Generation Resources						
7 Columbia Generating Station	288,208	257,811	264,211	102%	256,940	100%
8 Bureau of Reclamation	78,228	87,318	87,318	100%	82,125	94%
9 Corps of Engineers	178,407	191,060	191,060	100%	192,279	101%
10 Long-term Generating Projects	28,783	30,455	32,755	108%	28,769	94%
11 Operating Generation Settlement Payment	18,170	21,328	16,712	78%	16,712	78%
12 Non-Operating Generation	(754)	2,618	2,618	100%	2,673	102%
13 Gross Contracted & Augmentation Power Purchases (excluding bookout adjustment) <Note 1	324,359	270,689	448,005	166%	472,526	175%
14 Bookout Adjustment to Contracted & Augmentation Power Purchases <Note 1	(36,814)		(88,713)		(120,803)	
15 Exchanges and Settlements <Note 5	205,171	264,528	179,970	68%	180,453	68%
16 Renewable and Conservation Generation	98,709	128,903	112,171	87%	106,480	83%
17 Subtotal Power System Generation Resources	1,182,467	1,254,711	1,246,107	99%	1,218,153	97%
18 Power Services Transmission Acquisition and Ancillary Services - (3rd Party) <Note 4	42,756	51,570	52,590	102%	47,352	92%
19 Power Services Non-Generation Operations	69,409	81,465	76,963	94%	70,262	86%
20 Transmission Operations	98,521	125,377	117,068	93%	103,625	83%
21 Transmission Maintenance	128,284	135,202	131,213	97%	125,431	93%
22 Transmission Engineering	27,605	28,483	28,778	101%	24,221	85%
23 Trans Services Transmission Acquisition and Ancillary Services - (3rd Party) <Notes 3 and 4	6,923	13,248	10,725	81%	8,801	66%
24 Transmission Reimbursables	8,733	9,727	11,580	119%	9,100	94%
25 Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	207,569	248,126	248,568	100%	231,528	93%
BPA Internal Support						
26 Additional Post-Retirement Contribution	32,706	33,435	34,785	104%	30,894	92%
27 Agency Services G&A <Note 6	94,969	98,351	98,208	100%	102,299	104%
28 Other Income, Expenses & Adjustments	(3,978)	(3,428)	(3,030)	88%	(1,026)	30%
29 Non-Federal Debt Service <Note 3	501,367	642,136	600,090	93%	600,360	93%
30 Depreciation & Amortization <Note 3	355,574	371,585	367,235	99%	368,371	99%
31 Total Operating Expenses	2,752,905	3,089,988	3,020,879	98%	2,939,370	95%
32 Net Operating Revenues (Expenses)	117,379	445,066	61,634	14%	115,761	26%
Interest Expense and (Income)						
33 Interest Expense	326,494	335,958	332,610	99%	331,255	99%
34 AFUDC	(30,710)	(34,300)	(39,000)	114%	(32,867)	96%
35 Interest Income	(77,355)	(68,697)	(55,950)	81%	(55,047)	80%
36 Net Interest Expense (Income)	218,430	232,961	237,660	102%	243,342	104%
37 Net Revenues (Expenses) from Continuing Operations	(101,050)	212,105	(176,026)	-183%	(127,581)	-160%
38 Net Revenues (Expenses)	(\$101,050)	\$212,105	(\$176,026)	-183%	(\$127,581)	-160%

<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 to COU's and actual REP expense will be reduced to reflect the Lookback Amount by the IOUs. Budgets were developed with the Lookback Amount as an increase to the REP expenses, without adjustment to revenue. These circumstances will present actual revenue and REP expense running under budget.

<6 Total FY 2010 Agency Services costs are below budget levels, at about 98 percent of their budget, though the portion allocated to Power and Transmission as G&A is higher than budget levels. Agency Services costs are charged to the business units through three different methods: direct charge, direct business support allocation, and G&A allocation. For FY 2010, the direct charged and direct business support allocation costs were lower than budgeted amounts and the allocated G&A costs were higher than budgeted amounts. This is because budgets are developed using assumptions about what work will be done and how it will be allocated to the business units. As the year progresses, actual allocations are dependent upon the work priorities that unfold during the year, which are likely to be different than assumed in the budget.