Bonneville Power Administration

Proposed Appropriations Language

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93-454, are approved for [the Nez Perce Tribe Resident Fish Substitution Program, the Couer D'Alene Tribe Trout Production facility, and for] official reception and representation expenses in an amount not to exceed $1,500.

During fiscal year [2001] *2002*, no new direct loan obligations may be made. [Section 511 of the Energy and Water Development Appropriations Act, 1997 (Public Law 104-206), is amended by striking the last sentence and inserting "This authority shall expire January 1, 2003.".] *(Energy and Water Development Appropriations Act, 2001, as enacted by section 1(a)(2) of P.L. 106-377.)*

Explanation of Changes

The proposed appropriations language restricts new direct loans in FY 2002 as in FY 2001.

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-six 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 31 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), 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 2000, Bonneville has returned approximately $16.3 billion to the Treasury for payment of FCRPS O&M (about $2.7 billion), interest (about $9.2 billion), and amortization (about $4.7 billion) of appropriations and bonds. Bonneville made its full FY 2000 payment of over $733 million as scheduled. For FY 2001, Bonneville plans to pay the Treasury $586 million, of which $17 million is for Bureau of Reclamation Irrigation Assistance, $139 million is to repay investment principal, and $430 million is for interest. The FY 2002 Treasury payment is currently estimated at $693 million.

Bonneville's FY 2002 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 chose 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.

Strategy

Bonneville's FY 2002 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 still 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 2000	FY 2001	FY 2002
CAPITAL INVESTMENTS			
Power Business Line	$ 47,400	$ 103,200	$124,600
Transmission Business Line	$115,600	$192,900	$236,700
Capital Equipment & Bond Premium	$ 29,800	$ 28,300	$ 13,200
Total Capital Investments	$192,800	$324,400	$374,500
Accrued expenditures will require budget obligations of	$192,800	$324,400	$374,500
Operating Expenses	$2,434,800	$2,314,600	$2,547,000
Projects Funded in Advance	$17,400	$25,000	$25,000
CAPITAL TRANSFERS (cash)	$316,700	$139,100	$239,000
BPA NET OUTLAYS	-$300,000	-$335,000	-$144,000
BPA STAFFING (FTE)	2,742	2,891	2,867

FY 2001 Performance Measures

Following are Bonneville goals and performance measures for FY 2001. Bonneville has additional performance measures, including Repayment of Power Investment, Safety Performance and Transmission System Reliability. These additional measures are discussed throughout this document as part of various program goals. Performance Measures for FY 2002 have not yet been completed.

- Produce gross revenues of over $2 billion from the $16 billion FCRPS investment and provide the U.S. Treasury $586 million for operation and maintenance costs and interest and principal payments for the FCRPS.

- Invest $325 million in new capital assets for transmission, power, and conservation and energy efficiency.

- Sell about 85,000,000 megawatt-hours of electricity.

- Serve more than 300 wholesale utility and industrial customers and interconnected utilities.

- Operate and maintain over 15,000 circuit-miles of electric transmission lines, 324 electric substations and associated utility and general plant, with a combined transmission system capital investment of about $5 billion.

- Provide and reliably operate the Federal Columbia River Transmission System, which includes 80 percent of the 300,000 square-mile Pacific Northwest's high-voltage electric energy transmission capacity. Work with other regional utilities and others to ensure an effective, efficient power supply system for the region's population of more than 10 million persons.

_____ Date 3/21/01

Stephen J. Wright
Acting 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 31 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 $16.3 billion to the Treasury in interest, amortization, and repayment of Federal power generation, operation, maintenance, and construction costs. Bonneville made its full FY 2000 payment of over $733 million as scheduled. Bonneville's projected total Treasury payments for FY 2001 and FY 2002 are $586 million and $693 million, respectively. During the four years ending September 30, 2000, BPA has accelerated its scheduled amortization payments by a total $147 million. The $147 million includes $22 million in accelerated payments as a result of the sale of Federal transmission assets. The balance represents voluntary accelerated payments in excess of the amortization scheduled in the BPA 1996 Revised Rate Proposal. 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 will begin 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 FY 2002 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 chose 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 2002 accrued expenditures of $2,547 million for operating expenses, $25 million for Projects Funded in Advance, $375 million for capital investments, and $239 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. Our success in the marketplace supports the achievement of our vital responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost power for the people of the Pacific Northwest. We succeed by satisfying our customers and enhancing the economic and environmental health of the region.

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

We value the individual diversity, entrepreneurial spirit, personal responsibility, and public service of our fellow workers. We welcome new ideas and are accessible to the citizens of the Pacific Northwest.

Program Goal and Performance Measures

Following in the Program Objectives, and Performance Measures section are the FY 2001 target objective areas and their associated goals and performance measures adopted by the Bonneville Administrator and CEO.

These measures are reported to the President, Congress, the DOE, the General Accounting Office (GAO), and the Office of Management and Budget (OMB) to meet the requirements of the Chief Financial Officers (CFO) Act (Public Law 101-576). Consistent with the following measures, Bonneville funding levels support the DOE Strategic Plan, specifically, the Strategic Goal 1, Strategy 6 regarding system reliability.

Program Objectives and Performance Measures

The FY 2001 target program objectives are:

- Achieve high and continually improving customer satisfaction.
  Composite Bonneville customer satisfaction index in the range from 7.2 to 7.6.

- Increase the value of our business and share the expanded benefits.
  Tribal government satisfaction index in the range from 6.1 to 6.4 and composite State/Federal entities and constituent satisfaction index in the range from 7.2 to 7.5.

- Be a low-cost provider of power and transmission services in the region.
  Bonneville internally-managed costs in the range from $1,009 million to $979 million.

- Achieve and maintain financial integrity.
  Treasury payment is made on time and in full, with Bonneville net revenues in the range from $11 million to $103 million.

- Keep the system safe and reliable.
  High system reliability/availability/sufficiency:
  Transmission: Outage frequency and duration for transmission circuits do not exceed Control Chart violation limits which meet the DOE performance measure regarding a monthly control compliance rating of "pass" using the North American Electric Reliability Council (NERC) performance standard ; and
  Generation: No involuntary curtailments of firm load due to inadequate power supply.

  Recordable, lost-time injuries range from 1.7 to 1.2 per 200,000 hours worked (100 employees) and no fatal injuries occur to Bonneville or contract employees working on Bonneville facilities.

- Invest in results to enhance the region's natural environment.
  Total environmentally-preferred power under contract = 160 megawatts (MW).

  Develop integrated environmental compliance plan that complies with all endangered species and other environmental requirements for BPA activities on transmission facilities, lines and access roads by August 2001.

- Transform Bonneville into an 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.

Significant progress toward Bonneville's High Performing Organization vision for a great workplace environment.

Significant Accomplishments and Program Shifts

- Bonneville's FY 2002 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.

- Initial efforts by Bonneville in response to deregulation of wholesale electric energy included development of the Competitiveness Project starting in 1993. This led to developing a business plan, reorganizing and re-engineering the agency, downsizing staff by almost 30 percent, cutting costs by hundreds of millions of dollars, lowering power rates by 13 percent, functionally separating the power and transmission business lines to ensure open, nondiscriminatory access to our transmission system and rebuilding our cash reserves. 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. Bonneville's ratesetting for post 2001 established separate rate processes for the first time for the power and transmission functions.

- Bonneville concluded its power rate setting proceeding for FYs 2002-2006 in July 2000. The associated funding estimates are included in this FY 2002 budget. Subsequently, extremely high volatility in power markets has led Bonneville to reexamine its power rates proposal. Due to higher and more volatile market prices, Bonneville is now expecting much greater demand for service from its customers. To meet this increased demand over the rate period, Bonneville will need to make substantially greater power purchases in the market at substantially higher and more uncertain prices than earlier anticipated.

- As a result, Bonneville made the decision to amend its power rate proposal, currently before the FERC. In December 2000 BPA published an amended proposal, which focused primarily on modifications to proposed risk mitigation measures, and called for an estimated 16 percent rate increase. In February 2001, BPA published a Supplemental Proposal, the terms of which were developed collaboratively by BPA and many parties to the rate case. A

key feature of the Supplemental Proposal is a three-component cost recovery adjustment clause (CRAC): one component allows a rate adjustment every six months to reflect BPA's actual costs of purchasing power to augment the system; a second component allows a one-year rate increase to restore reserve levels if accumulated net revenues drop below a threshold level; and a third component allows BPA to recover costs if BPA were to forecast missing a payment to the Treasury or other creditor, or actually misses such a payment. The Supplemental Proposal could have the effect of significantly increasing initial rate levels for the rate period, depending in part on market prices and the amount of load actually placed on BPA. Bonneville plans to complete its final power rate proposal by June 2001 for submittal to FERC for interim approval prior to October. 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.

- BPA is taking steps to keep its power rate increase as low as possible. Actions currently being pursued include working with other Federal agencies to run the hydro system more aggressively while keeping impacts on the environment to a minimum, working with the aluminum companies and other customers to secure significant reductions in power use and to buy back power from them when it is the economical alternative, supporting extensive efforts throughout the region to promote conservation, and seeking to minimize the cost of power purchases that will be needed to serve loads.

- BPA and the Pacific Northwest are facing a combination of power supply and economic challenges that are unprecedented in its history. The power supply is extremely tight in the West Coast market signaled by soaring market prices. The supply has been further reduced due to the poor hydro conditions in 2001 and the dysfunction of the California market system. These unprecedented conditions have contributed to emergency power shortages in California and extremely high power purchase costs throughout the interconnected West. BPA has been engaged in capacity-energy exchanges with the California grid to help avert blackouts but its own power situation is precarious. BPA's large purchases of power in 2001 have drawn heavily on its financial reserves and this situation is also contributing to rate pressure.

- In contrast to the power rate case, the transmission rate period will cover two years (fiscal years 2002 and 2003) rather than five. In view of FERC Order 2000, most observers expect that the Northwest will form some kind of Regional Transmission Organization (RTO) in the near future. The transmission rate case is to bridge any gap that may develop between the expiration of the current rates and the formation of a RTO. In June 2000, Bonneville and parties to the transmission rate 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 a Northwest RTO. This settlement allows the region to more quickly move on to considering the RTO.

- The new transmission and ancillary service rates will increase over the two year rate period. The primary factors behind the increase are the cost of delivering services in a deregulated and restructured industry, the shift of some costs from power rates to transmission 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 one of the lowest cost transmission providers in the Northwest.

- 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 currently working with the region's utilities and other interests to design a RTO that meets 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 parties submitted the general framework for "RTO West" to FERC in October 2000 and also have reached consensus on the RTO structure, developed a set of RTO principles, established an RTO Collaborative Process Plan, and clarified roles, responsibilities and process.

- Cost estimates in this budget for FY 2002 and beyond are based on estimates from both the power and transmission rate cases, and associated public processes. Potential payments to a RTO are not included. FY 2001 cost estimates are based on Bonneville's financial targets as established by management after intensive internal review.

- 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 is proposing a settlement of the Residential Exchange Program for regional utilities for the

post-2001 period. Regional utilities are eligible to participate in the Residential Exchange Program beginning in 2001, except for the nine utilities that have previously executed settlement agreements for terms beyond July 2001. To settle the Residential Exchange, Investor Owned Utility (IOU) customers are being offered 1,900 average MW of electric energy (aMW) in power and financial benefits at a price equal to the priority firm power rate. Bonneville's preference customers, or public agency utilities, are forecasted to have average system costs that are lower than the Exchange Program rate and thus would not qualify for these 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. BPA has committed to Energy Northwest to use the reductions in debt service resulting from this extention to amortize Federal debt earlier than currently scheduled. Only under extreme financial pressure would this strategy be reconsidered. Implementation of this refinancing will be subject to favorable market conditions and interest rate environment. Thus the results of the debt optimization strategy are not included in estimates for this FY 2002 Congressional 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 authority (VSI) Bonneville has achieved these target goals. As reflected in this budget, Bonneville has achieved FTE reductions resulting in a total of 2,742 FTE in FY 2000. As part of its succession planning efforts, Bonneville has identified a need for an increase in current FTE levels to accommodate a shift in critical skills needed to meet the demands of succeeding in a deregulated energy market. Bonneville has 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 needs. Bonneville FTE projections included in this FY 2002 budget are 2,891 and 2,867 for FYs 2001 and 2002, respectively.

- Bonneville completed work on year 2000 (Y2K) readiness for its business, operations, and control systems. Bonneville's Y2K program included collaboration on readiness testing with the North American Electric Reliability Council (NERC), Western Systems Coordinating Council (WSCC), and Department of Energy. As a result of these efforts, Bonneville was successful in facilitating a smooth operational transition into the year 2000.

- 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 will fully reimburse 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 Judgement Fund Branch followed by annual payments of $26.2 million in August of 1999 and 2000. The remainder of the debt will be paid in August 2001. Consistent with a Memorandum of Understanding with the U.S. Treasury, Bonneville makes interest payments on the outstanding debt to the U.S. Treasury's "miscellaneous receipts" account.

- As Bonneville faces 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 ensures 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 calls for Bonneville fish and wildlife funding of $252 million per year 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 and forecasted future costs 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 the most recent NMFS and USFWS Biological Opinion, released in December 2000, are well within the range of costs used in the rate case.

- The FY 2002 Congressional budget is consistent with the fish funding levels incorporated in the power rate case data.

- The FY 2002 Congressional budget assumes that Bonneville in FY 2002 will apply $60 million in credits under Section 4(h)(10)(C) of the Northwest Power Act.

- Bonneville believes future funding for fish recovery must be based on a regionally accepted basinwide 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 basinwide strategy. On July 27, 2000, after an extensive public involvement effort, the Federal Caucus released its Draft Basinwide Salmon Recovery Strategy (All-H Paper) to states and tribes for technical review and comment. 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 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 2002 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. 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 new borrowing authority of $375 million in FY 2002.

The forecasted capital funding levels for fiscal years 2001 and beyond 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. The forecasted funding levels reflect the first year results of implementation of this strategy. 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 will provide 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). This effort's accomplishments include establishing capital review panels within each business line and corporate, working through details on recommended financial analysis, collaborating on non-financial criteria and the multi-attribute

decision making process, and proposing guidelines for performance measurement. BPA will continue its efforts to refine and implement the revised capital investment review process to improve the value we provide the citizens and ratepayers of the Northwest.

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 2002, budget expense obligations are estimated at $2,547 million. The total program requirements of all Bonneville programs include estimated budget obligations of $2,947 million in FY 2002.

Funding Profile[a]

(dollars in thousands)

	Fiscal Year				
	2000 Actuals	2001 Proposed [b]	2002 Amend.	2001 Revised	2002 Proposed
Capital Investment Obligations					
Associated Project Costs [c]	**33,300**	**NA**	-	**76,200**	**89,900**
Fish & Wildlife [c]	**13,900**	**NA**	-	**27,000**	**34,700**
Conservation & Energy Efficiency [c]	**200**	**NA**	-	**-**	**-**
Subtotal, Power Business Line	**47,400**	**NA**	-	**103,200**	**124,600**
Transmission Business Line	**115,600**	**NA**	-	**192,900**	**236,700**
Capital Equipment	**29,800**	**NA**	-	**28,300**	**13,200**
Total, Capital Obligations	**192,800**	**331,200**	-	**324,400**	**374,500**
Expensed and Other Obligations					
Expensed	**2,434,800**	**2,146,700**	-	**2,314,600**	**2,547,000**
Projects Funded in Advance	**17,400**	**25,000**	-	**25,000**	**25,000**
Total, Obligations	**2,645,000**	**2,502,900**		**2,664,000**	**2,946,500**
Capital Transfers (cash) [d]	**316,700**	**163,000**	-	**139,000**	**239,000**
BPA TOTAL	**2,961,700**	**2,665,900**	-	**2,803,000**	**3,185,500**
Full-time Equivalents (FTEs)	**2,742**	**2,755**	-	**2,891**	**2,867**

[a] BPA's FY 2002 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 2001 Congressional Budget Submission.

[c] The Power business line includes Fish & Wildlife in the Performance Summaries, which appears separately on line 2 of this table.

[d] Includes $26 million Tenaska reimbursement payment for FYs 2000-2001.

Power Business Line - Capital

Mission Supporting Goals and Objectives

Associated Project Costs provide for direct funding of additions, improvements and replacements of existing Bureau, and 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.

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 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 budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement (MOA) of September 1996 that calls for Bonneville fish and wildlife funding of $252 million per year and operations estimated to result in lost revenues and purchased power costs of $90-$280 million per year for the period FY 1996 through FY 2001.

Bonneville has been working with 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, 2000 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. Final decisions on overall regional fish and wildlife costs and the schedule for program implementation have not been made; however, Bonneville's costs are expected to be within the range described above.

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. In 1998, the U.S. Congress' Senate-House 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 by the 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.

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized, BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation and other energy efficiency related efforts that meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest. With the current demand for FCRPS resources exceeding supply, BPA is augmenting the system to meet the obligations it anticipates from customers signing subscription contracts. Conservation will be an important part of BPA's augmentation portfolio. As BPA explores the opportunities for acquiring all the cost effective conservation as outlined in the Planning Council's most current power plan, capital funding of conservation programs again may be utilized in the future.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2000	FY 2001	FY 2002	$ Change	% Change
Associated Project Costs	33,300	76,200	89,900	+13,700	+18.0%
Fish & Wildlife	13,900	27,000	34,700	+7,700	+28.5%
Conservation & Energy Efficiency	200	0	0	0	0.0%
Total, Power Business Line - Capital	47,400	103,200	124,600	+21,400	+20.7%

Detailed Program Justification

(dollars in thousands)

	FY 2000	FY 2001	FY 2002
Total, Associated Project Costs	33,300	76,200	89,900

Work with both the Corps and the Bureau to reach mutual agreement on which capital improvement projects 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 BPA's Strategic Business Objectives (SBOs) to keep the power system reliable, be the low cost provider, and operate in a more business-like manner.

All work is to increase the reliability and efficiency of the FCRPS.

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

  FY 2000: Continued work on Power System Reliability Improvement. Completed work on John Day Rewinds. Completed McNary Unit 5 Repair and Rewind. Completed work on Green Peter Unit 2 Rewind. Continued rewedge at Bonneville. Started refurbishment/ replacement of head gates and gantry crane at Bonneville. Started McNary turbine replacements and generator rewinds. Started main unit and station service breaker replacement at selected projects. Started Ice Harbor exciter replacement. Started Little Goose transformer refurbishment. Started rewedge at Lower Granite.

  FY 2001: Continue work on Power System Reliability Improvement. Continue rewedge at Bonneville. Continue refurbishment/replacement of head gates and gantry crane at Bonneville. Continue main unit and station service breaker replacement at selected projects. Continue Ice Harbor exciter replacement. Complete Little Goose transformer refurbishment. Continue rewedge at Lower Granite.

(dollars in thousands)

FY 2000	FY 2001	FY 2002

FY2002: Continue work on Power System Reliability Improvement. Continue refurbishment/ replacement of head gates and gantry crane at Bonneville. Continue rewedge at Bonneville. Continue main unit and station service breaker replacement at selected projects. Continue Ice Harbor exciter replacement. Continue rewedge at Lower Granite.

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

FY 2000: Continued Grand Coulee Transformer Replacements. Continued Grand Coulee Runner Replacements. Continued Grand Coulee Third Powerhouse Station Service Transformer Replacement. Continued Grand Coulee and Hungry Horse CO2 Replacements. Completed Grand Coulee Stator Replacements. Started elevator rehabs at Grand Coulee. Started breaker replacement at Grand Coulee and other projects. Started and completed Hungry Horse energy efficiency installation.

FY 2001: Continue Grand Coulee Runner Replacements. Continue Grand Coulee Transformer Replacement. Complete Grand Coulee Third Powerhouse Station Service Transformer Replacement. Complete Grand Coulee and Hungry Horse CO2 Replacements. Continue elevator rehabs at Grand Coulee. Continue breaker replacements at Grand Coulee and other projects.

FY2002: Continue elevator rehabs at Grand Coulee. Continue Grand Coulee Transformer Replacements. Continue Grand Coulee Runner Replacements. Continue Breaker replacements at Grand Coulee and other projects.

Total, Fish and Wildlife	13,900	27,000	34,700

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 late FY 2001, 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.

It should also be noted that independent BOs from the NMFS and the USFWS were issued in December 2000. Subsequent to their review and thorough analysis, Fish and Wildlife costs could escalate significantly in future years.

(dollars in thousands)

FY 2000	FY 2001	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 based on a 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.

  - 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 broodstock 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.

- The resident trout fish culture facility in Southeast Idaho or the Snake River Resident Fish Production Facility. This facility will be located near Pocatello, Idaho. The purpose of this facility is for resident fish production as a substitution 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.

  - Couer 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.

(dollars in thousands)

	FY 2000	FY 2001	FY 2002
- 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.			
Total, Conservation and Energy Efficiency	200	0	0

- Support utilities in transition to locally-funded conservation programs, and development of local conservation plans to meet specific customer needs. Oversee and monitor programs for residential, commercial, industrial, agricultural and conservation acquisition efforts.

- Bonneville will operate within the 13 guidelines established as part of the Regional Review.

The Conservation capital program may increase in the future as BPA continues to explore opportunities for acquiring all the cost effective conservation as outlined in the Planning Council's most recent current power plan.

Total, Power Business Line	47,400	103,200	124,600

Explanation of Funding Changes From FY 2001 to FY 2002

	FY 2002 vs. FY 2001 ($000)
Associated Project Costs	
- Increase due to continuing power system reliability improvements.	+13,700
Fish and Wildlife	
- Increase due to implementation of additional requirements in the most recent BOs.	+7,700
Conservation and Energy Efficiency	
- No change	+0
Total Funding Change, Power Business Line - Capital	+21,400

Transmission Business Line - Capital

Mission Supporting Goals and Objectives

The Transmission Business Line 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.

The system replacement plan is to replace high-risk, obsolete, and maintenance-intensive facilities and equipment and to reduce catastrophic 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. Such accomplishments would also be controlled and guided by BPA's Reliability Centered Replacement (RCR) criteria.

BPA's operational telecommunications system is being upgraded to include fiber optics. The existing analog microwave system is exceeding its capacity, is approaching the end of its useful life, is no longer manufactured, has limited spare parts, and does not easily support digital signals. Parts of Bonneville's radio frequencies, especially in the two gigahertz range, could be at risk of becoming unavailable for use due to potential spectrum auction legislation. There is a potential loss of additional frequencies in future Federal Communications Commission spectrum auctions. Moving to fiber optic technology reduces these risks. Fiber optics will provide a reliable and flexible communications system to monitor, control, and operate the power system at almost 400 sites in BPA's service area. The fiber optic cables will be designed to meet BPA's long term operational needs. Temporarily excess fiber capacity, in some cases, will be leased until it is required for operational use and is expected to have a 5 to 6 year payback. BPA is committed to repaying the initial fiber optic investments as fiber revenues exceed fiber operating costs and FERC-approved transmission rate case commitments are met. Bonneville is not competing with private sector telecommunications providers.

It is the Administration's policy to focus BPA funding for fiber optic communications on those investments needed to meet its 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 BPA's service area. The Administration has fully described its policies regarding the appropriate scope of BPA investments in fiber optics, including the role of the private sector in building fiber optic networks, in the "Fiber Optic Cable Plan" submitted to Congress on May 24, 2000, accompanying the FY 2000 Energy and Water Development Appropriations Act.

Bonneville recently explored the future of its 30-year-old Celilo direct current (DC) Converter Station, the northern terminus of the DC Intertie. The DC Intertie runs 846 miles between Celilo, Oregon and the Sylmar Converter Station in Los Angeles. Two California partners – the Los Angeles Department of Water and Power (LADWP) and Southern California Edison (SCE)

– have asked Bonneville to replace aging mercury arc valves at Celilo and to commit to maintain the DC Intertie transfer capability at 3,100 MW for an extended period.

Bonneville has included funds in its transmission rates and this budget for operation and maintenance of the DC Intertie through FY 2003. The budget levels include sufficient funds to replace the mercury arc valves and to maintain the transfer capability for extended periods.

After an extensive public process, Bonneville has decided that maintaining the existing electrical transfer capacity of the DC Intertie at 3,100 MW, long-term, is in the best interests of the Pacific Northwest Region and the West Coast. The DC Intertie is one of four critical inter-regional electric transmission interties that interconnect the Pacific Northwest and the Pacific Southwest. Bonneville, SCE, and the LADWP will maintain the electrical transfer capability of the DC Intertie by modernizing and installing new controls at the Intertie's northern terminus at Celilo, and at its southern terminus at Sylmar. Bonneville will coordinate the work to be done at Celilo with the work that will be done by the southern partners at Sylmar between March 2001 and November 2003 to complete the project. This project will prevent exacerbation of the congestion in key north-south flow paths that is contributing to the current West coast energy crisis.

The following financial performance measures are included in the Department of Energy's FY 2000 Consolidated Financial Statements and the Department's FY 2002 Annual Performance Plan. They are also measured by the other PMAs.

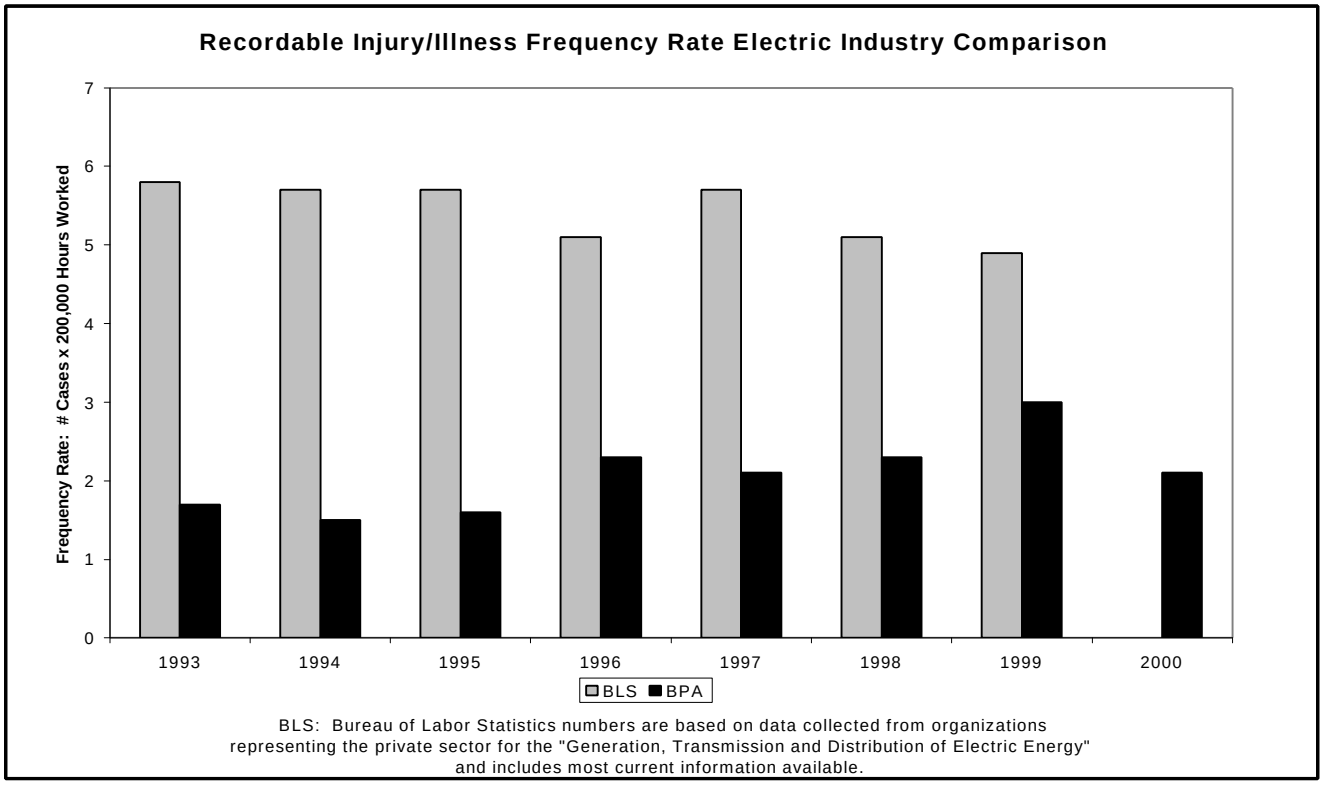
Transmission System Reliability: Control Performance Standard (CPS): This indicator defines a standard of minimum control performance. Each control area is to have the best operation above this minimum that can be achieved within the bounds of reasonable economic and physical limitations. Each control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

This measure is consistent with the Department's Strategic Plan, specifically, Objective 1, Strategy 6. This strategy states that the Department will "Ensure that each power system control area operated by a PMA receives, for each month of the fiscal year, a Control Compliance Rating of 'Pass' using the North American Electric Reliability Council (NERC) Performance standard." A "Pass" is accomplished when each control area achieves a CPS1 compliance of 100% and achieves a CPS2 compliance of 90%.

In FY 1999, Bonneville exceeded the minimum compliance level required by NERC with a CPS1 of 171.4% and a CPS2 of 97.62%. Bonneville began measuring CPS2 in January of 1998, therefore, the FY 1998 control performance is based on a partial fiscal year. Based on historic records, the CSP1 for FY 1997 was 173.68% and for FY 1996 was 168.86%. Data on CPS2 for FY 1997 and FY 1996 is not available.

Safety Performance: Total Recordable Case Rate (Recordable Accident Frequency Rate): 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 Statistic (BLS) standard industry case rate.

The national average recordable injury frequency rate shown below is based on Bureau of Labor 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 statistics include a 1999 national average recordable injury frequency rate of 4.9 injuries per 200,000 hours worked. Bonneville's recordable injury frequency rate for FY 2000 was 2.1 injuries.



Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2000	FY 2001	FY 2002	$ Change	% Change
Main Grid	22,000	54,400	78,400	+24,000	+44.1%
Area & Customer Services	4,600	25,200	40,200	+15,000	+59.5%
Upgrades & Additions	38,100	46,900	32,100	-14,800	-31.6%
System Replacements	50,900	66,400	86,000	+19,600	+29.5%
Projects Funded in Advance	17,400	25,000	25,000	0	0.00%
Total, Trans Business Line - Capital	133,000	217,900	261,700	+43,800	+20.1%

Detailed Program Justification

(dollars in thousands)

	FY 2000	FY 2001	FY 2002
Total, Main Grid ……..……	22,000	54,400	78,400

Strategic objectives: Bonneville's strategic objectives for main grid projects are voltage support and to assure compliance with 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. Minor reinforcements in the Portland, OR/Seattle, WA corridor also are planned.

- FY 2000: (1) Completion of 500 kV shunt capacitor addition at Monroe substation; (2) Complete planning studies for the East Seattle Reinforcement Project which results in a new Schultz-Echo Lake 500 kV line; (3) Completed design, material acquisition and construction of Phase II of the Northern Intertie reinforcement in the Puget Sound area; (4) Completed design for the North Seattle Transformer Support; (5) Completed design, material acquisition for reactive support to the transmission system at North Bonneville, Redmond, Chemawa, Marion and Monroe substations; (6) Completed construction of the 230 KV shunt capacitor group at Pearl substation; (7) Continued planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.

- FY 2001: (1) Complete planning studies and beginning of design and material acquisition for the Schultz 500kV series capacitors; (2) Complete the design for the Raver-Paul 500kV outage relief via RAS modifications; (3) Completion of the planning and beginning of design for the tap line from McNary to the Ashe-Marion 500kV line; (4) Complete planning studies for the West of Hatwai transmission problems; (5) Complete planning studies to correct the PNW-Idaho transmission capacity problems; (6) Complete planning studies and begin design to comply with the N-2 outage criteria; (7) Continue any required studies for the Northern Intertie; (8) Complete studies and begin design for a new Hanford-Schultz 500kV line to eliminate transmission capacity problems north of Hanford; (9) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.

- FY 2002 - Planned major accomplishments: (1) Complete planning studies for the west of McNary Area reinforcement to integrate new generation resources; (2) Complete studies for the addition of a second 500/230kV transformer at Pearl Substation; (3) Finalize planning studies and begin design for the West of Hatwai transmission problems; (4) Finalize planning studies and begin design to correct the PNW-Idaho transmission capacity problems; (5) Continue planning studies and design to comply with the N-2 outage criteria; (6) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions; (7) Continue planning studies to identify other system reactive needs to mitigate unacceptable low or high voltage problems and other system additions.

	(dollars in thousands)		
	FY 2000	FY 2001	FY 2002
Total, Area & Customer Services ……	4,600	25,200	40,200

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 2000: (1) Continued design, material acquisition, and construction for the Bonneville-The Dalles line reconductor to prevent line overloads in the Hood River area; (2) Initiated preliminary planning and engineering for the San Juan Cable Replacement; (3) Continued design, material acquisition, and construction for the Albany-Eugene line rebuild to increase transmission capacity and improve reliability in the Eugene area; (4) Continued preliminary engineering, environmental coverage and begin design for the Southwestern Oregon Coast Reinforcement Project to maintain reliability in the Southwest Oregon area. The concerted effort by the state of Oregon, local officials and others to site a steel arc furnace plant near Coos Bay, Oregon has been cancelled by the customer; (5) Continued design, material acquisition and construction for The Dalles Area Support to prevent unacceptably low voltages and line overloads in The Dalles Area; (6) Continued preliminary engineering and design for miscellaneous facilities required to meet contractual obligations and maintain reliable service for the BPA service area.

- FY 2001: (1) Continue design, material acquisition and begin construction to replace the cable and upgrade support and maintain reliability for the San Juan area in NW Washington; (2) Continue 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; (3) Complete design and construction of the Custer-Intalco contractual obligations and provide reliability to the Snohomish, Washington 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 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 begin construction to replace the cable and upgrade support and maintain reliability for the San Juan area in NW Washington; (3) Continue design and begin material acquisition and construction 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.

	(dollars in thousands)		
	FY 2000	FY 2001	FY 2002
Total, Upgrades and Additions ……	38,100	46,900	32,100

Replace older communications and controls with newer technology including fiber optics 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. In some areas temporarily excess fiber capacity is being leased for a term to telecommunications companies and non-profit entities such as public utilities, schools, libraries, and hospitals providing them access to high-speed telecommunication services as a public benefit.

- FY 2000: (1) Completed design, material acquisition and construction of 96 miles of fiber optics cable from Bell Substation to Noxon Substation. This is the first part of the communications upgrade in Western Montana that will replace aging analog radio systems to enhance control and communications and improve system reliability. This system will integrate with the Garrison-Hot Springs fiber optic system; (2) Completed the design, material acquisition, and construction of 46.5 miles of fiber optic cable from Olympia to Aberdeen to provide alternate path redundant communications for increased reliability and help alleviate analog radio problems in this area; (3) Continued the installation of fiber optic terminal equipment and switching of operational circuits onto the fiber at BPA substations; (4) Completed design, material acquisition, and construction of fiber optic communications as a continuation of the overall upgrade to the operational telecommunication system; (5) Completed design, material acquisition and construction of microwave, digital radio system improvements for the overall upgrade to the operational telecommunication system; (6) Completed the RODS Front End upgrade at Dittmer which maintains and enhances the capability of receiving real time info from the field that is used for system operations and Transmission scheduling purposes; (7) Continue additional efforts to separate Transmission from Power scheduling functions; (8) Continued planning, design, material acquisition, and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.

(dollars in thousands)

	FY 2000	FY 2001	FY 2002

- FY 2001: **(**1) Design, material acquisition and construction of 200 miles of fiber optics cable from Noxon Substation through the Flathead Valley to Hot Springs Substation. 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) The fiber optic cable from Convington Substation to Blaine has been deferred until 2003; **(**3) Continue the installation of fiber optic terminal equipment and switching of operational circuits onto the fiber at BPA substations; (4) Continue design, material acquisition, and construction of fiber optic communications as a continuation of the overall upgrade to the operational telecommunication system; (5) Complete design, material acquisition and construction of microwave, digital radio system upgrades for the overall upgrade to the operational telecommunication system; (6) Complete additional efforts to separate Transmission from the Power scheduling function; (7) 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 2002: (1) Design, material acquisition, and construction of 35 miles of fiber optic cable from Flathead Substation to Libby Substation and Libby Powerhouse; (2) Continue the installation of fiber optic terminal equipment and switching of operational circuits onto the fiber at BPA substations; (3) Design, material acquisition, and construction of 12 miles of fiber optics cable on the new Raver-Echo Lake 500 kV line; (4) Design, material acquisition, and construction of fiber optics projects to continue the improvement of communications and controls; (5) Design, material acquisition and construction of critical microwave, digital radio system upgrades for the overall upgrade to the operational telecommunication system with particular emphasis on the Montana area; (6) Complete additional efforts to separate Transmission from the power scheduling function; (7) Continue planning, design, material acquisition and construction of various system additions and upgrades necessary to maintain a reliable system for the BPA service area.

Total, System Replacements……	50,900	66,400	86,000

Non-Electric Replacements:

- FY 2000: (1) Completed various maintenance building and control house roof replacements; (2) Completed seismic upgrades to buildings; (3) Completed various HVAC replacements; (4) Completed various necessary non-electrical replacements based on RCR implementation; (5) Completed other non-electric replacements as was required.

- FY 2001: (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.

- 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.

(dollars in thousands)

FY 2000	FY 2001	FY 2002

Electric Replacements:

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

- FY 2000: (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 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 2001: (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 3,100 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 2002: (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 3,100 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.

Total, Projects Funded in Advance …….	17,400	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.

(dollars in thousands)

FY 2000	FY 2001	FY 2002

- FY 2000: (1) Continued design, material acquisition and construction of the Teton Area Reinforcement facility needed to prevent low voltages in the Teton, Idaho and Jackson, Wyoming areas; (2) Performed environmental cleanup and other work necessary for the sale of BPA facilities; (3) Design, material acquisition and construction of 70 miles of fiber optic cable from Keeler Substation to Tillamook Substation on the Northern Oregon coast to replace overloaded radios and to provide enhanced communications and controls; (4) Integration of new 536 MW generation capacity near Hermiston into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (5) Integration of new 280 MW generation capacity in Boardman OR, into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (6) Integration of new 265 MW generation capacity at Rathdrum into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (7) Perform environmental cleanup and other work necessary for the sale of certain BPA facilities; (8) Complete other projects as requested by customers.

- FY 2001: (1) Complete the integration of new 536 MW generation capacity near Hermiston into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (2) Complete 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) Continue 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; (4) Complete the integration of new 265 MW generation capacity at Rathdrum into the BPA transmission grid per Transmission Service Request via the Open Access Tariff; (5) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (6) Complete 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) Perform environmental cleanup and other work necessary for the sale of BPA facilities; (3) Complete other projects as requested by customers.

Total, Transmission Business Line - Capital ……	115,600	193,000	236,700

Explanation of Funding Changes From FY 2001 to FY 2002:

	FY 2002 vs. FY 2001 ($000)
Main Grid	
■ Continuation of major construction activities to reinforce the Northern Intertie Phase 1 in the Puget Sound Area to allow a full return of the Canadian Entitlement power obligation..	+24,000
Area & Customer Services	
■ Increased costs due to new construction of Red Mountain substation, completion of the San Juan cable project and several smaller area and customer service projects	+15,000
Upgrades & Additions	
■ Decreased spending on system communications and control implementation plans	-14,800
System Replacements	
■ Increased costs due to completion of projects associated with following Reliability Centered Replacement practices, and initiating the control system replacement at the Celilo Converter station	+19,600
Projects Funded in Advance	
■ No change	+0
Total Funding Change, Transmission Business Line - Capital	+43,700

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 of 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 2000	FY 2001	FY 2002	$ Change	% Change
Capital Equipment	26,300	28,300	8,000	-20,300	-71.7%
Capitalized Bond Premium	3,500	0	5,200	+5,200	0.0%
Total, Capital Equipment/Capitalized Bond Premium	29,800	28,300	13,200	-15,100	-53.4%

Detailed Program Justification

	(dollars in thousands)		
	FY 2000	FY 2001	FY 2002
Total, Capital Equipment	26,300	28,300	8,000

- 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 the Business Solutions Project, designed to link key information systems throughout Bonneville and improve business processes. The Business Solutions Project involves the identification and implementation of an integrated suite of commercially available software, often called an "enterprise solution," to improve financial, materials and work management processes. The project involves construction of new systems including hardware installation, conversion of data, and configuration of business rules.

Total, Capitalized Bond Premium	3,500	0	5,200

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

Total, Capital Equipment/Capitalized Bond Premium .	**29,800**	**28,300**	**13,200**

Explanation of Funding Changes From FY 2001 to FY 2002

	FY 2002 vs. FY 2001 ($000)
Capital Equipment	
■ Decrease due to implementation of Business Solutions Project.	-20,300
Capitalized Bond Premium	
■ Increase in anticipated bond refinancing due to evolving refinancing opportunities	+5,200
Total, Funding Change Capital Equipment/Bond Premium – Capital.	-15,100

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 power-related operation and maintenance costs; minor additions, improvements, and replacements; and liabilities of the Corps and Bureau hydroelectric projects in the Pacific, 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 Bureau 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 budget agreement announced by the Administration in October 1995 and the MOA of September 1996 that calls for BPA to make available fish and wildlife funding of $252 million per year and operations estimated to result in lost revenues and purchased power costs of $90-$280 million per year for the period FY 1996 through FY 2001. The most recent independent BOs from the NMFS and the USFWS were issued in December 2000. Subsequent to their review and thorough analysis, Fish and Wildlife costs could escalate significantly in future years.

BPA's fish and wildlife expense funds are directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to improve habitat conditions for fish and wildlife, juvenile fish passage at mainstream dams, resource studies, monitoring and

evaluation, and facility operation and maintenance. The priority for project funding focuses 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.

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 to extend the benefits of low-cost Federal power to the residential and small farm customers of IOU and publicly owned utilities. Due in part to concerns expressed during the 1996 rate case about BPA's expected reduction in Residential Exchange Program costs through June 30, 2001 (when exchange contracts expire), and thus a decrease in benefits to regional IOU and public agency program participants, the Energy and Water Development Appropriations Act, Public Law 104-46, established Residential Exchange costs at $145 million for fiscal year 1997. Conference report language encouraged BPA to reach settlement agreements with participants in order to "gradually phase out the Residential Exchange Program by October 1, 2001." The 1996 Comprehensive Regional Review also recommended that settlement discussions continue regarding the Residential Exchange Program. Consistent with assumptions for the power rate case and subscription strategy, Bonneville is proposing a settlement of the Residential Exchange Program for regional utilities for the post-2001 period. Regional utilities are eligible to participate in the Residential Exchange Program beginning in 2001, except for the nine utilities that have previously executed settlement agreements for terms beyond July 2001. To settle the Residential Exchange, IOU customers are being offered 1,900 aMW in power and financial benefits at a price equal to the priority firm power rate. Bonneville's preference customers, or public agency utilities, 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. BPA is transitioning from centralized BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation and development activities which both meet the needs of BPA customers and create business opportunities for the private sector in the Pacific Northwest. As part of the power subscription strategy, BPA will be moving to a conservation rate credit system for most of its conservation incentive programs with utility customers.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2000	FY 2001	FY 2002	$ Change	% Change
Production	1,426,300	1,235,600	1,395,800	+160,200	+13.0%
Associated Projects Costs.	184,900	188,300	186,400	-1,900	-1.0%
Fish & Wildlife.	107,900	110,000	131,700	+21,700	+19.7%
Residential Exchange	63,600	69,000	69,700	+700	+1.0%
Planning Council	8,000	8,500	5,100	-3,400	-40.0%
Conservation and Energy Efficiency	21,700	30,900	29,400	-1,500	-4.9%
Total, Power Services - Operating Expense	1,812,400	1,642,300	1,818,100	+175,800	+10.7%

Detailed Program Justification

(dollars in thousands)

	FY 2000	FY 2001	FY 2002
Total, Production	1,426,300	1,235,600	1,395,800

- 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 recent higher and more volatile market prices, Bonneville is now expecting much greater demand for service from its customers. This expected increase in load demand over the rate period indicates that Bonneville will need to make substantially greater power purchases in the market at substantially higher and more uncertain prices than previously anticipated. 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 payments to other generating utilities for power received as interchange energy. Interchange energy is energy transferred between utilities either to supply all or a part of any deficiency between a utility's actual energy capability and its firm energy load carrying capability or to return such energy to the supplying utility.

- Power Scheduling/Marketing: Schedule and market electric energy to BPA customers and Pacific Northwest's interconnected utilities. Place major emphasis on scheduling and supporting implementation of intertie access policy and streamflow coordination with the water budget of the Fish and Wildlife Program.

(dollars in thousands)

FY 2000	FY 2001	FY 2002

- 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 should decrease for FY 2001. As work on the delayed project is restarted, activity should increase slightly in FY 2002 with a larger increase in FY 2003.

- WNP-2: Continue to acquire full capability of WNP-2. WNP-2 is transitioning to a 24-month fuel cycle from the current 12-month cycle. Changes are due to increased fuel costs associated with the transition and other major capital projects scheduled for FY 2001.

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

- Long Term Power Purchases and Wheeling:
  FY 2000: Continued to acquire 100 percent of the Idaho Falls, Cowlitz Falls hydroelectric project output and the Wauna project output. Continued contract payments on four billing credit projects. Acquired 100 percent of the output of the Foote Creek IV wind project. Acquire a 15-kW share of the output from the Solar Ashland Project.

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

- Generation & Oversight:

  FY 2000: Completed the NEPA process for the Fourmile Hill Geothermal Project. Continued to fund the Pacific Northwest Wind Resource Study and to co-fund the Regional Solar Monitoring Project. Provide oversight of large thermal generating plants from which BPA purchases capability. Developed coordinated operation of the Pacific Northwest and Canadian Power Systems investigated and analyzed Canadian proposals for power export. Provide cofunding for the Energy Innovations Center.

  FY 2001: Complete the NEPA process and issue a Record of Decision for the FPL State Line Wind Project and the Condon Wind Project and possibly other projects that have been proposed. Issue a Record of Decision for the Fourmile Hill Geothermal Project.

  FY 2000-2002: 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. Initiate additional renewable resource acquisitions.

Total, Associated Project Costs	184,900	188,300	186,400

	(dollars in thousands)		
	FY 2000	FY 2001	FY 2002

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

- Bureau of Reclamation:
  FY2000: Continued direct funding Bureau O&M power activities.
  FY2001: Continue direct funding Bureau O&M power activities.
  FY2002: Continue direct funding Bureau O&M power activities.

- Corps of Engineers:
  FY2000: Continued direct funding Corps O&M power activities.
  FY2001: Continue direct funding Corps O&M power activities.
  FY2002: Continue direct funding Corps O&M power activities.

Total, Fish and Wildlife	107,900	110,000	131,700

In a manner consistent with the Fish and Wildlife Program MOA of October 1996:
Anadromous Fish: Continue implementing projects which support Endangered Species Act listed species and other measures called for under the NMFS BO. Continue to fund and implement Northwest Power Act responsibilities and Planning Council's Fish and Wildlife program based on previously approved measures. Continue to implement and develop downstream migration, disease and predator control programs, artificial production methods, and habitat improvement activities. 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."

Resident Fish: Continue to study the effects of reservoir operation on the resident fish population. Continue efforts for in-stream flow studies, stock status studies, habitat improvement and monitoring evaluation studies, and white sturgeon habitat requirements consistent with Endangered Species Act requirements. Continue activities associated with species under review for possible listing as threatened or endangered under the Endangered Species Act. 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."

- 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.

	(dollars in thousands)		
	FY 2000	FY 2001	FY 2002

- 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."

Total, Residential Exchange	63,600	69,000	69,700

- Includes negotiated contract settlement agreement costs consistent with assumptions in the power rate case and subscription strategy.

Total, Planning Council	8,000	8,500	5,100

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Total, Conservation and Energy Efficiency	21,700	30,900	29,400

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- Support utilities in transition to locally funded conservation programs and development of local conservation plans to meet specific customer needs. Oversee and monitor programs for residential, commercial, industrial, and agricultural conservation acquisitions.

- The Energy Efficiency component of the Power Business Line provides energy efficiency support with other services for future power sales. Energy Efficiency also provides technical support to the Power Business Line's customers as they prepare to take advantage of the Conservation and Renewables Rate Discount.

- 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.

- Provide project support work for other federal agencies in their efforts to meet the mandates of Executive Order 13123. Bonneville will operate within the 13 guidelines established as part of the Regional Review.

Total, Power Business Line – Operating Expense . . .	1,812,400	1,642,300	1,818,100

Explanation of Funding Changes from FY 2001 to FY 2002

	FY 2002 vs. FY 2001 ($000)
Production:	
■ Increase in short-term power purchases to meet anticipated increases in regional load requirements as required by Northwest Power Act	+160,200
Associated Project Costs:	
■ Decrease due to anticipated efficiencies in operations	-1,900
Fish and Wildlife:	
■ Increase due to implementation of additional requirements proposed in the finalized BOs	+21,700
Residential Exchange:	
■ Minor increased costs due to negotiated settlement agreements.	+700
Planning Council:	
■ Decrease due to efficiencies assumed in power rate case estimates post- 2001 . .	- 3,400
Conservation and Energy Efficiency:	
■ Minor decreased costs due to program funding requirements	-1,500
Total Funding Change, Power Business Line - Operating Expense	+175,800

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; 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 2000	FY 2001	FY 2002	$ Change	% Change
Engineering	20,700	23,500	33,600	+10,100	+43.0%
Operations	76,700	84,400	73,200	-11,200	-13.3%
Maintenance	125,000	136,200	120,900	-15,300	-11.2%
Total, Transmission Business Line - Operating Expense	222,400	244,100	227,700	-16,400	-6.7%

Detailed Program Justification:

(dollars in thousands)

	FY 2000	FY 2001	FY 2002
Total, Engineering	20,700	23,500	33,600

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.

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

	(dollars in thousands)		
	FY 2000	FY 2001	FY 2002

- 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 the one-utility concept, 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.

Total, Operations	76,700	84,400	73,200

- FY 2000: 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 operations workforce by recruiting and training apprentices and system schedulers. Developed and implemented business system and tools which includes transition to new ERP system as of August 2, 2000. Participated in planning and preparation for potential establishment of an RTO.

- FY 2001: Continue to operate within parameters of regional transmission authorities. Prepare 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, which includes transition to new ERP system as of August 2, 2000. Participate 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.

	(dollars in thousands)		
	FY 2000	FY 2001	FY 2002

- 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, etc.

- 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.

Total, Maintenance	125,000	136,200	120,900

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 we deal 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 2000	FY 2001	FY 2002

- FY 2000: Continued to refine reliability centered maintenance practices at all of BPA's 7 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 target of 4 or fewer automatic interruptions at 94 percent of BPA points of delivery (PODs) and the SAIDI target of 150 minutes or less of automatic interruptions at 94 percent of PODs. Incorporated maintenance of fiber optics cable with existing workload. Utilized retention and recruitment incentives to ensure succession of the current work force and remain competitive as an employer in the utility industry. This includes increased benefits for hourly employees as part of a 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 2001: 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. Utilize retention and recruitment incentives to ensure succession of the current work force and remain competitive as an employer in the utility industry. This includes increased benefits for hourly employees as part of a CPTC agreement to bring our wages in line with the public sector. Increase outage scheduling planning to increase customer satisfaction. Continue 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

- 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 2000	FY 2001	FY 2002

- 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	222,400	244,100	227,700

Explanation of Funding Changes From FY 2001 to FY 2002

	FY 2002 vs. FY 2001 ($000)
Engineering	
■ Increase due to increased reliability opportunities through leased delivery & voltage support facilities.	+10,100

Operations

- Decrease primarily due to rate case estimates of decreased administrative costs due to assumed efficiencies. . . . . -11,200

Maintenance

- Decrease primarily due to rate case estimates of decreased administrative costs due to assumed efficiencies. . . . . -15,300

Total Funding Change, Transmission Business Line – Operating Expense. . . . . -16,400

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.

Pension and Post-retirement Benefits assumes that Bonneville will continue in FY 2002 to prospectively cover the full unfunded liability that will accrue 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 has not covered prior to FY 1998. The unfunded liability is the difference in the current cost of paying

current FCRPS employees retirement benefits and the sum of (1) seven percent withheld from current employees salaries and (2) an additional seven percent of wages that the FCRPS must already contribute into the Disability Fund each year.

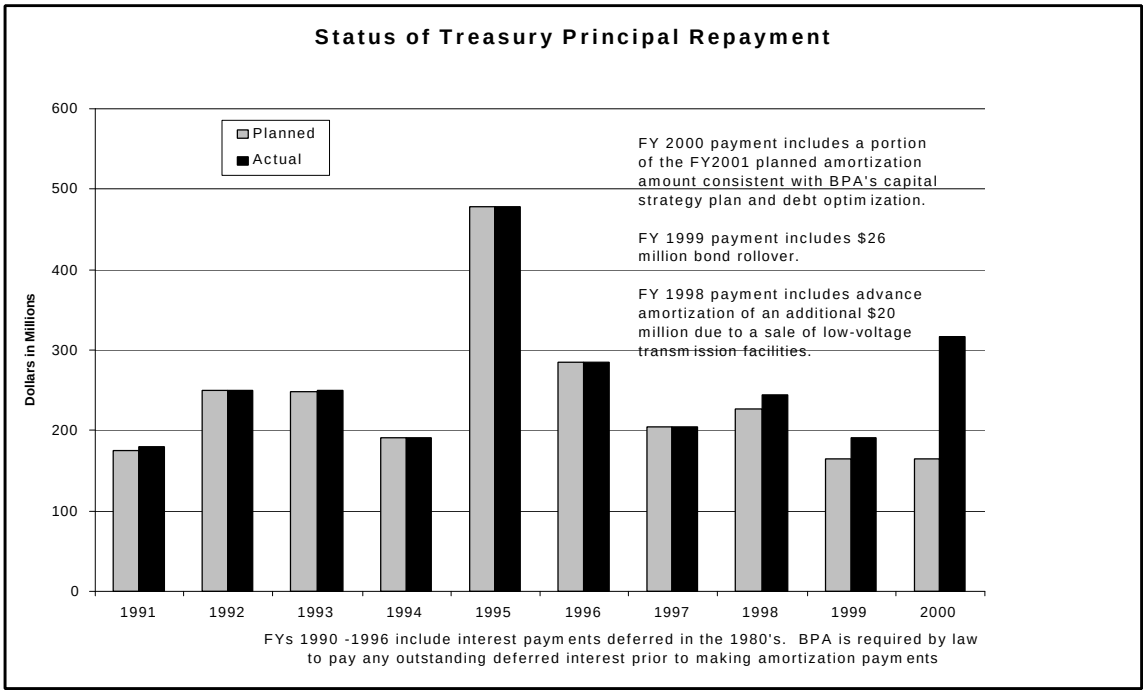
This FY 2002 Budget is consistent with the FY 2001 Administration's Budget, which assumed the entire Bonneville CSRS cost recovery will be phased in over a ten-year period given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001 in order to meet competitive market pressures. BPA paid $6 million in FY 2000 and the following amounts are assumed to be recovered by Bonneville: $8.0 million in FY 2001, $55.2 million in FY 2002, $35.1 million in FY 2003, $30.9 in FY 2004, $26.6 in FY 2005, $24.5 million in FY 2006. The FY 2001 amount is assumed to come from additional Bonneville expense cost reductions. After FY 2002, recovery is assumed to come from new revenues.

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 further revision following additional review. The Administration has determined that no additional legal authority is required for Bonneville to recover these expenses after FY 1997 and to deposit such recovery in the Miscellaneous Receipts of the U.S. Treasury.

The following financial performance measure is included in the DOE's FY 2000 Consolidated Financial Statements and the Department's FY 2002 Annual Performance Plan. It is also measured by the other PMAs.

Repayment of Power Investment (Variance in Principal Payments): 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.

The following chart displays principal repayment only.



Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2000	FY 2001	FY 2002	$ Change	%Change
BPA Bond Interest (Net)	95,400	114,100	126,700	+12,600	+11.0%
BPA Appropriation Interest	77,600	70,000	66,900	-3,100	-4.4%
Corps of Engineers Appropriation Interest	164,300	179,100	195,800	+16,700	+9.3%
Lower Snake River Comp Plan Interest	16,100	16,500	16,800	+300	+1.8%
Bureau of Reclamation Appropriation Interest	40,600	40,500	39,500	-1,000	-2.5%
Subtotal, Interest – Operating Expense	394,000	420,200	445,700	+25,500	+6.1%
Pension & Post-retirement Benefits . . .	6,000	8,000	55,200	+47,200	+590.0%
Total, Interest, Pension and Post-retirement Benefits	400,000	428,200	500,900	+72,700	+17.0%

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 2000 BPA bond amortization amount includes a portion of the FY 2001 planned amortization amount consistent with BPA's capital strategy plan and debt optimization.

Funding Schedule
(Accrued Expenditures)

(dollars in thousands)

	FY 2000	FY 2001	FY 2002	$ Change	% Change
BPA Bond Amortization	227,500	46,600	215,000	+168,400	+361.4%
Bureau Bond Amortization	1,600	19,500	0	-19,500	-100%
BPA Appropriation Amortization 1/.	48,300	73,000	23,900	-49,100	-67.3%
Corps Appropriation Amortization	38,800	0	0	0	0.0%
Total, Capital Transfers	316,200	139,100	238,900	+99,800	+71.7%

1/ Includes $26 million Tenaska reimbursement payment for FYs 2000-2001.

(in millions of dollars) KGF 2-Apr-01

FISCAL YEAR

BP-1 SUMMARY 5/	**2000**		**2001**		**2002**		**2003**	**2004**	**2005**	**2006**
	TOTAL OBLIGATIONS/OUTLAYS									
	Oblig.	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Oblig.**	**Oblig.**	**Oblig.**
1 Residential Exchange	64	64	69	69	70	70	70	70	70	70
2 Power Business Line 1/	1,611	1,611	1,424	1,424	1,582	1,582	1,627	1,579	1,566	1,598
3 Transmission Business Line	338	338	437	437	465	465	475	415	443	453
4 Conservation & Energy Efficiency Services	22	22	31	31	29	29	28	28	28	29
5 Fish & Wildlife	122	122	137	137	167	167	176	176	177	178
6 Interest/ Pension 3/	400	400	428	428	501	501	484	487	488	491
7 Associated Project Costs - Capital	33	33	76	76	90	90	87	62	62	62
8 Capital Equipment	26	26	28	28	8	8	8	8	8	8
9 Planning Council	8	8	9	9	5	5	5	5	5	5
10 Projects Funded in Advanced	17	17	25	25	25	25	25	25	25	25
11 Capitalized Bond Premiums	4	4	0	0	5	5	3	3	3	3
12 **TOTAL OBLIGA-TIONS/ OUTLAYS 2/**	**2,645**	**2,645**	**2,664**	**2,664**	**2,947**	**2,947**	**2,988**	**2,858**	**2,875**	**2,922**

REVENUES AND REIMBURSEMENTS

BP-1 continued

(in millions of dollars)

		2000		2001		2002		2003	2004	2005	2006
		Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
13	Revenues 4/	3,055	3,055	2,797	2,797	2,994	2,994	3,048	3,030	3,038	3,092
14	Projects Funded in Advanced	17	17	25	25	25	25	25	25	25	25
15	**TOTAL**	**3,072**	**3,072**	**2,822**	**2,822**	**3,019**	**3,019**	**3,073**	**3,055**	**3,063**	**3,117**
	BUDGET AUTHORITY (NET)	**(98)**		**(168)**		**(72)**		**(85)**	**(197)**	**(188)**	**(196)**
16	**OUTLAYS (NET)**		**(300)**		**(335)**		**(144)**	**(85)**	**(197)**	**(188)**	**(196)**

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/ BPA's FY 2002 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/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 2002 Budget includes $6 million in FY 2000 and assumes that the following amounts will be recovered by Bonneville: $8.0 million in FY 2001; $55.2 million FY 2002; $35.1 in FY 2003; $30.9 million in FY 2004; $26.6 million in FY 2005; $24.5 million in FY2006. FY 2001 amount is assumed to come from additional Bonneville expense cost reductions. After FY 2001, recovery is assumed to come from new revenues.

4/ Revenues post FY 2000 include BPA accrued expenses, depreciation, net revenues adjusted for risk, and 4(h)(10)(C) 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.

BP-2

EXPENSED OBLIGATIONS/OUTLAYS

(in millions of dollars)

FISCAL YEAR

		2000		2001		2002		2003	2004	2005	2006
		Oblig.	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Outlays**	**Oblig.**	**Oblig.**	**Oblig.**	**Oblig.**
1	Residential Exchange	64	64	69	69	70	70	70	70	70	70
2	Power Business Line 1/	1,611	1,611	1,424	1,424	1,582	1,582	1,627	1,579	1,566	1,598
3	Transmission Business Line	222	222	244	244	228	228	233	252	259	267
4	Conservation & Energy Efficiency Services	22	22	31	31	29	29	28	28	28	29
5	Fish & Wildlife	108	108	110	110	132	132	138	140	143	144
6	Interest/ Pension 2/	400	400	428	428	501	501	484	487	488	491
7	Planning Council	8	8	9	9	5	5	5	5	5	5
8	**OBLIGATIONS/ OUTLAYS**	**2,435**	**2,435**	**2,315**	**2,315**	**2,547**	**2,547**	**2,585**	**2,561**	**2,559**	**2,604**
9	Projects Funded in Advance	17	17	25	25	25	25	25	25	25	25

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

BP-2 continued	2000		2001		2002		2003	2004	2005	2006
	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Oblig.	Oblig.	Oblig.
10 Conservation & Energy Efficiency Services	0	0	0	0	0	0	0	0	0	0
11 Transmission Business Line	116	116	193	193	237	237	242	163	184	186
12 Associated Project Costs - Capital	33	33	76	76	90	90	87	62	62	62
13 Fish & Wildlife	14	14	27	27	35	35	38	36	34	34
14 Capital Equipment	26	26	28	28	8	8	8	8	8	8
15 Capitalized Bond Premiums	4	4	0	0	5	5	3	3	3	3
16 **TOTAL CAPITAL INVESTMENTS**	**193**	**193**	**324**	**324**	**375**	**375**	**378**	**272**	**291**	**293**
17 **BORROWING AUTHORITY TO FINANCE CAPITAL OBLIGATIONS 3,4/**	**193**		**324**		**375**		**378**	**272**	**291**	**293**
18 **BORROWING TO FINANCE OTHER OBLIGATIONS**	**1**		**(353)**		**(208)**		**(248)**	**(231)**	**(179)**	**(205)**
19 **TOTAL BORROWING AUTHORITY**	**193**		**(29)**		**167**		**130**	**41**	**112**	**88**

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

2/ Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 2002 Budget assumes that the following amounts will be recovered by Bonneville: includes $6 million in FY 2000 and $8 million in FY 2001; $55.2 million FY 2002; $35.1 million in FY 2003; $30.9 million in FY 2004; $26.6 million in FY 2005, $24.5 million in FY2006. After FY 2001, recovery is assumed to come from new revenues.

3/ BPA's FY 2002 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.

CURRENT SERVICES
(in millions of dollars)
FISCAL YEAR

	CAPITAL TRANSFERS Amortization:	**2000 Pymts**	**2001 Pymts**	**2002 Pymts**	**2003 Pymts**	**2004 Pymts**	**2005 Pymts**	**2006 Pymts**
20	BPA Bonds	228	47	215	169	165	189	215
21	Bureau Amortization	2	19	0	17	0	0	0
22	BPA Appropriations 1/	48	73	24	26	17	8	16
23	Corps Appropriations	39	0	0	3	56	103	53
24	**TOTAL CAPITAL TRANSFERS**	**317**	**139**	**239**	**215**	**238**	**300**	**284**
	STAFFING							
24	**FULL-TIME EQUIVALENT EMP. (FTE) 2/**	**2,742**	**2,891**	**2,867**	**2,867**	**2,867**	**2,867**	**2,867**

1/ Includes $26 million Tenaska reimbursement payment for FYs 2000-2001.

2/ FTE figures assume continued availability of BPA's VSI authority, receipt in of "early out" authority from the Office of Personnel Management, and that individuals depart as scheduled.

PROGRAM & FINANCING SUMMARY
(in millions of dollars)

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

		2000	2001	est. 2002	2003	2004	2005	2006
Program by activities:								
	Operating expenses:							
0.01	Power Business Line	1,427	1,236	1,396	1,435	1,386	1,372	1,403
0.02	Residential Exchange	64	69	70	70	70	70	70
	Associated Project Costs:							
0.05	Bureau of Reclamation	51	51	47	48	48	48	48
0.06	Corps of Engineers	106	107	108	112	112	112	112
0.07	Colville Settlement	15	15	16	16	16	16	16
0.19	U.S. Fish & Wildlife Service	12	15	15	16	17	18	19
0.20	Planning Council	8	9	5	5	5	5	5
0.21	Fish & Wildlife	108	110	132	138	140	143	144
0.23	Transmission Business Line	222	244	228	233	252	259	267
0.24	Conservation & Energy Efficiency	22	31	29	28	28	28	29
0.25	Interest	394	420	446	449	456	461	466
0.26	Pension and Health Benefits 1/	6	8	55	35	31	27	25
0.91	**Total operating expenses 2/**	**2,435**	**2,315**	**2,547**	**2,585**	**2,561**	**2,559**	**2,604**
	Capital investment:							
1.01	Power Business Line	33	76	90	87	62	62	62
1.02	Transmission Services	116	193	237	242	163	184	186
1.03	Conservation & Energy Efficiency	0	0	0	0	0	0	0
1.04	Fish & Wildlife	14	27	35	38	36	34	34
1.05	Capital Equipment	26	28	8	8	8	8	8
1.06	Capitalized Bond Premiums	4	0	5	3	3	3	3
1.91	**Total Capital Investment 3/**	**193**	**324**	**375**	**378**	**272**	**291**	**293**
2.01	Projects Funded in Advanced	17	25	25	25	25	25	25
10.00	**Total obligations**	**2645**	**2,664**	**2,947**	**2,988**	**2,858**	**2,875**	**2,922**

1/ Assumes that Bonneville will fully recover, from the sale of electric power and transmission, funds sufficient to cover the full cost of associated Civil Service Retirement System and Post -Retirement Benefits. The full cost of employees working under the Federal Employees Retirement System (FERS) is already fully recovered in Bonneville wholesale electric power and transmission rates.
2/ Reflects expense obligations, not accrued expenses.
3/ Reflects capital obligations, not capital expenditures.

Program and Financing (continued)

(in millions of dollars)

		2000	2001	est. 2002	2003	2004	2005	2006
Financing:								
21.90	Unobligated balance available, start of year: Treasury balance 3/	660	(989)	(980)	(980)	(980)	(980)	(980)
24.40	Unobligated balance available, end of year: Treasury balance 3/	989	980	980	980	980	980	980
25.00	Unobligated balance lapsing	0	0	0	0	0	0	0
39.00	**Budget authority (gross)**	**2,974**	**2,654**	**2,947**	**3,048**	**2,918**	**2,935**	**2,980**
Budget Authority:								
67.15	Permanent Authority: Authority to borrow (indefinite) 4/	193	(29)	167	130	41	112	88
69.00	Spending authority from off-setting collections	3,072	2,822	3,019	3,073	3,055	3,063	3,116
69.47	Portion applied to debt reduction 5/	(291)	(139)	(239)	(215)	(238)	(300)	(284)
69.90	**Spending authority from offsetting collections (adjusted)**	**2,781**	**2,683**	**2,780**	**2,918**	**2,877**	**2,823**	**2,892**
Relation of obligations to outlays:								
71.00	Total obligations	2,645	2,664	2,947	2,988	2,858	2,875	2,922
	Obligated balance, start of year:							
72.47	Authority to borrow	175	197	197	197	197	197	197
74.47	Authority to borrow	(197)	(197)	(197)	(197)	(197)	(197)	(197)
87.00	Outlays (gross)	2,772	2,487	2,875	3,046	2,918	2,935	2,980
Adjustments to budget authority and outlays:								
	Deductions for offsetting collections:							
88.00	Federal funds	(77)	(90)	(90)	(90)	(90)	(90)	(90)
88.40	Non-Federal sources	(2,995)	(2,732)	(2,929)	(2,983)	(2,965)	(2,973)	(3,026)
88.90	Total, offsetting collections	(3,072)	(2,822)	(3,019)	(3,073)	(3,055)	(3,063)	(3,116)
89.00	**Budget authority (net)**	**(98)**	**(168)**	**(72)**	**(85)**	**(197)**	**(188)**	**(196)**
90.00	**Outlays (net)**	**(300)**	**(335)**	**(144)**	**(85)**	**(197)**	**(188)**	**(196)**

3/ FY 2000-2006 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) amount for FYs 2000-2006 reflects 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:	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
to finance capital obligations	192	324	375	378	272	291	293
to finance other obligations	1	(353)	(208)	(248)	(231)	(179)	(205)
Total Borrowing Authority (67.15)	**193**	**(29)**	**167**	**130**	**41**	**112**	**88**

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.

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

BP-4A

	Fiscal Year 2000				Fiscal Year 2001			
	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	**1,782**		**1,782**		**1,835**		**1,835**	
Start-of-Year: 1980 Act	**757**		**757**		**669**		**669**	
Start-of-Year: Total	2,539	2,497	2,539	2,513	2,504	2,462	2,504	2,478
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**145**		145		**221**		221	
Annual Increase: 1980 Act	**47**		47		**103**		103	
Annual Borrowing A. Increase	192	192	192		324	324	324	
Treasury Borrowing (Cash)				192				324
Less:								
Bond Amortization: 1974 Act	**92**		**92**		**12**		**12**	
Bond Amortization: 1980 Act	**135**		**135**		**34**		**34**	
Total BPA Bond Amortization	227	227	227	227	46	46	46	46
Net Increase/(Decrease):								
1974 Act	**53**		**53**		**209**		**209**	
1980 Act	**(88)**		**(88)**		**69**		**69**	
	(35)	(35)	(35)	(35)	278	278	278	278
Cum. - End-of-Year: 1974 Act	**1,835**		**1,835**		**2,044**		**2,044**	
	669		**669**		**738**		**738**	
End-of-Year: Total	2,504	2,462	2,504	2,478	2,782	2,740	2,782	2,756
Total Borrowing Authority 2/				1,272				994
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 provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

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

BP-4B

Fiscal Year

	2002				2003			
	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	**2,044**		**2,044**		**2,181**		**2,181**	
Start-of-Year: 1980 Act	**738**		**738**		**761**		**761**	
Start-of-Year: Total	2,782	2,740	2,782	2,756	2,942	2,900	2,942	2,916
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**245**		245		**253**		253	
Annual Increase: 1980 Act	**130**		130		**125**		125	
Annual Borrowing A. Increase	375	375	375		378	378	378	
Treasury Borrowing (Cash)				375				378
Less:								
Bond Amortization: 1974 Act	**108**		**108**		**122**		**122**	
Bond Amortization: 1980 Act	**107**		**107**		**47**		**47**	
Total BPA Bond Amortization 2/	215	215	215	215	169	169	169	169
Net Increase/(Decrease):								
1974 Act	**137**		**137**		**131**		**131**	
1980 Act	**23**		**23**		**78**		**78**	
Total	160	160	160	160	209	209	209	209
Cum. - End-of-Year: 1974 Act	**2,181**		**2,181**		**2,312**		**2,312**	
End-of-Year: 1980 Act	**761**		**761**		**839**		**839**	
End-of-Year: Total	2,942	2,900	2,942	2,916	3,151	3,109	3,151	3,125
Total Borrowing Authority 2/				834				625
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 provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

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

BP-4C

Fiscal Year

	2004				2005			
	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	**2,312**		**2,312**		**2,347**		**2,347**	
Start-of-Year: 1980 Act	**839**		**839**		**912**		**912**	
Start-of-Year: Total	3,151	3,109	3,151	3,125	3,259	3,217	3,259	3,233
Plus: Annual Increase 1/								
Annual Increase: 1974 Act	**171**		171		**195**		195	
Annual Increase: 1980 Act	**101**		101		**96**		96	
Annual Borrowing A. Increase	272	272	272		291	291	291	
Treasury Borrowing (Cash)				272				291
Less:								
Bond Amortization: 1974 Act	**136**		**136**		**149**		**149**	
Bond Amortization: 1980 Act	**28**		**28**		**41**		**41**	
Total BPA Bond Amortization 2/	164	164	164	164	190	190	190	190
Net Increase/(Decrease):								
1974 Act	**35**		**35**		**46**		**46**	
1980 Act	**73**		**73**		**55**		**55**	
Total	108	108	108	108	101	101	101	101
Cum. - End-of-Year: 1974 Act	**2,347**		**2,347**		**2,393**		**2,393**	
End-of-Year: 1980 Act	**912**		**912**		**967**		**967**	
End-of-Year: Total	3,259	3,217	3,259	3,233	3,360	3,318	3,360	3,334
Total Borrowing Authority 2/				517				416
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 provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

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

BP-4D

Fiscal Year

	2006			
	Net Capital Obs	Net Capital Obs Subject to BA	Net Capital Expend.	Bonds Out-standing
Cum. - Start-of-Year: 1974 Act	**2,393**		**2,393**	
Start-of-Year: 1980 Act	**967**		**967**	
Start-of-Year: Total	3,360	3,318	3,360	3,334
Plus: Annual Increase 1/				
Annual Increase: 1974 Act	**194**		194	
Annual Increase: 1980 Act	**99**		99	
Annual Borrowing A. Increase	293	293	293	
Treasury Borrowing (Cash)				293
Less:				
Bond Amortization: 1974 Act	**140**		**140**	
Bond Amortization: 1980 Act	**75**		**75**	
Total BPA Bond Amortization 2/	215	215	215	215
Net Increase/(Decrease):				
1974 Act	**54**		**54**	
1980 Act	**24**		**24**	
Total	78	78	78	78
Cum. - End-of-Year: 1974 Act	**2,447**		**2,447**	
End-of-Year: 1980 Act	**991**		**991**	
End-of-Year: Total	3,438	3,396	3,438	3,412
Total Borrowing Authority 2/				338
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 provides that the aggregate principal amount of BPA's bonds issued to the Treasury shall not exceed a total of $3.75 billion.

TREASURY PAYMENTS

(in millions of dollars)

		FISCAL YEAR						
		2000	2001	2002	2003	2004	2005	2006
A.	**INTEREST ON BONDS & APPROPRIATIONS**							
	Bonneville Bond Interest							
1	Bonneville Bond Interest (net)	95	114	127	128	131	135	140
2	AFUDC 1/	9	9	8	8	7	7	7
	Appropriations Interest							
3	Bonneville	78	70	67	65	63	58	58
4	Corps of Engineers 2/	164	179	196	199	206	213	213
5	Lower Snake River Comp. Plan	16	17	17	17	17	17	17
6	Bureau of Reclamation Interest 3/	41	41	39	40	38	39	39
7	**Total Bond and Approp. Interest**	**403**	**430**	**454**	**457**	**462**	**469**	**474**
B.	**ASSOCIATED PROJECT COST**							
8	Bureau of Reclamation Irrigation Assistance	0	17	0	0	1	0	0
9	Bureau of Rec. O & M 4/	0	0	0	0	0	0	0
10	Corps of Eng. O & M 5/	0	0		0	0	0	0
11	L. Snake River Comp. Plan O & M 6/	13	0	0	0	0	0	0
12	**Total Assoc. Project Costs**	**13**	**17**	**0**	**0**	**1**	**0**	**0**
C.	**CAPITAL TRANSFERS**							
	Amortization							
13	Bonneville Bonds 7/	228	47	215	169	165	189	215
14	Bureau of Reclamation Amortization	2	19	0	17	0	0	0
15	Corps of Engineers	39	0	0	3	56	103	53
	Lower Snake River Comp. Plan	0	0	0	0	0	0	0
17	Bonneville Appropriations 8/	48	73	24	26	17	8	16
	Total Capital Transfers	**317**	**139**	**239**	**215**	**238**	**300**	**284**
21	**TOTAL TREASURY PAYMENTS 9/**	**733**	**586**	**693**	**672**	**701**	**769**	**758**

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 Bureau of Reclamation power O&M is funded directly by Bonneville as follows (in millions) $47 in FY2000, $51 in FY2001, $47 in FY2002, $48 in FY2003, $48 in FY2004, $48 in FY2005, $48 in FY2006. 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.

5/ Costs for Corps of Engineers power O&M are funded directly by Bonneville as follows (in millions) : $101 in FY2000, $107 in FY2001, $108 in FY2002, $112 in FY2003, $112 in FY2004, $112 in FY2005, . $112 in FY2006. In addition through FY 2006, Bonneville annually directly funds the Corps of Engineers $6 million for small capital power O & M items. Annual funding for these small capital power items is included within the Power Business Line capital budget.

6/ Costs for Lower Snake River Comp. Plan power O&M are assumed in this budget to be funded directly by Bonneville as follows(in millions) : $15 in FY2001, $15 in FY2002, $16 in FY2003, $17 in FY2004, $18 in FY 2005, $19 in FY2006.

7/ The FY 2000 amortization amount includes a portion of the FY 2001 planned amortization amount consistent with BPA's capital strategy plan and debt optimization plan.

8/ Includes $26 million Tenaska reimbursement payment for FYs 2000-2001.

9/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

		2000	2001	2002
11.1	Full-time permanent	182	183	203
11.3	Other than full-time permanent	3	3	3
11.5	Other personnel compensation	17	18	20
11.9	**Total personnel comp.**	**202**	**204**	**226**
12.1	Civilian personnel benefits	50	49	55
21.0	Travel and transportation of persons	9	9	10
22.0	Transportation of things	6	6	7
23.1	Rental payments to GSA	11	11	12
23.2	Rents, other	11	11	12
23.3	Communication, utilities & misc. charges	5	5	6
24.0	Printing and reproduction	0	0	0
25.1	Consulting Services	11	12	13
25.2	Other services	1,570	1,581	1,748
25.3	Purchases from Government Accounts	191	193	213
25.5	R & D Contracts	2	2	2
26.0	Supplies and materials	42	42	46
31.0	Equipment	24	24	27
32.0	Lands and structures	22	22	25
41.0	Grants, subsidies, contributions	24	24	27
43.0	Interest and dividends	465	468	518
99.0	Subtotal obligations	2,645	2,663	2,947
99.9	**Total obligations**	**2,645**	**2,663**	**2,947**

Estimate of Proprietary Receipts
(in millions of dollars)

	Fiscal Year						
	2000	2001	2002	2003	2004	2005	2006
Bureau Interest	40	41	39	40	38	39	39
Bureau Amortization	2	19	0	17	0	0	0
Bureau O&M	0	0	0	0	0	0	0
Bureau Irrig. Assist.	0	17	0	0	1	0	0
Revenues Collected by Bureau Distributed in Treasury Account(credit)	-7	-7	-7	-7	-7	-7	-7
Colville Settlement (credit)	-17	-15	-15	-16	-16	-16	-16
Total 1/	18	55	17	34	16	16	16
CSRS	6	8	55	35	31	27	23
LSRCP O&M	12						
Total 2/	18	8	55	35	31	27	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.
Bonneville Direct Funding Costs for Bureau of Reclamation power O&M is as follows ($ in millions): $47 in FY2000, $51 in 2001, $47 in FY2002, $48 in FY2003, $48 in FY2004, $48 in FY2005, $48 in FY2006.
Costs for Corps of Engineers O&M is funded directly by Bonneville as follows (in millions) : $101 in FY2000, $107 in FY2001, $108 in FY2002, $112 in FY2003, $112 in FY2004, $112 in FY2005, $112 in FY2006.
Costs for Lower Snake Comp. Plan O&M are assumed in this budget to be funded directly by Bonneville as follows (in millions): $15 in FY2001, $15 in FY2002, $16 in FY2003, $17 in FY2004, $18 in FY2005, $19 in FY2006.
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.

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

	Actual	Actual	Actual	Actual	Actual	Est	96-01	96-01	*Est*	*Est*	*Est*
FY	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**Total**	**Avg**	***2002***	***2003***	***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/ No agreement has been reached at this time on BPA's Fish and Wildlife budget for fiscal years beyond 2001. BPA worked with 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 July 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 and is consistent with this budget.

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 updates 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 squawfish 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 is 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 that 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 gre ater 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 spill 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 reservoirs (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 the expenses of the Federal agencies [excluding the Council which has no ESA related expenses.])

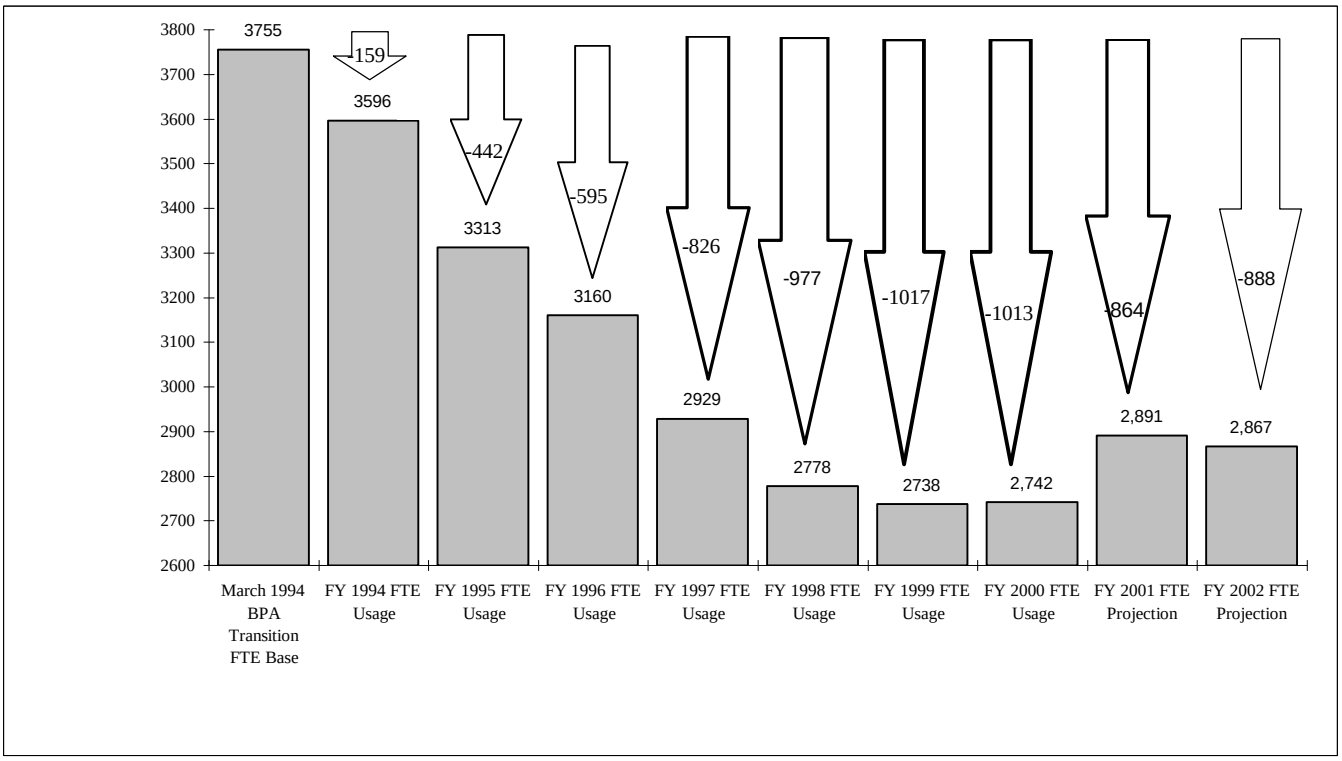
9/ Interest expense includes BPA’s interest on bonds (for fish and wildlife) and interest on the Corps of Engineers (Federal) investment in fish and wildlife assigned to the power purposes of the Federal projects. Amortization reflects BPA’s bonds and depreciation reflects the Federal investment in fish 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 December 2000)



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): 240 in FY 1994, 192 in FY 1995, 138 in FY 1996, 138 in FY 1997, 100 in FY 1998, 73 in FY 1999, and 65 in FY 2000.