

Bonneville Power Administration

Power Business Line

FY 2001 Generation Accumulated Net Revenues for Financial-Based Cost Recovery Adjustment Clause

\$ in Millions

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	FY01 Third Quarter Review Forecast	FY01 Audited Accumulated Net Revenues
FY2000 FB CRAC Audited Net Revenues	\$ 170	\$ 170
FY2001 End of Year Net Revenues*	\$ (397)	\$ (260)
<i>Energy Northwest Debt Service Adjustment for FY01</i>	\$ (104)	\$ (158)
Power Business Line FY 2001 FB CRAC Accumulated Net Revenues	\$ (331)	\$ (248)
FB CRAC August FY 2002 Trigger Point**		(\$408)

* FAS 133 Adjustment excluded.

** FY01 August ANR Trigger Point was (\$386).

1. FY01 Summary

In FY2001, the Pacific Northwest experienced an energy crisis as a result of the drought and the aftermath of the California deregulation. BPA was faced with volatile market prices, which led to increased augmentation costs, and demand that exceeded the possible supply. This in turn led BPA to take a proactive role in ensuring its financial solvency. BPA's strategy was implemented throughout the year and effectively avoided triggering the FB CRAC in FY 2001 for FY 2002 rates. BPA will continue to provide customers and constituents with information on BPA's financial situation throughout the year and work to avert or mitigate the need for the FB CRAC to trigger in August of FY 2002 for FY 2003.

2. What changed between the Third Quarter Review Forecast and the Audited Actuals?

Three major factors caused the FY 2001 Audited Accumulated Net Revenues (AANR) to improve over the Third Quarter Review Forecast in September. These included receiving Fish Cost Contingency Fund true-up credits, higher than forecasted revenues, and cost savings in most major budgeted items.

3. Explain the relationship between the Audited Accumulated Net Revenues (AANR) for FY 2001 and the FB CRAC August FY 2002 trigger point of negative \$408 million.

The GRSPs require a formal public comment process if the FY2001 AANR are within \$150 million of this year's trigger point. The FY 2001 AANR for the generation function were more than \$150 million above the FY 2002 predetermined trigger point described in the GRSPs, therefore removing the need for a formal public comment process.

4. How will customers be kept informed of BPA's Accumulated Net Revenues (ANR) during the year?

- Each quarter, BPA will post on its Web site preliminary, unaudited, year-to-date aggregate financial results for generation, including ANR.
- By January of each year, BPA will post on its Web site the AANR attributable to the generation function for the prior fiscal year ending September 30.
- In May and August of each year, at the same time that BPA posts its quarterly results, BPA will post on its Web site an end-of-year forecast of ANR attributable to the generation function.
- BPA will notify the customers by the end of August if the FB CRAC will trigger for the subsequent year.