Quarterly Financial Report
2016 Third Quarter

Management's Discussion & Analysis

Profile

The Bonneville Power Administration (BPA) is a federal nonprofit power marketing administration based in the Pacific Northwest. Although BPA is part of the U.S. Department of Energy, it is self-funding and covers its costs by selling its products and services. BPA markets wholesale electrical power from 31 federal hydroelectric projects in the Northwest, one nonfederal nuclear plant and several small nonfederal power plants. The dams are operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. The nonfederal nuclear plant, Columbia Generating Station, is owned and operated by Energy Northwest, a joint operating agency of the state of Washington. BPA provides about 28 percent of the electric power used in the Northwest, and its resources – primarily hydroelectric – make its power nearly carbon free.

BPA also operates and maintains about three-fourths of the high-voltage transmission in its service territory. BPA's service territory includes Idaho, Oregon, Washington, western Montana and small parts of eastern Montana, California, Nevada, Utah and Wyoming.

BPA promotes energy efficiency, renewable resources and new technologies that improve its ability to deliver on its mission. It also funds regional efforts to protect and enhance fish and wildlife populations affected by hydropower development in the Columbia River Basin.

BPA is committed to public service and seeks to make its decisions in a manner that provides opportunities for input from stakeholders. In its vision statement, BPA dedicates itself to providing high system reliability, low rates consistent with sound business principles, environmental stewardship and accountability.

General

The Federal Columbia River Power System (FCRPS) financial statements combine the accounts of BPA, the accounts of the Pacific Northwest generating facilities of the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation), as well as the operations and maintenance costs of the U.S. Fish and Wildlife Service for the Lower Snake River Compensation Plan facilities. Consolidated with BPA are "special purpose corporations" known as Northwest Infrastructure Financing Corporations (NIFCs), from which BPA leases certain transmission facilities.

FCRPS revenues are derived principally from the sale of power and transmission products and services. In 1937, the Bonneville Project Act created BPA and directed it to market federally produced hydroelectric power to customers, giving preference and priority in power sales to public bodies and cooperatives. The Act authorized BPA to provide, construct, operate, maintain and improve transmission facilities to deliver federal power at cost. BPA is obligated

This BPA-approved financial information was made publicly available on 7-29-2016.

to meet its statutory and contractual load obligations to preference customers so they can meet their total retail loads and load growth, minus their own nonfederal power supply. As an open access transmission service provider, BPA has an obligation to provide ancillary and control area services to support basic transmission services, including providing balancing reserves for interconnected renewable generation. BPA remains committed to providing non-discriminatory open access transmission after meeting statutory responsibilities to preference customers and others.

BPA's hydroelectric power supply depends on the amount and timing of precipitation in the Columbia River Basin and the shape, or timing, of the resulting runoff. For ratemaking purposes, BPA assumes runoff consistent with "critical water conditions," which yield historically low power generation. Federal power is designated to first meet preference customer loads. Power produced in excess of BPA's firm load obligations, if available, is considered by BPA to be surplus power and is sold in the Western Interconnection wholesale power markets. When generation is not sufficient to meet loads, BPA purchases power on the wholesale markets or acquires the output of resources.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Rates

BPA conducted a consolidated power and transmission rate proceeding, BP-16, to establish rates for the fiscal year 2016 and 2017 rate period. BPA concluded the BP-16 rate proceeding in July 2015 with release of the Administrator's Final Record of Decision, with wholesale power rates increasing 7.1 percent on average and transmission rates increasing 4.4 percent on average. Power rates increased for several reasons, among them increased hydro system operations and maintenance costs and fish and wildlife expenses; the expiration of the effects of debt management actions that had reduced Power Service's revenue requirements; the automatic cost escalation under the 2012 Residential Exchange Program settlement; and higher transmission costs that are recovered in power rates. The transmission rates increased mainly due to needed capital investments in the aging transmission system. The Federal Energy Regulatory Commission (FERC) granted final approval of the rates on Feb. 2, 2016, and they will be effective through Sept. 30, 2017.

BPA's Treasury payment probability standard requires BPA to establish rates sufficient to maintain a level of financial reserves to achieve a 95 percent probability of making all of BPA's scheduled U.S. Treasury payments during the rate period. As part of BPA's risk mitigation strategy, BPA uses a Cost Recovery Adjustment Clause (CRAC), which enables BPA to increase certain power and transmission rates within a rate period to obtain up to $300 million per fiscal year of additional revenue to meet lower than expected revenues and/or unanticipated expenses. The CRAC primarily affects power rates and is a prospective adjustment to rates that is triggered when an internal rates metric is forecast to be below a specified threshold. In addition, the General Rate

Schedule Provisions allow for an increase in the cap of the CRAC or the imposition of a surcharge to increase Power rate levels in the event of certain possible developments related to fish and wildlife costs and operations, such as a court order in pending litigation, a litigation settlement, a new Biological Opinion (BiOp), or actions or measures different than forecast in the 2014 Supplemental FCRPS BiOp.

Results of Operations

Operating Revenues

A comparison of FCRPS operating revenues follows for the nine months ended June 30, 2016, and June 30, 2015:

(Millions of dollars)	2016	2015	Change	Change %
Consolidated gross sales				
Power	$ 1,835.7	$ 1,886.2	$ (50.5)	(3)%
Transmission	681.2	680.5	0.7	0
Bookouts (Power)	(18.9)	(31.2)	12.3	(39)
Sales	2,498.0	2,535.5	(37.5)	(1)
U.S. Treasury credits	63.8	63.0	0.8	1
Miscellaneous revenues				
Power	21.3	20.7	0.6	3
Transmission	40.2	24.4	15.8	65
Total operating revenues	$ 2,623.3	$ 2,643.6	$ (20.3)	(1)

Total operating revenues were $2.62 billion through the third quarter of fiscal year 2016, a decrease of $20.3 million as compared to total operating revenues through the third quarter of fiscal year 2015. Consolidated gross sales for Power and Transmission Services, including the effect of bookouts, decreased $37.5 million through the third quarter of fiscal year 2016.

Power Services gross sales decreased $50.5 million. Firm power sales increased by $71.5 million primarily due to higher rates that took effect Oct. 1, 2015, offset by $54.5 million in lower industrial power sales as a result of an amendment in April 2015 to the Alcoa long-term firm power sales agreement. This amendment reduced the monthly amount of firm power that Alcoa would purchase from BPA at industrial firm power rates from 300 average megawatts to 75 average megawatts. In November 2015, Alcoa exercised its curtailment right to further reduce its monthly firm power purchases to 10 average megawatts. This curtailment covers the period February 2016 to February 2018. Surplus power sales decreased $67.5 million mainly due to lower prices on surplus products, lower natural streamflows in October, November and January, and from increased water held back for storage at certain U.S. and Canadian reservoirs from December through February. In fiscal year 2015, reservoir levels were drawn down below levels typically observed in order to provide firm power under dry-year conditions.

Bookouts are presented on a net basis in the Combined Statements of Revenues and Expenses. When sales and purchases are scheduled with the same counterparty on the same transmission path for the same hour, the power is typically booked out and not scheduled for physical delivery. The megawatt-hours that offset each other net to zero. The dollar values of these offsetting transactions are recorded as bookouts. Therefore, the accounting treatment for bookouts has no effect on net revenues, cash flows, or margins.

The net change to Transmission Services gross sales was an increase of $0.7 million from the third quarter of fiscal year 2015, which reflects offsetting increases and decreases. Gross sales actually increased $14.9 million primarily due to increased ancillary services and intertie sales and the higher rates that took effect on Oct. 1, 2015. In fiscal year 2015, however, BPA recorded $14.2 million associated with prior-year erroneous billing credits that BPA provided as short-distance discounts for point-to-point services. This revenue associated with certain events that occurred before fiscal year 2015 was not recorded again during fiscal year 2016, which had the comparative impact of offsetting the $14.9 million increase. Miscellaneous transmission revenues increased $15.8 million due in part to $8.7 million of reimbursable revenue associated with transmission, substation and wireless work performed for BPA customers. Reimbursable revenues are generally offset by an equivalent amount of reimbursable expenses. In addition, BPA recorded $4.7 million in revenues in connection with a termination payment from a prospective participant in a past Network Open Season for BPA transmission services.

Operating Expenses

A comparison of FCRPS operating expenses follows for the nine months ended June 30, 2016, and June 30, 2015:

(Millions of dollars)	2016	2015	Change	Change %
Operations and maintenance	$ 1,461.3	$ 1,435.9	$ 25.4	2%
Purchased power	83.8	42.3	41.5	98
Nonfederal projects	193.0	164.4	28.6	17
Depreciation and amortization	350.8	336.1	14.7	4
Total operating expenses	$ 2,088.9	$ 1,978.7	$ 110.2	6

Through the third quarter of fiscal year 2016, total operating expenses were $2.09 billion, an increase of $110.2 million as compared to the same period of fiscal year 2015.

Operations and maintenance expense increased $25.4 million through the third quarter of fiscal year 2016 as compared to the third quarter of fiscal year 2015 principally due to:

- Generation conservation costs increased $52.4 million largely due to the transition of the energy conservation capital program to expense starting with fiscal year 2016.
- An expense reduction of $27.4 million in March 2015 was not repeated in fiscal year 2016. The expense reduction was for the reversal of a contingent liability originally established for breach of contract claims associated with the California Refund Proceedings.
- Fish and Wildlife increased $14.0 million due to an increase in habitat restoration projects to implement the BiOp and other legal commitments. A court order issued on May 4, 2016, by the United States District Court for the District of Oregon evaluating the operation of the Federal System Hydroelectric Projects of the Columbia and Snake Rivers (the “2014 Columbia River System Supplemental Biological Opinion”) did not affect operations and maintenance expense reported through June 30, 2016. BPA is unable to predict how this court order will impact future operating results.

- General and administrative costs increased $11.9 million primarily due to higher expenses related to information technology, safety and workplace services programs.
- 2012 Residential Exchange Program (REP) Settlement Agreement scheduled amounts increased $11.1 million per the settlement agreement.
- Transmission operations increased $9.0 million primarily due to information technology, technical operations, control center support and logistics services.
- Transmission maintenance was $6.0 million lower primarily due to lower substation maintenance and vegetation management in fiscal year 2016.
- Transmission acquisition and ancillary purchases decreased $6.4 million primarily due to a $9.0 million expense recorded in fiscal year 2015 for a regulatory asset related to oversupply events, offset somewhat by higher ancillary services costs.
- Energy Northwest's Columbia Generating Station (CGS) nuclear power plant costs decreased $88.6 million because 2016 is not a refueling year. Refueling occurs biennially, as occurred in fiscal year 2015, and refueling and maintenance expenses are typically higher in refueling years.

Purchased power expense, including the effects of bookouts, increased $41.5 million due to below average Columbia River streamflows in fiscal year 2016 largely because certain U.S. and Canadian reservoir levels were replenished in 2016 under Columbia River Treaty storage obligations. In addition, BPA was owed less compensation under certain water storage agreements with BC Hydro, a Canadian electric utility owned by the Province of British Columbia. Through the third quarter of fiscal year 2016, when compared to the same period of fiscal year 2015, less water was stored at Arrow Dam in British Columbia and Libby Dam in Montana, which reduced the amount owed to BPA for the value of that stored water. BPA therefore recorded fewer monetary credits to purchased power expense, resulting in an expense increase of $32.6 million for fiscal year 2016. The remaining $8.9 million increase was largely due to the effects of bookouts, which had a corresponding effect of increasing Power revenues by the same amount.

Nonfederal projects debt service increased $28.6 million and reflects past Energy Northwest debt management actions under the Regional Cooperation Debt efforts for Projects 1 and 3, and also for Columbia Generating Station. Although nonfederal projects expense was higher in fiscal year 2016 compared to 2015, these debt management actions have reduced both debt service from rate case estimates and the associated amortization of the related regulatory and nonfederal generation assets.

Depreciation and amortization increased $14.7 million primarily due to higher amounts of completed transmission and federal system hydro generation assets in service.

Net Interest Expense

A comparison of FCRPS net interest expense follows for the nine months ended June 30, 2016, and June 30, 2015:

(Millions of dollars)	2016	2015	Change	Change %
Interest expense	$ 261.7	$ 265.5	$ (3.8)	(1)%
Allowance for funds used during construction	(31.3)	(39.8)	8.5	(21)
Interest income	(7.7)	(10.5)	2.8	(27)
Net interest expense	$ 222.7	$ 215.2	$ 7.5	3

Allowance for funds used during construction (AFUDC) decreased $8.5 million as a result of the completion of certain transmission projects, the largest of which was the Big Eddy-Knight Transmission Line between The Dalles, Oregon and Goldendale, Washington.

Liquidity and Capital Resources

Cash and cash equivalents and financial reserves

As of June 30, 2016, the FCRPS cash and cash equivalents balance was $918.8 million. BPA's cash and cash equivalents balance was $571.4 million, and the combined cash balance held by Corps and Reclamation was $347.4 million.

To ensure BPA is able to meet its financial responsibilities to counterparties and to the U.S. Treasury, BPA relies on measures such as financial reserves, a line of credit with the U.S. Treasury and a Cost Recovery Adjustment Clause that can raise rate levels, if needed. Financial reserves, a non-GAAP liquidity measure used by BPA management, consist of BPA cash and cash equivalents, investments in U.S. Treasury market-based special securities and deferred borrowing. The U.S. Treasury market-based special securities reflect the market value as if securities were liquidated as of the end of the period. Deferred borrowing represents amounts that BPA is authorized to borrow from the U.S. Treasury for certain expenditures that BPA has incurred but has not borrowed for as of the end of the period. These expenditures are for utility plant and certain regulatory assets primarily related to fish and wildlife measures.

A comparison of BPA financial reserves, reported at fair value, follows:

(Millions of dollars)	As of June 30, 2016	As of Sept. 30, 2015	As of June 30, 2015
Cash and cash equivalents	$ 918.8	$ 646.7	$ 1,187.9
Short-term investments in U.S. Treasury securities	792.7	694.5	693.1
	1,711.5	1,341.2	1,881.0
Less: Cash and cash equivalents held by Corps and Reclamation	347.3	308.4	336.2
Less: Cash proceeds from liquidity facility with U.S. Treasury	-	-	10.0
Add: Deferred borrowing	148.6	154.2	134.2
BPA financial reserves balance	$ 1,512.8	$ 1,187.0	$ 1,669.0

Cash Flows

A comparison of FCRPS cash flows follows for the nine months ended June 30, 2016, and June 30, 2015:

(Millions of dollars)	2016	2015	Change	Change %
Cash and cash equivalents at beginning of year	$ 646.7	$ 859.2	$ (212.5)	(25)%
Cash flows from				
Operating activities	786.8	622.8	164.0	26
Investing activities	(634.1)	(846.8)	212.7	(25)
Financing activities	119.4	552.7	(433.3)	(78)
Net increase in cash and cash equivalents	272.1	328.7	(56.6)	(17)
Cash and cash equivalents at end of the third quarter	$ 918.8	$ 1,187.9	$ (269.1)	(23)

Operating activities

Net cash provided by operating activities on the Combined Statements of Cash Flows for the FCRPS increased $164.0 million through the third quarter of fiscal year 2016, when compared to the third quarter of fiscal year 2015. The increase in operating cash flows reflects changes in receivables, unbilled revenues and accounts payable and other accrued liabilities.

However, the biggest factor of the $164.0 million increase was a $204.0 million non-cash expense relating to a new borrowing arrangement for Energy Northwest. This amount relates to expenses reported by BPA and incurred for Energy Northwest-related operations that Energy Northwest funded via a borrowing arrangement with a bank instead of by payments from BPA. In February 2016, Energy Northwest entered into a borrowing arrangement for up to $300 million to fund operations and maintenance for Columbia Generating Station as well as interest expense on bonds previously issued for CGS and for terminated nuclear Projects 1 and 3. This action will enable BPA to reduce payments to Energy Northwest and accumulate like amounts in the Bonneville Fund for the remainder of the fiscal year. BPA will use the accumulated cash to prepay approximately $300 million of comparatively higher interest federal appropriations at the end of fiscal year 2016. These appropriations were otherwise planned to be prepaid at the end of fiscal year 2017 as part of the Regional Cooperation Debt efforts. As of June 30, 2016, $204.0 million had accumulated in the Bonneville Fund as a result of the new borrowing arrangement. Prior to entering into this borrowing arrangement, the $204.0 million would have been provided to Energy Northwest to fund the aforementioned expenses. The amounts borrowed by Energy Northwest under the borrowing arrangement are due to be repaid by Energy Northwest on or before June 30, 2017. The funding source to repay the amounts borrowed is expected to be the accumulated balances in the Bonneville Fund and will be reported as a financing activity on the Combined Statement of Cash Flows. Similar debt and cash management actions are expected to occur in future fiscal years.

Investing activities

Net cash used for investing activities of the FCRPS decreased $212.7 million to $634.1 million for the nine months ended June 30 2016, when compared to the nine months ended June 30, 2015. BPA continues to make significant investments in utility plant with $597.8 million invested year-to-date in fiscal year 2016. However, in fiscal year 2016 there was a decrease in utility investments of $131.9 million, primarily due to higher fiscal year 2015 capital project work on the Central Ferry-Lower Monumental and Big Eddy-Knight transmission lines, wood pole lines, access roads and upgrades and additions to the Celilo Converter Station. Modernization of the Celilo Convertor Station in Wasco County, Oregon and return to commercial operations occurred in the third quarter of fiscal year 2016.

The net incremental investment for U.S. Treasury market-based special securities classified as investments on the Combined Balance Sheets, purchases less maturities, as of June 30, 2016, was $102.8 million, a decrease of $33.5 million from the comparable period in the prior year. The decrease is consistent with BPA’s investment strategy and is due to the purchases of cash equivalents rather than short-term or long-term investments. Under a banking arrangement with the U.S. Treasury, BPA agreed to invest an additional $100 million annually in lower yield market-based special securities through fiscal year 2018 or until the Bonneville Fund with the U.S. Treasury is fully invested. Therefore, the balances for which BPA receives comparatively high interest repayment credits decline annually.

Fiscal year 2016 deposits to the Lease-Purchase Program restricted trust funds decreased by $38.9 million as a result of entering into smaller and fewer individual lease-purchases through the third quarter of fiscal year 2016 as compared to the same period for fiscal year 2015. Receipts from the lease-purchase restricted trust funds increased by $8.5 million thus far in fiscal year 2016 as a result of larger expenditures to fund on-going construction under the Lease-Purchase Program.

BPA is currently evaluating whether to construct a new transmission line and related facilities in western portions of Washington State and Oregon. If this project proceeds, the capital cost, including direct and overhead charges is estimated to be approximately $939 million over a six-year period. BPA expects that a decision whether to proceed with construction could be made near the end of calendar year 2016. The $939 million estimate includes cumulative investments made through June 30, 2016, of $114.1 million, primarily for environmental clearance, public involvement, surveys and preliminary design costs. The $114.1 million amount is reported under Construction work in progress on the Combined Balance Sheets.

Financing activities

Net cash provided by financing activities was $119.4 million through the third quarter of fiscal year 2016, a decrease of $433.3 million as compared to net cash provided by financing activities through the third quarter of fiscal year 2015. Through the third quarter of fiscal year 2016, BPA borrowings from the U.S. Treasury decreased $131.0 million to $344.0 million, of which $244.0 million was at fixed interest rates and $100.0 million at variable interest rates. Borrowings were used to fund investments of $206.2 million for transmission, $99.8 million for generation, $25.0 million for conservation measures associated with fiscal year 2015 activities and $13.0 million for fish and wildlife measures. Beginning with fiscal year 2016, BPA no longer debt finances new energy conservation measures with the U.S. Treasury. Instead, BPA expenses these costs as incurred. BPA repayments of borrowings from the U.S. Treasury increased $289.0 million through the third quarter of fiscal year 2016 as compared to the third quarter of fiscal year 2015. This payment was for funding of the Celilo modernization project.

Nonfederal debt proceeds decreased $39.1 million through the third quarter of fiscal year 2016. This decrease was primarily due to a reduction in the amount of lease-purchase commitments entered into during the quarter.

In June 2016, one of the consolidated special purpose corporations from which BPA leases certain transmission facilities, NIFC V, sold its lease receivable from BPA, rights to future lease revenue, and title to the leased assets to the Port of Morrow, Oregon, a port district located in Morrow County, Oregon. NIFC V's $118.0 million bank line of credit was replaced by a $115.1 million capital lease with the Port of Morrow, Oregon. The net financial reporting effect of this transaction was a nonfederal debt cash repayment of $3.8 million and a $0.9 million noncash increase to nonfederal debt.

Adjusted Net Revenues

A comparison of Adjusted Net Revenues (ANR) follows for the nine months ended June 30, 2016, and June 30, 2015:

(Millions of dollars)	2016	2015
Net revenues	$ 311.7	$ 449.7
Adjustments		
Debt Service Reassignment actions [1]	5.6	5.4
Regional Cooperation Debt management actions [2]	(290.1)	(171.8)
Revenue Requirement adjustment [3]	53.7	-
Adjusted Net Revenues	$ 80.9	$ 283.3

In fiscal year 2016, BPA continued the use of a Key Agency Target called Adjusted Net Revenues, a non-GAAP measurement designed to report net revenues after removing the current year effects of certain debt management actions and a rate mitigation adjustment. The effects of these actions and adjustment are not considered to be related to ongoing FCRPS operations, and BPA management has therefore determined that ANR is a better representation of FCRPS financial performance for the periods presented.

ANR is FCRPS net revenues adjusted to reflect:

1) The removal of the effect on FCRPS net revenues of "Debt Optimization" actions that were implemented for several continuous years beginning in fiscal year 2001. Debt Optimization involved the refinancing of Energy Northwest debt to extend its weighted-average maturity, which in turn enabled BPA to reduce the aggregate principal amount of bonds issued by BPA and then outstanding to the U.S. Treasury. Debt Optimization actions initially had the effect of increasing FCRPS net revenues over what they otherwise would have been in each of the fiscal years in which the actions occurred. In subsequent fiscal years, the repayment of the extended Energy Northwest debt has had the effect of decreasing reported FCRPS net revenues. An element of Debt Optimization, referred to as Debt Service Reassignment, continues to reduce FCRPS net revenues resulting in adjustments to derive the ANR amount.

2) The removal of the effect on FCRPS net revenues of Regional Cooperation Debt (RCD) management actions, from and after fiscal year 2014, to extend the weighted-average maturity of Energy Northwest debt. These RCD management actions have enabled BPA to prepay relatively high interest rate federal appropriations in lieu of the repayment of Energy Northwest debt that had otherwise been assumed to be repaid in BPA's Power rate proposals for the fiscal year(s) in which the appropriations prepayments were made. Amounts related to RCD management actions vary from year to year depending on the change in the weighted-average maturities of the Energy Northwest debt.

3) The removal of the effect of an adjustment to the Power rate case Revenue Requirement, which was accomplished through a Revenue Requirement offset. This offset was introduced so that the effects of certain RCD debt management and other cost management actions would serve to mitigate, to a limited extent, a rate increase. This offset limits upward Power rate impacts of ceasing to debt finance energy conservation costs beginning in fiscal year 2016. The foregoing actions resulted in lower FCRPS net revenues than would be reported in their absence.

Additional Information

To see BPA's annual and quarterly reports, go to www.bpa.gov/goto/AnnualReport

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

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

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

Federal Columbia River Power System
Combined Balance Sheets (Unaudited)
(Millions of dollars)

	As of June 30, 2016	As of September 30, 2015
Assets		
Utility plant		
Completed plant	**$ 18,089.4**	$ 17,235.7
Accumulated depreciation	**(6,231.3)**	(6,192.7)
	11,858.1	11,043.0
Construction work in progress	**1,313.4**	1,815.7
Net utility plant	**13,171.5**	12,858.7
Nonfederal generation	**3,505.7**	3,534.2
Current assets		
Cash and cash equivalents	**918.8**	646.7
Short-term investments in U.S. Treasury securities	**792.4**	694.3
Accounts receivable, net of allowance	**31.3**	35.7
Accrued unbilled revenues	**272.3**	298.9
Materials and supplies, at average cost	**117.5**	116.9
Prepaid expenses	**63.7**	27.4
Total current assets	**2,196.0**	1,819.9
Other assets		
Regulatory assets	**6,231.1**	6,603.2
Nonfederal nuclear decommissioning trusts	**305.9**	282.7
Deferred charges and other	**357.9**	449.9
Total other assets	**6,894.9**	7,335.8
Total assets	**$ 25,768.1**	$ 25,548.6
Capitalization and Liabilities		
Capitalization and long-term liabilities		
Accumulated net revenues	**$ 3,487.4**	$ 3,175.7
Debt		
Federal appropriations	**3,941.2**	3,901.7
Borrowings from U.S. Treasury	**4,643.7**	4,366.7
Nonfederal debt	**6,845.7**	6,786.9
Total capitalization and long-term liabilities	**18,918.0**	18,231.0
Commitments and contingencies (See Note 13 to 2015 Audited Financial Statements)		
Current liabilities		
Debt		
Borrowings from U.S. Treasury	**60.0**	282.0
Nonfederal debt	**802.2**	752.5
Accounts payable and other	**499.3**	539.8
Total current liabilities	**1,361.5**	1,574.3
Other liabilities		
Regulatory liabilities	**2,155.9**	2,259.8
IOU exchange benefits	**2,579.9**	2,683.9
Asset retirement obligations	**191.5**	184.8
Deferred credits and other	**561.3**	614.8
Total other liabilities	**5,488.6**	5,743.3
Total capitalization and liabilities	**$ 25,768.1**	$ 25,548.6

Federal Columbia River Power System
Combined Statements of Revenues and Expenses (Unaudited)
(Millions of dollars)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Fiscal Year-to-Date Ended June 30, 2016	Fiscal Year-to-Date Ended June 30, 2015
Operating revenues				
Sales	**$ 779.1**	$ 756.8	**$ 2,498.0**	$ 2,535.5
U.S. Treasury credits	**16.0**	21.7	**63.8**	63.0
Miscellaneous revenues	**21.0**	13.6	**61.5**	45.1
Total operating revenues	**816.1**	792.1	**2,623.3**	2,643.6
Operating expenses				
Operations and maintenance	**498.8**	476.6	**1,461.3**	1,435.9
Purchased power	**16.3**	34.7	**83.8**	42.3
Nonfederal projects	**63.9**	(33.9)	**193.0**	164.4
Depreciation and amortization	**120.6**	111.8	**350.8**	336.1
Total operating expenses	**699.6**	589.2	**2,088.9**	1,978.7
Net operating revenues	**116.5**	202.9	**534.4**	664.9
Interest expense and (income)				
Interest expense	**87.7**	89.2	**261.7**	265.5
Allowance for funds used during construction	**(7.6)**	(13.6)	**(31.3)**	(39.8)
Interest income	**(4.5)**	(5.0)	**(7.7)**	(10.5)
Net interest expense	**75.6**	70.6	**222.7**	215.2
Net revenues	**$ 40.9**	$ 132.3	**$ 311.7**	$ 449.7

Federal Columbia River Power System
Combined Statements of Cash Flows (Unaudited)
(Millions of dollars)

	Fiscal Year-to-Date Ended June 30, 2016	2015
Cash flows from operating activities		
Net revenues	**$ 311.7**	$ 449.7
Non-cash items:		
Depreciation and amortization	**350.8**	336.1
Amortization of nonfederal projects	**20.3**	16.6
Deferred payments for Energy Northwest-related O&M and interest	**204.0**	-
Changes in:		
Receivables and unbilled revenues	**35.0**	18.6
Materials and supplies	**(0.6)**	(7.5)
Prepaid expenses	**(36.3)**	(15.4)
Accounts payable and other	**(17.5)**	11.6
Regulatory assets and liabilities	**34.8**	23.5
IOU exchange benefits	**(104.0)**	(91.6)
Other assets and liabilities	**(11.4)**	(118.8)
Net cash provided by operating activities	**786.8**	622.8
Cash flows from investing activities		
Investments in utility plant, including AFUDC	**(597.8)**	(729.7)
U.S. Treasury Securities:		
Purchases	**(939.0)**	(1,019.0)
Maturities	**836.2**	882.7
Deposits to nonfederal nuclear decommissioning trusts	**(2.6)**	(2.5)
Lease-purchase trust funds:		
Deposits to	**(90.6)**	(129.5)
Receipts from	**159.7**	151.2
Net cash used for investing activities	**(634.1)**	(846.8)
Cash flows from financing activities		
Federal appropriations:		
Proceeds	**39.5**	34.2
Borrowings from U.S. Treasury:		
Proceeds	**344.0**	475.0
Repayment	**(289.0)**	-
Nonfederal debt:		
Proceeds	**90.7**	129.8
Repayment	**(41.6)**	(63.0)
Customers:		
Net advances for construction	**4.4**	4.0
Repayment of funds used for construction	**(28.6)**	(27.3)
Net cash provided by financing activities	**119.4**	552.7
Net increase in cash and cash equivalents	**272.1**	328.7
Cash and cash equivalents at beginning of year	**646.7**	859.2
Cash and cash equivalents at end of quarter	**$ 918.8**	$ 1,187.9
Supplemental disclosures:		
Cash paid for interest, net of amount capitalized	**$ 275.7**	$ 272.7
Significant noncash investing and financing activities:		
Nonfederal debt increase for Energy Northwest	**$ 265.7**	$ 543.5
Nonfederal debt extinguished through refinancing for Energy Northwest	**$ (217.9)**	$ (359.7)
Other nonfederal	**$ 11.6**	$ 1.5