# Detailed Income Statement Descriptions

## Transmission Services

| Program Title* | Program Description |
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| Sales | Sales under the Transmission Rate Schedules |
| Miscellaneous Revenue | Sales that are not subject to Transmission rates schedules |
| Inter-Business Unit Revenue | Sales to Power Business Unit |
| Total Operating Revenues | |
| | |
| INFORMATION TECHNOLOGY | Transmission Program - IT costs dedicated 100% in support of Transmission IT projects to meet Transmission business needs. |
| POWER SYSTEM DISPATCHING | Perform 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 coordinating long and short term outages of system equipment. In addition, provides technical engineering support of dispatching function and provides all support for Dittmer Control Center (DCC) and Monroe Control Center (MCC) power system control centers. |
| CONTROL CENTER SUPPORT | Control Center Monitoring: Identifies resources incurred for the power system control computer systems and related facilities and the 24/7 monitoring of Control Center automation and the system-wide communication network.<br><br>Control Center Software and Hardware: Identifies resources incurred to directly implement and maintain power system control computer software and power system control hardware, peripherals, data acquisition equipment and related facilities at BPA's control centers.<br><br>Control Center Management and Direction: Identifies resources incurred in management, supervision, administration and other activities supporting implementation, maintenance, or monitoring of control center hardware or software. |
| TECHNICAL OPERATIONS | Power System Evaluation: Identifies resources incurred in the technical operations of the power system. This included operational control, operations information and power system technical support.<br><br>Technical Operations Management and Direction: Identifies resources incurred in management, supervision, administration and other activities supporting the technical operations activities of the BPA power system such as operational transfer capabilities, outage coordination support, oversight for crucial Transmission reliability and scheduling functions such as SCADA, RAS, and disturbance monitoring and reporting systems. |
| SUBSTATION OPERATIONS | Field Operations: Identifies resources incurred in the operation of BPA's substations. Includes inspections, switching, emergency response and outage planning. |

| Program Title* | Program Description |
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| | District Operations: Identifies resources incurred in management, supervision, administration and other activities supporting field operations of BPA's substations.<br><br>Joint Costs Operations: Identifies resources incurred in the operation of BPA's substations that are operated for joint-cost users. Includes inspections, switching, emergency response and outage planning.<br><br>Substation Operations Policies and Procedures: Identifies resources incurred in providing standards, procedures, and polices for the operations of BPA substations. |
| RESERVATIONS | Performs analysis to determine whether specific transmission requests can be granted subject to requirements of the Tariff and FERC orders, runs the market competitions, assists customers with questions about their transmission requests and operation of OASIS. |
| PRE-SCHEDULING | Performs sales/scheduling of transmission for next day(s) operations per the WECC Pre-schedule timeline. |
| REAL-TIME SCHEDULING | Perform sales/scheduling of transmission services for next hour delivery; curtail schedules in-hour as system conditions require. |
| SCHEDULING TECHNICAL SUPPORT | Provides technical analysis, manages work requests, develop documentation to support the Real-Time and Pre-schedule functions, and to ensure compliance with external regulations and WECC business practices. |
| SCHEDULING AFTER-THE-FACT | Verify net scheduled and net actual interchange, and investigate and resolve discrepancies. |
| TRANSMISSION SALES | Acts as primary point of contact to establish, update, or renew transmission contracts, participate in Transmission Services rate case proceedings, and explain changes in business practices or procedures. |
| MKTG CONTRACT MANAGEMENT | Provide analysis, and support to Transmission sales to establish, update, or renew transmission contracts. |
| MKTG TRANSMISSION BILLING | Core business services and leadership in support of BPA's customer relationships, marketing, and sales governance requirements. |
| MKTG BUSINESS STRAT & ASSESS | Manages transmission business policy and assessments, rate case support and commercial infrastructure. |
| EXECUTIVE AND ADMIN SERVICES | Represents the management of the Transmission Services including VP's and manager's labor, outplacement training, Western Interconnected Electric System (WIES) insurance, employee reimbursements for flu shots, etc. Includes student tuition assistance and travel. |
| LEGAL SUPPORT | Represents direct legal support for transmission issues regarding development and implementation of BPA Transmission policies and tariffs, representing the agency in all area of statutory and contractual responsibilities. |
| TBL INTERNAL GENERAL & ADMINISTRATIVE | Represents the support of the Transmission Services, including training, awards, efficiency projects, strategic performance management, A-123, benchmarking and root cause analyses and asset management business case support. |
| AIRCRAFT SERVICES | Provides aviation support to insure the reliability of the power transmission system. Consists of two fixed wing |

| Program Title* | Program Description |
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| | aircraft, BPA flight crew, mechanics and dispatchers. Transports employees to support the power transmission system. |
| LOGISTICS SERVICES | Supply Chain is a corporate organization and logistics services are charged directly to Transmission:<br>Materials Handling and Transportation Services, includes fleet management, transportation, material handling, shipping, parts pickup, small freight and mail.<br><br>Materials Management: provides materials and supply purchasing strategy coordination, purchasing, stock and direct inventory management, spare parts inventory management, system/order processing, receiving inspection, capital construction material coordination to support work requirements, while ensuring ethical, risk-appropriate business practices are compliant with internal controls.<br><br>Construction/Services and Field Purchasing, including construction and services purchasing strategy coordination, professional/non-professional services contracting and construction contracting;<br><br>Asset Utilization, including program property management, and equipment loan pools;<br><br>Process Management, including continual process improvement of the overall logistics services processes, evaluation and coordination of cross-agency processes in inventory management, purchasing and asset utilization. |
| SECURITY ENHANCEMENTS | Security Enhancements covers costs associated with conducting security system performance testing, security risk assessments, coordination with local, state, and federal law enforcement and management and oversight of physical security projects at critical transmission sites. Services include regular maintenance and inspection of added security measures. |
| NON-ELECTRIC MAINTENANCE | Non-Electric Plant covers costs for inspection and maintenance of the substation grounds and yards. It includes janitorial services; road, parking, curbs, and gutter upkeep; care of grounds, snow removal and cutting grass; water and sewer upkeep; security, fire protection, and alarm system upkeep; heating, cooling, and associated equipment inspections and maintenance; and crane and elevator inspections and upkeep. |
| SUBSTATION MAINTENANCE | Substation Maintenance covers costs of service and repair of BPA-owned system high voltage power system equipment. It includes transformers, breakers, and other high voltage equipment within BPA substations and energized facilities, field resources performing work on substation power equipment and laboratory services necessary for maintaining substation assets. |
| TRANSMISSION LINE MAINTENANCE | Transmission Line Maintenance maintains and repairs nearly 15,000 circuit miles of overhead transmission lines and transmission line structures and fixtures such as steel towers, wood poles, crossarms, insulators, overhead conductors and devices, as well as roads and trails. |
| SYSTEM PROTECTION CONTROL MAINTENANCE | System Protection Control covers costs of testing, checking, maintaining, and adjusting meters, gauges, and other |

| Program Title* | Program Description |
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| | instruments, relays, controls, and other equipment in the substations. Responsible for system protection and communication functions. |
| POWER SYSTEM CONTROL MAINTENANCE | Power System Control covers costs for diagnostic and repair of communications equipment, construction and compliance activities, including costs of diagnostic support and repair of field and Control Center communications equipment. Maintains a spare parts inventory and provides engineering support, equipment standards writing and compliance monitoring. |
| JOINT COST MAINTENANCE | Joint Cost Maintenance covers costs of operations and maintenance of facilities jointly owned by Bonneville and an outside entity. This project level captures the direct costs of operation and maintenance performed by BPA which will be allocated (according to terms of the contract) from this project level to a customer-specific work. |
| SYSTEM MAINTENANCE MANAGEMENT | System Maintenance costs associated with upkeep of capital plant, property, and equipment to insure its intended function in support of the ongoing operations of the Bonneville Power Administration. Upkeep includes repairs and minor replacements of plant from point of generation to the entrance to the distribution system |
| ROW MAINTENANCE | Right-of-Way Maintenance covers costs of ensuring that BPA can safely access, construct, operate, and maintain its Transmission facilities and access road construction crews to accomplish identified maintenance work. |
| HEAVY MOBILE EQUIP MAINT | HMEM program covers costs associated with repair, maintenance, and acquisition and overall asset management of BPA's Mobile Equipment Fleet, Micro Wave engine generators, Substation engine generators, outfitting of BPA/GSA vehicles and maintenance of misc. tools. |
| TECHNICAL TRAINING | Technical Training and Continuing Education program covers cost associated with coordinating and providing training and continuing education for apprentices , craftsman, lineman, electricians, operator and engineer training and professional training for Transmission Services salaried employees. |
| VEGETATION MANAGEMENT | Vegetation Management program is responsible for keeping BPA's rights-of-way clear of trees, brush, and encroachments that could affect the safety, accessibility, and system reliability of the Transmission system by planning, implementing, and monitoring all vegetation-related activities associated with right-of-ways, danger Tree Management, management analysis of reporting systems and technology (LIDAR) and vegetation-specific aerial patrols, pre-project environmental review, and landowner identification and notification. |
| ENVIRONMENTAL ANALYSIS | Environmental Analysis program ensures statutory/regulatory environmental compliance requirements are accomplished through appropriate biological, physical, and cultural investigations and social and economic analyses of all BPA decisions, agency-wide policy, and programmatic direction. This function involves coordination of public involvement in environmental analysis and documents environmental compliance. This function recommends appropriate mitigation and coordinates with other groups to attain necessary permits and helps guide implementation, effectiveness, and validation monitoring for environmentally sensitive efforts. |
| POLLUTION PREVENTION AND ABATEMENT | Develops, coordinates, and manages environmental compliance actions and programs associated with the operation, |

| Program Title* | Program Description |
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| | maintenance, and construction of BPA's transmission system. |
| RESEARCH & DEVELOPMENT | Conducts research focused on technologies related to business challenges BPA faces including reliability, energy efficiency, and integration of renewable energy resources to transform research and development into best practice applications that deliver value to the Pacific Northwest electric system.<br>Technologies of interest are identified in BPA's Technology Roadmaps that have potential to improve system reliability, lower rates, advance environmental stewardship and provide regional accountability. |
| TSD PLANNING AND ANALYSIS | Provide technical support activities for the capital infrastructure program, such as transmission system planning studies in support of reliability standards compliance, non-wires solutions, feasibility studies, pilot projects, and standardizing the programs for assets, grid-modeling software maintenance and evaluating potential system enhancements |
| CAPITAL TO EXPENSE TRANSFER | Conduct annual analysis of Bonneville's outstanding capital work orders to assess whether they should be expensed. As obsolete inventory is identified and disposed of, it is expensed. |
| NERC / WECC COMPLIANCE | This program addresses compliance with NERC mandatory standards and provides input during standards development; maintaining compliance once standards are enacted, supporting annual Western Electricity Coordinating Council (WECC) self certification; providing staff support for FERC and WECC audits. The program also includes: WECC dues based on the load of WECC Members as a proportion of the total load within the WECC area |
| ENVIRONMENTAL POLICY/PLANNNING | Provides guidance and direction on the integration of environmental stewardship into BPA's business decision-making. Provides comprehensive environmental planning and analysis in a cost-effective way using innovative methods and techniques. |
| LEASED FACILITIES | Includes leases and other costs of transmission, delivery and voltage support facilities when such arrangements are operationally feasible and cost effective to deliver power. Proactively manages lease arrangements to develop long-term strategies. |
| GENERAL TRANSFER AGREEMENTS (settlement) | Payments made to customers in the event a settlement is due to marketing activities. |
| NON-BBL ANCILLARY SERVICES | Payments to others for generation inputs provided by others. |
| TRANSMISSION RENEWABLES | Advancement of initiatives designed to make better use of the existing system through improved wind forecasting and more flexible scheduling arrangements, and to bring additional resources into the marketplace for balancing services. |
| ANCILLARY SERVICES PAYMENTS | Payments to Power Services for generation inputs. |
| OTHER PAYMENTS TO PBL | Payments to Power Services for Corp/Bureau and Synchronous Condensers |
| STATION SERVICES PAYMENTS | Payment to Power Services for redispatch and station service |
| EXTERNAL REIMBURSABLE SERVICES | Enter into written agreements with Federal and non-Federal entities that have work or services to be performed by Bonneville staff at the expense of the benefiting utilities. The projects must be beneficial, under agreed upon criteria, to Bonneville 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 |

| Program Title* | Program Description |
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| | region. |
| INTERNAL REIMBURSABLE SERVICES | Reimbursable work done for BPA Business Units |
| UNFUNDED RETIREMENT BENEFITS | Both federal employers and their employees contribute a percentage of eligible employee compensation toward funding the employee's post retirement benefits. The Agency and employee contribution rates under the Civil Service Retirement System (CSRS) are 7 percent each. Under the Federal Employees Retirement System (FERS), the contribution rates are 11.7 percent and .8 percent, respectively. The Federal Government has determined these contributions are not sufficient to fully fund the future cost of post retirement benefits, leaving the plans under funded. Employees also usually participate in the Federal Employees Health Benefits Program (FEHB) and/or the Federal Employees' Group Life Insurance Program (FEGLI); these plans are similarly under funded. Beginning in fiscal 1998, the BPA Administrator elected to include an additional post-retirement contribution as an operational expense as part of power and transmission rates for the FCRPS. Therefore, BPA voluntarily remits to U.S. Treasury each year, in the year-end payment, a contribution as an effective offset to the under funded portion. The contribution includes component amounts that represent both BPA retirees and the retirees related to the power producing operations of the Corps and Reclamation. |
| AGENCY SERVICES G&A | Agency Services G&A represents the portion of Agency Services costs that are general in nature and are allocated to transmission for rate recovery. This category includes such activities as executive management, agency-wide legal support, Human Capital Management, Finance, IT Management and Infrastructure, Workplace Services, and Supply Chain Purchasing. |
| Undistributed Expense Reduction | Reflects additional unbudgeted costs identified to occur during the year and reflects effort to identify where the offsetting reductions will be taken during the year to cover the increases. |
| Other Income, Expense & Adjustments | Miscellaneous revenues and expense adjustments generally occurring from prior year transactions. |
| DEPRECIATION | That portion of the cost of tangible assets, such as equipment and facilities, which through use, obsolescence, or passage of time is determined to have expired and is therefore chargeable to expense accounts during the current accounting period. Depreciation of original cost and estimated cost to retire utility plant is computed on the straight-line method based on estimated service lives of the various classes of property, which average 40 years for transmission plant. |
| AMORTIZATION | This represents the depreciation of intangible capital investments |
| Total Operating Expenses | |
| APPROPRIATIONS INT EXP BPA | Interest expense is calculated each year on the outstanding appropriated investment of Corps & Bureau (Pwr) and BPA (Trans). It is decreased by amortization of outstanding debt and increased by new appropriated investment placed in service. Payment and investment are generally made as of Sep 30 each year. Amortization of debt prior to Sep 30 would reduce the current year expense. |
| CAPITALIZATION ADJUSTMENTS | This reflects the amortization of the gain recognized when outstanding appropriations were refinanced. The gain was |

| Program Title* | Program Description |
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| | realized as a result of the legislated refinancing methodology, which increased interest to be based on prevailing market rates at the time of the transaction, but reduced outstanding principal. The adjustment is a fixed schedule and will not change during the year. |
| GROSS BONDS INTEREST EXPENSE | The expense from interest accruing on outstanding bonds with US Treasury. Principal issued, market interest rate, term length and call feature effect the interest expense for each individual bond. Gross bond interest expense changes with each new bond issuance and retirement . |
| INTEREST INCOME | Interest earned on the balance in the BPA fund invested in Market Based Special investments and interest earned from the interest offset credit (an interest credit given on cash balances in the BPA fund). Attributed to Power and Transmission based on their respective total cash reserves. |
| DEBT REASSIGNED INT EXPENSE | Interest on Energy Northwest principal reassigned to Transmission as a result of transmission Federal bonds having been paid down with Debt Optimization proceeds from Power revenues. The debt reassignment expense is set at the beginning of the fiscal year. |
| EXP AFUDC | The allowance for funds used during construction (AFUDC) constitutes interest on the funds used for utility plant under construction. AFUDC is capitalized as part of the cost of utility plant and results in a non-cash reduction of interest expense. While cash is not realized currently from this allowance, it is realized under the ratemaking process over the service life of the related property through increased revenues resulting from higher plant in-service and higher depreciation expenses. AFUDC is based on the monthly construction work in progress (CWIP) balance |
| Net Interest Expense | |

*Programs should be listed in the order they appear on the income statements.

| Program Title* | Program Description |
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# Detailed Income Statement Descriptions

## Power Services

| Program Title* | Program Description |
|---|---|
| Gross Sales (without Bookout Adj) | Sales under the Power Rate Schedules |
| Bookout Adjustment to Sales | Bookout Adjustments to Sales |
| Miscellaneous Revenue | Sales from General Transfer Agreement (GTA) delivery charge, Energy Efficiency, Downstream Benefits, U.S. Bureau of Reclamation (Reclamation) power for irrigation, and the Upper Baker project |
| Inter-Business Unit Revenue | Sales to Transmission for providing generation inputs for ancillary and control area services |
| U. S. Treasury Credits | U.S. Treasury credits from the 4(h)(10)(C) credit and Colville Settlement |
| Total Operating Revenues | |
| | |
| COLUMBIA GENERATING STATION | The Columbia Generating Station is a 1107 net megawatt boiling water nuclear reactor. CGS operation costs are for the operation and maintenance of the nuclear plant. BPA acquires 100% of the CGS generation and funds 100% of its costs. BPA also funds the decommissioning trust funds (~$4M/year) and Nuclear Electric Insurance Liability (NEIL) premiums (~$4M/year |
| CORPS OF ENGINEERS AND BUREAU OF RECLAMATION | The Corps of Engineers and Bureau of Reclamation line items include the direct operating and maintenance expenses of the 31 hydroelectric plants in the Federal Columbia River Power System. The FCRPS has an overall capacity of 22,060 megawatts and accounts for about half of BPA's generation costs.<br><br>BPA works with the Corps and Reclamation to fund operations and routine maintenance, non-routine extraordinary maintenance, security, WECC/NERC requirements, and fish and wildlife and cultural resources enhancements and mitigation activities. |
| LONG-TERM CONTRACT GENERATING PROJECTS | Long-Term Contract Generating Projects include the output contracts for generating resources (with private utilities), such as Cowlitz Falls (Lewis County PUD), Billing Credits Generation, WGA, Clearwater Hatchery Generation, and Idaho Falls Bulb Turbine generation. |
| COLLVILLE GENERATION SETTLEMENT | The Colville Generation Settlement is the program for settling with the Colville Nation lands lost with the construction of Grand Coulee dam. The annual amount is based on an algorithm of actual generation from Grand Coulee with sales |

| Program Title* | Program Description |
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| | revenue. |
| TROJAN DECOMMISSIONG | Trojan O&M reflects the costs associated with the operation of the Trojan Independent Spent Fuel Storage Installation. |
| WNP 1 and 3 O&M | WNP 1/4 & 3 O&M reflects the costs for operation and/or restoration of sites for the three incomplete nuclear power plants. |
| PNCA HEADWATER BENEFITS | PNCA headwater benefits are the allocation of storage costs of seven non-Federal hydropower storage projects that benefit downstream Federal Projects. |
| PURCHASES FOR SERVICE AT TIER 2 RATES | Power purchases in accordance with requests from Regional Dialog contract utilities to serve above Rate Period High Water Mark (RHWM) loads at Tier 2 rates. |
| OTHER POWER PURCHASES | Other Power Purchases is the costs associated with short-term power purchases and NTSA and Libby Coordination Agreement power purchases, This category will decrease or increase based on need to meet load/resource balance. |
| AUGMENTATION POWER PURCHASES | Augmentation is a rate case construct that accounts for the forecast power purchases BPA needs to meet its power obligation under critical water conditions. |
| RESIDENTIAL EXCHANGE | Included in section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act, the Residential Exchange Program extends the benefits of low cost Federal power to residential and small farm customers served by the region's investor-owned and publicly owned utilities. BPA purchases power from an exchanging utility at the utility's average system cost, and sells back the same amount of power to the utility at BPA's priority firm exchange rate. The difference, or net cost, must be used by the exchanging utility to lower the rates of its residential and small farm customers. |
| RENEWABLE GENERATION PROJECTS | Renewable Generation Projects are power purchases from resources fueled by wind, solar and geothermal. This line item also includes new resource development opportunities such as demand response pilots and advanced demonstration projects. |
| GENERATION CONSERVATION | Generation Conservation reflects the costs of several conservation programs including Market Transformation, Legacy Conservation Programs, Technology Leadership, and Low Income Weatherization. It also includes Energy Efficiency Development costs that are rate neutral and have equal and offsetting revenues. |
| PBL NON-GENERATION OPERATIONS | This program includes the internal operations costs for Power Services along with the costs charged to Power for Agency Services support. Power's internal operating costs include personnel, salaries, benefits, awards, service contracts and supplemental labor necessary to perform a wide array of functions. |
| POWER SERVICES TRANSMISSION AND ANCILLARY SERVICES | PBL Transmission and Ancillary Services represents costs associated with services necessary to support the transmission of energy from resources to loads: reliability, scheduling and dispatch, spinning reserves, emergency reserves, load following and regulation, automatic generation control, energy imbalance, transmission losses, control |

| Program Title* | Program Description |
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| | area reserves for resources and for interruptible purchases. |
| 3rd PARTY GTA WHEELING | 3rd Party GTA Wheeling reflects the cost for wheeling power over a second utility's line to a customer of the first utility in the second utility's control area. |
| GENERATION INTEGRATION | Generation Integration is the total annual cost of BPA's transmission facilities used to connect Federal Columbia River Power System (FCRPS) generation to the BPA network. |
| TELEMETING/EQUIMENT REPLACEMENT | Telemetering equipment replacement reflects costs for transmission engineering services, including equipment, to provide transmission support for General Transfer Agreement (GTA) customers. This program was initiated in FY2002 to replace aging equipment. |
| BPA FISH AND WILDLIFE | The BPA Fish and Wildlife implements hundreds of projects each year to mitigate for the impacts of the FCRPS dams. These actions are designed to satisfy obligations under the Northwest Power Act, the Endangered Species Act, and trust responsibilities to affected American Indian Tribes. They ensure compliance with ESA biological opinions, the Columbia Basin Fish Accords, wildlife settlements, and other agreements. |
| USF&W LOWER SNAKE HATCHERIES | This plan operates and maintains a network of 11 hatcheries and 18 satellite facilities to mitigate for the losses of salmon and steelhead from the construction and operation of the four lower Snake River dams: Ice Harbor, Lower Monumental, Little Goose, and Lower Granite. The program includes expenses for the operations, evaluation and nonrecurring maintenance. BPA funds the LSRCP through a direct funding agreement with the U.S. Fish and Wildlife Service. |
| PLANNING COUNCIL | BPA pays for the staff and expenses of the Northwest Power Planning Council. |
| ADDITIONAL POST RETIREMENT CONTRIBUTIONS | Additional Post Retirement Benefits reflects the costs for the unfunded liability of the Civil Service Retirement and Disability Fund, the Employees Health Benefits Fund, and the Employees Life Insurance Fund that has not been covered prior to FY1998. Cost estimates also include the power related portion of Corps of Engineers, Bureau of Reclamation, and the U.S. Fish and Wildlife Pension and Post-retirement Benefits. |
| AGENCY SERVICES G&A | Corporate G&A represents the allocated portion of corporate general and administrative costs to power rates. Major functions besides the Executive Office and its functions are: corporate communications, finance, diversity, safety and security. The portion of Corporate costs charged to power rates is relatively dependent on the nature of the function and is based on specific rationale. A number of functional areas are split based on determinations of value/benefit. Additionally, our enterprise financial system is split based on use which results in a split between power and transmission of 35% and 65% respectively. Most other areas are split evenly between both business lines (e.g., administrator, executive support staff, and treaty obligations). Corporate Shared Services are also found in this program. These costs represent the costs for information technology services, infrastructure and maintenance, building rent, maintenance and security; mail services, personnel services, library and printing services, internal training, purchasing, and furniture. Also, the Supply Chain organization provides purchase and contract support to all of BPA. |

| Program Title* | Program Description |
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| BAD DEBT EXPENSE | This is an increase in allowance for uncollectible accounts receivable |
| OTHER INCOME, EXPENSES & ADJUSTMENTS | Miscellaneous accounting entries not associated with specific programs |
| NON-FEDERAL DEBT SERVICE | Interest related to the debt obligations of third parties not related to the Federal Government that are secured by a payment or related obligation of BPA, in particular where BPA's promise to make payments for the related projects is not conditioned on the economic value of the related project or projects. Examples include the WNP-1, Columbia Generating Station, and WNP-3 Project debt issued by Energy Northwest with respect to these three BPA-backed nuclear projects. LCPUD's Cowlitz Falls Project is also and example. |
| DEPRECIATION | That portion of the cost of tangible assets, such as equipment and facilities, which through use, obsolescence, or passage of time is determined to have expired and is therefore chargeable to expense accounts during the current accounting period. Depreciation of original cost and estimated cost to retire utility plant is computed on the straight-line method based on estimated service lives of the various classes of property, which average 75 years for generation plant. |
| AMORTIZATION | This represents the depreciation of intangible capital investments, such as conservation and fish and wildlife. Amortization of capitalized conservation and fish and wildlife costs is computed on the straight-line method based on estimated service lives, which are 10 to 20 years for conservation and 15 years for fish and wildlife. |
| Total Operating Expenses | |
| APPROPRIATIONS INT EXP BPA | Interest expense is calculated each year on the outstanding appropriated investment of Corps & Bureau (Pwr) and BPA (Trans). It is decreased by amortization of outstanding debt and increased by new appropriated investment placed in service. Payment and investment are generally made as of Sep 30 each year. Amortization of debt prior to Sep 30 would reduce the current year expense. |
| CAPITALIZATION ADJUSTMENTS | This reflects the amortization of the gain recognized when outstanding appropriations were refinanced. The gain was realized as a result of the legislated refinancing methodology, which increased interest to be based on prevailing market rates at the time of the transaction, but reduced outstanding principal. The adjustment is a fixed schedule and will not change during the year. |
| GROSS BONDS INTEREST EXPENSE | The expense from interest accruing on outstanding bonds with US Treasury. Principal issued, market interest rate, term length and call feature effect the interest expense for each individual bond. Gross bond interest expense changes with each new bond issuance and retirement . |
| INTEREST INCOME | Interest earned on the balance in the BPA fund invested in Market Based Special investments and interest earned from the interest offset credit (an interest credit given on cash balances in the BPA fund). Attributed to Power and Transmission based on their respective total cash reserves. |
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| EXP AFUDC | The allowance for funds used during construction (AFUDC) constitutes interest on the funds used for utility plant under construction. AFUDC is capitalized as part of the cost of utility plant and results in a non-cash reduction of interest expense. While cash is not realized currently from this allowance, it is realized under the ratemaking process over the service life of the related property through increased revenues resulting from higher plant in-service and higher depreciation expenses. AFUDC is based on the monthly construction work in progress (CWIP) balance. |
| Net Interest Expense | |