

DOCUMENT RESUME

00162 - [A0590807]

Examination of Financial Statements of Federal Columbia River Power System. EMD-77-10; B-114858. December 23, 1976. 2 pp. + enclosures (14 pp.).

Report to Secretary, Department of the Interior; by Elmer B. Staats, Comptroller General.

Contact: Energy and Minerals Div.

Budget Function: Natural Resources, Environment, and Energy: Water Resources and Power (301).

Organization Concerned: Department of the Army: Corps of Engineers.

Authority: (P.L. 94-400; 90 Stat. 1211).

The financial statements of the Federal Columbia River Power System were examined in accordance with generally accepted auditing standards. The financial statements were prepared on a cost-accounting basis which included depreciation. Financial results are not presented on a basis designed to show whether power rates are adequate to repay the Federal investment in the system. Findings/Conclusions: A break occurred in the Teton Dam in 1976, causing extensive damage to the project and from the resulting flood. Congress has enacted legislation to pay the costs of claims of non-Federal entities and individuals, and the system will not be required to pay such claims. No decision has been made regarding the future of the Teton Dam project; until that decision is made, the \$13.1 million project investment allocated to power is shown as a deferred charge, and the \$40.1 million irrigation investment repayable from power revenues is included in repayable irrigation costs. (RRS)



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

00162  
B-114858

DEC 23 1976

The Honorable  
The Secretary of the Interior

Dear Mr. Secretary:

We have examined the statement of assets and liabilities of the Federal Columbia River Power System (see note 1 to the financial statements) as of June 30, 1976 and 1975, and the related statements of revenues and expenses and of changes in financial position for the years then ended. We made our examination in accordance with generally accepted auditing standards and included tests of the accounting records of the Corps of Engineers, the Bureau of Reclamation, and the Bonneville Power Administration and such other auditing procedures as we considered necessary in the circumstances.

The accompanying financial statements were prepared on a cost-accounting basis which included depreciation. The statements do not present the financial results on a basis designed to show whether power rates are adequate to repay the Federal investment in the System, for the fiscal year or cumulatively, on the basis of established repayment periods. (See note 1 to the financial statements.)

As described in note 9 to the financial statements, a breach occurred in the Teton Dam on June 5, 1976, causing extensive damage to the project and downstream from the resulting flood. The Congress has enacted legislation to pay the costs of any claims of non-Federal entities and individuals resulting from the damage caused by the flood; thus the System will not be required to pay them (Public Law 94-400, 90 Stat. 1211, September 7, 1976). At the time of our review no decision had been made regarding the future of the project. Until that decision is made, the \$13.1 million project investment allocated to power is shown as a Deferred Charge; the \$40.1 million irrigation investment repayable from power revenues is included in the repayable irrigation costs described in note 4.

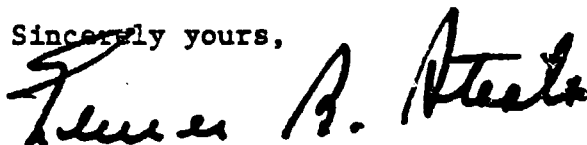
In our opinion, the accompanying financial statements (exhibits 1, 2, and 3), subject to the financial effects of future adjustments related to the adoption of firm cost allocations and the effect of the final decision on Teton Dam, as explained in notes 3 and 9, present fairly the financial position of the System at June 30, 1976 and 1975,

EMD-77-10

the financial results of its power operations, and the changes in financial position for the years then ended, in conformity with accounting principles and standards prescribed by the Comptroller General of the United States.

We are sending copies of this report to the Director, Office of Management and Budget; the Chairman, Federal Power Commission; the Administrator, Bonneville Power Administration; the Commissioner of Reclamation; the Secretary of the Army; and the Chief of Engineers.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Turner B. Steele". The signature is written in a cursive style with a large initial 'T' and 'S'.

Comptroller General  
of the United States

Enclosures - 6

FEDERAL COLUMBIA RIVER POWER SYSTEM  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE FISCAL YEARS  
ENDED JUNE 30, 1976  
AND JUNE 30, 1975

	<u>1976</u>	<u>1975</u>
	(in thousands)	
<b>OPERATING REVENUES:</b>		
Bonneville Power Administration		
Sales of electric energy:		
Publicly owned utilities	\$126,772	\$ 99,127
Privately owned utilities	57,395	44,382
Federal agencies	7,975	6,700
Aluminum industry	70,927	56,469
Paper industry	<u>7,976</u>	<u>6,239</u>
Total	<u>271,045</u>	<u>212,917</u>
Other operating revenues:		
Wheeling revenues	17,531	16,321
Other revenues	<u>3,646</u>	<u>5,180</u>
Total	<u>21,177</u>	<u>21,501</u>
Total Bonneville Power Administration revenues	292,222	234,418
Associated projects		
Other operating revenues	<u>4,776</u>	<u>2,729</u>
Total power system operating revenues	<u>296,998</u>	<u>237,147</u>
<b>OPERATING EXPENSES:</b>		
Operation and maintenance expense:		
Operation expense	48,775	45,318
Maintenance expense	30,516	26,005
Total operation and maintenance expense	<u>79,291</u>	<u>71,323</u>
Purchase and exchange power	7,692	19,347
Depreciation	<u>38,785</u>	<u>34,976</u>
Total operating expenses	<u>125,768</u>	<u>125,646</u>
Net operating revenues	<u>171,230</u>	<u>111,501</u>
<b>INTEREST:</b>		
Interest on Federal investment (Note 7)	145,826	128,404
Interest charged to construction	35,561*	33,656*
Interest income	<u>6,161*</u>	<u>5,565*</u>
Net interest expense	<u>104,104</u>	<u>89,183</u>
<b>NET REVENUE (LOSS) (Schedule B)</b>	<u><u>\$ 67,126</u></u>	<u><u>\$ 22,318</u></u>

\* Denotes deduction

"Notes to the Financial Statements" are an integral part of this statement.

FEDERAL COLUMBIA RIVER POWER SYSTEM  
STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 1976  
AND JUNE 30, 1975

ASSETS

	June 30 1976	1975
	(in thousands)	

FIXED ASSETS:

Completed plant (Schedule A) (Note 6)	\$4,578,669	\$3,890,363
Retirement work in progress	34,137	33,225
	<u>4,612,806</u>	<u>3,923,589</u>
Less accumulated depreciation	381,684	350,925
Construction work in progress (Schedule A)	4,231,122	3,572,664
	<u>759,576</u>	<u>1,079,220</u>
Total fixed assets (Note 6)	<u>4,990,690</u>	<u>4,621,884</u>

LIABILITIES

	June 30 1976	1975
	(in thousands)	

PROPRIETARY CAPITAL:

Investment of U.S. Government in power facilities: Congressional appropriations	\$5,841,090	\$5,577,537
Revenues transferred to Continuing Fund	7,005	7,005
Transfers from other Federal agencies, net	39,483	37,996
Interest on Federal Investment (Note 7)	<u>1,433,451</u>	<u>1,281,590</u>
Gross Federal investment	7,321,025	6,910,128
Less funds returned to U.S. Treasury	<u>2,564,707</u>	<u>2,412,854</u>
Net investment of U.S. Government	<u>4,756,318</u>	<u>4,497,274</u>
Accumulated net revenues: Balance at beginning of year	312,389	292,588
Net revenues - current year (Exhibit 1)	67,126	22,318
Prior years adjustment (Notes 8 and 10)	<u>440*</u>	<u>217*</u>
Balance at end of year	<u>379,072</u>	<u>312,389</u>
Total proprietary capital in power facilities before irrigation assistance	<u>5,135,390</u>	<u>4,809,663</u>
Irrigation assistance (1975, \$511 million) (Schedule A) (Note 4)	<u>5,135,392</u>	<u>4,809,663</u>
Total proprietary capital	<u>5,135,392</u>	<u>4,809,663</u>

CURRENT ASSETS:

Unexpended funds	56,046	129,798
Investments in Government securities, at cost	34,237	11,011
Special funds	5,203	7,002
Accounts receivable	59,931	48,791
Materials and supplies	<u>25,373</u>	<u>22,827</u>
Total current assets	<u>180,790</u>	<u>219,429</u>

OTHER ASSETS AND DEFERRED CHARGES:

Trust funds construction work in progress	54,566	16,099
Other assets and deferred charges (Note 1)	45,405	30,465
Investment in Teton Dam (Note 9)	<u>13,090</u>	<u>-</u>
Total other assets and deferred charges	<u>113,061</u>	<u>47,564</u>
TOTAL ASSETS	<u>\$5,284,549</u>	<u>\$4,918,707</u>

COMMITMENTS AND CONTINGENCIES (Notes 5 and 6)

CURRENT LIABILITIES:	
Accounts payable	69,595
Employee's accrued leave	<u>7,362</u>
Total current liabilities	<u>76,957</u>
OTHER LIABILITIES AND DEFERRED CREDITS:	
Trust fund advances	61,546
Other deferred credits	<u>10,622</u>
Total other liabilities and deferred credits	<u>72,168</u>
TOTAL LIABILITIES	<u>\$5,284,549</u>

\* Denotes deduction

"Notes to the Financial Statements" are an integral part of this statement.

FEDERAL COLUMBIA RIVER POWER SYSTEM  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE FISCAL YEARS  
ENDING JUNE 30, 1976 AND JUNE 30, 1975

	1976	1975
	(in thousands)	
<b>FINANCIAL RESOURCES PROVIDED FROM:</b>		
Operations:		
Net revenues (Exhibit 1)	\$ 67,126	\$ 22,318
Expenses not requiring repayment	38,785	34,976
Net revenues available for repayment	105,911	57,294
Prior years adjustments (Note 10)	440*	517*
Resources provided from operations	105,471	56,777
Federal investment:		
Congressional appropriations	267,543	379,297
Transfers from other Federal agencies, net	1,493	1,392
Interest on Federal investment	145,861	127,089
Resources provided from Federal investment	410,897	507,778
Other resources:		
Decrease in current assets net of current liabilities	48,334	27,121*
Total resources provided	\$564,702	\$537,434
<b>FINANCIAL RESOURCES USED:</b>		
Investment in electric utility plant and facilities, net	\$377,599	\$338,193
Funds returned to U.S. Treasury	151,853	185,362
Other uses:		
Increase in other assets net of other liabilities	35,250	13,879
Total resources used	\$564,702	\$537,434

\* Denotes deduction

"Notes to the Financial Statements" are an integral part of this statement.

FEDERAL COLUMBIA RIVER POWER SYSTEM

AMOUNT AND ALLOCATION  
OF PLANT INVESTMENT  
AS OF JUNE 30, 1976

(All dollar amounts in thousands)  
ALLOCATED TO:

Project	Total	COMMERCIAL POWER			IRRIGATION			NONREIMBURSABLE					Percent of Total Returnable from Commercial Power Revenues
		Completed Plant	Construction Work in Progress	Total Commercial Power	Returnable From Commercial Power Revenues	Returnable From Other Sources	Total Irrigation	Navigation	Flood Control	Fish and Wildlife	Recreation	Other	
<b>Projects in Service</b>													
Transmission facilities (BPA)	\$1,719,245	\$1,467,674	\$231,571	\$1,719,245									100.0
Albion Falls (CE)	33,454	32,063		32,063									95.8
Boise (BR)	66,987	5,138	517	5,655	\$ 11,007	\$ 35,317	\$ 46,324	\$ 134	\$ 174		\$ 1,087		24.9
Bonneville (CE)	161,811	61,807	65,456	127,263				32,845			1,279	\$ 424	78.6
Chief Joseph (CE)	238,537	155,011	82,492	237,503		723	723				255	56	59.9
Columbia Basin (Et)	1,153,075	335,909	300,248	636,157	401,583	68,093	469,676	1,000	45,715			527	90.0
Cougar (CE)	59,746	18,258	1	18,259		3,025	3,025	539	37,715			208	30.6
Detroit-Rig Cliff (CE)	66,611	40,459		40,459		4,764	4,764	220	20,877			291	60.7
Dworshak (CE) (a)	317,956	281,214	38	281,252				9,838	20,549		6,317		83.5
Green Peter-Poster (CE)	59,800	49,639		49,639		5,776	5,776	363	30,107		1,854	2,061	55.3
Hilla Creek (CE)	48,840	17,313	60	17,373		4,312	4,312	625	26,257			273	35.6
Hungry Horse (BR)	101,286	76,686	8	76,694					24,592				75.7
Ice Harbor (CE)	173,610	126,704		126,704				44,598			2,308		73.0
John Day (CE) (a)	521,343	381,636	18	381,654				87,461	14,691		11,128	26,409	73.2
Libby (CE) (a)	513,382	398,727	2,426	401,153					81,390			30,839	78.1
Little Goose (CE) (a)	191,595	118,570	21,830	140,400				46,861			3,736	2,598	72.5
Lookout Point-Dexler (CE)	95,251	45,842	7	45,849		1,324	1,324	709	46,798		417	94	48.1
Lower Granite (CE) (a)	332,400	242,726	22,717	265,443				53,762			4,975	8,220	79.9
Lower Monumental (CE) (a)	207,165	150,305	6,723	156,928				47,628			2,192	417	75.8
McNary (CE)	317,115	261,633	544	262,177				53,375			1,563		82.7
Mamhock-Palisades (BR)	97,215	13,357	27	13,384	10,092	43,412	53,504		29,860		173	294	24.1
The Dalles (CE)	319,803	273,527	1,979	275,506	10,428			42,433			1,842	22	66.1
Yakima (BR)	65,378	4,571		4,571	10,428	48,673	59,101		316	\$ 1,152	738		22.9
<b>Projects Under Construction (a)</b>													
Lost Creek (CE)	120,990		22,914	22,914			1,878	1,878	45,573	20,849	17,693	12,083	18.9
<b>Irrigation Assistance at 11 Projects Having No Power Generation</b>													
	67,331				67,331		67,331						100.0
Subtotal plant investment	7,081,926	4,578,669	759,576	5,338,245	501,164	216,574	717,738	422,391	439,622	22,001	57,113	84,816 (c)	82.5
Repayment obligation retained by Columbia Basin Project	2,211	1,352		1,352 (b)	859		859						100.0
Investment in Teton Project (d) (See Note 9)	68,887		13,090	13,090	40,102	3,533	43,635		10,377		1,785		77.2
<b>Total</b>	<b>\$7,153,024</b>	<b>\$4,580,021</b>	<b>\$772,666</b>	<b>\$5,352,687</b>	<b>\$542,125</b>	<b>\$220,107</b>	<b>\$762,232</b>	<b>\$422,391</b>	<b>\$449,999</b>	<b>\$22,001</b>	<b>\$58,998</b>	<b>\$84,816 (c)</b>	<b>82.4</b>

BPA - Bonneville Power Administration  
CE - Corps of Engineers  
BR - Bureau of Reclamation

(a) Projects in service that have tentative cost allocations at June 30, 1976. Projects under construction have tentative cost allocations (Note 3).

(b) Joint facilities transferred to Bureau of Sport Fisheries and Wildlife. This portion is included in Exhibit 2 as a Deferred Item.

(c) Included in this amount are nonreimbursable road costs amounting to \$70.2 million.

(d) Commercial Power portion of Teton included in Exhibit 2 as a Deferred Item.

"Notes to the Financial Statements" in the annual report of this schedule.

FEDERAL COLUMBIA RIVER POWER SYSTEM  
 RECONCILIATION OF COST ACCOUNTING  
 FINANCIAL STATEMENTS TO REPAYMENT STUDY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1976  
 (All dollar amounts in thousands)

	Cumulative Balance June 30, 1975	Fiscal Year 1976 Operations	Prior Years Adjustments	Cumulative Balance June 30, 1976	Cumulative Adjustment to Repayment Basis	Cumulative Data Through June 30, 1976 on Repayment Study
		(Exhibit 1)	(Note 10)		(Note 1)	
<b>OPERATING REVENUES</b>	<u>\$2,702,953</u>	<u>\$296,998</u>		<u>\$2,999,951</u>		<u>\$2,999,951</u>
<b>EXPENSES:</b>						
Purchase and exchange power	221,383	7,692		229,075	\$ 37,732	266,807
Operation and maintenance expense	766,761	79,291	\$387	846,439		846,439
Interest expense	968,466	104,104	35	1,072,605		1,072,605
Depreciation	433,854	38,785	18	472,657	472,657*	
Total expense	<u>2,390,464</u>	<u>229,872</u>	<u>440</u>	<u>2,620,776</u>	<u>434,925*</u>	<u>2,185,851</u>
<b>NET REVENUES (Exhibit 2)</b>	<u>\$ 312,389</u>	<u>\$ 67,126</u>	<u>\$440*</u>	<u>\$ 379,975</u>		<u>\$ 814,000</u>
<b>RECONCILIATION TO CUMULATIVE AMORTIZATION</b>						
<b>PLANT INVESTMENT</b>						
Completed plant (Exhibit 2)				\$4,578,669		
Retirement work in progress (Exhibit 2)				34,137		
Repayment obligation retained by Columbia Basin Project (Schedule A)				1,352		
Repayment obligation for Teton Project (Exhibit 2)				13,090		
Irrigation Assistance (Schedule A)				542,125		
Net retirements				<u>5,169,373</u>		
Less amortization					<u>90,971</u>	\$5,260,344
Unamortized plant investment					<u>90,971</u>	<u>814,000</u>
						<u>84,446,344</u>
<b>(a) CHANGES IN CUMULATIVE AMORTIZATION:</b>						
Cumulative amortization through June 30, 1975 (including \$11,132 invested in Government securities)						\$ 731,822
Fiscal year 1976						38,807
Depreciation						67,126
Net revenues						440*
Prior years adjustments						23,291*
Purchase and exchange power-adjustment						82,198
Amortization for the year						<u>814,000</u>
Cumulative amortization through June 30, 1976						

\*Denotes deduction  
 "Notes to the Financial Statements" are an integral part of this schedule.



# FEDERAL COLUMBIA RIVER POWER SYSTEM

## Notes to the Financial Statements

### Note 1. Major Accounting Considerations

The Federal Columbia River Power System (FCRPS) consists of the Bonneville Power Administration (BPA) and the generating facilities of the Corps of Engineers (Corps) and the Bureau of Reclamation (Bureau) for which BPA is the power marketing agent. Each entity is separately managed and financed, but the facilities are reported as an integrated power system with the financial results consolidated under the FCRPS title.

These financial statements are prepared on a cost accounting basis including compound interest depreciation and interest on the unamortized Federal investment.

Costs of multipurpose Corps and Bureau projects are assigned to the individual purposes through a cost allocation process. The portion of total project costs allocated to power is included in these statements. Schedule A lists the projects included in FCRPS and the allocation of plant investment to the various purposes.

BPA wholesale power rates are established by using a separate repayment analysis. The differences between the financial statements and the historical data on the repayment analysis are the treatment of

fixed assets, purchased power, and amortization. In the accompanying statements, the depreciation life for fixed assets allocated to power averages about 62 years, with the transmission system averaging 40 years and generating projects averaging 88 years. However, the repayment periods used to establish power rates are 50 years for the generating projects and 40 years for the transmission system, for an average of 47 years.

The purchase and exchange power costs in the cost accounting financial statements reflect the expense on a revenue and expense matching basis, while the figures in the repayment study are on a cash basis. The difference occurs when, for example, net billing for a thermal plant commences before the commercial operation date, such as the Trojan Nuclear Plant. The statement line item "Other assets and deferred charges" on Exhibit 2 for fiscal years 1976 and 1975 includes \$38.0 million and \$21.1 million, respectively, of accumulated Trojan Nuclear Plant costs which were accumulated prior to the plant operation date. These costs will be amortized against revenues produced from that project over the life of the project.

Schedule B provides a correlation between the accompanying cost statements and cumulative totals shown in the first line of the separate repayment analysis.

Note 2. Financing of BPA's Construction Program

The Federal Columbia River Transmission System Act approved October 13, 1974, authorized BPA to use operating receipts and proceeds from sales of revenue bonds for further construction of the Federal transmission system in the Pacific Northwest. The transmission system construction program was financed through the appropriation process for fiscal year 1975 and all prior years. In fiscal year 1976, BPA expended the last of the unused portions of the fiscal year 1975 and prior construction appropriation and began using operating receipts. Current receipts of \$61.7 million were used for construction of BPA facilities during the fiscal year.

Note 3. Tentative Cost Allocations

Plant cost and operation and maintenance expenses based on tentative allocations between power and nonpower purposes are included for seven of the projects listed in Schedule A. In the past, adjustments have been made to plant cost and accumulated net revenues when firm allocations were adopted. At June 30, 1976, total joint plant costs for these seven projects were about \$1.4 billion of which \$1.1 billion were tentatively allocated to power and subject to retroactive adjustment. The amount of adjustments that may be necessary when the allocations become firm is not determinable at this time.

Note 4. Repayment Responsibility for Irrigation Costs

Legislation requires that FCRPS net revenues will be used to repay to the U.S. Treasury the cost of Bureau irrigation facilities which benefiting water users are unable to repay. The use of power revenues for such repayments represents a payment for irrigation assistance to the benefiting water users and, while paid by power rate payers, such costs do not represent a regular operations cost of the power program. The irrigation assistance payments will be shown as reductions of accumulated net revenues at the time future payments are made. The first payment is scheduled to be made in 1997. The 1997 and other future payments are disclosed in the FCRPS repayment studies which are used to establish BPA's power rates. Investment made in irrigation facilities through June 30, 1976, results in estimated irrigation assistance of \$542 million. This compares to \$511.5 million at June 30, 1975.

Not included in the above irrigation assistance costs, is any portion of \$21 million of original project facility costs allocated to irrigation at six Corps projects. If completion of irrigation facilities is ever proposed for authorization and development at these six projects, a determination of water users' repayment ability will probably be made which might result in additional irrigation assistance being required from power revenues.

Note 5. Commitments to Exchange Power and Acquire Project Capability

BPA has made commitments to acquire all or part of the generating capability of various thermal power plants, listed in the table below. BPA is obligated to pay by exchange and net-billing agreements its share of the project costs whether or not the project is completed, operable, or operated. The "Present Termination Commitment" represents those project financing costs (without credit for assets) which would have been payable over the varied financing repayment periods if the project had terminated at June 30, 1976.

BPA has also entered into agreements with 41 utilities to exchange an agreed amount of power for their rights to the Canadian Entitlement. The Canadian Entitlement is one-half of the additional power benefits realized from three Canadian Treaty dams. It was purchased for a 30-year period by the 41 utilities with a \$314.1 million bond issue. BPA furnishes a specified amount of power regardless of the actual additional power generated.

Estimated RPA Portion

<u>Project Name</u>	<u>Commitment Period</u>	<u>Capacity</u> (Megawatts)	<u>Total Capital Cost</u> (in thousands)	<u>Present Termination Commitment</u> (in thousands)
Hanford	Present, for project life	800	\$ 68,900	\$ 58,900
Trojan Nuclear Plant	Present, for project life	339	144,500	144,500
WPPSS* Nuclear Project #1	Start 12/79 for project life	850	1,217,100	355,000
WPPSS Nuclear Project #2	Start 12/76 for project life	1,100	998,700	600,000
WPPSS Nuclear Project #3	Start 12/80 for project life	868	1,016,500	250,000

\* Washington Public Power Supply System

Note 6. Contingent Liabilities

Contingent liabilities other than those liabilities relating to the failure of Teton Dam, which are discussed in Note 9, total approximately \$40.4 million of which \$32.9 million represent various contractor claims and \$7.5 million represent claims under the Federal Tort Claims Act.

Note 7. Interest Rates

Rates of interest applied to the unamortized Federal investment for each generating project and for each year's investment in the transmission system range from 2-1/2% to 6-5/8%. The rates have been set either by law, by administrative order pursuant to law, or by administrative policies. They have not necessarily been designed to recover the interest costs to the U.S. Treasury to finance the investment.

Note 8. Imputed Rent

The General Services Administration (GSA) provides facilities to BPA, the Corps, and the Bureau. Beginning in fiscal year 1975, all three agencies were required by law to pay GSA approximate commercial rental rates. Prior to fiscal year 1975, BPA and the Bureau imputed the rental cost, but the Corps did not because they believed the costs were insignificant. The Corps has estimated these rental costs at \$1.7 million for fiscal years 1972-74 of which \$.5 million would be written off against accumulated net revenues and \$1.2 million would be added to completed plant.

Note 9. Teton Dam

On June 5, 1976, a breach occurred in the Teton Dam. The project was extensively damaged, and a vast amount of damage occurred downstream from the resulting flood. The gross investment in the project at June 30, 1976 was \$68.9 million. The amount of investment allocated to power was \$13.1 million, and the amount of investment allocated to irrigation but repayable from power revenues, was \$40.1 million.

Disposition of the project costs and final decision on the repayment obligation are dependent upon Department of the Interior administrative action and/or Congressional action. The most severe impact on the financial position of the Federal Columbia River Power System would be if the total reimbursable project investment became due and payable immediately and the asset cost allocated to power was written off against accumulated net revenues.

Until a decision is made regarding the future of the project, the investment allocated to power is included as a deferred charge on the Statement of Assets and Liabilities and the costs of irrigation assistance are included with the other irrigation costs, described in Note 4.

The FCRPS will not be required to repay the costs of claims of non-Federal entities and individuals resulting from failure of Teton Dam. The Congress enacted legislation to pay the costs of these claims and stipulated that all such payments would be nonreimbursable.



Note 10. Adjustments to Accumulated Net Revenues

The following table lists the prior year adjustments deducted from Accumulated Net Revenues as shown in Exhibit 2 and Schedule B.

	<u>Fiscal Year 1976</u>	<u>Fiscal Year 1975</u>
	(in thousands)	
1. Adjustment to write-off prior year's employee compensation.	\$368	-
2. Property retirements		\$517
3. Interest	35	-
4. Depreciation	18	-
5. Other	<u>19</u>	<u>-</u>
Net Decrease	<u>\$440</u>	<u>\$517</u>