



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

December 30, 2003

In reply refer to: PSP-5

To Rate Case Parties and Customers:

This letter announces that the Load Based Cost Recovery Adjustment Clause (LB CRAC) draft results presented at the December 18, 2003, LB CRAC workshop are now the final results. For the LB CRAC6 period, April 1, 2004, to September 30, 2004, the LB CRAC percentage is 25.59 percent. The resulting Slice rate adjustment is 25.13 percent, and the resulting non-Slice rate adjustment is 24.63 percent. For the true up to LB CRAC4, the refund to Slice customers is \$1,354,981 and the total refund to non-Slice customers is \$1,079,737. The refund will begin with the January bill for January service for Slice and the January bill for December service for non-Slice.

At the workshop, Slice customers raised an issue regarding the handling of ENRON contract termination expenses. Staff agreed to take the issue forward to Power Business Line (PBL) management. Staff explained to PBL management that some Slice purchasers believe that the LB CRAC methodology protects Slice purchasers from ENRON contract termination expenses until 120 days after April 1, 2003. From those purchasers' point of view, the termination represented a separate power transaction apart from the original power contracts with ENRON. BPA staff explained its position that the termination was a contract modification to the underlying power contract and that the termination expenses should be spread across the terminated contracts proportional to the costs BPA would have otherwise faced had those power contracts not been terminated. After a discussion of the BPA staff approach and the alternative offered by some Slice customers, Paul Norman, Senior Vice President, Power Business Line and Alex Smith, Vice President for Requirements Marketing, affirmed their support for the BPA staff approach for handling ENRON contract termination expenses.

PBL will post the final LB CRAC results and this letter on its PBL Rates web site in January.

Sincerely,

/s/ William Doubleday

Byron G. Keep
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