

Treatment of Enron in Rates

Purpose of this presentation

- To summarize key pieces of the Enron settlement.
- To provide an overview of how the Enron termination shows up in LB CRAC over the FY04-FY06 period.
- To show the effect of Enron termination on CRAC5.

Treatment of Enron in Rates

Overview of Enron Settlement & its Impacts on Rates

- The recent Enron termination covers 13 contracts.
- 9 of the 13 contracts were for augmentation and totaled about 320aMW.
- The remaining 4 contracts were for other power needs that totaled approximately 76aMW.
- The total termination expenses were \$99M; \$84M for augmentation contracts and \$15M for other power needs.
- By terminating these contracts, BPA's overall power costs dropped as well as secondary sales revenues because the amount of surplus available to sell was less.
- *The LB CRAC is virtually unchanged despite the Enron termination. The vast majority of the benefits of terminating Enron accrue to customers exposed to the FB and SN CRAC's due to the effects of over-augmentation.*

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Forecast of Gross Augmentation Power Cost Recovery in LB CRAC FY04-FY06 using SN CRAC Initial Proposal

All numbers are approximate and rounded and for the FY04-FY06 period, including termination payments.

		<u>With Enron In</u>	<u>With Enron Out</u>
1400aMW		\$0.76B	
670aMW		\$0.69B*	\$0.68B*
1100aMW			\$0.43B
In LB CRAC		\$1.45B	\$1.11B

* The difference between \$0.69B and \$0.68B is due to a slight reduction in LB CRAC of \$19M, which, due to rounding, shows up as \$10 million in this picture..

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Revisions in LB CRAC from SN Initial Proposal

- All inputs to LB CRAC were updated in preparing the CRAC5 analysis and updating the out year LB CRAC forecast.
- Load reductions reduced augmentation need.
- There was also a small change in the amount of MWs in the augmentation portfolio.
- The percent of gross power expenses recovered in LB CRAC (including Enron termination expenses) is now approximately 54%.
- The next picture illustrates the combined effects of all these updates on the *current* forecast of LB CRAC as of the SN CRAC final studies.

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Current Forecast of Gross Augmentation Power Expense Recovery in LB CRAC for FY04-FY06

All numbers are approximate and rounded and for the FY04-FY06 period. (Enron out, revised LB CRAC inputs including lower loads)

1080 aMW

\$.52B

578 aMW

\$.59B

\$1.11B

BPA Power Business Line

6/10/2003

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CRAC5 Analysis with and without Enron

				(dollars in millions)		
				<u>No Enron Contracts</u>	<u>Enron Contracts In</u>	
1-Total gross augmentation power costs	\$	195.32	255.32	(195.32+60)		
2-Sum of all augmentation costs (row 1 + row 11)	\$	309.21	368.22			
3-Gross augmentation costs in LB CRAC	\$	<u>233.56</u>	<u>240.56</u>	(row 11+(row 5*row 1))		
4-Amt. line 1 excluded (row 2 - row 3)	\$	75.65	127.66			
5 - % line 1 in line 3 (row 9/row 10)	%	0.62	0.5			
6 - resale revenue	\$	98.41	98.41			
7 - Net Aug. Cost (line 3 - line 6)	\$	135.15	142.15			
8 - "CRAC'able" Revenue	\$	615.86	615.86			
9 - Augmentation Need	aMW	798	798			
10- Augmentation power	aMW	1278	1588	(1278+310)		
11 - Load Reduction Expenses	\$	112.9	112.9			
12-Decrease in LB CRAC with removal of Enron		0.0114	(note: .2194 + .0114 = .2308 with Enron contracts in)			