August 3, 2004

In reply refer to: PFR-6

To Rate Case Parties and Customers:

Each year the Bonneville Power Administration's (BPA) Power Business Line (PBL) is required to estimate the Accumulated Net Revenues (ANR) in the generation function. This year's calculations show that ANR is below the thresholds for both the Financial Based Cost Recovery Adjustment Clause (FB CRAC) and the Safety Net Cost Recovery Adjustment Clause (SN CRAC) for the current fiscal year. Therefore, BPA will move forward on the process established in the SN CRAC rate case to implement the FB and SN CRAC rate adjustments for FY 2005.

On August 18, 2004, the BPA, PBL will conduct a rates workshop to explain the forecast of Accumulated Net Revenues for FY 2004 and present the initial calculations for the FB and SN CRAC rate adjustments for FY 2005. Materials will be available no later than the morning of the workshop on PBL's rates website at www.bpa.gov/power/rates.

The public release on August 18 of the ANR forecast and associated financial information, marks the beginning of a public comment period. Written comments regarding the inputs to the calculation of the proposed FB and SN CRAC rate adjustments should be submitted no later than August 27, 2004, to the Bonneville Power Administration, attention Mike Normandeau, P.O. Box 3621 – PFR-6, Portland, Oregon 97208. Comments may also be e-mailed to mrnormandeau@bpa.gov.

BPA expects to announce the final FB and SN CRAC rate adjustments for FY 2005 at a workshop tentatively scheduled for September 7, 2004.

These workshops will begin at 9:00 a.m. in the Rates Hearing Room, Room 223, located at 911 NE. 11th Avenue, Portland, Oregon. If you would like to participate by telephone for these meetings, please call Cain Bloomer at (503) 230-7443 or Cynthia Jones at (503) 230-5459 to be connected to the conference bridge.

Sincerely,

/s/

Byron G. Keep
Manager for Power Rates