



Power Net Revenue Improvement Sounding Board

PBL 2nd Quarter Review Update

May 2004



PBL FY 2004 - 2005 Aug 28th Workshop vs. FY04 2nd Quarter Review Forecast

	Discussion Date	Avg % of Categories	Expense Reduction/Revenue Enhancement Categories	August 28th Base		2nd Quarter Review Forecast		2nd Qtr Review vs. Base		\$100 M Progress	
				FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004-05	
1	6/15/2004	11%	Internal Operations Expenses Charged to Power Rates	\$ 106.5	\$ 108.5	\$ 103.3	\$ 108.5	\$ (3.2)	\$ 0.0	\$ 3.2	
2	6/15/2004	2%	Generation Conservation Expense	\$ 28.9	\$ 29.0	\$ 30.4	\$ 29.0	\$ 1.5	\$ -	\$ (1.5)	
2a	6/15/2004		Generation Conservation Revenue	\$ (9.3)	\$ (9.3)	\$ (10.8)	\$ (9.3)	\$ (1.6)	\$ -	\$ 1.6	
3	4/22/2004	25%	Columbia Generating Station O&M	\$ 216.9	\$ 251.7	\$ 222.7	\$ 243.2	\$ 5.8	\$ (8.5)	\$ 2.7	
4	6/15/2004	22%	Bureau of Reclamation O&M	\$ 61.3	\$ 63.3	\$ 60.3	\$ 63.3	\$ (1.0)	\$ -	\$ 1.0	
5	6/15/2004		Corps of Engineers O&M	\$ 140.5	\$ 144.5	\$ 138.5	\$ 144.5	\$ (2.0)	\$ -	\$ 2.0	
6	6/15/2004	1%	Renewable Generation Expense***	\$ 23.8	\$ 48.7	\$ 21.1	\$ 23.2	\$ (2.7)	\$ (25.4)	\$ 28.1	
6a	6/15/2004		Renewable Generation Revenue	\$ (20.1)	\$ (32.1)	\$ (17.8)	\$ (17.8)	\$ 2.3	\$ 14.4	\$ (16.6)	
7	6/15/2004	1%	Trojan Decommissioning	\$ 12.2	\$ 8.4	\$ 1.4	\$ 8.4	\$ (10.8)	\$ -	\$ 10.8	
8	6/15/2004	15%	BPA Fish & Wildlife ***	\$ 139.0	\$ 139.0	\$ 153.9	\$ 131.3	\$ 14.9	\$ (7.8)	\$ (7.1)	
9	6/15/2004	24%	Net Interest Expense	\$ 217.8	\$ 235.1	\$ 172.9	\$ 205.1	\$ (44.8)	\$ (30.0)	\$ 74.8	
10	6/15/2004	0%	Revenue Enhancements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11	Total										\$ 99.0
12			Other Expense Categories (excluding augmentation p.p, other power purchases, Transmission, and ENW debt service)*	\$ 478.7	\$ 485.9	\$ 477.9	\$ 489.1	\$ (0.7)	\$ 3.3	\$ (2.5)	

*August 28th Base Includes: Canadian entitlement (\$2 M), Hedging/Mitigation (\$3 M), Residential Exchange costs (\$144 M), Other generating projects (\$32 M), Civil Service Retirement (\$14 M), WNP 1&3 O&M(\$0 M), Conservation and Renewable Discount (\$37 M), Planning Council (\$9 M), USF&W Lower Snake Hatcheries (\$17 M), Colville Generation Settlement (\$17 M), Non-Federal Debt Service (not including ENW) (\$27 M), Depreciation (\$107 M), Amortization (\$74 M), and Non Project Expense Adjustments (\$0 M). [Numbers are average of FY04-05 August 28th Base]

** The change in renewable cost will impact the LB CRAC calculation, but the magnitude of this impact is uncertain.

***Includes High Priority/Action Plan projects of \$.9 M for FY04 in the 2nd Qtr Review estimate. The actual F&W budget is \$153 M(not including High Priority/Action Plan projects) for FY04 and \$131 M for FY05-06, averaging \$139 M over the rate period.

August 28th Base and 2nd Qtr Review Forecast FY2004: This information has been made publicly available by BPA on June 2003 and April 30, 2004 and is consistent with the Final Study Documentation – Volume 1 (SN-03-FS-BPA-02) and the FCRPS FY 2004 Second Quarter Review.

2nd Quarter Review Forecast FY 2005: This information has been made publicly available by BPA on May 7, 2004 and does not contain BPA approved Agency Financial Information.



PBL FY 2004 - 2005 Aug 28th Workshop vs. FY04 2nd Quarter Review Forecast

Changes Since the April 22nd Update:

- **Internal Operational Expenses Charged to Power Rates:** further FY04 reduction (\$0.2 M)
- **Renewable Generation:** Lower power output forecast for wind generating projects for FY04 (\$0.4 M).
- **BPA Fish & Wildlife:** Increase per agreement that expenses average \$139M over rate period, therefore, FY05 and FY06 will reflect decreases. Since we are only looking at FY04 and FY05, we do not pick up the decrease in FY06 resulting in a net increase over the two years for F&W direct funding expenses. BPA high priority action items experiencing lower accrual of expenses than expected for FY04. (-\$5.6 M)
- **Net Interest Expense:** FY04 decrease due to higher than previously forecast earnings in the BPA fund based on cash forecasts; early amortization of appropriated debt; revision of bond interest; and a decrease in AFUDC. (\$9.1 M)

Note: Negatives are increases in costs and positives are decreases.