



Department of Energy

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

POWER BUSINESS LINE

August 1, 2003

In reply refer to: PSP

To Rate Case Parties and Customers:

The Power Business Line calculations based on third-quarter review projections indicate Accumulated Net Revenues (ANR) in the generation function are below the thresholds for 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 to implement the FB and SN CRAC wholesale power rate adjustments for FY 2004.

BPA will conduct a workshop on August 14, 2003, to explain the forecast of Accumulated Net Revenues for FY 2003 and to review the initial calculations for the FB and SN CRAC rate adjustments. The session will begin at 9:00 a.m. in the Rates Hearing Room, Room 223, located at 911 NE. 11th Avenue, Portland, Oregon. Details associated with this ANR forecast and the preliminary estimate of the related FB and SN CRAC adjustments will be available at the August 14 workshop and will also be posted on our web site (www.bpa.gov/power/rates).

The public release on August 14 of the ANR forecast, and associated FB and SN CRAC materials, 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 may be submitted no later than August 22, 2003, to the Bonneville Power Administration, attention Michael Normandeau, P.O. Box 3621 – PSP-5, Portland, Oregon 97208. Comments may also be e-mailed to mrnormandeau@bpa.gov.

Following the public comment period, a second workshop will be conducted on August 28, 2003, when BPA will announce the final FB and SN CRAC rate adjustments for FY 2004, including any adjustments based on feedback received during the comment period from interested parties. This August 28 workshop will also begin at 9:00 a.m. and will be conducted at BPA's Rates Hearing Room.

The revised General Rate Schedule Provisions contain a provision addressing a settlement between the Investor-Owned Utilities (IOUs), Public Agencies, and BPA regarding benefits payable to the IOUs during the 2004-2006 period. The provision describes how rates will be adjusted if this settlement occurs before September 15, but after the announcement at the August 28 workshop. Consistent with that provision, and if a settlement is achieved, BPA will hold an additional workshop on September 18, 2003, to announce the effects of the settlement on the CRACs. Any changes to the workshop dates will be posted on BPA's rates web site listed above.

If you would like to participate at the August 14 workshop by telephone, please call Cain Bloomer at (503) 230-7443 or Cynthia Jones at (503) 230-5459 in advance to reserve a space on the conference bridge.

Sincerely,

/s/

Byron G. Keep
Manager for Power Products,
Pricing and Rates