

***FB CRAC COMMENTS AND RESPONSE
SEPTEMBER 25, 2002***

Comment #1: Customers stated that the forecasted revenues from the Slice True Up should be used as part of the FB CRAC revenue basis. If these revenues are excluded the FB CRAC will be 11+%. If they are included the FB CRAC will be about 0.25% lower.

Resolution: Staff recommended and the Administrator agreed that these revenues associated with the Slice True Up will be included as part of the fiscal year 2003 FB CRAC Revenue Basis.

Comment #2: Customers stated that the forecasted revenues from the curtailed DSI IP load should be used as part of the FB CRAC revenue basis.

Discussion: Staff recommends that the fiscal year 2003 FB CRAC Revenue Basis should not include revenues associated with the DSI IP curtailment power. That power will be sold at rates not subject to the FB CRAC and therefore, according to the GRSPs, the revenue from such sales should not be used in the calculation of the FB CRAC percentage. In addition, BPA is forecasting that the DSIs will be unable to pay the liquidated damages associated with the curtailed load. Therefore, the total revenues from the sale of the DSI curtailed power are forecasted to not equal the CRACed IP rate revenues.

Resolution: Staff recommended and the Administrator agreed that the fiscal year 2003 FB CRAC Revenue Basis should not include revenues associated with the DSI IP curtailment power.

Comment #3: BPA should make all necessary and prudent cuts in operations to mitigate rate increases. (Comment received from the City of Cheney by Resolution.)

Discussion: The FB CRAC is a “backward-looking” financial recovery tool designed to recover additional revenues to cover costs in the current fiscal year. BPA has reduced expenses in the current fiscal year by \$100 million to near rate case levels. The Financial Choices process is taking public comment at financialchoices@bpa.gov through the end September to assist BPA in making financial choices that will reduce potential rate increases in the future.

Resolution: This comment does not impact the FB CRAC for fiscal year 2002.