

**Errata to
SN-03 Safety-Net Cost Recovery Adjustment Clause Proposal
SN-03 Rebuttal Testimony
SN-03-E-BPA-17(E1)**

Page 18, Line 17 Insert the table below titled: SN CRAC ANR to Reserve Level Thresholds. The table was inadvertently omitted from the Rebuttal Testimony.

SN CRAC ANR to Reserve Level Thresholds

All figures are end-of-year figures

	A	B	C	D	E
Year	Avg Ending Reserves 1/	Avg Ending PBL ANR 2/	ANR If Reserves are Zero 3/	SN CRAC ANR Threshold for the next FY	Implicit SN CRAC Threshold in terms of Agency Reserves for the next FY 4/
2002	188	-637.8	-825.8		
2003	51.7	-837.4	-889.1	-400	489.1
2004	95	-632.6	-727.6	-140	587.6
2005	205.5	-396.9	-602.4	5	607.4
2006	347.8	-232.4	-580.2		

1/ From Row K in Toolkit run in Documentation, page 7-1.

2/ From Row L in Toolkit run in Documentation, page 7-1.

3/ B-A=C

4/ D-C=E

Page 25, Line 16 Delete the word “ENW” and replace with “CGS O&M”

Page 25, Following line 22 Insert the following text describing the contingent and variable components for the SN CRAC rate design.

Q. Please explain the sequence of events that will take place in the contingent and variable phases of the SN CRAC process, and how they relate to the FB CRAC process.

A. Descriptions of which actions will be performed by the time of the Final Studies and Draft Rod, in the Contingent phase, and in the Variable Phase are provided below.

DRAFT ROD & FINAL STUDIES

When BPA releases the Draft Rod for the SN CRAC (SN-03) Rate Case it will include proposed GRSP language. The final studies will determine values for the following:

1. Decreases in PBL Internal Operating Expenses
2. PBL Internal Operating Budget Cost Caps
3. Repayment Study Interest and Amortization Estimates
4. Bank of America Settlement (ENW Bearer Bonds)
5. Enron Settlement

While the final studies will have BPA's latest forecast of PBL net revenues due to updated hydro supply and/or market prices 2003-2006, that forecast will be revised in the August process.

PUBLIC WORKSHOPS FOR CONTINGENT AND VARIABLE PHASES

In August 2003, BPA will conduct a public process that will include two workshops. At the first workshop, BPA will present the proposed contingent recalculation of the thresholds for the FB and SN CRAC and the caps for the CRAC. The estimated FB and SN CRAC revenue amounts and percentages for 2004 will also be presented. There will be a comment period of up to two weeks to allow time for interested parties to respond to BPA's analysis. BPA will announce the final FB and SN CRAC thresholds and SN CRAC caps for the FB and SN CRACs applying to 2004 through 2006, and the final 2004 FB and SN CRAC rates at the second workshop with any adjustments accepted from feedback by interested parties. The final announcement of the rates for the next fiscal year will be on or about September 1st.

The sequence of the three stages of the calculations for both the first and second workshops are described below.

1. CONTINGENT DESIGN PHASE

In August of 2003, BPA will set the thresholds for the FB and SN CRAC and caps for the SN CRAC as part of the Contingent Design. This *one-time* analysis will set the ANR Thresholds and Caps for all three of the remaining years of the rate period (2004-2006) using the repayment standards as determined by the Administrator in the Final ROD. BPA proposes that the FB CRAC thresholds will be the same as the SN CRAC thresholds but the FB CRAC caps remain unchanged.

The items that will be reflected in the Contingent Design are:

1. Decreases in expenses for the following line items in the PBL Pro Form revenue and Expense Summary (2003-2006)
 - a. Sum of PBL Internal Operations and Corporate Internal Services
 - b. CGS O&M
 - c. Sum of US Army Corps of Engineers and Bureau of Reclamation
 - d. Fish & Wildlife Integrated (Direct) Program
2. Improvement in PBL Net Revenue Due to Updated Hydro Supply and/or Market Prices (2003 Only)
3. Savings from IOU-Public Settlement
4. Decreases in PBL Internal Operating Expenses

2. VARIABLE PHASE – FB CRAC REVENUE AND PERCENTAGES

Following the recalculation of the FB and SN CRAC thresholds, a forecast of 2003 PBL ANR will be presented. The FB CRAC rate calculations, and the forecast of 2004 revenue generated by the FB CRAC, will be presented.

3. VARIABLE PHASE – SN CRAC REVENUE AND PERCENTAGES

The SN CRAC rate calculations will assume the revenue generated by the FB CRAC rate calculated in stage 2. BPA proposes that the SN CRAC revenue amount will be the threshold minus the ANR forecast, less the forecast of 2004 FB CRAC revenue, or the annual cap, whichever is smaller. The SN CRAC rate percentage will be calculated so that the SN CRAC revenue amount is generated from the loads subject to the SN CRAC.

PUBLIC PROCESS FOR 2004 AND 2005

In August of 2004 and 2005, BPA will conduct a public process that will include two workshops. At the first workshop, BPA will present the final contingent rate design with the ANR forecast for the FB and SN CRAC and the estimated FB and SN CRAC percentages for FY05 and FY06 respectively. There will be up to a two-week comment period to allow time for customers to respond to BPA's analysis. BPA will announce the final rate at the second workshop with any adjustments accepted from customer feedback. The final announcement of the rates for the next fiscal year will be on or about September 1st.