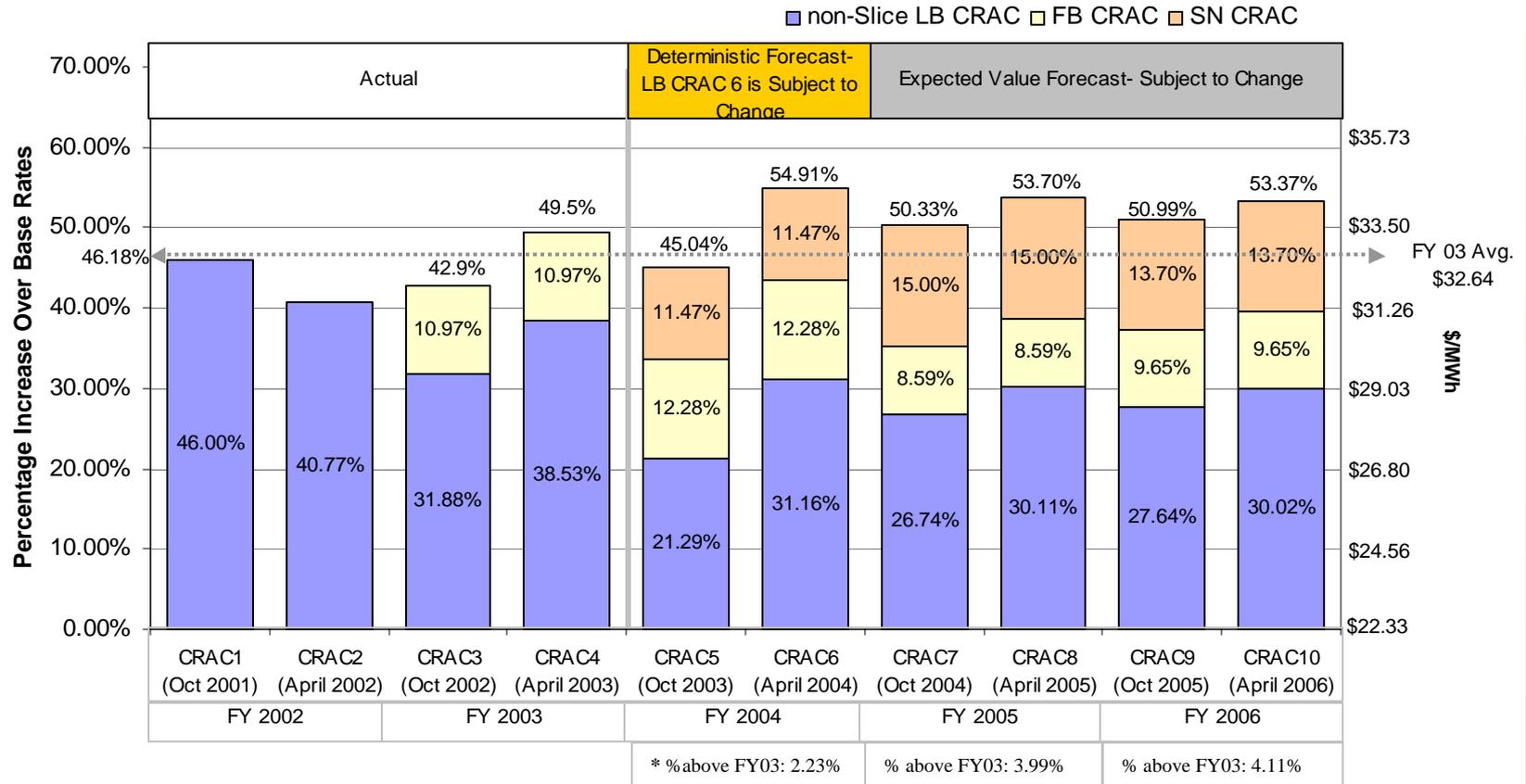




PBL Forecasted Rates w/o Settlement 2004-2006

Forecast Based on final 3rd Quarter Results



* The LB CRAC5 displayed in this chart does not include the linkage between SN and LB because the LB adjustment was calculated in June, before the FY04 SN CRAC process was completed. The reduction in the LB CRAC percentage will be included in the CRAC5 true-up in June of 2004. The percentage change from FY03 rates was calculated using ToolKit which already accounts for the LB-SN linkage.

-- FY 2004 rates are based on a deterministic point forecast based on the final 3rd Quarter Results.

-- FY 2005-2006 rates are an expected value forecast calculated through ToolKit.

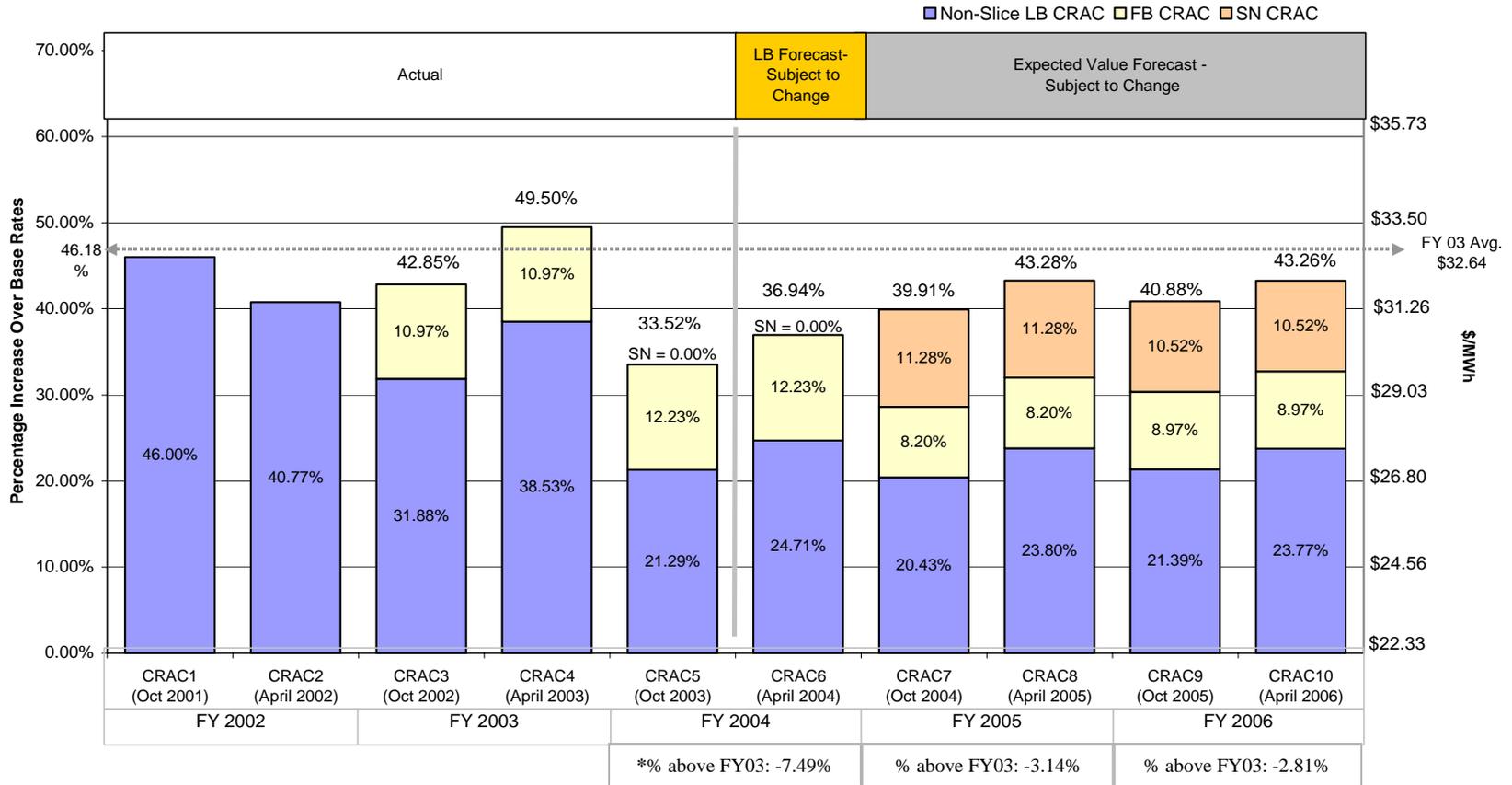


Impact of Settlement on Rates

2004-2006

Updated 11-26-2003

Update to the Sept. 18 Workshop Settlement Case, now with a better understanding of what settlement is: Forecasted Rates Over May 2000 Base Rates with Settlement



*The LB CRAC for the CRAC 6 period will be announced at the December 11, 2003 LB CRAC Workshop. It is expected that the LB CRAC will be slightly higher than the forecast provided in this chart. As always, these rate forecasts are subject to change.

- Since the LB rate will have been set in December before settlement is complete, it will include the LB-SN linkage effect in the rate. When the SN CRAC goes to 0% in February, the LB-SN linkage effect will no longer exist but will still be included in the LB CRAC 6 rate. The linkage effect will be included in the LB CRAC 6 True-Up calculations in December of 2004.