

**CFO APPROVED**

Report ID: CC\_0022

Requesting BL: CORPT

Unit of measure: \$ Thousands

**Federal Columbia River Power System**  
**Schedule of Net Revenue (Expense) to Modified Net Revenue - Customer Collaborative**  
 Through the Month Ended June 30, 2004  
 Preliminary/ Unaudited

Data Source: EPM Data Warehouse

Run Date: July 26,2004

Run Time: 19:18

	A	B	C	D	E	F <Note 7, 8
	Actuals: FY 2000	Actuals: FY 2001	Actuals: FY 2002	Actuals: FY 2003	Rate Case: FY 2004	Forecast: QTR FY 2004
<b>Power Business Line (PBL)</b>						
1 PBL Net Revenue (Expense) <Note 1	252,130	(380,538)	(87,421)	242,996	129,045	380,724
<b>PBL Modified Net Revenue Adjustments:</b>						
2 SFAS 133 Adjustments (MTM) <Notes 2		(120,614)	38,354	55,265		113,809
3 ENW Debt Adjustments	(81,677)	(157,853)	(264,697)	(148,085)		(146,796)
4 PBL Modified Net Revenue Adjustments <Note 1, 3	(81,677)	(37,239)	(303,051)	(203,350)		(260,605)
5 PBL Modified Net Revenue <Note 4	170,453	(417,778)	(390,472)	39,646	129,045	120,119
6 PBL Accumulated Net Revenue (GRSP Defined) <Note 5	170,453	(247,325)	(637,797)	(598,151)	(469,106)	(478,032)
7 FBCRAC Threshold Amount <Note 6	--	(386,000)	(408,000)	(378,000)	(264,000)	(264,000)
8	<b>MNR Improvements Required to not trigger FBCRAC</b>					<b>214,032</b>
13 FCRPS Modified Net Revenue <Note 9	159,300	(374,640)	(346,387)	36,874	144,726	110,530

- <1 Includes \$168,491k unrealized loss due to the Cumulative Effect of Change in Accounting Principle for SFAS 133, which was posted to FY 2001. This amount is excluded when calculating the MNR. Prior report releases and presentations reported the net effect of this change, resulting in previously reported amounts of \$(212,043.18)k for PBL Net Revenue (Expense), and \$(205,730.03) for PBL MNR Adjustment.
- <2 Revenue Adjustments reflect impacts from SFAS 133 that are subtracted from net revenue, while ENW Debt Service adjustments reduce MNR if rate case amounts exceed actual ENW Debt Services expenses.
- <3 Consistent with the GRSP's, the Modified Net Revenue (MNR) is an adjustment to Net Revenues for the purpose of calculating the rate case Financial and Safety-net Cost Recovery Adjustment Clause. The MNR excludes the impact of SFAS 133 transactions (Accounting for Derivative Instruments and Hedging Activities); for Debt Service, the MNR excludes actual ENW debt service and substitutes the Energy Northwest debt service expenses as forecasted in the WP-02 Final Studies.
- <4 FYTD PBL MNR equals \$53 million and FYTD FCRPS MNR equals \$70 million .
- <5 The GRSP's definition of the Accumulated Net Revenue (ANR) differs from the accounting standard definition of ANR. The GRSP's defined ANR is used in determining the FBCRAC rates; the GRSP's ANR represents the accounting standard Accumulated Net Revenue (starting 09/30/99) less the accumulated effects of FAS 133 and ENW debt refinancing activities (see note 3.) This report is not an absolute prediction of future revenues or costs, nor does it reflect the actual ANR for the end of the fiscal year, (unless otherwise indicated.) This report should not be used for investment purposes, nor is it a guarantee that the actual ANR will be achieved as forecasted.
- <6 In accordance with the GRSP's, the FBCRAC thresholds were established to provide an upward adjustment to rates to address declining financial circumstances. The thresholds are established as a benchmark in which to evaluate the financial condition. The FBCRAC thresholds for the ends of FY 2003 - 2005 are reset to equal the SNCRAC thresholds each time the SNCRAC thresholds are recalculated. [SN-03-A-02]
- <7 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties among other factors may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.
- <8 The Third Quarter Review shows the estimated effects of reduced summer spill, consistent with the 2004 Federal Columbia River System Juvenile ByPass Operations Statement of Decision signed by the Administrator on July 6, 2004. Previous estimates of the effects of reduced summer spill on agency net revenues have been an improvement in the range of \$20 to \$40 million. Spill reductions have since been enjoined by a federal court making realization of these revenue projections unlikely.
- <9 Because the FCRPS MNR excludes actual ENW debt service amounts and substitutes the Energy Northwest debt service expenses as forecasted in the WP-02 Final Studies, the FCRPS MNR removes the effect of debt refinancing from BPA's annual financial activities.