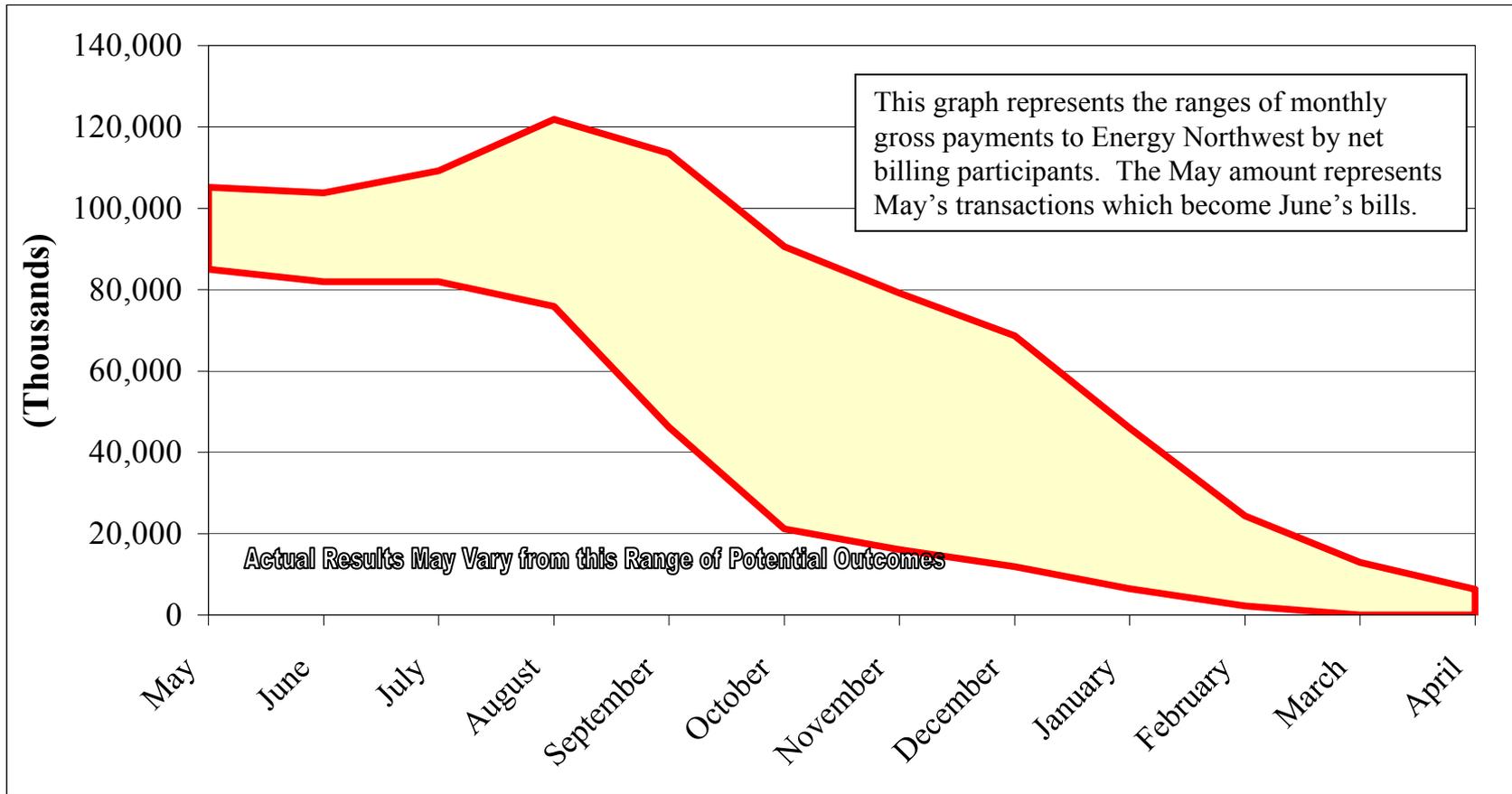


# Range of Monthly Cash Flow to Energy Northwest due to Net Billing

Illustrative Purposes Only



\*Range includes the low and high range over 3 years of historical data on a 2 month moving average, including with and without Energy Northwest(EN) debt optimization. Max range includes 5% increase to cover historical outliers.

**Subject to Change**

*This information has been made publicly available by BPA on May 25, 2005 as an ad hoc report or analysis generated for a specific purpose and reflects a range of potential outcomes based on historical net billing results.. The information provided is based upon data found in Agency Financial Information but may not be found verbatim in an External Standard Financial Report or other Agency Financial Information release.*

## Net Billing Overview and Notes

Bonneville Power Administration (BPA) is responsible for meeting the debt service on a series of bonds issued by Energy Northwest (EN) to fund three nuclear projects: WNP-1, Columbia Generating Station (Columbia), and WNP-3 (collectively, the “Projects”). EN sold the entire capability of these projects to “Participants,” who are publicly-owned and consumer-owned Preference customer utilities across the Northwest. The Participants then assigned their interests in such project capability to BPA. BPA integrates the power from Columbia into the FCRPS.

These rights and obligations are effected by means of over three hundred separate net billing agreements relating to the Projects. There are over 100 separate Participants. Under these net billing agreements, each Participant makes payments to EN to meet the costs of the related Projects in amounts related to the Participant’s proportionate interest (“Share”) of a project. In return, BPA provides to the Participants payment credits against monthly power and transmission bills issued by BPA. Subject to certain limitations and exceptions, the net billing credits are provided by BPA in amounts up to the payments the Participants make to EN. Once a Participant has satisfied its respective payment obligations to EN in a related Net Billing Agreement contract year (July 1 through June 30), and BPA has provided the Participant equivalent dollar amounts of credits in such year, the Participant resumes paying its respective power and transmission bills directly to BPA. The cash payments to BPA continue until the next annual billing cycle begins under the respective Net Billing Agreements, although it is possible that EN may reinitiate net billing in a contract year to cover unexpected costs.

## Net Billing Overview and Notes, Continued

The Net Billing Agreements have had and are expected to have the effect of reducing BPA's revenues in cash from the beginning of each EN fiscal year (beginning on July 1) until the time in that year that the Project costs budgeted for such year are collected from the Participants and other sources. Thus, typically, during the fourth quarter of a given BPA fiscal year (October 1 through September 30) and early portions of the following BPA fiscal year, a substantial amount of payments in cash that BPA would otherwise receive from its power and transmission sales to the Energy Northwest Net Billing Participants are in effect paid directly by such Participants, under their net billing agreements, to Energy Northwest to pay Energy Northwest Net Billed Projects' costs. The period in a BPA fiscal year during which net billing is operative varies by Participant and project, but, in general depends on the amounts of and rates for power and transmission service purchased from BPA by the various Participants in the Net Billed Projects, and on the costs of the related projects.

## Net Billing Overview and Notes, Continued

Because each customer is responsible for a different percentage of net billing requirement and purchases differing amounts of power and transmission service, the rate of cash flows to BPA annually is uncertain. The net billing cycle has a large impact on BPA's annual cash flow. Things to note include:

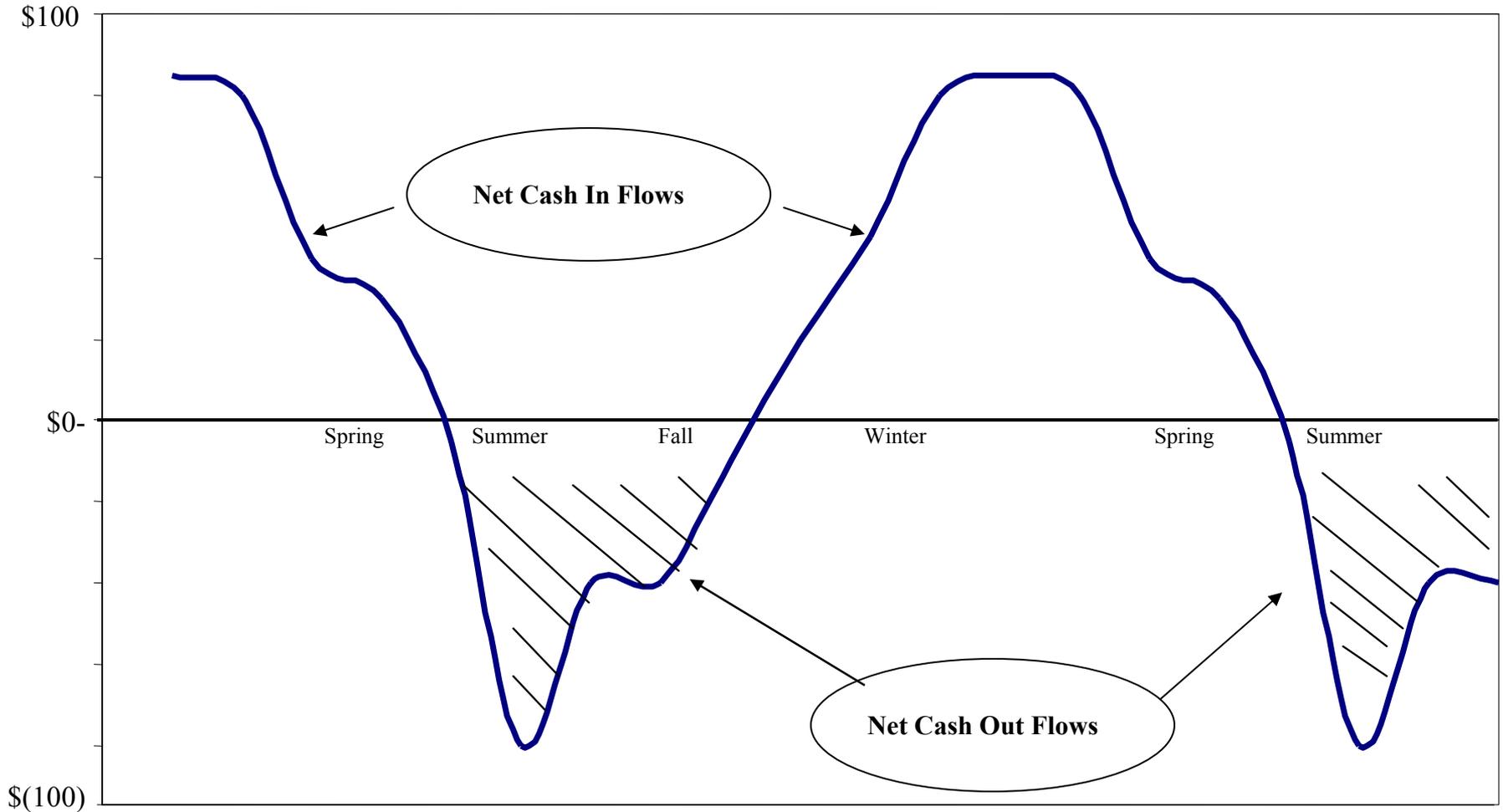
--Net billing is rarely satisfied by all customers by the end of the EN fiscal year. Some customers will complete their portion very early in the cycle while others may be in net billing all year.

--EN budgets in aggregate can range from \$400M to over \$900M depending on various debt service and O&M factors.

-- EN is on a fiscal year from July to June. By September 30 of any given year a varying percentage of customers will have completed their net billing obligation. The widest span of uncertainty with respect to cash flows occurs in the September to December period, which is the beginning of BPA's fiscal year.

# Typical Seasonal Net Cash Flow Profile

(In Millions)



•Excludes Payment to Treasury

•Values are for illustrative purposes only

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