

Potential Opportunities for Change

1. Reduction in forecasted capital spending, either targeted or across the board
 - a. Substantial reduction is required to achieve noticeable savings
 - b. PFR issue
2. Debt finance CGS capital projects with final maturity of FY18
 - a. Could put additional pressure on rates in FY07-09 due to critical year in repayment methodology
 - b. Requires EN Board approval
 - c. Potential regional political issues
 - d. Rate case issue
3. Change Columbia River Fish Mitigation (CRFM) plant-in-service dates
 - a. Likely not in BPA control to impact the change in dates
 - b. Results reflected in rate case
4. Lengthen the recovery period for Conservation investments
 - a. ConAug policy is based on Generally Accepted Accounting Practices (GAAP), and current recovery period is based on current contract period.
 - b. The nature of the program may be changing from augmentation to acquisition
 - c. Requires auditors' agreement and justification in the rate case
 - d. BPA concern is that there is no means to demonstrate cost recovery of regulatory assets after 2011
 - e. Keeps regulatory assets and debt associated with them on the books longer
 - f. Rate case issue
5. Utilize a revised interest rate forecast for initial proposal
 - a. Current forecast was completed June 2004
 - b. The outcome is uncertain as it depends on what a revised forecast would be
 - c. Rate case issue
6. Flexible modeling of 3rd party debt and assume that we "call" (refinance) some of the bonds prior to their scheduled maturities to ease the impact of critical years, for repayment modeling purposes
 - a. Freeing up debt service reserve funds early increased peak years of 2017 and 2018
 - b. This action could reduce the size of the full Debt Optimization program if we stay with principle of "no overall negative impact on rates"
 - c. Rate case issue
7. Include interest income on cash balances in Bonneville Fund
 - a. To be reflected in rate case