Customer Collaborative Meeting
Financial Overview Through July 31, 2004

- With the exception of Power Purchases, actual expenditures through July 31st are on track to achieve the reductions through the Sounding Board process as identified in the 3rd Quarter Review.
- While revenues through July 31st are on track with the 3rd Quarter Review expectations, court ordered continuation of summer spill and the loss of CGS during most of August is expected to reduce net revenue below former expectations.
- Nevertheless, we still expect FY 2005 power rates to drop between 5 to 7.5 percent starting Oct. 1. This is made possible by reserve levels that are sufficient to sustain an 86.2 percent* TPP for FY 2005-2006.

** 86.2% is the 2-year equivalent of a 3-year TPP target of 80%*

CFO APPROVED
Report ID: CC_0020
Requesting BL: CORPT
Unit of measure: $ Thousands

Federal Columbia River Power System

Statement of Revenues and Expenses - Customer Collaborative

Through the Month Ended July 31, 2004 as of July 31, 2004

Preliminary/ Unaudited

Data Source: EPM Data Warehouse
Run Date: August 19,2004
Run Time: 14:39
% of Year Lapsed = 83%

		A	B <Note 3	C	D	E
		Actuals: FY 2003	**PBL & TBL Rate Cases: FY 2004**	**Forecast: Qtr 3 FY 2004**	**Actuals: FYTD 2004**	**Actuals: FYTD 2003**
	Operating Revenues					
1	Sales <Note 1	3,328,277	3,365,554	3,227,786	2,442,894	2,760,187
2	Miscellaneous Revenues	49,077	47,983	56,023	42,777	36,668
3	Derivatives - Mark to Market Gain (Loss) <Note 2	55,265		113,809	126,611	67,141
4	U.S. Treasury Credits	179,484	81,675	84,977	70,136	96,921
5	**Total Operating Revenues**	3,612,104	3,495,212	3,482,595	2,682,419	2,960,917
	Operating Expenses					
	Power System Generation Resources					
	Operating Generation Resources					
6	Columbia Generating Station	205,153	216,900	221,800	179,325	172,355
7	Bureau of Reclamation	54,041	61,300	58,219	49,278	44,247
8	Corps of Engineers	129,383	140,500	138,551	108,896	104,667
9	Long-term Generating Projects	26,105	31,346	27,832	19,001	19,418
10	Operating Generation Settlement Payment	16,709	17,000	16,838	14,296	14,167
11	Non-Operating Generation	9,136	12,200	1,458	3,014	7,109
12	Contracted Power Purchases and Augmentation Power Purchases <Note 1	1,007,997	692,886	743,155	444,051	865,009
13	Residential Exchange/IOU Settlement Benefits	143,967	143,802	125,915	105,565	120,086
14	Renewable and Conservation Generation, including C&RD	83,059	89,724	87,725	65,087	62,519
15	Subtotal Power System Generation Resources	1,675,550	1,405,658	1,421,493	988,514	1,409,577
16	PBL Transmission Acquisition and Ancillary Services	47,648	49,000	48,001	27,263	32,340
17	PBL Non-Generation Operations	62,649	66,629	60,477	45,564	49,893
18	TBL Transmission Acquisition and Ancillary Services	5,617	8,321	6,610	4,409	4,826
19	Transmission Operations	76,519	96,312	84,817	67,692	61,622
20	Transmission Engineering	13,424	20,533	18,253	12,254	9,300
21	Transmission Maintenance	78,257	84,491	77,770	62,302	62,186
22	Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	169,918	163,445	174,499	108,078	105,876
	General and Administrative/Shared Services					
23	CSRS	35,100	30,950	30,950	25,750	29,250
24	Corporate Support (G&A and Shared Services) / TBL Supply Chain	83,987	100,728	88,656	68,596	69,583
25	Other Income, Expenses & Adjustments	(7,140)		43	(2,175)	(7,783)
26	Non-Federal Debt Service	119,534	584,819	246,736	191,010	59,416
27	Depreciation & Amortization	350,025	355,655	365,694	299,626	290,450
28	**Total Operating Expenses**	2,711,089	2,966,540	2,623,998	1,898,882	2,176,537
29	**Net Operating Revenues (Expenses)**	901,015	528,673	858,597	783,537	784,381
	Interest Expense					
30	Interest	378,989	408,438	318,598	265,326	305,831
31	AFUDC	(33,398)	(24,493)	(33,185)	(25,959)	(25,251)
32	**Net Interest Expense**	345,591	383,945	285,413	239,367	280,580
33	**Net Revenues (Expenses) from Continuing Operations**	555,424	144,728	573,184	544,170	503,801
34	**Net Revenues (Expenses)**	$555,424	$144,728	$573,184	$544,170	$503,801

<1 FY 2004 current Period & FYTD Actuals for Power Sales & Contracted Power Purchases are affected by the change in accounting for power "bookout" transactions after adoption of new accounting guidance, EITF 03-11, effective as of Oct 1, 2003. The change in accounting for power "bookout" transactions was not applied to the Rate Case, and the Forecast.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments
The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 PBL Rate Case amounts are from the final SNCRAC ROD data that was presented at the August 28th, 2003 Customer Workshop, which did not include any results from debt refinancing.
The TBL groupings of expenses by programs and sub-programs for FY 2004 estimates, developed as part of the 2004 Rate Case, have been reconstituted to match the groupings shown on this report.

<4 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.

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PBL Statement of Revenues and Expenses - Customer Collaborative

Report ID: CC_0021 | **Data Source: EPM Data Warehouse**

Requesting BL: POWER | **Through the Month Ended July 31, 2004 as of July 31, 2004** | **Run Date/Time: August 19, 2004 14:10**

Unit of measure: $ Thousands | **Preliminary/ Unaudited** | **% of Year Lapsed = 83%**

		A	B <Note 3	C <Note 4	D	E
		Actuals: FY 2003	**SNCRAC Aug 2003 Forecast: FY 2004**	**Forecast: Qtr 3 FY 2004**	**Actuals: FYTD 2004**	**Actuals: FYTD 2003**
	Operating Revenues					
1	Sales <Note 1	2,806,781	2,812,175	2,730,360	2,022,456	2,319,048
2	Miscellaneous Revenues	17,856	15,670	19,008	15,309	13,483
3	Inter-Business Unit	85,425	80,326	76,126	65,106	66,996
4	Derivatives - Mark to Market Gain (Loss) <Note 2	55,265		113,809	126,611	67,141
5	U.S. Treasury Credits	179,484	81,675	84,977	70,136	96,921
6	**Total Operating Revenues**	3,144,811	2,989,847	3,024,280	2,299,618	2,563,590
	Operating Expenses					
	Power System Generation Resources					
	Operating Generation Resources					
7	Columbia Generating Station	205,153	216,900	221,800	179,325	172,355
8	Bureau of Reclamation	54,041	61,300	58,219	49,278	44,247
9	Corps of Engineers	129,383	140,500	138,551	108,896	104,667
10	Long-term Generating Projects	26,105	31,346	27,832	19,001	19,418
11	Operating Generation Settlement Payment	16,709	17,000	16,838	14,296	14,167
12	Non-Operating Generation	9,136	12,200	1,458	3,016	7,109
13	Contracted Power Purchases and Augmentation Power Purchases <Note 1	1,007,997	692,886	743,155	444,051	865,009
14	Residential Exchange/IOU Settlement Benefits	143,967	143,802	125,915	105,565	120,086
15	Renewable and Conservation Generation, including C&RD	83,171	89,724	87,725	65,118	62,597
16	**Subtotal Power System Generation Resources**	1,675,661	1,405,658	1,421,493	988,547	1,409,655
17	PBL Transmission Acquisition and Ancillary Services	156,882	190,000	160,850	117,299	123,343
18	Power Non-Generation Operations	63,035	67,268	60,477	45,949	50,113
19	Fish and Wildlife/USF&W/Planning Council/Envrionmental Requirements	170,289	163,700	174,499	108,241	106,127
	General and Administrative/Shared Services					
20	CSRS	17,550	15,500	15,500	12,875	14,625
21	Corporate Support - G&A and Shared Services; TBL Support - Supply Chain	34,365	39,230	39,056	29,787	28,321
22	Other Income, Expenses & Adjustments	(6,192)		43	43	(5,808)
23	Non-Federal Debt Service	434,734	584,819	433,285	345,188	239,986
24	Depreciation & Amortization	178,896	176,842	177,574	146,439	149,171
25	**Total Operating Expenses**	2,725,220	2,643,017	2,482,777	1,794,367	2,115,533
26	**Net Operating Revenues (Expenses)**	419,591	346,830	541,503	505,252	448,057
	Interest Expense					
27	Interest	192,521	217,785	170,779	143,426	163,775
28	AFUDC	(15,926)		(10,000)	(8,025)	(10,804)
29	**Net Interest Expense**	176,595	217,785	160,779	135,400	152,971
30	**Net Revenues (Expenses) from Continuing Operations**	242,996	129,045	380,724	369,851	295,087
31	**Net Revenues (Expenses)**	$242,996	$129,045	$380,724	$369,851	$295,087

<1 FY 2004 current Period & FYTD Actuals for Power Sales & Contracted Power Purchases are affected by the change in accounting for power "bookout" transactions after adoption of new accounting guidance, EITF 03-11, effective as of Oct 1, 2003. The change in accounting for power "bookout" transactions was not applied to the Rate Case, and the Forecast.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 PBL Rate Case amounts are from the final SNCRAC ROD data that was presented at the August 28th, 2003 Customer Workshop, which did not include any results from debt refinancing.

<4 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.

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 July 31, 2004

Preliminary/ Unaudited

Data Source: EPM Data Warehouse
Run Date: August 19,2004
Run Time: 14:17

		A	B	C	D	E	F <Note 7
		Actuals: FY 2000	Actuals: FY 2001	Actuals: FY 2002	Actuals: FY 2003	Rate Case: FY 2004	Forecast: QTR FY 2004
	Power Business Line (PBL)						
1	**PBL Net Revenue (Expense)** <Note 1	252,130	(380,538)	(87,421)	242,996	129,045	380,724
	PBL Modified Net Revenue Adjustments:						
2	**SFAS 133 Adjustments (MTM)** <Notes 1, 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 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		**MNR Improvements Required to not trigger FBCRAC**					214,032
#	**FCRPS Modified Net Revenue** <Note 8	159,300	(374,640)	(346,387)	36,874	144,728	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 $105 million and FYTD FCRPS MNR equals $125 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 1

<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.
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.

<8 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.

CFO APPROVED

TBL Statement of Revenues and Expenses - Customer Collaborative

Report ID: CC_0023

Through the Month Ended July 31, 2004 as of July 31, 2004

Data Source: EPM Data Warehouse

Requesting BL: TRANS

Run Date/Time: August 19, 2004/ 14:12

Unit of Measure: $ Thousands

Preliminary/ Unaudited

% of Year Lapsed = 83%

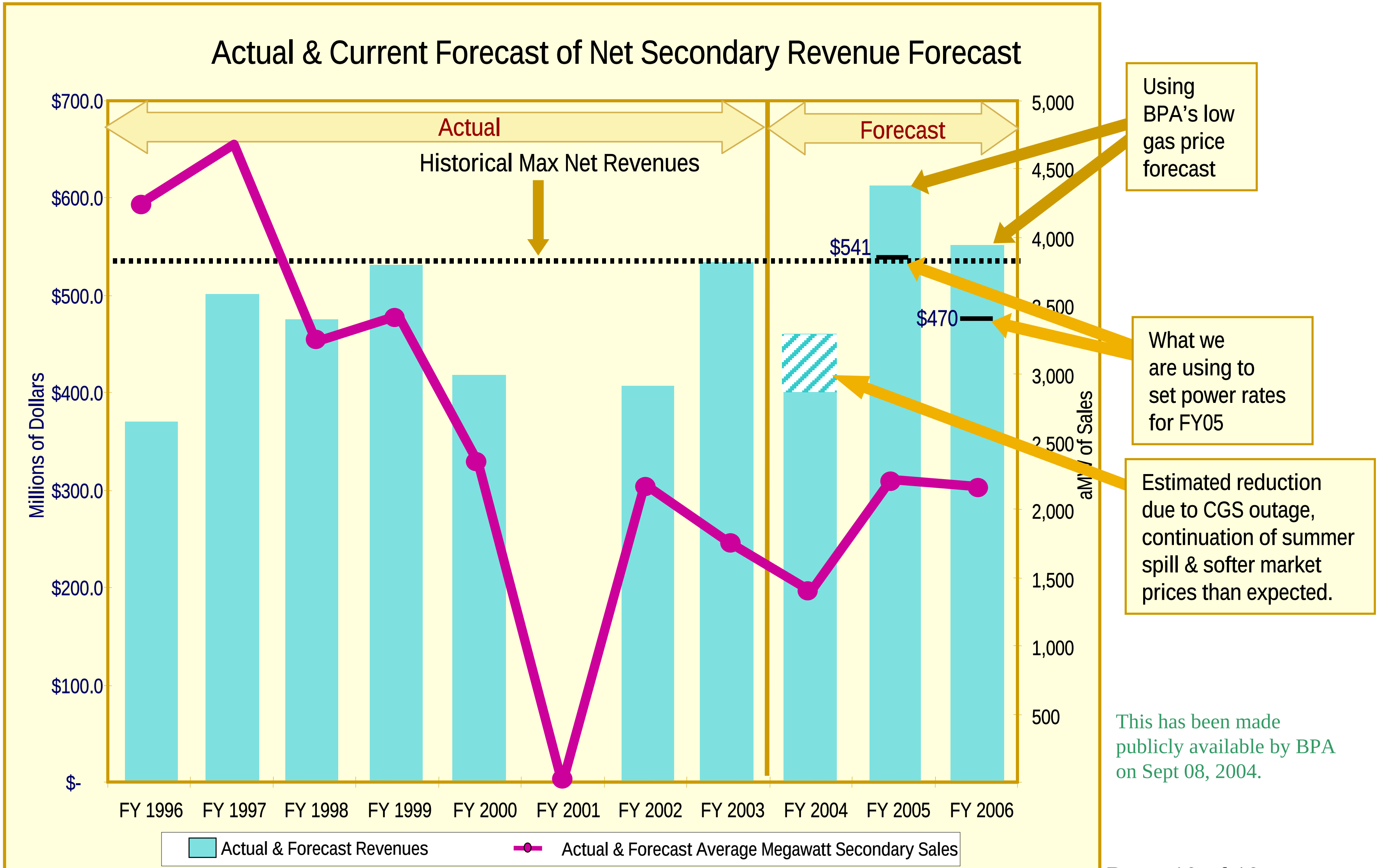
		A	B	C	D	E
		Actuals: FY 2003	**Rate Case: FY 2004 <Note 1**	**Forecast: Quarter3 FY 2004 <Note 2**	**Actuals: FYTD 2004**	**Actuals: FYTD 2003**
	Operating Revenues					
1	Sales	521,496	553,379	497,426	420,438	441,139
2	Miscellaneous Revenues	31,221	32,313	37,015	27,468	23,185
3	Inter-Business Unit Revenues	110,884	138,324	113,125	90,690	91,999
4	**Total Operating Revenues**	663,601	724,016	647,567	538,597	556,322
	Operating Expenses					
5	TBL Transmission Acquisition and Ancillary Services	91,013	88,623	83,410	69,115	72,075
6	Transmission Operations	76,840	96,312	84,817	67,692	61,722
7	Transmission Engineering	13,495	20,533	18,253	12,654	9,311
8	Transmission Maintenance	78,257	84,491	77,770	62,302	62,186
	General and Administrative/Shared Services					
9	CSRS	17,550	15,450	15,450	12,875	14,625
10	Corporate Support - G&A and Shared Services/TBL Support - Supply Chain	49,920	61,498	49,600	38,809	41,262
11	Other Income, Expenses & Adjustments	(828)			313	(332)
12	Depreciation & Amortization	171,130	178,813	188,120	153,187	141,279
13	**Total Operating Expenses**	497,378	545,720	517,420	416,946	402,128
14	**Net Operating Revenues (Expenses)**	166,224	178,296	130,147	121,651	154,194
	Interest Expense					
15	Interest	186,468	190,653	163,319	134,819	142,056
16	AFUDC	(17,472)	(24,493)	(23,100)	(17,843)	(14,257)
17	**Net Interest Expense**	168,996	166,160	140,219	116,976	127,799
18	**Net Revenues (Expenses) from Continuing Operations**	(2,772)	12,136	(10,072)	4,675	26,395
19	**Net Revenues (Expenses)**	($2,772)	$12,136	($10,072)	$4,675	$26,395

<1 The TBL groupings of expenses by programs and sub-programs for FY 2004 estimates, developed as part of the 2004 Rate Case, are reconstituted to match the programs and sub-programs groupings shown on this report.

<2 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.

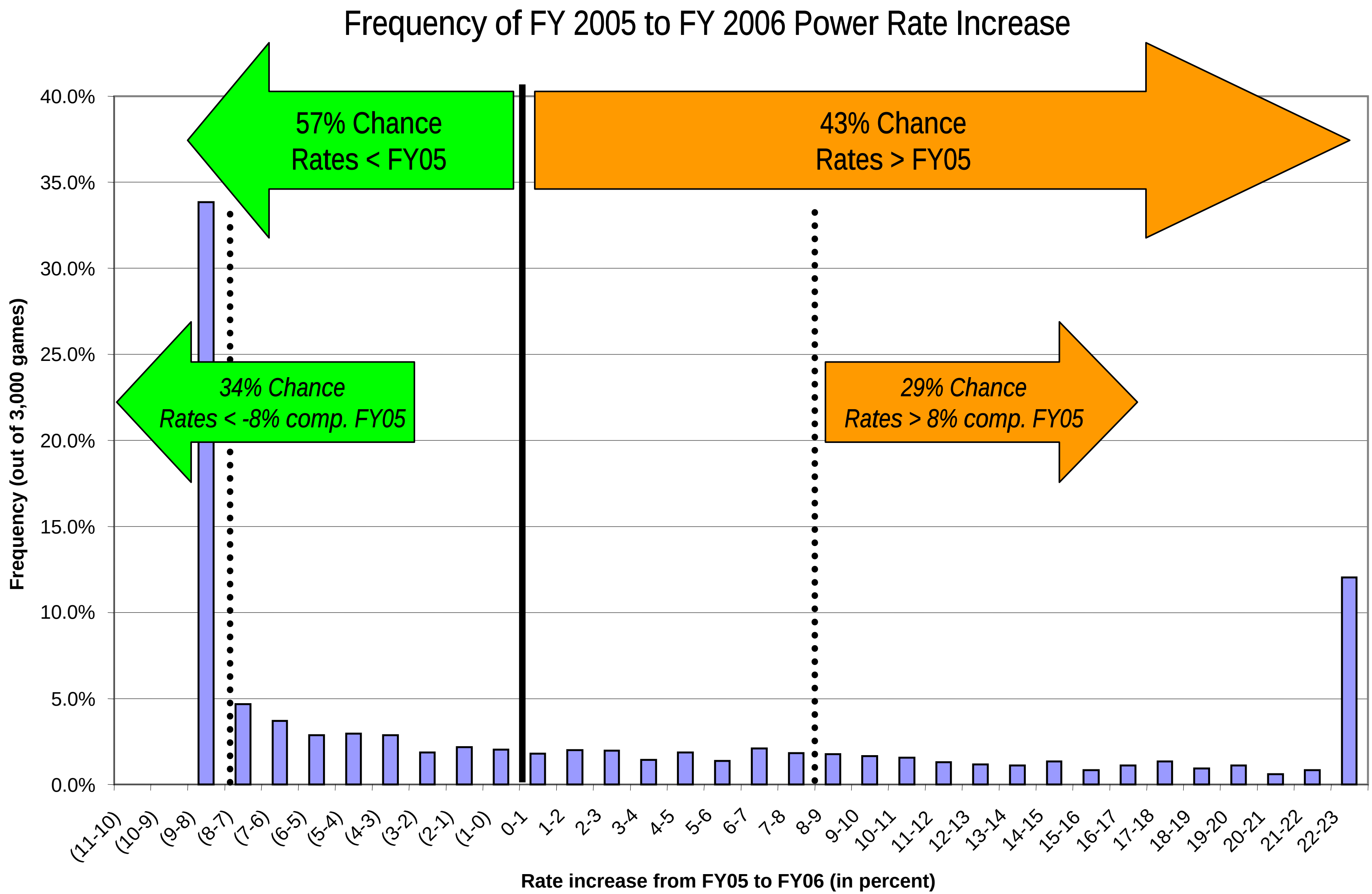
- As we consider where to land within the 5 to 7.5 percent range, we want to highlight the risks we see to FY 2006 rates if we decide to set the SN CRAC to zero for FY 2005.
- In estimating future revenues, even though we decided to be conservative about counting on secondary revenues beyond historical levels in FY 2005 and FY 2006, the forecast for FY 2005 remains optimistic compared to what we have historically achieved.
- The Net Secondary Revenues graphic on the next slide illustrates the forecast compared to historical levels.

Customer Collaborative Meeting
Power Rates Update



This has been made publicly available by BPA on Sept 08, 2004.

- If we set the SN CRAC to zero, there is a little more than 50/50 chance that we will have a rate decrease in FY 2006. In order to be in this zone, we and our cost partners will need to continue our focus on cost management. We'll also need to hit our secondary revenue targets. If we exceed our secondary revenue targets, rates could go down again next year.
- On the other hand, there is a little less than a 50/50 chance that we will have a rate increase in FY 2006. A continuation of low water and/or lower-than-expected market electricity prices in FY 2005 could force BPA's power rates up again in FY 2006.
- The graphic on the next slide shows the distribution of FY 2006 power rates when the SN CRAC is set to zero for FY 2005.


Frequency of FY 2005 to FY 2006 Power Rate Increase
57% Chance
Rates < FY05
43% Chance
Rates > FY05
34% Chance
Rates < -8% comp. FY05
29% Chance
Rates > 8% comp. FY05
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Frequency (out of 3,000 games)
(11-10)
(10-9)
(9-8)
(8-7)
(7-6)
(6-5)
(5-4)
(4-3)
(3-2)
(2-1)
(1-0)
0-1
1-2
2-3
3-4
4-5
5-6
6-7
7-8
8-9
9-10
10-11
11-12
12-13
13-14
14-15
15-16
16-17
17-18
18-19
19-20
20-21
21-22
22-23
Rate increase from FY05 to FY06 (in percent)

- As an example, in the case where BPA sets the SN CRAC to zero in FY 2005, if market prices or water conditions do not materialize as expected and BPA earns only $400M in net secondary revenues in FY 2005 as it did in FY 2004, (and everything else stays the same,) then …
  - FY 2006 rates would go up by nearly 13% and
  - BPA's TPP would be 88.6 percent – falling short of the one-year TPP target of 92.8 percent

	The *Expected Value* of FY 2005 Net Secondary Revenues is $541M with a Wide Range of Possible Outcomes	Example: FY 2005 Net Secondary Revenues Come in Exactly at $400M
Expected Rate Increase in FY 2006 Compared to FY 2005	+1.4%	+12.6%
Treasury Payment Probability	86.2%* … 2-Year TPP Meets the TPP Target *86.2% is the 2-year equivalent of a 3-year TPP target of 80%	88.6%* … 1-Year TPP Does Not Meet the TPP Target *92.8% is the 1-year equivalent of a 3-year TPP target of 80%