



Customer Collaborative May Meeting

Financial Overview through March 31, 2005

- FCRPS Modified Net Revenue (MNR) has decreased in the 2nd Quarter forecast versus the SOY budget. Second Quarter forecast MNR of \$9.3 million is a decrease of \$53.8 million from the \$63.1 million SOY budget.
- Power Business Line MNR 2nd Quarter forecast is \$23.1 million, a reduction of \$39.1 million from the SOY budget of \$62.2 million.
 - Due to the decrease in the projected Hydro conditions, BPA now expects net secondary sales to earn around \$80 million less than the SOY. The high market prices have helped to offset some of the decrease in the MAF projections but have also increased the risk of power purchases expenses.
 - Other revenue decreases of approximately \$3 million are not associated with secondary sales.
 - PBL expenses, excluding secondary market power purchases and EN non-federal debt service, have decreased \$45.2 million from the SOY budget. The expense decrease is primarily due to a \$22.8 million decrease in PBL Transmission Acquisition and Ancillary Services, a \$10.7 million decrease in net interest expense, and other expense reductions.



Net Revenue

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- TBL net revenue/expense forecast is up by \$7.6 million from the SOY budget. Current forecasts put TBL net expense at a \$20.1 million compared to the SOY budget estimated net expense of \$27.7 million.
 - TBL revenues are \$5.7 million lower than the SOY budget. Refinements to revenue classifications and reductions in miscellaneous revenue result in a current TBL total revenue forecast of \$634.2 million.
 - TBL Second Quarter forecast expenses have decreased by \$13.3 million compared to the SOY budget. Current forecast for expenses are \$654.2 million, down from the SOY budget of \$667.6 million. Reductions are primarily due to a decreases of \$13 million net interest expense, decreases in operations and maintenance expense, with offsets resulting from increases in capital to expense transfers and depreciation expense.