



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

July 9, 2009

In reply refer to: PS-6

To Parties Interested in the Residential Exchange Program (REP):

On January 30, 2009, the Bonneville Power Administration (BPA) commenced a public process to solicit comments on proposed clarifying language for BPA's Contract High Water Mark (CHWM) contracts and Regional Dialogue Residential Purchase and Sales Agreements (RD RPSA). The clarifications would provide further certainty to those consumer-owned utilities (COU) expecting to participate in the Residential Exchange Program (REP) post-2011. The proposed language clarified how the three main components for determining REP benefits for a utility that holds a CHWM contract are calculated: the base Tier 1 PF Exchange Rate; the utility's Rate Period High Water Mark Average System Cost (RHWM ASC); and the utility's RHWM Exchange Load. In addition, the language proposed a remedy for COUs if BPA should change any of the approaches associated with calculating REP benefits for COUs to their exclusive detriment.

BPA received three comments during the public process; one from Clark County PUD (Clark), one from Snohomish County PUD (Snohomish), and a joint comment from Puget Sound Energy, Portland General Electric, PacifiCorp, Avista and Idaho Power Company (IOUs). After consideration of these comments, BPA has decided to offer the proposed contract language.

In reaching this decision, BPA has carefully considered the factual, legal, and equitable issues raised by the commenters on the proposed language. BPA's consideration of comments and its conclusions are described in the *Amendment of Contract High Water Mark Power Sales Contracts and Residential Purchase and Sale Agreements to Reflect Implementation of Tiered Rates Methodology Administrator's Record of Decision* ("Public Exchange Clarification ROD"), dated July 7, 2009.

The Public Exchange Clarification ROD; BPA's January 30, 2009, Request for Public Comment Letter; and public comments received on the proposed language are available at: <http://www.bpa.gov/corporate/finance/ascm/>. You may also contact me at 503-230-7640, Tina Ko at 503-230-3555, or your Power Services Account Executive for more information.

Sincerely,

/s/ Mark O. Gendron

Mark O. Gendron, Vice President
Requirements Marketing