

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

POWER SERVICES

May 19, 2008

In reply refer to: PFR-6

To parties interested in the Power rate case:

BPA has determined that two events that occurred in the first week of May meet the definitions of a trigger event, as defined in the General Rate Schedule Provisions (GRSPs) for the 2007 power rate case.

On May 2, 2008, BPA signed four separate agreements, known as the Columbia Basin Fish Accords, which resolve issues in the litigation over the remand of the 2004 Biological Opinion (BiOp) for the Federal Columbia River Power System (FCRPS). These agreements also include actions in support of recovery plans. BPA's Record of Decision regarding these agreements is available at: www.bpa.gov/corporate/pubs/RODS/2008/. These agreements are available at www.salmonrecovery.gov.

On May 5, 2008, the National Oceanic and Atmospheric Administration (NOAA) Fisheries (formerly known as the "National Marine Fisheries Service") issued a final 2008 Biological Opinion regarding the effects of the operation of the FCRPS on species of salmon and steelhead listed under the Endangered Species Act (ESA) (available at www.salmonrecovery.gov).

The GRSPs for the 2007 power rate case define trigger events for the National Marine Fisheries Service Federal Columbia River Power System Biological Opinion (NFB) Adjustment and the Emergency NFB Surcharge. Trigger events are: (1) A court order in *National Wildlife Federation vs. National Marine Fisheries*, CV 01-640-RE, or any appeal thereof ("Litigation"); (2) An agreement (whether or not approved by the Court) that results in the resolution of issues in, or the withdrawal of parties from, the Litigation; (3) A new NMFS FCRPS BiOp; or (4) A BPA commitment to implement Recovery Plans under the ESA that results in the resolution of issues in, or the withdrawal of parties from, the Litigation.

As required by the GRSPs, BPA is posting this notification of these trigger events on its Web site. At this point, BPA is not required to calculate the financial impact of the trigger events described above. If the Cost Recovery Adjustment Clause (CRAC) is going to trigger, BPA expects to notify customers by September 30 regarding the final estimates of the financial impacts of the agreements and the associated adjustment to the cap for the CRAC. This information will be included with BPA's posting of information about the forecast of end-of-year Accumulated Modified Net Revenue for FY 2008.

BPA is currently conducting a 7(i) rate proceeding to set new rates for FY 2009. Our initial Supplemental Proposal indicates our intention to incorporate the impacts of these two trigger events into assumptions for the new FY 2009 base rates. Therefore, when the new rates go into effect, the base rate, rather than the NFB mechanisms, will cover the financial impacts of these events.

If you have any questions, please contact your Power Account Executive, Constituent Account Executive or Tribal Account Executive. You also may contact Peter Burger in the Office of General Counsel at (503) 230-4148 or by email at pjburger@bpa.gov.

Sincerely,

/s/ Raymond Bliven
Raymond Bliven
Power Rates Manager