



## Department of Energy

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

EXECUTIVE OFFICE

July 17, 2006

In reply refer to: P-6

Today we issued the final record of decision (ROD) for the 2007 wholesale power rate adjustment proceeding. It is available on BPA's Web site at [www.bpa.gov/power/rates](http://www.bpa.gov/power/rates).

This rate case is concluding with excellent results, and a large measure of that is due to the collaboration and innovation shown by the parties. The base power rate for non-Slice products of is nearly 10 percent lower than the rate in last November's initial rate proposal. This is about 3 percent lower than our rate for fiscal year (FY) 2006, and is the fourth year in a row that we have been able to bring rates down. Once again, BPA adopted an adjustable rate design, which enables this base rate to be lower. Adjustments to the base rate are possible before the final 2007 rate is set, but such adjustments currently do not look likely if we succeed in getting the Flexible PF Rate Program agreements in place on time. The rate for the Slice product also declined slightly compared to the rate in FY 2006, from \$2 million per month per percent of Slice to \$1.9 million.

The reduction in the rate was possible thanks to the collaborative work with customers that created some novel solutions to risk management. Other factors contributing to the rate decrease include the collaborative cost management accomplished through the Power Function Review, the first above-average water in 7 years, and high market prices.

I especially want to highlight the spirit of cooperation among BPA, customers, and other rate case parties that was evident throughout the entire process. As several of the rate case parties noted in their testimony, the rate case itself was conducted in a more collaborative and constructive manner than in the past. This is evidenced by the partial settlement of many issues in March. Collaboration and creativity also produced success with BPA's program to directly pay Energy Northwest's operating and debt expenses and the Flexible PF Rate Program. These programs made a major contribution to bringing the rate down. They would not have happened without a cooperative effort among BPA, the region's utilities, and Energy Northwest.

Again, I want to extend my sincere thanks for your participation in this rate-setting process. We have shown again that we can accomplish great things for the region when we work together.

Sincerely,

*/s/ Stephen J. Wright*

Stephen J. Wright  
BPA Administrator and Chief Executive Officer