



## Department of Energy

Bonneville Power Administration  
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FINANCE

October 19, 2006

In reply refer to: FS-2

### **To: Parties interested in the methodology for calculating the Bonneville Power Administration's Agency Within-Year Treasury Payment Probability**

In the fiscal year 2007-2009 wholesale power rate case, two risk mitigation tools, the NFB Adjustment and the Emergency NFB Surcharge, were put into place to address uncertainties surrounding litigation over the 2004 Biological Opinion. If a "trigger event" as defined in the General Rate Schedule Provisions occurs and results in changes to BPA's Endangered Species Act obligations, the NFB Adjustment will trigger. If a trigger event occurs and the agency within-year Treasury payment probability is less than 80 percent, the Emergency NFB Surcharge will trigger.

Rate case parties indicated they would like to have an opportunity to review BPA's methodology for calculating the within-year TPP. In the 2007 Wholesale Power Rate Adjustment Proceeding (WP-07) Administrator's Final Record of Decision, BPA committed to hold a public process within 120 days of the signing of the final ROD to describe the methodology to be used for calculating the agency's within-year TPP.

On Tuesday, Nov. 7, BPA will hold a public workshop from 9 a.m. - noon in the BPA Rates Hearing Room to kick off this process. At the workshop, BPA will discuss the General Rate Schedule Provisions for agency within-year TPP, the public process we will coordinate for describing the methodology, and the next steps in the process. BPA will also describe a change in the within-year stream flow forecast method used in risk modeling. To participate by phone, please call Dolena Fernandez at (503) 230-4297. Information regarding the within-year TPP will be available on the BPA Web site at <http://www.bpa.gov/power/psp/rates/announcements.shtml>.

We look forward to your participation in this process. If you have any questions or would like additional information, please contact your Power Account Executive, Constituent Account Executive, Tribal Account Executive or Alex Lennox at (503) 230-3460.

Sincerely,

/s/ David J. Armstrong

David J. Armstrong  
Executive Vice President and  
Chief Financial Officer

