



## Issues '98

*October 1998*

### Fact Sheet #9: Public Comment Analysis

[\(return to keeping Current\)](#)

#### Comments on Fact Sheet . . .

- **#1: Cost Management**
- **#2: Future Fish and Wildlife Funding**
- **#3: Power Markets, Revenue and Subscription**
- **#4: Transmission Issues**
- **#5: Risk Mangement**
- **Other comments received**

#### Fact Sheet #1: COST MANAGEMENT

Implementing Cost Review Recommendations	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. You need a benchmark or monitoring system to compare how you are doing.	1	0	0
b. In the past commentor tended to doubt whether BPA cuts were real, but have since seen evidence that they are. Commended BPA on doing the difficult things we've wanted BPA to do. Clearly the cuts are real, clearly they're making a difference.	1	0	0
c. Transfer costs for federal power should remain in power. Any change will cause higher rates.	0	0	1
d. BPA needs to be a smart and creative marketer of its resources.	0	0	1
e. The Regional Review was a dud. Public purposes have	0	1	0

been abandoned, the region has shelved renewables, and fish issues have gone nowhere. BPA's cost reductions have been good, but they have limited or put off fish recovery, and we've ended one of the most successful energy conservation programs in the country.			
f. You should cut costs and implement the recommendations of the Cost Review panel.	0	1	6
g. We're encouraged by BPA's response to the Cost Review's recommendations, but the response seems a little rigid. We'd like to see the Cost Review approach fully institutionalized within BPA, so that each employee tries to find savings opportunities on an ongoing basis.	0	1	0
h. Nothing should be done that reduces BPA's ability to cover the cost of its unique public responsibilities.	0	0	1
i. BPA intends to burn through its financial reserves in the 2002-2006 period.	0	0	1
j. The Cost Review violates BPA's MOA on wild salmon protection.	0	0	1
k. The goal of the Cost Review will not be met, nor will customers be satisfied, if BPA claims victory on implementation only to have budgets increase.	0	0	1
l. The goal is to have the agency thrive over the long term through a wide range of market conditions.	0	0	1
m. Keep costs as low as possible.	0	0	1
n. Do not agree BPA should assume FERC Federal Power Act regulation will result in cost shifts. Any changes could be phased in over time to avoid undue rate shock.	0	0	1
o. The issue paper does not explain what managing BPA debt on a total portfolio basis means.	0	0	1
p. Revenue financing should not be assumed or reflected in establishing transmission rate levels. Instead, rates should provide for the recovery of investment over a reasonable number of years reflecting the life of the facilities. Planned net revenues should include only a reasonable level of working capital.	0	0	1
q. Cost of the reliability services provided by the DSIs should be born by all of the regions customers, not just BPA.	0	1	0

r. Set reserve levels to cover the costs you see coming. Could set a cost recovery adjustment mechanism if needed.	0	1	0
s. BPA's goal should be to reach the targeted budget levels, rather than simply implement specific budget cuts and should not later add new budget items or relax its fiscal discipline in response to favorable forecasts of bulk power prices.	0	0	1
t. A move to decrease the availability of power at the preference customer rate, and "that would jeopardize the existence of small munis. We feel the original BPA goal of providing power at cost to customers of publicly owned utilities in the Northwest should be preserved at all costs.	0	1	0
<b>Totals</b>	<b>2</b>	<b>6</b>	<b>18</b>

<b>Cost Review Recommendation #1</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
<b>Power Marketing Staffing and Support Costs</b>			
a. With the Regional Review making the suggestion that expenses be reduced in the Power Business Line, what will that mean to the staffing in Burley? Making it to meetings in Spokane and Portland is difficult. Removing staff from Burley would make it very difficult for the utilities in the area. Really need to have meetings at the local level to keep the utilities and munis informed.	1	0	0
b. Changes in costs will erode current improved relationships with customers.	0	0	1
<b>Totals</b>	<b>1</b>	<b>0</b>	<b>1</b>

<b>Cost Review Recommendation #2&amp;3</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
<b>Market Transformation/Legacy Conservation</b>			
a. BPA, in the past and currently, has supported energy conservation. You've sold surplus power where it's available to sell. We've paid for it but it's sold outside the region. Now we're going to have to pay again, with the benefit going outside.	1	0	0

<p>This began in the late 1970s, and the Northwest has been paying for this ever since. The surplus wasn't cheap, we paid for it. How can you achieve equity and be competitive? The cost to Washington might be different from that to Oregon. What are those out of the region going to pay?</p>			
<p>b. BPA customers would want to fight for an accounting of this.</p>	1	0	0
<p>c. But we don't want pancaking either. (Individual states pay for their own public purposes.) We want local control, our own program. Does not want to send it to BPA who would then send it to the state.</p>	1	0	0
<p>d. States have not acted to replace BPA's decimated public purposes budgets as recommended by the Review.</p>	0	1	1
<p>e. Link subscription with the conservation and renewable resource obligations to help BPA prepare for a major power supply loss.</p>	0	0	1
<p>f. Support cost-effective and innovative conservation efforts like the Northwest Energy Efficiency Alliance and continuing follow-through on renewable resource commitments.</p>	0	0	1
<p>g. Council dismantling of the BPA energy dispatch and transmission system severely limits the Federal Columbia River Power System and its customer's ability to realize the benefits of solar voltaic generation.</p>	0	0	1
<p>h. It's important to remember the value of low-income weatherization in BPA's future decisions due to benefits such as job creation and improving property values.</p>	0	1	0
<p>i. Applaud BPA's recommended continuation of its commitment to funding conservation market transformation.</p>	0	0	3
<p>j. BPA should proceed cautiously before further dismantling conservation infrastructure.</p>	0	0	1
<p>k. BPA needs to restore even token credibility on conservation.</p>	0	0	1
<p>l. Against tying conservation to firm power load.</p>	0	0	1
<p>m. For funding major projects even during times of economic shortfalls.</p>	0	0	1

n. Cut staff before you cut conservation programs.	0	0	1
o. Get creative with marketing.	0	0	1
p. Stabilize market transformation through total participant contribution from all customer groups.	0	0	1
q. BPA should wean states and utilities from funding.	0	0	1
r. We hope that the September 1999 ending date for the contracts can be revisited. The year 2001 is a more reasonable target. We urge BPA to recognize that states are taking a slower approach to restructuring, and we ask BPA to extend the bridge as needed.	0	1	0
s. We need to commit ourselves to using the output of the system efficiently. Failure to show that we will maximize the output will compromise our case of being the permanent beneficiary. The reinvention of conservation is clearly not complete -- in fact, one end of the baton has been dropped, and no one has picked up the other end.	0	1	0
t. Conservation still a role BPA needs to play until someone else funds it.	0	1	0
Totals	3	5	15

<b>Cost Review Recommendation #4</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
<b>Northwest Power Planning Council</b>			
a. The budget recommended in BPA's cost management issue paper may limit the Council's ability to make crucial decisions.	0	1	0
Totals	0	1	0

<b>Cost Review Recommendation #5</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
<b>Renewable Resources</b>			
a. Treat conservation and renewables differently. It's okay for the region to support conservation but generation should be paid for by those who use it. Market the renewables separately so those who use it pay for it. Market renewables at higher green power rates.	1	0	0
b. The marketability of green power may surprise. There	1	0	0

seems to be growing demand for green power products.			
c. Asked for a quick decision from BPA either to commit to CARES or end it; it has dragged on without decision long enough.	1	0	0
d. Ensure that the system is as efficient as it can be, and that it becomes cleaner over time.	0	0	1
e. BPA should commit some of its resource to research and development of new technologies in renewable energy and energy conservation as well as other areas related to energy generation, transmission and use.	0	0	1
f. BPA support for next generation energy resources is slated for elimination as soon as politically feasible.	0	0	1
g. For requiring incremental revenues to cover the costs of renewable resource projects.	0	0	1
h. Encourage customers to continue renewables development.	0	0	1
i. Conservation and renewables should not be a component of BPA's wholesale price. No additional renewable resource project should be undertaken by BPA.	0	0	2
j. Existing tariffs do not fit renewable resources.	0	1	0
k. Allow green power to be resold and grant additional rights to purchase less expensive BPA power in the future.	0	0	1
Totals	3	1	8

<b>Cost Review Recommendation #6</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
<b>Integrated Capital/Asset Management Strategy</b>			
a. Maximize efficiencies in operations and maintenance.	0	0	1
b. Recommend that BPA work to create "a more businesslike arrangement" with the Corps of Engineers and Bureau of Reclamation.	0	1	0
c. The Corps has entered into a direct funding agreement with BPA. BPA has the Corps' commitment to help reach cost-containment objectives.	0	1	0

Totals	0	2	1
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<b>Cost Review Recommendation #7</b> <b>WNP-2</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. Implement the Cost Review Recommendation on WNP-2.	0	0	2
b. Political pressure forced the Cost Review panel to soften its WNP-2 recommendation.	0	0	1
c. WNP-2 will never be cost effective, but BPA continues to insist on operating it.	0	0	1
d. Those who whine about a few million dollars for renewables are silent about melding WPPSS costs. The power from WNP-2 should be marketed separately from the rest of the federal system. Those who want subscription should spend 3 percent of their revenues on conservation. When BPA does its National Environmental Protection Act work on subscription, it should include the conservation requirement from the Regional Review. BPA has an obligation to encourage conservation.	0	1	0
Totals	0	1	4

**Discussion:**

BPA has published two documents that describe our final decisions on implementing the recommendations of the Cost Review panel. [Fact Sheet #7](#), *BPA Targets Cost Savings: Close-out on Cost Review Recommendations* describes our response to comment received during the Issues '98 public process. [Fact Sheet #8](#), *Cost Management Implementation Plan*, describes our plan for implementing each of the 13 cost review recommendations. To request any of these fact sheets, call BPA at 1-800-622-4519.

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**Fact Sheet #2: FUTURE FISH AND WILDLIFE FUNDING**

<b>Fish and Wildlife Program Costs</b>	Small Meetings Comments	Public Meeting Comments	Letters Comments
a. According to the Council's modeling, BPA can cover all of the salmon recovery alternatives that are under	0	1	0

consideration, including breaching all four Snake River dams.			
b. I would define "keeping the options open" as structuring sales so that BPA can cover any possible decision that is made in 1999 for recovery. Power from the Lower Snake River dams will not be available if those projects are breached. To keep the options open, the 2002 to 2006 power contracts must collect and bank the full costs of all options or the decision on salmon will fall off a cliff. Other organizations will need assurance that BPA won't just collect the funds, but will implement F&W recovery.	0	1	0
c. We would like not to go to the bigger nation with this problem, but we will if we need to. The lack of a regional consensus leads fish and wildlife groups to think we have no energy allies in the region to work with. If we can't get allies in the region, my colleagues will be looking for allies outside the region. But we don't want to go there. Don't force the conservation and fishery groups and the tribes to build alliances outside the region or seek to move beyond cost-based rates because we can't reach agreement in the region.	0	2	0
d. Prepare utilities for higher costs.	0	0	1
e. BPA may be unable to meet the upper end of the fish and wildlife program costs without explicit Congressional assistance.	0	0	1
f. Fund the fish program at current levels through rates.	0	0	1
g. Do not include a fish program adder in net revenues for risk.	0	0	1
h. Do not prepay for potential fish measures in this rate period.	0	0	1
i. Minimize impacts of the hydro system to consumers.	0	0	1
j. Frustrated that F&W money is used to build agency infrastructures and that F&W spending needs a critical look. We are hearing quite a few concerns about BPA planning for a financial contingency based on unrealistic assumptions for future F&W spending. The range of F&W costs is too expansive and should be more realistic. The region should come together on a F&W plan, defining goals and objectives, rather than offering a smorgasbord of measures.	0	1	0



k. Columbia River Basin salmon recovery is "simply a cost of doing business," just like putting scrubbers on a coal plant.	0	1	0
l. The spending on F&W in the 2002 to 2006 period should remain the same or be less than it is today. We need a scientific review, measurable results, and monitoring and evaluation, and underperforming projects should be cut. BPA should ensure financial responsibility. F&W managers should undergo the same type of cost review BPA underwent.	0	1	0
m. Planning process around fish funding clearly makes the case for cutting costs or not being able to deliver revenues that meet the costs necessary to fund the real solutions.	1	0	0
n. BPA needs to take a stand about the amount of money it is paying out and insist that some common sense plan for fish and wildlife be established.	1	0	0
o. An economic test needs to be placed on BPA now. If BPA continues to budget more for fish costs they will not be competitive. Who will pay the costs when BPA goes away?	1	0	0
p. My recommendation is to take the lowest number for fish costs. If you give them the highest, they will take it.	2	0	0
q. 2012 costs make BPA never competitive.	2	0	0
r. All producers should pay a proportionate share of all fish and wildlife mitigation costs.	0	0	1
s. Continue the use of annual 4(h)(10)c credits.	0	0	1
t. Throttle back economic uses of the river so the fish can survive.	0	0	1
u. The Fish and Wildlife Program should be paid for by taxed based funding.	0	0	1
v. BPA is too willing to take on the costs. Others benefit from the river and should assume some of the cost.	1	0	0
Totals	8	7	10

***Discussion:***

A majority of the comments on fish and wildlife costs recommended stabilizing or reducing the costs to BPA. A few comments implied that BPA should increase spending on fish and wildlife. Several

comments suggested finding other sources for funding.

These comments assume that BPA has a great deal of independence about what it funds and does not fund, and at what cost. In practice, BPA is more of a middleman, collecting a share of regional resources for a regional program where the major decisions are made by others, including the four Northwest states, the 13 Indian tribes of the Columbia River Basin, plus two federal agencies with Endangered Species Act responsibility, the National Marine Fisheries Service and the U.S. Fish and Wildlife Service.

The planning range and underlying principles for BPA's fish and wildlife costs have been established and are available in a separate document. This planning range will be used in the rate case for power to be sold in fiscal years 2002- FY2006. It should be emphasized that this range is for rate case planning only, and should not be understood as a commitment by Bonneville at this time to spend a specific level of money for fish and wildlife. No decision has yet been made under the Endangered Species Act or in regional forums about what options will in fact be chosen for fish and wildlife in 2002-2006.

<b>Dam Removal</b>	Small Meetings Comments	Public Meeting Comments	Letters Comments
a. With respect to fish runs in the ocean, when you put one million fish out and only four come back, and then when the run gets to the Idaho border, there's only one fish, it's not the river system that's failing -- it's something beyond that. When people talk about taking dams out, they are asking for streams to be like those in California and Arizona, where they dry up in half an hour. You won't have fish if you do that. You should start to rethink what to do to really get fish back in streams.	0	1	0
b. Breaching the lower four Snake River dams is unacceptable.	1	0	0
Totals	1	1	0

***Discussion:***

These comments recommend not choosing dam removal as a strategy. Ultimately, Congress will make that decision.

<b>Governance Process</b>	Small Meetings Comments	Public Meeting Comments	Letters Comments
a. When it comes to merging the fish and power issues facing the region, there is no consensus. The region doesn't	0	1	0

have its act together.			
b. We want to save as many fish as possible through a broad-based river governance with the participation of all responsible parties.	0	1	0
c. Fish and wildlife are getting negative attention being described in the media as the main problem when other entities are benefiting from the system.	1	0	0
Totals	1	2	0

**Discussion:**

The region has not yet entered a direct discussion of the trade-offs between funding for fish and funding for other regional benefits, including low-cost power, conservation, and renewable resources. The governance discussion continues, with several alternatives still on the table.

<b>Accountability for Fish and Wildlife Results</b>	Small Meetings Comments	Public Meeting Comments	Letters Comments
a. We need accountability for results.	0	1	0
b. We don't want to see "wish lists" for fish and wildlife measures, but we are not opposed to reasonable measures.	0	1	0
c. Fact sheet does not show the expected salmon returns for the funds spent.	0	0	1
d. Require that projects demonstrate results.	0	0	1
e. You have to judge the program against what it was intended to do. Barging was intended to move fish around dams to protect them from predators, physical harm from the turbines, and from gas super-saturation. PIT-tag data indicates there is a 99 percent survival rate in the barges, and that on average you get a 2-to-1 smolt to adult return ratio.	0	1	0
f. The fish issue is disheartening because the discussion has turned from what can we do that is effective to what can we afford to spend. That is unsupportable. Perhaps the best thing for BPA customers to do is to cut and run — give some business to BPA and look elsewhere to have the rest of their power needs met.	1	0	0
g. Would like to see how the money is spent.	1	0	0

Totals	2	3	2
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**Discussion:**

Accountability for results is a key issue in the fish and wildlife governance discussions. While the region works on the issue at the broader level, BPA is actively working within the program to help ensure that the results of each contract funded directly contains clear performance measures. This year, for example, we funded over 300 on-the-ground and research projects. With few exceptions, those projects had performance-based contracts which we managed carefully to make sure that the work promised was achieved. Many of those projects were developed and/or supported by local interests. Examples include work with local irrigators to replace and screen diversion structures, or with local watershed councils, to provide matching funds for plants and fencing used in stream protection projects in close cooperation with landowners in that area.

Some of that funding also went for major research projects that are illuminating the real problems and eliminating other things that were thought to be problems, but are not proving to be. It is this same research that is beginning to tell us what the impact of the dams is, and is not, and to identify the impacts of other sources of mortality.

<b>BPA Role in Fish and Wildlife Mitigation</b>	<b>Small Meetings Comments</b>	<b>Public Meeting Comments</b>	<b>Letters Comments</b>
a. We are trying to keep the value of the Columbia River hydro system, yes, but a healthy ecosystem is just as valuable. BPA's mission is not just selling power and building the power system for the future -- it's also to move us back to a healthy ecosystem.	0	1	0
b. The "mass extinction" of salmon in the basin means abrogating Indian treaty rights, as well as Canadian treaty provisions and federal laws. The cost of abrogating Indian treaty rights could be billions of dollars, which makes the cost of other options pale by comparison.	0	1	0
c. BPA has a critical leadership role to play as a steward of the river and its fish and wildlife. Help the region make decisions about restoring fish populations and make measurable progress in that restoration effort.	0	0	3
d. (Fish) financing with no implementation means we've got "the ying, without the yang," it's like the Mariners -- we've got the hitters, but no pitchers.	0	1	0
e. BPA has refused to spend the fish and wildlife money.	0	0	1
f. BPA has F&W obligations and should see that they are	0	1	0

carried out well.			
g. Fish advocates are as concerned about uncertainty as BPA. Many groups would like to see BPA narrow the range and offer some advocacy for options that fit your needs better than others.	1	0	0
Totals	1	4	4

***Discussion:***

Taken as a group, these comments highlight a key service that BPA provides – managing the fish and wildlife projects that the region selects and recommends in a way that helps ensure outcomes such as healthier ecosystems, measurable progress in restoration, and scientifically sound projects. While we are committed to follow the guidance of regional processes on which specific activities to undertake, our staff work within the decision processes and in contract negotiations helps ensure that the results of fish and wildlife investments are identified and that adaptive management takes place.

<b>Recommendations for Fish and Wildlife Planning</b>	Small Meetings Comments	Public Meeting Comments	Letters Comments
a. We need to develop a recovery plan for fish that includes a financial package, system configuration decisions, and implementation of those decisions. The question is how to make those "three legs of the stool" work, under a cost-based system, a market-based system, a subscription-based system, or a slice-based system.	0	1	0
b. Develop and implement a single, unified fish program.	0	3	2
c. It will become prudent to develop a short list of alternatives for BPA and increase the certainty.	1	0	0
d. Consistently apply scientific standards and evaluation procedures.	0	0	1
e. Enforce good business practices in fish programs.	0	0	1
f. Defer to the Independent Scientific Advisory Board.	0	0	1
g. Strong objective criteria must be established, enforced and followed-up on so that we do not continue on spending money for no good reason. A salmon recovery plan with identifiable measures must be developed.	1	2	2
h. It appears that the dams are not the problem and that more should be done to protect the fish after they reach the ocean.	2	0	0

Totals	4	6	7
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***Discussion:***

There is broad recognition from all parties of the need to improve the region’s plan and planning processes for fish and wildlife. This year, BPA has identified progress toward a "unified fish and wildlife plan that includes long-term certainty for the Columbia River hydro system" as a key public responsibility for the agency. We will be working within the regional processes to clarify which specific aspects of the region’s overall plan for which BPA will be responsible and accountable. In addition, we will continue to support incorporation of good business practices and sound scientific principles in the regional processes.

**Fact Sheet #3: POWER MARKETS, REVENUE AND SUBSCRIPTION**

<b>Power Markets</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
a. Manage the system well to retain competitive prices for power.	0	0	1
b. Build a green market.	0	0	1
c. Allow flexibility in how it operates to stimulate a green market, have a revolving investment fund.	0	0	1
d. The Council’s subscription power-marketing prevents billing credits and net-billing at the wholesale customer.	0	0	1
e. It is unacceptable to force subscription on the wholesale customer, not allowing power-on-demand billing credits, while that consumer owned utility must accommodate buy/sell and net-billing for its owner/customers.	0	0	1
f. Douglas County PUD would like the ability to use their own non-firm generation for their loads and displace BPA purchases.	1	0	0
g. BPA needs the ability to make purchases in the market.	0	1	0
h. In 1996, there was a plethora of marketers, there’s not so many now that BPA is more competitive. But if you don’t keep your costs contained, they’ll be back. They may not be offering 7 mills under BPA, but they will be offering 2 or 3 mills under BPA, so make cost containment a high priority	0	1	0

i. We need to recommit ourselves to managing the system well, and we've made a lot of progress on that such as the regional integrated capital/asset management strategy to maximize the public benefits and financial returns of the federal hydro system.	0	1	0
j. IOUs are concerned about BPA growing the system by going into the market to purchase power.	0	1	0
k. BPA should be cautioned against depending on market forecasts that go out 20 years. It's a dangerous approach to rely on forecasts that show the market increasing over time.	0	1	0
Totals	1	5	5

**Discussion:**

Changes in the wholesale electricity market have created a different world for marketing wholesale electrical power. Customers that traditionally made up a stable market base for BPA now can choose among a variety of power suppliers and a variety of products. BPA's response has been to work hard to keep its rates competitive and to tailor our products to meet individual customer needs. This strategy will keep BPA competitive in the wholesale power market, allow us to meet our public responsibilities, and help our customers remain competitive in the retail power market.

For the post-2001 period, BPA will sell much of its power through a "subscription process." This process, laid out by the Comprehensive Review, defines how and to whom the region's federal power should be sold. The Comprehensive Review recommends that BPA deliver the benefits of the federal hydropower system to Northwest consumers, keep prices and costs low, and subscribe as much of its federal power to the region as possible.

With the Bureau of Reclamation and the Corps of Engineers, BPA will continue to operate the federal hydrosystem as efficiently as possible while complying with the requirements of the 1998 supplement to the National Marine Fisheries Service's 1995 Biological Opinion. BPA is committed to encouraging the development and purchase of environmentally superior ("green") power. In fact, BPA's power business line exceeded its target for providing "green" power early in this fiscal year.

The Subscription Proposal contains BPA's current thinking on dealing with these issues. It is available on request by calling 1-800-622-4519 or by visiting BPA's Web site at <http://www.bpa.gov>. Further comments on these and other issues are welcomed during the Proposal comment period which will last at least until October 23, 1998.

<b>Subscription: Process</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments

a. Concerned about timely and consistent Subscription information.	1	0	0
b. In Subscription, how long will it be after a price is set before BPA will start to commit power to customers outside the region? I need to know how long I have to make decision.	1	0	0
c. PUC indicated we should delay Subscription if we do not settle on an equitable exchange distribution. In acknowledging the difficulties presented by delay, they suggested we delay Subscription but go ahead with the rate case. They also indicated flexibility in the degree of delay needed.	1	0	0
d. Get on with Subscription without delay.	0	1	1
e. Don't rush the Subscription process. Resolve critical issues first. Delay for at least 6 months.	0	0	1
f. With respect to Subscription, there are some decision timelines out of sync. BPA wants to go ahead with Subscription, while the Clinton Administration's fish recovery plan won't be ready until late 1999. The fish interests think that BPA should delay Subscription and try to think about how to bring greater definition to the 1999 decisions on fish and how to merge the timelines.	0	1	0
g. As for Subscription, public power thinks that BPA should do business with preference customers as soon as BPA is ready to do it.	0	2	0
h. "Keeping the Options Open" strategy may conflict with the ability to conduct a successful Subscription process.	0	0	1
Totals	3	4	3

**Discussion:**

Because of the comments, Subscription has been delayed from its original start-up date of July 1998 and is now scheduled to begin in mid-November 1998. The Power Business Line appreciates the customer input and has incorporated these comments in other forums. We heard the customers and understood that the region asked for more time to discuss the issues. We have delayed the start of the Power Rate Case as well. Comments showed the region believed that many issues had not been resolved, and BPA believes the additional time has improved the quality and responsiveness of the Subscription proposal.



<b>Subscription: Cost Uncertainty/Price/Rate Case</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. It is impossible for many of us to subscribe now because of the cost uncertainty — fish and all. It feels like a big risk with two rate cases coming up. I'm afraid BPA will drive customers to go to a supplier who can provide a price.	1	0	0
b. The price issue is a problem. If BPA doesn't get enough money in the Power rate case, what keeps it from getting more money later through the Transmission rate case?	1	0	0
c. I didn't have a problem making a decision knowing just the price of the power component.	1	0	0
d. You need to run the rate cases concurrently. You are forcing us into the arms of the IOUs. We have to have the entire price before we can make a purchase decision.	3	0	0
e. We don't want to see bifurcation. We want to know rates, products and service. We want the rate case to go forward swiftly. Quantity is the critical issue.	1	0	0
f. Cost Adjustment Clause will hurt Subscription. Put it into Transmission Business Line.	0	0	1
g. Include a limited rate adjustment clause in subscribers' contracts to be used if the ending reserve target must be reset.	0	0	1
h. Delaying the process would be a better way to go because then we'll know what our costs will be. We're not interested in finding out our costs after we sign contracts.	3	2	0
i. We don't control BPA's costs.	1	0	0
j. If private utilities sell off their generating resources then those facilities must be removed from their calculations of exchange costs.	0	0	1
k. The Federal Base System (FBS) will be oversubscribed, and you will need to firm it. But the law is clear, you have to go with conservation. Rates and terms are critical information to entities with boards of directors. "Boards take their fiduciary responsibility seriously," and boards don't yet have the level of certainty to make informed decisions on Subscription.	0	1	0
l. We support the continued application of the coincidental	0	0	1

demand charge in its current form.			
Total	11	3	4

***Discussion:***

The issues related to cost and price uncertainty have been discussed in a number of forums including the Subscription workgroup, discussions with fish and wildlife interests and other customer and constituent meetings. The Power Business Line has included the input especially in the "Risk Management" section of the Subscription Proposal.. Delay of the Subscription process and the Power Rate Case has given the region more time to discuss the issues, and those discussions have guided BPA’s recently released Subscription Proposal.

<b>Subscription: Products/Product Pricing</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
<b>Low Density Discount</b>			
a. We can’t be competitive without the low-density discount. Eliminating the low-density discount is not within the statutory language; it cannot be zero.	2	0	0
b. I’m confused by multiple cost-based products.	1	0	0
c. The goal should be similar pricing for full and partial customers. We are glad you are moving in that direction.	1	0	0
d. Option fees beyond the first rate period should be considered.	0	0	1
e. Reactive needs to be changed back to the way it was. We’ve been penalized 5 percent for lagging. It is too complicated now.	1	0	0
f. I don’t understand all the elements of the product list. How can cost-based rates vary? I don’t know what I’ll need.	1	0	0
g. Ensure equity between products offered to full-requirements customers and partial-requirements customers.	0	0	1
h. Develop a partial-requirements product that will allow customers to use the flexibility of the Federal Base System at cost.	0	0	1
i. Uniformity shouldn’t be allowed to replace creative thinking, a one-size fits all approach will not work.	0	0	1

j. BPA has offered special deals to partial-requirements customers to regain market share.	0	0	1
<b>Total</b>	<b>6</b>	<b>0</b>	<b>5</b>

***Discussion:***

Most of these issues have been incorporated into the Subscription Proposal in the sections relating to contract elements, products, and pricing strategies.

<b>Subscription: Inventory/Implementation</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. Oregon PUC indicated that they expected BPA to provide "at least" 50% of the power needed by residential customers, post 2001. They have supported language that would have required the IOUs to purchase 50% of their residential loads from BPA.	1	0	0
b. Oregon PUC indicated support for BPA to purchase - in a limited manner – power in order to meet the needs of Oregon's residential customers.	1	0	0
c. What you have done in the settlement with PGE is illegal. You cannot assign power to PGE the way you did. You have pre-empted sales to preference customers by assigning to PGE 360 megawatts of power that should be available in Subscription.	2	0	0
d. If the residential customers of IOUs have every bit as much right to Subscription power as public utilities do, you're going to end up purchasing additional power to meet that fixed load, because conceivably that 7820 aMW could further degrade to the point where the all the DSI-load goes away and the federal system doesn't have the resources necessary to supply public and IOU residential customers. And, it sounds as if you would then go to market, and you would be obligated to provide that power at a similar rate, so that the residential customers of the IOUs are going to get a rate guarantee equal to what we can provide for our customers.	1	0	0
e. We don't want the additional costs for non-public utilities. Who are [makes up the composition of] the Regional Review? They have no authority over BPA. Those of us who are supposed to have public preference,	1	0	0

we keep losing ground. If the Residential Exchange customers are entitle to compensation, just do that. Don't go and buy additional power. What are they entitled to? Let them look for their own resources. If there is a shortfall, public power customers shouldn't be put on the spot to pay for resources for someone else.			
f. Make sure residential customers of the IOUs receive a fair share of Subscription power.	0	0	1
g. Subscription prices, terms and conditions must be sufficiently uniform and transparent to assure all customers that the benefits and costs of the system are shared equitably.	0	0	2
h. Preference customers must be served by BPA. No diversified utility would put 100 percent of its load on BPA. BPA is obligated to do this.	1	0	0
i. BPA should give priority to customers who have historically relied on it for 100 percent of their load. BPA should protect these customers.	1	0	1
j. Diversifiers are being treated as second-class citizens. Said he does not believe BPA can charge them a higher price.	1	0	0
k. The real risk is a threat to the preference principle. BPA should be careful about eroding customers' preference status.	1	0	0
l. A utility should not be held accountable if it is unable to keep a load because BPA costs went up.	1	0	0
m. BPA needs to increase the amount of power available for Subscription by firming up some of the non-firm power.	1	0	0
n. We think oversubscription is the most likely outcome, and there's no need to rush into Subscription before the fate of the residential exchange, renewal rates, and option fees are resolved.	0	1	0
o. BPA should make sure residential customers of IOUs receive a fair share of Subscription power.	0	1	0
p. Option fees for Subscription renewal rights are valuable and should be used to generate revenues for BPA.	0	1	0
q. Subscription prices, terms, and conditions must assure	0	1	0

the benefits and costs of the BPA system are shared equitably by all subscribers, and BPA Subscription should encourage investments in clean energy.			
r. I don't think BPA will be oversubscribed -- I think BPA will be at market and sufficiently subscribed.	0	1	0
s. BPA is assuming it will subscribe firm power to the region and that it will firm nonfirm and sell it outside the region. Some Northwest customers want to firm up their share of BPA nonfirm. There's no reason for BPA to have a "fire sale" -- I don't understand the hurry to get Subscription done with Northwest customers so you can then sell the rest of the power to others.	0	1	0
t. Noting the decrease in BPA's available inventory for Subscription and given the load growth in the Northwest, it's likely the total inventory of the Federal Base System (FBS) won't go around. Subscription can start whenever BPA is ready, but due to the potential for over subscription, BPA must reserve enough supply to serve public utility loads.	0	1	0
u. We hope that restructuring and Subscription will leave BPA with "the kind of rate and organizational stability that we have enjoyed as full requirements customers. We are not concerned with Subscription's pace as long as BPA remembers we have special rights as full requirements customers, and as long as BPA doesn't sell the benefits out from under us.	0	1	0
v. Citizen's Utility Board has said IOU residential customers would be willing to step up to the plate and fill the Subscription void, and help BPA meet its fish and wildlife costs. The publics and DSIs now seem to want as much federal power as they can get, he said, and I am trying to persuade BPA that "an IOU residential customer is a good customer." I don't want money, I want power.	0	1	0
w. You need to have an allocation system. BPA has tried in Subscription discussions to find a way to differentiate loads with its PF' and PF" rate mechanism, but the agency may not be able to actually do that. If BPA can't solve the allocation dilemma, you will be acquiring for the whole region, or there will be a political meltdown.	0	1	0
x. Preference customers are entitled to purchase net requirements service from BPA at the lowest cost-based rate.	0	0	2

y. BPA can purchase power to firm non-firm federal power to serve preference loads as in the past.	0	0	1
z. No current need exists to acquire additional resources for firm inventory, but provide or acquiring power to firm non-firm inventories.	0	0	1
aa. Contracts should allow customers to resell BPA power to mitigate load uncertainties of future retail access legislation.	0	0	1
bb. Subscription should be held on a first-come, first-serve basis.	0	0	1
cc. IOUs and other regional loads should be able to purchase ahead of out of region loads.	0	0	1
dd. Equitably allocate the benefits of the federal power system among all residential customers throughout the region.	0	0	1
ee. BPA has no choice than to offer all the power at their disposal to public bodies or cooperatives before offering to others. Public bodies and cooperatives are served first.	0	0	1
ff. It is BPA's fiduciary responsibility to serve all the needs of preference customers if asked to do so.	0	0	1
gg. BPA should not purchase any more power than necessary to serve its public preference load.	0	0	1
hh. Limit the ability of those who moved away from BPA to return under the same rates as those who have remained full requirements customers so full requirements customers will not be forced to become partial requirements customers.	0	0	1
ii. We do not agree with the proposal to limit subscription to the two highest of the last five years loads placed on BPA particularly when BPA was made whole through the payment of exit fees.	0	0	1
jj. With regard to subscription, Montana is exploring the formation of an electricity cooperative that would be the default supplier. The state is interested in seeing if a portion of that load could be served by BPA and that there is a fear subscription will go forward without a sharing of the benefits more broadly in the region. Unless the base of support for the federal power system is broad, the system is vulnerable to political attack. The timing of subscription	0	1	0

should allow for the benefits issue to be resolved.			
Totals:	12	11	17

***Discussion:***

Subscription has been delayed from its original start-up date of July 1998. It is now scheduled to begin in mid-November. PBL heard the customers and constituents and understands that the region needs more time to discuss the issues. We have also delayed the start of the Power Rate Case. Comments showed the region believes that many issues have not been resolved.

Most of the issues raised in Issues '98 were addressed by the Subscription Workgroup. Based on public input in Issues '98 and other forums, BPA is developing cost projections, sales estimates and exploring approaches to establish prices for its products that it is sharing with the region. With input on these planning assumptions from public review in the region, BPA will conduct a 7(i) Rate Case to develop cost-based rates for its power products.

It appears that the amount of inventory available for subscription is less than the loads eligible for subscription. It is now commonly believed that BPA's cost-based prices will be below market. Most commentors also agreed with this assessment of market conditions. Because of this, the Subscription Workgroup revisited the implementation approach that it had adopted earlier. A group of related issues was discussed in the subscription workgroup: availability of current inventory; whether and how to acquire more firm power for subscription; and how to recover the costs of what might be acquired.

As a result of these comments, further discussion of the issues by the Subscription workgroup, and other discussions, most of the issues raised in this comment group have been addressed in the BPA Subscription Proposal. Further comments on these and other issues are welcomed during the Proposal comment period which will last at least until October 23, 1998.

<b>Subscription: Other</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. In the past utilities were a monopoly and you just made the best deal that you could. In the future people will have the option to select a power provider. We need to stay competitive or we will become a wires company or be absorbed.	1	0	0
b. Capture improved forecasts in subscription and rates.	0	0	1
c. Subscription offers BPA a way to improve and renew its commitments to the public purposes it was born to serve. Subscription can revitalize the region's commitments to renewables and conservation, which have been decimated and must be restored.	0	1	0

d. Subscription rates and conditions should reflect BPA's obligation to encourage energy conservation and the development of renewables in the Northwest. BPA could offer subscribers who budget 3 percent for public purposes consistent with Regional Review standards a discount equal to 1.5 percent of their retail electric revenues. Access to BPA power could be restricted to only those subscribers who meet their 3 percent public purpose obligation. BPA should try to push utilities to make the commitment.	0	1	0
e. We are adamantly opposed to the application of flexibility charges to utilities which paid an Exit Fee and have diversified their power supply with contracts which extend beyond the current BPA contract term (September 30, 2001). These charges are unreasonable and do not appear to be based on actual costs to BPA.	0	0	1
f. In the event that additional resources are needed on a long term basis to supplement the FBS, we would suggest that BPA consider utilizing outside consultants to assist with economic analysis and recommendations. With respect to short term energy needs, we wholeheartedly support BPA's continued access to, and use of, the short term market to meet these needs.	0	0	1
Totals	1	2	3

***Discussion:***

PBL has delayed the start up of Subscription from its original start-up date of July 1998. It is now scheduled to begin in mid-November.

A number of the comments address BPA's role in providing public purposes and suggested that Subscription might be the appropriate forum. BPA participated in a number of forums to discuss these issues and the delay of the Subscription and the rate case should provide more time for discussion of the complex issues with the region. Again, the results of these comments and subsequent additional discussions appear especially in the pricing strategies section of the Subscription proposal. BPA believes these comments materially improved the quality of the Proposal, and welcomes further comments on the issues within the context of commenting on the Proposal.

<b>Residential Exchange/7(b)(2)</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. BPA settled with PGE for \$25 million. Under normal	1	0	0



circumstances would have only had to pay \$5 million. Why? This is also inconsistent with other utilities that have been brought out. PGE is not tied to small farm and consumer loads.			
b. It seems like somebody cut a special deal. Why?	1	0	0
c. I'd like to see the residential exchange go away.	0	1	0
d. We have protections in the Northwest Power Act, such as the Low-Density Discount (LDD), the 7(b)(2) rate test, and other things, and they should all stay if we keep the residential exchange.	0	1	0
e. I favor a monetary solution, not a power solution, to the residential exchange.	0	1	0
f. BPA should not to sign the residential exchange settlement with Portland General Electric. BPA should not give up part of its power inventory to the IOUs before it offers it to the publics. The 7(b)(2) rate test still exists and should be used in any settlement.	0	1	0
g. I believe BPA's regional support depends on an equitable solution to the residential exchange issue -- a solution we, as a region, must create. If we think it's impossible to do that, we should give up now, he said, because if there is anything less, the region will devolve into a "public/private battle" or a battle among the states. Congress will not have patience with us if we bring such a battle to them. The current preference law is not "the default" -- it is not an equitable solution. We need a regional solution that we craft in the next couple of months.	0	2	0
h. BPA should use existing methodology under the Regional Act to determine the starting point for any negotiated modification of the exchange.	0	0	1
i. Benefits of the exchange ought to be given in power.	0	1	0
j. Power the DSIs use should be allocated to other customers including IOU residential loads.	0	1	0
k. The new settlement with PGE is creative, but its legality is questionable.	0	1	0
l. There is enough interest to fully subscribe the federal system and slowing the process down would not hurt. Signing up for a commodity without knowing the delivery	0	1	0

terms is not prudent. Recommend that the "deemer accounts" of eligible IOU exchange customers be wiped out.			
m. The residential exchange should be accomplished before subscription proceeds, or "it forces the allocation issue."	0	1	0
Totals	2	11	1

**Discussion:**

The Comprehensive Review recommended that the post-2001 Exchange be an actual sale of power through the Subscription process rather than a purely financial transaction. The Northwest Power Act's Section 5(c) statutory framework still applies, so the imminent rates and subscription processes must assume sufficiently attractive power sale terms under Subscription such that parties will forego exchange rights, or accept some combination of a power sale and a negotiated settlement.

A subgroup of the subscription process, chaired by Dick Adams of PNUCC, worked with BPA staff. The subgroup contained participants from the IOUs, DSIs, publics, PUCs, and interest groups. The group's focus was power sales under the Subscription process, either under the Section 5(c) statutory construct ("friendly in lieu") or the Section 5(f) statutory construct (FPS). After this group's reaching an impasse, a smaller group comprised of three investor-owned utilities began meeting informally with BPA to review alternative approaches.

The results of these and other discussions appear in the Subscription Proposal under pricing strategies, contract elements and subscribing the power. BPA is proposing that it make available 1,000 average megawatts of firm power sales to IOUs to serve their residential and small farm loads, with an additional 500 average megawatt equivalent in financial transactions. Interested parties should refer to the specifics of the proposal in this regard and provide additional comments as they deem necessary and desirable.

<b>Timing</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
a. Sequence the subscription sales negotiations and the power rate case. Delay subscription until consistent power rates, terms and conditions are developed. The issues of load growth and allocation need to be resolved in the rate case, rather than randomly addressed in bilateral negotiations. The stranded cost treatment should also be uniform in subscription contracts. Commence subscription negotiations only after the Record of Decision.	0	3	3
b. Proceed immediately with subscription.	0	1	1

c. Delay the Rate Case until 2001.	0		1
d. I don't have a problem with the Transmission Rate Case being pushed back.	0	1	0
e. Suggest BPA go ahead with the rate case because it would provide good information for potential subscribers.	0	1	0
f. Do Transmission and Power Rate Cases at the same time.	0	1	0
g. The Transmission Line Rate Case should proceed as soon as possible and not be delayed two years.	0	0	1
Totals	0	7	6

**Discussion:**

Both subscription and the power rate case were delayed this summer in response to comments BPA received from outside parties.. Various processes, including resolution of subscription issues, are converging in the September-October timeframe in 1998. Depending on how certain critical issues are resolved, that timing should allow for preparation of an initial power rate proposal to be published in early 1999.

There are a number of uncertainties facing the Transmission Business Line, ranging from national trends on ISO participation and formation of TransCos, to BPA specific issues such as Federal Power Act application to BPA transmission. Where possible, it would be best to address these fundamental structural changes before embarking on a transmission rate case. In addition, setting transmission rates earlier than necessary creates financial risks since it is difficult to forecast expenses 6 or 7 years in advance. On the other hand, the Transmission Business Line recognizes that uncertainty makes decision making difficult for customers. That is why we have committed to fully resolve certain between business line issues, such as GTAs and generation inputs for Ancillary Services, in the power rate case.

	Small Meetings Comments	Public Meetings Comments	Letters Comments
<b>Low Density Discount</b>			
a. We are about to lose ours. Those with high irrigation loads will still get LDD for residential. That seems contrary. Need to look at overall system benefit rather on accounts served. Other things have to come into relevance when looking at density.	1	0	0
b. The irrigators get a discount on a discount.	1	0	0
c. We have the mechanism to ramp down the LDD.	0	0	1

d. Ratepayers expect and deserve stable electric rates. The elimination of the LDD would mean a 3 percent increase on ratepayers.	0	1	0
e. People talk about ramping the LDD down, but we have a mechanism to ramp it down. The current eligibility formula for the LDD results in an ever shrinking pool of eligible customers.	0	1	0
f. Only those utilities that truly need the benefit of a Low Density Discount should be eligible.	0	0	1
g. We do not agree with modifications to the Low Density Discount criterion that would indiscriminately reduce benefits or disqualify needy recipients.	0	0	1
h. Modification of the KWH's sold per dollar of plant investment (k/I) ratio or the consumer per mile (c/m) ration as a method to prevent "gaming" or to reduce the number of benefactors of any future Low Density Benefits is not fair or equitable.	0	0	1
i. We propose that the Administrator use statutory discretion to replace the two current ratios, with a ratio which reflects revenue per mile of line.	0	0	1
j. Keep the LDD as part of the Power Business Lines Rates and add the LDD to the Transmission Lines Rates.	0	1	1
Totals	2	3	6

**Discussion:**

BPA has listened to customer comments and has addressed the LDD in the Subscription Proposal. The agency welcomes further comment from interested parties on changes to the LDD, in response to the Subscription Proposal.

**Fact Sheet #4: TRANSMISSION ISSUES**

<b>Transmission Rate Case</b>	<b>Small Meetings Comments</b>	<b>Public Meeting Comments</b>	<b>Letters Comments</b>
<b>Timing of Rate Case</b>			
a. You need to accelerate the transmission rate case. It will be hard to be competitive post-2001 without a number.	1	0	0

<b>Percentage of Rate Increase</b>			
b. This looks like a very high rate increase for transmission – maybe close to 30%.	1	0	0
c. We see no evidence that transmission rates could double.	0	1	0
<b>Power Costs Shifting to Transmission Customers</b>			
d. Transmission Business Line should also pay for fish and wildlife costs.	1	0	0
e. The IOUs would like the charges added to Power and not Transmission, so that it would be in their favor economically to use BPA’s system.	1	0	0
<b>Surcharging Transmission for Unrecovered Power Costs</b>			
f. BPA needs to aggressively market transmission, and a lot has to do with pricing. If BPA’s transmission rates are increased by putting "public goods" as riders on the wires, it’s less likely I’ll do business with you.	0	2	0
g. Montana is transmission-dependent, and "we want to ensure that suppliers can come into Montana unencumbered. Only those costs associated with transmission should be in transmission rates, and other mechanisms should be developed for collecting stranded costs	0	1	0
Totals	4	4	0

**Discussion:**

The power rate case and subsequent transmission rate case will address and resolve these issues. BPA’s initial power rate proposal, now scheduled for early 1999, will include BPA’s proposed functionalization of costs and the methodologies for assigning certain inter-business costs to the business lines. We have held two customer meetings on the inter-business line issues and will hold additional meetings prior to the start of the formal rate process. The transmission rate case will begin some time after completion of the power rate case. To reduce uncertainty, some issues, such as General Transfer Agreements, will be fully resolved in the power rate case.

A transmission surcharge is a potential mechanism for emergency cost recovery. The Governor’s Transition Board recommends a four-step contingent cost recovery mechanism in case BPA has trouble recovering its costs on the power side. The fourth step would be a FERC designed transmission surcharge mechanism.

<b>General Transfer Agreements</b>	Small Meetings Comments	Public Meeting Comments	Letters Comments
a. Treat GTA the way it is now so all customers contribute and understand the history of why the costs are recovered the way they are now before you make changes.	1	0	0
b. My first choice is that I prefer the GTA cost to remain with Power. Picking up costs for non-federal power should not be done.	1	0	0
c. GTA costs should continue to be covered by BPA, either through power or transmission.	0	0	1
d. BPA's GTA customers should not face significant cost and discrete transmission rate increases resulting from having to pay open access tariffs for their federal and non-federal power purchases. Nor should BPA's other transmission customers face significant increases in transmission rates if BPA's Power Business Line negotiates open-access transmission tariffs to replace all or part of the GTA's.	0	0	1
e. BPA should aggressively seek to solve the GTA problem. The cost of the GTAs should be treated as part of the BPA system.	0	0	1
f. The General Transfer Agreements (GTAs) issue is important -- BPA needs to understand the importance of leaving the federal costs on the power side, and moving other costs into network transmission rates.	0	1	0
g. With respect to the GTAs, recommend that the costs remain on the power side or else rates will increase.	0	1	0
h. We support keeping the GTA costs in power.	0	1	0
i. Urge BPA to retain the GTAs as they are.	0	1	0
j. The Southern Idaho Utilities are located on the end of the system and are served through GTAs. The whole system has benefited from this. If it is decided that there be some kind of network charge it should be rolled into the system so everyone would pay.	1	0	0
k. So the longer we wait to purchase power, the resources diminish; and we are left at a real disadvantage. Until BPA gets the GTA issues resolved, we cannot and do not know which way to go. The GTA is the main roadblock and is	1	0	0

very significant to all the customers on this way of the system. Would like to have BPA hold power in reserve, or commit some resources, for this purpose until the issue has been settled.			
l. Let the customer requesting GTA service pay for that service. Don't put into either PBL or TBL revenue requirement.	1	0	0
m. Leave GTAs in the PBL. Transmission should pick up the tab if the power is non-federal.	1	0	0
n. GTAs must remain in Transmission costs.	0	0	1
o. Include the GTA costs in the PBL rates.	0	0	1
p. Keep the needs of the region first. When it comes to the proposed changes on the GTA and the intertie, remember that the main goal is to get power to public agencies.	1	0	0
q. We're concerned that GTA costs will have a tremendous rate impact on our consumers if the transfer costs are shifted from the PBL.	1	0	0

<b>Rolling Southern Intertie into the Network</b>	<b>Small Meetings Comments</b>	<b>Public Meeting Comments</b>	<b>Letters Comments</b>
r. Rolling in the cost of the Southern Intertie is a bad idea. It would be a boon to the IOUs and is not in conformity with why the intertie was created. It is not consistent with preference customer interests. It would help to have carve-outs from FPA conformance to support preference customers.	1	0	0
<b>Totals</b>	<b>9</b>	<b>4</b>	<b>5</b>

***Discussion:***

The BPA Power Subscription Proposal Strategy proposes to continue existing GTA service to customers for delivery of federal power through the 2001-2006 rate period (see the Proposal, page 20, for further details). BPA has not taken a position on the Southern Intertie. These issues will be addressed through customer workshops and the power rate case (GTAs) and the transmission rate case (Southern Intertie).

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<b>Support for FERC Regulation of Transmission With "Carve-outs"</b>	<b>Small Meetings Comments</b>	<b>Public Meeting Comments</b>	<b>Letters Comments</b>
a. FERC should regulate BPA's transmission in a way that is equivalent to its regulation of IOUs. There are definite "carve-outs" needed from the Federal Power Act (FPA) for BPA, but changes should be made only in those areas in which BPA is truly unique	0	1	0
b. Support FERC oversight of transmission rates.	0	0	1
c. A few years ago, BPA adopted a new transmission tariff and have been implementing it equally to all customers. The tariff isn't perfect, but BPA is putting separation between its Power Business Line and its Transmission Business Line. I would "more or less" agree that BPA needs FERC regulation but the FERC model is not good in all ways. BPA has more flexibility, for example, on moving points of interconnection and delivery.	0	1	0
d. BPA can take more steps to conform to the FPA, but we believe legislation is appropriate and necessary. BPA could have a clause in its contracts to allow for some refunctionalizing of costs "after the fact," if necessary.	0	1	0
<b>Totals</b>	<b>0</b>	<b>3</b>	<b>1</b>

***Discussion:***

The Federal Energy Regulatory Commission (FERC) has a major role in shaping the changes within the new competitive power market. These changes may impact transmission ratemaking and require approval of transmission contracts. BPA has already voluntarily complied with FERC's open access directives. Further steps will be required to align transmission rates, terms, and conditions with FERC's direction at the national level.

The Governor's Transition Board recommends that FERC have authority over BPA transmission based on Parts II (wholesale interstate commerce) and III (procedure and administration) of the Federal Power Act.

<b>Separation of Business Lines</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
a. Separation of the PBL and TBL increases costs to ratepayers because of duplications and inefficiencies. The result is terrible. Don't close the door on the separation	1	0	0



issue.			
b. Generation and Ancillary Services should be in the PBL.	1	0	0
c. Cost shift from PBL to TBL should be carefully scrutinized. The TBL should not subsidize the PBL in any way.	0	0	1
d. BPA needs more stringent Federal Energy Regulatory Commission (FERC) regulation of transmission. BPA's power and transmission businesses should be clearly divided, and there should be no cost shifts. The power business needs to set its rates to cover costs.	0	1	0
e. Why not split TBL from PBL, but avoid creation of ISO so that we retain competition in the transmission arena.	1	0	0
f. Transco is a non-starter until BPA separates.	0	0	1
Totals	3	1	2

**Discussion:**

BPA is fully committed to functional separation in support of FERC's open-access, non-discriminatory tariffs. The issues of functionalization and cost allocation will be addressed through the power rate case and the transmission rate case.

<b>Concern Over System Reliability Due to Reduced Maintenance</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
a. Is BPA going to continue to respond to cost pressure on an FTE basis (as opposed to labor contracts)? There is a concern about reduced maintenance and reliability. However, BPA ought to consider looking at labor costs (e.g., double-time); if BPA did, then utilities could. Recommended their own procedures where they have many applicants for openings for groundsmen; these have the potential for development into journeyman linemen. Noted also that PGE was able to negotiate away double-time (though others noted that the unions were determined to get it back).	1	0	0
b. System reliability is very important. Reliability has diminished; vegetation in the lines, BPA employees unresponsive.	1	0	0
Totals	2	0	0

**Discussion:**

We continue to balance maintenance costs with system reliability. A major cost reduction in maintenance was achieved by changing our management and administrative structures and procedures. Moving from a time based maintenance philosophy to a reliability-centered maintenance philosophy has contributed to the reductions through the use of inspection and diagnostic information to determine when maintenance should be performed. Budgets for vegetation management were increased by \$1.5 million in fiscal year 1997. As a result, we have experienced significantly fewer tree-related outages in FY98 compared to previous years.

<b>Miscellaneous</b>	Small Meetings Comments	Public Meeting Comments	Letters Comments
a. Don't commit BPA to idiotic ideas. Stand up to the Transition Board and the Cost Review panel. Work closer with public customers.	1	0	0
b. If we buy from Idaho Power Company (IPCo) we can bypass the BPA system. Everyone here can bypass BPA.	1	0	0
c. There is more than the GTA issue. There are other unknown transmission issues. This is only part or the pie and we need to go further than that to determine if we want to sign up for subscription.	1	0	0
d. It concerns me about BPA's leadership in these issues. I've seen Randy Hardy stand up at Power Planning Council meetings and say, 'I'm sorry, but we can't afford any more site conservation in certain markets,' and, 'I'm sorry, but I can't offer any more dollars for fish.'  "I need to see more leadership like that. I need to see the TBL stand up and say, 'This sucks!'"	1	0	0
e. "These changes are going to screw up the benefits we've seen in this region, so that somebody in Georgia has the satisfaction of seeing Northwesterners pay the same rates as they do. I need to see more leadership out of BPA on these issues."	1	0	0
f. Ownership makes people willing to pay a little more.	1	0	0
g. The transmission system has a direct link to fish impacts. If there were no transmission system, there wouldn't have been all the dams that have had fish impacts. The transmission system has to share in the funding of fish recovery. Administrative or legal separation of BPA's transmission should not occur until we determine there's a way to use the transmission system to cover fish costs.	0	1	0

Don't go to separation until we get that.			
h. BPA must prove truly nondiscriminatory transmission access.	0	0	1
i. There is a precedent for maintaining segments in the transmission system.	0	1	0
Totals	6	2	1

***Discussion:***

Again, many of these concerns will be addressed and resolved through the power and transmission rate cases. We will be seeking input from customers, constituents, and tribal governments through meetings and workshops during the rate case processes. In addition, activities and events at the national and regional levels will significantly impact the way we conduct business in the future.

With all the changes, BPA will continue to operate and maintain a safe, reliable, environmentally responsible, and cost-effective transmission grid system.

**Fact Sheet #5: RISK MANAGEMENT**

<b>Risk Management</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
a. Two cents by 2000 may not be prudent, why put the risk on fish.	1	0	0
b. Customers will be buying power without the transmission rate, buying a "pig in a poke" so to speak.	1	0	0
c. Would like to see Transmission move along. Concerned about the GTAs and the greater exposure.	1	0	0
d. Does not want PBL to wait until 2000 to set the rate.	1	0	0
e. Thinks that BPA should retard the PBL and advance the TBL.	1	0	0
f. Based on the amount published with the PUC, IPCo generation and transmission rates are less then BPA's.	1	0	0
g. FBS should be available at cost-based rates.	1	0	0
h. Risk on both sides causes a desire for packages that are not all vanilla.	1	0	0

i. The Slice of the System correctly transfers the risk from BPA through the utilities to the end user.	0	0	1
j. BPA needs to manage its costs and risks carefully.	0	0	1
k. We need to make sure those who are buying the power, (getting the benefit of below market rates) are taking on the risks associated with those benefits.	1	0	0
l. BPA must have a plan to deal with major power supply loss, such as major river system modifications or shutdown of WNP-2.	0	1	0
m. The slice of the system product would help diversify BPA's risks and enable BPA to share nonfirm and fish risks with customers.	0	1	0
n. The strategy to transfer system costs to U.S. taxpayers will also fail.	0	0	1
o. Include aggressive cost cuts.	0	0	1
p. Reduce commitments to long-term, potentially above-market resources or power purchases.	0	0	1
q. The 74% assumption under 20.6 mill should be clarified for all or some phases.	0	0	1
r. Opposes a surcharge on transmission services to cover revenue shortfalls in Power Business Line.	0	0	1
s. BPA should provide a mechanism by which it can assume risk for small electric utilities.	0	0	1
t. Provide a mechanism for supplying power for future load growth.	0	0	1
u. No customer has any intention of signing a contract which contains such a clause (CRAC).	0	0	1
v. BPA's entire risk management strategy blithely assumes a combination of CRAC and ECRM will provide \$500 million to BPA reserves; BPA's financial future hinges on funny money.	0	0	1
w. Bill repayment strategy would produce negative cash flow, it subverts the ratemaking process and destabilized BPA's financial future.	0	0	1
x. It is difficult to make judgments regarding the TPP	0	0	1

charts without knowing the assumed baseline costs and revenues.			
y. Lack of specificity adds uncertainty for potential purchasers of BPA products.	0	0	1
z. Heroic assumptions (avoiding maintenance to WNP-2, Tenaska repercussions) have no place in a serious assessment of risk exposure.	0	0	1
aa. It is unfair to shift costs from BPA's PBL to BPA's general transmission rates through a surcharge or otherwise.	0	0	1
bb. It is more cost effective to sell secondary energy to industrial loads than to take the risk of firming it for additional firm sales to utilities.	0	0	1
Totals	9	2	17

**Discussion:**

Working with interested parties throughout the region, BPA is developing a number of financial tools intended to help manage the uncertainties it faces in the 2002-2006 rate period. The recently released principles to maintain low-cost power and salmon restoration in the Pacific Northwest (September 16, 1998)" provide a general framework addressing how BPA will meet all of its financial obligations, including funding for Northwest fish and wildlife, for the 2002-2006 rate period. BPA will use a combination of mechanisms to achieve these principles, including additional cost reduction, use of existing authorities if needed to implement stranded cost recovery on the transmission system, selling Subscription products on staggered contract terms, a cost recovery adjustment clause (CRAC) in power contracts for Subscription customers, an option fee from some customers in return for increased price predictability, cost-based indexed pricing for some products and carry-over of reserve balances into the 2002-2006 rate period. The specific mix and design of these mechanisms will be determined in the power rate case and subscription process, but the mix chosen will meet the fish and wildlife funding principles. A full set of these principles can be ordered by calling BPA at 1-800-622-4519.

<b>Treasury Payment</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. BPA must build up sufficient reserves in the first rate period to carry it through the second so as to not miss a Treasury payment.	0	1	2
b. In reference to BPA's Treasury payment probability charts, if BPA can start the rate period with higher reserves, the level of reserves can help a lot in increasing	0	1	0

the probabilities. The level of BPA's reserves is also important going out of the next rate period, since BPA's financial risks may continue after 2006.			
c. BPA has barely met its commitments to the Treasury.	0	0	1
Totals	0	2	3

**Discussion:**

BPA is considering all of the comments received on risk management as it moves forward to conclusion on implementing the cost review recommendations, fish and wildlife funding arrangements, and subscription. BPA will examine the legality and feasibility of planning to build up financial reserves during 2002 through 2006 specifically to deal with post-2006 risks and expenses. BPA is continuing to work to refine the risk management tools, adding more detail and more specificity. The adequacy of these tools is measured by how likely we are to meet our Treasury payment. For the 2002-2006 rate period, BPA's objective established in the principles to maintain low-cost power and salmon restoration in the Pacific Northwest is to demonstrate a probability of Treasury payment in full and on time over the 5-year rate period at least equal to the 80 percent level established in the last rate case and BPA will seek to achieve the 88 percent level called for in BPA's 10-Year Financial Plan from 1993.

<b>Emergency Cost Recovery/Stranded Costs</b>	<b>Small Meetings Comments</b>	<b>Public Meetings Comments</b>	<b>Letters Comments</b>
a. The principles show that the money recovered from the emergency cost recovery plan could be used for anything. Where is the cost discipline? What keeps BPA from adding costs if its power is far below market? The agency could keep adding costs until its power is priced just below the market.	1	0	0
b. Any emergency cost recovery plan that shifts the risks to the customer is risk shifting. Whoever assumes the risk should also receive the benefits on the upside.	0	0	1
c. BPA must retain the right to use transmission revenues to cover stranded costs.	0	0	3
d. Having Treasury default as the trigger for Emergency Cost Recovery doesn't make sense. The trigger should kick in when you hit a certain level of cutting into reserves	0	1	0
e. BPA needs a stranded cost recovery mechanism.	0	1	0
f. The reserve target for 2006 must be adjustable to assure BPA's financial success in the second rate period. Major fish decisions are likely to occur after initial rates are set,	0	2	0

and a rate adjustment clause with clear triggering criteria should be in subscribers' contracts.			
g. We need to commit ourselves to paying for the system reliably. While stranded costs look less likely to be invoked, we need to demonstrate that we can get that job done and put the stranded cost issue behind us	0	1	0
h. How you implement stranded costs and why is critical. You have to be "extremely tight" in explaining why you would implement stranded costs and why our customers would have to pay more for power.	0	1	0
i. Public power thinks FERC-equivalent regulation of BPA transmission and resolution of stranded costs must be linked.	0	1	0
j. Direct state intervention may be the solution.	0	0	1
k. The ECRM would require congressional action. It simply is not going to happen.	0	0	1
l. Any change to regulate BPA must be done in conjunction with resolving the stranded cost issue.	0	0	1
m. Stranded cost mechanism should collect from the broadest base of BPA customers, but not disrupt the competitive wholesale power markets in the region.	0	0	1
n. Mechanism should be triggered by Treasury payment deferral.	0	0	1
o. BPA does not need legislation to surcharge transmission to cover a revenue shortfall.	0	0	2
p. Willing to discuss contract-based mechanisms to provide Treasury with a level of comfort that payments will be made.	0	0	1
q. Stranded costs mechanisms must be universally and consistently applied in the subscription contracts.	0	0	1
r. If a mechanism is allowed and it is invoked customers to have the option to void their contracts.	0	0	1
Totals	1	7	14

**Discussion:**

Emergency cost recovery could mean borrowing from the transmission business to cover inadequate

power revenues. An emergency cost recovery mechanism could require legislation. In addition to authorizing an emergency cost recovery mechanism, such legislation could formally subject BPA's transmission to FERC rules for ratemaking, transmission access, and approval of transmission contracts. An emergency cost recovery mechanism would be used by BPA only as a last resort and would be a temporary increase in BPA's transmission rates to provide a loan to the Power Business Line. The loan would be repaid with interest to the Transmission Business Line. BPA will attempt to develop its power rates such that there is little or no reliance upon such a loan to meet Treasury payment probability goals.

**OTHER COMMENTS RECEIVED**

<b>BPA's Role</b>	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. BPA must be clear about its role to keep the region livable.	0	0	1
b. BPA has an important role in transmission pricing, that is to price nontraditional resources fairly, not prohibitively.	0	0	1
c. The Northwest and BPA have a unique position to lead the nation into an increased use of solar-fuel.	0	0	1
d. BPA has a statutory authority to proceed with solar voltaic generation despite inconsistency with the Council's Power Plan.	0	0	1
e. BPA should ignore the Council's prohibition of major resources acquisitions.	0	0	1
f. BPA should not be an advocate for deregulation.	1	0	0
g. It is inappropriate for BPA to influence the market.	1	0	0
h. We urge the federal agencies that oversee BPA to protect the long-term interests of the citizens of the Northwest -- we can't afford a repeat of the contracts with the DSIs in the 1995 rate case.	0	1	0
i. BPA should protect fish and meet the requirements of the Clean Air and Clean Water Acts and provide for decommissioning of the region's nuclear plant.	0	1	0
j. BPA should spend more time getting to know its customers and not just conduct surveys or hold large forums like the meeting today. BPA needs to listen and respond to customer concerns and complaints. Don't	0	1	0



mistake the region's interest in preserving the benefits of BPA's systems as an interest in preserving BPA the agency.			
k. BPA's exists to be responsive, responsible, and fair in managing the federal hydro system.	0	1	0
l. BPA needs to pay attention to the social benefits it is uniquely able to bring about.	0	1	0
m. BPA's role in furthering conservation and renewables should have been included as an issue.	0	0	1
n. BPA's decision to walk away from conservation is an arbitrary one.	0	0	1
o. BPA has a responsibility to see that public and private utilities pick up the conservation torch.	0	0	1
p. Take a lead role in determining the level and timing of capital investments and expenses associated with its sister agencies.	0	0	2
q. BPA must seek new ways to meet its statutory obligations.	0	0	1
r. The benefits of the Columbia River System must continue to flow to citizens of the Northwest.	0	0	1
s. There are no public benefits in the system.	0	0	1
t. With Issues '98, BPA's usefulness to anyone appears to be at an end.	0	0	1
u. BPA needs to decide who they are and who they want to be.	0	0	1
v. BPA needs to understand the concept of customer loyalty and acknowledge the requirements of their full requirements customers.	0	0	1
w. BPA's role is managing and equitably distributing the benefits of the Columbia River Power System, and we hope you will not unfairly compete as a power marketer. If you stray into the market, you expose customers to commercial risk that is not appropriate for a federal agency.	0	1	0
x. BPA has to resist the internal forces that would return it to "a command-and-control enterprise." Don't let the	0	1	0

agency become mean and lean, but rather motivated and efficient.			
y. We are concerned about the proposed Nucor Steel transmission line. You are being put under political pressure. If a governor or Congress wants to subsidize a line, let them do it with tax funds.	0	1	0
z. BPA has the public trust for a wonderful resource and the agency has not always been open. The Tenaska contract was an egregious act, and it was not made public. The same is true of the Westinghouse settlement. As a public agency, you have the obligation to be honest. Also questionable is BPA's continued support of WNP-2. What does it cost to keep it operating? Among other expenses, there is no decommissioning plan. The Cost Review initially recommended putting the plant out to a market test, but BPA helped turn the final recommendation mushy. Let the public help you decide on a fair market test.	0	1	0
aa. BPA must decide if it is the custodian of the federal power system or a power marketer.	0	1	0
bb. Preserve BPA's unique nature and responsibilities.	0	0	1
cc. Focus on public customers and small farm and residential customers, these are your future constituency.	0	0	1
dd. BPA's role is as a prime mover and regional conscience for conservation and renewables.	0	0	1
ee. Marketing and delivering power is only one role among many.	0	0	1
Totals	2	10	20

**Discussion:**

The foundation was laid for much of the change that lies ahead for BPA in a year-long Comprehensive Review of the Northwest Energy System convened in 1996 by the governors of Oregon, Washington, Idaho, and Montana. The governors were responding to electricity industry restructuring on the national level and they wanted to ensure the Northwest shapes its own destiny rather than getting swept up in a national tide of change that could ignore the Northwest's situation. Following conclusion of the Comprehensive Review, the governors set up a Transition Board to oversee implementation of the review's recommendations. BPA is working closely with this board to put in place those recommendations that do not require legislation. BPA is also working with the board to define which issues may require legislative changes.

In May of this year BPA began a conversation with the region known as Issues '98. With the exception

of a decision on cost management, Issues '98 was not intended to be a decision-making vehicle. In fact, BPA is not the final decider in several important matters. Many decisions will be made by other regional players such as the governors' Transition Board, the Three Sovereigns process (representing states, tribes and federal agencies), the Northwest Power Planning Council, and the National Marine Fisheries Service. And, in areas requiring legislation, Congress will make the ultimate decisions.

BPA analyzed 443 comments received during the Issues '98 public comment period. A fact sheet, [The Region Speaks: Summing Up Issues '98](#) includes summaries of the earlier fact sheets, comments received and BPA's response, along with a description of next steps and opportunities for further involvement. A separate close out document describes the region's comments on implementing the recommendations made by a cost review panel and describes the Administrator's decisions on each of the cost review recommendations. Copies of any of the Issues '98 fact sheets are available by calling the BPA toll free at 1-800-622-4519.

Process	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. The end user is missing in this process. The actual consumer needs representation.	0	0	1
b. Fish is represented, but industry is not.	0	0	1
c. Solve BPA's financial health and the Columbia River system health at the same time.	0	0	1
d. It's great to have these small audiences. In larger audiences the environmental types dominate. We have an opportunity here to ask questions we couldn't ask in the larger meetings.	1	0	0
e. BPA has too many public processes. BPA substitutes public processes for decision-making. BPA needs to stop wasting everyone's time and make decisions.	1	0	0
f. We're headed to a federal-only process, but we need one that the states have access to.	0	1	0
g. Don't do as you did in Programs in Perspective (PIP), where you said to us in the rate case, you can't bring that up -- you didn't raise it in PIP.	0	1	0
h. BPA needs to stop hiding behind unwritten and covert policies to deny customer service requests. BPA's unilateral decision to stop scheduling at the California-Oregon Border (COB) brought NYMEX officials here, and it's not just the Northwest that is watching BPA.	0	1	0

i. The pathetic pro-forma exercise does not inform the public and will have no bearing on the decisions BPA must make. BPA appears to be trapped in a schizophrenic cycle where fundamentally incompatible pronouncement and actions occur simultaneously in the agency. There is no way to tell when BPA is serious.	0	0	1
j. Any attempt to use Issues '98 to demonstrate public involvement in upcoming rate cases, implementation of the Cost Review, compliance with NEPA or any formal decision making rules would be fundamentally dishonest.	0	0	1
k. BPA's discussion of risk management tools is a hallucinatory exercise.	0	0	1
l. Fail to mention the transfer of irrigation subsidies from ratepayers to taxpayers, fish contingency slush fund. Without these subsidies, BPA would be insolvent. Fiscal prowess and risk management have nothing to do with BPA's continued survival.	0	0	1
m. Do not close the Cost Management issue through the Issues '98 process. Schedule rate case workshops to develop initial rate proposal.	0	0	3
n. BPA must adhere to its current statutes in its decision making.	0	0	1
o. Find a lack of detail in fact sheets. Don't have enough information on products, costs and rates to make informed purchase decisions. Significant uncertainty remains about many issues. BPA has not presented information necessary to develop a revenue requirement and provide for public input before a rate case as in the past.	0	0	4
p. Not all who wanted to be were included in the Comprehensive Review Process.	0	0	1
Totals	2	3	16

### ***Discussion:***

With one exception, Issues '98 was not designed to result in decisions on most of the issues that were discussed because the decision processes were and are proceeding on their own separate tracks. Issues '98 had three objectives: (1) to provide the region with an overview and a context for several major policy issues that lie ahead; (2) to engage the region in a dialogue about these issues; and (3) to help the region understand the risks and major uncertainties confronting BPA as it works with the region to resolve the issues in the coming months. BPA analyzed 443 comments received during the Issues '98

public comment period. Overall the region responded favorably to the draft planning assumptions presented in Issues '98 and did not signal a need for major changes in direction. However, many commentors asked for more time to address issues surrounding federal power subscription. In response, BPA set a new schedule for launching the subscription process which we now plan to begin in November after a separate public review of our subscription program design.

Miscellaneous	Small Meetings Comments	Public Meetings Comments	Letters Comments
a. Concerned about Lake Roosevelt water levels.	1	0	0
b. The Transition Board is out of control. It needs to be disbanded. It no longer has a purpose.	1	0	0
c. The idea of utilities purchasing the system should have been done years ago -- it was a golden opportunity, but it wasn't done.	0	1	0
d. Our utilities are not convinced that BPA selling part of its flexibility is in your or our best interest. We would like to go on record as opposing the slice product -- we think BPA should retain all the flexibility it can.	0	1	0
e. Recognize the value of the slice product for larger generators, but the basic core statutes that created BPA were for the benefit of the public customers most closely coupled to BPA. Cost-based rates and preference customers are valuable to you and to us.	0	1	0
f. We encourage BPA, as it looks at the Three Sovereigns process, to consider that the Northwest Power Act offers the best basis upon which to reach a consensus.	0	1	0
g. I heard the river system referred to as a "golden goose" today. I hope BPA is "not going to gut the golden goose."	0	1	0
h. With respect to purchasing power from BPA, an IOU sees lots of risk and little benefit.	0	1	0
i. BPA should join the IGS.	0	0	1
j. Maintain a level of support services.	0	0	1
k. The Account Executive (AE) setup at BPA has been a wonderful success. All of the AEs I have worked with have been diligent and above board. There are areas in	0	1	0

which BPA needs to improve, including scheduling, reservations, operations, and accounting, but a lot of this is related to the transition, and the TBL is making progress.			
l. Regional Review has no legal standing. Most recommendations are contrary to BPA's long-term interests and violate the law. BPA will sell power through the process laid out in the Regional Review but the Regional Review established a set of recommendations only -- it's not law. The current law speaks to preference -- Public Utilities have the first right to the FBS.	2	2	4
m. The Regional Review recommendations are no longer relevant. Those recommendations were made when BPA was concerned that it would not be able to sell its inventory. Times have changed. Do not make the mistakes that were made in the "Act".	1	0	0
n. Allocate inventory as recommended by the Comprehensive Review.	0	0	1
Totals	5	9	7

**Discussion:**

We appreciate all of the comments made by Issues '98 participants. They are part of the Issues '98 public record. We encourage all of our stakeholders to participate in various forums and provide BPA with your thoughts, ideas and comments as we move forward to resolve these issues.

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Page created December 18, 1998 by Katie Leonard, [keleonard@bpa.gov](mailto:keleonard@bpa.gov).

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