



## Department of Energy

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

POWER BUSINESS LINE

April 29, 2004

In reply refer to: PL-6

Dear Customers and Other Interested Parties:

Among the issues being examined in our Regional Dialogue process and described in Paul Norman's February 27, 2004, letter to the region, is the rate at which BPA will serve customers with expiring five-year contracts during the Fiscal Year 2007-2011 contract period should they request an extension of their existing contracts or request new contracts. I am writing to inform you about a power sales contract action that Bonneville Power Administration (BPA) plans to take in the next few weeks.

The majority of BPA's public utility customers operate under 10-year power sales contracts that expire on September 30, 2011. However, seven public utility customers entered into five-year contracts that end on September 30, 2006. The post-FY 2006 rate application for three of the five-year contract holders—Emerald People's Utility District (Emerald), Mason County Public Utility District No. 3 (Mason 3), and the City of McMinnville (McMinnville)—is addressed in their existing power sales contracts. Their Subscription contracts contain language that guarantees them the applicable lowest cost-based Priority Firm (PF) rates through September 30, 2011. It is important to keep in mind the actual rate structure for the post-FY 2006 rate period will be determined in the next power rate case.

Mason 3 recently submitted a request to BPA to extend the term of their existing contract through September 30, 2011. We intend to extend the contract term for Mason 3 to September 30, 2011, as they recently requested and intend to do the same for McMinnville and Emerald, should they request such action. No other amendments are being considered in these contracts prior to our Record of Decision on Regional Dialogue issues scheduled for release later this fall.

BPA normally would execute contract extensions without public input. However, as an exception and because we discussed these five-year contracts in Paul Norman's earlier letter, and because of the Agency's commitment to transparency, we are informing you of our intent to formally acknowledge and affirm those specific contractual rights of the three customers mentioned above.

Please refer any questions or comments on this intended contract amendment to your Power Business Line Account Executive or Constituent Account Executive by May 14, 2004. Questions or comments can also be sent electronically to [comment@bpa.gov](mailto:comment@bpa.gov) or mailed to:

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

Sincerely,

**/s/ Alexandra B. Smith**

Alexandra Smith  
Vice President of Requirements Marketing

cc:

Northwest Power and Conservation Council  
Judi Danielson, Chair  
Melinda Eden, Vice-Chair  
Jim Kempton – Idaho  
Ed Bartlett – Montana  
John Hines – Montana  
Gene Derfler – Oregon  
Larry Cassidy – Washington  
Tom Karier - Washington  
Lee Beyer – Oregon Public Utility Commission  
Marilyn Showalter – Washington Utilities and Transportation Commission  
Paul Kjellander – Idaho Public Utility Commission  
Bob Rowe – Montana Public Service Commission