



## Department of Energy

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

POWER BUSINESS LINE

January 24, 2000

In reply refer to: PS

Dear Customers and Interested Parties:

We have received, as a part of the Subscription contract review process, a proposal from the United Steelworkers of America to include a "Good Corporate Citizenship Clause" in our Subscription power sales contracts. The Bonneville Power Administration (BPA) has agreed to consider the Steelworkers proposal and we are seeking comments from you and all of our customers and constituents on whether such a provision should be included in our contracts.

This contract clause, as envisioned by the Steelworkers, would require that purchasers of Federal power "observe basic standards of conduct as are embodied in Federal, state and local laws, regulations and orders" applying to the areas of equal employment opportunity, the environment, labor, occupational safety and health, securities, antitrust, banking and public integrity. If a purchaser of BPA power is found to be a persistent or egregious violator of these legal requirements, the BPA Administrator would refer a decision to an adjudication panel appointed by the Secretary of Energy. If this panel finds that a violation has occurred the Secretary may direct the BPA Administrator to take appropriate action up to the restriction of further deliveries of BPA power. For further details, refer to the attached letter from George Becker, International President, United Steelworkers of America.

BPA did include in its 1981 power sales contract General Contract Provisions a miscellaneous provision titled "General Environmental Provision," which requires that all parties agree to comply with "all applicable Federal, State and local environmental laws." A breach of this provision occurs only if a final determination is made by a court or pollution control agency that the purchaser's facility is not in compliance. Under this provision BPA, after consulting with state or local agencies, may restrict delivery of power if it is determined that a significant breach of this provision exists, no governmental agency has jurisdiction or authority to impose sanctions or to seek remedies and that restriction of power deliveries is the only appropriate remedy. Before restricting delivery BPA is required to give notice and provide an opportunity to alleviate the problem. This contract provision, dated February 7, 1984, is enclosed for background information.

Specifically we would like to hear your comments on the following questions:

1. Should BPA include a Good Corporate Citizenship Contract Clause in its Subscription contracts? If so, how should this provision be structured? If not, why not?

2. What legal and public policy issues should BPA consider before making a decision on whether to include a Good Corporate Citizenship Clause in its power sales contracts?
3. How should the enforcement mechanism work? Should BPA establish a complaint system? For complaints that appear to have merit should an adjudication process as proposed by the Steelworkers be established? What role should local, state and Federal regulatory agencies play in this process? How will this process work with the judicial process?
4. What penalties should be imposed if a purchaser of BPA power is found to be in violation?
5. Should a Good Corporate Citizenship Contract Clause be included in all contracts for BPA power or should this provision apply only to some power sales or some customers?

BPA and parties in the region have agreed that Subscription contracts, for which power deliveries will begin on October 1, 2001, need to be executed on or before October 1, 2000. Our current schedule is to offer prototype contracts to our customers in early April 2000. Therefore, BPA must decide this issue by March 21, 2000, so that its decision can be reflected in these final contracts and in the Supplemental Subscription Strategy Record of Decision.

The comment period for this issue will be open through close of business on February 25, 2000. Written comments should be sent to:

Bonneville Power Administration  
P.O. Box 12999  
Portland, Oregon 97212

You may also send comments electronically to: [comment@bpa.gov](mailto:comment@bpa.gov)

We welcome your participation in this review process. If you have questions regarding this matter please contact your BPA Account Executive.

Sincerely,

Sydney D. Berwager  
Subscription Policy Manager

2 Enclosures:

Letter from George Becker, International President, United Steelworkers of America, dated January 4, 2000.

Excerpt from General Contract Provisions, GCP Form PSC-2, section H, item 31, dated February 7, 1984