



Department of Energy

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

POWER BUSINESS LINE

August 3, 2000

In reply refer to: PS-6

To Customers and Interested Parties:

On August 1, 2000, the Bonneville Power Administration (BPA) announced a temporary delay in signing power sales contracts for the Fiscal Year 2002-2006 period. The delay is due to recent developments that have increased risk of BPA's Treasury Payment Probability falling below acceptable levels. These developments include unprecedented market volatility, a possible additional 1,400 average megawatts of firm load, and climbing market prices.

The purpose of this letter is to invite your ideas and comments on two options BPA is considering to add flexibility needed to ensure it can meet all of its obligations and maintain an 88 percent Treasury Payment Probability.

The options that BPA is considering are:

- Modifying contracts to allow BPA the option to adjust rates through a rate case for the period after September 2003; and
- A limited modification to the proposed 2002 Wholesale Power Rates.

The enclosed paper provides an explanation of these options and how BPA would implement them. We would like to know your views and concerns regarding these two options. Discussions with interested parties may identify additional alternatives. These options will be posted to the Subscription website prior to the public meeting August 21.

BPA has scheduled two opportunities to share information related to this issue. A technical discussion open to all interested parties has been scheduled for Wednesday, August 9. The purpose of this discussion is to share some of the analysis and to respond to technical questions. A public meeting has been scheduled for Monday, August 21. At that meeting we will provide an overview of the problem, share information on refined or additional options, share results of the technical discussions, and get feedback from the audience. The details for both of these meetings are shown below:

Technical Discussion	Public Meeting
Date: Wednesday, August 9, 2000	Date: Monday, August 21, 2000
Time: 1:30 – 4:00 p.m.	Time: 10 a.m. – 2:30 p.m.
Location: BPA Rates Hearing (Room 223) 2 nd Floor – 911 Building 905 NE 11 th Street Portland, Oregon	Location: Holiday Inn – Portland Airport Columbia Conference Center Willamette Room 8439 N.E. Columbia Blvd Portland, Oregon
<i>Note: You will need to register at the security desk and show picture identification before proceeding to the meeting room.</i>	

BPA staff are also available for consultation with smaller groups on their issues prior to the August 21 public meeting. Please contact your Account Executive to arrange for a consultation.

If you wish to submit comments, they must be received at BPA by close of business on August 22, 2000, in order to be considered. Written comments should be sent to:

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

You may also E-mail your comments to: comment@bpa.gov. Alternatively, you can fax your comments to BPA at 503-230-3285.

Additional copies of the options paper can be obtained by calling BPA's Public Information Office at 1-800-622-4520 or by accessing BPA's Subscription website: <http://www.bpa.gov/Power/subscription>.

BPA anticipates announcing the option it will use and how it intends to implement that option by August 25. Thanks in advance for taking the time to share your views with us on this important matter.

Sincerely,

Sydney D. Berwager
Subscription Policy Manager

Enclosure