

**DRAFT**  
**BPA's Revised Principles and ~~Objectives~~ Purposes Regarding**  
**BPA's Power Supply Role after 2006**  
**Redlined Version 12/16/02**

I Preserve or enhance long-term and diverse benefits of the FCRPS for the region, including:

- Provide low-cost, cost-based power that is below the marginal cost of new resources.
- Maintain reliability of regional power and transmission systems
- Support development of conservation and renewable resources, and related R&D
- Mitigate, protect and enhance fish and wildlife resources to satisfy BPA's obligations.
- ~~As broadly as possible, s~~Share benefits and risks with residential and small farm consumers of investor-owned utilities.
- Conduct open, participatory public policy decision-making processes.

II Policy outcomes must be enduring under a broad range of political, economic, financial, power market and power system conditions.

- Above some base level, the level and extent of public benefits spending must be directly tied to BPA's financial health.
- Any cost deferrals out of the 2002 – 2006 rate period must be paid off no later than 2011.

III There should be no additional risks for U.S. taxpayers/Treasury.

IV Approaches or policy options should not require legislative changes and should minimize legal risks.

V Create a common interest between BPA's customers and other stakeholders to secure the FCRPS benefits and fulfill the related responsibilities on a long-term basis.

VI Provide clarity regarding BPA load obligations post-2006.

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## **BPA's Purposes for Regional Dialogue**

(Why we are doing this now)

1. Infrastructure investment decisions are being delayed by uncertainty about how much power BPA will sell to customers. So it is important to determine BPA's long-term obligation to serve load beginning on October 1, 2006, to facilitate timely infrastructure decisions by BPA, its customers, resource developers and others.
2. There is ongoing litigation over the IOU residential exchange settlement adopted in Subscription. Ongoing conflict over this issue threatens the region's long-term access to federal system benefits. Developing a sustainable approach to providing residential and small farm consumers of investor-owned utilities with long-term benefits from the FCRPS beginning October 1, 2006 will help resolve this conflict.
3. DSIs have a need for clarity about their access to federal system benefits, so that they can make investment decisions in their Northwest facilities. So it is important to determine federal power and related benefits available to DSIs beginning October 1, 2006.
- ~~4. A growing federal deficit will increase the threat to regional retention of federal system benefits. This makes the need for new long-term contracts more urgent.~~