

## FINANCIAL SUBGROUP FOR SLICE PRODUCT REVIEW

Notes from Conference call w/ Team Leads, 9/20/05

**1. Financial Team Members:** Confirm to ensure participation by all parties. Please add others.  
- *Corporate Finance:* Kelly Kintz; Stephanie Konesky (Nancy Hagen, Nancy Mitman, Dave Armstrong, Ron Homenick, Bena Kluegel, and Sandy Menashe will assist); *Slice Team:* Carie Lee; *Account Executive:* Ed Brost; *OGC:* Tom Miller; and *Risk:* Ryan Egerdahl - Who is the suggested participant from PBL Finance?

*NRU:* Geoff Carr

*Slicers:* Doug Brawley; Kevin Clark

**2. Waivers:** In order to preserve the rest of mediation, Tom suggested that a short, written waiver be signed by all parties on issues that will be discussed in this forum. Geoff and Doug will check with their Attorneys and work with Tom & John on this.

**3. Regional Dialogue Overlap:** We do not expect any overlap with regard to cost alignment of all customers that might be being discussed in Regional Dialogue.

**4. Issues for Discussion:** The Issue Paper is the starting point for this discussion.

(a) *No Cost Shifts* - One of the primary concerns in the Issue Paper is the principle of "no cost shifts." The goal is no cost shifts in either direction. If costs are excluded from the Slice True-up as a result of litigation, a cost shift to non-Slicers could result. One suggestion for resolving this issue for the post-2011 period is the alignment of the pricing structure for all customers. This could mean starting with a common rate base structure; no Slice True-up or Audit right; consistent timing of payments; consistent approach: either forward looking or True-up; strict costs exclusions (v. inclusions); and no caps on costs.

(b) *Reserves* - What happened to original reserves brought in at initial contract?

(c) *Trading Floor Costs* - Discussion of exclusions and cost caps (\$80K, etc.).

(d) *Rates language in Contract* - Is this rate issue or contract issue? Should this be left out of future contracts?

(e) *Dispute Resolution Rights* - Customers are concerned about their dispute resolution rights in dealing with BPA.

(f) *Administrative Costs* (page 6 of Issue Paper): There is concern by non-Slicers for higher costs due to greater administrative costs and complexity to implement Slice that affects all customers. Are BPA employees taking on significant duties in support of Slice that other customers are paying for or is this just regular payroll that should be charged to all customers?

(g) *Legal Concerns mentioned in Issue Paper* - We need to confirm what this issue is (band width?) and see where it fits (operational or financial).

### **5. Goals:**

(a) Align pricing structure to establish uniform cost structure (as much as possible) across customer base post-2011.

(b) Identify other areas that would lessen the contention between Slice customers and BPA and between customers.

**6. Next Steps:** Due to the short timeframe for completion, it was suggested that each item would be assigned to a few individuals who would work on them separately and bring the recommendations back to the group prior to the Financial meeting on 9/29/05. Let's handle this by e-mail.