

**Bonneville Power Administration
Regional Dialogue Technical Group
Summary of October 11, 2005 Meeting**

BPA opened the meeting with a discussion of interests. These interests should be represented through this process. Participants were asked to “test” their views against the interests. It was acknowledged that some of the interests may at times conflict with each other and compromise/tradeoffs would be necessary.

1. Complexity/Simplicity
2. Durability/Stability
3. Legality
4. Lowest Tier I Costs/Rates
5. Customer/Regional Support
6. Salability in D.C.
7. Certainty of obligations

Participants asked that two additional interests be added to the list:

8. Promote infrastructure consistent with the Act
9. The Region sees decisions as equitable

The group next moved on to continue the discussion of service to publics. BPA presented three proposed resolutions for discussion, revised later in the day to add a fourth resolution. The resolutions included: % or aMW: allocation methodology (issue #1), determination of individual HWMs for load following customers (issue #3), where is the FBS capability used to determine the size of customers’ allocations determined (issue #3) & resource removal rights (issue #4).

BPA also presented a table to illustrate the magnitude of impact during the current contract period caused by load loss removal.

See below for the following handouts distributed at the meeting:

- BPA handout of proposed resolutions to date
- BPA handout on load loss removal

Oct. 11, 2005 handout from BPA of proposed resolutions to date

Proposed Resolution 1

Issue 1: % or aMW: allocation methodology

BPA will provide a proportional increase in deliveries available with a High Water Mark if the FBS increases, comparably to how BPA has proposed to treat a decrease in FBS capability. Such increases will be provided proportionally based on each utility's High Water Mark.

Proposed Resolution 2

Issue 3: Total amount of power available for HWM's for current load following customers

The total amount of power available for High Water Marks for current load following customers will be equal to the load following customer's forecast net requirements from BPA's 2002 Rate Case. BPA will redistribute this amount among the same group of customer in proportion to each customer's net requirement calculation performed at the time of contract offer.

***Exception:** By providing notice to BPA prior to XX/XX/06 a partial service load following customer may opt out of being treated the same as the other load following customers and instead take a HWM based solely on a net requirements calculation done for their load at the time of contract offer (or their 2002 Net Requirement if such number was calculated and included in their Subscription Contract.)*

Each customer may use their High Water Mark to purchase their choice of the available products for their new Regional Dialogue Contract.

Proposed Resolution 3

Issue 3: Where is the FBS capability used to determine the size of customers' allocations determined (Rate or contract issue)

The Regional Dialogue contracts will set forth the FBS resources, and their firm capability, that will be used to establish the initial HWMs. The Regional Dialogue contracts will also set forth the source of information and the process that will be used to periodically adjust those resource capabilities.

Proposed Resolution 4

Issue 4: Resource Removal Right

BPA agrees to provide a limited resource removal right allowing a customer to remove generating and contractual resources for a period of one year in response to retail load loss. The amount of resource removal is limited to the lesser of (5)(15)% of the customer's total retail load or the amount that the customer's forecasted total retail load for the next Contract Year is less than the forecasted total retail load used to establish the initial net requirement for FY 2012 (FY 2010) in the customer's regional dialogue power sales contract.

Oct. 11, 2005 handout from BPA to illustrate the magnitude of impact during the current contract period caused by load loss removal

Preliminary BPA Data Based on Currently Available Information

**Estimated Load Loss Removal
FY 2002 – 2011
Draft as of October 11, 2005**

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
aMW	700	750	600	250	150	500	450	350	300	250
Benefit/(Loss) in \$ Millions	50	(50)	(60)	(50)	(75)	(180)	(130)	(95)	(70)	(50)

Key Point: Resource removal can be significant.

This impacts the following interests:

- Stability/Durability
- Equity
- Lowest Tier 1 Costs