

**Bonneville Power Administration  
Regional Dialogue Technical Group  
Summary of October 19, 2005 Meeting**

Participants reviewed the handout materials for the Oct. 20 Principals Management Group meeting, including assignments for presenting resolutions and outstanding issues.

Randy Roach, BPA's Senior Vice President of General Counsel, provided an overview of BPA's proposal regarding Dispute Resolution. The conversation centered on balancing the customers need for certainty against BPA's need to comply with statutory directives including rate setting and the need to preserve the Administrator's right to make basic business decisions. In addition, Roach described the limits of the law, the doctrine on sub-delegation, BPA's basic authority to engage in binding arbitration and the strict limit and constraints of the law.

After discussion on the categories from which disputes emanate and how best to solve/resolve problems, customer representatives offered to develop a list of specific issues for discussion at the Oct. 27 Technical Group meeting.

See below for the following handout distributed at the meeting:

- Interests Lists & Proposed Resolutions

[Note: This handout was originally posted on BPA's web site as a Word document on October 19, 2005. It was later converted to PDF without any changes to the content of the document.]

Title of document: **Interests Lists & Proposed Resolutions**

Author / Submitter (Organization): **Helen Goodwin (BPA)**

Date document created or revised: **October 18, 2005**

For meeting on (date): **October 19, 2005**

## **LIST OF INTERESTS**

1. Complexity/Simplicity
2. Durability/Stability
3. Legality
4. Lowest Tier 1 Costs/Rates
5. Customer/Regional Support
6. Salability in D.C.
7. Certainty of Obligations
8. Promote infrastructure development consistent with the Act
9. The region sees decisions as equitable

## **PROPOSED RESOLUTIONS & OUTSTANDING ISSUES**

### **SERVICE TO PUBLICS: PROPOSED RESOLUTIONS**

#### **Proposed Resolution #1 [BPA]**

##### **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 [Geoff Carr]**

##### **Issue 3: Determination of Individual HWMs for Load Following Customers**

The total amount of power available for High Water Marks for current load following customers will be equal to the sum of the load following customers' forecast FY2002 net requirements determined in BPA's WP-02 Rate Case using BPA's Load Study 3 as further adjusted upwards by specific adjustments in the PPC proposal. BPA will redistribute this total amount of power among this same group of customers in proportion to each customer's net requirements calculation (done for, e.g. 2009 or 2010) performed at the time of contract offer. These redistributed amounts of power will be the HWM for each individual load following customer.

**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 FY2002 net requirements calculation determined from BPA's WP-02 Rate Case using BPA Load Study 3, as further adjusted upwards by specific adjustments in the PPC proposal.

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

### **Proposed Resolution #3 [BPA]**

#### **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 [Terry Mundorf]**

#### **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.

### **Proposed Resolution #5 [Geoff Carr]**

#### **Proposed Resolution - Grouping for Load Following**

There is currently an expectation that the class of net requirements for customers that choose load following products will be less than the total of their individual High Water Marks in 2012, providing an amount of unused headroom. Until the total of the net requirements for this group exceeds the total of their individual HWMs no load following customer will face a Tier 2 rate. In the year BPA projects that the groups total net requirement will exceed their total HWM amounts (calculation to be done in a rate case applying to that year), each customer will revert to their individual HWM and its associated rate consequences for the remainder of their contract.

*NOTE: BPA's participation in this resolution is premised on this only applying to load following customers and having all of these customers considered a part of this group due to concerns about the complexity of having more than one group.*

### **SERVICE TO THE PUBLICS: OUTSTANDING ISSUES**

- ◆ Resource removal
- ◆ Resource Declaration
- ◆ Assignment of revenues from surplus sales
- ◆ Timing of net requirements determinations/timing of 9(c) determinations

### **CONTRACT ELEMENTS: PROPOSED RESOLUTIONS**

#### **Proposed Resolution #6 [Steve Hall]**

#### **Proposed Resolution: Timing of Regional Dialogue Contracts**

BPA's proposal will be modified to have power service for all new contracts and supporting rates begin in October 2011. The target date for signing new contracts (effective date) will remain August 2007.

**Proposed Resolution #7 [Steve Hall]**

**Proposed Resolution: Clarify Contracting End Date**

BPA's proposed schedule will be clarified to include the ending date of 20-year contracts: September 2026, assuming contracts are executed in August 2007 and we are not able to find a way to maximize actual service to 20 years.

**Proposed Resolution #8**

**Proposed Resolution: Starting Point for Standard Contracts [BPA]**

The provisions of the existing Subscription contracts will be used as the "starting point" for drafting standard Regional Dialogue contracts. That is, we will not draft Regional Dialogue contracts from "a blank sheet of paper." BPA will propose changes as needed to ensure the contracts reflect the Regional Dialogue Policy/ROD, changes in products, or improved business practices.

**CONTRACT ELEMENTS: OUTSTANDING ISSUES**

**Outstanding Issue: Timing of Long-Term Rate Methodology [BPA]**

BPA recognizes the customers' interest in knowing the future rate methodology prior to signing contracts. BPA will look for ways to accommodate this while maintaining the current contract signing schedule (August 2007).

**SERVICE TO THE DSIs: PROPOSED RESOLUTIONS [Mike Dotten]**

None to date

**SERVICE TO THE DSIs: OUTSTANDING ISSUES [Mike Dotten]**

Power deliveries vs. Monetary Benefit

**COST CONTROLS: PROPOSED RESOLUTIONS [BPA]**

None to date

**COST CONTROLS: OUTSTANDING ISSUES [BPA]**

Contract Off-Ramps

Non-Binding Arbitration

Mediation by the Northwest Delegation

**DISPUTE RESOLUTION: PROPOSED RESOLUTIONS**

To be added after 10/18 & 10/19 Technical Group Meeting

**DISPUTE RESOLUTION: OUTSTANDING ISSUES**

To be added after 10/18 & 10/19 Technical Group Meeting