

**Bonneville Power Administration
Regional Dialogue Technical Group
Summary of November 8, 2005 Meeting**

Scott Wilson (BPA) began the meeting by presenting BPA's concept regarding service to new public customers (pages 14-15 of the BPA Concept Paper). Following Scott's presentation and a question and answer period, Kevin O'Meara (PPC), Steve Weiss (NRU) and Margie Schaff (ATNI) presented proposals for service to new public customers. The proposals included: augmenting the Federal Base System to a limited degree to include both a lower cap for each rate period and a higher overall cap for 20 years, treating new publics the same as old publics with some possible phase in and notice requirements, and serving new preference tribal utilities at the Tier 1 rate at any time.

In the afternoon, BPA presented an alternative proposal that included notice requirements for a HWM in FY 2012 and notice requirements for FY 2014 and beyond. The BPA proposal also included both a rate case and a contract period limit. BPA's preferred approach for serving new public customers is through a small decrement of existing HWMs. An alternative approach is limited augmentation that maintains HWMs. The attendees agreed to take the BPA proposal under advisement and to revisit the topic of service to new public customers on Monday, November 21st.

Following discussion of service to new public customers, the Pacific Northwest Investor Owned Utilities presented an amendment to their October 28th proposal. They are exploring an adjustment of the proposed 2200 aMWs of benefits that would be consistent with adjustments made (increases or decreases) to public customers HWMs.

Following their presentation, the attendees agreed to cancel the October 9th meeting. The next meeting of the technical group is scheduled for Friday, October 18th.

See below for the following handouts distributed at the meeting:

- Draft Meeting Agenda for November 8 & 9
[Note: This handout was originally posted on BPA's web site as a Word document on November 8, 2005. It was later updated to cancel the November 9 meeting]
- Regional Dialogue Technical Group Schedule of Meetings
[Note: This handout was originally posted on BPA's web site as a Word document on November 8, 2005. It was later updated and posted to the Regional Dialogue Web site.]
- Draft ATNI-EDC Proposal for BPA Service to New Preference Tribal Utilities
[Note: This handout was originally posted on BPA's web site as a Word document on November 8, 2005. It was later converted to PDF without any changes to the content of the document.]
- BPA Proposal on Service to New Publics
[Note: This handout was originally posted on BPA's web site as a Word document on November 8, 2005. It was later converted to PDF without any changes to the content of the document.]



**Draft Meeting Agenda
Bonneville Power Administration
Regional Dialogue Technical Group Meeting
November 8-9, 2005
BPA Rates Hearing Room
911 NE 11th Ave., Portland, OR
11/08 - 9:00 A.m. – 4:00 p.m.
11/09 – 9:00 a.m. – 4:00 p.m.
Phone connection: Contact JoAnn Bas at (503) 230-4983**

November 8

9:00 – 9:15 Confirm Agenda/Make Adjustments

9:15 – 10:30 New Publics

10:30 – 10:45 Break

10:45 – 12:00 New Publics continued

12:00 – 1:00 Lunch

1:00 – 2:30 New Publics continued

2:30 – 2:45 Break

2:45 – 4:00 New Publics continued

4:00 Adjourn

November 9 -- Meeting Cancelled

~~9:00 – 9:15 Confirm Agenda/Make Adjustments~~

~~9:15 – 10:30 New Publics~~

~~10:30 – 10:45 Break~~

~~10:45 – 12:00 New Publics continued~~

~~12:00 – 1:00 Lunch~~

~~1:00 – 2:30 Benefits to Investor Owned Utilities~~

~~2:30 – 2:45 Break~~

~~2:45 – 4:00 Benefits to Investor Owned Utilities continued~~

~~4:00 Adjourn~~

**Bonneville Power Administration
Regional Dialogue Technical Group
Schedule of Meetings**

Updated November 8, 2005

All meetings will be held in the BPA Rates Hearing Room (Room 223), located at 911 NE 11th Ave, Portland, Oregon. To participate by phone, contact JoAnn Bas at (503) 230-4983.

- Friday, September 23, from 9:00 a.m. – 4:00 p.m.
- Friday, September 30, from 9:00 a.m. – 4:00 p.m.
- Monday, October 3, from 9:00 a.m. – 4:00 p.m. (Service to Publics)
- Tuesday, October 4, from 9:00 a.m. – 4:00 p.m. (Service to Publics)
- Tuesday, October 11, from 9:00 a.m. – 4:00 p.m. (Service to Publics)
- Wednesday, October 12, from 9:00 a.m. – 4:00 p.m. (Contract Elements, Service to the DSIs)
- Tuesday, October 18, from 9:00 a.m. – 4:00 p.m. (Cost Control/Dispute Resolution)
- Wednesday, October 19, from 9:00 a.m. – 12:00 p.m. (Cost Control/Dispute Resolution)
Note: There will be a meeting on PBL Transfer Service from 1:00 - 4:30 on this date in the Rates Hearing Room
- *Principals Management Group Meeting, Thursday, October 20, from 9:00 a.m. – 4:00 p.m.*
- Thursday, October 27, from 9:00 a.m. – 4:00 p.m. (Cost Control/Dispute Resolution)
- **NEW MEETING TIME:**
Friday, October 28, from **8:00** a.m. – **12:00** p.m. (IOU Benefits, Public Exchange, New Publics)
- **NEW MEETING TOPICS**
Thursday, November 3, from 1:00 p.m. – 4:00 p.m. (Report from Cost Control sub-team, Dispute Resolution)
- **NEW MEETING TOPICS**
Friday, November 4, from 9:00 a.m. – 4:00 p.m. (Dispute Resolution, Public Exchange)
- **NEW MEETING TOPICS**
Tuesday, November 8, from 9:00 a.m. – 4:00 p.m. (New Publics)
- **MEETING CANCELLED NEW MEETING TOPICS**
Wednesday, November 9, from 9:00 a.m. – 4:00 p.m. (New Publics, IOU Benefits)

- Friday, November 18, from 9:00 a.m. – 4:00 p.m. (Renewables & Conservation)
- **NEW MEETING TIME**
Monday, November 21, from **1:30** p.m. – **5:00** p.m. (Service to Publics)
- **NEW MEETING TOPICS**
Tuesday, November 22, from 9:00 a.m. – 4:00 p.m. (Service to Publics, Cost Controls)
- **NEW MEETING TOPIC**
Monday, November 28, from 9:00 a.m. – 4:00 p.m. (Status Assessment)
- **MEETING CHANGED: This will now be a Principals Management Group Meeting**
Principals Management Group Meeting, Tuesday, November 29, from 9:00 a.m. – 4:00 p.m.
- **NEW MEETING**
Thursday, December 15, from 9:00 a.m. – 4:00 p.m. (Location TBD)
- **NEW MEETING**
Friday, December 16, from 9:00 a.m. – 4:00 p.m. (Location TBD)

Any changes to the times, locations and/or topics of the above meetings will be posted on BPA's Regional Dialogue Web sites at www.bpa.gov/power/regionaldialogue

Title of document: Draft ATNI-EDC Proposal for BPA Service to New Preference Tribal Utilities

Author / Submitter (Organization): Margie Schaff (ATNI-EDC)

Date document created or revised: November 4, 2005

For meeting on (date): November 8, 2005

BPA Regional Process Discussions – New Publics – 10/26/05
Draft ATNI-EDC Proposal for BPA Service to New Preference Tribal Utilities

It is the proposal of ATNI-EDC that new preference tribal utilities be accepted as BPA customers at any time, and served at the Tier 1 rate. Each new tribal utility can be given a High Water Mark which will cover their initial load and which will have some flexibility to cover some forecasted load growth if the utility forms prior to 2007. If the utility forms after 2007, the High Water Mark will be consistent with like customers' High Water Marks.

First, BPA laws that give preference to public utilities nowhere set an end-date for preference. Preference is guaranteed for all customers described under the statutes. Tribal utilities are deemed to be preference customers and are currently served as such by BPA. The difference between a Tier 1 and a Tier 2 rate is the difference between preference service and non-preference. Offering a Tier 2 (market) rate to new customers is clearly not honoring the spirit of the law.

Second, Bonneville is obligated by statute to promote the “widespread use” of power.

Third, BPA has obligations under federal treaties, and a federal trust obligation, and a unique relationship to Tribes.

Fourth, the Energy Policy Act of 2005 provides a *statutory mandate* to BPA to encourage tribal energy development. (See attachment. In addition, other sections of Title V of the Act establish a clear Congressional Policy for improving tribal energy development and tribal utilities on tribal lands.)

Practical Issues

New Tribal Utilities can be of the following categories and specific policies may be necessary for each category:

1. Tribal utilities forming within service territories of IOUs
2. Tribal utilities forming within service territories of existing BPA customers
3. Tribal utilities forming generally to serve new loads

We propose that BPA purchase or develop new power resources in conjunction with tribes, to serve these new publics. This serves 2 goals of the 2005 Energy Policy Act of 2005, encouraging tribal utilities and encouraging tribal energy development.

Energy Policy Act of 2005

SEC. 2605. FEDERAL POWER MARKETING ADMINISTRATIONS.

`(a) Definitions- In this section:

`(1) The term `Administrator' means the Administrator of the Bonneville Power Administration and the Administrator of the Western Area Power Administration.

`(2) The term `power marketing administration' means--

`(A) the Bonneville Power Administration;

`(B) the Western Area Power Administration; and

`(C) any other power administration the power allocation of which is used by or for the benefit of an Indian tribe located in the service area of the administration.

`(b) Encouragement of Indian Tribal Energy Development- Each Administrator shall encourage Indian tribal energy development by taking such actions as the Administrators determine to be appropriate, including administration of programs of the power marketing administration, in accordance with this section.

`(c) Action by Administrators- In carrying out this section, in accordance with laws in existence on the date of enactment of the Energy Policy Act of 2005--

`(1) each Administrator shall consider the unique relationship that exists between the United States and Indian tribes;

`(2) power allocations from the Western Area Power Administration to Indian tribes may be used to meet firming and reserve needs of Indian-owned energy projects on Indian land;

`(3) the Administrator of the Western Area Power Administration may purchase non-federally generated power from Indian tribes to meet the firming and reserve requirements of the Western Area Power Administration; and

`(4) each Administrator shall not--

`(A) pay more than the prevailing market price for an energy product; or

`(B) obtain less than prevailing market terms and conditions.

`(d) Assistance for Transmission System Use-

`(1) An Administrator may provide technical assistance to Indian tribes seeking to use the high-voltage transmission system for delivery of electric power.

`(2) The costs of technical assistance provided under paragraph (1) shall be funded--

`(A) by the Secretary of Energy using nonreimbursable funds appropriated for that purpose; or

`(B) by any appropriate Indian tribe.

`(e) Power Allocation Study- Not later than 2 years after the date of enactment of the Energy Policy Act of 2005, the Secretary of Energy shall submit to Congress a report that--

`(1) describes the use by Indian tribes of Federal power allocations of the power marketing administration (or power sold by the Southwestern Power Administration) to or for the benefit of Indian tribes in a service area of the power marketing administration; and

`(2) identifies--

`(A) the quantity of power allocated to, or used for the benefit of, Indian tribes by the Western Area Power Administration;

`(B) the quantity of power sold to Indian tribes by any other power marketing administration; and

`(C) barriers that impede tribal access to and use of Federal power, including an assessment of opportunities to remove those barriers and improve the ability of power marketing administrations to deliver Federal power.

`(f) Authorization of Appropriations- There are authorized to be appropriated to carry out this section \$750,000, non-reimbursable, to remain available until expended.

Title of Document: **BPA Proposal on Service to New Publics**

Author / Submitter (Organization): **Scott Wilson (BPA)**

Date document created or revised: **November 8, 2005**

For meeting on (date): **November 8, 2005**

Notice Required for a HWM in FY12: To receive a HWM in 2012, the start of the Regional Dialogue contract, new publics must sign a Regional Dialogue contract by the signing deadline for those contracts (Currently August 2007).

Notice Required for a HWM for FY14 and Beyond: 3 years after a new public signs a contract and commits to service it will begin receiving a HWM based on the following approach:

<u>Size of New Public</u>	<u>Initial HWM</u>	<u>Next 3Yrs</u>	<u>Next 3Yrs</u>	<u>Next 3Yrs</u>
Less than 10 aMW	100%*			
10 aMW and 35 aMW	33%	33%	33%	
Greater than 35 aMW	20%	20%	20%	20%

**Note: The 100% number could be limited based on average percentage of existing customers net requirement being met their HWM (after accounting for new resources added since 2002)*

Rate Case Limit: New Publics as a class would be limited to receiving 50 aMW of HWMs each rate period.

Contract Period Limit: New Publics as a class would be limited to receiving 300 aMW during the term of the Regional Dialogue contracts.

Affect on Other Customers HWM: This approach could be accomplished through either a small decrement of existing HWMs or limited augmentation that maintains the HWMs and makes the limited amounts of power available. BPA currently has a preference for the decrement approach.

Who Would Be Considered a New Public for Purposes of Regional Dialogue Contracts?

Any customer that does not currently have an executed Subscription Contract would be considered a New Public

What Happens After Regional Dialogue Contracts Terminate? The Publics that formed and received power as new publics during the term of the regional dialogue contracts would be treated as an existing public and treated like the other previously existing public customers for purposes of the next contracts.