

SLICE OF THE SYSTEM

FACILITATOR'S LIST OF OUTSTANDING ISSUES AND AREAS TO BE CLARIFIED 11/25/98

I. Eligibility

[*CLARIFICATION*] What is meant by Slice being made available as a requirements product? It is clear that Northwest public requirements customers can purchase – are any other “requirements” customers eligible (and, if so, who are they)?

II. Slice Customers' Contract Entitlements

A. Percentages/Mapping

How is a Slice Customer's maximum percentage calculated?

B. Slice System

What are the resources that are included in the “system” being sliced (“Slice System”)?

1. Identify Specific Resources

2. “Replacements”

a) Loss of Generating Capability

How will the loss of generating capability be handled (e.g., automatically included in Slice System or differing treatment depending upon the magnitude of the loss)?

b) Loss of Resource

How will the loss of a “Slice” resource be handled (e.g., automatically included in Slice System or differing treatment depending upon the magnitude of the loss)?

3. **Public Purpose Resource Acquisition**

[*CLARIFICATION*] What constitutes a public purpose resource acquisition? Are we talking about megawatts, dollars, or both?

4. **Subscription Process' Resource Deficiency Solution**

How will Slice Customers participate in the Subscription Process' resource deficiency solution?

Pay a percentage of the costs and receive a percentage of the increased generation? (Given in actual operations BPA may or may not purchase the power underlying the inventory solution, is this workable?)

Should Slice Customers just pay a percentage of the increased costs? (Should those be planned costs or actual costs?)

C. What Do Slice Customers Receive?

Load following?

D. BPA Obligations

[*PART ISSUE, PART CLARIFICATION*] Which obligations of BPA will come "off the top" of the Slice System's capabilities versus being satisfied out of BPA's "slice"?

Obligations to TBL (if any)

Canadian Entitlement?

PNCA obligations?

Long-term sales obligations prior to Subscription?

Others?

III. Slice Customers' Payment Obligation

A. Revenue Requirement

[*CLARIFICATION*] Review the current list regarding what is included in the Slice System's revenue requirement to determine whether the parties have a common understanding or if further clarification is necessary.

B. Credits

Will Slice Customers receive the benefit of any credits received by BPA and, if so, which ones?

C. Short-Term Power Purchases

Are there any short-term power purchases included in the Slice System Revenue Requirement and, if so, what would they be?

D. Assumption of Risk

[*CLARIFICATION*] Review the current list regarding what risks are assumed by Slice Customers and how those risks would be handled if they are actually realized to determine whether the parties have a common understanding or if further clarification is necessary.

E. Net Revenues For Risk

What will Slice Customers be required to contribute to Net Revenues for Risk?

F. True-Up

What are the mechanics of the true-up?

Will Slice Customers need to demonstrate that they could pay their share of unforeseen risk (e.g., unexpected and extraordinary fish cost)?

G. Cost Recovery Adjustment Mechanism?

IV. Operations

A. Determination of Slice System Capability

How will the Slice System's capability be determined (this overlaps with implementation issues below)?

Once determined, how will the Slice System's capability be communicated to Slice Customers (mechanism and timing)?

[*CLARIFICATION*] What information will be shared with Slice Customers (data, etc.)? How will it be shared and how will it be verified?

B. Scheduling

What will be the specifics of scheduling Slice?

Use of agents to schedule (possibly consolidating Slice Customers contract entitlements?)

Dynamic signaling issues.

Any concern about where Slice Customer will take delivery? (PODs/POIs)

C. Storage Account

What the storage account procedures?

How often will storage accounts be trued-up?

What are the procedures when a Slice Customer goes above or below the minimum and maximum operating requirements of the Slice System?

Specifics of treatment of spill.

V. Buy-Back

What are the specifics of the buy-back mechanism (provided for when, at a given point in time, a Slice Customer has an energy entitlement greater than its requirements load and BPA does not have sufficient capability to serve Pacific Northwest firm load commitments)?

What are the PNW commitments BPA would buy-back to cover?
Requirements/DSIs?

How would the buy-back work?

VI. Dispute Resolution

What is subject to dispute resolution?

What are the dispute resolution procedures?

VII. Contract Requirements

Develop a list of contract requirements (for example, term, release of BPA's obligation to serve Slice Customer's unmet requirements load and demonstration that Slice Customer is using portion of Slice delivery needed to serve requirements load to satisfy such load).

A. Resource Deficiencies

Do the Slice Customers need to demonstrate that they have the resources to cover deficiencies between their loads and Slice? (If so, reciprocal obligation?)

B. Expiration of Contracts

What happens as contracts expire?

C. Potential Cost Shifts

Contract provisions to address potential cost shifts?

VIII. Implementation

A. *What is needed to implement purchase of Slice without dynamic signaling?*

(Note, there is a range implicit in this issue – what is the minimum, what is the optimum?)

What is needed for BPA?

What is needed for Slice customers?

B. *What is needed to implement purchase of Slice with dynamic signaling?*

(Note, there is a range implicit in this issue – what is the minimum, what is the optimum?)

What is needed for BPA?

What is needed for Slice customers?

C. *What is the process to develop and test implementation mechanisms?*

What is the timeline that ensures everything is operational on the first day of the contract?

D. *How are the costs of development and testing to be handled?*

IX. Combination of Products Purchased

Can Slice be purchased in combination with partial requirements products other than firm blocks?

X. Customers' Use of Slice Energy

[*Part Issue/Part Clarification*] What, if any, will be the limitations on the Slice Customers' subsequent use of the Slice energy? (Separate out that needed to serve requirements load and excess to such need?)

XI. Transmission Contracts

XII. Rate Case Issues

A. *Potential Cost Shifts*

B. *Cost Treatment*

Possible different cost treatment for preference and non-preference Slice Customers because of statutory rate directives?