Introduction: Regional Dialogue Contract Templates October 17, 2007

1. Summary

- BPA invites comments on the first draft of the Regional Dialogue Master Template by Friday, November 2.
- This draft contains drafts of legal "boilerplate" and operational clauses (Scheduling, Metering, Billing, and Delivery) that are ready for detailed review of the contract language.
- The sections that pertain to the "heart of the deal" (Products, rate-related provisions, net requirements, High Water Marks, etc.) will be drafted after they are more clearly defined, although in some cases we have included contract "principles." Comments are welcome on these sections only at the "principles" level. In light of the limited time available for discussion, we suggest most of our time be spent on the boilerplate and operational provisions.
- The following workshops are planned to hear customer questions and suggestions(see Regional Dialogue website for details or changes):

1. October 24: 1:00-3:00 pm

2. October 30: 9:00-11:00 a.m.

3. November 2: 9:00 - 11:00 a.m.

- BPA asks that participants of the first workshop come prepared to identify any critical questions and concerns about the Master Template so we can collectively decide how to prioritize our limited meeting time.
- In addition to the Master Template, BPA is posting the following other documents to help customers prepare for the workshops:
 - "Summary of Changes" which explains the changes made to the organization
 of the contract, changes to each section of the contract, and describes our
 rationale for making the changes. The Summary also describes some
 innovations we are considering in the contract administration process and
 invites customer comment. This document will not be updated during
 negotiations because it is not intended to become a contemporaneous account
 of the parties' final agreement.
 - 2. "Redline" Comparison which shows on a word for word basis most of the differences between the Subscription contract and the Regional Dialogue contract. We hope to post this document to the website on October 18.
 - 3. Applicability of Master Template to Other Templates (RPSA, Slice, and DSI). We hope to post this document by October 23.

2. Contract Objectives

- a. Simplification (increase customer satisfaction and reduce costs for both BPA and customers)
 - o Standardized (across customer types and between products)
 - o Clear (<u>to a general manager</u> of a BPA customer utility; avoid legalese where possible)
 - o Concise (no unnecessary phrases or words)
 - o Accurate (reflects the facts)
- b. Ease of contract administration (for customers and for BPA)
- c. Reduce legal and financial risk (through adequate internal controls, etc)
- d. Meet the schedule for signing contracts

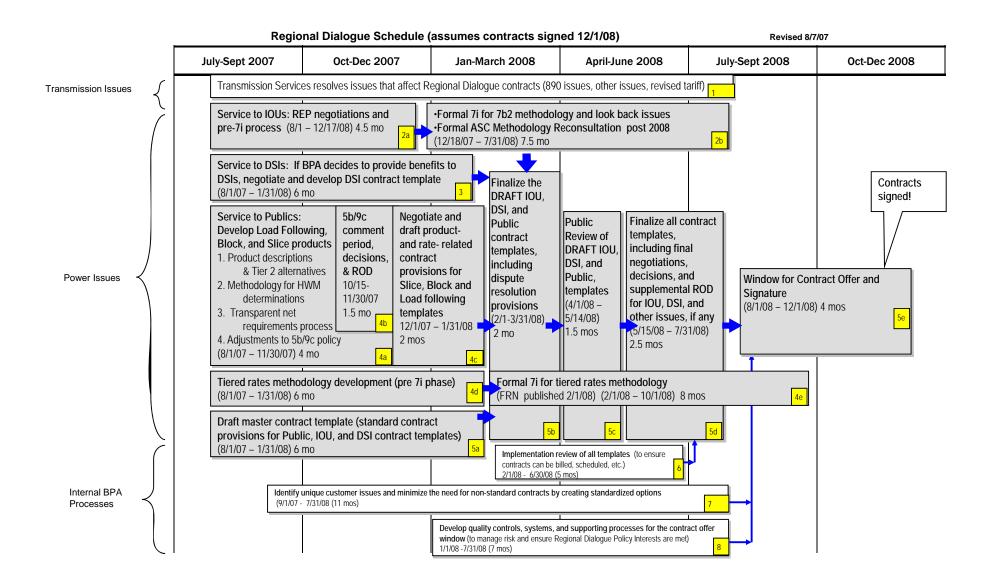
3. Approach to Drafting the Contracts

- a. We are following through on our EPIP commitments to streamline BPA processes, reduce administrative costs, and improve customer satisfaction regarding BPA's power contracts. We welcome any suggestions to improve the clarity of the Regional Dialogue contract and simplify the process of administering the contract for both customers and BPA.
- b. Similar to Subscription, all Regional Dialogue contracts with individual customers will be standardized and based on five templates, each of which will be identical to the others except for differences inherent in the products:
 - i. Load following for public customers
 - ii. Block for public customers
 - iii. Slice/Block for public customers
 - iv. Residential Purchase and Sale Agreement (RPSA) for public customers/IOUs
 - v. DSI Service
- c. We have created the DRAFT "Master" template that includes provisions that will be identical (or nearly identical) for all customers (publics/IOUs/DSIs). The starting point for this Master is the Subscription template. Most of the provisions drafted to date are legal "boilerplate" and "operational" provisions (Delivery, Metering, Billing, and Scheduling.) The Master also establishes the basic organizational structure of all templates.
- d We still plan to hold the "official" contract review next spring 2008, but the comment period will be relatively short and there will be limited time to resolve any major issues at that time. If we are to stay on schedule, it is critical that we resolve as much as possible now.

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Pre-decisional
For Regional Dialogue Discussion Purposes Only

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