

Summary of Changes
from Subscription to Regional Dialogue Contract Templates
10/17/07

This Summary describes the changes BPA proposes to make in the Subscription contract templates for use in the Regional Dialogue templates. This document will NOT be updated during negotiations because it is not intended to be a contemporaneous account of the parties' final agreement.

Highlights

1. We have reorganized several portions of the contract to increase clarity of the contract and to make the exhibit revision process less burdensome. These changes include:
 - a. reducing discussion of the same topic in multiple sections of the contract to minimize instances where the reader has to read several sections of the contract to understand rights and obligations. For example, most if not all of the rights and obligations related to New Large Single Loads have been consolidated and moved into the contract body.
 - b. moving issues from the body to the exhibits that are unique to a particular customer or likely to need updating during the 20 year life of the contract. For example, block amounts have been moved from the body to Exhibit I, Rate Commitments for Net Requirements.
 - c. moving contract obligations from the exhibits to the body that will likely not change during the life of the contract. For example, contract obligations for the following have been moved to the body: Annexed Loads, New Large Single Loads, and loads previously served by 5(b)(1)(A) or (B) resources. Specific amounts of Annexed Loads will be retained in the exhibits.

2. We have also removed several rate-related terms and conditions from the contract and will move them to the Rate Schedule's GRSPs (e.g., Conservation Rate Discount, Irrigation Rate Mitigation). We are doing so because BPA's General Counsel has encouraged us to keep rate issues in the rate schedules and out of contracts.

3. We have reduced the number of options, alternative provisions and "fill-ins" to reduce:
 - a. the chance of errors by staff during the window for contract offers, and
 - b. the number of variations among contracts for ease of contract administration.

Contract Structure:

We have retained the structure and numbering of clauses found in the contract body of the Subscription templates. However, we have changed the contents, numbering, and sequence of the Exhibits. Our objective in doing so is to reduce the number of exhibits that require revision either annually or at each rate case by moving the contents of the Billing Exhibit to other exhibits. Detailed explanations of the changes in the Exhibits are at the end of this document. In general, the exhibits have been revised as follows:

Summary crosswalk of Subscription vs. Regional Dialogue contract structure		
Subscription Exhibit and Title	Regional Dialogue Exhibit and Title	Comments
Exhibit A: Rate Commitments	Exhibit B: Rate Commitments for Net Requirements Power	Exhibit B will be similar to Subscription’s Exhibit A and will contain the major Regional Dialogue policy changes, including High Water Marks and all tier 1 and tier 2 rate alternatives. We changed the sequence and title of this exhibit to reflect the principle that this exhibit now deals only with core PF and NR rates applicable to power sold to meet a customer’s net requirement. All adjustments to core PF and NR rates and additional products or services sold at FPS rates are addressed in the new Exhibit C (see below).
Exhibit B: Billing	Deleted	Billing determinants have been deleted from the contract and will be addressed in rates. See detailed crosswalk below for other changes.
Exhibit C: Net Requirements	Exhibit A: Resource Commitments and Net Requirements	This exhibit has been moved to become the first Exhibit because the customer’s net requirement is fundamental to the business relationship.
Exhibit D: Additional Products and Special Provisions	Exhibit C: Rate Adjustments, Additional Products, and Special Provisions	We have moved rate adjustments such as Irrigation Rate Mitigation and EPP to this exhibit because the distinction between products and rate adjustments in the exhibits of the Subscription contracts has created confusion.
N/A	Exhibit D: Tier 1 (FBS) Requirements	New Exhibit
Exhibit E: Points of Measurement	Exhibit E: Metering	Same contents as Subscription, also more detail has been added.
Exhibit F: Scheduling	Exhibit F: Scheduling (or possibly deleted as an Exhibit)	Almost all BPA-unique scheduling requirements have been deleted. Instead this exhibit incorporates the Scheduling requirements of WECC, NERC, and NAESB.

Detailed crosswalk of Subscription vs. Regional Dialogue contract structure			
Subscription Exhibit Location	Subject	Regional Dialogue Exhibit Location	Comments
A	NLSL list, if any	Contract body section 16c	
Body section 15c	CFCT list, if any	Contract body section 16c	
A	Loss of 5b1A and 5b1B Resource	Contract body, section 7	
B	Unauthorized Increase (UAI)	Contract body, section 6	
C	TRL and Net Requirement Forecasts	A	
C	Resources	A	
n/a	HWM Change in DOE Richland's HWM amounts	?	Drafter's Note in A, Specific Contract Language for DOE Richland in D?
n/a	HWM Change in Tribal Utilities' HWM	?	Drafter's Note in A, Specific Contract Language for Tribal Utilities in D?
B	Billing Determinants	n/a (rates)	
B	Conservation Rate Credit (formerly Conservation and Renewables Discount)	n/a (rates)	The conservation rate credit has been eliminated from the contract because it is a rate issue and need not be addressed in the contract.
n/a	HWM	B	
n/a	Tier 1 language and amounts when applicable	B	
n/a	Tier 2 language and amounts when applicable	B	
A	Annexed Load <u>amounts</u>	?	Contract language re Annexed Loads (except amounts) has been moved to the contract Body, section 6

A	EPP	C	
D	Irrigation Rate Mitigation	C	Most text will be moved to the rate case and GRSPs
D	GMS/RSS (Generation Management Services/Resource Support Services)	C	GMS becomes RSS
D	FPS Products	C	
A	Returned Retail Load due to load loss	n/a	No longer applies
n/a/ (in rates)	LDD	n/a (in rates)	Rate issue

Following are explanations of changes (compared to the Subscription contracts).

1. Term and Termination:

The clause has been simplified by moving to section 3 the reference regarding when performance (power service) begins and thus eliminating the need to distinguish between preparatory actions for performance and the beginning of power service. References to the sections of the contract that allow BPA to terminate the Agreement have been added for clarity. We have also removed the phrase that makes the agreement subject to third party approval such as RUS. If this creates a problem for some customers, we are willing to consider alternative language.

2. Definitions:

For the sake of clarity and simplicity, we are trying to significantly reduce the number of “terms of art” that need to be defined. Some definitions that are only used in the Delivery/Transfer section such as Points of Receipt will be defined there

- a. **“Alternate Suppliers,” “Mandated Retail Access,” and Voluntary Retail Access”** have been deleted because Section 6, Retail Access implementation” has been deleted.
- b. **“Amounts Taken”** has been deleted because it was rarely used in the Subscription contract and we concluded we can eliminate this defined term for the sake of simplicity.
- c. **“Annexed Load”** definition has been revised to reflect the definition used in the Regional Dialogue Policy. However, it is not ready for review because it will need further revision once we draft the sections regarding annexed loads.
- d. **Contract Year (“CY”)** has been replaced by Fiscal Year (FY), but the dates remain unchanged (starts October 1). We have made this change because “CY” is often incorrectly assumed to mean calendar year by BPA and customer technical staff. We now define fiscal year as BPA’s fiscal year for added clarification. Although the use of “FY” could still create confusion if a particular customer’s fiscal year does not coincide with BPA’s fiscal year, we decided to use “FY” because most AE’s preferred that alternative and advised us that it would probably not create confusion for customers because they are used to “FY” in BPA’s rate proceedings.
- e. **“Contracted Power”** has been deleted in order to clarify the type of power being referenced. Contracted Power will be replaced with either “Firm Requirements Power”, “Surplus Firm Power”, “power sold under this agreement”, or “firm power”. “Firm Requirements Power” will replace “Contracted Power” when we only want to refer to net requirements power that is sold under section 3 of this Agreement. “Surplus Firm Power” will replace “Contracted Power” when we only want to refer to power that is sold in excess of net requirements. “Contracted Power” will be replaced with either “power sold under this agreement” or “firm power” when we want to reference all power sold.

- f. **“Diurnal”** has been deleted because this industry definition is generally understood without being defined in the contract. We may need to add a more precise definition of diurnal back into the contract later.
- g. **“Firm Power”** has been replaced with **“Firm Requirements Power”**. The definition has been changed to clarify that **“Firm Requirements Power”** is power BPA is obligated to serve under the Northwest Power Act (sections 5(b), (c), and (d)) and does include Surplus Firm Power.
- h. **“Northwest Power Act”** has been deleted because a definition is unnecessary. The citation is provided the first time it is used in the contract.
- i. **“Parties”** is no longer defined or capitalized because it goes without saying that the parties are the two entities that enter the contract.
- j. **“Points of Delivery”** We will revise these definitions and plan to include various options to reflect 1. the fact that a customer may change control areas or transfer status during life of agreement and 2. the fact that we are eliminating **“Amounts Taken”** as defined term.
- k. **“Surplus Firm Power”** is no longer defined as power sold consistent with section 5(f) of the Northwest Power Act. It is now defined as power sold in excess of sections 5(b), (c), (d) of the Northwest Power Act. This change has been made so that the **“Surplus Firm Power”** definition mirrors the **“Firm Requirements Power”** definition. Also, section 5(f) of the Northwest Power Act basically just states that it is power sold in excess of sections (b), (c), and (d).
- l. The Subscription templates included to alternative definitions of **Total Retail Load**, depending on whether the customer is in BPA’s control area and whether the customer is served by transfer. We have concluded that we can delete the definition for "customers inside BPA's Control Area or served by transfer" and use the definition that was formerly reserved for "customers outside BPA's Control Area and not served by transfer." The two definitions only differed by the additional phrase in the latter definition "[adjusted for] transfer loads of other utilities served by «Customer Name» and «Customer Name»’s transfer loads located in other control areas, and losses on «Customer Name»’s transmission system." Although the scenario described may rarely occur for those customers inside BPA's Control Area, it is still true for all customers.

3. Products and 4. Rates:

The order of these sections has been changed. Many people felt that placing section 3. Applicable Rates before section 4. Priority Firm Power Product was not the logical order. A customer’s products will now be listed before rates. References to the exhibits were also updated to reflect new naming conventions and updated organization.

3. Products: Load Following and Block Versions:

Load Following version: Language specific to NLSL and other loads has been deleted. We include more specific references to PF and other rates applicable to

Net Requirements power in Section 4 (Rates) and identify forecasted amounts of power sold at PF rates and other applicable rates in Exhibit B, Rate Commitments for Net Requirements Power. This clause also includes a reference to Exhibit A, Resource Commitments and Net Requirements which is designed to identify customer resources.

Block version: The Block table in the body has been deleted because the amounts could change over time with Tier 2. Instead we have explored the concept of a formula that will reference Exhibit B, Rate Commitments for Net Requirements, to identify the monthly amounts of net requirements power the customer will purchase from BPA at applicable rates including Tier 1 and Tier 2. The monthly shape of the Tier 1 block would be listed in Exhibit B.

4. Applicable Rates:

The language, currently maintained as principles only, will be updated to state that PF, NR, and FPS rates may all apply to purchases under the Regional Dialogue contract. Amounts of power sold at applicable rates to meet net requirements load (i.e. Tier 1 and Tier 2 PF rates, and NR rates) will be listed in Exhibit B, while amounts of power or services sold under the FPS rate would likely be listed in Exhibit C. This section also will state that HWMs are identified in Exhibit B.

(Formerly) Sections 5. Load Loss and 6. Retail Access Implementation:

Both clauses deleted because retail access is no longer likely to occur and BPA is protected against load loss by the take or pay provision (new section 5) that has been included in the template.

5. Take or Pay:

A new Take or Pay section has been created that includes language from the deleted Load Loss section. This section explains that a customer must pay for the full amount of power it has committed to take even if the customer does not receive all of that power.

6. Unauthorized Increase Charge (UAI):

UAI was moved from Exhibit B of the Subscription contract to the body of the RD contract since all customers are subject to UAI and the language should not change over the contract period. The contract language points to the GRSPs, as the actual rate methodology will be established in the GRSPs.

7. Specific Load Treatments:

This new section was created by moving contract obligations that were previously included in Exhibit A (Annexed Load, and Load Previously Served By Northwest Power Act Sections 5(b)(1)(A) and/or 5(b)(1)(B) Resources). Moving the language reflects the principle of keeping contract language that is unlikely to change over the term of the Agreement in the body and out of the exhibits wherever possible. This section will be further revised to reflect the updated Policy/ROD. This section will likely include references to tables that will be in the Exhibits.

8. Scheduling (used to be section 7):

Similar to Subscription, load following customers will only be required to schedule if a) the customer serves any portion of its load with non-federal power delivered within BPA's control area, or b) the parties agree that metering is economically or technologically impractical and that scheduling of power is necessary. This is important because there is no longer a clear distinction between full service and partial service. Also, language has been added to specify that a customer shall schedule in accordance with WECC and NERC requirements/policies/etc. except as specified in Exhibit F.

9. Delivery (used to be section 8):

The Delivery section has been revised for clarity and simplification. To reduce confusion, we have a) distinguished between and defined Primary Points of Receipt and Scheduling Points of Receipt and b) included more defined terms within Section 9. The language in Subscription templates for 'Transmission Losses' has been significantly reduced and is the concept is characterized more appropriately as Real Power Losses. The transfer service section is not yet ready for review but will reflect the Final Supplemental Guidelines for Direct Assignment of Facility Costs from the Regional Dialogue Final Policy.

10. Measurement (used to be section 9):

Power Services has been replaced with BPA Metering Services as the entity to which metering data should be sent. Power Services is still the organization requiring metering; however, all meter data is now housed in BPA's corporate Metering Services organization (KSM).

10(c)(2) and 9(c)(3): Existing and New Meters: Both sections have been redrafted for clarity.

10d: New meters must now follow industry metering standards established by the American National Standards Institute (ANSI), specifically ANSI standard C57.13, Requirements for Instrument Transformers and ANSI standard C12.20, Electricity Meters 0.2 and 0.5 Accuracy Classes. Power Services will no longer maintain its own metering standards.

10e: A new requirement has been added to require the customer to notify Metering Services, by e-mailing mdm@bpa.gov, directly for certain metering events.

11. Billing and Payment (used to be section 10):

11a. Billing: Removed references to Provisions of This Agreement, Amounts Taken, GRSPs, and *Section 5* as they were redundant. The customer's option for receiving a bill either electronically or via United States Mail, was also deleted. All bills will be sent electronically unless it is not practical to do so.

11b. Payment: Deleted the customer's option to pay by check. As part of an agency-wide initiative, BPA Finance requires all payments made to BPA to be done so electronically. BPA will no longer accept checks from customers for late payments or differences between estimated and final bills and will do so electronically. BPA will no longer send checks or credit customers on their bill for differences between estimated and final bills.

11c. Late Payments: Using the term "Prime Rate" instead of "Prime Rate for Large Banks" since there is only one Prime Rate referenced in the Wall Street Journal (WSJ). Late payments are now based on the Prime Rate published in the first issue of the WSJ in the month of the unpaid bill instead of the month in which payment is made. Late Payments will now be based on the greater of the Prime Rate plus 4 percent, divided by 365, or the Prime Rate times 1.5, divided by 365. BPA Finance decided to use the Prime Rate times 1.5 because the current method for calculating the late payment penalty rate does not protect against the possibility of a very high Prime Rate in the future. Given the 20 year length of upcoming contracts and interest rate market volatility, BPA Finance feels it is important to ensure that the interest rate used for late payments remains a penalty rate. If the Prime Rate increased to 20% the late payment penalty rate would be 30% under the new method and only 24% under the current method. One and half times the Prime Rate was specifically chosen since it will not substantially affect customers with the Prime Rate at its current level. The Prime Rate is now 8.25% (and it has been for a while), so the new method (1.5 times Prime) would create a penalty rate of 12.375% compared to the current method (Prime plus 4%) which would produce a 12.25% penalty rate.

11d. Termination: Clarified that BPA has the sole right to determine a customer's ability to pay. The prior language was very broad, vague and open to disputes. This may be further modified after we decide how to address creditworthiness in the Regional Dialogue templates.

11e. Disputed Bills: Clarified the method in which a customer reports a disputed bill; customers must file a formal notice pursuant with Section 11, Notices, with a copy of the disputed bill. Revised the Prime Rate used from the month in which payment was made to the month in which payment was due.

12. Notices and Contact Information (used to be section 11):

This section has been changed to clarify that notices must also include proof of the date of receipt. (We want to explore with customers the feasibility of further modifying this clause to explicitly allow notices to be sent electronically by either electronic signatures or by email, with proof that the email was opened.) Most communications and exchange of information mentioned in the template do not require proof of receipt. Only the following sections of the template will require notices to include a proof of receipt:

Section or Exhibit	Relevant Excerpt
8. Scheduling	BPA shall provide «Customer Name» written notice if it determines that scheduling is necessary and shall add the power scheduling provisions as an exhibit to this Agreement.
Exhibit F, Scheduling	<p>1. REVISIONS</p> <p>BPA may unilaterally revise this exhibit: (a) to comply with requirements of the WECC, NAESB, or NERC, or their successors or assigns, or (b) to implement changes that are reasonably consistent with standard industry practice and that BPA determines are necessary to administer its power scheduling function. Such revisions are effective 45 days after BPA provides notice of such changes, except for circumstances where BPA determines less notice is necessary to comply with an emergency change to WECC, NAESB, or NERC requirements.</p>
9. Delivery	«Customer Name» agrees to provide at least 60 days notice to Power Services prior to changing control areas.
11. Billing and Payment	If «Customer Name» disputes any portion of a bill, «Customer Name» shall provide notice to BPA with a copy of the bill noting the disputed amounts.
14. Uncontrollable Forces	If an Uncontrollable Force prevents a party from performing any of its obligations under this Agreement, such party shall: (1) immediately notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice, pursuant to section 12 of this Agreement in writing as soon as reasonably practicable;....; and (4) provide written notice of the resumption of performance. Written notices sent under this section must comply with section 12, Notices and Contact Information.
16(b) Insufficiency and Allocations	If BPA determines...that it will not have sufficient resources... to serve its loads ...then BPA shall give «Customer Name» a written notice that BPA may restrict service....Such restriction shall take effect no sooner than five years after BPA provides notice to «Customer Name».
16(f) Use of Regional Resources	<p>(1)... «Customer Name» shall provide notice to BPA of any firm power from a ...resource... that has been used to serve firm consumer load that «Customer Name» plans to export for sale outside the Region....</p> <p>(3) If «Customer Name» fails to report to BPA in accordance with section (1),...then BPA may terminate this Agreement upon 30 days written notice to «Customer Name».</p>
GMS (now RSS) in Exhibit C, Rate Adjustments,	GMS will meet «Customer Name»'s power requirements during forced outages subject to the following conditions....

Additional Products, and Special Provisions	(2) «Customer Name» provides the following: (A) notice of the forced outage within the first hour of its occurrence, unless the parties agree otherwise; (B) the forced outage amount; and (C) the forced outage duration.
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13. Cost Recovery (used to be section 12):

The reference to the Cost Recovery Adjustment Clause has been deleted and replaced with a more generic reference to the “cost recovery mechanisms in the Tiered Rates Methodology, the 2012 GRSPs or successor GRSPs.”

14. Uncontrollable Forces (used to be section 13):

The clause has been revised for increased clarity. Confusing language regarding planned versus unplanned outages and BPA system versus customer system versus third party system have been revised. Also, ‘the threat of imminent strikes or work stoppage’ has been removed as an Uncontrollable Force.

15. Governing Law and Dispute Resolution (used to be section 14):

This section will be developed further before review.

16. Statutory Provisions (used to be section 15):

16a. Retail Rates Schedules: The requirement that customers submit annual financial reports will be moved to section 17(c), Information Exchange and Confidentiality, because it is not a statutory requirement. The Bonneville Project Act only requires customers to provide “a schedule of all of its rates and charges.” A due date has been added by which customers must submit retail rate schedules.

16b. Insufficiency and Allocations: The term “affected customers” has been replaced with a specific list of affected customers.

16c. New Large Single Loads: This section and the NLSL section of Subscription’s Exhibit A have been substantially reorganized to move as much as possible to the body of the contract because very few customers have NLSLs or CF/CTs and BPA can add them unilaterally to the contract. Language about BPA offering an Onsite Renewables and Cogeneration Exception has been added, but because 1.) the exception will likely affect very few customers and 2.) the language will probably be expanded, we are considering including the details of the exception in Exhibit C, Rate Adjustments, Additional Products, and Special Provisions.

16d. Priority of Pacific Northwest Customers: No change.

16e. Prohibition on Resale: No change.

16f. Use of Regional Resources: No change. .

16g. BPA Appropriations Refinancing Act:

1. Deleted the last sentence of the clause which stated: “The parties agree that this provision and the incorporated text shall be included in subsequent agreements between the parties, as a material term through at least September 30, 2011.” This sentence was included in Subscription contracts at the request of customers who only signed contracts through 2006, but wanted a guarantee that the language would be included in their follow-on contracts through 2011. Since all Regional Dialogue contracts will expire in 2028, this sentence is no longer needed.
2. Made minor language edits to the clause.
3. Eliminated the option to include the clause in full text in Exhibit D (now Exhibit C) in order to a) reduce the number of optional provisions in the contract, b) reduce the length of the Exhibit, and 3) simplify the process of revising the Exhibit during the contract administration phase.

17. Standard Provisions (used to be section 16):

17a. Amendments: Revised to reflect the fact that some changes to the contract can be made unilaterally (e.g., NLSL determinations and Scheduling changes)

17b. Entire Agreement and Order of Precedence: The order of precedence text that was formerly included in the “Exhibits” clause has been moved to this section.

Exhibits: This section from Subscription has been deleted and relevant contract principles have been moved to “Entire Agreement and Order of Precedence.” The first sentence (“Exhibits are incorporated by reference”) has been deleted because exhibits are part of the agreement and need not be incorporated by reference.

17c. Information Exchange and Confidentiality: This section will be substantially revised to reflect the new data requirements set forth in the Resource Adequacy section of the policy and to implement the net requirements and High Water Mark transparency concepts of the policy.

17d. Assignment: Minor change to this clause. Specifically, we state that it is reasonable for BPA to refuse to consent to an Assignment that would violate any applicable statute. Prior language simply said “such consent shall not be unreasonably withheld” without further explanation.

17e. No Third-Party Beneficiaries: Minor language changes for clarity but no substantive changes.

17f. Waivers: No change.

17g. BPA Policies: References to specific BPA policies have been deleted.

Severability: This clause has been deleted. The clause states that both parties agree that in the event that “any” contract provision is held to be invalid (i.e., unenforceable), by a competent regulatory or judicial entity, then the remainder of the contract shall remain in force. This may or may not represent the intentions of the parties, depending upon the contract provision that is held to be unenforceable. The law of severability applies in court even if there is no severability clause in the contract.

17h. Rate Covenant: Minor simplifications.

17i. Hold Harmless: No change. This clause was optional in Subscription contracts but will be included in all Regional Dialogue contracts because the Regional Dialogue contracts allow BPA to make on-site visits to customer facilities for meter inspections and NLSL determinations.

Termination:

This clause has been deleted because it no longer applies. This clause was developed specifically to address customers’ concerns in 2000 about signing Subscription contracts before the rates were finalized in a very volatile market environment. Also, section 1 (Term and Termination) describes the circumstances where the contract can be terminated.

18. Signatures:

No substantive changes. The formatting has been fixed. However, BPA wants to discuss with customers the feasibility of allowing electronic signatures for exhibit revisions, particularly the Metering Exhibit.

Exhibit A. (Resource Commitments and Net Requirements) replaces Subscription Exhibit C (Net Requirements)

Not drafted yet. Same contents as Subscription's Net Requirements Exhibit, but Tiering concepts will be added to reflect resources used to serve load over and under the HWM.

Exhibit B (Rate Commitments for Net Requirements Power) replaces Subscription Exhibit A (Rate Commitments)

Exhibit B will be similar to Subscription's Exhibit A and will contain the major Regional Dialogue policy changes, including High Water Marks and all for tier 1 and tier 2 rate alternatives.

*X. **Purchase Duration***: Removed this section because customers may purchase power at these rates for varying durations (e.g. Tier 2 PF rate purchases may vary between 3 years and 17 years). BPA intends for the specific durations to be addressed in each specific rate section (Tier 1 PF, Tier 2 PF, etc.)

*2. **High Water Marks (HWMs)***: We added this new section to address HWMs. Contract HWMs (CHWM) and Rate Period HWMs (RHWM) are established through a methodology provided in the Tiered Rates Methodology. The CHWM, when established, will be identified in this section of the contract. The RHWM would be adjusted from the CHWM each rate period based on a resizing of the Tier 1 FBS.

*3. **Priority Firm Power Rates***: The language has been, and will continue to be, updated substantially for the purposes of detailing customer commitments to Tier 1 and the various Tier 2 rate alternatives, including applicable notice and commitment requirements.

*4. **New Large Single Loads***: This section and the NLSL section of the body have been substantially reorganized. Most information is being maintained in the body including customer's NLSL details. Exhibit B now only includes a table to be filled in if a customer has chosen to serve its NLSL with NR rate power.

Subscription's Exhibit B, Billing, deleted:

This exhibit has been deleted since billing determinants and CRC have been deleted from the contract. Billing Determinants and CRC were deleted because they will be in the rates (either GRSPs or TRM). UAI was moved to section 6 of the body of the contract as it applies to all customers and should not change over the period of the contract.

Exhibit C (Rate Adjustments, Additional Products, and Special Provisions) combines Subscription Exhibit D and rate adjustments that were formerly in Subscription Exhibits A and B

This exhibit is not intended for detailed review of contract language and is included only to provide our current thinking of the contract principles that may form the basis for revisions. This exhibit is designed as a general catch-all for all rate adjustments, charges, discounts, etc. (LDD, CRC, IRMP, EPP, TACs). This exhibit also would contain resource shaping adjustments, customer commitments to resource support services and other products (e.g. FPS), and all other “special provisions” currently housed in Exhibit D.

Exhibit D (Tier 1 FBS Resources)

This is a placeholder for the exhibit that will list all FBS resources.

Exhibit E (Metering) replaces Subscription Exhibit E:

1. Issue:

BPA wants to explore with customers whether there is a better way to ensure that metering information is accurate and kept up to date. We believe that inaccurate meter data elements are a significant source of billing errors, billing adjustments, and customer dissatisfaction. We want to resolve this problem.

2. History:

The 1981 Power Sales Contract included a POD Exhibit that included the following data elements:

- POD Location
- Voltage
- Metering Location
- Metering Loss Adjustments
- Exceptions

Transmission Services still includes this exhibit and the same data elements in the OATT contracts. This exhibit was sometimes not kept up to date. By the time the business lines were created in the mid-90’s and the new Subscription contracts were drafted in 2000, the PBL decided to create a Metering Exhibit with the following data elements that are similar to the elements found in the transmission agreements, but formatted in a table:

- Point of Delivery Name and Voltage
- Meter Name and Voltage
- Metering Location
- Manner of Service

We added these elements because we believed that both BPA and customers should be able to confirm the accuracy of the data and the power contract was the only logical way to do so. PBL also made a concerted effort in 2000 to update all meter data and planned to ensure it was regularly updated during the life of the contract. Unfortunately, the

Pre-decisional

Metering Exhibit is not always kept up to date. Many AE's and their contract staff try to do so, but the frequency of changes is a challenge. Without streamlining the process, it may be even more challenging to ensure it is revised whenever the data changes.

3. Regional Dialogue's Draft Metering Exhibit

We have added several new data elements to the DRAFT Regional Dialogue Metering Exhibit, including: POD number; Meter Point number; Direction for Power Bills; Control Area; and Loss Factors. Although, we are undecided whether to include loss factors because they change frequently and historically have not been subject to a bilateral agreement, unlike most other data elements. We want to add this information so that the users of this data (customers, Billing, Metering, Load Forecasting, Scheduling, etc.) have a single data base for information needed to implement the contract correctly. However, BPA is concerned that it may be impossible to ensure this large amount of data is updated in the contract whenever the AE becomes aware of a change. And, unless the information is reliably kept up-to-date, the value of including it in the contract is greatly reduced.

4. Options to resolve the problem:

- A. Include Transmission Services' POD exhibit in power contracts**
Limit the data to the elements included in transmission contracts and use the same format as Transmission Services' POD exhibit.
- **Advantages:** Easier to maintain.
 - **Disadvantages:** Does not provide all of the users of the data (customers and many internal BPA stakeholders) with easy access to accurate information. Also, even though it is easier to maintain, it is still unlikely that all data for all customers would be updated.
- B. Adopt the draft Regional Dialogue Metering Exhibit**
Keep the data elements shown in the Subscription Metering Exhibit and add several new ones, possibly including loss factors.
- **Advantages:** Provides the users of the data (customers and many internal BPA stakeholders) with easy access to metering information. Ensures customers can verify the accuracy of meter data due to the fact that changes to the exhibit must be bilaterally agreed-upon.
 - **Disadvantages:** We have not been able to keep the existing Metering Exhibit up to date, so it is unlikely that the new Exhibits will be kept up to date, particularly the Loss Factors.
- C. Electrify the Process:**
1. BPA's new shared Back Office (Metering Services) will coordinate and assist in the creation of a central BPA repository for all meter data and will take responsibility for its accuracy. In this capacity, they will work with the stewards of this data (generally

functions within Transmission Services, but sometimes the customer) and with the Power Services AEs to ensure data is accurate and up-to-date. Metering Services will become the single meter data Source of Record (SOR). They will eliminate manual updates and provide downstream users with timely notification of meter elements changes.

2. Include all of the data elements described in Option B, but maintain the exhibit in electronic form and allow BPA to make the changes unilaterally, subject to change by the customer within a limited period of time (30 days?). Such unilateral changes would be sent to customers electronically via email with electronic signatures and BPA would work with customers to ensure they have the same electronic signature capability.
 3. Finally, any changes would be posted on a secured website so the customer (including their field personnel) and all stakeholders in BPA, could easily get access to them to verify their accuracy and notify Metering Services of any errors or changes.
- **Advantages:**
 - Provides the users of the data (customers and many internal BPA stakeholders) with easy access to metering attributes.
 - Ensures customers can verify the accuracy of meter data attributes
 - Takes advantage of web access to ensure data is easily available to a large number of people who can verify its accuracy.
 - Takes advantage of new technology that allows electronic signatures for contracts and contract changes.
 - **Disadvantages:**
 - The use of electronic signatures and web access is new and unproven.
 - Electronic updates are only accurate if the people who are responsible for the data (data stewards) quickly and accurately update the data.

5. Recommendation: Option C. To resolve the disadvantages of Option C:

- A. Prior to the offer date for Regional Dialogue contracts (August 1, 2008), BPA's Metering Services workgroup will update all meter data to include all of the data shown in the draft Regional Dialogue Exhibit E and include it in a data base that can be easily converted to Exhibit E and shared with customers via email.
- B. Metering Services will create a shared metering electronic database that is secure, but accessible to individual customers,
- C. BPA will test with a few customers the feasibility of electronic signature to change any elements of the exhibit and database.

- D. If the tests are successful, we may agree with customers to maintain the metering exhibit electronically rather than by paper exhibit revisions. It is not likely that this would occur before December 2008 when contracts are signed but would be fully implemented prior to 2011.

Exhibit F (Scheduling) replaces Subscription Exhibit F:

Background:

1. The Scheduling Exhibit for Regional Dialogue underwent major redrafting, and is now much shorter (2+ pages) than the version in the Subscription contract and hopefully non-controversial because it simply requires customers to schedule according to industry standards (WECC, NAESB, NERC). The BPA-specific obligations are brief, procedural, and hopefully not onerous.
2. We have drafted the Scheduling Exhibit so that it can also be used for the Enabling Agreements/Confirmation Agreements on the Trading Floor. This eliminates the need to maintain two versions of the Exhibit and ensures that regional customers and extra-regional customers are subject to identical scheduling requirements. However, it does result in the use of some terms or contract requirements that may seem out of place in the Regional Dialogue contract (e.g., “Counter Party” instead of “Customer.”).
3. Similar to Subscription, BPA has the right to revise the Scheduling Exhibit unilaterally, but the conditions for such are limited.
4. The version of the Scheduling Exhibit that is included in the Regional Dialogue contracts in 2008 will probably need to be revised just before power service begins in 2011 simply because industry practices and WECC requirements will probably change by then.
5. Like Subscription, for Regional Dialogue we are planning to include the Scheduling Exhibit only in the contracts of customers who need to schedule. For a Load Following customer that over time transitions from not non-scheduling to scheduling, we will add the Scheduling Exhibit to the contract.
6. The scheduling provisions in Exhibit F will need to be supplemented by additional provisions for Load Following customers who are served by transfer and who commit to serve their load with non-Federal resources. In order to incorporate all the principles of non-federal transfer service currently being developed, BPA proposes to delay the development of these additional provisions until after contract signing in December 2008, but before delivery begins in October 2011.

7. BPA wants to discuss with customers the feasibility of sending any revisions of the Scheduling Exhibit via email with an electronic signature from BPA.