

CON-033

**Larson, Cheryl A - PS-6**

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**From:** Latham, Dale S - PSS-6  
**Sent:** Tuesday, May 20, 2008 3:08 PM  
**To:** Larson, Cheryl A - PS-6  
**Cc:** Burbank, Nita M - PFP-6  
**Subject:** FW: Load Following Template revised road map  
**Attachments:** 5-06-08 LF Template Road Map.doc

Please add this to the log of comments

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**From:** Paul M. Murphy [mailto:pmurphy@mbllp.com]  
**Sent:** Tuesday, May 06, 2008 2:51 PM  
**To:** Wilson, Scott K - PS-6; Latham, Dale S - PSS-6  
**Cc:** Mark Thompson; Susan Ackerman; Terry Mundorf; sdleonard@earthlink.net; rkindley@cablehuston.com; JKallstrom@SNOPUD.com; ejohnson@rejpc.com; ghcarr@pacifier.com; Paul M. Murphy  
**Subject:** Load Following Template revised road map

Scott and Dale,

This is to confirm that we will be meeting tomorrow, Wednesday, at 9 a.m. in the PPC conference room to discuss the attached road map and next steps in contract drafting. Our purpose is to answer questions about our proposed road map and discuss the mechanics of how we should move forward. If you wish to bring someone from your side who will be doing the actual work on the templates, I am sure that will be ok and probably helpful.

For those of the public power persuasion who cannot be there in person, Mark has arranged for the following phone bridge: : 503-595-9780, 111 111#.

*Paul M. Murphy*

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5/21/2008

# Road Map to Reorganize the Load Following Template

5-6-2008

Draft reviewed by unofficial drafting group only

## Brief Explanation of Goal of Reorganization:

The utility representatives who have reviewed BPA's draft contract templates, including those very familiar with the overall construct of the proposed deal, have found the organization of the substantive obligations which express "the heart of the deal" to be difficult to follow. We believe this results from splitting closely related substantive obligations between the Body of the Agreement and Exhibits and, in some cases, separating closely related substantive obligations within the Exhibits by interspersing with them unrelated or less related obligations. As a result, it is difficult to find things in the contract, and difficult to follow. The following is a first cut at an alternative organization of the heart of the deal that we hope will be more intuitive and easier to follow and find things.

## New Definitions:

"Dedicated Resources" means the non-federal that «Customer Name» commits under this Agreement to meet a portion of its Total Retail Load.

"Net Requirements" means «Customer Name»'s Total Retail Load minus «Customer Name»'s Dedicated Resources listed in Exhibit A, Dedicated Resources.

### 3. **LOAD FOLLOWING POWER PURCHASE OBLIGATION** (03/30/08 Version)

(a) **Purchase Obligation.** [Reworded from Section 3 of the Body of the Agreement ("Body")]

From October 1, 2011, and continuing through September 30, 2028, BPA shall sell and make available, and «Customer Name» shall purchase, Firm Requirements Power in hourly amounts equal to «Customer Name»'s hourly Total Retail Load minus the hourly firm energy output from each of «Customer Name»'s Dedicated Resources, used to serve «Customer Name»'s Total Retail Load, as listed in Exhibit A.

(b) **Resources Dedicated to Meet «Customer Name»'s Total Retail Load** [From Sections 3-6 & 8-10 of Exhibit A, Exclusive of Tables, as follows:]

(1) **Dedicated Resources** [From Exhibit A, Section 3]

(A) **Specified Resources** [From Exhibit A, Section 3(a)]

**(B) Unspecified Resource Amounts** [From Exhibit A, Section 3(b)]

**(c) Dedicate Resource Shape Options.** [Exhibit A, Section 4(h) and Section 10]

**(1) Election of Dedicated Resource Shapes** [Exhibit A, Section 4(h)]

**(2) Resource Shape Options** [Exhibit A, Section 10(a)]

Note: Any default resource shape options buried in the descriptions of the Exhibit A tables, such as the flat annual default for unspecified, must be included here.

**(3) Resource Shape Definitions** [Exhibit A, Section 10(b)]

**(d) Hourly Dedicated Resource Schedule** [Exhibit A, Section 9]

**(e) Changes to Dedicated Resources** [Exhibit A, Section 4 except subsection 4(h)]

Note: There are serious substantive issues with respect to consumer-owned resources and resources added to meet NLSLs.

**(f) Resources Not Dedicated to Total Retail Load** [Exhibit A, Section 8]

Note: Under this construct, what remains of Exhibit A will be only the Tables in Exhibit A, Sections 5, 6, 7 and 8 with any substantive (rule defining as opposed to purely descriptive) text in those Sections 5, 6, 7 and 8 incorporated into appropriate subsection of this expanded section 3 of the Body.

**4. TIERED RATE METHODOLOGY** [From Section 4 of the Body of the Agreement.]

Note: This section must be expanded to specifically include the circumstances under which the TRM may be modified and the rules for amending the TRM.

**5. APPLICABLE RATES** [From Section 5 of the Body of the Agreement plus material from the TRM and from Exhibit C where noted.]

**(a) Priority Firm Rate and Contract High Water Mark.** [From Section 5(a) of the Body.]

Note: The method of calculating the CHWM will be included in Exhibit B instead of simply by referring to the TRM unless there is a clearly dated TRM in existence at the time of contract execution, in which case reference to the TRM may be acceptable.

- (1) **Contract Demand Quantity** [From Section 5(a)(4) of the Body.]
  - (b) **New Resource Firm Power Rate.** [Essentially what is in current Template.]
  - (c) **Firm Power Products and Services Rate.** [Essentially what is in current Template.]
  - (d) **Additional Charges.** [Essentially what is in current Template.]
  - (e) **Resource Support Services.** [Essentially what is in current Template.]
6. **RATE PERIOD HIGH WATER MARK AND AMOUNT OF POWER PRICED AT TIER 1 PF POWER RATE.** [From Section 5(a)(1) of the Body.]

Note: This section will be expanded to specify the calculation of the RHWM (from TRM §§2.1.3 – 2.1.6) instead of just referencing the TRM. It will also include the language from Exhibit C, Section 2.

7. **PURCHASE OBLIGATION AND OPTIONS FOR LOAD SERVICE ABOVE RHWH**

- (a) **Notice and Elections Regarding Above RHWM Service.** [From Section 5(a)(3) of the Body and Exhibit C, Section 3.]

Note: All of the substantive rules [e.g. notice and commitment periods] for electing whether BPA or the customer is responsible to meet the above RHWM load, and if the responsibility is shared between BPA and the customer, how it is shared from Exhibit C, Section 3 will be moved here.

- (b) **Tier 2 Rate Options.** [From Exhibit C, Section 3.]

Note: A new section will list the available Tier 2 rate options and state at a minimum the key notice and availability criteria for each from Exhibit C, Section 3. If possible, details not key to understanding the options can be left in Exhibit C, Section 3; if not, all of the text of Exhibit 3, Section 3 not included in sub-paragraph (a) above will be here.

- (c) **Calculation of Power Priced at Tier 2 Power Rate.** [From Section 5(a)(2) of the Body.]

Note: This section will be expanded to incorporate the specific calculation of this amount from the TRM.

Under this reorganization with a new Section 7 and Exhibit C, Exhibit C will likely include only the tables and a brief description of their content. Sections 1, 4 and 5 of Exhibit C, to the extent they survive, will be incorporated into the text of Section 5 of the Body.

#### **REMAINDER OF THE BODY OF THE AGREEMENT**

The basic organization of the remainder of the Template is acceptable, but much work is needed on clarifying and limiting the language to accomplish its goal without being overly broad.