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November 6, 2008

## MEMORANDUM

**TO:** Council

**FROM:** Terry Morlan  
Director, Power Planning

**SUBJECT:** Briefing on Bonneville Contract and Rate Processes

Power Committee Chair Eden requested an update on the various processes that Bonneville is currently engaged in. Mark Gendron, Bonneville's Vice President of Northwest Requirements Marketing, will brief the Council at the Coeur d'Alene Council meeting.

Some of these processes are identified below:

**The supplemental rate case for 2007-2009 (WP-07 Supplemental)** - A rate case to revise FY 2007-09 rates to conform to the May 2007 court ruling rejecting the residential exchange settlement. A record of decision was recently issued on the WP-07 supplement wholesale rate proceeding.

**Average System Cost Methodology** - A process to determine how average system costs will be determined to implement the residential exchange provisions of the Act. I think this is part of the WP-07 supplemental rate case.

**Tier Rates Methodology Rate Case** - This process is to establish the implementation rules for tiered rates that will be used in the Long-Term Regional Dialogue contracts.

**Long-Term Regional Dialogue Contracts** - These contracts will implement the recommendations in the Council's Fifth Power Plan and the 1996 Comprehensive Review of the Northwest Energy System: to tier Bonneville's rates to provide a clear price signal to Bonneville's customer utilities, reduce Bonneville's footprint in Northwest energy markets, and protect the value of the region's low cost hydroelectric system and ensure repayment of the U.S. Treasury debt from building that system.

**Setting power and transmission rates for 2010-11 (WP-10 and TR-10 Rate Cases)** - Rate cases to develop rates for FY 2010 and 2011.

**Wind Integration Rate Case** - A process to set Bonneville charges for integrating wind.

There may be others, but these are the most prominent ones. More information on these processes is available at Bonneville's web site, <http://www.bpa.gov/Power/>

