

EXCHANGE OF CURRENT BPA SURPLUS POWER
FOR FUTURE POWER FROM CERTAIN
COMPANIES' SHARE OF WNP-3
TO SETTLE A DISPUTE OVER
CONSTRUCTION DELAY

RECORD OF DECISION

September 19, 1985

VOLUME II

EXHIBITS

BPA
BPA
1236
C
1985

c1v2 P

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P BPA c1v2
BPA1236C 1985 *not a/c*
Exchange of current BPA
surplus power for future power
United States. Bonneville Power

Exhibit A

Initial WNP-3 Draft Settlement Principles
(January 17, 1985)

ATTACHMENT A

PRELIMINARY - FOR DISCUSSION ONLY

EXCHANGE AGREEMENTParticipation

This exchange is between BPA and Portland General Electric Company, Puget Sound Power & Light Company, and the Washington Water Power Company. Pacific Power & Light Company (Pacific) is not initially a party to the exchange. Pacific may at any time prior to January 1, 1994 elect on at least 12 months notice to enter the exchange provided that if BPA determines to resume full plant construction Pacific must elect or forego the option within 6 months after construction is resumed. If the plant is terminated at a time when the option has not been exercised, the option may not thereafter be exercised. If Pacific elects to make the exchange effective and the plant is later terminated prior to the effective date of the exchange, the exchange will become effective on the specified effective date, unless, prior to such date, Pacific notifies BPA that it rescinds such prior election.

Detailed Description

The following paragraphs describe the exchange and its application.

1. Definitions

For the purposes hereof and unless the context requires otherwise:

- a. "BPA" means the Bonneville Power Administration.
- b. "CT" means a simple-cycle combustion turbine.
- c. "Equivalent availability factor" means the annual factor for the unit as defined in, _____, or if not available, a reasonable equivalent. This factor is 0 (zero) for a unit that no longer has an operating license.
- d. "Utility" means Pacific Power & Light Company, Portland General Electric Company, Puget Sound Power & Light Company, or The Washington Water Power Company, as the case may be.
- e. "WNP 3" means the 1,240 MW nuclear power plant at Satsop, Washington, sponsored by the Washington Public Power Supply System and known as Unit No. 3.

f. "Surrogate annual equivalent availability factor" means the simple average of the Equivalent Availability Factors of Surrogate Units. In the first year of the exchange (1987), the Surrogate Annual Equivalent Availability Factor will be calculated as the simple average of the Equivalent Availability Factors of the Surrogate Units for the first year of the operation of each unit. Likewise, in the second year of the exchange, the average of the Surrogate Units in the second year of the operation of each unit will be used, and so on. This computation will continue to be based on the equivalent availability of all units, until the last unit is decommissioned.

g. "Surrogate O&M cost" means the average O&M cost per MWH of Available Production of the Qualifying Surrogate Units. "Available Production" means the sum, for all Qualifying Surrogate Units, of the product of the capacity of each Qualifying Surrogate Unit, that unit's Surrogate Annual Equivalent Availability Factor and 8760. For this purpose, "O&M costs" is the sum for all Qualifying Surrogate Units of all of the costs required to keep a nuclear plant in operation and to decommission

it, such as would have been incurred had the Utilities been paying the costs of operating WNP 3 (exclusive of the initial capital costs). If a Qualifying Surrogate Unit's plant factor is less than its Equivalent Availability Factor, then fuel cost will be adjusted to reflect costs avoided. In this context, "O&M costs" include reported fuel costs, operating costs, maintenance costs, waste disposal costs and fees, taxes, insurance, annualized unreimbursed capital additions amortized over the remaining life of the plant based on an assumed 35-year life, and decommissioning costs to the extent charged by the sponsoring Utility to O&M. In the first year of the exchange (1987), the Surrogate O&M Cost will be computed by adjusting the O&M costs of each Qualifying Surrogate Unit in its first year of operation to 1987 dollars, using the GNP price deflator, summing the adjusted O&M costs of the Qualifying Surrogate Units, and dividing that sum by the sum of the Available Production of the Qualifying Surrogate Units. In the second year of the exchange, the Qualifying Surrogate Units' O&M costs in their second year of operation would be adjusted to 1988 dollars, and so on.

[Agreement on items on list, data sources.]

h. "Surrogate Units" means the following four nuclear units, which are similar in design and vintage to WNP 3, provided they are in commercial operation by December 1, 1985:

1. Palo Verde 1
2. Arkansas 1, Unit 2
3. Waterford 3
4. San Onofre 3

If any of the four plants above fail to achieve commercial operation by December 1, 1985, Calvert Cliffs 2 shall be substituted as a Surrogate Unit in its/their place.

i. "Qualifying Surrogate Units" means Surrogate Units which have a Surrogate Annual Equivalent Availability Factor greater than zero in any year.

2. Term of the Exchange

The exchange shall begin on January 1, 1987, and last for a number of years equal to the lifetime of the longest-lived Surrogate Unit. The lifetime of the Surrogate Unit is the

number of years from the unit's commercial operation date to its decommissioning date.

3. Energy Exchange

Subject to Paragraph 5, Utility agrees to deliver energy to BPA from combustion turbines, as requested by BPA, but not to exceed the amount determined pursuant to Paragraph 4.

Utility will make available to BPA 66-2/3 percent of its ownership share of the capability of WNP 3, if any. In exchange, BPA shall deliver to the Utility an amount of energy equivalent to the amount determined pursuant to Paragraph 4, subject to scheduling provisions.

4. Amount of Exchange

The average amount of exchange energy delivered by BPA to Utility specified in Paragraph 3 shall be determined by multiplying (Utility share) MWs [for PGE and PP&L each - 82.67; for WNP and PSP&L each - 41.33] by 1.196721 (365 divided by the quantity 365 less 60; this represents an expected refueling shutdown of 60 days) multiplied by the Surrogate Annual Equivalent Availability Factor. Energy will be delivered during the periods January 1 through April 30

and June 30 through December 31. Energy delivery shall be in equal hourly amounts in these periods. When WNP 3 attains commercial operation, the maximum rate of delivery shall be each Utility's share (MW) listed above.

5. Combustion Turbines

The Utility shall make energy available to BPA from CTs or equivalent resources at BPA's request for the term of the exchange, without regard to the status of WNP 3.

Utility shall make available to BPA energy from CTs during the 42-month critical period equal to the amount of energy BPA supplies to Utility in such critical period within the following criteria:

- a. Utility shall make such energy available in the last 36 months of the 42-month critical period.
- b. Utility will make energy available in equal monthly amounts except it may predeliver or delay delivery of two months of energy to provide for extended peaking operations or maintenance periods. If Utility delays

- delivery, it will make energy available prior to the end of the operating year.
- c. When BPA requests delivery of such energy, Utility may deliver such energy at rates of delivery equal to two times the average rate of delivery of exchange energy to Utility during such critical period, unless higher delivery rates are arranged under g below.
 - d. Utility reserves CT capability during peak periods for its own use. In other periods, capacity equal in amount to that provided to the Utility under Paragraph 4 is available.
 - e. Utility will use its best efforts to deliver such energy in a fashion recognizing and seeking to avoid potential conflicts with BPA system operating constraints.
 - f. Energy will be delivered by Utility to BPA at system points of delivery as defined in each Utility's Exchange Agreement.
 - g. BPA will have the right to schedule capacity and energy from the lowest cost CT exempt from the Fuel Use Act not being utilized by the Utility.

The energy made available to BPA by Utility is in exchange for energy made available to Utility by BPA. BPA may choose to not take CT energy made available by Utility. If BPA takes CT energy, BPA will pay Utility its operating costs to produce such energy (fuel and other operating cost) plus "M" \$/MWh for maintenance attributable to BPA's use.

Unit maintenance costs, "M", shall be as agreed, or lacking agreement, shall be the average maintenance costs for CT maintenance used by a representative sample of utilities in the United States.

BPA will pay actual CT cost or the Utility may supply the energy from other resources. If it does so, BPA will pay for such energy at fully distributed cost or purchase price, but not to exceed the Utilities' estimated CT cost.

6. Utility O&M Payment

- a. Prior to WNP 3's attaining commercial operation, each Utility shall pay to BPA an amount equal to the Surrogate O&M Cost, as defined in Paragraph 1, multiplied by the energy delivered to the Utility.

- b. When WNP 3 attains commercial operation, each Utility will pay BPA the product of actual un-reimbursed WNP 3 O&M costs, the ratio of Qualifying Surrogate Units to total Surrogate Units, 66-2/3 percent, and each Utility's ownership share of WNP 3.

7. Utility's Share of WNP 3

- a. BPA and the Utility recognize that the project is being preserved pending resumption of construction. If construction is to be resumed pursuant of a plan approved by the Owners Committee, the Utility agrees to use its best efforts to sell or assign its remaining unexchanged share to BPA pursuant to the Regional Act or to another entity acceptable to BPA. Prior to resumption of construction, Utility's remaining unexchanged share will be acquired under Section 6(C) of the Regional Act. In no event shall the Utility be obligated to finance resumed construction unless BPA has acquired the Utility's remaining unexchanged share.
- b. BPA will pay all O&M costs associated with each Utility's share under this agreement of WNP 3. From and after January 1, 1985, BPA will assume the Utility's obligation

to furnish construction, preservation, or any other costs for which the Utility is not reimbursed under either Regional Power Act Section 6(c) acquisition contract or Paragraph 8 below.

- c. Utility agrees that it will not disapprove any matter submitted to the Owner's Committee for WNP-3 proposed or approved by BPA, or of which BPA does not disapprove pursuant to the provision of the Ownership Agreement or the Project Agreement, except as to those matters which the Utility as an owner and co-licensee of the project has a nondelegable duty to perform.

8. Reimbursement of Preservation Costs

- a. At BPA's request, Utility will pay to WPPSS for WNP 3 for preservation purposes a sum not to exceed \$_____ [an amount to support preservation to January 1, 1990].
- b. BPA shall credit Utility for its ownership share of costs of WNP 3 pursuant to the Ownership Agreement paid after January 1, 1985 through the date the project is acquired or terminated, plus interest [?] accrued from January 1, 1985. This credit shall be applied as a reduction to the

O&M costs owed to BPA by the Utility pursuant to Paragraph 6. If Pacific does not enter into the exchange, the costs will be reimbursed to Pacific in cash upon termination or acquisition of WNP 3.

9. Relationship of Exchange to WNP 3

The delivery of energy by BPA to Utility will not in any way be affected if for any reason WNP 3 is not completed or fails to operate as contemplated.

10. Point of Delivery

The point of delivery for energy delivered to Utility under this exchange is at the Satsop Substation or other point of delivery agreed to between each Utility and BPA; and BPA will provide wheeling to the Utility at the standard BPA system wheeling rate.

11. Marketing Assistance

Each Utility had a resource under construction on the effective date of the Regional Power Act, and power from that resource has been offered for sale at cost, including a

reasonable rate of return, in the amount of _____ MW for the period 1987-2022 as part of this settlement. BPA has determined not to accept the offer of this power for acquisition. Moreover, BPA, through this settlement, disposes of surplus power which would otherwise require the use of federal transmission services. Therefore, the Administrator hereby grants marketing services under Section 9(i)(3) of the Regional Power Act. Services are limited to the amount of exchange energy delivered at a uniform 10-month rate to the Utilities under this settlement; and since an equivalent amount of the Administrator's surplus power is disposed of, there is not substantial interference with the Administrator's power marketing program.

In addition, BPA will provide, from January 1, 1987 to January 1, 1992, or the date of completion of the third ac intertie, whichever is earlier, a short-term transmission contract for marketing an amount of power not to exceed the amount of this exchange. BPA will provide firm transmission on a long-term basis for firm power sales contracts by each Utility not in excess of its amount of this exchange, subject to BPA's long-term intertie access policy.

12. Residential Exchange Program - The cost to the Utility of energy the Utility receives from BPA under this agreement includes the Utility's cost of providing BPA's right to receive the Utility's share of the output of WNP 3. To the extent retail rate regulators recognize this as a cost recoverable through retail rates, neither the future disposition of WNP 3, nor anything in this agreement shall exclude such cost from the Utility's average system cost of resources under the methodology adopted by the Administrator.
13. Assignment - Utilities may assign rights and obligations under this agreement.

Exhibit B

Memorandum From Walter Pollock, BPA Assistant Power Manager to
Edward Sienkiewicz, BPA Assistant Administrator,
Capacity Impact Studies-WNP-3 Settlement
(September 17, 1985)



DATE : September 17, 1985

UNITED STATES GOVERNMENT

In reply refer to : PRI

Memorandum

TO : Edward W. Sienkiewicz, Assistant Administrator
Office of Power and Resources Management - P

FROM : Walter E. Pollock, Assistant Power Manager
for Resources Planning and Acquisition - PH

SUBJECT : Capacity Impact Studies for the WNP-3 Settlement Contract

Capacity studies were performed to examine the impact of the proposed WNP-3 settlement contract on Federal capacity resources.

The study horizon assumed that the WNP-3 settlement contract will be implemented January 1, 1987, with WNP-3 commercial operation beginning March 1, 1992. The contract, which spans 30 1/2 years, consists of the following peak and energy components.

BPA Energy Obligation to:

<u>Company</u>	<u>Nov-Feb</u>	<u>Mar-Apr</u>	
Before WNP-3 C.O.	Peak 492 MW	246 MW	193 MW avg annual
	Energy 470 MW	232 MW	
After WNP-3 C.O.	Peak 540 MW	270 MW	193 MW avg annual
	Energy 470 MW	232 MW	

Company's Energy Return to:

Sept-June (Excluding May)

BPA	Peak	0 MW	193 MW avg annual
	Energy	259 MW*	

*BPA assumed energy returns would be made during 12 offpeak hours at 518 MW

The Federal firm 50-hour surplus/deficit tables were revised to study the impact. All tables assume that BPA is meeting the capacity and energy requirements of Public Agencies and Direct Service Industries.

Table 1 shows the Federal Firm 50-Hour Surplus/Deficit with WNP-3 settlement dedicated to load, WNP-3 and 1 in, and 100 percent IOU capacity obligations to the Federal system.

Table 2 shows the Federal Firm 50-Hour Surplus/Deficit with WNP-3 settlement dedicated to load, WNP-3 and 1 out, 100 percent IOU capacity obligations to the Federal system, and additional energy resources added as necessary to meet the Public and DSI energy obligations at a 1.25 capacity factor.

Tables 3 and 3A show, in graphic and tabular form respectively, the additional energy resources needed to meet the Public and DSI energy obligations.

Table 4 shows the Federal Firm Forced Energy Sales with the WNP-3 settlement in and WNP-3 and -1 in.

Table 5 shows the Federal Firm Forced Energy Sales with the WNP-3 settlement in and WNP-3 and -1 out.

Table 6 shows the Federal Firm 50-Hour Surplus/Deficit with WNP-3 settlement dedicated to load, WNP-3 and -1 out, 0 percent IOU capacity obligations to the Federal system, and additional energy resources added as necessary to meet the Public and DSI energy obligations at a 1.25 capacity factor.

Tables 4 and 5 are identical since the WNP-3 settlement contract nighttime return energy to BPA does not create any further Federal return problems whether or not WNP-3 and -1 are in the study.

TABLE 1: MEDIUM BPA FORECAST

FEDERAL FIRM 50 HOUR PEAKING SURPLUS/DEFICIT
WNP-3 AND WNP-1 IN
REVISED WNP-3 SETTLEMENT CONTRACT IN
100 PCT IOU CAPACITY OBLIGATIONS ONLY
INCLUDING 1986 AND 1987 PLANNED ACQUISITIONS AND
SAVINGS FROM MODEL CONSERVATION STANDARDS

	JUL	AUG 1-15	AUG 16-31	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR 1-15	APR 16-30	MAY	JUN
PEAK														
1984-85	1553	778	1568	2468	3216	4916	5619	6106	5036	4615	4671	4969	6410	1962
1985-86	2745	2002	2427	1317	1339	3840	5199	5778	5013	4341	5523	4225	6181	3131
1986-87	1908	1780	2067	955	1775	4285	5422	5790	4785	3763	4588	4926	6371	3332
1987-88	1523	3127	3207	2371	2707	3852	5370	6159	5273	4259	5819	4980	6744	4224
1988-89	3558	2731	2525	1953	2301	3786	5513	5806	4864	4263	5236	5018	6565	4234
1989-90	2590	1755	2581	2769	3527	3598	5273	5635	4396	4926	6106	4442	6531	3460
1990-91	2143	1901	2374	1446	2197	4201	5768	5814	4388	4110	4842	4577	6519	1844
1991-92	2008	1127	1595	2889	3432	5405	7017	7310	6015	7469	8888	8166	9426	5668
1992-93	4955	4066	4530	4689	5219	6585	8185	8121	5661	5884	7737	6789	9051	5641
1993-94	4944	4037	4501	5878	6382	7713	9271	8793	7602	7923	9854	8246	9992	5598
1994-95	4906	3984	4440	5806	6285	7601	9024	8692	7504	7821	9764	8646	9920	5626
1995-96	3693	2765	4472	5823	6287	7618	8897	7936	6842	7238	8529	7607	9399	5505
1996-97	4071	3115	4824	6161	5752	7236	8276	7546	6392	6924	9126	7170	9042	5600
1997-98	3988	3020	4730	6052	5137	6768	7814	7045	5894	6449	7906	7386	8849	5219
1998-99	3905	2921	4631	5941	4946	6290	7304	6581	5420	6117	7954	6991	8227	4775
1999- 0	3554	2845	4433	5472	4191	5743	6728	6047	4953	5618	7674	6043	8028	4265
2000- 1	3259	2580	4389	5328	4119	5408	6341	5973	4801	5539	7597	6454	7961	4431
2001- 2	3307	2504	4005	4880	4035	5358	6348	5357	4184	5070	6475	5507	7569	4089
2002- 3	2837	2649	3858	4584	3513	4772	5665	4971	3800	4680	6936	4934	7077	3876
2003- 4	2460	1866	3506	4204	2996	4326	5189	4491	3316	4287	6748	5096	7174	3577

AUGUST 6, 1985

TABLE 2: MEDIUM BPA FORECAST

FEDERAL FIRM 50 HOUR PEAKING SURPLUS/DEFICIT
 WNP-3 AND WNP-1 OUT
 REVISED WNP-3 SETTLEMENT CONTRACT IN
 ENERGY ADDITIONS ADDED WHEN NECESSARY TO BALANCE
 THE OBLIGATIONS TO THE PUBLICS AND DSI @ 1.25:1.0
 100 PCT ICU CAPACITY OBLIGATIONS ONLY
 INCLUDING 1986 AND 1987 PLANNED ACQUISITIONS AND
 SAVINGS FROM MODEL CONSERVATION STANDARDS

	JUL	AUG 1-15	AUG 16-31	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR 1-15	APR 16-30	MAY	JUN
PEAK														
1984-85	1553	778	1568	2468	3216	4916	5619	6106	5036	4615	4671	4969	6410	1952
1985-86	2745	2602	2427	1317	1339	3840	5199	5778	5013	4341	5523	4225	6181	3131
1986-87	1903	1780	2067	955	1775	4245	5422	5790	4785	3763	4598	4926	6371	3332
1987-88	1523	3127	3207	2371	2707	3852	5370	6159	5273	4259	5819	4980	6744	4224
1988-89	3593	2731	2525	1953	2301	3786	5513	5806	4864	4263	5236	5018	6565	4234
1989-90	2590	1755	2581	2769	3527	3598	5273	5635	4396	4926	6106	4442	6531	3460
1990-91	2143	1901	2374	1446	2197	4201	5768	5814	4388	4110	4842	4577	6519	1644
1991-92	2008	1127	1595	2389	3432	5405	7017	7310	6015	6253	7648	6950	8186	4428
1992-93	3715	2826	3290	3449	3979	5393	6993	6881	5661	5894	7737	6789	7811	4401
1993-94	3754	2797	3261	3408	3913	5308	6883	6342	5149	5459	7364	5756	7502	4348
1994-95	3656	2734	3200	3334	3914	5194	6596	6240	5051	5339	7274	6156	7430	4376
1995-96	3802	2874	3341	3461	3925	5322	6569	5593	4497	4865	6148	5225	7018	4364
1996-97	4173	3224	3693	3798	3369	4890	5947	5203	4047	4551	6745	4789	6661	4458
1997-98	4097	3129	3599	3689	2774	4421	5485	4701	3549	4075	5524	5004	6467	4077
1998-99	4110	3126	3596	3674	2678	4039	5070	4334	3171	3839	5669	4706	5942	3730
1999-00	3953	3249	3596	3403	2122	3691	4693	3998	2902	3539	5588	3957	5942	3419
2000-01	3732	3053	3621	3327	2118	3423	4374	3992	2802	3528	5579	4437	5943	3654
2001-02	3942	3139	3400	3042	2196	3536	4543	3539	2347	3221	4620	3652	5714	3474
2002-03	3666	2878	3447	2939	1868	3144	4053	3346	2156	3024	5274	3273	5416	3454
2003-04	3500	2906	3306	2770	1561	2308	3727	3076	1882	2842	5298	3646	5724	3367

AUGUST 6, 1985

ENERGY ADDITIONS TO FEDERAL SYSTEM TO BALANCE PUBLIC & DSI ENERGY OBLIG.

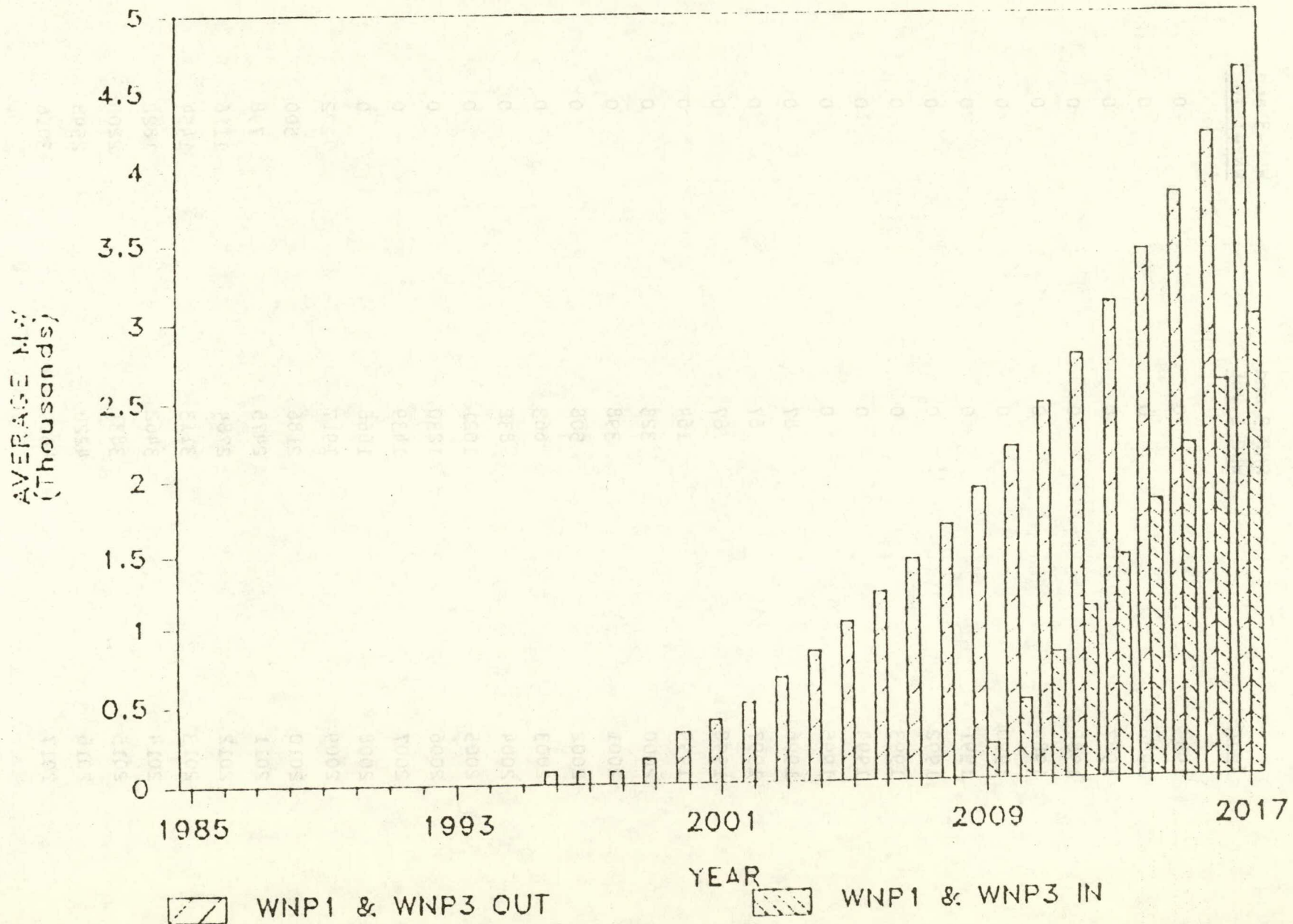


TABLE 3

TABLE 3A

Energy Resource Additions to the Federal System
Necessary to Balance Energy Obligations to Publics and DSI's

<u>Year</u>	<u>WNP-3 and WNP-1 Out</u>	<u>WNP-3 and WNP-1 In</u>
1985	0	0
1986	0	0
1987	0	0
1988	0	0
1989	0	0
1990	0	0
1991	0	0
1992	0	0
1993	0	0
1994	0	0
1995	0	0
1996	87	0
1997	87	0
1998	87	0
1999	164	0
2000	323	0
2001	398	0
2002	508	0
2003	663	0
2004	832	0
2005	1021	0
2006	1230	0
2007	1439	0
2008	1668	0
2009	1917	222
2010	2186	500
2011	2475	798
2012	2784	1116
2013	3113	1454
2014	3462	1822
2015	3831	2200
2016	4220	2598
2017	4629	3016

TABLE 48 MEDIUM BPA FORECAST

FEDERAL FIRM FORCED ENERGY SALE
 WNP-3 AND WNP-1 IN
 REVISED WNP-3 SETTLEMENT CONTRACT IN

	JUL	AUG 1-15	AUG 16-31	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR 1-15	APR 16-30	MAY	JUN		
AVERAGE																
1984-85	452	445	379	146	57	0	0	0	0	0	0	0	0	93	105.4	
1985-86	385	403	352	357	218	0	0	0	0	0	0	0	0	0	121.7	
1986-87	490	422	367	392	153	0	0	0	0	0	0	0	0	0	130.9	
1987-88	493	76	71	82	4	0	0	0	0	0	0	0	0	0	59.3	
1988-89	70	84	89	108	23	0	0	0	0	0	0	0	0	0	26.2	
1989-90	91	86	92	43	0	0	0	0	0	0	0	0	0	0	20.2	
1990-91	82	22	24	48	23	0	0	0	0	0	0	0	0	0	16.0	
1991-92	71	14	16	0	0	0	0	0	0	0	0	0	0	0	7.8	
1992-93 THRU																
2003- 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	

AUGUST 6, 1985

REVISED WNP-3 SETTLEMENT CONTRACT IN
 WNP-3 AND WNP-1 IN
 FEDERAL FIRM FORCED ENERGY SALE

FEDERAL FIRM FORCED ENERGY SALE
WNP-3 AND WNP-1 OUT
REVISED WNP-3 SETTLEMENT CONTRACT IN

	JUL	AUG 1-15	AUG 16-31	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR 1-15	APR 16-30	MAY	JUN		
AVERAGE																
1984-85	452	445	379	146	57	0	0	0	0	0	0	0	0	93	135.4	
1985-86	385	403	352	357	218	0	0	0	0	0	0	0	0	0	121.7	
1986-87	490	422	387	392	153	0	0	0	0	0	0	0	0	0	130.9	
1987-88	493	76	71	82	4	0	0	0	0	0	0	0	0	0	59.3	
1988-89	70	84	89	108	23	0	0	0	0	0	0	0	0	0	26.2	
1989-90	91	86	92	43	0	0	0	0	0	0	0	0	0	0	29.2	
1990-91	82	22	24	48	23	0	0	0	0	0	0	0	0	0	16.0	
1991-92	71	14	16	0	0	0	0	0	0	0	0	0	0	0	7.8	
1992-93 THRU																
2003- 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	

AUGUST 6, 1985

TABLE 6: MEDIUM BPA FORECAST

FEDERAL FIRM 50 HOUR PEAKING SURPLUS/DEFICIT
 WNP-3 AND WNP-1 OUT
 REVISED WNP-3 SETTLEMENT CONTRACT IN
 ENERGY ADDITIONS ADDED WHEN NECESSARY TO BALANCE
 THE OBLIGATIONS TO THE PUBLICS AND CSI @ 1.25:1.0
 0 PCT IOU CAPACITY OBLIGATIONS
 INCLUDING 1986 AND 1987 PLANNED ACQUISITIONS AND
 SAVINGS FROM MODEL CONSERVATION STANDARDS

	JUL	AUG	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	APR	MAY	JUN
		1-15	16-31								1-15	16-30		
	PEAK													
1984-85	1553	778	1568	2468	3216	4916	5619	6106	5036	4615	4671	4969	6410	1962
1985-86	2745	2002	2427	1317	1339	3840	5199	5776	5013	4341	5523	4225	6181	3131
1986-87	1908	1760	2067	955	1775	4285	5422	5790	4785	3763	4588	4926	6371	3332
1987-88	1523	3127	3207	2371	2707	3852	5370	6159	5273	4259	5819	4980	6744	4224
1988-89	3598	2731	2525	1953	2301	3786	5513	5806	4864	4263	5236	5018	6565	4234
1989-90	2590	1755	2581	2769	3527	3598	5273	5635	4396	4926	6106	4442	6531	3460
1990-91	2143	1901	2374	1446	2197	4201	5768	5814	4388	+110	4842	4577	6519	1844
1991-92	2308	1127	1595	2839	3432	5405	7017	7310	6015	6253	7775	6950	8186	4428
1992-93	3715	2826	3290	3449	3979	5393	6993	7233	5921	6209	7762	6896	8156	4431
1993-94	3704	2797	3261	3408	3913	5309	6833	7091	5798	6122	7685	6779	8098	4348
1994-95	3656	2734	3200	3334	3814	5194	6750	7112	5827	6130	7719	6847	8138	4376
1995-96	3802	2874	3341	3461	3940	5322	6875	6992	5738	6094	7659	6784	8137	4364
1996-97	4179	3224	3693	3798	4242	5605	7129	7345	6069	6496	8012	7101	8471	4688
1997-98	4097	3129	3599	3639	4112	5460	6960	7174	5892	6363	7850	7003	8363	4571
1998-99	4110	3126	3596	3674	4076	5418	6917	7114	5827	6343	7885	6992	8381	4586
1999- 0	4247	3249	3720	3782	4156	5486	6969	7143	5862	6413	7961	7018	8464	4673
2000- 1	4246	3237	3708	3765	4119	5427	6878	7220	5901	6496	8033	7125	8532	4741
2001- 2	4499	3488	3959	4008	4360	5670	7144	7219	5891	6560	8105	7185	8662	4876
2002- 3	4589	3553	4030	4063	4384	5665	7093	7296	5960	6659	8250	7292	8787	5112
2003- 4	4584	3541	4112	4035	4337	5605	7014	7228	5883	6610	8360	7421	8928	5149

SEPTEMBER 10, 1985

Exhibit C

Letter From Robert Ratcliffe, Deputy BPA Administrator to
Jim Weaver,
Estimated Investor Owned Utility Rate Impacts
(June 17, 1985)

JUN 17 1985

BPA-AIG

Honorable Jim Weaver
Chairman, Subcommittee on General
Oversight, Northwest Power
and Forest Management
Washington, DC 20515

Dear Mr. Chairman:

As promised in our interim response to your letter of May 20, 1985, we are now providing you with estimates of the investor-owned utility (IOU) rate impacts that may be attributed to the Washington Nuclear Plant No. 3 (WNP-3) settlement proposal. As you will see, impacts could range from a small reduction to a small increase in IOU rates, vary from year to year, vary from utility to utility and depend upon many things which cannot now be known with certainty, particularly treatment by the individual State regulatory commissions. In addition to the Bonneville Power Administration (BPA) analysis, we are also providing you with an analysis prepared by Portland General Electric (PGE).

BPA's analysis shows possible IOU rate impacts from the settlement proposal ranging from 0.2 to 2.6 mills in 1987 and from -1.8 to 0.2 mills in 2005 (constant 1984 dollars). This is an average for all the IOUs in the region and reflects a variety of scenarios ranging from a "best" to "worst" case. This range was developed using the BPA model which produced the range distributed earlier in the public consultation effort (0 to 2 mills). The major differences between the original analysis and the revised analysis were adjustments to account for the "gross up" for tax liabilities and a less optimistic outlook for the value of the "exchange" power the IOUs receive under the settlement agreement. In addition, BPA included a new scenario where WNP-3 is terminated and all sunk cost are allowed by the State public utility commissions in IOUs' retail rates, but the sunk costs are not allowed in average system cost determinations.

In your letter you have asked for just the "worst case" scenario included in BPA's analysis for each of the four IOU participants of WNP-3, for 20 years. Our models do not allow us to break out individual IOUs by year for a 20-year period. BPA has averaged across all regional IOUs, including those not involved in the settlement, because our models treat the IOUs as one entity. However to respond as best we can to your request, we have in Attachment 1 provided an aggregate rate impact for all regional IOUs beginning in 1987 and extending each year for 20 years (in 1984 dollars). BPA has attempted a simplified calculation of the 1987 rate impacts on each of the four IOU participants in WNP-3. Attachment 2 contains this information (in 1984 and 1987 dollars).

We have also enclosed estimates of the settlement's impact on BPA's Priority Firm rates each year for 20 years. The estimates show a neutral effect on BPA's Priority Firm rates. Across the range of Priority Firm rate scenarios, rates do not increase, or decrease, by more than 1 mill/kWh. The enclosed study description provides more details about the assumptions and interpretation of the analysis.

It should be recognized, however, that the estimates we have provided at your request, and the range of estimates prepared by BPA, address two different questions. You have asked for only the "worst case" rate impact for each IOU. BPA's analysis has, from the start, tried to identify a range of impacts described as an average for the IOUs. This difference may have caused some of the confusion about why earlier estimates made by the Subcommittee Counsel and BPA differed.

BPA's analysis identified the IOU rate impact as a range because we cannot know with certainty how much of the investment in WNP-3 each IOU might be allowed by the State public utility commissions with, or without, the settlement. We believe a year-by-year estimate, for each IOU, using only one "return on investment" scenario, suggests a level of accuracy that is not warranted given the uncertainties which exist.

In your letter you mentioned your concern stemmed from the disparity between the Subcommittee Counsel's estimates of the rate impacts for PGE and BPA's estimates of the average impacts. To more accurately assess the impact on this one utility, we contacted PGE and requested they provide us with their own analysis of the settlement proposal's impact on their rates. A copy of PGE's analysis is enclosed as Attachment 3. PGE projects an impact in their rates in 1987 ranging from a decrease of -0.1 percent to an increase of 4.1 percent (approximately -0.05 to 2.4 mills/kWh). Attachment 4 identifies those PGE assumptions which differ from BPA's "worst case" assumptions and reconciles the two independent rate estimates.

We understand your concerns and your desire to identify the year-by-year "worst case" rate impacts of the settlement proposal. We believe in addition, that it is equally important in evaluating the settlement to examine the other possible outcomes, including those with little impact on IOU rates and those that could result in an actual decrease in IOU rates.

Again, the impact on IOU rates, if any, will be created by the State public utility commissions' decisions on what costs should be included in each IOU rate base. To fairly evaluate the settlement, the region should look with open eyes at all the possible outcomes--good and bad--of those decisions. This is exactly what BPA is doing. Be assured that over the next 6 weeks of

the extended public process we will continue to review this issue and all others raised by the public. Of course, we will keep you informed of developments.

If you have any questions or comments, please contact us.

Sincerely,

(Sgd) ROBERT E. RATCLIFFE

ACTING Administrator

4 Enclosures

BPA:GKantor:tm:x7306:6-13-85 (WP-ALG-5775P)

CC:

BPA-AC (2)

J. Robertson/D. Geiger - AL

H. Spigal - AP

S. Ailshie/P. Crabtree - D

G. Tupper - O

E. Sienkiewicz - P

W. Pollock - PH

Adm. Chron. File - A

Official File - ALG (CCO #71)

REVISED RATE IMPACT ANALYSIS

The attached tables contain the results of a rate impact analysis that is a revision of the analysis contained in the February 1985 issue update on the proposed WNP-3 settlement. Since the original analysis was conducted, a considerable amount of data and information has been developed on the costs of WNP-3 and their treatment in the retail rates of the investor-owned utilities (IOUs). The updated costs and detailed treatment of these costs under alternative scenarios reflecting different State Public Utility Commission (PUC) treatment of the costs were explicitly included in this analysis. The analysis was also revised to assume that all IOU firm power surpluses are sold in the nonfirm market to the Pacific Southwest or for the displacement of regional firm resources. When the IOUs are in deficit, the power received under the settlement exchange is used to reduce power purchases from BPA at the New Resources Firm Power (NR) rate.

The results presented are for the Priority Firm Power (PF) rate and the average retail rate for all IOUs in the region (including Idaho Power Co., Montana Power Co., and CP National which are not WNP-3 participants). BPA does not have existing models which forecast specific IOU rates on a long-term basis, that take into account the interaction between IOU rates, purchases from BPA, sales in the nonfirm and surplus market, and IOU and other regional load growth. However, the one year analysis for each of the four IOU participants in WNP-3 under the "worst case" scenario (Attachment 2) can reasonably be expected to follow a similar pattern as the aggregate rate impacts when adjusted for magnitude.

As in the original analysis, considerable uncertainty still exists about the completion of WNP-3 and about the state PUC treatment of the IOUs sunk investment costs for WNP-3 in retail rates and in determining average system costs (ASCs) for the residential and small farm load exchange. Therefore, this analysis includes scenarios where WNP-3 is completed and where it is terminated, as well as differing assumptions about PUC treatment of the sunk costs. This includes a "worst case" where WNP-3 is terminated and all the state PUCs allow full recovery in the IOUs' retail rates, but the sunk costs are not allowed in their ASC determinations. They should provide a sense of the uncertainty associated with the potential rate impacts of the WNP-3 settlement.

The results in Tables 1 and 2 show that under the "worst case," comparing against a base case with termination and no settlement, the IOU rate impacts reach a high of 2.6 mills/kWh (constant 1984 dollars) in FY 1987 and decline to 0.2 mills/kWh in FY 2005. Under more favorable conditions, where WNP-3 is completed and the PUCs allow no sunk costs into rates or ASC, the maximum IOU rate impact is 0.2 mills/kWh in FY 1987 and declines to a reduction in IOU rates in FY 2005 of 1.8 mills/kWh. These results generally bound the results for the other cases. The impacts on the BPA PF rate are considerably less. This analysis does not alter the conclusion that the settlement has no impact on the evaluation of the cost effectiveness of the plant.

The base cases for this analysis, where WNP-3 is either constructed or terminated, assume not only that the settlement proposal is not implemented but that BPA wins the lawsuit. However, the outcome of this lawsuit is still extremely uncertain and the base cases could also have included consideration of potential damages that BPA would be required to pay or immediate restart of

construction on WNP-3. In addition, its far from certain how the state PUCs will deal with the treatment of the IOUs' sunk costs for WNP-3 in the IOUs' retail rates. Absent the settlement, the PUCs may still allow partial or full recovery of those costs.

Major Assumptions and Methodologies

- Supply Pricing Model (SPM) used for aggregate analysis.
- WNP-3 on-line in March 1992 for completion cases. Under termination cases, preservation costs end after October 1986. WNP-1 on-line in September 1993.
- Incremental revenue requirement streams for the WNP-3 IOU sunk costs were developed exogenously and input directly into the SPM.
- Nonfirm revenues are calculated endogenously in the SPM based on a probabilistic allocation of available nonfirm and surplus firm generation. Rates applied are projected BPA Standard nonfirm rates and Displacement rates.
- Level of service to the IOUs under the WNP-3 exchange from Federal nonfirm and IOU combustion turbines is calculated endogenously by the SPM.
- IOU deficits are assumed to be served by BPA under the NR rate.
- Annual increments to the IOU's revenue requirements, including a "gross up" for income tax liabilities, were input explicitly into the SPM.

TABLE 1
 WNP-3 SETTLEMENT
 BEA PRIORITY FIRM RATES
 ALTERNATIVE RATE BASE AND ASC DETERMINATIONS
 (Constant 1984 mills/kwh)

Year	1C	2C	3C	4C	1T	2T	3T	4T
1987	19.5	19.5	19.6	20.0	19.0	19.2	19.4	19.4
1988	19.1	19.5	19.6	20.0	18.7	19.1	19.2	19.6
1989	20.9	21.0	21.1	21.4	20.2	20.4	20.5	20.7
1990	20.2	20.4	20.5	20.7	19.2	19.4	19.5	19.7
1991	20.6	20.7	20.9	21.1	19.4	19.5	19.6	19.9
1992	20.9	20.6	20.7	20.9	19.2	19.4	19.5	19.7
1993	20.5	20.2	20.2	20.5	18.8	19.0	19.1	19.2
1994	20.0	19.7	19.9	20.0	18.2	18.3	18.5	18.7
1995	19.5	19.2	19.2	19.4	17.8	18.0	18.1	18.2
1996	19.2	18.8	19.0	19.1	17.3	17.5	17.6	17.7
1997	18.7	18.5	18.5	18.6	17.1	17.2	17.2	17.3
1998	18.0	17.8	17.8	18.0	16.7	17.0	17.0	17.1
1999	17.6	17.3	17.3	17.5	16.5	16.6	16.7	16.8
2000	17.2	17.0	17.0	17.1	16.2	16.2	16.3	16.5
2001	16.8	16.6	16.7	16.7	16.0	16.0	16.1	16.1
2002	16.6	16.3	16.5	16.5	15.8	15.8	16.0	16.0
2003	16.5	16.1	16.2	16.3	16.8	16.3	16.5	16.6
2004	16.3	16.0	16.1	16.1	17.0	17.0	17.1	17.1
2005	16.8	16.1	16.2	16.2	17.1	17.1	17.1	17.2

NOTES: C = WNP-3 is completed.
 T = WNP-3 is terminated.

1C: No settlement is reached.

2C: Settlement costs are spread over all rate pools. PUC's do not allow WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

3C: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

4C: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are included in ASC.

1T: No settlement is reached.

2T: Settlement costs are spread over all rate pools. PUC's do not allow WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

3T: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

4T: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are included in ASC.

TABLE 2
 WNP-3 SETTLEMENT
 IOU AVERAGE RETAIL RATES
 ALTERNATIVE RATE BASE AND ASC DETERMINATIONS
 (Constant 1984 mills/kwh)

Year	1C	2C	3C	4C	1T	2T	3T	4T
1987	39.8	40.0	42.3	41.8	39.6	40.0	42.2	41.6
1988	39.8	40.0	42.1	41.7	39.6	39.8	42.0	41.5
1989	40.8	41.0	43.0	42.6	40.6	40.7	42.6	42.2
1990	40.7	40.8	42.6	42.3	40.2	40.3	42.1	41.8
1991	41.1	41.2	42.8	42.5	40.5	40.6	42.1	41.8
1992	42.1	41.2	42.6	42.3	40.5	40.6	42.0	41.7
1993	42.7	41.1	42.5	42.2	40.5	40.6	41.8	41.6
1994	42.5	41.0	42.2	42.0	40.2	40.3	41.6	41.3
1995	42.2	40.8	41.8	41.7	40.1	40.3	41.3	41.2
1996	42.1	40.7	41.7	41.5	40.0	40.1	41.1	41.0
1997	41.7	40.5	41.3	41.2	39.7	39.8	40.8	40.6
1998	41.6	40.5	41.2	41.1	39.8	40.0	40.8	40.7
1999	41.5	40.3	41.1	41.0	39.8	40.0	40.7	40.6
2000	41.3	40.5	41.1	41.0	40.1	40.1	40.7	40.6
2001	41.2	40.3	41.0	40.8	40.1	40.0	40.6	40.5
2002	41.2	40.3	40.8	40.8	40.3	40.1	40.7	40.6
2003	41.3	40.6	41.1	41.1	42.8	41.7	42.3	42.2
2004	41.6	40.7	41.2	41.1	43.4	43.2	43.7	43.6
2005	43.1	41.3	41.7	41.7	44.0	43.9	44.2	44.2

NOTES: C = WNP-3 is completed.

T = WNP-3 is terminated.

1C: No settlement is reached.

2C: Settlement costs are spread over all rate pools. PUC's do not allow WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

3C: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

4C: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are included in ASC.

1T: No settlement is reached.

2T: Settlement costs are spread over all rate pools. PUC's do not allow WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

3T: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are not included in ASC.

4T: Settlement costs are spread over all rate pools. PUC's allow all WNP-3 sunk costs in rate base. WNP-3 sunk costs are included in ASC.

POTENTIAL WORST CASE WNP-3 SETTLEMENT EFFECTS
ON REGIONAL IOU
AVERAGE PRICE OF ELECTRICITY

	<u>PG&E</u>	<u>PP&L 1/</u>	<u>WNP</u>	<u>PSP&L</u>	<u>COMBINED</u>
WNP-3 Addition to Average Rate Base (\$000)	300,643	212,907	152,687	129,227	
Before Tax Return (%)	20.73	18.90	18.80	20.71	
Return on Rate Base (\$000)	62,323	40,239	28,705	26,763	
WNP-3 Deprec. Expense (\$000)	8,714	6,171	4,426	3,746	
WNP-3 O&M Expense (\$000)	11,620	8,595	5,810	5,810	
Subtotal - Increase in Rev. Req. (\$000)	82,657	55,005	38,941	36,319	
Credit for Incremental Off-System Sales Rev. (\$000)	(11,620)	(8,595)	(5,810)	(5,810)	
Net Increase in Revenue Requirement (\$000)	71,037	46,410	33,131	30,509	101,087
Total Retail Load (gWh) (excludes sales for resale)	13,765	15,308	7,084	15,945	52,102
Mills/kWh Increase - 87¢ (across retail loads)	5.2	3.0	4.7	1.9	3.5
Mills/kWh Increase - 84¢ 2/ (across retail loads)	4.4	2.6	4.0	1.6	3.0

NOTES AND ASSUMPTIONS

This analysis assumes that utility commissions would allow IOU's to include WNP-3 capital costs, direct and indirect, in rate base and earn a return; in addition, it assumes WNP-3 depreciation expense and surrogate O&M expenses would be allowed. For purposes of this analysis, in determining the full worst case effects of the settlement, a full year's effect of rate-basing WNP-3 capital costs has been shown.

This analysis assumes that additional power provided by the proposed settlement would be sold off-system producing revenues equal to WNP-3 O&M expense.

This analysis does not take into account the possible benefits to IOU's from the exchange program. If the IOU's were allowed to exchange such costs, the increased net benefits received from BPA would reduce the rate increase to IOU residential customers (provided the utility is not deeming).

WNP-3 Addition to Average Rate Base: This reflects the average rate base increase during the first full year based on addition of IOU WNP-3 capital costs reported as of the end of calendar year 1984. Sources: PGE-1984 Annual Report, PP&L-1984 Annual Report, WNP-1984 Annual Report, PSP&L-1984 Form 10 K. This analysis assumes that additional capital costs will not be incurred and that no additional AFUDC is accrued. No write-off of losses or associated income tax benefits are assumed.

Before Tax Return (%): This is the before tax rate of return required to achieve the approved after tax rate of return. The after tax rates of return used in this analysis are those rates of return from the rate orders upon which the most recent ASC filings are based. In computing the aggregate before tax rate of return for each IOU, the equity portion of the after tax allowable return was adjusted by the utility's net to gross factor.

Return on Rate Base: Computed as WNP-3 Addition to Average Rate Base X Before Tax Return.

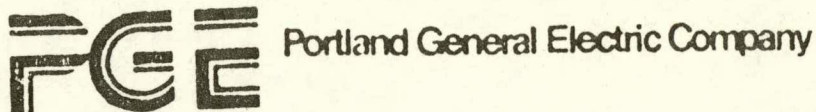
WNP-3 Depreciation Expense: Assumes 100% is depreciated over 35 years, straight-line method.

WNP-3 O&M Expense: O&M is expressed in 86¢, assuming 161 MW are exchanged; 22.0 mills/kWh in 84¢, 6% annual escalation.

Total Retail Load (excludes sales for resale): Source: Northwest Regional Forecast of Power Loads and Resources, July 1985 - June 2005, PNUCC, March 1985; adjusted downward by 4.3% to exclude losses.

1/ PP&L total utility costs have been adjusted by 73.9% to reflect regional figures.

2/ Based on escalation factors of 5.0%, 5.0%, and 5.2% for 1985, 1986, and 1987.



May 31, 1985

Walter E. Pollock
Asst. Power Manager for Resources
Planning and Acquisition - PH
Bonneville Power Administration
PO Box 3621
Portland OR 97208

Dear Walt:

Subject: Rate Effect of WNP 3 Settlement

At your request, we have prepared a quick analysis of the impact of the WNP 3 settlement on Portland General Electric Company's rates. Please feel free to use this analysis as you see fit in your response to Representative Weaver.

The analysis examines the effect on PGE's overall rates using the assumptions contained in Representative Weaver's May 20 letter to BPA. The analysis includes both a "worst case" with no inclusion of costs in the residential exchange and the case in which WNP 3 costs are included in the exchange in compliance with BPA's currently adopted methodology.

The amount of investment recovered in rates will be influenced by many factors. These will affect the amount requested by PGE and then the amount allowed by the Oregon Public Utility Commissioner. The final determinations will include consideration of the impact on rate levels, prudence and timing of investment, and equity between ratepayers and shareholders. Since the amount of cost that will be sought or allowed in rates is unknown, a table of results has been provided which brackets the potential impacts. The studies display results assuming that from zero to 100 percent of the costs of the remaining WNP 3 investment are recovered in rates.

The level of revenues used to compute the percent change in rate levels is an estimate and may increase or decrease with changing assumptions. Revenues are assumed to increase at approximately 5 percent per year (approximately the rate of inflation). The analysis assumes that the income tax deductibility of a WNP 3 write-off is allowed in 1987 and is equal to the amount of direct expenditures. Future amounts of revenue allowed above the exchange

Walter E. Pollock
May 31, 1985
Page 2

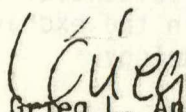
contract energy price are not assumed to be tax deductible, resulting in an increase in the future income taxes payable when those taxable revenues are received. The price of energy resulting from the settlement exchange contract of WNP 3 is assumed to increase at 1 percent above the rate of inflation.

The "avoided cost" figures that are used in this analysis were submitted for review in a recent filing to the Oregon Public Utility Commissioner. This filing is currently being revised; however, the revised figures are anticipated to be approximately equal to the figures used in this analysis.

In the analysis, the 100 percent recovery of the remaining investment in WNP 3 does not fully recapture the total investment to date in WNP 3 since a portion of the investment has been written off against the Company's earnings and is not included.

If you have any questions regarding the attached analysis, please give me a call. Thank you for the opportunity to contribute to your response on this issue.

Sincerely,


Greg L. Anderson
General Manager
Rates and Revenue Requirements

GA/1sh
3621e.585

Calculation of Rate Impact of WMP3 Settlement
5/21/85

Assumptions:

WMP3 Capacity (MW)	1240
WMP3 Capacity Factor	0.65
PG&E Share of Output	6.67%
PG&E Share of Energy	470939
Initial Cost of WMP3 Energy (\$/Mwh)	20.6
Rate Escalation Rate	5%
Nuclear Fuel Escalation Rate	6%
Income Tax Rate	50.05%
PG&E Cost of Capital	

	% Cap.	Rate	Wt Cost
Debt	45.5%	0.105	0.0476
Equity	40.0%	0.149	0.0596
Preferred	14.4%	0.129	0.0185
	100.0%		0.1258

PG&E Remaining Investment	
Direct Expenditures (\$*1000)	177000
Indirect Expenditures (\$*1000)	36000
Total Expenditures	213000
Investors After Tax Loss	124412
PG&E Total Revenue Requirements (1987 Estimated)	1000000

Calculation of Variable Cost Savings

Year	PG&E Avoided Energy Cost (\$/Mwh)	WMP3 Energy Cost (\$/Mwh)	Variable Capacity Cost Savings (\$*1000)	Capacity Cost Savings (\$/kw-yr)	Capacity Cost Savings (\$*1000)	Total Avoided Cost Savings (\$*1000)
1987	22.0	20.6	659		0	659
1988	23.0	21.8	548		0	548
1989	25.0	23.1	873		0	873
1990	27.0	24.5	1161		0	1161
1991	29.0	26.0	1410		0	1410
1992	30.0	27.6	1146		0	1146
1993	32.0	29.2	1309		0	1309
1994	32.0	31.0	483	65.40	5409	5892
1995	33.0	32.8	79	68.04	5627	5706
1996	37.0	34.8	1035	68.14	5636	6670
1997	37.0	36.9	51	70.19	5805	5856
1998	43.0	39.1	1834	71.55	5918	7752
1999	115.0	41.5	34637		0	34637
2000	120.0	43.9	35820		0	35820
2001	125.0	46.6	36934		0	36934
2002	131.0	49.4	38443		0	38443
2003	138.0	52.3	40345		0	40345
2004	144.0	55.5	41692		0	41692
2005	151.0	58.8	43421		0	43421
2006	155.0	62.3	43643		0	43643

Calculation of Full Recovery
Recovery of WMP3 Investment

Capital Recovery (\$*1000)	Return Reqts (\$*1000)	Income Taxes (\$*1000)	Total Revenue Reqts. (\$*1000)
4147	15649	13899	33694
4147	15127	13574	32848
4147	14605	13249	32001
4147	14084	12924	31155
4147	13562	12599	30309
4147	13041	12275	29462
4147	12519	11950	28616
4147	11997	11625	27769
4147	11476	11300	26923
4147	10954	10976	26077
4147	10432	10651	25230
4147	9911	10326	24384
4147	9389	10001	23538
4147	8868	9676	22691
4147	8346	9352	21845
4147	7824	9027	20998
4147	7303	8702	20152
4147	6781	8377	19306
4147	6259	8053	18459
4147	5730	7728	17613

TOTAL RATE IMPACT

Year	Percent of Investment Recovery					
	0%	20%	40%	60%	80%	100%
1987	-659	6080	12818	19557	26296	33035
1988	-540	6021	12591	19161	25730	32300
1989	-873	5527	11928	18328	24728	31128
1990	-1161	5070	11301	17532	23763	29994
1991	-1410	4652	10714	16776	22837	28899
1992	-1146	4747	10639	16532	22424	28317
1993	-1309	4415	10138	15861	21584	27307
1994	-5892	-338	5216	10770	16324	21878
1995	-5706	-321	5063	10448	15833	21217
1996	-6670	-1455	3760	8976	14191	19406
1997	-5856	-810	4236	9282	14328	19374
1998	-7752	-2875	2091	6878	11755	16632
1999	-34637	-29929	-25222	-20514	-15807	-11099
2000	-35820	-31282	-26744	-22206	-17668	-13129
2001	-36934	-32565	-28196	-23827	-19458	-15089
2002	-38443	-34244	-30044	-25844	-21645	-17445
2003	-40345	-36314	-32284	-28254	-24223	-20193
2004	-41692	-37831	-33970	-30108	-26247	-22386
2005	-43421	-39729	-36037	-32345	-28654	-24962
2006	-45143	-40121	-36598	-33076	-29553	-26030
NPV	-59259	-17875	23509	64892	106276	147659

PERCENTAGE INCREASE IN TOTAL RATES

Year	FGF Total Est. Revenues	Percent of Investment Recovery					
		0%	20%	40%	60%	80%	100%
1987	800000	-0.1%	0.1%	1.6%	2.4%	3.3%	4.1%
1988	840000	-0.1%	0.7%	1.5%	2.3%	3.1%	3.8%
1989	882000	-0.1%	0.6%	1.4%	2.1%	2.8%	3.5%
1990	926100	-0.1%	0.5%	1.2%	1.9%	2.6%	3.2%
1991	972405	-0.1%	0.5%	1.1%	1.7%	2.3%	3.0%
1992	1021025	-0.1%	0.5%	1.0%	1.6%	2.2%	2.8%
1993	1072077	-0.1%	0.4%	0.9%	1.5%	2.0%	2.5%
1994	1125680	-0.5%	.0%	0.5%	1.0%	1.5%	1.9%
1995	1181964	-0.5%	.0%	0.4%	0.9%	1.3%	1.8%
1996	1241063	-0.5%	-0.1%	0.3%	0.7%	1.1%	1.6%
1997	1303116	-0.4%	-0.1%	0.3%	0.7%	1.1%	1.5%
1998	1368271	-0.6%	-0.2%	0.1%	0.5%	0.9%	1.2%
1999	1436605	-2.4%	-2.1%	-1.8%	-1.4%	-1.1%	-0.8%
2000	1508519	-2.4%	-2.1%	-1.8%	-1.5%	-1.2%	-0.9%
2001	1583945	-2.3%	-2.1%	-1.8%	-1.5%	-1.2%	-1.0%
2002	1663143	-2.3%	-2.1%	-1.8%	-1.6%	-1.3%	-1.0%
2003	1746300	-2.3%	-2.1%	-1.8%	-1.6%	-1.4%	-1.2%
2004	1833615	-2.3%	-2.1%	-1.9%	-1.6%	-1.4%	-1.2%
2005	1925295	-2.3%	-2.1%	-1.9%	-1.7%	-1.5%	-1.3%
2006	2021360	-2.2%	-2.0%	-1.8%	-1.6%	-1.5%	-1.3%

OF POTENTIAL RATE EFFECTS
OF THE PROPOSED WNP-3 SETTLEMENT
1987

1/
Mills/kWh

BPA "WORST CASE" INCREASE (see Attachment 2)

5.2

RECONCILIATION ADJUSTMENTS FOR ALTERNATE ASSUMPTIONS:

1984 WRITE-OFF OF \$69 MILLION 1/

(1.6)

TERMINATION IN 1987 2/

(1.6)

AVOIDED COST SAVINGS 3/

(.1)

OTHER 4/

.5

- BPA's 35-year depreciation vs. PGE's 30-year
amortization

- BPA's use of average rate base approach

PGE MAXIMUM INCREASE (see Attachment 3)

2.4

1/ BPA assumed that all WNP-3 sunk costs are included in PGE's rate base. PGE wrote off \$69 million of WNP-3 indirect costs in 1984 and incorporated this write-off in their analysis. The resulting lower rate base return, income taxes and amortization expense reduced PGE's rate effects relative to BPA's analysis.

2/ BPA assumed no termination of WNP-3 by 1987 whereas PGE assumed termination before 1987. The resulting termination tax benefits lowered PGE's rate base return, income taxes and amortization expense, and reduced PGE's rate effects relative to BPA's analysis.

3/ BPA assumed the variable cost of the exchange power PGE received from BPA was exactly equal to PGE's avoided cost. In other words, the variable cost of the exchange power was exactly offset by increased off system sales and/or reduced power purchases. PGE assumed that the variable cost of the exchange power was lower than their 1987 avoided cost. The benefits of this differential for PGE's ratepayers reduced PGE's rate effects relative to BPA's analysis.

4/ PGE made two other assumptions which increased the rate effects in the PGE analysis relative to the BPA analysis. First, BPA assumes the rate base addition to be a capital asset which is then depreciated on a straight-line

OF POTENTIAL RATE EFFECTS
OF THE PROPOSED WNP-3 SETTLEMENT
1987

	<u>1/</u> <u>Mills/kwh</u>
BPA "WORST CASE" INCREASE (see Attachment 2)	5.2
 <u>RECONCILIATION ADJUSTMENTS FOR ALTERNATE ASSUMPTIONS:</u>	
1984 WRITE-OFF OF \$69 MILLION <u>1/</u>	(1.6)
TERMINATION IN 1987 <u>2/</u>	(1.6)
AVOIDED COST SAVINGS <u>3/</u>	(.1)
OTHER <u>4/</u>	<u>.5</u>
- BPA's 35-year depreciation vs. PGE's 30-year amortization	
- BPA's use of average rate base approach	
 PGE MAXIMUM INCREASE (see Attachment 3)	 2.4

- 1/ BPA assumed that all WNP-3 sunk costs are included in PGE's rate base. PGE wrote off \$69 million of WNP-3 indirect costs in 1984 and incorporated this write-off in their analysis. The resulting lower rate base return, income taxes and amortization expense reduced PGE's rate effects relative to BPA's analysis.
- 2/ BPA assumed no termination of WNP-3 by 1987 whereas PGE assumed termination before 1987. The resulting termination tax benefits lowered PGE's rate base return, income taxes and amortization expense, and reduced PGE's rate effects relative to BPA's analysis.
- 3/ BPA assumed the variable cost of the exchange power PGE received from BPA was exactly equal to PGE's avoided cost. In other words, the variable cost of the exchange power was exactly offset by increased off system sales and/or reduced power purchases. PGE assumed that the variable cost of the exchange power was lower than their 1987 avoided cost. The benefits of this differential for PGE's ratepayers reduced PGE's rate effects relative to BPA's analysis.
- 4/ PGE made two other assumptions which increased the rate effects in the PGE analysis relative to the BPA analysis. First, BPA assumes the rate base addition to be a capital asset which is then depreciated on a straight-line

basis over 35 years. No additional taxes result from the depreciation expense. PGE assumes the rate base addition to be a capital loss which is amortized on a straight-line basis over 30 years. Additional income taxes result from the amortization charge. Second, BPA used an average rate base approach by charging one-half years depreciation to the rate base addition prior to calculating the return on rate base. PGE calculated their return based on the full addition to rate base with no charge for depreciation.

Note: This analysis assumes PGE's 1987 total retail loads, excluding losses, are 13,765 gWh. (See Attachment 2, Total Retail Load (excluding sales for resale.)

Exhibit D

Jim Weaver, Chairman of the House Subcommittee on General Oversight,
Northwest Power, and Forest Management,
Press Release
(September 6, 1985)

September 6, 1985

FOR IMMEDIATE

PUBLIC INVOLVEMENT

No. WPP3 Date
243 SEP 06 1985

Referred to:
RELEASE

Action Taken:
 Ans. No Reply

BPA MOVE ON WPPSS 3 COULD COST OREGON RATEPAYERS \$2 BILLION

The Bonneville Power Administration's proposed settlement of lawsuits brought by Portland General Electric Co. (PGE) and Pacific Power & Light Co. (PP&L) could cost Oregon ratepayers nearly \$2 billion over the next 30 years, according to a study released today by Rep. Jim Weaver, chairman of the U.S. House of Representatives Subcommittee on General Oversight, Northwest Power, and Forest Management, which oversees BPA.

"This so-called settlement is really a scheme hatched by the private utilities, the Oregon Public Utility Commissioner and BPA to bilk the region's electricity ratepayers," said Weaver. "The primary objective of the Oregon utilities, PGE and PP&L, is to use the settlement agreement to circumvent Oregon Ballot Measure 9, enacted by the voters in 1978 to prohibit the utilities from charging ratepayers for the cost of uncompleted projects. They think they can use the settlement to get around this law, and, with the help of the Oregon Public Utility Commissioner, they may well be right."

In 1983, the four largest private utilities in the Pacific Northwest, including PGE and PP&L, sued BPA over its decision to halt construction on Nuclear Project No. 3 of the Washington Public Power Supply System (WPPSS 3). Rather than defend this decision in court, BPA intends to offer the private utilities a "settlement" in which BPA would obtain the private utilities' 30% share of the mothballed WPPSS 3 project in return for selling them 50 billion kilowatt-hours of federal power over the next 30-33 years at rates based upon the operating and maintenance costs of 4 "surrogate" nuclear power plants around the country.

09/06 16:50

BPA WASHINGTON DC

#07

By trading their shares of the uncompleted WPPSS 3 project for this power from BPA, PGE and PP&L believe they could charge Oregon ratepayers for \$470 million of the money they have already spent on WPPSS 3. The Weaver study shows that, if the settlement enables PGE to put its WPPSS 3 costs into its ratebase, then PGE rates would increase by \$72 million in 1987 and by a total of \$1.27 billion over the next 30 years. Similarly, PP&L's rates in Oregon could increase by \$39 million in 1987 and \$684 million over the 30-year period. Total rate increase facing Oregon: \$1.95 billion.

"I call this the 7/11 raw deal for Oregon," said Weaver, "because PP&L rates would go up by 7%, and PGE rates would rise by 11%. This is like a lottery where the utility stockholders always win and the ratepayers always lose."

"BPA claims that the WPPSS 3 settlement won't cost the ratepayers anything," noted Weaver. "But none of BPA's economic 'studies' accounts for this rate increase for customers of the private utilities. BPA has deliberately evaded this issue for months."

Today was the last day BPA will receive comments on the proposed settlement. The Utility Reform Project, a group that has represented ratepayers in proceedings before the Oregon Commissioner, told BPA that it would intervene in the litigation, if necessary to protect Oregon consumers.

CONTACT: Dan Meek (202) 225-1661
Staff Director
Subcommittee on General Oversight, Northwest Power,
and Forest Management
1626 Longworth Building
Washington, D.C. 20515

Exhibit E

Letter From Puget Sound Power & Light Co. to
Peter Johnson, BPA Administrator,
Retail Rate Impacts of WNP-3 Settlement on PSP&L Customers
(August 1, 1985)

PUGET SOUND POWER & LIGHT COMPANY

P.O. BOX 97034
BELLEVUE, WASHINGTON 98009-9734
(206) 454-6363

July 30, 1985

OFFICIAL FILE COPY

No. 6 Date
AUG 01 1985

Referred To:

Action Taken

ANS. NC REPLY

By Date

Mr. Peter T. Johnson, Administrator
Bonneville Power Administration
Post Office Box 3621
Portland, Oregon 97208

Dear Peter:

You inquired as to the relative impact of the proposed WNP-3 settlement on the retail rates of Puget Sound Power & Light Company.

As you know, Puget Power serves customers at retail only in the State of Washington and, therefore, the public service commission solely responsible for regulating Puget's retail rates is the Washington Utilities and Transportation Commission (WUTC). Any rate consequences of the proposed settlement ultimately, of course, would have to be approved by the WUTC, subject to appellate review. However, this letter will serve to describe how Puget views the likely rate consequences of the proposed settlement, subject always to the reservation that the WUTC might see them differently in the context of a specific rate proceeding.

As a public service company under the laws of the State of Washington, Puget must provide service to customers within its service territory. In order to discharge this "duty to serve," we have traditionally either built and owned generating facilities or purchased power from others that we then resell to our retail customers. Taking a five-percent ownership interest in WNP-3 was an integral part of our efforts to discharge our "duty to serve" and, prior to mothballing, power from that project was expected to be available approximately January, 1987. If the project had not been mothballed, Puget would have sought rate recognition from the WUTC, effective approximately January, 1987, to recognize the costs of WNP-3 as an operating project. At that time, we would have expected the WUTC to include our WNP-3 investment in our rate base, thereby, enabling us to recover, through rates, our costs of money on that investment. We also would have expected the WUTC to have recognized the O&M expenses associated with WNP-3 in our rates.

If we had not participated in WNP-3, we would have had to acquire an equivalent amount of power on approximately the same time schedule in order to discharge our "duty to serve." Such power would have been acquired through ownership in another project or from power purchases. Presumably, the rate impacts of such

PUGET SOUND POWER & LIGHT COMPANY

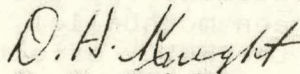
Mr. Peter T. Johnson
Page Two
July 30, 1985

alternatives would have been similar to the rate impacts of WNP-3 going into service in approximately January, 1987. The point made by the foregoing is simple. Puget would need rate recognition of an additional power supply resource in approximately January, 1987, whether it was WNP-3 or another resource. Because the actions of BPA and WPPSS in mothballing WNP-3 have deprived Puget of WNP-3 as a power supply in January, 1987, it has had to obtain a substitute. The exchange power to be furnished to us by BPA under the proposed WNP-3 settlement is contemplated to be that substitute and its rate consequences will simply be in place of (not in addition to) those which Puget would have expected anyway if WNP-3 had been completed on the contractual time schedule or if some other resource had been acquired by Puget in its place to discharge its "duty to serve."

There is one other situation that merits examination. If the proposed settlement is not consummated, the continued viability of WNP-3 will be threatened. If the project is abandoned, the likely retail rate impact for Puget Power is two-fold. First, based on past precedent in Washington, it would be anticipated that the WUTC would allow Puget to recover, in rates, its net investment in WNP-3 over ten years, which would represent a period of time significantly shorter than the anticipated life of the project or the anticipated life of the Settlement Exchange Agreement. Second, Puget would have to arrange for a substitute resource as discussed above and seek rate recovery of its costs. Assuming Puget recovers damages from BPA and/or WPPSS, the WUTC may seek to assert jurisdiction to determine how, if at all, such damage recovery should impact rates.

We trust the foregoing is responsive to your question.

Very truly yours,



D. H. Knight
Senior Vice President

Exhibit F

Letter From The Washington Water Power Company to
Peter Johnson, BPA Administrator,
Rate Impacts of the WNP-3 Settlement.
(July 31, 1985)

The Washington Water Power Company

Paul A. Redmond

Chairman of the Board,
President and
Chief Executive Officer

OFFICIAL FILE COPY	
No. JUL 31	Date 1985
Referred To:	
Action Taken	
<input type="checkbox"/> ANS.	<input type="checkbox"/> NO REPLY
By	Date

July 29, 1985

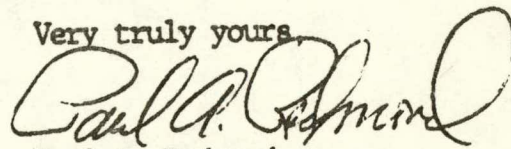
Mr. Peter Johnson
Administrator
Bonneville Power Administration
P. O. Box 3621
Portland, Oregon 97208

Dear Mr. Johnson:

This letter is in response to concerns expressed in reference to the impact on the customers of the investor owned utilities following a settlement of the Project 3 construction delay litigation.

Normally when new projects come into service a regulated utility's investment is rate based at one time and a rate increase to reflect the investment is made effective at one time. This approach was adopted by both the Washington Utilities and Transportation Commission and the Idaho Public Utilities Commission in respect to the Company's investment in Colstrip Unit 3. However, in respect to Project 3, the Company currently contemplates a "phasing in" of one-fifth of its investment over five years rather than rate basing its investment all at one time. Thus, a rate increase associated with a settlement of Project 3 would represent approximately a 2% increase per year for five years assuming that the respective state commissions agree with the Company's proposed approach.

Very truly yours,



Paul A. Redmond

RECEIVED - AP

UG 85 3: 35

Exhibit G

Letter from Portland General Electric Co. to
Peter Johnson, BPA Administrator,
Rate Impacts of the WNP-3 Settlement,
(July 30, 1985)

PACIFIC POWER & LIGHT COMPANY

920 S.W. SIXTH AVENUE · PORTLAND, OREGON 97204 · (503) 243-1122

David F. Bolender
President

OFFICIAL FILE COPY	
No.	Date JUL 31 1985
Referred To:	
Action Taken <input type="checkbox"/> ANS. <input type="checkbox"/> NO REPLY	
By	Date

July 31, 1985

Peter Johnson
Bonneville Power Administration
1002 NE Holladay
Portland, Oregon 97208

Dear Mr. Johnson:

The purpose of this letter is to respond to your request for information about the possible impact of WNP-3 settlement on Pacific Power & Light Company's retail electric rates.

Under the terms of the proposed settlement, Pacific Power has until 1996 to decide whether or not it will enter the WNP-3 exchange. If it does not do so, there should be no impact on our rates whatsoever, except for the possible beneficial effect that settling this matter might have on company financing costs.

In the near term, Pacific has available to it incremental generating resources that are less expensive than the power that would be available to us under the proposed agreement. Accordingly, there is no current plan to add exchange "resources" to our rate base.

There are, however, two sets of circumstances in which we would enter the exchange:

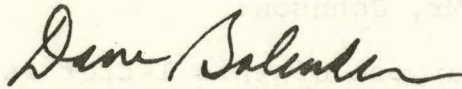
- o First, we would do so if it appears there is a viable wholesale marketing opportunity for the exchange power (that is, an opportunity to sell it to other utilities who may have a more immediate need for the power than Pacific).
- o Second, we would enter the exchange if it appears the power is needed by our retail customers and is cost effective from a system planning standpoint.

If the power is sold on the wholesale market, we anticipate the transaction would have either no effect on retail rates, or would lower those rates.

If additional power ultimately is needed to meet the requirements of Pacific's retail customers, the exchange agreement may provide a cost-effective alternative. Any determination that is made in this regard, would be subject to review by regulators in the states we serve.

Pacific thanks you for your initiative in pursuing a settlement of this portion of the ongoing WPPSS litigation. We share your belief that the proposed settlement is in the interests of all Bonneville customers.

Sincerely,



David F. Bolender
President
Pacific Power & Light Company

DFB/gb

Exhibit H

Letter From Pacific Power and Light Co. to
Peter Johnson, BPA Administrator,
Rate Impacts of the WNP-3 Settlement
(July 31, 1985)

PORTLAND GENERAL ELECTRIC COMPANY

121 S.W. SALMON STREET
PORTLAND, OREGON 97204
(503) 226-8822

ROBERT H. SHORT
CHAIRMAN OF THE BOARD

July 30, 1985

OFFICIAL FILE COPY	
No.	Date JUL 31 1985
Referred To:	
Action Taken	
<input type="checkbox"/> ANS.	<input type="checkbox"/> NO REPLY
By	Date

Mr. Peter Johnson, Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Peter,

This letter will reconfirm the information provided by Grieg Anderson of PGE on May 31, 1985, to Walt Pollock regarding the level of retail rates which might result from the pending settlement of the WNP-3 dispute.

Mr. Anderson sent Mr. Pollock an analysis of the possible rate effect of the settlement based on several "worst case" conditions given by Oregon Representative Jim Weaver. Our view of the costs and benefits of the settlement have not changed in any major respect. Provided costs of the settlement as recognized by the Public utility Commissioner of Oregon are included in Average System Costs, the greatest rate effect we currently see is 3.3 percent above rates which would otherwise prevail.

Portland General Electric Company has a genuine, long-standing concern for the rates our customers face. We are continuing to do everything possible to keep those rates low. If we can provide further information, please let us know.

Sincerely,

BoS

Exhibit I

City of Seattle, City Light Department,
Analysis of Modification to the Proposed WNP-3 Settlement Agreement
(August 14, 1985)

ANALYSIS OF

MODIFICATIONS

TO THE PROPOSED

WNP-3 SETTLEMENT AGREEMENT

August 14, 1985

City of Seattle
City Light Department
Energy Resources Planning & Management

C O N T E N T S

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3. The Revised Agreement	3
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ANALYSIS OF MODIFICATIONS TO THE PROPOSED WNP-3 SETTLEMENT AGREEMENT
AND THEIR ECONOMIC IMPACT

INTRODUCTION

The purpose of this discussion is to explain the modifications to the proposed WNP-3 Settlement Agreement and their economic impact. Modifications resulted from a series of three party negotiations during July which in turn, resulted from issues raised during the public comment period initiated April 17, 1985 when BPA and four private utilities who own 30 percent of WNP-3 published the initial Settlement Agreement proposal and Exhibits.

Background

Under the modified agreement, BPA has assumed an obligation to deliver an amount of power to the private utilities (equivalent to their investment in WNP-3 multiplied by an availability factor) in return for an irrevocable option to acquire the private utilities' share of WNP-3. BPA must deliver a minimum of 35 million megawatt hours of energy in 30.5 years to the private utilities. Actual deliveries may exceed this amount, because they are based on the actual performance of nuclear plants used as surrogates for WNP-3. BPA's delivery obligation is satisfied through an exchange with the private utilities who are obligated to provide (at BPA's request) an amount of energy from their combustion turbines equal to BPA's delivery obligation to them.

(Capacity of the private utilities' ownership share of WNP-3)

X

(Portion of the plant completed)

X

(Availability of the surrogate units)

X

(A delivery multiplier of 1.2 which represents 36 years of generation
divided by 30.5 years of delivery)

Example: 372 aMW x .667 x .65 x 1.2 multiplier = 193

Three of the private utilities (Puget Sound Power & Light, Portland General Electric and the Washington Water Power Company) have the option to delay up to .2 (or about 17 percent) of their power deliveries from BPA for up to ten years. If no delay is chosen, the utilities are still required to receive power deliveries calculated according to the above formula assuming a multiplier of 1.0. Deliveries during non-delay periods will assume an 1.2 multiplier. The option to delay deliveries for 10 years enables these utilities to receive power from BPA for almost 2 years beyond the 30.5 year term. In other words, a delay of .2 for 10 years could lead to approximately 2 additional years of deliveries (.2 x 10 years = 2.0 years of delivery at 1.0; 2.0 divided by an 1.2 delivery rate = 1.667 years).

The delayed delivery option available to the private utilities could prove beneficial; however, there is a risk associated with this option if the surrogate plants do not operate beyond a 30.5 year time frame. If a utility chooses to delay deliveries (assume a 10-year delay), and if the surrogate plants do not operate beyond 30 years, then BPA is not obligated to deliver the delayed energy.

Pacific Power and Light (PP&L) is in a slightly different position. It has indicated that it will join the Agreement; however, since it has no need for power until at least ten years hence it wants up to a ten-year delay for all deliveries. PP&L agreed to a one-time election to initiate the exchange. Once initiated, deliveries will include a 1.2 multiplier through the year 2017. If minimum deliveries of energy have been met by 2017, then BPA has no further obligation. If the minimum has not been met yet, then deliveries fall back to a 1.0 multiplier. Further, in no event does BPA have an obligation to deliver energy beyond 2027, whether or not the delivery minimum has been met.

Operation and Maintenance payments (O&M) for all of the private utilities are calculated as a function of the actual cost of operating and maintaining the surrogate plants. However, these costs are constrained by a floor and ceiling that escalate with the rate of inflation. In the event WNP-3 is commercially operable, floors and ceilings are not imposed and O&M payments are based on actual costs no matter what the plant's generation may be.

Negotiation Process

Modifications to the proposed Agreement do not change the conceptual framework of the exchange. They do, however, capture the majority of modifications, clarifications, and specifications that were identified by public agencies at a Public Power Council meeting held in Portland, Oregon June 17. (This list is attached to the document as Exhibit A) All public agencies, representing seven litigant groups, were invited

to participate in the Public Power Council activities. Three of these groups chose to participate directly in the three party negotiations with the private utilities and BPA (Seattle City Light, Snohomish County PUD also representing Clallam County PUD, and Eugene Water and Electric Board also representing Clatskanie, Central Lincoln, Tillamook, Columbia River, Emerald and Northern Wasco Public Utility Districts). The remaining four litigant groups did not participate in the negotiations for a variety of reasons.

The Revised Agreement

Three party negotiations started on July 11th and were completed on August 2nd; the result being substantial modifications to the Agreement. A description of the modifications and Letters of Understanding follow.

- (1) A floor was applied to the operation and maintenance costs paid by the private utilities for nuclear generation. The Agreement initially set the O&M costs as a function of the O&M costs of the surrogate plants or WNP-3 (if the plant was completed). During the public comment process, the concern that these costs may drop below the opportunity cost of nonfirm energy (BPA's expected average price for its sales of nonfirm energy) was raised. The amendment to the Agreement establishes a "floor" at the projected (Fiscal Year 1987) average rate for nonfirm energy, 16 mills/kwh, which rises with the national rate of inflation. A ceiling was also placed on the O&M payment at 29 mills/kwh, the projected (Fiscal Year 1987) Surplus Firm Energy rate which also rises with the rate of inflation. The economic analyses performed to date have assumed that the private's O&M payments will equal 22 mills/kwh on a levelized basis over 35 years. Since these analyses have been performed, further study has been performed in order to determine the "best guess" or "expected" nuclear plant O&M costs. First year (1987) O&M payments including Calvert Cliffs approach 24 mills/kwh; excluding Calvert Cliffs, approach 26.5 mills/kwh. This data supports changing the 22 mills/kwh figure; 24 mills/kwh was chosen for conservative purposes.
- (2) A limit was put on the life of the Agreement of 30.5 years. Initially the Agreement had no specific time-frame and was to remain in effect as long as the longest living surrogate plant was still commercial. Economic analyses to date have been based on an assumed 35 year time frame. In exchange for the fixed term of 30.5 years, the privates were offered energy deliveries of 1.2 times the initial estimate of power deliveries (161 aMW) which equals $36/30.5$ (36 years of power in 30.5 years) times the 161 aMW figure or 193 aMW. The privates also have an one time option to defer deliveries (only .2 of the power deliveries) for the first ten years. The option to defer allows up to a 2 year extension beyond the life of the Agreement.

- (3) All language on average system cost treatment relating to the Residential and Rural Exchange (Exhibit JJ) was removed from the Agreement.
- (4) All language (Exhibit UU and VV) referring to private utility rights to use the Pacific Northwest-Southwest Intertie or receive marketing assistance was deleted.
- (5) Clarification of the private utilities' rights in the case of financing the completion of WNP-3 was achieved. First, no matter how BPA approaches financing the completion of WNP-3, the requirements set forth in section 6 (c) of the Regional Power Act must be followed. Second, BPA still retains the right to request the private utilities to finance completion of their ownership share. If however, BPA requests financing assistance, then the private utilities retain rights to the resource in the event the region experiences insufficiency (S 5(e) of the Regional Act). If financial assistance is not requested, then the privates waive their 5(e) rights. Finally, in this event, BPA will not voluntarily assign a WNP-3 acquisition to the Federal Base System (FBS).

The initial Agreement did not speak to this issue. During the negotiation process however, it became clear that the financing option that BPA retains had to be coupled with the 5(e) rights. Similarly, it became clear that 5(e) resource rights conflict with assigning resources to the FBS.

- (6) Calvert Cliffs nuclear plant remains a surrogate plant however, the role of this plant in the Agreement has been greatly diminished. Calvert Cliffs will only be used as a surrogate if one or both of two surrogates, Waterford 3 and Palo Verde 1, do not reach commercial operation in the next five years; both of these plants are now in the 6-month testing phase that precedes commercial operation. The Agreement initially included Calvert Cliffs as a surrogate if Waterford 3 and/or Palo Verde 1 did not reach commercial operation by December 1, 1985.
- (7) "Nuclear risk" was captured in the case that one or more of the surrogate plants experience a long-term outage and again become commercially operable. Any operational, maintenance, or capital addition expenses shall be capitalized and expensed via amortization payments over the remaining life of surrogate plant (assumed to be a 35 year plant life) or five years, whichever results in higher annual payments.
- (8) Finally, all parties agreed to write language that would provide the opportunity to dismiss claims raised by the suit.

In addition to the above Agreement modifications, clarification of a number of issues are underway, such as a periodic review of the cost-effectiveness of WNP-3, conforming implementation of the Agreement with the requirements of the Coordination Agreement, review of the level of preservation costs for WNP-3 and the rate treatment of the costs and benefits associated with the Settlement.

Economic Evaluation-Initial Agreement

The issues or variables that have a significant impact on the economics of this Agreement were analyzed to a greater or lesser degree in the May 23, 1985 report prepared by Seattle City light and the Seattle Office of Management and Budget. The May 23rd report concluded that the costs and benefits of the initial Agreement were slightly negative; that the discounted present value of the Agreement over a 35 year time frame approximated a cost of \$100-150 million. Further, several modifications to the Agreement were identified as being necessary in order to limit the uncertainty of the exchange:

1. eliminate "marketing assistance" to the IOUs;
2. establish a floor on the IOUs's operation and maintenance payments;
3. prohibit termination costs to be exchanged through BPA Residential and Rural Exchange;
4. establish the ratemaking methodology used by BPA to account for the exchange; and
5. specify a finite time frame during which the Agreement is in place.

The "cost" associated with the initial Agreement was a calculation which resulted from numerous assumptions. As was discussed in the earlier report, the costs of the initial Agreement was based on the cost of delivering 161 aMW to the private utilities over an estimated 35-year time frame. The cost was calculated as the opportunity cost of nonfirm energy and the variable cost of running combustion turbines (CTs) or other resources to meet this obligation. The benefits to BPA included the payments from the privates for the delivered power, and the value of the option right to acquire the private share of WNP-3, which is estimated to cost less to complete than building a coal plant.

The \$100-150 million cost was a result of the following assumptions:

1. The opportunity cost of nonfirm energy approximates 24 mills/kWH (levelized cost);

2. The cost of running CTs is 65 mills/kWH (levelized costs); however, CTs will be needed for only 12 percent of the obligation;
3. Payments by the private utilities for the delivered power equals 22 mills/kWH (levelized cost);
4. The value of the option right to acquire WNP-3 is tied to the cost to complete assumption which was estimated to be about 41 mills/kWH (levelized).

These assumptions were consistent with the Eugene Water and Electric Board analysis which concluded that the expected net benefit/cost was -96 million. Variations to these assumptions were made by BPA, the Public Power Council and the Pacific Northwest Generating Company. Each of these entities used the same basis frame work to model the Agreement however, assumptions regarding other issues such as average system treatment, preservation costs, probabilities of various load growth in the region, etc. were analyzed.

Although no explicit assumptions were made with regard to the costs of some of these other items (average system cost treatment, "marketing assistance", or the length of the Agreement") the Seattle analyses considered it reasonable to attribute approximately \$50 million (of the range of \$100-150 million) to the uncertainty that these issues introduce to the economics of the exchange. A summary of the economic results of the four analyses mentioned above are shown below: on Table I (Table 6, p. 21 of the May 23 report)

TABLE I

WNP-3 Settlement Analyses
Present Value of Costs and Benefits
(millions of 1984\$)

	<u>Completion</u>	<u>Termination</u>	<u>Expected Next Benefit</u>
BPA	+71	-89	+19
EWEB	-69	-153	-96
PPC			
Low RRE case	-94	-154	-114
High RRE case	-94	-424	-201
PNGC*	-73	-264	-178

*Expected net benefit is based on BPA's probability distribution (.675 for completion and .325 for termination), except in the case of PNGC, which assigns a .45 probability to completion and a .55 probability to termination. PNGC's analysis, like PPC's, includes the cost of the Residential and Rural Exchange.

Since these results were published, one change to the analytical frame work of the model has been made. This change reduced the cost of the exchange by reducing the need for CT generation to meet the exchange obligation to the private utilities. The analytical frame work assumes that resources needed to meet the delivery obligation never cost more than 65 mills/kWH (the assumed running cost of CTs).

In the initial model, each different load growth scenario was weighted and averaged together in order to calculate an "expected" load growth. Next, a resource portfolio that could serve this load was used to calculate the cost of delivering the energy. The change that was made to this algorithm was to balance each different load growth scenario with different resource portfolios and then aggregate the cost streams for delivering the energy. The result of this change was to reduce the need to run CTs; an increase in the net benefit of BPA's 35 year analysis of \$45 million (BPA expected net benefit of calculation increased from \$19 to \$64 million). This change impacts all of the analyses in a comparable manner.

Economic Evaluation-Modified Agreement

The modifications to the Agreement can also be analyzed economically (See Table II). Three scenarios have been developed in order to capture reasonable "Pessimistic", "Optimistic", and "base" case results. In addition to these three scenarios, a "base" case (for the initial Agreement) has been included for comparative purposes. The "initial base" case is directly comparable to the -\$100-150 million value of the initial Agreement with the incorporation of the revised modeling assumptions for the CTs, the shorter time frame associated with the Agreement (30.5) years and, a relatively higher nuclear O&M payment by the private utilities (24 mills/kwh rather than 22 mills/kwh).

Sensitivity Cases

Following the earlier discussion entitled "The Revised Agreement" modifications to the economics are now discussed. Comparisons between each sensitivity and the Initial Base Case will be discussed in detail; the assumptions used in the "Optimistic" and "Pessimistic" cases were chosen for the purpose of bounding the uncertainty of the economics.

Before discussing these cases it should be noted that no costs relating to the residential and rural exchange average system cost calculations or the marketing assistance (9(i)) offer are assumed because the language regarding these issues was deleted from the Agreement. These issues are incorporated into some utilities' analyses, we consider them however, to be extraneous to the economics of the modified WNP-3 Settlement Agreement. These issues will be, as they should be, argued in a different forum. The negotiation process was used specifically for this purpose; to sever these issues from the WNP-3 Agreement.

Modified Base Case Assumptions

This case reflects only two modifications to the Initial Base Case. First, the assumption that CTs would be needed for twelve percent of BPA's delivery obligations to the privates was maintained at 12 percent; however, it was assumed to be served with a combination of CTs and other resources which are less costly than CTs. This change was a result of BPA's interest in exploring resource alternatives that could be used to displace the CTs that the privates are obligated to provide under the Agreement. Therefore, the CTs are assumed to be needed only four percent of the time and other resources are expected to be needed the remaining eight percent of the time. Second, rather than assuming that each utility will take power as of the first day of the Agreement (January 1, 1987), the delivery of energy includes a ten year delay of PP&L: five year delay for PGE; and zero delay for PSP&L and WWP. This schedule is a result of discussions that took place during the negotiations. This scenario suggests an expected value of +\$49 million.

Optimistic Case Assumptions

In the Optimistic case, six variables differ from the Initial Base Case. First, in the short-run, the opportunity cost of delivering energy to the private utilities is reduced by 2 mills/kwh or ten percent. This change is fairly minimal, since the short-term represents less than one-third of the life of the Agreement. However, this change does improve the economics of the privates O&M payments.

Second, the annual availability of the surrogate plants; the factor that drives the deliveries of power, is reduced from 65 percent to 50 percent. This reduces the revenue that BPA receives for deliveries in the short-run; however, also reduces the costs associated with operating CTs or other resources needed to meet the delivery obligation.

Third, the private's O&M payments have been increased to 28 mills/kwh to reflect the significantly lower probability that Calvert Cliffs nuclear facility will be used for calculating surrogate O&M.

Fourth, it is assumed that BPA will need CTs for only three percent of the deliveries. However, other resources are assumed for 12 percent of the deliveries due to the assumption that BPA may need to supplement the nonfirm energy more than 12 percent of the time. The argument supporting a number greater than 12 percent is one which allows flexibility in the operators' decisions to run thermal resources to firm-up the exchange delivery. In other words, statistics say that back-up resources will be needed 12 percent of the time; flexibility of operations can arguably justify another three percent.

In addition, other resources are assumed to cost 30 mills/kWH, a calculation that reflects running costs associated with surplus thermal resources currently available in the region (Boardman, Centralia, Colstrip, etc).

Finally, the delivery schedule under this scenario is assumed to have no delays for any of the utilities. The results of this scenario suggest an expected value of +\$170 million.

Pessimistic Case Assumption

This scenario deviates from the Initial Base Case in five ways. First, the availability of surrogate plant generation is increased from 65 to 70 percent; a change that increases revenues in the short-run. However, it also increases the deliveries in the future, the amount of energy that can be delayed and the amount of CT or other resource running costs. Second, the O&M payments by the private utilities go to 20 mills/kwh, or twenty percent less than the level of payments expected. Third, CT and other resources are needed a total of 15 percent of the time to meet delivery obligations; CTs are needed 10 percent and other resources are needed for five percent of the time. In addition, the other resources are expected to cost 40 mills/kWH. The fifth change is the assumption for delays; all utilities are assumed to delay as much as possible. Therefore, PP&L delays all deliveries for 10 years and the other utilities delay their multipliers for ten years. The result of this scenario is an expected value of -\$96 million.

Conclusion

The economic results of the Modified Agreement, including the Base, Pessimistic and Optimistic cases are less variable than the analyses of the Initial Agreement. Further, the Modified Agreement is more favorable in that the expected value is an improvement over the expected cost of the Agreement performed in May in each case. For these reasons, the modified Agreement is considered a better "deal" economically than the Initial Agreement.

The fact that the economics appear to have improved for BPA and its customers does not necessarily mean that the private utilities are worse off. Some of the modifications, such as the minimum delivery or the delay option, are obviously beneficial to the private utilities. Nonetheless, the benefits that the private utilities stand to gain are in many cases "non-impacts" to BPA and its customers. For example, the separation from WNP-3; effort to settle a lawsuit; ability to exchange energy with BPA; potential tax benefits; etc, are benefits that will not necessarily harm BPA. Comparing the costs and benefits of this Agreement realized by the privates and BPA was basic to determining how a settlement could be designed. This comparison, however, is not important or germane in terms of whether or not the Agreement is favorable to continuing to litigate the issue from BPA's standpoint.

In economic terms, the modified Agreement appears preferable to litigation of the WNP-3 mothballing issue. As was detailed in the May 23rd report, the range of uncertainty regarding the results of litigation is significant. It is also clear, that litigation would not result in circumstances that could leave BPA and its customers any better than neutral (no cost) whereas, the modified Agreement may positively impact BPA.

Although it is impossible to foresee the outcome of the pending litigation, judgements about the possible outcomes are critical to determining whether or not the modified settlement is acceptable. Table III (Table 9 of the earlier report) is provided to aid in comparing the present value of the Agreement with the present value of hypothetical results of litigation.

CCO:gb

TABLE II

ECONOMIC EVALUATION-MODIFIED AGREEMENT

	<u>BASE I*</u>	<u>BASE M*</u>	<u>OPTIMISTIC</u>	<u>PESSIMISTIC</u>
Opportunity Cost of Nonfirm (mills/kwh)				
Short-term	21	21	19	21
Long-term	24	24	24	24
Surrogate Equivalent				
Annual Availability Factor (%)	.65	.65	.50	.70
Nuclear O&M (mills/kwh)	24	24	28	20
WNP-3 cost of completion (mills/kwh)	40	40	40	40
CT running cost (mills/kwh)	65	65	65	65
CT percentage use (%)	12%	4%	3%	10%
Other resources cost (mills/kwh)	---	35	30	40
Other resource use (%)	0%	8%	12%	5%
Delivery delays (years):				
PP&L	0%	10	0	10
PGE	0%	5	0	10
PSP&L	0%	0	0	10
WWP	0%	0	0	10

Present Value Results (\$ million, discounted, cumulative value)

Termination:	-16	+3	+124	-130
Completion:	+58	+95	+216	-61
Expected**:	+21	+49	+170	-96

M*: Base Case - Modified Agreement

I*: Base Case - Initial Agreement

Expected**: reflects a weighting of 50% probability of completion and 50% probability of termination in determining "expected" value. In other words, this weighting used BPA's load growth and completion/termination probabilities to calculate marginal costs however, used a 50/50 weighting when calculating "expected" value. (As indicated earlier, BPA assumed 62.5% probability of completion and 32.5 percent of probability of termination).

TABLE III

Expected Costs of Continued Litigation

In a Hypothetical Example

<u>Probability of IOU Victory*</u> (\$750 million in damages)	<u>Expected Cost</u> (millions of \$)	<u>Discounted Present Value***</u> (millions of \$)
.0	0	0
.2	150	191
.4	300	381
.6	450	572
.8	600	762
1.0	750	953

*This table is based upon the IOUs' claims and not upon any judgement about their merits of their claims.

**To put the cost of litigation on par with the discounted net present value numbers used in the cost/benefit analyses, the expected cost (middle column above) has been financed at 12 percent over 35 years and discounted (right-hand column).

ATTACHMENT A

TOTAL COMBINED LIST

BPA & PUBLICS

1. No reference to Intertie access or marketing assistance
2. Agreement to dismiss all claims against all parties
3. Allocations during insufficiency
4. Wheeling dollars based on actual deliveries
5. How will WNP-3 be treated as FBS resource?
6. Exchange on concurrent hourly basis
7. Treatment of costs & benefits in ratemaking
8. Clarify EAAF
9. Clarify MDC
10. BPA's authority to terminate WNP-3 Reimbursement of Presentation Cost
11. Preference to nonfirm energy
12. Clarification of PP&L irrevocable offer
13. Level of preservation costs
14. Use of less costly resources than CTs
15. CT O&M charges
16. Flor on O&M nuclear
17. IOUs get actual cost for resources substituted
18. ASC concerns
19. Limit duration of X/C
20. Surrogate TMI costs
21. less surrogates - choice of surrogates

22. Exhibit C issues
23. Forced outage reserves
24. Scheduling changes
25. Legality of agreement
26. Pacific "Option"
27. Finance of WNP-3 on restart
28. No informal side agreements
29. IOUs don't stand in way of legislation of fix WNP-4/5 problem
30. Definition of "company load"
31. Definition of P.U.P. (prudent utility practice)
32. IOU financing commitment
33. Capital addition & decommissioning of WNP-3
34. Liability for cost sharing

Exhibit J

Memorandum from Nancy Glaser
to Seattle City Council,
Analysis of Proposed Agreements Related to the Construction Delay at WNP-3
(August 14, 1985)



Memorandum

Date: August 23, 1985

To: All Members of the Seattle City Council

From: Nancy Glaser, Central Staff Analyst ^{NG}

Subject: Analysis of the Proposed Settlement Agreements Related to the Extended Construction Delay at Washington Public Power Supply System's Project #3 and Recommendations for City of Seattle Comment

I. BACKGROUND

This is an analysis of the modified Settlement Proposals released by the Bonneville Power Administration (Bonneville) on August 7, 1985 following negotiations between several public power agencies (including Seattle City Light, Snohomish County PUD and Eugene Water and Electric Board), Bonneville and four investor-owned utilities who have asserted claims of approximately \$2 billion against Bonneville/WPPSS for the extended construction delay at the Supply System's Project #3. Public comment on these modified Settlement Proposals (hereafter called Settlement Proposals) is due at Bonneville no later than September 6, 1985.

The Settlement Proposals outline an exchange of energy between Bonneville and four investor-owned utilities (Washington Water Power, Puget Sound Power and Light, Portland General Electric and Pacific Power and Light). Bonneville is expected to deliver 193 a MW of energy to the four investor-owned utilities (IOUs) for 30.5 years. In return for the energy, the investor-owned utilities will dismiss all their claims against Bonneville and WPPSS for the extended construction delay at Project 3, provide access to their combustion turbines or other resources should that be necessary for Bonneville to fulfill its obligation to deliver energy, pay an amount equivalent to nuclear O&M costs for energy delivered from Bonneville and irrevocably agree to give Bonneville the option to purchase their 30% share of WNP-3 and thus gain effective control of the plant.

The current Settlement Proposals were modified in response to the concerns voiced by public officials on both the content of the earlier proposal and the process (closed negotiations between Bonneville and the investor-owned utilities) of arriving at that proposal. Participation of public utilities in the subsequent process resulted in modifications to the earlier settlement proposal which both reduced the economic and resource uncertainties and improved the economics of the proposed exchange.

The most important modifications to the earlier Settlement proposals include the following:

- o All language related to Intertie Access, marketing assistance for disposal of the investor-owned utilities' surplus power, and Average System Cost has been eliminated. These first two changes are especially significant for Seattle because the City's generating utility will not

face increased competition in the sale of its own surplus energy. The latter leaves average system cost to be determined, as it should be, in other forums.

- o The term of the Settlement Agreement is limited to 30.5 years. The life of the agreement in the earlier proposal was dependent on the economic lives of four "surrogate" nuclear plants.
- o The amount of energy Bonneville could deliver to the investor-owned utilities is increased to compensate for the fact that the likely term of the agreement is decreased.
- o A minimum amount of energy which BPA must deliver to the investor-owned utilities is defined. There were no guaranteed deliveries earlier.
- o The price of this energy is tied to the averaged O&M costs of four nuclear plants. The definition of operations and maintenance costs has been expanded to include capitalized costs, subject to some limits. This subjects the investor-owned utilities to some of the risks associated with the operation of nuclear plants.
- o A floor of 16 mills/kwh is placed on the price the investor-owned utilities will pay for energy. In principle, this floor is meant to reduce the risks to public utilities and Bonneville. In fact, this floor is not at all likely to be reached. It is possible that the price the investor-owned utilities pay for power under the contract will be less than future non-firm energy rates and/or the rates paid by Bonneville's public agency customers.
- o A ceiling of 29 mills/kwh is placed on the price the investor-owned utilities will pay for the energy unless WNP-3 is completed. In that case, the price will match the operating and maintenance costs of WNP-3. This clause limits the nuclear risks the investor-owned utilities will face under the proposal.
- o Bonneville is authorized to use resources other than combustion turbines to fulfill its obligation to deliver energy under the settlement. This should reduce the Bonneville's cost of meeting the terms of the proposed agreement once the regional surplus of firm power disappears.

II. COUNCIL ACTION REQUESTED

Bonneville issued its first draft of proposed Settlement Agreements with four investor-owned utilities in April, 1985. Those agreements were developed in light of Judge Bilby's decision (11/84) that Bonneville had breached its contract with the four investor-owned utilities that owned a 30% share of WNP-3.

Randy Hardy, Superintendent of Seattle City Light, briefed the Council on these initial settlement proposals on May 13, 1985, and requested the City of Seattle to support the Agreements. No Council action was taken at that time.

On May 16, 1985, Judge Bilby's initial decision that Bonneville had breached its contract with the investor-owned utilities was vacated by Judge Browning. In late May, City Light and the Office of Management and Budget briefed the Council again and recommended against any official City of Seattle response at that time. Instead, they outlined a number of ways they felt the initial Settlement Proposals could be improved. City Light was effective in getting Bonneville and the investor-owned utilities to re-open negotiations on the Settlement Proposals and include some public agency representatives in the discussion.

Bonneville released a revised set of Settlement Agreements on August 7, 1985. The City of Seattle is now being asked to comment on these agreements prior to the September 6, 1985 deadline established by Bonneville. This is the subject of the discussion at this time.

Council Staff has independently analyzed these proposed Settlement Agreements and recommends that the Seattle City Council adopt Resolution 27326. This resolution expresses support of the City of Seattle for the proposed settlement of claims and litigation among certain investor-owned utilities, Bonneville and the Washington Public Power Supply System relating to the construction delay at WNP-3 conditioned upon:

- a. a judicial review and determination of validity of said agreements; and
- b. release of Seattle from claims related to Project No. 3 litigation; and
- c. continuing compliance of said agreements with the following principles:
 - i. All public agencies in the Northwest including Seattle should be placed in a position, as near as may be possible, of cost neutrality; i.e., that the value of the public agency payments to Bonneville over the life of the agreements be substantially the same with or without the proposed settlement.
 - ii. The risk to Seattle of exposure to approximately two billion dollars of alleged claims and legal expenses arising out of the extended construction delay of Project No. 3 should be eliminated.
 - iii. Seattle's legal expenses and substantive exposure relating to other issues in connection with construction of Project No. 3 should be reduced.
 - iv. Control of Northwest public utility systems should be returned to locally elected officials and others charged with their administration rather than be subject to the uncertainties of litigation.

- v. The settlement agreements should be consistent with the preference provisions of the Bonneville Project Act and the Regional Act.
- vi. The efficiency of the region's diverse firm and non-firm resources should be maximized.
- vii. The price to be paid by the investor-owned utilities should be commensurate with the value of the power that they receive from the Bonneville Power Administration.
- viii. All future Bonneville proceedings related to WNP-3 should be opened at the outset to full participation by Northwest public agencies affected by Bonneville rates.

Resolution 27325 also gives the City Light Superintendent and the City Attorney the authority to participate in ongoing Settlement processes related to WNP-3 and states that Seattle recommends that Bonneville open all future discussions of regional power matters, whether related to the Supply System or not, to meaningful participation by Pacific Northwest public agencies at the outset.

III. ECONOMICS OF THE PROPOSED SETTLEMENT

A. Regional Perspective

The Proposed Settlements provide for an economically efficient use of the Pacific NW region's diverse energy producing resources in two ways. First of all, they enhance the Bonneville Power Administration's ability to market power during years when the region has a surplus of firm energy. Secondly, the proposed settlements creatively define a mechanism to cost-effectively transform Bonneville's typically abundant but unpredictable non-firm energy resource into a firm resource by reserving Bonneville the right to purchase the output of combustion turbines when water conditions limit the availability of non-firm energy. This strategy to "firm-up" the region's non-firm energy has been suggested recently by the Northwest Power Planning Council as a relatively low cost way to meet load growth and will likely be incorporated into the 1986 revision to the Council's Power Plan.

B. Preference Customer Perspective

The fact that the Proposed Settlement is economically efficient to the region as a whole does not necessarily result in an equitable or fair distribution of the costs and benefits of that proposal to all the affected parties. Public utilities (Bonneville's preference customers) have consistently argued that an acceptable Settlement Proposal would place all public agencies in the Northwest (including Seattle) in a position, as near as may be possible, of cost neutrality. This

has been interpreted to mean that the value of the public agency payments to Bonneville over the life of the Proposed Settlements should be approximately the same with or without execution of those Settlements. This was a major goal of the public utility representatives in the re-negotiation of the initial settlement proposals.

Given the uncertainty surrounding the future energy environment, it is not possible to accurately predict the exact cost of the proposed settlements to public agencies in the Northwest. Although a representative set of optimistic, pessimistic and basecase assumptions can be defined to estimate the range of costs/benefits that Bonneville will incur/accrue if it proceeds with the proposed settlements, the eventual allocation of those potential costs/benefits to its various customer groups is unclear. It should not be assumed that the costs to Bonneville are necessarily equal to the costs to BPA's public agency customers.

Since the decision to complete or terminate WNP #3 will not be made for a number of years, each of these scenarios must be evaluated recognizing that either completion or termination may be the ultimate result.

City Light summarized its economic analysis of the proposed Settlement Agreements in an August 13, 1985, submittal to Mayor Royer. An independent analysis of these proposed Agreements has been completed by Council Staff and the office of Management and Budget (OMB). Both City Light's and Council Staff/OMB analyses of the economics of the proposed settlements are summarized below. Council Staff/OMB analyses indicate that the costs of the proposed settlements will likely be greater than those estimated by City Light.

1. City Light's Economic Analysis

In its August 13, 1985 submittal to Mayor Royer, City Light summarized an economic analysis of the proposed settlement agreements which concluded that the \$100-150 million expected cost to Bonneville of the initial settlement proposals had been eliminated. The range of possible outcomes had been narrowed and the distribution of the potential costs/benefits to Bonneville over a range of pessimistic and optimistic scenarios was roughly symmetrical around zero. These results are summarized in Table 1.

Table 1

**City Light's Analysis of the Present Value
of the Costs/Benefits to Bonneville of the Proposed Settlements
(Millions of 1984 dollars)**

	<u>Base Case Assumptions</u>	<u>Optimistic Assumptions</u>	<u>Pessimistic Assumptions</u>
WPPSS 3 Terminated	- 3	+124	-130
WPPSS 3 Completed	+95	+216	- 51
Expected Costs/Benefits*	+49	+170	- 96

*Assumes 50/50 chance of termination/completion.

2. Council/OMB Staff Economic Analyses

The most important difference between the City Light analysis and the Council/OMB Staff economic analyses is the different conceptual approach taken in estimating the "opportunity cost" of Bonneville's use of its own non-firm to meet investor-owned utility load under the proposed Settlement Agreements. "Opportunity cost" here is an estimate of the cost to Bonneville of using its non-firm energy to meet the obligations defined in the proposed settlements rather than using that non-firm energy in its most valuable alternative use.

City Light basically defines the "opportunity cost" of non-firm energy to Bonneville to be the revenue lost as a result of reduced sales in the non-firm market. This is assumed to vary from 1.9 to 2.1¢/kwh in the near-term and be 2.4¢/kwh over the longer term.

Although Council/OMB Staff concur with City Light in this conceptualization during the early years of the proposed settlement agreements, Council/OMB Staff argue that the most valuable alternative use of Bonneville's non-firm energy over the longer run to Bonneville (assumed to be the same as public agencies) is to combine it with combustion turbines that Bonneville itself could acquire at a relatively low capital cost as needed at some future date to create firm power. If Bonneville adopted this strategy, it would be able to avoid the expense of developing more expensive firm resources. The long-term opportunity cost to Bonneville is then equal to the expected regional cost of acquiring new firm resources in any given year minus the levelized capital cost of acquiring a combustion turbine. Thus in the Council/OMB staff analyses, the long-term opportunity cost of non-firm energy rises as high as 4 1/2¢/kwh in some scenarios in contrast to the 2.4¢/kwh long-term opportunity cost embedded in all of City Light's analyses. The Council/OMB Staff analysis is consistent with ideas recently developed by the Northwest Power Planning Council.

The results of the Council/OMB Staff analyses are summarized in Table 2. (Additional technical information is included in OMB's Analyses of the Modified Settlement, August 23, 1985.)

Table 2
Council/OMB Staff Analyses of the Present Value
of the Costs/Benefits to Bonneville of the Proposed Settlements
(Millions of 1984 Dollars)

	<u>Base Case Assumptions</u>	<u>Optimistic Assumptions</u>	<u>Pessimistic Assumptions</u>
WPPSS 3 Terminated	-60	- 71	-154
WPPSS 3 Completed	-18	-132	-371
Expected Costs/Benefits*	-39	-128	-268
City Light's Approximate Share	-1.5 Million	+ 5 Million	- 10 Million
Annual Impact on City Light over life of Proposed Agreements	-.075/year	+.25/year	-.5/year

*Assumes 50/50 chance of termination/completion. The expected costs in the basecase analysis would increase if the probability of terminating WNP-3 were assumed to be greater than 50%.

Two summary points deserve mention:

1. Although there is a present value cost of \$20 to 60 million to Bonneville and its preference customers in the basecase analysis, this cost would translate into less than a 0.1% levelized increase in Bonneville preference customer rates over the life of the proposed agreements. Thus the proposed Settlement Agreements could be interpreted to be relatively cost neutral.
2. The range of costs/benefits to Bonneville and its preference customers is not likely to fall outside the range of a present value of - \$400 million to + \$200 million. These figures roughly translate into a levelized 0.1% increase in Bonneville preference customer rates and a 0.2% decrease in Bonneville preference customer rates, respectively.

C. City Light Perspective

The proposed settlements financially impact Seattle City Light through Bonneville rates and non-firm energy sales.

In the basecase analysis, Seattle City Light would pay Bonneville the equivalent of an additional \$75,000/year over the life of the Proposed Agreements in increased wholesale power rates. (The present value of

\$75,000 per year for 30 years is \$1.5 million.) In actuality, BPA rates would probably be reduced in the near-term but increased more over the longer-term.

The costs/benefits to Seattle City Light from changes in Bonneville's wholesale power rates range from an additional cost of \$500,000/year for 30 years given pessimistic assumptions and a decision to complete WNP-3 to a reduction in wholesale power costs of +\$250,000/year for 30 years given optimistic assumptions and a decision to complete WNP-3. A \$500,000/year change in City Light's costs translates currently into less than a 0.2% change in average customer rates.

The terms of the proposed Settlements that entitle Bonneville to purchase resources less expensive than the output of combustion turbines when it does not have non-firm energy available to deliver to the investor-owned utilities may create a lucrative market for City Light's own non-firm energy. Since City Light may have the capability to shape its own non-firm into the time periods when Bonneville has none, City Light's revenues may increase. No quantitative estimates of this potential benefit have been attempted.

IV. POTENTIAL COSTS IF NO SETTLEMENTS ARE REACHED

The primary economic benefit of the Proposed Settlements from the City of Seattle's viewpoint is that it eliminates the possibility that the four private utilities will obtain a substantial (up to \$2 Billion) judgment against WPPSS, its member utilities and/or the Bonneville Power Administration. Thus it is relevant to compare the range and magnitude of costs that could potentially be incurred with the Settlement Agreements to those that may be faced if no Settlements are reached. These potential costs are summarized in Table 3.

Table 3
A Comparison of Potential Economic Costs/Benefits to Public Utilities With and Without the Proposed Settlements

	<u>Optimistic Outcome</u>	<u>Pessimistic Outcome</u>
Without Settlements	Cost of Legal Fees	Legal Fees + \$2 Billion Cost
With the Proposed Settlements	\$200 Million benefit	\$400 Million Cost

Clearly the potential magnitude of the claims against Bonneville should the four private utilities prevail in their liability and damages lawsuit is much greater than the most pessimistic assessment of the costs of the proposed Settlements.

Judge Browning's July 10, 1985 decisions have definitely placed the liability and damages lawsuit in a context where the Court could hold that Bonneville and WPPSS had breached their contracts with the investor-owned utilities. Subsequent proceedings would then need to assess the "materiality" of the breach before damage claims would be assessed.

Although there is clearly no way to predict how this lawsuit might be decided at some future date should the claims not be withdrawn from the Court, each person can make their own subjective judgment about the magnitude and likelihood of the potential outcome. For example, if one hypothetically believes that there may be a 50/50 chance of a \$1 billion damage claim (this is not a legal opinion), then the expected cost of not agreeing to the Proposed Settlements is \$500 million. The expected cost of the Proposed Settlements given the pessimistic assumptions in the Council/OMB staff analysis is \$270 million dollars. Thus it can be argued that the expected costs and risks associated with the proposed Settlements are likely to be less than those associated with the alternative.

From the City of Seattle's perspective, it may be most relevant to compare the City's potential share of the costs of the proposed Settlement Agreements with the legal fees the City might expect to incur if litigation were to continue. Legal counsel has estimated that it is possible that the City of Seattle could incur \$250,000/year in litigation related expenses over each of the next 3-4 years if the current WNP-3 "breach of contract" disputes are not settled. This is approximately half the costs Seattle would likely pay as its share (\$1.5 million) of the cost to Bonneville of the Proposed Settlement. A \$750,000 expense to Seattle for litigation, however, leaves open the risk of claims being awarded to the investor-owned utilities. Additionally these expenses would all be incurred over a relatively short number of years as compared to the costs of the proposed Settlement. (Seattle's share of the proposed Settlement could range from a cost of \$10 million to a benefit of \$5 million. Any costs or benefits would be spread over a 30 year time horizon.)

V. POTENTIAL LEGAL CONCERNS ASSOCIATED WITH THE PROPOSED SETTLEMENTS

If the Settlement Proposals are executed, the investor-owned utilities will drop their claims against Bonneville and the Washington Public Power Supply System for "mothballing" WNP-3 and will be unlikely to pursue such claims against the WNP-3 participants directly. (Seattle is a WNP-3 participant.) Thus the City of Seattle would only remain a party to the present lawsuit by virtue of Pacific Power and Light Company's third party complaint regarding cost sharing and bridge loans. Legal counsel has recommended that it may be prudent for the City of Seattle to make any support for the Proposed Settlements conditioned on the claims related to WNP-3 being dropped.

Additionally a group of Washington public utilities *(the Washington Group) has raised legal questions as to the legality, validity and enforceability of the Settlement Proposals. It is possible that the City of Seattle could be drawn into further legal disputes if it supports the Proposed Settlements and the Washington Group decides to pursue its legal attack on them, even though Seattle would not be a signatory to the Settlement Agreements as they are now structured.

There are serious practical and legal impediments to the Washington Group following through on such a legal challenge. However, the City of Seattle can lessen its risk by urging Judge Browning to review the Proposed Settlement Agreements to determine that they are lawful, valid and enforceable and clearly stating that Seattle's support for the Proposed Settlement Agreements is conditioned on them being found to be lawful, valid and enforceable.

VI. COUNCIL STAFF RECOMMENDATION

The City of Seattle is faced with two less than ideal choices: support Settlement Agreements that are not as desirable as they might be or risk the outcome of litigation which could result in significantly higher costs to Bonneville and Pacific Northwest public utilities.

The proposed Settlement Agreements are less than ideal in at least several ways:

1. Although they embody the concepts of a floor and ceiling price to bound the payments the investor-owned utilities will make to Bonneville for energy they receive under the settlement, the ceiling is much more likely to be reached than the floor. In fact, there is a reasonable chance that the investor-owned utilities could pay a price lower than the priority firm rate paid by Bonneville's public agency customers for power that must be recognized as firm at the delivery end. (In return, Bonneville does receive the value of an option to acquire the IOU's share of WNP-3 and the right to purchase the output of the IOU's combustion turbines.)
2. Under "most probable" or basecase circumstances, both Bonneville and its public agency customers are likely to incur \$20-60 million in costs regardless of the decision to terminate or complete WNP-3. Seattle's share of these costs is likely to be roughly \$1.5 million spread over 30 years.

*The Washington Group includes these utilities in WNP-3 litigation: Benton County PUD No. 1; Clark County PUD No. 1; Cowlitz County PUD No. 1; Grays Harbor County PUD No. 1; Lewis County PUD No. 1; Mason County PUD No. 1; Mason County PUD No. 3; Okanogan County PUD No. 1; Pacific county PUD No. 2; Skamania County PUD No. 1; City of Ellensburg; and City of Tacoma.

3. All the economic analyses focus on costs/benefits to Bonneville and seem to imply that these are the costs/benefits that accrue to public utilities. However, there is considerable uncertainty surrounding the future allocation of costs and benefits in Bonneville's ratemaking. For example, a significant economic benefit of the proposed Settlement Agreements is the option value of WNP-3 should the region need to develop additional firm resources. Since the investor-owned utilities are projected to need additional firm resources years in advance of public agencies, the benefits of the WNP-3 Option to public agencies is likely to be significantly less than the value of that option to Bonneville.

Despite these limitations to the proposed Settlement Agreements, they appear to represent a significant improvement over the status quo. This is particularly true given the prevailing perception that the Settlement Agreements as currently proposed are a "take-it or leave it" proposition.

Since the proposed Settlement Agreements significantly reduce the range of costs and risks that public agencies and BPA are facing and since they represent a great step forward in returning control of the public utility industry to the heads of elected public officials, Council Staff recommends the following:

A. Recommendation 1

Council Staff recommends that the City of Seattle express support for the Proposed Settlements of claims and litigation among four investor-owned utilities (Puget Sound Power and Light, Washington Water Power, Pacific Power and Light, and Portland General Electric) and the Bonneville Power Administration together with the Washington Public Power Supply System relating to extended construction delays at WNP-3 conditioned upon:

1. A judicial review and determination of validity of said agreements; and
2. Release of Seattle from claims related to Project #3 litigation; and
3. Continuing compliance of said agreements with the following principles taken as a whole:
 - a. All public agencies in the Pacific Northwest including Seattle should be placed in a position, as near as may be possible, of cost neutrality; i.e., that the value of the public agency payments to Bonneville over the life of the agreements be substantially the same with or without the proposed settlement.

- b. The risk to Seattle of exposure to approximately two billion dollars of alleged claims and legal expenses arising out of the extended construction delay of Project No. 3 should be eliminated.
- c. Seattle's legal expenses and substantive exposure relating to other issues in connection with construction of Project No. 3 should be reduced.
- d. Control of Northwest public utility systems should be returned to locally elected officials and others charged with their administration rather than be subject to the uncertainties of litigation.
- e. The settlement agreements should be consistent with the preference provisions of the Bonneville Project Act and the Regional Act.
- f. The efficiency of the region's diverse firm and non-firm resources should be maximized.
- g. The price to be paid by the investor-owned utilities should be commensurate with the value of the power that they receive from the Bonneville Power Administration.
- h. All future Bonneville proceedings relating to Project No. 3 should be open at the outset to full participation by Pacific Northwest public agencies affected by Bonneville rates.

B. Recommendation 2

Council Staff recommends that the City of Seattle's comment on the Proposed Settlement Agreements include the following comment on the process to be followed in all future activities with respect to other pending Pacific Northwest regional litigation:

Seattle strongly believes that the Bonneville Power Administration should have opened discussions on the Project No. 3 settlement proposal to Pacific Northwest public agencies at a much earlier date and that much adverse public comment, expense, and rancor could have thereby been avoided. Seattle recommends that Bonneville open all future discussions of regional power matters, whether related to the Supply System or not, to meaningful participation by Pacific Northwest public agencies at the outset. Bonneville is encouraged to undertake further activities with respect to other pending Pacific Northwest regional litigation relating to the supply system in order to achieve the return of Pacific Northwest public agency electric systems to a cooperative and equitable environment.

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August 23, 1985

These two recommendations, including a statement that the City of Seattle believes that appropriate settlement of the claims related to the extended construction delay of WNP-3 would be beneficial for all parties in the Northwest, are embodied in Resolution 27325.

NG:ec

Exhibit K

Eugene Water and Electric Board,
WNP-3 Settlement Analysis
(May 23, 1985)

OBJECTIONS TO PROPOSED WNP-3 SETTLEMENT

RATE IMPACTS ARE NOT NEUTRAL

- * Benefits depend crucially on WNP-3 completion
- * Near-term power surplus not diminished from Regional perspective
- * BPA's cost-benefit analysis
 - reveals prolonged period of net losses for BPA
 - does not consider impacts on IOU Average System Costs
 - relies on optimistic cost assumptions

THE SETTLEMENT TERMS DO NOT RESEMBLE THE WNP-3 NUCLEAR PLANT

- * Isolates IOUs from Supply System and Regional decisions
 - WPPSS Management
 - 4/5 Cost Sharing Litigation
- * Power deliveries do not resemble power from a nuclear plant

IOUS ESCAPE DIMENSIONS OF NUCLEAR RISK

- * Risk of WNP-3 termination absent the mothballing decision
- * "TMI-type" risk exposure averaged over four surrogate plants
- * "TMI-type" expenses not included for non-operating surrogate plant
- * Decommissioning costs incurred after surrogate plant taken off-line but not in decommissioning fund are excluded

THE PROPOSED SETTLEMENT IS UNNECESSARILY COMPLEX

- * Surrogate plant operations are not related to the PNW region
- * Difficult to explain extraregional surrogate plants to ratepayers
- * Exposure to EIS, NEPA environmental objections to combustion turbines

2022	36	54	27	59	53	29	59	55	59	51.0	39.0	37.3	13.7	28,950	0.0	0	0.0	0	28,950
2023	39	54	27	59	53	29	59	55	59	51.2	40.1	37.3	13.9	29,420	0.0	0	0.0	0	29,420
2024	40	54	28	59	54	30	59	56	59	51.4	40.5	37.3	14.1	29,882	0.0	0	0.0	0	29,882
2025	41	55	28	59	54	30	59	56	59	51.6	40.8	37.3	14.3	30,345	0.0	0	0.0	0	30,345
2026	42	55	29	59	54	30	59	56	59	51.8	40.9	37.3	14.5	30,843	0.0	0	0.0	0	30,843
2027	43	55	29	59	55	30	59	56	59	52.0	41.0	37.3	14.7	31,161	0.0	0	0.0	0	31,161
2028	44	56	30	59	55	30	59	57	59	52.4	41.1	37.3	15.1	31,947	0.0	0	0.0	0	31,947
2029	45	56	30	59	55	30	59	57	59	52.5	41.2	37.3	15.2	32,265	0.0	0	0.0	0	32,265
2030	46	56	30	59	56	30	59	57	59	52.7	41.3	0.0	0.0	0	0.0	0	0.0	0	0
2031	47	56	31	59	56	30	59	58	59	53.0	41.4	0.0	0.0	0	0.0	0	0.0	0	0

GM	597,939	562,251	1,085,977	2,246,108
NPV	294,042	254,504	620,432	1,087,859

1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

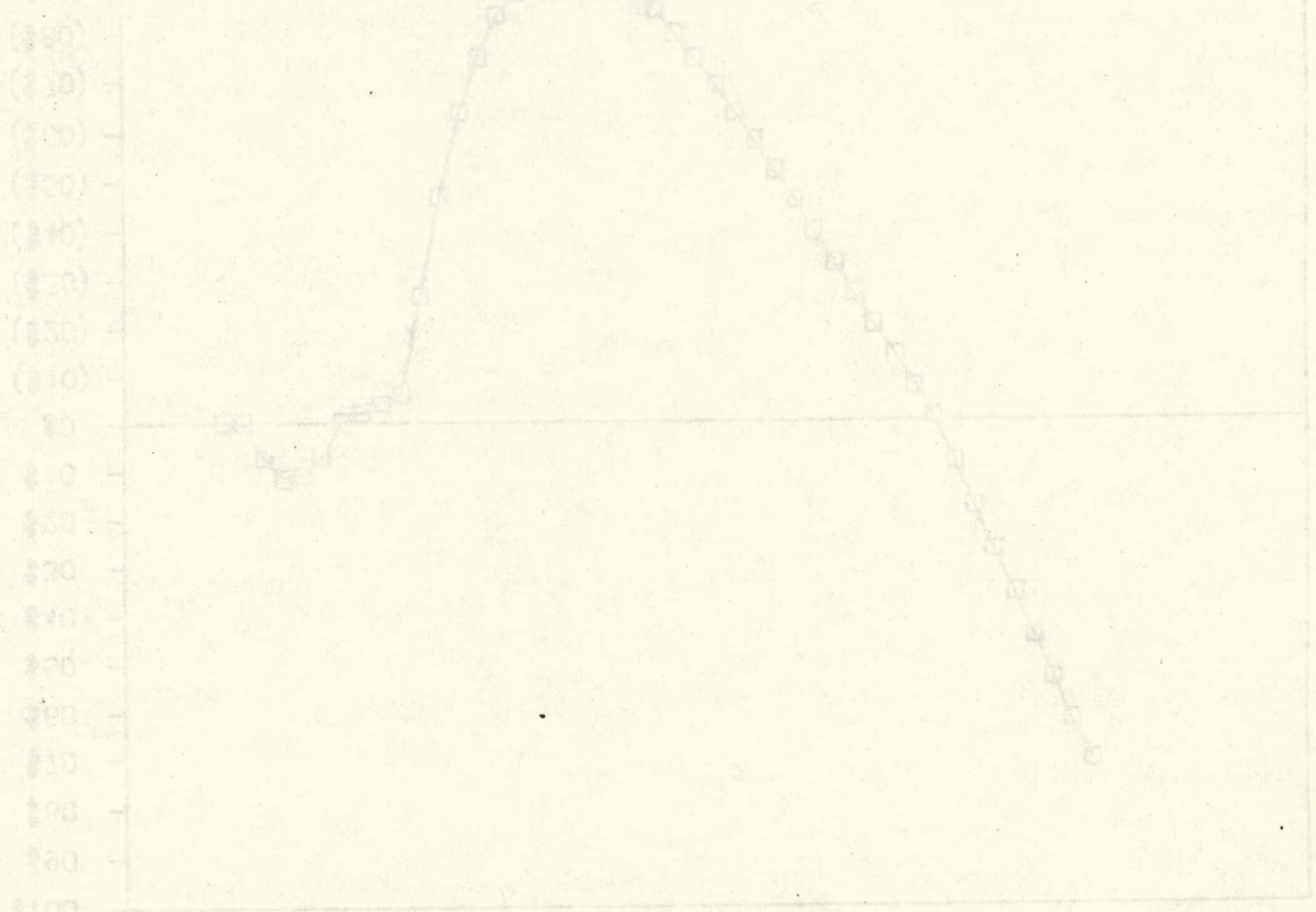
ALL VALUES EXPRESSED
IN "REAL" TERMS
(adjusted downward for
inflation)

YEAR	DISC. FACTOR	POWER EXCHANGE COSTS (MILL\$/YEAR)	TOTAL EXCHANGE COSTS (0000)	TOTAL EXCHANGE BENEFITS (0000)	NET EXCHANGE BENEFITS (0000)	CUMULATIVE NET EXCHANGE BENEFITS (0000)	DISCOUNTED TOTAL EXCHANGE COSTS (0000)	DISCOUNTED TOTAL EXCHANGE BENEFITS (0000)	DISCOUNTED NET EXCHANGE BENEFITS (0000)	CUMULATIVE DISCOUNTED NET EXCHANGE BENEFITS (0000)
1985	1	0.0	0	0	0	0	0	0	0	0
1986	2	0.0	0	0	0	0	0	0	0	0
1987	3	16.3	22,532	31,029	8,995	8,995	20,906	28,395	7,400	7,400
1988	4	18.0	25,329	31,029	4,500	12,603	23,563	27,560	4,005	11,413
1989	5	22.5	31,601	31,029	(653)	11,950	27,320	26,765	(563)	10,850
1990	6	25.5	35,960	31,029	(4,932)	7,018	30,116	25,905	(4,130)	6,720
1991	7	27.8	39,299	31,029	(8,231)	(1,213)	31,921	25,229	(6,692)	27
1992	8	23.9	33,703	31,029	(2,675)	(3,000)	26,606	24,494	(2,112)	(2,003)
1993	9	23.6	33,294	31,029	(2,196)	(6,004)	25,463	23,700	(1,683)	(3,760)
1994	10	23.9	33,771	31,029	(2,743)	(8,027)	25,129	23,000	(2,041)	(5,809)
1995	11	27.7	39,019	10,605	(20,414)	(37,242)	20,100	7,661	(20,527)	(26,336)
1996	12	27.4	30,503	9,950	(20,634)	(63,076)	27,061	6,970	(20,003)	(46,419)
1997	13	29.0	42,053	16,999	(25,454)	(91,329)	20,636	11,303	(17,333)	(63,752)
1998	14	33.9	47,040	21,105	(16,743)	(100,072)	31,633	20,564	(11,069)	(74,821)
1999	15	35.3	49,774	35,927	(13,047)	(121,920)	31,940	23,060	(8,000)	(82,709)
2000	16	30.1	53,750	45,904	(7,056)	(129,776)	33,902	20,606	(4,096)	(86,605)
2001	17	30.4	54,151	46,002	(7,259)	(137,045)	32,762	20,364	(4,390)	(91,003)
2002	18	40.2	56,629	53,004	(3,544)	(140,590)	33,263	31,101	(2,002)	(93,005)
2003	19	41.4	50,404	57,529	(075)	(141,465)	33,307	32,000	(499)	(93,504)
2004	20	41.5	50,544	57,070	(666)	(142,131)	32,414	32,046	(369)	(93,953)
2005	21	43.0	61,775	63,966	4,191	(137,939)	33,207	35,460	2,253	(93,700)
2006	22	45.0	64,620	73,100	8,480	(129,460)	33,729	30,195	4,426	(89,274)
2007	23	46.3	65,240	74,640	9,400	(120,060)	33,057	37,020	4,763	(84,512)
2008	24	46.6	65,605	75,752	10,060	(109,992)	32,313	37,265	4,953	(79,999)
2009	25	47.0	66,225	77,104	10,879	(99,113)	31,629	36,025	5,196	(74,803)
2010	26	47.3	66,741	78,396	11,655	(87,457)	30,947	36,352	5,405	(68,950)
2011	27	47.7	67,201	79,749	12,467	(74,990)	30,209	35,902	5,613	(63,346)
2012	28	48.1	67,021	81,101	13,279	(61,711)	29,643	35,447	5,804	(57,542)
2013	29	48.5	68,330	82,393	14,025	(47,686)	28,999	34,963	5,964	(51,577)
2014	30	48.8	68,070	83,745	14,867	(32,709)	28,377	34,502	6,125	(45,452)
2015	31	49.2	69,347	84,920	15,573	(17,216)	27,730	33,967	6,229	(39,223)
2016	32	49.6	69,000	86,273	16,305	(031)	27,140	33,503	6,363	(32,860)
2017	33	49.9	70,311	87,332	17,021	16,190	26,509	32,926	6,417	(26,443)
2018	34	50.1	70,610	88,101	17,483	33,673	25,049	32,249	6,400	(20,044)
2019	35	50.3	70,950	88,931	17,981	51,654	25,214	31,605	6,390	(13,653)
2020	36	50.5	71,257	89,700	18,443	70,090	24,506	30,950	6,364	(7,290)
2021	37	50.7	71,564	90,470	18,906	89,003	23,973	30,306	6,333	(957)

2022	38	51.0	0	28,958	28,958	117,961	0	9,418	9,418	8,461
2023	39	51.2	0	29,420	29,420	147,382	0	9,290	9,290	17,751
2024	40	51.4	0	29,882	29,882	177,264	0	9,161	9,161	26,911
2025	41	51.6	0	30,345	30,345	207,609	0	9,031	9,031	35,943
2026	42	51.8	0	30,843	30,843	238,451	0	8,912	8,912	44,855
2027	43	52.0	0	31,161	31,161	269,612	0	8,742	8,742	53,597
2028	44	52.4	0	31,947	31,947	301,559	0	8,782	8,782	62,299
2029	45	52.5	0	32,265	32,265	333,824	0	8,532	8,532	70,831
2030	46	52.7	0	0	0	333,824	0	0	0	70,831
2031	47	53.0	0	0	0	333,824	0	0	0	70,831

BN
NPV

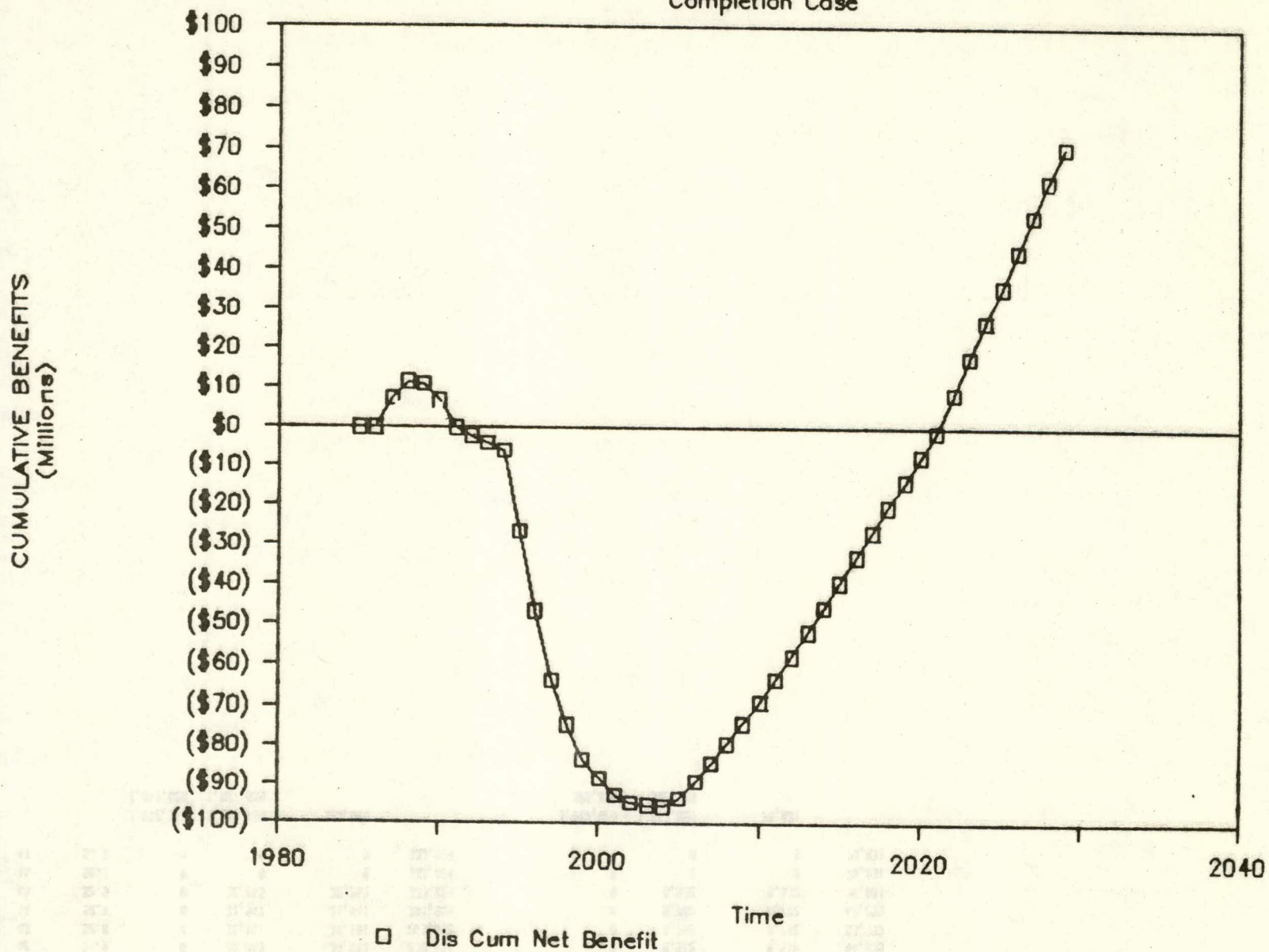
1,912,364	2,246,188	333,824	1,017,028	1,087,859	70,831
1,017,028	1,087,859		586,259	582,383	



SYSTEM TRANSMISSION SETTLEMENT ANALYSIS

BPA's WNP-3 SETTLEMENT ANALYSIS

Completion Case



FINANCIAL DATA

MARGINAL COST PROBABILITIES

WAP-3 OPERATING DATA

COST DATA

SUMMARY OF COSTS

discount rate	3.00%	Completion	Termination (voluntary)	WAP-3 Capability	1248.00 MW	IOU O&M Payments	22.00 mills/kwh	NPV of Total Exch Costs	9775 (Millions)
		BASE 30.00%	BASE 15.20%	IOU Ownership	30.00%	WAP-3 Costs	91,200 /Yr Preservation Costs	Value of CTs	883 (Millions)
		LOW 17.00%	LOW 57.70%	Capacity Factor	65.00%			Costs to BPA	9692 (Millions)
		HIGH 33.00%	HIGH 8.00%			Nonfire Op Costs	21.00 mills/kwh	IOU O&M Payments	9629 (Millions)
			Termination (involuntary)		0.00 MW	CT Running Costs	65.00 mills/kwh	WAP-3 Option	(927) (Millions)
		100%	BASE 15.40%	Percent Complete	66.67%	CT Percent Use	12.00%	Total Benefit	9656 (Millions)
			HIGH 7.70%			Cost of Exchange	28.00 mills/kwh	Net Benefit	(990) (Millions)
			100%		161.21 MW				

ANNUAL COSTS TABLE

COMPLETION TERMINATION

BENEFITS -- TERMINATION CASE ANALYSIS

DISC. YEAR FACTOR	COMPLETION			VOLUNTARY TERMINATION			INVOLUNTARY TERMINATION		BPA EXPECTED POWER COSTS		BPA EXPECTED POWER COSTS		WAP-3 COSTS & OPERATION (MILLS/YEAR)	VALUE of OPTION on WAP-3 (MILLS/YEAR)	VALUE of OPTION on WAP-3 (\$000)	VALUE of CONSTRUCTION TURBINES (MILLS/YEAR)	VALUE of CONSTRUCTION TURBINES (\$000)	IOU O & M PAYMENTS (MILLS/YEAR)	IOU O & M PAYMENTS (\$000)	TOTAL EXCHANGE BENEFITS (\$000)	
	BASE	LOW	HIGH	BASE	LOW	HIGH	BASE	HIGH	POWER COSTS (MILLS/YEAR)	POWER COSTS (MILLS/YEAR)											
1985	1	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	
1986	2	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	
1987	3	16	16	18	10	10	10	16	16.3	11.2	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060	
1988	4	16	16	25	12	12	12	16	25	18.8	13.6	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1989	5	19	19	30	13	13	13	19	30	22.5	15.4	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1990	6	22	22	33	14	14	14	22	33	25.5	16.9	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1991	7	24	24	35	16	17	20	24	35	27.8	19.7	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1992	8	21	17	33	19	17	23	22	32	23.9	19.3	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1993	9	19	19	32	20	18	23	25	30	23.6	20.4	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1994	10	22	19	30	21	17	26	33	42	23.9	22.1	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1995	11	22	17	42	21	17	30	29	43	27.7	22.0	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1996	12	23	17	48	22	18	33	39	44	27.4	23.0	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1997	13	23	18	43	24	17	35	39	45	29.0	23.0	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1998	14	33	17	44	22	19	32	42	47	33.9	25.3	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
1999	15	25	17	45	23	19	30	43	48	35.3	25.0	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
2000	16	29	18	47	33	20	42	42	49	38.1	27.9	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
2001	17	29	17	46	35	19	43	46	51	38.4	28.5	0.0	0.0	(1,200)	0.0	0	0	22.0	31,060	29,060	29,060
2002	18	42	19	49	39	21	44	49	52	40.2	31.1	0.0	0.0	(1,200)	2.3	3,309	0	22.0	31,060	33,177	33,177
2003	19	43	19	51	39	22	45	49	53	41.4	31.8	0.0	0.0	(1,200)	3.0	4,168	0	22.0	31,060	34,836	34,836
2004	20	42	20	52	42	22	47	50	54	41.5	32.3	0.0	0.0	(1,200)	3.5	4,954	0	22.0	31,060	34,822	34,822
2005	21	46	19	53	43	22	48	50	54	43.8	32.9	0.0	0.0	(1,200)	4.1	5,779	0	22.0	31,060	35,640	35,640
2006	22	49	21	54	42	22	49	50	55	45.8	33.0	0.0	0.0	(1,200)	4.2	5,927	0	22.0	31,060	35,795	35,795
2007	23	49	22	54	46	23	51	50	55	46.3	34.0	0.0	0.0	(1,200)	5.2	7,375	0	22.0	31,060	37,243	37,243
2008	24	50	22	55	49	23	52	51	56	46.6	34.9	0.0	0.0	(1,200)	6.1	8,634	0	22.0	31,060	38,502	38,502
2009	25	50	22	55	49	24	53	51	56	47.0	35.2	0.0	0.0	(1,200)	6.4	9,000	0	22.0	31,060	38,948	38,948
2010	26	50	22	56	50	24	54	51	57	47.3	35.6	0.0	0.0	(1,200)	6.8	9,607	0	22.0	31,060	39,475	39,475
2011	27	50	23	56	50	24	54	52	57	47.7	35.9	0.0	0.0	(1,200)	7.1	10,052	0	22.0	31,060	39,920	39,920
2012	28	51	23	57	50	25	55	52	58	48.1	36.3	0.0	0.0	(1,200)	7.5	10,579	0	22.0	31,060	40,447	40,447
2013	29	51	24	57	50	25	55	52	58	48.5	36.6	0.0	0.0	(1,200)	7.8	11,013	0	22.0	31,060	40,881	40,881
2014	30	51	24	58	51	25	56	53	59	48.8	37.0	0.0	0.0	(1,200)	8.2	11,540	0	22.0	31,060	41,408	41,408
2015	31	52	24	58	51	25	56	53	59	49.2	37.4	0.0	0.0	(1,200)	8.6	12,127	0	22.0	31,060	41,935	41,935
2016	32	52	25	59	51	26	57	53	59	49.6	37.7	0.0	0.0	(1,200)	8.9	12,999	0	22.0	31,060	42,468	42,468
2017	33	52	25	59	52	27	57	53	59	49.9	38.1	0.0	0.0	(1,200)	9.3	13,072	0	22.0	31,060	42,940	42,940
2018	34	53	25	59	52	27	58	54	59	50.1	38.4	0.0	0.0	(1,200)	9.6	13,545	0	22.0	31,060	43,413	43,413
2019	35	53	26	59	52	27	58	54	59	50.3	38.7	0.0	0.0	(1,200)	9.9	14,017	0	22.0	31,060	43,885	43,885
2020	36	53	26	59	53	28	59	54	59	50.5	39.1	0.0	0.0	(1,200)	10.3	14,490	0	22.0	31,060	44,358	44,358
2021	37	53	27	59	53	28	59	55	59	50.7	39.4	0.0	0.0	(1,200)	10.6	14,962	0	22.0	31,060	44,830	44,830

YEAR	DISC. FACTOR	POWER EXCHANGE COSTS	TOTAL EXCHANGE COSTS	TOTAL EXCHANGE BENEFITS	NET EXCHANGE BENEFITS	CUMULATIVE NET EXCHANGE BENEFITS	DISCOUNTED TOTAL EXCHANGE COSTS	DISCOUNTED TOTAL EXCHANGE BENEFITS	DISCOUNTED NET EXCHANGE BENEFITS	CUMULATIVE DISCOUNTED NET EXCHANGE BENEFITS
		(MILLS/YEAR)	(1000)	(1000)	(1000)	(1000)	(1000)	(1000)	(1000)	(1000)
1985	1	0.0	0	0	0	0	0	0	0	0
1986	2	0.0	0	0	0	0	0	0	0	0
1987	3	11.2	15,040	29,060	14,020	14,020	14,496	27,333	12,837	12,837
1988	4	12.6	19,175	29,060	10,693	24,720	17,637	25,537	7,900	22,330
1989	5	15.4	21,783	29,060	8,085	32,805	18,790	25,764	6,974	29,312
1990	6	16.9	23,829	29,060	6,009	38,813	19,981	25,814	5,833	34,344
1991	7	19.7	27,861	29,060	2,007	40,821	22,654	24,285	1,632	35,976
1992	8	19.3	27,260	29,060	2,600	43,422	21,525	23,578	2,053	38,029
1993	9	20.4	28,789	29,060	1,079	44,501	22,064	22,891	827	38,856
1994	10	22.1	31,149	29,060	(1,280)	43,220	23,177	22,225	(953)	37,903
1995	11	22.0	32,181	29,060	(2,313)	40,907	23,248	21,577	(1,671)	36,232
1996	12	23.0	33,267	29,060	(3,699)	37,208	23,543	20,949	(2,594)	33,638
1997	13	23.0	33,647	29,060	(3,779)	33,429	22,912	20,339	(2,573)	31,064
1998	14	25.3	35,675	29,060	(5,007)	27,622	23,586	19,746	(3,839)	27,225
1999	15	26.0	36,777	29,060	(6,909)	20,713	23,686	19,171	(4,434)	22,791
2000	16	27.9	39,429	29,060	(9,361)	11,152	24,571	18,613	(5,958)	16,832
2001	17	28.9	40,249	29,060	(10,381)	770	24,332	18,071	(6,261)	10,571
2002	18	31.1	43,980	29,060	(10,083)	(10,083)	25,834	17,488	(6,346)	4,226
2003	19	31.0	44,839	29,060	(10,083)	(20,835)	25,571	16,910	(6,161)	(1,933)
2004	20	32.3	45,625	29,060	(10,083)	(31,638)	25,262	16,288	(5,981)	(7,936)
2005	21	32.9	46,450	29,060	(10,083)	(42,441)	24,969	15,662	(5,807)	(13,743)
2006	22	33.0	46,930	29,060	(10,083)	(53,244)	24,319	15,041	(5,630)	(19,381)
2007	23	34.0	48,046	29,060	(10,083)	(64,047)	24,345	14,411	(5,474)	(24,855)
2008	24	34.9	49,285	29,060	(10,083)	(74,849)	24,255	13,781	(5,314)	(30,169)
2009	25	35.2	49,751	29,060	(10,083)	(85,652)	23,761	13,148	(5,159)	(35,329)
2010	26	35.6	50,270	29,060	(10,083)	(96,455)	23,313	12,504	(5,009)	(40,338)
2011	27	35.9	50,723	29,060	(10,083)	(107,258)	22,835	11,872	(4,863)	(45,201)
2012	28	36.3	51,230	29,060	(10,083)	(118,061)	22,400	11,278	(4,722)	(49,923)
2013	29	36.6	51,684	29,060	(10,083)	(128,864)	21,932	10,682	(4,584)	(54,507)
2014	30	37.0	52,211	29,060	(10,083)	(139,666)	21,510	10,082	(4,451)	(58,958)
2015	31	37.4	52,790	29,060	(10,083)	(150,469)	21,118	9,492	(4,321)	(63,279)
2016	32	37.7	53,270	29,060	(10,083)	(161,272)	20,687	8,932	(4,195)	(67,474)
2017	33	38.1	53,743	29,060	(10,083)	(172,075)	20,262	8,380	(4,073)	(71,547)
2018	34	38.4	54,215	29,060	(10,083)	(182,878)	19,845	7,839	(3,954)	(75,501)
2019	35	38.7	54,688	29,060	(10,083)	(193,681)	19,435	7,316	(3,839)	(79,340)
2020	36	39.1	55,160	29,060	(10,083)	(204,484)	19,032	6,803	(3,727)	(83,068)
2021	37	39.4	55,633	29,060	(10,083)	(215,286)	18,636	6,317	(3,619)	(86,686)

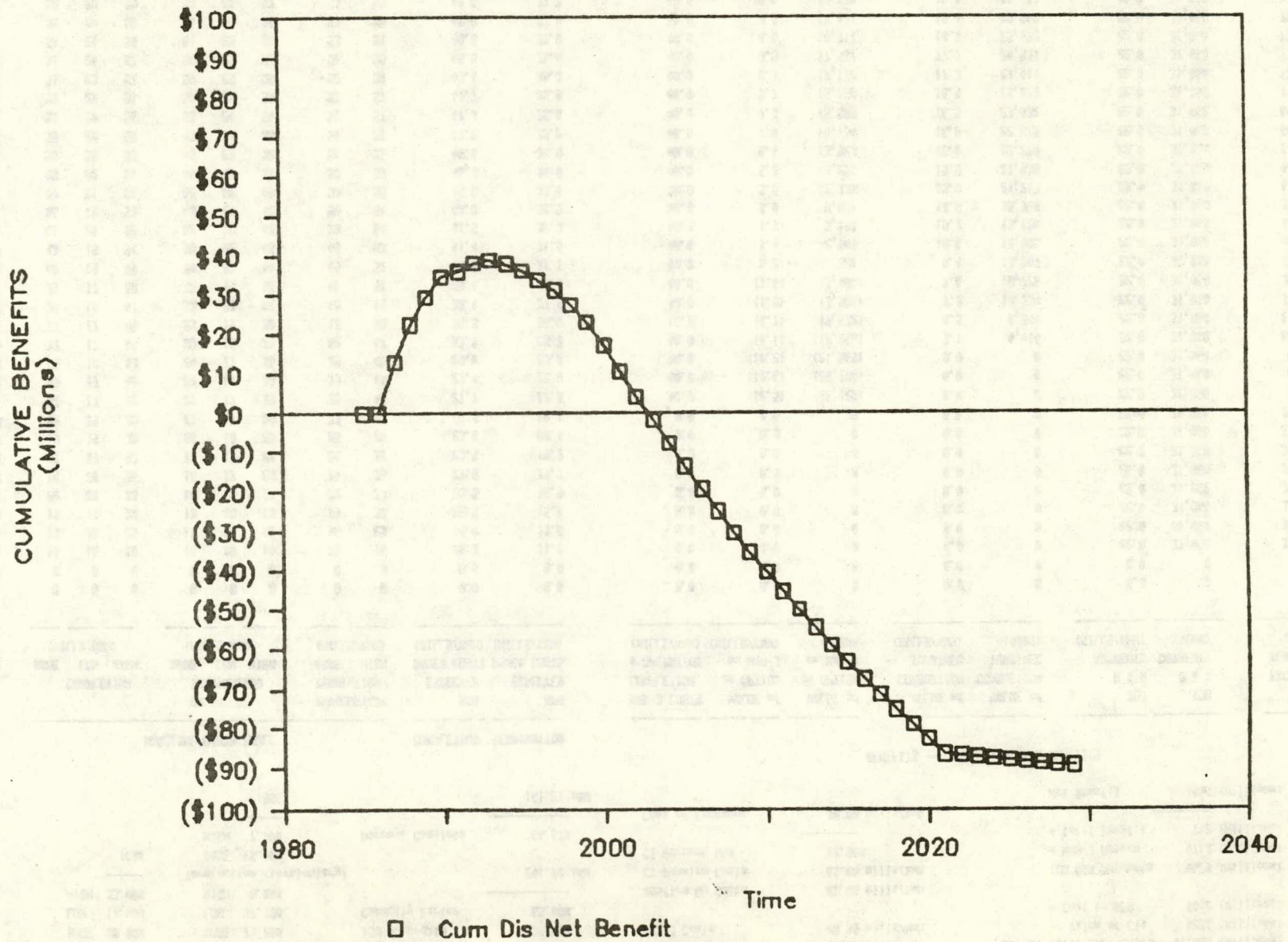
2022	38	39.0	0	(1,200)	(1,200)	(216,406)	0	(390)	(390)	(87,077)
2023	39	40.1	0	(1,200)	(1,200)	(217,606)	0	(379)	(379)	(87,455)
2024	40	40.5	0	(1,200)	(1,200)	(218,006)	0	(360)	(360)	(87,823)
2025	41	40.8	0	(1,200)	(1,200)	(220,006)	0	(357)	(357)	(88,180)
2026	42	40.9	0	(1,200)	(1,200)	(221,206)	0	(347)	(347)	(88,527)
2027	43	41.0	0	(1,200)	(1,200)	(222,406)	0	(337)	(337)	(88,864)
2028	44	41.1	0	(1,200)	(1,200)	(223,606)	0	(327)	(327)	(89,191)
2029	45	41.2	0	(1,200)	(1,200)	(224,806)	0	(317)	(317)	(89,508)
2030	46	41.3	0	0	0	(224,806)	0	0	0	(89,508)
2031	47	41.4	0	0	0	(224,806)	0	0	0	(89,508)

SUM
NPV

1,457,497	1,232,611	(224,806)	774,865	645,357	(89,508)
774,865	645,357		446,238	413,993	

BPA's WNP-3 SETTLEMENT ANALYSIS

Termination Case



FINANCIAL DATA

MARGINAL COST PROBABILITIES

IMP-3 OPERATING DATA

COST DATA

SUMMARY OF RESULTS

discount rate 3.00%

Completion	Termination (voluntary)	IMP-3 Capability	1248.00 MW
BASE 30.00%	BASE 19.20%	IOU Ownership	30.00%
LOW 17.00%	LOW 57.70%	Capacity Factor	65.00%
HIGH 33.00%	HIGH 8.00%		
	Termination (involuntary)		241.00 MW
100%	BASE 15.40%		
	HIGH 7.70%	Percent Complete	66.67%
	100%		161.21 MW

IOU O&M Payments	22.00 mills/kwh
IMP-3 Costs	40.00 mills/kwh
Nonfire Op Costs	25.00 mills/kwh
CT Running Costs	65.00 mills/kwh
CT Percent Use	12.00%
Cost of Exchange	30.00 mills/kwh

NPV of Total Each Costs	91,833 (Millions)
- Value of CTA	8221 (Millions)
= Cost to BPA	9812 (Millions)
IOU O&M Payments	9629 (Millions)
+ IMP-3 Option	8113 (Millions)
= Total Benefit	742 (Millions)
Net Benefit	(959) (Millions)

MARGINAL COSTS TABLE

COMPLETION TERMINATION

BENEFITS -- COMPLETION CASE ANALYSIS

YR.	FAC	COMPLETION			VOLUNTARY TERMINATION			INVOLUNTARY TERMINATION		BPA EXPECTED POWER COSTS (MILLS/KWH)	BPA EXPECTED POWER COSTS (MILLS/KWH)	IMP-3 COSTS & OPERATION (MILLS/KWH)	VALUE of an OPTION on IMP-3 (0000)	VALUE of an OPTION on IMP-3 (0000)	VALUE of COMBUSTION TURBINES (MILLS/KWH)	VALUE of COMBUSTION TURBINES (0000)	IOU O & M PAYMENTS (MILLS/KWH)	IOU O & M PAYMENTS (0000)	TOTAL EXCHANGE BENEFITS (0000)
		BASE	LOW	HIGH	BASE	LOW	HIGH	BASE	HIGH										
1985	1	0	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0	0.0	0	0.0	0	0
1986	2	0	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0	0.0	0	0.0	0	0
1987	3	16	16	18	10	10	10	16	18	16.3	11.2	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1988	4	16	16	25	12	12	12	16	25	18.8	13.6	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1989	5	19	19	30	13	13	13	19	30	22.5	15.4	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1990	6	22	22	33	14	14	14	22	33	25.5	16.9	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1991	7	24	22	36	18	17	20	24	36	27.8	19.7	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1992	8	21	17	33	19	17	23	22	32	23.9	19.3	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1993	9	19	19	32	20	18	23	25	30	23.6	20.4	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1994	10	22	19	30	21	17	20	33	42	23.9	22.1	0.0	0.0	0	0.0	0	22.0	31,060	31,060
1995	11	22	17	42	21	17	30	35	43	27.7	22.8	40.0	(12.3)	(25,125)	0.0	0	22.0	31,060	4,943
1996	12	23	17	40	22	18	33	39	44	27.4	23.8	40.0	(12.6)	(25,700)	0.0	0	22.0	31,060	4,288
1997	13	25	18	43	24	17	36	39	45	29.8	23.8	40.0	(10.2)	(21,569)	0.0	0	22.0	31,060	3,499
1998	14	33	17	44	22	19	32	42	47	33.9	25.3	40.0	(6.1)	(12,866)	3.1	4,414	22.0	31,060	22,617
1999	15	33	17	45	25	19	30	43	48	35.3	26.8	40.0	(4.7)	(9,972)	4.5	6,344	22.0	31,060	27,439
2000	16	39	18	47	33	20	42	42	49	38.1	27.9	40.0	(1.9)	(3,986)	7.3	10,334	22.0	31,060	37,416
2001	17	39	17	48	35	19	43	46	51	38.4	28.5	40.0	(1.6)	(3,488)	7.6	10,725	22.0	31,060	38,394
2002	18	42	19	49	39	21	44	49	52	40.2	31.1	40.0	0.2	322	9.4	13,207	22.0	31,060	44,597
2003	19	43	19	51	39	22	45	49	53	41.4	31.8	40.0	1.4	2,989	10.6	14,985	22.0	31,060	49,041
2004	20	42	20	52	42	22	47	50	54	41.5	32.3	40.0	1.5	3,198	10.7	15,124	22.0	31,060	49,391
2005	21	46	19	53	43	22	48	50	54	43.8	32.9	40.0	3.8	8,051	13.0	18,368	22.0	31,060	57,479
2006	22	49	21	54	42	22	49	50	55	45.8	33.8	40.0	5.8	12,336	15.0	21,217	22.0	31,060	64,621
2007	23	49	22	54	46	23	51	50	55	46.3	34.8	40.0	6.3	13,253	15.5	21,830	22.0	31,060	66,153
2008	24	50	22	55	49	23	52	51	56	46.6	34.9	40.0	6.6	13,923	15.8	22,274	22.0	31,060	67,265
2009	25	50	22	55	49	24	53	51	56	47.8	35.2	40.0	7.0	14,734	16.2	22,815	22.0	31,060	68,617
2010	26	50	22	56	50	24	54	51	57	47.3	35.6	40.0	7.3	15,589	16.5	23,332	22.0	31,060	69,989
2011	27	50	23	56	50	24	54	52	57	47.7	35.9	40.0	7.7	16,320	16.9	23,873	22.0	31,060	71,261
2012	28	51	23	57	50	25	55	52	58	48.1	36.3	40.0	8.1	17,132	17.3	24,414	22.0	31,060	72,614
2013	29	51	24	57	50	25	55	52	58	48.5	36.6	40.0	8.5	17,987	17.7	24,931	22.0	31,060	73,986
2014	30	51	24	58	51	25	56	53	59	48.8	37.0	40.0	8.8	18,718	18.0	25,472	22.0	31,060	75,258
2015	31	52	24	58	51	26	56	53	59	49.2	37.4	40.0	9.2	19,424	18.4	25,942	22.0	31,060	76,433
2016	32	52	25	59	51	26	57	53	59	49.6	37.7	40.0	9.6	20,235	18.8	26,483	22.0	31,060	77,706
2017	33	52	25	59	52	27	57	53	59	49.9	38.1	40.0	9.9	20,870	19.1	26,986	22.0	31,060	78,845
2018	34	53	25	59	52	27	58	54	59	50.1	38.4	40.0	10.1	21,332	19.3	27,214	22.0	31,060	79,614
2019	35	53	26	59	52	27	58	54	59	50.3	38.7	40.0	10.3	21,830	19.5	27,546	22.0	31,060	80,444
2020	36	53	26	59	53	28	59	54	59	50.5	39.1	40.0	10.5	22,292	19.7	27,854	22.0	31,060	81,214
2021	37	53	27	59	53	28	59	55	59	50.7	39.4	40.0	10.7	22,753	19.9	28,162	22.0	31,060	81,983

DISC. YEAR	FACTOR	POWER	TOTAL	TOTAL	NET	CUMULATIVE	DISCOUNTED	DISCOUNTED	DISCOUNTED	CUMULATIVE	
		EXCHANGE COSTS (MILL/HR)	EXCHANGE COSTS (0000)	EXCHANGE BENEFITS (0000)	EXCHANGE BENEFITS (0000)	NET EXCHANGE BENEFITS (0000)	NET EXCHANGE BENEFITS (0000)	TOTAL EXCHANGE COSTS (0000)	TOTAL EXCHANGE BENEFITS (0000)	NET EXCHANGE BENEFITS (0000)	DISCOUNTED NET EXCHANGE BENEFITS (0000)
1985	1	0.0	0	0	0	0	0	0	0	0	0
1986	2	0.0	0	0	0	0	0	0	0	0	0
1987	3	23.0	32,400	31,060	(1,412)	(1,412)	29,724	28,432	(1,292)	(1,292)	(1,292)
1988	4	23.0	32,400	31,060	(1,412)	(2,824)	28,058	27,604	(1,253)	(2,547)	(2,547)
1989	5	23.0	32,400	31,060	(1,412)	(4,237)	28,010	26,000	(1,210)	(3,757)	(3,757)
1990	6	23.5	36,000	31,060	(4,930)	(9,175)	30,135	26,019	(4,136)	(7,901)	(7,901)
1991	7	27.0	39,310	31,060	(8,241)	(17,416)	31,962	23,261	(6,701)	(14,602)	(14,602)
1992	8	23.9	33,747	31,060	(2,679)	(20,095)	26,640	24,523	(2,115)	(16,717)	(16,717)
1993	9	23.6	33,267	31,060	(2,199)	(22,294)	23,496	23,011	(1,603)	(18,402)	(18,402)
1994	10	23.9	33,015	31,060	(2,747)	(25,041)	23,161	23,110	(2,044)	(20,446)	(20,446)
1995	11	27.7	39,069	4,943	(34,127)	(59,168)	28,225	3,571	(24,634)	(45,100)	(45,100)
1996	12	27.4	30,633	4,200	(34,343)	(93,511)	27,096	3,000	(24,009)	(69,109)	(69,109)
1997	13	29.0	42,107	3,499	(38,608)	(132,121)	28,673	6,460	(22,203)	(91,333)	(91,333)
1998	14	33.9	47,910	22,617	(25,293)	(157,414)	31,674	14,932	(16,722)	(108,115)	(108,115)
1999	15	35.3	49,039	27,439	(22,600)	(173,014)	31,990	17,612	(14,377)	(122,493)	(122,493)
2000	16	30.1	53,030	37,416	(16,414)	(190,227)	33,545	23,316	(10,220)	(132,721)	(132,721)
2001	17	30.4	54,221	38,394	(15,827)	(206,054)	32,004	23,229	(9,576)	(142,296)	(142,296)
2002	18	40.2	56,702	44,977	(12,005)	(218,159)	33,306	26,196	(7,111)	(149,407)	(149,407)
2003	19	41.4	58,400	49,041	(9,430)	(227,589)	33,350	27,960	(5,303)	(154,790)	(154,790)
2004	20	41.5	58,620	49,391	(9,229)	(236,817)	32,456	27,347	(5,110)	(159,900)	(159,900)
2005	21	43.0	61,055	57,479	(4,376)	(241,203)	33,230	30,090	(2,352)	(162,252)	(162,252)
2006	22	45.0	64,712	64,621	(911)	(241,294)	33,773	33,725	(47)	(162,299)	(162,299)
2007	23	46.3	65,325	66,153	820	(240,463)	33,100	33,519	420	(161,000)	(161,000)
2008	24	46.6	65,770	67,263	1,496	(238,970)	32,354	33,090	736	(161,144)	(161,144)
2009	25	47.0	66,310	68,617	2,307	(236,663)	31,670	32,772	1,102	(160,042)	(160,042)
2010	26	47.3	66,027	69,909	3,002	(233,501)	30,907	32,417	1,429	(158,613)	(158,613)
2011	27	47.7	67,360	71,261	3,093	(229,608)	30,320	32,001	1,733	(156,860)	(156,860)
2012	28	48.1	67,909	72,614	4,705	(224,903)	29,661	31,730	2,026	(154,804)	(154,804)
2013	29	48.5	68,426	73,906	5,400	(219,503)	29,036	31,362	2,325	(152,479)	(152,479)
2014	30	48.8	68,967	75,230	6,291	(213,212)	28,413	31,005	2,592	(149,887)	(149,887)
2015	31	49.2	69,437	76,433	6,996	(206,216)	27,774	30,572	2,790	(147,000)	(147,000)
2016	32	49.6	69,970	77,706	7,000	(199,400)	27,175	30,207	3,032	(144,056)	(144,056)
2017	33	49.9	70,402	78,045	8,443	(189,957)	26,543	29,726	3,183	(140,873)	(140,873)
2018	34	50.1	70,709	79,614	8,905	(181,050)	25,803	29,142	3,260	(137,614)	(137,614)
2019	35	50.3	71,041	80,444	9,403	(171,650)	25,247	28,500	3,342	(134,272)	(134,272)
2020	36	50.5	71,349	81,214	9,064	(161,793)	24,610	28,021	3,404	(130,869)	(130,869)
2021	37	50.7	71,657	81,903	10,326	(151,467)	24,004	27,463	3,459	(127,409)	(127,409)

2022	38	51.0	0	23,215	23,215	(128,252)	0	7,350	7,350	(119,899)
2023	39	51.2	0	23,677	23,677	(104,575)	0	7,476	7,476	(112,383)
2024	40	51.4	0	24,139	24,139	(80,437)	0	7,400	7,400	(104,983)
2025	41	51.6	0	24,600	24,600	(55,836)	0	7,322	7,322	(97,662)
2026	42	51.8	0	25,090	25,090	(30,730)	0	7,252	7,252	(90,409)
2027	43	52.0	0	25,416	25,416	(5,322)	0	7,130	7,130	(83,279)
2028	44	52.4	0	25,202	25,202	20,000	0	7,137	7,137	(76,142)
2029	45	52.9	0	25,319	25,319	47,399	0	7,013	7,013	(69,130)
2030	46	52.7	0	0	0	47,399	0	0	0	(69,130)
2031	47	51.0	0	0	0	47,399	0	0	0	(69,130)

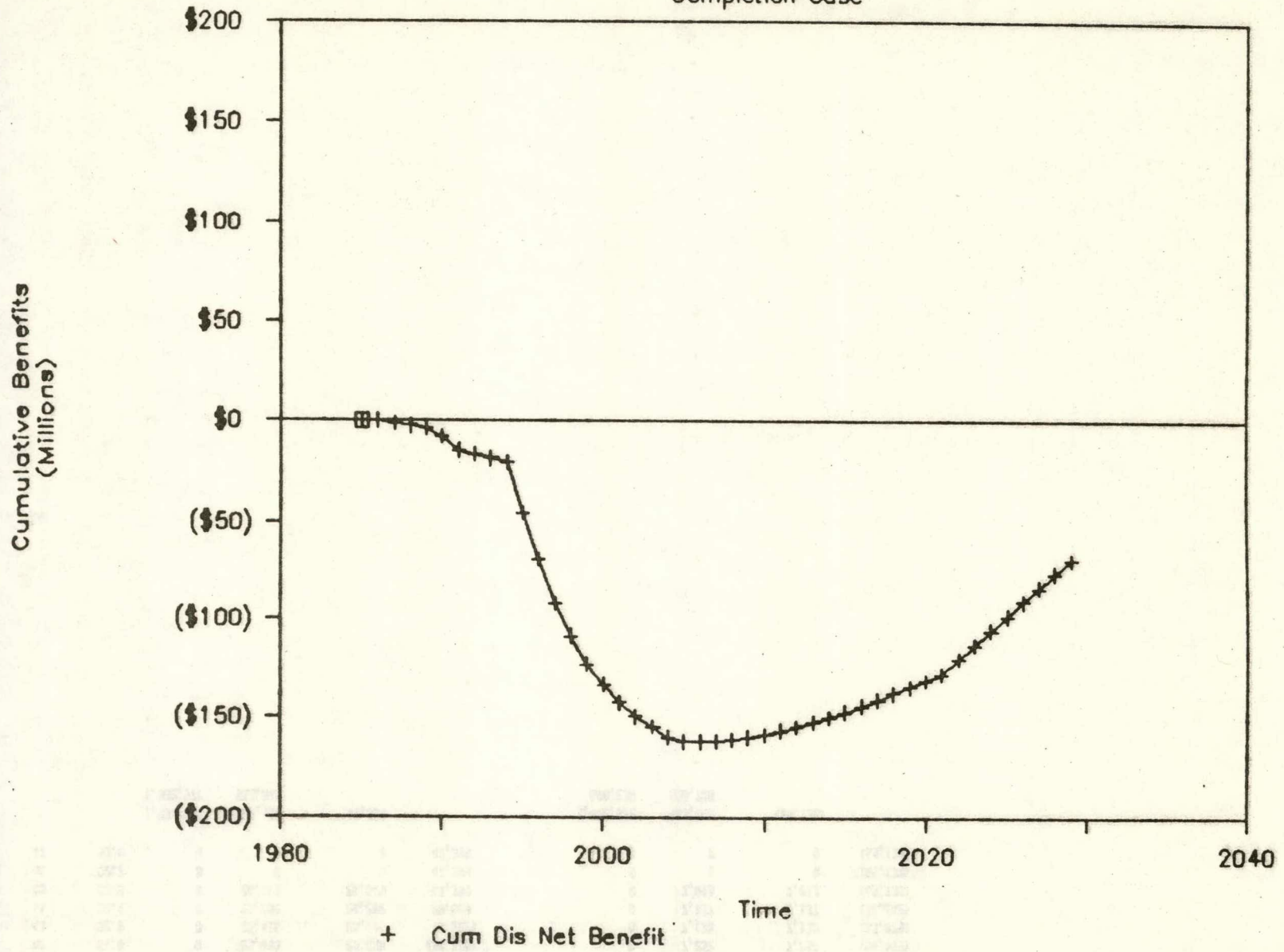
BM		1,531,687	1,978,436	47,399	1,632,972	963,042	(69,130)
BPV		1,632,972	963,042		600,230	329,720	



EMER MINE - 2 SETTLEMENT ANALYSIS

EWEB WNP-3 SETTLEMENT ANALYSIS

Completion Case



FINANCIAL DATA

MARGINAL COST PROBABILITIES

MP-3 OPERATING DATA

COST DATA

SUMMARY OF RESULTS

discount rate	3.00%	Completion	Termination (voluntary)	MP-3 Capability	1240.00 MW	IQU O&M Payments	22.00 mills/mwh	NPV of Total Each Costs	6812 (Millions)
		BASE 30.00%	BASE 15.20%	IQU Ownership	38.00%	MP-3 Costs	61,200 /Yr Preservation Costs	- Value of CTo	950 (Millions)
		LOW 17.00%	LOW 57.70%	Capacity Factor	63.00%			= Cost to EPA	9735 (Millions)
		HIGH 33.00%	HIGH 8.00%			Nonfire Op Costs	23.00 mills/mwh		
			Termination (involuntary)		0.00 MW	CT Running Costs	65.00 mills/mwh	IQU O&M Payments	9629 (Millions)
		100%	BASE 15.40%	Percent Complete	66.67%	CT Percent Use	12.00%	+ MP-3 Option	(627) (Millions)
			HIGH 7.70%					= Total Benefit	9682 (Millions)
			100%		161.21 MW	Cost of Exchange	30.00 mills/mwh	Net Benefit	(6153) (Millions)

BENEFITS -- TERMINATION CASE ANALYSIS

DATE YEAR FACTOR	COMPLETION			VOLUNTARY TERMINATION			INVOLUNTARY TERMINATION		COMPLETION TERMINATION		MP-3 COSTS & OPERATION (MILLS/YEAR)	VALUE of an OPTION on MP-3 (MILLS/YEAR)	VALUE of an OPTION on MP-3 (0000)	VALUE of COMBUSTION TURBINES (MILLS/YEAR)	VALUE of COMBUSTION TURBINES (0000)	IQU O & M PAYMENTS (MILLS/YEAR)	IQU O & M PAYMENTS (0000)	TOTAL EXCHANGE BENEFITS (0000)	
	BASE	LOW	HIGH	BASE	LOW	HIGH	BASE	HIGH	EXPECTED POWER (MILLS/YEAR)	EXPECTED POWER COSTS (MILLS/YEAR)									
1983	1	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0	0	
1986	2	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0	0	
1987	3	16	16	18	10	10	10	16	18	16.3	11.2	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1988	4	16	16	23	12	12	12	16	23	18.0	12.6	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1989	5	19	19	30	13	13	13	19	30	22.5	15.4	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1990	6	22	22	33	14	14	14	22	33	25.5	16.9	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1991	7	24	22	36	18	17	20	24	36	27.0	19.7	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1992	8	21	17	33	19	17	23	22	32	23.9	19.3	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1993	9	19	19	32	20	18	25	25	30	23.6	20.4	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1994	10	22	19	30	21	17	20	23	42	22.9	22.1	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1995	11	22	17	42	21	17	30	25	43	27.7	22.0	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1996	12	23	17	40	22	18	33	29	44	27.4	23.0	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1997	13	25	18	43	24	17	35	29	45	29.0	23.0	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1998	14	33	17	44	22	19	32	42	47	33.9	25.3	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
1999	15	25	17	45	23	19	30	43	48	25.3	25.0	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
2000	16	29	18	47	23	20	42	42	49	28.1	27.9	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
2001	17	29	17	40	25	19	43	46	51	28.4	28.5	0.0	0.0	(1,200)	0.0	0	22.0	31,060	29,060
2002	18	42	19	49	29	21	44	49	52	40.2	31.1	0.0	0.0	(1,200)	0.3	485	22.0	31,060	30,353
2003	19	43	19	54	29	22	45	49	53	41.4	31.8	0.0	0.0	(1,200)	1.0	1,343	22.0	31,060	31,211
2004	20	42	20	52	42	22	47	50	54	41.5	32.3	0.0	0.0	(1,200)	1.5	2,130	22.0	31,060	31,990
2005	21	46	19	53	43	22	48	50	54	43.8	32.9	0.0	0.0	(1,200)	2.1	2,935	22.0	31,060	32,823
2006	22	49	21	54	42	22	49	50	55	45.0	33.0	0.0	0.0	(1,200)	2.2	3,102	22.0	31,060	32,970
2007	23	49	22	54	46	23	51	50	55	46.3	34.0	0.0	0.0	(1,200)	3.2	4,351	22.0	31,060	34,419
2008	24	50	22	55	49	23	52	51	55	46.6	34.9	0.0	0.0	(1,200)	4.1	5,010	22.0	31,060	35,670
2009	25	50	22	50	49	24	53	51	55	47.0	35.2	0.0	0.0	(1,200)	4.4	6,255	22.0	31,060	36,123
2010	26	50	22	55	50	24	54	51	57	47.3	35.6	0.0	0.0	(1,200)	4.8	6,782	22.0	31,060	36,630
2011	27	50	23	55	50	24	54	52	57	47.7	35.9	0.0	0.0	(1,200)	5.1	7,220	22.0	31,060	37,096
2012	28	51	23	57	50	25	55	52	58	48.1	36.3	0.0	0.0	(1,200)	5.5	7,755	22.0	31,060	37,623
2013	29	51	24	57	50	25	55	52	58	48.5	36.6	0.0	0.0	(1,200)	5.8	8,189	22.0	31,060	38,057
2014	30	51	24	58	51	25	56	53	59	48.8	37.0	0.0	0.0	(1,200)	6.2	8,716	22.0	31,060	38,504
2015	31	52	24	58	51	25	56	53	59	49.2	37.4	0.0	0.0	(1,200)	6.6	9,203	22.0	31,060	38,971
2016	32	52	25	59	51	26	57	53	59	49.6	37.7	0.0	0.0	(1,200)	6.9	9,775	22.0	31,060	39,643
2017	33	52	25	59	52	27	57	53	59	49.9	38.1	0.0	0.0	(1,200)	7.3	10,240	22.0	31,060	40,116
2018	34	53	25	59	52	27	58	54	59	50.1	38.4	0.0	0.0	(1,200)	7.6	10,720	22.0	31,060	40,580
2019	35	53	26	59	52	27	58	54	59	50.3	38.7	0.0	0.0	(1,200)	7.9	11,193	22.0	31,060	41,061
2020	36	53	26	59	53	28	59	54	59	50.5	39.1	0.0	0.0	(1,200)	8.3	11,665	22.0	31,060	41,533
2021	37	53	27	59	53	28	59	55	59	50.7	39.4	0.0	0.0	(1,200)	8.6	12,130	22.0	31,060	42,006

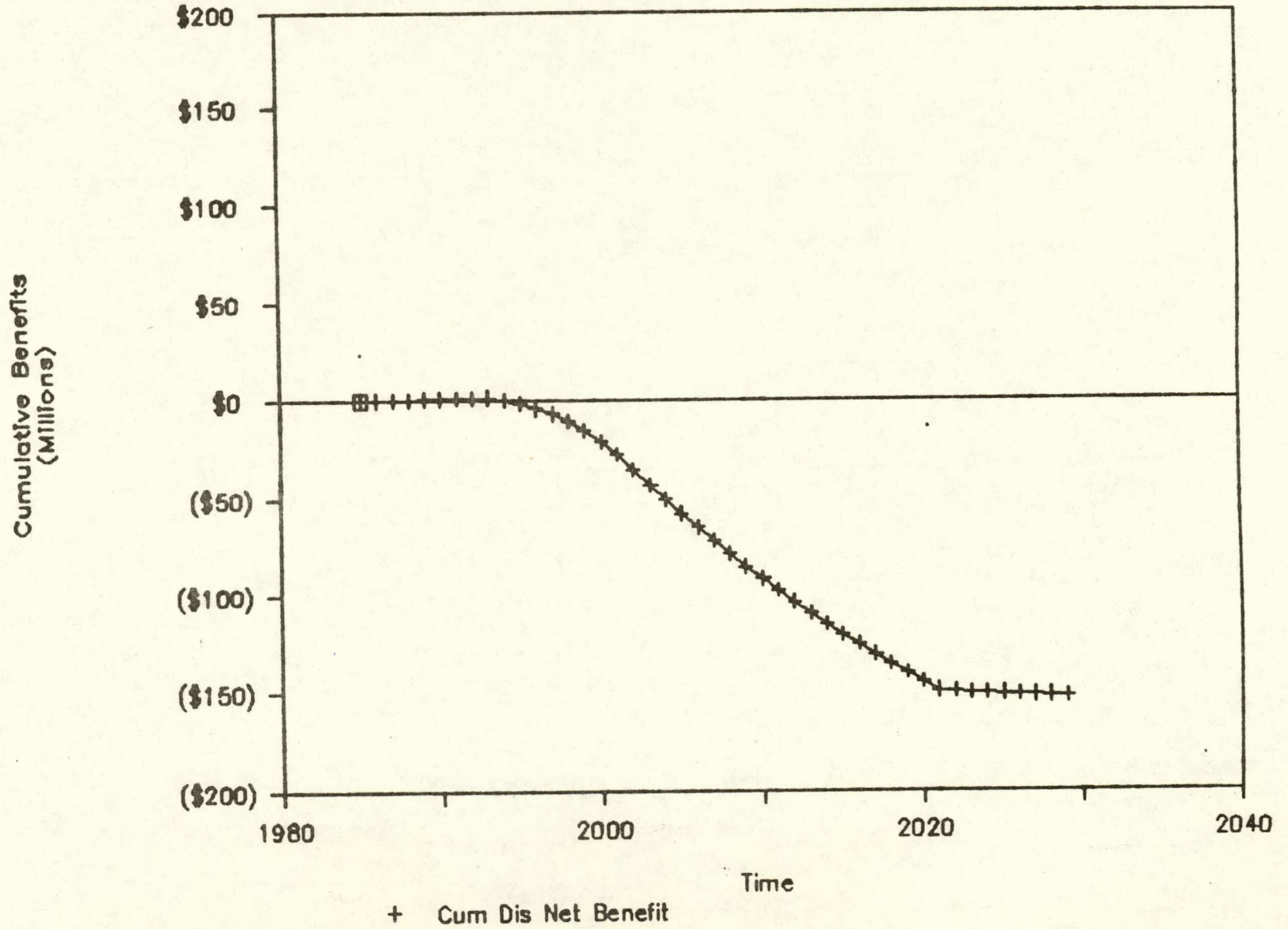
YEAR	DTC. FACTOR	POWER EXCHANGE OP. COSTS (MILLS/1000)	TOTAL EXCHANGE COSTS (0000)	TOTAL EXCHANGE BENEFITS (0000)	CUMULATIVE		DISCOUNTED TOTAL EXCHANGE COSTS (0000)	DISCOUNTED TOTAL EXCHANGE BENEFITS (0000)	DISCOUNTED NET EXCHANGE BENEFITS (0000)	CUMULATIVE DISCOUNTED NET EXCHANGE BENEFITS (0000)
					NET EXCHANGE BENEFITS (0000)	NET EXCHANGE BENEFITS (0000)				
1985	1	0.0	0	0	0	0	0	0	0	0
1986	2	0.0	0	0	0	0	0	0	0	0
1987	3	21.0	23,636	23,060	212	212	27,139	27,333	194	194
1988	4	21.0	23,636	23,060	212	424	25,349	25,537	109	303
1989	5	21.0	23,636	23,060	212	637	23,581	23,764	183	366
1990	6	21.0	23,636	23,060	212	849	24,836	25,014	170	743
1991	7	21.0	23,636	23,060	212	1,061	24,113	24,285	173	916
1992	8	21.0	23,636	23,060	212	1,273	23,411	23,578	167	1,083
1993	9	21.0	23,636	23,060	212	1,485	22,729	22,891	163	1,246
1994	10	22.1	31,149	23,060	(11,288)	283	23,177	22,223	(933)	293
1995	11	22.0	22,181	23,060	(2,313)	(2,180)	23,248	21,577	(1,671)	(1,378)
1996	12	21.0	22,967	23,060	(2,099)	(3,877)	23,543	20,949	(2,594)	(2,972)
1997	13	23.0	22,647	23,060	(3,779)	(5,386)	22,912	20,339	(2,573)	(4,545)
1998	14	23.3	25,675	23,060	(3,807)	(7,394)	23,586	19,746	(2,839)	(6,383)
1999	15	25.0	26,777	23,060	(6,909)	(8,202)	23,686	19,171	(4,434)	(8,817)
2000	16	27.9	29,429	23,060	(9,361)	(11,864)	24,571	18,613	(3,958)	(12,775)
2001	17	28.9	40,249	23,060	(10,381)	(14,245)	24,522	18,071	(6,281)	(17,056)
2002	18	31.1	42,988	20,253	(13,627)	(23,672)	25,839	17,029	(8,885)	(25,941)
2003	19	31.0	44,839	21,211	(13,627)	(35,499)	25,571	17,799	(7,771)	(33,712)
2004	20	32.3	45,625	21,998	(13,627)	(49,127)	25,262	17,717	(7,545)	(41,257)
2005	21	32.9	46,438	22,823	(13,627)	(62,754)	24,969	17,644	(7,323)	(48,580)
2006	22	33.0	46,998	22,978	(13,627)	(76,381)	24,319	17,287	(7,112)	(55,692)
2007	23	34.0	48,046	24,419	(13,627)	(90,008)	24,345	17,440	(6,983)	(62,675)
2008	24	34.9	49,285	25,678	(13,627)	(103,636)	24,235	17,351	(6,784)	(69,459)
2009	25	35.2	49,751	26,123	(13,627)	(117,263)	23,761	17,253	(6,588)	(76,047)
2010	26	35.6	50,278	26,638	(13,627)	(130,890)	23,313	16,995	(6,319)	(82,366)
2011	27	35.9	50,723	27,096	(13,627)	(144,517)	22,835	16,788	(6,135)	(88,501)
2012	28	36.3	51,238	27,623	(13,627)	(158,144)	22,488	16,444	(5,956)	(94,457)
2013	29	36.6	51,684	28,057	(13,627)	(171,772)	21,932	16,149	(5,783)	(100,240)
2014	30	37.0	52,211	28,584	(13,627)	(185,399)	21,518	15,896	(5,614)	(105,854)
2015	31	37.4	52,798	29,171	(13,627)	(199,026)	21,118	15,648	(5,451)	(111,305)
2016	32	37.7	53,278	29,643	(13,627)	(212,653)	20,687	15,395	(5,292)	(116,517)
2017	33	38.1	53,743	30,116	(13,627)	(226,280)	20,262	15,125	(5,138)	(121,555)
2018	34	38.4	54,215	30,588	(13,627)	(239,908)	19,845	14,857	(4,988)	(126,467)
2019	35	38.7	54,688	31,061	(13,627)	(253,535)	19,435	14,592	(4,843)	(131,224)
2020	36	39.1	55,160	31,533	(13,627)	(267,162)	19,032	14,330	(4,702)	(135,826)
2021	37	39.4	55,633	32,006	(13,627)	(280,789)	18,636	14,071	(4,565)	(140,261)

2022	38	37.8	0	(1,200)	(1,200)	(313,387)	0	(378)	(378)	(150,109)
2023	39	40.1	0	(1,200)	(1,200)	(317,189)	0	(379)	(379)	(150,488)
2024	40	40.3	0	(1,200)	(1,200)	(318,389)	0	(368)	(368)	(150,856)
2025	41	40.8	0	(1,200)	(1,200)	(319,589)	0	(357)	(357)	(151,213)
2026	42	40.9	0	(1,200)	(1,200)	(320,789)	0	(347)	(347)	(151,599)
2027	43	41.0	0	(1,200)	(1,200)	(321,989)	0	(337)	(337)	(151,896)
2028	44	41.1	0	(1,200)	(1,200)	(323,189)	0	(327)	(327)	(152,223)
2029	45	41.2	0	(1,200)	(1,200)	(324,389)	0	(317)	(317)	(152,540)
2030	46	41.3	0	0	0	(324,389)	0	0	0	(152,540)
2031	47	41.4	0	0	0	(324,389)	0	0	0	(152,540)

SUM				1,300,313	1,176,124	(324,389)	012,473	639,935	(152,540)	
NPV				812,475	639,935		479,189	404,221		

EWEB WNP-3 SETTLEMENT ANALYSIS

Termination Case



EWEB WNP-3 SETTLEMENT ANALYSIS
May 23, 1985

EWEB recognizes the uncertainty and ranges of possible costs and benefits surrounding the proposed WNP-3 settlement. The purpose of our technical analysis is twofold:

- 1) To explain BPA's cost/benefit analysis and results; and
- 2) To demonstrate how fragile BPA's results are to reasonable changes in the underlying assumptions.

Two alternative cost/benefit scenarios are offered that more closely resemble the expected financial consequences of the proposed power exchange.

BPA's Cost/Benefit Analysis

BPA determines the costs expected to be incurred by the proposed settlement from BPA's marginal cost studies. Based on different load growth scenarios, power generation resources are selected that would meet additional projected loads, and these resource costs are used to estimate the costs of providing power to the IOUs under the terms of the proposed settlement.

One adjustment is made to the "marginal costs" determined above. Under the terms of the proposed settlement, the availability of combustion turbines forms a "cost cap"; BPA will never need to incur costs greater than the running costs of a combustion turbine. The power needed to fulfill BPA's obligation is expected to be provided by secondary energy under most water year

conditions. BPA's cost/benefit analysis identifies expected costs as follows:¹

Net Present Value of Power Generation	\$1,017 Million
- Net Present Value of Combustion Turbines	<u>255 Million</u>
= Net Present Value of Costs to BPA	\$ 762 Million

BPA determines the benefits expected from the exchange from estimates of "O&M" payments from the IOUs to BPA and from the potential value of an option on the WNP-3 plant. The O&M payments are based on the operation and maintenance expenses incurred at surrogate nuclear plants (or on WNP-3), and are estimated to average approximately 22.0 mills/KWH over the life of the proposed power exchange.

The value of an option on WNP-3 depends on the ultimate disposition of the nuclear plant; if WNP-3 is terminated, preservation costs are incurred by BPA with no offsetting generation benefits. However, if WNP-3 remains a cost-effective resource and is needed to meet preference customer loads, the IOUs' 30% share would serve to hold down BPA's power production costs. In BPA's cost/benefit analysis, WNP-3 is assumed to be on-line in 1995 and benefits are calculated over an expected 35-year plant lifetime. Expected benefits are calculated as follows:

Net Present Value of IOU O&M Payments	\$628 Million
+ Net Present Value of WNP-3 Option	<u>205 Million</u>
= Net Present Value of Benefits to BPA	\$833 Million

The net benefit to BPA under the assumption that WNP-3 is a cost-effective resource for BPA's preference customers and is completed is the difference

¹Figures based on BPA's completion case scenario.

between the above benefits and costs, as follows:

Net Present Value of Benefits	\$833 Million
- Net Present Value of Costs	<u>762 Million</u>
=	\$ 71 Million

All figures are expressed in "real" (adjusted downward to account for expected inflation) and "discounted" (adjusted downward to account for the time-value of money) terms. Actual costs and benefits would therefore be larger.

EWEB WNP-3 Settlement Analysis

EWEB has used the identical cost/benefit framework as BPA, but calculates results based on the following modified assumptions:

- a) Costs to complete and operate WNP-3 - 40.0 mills/KWH as opposed to BPA's 37.3 mills/KWH estimate;
- b) "Cost cap" from combustion turbine/nonfirm availability - 30.8 mills/KWH as opposed to BPA's 28.8 mills/KWH estimate;
- c) Opportunity cost of nonfirm power during near-term surplus valued at 23.0 mills/KWH in the completion case and at 21.0 mills/KWH in the terminated case.

The selection of the above values does not represent the unique solution to the cost/benefit calculation, but serves to represent realistic consequences of the proposed WNP-3 settlement and also serves to display the sensitivity of the results to reasonable changes in the underlying assumptions.

The costs to complete and operate WNP-3 were increased by 2.7 mills/ KWH to account for the following:

- a) Remaining capital costs spread over a 35-year period instead of a 40-year period (an increase of 1.3 mills/KWH);
- b) An extended delay of the on-line date expected for the plant that could increase the expected real (adjusted for inflation) value of operation and maintenance costs, capital addition costs, nuclear fuel costs, and administration and general overhead costs.

For comparison, the Regional Council staff's preliminary estimate for WNP-3 completion and operation costs is 44 mills/KWH (WNP-1 and WNP-3 Planning Assumptions, February 11, 1985).

The "cost cap" arising from the use of combustion turbines and nonfirm power was increased by 2.0 mills/KWH to reflect a higher value of nonfirm power during periods of load/resource balance and also to account for a higher possible use of the IOU combustion turbines. In their cost/benefit analysis, BPA assumed a value for nonfirm power of 23.86 mills/KWH during periods of load resource balance. For comparison, BPA's 1984 WNP-1 and 3 restart study (BPA Review of Washington Public Power Supply System Projects 1 and 3, November, 1984) assumed a 30 mill/KWH value for nonfirm power during periods of load resource balance. A 26.1 mill/KWH value for nonfirm power would result in the 2.0 mill increase to the combustion turbine/nonfirm "cost cap."

Alternatively, a higher need for combustion turbines would result in an increase in the "cost cap." BPA assumes that combustion turbine operation would be required 12% of the time during periods of load/resource balance. An increased reliance on available nonfirm power has been identified as part of the Regional Council's 1985 Power Plan to meet the region's firm loads. Such a reliance would increase the expected need for combustion turbines pursuant to the terms of the WNP-3 settlement. A 17% need for combustion turbine operation corresponds to the 2.0 mill increase to the combustion turbine/nonfirm "cost cap."

The third change made to BPA's cost/benefit analysis concerns the incorporation of alternative benefits available from secondary power sales during the near-term power surplus. If BPA could serve the DSI top quartile loads with available secondary power, displace high-cost thermal resources in the Pacific Northwest, completely fill its share of the expanded Pacific Southwest intertie for sales to California utilities, and fulfill the terms of the WNP-3 settlement, this "opportunity cost" of secondary power is low. However, if the proposed WNP-3 settlement results in a decrease in nonfirm

sales valued at the 23.4 mill/KWH standard rate or a decrease in surplus firm sales valued at 28.0 mills/KWH, the opportunity cost of secondary power would be high, and the proposed WNP-3 settlement would decrease BPA's revenue opportunities.

Cost/Benefit Results

The following four graphs illustrate possible economic consequences of the proposed WNP-3 settlement. The first two graphs portray BPA's assumptions and calculations--these are the precise results released by BPA. The remaining two graphs incorporate changes in the underlying assumptions relating specifically to the costs expected to complete and operate WNP-3 and to the value to BPA of secondary power. No costs have been incorporated to account for changes in the IOU "average system costs" under the provisions of the BPA Residential and Rural Exchange program. All values are expressed in real, discounted terms.

1. BPA's WNP-3 Settlement Analysis - Completion Case

BPA's cost/benefit analysis shows positive net benefits accruing to BPA in 1987 and 1988, followed by 16 years of negative net benefits. The positive net benefits in 1987 and 1988 result from IOU payments during a period of surplus, while the negative net benefits arise due to increasing BPA power production costs. The projected cash flow arising from the settlement agreement becomes positive in the year 2005 due to benefits derived from the WNP-3 plant, and remains positive for the remaining life of the WNP-3 plant. Under BPA's scenario, the final net benefit of \$71 million is achieved in the year 2029.

2. BPA's WNP-3 Settlement Analysis - Termination Case

BPA's termination case assumes a higher probability of low load growth and therefore lower power production costs. BPA receives positive net benefits through the year 2001, followed by a period of net losses through the remaining term of the proposed settlement exchange. BPA would pay for the IOUs' 30% share of any WNP-3 preservation costs under this scenario.

3. EWEB WNP-3 Settlement Analysis - Completion Case

The following graph derives from BPA's cost/benefit framework, but incorporates a 40.0 mill/KWH estimate necessary to complete and operate WNP-3, a "cost cap" of 30.8 mills/KWH arising from BPA access to the IOU combustion turbines, and an "opportunity cost" value of secondary power diverted to the IOUs of 23.0 mills/KWH.

This scenario shows that additional revenues received by BPA from the settlement are offset by alternative sales that BPA would forego in 1987 through 1989, and that the benefits received from the IOUs' 30% share of WNP-3 do not offset the losses BPA would incur from 1990 through 2005 in providing power to the IOUs pursuant to the terms of the proposed WNP-3 settlement. The net benefit of this scenario is a real (adjusted downward for inflation) discounted (adjusted downward for the time value of money) net loss of \$69 million.

4. EWEB WNP-3 Settlement Analysis - Termination Case

The following graph incorporates a "cost cap" of 30.8 mills/KWH arising from BPA access to the IOU combustion turbines and an "opportunity cost" value of secondary power diverted to the IOUs of 21.0 mills/KWH. This scenario shows that additional revenues received by BPA are offset by alternative sales that BPA would forego from 1987-1993, and that BPA would incur higher power supply costs than payments from 1994 through the end of the proposed settlement. The net benefit of this scenario is a real (adjusted downward for inflation) discounted (adjusted downward for the time value of money) net loss of \$153 million.

Additional problems accompany the proposed WNP-3 settlement. The quantity of power delivered to the IOUs is based on the assumption that the WNP-3 plant would have been built "on time, on budget" absent the BPA mothballing decision. "Three Mile Island-type" risks are not incurred for non-operating surrogate plants, nor are decommissioning costs that may exceed those that were budgeted for the surrogate nuclear plants. Neither "Three Mile Island-type" expenses nor higher than expected decommissioning costs at the WNP-3 plant are included if these events occur after the lifetime of the surrogate nuclear plants, and the basis for "O&M" payments is not specified in the event that the WNP-3 plant reaches commercial operation but is subsequently taken off-line while a surrogate plant is still operating.

STATEMENT OF THE EUGENE WATER & ELECTRIC BOARD
BEFORE THE BONNEVILLE POWER ADMINISTRATION
HEARING ON WNP-3 SETTLEMENT PROPOSAL
EUGENE CITY COUNCIL CHAMBERS
MAY 17, 1985

At its Board meeting last Monday night, the Commissioners of the Eugene Water & Electric Board voted unanimously to oppose the proposed settlement between the Bonneville Power Administration and four private utilities over the mothballing of the WNP-3 nuclear plant. The Commissioners found that the continuation of the private utilities' lawsuit may be preferable to the settlement as currently proposed.

Yesterday, Judge William Browning set aside a previous judicial ruling that Bonneville had breached its ownership agreement with the four private utilities. The Eugene Water & Electric Board opposes future discussions of this settlement without the legal finding that a breach of contract has occurred.

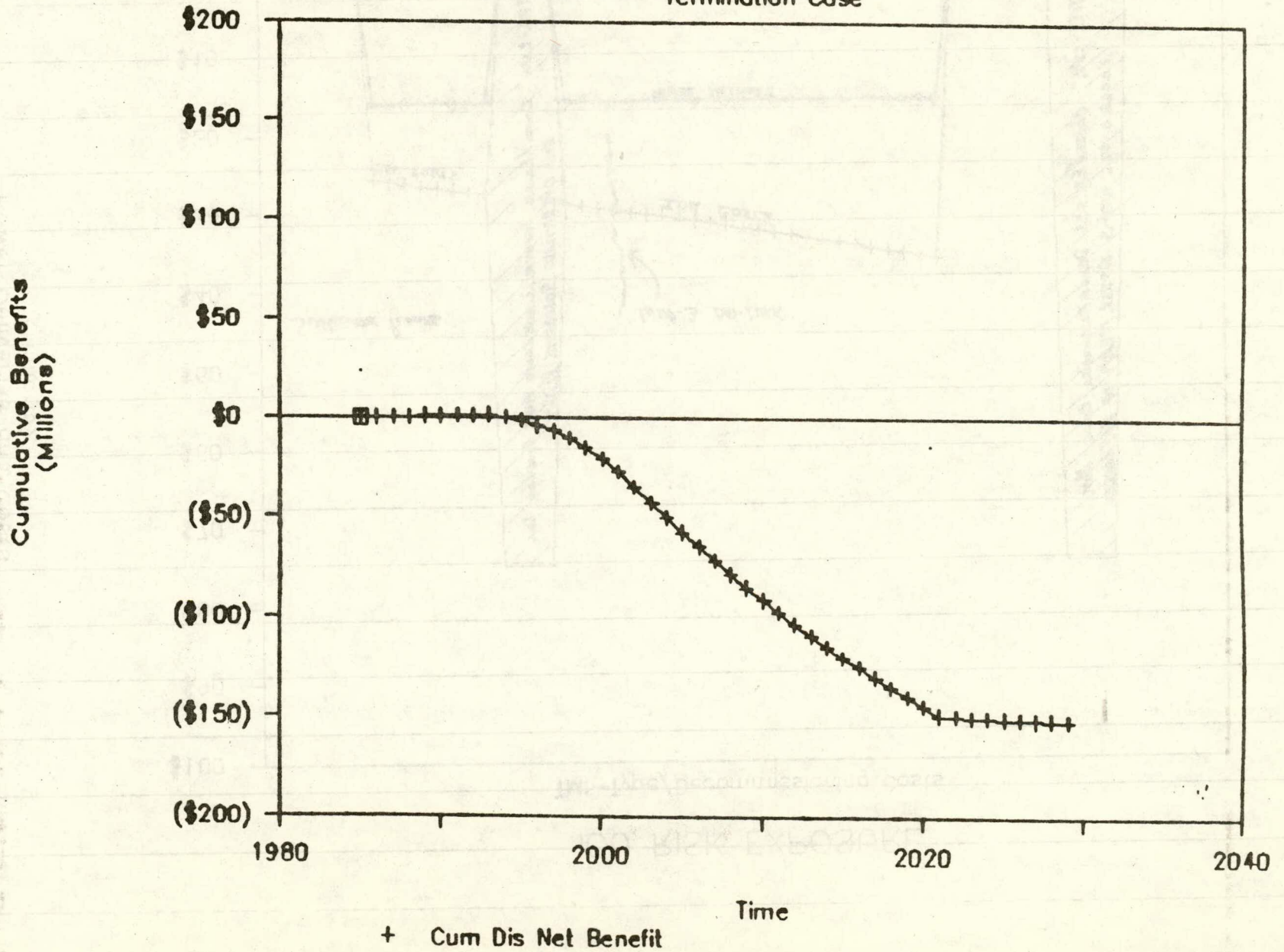
The Eugene Water & Electric Board opposes any settlement process that continues to exclude representation by EWEB and other customers who are ultimately responsible for any settlement payments.

EWEB opposes any settlement requiring payment by the ratepayers of the Eugene Water & Electric Board in order for the private utility owners of WNP-3 to receive more benefits from the mothballing decision than they would have if the WNP-3 plant had been completed on schedule. Bonneville's proposed settlement leads EWEB to ask, will Bonneville offer a similar settlement to the owners of the remaining 70 percent of WNP-3 in the form of a long-term low-cost sale of power?

What is wrong with the proposed settlement term? EWEB has performed detailed analyses of the expected revenue impacts on Bonneville's publicly owned utilities and has concluded that the risk of detrimental rate impacts on

EWEB WNP-3 SETTLEMENT ANALYSIS

Termination Case

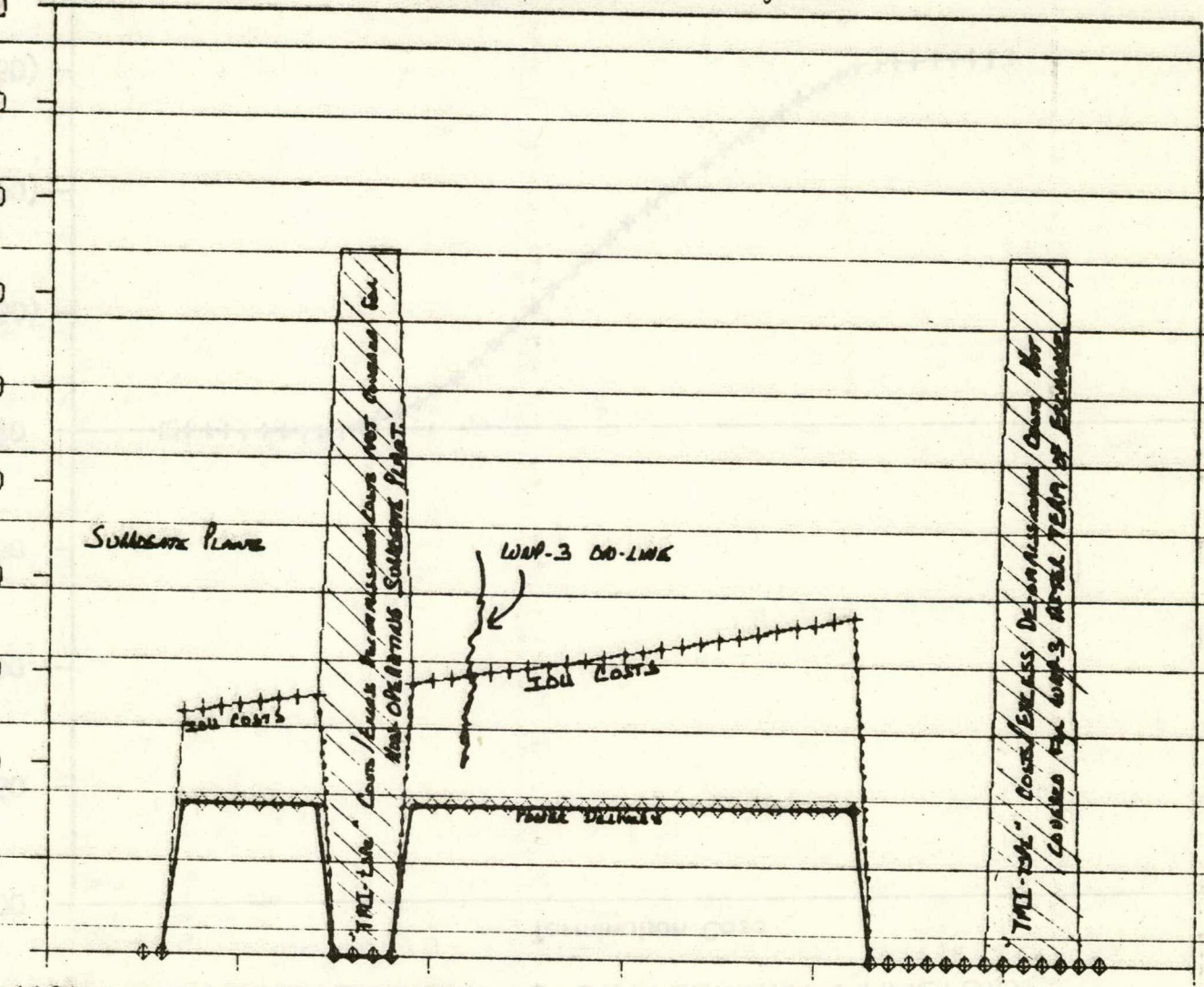


IOU RISK EXPOSURE

TMI-Type/Decommissioning Costs

Power Deliveries and Costs
(Millions)

\$100
\$90
\$80
\$70
\$60
\$50
\$40
\$30
\$20
\$10
\$0



Substate Plans

TMI-Type Decommissioning Costs Not Included in Max OPEX Annual Substate Report

LWR-3 DO-LINK

TMI-Type Decommissioning Costs Not Included in LWR-3 Annual Report of Electric

— Actual Power Costs

Time
+•• IOU Power Costs

our ratepayers is very real. How fragile are the economics of this proposed settlement? Our cost/benefit analyses conclude that any positive benefits of the settlement's power exchange transaction depends heavily on the eventual disposition of the WNP-3 nuclear plant. In order for Bonneville's public agency customers to avoid heavy financial losses from the power exchange contemplated in the proposed settlement, the WNP-3 nuclear plant would have to be completed and the power would have to be needed by Bonneville's public agency customers. Will power from WNP-3 be needed by these customers? The best information available to the region today indicates that the plant will not be needed by Bonneville's public agency customers over the immediate resource planning horizon and the plant may not be available at such time that the power is needed. In fact, as recently as Wednesday of this week the Regional Council staff cast further doubt on the ultimate availability of power from WNP-3. EWEB questions why its ratepayers should be required to pay to preserve and complete the WNP-3 nuclear plant when the power will most likely be needed first by customers of the investor-owned utilities. EWEB's analyses indicate that even if the WNP-3 plant was found to be a needed and available resource, only a slight deviation from the estimated completion costs and expected plant life would result in a \$150 million cost to Bonneville's publicly-owned utility customers.

Will the proposed settlement result in Bonneville receiving more revenue from the WNP-3 private utility owners than it would receive from other available secondary markets? We believe not. In fact, we commend Bonneville for its recent implementation of a successful power marketing program for its secondary energy. EWEB is opposed to an exchange of Federal Base System secondary power at prices below the rates set for the sale of such power to Bonneville's other customer groups.

There are other problems with Bonneville's settlement proposal. The private utility owners of WNP-3 should not receive power based on a nuclear plant scenario while escaping reasonable risks of owning and operating a nuclear power plant. EWEB's analyses of the documents comprising the proposed settlement indicate that the private utility owners would not be exposed to the risk of "Three-Mile Island-type" costs and excessive decommissioning costs that might arise at surrogate nuclear plants during such time that WNP-3 is not operating. The WNP-3 private utility owners would not bear the risk of these same costs at the WNP-3 plant after the surrogate nuclear plants have been taken off-line. What is the treatment of costs in the event that WNP-3 reaches commercial operation but is subsequently taken off-line while at least one of the surrogate nuclear plants remains in operation?

What should Bonneville do now? Given the substantial opposition to the proposed settlement by Bonneville's public agency customers and the action yesterday vacating the earlier judicial ruling that Bonneville had breached its contracts with the private utilities, Bonneville should set the proposed settlement aside. Bonneville should move forward to determine the most advantageous disposition of the mothballed WNP-3 nuclear plant in view of the power supply needs of its customers. If there is ever talk of settlement on this issue in the future, Bonneville must include the concerns voiced by its publicly-owned utility customers. Any settlement must be fair, and must not adversely affect Bonneville's other customer groups. The Commissioners and staff of the Eugene Water & Electric Board have been and remain willing to work constructively towards responsible disposition of this and other of the region's energy problems.

Staff Recommendation
WNP-3 Settlement Proposal

Staff cannot support Bonneville's proposed settlement. In fact, continuation of the IOU lawsuit to its conclusion may be preferable to the settlement as proposed. At a minimum, more time should be made available for a continued public process.

Staff is convinced that Bonneville has not adequately taken into account a number of significant concerns and, therefore, recommends that the Board direct the staff as follows:

- A. Urge Bonneville to extend its May 31, 1985, public process deadline in order to provide adequate time to hear and consider the technical concerns of its customer groups.

- B. Continue to work with other publically owned utilities through the forum provided by the Public Power Council to construct an alternate proposal that would take into account:
 - 1) The capture of all dimensions of nuclear risk;
 - 2) the average system cost treatment of the residential/rural exchange;
 - 3) terms of power deliveries and plant performance that resemble WNP-3;
 - 4) further mitigation of adverse rate impacts on Bonneville's preference customers;
 - 5) clearance of Bonneville's authority to terminate WNP-1 and 3 if necessary;
 - 6) minimization of the complexity of any power exchange arrangement;
 - 7) a more limited settlement term.

Exhibit L

Memorandum from Steve Waddington to
PNGC Board of Directors,
Proposed WNP-3--An Economic Evaluation
(April 17, 1985)

Pacific Northwest Generating Company
Serving the power needs of our member
rural electric cooperatives.

8383 N.E. Sandy Blvd.
Suite 330
Portland, Oregon 97220
503 255 7248



April 17, 1985
K

M E M O R A N D U M

To: PNGC Board of Directors
From: Steve Waddington *SW*
Subject: Proposed WNP-3 Settlement--An Economic Evaluation

Last January the Bonneville Power Administration (BPA) and four private utilities proposed an exchange agreement that could settle litigation involving BPA's decision in 1983 to halt construction of the Washington Supply System nuclear plant #3 (WNP-3). Subsequent to this announcement, BPA staff released an economic analysis concluding that BPA's expected benefits from the exchange agreement were sufficient to cover its expected costs. The PNGC staff has evaluated this economic analysis. This evaluation and some preliminary conclusions are reported to you in this memorandum.

PNGC is not a party to the litigation involving WNP-3, and is not taking a position as to the propriety of any settlement. The analysis and conclusions presented below are intended to be an objective evaluation of the costs and benefits implied by the proposed exchange agreement. There was also no effort made to compare these impacts with the potential costs if the lawsuit is not settled.

The analysis is also subject to change. The draft settlement contract language, which is scheduled for release by BPA this week, could well have material changes that would have to be incorporated into the analysis.

Preliminary Conclusions

Except under the most favorable circumstances, PNGC concludes that the proposed exchange agreement results in a net cost to BPA. Our best guess is that it would cost BPA about \$180 million over the next 45 years. We would emphasize that this expected

cost is bounded by a wide range of costs, from zero to \$700 million, depending on load growth and whether the plant is ultimately needed and completed.

It is virtually impossible to compare this cost to the potential cost if the litigation is not settled. The IOU's have claimed over \$2 billion in damages. On the other hand, a BPA spokesman recently stated that the lawsuit would ultimately be won by BPA. He continued by advocating the settlement because it would be a "good deal" for BPA, and because litigation is divisive.

While our conclusion is that this exchange agreement would likely result in higher costs to BPA, it is uncertain how expensive it would be. This uncertainty is probably more important than the dollars, and it is a difficult problem to get our arms around. We do not know how fast BPA's loads will grow. We are not sure when or if WNP-3 will be built, or at what cost. And the ultimate outcome of the litigation is unknown.

The cost/benefit analysis has made it possible to identify specific outcomes that would likely be very expensive, and others that show the cost of exchange agreement to be slight. These high and low cost outcomes are itemized below.

The settlement would be very expensive to BPA under any of the following conditions:

- . Low load growth, plant completed.
- . High or medium load growth, plant involuntarily terminated.
- . BPA would ultimately win the litigation.
- . It costs significantly more to complete WNP-3 than currently estimated.

The settlement would not be very expensive, or could possibly be a net benefit to BPA, under the following conditions:

- . High load growth, plant completed.
- . Low load growth, plant terminated.
- . BPA would ultimately lose the litigation.
- . CT's are required to meet the exchange 5% or less of the time.

The remainder of this report is organized as follows. A brief description of the exchange agreement is provided in Section 1. This is followed by a summary of BPA's cost/benefit analysis and conclusions. In Section 3, the PNGC staff analysis is described and compared to BPA's.* Finally, several issues that were not quantified are itemized in Section 4.

*Anyone desiring more information on the analysis reported here should contact the PNGC staff. Full documentation is available.

Section 1 - The Proposed Exchange Agreement

The basis of the agreement is an exchange of energy between BPA and the four private sponsors of WNP-3: Pacific Power & Light Company, Portland General Electric Company, Puget Sound Power & Light Company and The Washington Water Power Company. BPA would provide the Investor Owned Utilities (IOU's) with 160 average megawatts of power in exchange for the right to the private utilities' share of power from the uncompleted nuclear project. The 160 amw is based on the IOU's investment to date in the plant. Delivery would begin in 1987, when WNP-3 would have been completed under the last construction schedule. The exchange would last about 35 years, the expected plant lifetime.

The IOU's would pay BPA an amount equal to the operating and maintenance (O&M) costs if WNP-3 had been operating (about 22 mills/kWh), or the actual costs if the plant is completed. The IOU's also would provide to BPA energy from their combustion turbines (CT's) to meet the 160 amw exchange, and BPA would pay the O&M costs of operating them. In most years, however, BPA would draw upon non-firm or other, cheaper sources of energy to deliver the exchange power, and would not incur the CT operating costs.

In addition, the actual amount and length of the energy exchange, as well as the O&M payments made by the IOU's, will depend upon a pool of four "surrogate" nuclear plants if WNP-3 is never completed. The IOU's would continue to pay the preservation costs of WNP-3 at present, but BPA would reimburse those costs in the future. And if BPA acquires the IOU share of the plant under the Northwest Power Act and decides to complete construction, the IOU's would arrange for financing for their share of the plant.

Section 2 - BPA's Cost/Benefit Analysis

The above exchange agreement has been described by a BPA spokesman as a "good deal" for BPA. It diminishes the power surplus now, in exchange for the option on the IOU's share of the nuclear plant if it is needed in the future. To actually estimate whether the benefits outweigh the costs, the BPA staff prepared a cost/benefit analysis. In this study, the costs of meeting the load obligation were compared to the benefits received from two sources: (1) the O&M payments made by the IOU's, and (2) the value to BPA of the WNP-3 option, if the plant is completed. The study was performed over 45 years, in order to capture the full impact of the exchange. The resulting benefits or costs as reported here are in present value terms over the full study horizon, and are in real 1984 dollars.

The cost of the exchange to BPA is the cost of non-firm power, firmed up with power from CT's when non-firm is unavailable. BPA assumed that CT's would be required to meet the exchange 12 percent of the time. The levelized cost of these two sources of energy were assumed to be 21 mills/kWh for non-firm and 65

mills/kWh to operate the CT's. It was also assumed that the IOU's would pay BPA 22 mills/kWh, a surrogate of the O&M costs of this power if it were generated by a nuclear plant. This payment to BPA, by itself, is insufficient to offset BPA's cost to serve. However, if the WNP-3 plant is built, this increases the benefit to BPA significantly. The power generated by this plant in the future could be cheaper than the next available resource, and BPA's analysis includes the difference as an added benefit to BPA under the exchange agreement.

The above comparison of costs and benefits is very sensitive to two somewhat related assumptions: (1) how fast will BPA's loads grow? and (2) will WNP-3 be completed, and if so, at what cost? The value of the WNP-3 option is very sensitive to load growth assumptions. If loads grow fast, the marginal value of power is very high, and the option is a great benefit to BPA. However, if the plant is completed and low load growth materializes, the WNP-3 option is a serious liability. If the plant is terminated, BPA bears the termination costs, and, of course, there is no value to the option.

The BPA analysis treated these uncertainties probabilistically. A decision tree was used to estimate the probability of different load conditions occurring. The value of the WNP-3 option was then a weighted average of different load growth possibilities. These average results are summarized in Table 1. If the plant is completed ($p = .675$), the IOU's O&M payment and the WNP-3 option benefit exceed the cost of delivering the power by \$71 million. If the plant is terminated ($p = .325$) the exchange ends up as a net liability to BPA and costs about \$89 million. The net "expected" benefit, given the probabilities assumed, was concluded to be \$19 million, or close enough to be characterized as a "wash."

Section 3 - PNGC Analysis

The PNGC staff adopted the same basic approach to evaluating the benefits and costs. Within that structure, some modifications were made, and these will be described below. Overall, the changes result in a reduction in the "expected" benefit to BPA. The probabilistic approach to load growth was then set aside, in order to evaluate the costs under different assumptions about load growth. This sensitivity analysis revealed a wide range of costs, depending on load growth and whether the plant is ultimately built. These results are reported below too.

PNGC made three important changes to the analysis:

1. BPA's probabilities of load growth and plant completion were felt to be too optimistic. BPA assumed that except for a low probability of uncontrollable termination, that WNP-3 would be built if high or medium load growth materializes. PNGC assumed that a 50 percent probability exists for voluntary termination in the

medium load growth scenario. Because of this change, the overall probability of plant completion was lowered from 68 percent to 55 percent. This change also results in higher marginal prices in the completion case, increasing the value of the WNP-3 option.

2. The O&M costs for operating CT's to firm up BPA's energy obligation were revised. PNGC used cost estimates for existing combustion turbines, as published in the PNUCC Thermal Resources Database. In addition, PNGC assumed a 1%/year real escalation in fuel prices. The BPA cost estimate included higher escalation in fuel prices, but the rate used was levelized over the study period. The benefit BPA receives from using CT's provided by the IOU's was also capped, and assumed not to exceed BPA's own cost of installing CT capacity to meet the exchange. Overall, these changes increase the estimated cost to BPA of meeting the exchange.

3. The residential exchange impact was incorporated into the analysis. If WNP-3 is terminated, there is some possibility that the IOU's would be allowed to include the sunk investment in their rate base. This increase in their average system costs could, in turn, be passed through to BPA under the residential exchange. PNGC used a conservative approach to estimate the cost of this impact. It was assumed that 70% of the sunk investment would be allowed into the rate base, and that only two of the four IOU's actually participate in the residential exchange. Further, it was assumed that the impact goes away by 1997, when the IOU systems are no longer surplus. By then the IOU's average system costs would be expected to increase anyway, as the IOU's invest to serve increased load.

The expected benefit calculated by PNGC is compared to the BPA result in Table 2. In the completion case, the cost of delivery is about 30 percent higher than estimated by BPA. The value of the WNP-3 option is significantly higher too. On net, the expected outcome if the plant is completed is a cost to BPA of \$84 million. In the termination case, the cost of delivery is 15 percent higher. In addition, the residential exchange impact costs BPA over \$100 million. On average, the exchange agreement would cost BPA over \$300 million if WNP-3 is never needed or built.

The cost of the exchange agreement ranges from zero to over \$700 million, depending on load growth and the conditions of completion or termination. This range is illustrated in Table 3. If the plant is built, then the higher the load growth, the more the benefit to BPA. If the plant is not completed, and load growth is low, the cost to BPA is not high, only \$51 million.

The very worst case, a \$700 million cost, is associated with the occurrence of both high load growth, and involuntary termination.

Also itemized in Table 3 are the probabilities used in the PNGC base case described above. Altering your expectations about load growth or plant completion would significantly change the expected cost estimate. The PNGC analysis implies, however, that the exchange agreement is a net cost to BPA in all but the most favorable circumstances.

Section 4 - Issues not Quantified

There are several issues or uncertainties that were not explicitly included in the above analysis, but that could be quantified. They are mentioned here briefly, in two groups; those that would decrease the BPA's costs, and those that would increase the costs.

Assumptions that would decrease BPA cost

1. The exchange agreement would result in some additional wheeling charges that BPA would receive from the IOU's. No effort was made to estimate the magnitude of this added benefit.
2. The analysis assumed full operation of the existing Direct Service Industry load. Lower operating levels would increase BPA's surplus, and CT's would not be required to meet the load as often.
3. Non-firm energy availability was based on a 40-year historical water record. Availability based on the 102-year water record would also imply less need for CT operation.
4. When non-firm power is unavailable, it is possible that other sources of power would be available to BPA that is cheaper than the O&M cost of the CT's.
5. The preliminary exchange agreement calls for delivery of the energy from July to April. This delivery period is rumored to be narrowed to between November and April in the revised exchange agreement. This change would most likely reduce the amount of time CT's would be required, as well.

Assumptions that would increase BPA cost

1. The load growth forecasts used are higher than the range presently being contemplated by the Council. Lower load forecasts would reduce the benefit of the WNP-3 option, and possibly lower the probability of completion.

2. Before WNP-3 could be completed, the resource would need to be acquired by BPA under terms of the Northwest Power Act. This analysis assumes the plant is completed in 1995. Current resource portfolios being considered by the Council include WNP-3 further out than this. Slipping the completion date of the plant would reduce the option benefit of the exchange significantly.

3. The analysis is very sensitive to the assumed cost to complete WNP-3. In the base completion case, a 10 percent increase in the cost to complete WNP-3 increases the overall exchange cost by 285 percent. The expected cost of the exchange increases from \$84 million to \$240 million.

4. The amount of time CT's are used is based upon regional non-firm availability. If only Federal Base System non-firm is available, the CT's would be needed to firm up the exchange more often.

SHW/bl

Copy to-

Walt Pollock, BPA

Linc Wolverton, PPC

Coe Hutchinson, Snohomish County PUD

Steve Loveland, Springfield Utility Board

Alan Jones, McMinnville Water & Light

Carol Opatrny, Seattle City Light

Brett Wilcox, DSI, Inc.

Al Benedetti

Ray Foleen

TABLE 1

WNP-3 Exchange Agreement

Expected Benefit (Cost) to BPA - BPA Analysis

(Present Value - Millions of Dollars)

	<u>Plant is Completed</u>	<u>Plant is Terminated</u>
Cost to Deliver Exchange	(762)	(691)
O&M Payment from IOU's	628	628
Value of WNP-3 Option	205	(26)
Expected Benefit (Cost)	71	(89)

TABLE 2

WNP-3 Exchange Agreement

Expected Benefits (Cost) to BPA

(Present Value - Millions of Dollars)

	<u>Plant is Completed</u>		<u>Plant is terminated</u>	
	<u>BPA</u>	<u>PNGC</u>	<u>BPA</u>	<u>PNGC</u>
Cost to Deliver Exchange	(762)	(1002)	(691)	(792)
O&M Payment from IOU's	628	628	628	628
Value of WNP-3 Option	205	290	(26)	(26)
Residential Exchange Impact	0	0	0	(116)
Expected Benefit (Cost)	71	(84)	(89)	(306)

TABLE 3

WNP-3 Exchange Agreement

Sensitivity to Load Growth Assumptions

(Present Value - Millions of Dollars)

<u>Load Growth</u>	<u>Plant is Completed</u>		<u>Voluntary Termination</u>		<u>Involuntary Termination</u>	
	<u>Probability</u>	<u>Benefit(Cost)</u>	<u>Probability</u>	<u>Benefit(Cost)</u>	<u>Probability</u>	<u>Benefit(Cost)</u>
High (2.6%)	50%	0	0%	-	5%	(701)
Medium (1.4%)	38%	(61)	41%	(369)	9%	(539)
Low (0.3%)	12%	(469)	41%	(77)	5%	(51)

Exhibit M

Letter from Doug Ragen, Washington Utilities Group,
Comments on the Revised WNP-3 Settlement
(September 6, 1985)

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DAVID WU

September 6, 1985

Bonneville Power Administration
Public Involvement
Post Office Box 12999
Portland, Oregon 97212

PUBLIC INVOLVEMENT	
No. <i>WNP3</i>	Date
249 SEP 06 1985	
Referred to:	
Action Taken:	
<input type="checkbox"/> Ans.	<input type="checkbox"/> No Reply

Attention: Ms. Donna L. Geiger
Public Involvement Manager

Subject: Washington Utility Group Comments
on Revised WNP-3 Settlement and
Revised Environmental Assessment

Gentlemen:

On behalf of the Washington Utility Group, we submit the attached comments on the revised WNP-3 settlement. Because the revised settlement and revised environmental assessment do not remedy the defects of the prior settlement and environmental assessment, we resubmit our July 12, 1985, comments on the environmental assessment.

Very truly yours,

Douglas M. Ragen
Douglas M. Ragen

cc & enc - Washington Utility Group
Managers and Counsel
Mr. Albert R. Malanca
Liaison Counsel

September 6, 1985

WASHINGTON UTILITY GROUP COMMENTS
ON REVISED WNP-3 SETTLEMENT AND
REVISED ENVIRONMENTAL ASSESSMENT

INTRODUCTION

BPA's conduct in reaching a settlement on the IOUs' Project 3 claims has been both insulting and injurious to BPA's public power preference customers.

BPA has insulted public power preference customers by excluding them from participation in the settlement negotiations. The Washington Utility Group and other public utility groups consistently requested an opportunity for such participation. See, for example, attached letters to Peter Johnson dated December 19, 1984; February 6, 1985; and June 6, 1985. Even after the "briefings" demonstrated that such exclusion was politically unacceptable, BPA conditioned public power participation in the negotiations so severely that no meaningful improvements in the settlement were possible. The few publics which did meet with BPA and the IOUs in July and August, 1985, were restricted on the issues they could negotiate and did not represent the majority of Project 3 participants.

It is significant that BPA did not seek public powers' views on an acceptable settlement before engaging in secret negotiations with the IOUs. BPA thereby ignored its duty as a trustee for its preference power customer interests. It appears that BPA has acceded to directions from officials in Washington, D.C., or made private commitments to the IOUs to bail out the IOUs

from their Project 3 risks. BPA's conduct blocked any potential for negotiating changes which would be fair and acceptable. The result is a settlement which is illegal, too complex, and too expensive.

BPA has become such an advocate of the settlement that it does not enjoy the confidence of public power to act fairly on its behalf. Under the circumstances, the Washington Utility Group believes that the only process for assuring a fair negotiating process and a reasonable settlement is through a court supervised mediation under Local Rule 39.1 of the United States District Court for the Western District of Washington.

BPA has been too quick to accommodate the IOUs, all at the expense of the public preference customers. BPA's present management has apparently forgotten that it was BPA that persuaded the participants to join in Project 3 back in 1973, with the assurance that the IOUs would take 30 percent of the plant. At that time, it was recognized that the participants did not need the 30 percent and did not have forecasted net billing capacity to pay for the additional 30 percent. As a part of the hydrothermal power program which contemplated sharing the risks associated with construction, ownership, and operation of nuclear plants, the IOUs accepted the risk that the plant might not be needed as scheduled.

The settlement injures public utilities by relieving the IOUs of their obligation to pay for 30 percent of the completion of the plant when needed. Furthermore, it injures the public by handing over to the IOUs a significant quantity of public

power with a super preference over deliveries to other BPA customers.

BPA's conduct in negotiations and settlement with the IOUs has created a problem in the relationship between BPA and public power which goes beyond the deficiencies of the settlement. As a government agency, BPA should first serve its public power customers. Public power has stated its objections to the settlement at briefings in Seattle, Vancouver and Eugene. The substantial participant consensus, measured by the interest in Project 3 and quantity of power obtained from BPA, is that the settlement is a bad deal and should be rejected. Given this opposition, BPA should have held to its earlier announced principle that the settlement must be acceptable to the BPA customers who will pay for it. BPA has ignored the interests of its public power constituency--and that is a problem which BPA should remedy.

A SALE OF "SUPER" PREFERENCE POWER

The Bonneville Project Act gives the public agency customers of BPA preference to the resources of the federal base system. This resource commitment to public agency loads is reflected in both the operational aspects of providing power and the rate-setting methodologies of BPA. This preference, however, must and has reflected the reality that there may one day be insufficient resources to serve public power needs. As a consequence, public customer contracts include callback and pro rata reduction provisions on the amount of power delivered in the event of future insufficiencies. These contracts with public power run for a term of 20 years.

The settlement agreement grants the IOUs "super" preference power and violates public power's preference rights in four principal ways:

1. BPA contracts to commit a federal base system resource beyond the term of the 20-year power sales contracts for its other customers.
2. There is no provision for callback or even a prorated reduction in delivery if in the future there is insufficient power in the federal base system to meet BPA's other commitments.
3. The price of the exchange power will be below that charged preference customers for similar power over the life of the agreement.

4. The IOUs obtain a priority of service over preference customer access to BPA power.

This "super" preference to the IOUs is illegal, unprecedented and an unacceptable erosion of public preference rights.

ILLEGALITY OF THE SETTLEMENT AGREEMENT AND FURTHER LITIGATION

The Washington Utility Group has sought a declaration from Judge Browning that the settlement agreement is illegal and unenforceable because it violates participants' rights as third-party beneficiaries of the ownership agreement, violates the Northwest Power Planning Act, the Bonneville Act, and NEPA. BPA has failed to make any response during the briefings or in its Issue Papers concerning the legality of the agreement. BPA's reaction has been to level personalized charges against the Washington Utility Group's counsel, who acted at the direction of their clients to obtain such a declaration. The region has already endured uncertainty in connection with contracts involving the Washington Public Power Supply System projects. The settlement agreement should not be executed until the court has had an opportunity to rule on its legality and enforceability.

BPA recognizes that there is substantial concern about the legality of the settlement agreement. It has adopted the unusual, if not unprecedented, course of action of providing for a "fallback" agreement. As will be discussed below, the fallback agreement is itself flawed.

A major defect of the settlement agreement is that it transfers all of the meaningful incidents of ownership of the IOUs' interest in Project 3 to Bonneville without a Section 6(c) review by the Northwest Power Planning Council. As Congressman Weaver stated during a hearing at which Administrator Johnson described the settlement, "You bought it." As the Northwest

Planning Act requires, BPA should submit the settlement transaction to the Northwest Power Planning Council for Section 6(c) review before finalizing the settlement.

BPA claims the settlement does not bias the termination or completion decision. That claim is not true. Without the settlement, the 70 percent public share of Project 3 can be completed without Northwest Power Planning Council approval. With the settlement, there is no option to complete just 70 percent for public power. The Northwest Power Planning Council must approve need for 100 percent of the plant for public power.

If BPA and the IOUs were to cooperate, both a court review of the legality of the agreement and, if appropriate, a Section 6(c) review by the Northwest Power Planning Council could be accomplished before the agreement is proposed to go into effect in January, 1987.

BPA supports the settlement because it claims that the settlement will avoid expensive litigation. This expectation is unfounded. The settlement agreements are more complicated than the lawsuit they seek to settle and will stimulate further litigation. The agreements are far too complex to present an acceptable method of solving a regional problem such as the IOU claims.

Furthermore, the agreements fail to address some of the important issues which must be resolved for rational treatment of the future administration of the project or its termination. For example, litigation focused on the meaning and application

of "prudent utility practice." That term needs to be defined to remove all doubt that it was intended to cover need for power, cost effectiveness and the schedule, budgeting and financing for the project.

The agreement also fails to deal with the participants' claims that BPA is not entitled to direct that the project can be completed by financing through BPA rates. If these items are not resolved by the settlement, they will continue to present the same litigation problem that exists in the current lawsuit.

AVERAGE SYSTEM COSTS

The prior settlement agreement expressly permitted the IOUs to include their sunk costs, power exchange operation and maintenance costs, and CT capital costs in the average system cost methodology. Public utilities strenuously objected to this double-dipping benefit to the IOUs. BPA and the IOUs responded by removing the express permissive language in the prior agreement. BPA went on to present its economic analysis of the settlement and ignored the impact for average system costs.

The IOUs have frequently stated that they intend to take advantage of the average system cost treatment under the settlement. They have stated that they consider the revised agreement "economically neutral" in comparison to the initial agreement.

At page 7, paragraph 3, of the BPA's Issue Update dated August 15, 1985, BPA has left open the opportunity for the IOUs to include the exchange of power in its average system cost. In contrast to its statements in the Issue Update regarding marketing assistance, BPA has remained silent regarding "commitments" which "are being made by BPA" on average system cost treatment.

Before signing the agreement, BPA should formally notify the IOUs and the public that it intends to exclude the IOUs' sunk cost and power exchange costs from average system cost. If BPA has informally committed to allow average system cost treatment of the settlement, BPA has misrepresented a major

economic impact of the settlement and has given away far too much for the settlement.

For further comments on average system cost, see pages 23 to 26.

BPA'S ECONOMIC ANALYSIS IS MISLEADING--BPA GAVE TOO MUCH AND
OBTAINED TOO LITTLE IN THE SETTLEMENT

In its public relations releases and other statements advocating acceptance of the settlement, BPA regularly referred to the IOUs' claims as representing a risk of \$2 billion or \$2.6. BPA has then stated that it is confident that it will win the litigation if litigation proceeds in the courts. What BPA has failed to do is obtain or discuss its assessment of the value of the IOU claims. BPA does not have sufficient information to make a realistic evaluation of the claims. BPA has also failed to quantify or discuss the value of the benefits of the settlement to the IOUs. BPA should not settle until it has made such evaluations and presented them for public comment.

BPA advocates of the settlement ignore that the IOUs have gained substantial advantages from the construction delay decision. The IOUs have not been required to advance the cost to complete their share of the project. There is a serious question whether certain of the utilities such as Puget and Washington Water Power would have been able to raise their share of these completion costs. Each of the IOUs has been able to represent to the financial market that through this settlement they have extricated themselves from the contingent liability of completion. They have received an opportunity to recover their sunk costs even though the project is not completed. The financial market's response has been to upgrade their estimation of the IOUs' securities. In contrast to termination, the delayed decision has also

allowed the IOUs who chose to do so to keep Project 3 on their books rather than writing the project off against inadequate earnings. Even if completed, the IOUs would have faced a substantial risk that all or a substantial portion of their investment in Project 3 would not be included in their rate bases by the state public utility commissioners because the output of the plant was not needed to meet their loads. In summary, the IOUs have obtained many benefits from the delayed decision. BPA has failed to analyze, quantify or discuss these advantages and thereby has misled the public about the economics of the settlement.

BPA has also misled the public about the value of the settlement through a biased selection of assumptions used in calculating the economic impact of the settlement. It has also granted benefits to the IOUs without obtaining comparable benefits from the IOUs. For example,

(1) BPA's evaluation of the settlement does not include the substantial risk of average system cost treatment on public utility customers.

(2) BPA has contended that there is a substantial value to the region for the option to acquire the IOUs' interest in Project 3. The value of this option turns on whether or not the plant will ever be completed. The chances of completion are undercut by allowing the IOUs to walk away from the project without paying their full share of completion costs and operating costs, and without contributing their political and technical support to the project. BPA continues to use even in its most recent analysis the load

growth projections it adopted in November, 1984. Since then, BPA and then the Northwest Power Planning Council have reduced the load forecast. These reduced load forecasts, and particularly the load forecast for public power, indicate the project will probably not be needed and, therefore, is unlikely to be completed. The value of the option was reduced when the Northwest Power Planning Council removed Project 3 from the resource portfolio. The IOUs have stated that the delayed project will not be cost effective. Nevertheless, BPA uses in its analysis of the economic impact of the settlement a 67.5 percent chance of completion.

The best way to recognize the absence of value in the option to acquire the IOUs' 30 percent share is to look at the alternative. If the option has value, the IOUs which claim a need for power should be interested in taking an option to acquire the 70 percent share from the Supply System in settlement of their claims. The IOUs have refused to take over the plant because they recognize the option to complete does not have value.

(3) In a trade for setting a minimum price of 16 mills per kwh, BPA agreed to a maximum price of 29 mills per kwh. This was an unwise and unbalanced trade. The 16 mill per kwh minimum price is at or below what all experts consider as the low for the operating and maintenance costs of the surrogates and provides no real protection against reduced revenues. In contrast, the maximum of 29 mills

per kwh is well within the outside costs and limits unreasonably the potential revenue for the power delivered. As measured by the opportunity price, the 29 mill price is much lower than the market price for a similar long-term contract for sale outside of the region.

(4) The cost-of-living adjustment for the price of power delivered is inadequate. Because of expected increased costs for safety, maintenance, and hazardous waste disposal, the operation and maintenance expenses for nuclear power plants will increase more rapidly than general inflation.

(5) Apparently, in exchange for a reduction in the term of the contract, the IOUs obtained a concession that BPA supply a minimum quantity of power per year and a minimum aggregate quantity of power. However, BPA failed to obtain, as would be reasonable, a reduction of the maximum limit on either the annual or total quantity of power.

(6) It is advantageous to BPA to deliver the maximum quantity of power under the agreement in the early years. In exchange for a commitment to supply a minimum quantity of power, BPA should have obtained a concession that it be allowed to deliver on a take-or-pay basis the maximum quantity of power, 193 megawatts, when it wished to satisfy the minimum annual and aggregate supply requirements of the agreement.

(7) The quantity of power to be delivered is based upon a 65 percent availability factor. This figure is higher than industry experience and unsupportable.

(8) The IOUs received shaping benefits which give them power in the winter months when they need it most, unlike the steady output of a nuclear plant. BPA receives no compensating benefits for this advantage to the IOUs.

(9) The agreement allows the IOUs to predeliver or delay delivery of up to 2/9ths of the energy due to the company's right to first meet its own load during extended peaking operations or for maintenance periods. BPA receives no compensating benefit for this flexibility offered to the IOUs. Similarly, it receives no compensating benefit for the flexibility offered to the IOUs to double the rate of delivery of their power under the exchange.

(10) BPA grants to the IOUs the advantage of "uniform" wheeling charges even though the IOUs will take power in concentrated blocks on which wheeling charges for such quantities would be higher.

(11) BPA has failed to adequately estimate the frequency with which CTs will be required. BPA has also failed to quantify the use of CTs beyond the year 2005 when they are expected to be more frequently in demand due to regional resource load balance.

(12) BPA's economic evaluation is based upon the value of the option to complete the plant. This option in turn is based upon preconstruction delay budgets of the cost to complete. Those budgets were designed as operating goals that contained inadequate provision for the contingencies experienced by other plants for both pre- and post-operation

"completion." Thus, BPA has understated the benefit to the IOUs of the relief they have obtained from their responsibility to pay for their share of the completion of the project.

(13) BPA's economic analysis understates the benefit to the IOUs of the opportunity to resell the energy provided to California at higher prices when market conditions allow.

In summary, BPA began the negotiating process with the expressed goal of trying to place the IOUs in a position similar to that which they would have been in had there been no delay in construction. Instead of reaching this goal, BPA relieved the IOUs of much of the expense and uncertainty of nuclear plant construction and operation and gave them economically advantageous certainty on quantity, price and delivery. The IOUs obtain a minimum quantity of power at a bracketed price on a delivery schedule known to them in advance. The IOUs have replaced the uncertainty of nuclear power plant construction, completion, and operation with the certainty and reliability of the Columbia River and the federal base system. BPA has granted this advantage to the IOUs without a discount in the quantity of power, nor an upward adjustment in its price. BPA has made these concessions without any realistic estimate of the exposure presented by the pending litigation.

On the following pages, we present a more realistic economic analysis of the WNP-3 revised settlement proposal. This analysis includes the assumptions used and an explanation of the Average System Cost methodology for the residential exchange.

As can be seen from this analysis, the range of cost (in millions) of the settlement under Termination and Completion is as follows:

	<u>Low</u>	<u>Medium</u>	<u>High</u>
Termination:	-\$148	-\$322	-\$630
Completion:	90	- 48	- 293

Note: The above figures do not include the economic burden of the items listed which are difficult to quantify and have not been incorporated into our analysis or that of BPA.

WNP-3 REVISED PROPOSAL

ECONOMIC STUDY ASSUMPTIONS

	<u>LOW</u>	<u>MEDIUM</u>	<u>HIGH</u>
O & M	24 mills	24 mills	22-24 mills
PLANT CAPACITY FACTOR	.65	.65	.65
BPA OPPORTUNITY COSTS	21 mills*	22 mills*	23 mills*
OTHER RESOURCES	12%	17%	20%
CT	6%	11%	14%
OTHER	6%	6%	6%
CT COST	57 mills*	57 mills*	57 mills*
OTHER RESOURCE COST	35 Mills	40 mills	45 mills
WNP-3 COST	42 mills	44 mills	46 mills
DELIVERIES	PPL -10 yr. delay PGE-5 yr. deferral		WWP-no delay or deferral PSPL-no delay or deferral
PROBABILITY COMP/TERM	40/60	40/60	40/60
RESIDENTIAL EXCHANGE	PGE	PGE	PGE,WWP,PSPL,PPL
PRESERVATION COSTS (Approximate)	\$14 million/yr.	\$26 million/yr.	\$26 million/yr.
DECISION DATES	1992	1997	2000

ASSUMPTIONS NOT INCLUDED

1. Site restoration estimated at \$20 million.
2. Site demolition estimated at ?????? million.

*These rates are escalated at 1/2%. In the early years before load-resource balance, 20 mills levelized is assumed.

WNP-3

SETTLEMENT ECONOMICS

(\$ MILLIONS)

NEW AGREEMENT MEDIUM CASE

	<u>COMPLETION</u>	<u>TERMINATION</u>
COSTS		
Cost Of Supply	773	773
R.P.S.A.	74	110
Preservation	0	79
BENEFITS		
IOU Payments	640	640
WNP-3 Option	159	0
	---	---
NET COST	48	322

WNP-3

SETTLEMENT ECONOMICS

(\$ MILLIONS)

NEW AGREEMENT LOW CASE

	<u>COMPLETION</u>	<u>TERMINATION</u>
COSTS		
Cost Of Supply	683	683
R.P.S.A.	50	67
Preservation	0	38
BENEFITS		
IOU Payments	640	640
WNP-3 Option	183	0
	---	---
NET COST	-90	148

WNP-3

SETTLEMENT ECONOMICS

(\$ MILLIONS)

NEW AGREEMENT HIGH CASE

	<u>COMPLETION</u>	<u>TERMINATION</u>
COSTS		
Cost Of Supply	836	836
R.P.S.A.	246	332
Preservation	0	93
BENEFITS		
IOU Payments	631	631
WNP-3 Option	158	0
	---	---
NET COST	293	630

LIST OF ITEMS WHICH ARE DIFFICULT
TO QUANTIFY AND HAVE NOT BEEN
INCORPORATED INTO THIS ANALYSIS

1. SITE RESTORATION COSTS ESTIMATED \$20 MILLION
2. SITE DEMOLITION COSTS.....?????????
3. CAPITAL EXPENDITURES ON CTs ; EITHER FOR NEW GENERATION OR FOR IMPROVEMENTS ON EXISTING UNITS
4. POTENTIAL BENEFITS RESULTING FROM THE NEW AGREEMENT DUE TO LANGUAGE CHANGES
5. BPA CONTROL OVER THE PLANT
6. LOAD GROWTH FLUCTUATIONS AFTER 1990

AVERAGE SYSTEM COST ANALYSIS

The final results of any analysis of the economic impacts of the proposed settlement are largely effected by assumptions concerning the average system cost. Some analysis of the modified settlement package have removed any reference to the average system cost and its potential rate impacts.

The original settlement package in Exhibit JJ contained language which stated,

"To the extent retail rate regulators recognize the Company's investment in WNP 3 as partial consideration for capacity and energy available to the Company under this Agreement and recoverable through retail rates, neither in the future disposition of WNP 3, nor anything in this Agreement, shall exclude such cost from the Company's average system cost of resources...."

The modified settlement proposal Exhibit JJ was excluded. Instead, in the BPA Revised Environmental Assessment, BPA states,

"To the extent retail rate regulators recognize costs of the Settlement Exchange Agreement, including all or a part of the utilities sunk investment as recoverable through retail rates, the utilities might ask BPA to include such costs in the utilities average system cost."

The difference between the old language and the absence of language in the modified settlement is open to speculation. The old agreement stated that nothing in the agreement would exclude sunk costs of WNP 3 from the average system costs of the utilities if retail regulators allowed such costs. The new agreement, by being silent, has nothing in the agreement which would exclude such costs if retail rate regulators permitted their inclusion in rates.

It has been the stated objective of each of the four utilities that they intend to attempt to obtain recovery of their sunk costs in WNP 3 through retail rates. Even though they may attempt such recovery, recovery is not guaranteed. The various rate regulating agencies will be responsible for the determination of whether the utilities' investments in WNP 3 will be allowed in the rates. Because of this uncertainty, we have used a 70 percent probability factor for retail rate recovery. This should be viewed as a 100 percent chance of obtaining 70 percent cost recovery.

The primary importance of the average system cost comes in a termination scenario. If WNP 3 were terminated, without there being any settlement, the IOUs would be prohibited by law from recovering any costs associated with WNP 3 through the average system cost. However, if WNP 3 were terminated after the settlement is in place, the settlement itself provides the vehicle whereby the IOUs could receive average system cost treatment for their investments in WNP3. This is because, as stated by BPA, the IOUs would claim that their sunk investment in WNP 3 was "partial consideration for capacity and energy available to the Company under this Agreement." In other words, their sunk investment in WNP 3 was the fixed cost of obtaining a thirty year power supply from a phantom resource.

The probability exists that the PUCs would recognize the settlement exchange agreement as an energy cost to the extent that it provides a used and useful source of power for their respective ratepayers.

If WNP 3 is terminated, the sunk costs of the IOUs would be excluded from average system cost calculations because the Regional Act precludes terminated plant costs and the uncompleted plant is neither used nor useful in providing power. In the event of termination, the need to replace WNP 3 would not exist.

Bonneville defines a "reasonable case" for defining the upper limit of rate impacts of the average system cost calculation on page 31-34 of the Revised Environmental Assessment as,

1. All the PUC's allowed rate base treatment of the IOU's sunk costs and exchange costs.
2. The PUCs allowed a normal period for revenue recovery from rates.

The current BPA policy is to include costs of utilities retail rates in the calculation of average system cost. To the extent that these costs are not terminated plants and the exchange is used and useful to the IOU ratepayers, BPA will allow them.

Evidence of the intent of the IOU's to include the exchange agreement costs in the average system cost studies can be seen in recent new articles of Puget Sound Power and light filing for coal strip number 4 inclusion in its retail rates. This is also true of Washington Water Power's intention.

REVISED SETTLEMENT AGREEMENT R. P S. A ASSUMPTIONS

The assumptions used in the economic analysis for estimating the effects of the revised settlement proposal correspond to the optimistic, medium and pessimistic scenarios used in the economic study.

RESIDENTIAL EXCHANGE PARTICIPANTS

In the interest of keeping estimates at conservative levels, only PGE was included in the average system cost estimate in the low or optimistic and medium scenarios. PGE, WWP and PSP&L were included in the pessimistic scenario. Each participant was assumed to have its appropriate share of WNP 3.

PGE would be assumed to execute the agreement in 1987 but defer the energy delivery for five (5) years in all three (3) cases.

Washington Water Power and Puget Sound Power and Light would execute the agreement in 1987 and begin energy delivery.

RESIDENTIAL LOAD

A 35 percent residential load was assumed for PGE, WWP and PSP&L as a conservative load. If Pacific Corp were included a 40 percent residential load would be assumed.

DISCOUNTED CASH FLOWS

All cash flows were discounted by three (3) percent back to 1984.

RATES OF RETURN

The rate of return on rate base was assumed to be 12.49% based on the most recent PUC filing of Pacific Corp. This rate was also used for PGE, WWP and PSP&L.

O & M COSTS

The O & M Cost used was 24 mills/KWH times either the 1.0 share of the WNP 3 plant in the case of PGE five (5) year delay of energy delivery or 1.2 share at where no deferral is in effect for WWP and PSP&L.

70% PROBABILITY

Intended recovery of the IOU's sunk costs through retail rates and the average system costs inclusion is not guaranteed. Historically PUCs have granted only a portion of the requested rate increases. This uncertainty is reflected in 30% probability against the average system cost used in the analysis.

ASSUMPTIONS NOT USED

AFUDC capitalized was not included in the net rate base.

PP&L's average system cost for WNP 3 was not used in the economic study.

Future CT capital costs were not used in the economic study.

THIS SETTLEMENT PUTS THE IOUs IN A BETTER POSITION THAN THEY WOULD HAVE BEEN IN HAD THE PROJECT NOT BEEN DELAYED

The settlement is too generous to the IOUs because it does more for them than they would have had if the construction had continued:

a. Without delay, the IOUs would be required to pay for completion and bear the continuing risk of a dry hole. The settlement relieves them of the obligation to pay completion costs. The amount of completion costs is uncertain and presents an unlimited contingent liability to the Project 3 owners. There is no provision for adjusting downward the amount of power delivered for the likely prospect that completion costs will exceed the predelay budget. The settlement substitutes surrogate plants which are already or nearly completed and have considerably less dry hole risk than Project 3.

b. The IOUs get a quantity of power guaranteed in advance of delivery. They do not need to live with the uncertainty of emergency shutdowns as has been experienced at Project 2. If the surrogate plants are shut down, the IOUs are forewarned and can plan for it.

c. The amount of power the IOUs obtained is compressed into six months of their greatest need. This power is delivered when it is most valuable and when public power is required to pay a premium price. The IOUs can schedule delivery so that BPA is forced to make delivery of not just 193 megawatts, but up to 540 megawatts.

d. The IOUs are trading the sunk cost of an incomplete mothballed nuclear plant for hydro generation which has more than two times as much capacity as the 30 percent share of Project 3.

e. The settlement proposal offers the IOUs an advantage unavailable to other BPA transmission customers. It permits the IOUs to schedule as much as 540 megawatts while paying only the 193 megawatts wheeling charge.

f. The settlement permits the IOUs the opportunity to include costs in an average system cost exchange even if the project were not completed. Absent the settlement, the IOUs would not be allowed such an average system cost exchange.

THE OPTION TO DELAY DELIVERIES

One of the excuses BPA offered for excluding public power from the negotiations was that public power represented diverse interests and that it would be difficult to marshal a unified negotiating position. Even during the late summer negotiations, BPA insisted that public power accommodate to a single set of objectives. BPA did not impose such uniformity on the IOUs. BPA permitted the IOUs to extract during the negotiations concessions with respect to the timing of their participation and taking of power. These concessions were inconsistent with the objective of placing the IOUs in a position similar to that they would have experienced had there been no delay in construction. These concessions were also inconsistent with the claims made by the IOUs in the litigation that the power from the project was needed. BPA thus conceded to Pacific the option to defer for a period of ten years whether or not to participate in taking the power provided under the agreement. This allowed Pacific the advantage of looking at the economics of the agreement before deciding whether it would pay for the power. BPA's economic analysis did not acknowledge the lost revenue this delay creates.

Similarly, the other IOUs were permitted to defer the .2 increase in power.

BPA failed to extract during the negotiations any compensating benefits for these concessions made to the IOUs.

COST SHARING

The settlement agreement fails to resolve the responsibility for the risk that the cost-sharing claims may place a greater burden on Project 3 owners. The risk of a judgment for reallocation of costs and the associated financial burden on completion has not been analyzed by BPA.

BPA apparently intended, but failed, to obtain an express commitment by the IOUs that they would pay 30 percent of any cost-sharing judgment obtained against Project 3. The risk, therefore, remains that the cost-sharing claimants could make any such judgment a lien against the project which could interfere with BPA's future administration of the plant.

SECTION 6 OF THE SETTLEMENT EXCHANGE AGREEMENT

As noted above, Section 6, the "fallback" agreement, is an extraordinary and unprecedented provision recognizing the probable illegality and unenforceability of the basic settlement agreement. This section is an obvious attempt to give to the IOUs the same benefit that they would obtain under the illegal agreement. Consequently, this section is no more enforceable than the basic agreement.

Because this section relieves the IOUs of their obligations to pay for preservation costs and completion costs, the means for making such payments remain in doubt. This section provides no means for financing completion of the IOUs' share of the project.

Subsection 2 refers with the permissive language "may" to a trust agreement. It is impossible to evaluate the settlement without knowing the terms of this trust agreement which has not been presented for review.

BPA has failed to provide any economic analysis of the consequences of the "fallback" provisions, and it is, therefore, impossible to evaluate the burden that is placed upon the region by this form of the settlement agreement.

THE SETTLEMENT REPRESENTS A REVERSAL BY BPA AND DEMONSTRATES
ITS FAILURE TO PROVIDE EXPECTED LEADERSHIP

In April, 1982, BPA persuaded the participants to accept a slowdown in the construction of Project 1 even though it was 63 percent complete and Project 3 was at that time 50 percent complete. This decision was a major sacrifice for the participants. The participants were persuaded to follow BPA's advice in the spirit of the shared nuclear risk presented by the hydrothermal power program. In May, 1983, BPA persuaded the participants to follow its advice concerning delay of Project 3. That decision has proven to be a correct one in that subsequent events have confirmed that the project was not needed as scheduled. The recent Northwest Power Planning Act studies confirm that the project may never be needed, particularly for public power. BPA's overly generous settlement will be perceived as an acknowledgment that Administrator Johnson now believes he erred when he delayed Project 3. BPA has a responsibility to public power to stick to the decision it made and to go forward and exercise its rights to have Judge Bilby's orders set aside. To do otherwise will undermine BPA and the public utilities' ability to exercise appropriate leadership in the future.

Since the delay decision, BPA has failed to implement policies to control preservation costs or to provide any plan for an orderly decision on termination or completion. BPA has also failed to put into place any acceptable plan for financing the Supply System's share of completion costs. The region and

particularly public power is entitled to a more specific plan of action from BPA on how and when the decision will be made to terminate or complete the plant and the means for financing completion before any settlement agreement is reached. The region is also entitled to know the criterion that will be applied to the decision on whether Project 1 or Project 3 will be the first plant to be completed.

ALTERNATIVE PROPOSALS

The process which BPA adopted in the settlement negotiations excluded public power from meaningful participation. As a result, BPA and the IOUs did not entertain alternative proposals for settlement.

Given the broad opposition by the majority of public interest in Project 3, BPA should proceed with mediation under Rule 39.1 of the Local Rules of the United States District Court for the Western District of Washington. During such mediation, alternative proposals can be fairly evaluated. Such mediation can lead to a fair, legal and enforceable agreement acceptable to all affected parties.

December 19, 1984

Mr. Peter Johnson,
Administrator
Bonneville Power Administration
1002 N.E. Holladay
Portland, Oregon 97232

Subject: Bonneville Power Administration v.
Washington Public Power Supply System
(Project 3 Claims)

Dear Mr. Johnson:

The Washington Utility Group has requested that I set forth its position regarding BPA's secret Project 3 settlement meetings with the Investor-Owned Utilities (IOUs). The Washington Utility Group supports any responsible public effort to resolve the future of this multi-billion dollar regional investment. They protest the secrecy of the recent BPA/IOU settlement negotiations.

BPA encouraged, if not directed, the public utilities to participate in Project 3 under the Hydro-Thermal Power Program. BPA should not now exclude Participants from the settlement conferences which can control the future of that project as well as the effect on the securities litigation involving the other nuclear plant in the region. BPA should not withhold from the Participants the substantive details of the various settlement proposals under consideration.

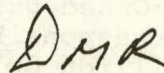
Our clients protest BPA's plan, as described to us yesterday, to strike a deal with the IOUs and then tell the Participants the details of the settlement. Their representatives are entitled to participate in the negotiations of that settlement.

Our clients are very concerned that too much will be paid for the IOUs' claims resulting from the BPA mothballing decision. The rumor is that BPA plans to bargain away to the IOUs preference power in exchange for a release from the IOUs of their claims against BPA and the Treasury. Preference power is not BPA's to bargain away. The public perspective is that BPA is too anxious to settle with the IOUs because of concerns of the threat of a claim on the Treasury. The public perspective is that it is too easy for BPA to lay the burden of settlement on public utility ratepayers.

When the IOUs entered into Project 3, they accepted all the risks associated with it. The IOUs wanted to share in new regionally supported nuclear generation resources like Project 3. Ample opportunity remains to obtain judicial confirmation that the IOUs must share the regional burdens of Project 3, including the burdens of the mothballing decision.

In summary, settlement should be beneficial to the region. Secret meetings invite criticism that the settlement process and terms are unfair to the region's public ratepayers. They arouse the kind of public opposition that thwarts settlement. Public utilities should be included in the settlement negotiations before any deal is made.

Very truly yours,



Douglas M. Ragen

cc: Mr. Mark Rutzick
 Mr. Robert Ratcliffe } *Hand Delivered*
 Liaison Counsel

February 6, 1985

Mr. Peter T. Johnson,
Administrator
Bonneville Power Administration
1002 N.E. Holladay
Portland, Oregon 97232

Subject: Bonneville Power Administration v.
Washington Public Power Supply System
(Project 3 Claims)

Dear Mr. Johnson:

The Washington Utility Group has again requested that I set forth its position regarding the proposal between BPA and the IOUs for settlement of the Project 3 claims. This position was presented to Robert Ratcliffe at the meeting he called on January 24, 1985, to receive the Participants' comments on the proposal.

The Washington Utility Group has long supported any reasonable public effort to settle the future of this multi-billion dollar regional investment. At their direction, I initiated settlement discussions on cost sharing. We hosted the settlement discussions held September 24, 1983. On behalf of my clients, I have on several occasions asked the court to convene settlement negotiations.

Despite our clients' interest in resolving the future of Project 3, they object to the settlement proposal and to the secret negotiations which have excluded them from protecting their interests. Our clients have studied the proposal and find that it is so structurally flawed that they cannot accept it. Their reasons for reaching this conclusion are, generally, as follows:

February 6, 1985

1. BPA persuaded the Participants to join in Project 3 back in 1973, with the assurance that the IOUs would take 30% of the plant. At that time, it was recognized that the Participants did not need the 30% and did not have forecasted net billing capacity to pay for the additional 30%. As a part of the hydrothermal power program which contemplated sharing the risk associated with construction ownership and operation of nuclear plants, the IOUs accepted the risk that the plant might not be needed as scheduled. The settlement proposal is objectionable because it permits the IOUs to walk away from the risks of Project 3.
2. BPA persuaded the Participants 10 years later, in 1983, that the decision to mothball Project 3 was correct. The Participants have supported that decision by waiving their rights to object to being billed for preservation costs. Until recently, all our clients have also supported BPA's recommendation for an additional 27 month delay in the schedule. The settlement proposal, in effect, acknowledges that BPA's leadership on these issues has been incorrect. The public will not accept such a policy reversal. Instead of adopting the settlement proposal, BPA should join with the Supply System and the Participants in a prompt effort to reverse Judge Bilby's order.
3. The proposal is biased in favor of terminating the plant because it relieves the IOUs of their obligation to pay for 30% of the cost of completion.
4. The proposal is intended to settle litigation and avoid its expense. However, the proposal is so complex and so open to subsequent problems regarding interpretation that it presents litigation opportunities as serious as those now facing the parties.
5. The settlement proposal is too generous and offers too much power for too long a period of time.
6. The power committed to the IOUs, in effect, is a commitment of super preference power. Such a commitment is beyond BPA authority and in direct conflict with our clients' preference rights.
7. It appears that BPA is using this settlement to solve two problems of the IOUs which are unrelated to Project 3. First, it is well known that the IOUs protested BPA's handling

February 6, 1985

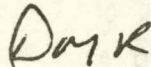
of average system cost. BPA's generosity in this settlement is an apparent attempt to respond to the IOUs' objection to their average system cost treatment. Secondly, some of the IOUs are in a weak financial condition because of their participation in other projects which have been terminated and because of unfavorable treatment by the utility regulatory agencies. Apparently the proposal is designed to shore up the weakened financial condition of some of the IOUs.

8. Though Robert Ratcliffe has repeatedly assured the Participants that BPA will not support net billing of construction costs on an as-incurred basis for either Project 3 or Project 1, the settlement proposal fails to address this commitment. This is but one example of why the secret process of the negotiations does not protect our clients, is unfair and unacceptable to our clients.

Yesterday, BPA counsel obtained an order staying the litigation for three weeks. The effect of this order is to delay decisions on motions for reconsideration of Judge Bilby's order, summary judgment to prevent rescission and certification on appeal. These are all issues which BPA should support.

On behalf of our clients, we request that BPA (i) immediately terminate negotiations on the settlement proposal; (ii) join with the Supply System and the Participants in a prompt effort to reverse Judge Bilby's order; and (iii) include the public utilities in any future settlement negotiations.

Very truly yours,



Douglas M. Ragen

cc: Mr. Robert Ratcliffe
Mr. Mark Rutzick
(By Messenger)
Liaison Counsel

June 6, 1985

Mr. Peter T. Johnson,
Administrator
Bonneville Power Administration
1002 N.E. Holladay
Portland, Oregon 97232

Subject: Bonneville Power Administration v.
Washington Public Power Supply System
(Project 3 Claims)

Dear Peter:

As you know, our office, along with Gordon, Thomas, Honeywell, Malanca, Peterson & Daheim, represents the Washington Utility Group in the Project 3 litigation. A list of our clients follows:

Benton County PUD #1	Okanogan County PUD #1
Clark County PUD #1	Pacific County PUD #2
Cowlitz County PUD #1	Skamania County PUD #1
Grays Harbor County PUD #1	City of Tacoma
Lewis County PUD #1	City of Ellensburg
Mason County PUD #1	Mason County PUD #3

These clients represent approximately 25% of the capacity of Project 3 and in excess of 35% of the utility's participation. This is the largest single group of participant shares in Project 3.

Mr. Peter T. Johnson

- 2 -

June 6, 1985

On behalf of our clients, I have repeatedly requested the opportunity for them to negotiate directly with both BPA and the IOUs toward the settlement of the Project 3 claims and related problems. The latest such request was made through your counsel, Mark Rutzick, last week. Mr. Rutzick was told by myself and other participant counsel that it was understood public power would need to select for themselves a limited number of qualified and representative negotiators from within a grouping of utilities in the litigation and according to their participants' share. Mr. Rutzick advised us that even under these circumstances the renewed request was refused.

The purpose of this letter is to again record our clients' objections to the refusal of BPA and the IOUs to negotiate with them.

Very truly yours,

DMR

Douglas M. Ragen

ARM /s/

Albert R. Malanca

cc: Liaison Counsel
Mr. Mark Rutzick

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R. CONOVER WICKOWICZ
D. CRAIG WIMMELSEN
JEFFREY S. WILDER
EVERETT R. WORELAND
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JEFFREY C. THEDE
VALERIE VETTERICK
WILLIAM M. WALTERS
REBECCA S. WILSON
DAVID WU

July 12, 1985

Ms. Donna L. Geiger
Public Involvement Manager
Bonneville Power Administration
Post Office Box 12999
Portland, Oregon 97212

Subject: ALP
WNP-3 Settlement
Environmental Assessment (EA);
Finding of No Significant Impact (FONSI)

Dear Ms. Geiger:

In response to BPA notice dated May 21, 1985, and to the subject EA and FONSI, we submit on behalf of the Washington Utility Group (WU)* and its commissioners, councilmen, and customers the following comments:

1. BPA has stated that it intends to change the proposed settlement with the IOUs. Until those changes are resolved, it is not possible to conduct an EA or FONSI on "the proposed settlement." Consequently, the May, 1985, EA and FONSI are inadequate and defective.

2. The public has not been notified of the changes BPA will make to the proposed agreement and, therefore, the process for public comment on the EA and FONSI is defective and invalid.

3. The settlement involves a power sales contract (labeled an exchange) for a term estimated to exceed 20 years and a substantial quantity of power estimated at 161 average megawatts. Legal precedent interpreting NEPA and BPA's authority requires under these circumstances a complete EIS before implementing any settlement.

Ms. Donna L. Geiger

- 2 -

July 12, 1985

(The following comments apply if there are no changes to the settlement.)

4. The EA and FONSI report in the background introduction that the settlement proposal was adopted with the assumption that Judge Bilby's orders were valid. Those orders have been vacated and EPA must reassess the need for the proposal and alternatives in light of such vacated orders.

5. For the reasons set forth in WU's amended supplemental answer, counterclaims, and cross-claims in the Project 3 litigation, the proposed settlement is very vulnerable to challenge as an enforceable and illegal agreement. Therefore, the EA and FONSI misrepresent that the settlement will avoid further litigation.

6. It is misleading to state that failure to settle could lead to "an unplanned restart." BPA and the IOUs have indicated no interest in an "unplanned restart."

7. It is misleading to state that litigation could lead to "an unplanned termination." Legal mechanisms exist to avoid termination if the Project is needed and cost effective.

8. It is misleading to suggest the proposed settlement is necessary to preserve the Project for possible future completion. Legal mechanisms exist to preserve the Project for future completion.

9. For the reasons stated by WU and other public power representatives at the regional "briefings" held in June, 1985, it is misleading to suggest that the settlement will have a minimum economic impact on BPA.

10. The EA and FONSI failed to analyze the economic cost and, therefore, environmental impacts of the alternative replacement capacity and energy provisions of the settlement.

Ms. Donna L. Geiger

- 3 -

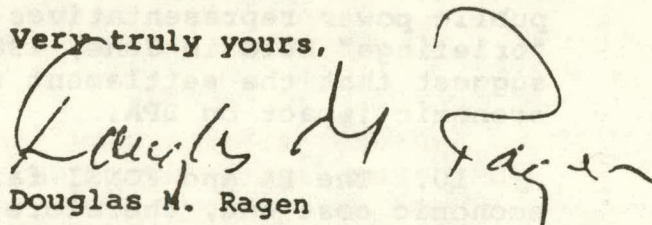
July 12, 1985

11. The EA and FONSI (see Appendix 4) fail to address the economic cost and, therefore, environmental impacts of the adjustments BPA must make to its planning, particularly forced outage to reserves, to deliver the power committed to the IOUs under the proposed settlement. These impacts are very significant if the region reaches a load resource balance within the life of the settlement agreement.

12. EA and FONSI misrepresent the effect of the settlement on the future completion or termination of Project 3. The settlement relieves the IOUs of their obligation to fund completion of their 30 percent share. In the event the exchange is found to be unenforceable or illegal, BPA apparently still intends to excuse the IOUs from their funding obligation. The effect of the settlement, therefore, is to place on BPA and its customers the full costs of completion of the Project. This additional financial burden could interfere with completion of the Project and the availability of the 70 percent capacity which might be necessary to meet the BPA load requirements. The EA and FONSI are inadequate because they fail to address the impact of the settlement on the future completion or termination of Project 3.

For the reasons set forth above, BPA should withdraw the EA and FONSI, defer any further environmental assessment until the final form of the settlement agreement is reached, and require preparation of a full EIS prior to execution of any settlement agreement.

Very truly yours,



Douglas M. Ragen

cc: Washington Utility Group

Ms. Donna L. Geiger

- 4 -

July 12, 1985

- * Benton County PUD No. 1
- Clark County PUD No. 1
- Cowlitz County PUD No. 1
- Grays Harbor County PUD No. 1
- Lewis County PUD No. 1
- Mason County PUD No. 3
- Mason County PUD No. 1
- Okanogan County PUD No. 1
- Pacific County PUD No. 2
- Skamania County PUD No. 1
- City of Tacoma
- City of Ellensburg

Exhibit N

Memorandum from Dan Meek, House Subcommittee on General Oversight,
Northwest Power, and Forest Management, to
Interested Parties,
Impact of WNP-3 Settlement on Investor Owned Utility Rates
(September 6, 1985)

MORRIS K. UDALL, ARIZONA, CHAIRMAN

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WILLIAM M. MENDON, NORTH CAROLINA
MICHAEL L. STRANG, COLORADO
SEN BLAZ, GUAM
JOE BARTON, TEXAS

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

September 6, 1985

STANLEY GOODMAN
STAFF DIRECTOR
AND COUNSEL

ROY JONES
ASSOCIATE STAFF DIRECTOR
AND COUNSEL

LEE MCELVAIN
GENERAL COUNSEL

RICHARD AGNEW
CHIEF MINORITY COUNSEL

PERSONS INTERESTED IN THE PROPOSED WPPSS 3 LITIGATION SETTLEMENT

FROM: DAN MEEK
Subcommittee on General Oversight, Northwest Power,
and Forest Management
U.S. House of Representatives
1626 Longworth Building
Washington, D.C. 20515
(202) 225-1661

RE: THE BONNEVILLE POWER ADMINISTRATION'S PROPOSED SETTLEMENT OF
THE WPPSS 3 MOTHBALLING LITIGATION: IMPACT ON INVESTOR-
OWNED UTILITY ELECTRIC RATES, PART 2

After the Bonneville Power Administration (BPA) in 1983 decided to discontinue construction on WPPSS 3, the region's 4 investor-owned utilities (IOUs) which own 30% of the project filed a lawsuit in federal court to contest BPA's decision.¹ In August 1985, BPA issued for public scrutiny its revised proposal for settlement of this litigation.

Despite my repeated requests since last April, BPA has failed to fully quantify the settlement's potential impact on IOU rates. Instead, BPA has provided an analysis of only the potential first-year rate impacts that would result if the settlement enabled the utilities to circumvent state statutes that would otherwise prevent them from putting their WPPSS 3 costs into their ratebases (Attachment 1, from BPA's Revised Environmental Assessment, August 1985). That analysis concluded that the first-year rate increase could exceed \$181 million.

Several of BPA assumptions, which reduce the potential rate impact, appear to be questionable. To avoid controversy, however, I have used BPA's assumptions to calculate the potential rate impact of the WPPSS 3 settlement over a 30-year period for the ratepayers of Portland General Electric Co. (PGE), Pacific Power & Light Co. (PP&L), Puget Sound Power &

1. Portland General Electric Co. (PGE) and Pacific Power & Light Co. (PP&L) each own 10% of WPPSS 3, while Puget Sound Power & Light Co. and Washington Water Power Co. each own 5%.

Light Co. (Puget), and the Washington Water Power Co. (WWP).² My analysis for PP&L includes the potential effect on that utility's Wyoming customers, which BPA excluded. For PP&L, my analysis also calculates the potential Oregon rate impact separately.

Tables 2-6 show the rate increases for PGE, PP&L, Puget, and WWP that would result from putting their WPPSS 3 costs into their ratebases and depreciating those costs over a 30-year period. Table 1 summarizes the results:

TABLE 1
Potential Impact of WPPSS 3 Settlement
on Investor-Owned Utility Rates

<u>Utility</u>	<u>Additional 30-Year Revenue Requirement</u>	<u>Discounted to Present Value at 8%</u>
PGE	\$1.27 billion	\$ 600 million
PP&L		
Total System	\$1.13 billion	\$ 533 million
Oregon Only	\$ 684 million	\$ 323 million
Puget	\$ 544 million	\$ 257 million
WWP	\$ 598 million	\$ 281 million
	-----	-----
TOTAL	\$3.54 billion	\$1.67 billion

If BPA disallows these amounts in determining each of the IOU's Average System Cost (ASC) for the purpose of the Residential Exchange, then these costs would be borne by each utility's ratepayers. If BPA were to allow these amounts as part of each utility's ASC, then about 35% of these costs would be imposed on BPA's customers, primarily the publicly-owned utilities and the Direct Service Industries, with the nonresidential

- One of BPA's assumptions, adopted here, was that each IOU with surplus power, such as PGE and PP&L until the middle or late 1990s, could sell the settlement power to other utilities at the same price BPA charges for it, which is based upon the operation and maintenance cost of 4 surrogate nuclear power plants. This assumption tends to understate the potential rate impact during the early years of the settlement, because PGE and PP&L claim that their "avoided cost" or "opportunity cost" are lower than the price for BPA settlement power. Conversely, it tends to overstate the potential rate impact of the settlement during its later years, because then the BPA settlement power is expected to cost less than alternative sources available to PGE and PP&L.

customers of the IOUs paying the remainder.

As noted above, these calculations merely extend BPA's analysis for the typical 30-year depreciation period for a major utility investment. BPA claims that these rate increases may not necessarily result from the settlement. This is true. But the settlement would offer the Oregon Public Utility Commissioner in particular an opportunity to avoid the prohibition on charging ratepayers for the cost of uncompleted projects established by Ballot Measure 9 of 1978. By claiming that they have traded their investments in WPPSS 3 for settlement power from BPA, the Oregon utilities (PGE and PP&L) could claim that their expenditures on WPPSS 3 have obtained property (power from BPA) that provides service (as of 1987 or later) to ratepayers, thereby allowing them to place their WPPSS 3 costs into their ratebases, in addition to charging ratepayers for the amounts paid to BPA for the settlement power.

None of the IOUs has denied that it will attempt to use the settlement to put its expenditures on WPPSS 3 into its ratebase. In letters sent to BPA in late July, WWP's chairman Paul Redmond stated:

However, in respect to Project 3, the Company currently contemplates a phasing in' of one-fifth of its investment over five years rather than rate basing its investment all at one time. Thus, a rate increase associated with a settlement of Project 3 would represent approximately a 2% increase per year for five years assuming that the respective state commissions agree with the Company's proposed approach.

D.H. Knight, senior vice president of Puget, was slightly less direct but nevertheless indicated the company's intent to obtain ratebase treatment for its WPPSS 3 expenditures.

Of greater interest are the letters from PGE and PP&L, because those utilities each own twice as much of WPPSS 3 as do WWP and Puget, and because BPA's proposed settlement would enable PGE and PP&L to attempt their circumvention of Ballot Measure 9, which would otherwise clearly prohibit putting their WPPSS 3 expenditures into their ratebases. The letter from PGE chairman Robert Short did not deny that PGE would use the settlement to seek ratebase treatment for its WPPSS 3 costs. Instead, Mr. Short referred to a May 31 letter from to BPA from PGE's rates manager, which set forth an analysis that showed WPPSS 3 costs in PGE's ratebase. The letter to BPA from David Bolender, president of PP&L, also failed to deny that PP&L would use the settlement to seek ratebase treatment for its WPPSS 3 expenditures.

3. This was codified as ORS 757.355:

No public utility shall, directly or indirectly, by any device, charge, demand, collect or receive from any customer rates which are derived from a rate base which includes within it any construction, building, installation or real or personal property not presently used for providing utility service to the customer.

TABLE 2

Utility:
MPPSS 3 Investment:

PORTLAND GENERAL ELECTRIC CO.
\$300,643,000

	Addition to Ratebase	Before Tax Rate of Return	Depreciation	Additional Revenue Requirement	Discounted to Present Value at 8%
1987	300.643	.207	10.021	72.345	\$599,517,741
1988	290.622	.207	10.021	70.267	
1989	280.600	.207	10.021	68.190	
1990	270.579	.207	10.021	66.112	
1991	260.557	.207	10.021	64.035	
1991	250.536	.207	10.021	61.958	
1992	240.514	.207	10.021	59.880	
1993	230.493	.207	10.021	57.803	
1994	220.472	.207	10.021	55.725	
1995	210.450	.207	10.021	53.648	
1996	200.429	.207	10.021	51.570	
1997	190.407	.207	10.021	49.493	
1998	180.386	.207	10.021	47.415	
1999	170.364	.207	10.021	45.338	
2000	160.343	.207	10.021	43.261	
2001	150.322	.207	10.021	41.183	
2002	140.300	.207	10.021	39.106	
2003	130.279	.207	10.021	37.028	
2004	120.257	.207	10.021	34.951	
2005	110.236	.207	10.021	32.873	
2006	100.214	.207	10.021	30.796	
2007	90.193	.207	10.021	28.718	
2008	80.171	.207	10.021	26.641	
2009	70.150	.207	10.021	24.564	
2010	60.129	.207	10.021	22.486	
2011	50.107	.207	10.021	20.409	
2012	40.086	.207	10.021	18.331	
2013	30.064	.207	10.021	16.254	
2014	20.043	.207	10.021	14.176	
2015	10.021	.207	10.021	12.099	
TOTAL			300.643	1266.654	

TABLE 3

Utility:
MPPSS 3 Investments:

PACIFIC POWER & LIGHT CO.
\$287,828,850

	Addition to Ratebase	Before Tax Rate of Return	Depreciation	Additional Revenue Requirement	Discounted to Present Value at 8%
1987	287.829	.189	9.594	63.994	\$532,831,359
1988	278.235	.189	9.594	62.181	
1989	268.640	.189	9.594	60.367	
1990	259.046	.189	9.594	58.554	
1991	249.452	.189	9.594	56.741	
1991	239.857	.189	9.594	54.927	
1992	230.263	.189	9.594	53.114	
1993	220.669	.189	9.594	51.301	
1994	211.074	.189	9.594	49.487	
1995	201.480	.189	9.594	47.674	
1996	191.886	.189	9.594	45.861	
1997	182.292	.189	9.594	44.047	
1998	172.697	.189	9.594	42.234	
1999	163.103	.189	9.594	40.421	
2000	153.509	.189	9.594	38.607	
2001	143.914	.189	9.594	36.794	
2002	134.320	.189	9.594	34.981	
2003	124.726	.189	9.594	33.167	
2004	115.132	.189	9.594	31.354	
2005	105.537	.189	9.594	29.541	
2006	95.943	.189	9.594	27.728	
2007	86.349	.189	9.594	25.914	
2008	76.754	.189	9.594	24.101	
2009	67.160	.189	9.594	22.288	
2010	57.566	.189	9.594	20.474	
2011	47.971	.189	9.594	18.661	
2012	38.377	.189	9.594	16.848	
2013	28.783	.189	9.594	15.034	
2014	19.189	.189	9.594	13.221	
2015	9.594	.189	9.594	11.408	
TOTAL			287.829	1131.023	

TABLE 4

Utility:
WPPSS 3 Investments:

PACIFIC POWER & LIGHT CO., OREGON ONLY
\$170,000,000

	Addition to Ratebase	Before Tax Rate of Return	Depreciation	Additional Revenue Requirement	Discounted to Present Value at 8%
1987	170.000	.195	5.667	38.817	\$322,670,973
1988	164.333	.195	5.667	37.712	
1989	158.667	.195	5.667	36.607	
1990	153.000	.195	5.667	35.502	
1991	147.333	.195	5.667	34.397	
1991	141.667	.195	5.667	33.292	
1992	136.000	.195	5.667	32.187	
1993	130.333	.195	5.667	31.082	
1994	124.667	.195	5.667	29.977	
1995	119.000	.195	5.667	28.872	
1996	113.333	.195	5.667	27.767	
1997	107.667	.195	5.667	26.662	
1998	102.000	.195	5.667	25.557	
1999	96.333	.195	5.667	24.452	
2000	90.667	.195	5.667	23.347	
2001	85.000	.195	5.667	22.242	
2002	79.333	.195	5.667	21.137	
2003	73.667	.195	5.667	20.032	
2004	68.000	.195	5.667	18.927	
2005	62.333	.195	5.667	17.822	
2006	56.667	.195	5.667	16.717	
2007	51.000	.195	5.667	15.612	
2008	45.333	.195	5.667	14.507	
2009	39.667	.195	5.667	13.402	
2010	34.000	.195	5.667	12.297	
2011	28.333	.195	5.667	11.192	
2012	22.667	.195	5.667	10.087	
2013	17.000	.195	5.667	8.982	
2014	11.333	.195	5.667	7.877	
2015	5.667	.195	5.667	6.772	
TOTAL			170.000	683.825	

TABLE 5

Utility:
WPPSS 3 Investments:

PUGET SOUND POWER & LIGHT CO.
\$129,227,000

	Addition to Ratebase	Before Tax Rate of Return	Depreciation	Additional Revenue Requirement	Discounted to Present Value at 8%
1987	129.227	.207	4.308	31.070	\$257,492,106
1988	124.919	.207	4.308	30.178	
1989	120.612	.207	4.308	29.286	
1990	116.304	.207	4.308	28.394	
1991	111.997	.207	4.308	27.502	
1991	107.689	.207	4.308	26.610	
1992	103.382	.207	4.308	25.718	
1993	99.074	.207	4.308	24.826	
1994	94.766	.207	4.308	23.934	
1995	90.459	.207	4.308	23.042	
1996	86.151	.207	4.308	22.150	
1997	81.844	.207	4.308	21.257	
1998	77.536	.207	4.308	20.365	
1999	73.229	.207	4.308	19.473	
2000	68.921	.207	4.308	18.581	
2001	64.614	.207	4.308	17.689	
2002	60.306	.207	4.308	16.797	
2003	55.998	.207	4.308	15.905	
2004	51.691	.207	4.308	15.013	
2005	47.383	.207	4.308	14.121	
2006	43.076	.207	4.308	13.229	
2007	38.768	.207	4.308	12.336	
2008	34.461	.207	4.308	11.444	
2009	30.153	.207	4.308	10.552	
2010	25.845	.207	4.308	9.660	
2011	21.538	.207	4.308	8.768	
2012	17.230	.207	4.308	7.876	
2013	12.923	.207	4.308	6.984	
2014	8.615	.207	4.308	6.092	
2015	4.308	.207	4.308	5.200	
TOTAL			129.227	544.052	

TABLE 6

Utility:
MPPSS 3 Investments:WASHINGTON WATER POWER CO.
\$152,687,000

	Addition to Ratebase	Before Tax Rate of Return	Depreciation	Additional Revenue Requirement	Discounted to Present Value at 8%
1987	152.687	.188	5.090	33.795	\$281,463,178
1988	147.597	.188	5.090	32.838	
1989	142.508	.188	5.090	31.881	
1990	137.418	.188	5.090	30.924	
1991	132.329	.188	5.090	29.967	
1991	127.239	.188	5.090	29.011	
1992	122.150	.188	5.090	28.054	
1993	117.060	.188	5.090	27.097	
1994	111.970	.188	5.090	26.140	
1995	106.881	.188	5.090	25.183	
1996	101.791	.188	5.090	24.226	
1997	96.702	.188	5.090	23.269	
1998	91.612	.188	5.090	22.313	
1999	86.523	.188	5.090	21.356	
2000	81.433	.188	5.090	20.399	
2001	76.344	.188	5.090	19.442	
2002	71.254	.188	5.090	18.485	
2003	66.164	.188	5.090	17.528	
2004	61.075	.188	5.090	16.572	
2005	55.985	.188	5.090	15.615	
2006	50.896	.188	5.090	14.658	
2007	45.806	.188	5.090	13.701	
2008	40.717	.188	5.090	12.744	
2009	35.627	.188	5.090	11.787	
2010	30.537	.188	5.090	10.831	
2011	25.448	.188	5.090	9.874	
2012	20.358	.188	5.090	8.917	
2013	15.269	.188	5.090	7.960	
2014	10.179	.188	5.090	7.003	
2015	5.090	.188	5.090	6.046	
TOTAL			152.687	597.617	

POTENTIAL WORST CASE WNP-3 SETTLEMENT EFFECTS
ON REGIONAL IOU AVERAGE PRICE OF ELECTRICITY

	<u>PGE</u>	<u>PP&L 1/</u>	<u>WNP</u>	<u>PSP&L</u>	<u>Combined</u>
WNP-3 Addition to Average Rate Base (\$000)	300,643	212,907	152,687	129,227	
Before Tax Return (%)	<u>20.73</u>	<u>18.90</u>	<u>18.80</u>	<u>20.71</u>	
Return on Rate Base (\$000)	62,323	40,239	28,705	26,763	
WNP-3 Deprec. Expense (\$000)	8,714	6,171	4,426	3,746	
WNP-3 O&M Expense (\$000)	<u>11,620</u>	<u>8,595</u>	<u>5,810</u>	<u>5,810</u>	
Subtotal - Increase in Rev. Req. (\$000)	82,657	55,005	38,941	36,319	
Credit for Incremental Off-System Sales Rev. (\$000)	<u>(11,620)</u>	<u>(8,595)</u>	<u>(5,810)</u>	<u>(5,810)</u>	
Net Increase in Revenue Requirement (\$000)	<u>71,037</u>	<u>46,410</u>	<u>33,131</u>	<u>30,509</u>	<u>181,087</u>
Total Retail Load (gWh) (excludes sales for resale)	<u>13,765</u>	<u>15,308</u>	<u>7,084</u>	<u>15,945</u>	<u>52,102</u>
Mills/kWh Increase - 87¢ (across retail loads)	5.2	3.0	4.7	1.9	3.5
Mills/kWh Increase - 84¢ 2/ (across retail loads)	4.4	2.6	4.0	1.6	3.0

NOTES AND ASSUMPTIONS

This analysis assumes that utility commissions would allow IOUs to include WNP-3 capital costs, direct and indirect, in rate bases and earn a return; in addition, it assumes WNP-3 depreciation expense and surrogate O&M expenses would be allowed. For purposes of this analysis, in determining the full worst-case effects of the Settlement, a full year's effect of rate-basing WNP-3 capital costs has been shown.

This analysis assumes that additional power provided by the proposed Settlement would be sold off-system, producing revenues equal to WNP-3 O&M expense.

This analysis does not take into account the possible benefits to IOUs from the exchange program. If the IOUs are allowed to exchange such costs, the increased net benefits received from BPA would reduce the rate increase to IOU residential customers (provided the utility is not deeming).

WNP-3 Addition to Average Rate Base: This reflects the average rate base increase during the first full year based on addition of IOU WNP-3 capital costs reported as of the end of calendar year 1984. Sources: PGE-1984 Annual Report, PP&L-1984 Annual Report, WNP-1984 Annual Report, PSP&L-1984 form 10K. This analysis assumes that additional capital costs will not be incurred and that no additional AFUDC is accrued. No write-off of losses or associated income tax benefits are assumed.

Before Tax Return (%): This is the before tax rate of return required to achieve the approved after tax rate of return. The after tax rates of return used in this analysis are those rates of return from the rate orders upon which the most recent ASC filings are based. In computing the aggregate before tax rate of return for each IOU, the equity portion of the after tax allowable return was adjusted by the utility's net to gross factor.

Return on Rate Base: Computed as WNP-3 Addition to Average Rate Base X Before Tax Return.

WNP-3 Depreciation Expense: Assumes 100% is depreciated over 35 years.

WNP-3 O&M Expense: O&M is expressed in 86¢, assuming 161 MW are exchanged; 22.0 mills/kWh in 84¢, 6% annual escalation.

Total Retail Load (excludes sales for resale): Source: Northwest Regional Forecast of Power Loads and Resources, July 1985 - June 2005, PNUCC, March 1985; adjusted downward by 4.3% to exclude losses.

1/ PP&L total utility costs have been adjusted by 73.97% to reflect regional figures.
2/ Based on escalation factors of 5.0%, 5.0%, and 5.2% for 1985, 1986, and 1987, respectively.

Exhibit O

BPA, Summary of Comments,
WNP-3 Settlement
(September 16, 1985)

Attachment-1

Sources of Comments on Proposed WNP-3 Settlement
March 11 - July 31, 1985

BPA received numerous comments on the settlement proposal from March 11 through July 31, including:

- 192 letters and telephone calls to BPA/Public Involvement, which includes 9 comments on the proposed settlement Environmental Assessment (EA)
- 106 customer comments received during Area briefings April 18 - 21
- 105 commenters at the May 13 - 15 customer/public meetings
- 849 coupons received from Benton County PUD
- 342 signatures on a petition circulated by Clallam County PUD

This count excludes the 40 letters and telephone calls BPA received Jan. 18 - March 11, which were analyzed in the comment summary dated March 11. It also excludes letters, calls, and petitions received since July 31.

Letters and Telephone Calls

Of the 192 letters and telephone calls BPA received during this period, 108 were in favor of the proposal, 50 were opposed, and 34 did not take a position or were withholding judgment pending further information. These figures include 9 comment letters on the proposed settlement EA, of which 7 were generally neutral or made no comment on the settlement itself and 2 opposed the settlement.

Public Meetings

BPA heard comments from 105 individuals who attended meetings in Seattle, Spokane, Kennewick, Burley, Vancouver, and Eugene in May. Eleven were in favor of the settlement, 49 were opposed, and the remainder were predominately asking questions or clarifying points about the settlement.

Area Briefings

These briefings were primarily to alert customers and the press of the upcoming settlement rather than to solicit opinions. As a result, of the 106 individuals who were contacted (primarily by telephone), 88 generally had no comment or said they would take a position later when they had time to digest the proposal. Two did express general support while 16 said they were opposed to the settlement.

Newspaper Ad Coupon

The Benton Co. PUD coupon expressed concern about possible impacts of the settlement on public power ratepayers, and dissatisfaction with public power's exclusion from the negotiating process. Of the 849 persons who returned coupons, 223 also added personal comments.

Petition

Clallam County PUD circulated a petition and collected 342 signitures, which were subsequently mailed to BPA. The petition opposed the settlement and objected to the "secret" negotiation process. It also contended that the settlement would raise electric rates for customers of Clallam County PUD.

Who Commented on WNP-3 Settlement From March 11 to July 31, 1985

The following is a summary of the institutions and organizations which have commented on the proposal from March 11 to July 31. No attempt was made to eliminate double-counting of multiple comments made by one individual or organization. Thus, each comment was counted separately, regardless of how many comments were made by other individuals from the same organization.

<u>Type of Commenter</u>	<u>Number (excluding coupon and petition)</u>	<u>Add'l (from coupon and petition)</u>	
Individuals and unaffiliated commenters	95	1191	
Businesses excluding DSIs	54	0	
BPA customers (total)	(182)	0	
PUDs and PUD associations	76	0	
IOUs	3	0	
DSIs	16	0	
Municipal and coop utilities	85	0	
Other Customers	2	0	
Governments (total)	(29)	0	
Other Federal	8	0	
State	4	0	
County	3	0	
City	14	0	
Interest groups (total)	(24)	0	
Environmental/public interest	10	0	
Utility associations/public power interest groups	13	0	
Political Groups	1	0	
Other (primarily press)	18	0	
Unknown/Not Specified	<u>1</u>	<u>0</u>	
	TOTAL	403	1191

Major Public Issues Raised on Proposed WNP-3 Settlement
March 11 - July 31, 1985

Suggested Amendments to the Settlement

Most of those who suggested amendments were opposed to the settlement. Some suggestions to amend the settlement were:

- reduce the agreement term and/or better define limits of the agreement
- transfer part/all of BPA's interest in WNP-3 or WNP-2 to IOUs
- do not acquire interests in power generated from gas turbines
- expand, reduce, or eliminate the proposed surrogate index base
- reduce the refueling time for calculating O&M costs
- use 100 percent plant production when figuring energy exchange
- allow Northwest Power Planning Council to review acquisition of WNP-3
- ratebase costs of power based on production rather than sunk costs
- terminate WNP-3 and allow IOUs to either purchase public conservation or other power from BPA
- provide more protection for fish and wildlife
- provide floor rate at cost of preference power and/or protect preference rights

Opposition to the Proposed Settlement

Who Opposed

- BPA customers (especially PUDs and municipal/coop utilities)
- individuals (principally from the Tri-Cities and Clallam Co., WA)
- utility associations
- public interest groups

Primary Concerns Raised by Opponents

- negotiations unfairly excluded PUDs and other BPA customers
- will raise rates to BPA's non-IOU customers
- will depress the regional economy
- allows IOUs to avoid financial and nuclear risks of operating WNP3
- will not end litigation, but will stimulate lawsuits and conflict
- unfairly gives preference power and preference rights to IOUs at the expense of public utilities
- comment opportunities too limited

Other Views Expressed by Opponents

- unfairly allows sunk costs of WNP-3 into average system costs
- the terms of the agreement are too long or are poorly defined
- the surrogate (index) concept is faulty
- the decision to dispose of WNP-3 needs to be made prior to settlement
- settlement violates Section 6(c) of the Regional Act
- the sale/exchange of winter power is inappropriate
- BPA can win the lawsuit and should, therefore, continue litigation
- public meetings on the proposal were poorly timed or organized
- it is not an exchange--it's a sale

Support for the Proposed Settlement

Who Supported

- city governments
- county governments
- individuals (outside of PUD service areas)

Comments Made by Supporters

- reduces conflict and litigation
- fair to all parties including the public utilities
- improves the regional economy
- signals investors that the NW can amicably solve its differences
- does not allow IOUs and/or BPA to unfairly avoid nuclear risks
- effective use of surplus energy
- stabilizes or reduces electric rates in the region

Related Issues Raised by Commenters

Completion/Termination of WNP-3

Several commenters raised the issue of completion/termination of WNP-3. Most who favored completion of WNP-3 were residents of the Tri-Cities who had mailed in one of Benton County PUD's coupon. Of the more than 30 commenters who discussed final disposition of WNP-3, approximately two-thirds suggested that the plant should be completed and one-third said it should not.

Access to Intertie

A couple of commenters felt that the settlement would give IOUs priority access to the Intertie.

Relationship to other Markets

Some suggested that more energy be purchased from BC Hydro or that BPA should look at the effect settlement has on selling and buying power outside the region (particularly California).

Environmental Assessment (EA)

Most commenters on the EA felt that the analysis did not adequately address several important environmental issues, including the effects of other sources of power generation, the effects of the settlement on fish spill programs and fish migration, and the effects of WNP-3 sunk costs. Several also suggested that an environmental impact statement was required and/or additional alternatives to the proposed action needed examination.

Attachment-2

ISSUE LIST
 Issues Contained in Public Comments on WNP-3 Settlement Proposal
 Comments Received March 11 - July 31, 1985

	<u>No. of Comments</u>
ISSUE LIST A: Generally Favorable Toward Settlement	
1. General support--reduces litigation--misc.	75
2. Fair--benefits everyone	28
3. Provides regional stability and reduces uncertainty	20
ISSUE LIST B: Generally Opposed to Settlement	
1. Unfair; gives power and/or \$ away	49
2. General opposition--bails out IOUs--misc.	34
3. Invites continued litigation/conflict	15
4. IOUs/BPA should be accountable for Supply System	20
ISSUE LIST C: Process Issues	
1. Negotiation/analysis process	120
2. Extend comment period	52
3. Comments on public involvement process	38
ISSUE LIST D: Regional Economic Issues	
1. Effect on DSIs and other industries	6
2. Will depress regional economy	7
3. Will restore credit/investor confidence	9
4. Will aid regional economy	16
ISSUE LIST E: Relation/Effect Settlement has on WNP-3	
1. Comments on probability/desirability of completing WNP-3	51
2. When/who should decide to complete/terminate WNP-3	15
3. Comments on mothballing WNP-3	14
ISSUE LIST F: Environmental, Conservation Effects, and Effects on Other Agencies	
1. Effects on other agencies	5
2. Environmental and conservation effects; EA comments	59
ISSUE LIST G: Nuclear Risks and Benefits	
1. IOUs' relation to nuclear risks	23
2. Public power's relation to nuclear risks	5

ISSUE LIST H: Power Transmission/Shape/Capacity Issues

- | | |
|---|----|
| 1. Load shaping/load growth | 10 |
| 2. Transmission system demand and/or access to Intertie | 12 |
| 3. Ability to market/buy outside region | 4 |

ISSUE LIST I: Effect on Rates/Power Availability/Preference

- | | |
|---|-----|
| 1. Commits preference power and or gives power away | 25 |
| 2. May/does raise rates or allows rate instability;
should keep rates low; rate fixing | 121 |
| 3. Lowers rates/keeps rates stable | 13 |
| 4. Effect on power cost/availability in California | 4 |
| 5. Effective use of surplus energy | 2 |
| 6. Rate calculations/ratebasing for costs of WNP-3 | 11 |
| 7. When/who will need power from WNP-3 | 4 |

ISSUE LIST J: Suggestions to Amend Settlement/Analysis

- | | |
|--|----|
| 1. Ratebasing costs of WNP-3 in average system costs | 5 |
| 2. Comments on limits of agreement (including term) | 14 |
| 3. Transfer interests in WNP-3/WNP-2 to IOUs | 7 |
| 4. Other power options | 7 |
| 5. Comments on surrogates/indexing | 9 |
| 6. Misc. suggestions | 18 |
| 7. Relationship to other litigation | 5 |

ISSUE LIST K: Financial Risks and Investments; Profits

- | | |
|---|----|
| 1. Permits IOUs to recover investments in WNP-3 | 1 |
| 2. IOUs should accept investment risks | 54 |
| 3. Creates windfall profit for BPA | 1 |

ISSUE LIST L: Legal Issues

- | | |
|--|----|
| 1. Should be resolved out-of-court | 11 |
| 2. Relationship to Bilby's/Browning's decisions | 14 |
| 3. Comments on continuing litigation | 19 |
| 4. Should be subject to Section 6(c) of the Regional Act | 11 |
| 5. Other legal issues | 9 |

Summary of Issues from Public Comments on WNP-3 Settlement
Received March 11 - July 31, 1985

ISSUE LIST A: Generally Favorable Toward Settlement

A1. General support--reduces litigation--misc.: 75 comments from 93 parties (identical comments from form letters were entered as one comment):

- 18 individuals
- 59 businesses
- 7 BPA customers
- 7 government agencies including 1 letter from 8 U.S. Senators and 1 letter from 13 U.S. Congressmen
- Idaho Cooperative Utilities
- IEEE

These comments stressed the advantage of settlement over litigation. Several also stated that the settlement would avoid possible damages and would put the Supply System issue behind the NW. The Association of Washington Businesses maintained that the amount of power traded in the settlement is insignificant when compared to the region's total energy use.

A2. Fair--benefits everyone: 28 comments from 27 parties:

- 4 individuals
- 18 businesses
- Puget Power and Light
- 4 government agencies

These comments maintained that the settlement is fair/equitable to all parties involved or to the NW in general.

A3. Provides regional stability and reduces uncertainty: 20 comments from 20 parties:

- 1 individual
- 12 businesses
- Kaiser Aluminum
- Fall River Rural Electric Cooperative
- 1 elected official
- cities of Port Townsend and Spokane, WA
- Whatcom Co., WA
- Idaho Cooperative Utilities

These comments centered on the belief that the settlement will put the Supply System issue behind the region, thereby signaling investors that the region is able to solve its problems. A few also stated that the settlement would reduce financial uncertainty in the region. The implication was that the settlement will be good for regional business.

ISSUE LIST B: Generally Opposed to Settlement.

B1. Unfair; gives power and/or \$ away: 49 comments from 1,221 parties (identical comments from coupons and petition were entered as one comment):

- 849 individuals returning the Benton County PUD coupon
- 342 signatures on Clallam County PUD petition
- 10 other individuals
- 1 business
- 16 BPA customers
- California Energy Commission
- Idaho Fair Share
- Fair Use of Snohomish Energy

The majority of these commenters said that the settlement is unfair, unjust, and/or unacceptable, particularly from the perspective of the PUDs and their customers (because it will cost PUDs proportionally more than the IOUs). EWEB said that the IOUs would receive more benefits from mothballing than they would have had WNP-3 been completed on schedule. The City of Tacoma, Clark County PUD, and several individuals stated the settlement gives power away to the IOUs. Clark PUD further noted that BPA would have to purchase power at 65 mills while selling the power back to IOUs at 22 mills.

B2. General opposition: 34 comments from 1,216 parties (identical comments from coupons entered as one comment):

- 849 individuals returning the Benton County PUD coupon
- 342 signatures on Clallam County PUD petition
- 6 other individuals
- 1 business
- 11 PUDs
- 5 municipal/coop utilities and the Washington Utilities Group
- NW Conservation Act Coalition

Most of these commenters expressed general opposition to the settlement. Several went further, such as Wahkiakum PUD, who suggested that the settlement was a "sweetheart deal" for PGE; and Clark County PUD who stated that they have "never been so outraged" at BPA. A few commenters said they preferred a delay in the settlement. The NW Conservation Act Coalition suggested that the "fatal flaw" of the settlement is that it is not salable.

B3. Invites continued litigation and/or conflict: 15 comments from 12 parties:

- 7 PUDs
- Washington Utilities Group
- Citizen's Rate Advisory Committee of Clark County
- Fair Use of Snohomish Energy
- NW Conservation Act Coalition
- 1 unidentified commenter

(ISSUE LIST B: Generally Opposed to Settlement - Continued)

These commenters felt that settlement will not end WNP-3 litigation, and may actually stimulate more lawsuits. Clark County PUD and the Citizen's Rate Advisory Committee also stated that settlement will resurface battles between public and private power. The Washington Utilities Group called the settlement "illegal."

B4. IOUs/BPA should be accountable for Supply System: 20 comments from 20 parties:

- 18 individuals
- Mason County PUD
- California Energy Commission

These commenters stated that the Supply System burden should be shared by all parties, or that BPA should be totally accountable for Supply System due to its miscalculation of energy demand. The California Energy Commission stated that settlement would "dump" responsibility for WNP-3 outside the region (i.e., to California).

ISSUE LIST C: Process Issues

C1. Negotiation/analysis process: 120 comments from 1,260 parties (identical comments from coupons and petition entered as one comment):

- 849 individuals who returned Benton County PUD coupon
- 342 signatures on Clallam County PUD petition
- 14 other individuals
- 2 businesses
- 25 PUDs
- 16 other BPA customers and customer groups
- 1 Washington State Representative
- 11 interest groups

No one raising these issues were favorable toward settlement (some, however, were neutral or did not state a position).

By far the most prevalent comment (103 of 120) objected to what appeared to be closed-door negotiations which led to the settlement. The main point raised about closed-door negotiations was that the settlement will affect PUDs (and, in turn, their customers), and they, therefore, have the right to be represented.

Cowlitz PUD also stated that, by missing the negotiations not only did the PUDs miss the negotiation history but also the "voice inflections" which left the PUDs at a disadvantage. They further suggested that PUDs be allowed to select representation during any future negotiations. Grays Harbor County PUD objected to contention that they were against negotiation. Mason County PUD and the Washington Utilities Group objected to the stipulations placed by BPA on involvement in negotiations.

In contrast, Franklin County PUD said that the negotiations were not secret. The Oregon PUD Association urged the Washington Utilities Group to return to negotiations.

(ISSUE LIST C: Process Issues - Continued)

One individual suggested that the settlement should be put to a public vote. The Citizen's Rate Advisory Committee of Clark County and two individuals also suggested that there should have been public hearings. Four other individuals and Mason County PUD No.1 said more public input was needed. Lewis County PUD stated that "BPA abandoned the structure [appropriate] to finalize documents" such as the settlement. The Clark County PUD suggested the settlement was directed by "officials from Washington DC." The Washington Utilities Group wanted BPA to join them in a "local rule 39.1 mediation." Seattle City Light wanted clarification on how the settlement would impact BPA's 7(i) public rate-setting process.

C2. Extend comment period: 52 comments from 49 parties:

- 6 individuals
- 3 businesses
- 14 PUDs
- 16 other BPA customers
- 2 government agencies
- 7 special interest groups
- Congressman Jim Weaver

It should be noted that a majority of these comments were received prior to BPA extending the comment period 2 months.

The primary reason given for extending the comment period was that the settlement documents are complex and highly technical and will, therefore, need to be reviewed by a variety of experts, lawyers, etc. While most commenters did not specify an appropriate extension, suggestions from 7 commenters ranged from 1 month (Northern Lights, Inc.), to 6 months (Washington PUDs Association).

C3. Comments on public involvement process: 38 comments from 33 parties:

- 14 individuals
- 3 businesses
- 12 BPA customers and the Washington Utilities Group
- Idaho Fair Share
- Congressman Jim Weaver
- 1 unidentified commenter

Clark County PUD objected to the "briefing sessions," and suggested that the settlement was directed by a "higher authority." Similarly, two individuals and the City of McMinnville felt that BPA will settle with the IOUs regardless of public testimony. One individual was offended by BPA's "arrogant manner," while another said the decision (on the settlement) had already been made.

Seven individuals (all of whom completed Benton County PUD's coupon) felt that the daytime meeting in Richland, WA, was biased against working people, while two other individuals and Northern Lights felt that not enough information was made available to the public. City of Heyburn, Idaho, Parkland Light and Water Co., Snohomish PUD, Benton County PUD, Tacoma City Light, and one individual suggested that the document was confusing or too technical, and Congressman Weaver said the rate impact

(ISSUE LIST C: Process Issues - Continued)

analysis in the issue alerts and updates was "unreliable and wrong." Weaver added that a new rate analysis was necessary.

Representatives of the City of Burley and Unity Light and Power contended meeting notes from the Burley meeting in May were an oversimplification. The Washington Utilities Group stated the EA/FONSI public comment process was invalid because of the (then) expected changes in the settlement. One individual felt that the public should be allowed to "vote on the construction of [WNP] 1, 2 or 3."

Franklin PUD, the Greater Seattle Chamber of Commerce, Boeing, Idaho Light and Power, and the Washington PUD Association were supportive of the public meeting concept.

ISSUE LIST D: Regional Economic Issues.

- D1. Effect on DSIs and other industries: 6 comments from 6 parties:
- 3 individuals
 - Snohomish PUD
 - Pacific Carbide and Alloys
 - Springfield Utility Board

One individual and Springfield Utility Board believed the settlement would be detrimental to DSIs, while another individual wanted to see a "survival rate" for aluminum industries. One other individual felt that industries should not be subsidized. Pacific Carbide and Alloys stated they would be economically hurt by the settlement in the winter or when the spill rate was not available. Snohomish PUD felt the settlement would increase DSI rates.

- D2. Will depress NW economy: 7 comments from 6 parties:
- 3 individuals
 - 1 business
 - Snohomish County PUD
 - Small Utilities Group

Commenters felt that NW industry would suffer from the settlement either because settlement would bankrupt the region of energy or because it would raise electric rates. (Also see issue I2).

- D3. Will restore credit/investor confidence: 9 comments from 9 businesses.

These comments all suggested that settlement will improve credit worthiness in the region, thereby attracting investment opportunities and capital.

(ISSUE LIST D: Regional Economic Issues - Continued)

D4. Will aid NW economy: 16 comments from 44 parties (identical comments from form letters were entered as one comment):

- 26 individuals
- 12 businesses
- Kaiser Aluminum
- 3 cities
- one letter from 8 U.S. Senators
- one letter from 13 Congressmen

These commenters felt that WPPSS had "cast an investment shadow" over the region, and that settlement would end this uncertainty and thereby draw new industry to the region. (See also issue D3).

ISSUE LIST E: Relation/Effect Settlement has on WNP-3.

E1. Comments on probability/desirability of completing WNP-3: 51 comments from 49 parties:

- 23 individuals
- 3 businesses and PNGC
- 14 BPA customers
- City of Richland, WA
- 5 interest groups
- Congressman Weaver
- Washington State Representative Unsoeld

Overall, 33 of the commenters felt that WNP-3 should be completed, while 12 felt that it should not be completed. Blachly-Lane Coop suggested that the settlement should be delayed until the decision to complete/terminate WNP-3 is made. Pacific NW Generating Company (PNGC) commented that the settlement is unwise if WNP-3 is not needed. The Washington State Grange said the cost of the settlement will be greater if WNP-3 is terminated, while Seattle City Light thought the settlement would not affect the disposition of WNP-3. Congressman Weaver stated halting construction of WNP-3 was a "correct decision." The IEEE felt deferring construction until after Sept. 1987 was wise.

Three of the commenters (IP&L, IEEE, and the City of Richland, WA) were in favor of the settlement, and two of them also favored completion of WNP-3. Three of the commenters who were neutral or did not state an opinion on the the settlement (PNGC, Washington State Representative Unsoeld, and Canby Water Board) suggested termination as the ultimate disposition of WNP-3, while the remaining commenters (all but one of whom were unfavorable toward the settlement) split in regard to termination of WNP-3, with two-thirds favoring completion (most of whom were from the Tri-Cities area), and one-third calling for termination.

E2. When/who should decide to complete/terminate WNP3: 15 comments from 10 parties:

- 3 individuals
- 1 business and PNGC
- 5 BPA customers and the Washington Utilities Group

The City of McMinnville felt the settlement was "narrowing the focus" of the entire Supply System to just WNP-3; presumably they would prefer taking the entire Supply System into account before settling one portion of the issue. The City of Ellensburg questioned who would have the authority to terminate WNP-3. (In an earlier letter, the City of Ellensburg felt that the settlement would exclude public power from participating in a termination decision for WNP-3.)

PNGC and EWEB felt the settlement shouldn't be resolved until the broader issue of the disposition of WNP-3 is decided. One individual stated that the IOUs were contractually obligated to do what WPPSS/BPA decided in regard to disposition of WNP-3, while another didn't feel BPA had the authority to decide WNP-3 disposition. Another individual suggested IOUs were not unfavorable to halting construction of WNP-3. The Washington Utilities Group felt that not settling would not affect the disposition of WNP-3. PUD of Clark County stated the IOUs would not pay termination costs under the settlement, and Seattle City Light commented that single ownership of the plant was critical to the restart/termination decision.

E3. Comments on mothballing WNP3: 14 comments from 10 parties:

- 2 individuals
- 5 PUDs
- Seattle City Light
- Washington Public Interest Research Group (WPIRG)
- Washington Utilities Group

Four PUDs, the Washington Utilities Group, and WPIRG commented that the decision to mothball WNP-3 was correct. Mason County PUD Nos. 1 & 3 maintained that the only benefit to the settlement is if WNP-3 is mothballed. One individual suggested to "refund the excess" collected to cover mothballing expenses, while the other individual felt that mothballing WNP-3 was incorrect. Clark County PUD suggested that the IOUs avoid mothballing costs with the settlement, and that BPA is inconsistent in defending mothballing while working toward settlement. Seattle City Light wanted a better definition of mothballing. The Washington Utilities Group said BPA mislead others by suggesting that mothballing is dependent on the settlement.

ISSUE LIST F: Environmental, Conservation Effects, and Effects on Other Agencies.

F1. Effects on other agencies: 5 comments from 3 parties:

- U.S. Corps of Engineers
- U.S. Bureau of Reclamation
- Snohomish County PUD

The Corps stated that the settlement should consider the Corp's fish passage plans; additionally, they stated that the settlement "should not affect our reservoir operations." The Bureau of Reclamation had "no objection to the content of the EA/FONSI." Snohomish felt the settlement may affect fish and wildlife programs of "other" (unspecified) agencies.

F2. Environmental and conservation effects: 59 comments from 9 parties:

- 4 BPA customers, the Small Utilities Group and the Washington Utilities Group
- Corps of Engineers
- National Marine Fisheries Service
- NW Conservation Act Coalition

Grays Harbor PUD stated that the settlement "eliminates" conservation, because it gives a portion of the Columbia system away. The Corps of Engineers stated the settlement will not effect their operations. Lane Electric Coop, the Small Utilities Group, Snohomish County PUD, and the Washington Utilities Group said the EA was inadequate for a variety of reasons and that an EIS was required. The NW Conservation Act Coalition felt acquisition of WNP-3 should be discussed in the EA, along with the effects of WNP-3 sunk costs. The Coalition also said they did not receive the FONSI. The National Marine Fisheries Service suggested additional analysis of effects of the settlement on fish spill/migration. Seattle City Light wanted additional clarification of the long-term effects of the settlement, effect of alternate generation on the environment, and the relation of the settlement to the 7(i) public rate-setting process.

The Small Utilities Group said the EA inadequately addressed effects of other forms of power generation and implied that a worst-case analysis would be appropriate where there is uncertainty in the analysis. Snohomish also commented that analysis of environmental impacts from the use of alternate power generation was inadequate along with much of the documentation in the EA, and that the public comment period on the EA was too short. Snohomish added that the EA needed to examine more alternatives. The Washington Utilities Group felt the EA was untimely, because of the expected changes in the proposal, and that the EA didn't adequately address environmental impacts of the use of alternate energy sources or changes in BPA planning in response to power demand from the IOUs.

ISSUE LIST G: Nuclear Risks and Benefits.

- G1. IOU's relation to nuclear risks: 23 comments from 19 parties:
- 1 individual
 - 3 businesses
 - 8 PUDs
 - 4 other BPA customers
 - Idaho Fair Share
 - Citizen's Rate Advisory Committee of Clark County
 - Washington State Grange

With the exception of the three comments from businesses, all commenters felt that the settlement would allow IOUs to unfairly escape nuclear risks. Benton County PUD expanded by suggesting that public utilities would bear the burden of lower credit ratings and higher interest costs than would the IOUs. The three businesses, in contrast, took the opposite position that the proposed settlement does require the IOUs to share both nuclear risks and benefits with public power.

- G2. Public power's relation to nuclear risks: 5 comments from 5 parties:
- 2 individuals
 - 1 business
 - Clark County PUD
 - Springfield Utility Board

Both individuals, Clark County PUD and Springfield Utility Board all felt that the settlement would unfairly place additional nuclear risks on public power. The business commenter disagreed, suggesting that public power will not assume additional risks.

ISSUE LIST H: Power Transmission/Shape/Capacity Issues.

- H1. Load shaping/load growth: 10 comments from 9 parties:
- 2 individuals
 - PNGC
 - 2 PUDs
 - 2 municipal/coop utilities
 - Washington Public Interest Research Group
 - Citizen's Rate Advisory Committee of Clark County

Six commenters (all but the two individuals) felt that the settlement would provide the IOUs with more peaking capacity and winter energy than WNP-3 would have provided if it had been completed, and that this winter delivery of power is not a good trade. Benton County PUD added that exchanging winter energy will be detrimental to BPA when the regional energy surplus is gone. The two individuals noted that power delivered by the settlement would not be steady throughout the year. PNGC felt BPA's responsibility to meet IOU load growth was limited until IOUs place load on BPA.

(ISSUE LIST H: Power Transmission/Shape/Capacity Issues - Continued)

H2. Transmission system demand and/or access to the Intertie: 12 comments from 7 parties:

- 2 individuals
- 3 PUDs
- Town of McCleary, WA
- California Energy Commission

One individual asked what provisions are in the settlement in the event of a power shortage, suggesting that public power would likely be on their own. The other individual contended that IOU access to the Intertie would raise rates.

Cowlitz and Clark County PUDs felt that the settlement would give IOUs priority to the Intertie. Clark added that BPA seems to contend that IOU access would not interfere with BPA's marketing program. The Town of McCleary raised the question of what rights to the transmission system would be granted to the IOUs through the settlement (particularly in relation to surplus power). Benton County PUD said that, since transmission demands and deliveries would not be equal under the settlement, there would be increasing calculated energy losses. Cowlitz County PUD suggested that the settlement was a firm obligation of power that does not exist.

The California Energy Commission felt that the settlement would permanently reduce the amount of firm energy available to California by establishing a NW claim to a portion of NW energy.

H3. Ability to market/buy outside of the region: 4 comments from 4 parties:

- 1 individual
- Raft River Electric Coop
- Springfield Utility Board
- California Energy Commission

The Springfield Utility Board suggested more consideration should be given to selling power outside of the region. Raft River Electric Coop asked why BPA doesn't rely more on purchasing power from BC Hydro, while the individual questioned whether there really was a power surplus in light of BPA acquiring power from BC Hydro. California Energy Commission stated that the settlement would reduce/eliminate future power sales to California.

ISSUE LIST I: Effect on Rates/Power Availability/Preference.

11. Commits preference power and/or gives power away: 25 comments from 21 parties:

- 3 individuals
- 9 PUDs
- 6 other BPA customers
- Fair Use of Snohomish Energy
- Washington Public Interest Research Group
- Washington State Grange

Benton, Cowlitz and Clark County PUDs all said that the settlement would be a power sale rather than a power exchange. Fair Use of Snohomish Energy said settlement would give public utilities last access to nonfirm energy. The remaining 15 comments either stated that the settlement violated preference rights, it allowed IOUs to purchase power below preference rates, or both. The PUD of Klickitat County added that the settlement protects the IOUs from future BPA rate increases.

12. May/does raise rates or allows rate instability; should keep rates low; rate fixing: 121 comments from 448 parties (identical comments from petition entered as one comment):

- 342 signatures on Clallam Co. PUD petition
- 82 other individuals
- 3 businesses
- 14 BPA customers, the Small Utilities Group, and the Washington Utilities Group
- 4 special interest groups
- Congressman Jim Weaver

Approximately 50 of the commenters (all but 1 of whom were coupon respondents from the Tri-Cities) didn't actually state that the settlement would raise rates, but rather they expressed concern that electric rates are high enough now and that they could not afford to pay more (many of these comments echoed the Benton County PUD's ad campaign which strongly suggested that settlement would raise power rates). Of those who did state the settlement would raise power rates (including the Clallam County PUD signers), the general assertion was that the PUDs would be paying for power sold to the IOUs at a lower rate.

Estimates given for rate increases/rate losses (most of which were "worst-case" scenarios) included: 2 percent per year for 5 years (Washington Water Power Company); 2.7¢/kWh (an individual); \$150 million (PNGC); \$400 million (Fair Use of Snohomish Energy); \$424 million (Salmon River Electric Cooperative); \$1/2 billion (Benton County PUD); and 2 billion (an individual).

The California Energy Commission further stated that there would be an increase in nonfirm rates due to inclusion of WNP-3 costs in average system cost calculations. Kaiser Aluminum mentioned that rates could be raised both by delivering preference power to IOUs and through payments

(ISSUE LIST I: Effect on Power Rates/Power Availability/Preference -
Continued)

for the use of the IOU's combustion turbines. One individual called the settlement unjust rate-fixing. The Washington State Grange felt the costs of the settlement would be greatest if WNP-3 is terminated.

I3. Lowers power rates/keeps rates stable: 13 comments from 13 parties:

- 1 individual
- 8 businesses and PNGC
- Franklin PUDs
- 1 elected official
- City of Spokane, WA

These comments were all general expressions that the settlement would not raise electric rates. Franklin PUD attributed the rate stabilization to the "slow-down" in legal fees. PNGC felt the settlement could reduce rates.

I4: Effect on power costs/availability in California: 4 comments from California Energy Commission.

California Energy Commission stated that the settlement would adversely affect California by allowing the costs of WNP-3 to be included in average system cost calculations, which in turn would reduce power available in California and thereby raise their rates.

I5. Effective use of surplus energy: 2 comments from 2 parties:

- 1 individual
- 1 business

Both commenters said that the settlement would be a productive/effective use of surplus energy.

I6. Rate calculation/ratebasing costs of WNP-3: 11 comments from 10 parties:

- 2 individuals
- PNGC
- Washington Water Power Company
- 2 PUDs
- Seattle City Light
- Kaiser Aluminum
- Idaho Fair Share
- NW Conservation Act Coalition

The primary issue raised by these commenters was that the settlement would allow the IOUs to obtain hydro power at lower rates while passing on at least part of their costs of WNP-3 onto public power by melding the costs into the hydro base. Seattle City Light stated that the settlement would not cause BPA to pay IOUs for sunk costs of WNP-3. The Washington Water Power Company stated they planned a 5-year phase-in of their WNP-3 investment rather than a one-time add-on.

(ISSUE LIST I: Effect on Power Rates/Power Availability/Preference -
Continued)

- I7. When/who will need power from WNP-3: 4 comments from 4 parties:
--Benton and Clark County PUDs
--EWEB
--Fair Use of Snohomish Energy

All commenters stated that the IOUs would need power from WNP-3 far in advance of the public utilities.

ISSUE LIST J: Suggestions to Amend Settlement/Analysis (many of these are comments which were interpreted as suggestions for amendment).

- J1. Ratebasing costs of WNP-3 in average system costs: 5 comments from 4 parties:
--Clark County PUD
--Idaho Fair Share
--California Energy Commission
--NW Conservation Act Coalition

These commenters suggested or implied that WNP-3 costs should not be included in average system costs. Idaho Fair Share elaborated that WNP-3 costs should only be rate-based should WNP-3 become commercially productive. The NW Conservation Act Coalition said power should be rate-based only at its cost of production. (See also issue I6.)

- J2. Comments on limits of the agreement: 14 comments from 14 parties:
--5 individuals
--1 business
--6 BPA customers and the Washington Public Power Group
--Washington State Grange

The Town of McCleary, WA, questioned when the term (of the settlement) would actually end. Springfield Utility Board suggests that the settlement has no term, that it will go on as long as the surplus lasts. The Washington Public Power Group asked whether a 20-year term would be advantageous and whether or not such a term was proposed during settlement negotiations. Lane Electric Coop said settlement did not follow Federal restrictions on power sales.

The remaining 6 commenters (including Cowlitz County PUD and Tacoma City Light) questioned the necessity/desirability of a 35-year contract term, including Chisholm and Bradley who suggested a term of 10 years or less.

- J3. Transfer interests in WNP-3/2 to the IOUs: 7 comments from 5 parties:
--1 individual
--Springfield Utility Board
--Snohomish County PUD
--Fair Use of Snohomish Energy
--NW Conservation Act Coalition

Springfield suggested that the IOUs pick up half of the interest in WNP-3, while Fair Use of Snohomish Energy, the NW Conservation Act Coalition, and

(ISSUE LIST J: Suggestions to Amend Settlement/Analysis - Continued)

the individual suggested transferring all interests in WNP-3 to the IOUs. Snohomish County PUD simply indicated that "a portion" of WNP-2 should be transferred to the IOUs, while the Conservation Coalition suggested that the IOUs take it all.

J4. Other power options: 7 comments from 6 parties:

- 1 individual
- Grays Harbor and Snohomish PUDs
- Springfield Utility Board
- Seattle City Light
- NW Conservation Act Coalition

Springfield suggests obtaining additional options for power [presumably from the IOUs]. The individual, Grays Harbor, and Seattle City Light suggested/implied that it is a mistake for BPA to acquire the IOU's gas turbine power. Snohomish County PUD felt the settlement might encourage construction of additional peaking resources. The NW Conservation Act Coalition suggested either terminate WNP-3 and allow IOUs to purchase public conservation, or terminate #3 and offer IOUs to purchase power from BPA.

J5. Comments on surrogate/indexing: 9 comments from 8 parties:

- 3 individuals
- 4 PUDs
- EWEB

EWEB questioned what will happen to the index during downtime should WNP-3 begin operation. Clark County and Snohomish PUDs did not like the surrogate concept but did not elaborate. In a later comment letter, Clark County PUD felt indexing allows IOUs to stabilize O&M costs while preference costs go up. Cowlitz County PUD suggested to reduce the number of surrogates to 1, while one individual suggested expanding the index, as well as to use only nuclear plants in which the Federal government does not have an interest. Another individual suggested to use costs of completing surrogate plants as a basis to factor output from the exchange. Another individual felt 4 surrogates unfairly reduced the IOU's nuclear risk factor.

J6. Misc. suggestions: 18 comments from 12 parties:

- 3 individuals
- PNGC
- 3 BPA customers
- National Marine Fisheries Service
- Division of Lands, State of Oregon
- 3 special interest groups

Benton County PUD pointed out that the settlement may allow IOUs to obtain energy even if settlement is determined to be invalid. They went on to suggest that the probability of events should be factored into the settlement analysis. Benton also questioned whether the IOUs would be willing to pay the entire preservation costs for WNP-3.

(ISSUE LIST J: Suggestions to Amend Settlement/Analysis - Continued)

Springfield Utility Board suggested to place more emphasis on trading energy in other markets and that the settlement should tie in the amount of power traded. The Citizen's Rate Advisory Committee suggested not to buy the IOU's share of WNP-3. The Washington Public Interest Research Group suggested selling additional power to California. The Lands Division of the State of Oregon stated that the "set of principles" should reflect the 9th Circuit Court of Appeals decision requiring NW residents to pay for the costs of the nuclear plants.

Lane Electric Coop wanted a provision relieving BPA of its power commitment if IOUs don't perform as expected and that the settlement will not affect preference rights and/or priority to nonfirm energy. Lane also wanted the MOU modified so that ownership, project or net billing agreements remain intact. The NW Conservation Act Coalition wanted a floor rate not less than preference rates while having IOUs retain full liability of WNP-3. The National Marine Fisheries Service recommended provisions assuring protection of fish spill programs. PNGC wanted unspecified changes to provide greater economic benefit to preference customers.

The remaining suggestions, all from individuals, were: base refueling time for operation and maintenance costs and plant availability on 6-8 days rather than 60 days; BPA should pay the IOUs off; and BPA should use 100 percent plant production when figuring the amount of power to be exchanged.

J7. Relationship to other litigation: 5 comments from 5 parties:

- Benton and Clark County PUDs
- Cities of Rupert and Idaho Falls, Idaho
- WNP

Benton County PUD said the settlement reduces motivation to settle lawsuits concerning WNP-4/5. Similarly, the City of Rupert said settlement should consider including settlement of WNP-4 and 5. The City of Idaho Falls suggested that this settlement might be a basis for ending all litigation (presumably all Supply System litigation). WNP suggested that the issue of WNP-3 should be separated from other litigation. Clark County PUD suggested BPA should release all parties to litigation. (See also issue L3.)

ISSUE LIST K: Financial Risks and Investments, Profits.

K1. Permits IOUs to recover investments in WNP-3: 1 comment from Lewis County PUD.

(ISSUE LIST K: Financial Risks and Investments, Profits - Continued)

- K2. IOUs should accept investment risks (see also ISSUE LIST G): 54 comments from 54 parties:
- 46 individuals (36 of whom were respondents to Benton County PUD's coupon)
 - Mason County PUD
 - Springfield Utility Board
 - Lane Electric Coop
 - 5 special interest groups

The essence of all these comments is that the IOUs made an investment (in WNP-3), and that they fully expected to share in the benefits and costs of that investment. The proposed settlement, on the other hand, allows the IOUs to reap the benefits of their investment while avoiding the attendant costs.

- K3. Creates windfall profits for BPA: 1 comment from an individual:

"When O & M goes up and power costs go down, [settlement] would create [a] windfall profit for BPA."

ISSUE LIST L: Legal Issues.

- L1. Should be resolved out-of-court: 11 comments from 11 parties:
- 2 individuals
 - 1 business
 - 3 PUDs
 - Kaiser Aluminum
 - 8 U.S. Senators (one letter)
 - 13 Congressmen (one letter)
 - Whatcom County, WA
 - Don't Bankrupt Washington

These commenters all pointed out the advantages of an out-of-court settlement, even though two respondents (one individual and Don't Bankrupt Washington) were unfavorable toward the settlement as proposed.

- L2. Relationship to Bilby's/Browning's decision: 14 comments from 14 parties:
- 5 PUDs
 - 4 other BPA customers
 - Seattle Chamber of Commerce
 - Congressman Weaver
 - NW Conservation Act Coalition
 - Washington Utilities Group
 - Washington State Grange

(Benton County PUD, Springfield Utility Board, and Klickitat County PUD all commented prior to Judge Browning's decision setting aside Judge Bilby's decisions.) Benton County PUD suggested that if Bilby's rulings were stricken down, there would be no legal basis for settlement. Springfield and Klickitat merely pointed out that Bilby's decision may be set aside.

(ISSUE LIST L: Legal Issues - Continued)

Of those commenting after Judge Browning's May 16 ruling, EWEB, Idaho Co. Light and Power, NW Conservation Act Coalition, Skamania County PUD, Clallam County PUD, Washington Utilities Group, the Washington State Grange, and the Washington PUD Association all stated that the settlement is not correct or needed to be revisited considering Browning's decision to vacate. Congressman Weaver felt Browning's decision to vacate should motivate BPA to defend its decision to mothball WNP-3. Seattle City Light suggested BPA needs to consider "long-term implications" in light of Browning's decision to vacate. Seattle Chamber of Commerce felt Browning's decision will only delay further litigation.

L3. Comments on continued litigation: 19 comments from 16 parties:

- 1 individual
- 2 businesses
- 9 BPA customers
- 4 special interest groups

The individual, Benton County PUD, Tacoma City Light, NW Conservation Act Coalition, and EWEB all viewed litigation as preferable to the proposed settlement. Similarly, Clallam County PUD, Fair Use of Snohomish Energy, Washington Public Interest Research Group, Clark County PUD, the Washington State Grange, and 1 business all stated that BPA's legal position was sound and that litigation should therefore continue.

Springfield Utility Board and the NW Conservation Act Coalition suggested making an assessment of the risks of continuing litigation, and the City of Heyburn, Idaho felt that better settlement terms may be possible now that Judge Bilby's ruling has been vacated. Chisholm & Bradley stated the settlement puts BPA in a weak bargaining position with the IOUs. N. Wasco County PUD felt exclusion of the "Washington Group" assured continued litigation. The Small Utilities Group felt the settlement exposed them to risks of continued litigation, while the Washington State Grange felt the settlement would eliminate incentive to settle other litigation and that it gives the IOUs the right to sue public utilities. (See also issue J7.)

L4. Should be subject to Section 6(c) of the Regional Act: 11 comments from 7 parties:

- Grays Harbor and Clark County PUDs
- Lane Electric Coop
- Seattle City Light
- American Federation of Teachers
- NW Conservation Act Coalition
- Fair Use of Snohomish Energy

Commenters felt that because the settlement acquires resources, the Northwest Power Planning Council should review the settlement.

L5. Other legal issues: 9 comments from Lane Electric Coop.

Lane felt settlement possibly was invalid under statutory law and that BPA does not have the authority to enter the proposed agreement. They also stated settlement will affect the netbilling agreements and that the rates resulting from the settlement may be subject to FERC review.

BRIEF SUMMARY OF WNP # SETTLEMENT COMMENTS
January 18 - March 11, 1985

Sources of Comments

Starting January 18, BPA called more than 150 persons to apprise them of the proposed settlement. From January 18 to March 11, BPA has received 40 written comments, and held 16 in-person briefings and meetings on the settlement.

Primary Issues

- Possible reduction in availability of energy to preference customers
- Granting of Intertie access, marketing assistance for IOUs
- Possible inclusion of WNP 3 in average system cost
- Public utility participation in negotiations

We received other questions and comments on how the settlement would or should work.

Nature of Comments

Most individuals contacted in BPA's initial phone calls simply expressed general support for the idea of a settlement or withheld judgment. The expressions of support registered in these initial contacts should be considered lightly: some of those who initially indicated support have since written negative comments.

Most written comments to date have been process oriented; many consist of questions or requests for further information. Detailed questions and comments have come from: Congressman Weaver, Mason Co. PUD #3, Clatskanie PUD, Seattle, EWEB, the Washington Utilities Group, and Snohomish.

Commenters and Positions, 40 Written Comments:

- | | |
|--|--|
| 9 Support proposal/principle: | 7 individuals
1 PUD (Douglas Co.)
1 Washington Dept. of Fisheries |
| 18 Neutral or withholding judgement:
(pending further info) | Hon. Jim Weaver
HUD, Region X
4 PUDs: Clatskanie, Tillamook,
Central Lincoln, N Wasco
5 cities: EWEB, Tacoma, Seattle,
Millersburg, Ellensburg
EFSEC
NWPPC
NCAC
3 individuals |
| 8 Firmly oppose proposal: | 5 individuals
2 PUDs: Mason Co. #3, Snohomish
Washington Utility Group |

WNP 3 SETTLEMENT ISSUES LIST
January 18 - March 11, 1985

1. General attitudes toward proposal
 - A. Approval
 - B. Opposition
 - C. Unsure/Ambivalent
2. Fairness of proposed settlement
 - A. Balance of proposed settlement
 - B. Consistency with announced principles
 - C. Basis for cost and benefits analysis
 - D. PP&L participation in settlement
3. Desireability of any settlement
 - A. Appeals options
 - B. Effect of Bilby resignation
 - C. Litigation costs
4. Process comments
 - A. Publics in negotiations
 - B. PI process
 - C. NEPA process
 - D. Regional acceptability
5. BPA Rates
 - A. General impact on BPA rates
 - B. Relative impacts on specific customer classes
 - C. Impact on PF rate
 - D. BPA commit to not paying WNP 3 out of rates
 - E. Relationship to average system cost
6. IOU Rates: IOU ability to put WNP 3 in their rate bases
7. Preference to Available Power and Water
 - A. DSIs
 - B. Preference customers
 - C. FELCC shift
8. Acquisition/Exchange
 - A. Sale/Exchange
 - B. Firmness of power and price granted under exchange (peak & energy)
 - C. Amount exchanged
 - D. Effect on BPA need for resources under future deficits
 - E. Need for 6(c) process for settlement and relation to Council's Plan
 - F. Need for 6(c) process should restart occur
 - G. Procedure if another entity acquires BPA's option
 - H. How exchange option would work
 - I. IOU financing obligation

9. Use of surrogate resources
 - A. WNP 2 as alternative
 - B. WNP 3 equivalent ability
 - C. Equivalent ability of surrogates v. capacity factor
 - D. Source and nature of plants chosen
 - E. Accounting of lifetime (surrogates and/or WNP 3)
 - F. Accounting during shutdowns
 - G. Defining lifetime
10. Use of combustion turbines as backup
 - A. Combustion turbine concerns
 - B. Use of other alternatives as backup
11. Nuclear risks
 - A. IOUs
 - B. BPA
 - C. Operation of agreement if WNP 3 completed then terminated
12. Effect on WNP 3 schedule
 - A. Bias for or against completion
 - B. Effect on construction restart schedule
 - C. General recommendations on WNP 3 not related to settlement
13. Supply System budget control problems
14. % complete WNP 3
15. Misc.
16. Intertie access and marketing assistance
17. Backup agreement

Attachment-3

WNP-3 COMMENT SUMMARY, ISSUES

March 11 - July 31

(Comments received
January 18 - February 29
and after July 31
analyzed separately)

August 9, 1985

ISSUE LIST
 Issues Contained in Public Comments on WNP-3 Settlement Proposal
 Comments Received March 11 - July 31, 1985

	<u>No. of Entries</u>
ISSUE LIST A: Generally favorable toward settlement	
1. General support--reduces litigation--misc.	75
2. Fair--benefits everyone	28
3. Provides regional stability and reduces uncertainty	20
ISSUE LIST B: Generally opposed to settlement	
1. Unfair; gives power and/or \$ away	49
2. General opposition--bails out IOUs--misc.	34
3. Invites continued litigation/conflict	15
4. IOUs/BPA should be accountable for Supply System	20
ISSUE LIST C: Process Issues	
1. Negotiation/analysis process	120
2. Extend comment period	52
3. Comments on public involvement process	38
ISSUE LIST D: Regional Economic Issues	
1. Effect on DSIs and other industries	6
2. Will depress NW economy	7
3. Will restore credit/investor confidence	9
4. Will aid NW economy	16
ISSUE LIST E: Relation/Effect Settlement has on WNP-3	
1. Comments on probability/desireability of completing WNP-3	51
2. When/who should decide to complete/terminate WNP-3	15
3. Comments on mothballing WNP-3	14
ISSUE LIST F: Environmental, Conservation Effects and Effects on Other Agencies	
1. Effects on other agencies	5
2. Environmental and conservation effects; EA comments	59
ISSUE LIST G: Nuclear Risks and Benefits	
1. IOU's relation to nuclear risks	23
2. Public power's relation to nuclear risks	5

WNP3 COMMENTER CODES
March 11-July 31, 1985

Type of Input

<u>Code</u>	<u>Type of Input</u>
WNP3-	Settlement log number
VM-	Vancouver, WA meeting
EM-	Eugene, OR meeting
BM-	Burley, ID meeting
SPM-	Spokane, WA meeting
KM-	Kennewick, WA meeting
SM-	Seattle, WA meeting
C-	Coupon from Tri-Cities
FL	Form letter (pro-settlement) These are logged comment letters.
T	Comment from telephone log announcing settlement meetings
PET	Petition from PUD #1 of Clallam County, WA

Group Codes

	<u>Group</u>
A	Self/individuals not affiliated
B	Businesses (except DSIs) and business associations (C of Cs, etc.)
C	BPA customers
C1	PUDs and PUD associations
C2	IOUs
C3	DSIs
C4	Municipal and coop utilities
C5	Other customers
D	Governments
D1	Other federal
D2	State
D3	County
D3	City
E	Interest groups
E1	Environmental/public interest
E2	Utility associations/public power interest groups
E3	Political groups
F	Other
U	Unknown/not specified

ISSUE LIST H: Power Transmission/Shape/Capacity Issues

- | | |
|---|----|
| 1. Load shaping/load growth | 10 |
| 2. Transmission system demand and/or access to intertie | 12 |
| 3. Ability to market/buy outside region | 4 |

ISSUE LIST I: Effect on Rates/Power Availability/Preference

- | | |
|---|-----|
| 1. Commits preference power and or gives power away | 25 |
| 2. May/does raise rates or allows rate instability;
should keep rates low; rate fixing | 121 |
| 3. Lowers rates/keeps rates stable | 13 |
| 4. Effect on power cost/availability in California | 4 |
| 5. Effective use of surplus energy | 2 |
| 6. Rate calculations/ratebasing for costs of WNP-3 | 11 |
| 7. When/who will need power from WNP-3 | 4 |

ISSUE LIST J: Suggestions to Amend Settlement/Analysis

- | | |
|--|----|
| 1. Ratebasing costs of WNP-3 in average system costs | 5 |
| 2. Comments on limits of agreement (including term) | 14 |
| 3. Transfer interests in WNP-3/WNP/2 to IOUs | 7 |
| 4. Other power options | 7 |
| 5. Comments on surrogates/indexing | 9 |
| 6. Misc. suggestions | 18 |
| 7. Relationship to other litigation | 5 |

ISSUE LIST K: Financial Risks and Investments; Profits

- | | |
|---|----|
| 1. Permits IOUs to recover investments in WNP-3 | 1 |
| 2. IOUs should accept investment risks | 54 |
| 3. Creates windfall profit for BPA | 1 |

ISSUE LIST L: Legal Issues

- | | |
|--|----|
| 1. Should be resolved out-of-court | 11 |
| 2. Relationship to Bilby's/Browning's decisions | 14 |
| 3. Comments on continuing litigation | 19 |
| 4. Should be subject to 6(c) of the Regional Act | 11 |
| 5. Other Legal Issues | 9 |

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SPM1	D2	Guess	Constituents	A1	Provide significant benefits to that agency and its customers during the life of the agreement.
SPM6	D4	Pupo	City of Spokane, WA	A1	The proposed settlement will end costly long-term litigation of this issue in a fair and equitable manner.
WNP3-110	B	Davidson	Self	A1	I am gratified that they have been able to complete negotiations rather than wait for the expensive protracted legal resolution.
T13	C4	Almquist	Ashland, OR	A1	Hopes the settlement turns out.
WNP3-152	B	Bagnall	Peoples Bank	A1	The settlement is a major accomplishment.
SPM13	B	Bolles	Spokane Area Chamber of Commerce	A1	The Spokane area chamber of commerce strongly supports and endorses the proposed settlement.
WNP3-50	A	Enger	Self	A1	Averts the need for continuation of suit and associated damage claims of \$2 billion.
WNP3-129	D3	Grant	King County WA, Council	A1	The avoidance of costly litigation is in the public interest.
WNP3-109	B	Grimm	Alaska Power & Telephone Co.	A1	If an agreement is not reached, the costs of litigation will be astronomical.
SM4	A	Hargreaves	Self	A1	It makes sense to have a settlement which helps the state rather than fighting in court.
WNP3-102	B	Hasbrouck	Shoreline Savings Bank	A1	Litigation takes time and money. It is time to get on with other business.
WNP3-68	A	Kelly	Self	A1	It is good news indeed.
WNP3-124	E2	King	Idaho Cooperative Utilities	A1	ICUA wishes to strongly reaffirm today its previously articulated position in support of settlement.
WNP3-43	E2	King	Idaho Cooperative Utilities	A1	Timely and cost-effective.
WNP3-107	B	Lewis	Panorama City	A1	I respect that means of action and will support it.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-67	B	Scott	Self	A1	Avoid the cost and expense of very complex litigation.
T85	D4	Sedore	City of Richland, WA	A1	Generally supportive of settlement.
SPM9	C4	Slatt	IP&L	A1	Fair and eliminated legal costs.
SPM5	C3	Stone	Kaiser Aluminum	A1	BPA proposal is basically sound and reasonable.
WNP3-130	B	McKeen	Totem Food Products, Inc.	A1	Welcome to have the uncertainties of the WPPSS nuclear projects settled and without the cost of further litigation.
WNP3-70	B	Newburg	Renton, WA Chamber of Commerce	A1	Settlement makes more sense than a costly litigation process.
WNP3-108	B	Strom	Strom & Hunter, Inc.	A1	Ratepayers' interests best served by minimizing an expensive litigation process.
WNP3-103	B	Terry	Safeway Stores, Inc.	A1	Legal battles will only increase the cost further.
WNP3-101	B	Dilger	WA State Builders & Const. Trades Council	A1	Eliminates costly and lengthy litigation.
WNP3-155	B	Hernandez	Marine Midland Bank	A1	Avoid long litigation.
WNP3-151	B	Johnson	Skagit Valley Builders Trades Council	A1	Eliminates costly and lengthy litigation.
WNP3-148	B	Merrill	Port Townsend WA, Chamber of Commerce	A1	Any proposal that can avoid lengthy and costly court battles is financially and philosophically prudent.
WNP3-153	B	Peters	Pierce Co., WA, Bldrs. & Con. Trades Council	A1	Eliminates costly and lengthy litigation.
SM3	C2	Qualls	Puget Sound Power & Light	A1	An out-of-court settlement makes more sense than litigation.
WNP3-149	B	Barber	Association of Washington Business	A1	The amount of power, and the potential costs, are relatively small compared to the total amount of power consumed (160 megawatts vs. 16,000 megawatts in the region).
WBP3-92	B	Nasman	Bellingham National Bank	A1	Save substantial litigation expense.
WNP3-154	B	Young	Continental Bank	A1	Avoids lengthy litigation.

WNP COMMENT BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-237	D1	13 Congressman	13 Congressional Districts	A1	We express our support for the concept of settling litigation.
WNP3-152	B	Bagnall	Peoples Bank	A1	Avoidance of a possible \$2 billion in damages against the BPA.
WNP3-152	B	Bagnall	Peoples Bank	A1	Avoidance of lengthy and expensive court arguments in finalizing this litigation.
SPM13	B	Bolles	Spokane Area Chamber of Commerce	A1	That it will end the costly and lengthy litigation in a fair and equitable manner.
SPM1	D2	Guess	Constituents	A1	Will end the costly and lengthy litigation of this issue.
WNP3-125	B	Hart	Bank of New York	A1	The settlement will avoid the potential problem of costly and lengthy litigation.
KM10	C1	Hickman	Franklin PUD	A1	The settlement we are discussing would prevent bad decisions from being made for the same bad reasons.
WNP3-124	E2	King	Idaho Cooperative Utilities	A1	Timely, equitable, and cost-effective settlement.
WNP3-120	A	Lotto	Self	A1	The idea we cannot conclude issues without going through decades of litigation seems both frustrating and nonproductive.
WNP3-63	B	Paige	Kidder, Peabody & Company	A1	I urge you to support this proposed agreement.
SPM6	D4	Pupo	City of Spokane, WA	A1	It is hereby determined to be in the interests of this community that the terms of the settlement be finally accepted as currently proposed by the parties.
WNP3-116	B	Schwandt	Fourth Corner Development Group	A1	Savings of litigation costs and the indirect advantages of improved competitiveness in the industrial development marketplace will benefit us all.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-120	A	Lotto	Self	A1	Settlement makes sense.
SPM14	D3	McBride	Spokane County Commissioners	A1	Strong support of agreement and WWP resolution passed by Commissioners.
WNP3-130	B	McKeen	Totem Food Products, Inc.	A1	I fully support the out-of-court settlement in the WPPSS #3 case.
WNP3-70	B	Newburg	Renton, WA Chamber of Commerce	A1	A positive step forward in cleaning up the WPPSS controversy.
WNP3-111	D4	Shirley	City of Port Townsend, WA	A1	If an agreement is not reached, the costs of litigation will be astronomical.
SPM9	C4	Slatt	IP&L	A1	Support of settlement and very pro-growth of region.
WNP3-145	B	Smith	Alaska Power & Telephone Co.	A1	An equitable compromise, which would avoid continued litigation, court costs and delays.
SPM5	C3	Stone	Kaiser Aluminum	A1	Our unequivocal endorsement of an out-of-court settlement and the fundamental rightness such a settlement represents in terms of both the short and long-term interests of the region.
WNP3-108	B	Strom	Strom & Hunter, Inc.	A1	I am fully supportive of an out-of-court settlement in the WPPSS #3 case.
WNP3-103	B	Terry	Safeway Stores, Inc.	A1	Support the out of court settlement.
WNP3-71	B	Thunberg	Turn Key Development, Inc.	A1	Positive step towards resolving WPPSS litigation.
FL	A	Various	44 separate letters	A1	The self-help initiative offers the first positive step we in Puget Power service area have seen in the morass of WPPSS litigation.
FL	B	Various	3 separate businesses	A1	The self-help initiative offers the first positive step in the morass of WPPSS litigation.
FL	D4	Weatherill	City of Port Orchard	A1	The self-help initiative offers the first positive step Puget Sound Power & Light Company has seen in the morass of WPPSS litigation.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
T98	C4	Wickman	Fall River	A1	Those present support the settlement concept rather than litigation.
WNP3-159	B	Kasper	Auburn WA Area Chamber of Commerce	A1	Alternatives rather than courtroom action is advantageous to all.
WNP3-210	B	Bressler	Burlington Northern, Inc.	A1	Approval of the settlement is important in itself and also will set an example for resolution of other WPPSS matters.
WNP3-208	B	Gorans	Greater Seattle Chamber of Commerce	A1	The chamber believes that the long-term interests of the region are best served by the proposal, and it should be adopted.
WNP3-208	B	Gorans	Greater Seattle Chamber of Commerce	A1	A recent federal district court ruling vacating the past breach of contract ruling has only delayed litigation. In the absence of a settlement, there remains the certainty of protracted and continued litigation.
WNP3-231	E2	Arndt	IEEE	A1	WNP-3 Settlement a flexible solution that should be able to cope with whatever conditions are encountered in the "murky" future.
WNP3-196	B	Boin	Milliman & Robertson	A1	Settlement seems a timely and equitable way to break through the bottleneck.
WNP3-186	B	Piper	Pacific NW Generating Company	A1	PNGC feels settlement is highly desirable provided it is economically justifiable for BPA's preference customers.
WNP3-195	B	Trafton	Safeco Insurance	A1	You have our unqualified support within the framework of the terms recently agreed to by BPA and the four private utilities.
WNP3-184	A	Terpstra	Self	A1	The public interest can best be served (by settlement).
WNP3-181	A	Johnson	Self	A1	Fully support the settlement.
WNP3-198	A	Rouillard	Self	A1	I urge that the settlement take place, if for no other reason than those of an economic nature.
WNP-199	A	Wright	Self	A1	I fully support the proposed out-of-court settlement between BPA and the private utilities. This is the most prudent means to resolve a very unpleasant situation.

<u>TYPE</u>	<u>WUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-204	A	Mulhall	Self	A1	In favor of it.
WNP3-206	A	Wallin	Self	A1	Costly litigation helps no one.
WNP3-230	D1	8 Senators	Senate Appropriations Committee	A1	We express our support for the concept of settling litigation.
WNP3-183	B	Wheeler	Union Bank	A1	Settlement with BPA is a workable compromise.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SPM13	B	Bolles	Spokane Area Chamber of Commerce	A2	Is in the best interests of not only the investor-owned utilities and their customers, but the customers of all electric utilities in the region and, therefore, represents a just and equitable settlement that serves the interests of the entire Pacific Northwest.
WNP3-67	B	Scott	Self	A2	Advantage of electrical customers everywhere, as well as to the judicial system.
WNP3-110	B	Davidson	Self	A2	This settlement appears fair.
WNP3-109	B	Grimm	Alaska Power & Telephone Co.	A2	Provides an equitable arrangement for private and public utilities in the Northwest.
SPM1	D2	Guess	Constituents	A2	Represents a just and equitable settlement.
WBP3-92	B	Nasman	Bellingham National Bank	A2	Quite equitable to all of the parties.
WNP3-111	D4	Shirley	City of Port Townsend, WA	A2	provides an equitable arrangement for private and public utilities in the Northwest.
SPM13	B	Bolles	Spokane Area Chamber of Commerce	A2	The settlement is in the best interests of the Washington Water Power Company, its customers, and the communities in which the company serves.
WNP3-120	A	Lotto	Self	A2	Seems fair to all parties.
WNP3-125	B	Hart	Bank of New York	A2	We perceive the settlement accruing to the benefits of all parties involved.
WNP3-101	B	Dilger	WA St Bldrs & Cons Trades Council	A2	Settlement is an equitable one for both parties.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-144	B	Doudict	Dean Witter Reynolds, Inc.	A2	This settlement would be a very positive and constructive one for all parties involved.
SPM17	A	Durcan	Self	A2	Fair agreement on WNP-3. Get on with it.
WNP3-155	B	Hernandez	Marine Midland Bank	A2	Fair and equitable solution.
WNP3-151	B	Johnson	Skagit Valley Builders Trades Council	A2	Proposed arrangement is an equitable one for both parties.
WNP3-53	B	Malseed	Shell Oil Company	A2	Agreement in a spirit of compromise and is an equitable one.
WNP3-148	B	Merrill	Port Townsend WA, Chamber of Commerce	A2	An out-of-court settlement is in the best interest of the citizens of this region.
WNP3-95	B	Molbak	Molbak's Greenhouse & Nursery	A2	Settlement in the spirit of compromise seem fair, ethical, and reasonable for the citizens of the Northwest.
WNP3-82	B	Nickolls	Union Printing Company	A2	The legal costs of WPPSS lawsuits hurt all residents of the Pacific Northwest.
WNP3-153	B	Peters	Pierce Co. WA Bldrs & Cons Trades Council	A2	Proposed arrangement is an equitable one for both parties.
SM3	C2	Qualls	Puget Sound Power & Light	A2	Puget's customers are equally affected.
WNP3-57	A	R. J. P.	Self	A2	Just for all.
WNP3-54	D4	Rice	City of Anacortes	A2	Agreement is beneficial to both parties and the ratepayers of the region.
WNP3-114	D4	Roegner	City of Auburn, WA	A2	Very beneficial to BPA and still result in an equitable and fair solution to the private utilities involved.
WNP3-122	B	Tuminello	Barclays Bank	A2	Provides for an advantageous resolution of this issue to all concerned parties.
WNP3-159	B	Kasper	Auburn WA Area Chamber of Commerce	A2	Fair and equitable solution.
WNP3-223	A	Durcan	Self	A2	Fair to both sides. You folks have produced a miraculous solution.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-183	B	Wheeler	Union Bank	A2	Equitable to all sides.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SPM1	D2	Guess	Constituents	A3	The spirit of cooperation and reconciliation will encourage other entities within the Pacific Northwest to work together toward resolution of a variety of issues relating to the Washington Public Power Supply System's nuclear construction program.
SPM13	B	Bolles	Spokane Area Chamber of Commerce	A3	The spirit of cooperation and reconciliation represented by the settlement will encourage other entities within the Pacific Northwest to work together toward resolution of a variety of issues relating to the Washington Public Power Supply Systems's nuclear construction program.
WNP3-124	E2	King	Idaho Cooperative Utilities	A3	Bonneville's continuing commitment to provide stability, certainty, and predictability in the region's electric supply system is deeply appreciated by Idaho's electric cooperatives.
WNP3-120	A	Lotto	Self	A3	Help to create an environment in which we can begin to experience stability in future rate making and power supply issues.
WNP3-130	B	McKeen	Totem Food Products, Inc.	A3	Welcome to have the uncertainties of the WPPSS nuclear projects settled and without the cost of further litigation.
SPM6	D4	Pupo	City of Spokane, WA	A3	Will encourage other entities within the Pacific Northwest to work together in a spirit of cooperation and reconciliation toward resolution of a variety of issues relating to the Washington Public Power Supply System's nuclear construction program.
WNP3-109	B	Grimm	Alaska Power & Telephone Co.	A3	Important to put WPPSS behind us we can recover from the negative image that we are receiving throughout the nation.
WNP3-111	D4	Shirley	City of Port Townsend, WA	A3	Important for the Northwest to put WPPSS behind us we can recover from the negative image that we are receiving throughout the nation.
WNP3-145	B	Smith	Alaska Power & Telephone Co.	A3	I feel the entire Northwest stands to benefit by putting this issue behind us.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-122	B	Tuminello	Barclays Bank	A3	Financial uncertainty will be dramatically lessened.
WNP3-116	B	Schwandt	Fourth Corner Development Group	A3	Will greatly improve predictability in our energy future.
WNP3-98	D3	Van Zanten	Whatcom County, WA	A3	Will benefit the entire region. Prove that the Pacific Northwest is willing and capable of resolving its WPPSS problems.
WNP3-149	B	Barber	Association of Washington Business	A3	It demonstrates to the rest of the world that the northwest is capable of solving its electrical energy problems.
WNP3-125	B	Hart	Bank of New York	A3	The settlement will remove an uncertainty.
WBP3-92	B	Nasman	Bellingham National Bank	A3	Will create positive atmosphere in Washington, and on a national basis in regard to our ability to solve difficult and complex problem.
WNP3-63	B	Paige	Kidder, Peabody & Company	A3	If the uncertainty is lifted companies can return to role of supplying electric energy to the public in the Northwest.
SPM5	C3	Stone	Kaiser Aluminum	A3	We do want to complement BPA, for its herculean effort in tying to move this issue to resolution and closure.
BM1	C4	Wickham	Fall River Rural Electric Coop	A3	One more advantage is to send a message to Congress that we can plan our energy future.
WNP3-208	B	Gorans	Greater Seattle Chamber of Commerce	A3	Settlement sends a signal to the rest of the country of our ability to <u>solve</u> our problems rather than continue to participate in an environment of legal conflict.
WNP3-186	B	Piper	Pacific NW Generating Company	A3	Good first step in resolving other complex regional differences.

TYPE	JUP	NAME	REPRESENTING	ISSUE	COMMENTS
SM1	E2	Rosier	Fair Use of Snohomish Energy	B1	Effects of a settlement on Public utilities could be disasterous.
WNP3-100	C1	Dillon	PUD of Snohomish County	B1	Settlement lacks fairness.
WNP3-66	D2	Imbrecht	California Energy Commission	B1	Northwest will lose revenues from nonfirm power that is exchanged to private utilities.
WNP3-128	C1	Moore	Washington PUD's Association	B1	The settlement may surrender rights and assets of public utilities.
EM1	C4	Unknown	EWEB	B1	Private utility owners receive more benefits from the mothballing than they would have if the WNP-3 plant had been completed on schedule.
SM18	C1	Fricke	Greys Harbor PUD	B1	This deal struck without regard for Publics & IOUs ratepayers.
WNP3-117	C4	Nolan	City of Tacoma	B1	Appears to give the investor-owned utilities a disproportionate share of power generated from the Federal base system to the detriment of the publicly owned electrical utilities in the region
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	B1	NOT FAIR.
T36	C1	McKinney	Cowlitz County, WA PUD	B1	It was neither a just nor equitable settlement.
VM25	C1	Bosch	Clark County PUD	B1	It does not meet the principles.
SM19	C1	Kalich	Lewis Co. PUD	B1	This settlement will adversely impact the PUDs. It should be saleable to all parties with an interest.
WNP3-56	A	Minneman	Self	B1	Attempt to placate local utilities is contrary to users needs.
KM1	C1	Clayhold	Benton County PUD	B1	The costs to BPA of this settlement have been estimated by some in the region to range as high as \$700 million.
WNP3-146	A	Chapman	Self	B1	It is unfair and unacceptable to the public customers.
WNP3-69	A	Truesdell	Self & Family	B1	You are not being fair to your other customers by probably charging them higher rates.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
C-148	A	McCall	Self	B1	Their customers are users the same as we are and should share the costs of this project. The proposed settlement constitutes discrimination.
C-248	A	McComish	Self	B1	Settlement is outrageous, unfair and underhanded.
C-175	A	Morrison	Self	B1	BPA is out to walk all over the honest man or woman.
WNP3-141T	A	Nelson	Self	B1	I insist on no negotiating settlement with Private Utilities at public expense.
WNP3-41	C4	Nickel	City of Ellensburg, WA	B1	Settlement not in the best interests of Public Power.
SM22	B	Paige	Investment Banker Analyst	B1	Utilities and BPA can't identify benefits. They are too small and hard to identify.
SM14	A	Rohr	Self	B1	The settlement was suppose to be structured to put the IOUs in the same position as if no delay to WNP-3 had occurred, but in reality they are put into a better position.
VM6	C1	Runyan	Clark PUD	B1	It is a giveaway of preference (hydro) power.
C-58	A	Schumacher	Self	B1	BPA's proposed settlement offer with the IOU's may not be in my best interest.
C-240	A	Seaton	Self	B1	How can rate payers be billed for a debt they weren't even consulted about.
C-74	A	Shelton	Self	B1	I do not understand how (IOU) with only 30 percent share can expect to get full value and leave the 70 percent holding the indebtedness.
WNP3-97	A	Shorthouse	Self	B1	It is unfair to all utilities involved.
C-171	A	Turley	Self	B1	I do not think this will be in my best interest.
VM9	C1	Van Dyke	Clark County PUD	B1	BPA will have to offer the CTs at 65 mills and sell the power back to the IOU'd at 22 mills.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-84	A	Bergstrom	Self	B1	Why does the government treat the private power companys different than the PUDs?
WNP3-123	C1	Blodgett	Benton County, WA PUD	B1	Public sector providing resources for the private sector in way that does not appear equitable.
WNP3-55	A	Buck	Self	B1	General public is going to be robbed.
C-135	A	Cheney	Self	B1	We didn't get any free electricity why should they?
C-104	A	Coleman	Self	B1	Everyone, including PUD's have contributed to the WPPSS debt with past and future rate.
C-71	A	Dall	Self	B1	BPA should look after and treat all alike not just a few.
C-70	A	Eplais	Self	B1	The power generated by the Hydro Electric Power Plants was to be delivered to the PUD's for distribution to the public, not for sale or barter to the IOU's.
KM9	C1	Goldsbury	Benton PUD	B1	Motivation for proposal is political and not in the best interest of public power.
C-117	A	Henderson	Self	B1	Is entirely unfair to the rate payers.
C-205	A	Herrin	Self	B1	Another example of private industry rip-off of taxpayers and public.
C-258	A	Hoglem	Self	B1	There should not be a public bail out for a private corporation.
C-266	A	Hostefler	Self	B1	The IOUs should not be treated differently than the public.
C-127	A	Johnson	Self	B1	Private utilities should have no better treatment under contract than anyone else.
SPM12	E1	Keenan	Idaho Fair Share	B1	Over a billion Kwh could be given away each year.
C-185	A	Koon	Self	B1	Time has come, when we can't be forced to pay IOUs.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
VM9	C1	Van Dyke	Clark County PUD	B1	The settlement is unfair to Clark County PUD.
C	A	Various	849 individual coupon respondents	B1	BPA's proposed settlement offer with the IOU's may not be in my best interests.
C-219	A	Yelene	Self	B1	Amounts to "Taxation without Representation."
PET	A	Various	342 individual signatures	B1	It is unfair.
WNP3-213	A	Milt	Self	B1	Give-A-Way power exchange program.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-128	C1	Moore	Washington PUD's Association	B2	The Washington Public Utility Districts' Association renews and affirms its resolution dated April 19, 1985, opposing this settlement.
WNP3-106	B	Rapp	Custom Insurance, Inc.	B2	Please DO NOT make this settlement.
T35	C1	Bosch	Clark County PUD	B2	They will do whatever needs to be done--politically or within the courts--to stop it.
WNP3-56	A	Minneman	Self	B2	Put a stop to it.
SM2	A	Wojick	Self	B2	There is the potential for litigation over accounting methods used.
WNP3-123	C1	Blodgett	Benton County, WA PUD	B2	Delay the settlement.
WNP3-157	C4	Tuft	City of Heyburn, Idaho	B2	We feel that the proposed settlement under the new circumstances can be measurably improved upon.
C	A	Various	Various	B2	I support your opposition.
T35	C1	Bosch	Clark County PUD	B2	The terms of this agreement were totally wrong.
T71	C1	Weber	Wahkiakum County PUD	B2	Board opposed to proposed settlement.
VM24	A	Brice	Self	B2	20 years from now a kW may be worth \$1.00. Don't be in too much of a rush to settle.
C-215	A	Ask	Self	B2	Why get tangled up with the IOU when our present Benton Co. PUD has been handling our PUD just fine.
T35	C1	Bosch	Clark County PUD	B2	Clark County Commissioners have never been so outraged with BPA.
VM10	C1	Curtis-Somppi	Clark County PUD	B2	But this settlement is neither timely nor fair.
C-176	A	Graves	Self	B2	Settlement is not needed as damages have not been proven in court
T38	C4	Jones	City of McMinnville, OR	B2	Is opposed to the settlement.
T36	C1	McKinney	Cowlitz County, WA PUD	B2	Settlement was not one supportable.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-115	C4	Pittman	Town of McCleary	B2	Must indicate our disagreement with the entrance into the agreements.
WNP3-150	C4	Ramseyer	Blachly-Lane Co. Co-op Electric Assoc.	B2	Requests a delay in the WNP #3 settlement.
C-173	A	Russell	Self	B2	BPA has no right involving a Federal program that was payed for by taxpayers, in a private enterprize. BPA should be sued by the ratepayers for break of contract.
WNP3-81	C1	Warner	PUD #1 of Okanogan County, WA	B2	Okanogan County PUD goes on record as opposing the proposed settlement of WPPSS #3 cost-sharing litigation at this time.
I71	C1	Weber	Wahkiakum County PUD	B2	A "Sweet Heart" deal for PGE.
WNP3-64	A	White	Self	B2	Opposed to your plan to bail private utilities.
C-39	A	White	Self	B2	When was the BPA ever given the power to tax or conduct business for the people of the State of Washington.
I70	C1	Yee	Skamania County PUD	B2	Board opposed to proposed settlement.
I25	C1	Yee	Skamania PUD	B2	The Board of Commissioners is very much against the proposed settlement.
PET	A	Various	342 individual signatures	B2	We are opposed to it.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	B2	The fact that this present deal is not salable <u>is</u> the fatal flaw.
WNP3-174	C1	Carlson-Price	PUD of Skamania County WA	B2	Settlement is not in the best interest of the public agencies.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	B2	After all of the publicity no one has commented favorably.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	B2	Settlement leaves IOUs in a more favorable position had the plant been completed.
WNP3-207	C4	Dickson	Parkland Light & Water Co.	B2	There is substantial public sentiment against the document in its present form.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-180	A	Romane	Self	B2	Settlement is inimicable with ratepayers in the 103 public utilities involved in plant #3.
WNP3-214	E2	Ragen	Washington Utilities Group	B2	WU insists on its right to defend against both the breach claims and an unacceptably generous and improper settlement.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
T35	C1	Bosch	Clark County PUD	B3	This agreement will spawn more lawsuits.
WNP3-128	C1	Moore	Washington PUD's Association	B3	Settlement invites further litigation.
VM6	C1	Runyan	Clark PUD	B3	And it might start a new round of lawsuits.
T35	C1	Bosch	Clark County PUD	B3	Undermine future efforts to repair damaged relationships with public utility customers.
SM1	E2	Rosier	Fair Use of Snohomish Energy	B3	Would encourage more such litigation.
EM8	U	Shields		B3	You say settlement settles lawsuit, by locking out some--cause more lawsuits.
KM5	C1	McCormack	Benton PUD	B3	It invites years of litigation.
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	B3	Decisionmaking by litigation is repugnant. It will only encourage more lawsuits.
SM17	C1	Settle	Mason County PUD #1 & 3	B3	Puget has still pending a breach of contract suit. So this settlement does not end the litigation.
VM25	C1	Bosch	Clark County PUD	B3	This is going to create more lawsuits than it will solve.
VM4	E2	Nyland	Cit Rate Ad Comm of Clark County	B3	This process is bringing back the public/private battles of past years.
SM24	C1	Wheeler	PUD Owners Association	B3	Settlement will not end litigation.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	B3	The settlement is going to prompt more litigation, not end it.
WNP3-215	E2	Ragen	Washington Utilities Group	B3	Settlement is vulnerable to challenge as an enforceable and illegal agreement.
WNP3-227	C1	Scott	PUD #1 of Mason County, WA	B3	By offering your settlement, you have encouraged this type of, what you term "trivulous," lawsuit.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	B4	WNP projects gave the PUDs and IOUs both benefits and risks. This agreement removes the IOUs from the risks and gives greater benefits.
C-159	A	Adams	Self	B4	It is not our responsibility.
C-34	A	Southard	Self	B4	BPA should not be able to pass the buck to tax payers for their mistakes in the Supply System.
C-226	A	Barrickman	Self	B4	Let those that make the agreement be totally responsible for the debt.
C-214	A	Blair	Self	B4	I don't see why we should have to pay for someone else's mistakes
C-190	A	Combs	Self	B4	I don't think we should pay for BPA's mistakes.
C-25	A	Dye	Self	B4	It was BPA that insisted on building these power plants. It was BPA that terminated them. It should be BPA that pays for them.
C-267	A	Flowers	Self	B4	I'm getting tired of the public paying for their (BPA) mistakes.
C-125	A	Fox	Self	B4	WPPSS/BPA should be held accountable for their bond debt as well.
C-198	A	Godfrey	Self	B4	Some big mistakes made. Money lenders back east are going to make us rate payers pay for those mistakes.
WNP3-66	D2	Imbrecht	California Energy Commission	B4	Settlement seeking to dump responsibility for the costs of miscalculating the need for the WNP projects outside the region.
C-11	A	Joungstrom	Self	B4	It is passed time that these people for WPPSS be held accountable for the mess they got us all into.
C-147	A	Kays	Self	B4	BPA's original over estimated power projection caused the problem
C-224	A	Kolowith	Self	B4	All participants should share the burden of the WPPSS reactors.
C-151	A	Shatell	Self	B4	I do not expect to pay for BPA's bad judgement.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
C-213	A	Smith	Self	B4	BPA miscalculation on the need of power seems to be the main cause of the mess.
C-155	A	Spaim	Self	B4	The IOU's should share in any loss in direct proportion to their share in #3 (30 percent).
C-142	A	Weidner	Self	B4	Was it not BPA that predicted the "Brown-out" and therefore #3 plant at Satsop and the two plants at Hanford were started? Why should I pay for someone else's mistakes?
C-269	A	Zabel	Self	B4	Make WPPSS responsible for their own decisions and actions!
MNP3-180	A	Romane	Self	B4	BPA responsible for the entire Washington Public Power Supply System's plan to build 5 atomic energy plants.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM1	C1	Clayhold	Benton County PUD	C1	No public representation was allowed at the negotiating table. Yet the publics are in this litigation and will be effected by any settlement.
WNP3-100	C1	Dillon	PUD of Snohomish County	C1	We urge you to reopen negotiations and include the other parties to the lawsuit.
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	C1	The settlement was approved behind closed doors.
SM1	E2	Rosier	Fair Use of Snohomish Energy	C1	Need proper open process.
WNP3-100	C1	Dillon	PUD of Snohomish County	C1	BPA's decision to exclude affected parties and negotiate behind closed doors raises question as to whose interests are being served.
SM14	A	Rohr	Self	C1	Public's need to be included in settlement.
EM8	U	Shields		C1	Very angry with discussions without consultation with public utilities. People we represent disenfranchised. Feel should throw out and start over and let us in on it.
WNP3-48	C1	Unknown	Lewis County, WA PUD	C1	We desire to be included in this agreement.
SM23	E1	Cahn	WA Public Interest Research Group	C1	Should start from scratch and involve all parties. Should build on consensus.
VM10	C1	Curtis-Somppi	Clark County PUD	C1	It is difficult to accept the terms when we were not allowed to participate in the settlement negotiations.
SM19	C1	Kalich	Lewis Co. PUD	C1	Change the framework and will the Public's be able to participate
SPM12	E1	Keenan	Idaho Fair Share	C1	Wish to be part of the decisionmaking.
WNP3-49	C5	Loveland	Springfield Utility Board	C1	BPA legal analysis should be made public.
SM1	E2	Rosier	Fair Use of Snohomish Energy	C1	No public discussion or process. Public Utilities were not adequately informed.
SM23	E1	Cahn	WA Public Interest Research Group	C1	Why were others excluded?

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-147	C4	Funke	Idaho Co. Light & Power	C1	Any future negotiations and equitable settlement include Idaho County Light and Power Cooperative Association, Inc. or its representative.
T38	C4	Jones	City of McMinnville, OR	C1	Excluding the publics is something that BPA has not successfully explained away.
SPM2	E1	Riddle	Idaho Fair Share	C1	Have not included other affected utilities and the ratepayers in their negotiations the timing of these hearings in Seattle, Spokane, and Burley, Idaho is questionable.
VM6	C1	Runyan	Clark PUD	C1	Settlement should involve all parties. This doesn't.
EM1	C4	Unknown	EWEB	C1	The EWEB opposes any settlement process that continues to exclude representation by EWEB and other customers who are ultimately responsible for any settlement payments.
C	A	Various	Various	C1	Am concerned with the way BPA has negotiated with the IOU's without inviting public utility input.
SPMB	C4	Weeks	ICL&P	C1	Resents public utilities' exclusion from agreement.
WNP3-41	C4	Nickel	City of Ellensburg, WA	C1	Negotiations held behind closed doors.
C-58	A	Schumacher	Self	C1	Am concerned with the way BPA has negotiated with the IOU's without inviting public utility input.
T38	C4	Jones	City of McMinnville, OR	C1	Acute disappointment in having been left out of the negotiations.
C-226	A	Barrickman	Self	C1	PUDs should be excluded since they were excluded from the hearings.
KM4	C1	Bickford	Benton County PUD	C1	Important questions could have been answered at the negotiating table if we had been allowed to be in attendance.
KM10	C1	Hickman	Franklin PUD	C1	Our attorney tells me he was briefed after each of these meetings and given an opportunity to comment and make suggestions on the settlement. These were not secret meetings.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-86	E2	Beckemeier	Public Power Council	C1	Settling IOU claims in isolation could result in an inequitable distribution of costs and benefits for the region.
SPM10	C4	Christensen	ICL&P	C1	Public power wants to be part of the settlement.
WNP3-121	C1	Ludwick	PUD of Chelan County, WA	C1	Negotiations without the participation of Northwest Public utilities.
WNP3-117	C4	Nolan	City of Tacoma	C1	Secretly negotiated a settlement even though no final judgment has been adjudged against the BPA and the Federal Court ruling is subject to further review and appeal.
C-261	A	Schryvers	Self	C1	Involvement with the public utilities.
EM8	U	Shields		C1	Feel its our obligation to represent people. Can't if not included.
BM7	C4	Brog	Rural Electric Co.	C1	Settle #3 with participants too.
VM3	E2	Griffing	Cit Rate Ad Comm of Clark County	C1	Formal hearing process is requested for any future settlement.
SM26	E1	Zempke	Don't Bankrupt Washington	C1	Reinitiate the process to invite IOUs & Publics to sit together and resolve the whole problem.
WNP3-126	C1	Hill	PUD of Klickitat County, WA	C1	We cannot support a settlement reached without full participation by the 103 public utilities.
WNP3-128	C1	Moore	Washington PUD's Association	C1	Settlement excluded the public utilities, and have stated their intention to conclude this settlement despite opposition to its terms by public utilities.
C-75	A	Amstadt	Self	C1	BPA has done to many things behind closed doors.
C-222	A	Arnston	Self	C1	Since we ultimately will be the people who pay for this decision we should have a say in the decision making.
KM8	B	Beightol	Mercer Farms	C1	Questioned legality of developing this agreement behind closed doors.
KM4	C1	Bickford	Benton County PUD	C1	Negotiated with no substantive input form any of BPA's public agency customers.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-83	A	Birge	Self	C1	It should be put to a public open vote at the people who are involved in the issue.
KM2	C1	Blodgett	Benton County PUD	C1	It was negotiated behind closed doors without public utility representation even though 70 percent of the plant is owned by the public utilities.
C-100	A	Bock	Self	C1	I believe the public should have a voice.
C-174	A	Brown	Self	C1	Ratepayers have no say in the many increases in our electric bills.
C-119	A	Cannon	Self	C1	All parties should be given equal time and not behind closed doors.
C-161	A	Carpenter	Self	C1	Maybe the BPA will negotiate a deal with all the defaulted "Bond" holders next. Then, send our PUD's the bill.
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	C1	Excluded representatives of those who must pay for the settlement.
C-27	A	Copeland	Self	C1	You (PUDs) needed to be included.
C-250	A	Denton	Self	C1	I don't believe Bonneville Power has the legal right to give away Public Power without some input from the PUD's.
C-217	A	Ellison	Self	C1	Stop the closed door meetings as we are paying their salaries.
C-137	A	Epperson	Self	C1	The decision made in a closed meeting should not be allowed.
C-29	A	Erlehach	Self	C1	Closed door negotiation are out open communication in in.
C-154	A	Evans	Self	C1	Enough taxation without representation!
C-136	A	Freeze	Self	C1	We never got to vote on any of this mess.
C-82	A	Gilbert	Self	C1	Why can't we get a break from people like this that scheme behind closed doors.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
EM2	E1	Goldrich	American Federation of Teachers	C1	The most serious concern is the process. The ratepayers, public utilities, and public interest groups should have been involved in this first, crucial stage. There is no public involvement at the most crucial stage.
C-3	A	Gunderson	Self	C1	Why should we pay WPPSS failures when there was no public input.
C-130	A	Hanson	Self	C1	The public utilities should have a say in a settlement which may affect their long term power cost.
C-78	A	Hays	Self	C1	Too many decisions have been made without public owner input and we pay the bills.
KM10	C1	Hickman	Franklin PUD	C1	The meetings were closed, just like every meeting public power representatives have had with private power executives in the past.
C-200	A	Hoffman	Self	C1	Should have been a public hearing.
C-183	A	Hughes	Self	C1	Should be put to vote by the people.
SM27	A	Hungwarden	Self	C1	Why should the IOUs decide with whom they should negotiate?
WNP3-85	A	Kailin	Self	C1	Protest settlement without the participation of the public utilities.
SM19	C1	Kalich	Lewis Co. PUD	C1	The problem is that BPA abandoned the structure used to finalize documents such as this.
C-167	A	Ker	Self	C1	Public hearings should be held.
WNP3-87	E2	Kirkwood	Citizen's Rate Advisory Committee	C1	Objecting to the secretive nature of the negotiations. Public Utility Districts, will be impacted by settlement, were not allowed to participate in the negotiations.
EM9	C4	Kitteridge	Springfield	C1	IOU wouldn't allow us in, only option if for us to intervene. Yes hard to get us to participate. BPA did not consider the PU needs in negotiation.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-178	A	Lodge	Self	C1	We are not in favor of closed meetings not in favor of the proposal that came out of such an "illegal" meeting.
C-102	A	MacDonald	Self	C1	Opposed to closed door session on utility matters.
WNP3-58	A	Mattson	Self	C1	The secret settlement is all wrong.
VM20	C1	McKinney	Cowlitz PUD	C1	By not being present we have missed more than just the voice inflections. The negotiations history (similar to the legislative history) is missing. This leaves the PUDs neutered after the current individuals leave.
C-186	A	Mickelson	Self	C1	The BPA should negotiate with all its power customers and not discriminate against public power users.
VM16	A	Noall	Self	C1	She is against closed door agreements.
137	C4	Overs	Salem Electric Cooperative	C1	The publics were not included in the negotiation.
C-143	A	Panther	Self	C1	Have the Exchange Agreement set aside until all parties are properly represented.
C-50	A	Porter	Self	C1	The PUD's are the majority and we the PUD customers have a say on this issue.
C-76	A	Ransey	Self	C1	When these negotiations are held in secret I wonder what else went on behind closed doors.
VM18	A	Reader	Self	C1	Outraged by BPA's secrecy. BPA is a public agency.
VM12	A	Rumble	Self	C1	It is unconscionable that BPA conducted the negotiations in secret discussions.
C-277	A	Saddler	Self	C1	Should be more input from the public utilities. "Not just the IOUs."
SM28	A	Sampson	Self	C1	Private meetings are unlawful and corrupt.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
VM22	C1	Sanders	Clark County PUD	C1	The Publics weren't given a chance to "boil it down" to a workable few.
VM19	A	Sawyer	Self	C1	Why the secrecy?
C-157	A	Schryvers	Self	C1	Negotitate openly let the public have a say too.
C-273	A	Schumacher	Self	C1	The Public Utilities should be included in the negotiations since they are part owners.
SM13	C1	Scott	J. Robertson of Mason PUD #1	C1	There was no public process.
VM11	A	Sheehan	Self	C1	BPA has had no input from the Rate Advisory Committee. Let other experts in the public comment and participate.
VM21	C1	Smith	Cowlitz PUD	C1	He doesn't understand some of it. You can't unless you were there. (At the negotiations.)
C-56	A	Snopp	Self	C1	The residents of Benton county had no say.
C-140	A	Supplee	Self	C1	Need more public input.
C-128	A	Taylers	Self	C1	We want no one-sided, closed door railroaded, high-handed, unbalanced, appearance of evil.
C-144	A	Walker	Self	C1	Get it in the open.
SPMB	C4	Weeks	ICL&P	C1	No early discussion of settlement by BPA with customers.
C-195	A	Wesley	Self	C1	All affected parties, including the PUDs should have been participants.
C-166	A	Williams	Self	C1	Am concerned with the way BPA has negotiated with the IOU's without inviting public utility input.
C-63	A	Wroy	Self	C1	I believe that all parties sharing the cost of #3 plant should have been present instead of a close door meeting with the IOU's.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
SM6	E3	Zepeda	Washington Demo Council	C1	Secret settlement is not in the interest of the public.
PET	A	Various	342 individual signatures	C1	Settlement was negotiated in secret and over the objections of our utility.
WNP3-233	D2	Unsoeld	Constituents	C1	The negotiations must include representatives of all affected parties.
WNP3-205	C4	Tuft	Goodman & Duff/City of Heyburn ID	C1	The City of Heyburn feels it mandatory that public utilities have direct input into the negotiation process as a participant. The exclusion of the public utilities is like two people meeting in secret deciding to settle their differences by requiring a third party not present to the negotiations to bear the economic brunt of their differences.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	C1	All interested parties need to be at the table in some fashion.
WNP3-226	C1	Armstrong	Oregon PUD Association	C1	We urge you (Lewis County PUD) and other members of the "Washington Utility Group" to return to the negotiations (letter to Lewis County PUD cc'd to BPA).
WNP3-174	C1	Carlson-Price	PUD of Skamania County WA	C1	Settlement must involve the representation by all of the parties involved.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	C1	Reliable sources were present at meetings wherein officials from Washington, D.C. directed the settlement.
WNP3-227	C1	Scott	PUD #1 of Mason County, WA	C1	Why negotiate when you are already convinced "the settlement on the table is the best hope for resolving the suit to the benefit of all parties" (your words).

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-227	C1	Scott	PUD #1 of Mason County, WA	C1	The Washington PUG has repeatedly asked for the opportunity to negotiate a fair, equitable settlement. If you would drop your requirement that we approve the agreement as a precondition to negotiation, you would find our group most anxious to join negotiations.
WNP3-229	C1	Casey	PUD #1 of Grays Harbor County, WA	C1	We object strongly to your characterization of utilities who have filed in order to protect their rights as being against settlement by negotiation.
WNP3-201	B	Parsons	Parsons, Smith, Stone & Fletcher	C1	Hoped Bonneville will either allow the participants to be at the negotiating table, listen to suggested changes and be able to communicate to the small preference customer how this settlement really totally affects them.
WNP3-207	C4	Dickson	Parkland Light & Water Co.	C1	Document was prepared without the benefit of public power input.
WNP3-192	C	Lowery	Riddell, Williams, Bullitt & Walkinshaw	C1	On behalf of our group of <u>28</u> utilities, we request that our firm participate in settlement of this controversy.
WNP3-216	C4	Hardy	Seattle City Light	C1	Details on how this Agreement will impact the 7(i) process need specification.
WNP3-180	A	Romane	Self	C1	Settlement should include <u>all</u> entities.
WNP3-193	A	Hestly	Self	C1	Public utilities should be represented at the bargaining table.
WNP3-214	E2	Ragen	Washington Utilities Group	C1	WU insists on its right to defend against both the breach claims and an unacceptably generous and improper settlement.
WNP3-214	E2	Ragen	Washington Utilities Group	C1	WU representatives are entitled to participate in the settlement negotiations with BPA and the IOUs. WU cannot accept conditions imposed upon its participation in particular, (a) Agreement that settlement is "fundamentally sound." (b) Agreement with BPA's finite list. (c) Withdrawal of WU's motion for leave to file amended and supplemental answers, counterclaims and crossclaims related to the enforceability and legality of the BPA/IOU proposed settlement.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-218	E1	Hill	Washington State Grange	C1	Excluded 103 public utilities whose joint participation accounts for 70% of WNP-3.
WNP3-227	C1	Goldsbury	Washington Utilities Group	C1	(Letter to IOUs cc'd to BPA) We would like an opportunity to have three policy-making representatives sit down with you and discuss the possibility of some form of discussions.
WNP3-227	C1	Goldsbury	Washington Utilities Group	C1	(Letter to IOUs cc'd to BPA) We hope you could at least join us in a Local Rule 39.1 mediation.

<u>TYPE</u>	<u>UNOUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-128	C1	Moore	Washington PUD's Association	C2	Allow an additional six months to permit the Northwest Congressional delegation, officials, and the general public, to join with public utilities working toward a complete resolution of all WNP-3 issues.
SPM5	C3	Stone	Kaiser Aluminum	C2	Two months to examine and comment on this agreement does strike us as a bit short.
WNP3-115	C4	Pittman	Town of McCleary	C2	Delay the decision until there has been an adequate opportunity for an external agency, to fully review the agreement; develop the various policy foundations for the provisions of the agreement; and fully understand the interrelationships among the various sections and their impacts, both financial and other upon the parties.
SM23	E1	Cahn	WA Public Interest Research Group	C2	Extend the comment period. Need 2 to 3 months.
KM4	C1	Bickford	Benton County PUD	C2	Extremely difficult to follow the technical details of the contracts with so little time allowed for comments.
KM10	C1	Hickman	Franklin PUD	C2	The Franklin County PUD has not had time enough to study this settlement to say whether or not we are in favor of it or against it.
SM12	C4	Jackson	Tacoma City Light	C2	Hold the settlement in abeyance until more study is done.
SM8	C4	Nolan	Tacoma City Light	C2	A time delay to make intelligent decisions and for the court to make proper determinations is recommended.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SPM2	E1	Riddle	Idaho Fair Share	C2	Have not included other affected utilities and the ratepayers in their negotiations the timing of these hearing in Seattle, Spokane, and Burley, Idaho is questionable.
BM7	C4	Brog	Rural Electric Co.	C2	Need additional time (23 documents).
WNP3-85	A	Kailin	Self	C2	Sufficient time provided to permit thoroughly informed findings to be developed.
SM19	C1	Kalich	Lewis Co. PUD	C2	Should be more time.
WNP3-124	E2	King	Idaho Cooperative Utilities	C2	We find that this task cannot be completed by the May 31, 1985 comment deadline set by Bonneville. Vast scope of issues exceptional complexity precludes the reflective and deliberate analysis, extension of the current comment deadline by some appropriate degree.
WNP3-128	C1	Moore	Washington PUD's Association	C2	Settlement documents constitute over 1,000 pages of complex technical agreements that require extensive analysis and evaluation before their full effects on public and private ratepayers can be determined.
WNP3-115	C4	Pittman	Town of McCleary	C2	Lack of information, and the shortness of time, have made adequate evaluation impossible.
KM2	C1	Blodgett	Benton County PUD	C2	Benton County PUD needs more time to evaluate this settlement.
WNP3-87	E2	Kirkwood	Citizen's Rate Advisory Committee	C2	The Committee opposing such a short comment period, issue complex will require at least a 90 day public comment period.
SM13	C1	Scott	J. Robertson of Mason PUD #1	C2	Give more time to assess the settlement.
WNP3-112	C4	Nickel	City of Ellensburg, WA	C2	Short comment period requests this public comment period be extended.
SPM3	C4	Herndon	Northern Lights, Inc.	C2	Needs additional 30-60 days.
C-24	A	Kuklinski	Self	C2	Sufficient time should be allocated for this action.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-147	C4	Funke	Idaho Co. Light & Power	C2	Such a short period of time to evaluate and digest such a complex document is clearly insufficient.
SM11	C1	Allen	Lewis Co. PUD	C2	Let's take more time on this.
EM3	C4	Attneave	Lane Electric	C2	Seems like have time for longer period to consider. We think you should take.
C-263	A	Aubrey	Self	C2	Needs more study.
WNP3-86	E2	Beckemeier	Public Power Council	C2	We urge an extension on the public comment period because the settlement is intertwined with unresolved major regional issues, such as institutional roles revised BPA load forecasts, whether the project will be needed to.
SPM4	C1	Boldt	Washington PUD Association	C2	Give us more time not to block, but to evaluate. If pushed too early, will hurt BPA/Public Power relationship.
BM14	C4	Carson	Prairie Power	C2	Don't cut us off on time, our lawyers need to talk to consultant.
C-265	A	Chiara	Self	C2	What is the rush of trying to resolve problem without time for adequate study and analysis?
SPM10	C4	Christensen	ICL&P	C2	Need for time to analyze and to see what Browning's rulings will be.
WNP3-100	C1	Dillon	PUD of Snohomish County	C2	Cannot be dismissed with a cursory public review.
SM15	C1	Haas	Clallam County PUD	C2	Want 2 to 3 months more.
SMS	C4	Hardy	Seattle City Light	C2	Extend the comment period to after May 31. There is no need to force the issue.
BMB	C4	Hurless	City of Heyburn, ID	C2	Yes, we need plenty of time.
SM25	E1	Livingston	Washington Senior Citizen's Lobby	C2	This is too fast for such a complex problem.
WNP3-121	C1	Ludwick	PUD of Chelan County, WA	C2	Extending the comment period at least 2 months to provide adequate time for review and comment, including review by the Court.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SPM7	C1	Martin	PUD Comm	C2	Wants more time to study and look at effects and costs to customers.
SPM15	C4	Nelson	Glacier Electric Co-op	C2	Need more time to analyze and get expert opinions.
WNP3-117	C4	Nolan	City of Tacoma	C2	Resists the settlement until full opportunity is afforded the public utilities to properly evaluate it, and the court to make final rulings in the pending litigation.
SMB	C4	Nolan	Tacoma City Light	C2	The Public Utilities will urge a longer public comment period and analysis.
WNP3-83	B	Piper	Pacific Northwest Generating Company	C2	Delay a decision on the proposed WNP 3 settlement beyond May 31st. To evaluate the issues raised a week ago by the Northwest Power Planning Council in its "Role of Power Institutions" paper.
C-264	A	Richman	Self	C2	Needs more study!
SPM2	E1	Riddle	Idaho Fair Share	C2	Seeing through nice, neat packages couched in highly technical terms and handed to the general public at the 11th hour as a harmless offer they can't refuse!
C-261	A	Schryvers	Self	C2	Should be more study time.
WNP3-52	B	Taaffe	Riddell, Williams, Bullitt & Walkinshaw	C2	Protest the timing of the public hearings meetings have been scheduled too soon for our clients to participate meaningfully.
WNP3-88	C3	Wilcox	DSIs, Inc.	C2	The time provided for comment on the proposed settlement is too short for the necessary analysis that might help resolve current concerns about this complex and lengthy proposal. Extend the deadline for comment.
WNP3-191	D1	Weaver	Congressional Subcommittee	C2	Extend the period for public comment on the proposed settlement.
WNP3-222	C1	Skov	Northern Wasco County PUD	C2	I strongly urge reconsideration of your decision to exclude the Washington Utility Group from further negotiations. Further exclusion of the Washington Group virtually assures continued litigation.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-197	C1	Jackson	PUD of Clallam Co	C2	BPA is to be commended for extending the comment period on settlement.
WNP3-188	B	Parsons	Parsons, Smith, Stone & Fletcher	C2	Is absolutely impossible to concur in the settlement proposal without a greater in-depth study.
WNP3-201	B	Parsons	Parsons, Smith, Stone & Fletcher	C2	I appreciate that Bonneville has extended the public comment period this is insufficient time to make intelligent analysis or to present any proposed modifications.
WNP3-207	C4	Dickson	Parkland Light & Water Co.	C2	BPA (should) extend the time available for public and public power input into Settlement.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM10	C1	Hickman	Franklin PUD	C3	I, personally, would like to commend the BPA on preparing this proposed out-of-court settlement and releasing it for public comment.
EM8	U	Shields		C3	Public perception that BPA is going ahead regardless.
T38	C4	Jones	City of McMinnville, OR	C3	Persuaded that the deal is cut and that the public process which I described to his is just a gesture, a procedure that will not influence the final outcome.
EM8	U	Shields		C3	Like to thank for having meeting.
KM4	C1	Bickford	Benton County PUD	C3	It is difficult to follow through all of the documents because of the continued use of forward and backward references to various sections of the contracts and their exhibits.
SPM3	C4	Herndon	Northern Lights, Inc.	C3	Add more data to recommend to Board.
SPM8	C4	Weeks	ICL&P	C3	Applaud public meeting concept .
SPM4	C1	Boldt	Washington PUD Association	C3	Support public meeting/hearing concept.
SMB	C4	Nolan	Tacoma City Light	C3	The settlement is too difficult for the public to understand.
SPM2	E1	Riddle	Idaho Fair Share	C3	Seeing through nice, neat packages couched in highly technical terms and handed to the general public at the 11th hour as a harmless offer they can't refuse!
C-244	A	Persinger	Self	C3	We were not allowed to vote on the construction of 1, 2, or 3 plants.
C-243	A	Berges	Self	C3	Why have a public meeting to discuss this settlement at 1:00 pm in the middle of a work day?
C-204	A	Berry	Self	C3	Hold the hearing at night so that more people can attend.
C-77	A	Blakley	Self	C3	If you have a meeting at night rather than the afternoon people who work can attend.

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C-81	A	Collins	Self	C3	Public meetings are generally poorly attended anyway without making it at 1:00 pm when many people are working.
C-234	A	Ehlers	Self	C3	Offended by the arrogant manner BPA conducts business and treats the public.
C-30	A	Jantz	Self	C3	The public needs to know more before these transactions are made.
C-18	A	Johnson	Self	C3	A lack of information to the public from BPA.
C-245	A	Jordan	Self	C3	1:00 p.m. nice timing, some people have to work (if we have a job).
KM5	C1	McCormack	Benton PUD	C3	Draft agreement is ambiguous and inarticulately prepared.
C-2	A	Moffitt	Self	C3	I give them hell also for holding the meeting during working hours so we can't be there.
C-191	A	Morris	Self	C3	The public meeting needs to be held at not 1 pm so the people who work to pay for the electricity can attend the meeting.
C-275	A	Sheeran	Self	C3	BPA will do damn well whist they want to and that this public meeting is just a formality.
SM2	A	Wojick	Self	C3	Settlement is not easy to read. Lot of cross references, exceptions, and definitions describing a system.
WNP3-191	D1	Weaver	Congressional Subcommittee	C3	The rate impact analysis in BPA's "Issue Alerts" and "Updates" was completely unreliable and wrong.
WNP3-191	D1	Weaver	Congressional Subcommittee	C3	A new analysis (of rate impacts) is absolutely necessary, particularly when BPA is proposing to trade away power worth hundreds of millions of dollars.
WNP3-205	C4	Tuft	Goodman & Duff/City of Heyburn ID	C3	The June 18, 1985, in Portland were helpful in understanding some matters and clarifying the focus of some issues.

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WNP3-205	C4	Tuft	Goodman & Duff/City of Heyburn ID	C3	It may be necessary to schedule future work sessions of this type.
WNP3-208	B	Gorans	Greater Seattle Chamber of Commerce	C3	We note that the public comment period has been extended, and we urge the Bonneville administrator to continue to work with the public and private utilities to balance the interests of all the region's ratepayers.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	C3	Briefing sessions were a poor substitute for direct involvement.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	C3	The process confirms that the settlement was directed by a higher authority and public power's comments would be a hindrance to a preordained commitment.
WNP3-188	B	Parsons	Parsons, Smith, Stone & Fletcher	C3	May 13, 1985, meeting in Burley, the minutes and notes are an oversimplification and do not contain matters of substance.
WNP3-201	B	Parsons	Parsons, Smith, Stone & Fletcher	C3	Thank you for the meeting on June 18, 1985. The other meetings, while they may have been worthwhile were not as substantive as this one.
WNP3-207	C4	Dickson	Parkland Light & Water Co.	C3	The contents of the document have not been fully explained.
WNP3-213	A	Milt	Self	C3	You've already made the decision.
WNP3-218	C1	Dillon	Snohomish County PUD #1	C3	This abbreviated schedule (for EA) allows only fifty days to familiarize with a package of twenty-two separate agreements totaling over two hundred pages.
WNP3-203	B	Wilson	The Boeing Co.	C3	The process is impressive.
WNP3-215	E2	Ragen	Washington Utilities Group	C3	The public has not been notified of the changes BPA will make to the agreement and, therefore, the process for public comment on the EA and FONSI is defective and invalid.

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WNP3-93	A	Raffelson	Self	D1	We are going to force the aluminum industry out of the area.
WNP3-65	C3	Glover	Pacific Carbide & Alloys Company	D1	We would be penalized costwise either in the wintertime or when the Spill Rate is available.
C-32	A	Harrison	Self	D1	Don't ask me to subsidize industry.
WNP3-59	A	Linn	Self	D1	I think there should be at least a survival rate for the Aluminum Companies.
WNP3-49	C5	Loveland	Springfield Utility Board	D1	Impact distressed economics of the direct service industries. Risk that economics will result in loss to BPA.
WNP3-218	C1	Dillon	Snohomish County PUD #1	D1	Wholesale power rates to public utility and direct service industrial (DSI) customers will increase.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-100	C1	Dillon	PUD of Snohomish County	D2	It will affect wholesale and retail rates for electricity, the region's energy mix, load growth, economic development, and the long-range planning.
C-19	A	Burns	Self	D2	BPA's is going to lead the Northwest into energy bankruptcy.
WNP3-61	B	Conley	Harbor Community Bank	D2	Current economic conditions increase will further depress economy.
C-255	A	Flateu	Self	D2	Rate increases are not the answers to our slow economy.
C-271	A	Foreman	Self	D2	Hi Elec rates do not encourage business to area.
WNP3-219	C4	Grant	Small Utilities Group	D2	The adverse economic effects of increased electrical rates throughout the Northwest will be particularly harsh in rural locations.
WNP3-218	C1	Dillon	Snohomish County PUD #1	D2	An increase in power costs could force these industries to cease operations, with the attendant loss of jobs and economic activity.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-144	B	Doudict	Dean Witter Reynolds, Inc.	D3	Settlement will have a positive impact on the financial community's perception of the Pacific Northwest.
WBP3-92	B	Nasman	Bellingham National Bank	D3	Washington will benefit because there were misconceptions regarding the State's credit worthiness as a result of the WPPSS litigation.
WNP3-155	B	Hernandez	Marine Midland Bank	D3	This pragmatic approach has made both bankers and investors most willint to take calculated risks.
WNP3-154	B	Young	Continental Bank	D3	Improves financial institutions' perceptions of the way in which business is conducted in the Pacific Northwest.
WNP3-144	B	Doudict	Dean Witter Reynolds, Inc.	D3	Would greatly increase the financial uncertainty of the various parties in the financial markets.
WNP3-62	B	Huneke	Morgan Stanley	D3	Approval of settlement would restore confidence of the financial community in the Pacific Northwest.
WNP3-116	B	Schwandt	Fourth Corner Development Group	D3	Present our community as an attractive investment opportunity, we have been met with a concern of uncertainty regarding the future of the Pacific Northwest's energy picture.
WNP3-154	B	Young	Continental Bank	D3	It reduces the uncertainty surrounding the IOU's investment in WNP3 and thereby improves those companies' access to the credit and capital markets.
WNP3-203	B	Wilson	The Boeing Co.	D3	WPPSS problems must be resolved as quickly as possible to encourage major new business development and investment and provide a foundation for future growth in the region.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-237	D1	13 Congressman	13 Congressional Districts	D4	While we are not prepared at this time to support a specific WNP-3 settlement package, we share your belief that a properly formed settlement can produce long-term benefits for the entire region.
WNP3-68	A	Kelly	Self	D4	Proposal avoiding rate increase is most welcome. Of course such increases could weaken all activity in this region.
WNP3-148	B	Merrill	Port Townsend WA, Chamber of Commerce	D4	Future power supply and power costs - a major factor in the economic recovery and development of the Northwest in general.
SPMS	C3	Stone	Kaiser Aluminum	D4	Settlement will be in the best economic interest not just of the investor-owned utilities, but also in the best interest of the region.
WNP3-71	B	Thunberg	Turn Key Development, Inc.	D4	Uncertainties of WPPSS projects has troubled, our small Company, but has cast a shadow over the economic vitality of the Pacific Northwest.
FL	A	Various	44 separate letters	D4	There is no question that the uncertainties of all the terminated and delayed WPPSS nuclear projects cast a shadow over the economic vitality of the Pacific Northwest.
FL	B	Various	3 separate businesses	D4	There is no question that the uncertainties of all the terminated and delayed WPPSS nuclear projects has cast a shadow over the economic vitality of the Pacific Northwest.
FL	D4	Weatherill	City of Port Orchard	D4	There is no question that the uncertainties of all the terminated and delayed WPPSS nuclear projects has cast a shadow over the economic vitality of the Pacific Northwest.
WNP3-82	B	Nickolls	Union Printing Company	D4	Failure to resolve the financial woes of WPPSS plants 4 and 5 casts the entire region in a negative light.
WNP3-114	D4	Roegner	City of Auburn, WA	D4	Delayed power projects have cast a shadow over the economic vitality of the Northwest.
WNP3-127	D4	Commissioners	Port of Bellingham, WA	D4	The settlement would prove to potential new industries that this region is capable of solving its WPPSS problems out of court and able to continue providing reliable electric service.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-127	D4	Commissioners	Port of Bellingham, WA	D4	Costly litigation does not help to bring new industry to the Pacific Northwest.
WNP3-210	B	Bressler	Burlington Northern, Inc.	D4	Such an overall achievement would lift a cloud that has hung over the economy of our region for too long.
WNP3-196	B	Boin	Milliman & Robertson	D4	The lack of progress in the WPSS situation has been a constant irritant to the region's economy.
WNP3-206	A	Wallin	Self	D4	Settlement is good news for the region and its economy.
WNP3-223	A	Garrison	Self	D4	I believe this settlement will improve our economic health.
WNP3-230	D1	8 Senators	Senate Appropriations Committee	D4	While we are not prepared at this time to support a specific WNP-3 settlement package, we share your belief that a properly-formed settlement can produce long-term benefits for the entire region.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
T38	C4	Jones	City of McMinnville, OR	E1	He is convinced that 1 and 3 will have to be finished.
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	E1	Loads will not warrant completion of WNP-3.
WNP3-83	B	Piper	Pacific Northwest Generating Company	E1	Settlement is unwise if your customers will not require the output of WNP 1 and 3 for the foreseeable future.
WNP3-106	B	Rapp	Custom Insurance, Inc.	E1	If the same amount of money were invested in the plant and you accepted the combine's offer to build for \$865 million with an incentive clause the start up date would very possibly be within months of the expected date of January 1987.
SM10	C1	Casey	Greys Harbor PUD	E1	The plants will not be built, so don't need WNP-3, yet BPA is still making a commitment.
EM2	E1	Goldrich	American Federation of Teachers	E1	There is ever more reason to doubt that #3 will be completed.
WNP3-41	C4	Nickel	City of Ellensburg, WA	E1	Earthquake dangers, plant obsolescence, availability of cheaper power termination of Nuclear Plant No. 3 may be a prudent utility decision.
WNP3-106	B	Rapp	Custom Insurance, Inc.	E1	I believe they should have to finish the power plant.
SPM9	C4	Slatt	IP&L	E1	Believes #3 will be needed.
WNP3-150	C4	Ramseyer	Blachly-Lane Co. Co-op Electric Assoc.	E1	Defer action on the proposed settlement to allow the region to further study the probability of the completion of Plant 3 since this question is critical to a final decision on the proposed settlement.
WNP3-83	B	Piper	Pacific Northwest Generating Company	E1	Council's forecasts and institutional roles paper suggest that WNP 1 and 3 will not be needed by your preference customers.
KM4	C1	Bickford	Benton County PUD	E1	WNP-3 may be needed to serve IOU loads in the future.
WNP3-110	D4	Ellis	City of Richland, WA	E1	Richland opposes termination of WNP-3 because of its cost effectiveness, and believes that the unending litigation is driving WNP-3 toward termination.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM6	C4	Poynor	City of Richland, WA	E1	Richland opposes termination of WNP-3 because of its acknowledged cost effectiveness, and believes that the unending litigation is driving WNP-3 toward termination.
C-150	A	Unruh	Self	E1	I think that units 3 & 1 should be finished now.
C-158	A	Carpenter	Self	E1	If they need the power then finish #3.
C-207	A	McGrew	Self	E1	Why not work at completion of project?
SM12	C4	Jackson	Tacoma City Light	E1	The only benefits to the PUDs is if WNP-3 is completed. The project is not a sure thing.
C-242	A	Reed	Self	E1	Complete #3 at a reasonable pace!
C-96	A	Williams	Self	E1	I think BPA should restart building #3 this year.
KM4	C1	Bickford	Benton County PUD	E1	Settlement may be biased toward termination of WNP-3.
C-209	A	Carey	Self	E1	Like #1 completed and excess power sold to other power grids.
C-110	A	Clarke	Self	E1	The suspended projects should be completed.
C-90	A	Coye	Self	E1	Finish the started plants.
C-202	A	Doody	Self	E1	BPA should be forced to live up to its commitment to finish plants 1 and 3.
WNP3-110	D4	Ellis	City of Richland, WA	E1	The City of Richland supports the proposed WNP-3 settlement because it will remove legal obstacles to restarting of construction.
C-141	A	Garrett	Self	E1	Finish #1 and #3 existing plants under construction.
C-21	A	Gerken	Self	E1	I believe, they should finish the power plants, its going to cost money, either way.
C-196	A	Kelly	Self	E1	I think they should finish both plants #1 and #3.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
C-129	A	Klee	Self	E1	Lets finsih #1 and #3.
C-14	A	Lane	Self	E1	They should finish #1 as it is 80 percent finished now and do it as soon as possible.
F72	C4	Lashbrook	Canby Water Board	E1	Termination is answer to #3.
C-231	A	Lingle	Self	E1	Should finish the plants and let them pay for self.
C-182	A	Louchay	Self	E1	I doubt that No. 3 and No. 1 will ever be finished and we will still have to pay for them.
WNP3-49	C5	Loveland	Springfield Utility Board	E1	Surplus well into the late 1990's not prudent to acquiring a nuclear power plant.
C-168	A	Martin	Self	E1	Let's finish plant 3 at Satsop.
WNP3-56	A	Minneman	Self	E1	WPPSS #3 is not required.
C-86	A	Needham	Self	E1	We should be building enough nuclear generating plants to curtail the burning of nonrenewable oil not (just) to keep up with future needs.
SM6	C4	Poynor	City of Richland, WA	E1	Supports the proposed WNP-3 settlement because it will remove one of the legal obstacles to restarting of construction if and when the need arises.
SPM2	E1	Riddle	Idaho Fair Share	E1	If the BPA/IOU agreement is consumated, BPA must agree that WPPSS #3 be terminated immediately.
SM1	E2	Rosier	Fair Use of Snohomish Energy	E1	Positive benefit if WNP-1 & 3 terminated.
-1	A	Taylor	Self	E1	Finish 1 & 4.
EM1	C4	Unknown	EWEB	E1	Public agency customers to avoid heavy financial losses from the power exchange, the WNP-3 nuclear plant would have to be completed and the power would have to be needed by Bonneville's public agency customers.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-150	A	Unruh	Self	E1	I think that units 3 & 1 should be finished now.
C-106	A	Voorhies	Self	E1	Start up #1 as long as no one wants #3 started up.
C-79	A	Wilson	Self	E1	I feel we are being taken by not completing #1 and #3 now!
WNP3-191	D1	Weaver	Congressional Subcommittee	E1	In light of Judge Browning's decision to vacate Judge Bilby's ruling BPA should now vigorously defend your correct decision in May 1983 to halt construction on WPPSS 3.
WNP3-233	D2	Unsoeld	Constituents	E1	BPA made a correct decision to mothball WNP III. It simply does not make any sense to raise rates to construct a plant which is not needed, so that we can sell the additional surplus power to California at a loss.
WNP3-231	E2	Arndt	IEEE	E1	BPA made a wise move in further deferring construction of WNP-3 until after Sept. 30, 1987.
WNP3-216	C4	Hardy	Seattle City Light	E1	The proposed settlement, with appropriate modifications, will be neutral to the termination or completion of WNP-3.
WNP3-218	E1	Hill	Washington State Grange	E1	The costs of settlement will be greater if WNP-3 is terminated due to lack of need for its output.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-83	B	Piper	Pacific Northwest Generating Company	E2	Not to resolve the WNP 3 settlement before you have considered the broader issue of the need for the plants.
T38	C4	Jones	City of McMinnville, OR	E2	Worried we are narrowing our focus on this very complex Supply System issue to settling No. 3.
WNP3-41	C4	Nickel	City of Ellensburg, WA	E2	Settlement excluding Public Power agencies from participating in a possible termination decision of Nuclear Plant No. 3.
WNP3-83	B	Piper	Pacific Northwest Generating Company	E2	Decision to restart or terminate WNP 1 and 3 should be examined together with your decision on the proposed settlement.
WNP3-103	B	Terry	Safeway Stores, Inc.	E2	Private utility, i.e., Puget Sound Power and Light will still act as an agent to acquire financing to finish the project should the administration and the regional power council determine it is in the best interest of the region to do so.
C-239	A	Barker	Self	E2	Independent utilities signed up with WPPSS management to build the plants so they have to go along with WPPSS and BPA decisions on the construction schedule.
WNP3-112	C4	Nickel	City of Ellensburg, WA	E2	Who will have the authority to determine if Nuclear Plant No. 3 should be terminated?
EH1	C4	Unknown	EWEB	E2	Bonneville should determine the most advantageous disposition of the mothballed WNP-3 nuclear plant in view of the power supply needs of its customers.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	E2	If terminated, they (IOUs) would pay no termination costs.
WNP3-216	C4	Hardy	Seattle City Light	E2	Benefit of the Agreement is that it will lead to single ownership in the plant critical for the success of future decisions regarding disposition of the plant.
WNP3-216	C4	Hardy	Seattle City Light	E2	That single ownership of the plant is important to successful disposition of the plant.
WNP3-198	A	Rouillard	Self	E2	I do subscribe to the authority (of) BPA to make decisions regarding Washington Nuclear Project No. 3.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-213	A	Milt	Self	E2	I don't believe the four private utilities opposed the decision to halt construction on WNP-3 when the cost over-runs were so huge and they would have to pay their 30% share when the power wasn't even needed.
WNP3-215	E2	Ragen	Washington Utilities Group	E2	It is misleading to state that failure to settle could lead to "an unplanned restart."
WNP3-215	E2	Ragen	Washington Utilities Group	E2	It is misleading to state that litigation could lead to "an unplanned termination."

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM5	C1	McCormack	Benton PUD	E3	BPA's actions in mothballing were correct, it should proceed with litigation.
VM10	C1	Curtis-Somppi	Clark County PUD	E3	PTJ said that mothballing WNP-3 was prudent and I agree.
SM18	C1	Fricke	Greys Harbor PUD	E3	Mothballing WNP-3 was good. This settlement says BPA is apologizing for mothballing WNP-3
C-232	A	Martin	Self	E3	Refund the excess collected on prior rate increases to cover WPPSS projects which were mothballed.
SM23	E1	Cahn	WA Public Interest Research Group	E3	The decision to mothball WNP-3 was sound and correct.
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	E3	The proposal is based on false assumptions that BPA was wrong in WNP-3 mothballing decision.
SM17	C1	Settle	Mason County PUD #1 & 3	E3	Primary benefit to end the litigation is only if WNP-3 is mothballed.
C-192	A	Young	Self	E3	I oppose the spending of over 20 million a year to mothball #1.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	E3	There's no proof the BPA did anything wrong in mothballing.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	E3	The IOUs pay no preservation costs for Plant 3.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	E3	On one hand Bonneville is insisting decision to mothball was correct, and on the other they give full value to the \$2 billion damage claim that it is incorrect.
WNP3-216	C4	Hardy	Seattle City Light	E3	We suggest BPA clarify what is meant by preservation of WNP-3 to provide certainty to its customers. Both the level of economic outlay and the activities required under various preservation programs need to be specified.
WNP3-214	E2	Ragen	Washington Utilities Group	E3	It supported BPA's recommendation to delay construction of both Projects 1 and 3.
WNP3-215	E2	Ragen	Washington Utilities Group	E3	It is misleading to suggest the proposed settlement is necessary to preserve the Project for possible future completion.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-47	D1	Kennon	Corps of Engineers	F1	1985 interim juvenile fish passage plan studies should consider spill levels contained in the Corps' plan and proposed by others.
WNP3-47	D1	Kennon	Corps of Engineers	F1	Should not affect our reservoir operations.
WNP3-202	D1	Woodwarth	Bureau of Reclamation	F1	The Environmental Assessment and Finding of No Significant Impact have been reviewed and we have no objections to the content of these documents.
WNP3-209	D1	Fry	Corps of Engineers	F1	The settlement does not bind the Corps of Engineers to a specific operation of its projects.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F1	Reducing water available to assist anadromous fish migration adversely impact anadromous and resident fish reproduction and may affect implementation of the recently adopted Fish and Wildlife Program created under the Regional Power Act.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-100	C1	Dillon	PUD of Snohomish County	F2	BPA should not short-cut the environmental review process.
SM10	C1	Casey	Greys Harbor PUD	F2	BPA to pick up 1/3 of plant while taking a piece of the Columbia River System away. This eliminates conservation because there is less river resource to stretch.
WNP3-100	C1	Dillon	PUD of Snohomish County	F2	Allow the public to objectively and independently examine issue in the context of an open and complete environmental review.
WNP3-209	D1	Fry	Corps of Engineers	F2	The settlement will have no effect on Corps project operations.
WNP3-232	C4	Fadely	Lane Electric Coop	F2	Failure to prepare an environmental impact statement leaves the settlement open to attack for noncompliance with NEPA.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	F2	The EA discusses an inadequate selection of alternatives to the proposed action.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	F2	The discussion of the "No Action" alternative is incomplete and one-sided. It would have been appropriate to mention the benefits that would flow from victory in the litigation.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	F2	The alternative use of the power is to support a long-term firm sale to California or other extra-regional utilities. It is likely that such utilities would pay 30-40 mills for a firm power contract lasting 35 years under the same general terms as the settlement.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	F2	Settlement commits BPA to acquisition of a "major resource" as defined by the Pacific Northwest Conservation and Electric Power Planning Act, without going through the acquisition procedures specified in the Act. The impacts of such an acquisition should be considered in the EA.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	F2	BPA does not give sufficient emphasis to the impacts of private utility rate increases of up to 15% if the sunk costs of the plant are rate-based as a consequence of the settlement.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	F2	A FONSI was issued. This office never received one.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-212	D1	Evans	National Marine Fisheries Service	F2	Because settlement results in non-firm power being treated as firm, the potential for adverse impacts on anadromous fish resources during the month of April.
WNP3-212	D1	Evans	National Marine Fisheries Service	F2	We have found no mention of the annual spill program in the proposed Settlement Agreement.
WNP3-212	D1	Evans	National Marine Fisheries Service	F2	3.1.2., paragraph 2. EA states reduction of uncontrolled spill could cause adverse impact to anadromous fish. We agree. Additional firm power commitments would also reduce the potential for controlled (voluntary) spill for fish protection.
WNP3-212	D1	Evans	National Marine Fisheries Service	F2	3.2., paragraph 1. (1) Comparable guarantees for fish protection should be provided. (2) BPA should explicitly provide for use of the exchange energy (combustion turbine power) before curtailing fish spill.
WNP3-212	D1	Evans	National Marine Fisheries Service	F2	Appendix 4, Weekly Planning, paragraph 4. BPA should take a more active role in Columbia Basin fish and wildlife restoration to protect investments by BPA in implementation of the Fish and Wildlife Program.
WNP3-216	C4	Hardy	Seattle City Light	F2	There may be long-term implications that BPA needs to consider in this given court decisions.
WNP3-216	C4	Hardy	Seattle City Light	F2	Benefit of the Agreement is that it will lead to single ownership in the plant critical for the success of future decisions regarding disposition of the plant.
WNP3-216	C4	Hardy	Seattle City Light	F2	Numerous exchanges will undoubtedly require further assesment of environmental impacts.
WNP3-216	C4	Hardy	Seattle City Light	F2	Our understanding that BPA and the private utilities have agreed there will be no marketing assistance under the Settlement Exchange Agreement. This issue needs to be clarified.
WNP3-216	C4	Hardy	Seattle City Light	F2	The region's best interest, that other resources which are less costly than the private utilities' combustion turbines, if available, be used.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-216	C4	Hardy	Seattle City Light	F2	We are pleased with the comments regarding compliance with procedures required under Section 6(c) of the Northwest Power Act.
WNP3-216	C4	Hardy	Seattle City Light	F2	We are pleased that Bonneville will not reimburse private utilities for sunk cost in WNP-3.
WNP3-216	C4	Hardy	Seattle City Light	F2	We suggest BPA clarify what is meant by preservation of WNP-3 to provide certainty to its customers. Both the level of economic outlay and the activities required under various preservation programs need to be specified.
WNP3-216	C4	Hardy	Seattle City Light	F2	That single ownership of the plant is important to successful disposition of the plant.
WNP3-216	C4	Hardy	Seattle City Light	F2	Details on how this Agreement will impact the 7(i) process need specification.
WNP3-216	C4	Hardy	Seattle City Light	F2	The proposed settlement, with appropriate modifications, will be neutral to the termination or completion of WNP-3.
WNP3-219	C4	Grant	Small Utilities Group	F2	The potentially adverse effects of this unlimited term were not adequately analyzed in the EA.
WNP3-219	C4	Grant	Small Utilities Group	F2	Agreement is a major federal action which will cause a significant and adverse impact on the environment. NEPA requires an EIS.
WNP3-219	C4	Grant	Small Utilities Group	F2	The EA does not address changes being made to the settlement.
WNP3-219	C4	Grant	Small Utilities Group	F2	Wholesale power rates to preference customers could increase. Likely prompt an increased use of alternate fuels, such as wood, coal, gas and oil, for space heating. This will degrade air quality.
WNP3-219	C4	Grant	Small Utilities Group	F2	The EA improperly assumes that power rate costs will be minimal rather than examining the effects of rate increases that could occur.

<u>TYPE</u>	<u>WUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-219	C4	Grant	Small Utilities Group	F2	Instead of analyzing impacts other than "average" conditions, the EA makes optimistic assumptions favorable to the settlement and argues that other occurrences are highly unlikely.
WNP3-219	C4	Grant	Small Utilities Group	F2	The EA fails to analyze the adequacy of the investor-owned utilities' combustion turbines to be used in meeting Bonneville's obligations under the proposed agreement.
WNP3-219	C4	Grant	Small Utilities Group	F2	The EA contains no analysis of the impacts on wholesale and retail power rates, stream flows, resource use, air quality, and economic activity during the period when Bonneville may have to rely entirely on the combustion turbines to make the required energy deliveries to the investor-owned utilities.
WNP3-219	C4	Grant	Small Utilities Group	F2	The EA fails to examine the adverse effects that could result from a court's determination that certain provisions are unlawful
WNP3-219	C4	Grant	Small Utilities Group	F2	Agreement contains severability and "back-up" provisions. If these provisions do take effect, the environmental and economic consequences are not adequately analyzed in the EA.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	The EA issued in May of 1985 is premature and does not adequately disclose the details of the final settlement.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	The EA appears procedurally insufficient, methodologically flawed and legally inadequate. A full environmental impact statement should commence.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Settlement will reduce reservoir storage on the Federal Columbia River Power System available to utilities. Reducing storage will change the timing of reservoir drafts, and require increased operation of thermal resources.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Will require additional fossil fuels with attendant disruption of the natural environment.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Will cause substantial amounts of emissions to be released into the environment.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Reducing water available to assist anadromous fish migration adversely impact anadromous and resident fish reproduction and may affect implementation of the recently adopted Fish and Wildlife Program created under the Regional Power Act.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Drawdowns will decrease boating and recreational and commercial fishing opportunities at affected reservoirs.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Return of additional off-peak energy will force Bonneville to spill more water. The loss of water will significantly affect the environment since operation other resources will be required to generate the energy lost.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Bonneville might encourage construction of additional peaking resources. Their impacts on the environment could be severe.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Bonneville might alter operation of the federal hydro system by drafting reservoirs more frequently and at different times of the year. That would entail adverse environmental consequences.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	The increased use of combustible fuels will adversely impact air quality, and aquatic and terrestrial wildlife.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	This abbreviated schedule (for EA) allows only fifty days to familiarize with a package of twenty-two separate agreements totaling over two hundred pages.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Settlement must be placed in context with the Pacific Northwest Coordination Agreement, the BPA Power Sales Contract, the WNP-3 Ownership Agreement, the Exportable Agreement and the Net Billing Agreement. The relationship of the settlement to each of these agreements, is an analytical task which cannot be completed in fifty days.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	NEPA process must include a sufficient number of alternatives and their consequences. The analysis must evaluate the consequences under adverse circumstances.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	Impact of settlement on resource operations and minimum stream the EA pleads ignorance. Ignorance is not a substitute for analysis.

TYPE	JP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	The EA asserts that the Capacity/Energy Exchange Agreement may not be renewed, and even if it is everyone will try to work things out. Wishful thinking is not a substitute for analysis.
WNP3-218	C1	Dillon	Snohomish County PUD #1	F2	The EA relies on optimistic assumptions, inadequate disclosure, pleas of ignorance, and average results which mask the likely environmental impacts of the settlement.
WNP3-215	E2	Ragen	Washington Utilities Group	F2	BPA intends to change the proposed settlement. Until changes are resolved, it is not possible to conduct an EA or FONSI. Consequently, the EA and FONSI are inadequate and defective.
WNP3-215	E2	Ragen	Washington Utilities Group	F2	The public has not been notified of the changes BPA will make to the agreement and, therefore, the process for public comment on the EA and FONSI is defective and invalid.
WNP3-215	E2	Ragen	Washington Utilities Group	F2	NEPA and BPA's authority requires a complete EIS <u>before</u> implementing any settlement.
WNP3-215	E2	Ragen	Washington Utilities Group	F2	The EA and FONSI failed to analyze the economic cost and, therefore, environmental impacts of the alternative replacement capacity and energy provisions of the settlement.
WNP3-215	E2	Ragen	Washington Utilities Group	F2	The EA and FONSI fail to address the economic cost and, therefore, environmental impacts of the adjustments BPA must make to its planning, particularly forced outage to reserves, to deliver the power committed to the IOUs under the proposed settlement.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
VM8	C1	Ferrell	Cowlitz County PUD	G1	And are relieved of nuclear risk.
T38	C4	Jones	City of McMinnville, OR	G1	If the IOU's are allowed to walk away from their responsibilities under No. 3, that they will be on the opposite side of the issue.
WNP3-49	C5	Loveland	Springfield Utility Board	G1	Private utilities will be totally removed for nuclear risk.
EM1	C4	Unknown	EWEB	G1	Private utilities should not receive power on a nuclear plant scenario while escaping reasonable risks of owning and operating a nuclear power plant. The private utility owners would not be exposed to risk of "Three Mile Island-type" costs and excessive decommissioning cost that might arise at surrogate nuclear plants during such time that WNP-3 is not operating.
VM9	C1	Van Dyke	Clark County PUD	G1	The IOU's will be relieved of any risk.
WNP3-126	C1	Hill	PUD of Klickitat County, WA	G1	Settlement relieves the IOU's of all future nuclear risks, while saddling the public utilities with all of the future nuclear liability.
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	G1	It insulates them from WNP termination.
WNP3-103	B	Terry	Safeway Stores, Inc.	G1	Settlement would not let any of the companies involved avoid risk, nor does it incur new risk for the public for the power users.
EM1	C4	Unknown	EWEB	G1	Private utility should not receive power on a nuclear plant scenario while escaping reasonable risks of owning and operating a nuclear power plant. The private utility owners would not be exposed to risk of "Three-Mile Island-type" costs and excessive decommissioning cost that might arise at
WNP3-152	B	Bagnall	Peoples Bank	G1	(settlement allows) continued sharing of the nuclear involvement by regional utilities.
EM4	C1	Bickford	Benton County PUD	G1	The IOU's will no longer be tied to any uncompleted Northwest nuclear plant or their construction and operating risks.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	G1	Would insulate IOUs from risks of WNP-3. We find unconvincing that the use of four surrogate nuclear plants is a reasonable risk substitute.
WNP3-144	B	Doudict	Dean Witter Reynolds, Inc.	G1	The investor owned utilities have retained the risk and reward of having chosen the nuclear power option.
SPM12	E1	Keenan	Idaho Fair Share	G1	Removes IOU's from collective WPPSS risks and participation.
SM14	A	Rohr	Self	G1	They will not feel any effects of shut downs.
KM1	C1	Clayhold	Benton County PUD	G1	This settlement lets the IOU's off the nuclear hook.
KM1	C1	Clayhold	Benton County PUD	G1	Nothing is said about the improved credit ratings and financial position of the IOU's as a result of walking away from uncompleted nuclear plants while the publics still bear the burden of lower credit ratings and higher interest costs associated with "nuclear."
T19	C4	Crinklaw	Douglas Electric Coop	G1	Public utilities are on the hook for WNP #3 and the IOU's are not
SM18	C1	Fricke	Greys Harbor PUD	G1	Value line states that it leaves no nuclear exposure.
SM24	C1	Wheeler	PUD Owners Association	G1	Why the privates, who fought against the Columbia River Dams now want power from the dams and want to get out of their nuclear risk.
VM5	E2	Test	Citizens Rate Advisory Committee of Clark County	G1	This exempts the IOU's from a nuclear risk and the risk of WNP-3.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	G1	Settlement allows IOUs to walk away from risk.
WNP3-218	E1	Hill	Washington State Grange	G1	Insulates the private utilities from the risks of participation in WNP-3, risks which they freely assumed.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-49	C5	Loveland	Springfield Utility Board	G2	Public agencies still have risk from their WPPSS 4 and 5 liability.
SM14	A	Rohr	Self	G2	They will not risk Three Mile Island (TMI) type problems. Any such TMI problems instead will be faced by Public Power.
WNP3-103	B	Terry	Safeway Stores, Inc.	G2	Settlement would not let any of the companies involved avoid risk, nor does it incur new risk for the public for the power users.
VM6	C1	Runyan	Clark PUD	G2	The risk is transferred to the publics thru BPA.
EM8	U	Shields		G2	Participating utilities in 3 are still in a position for all liabilities of 3 nuclear and other, we're paying.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SM23	E1	Cahn	WA Public Interest Research Group	H1	All the power is given the IOUs in just the peak period.
KM4	C1	Bickford	Benton County PUD	H1	Load shaping provides the IOU's with more peaking capability and winter energy than WNP-3 would have provided. Winter energy is more valuable to BPA, and the IOU's, and is more expensive to supply when the surplus is gone. This could be an expensive concession in future years.
WNP3-115	C4	Pittman	Town of McCleary	H1	We are concerned about impacts upon power availability and cost when it appears that the annualized power load to be made available to the IOUs may in fact be required of BPA during the season of highest demand.
VM9	C1	Van Dyke	Clark County PUD	H1	A winter sale is not a good deal.
WNP3-55	A	Buck	Self	H1	Does not seem to hold one steady amount of electricity per year through the period.
SM14	A	Rohr	Self	H1	The delivered power is compressed into 6 months instead of 12.
BM7	C4	Brog	Rural Electric Co.	H1	The exchange will give them winter peak power in Nov-Apr; yet this is when you charge us the most for our power.
VM3	E2	Griffing	Citizens Rate Advisory Committee of Clark County	H1	BPA is trading winter hydro power with more benefits than summer base. Not a good trade.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	H1	IOUs can take delivery in the winter months when the demand is high and the electricity is more valuable.
WNP3-186	B	Piper	Pacific NW Generating Company	H1	BPA's responsibility to meet IOU load growth does not include option, purchase or mothballing of resources for IOU loads until the IOU's place a load on BPA.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM4	C1	Bickford	Benton County PUD	H2	The transmission demands assigned to the IOU points of delivery do not match actual energy deliveries, therefore the calculated losses are lower than the actual losses.
VM8	C1	Ferrell	Cowlitz County PUD	H2	As a result of the settlement, the IOU's have preference to the intertie.
WNP3-115	C4	Pittman	Town of McCleary	H2	We are uncertain as to the impact upon the transmission system of the rights being granted to the IOUs to utilize this system in relation to surplus power.
VM9	C1	Van Dyke	Clark County PUD	H2	The settlement conflicts with the priority rights of the PUDs to Intertie access.
WNP3-66	D2	Imbrecht	California Energy Commission	H2	The settlement would permanently reduce the amount of nonfirm energy available to California by firming it up with combustion turbines and establishing a prior Northwest claim on the firm energy.
WNP3-66	D2	Imbrecht	California Energy Commission	H2	California energy planners should get out of the Northwest market.
WNP3-66	D2	Imbrecht	California Energy Commission	H2	California should proceed cautiously in considering any proposals to expand transmission capacity between the two regions.
C-19	A	Burns	Self	H2	What are the provision in case of a power shortage? Will the IOU's get their contractual chunk, leaving the public utilities to deal with the brown-outs and black-outs!
VM8	C1	Ferrell	Cowlitz County PUD	H2	This is a firm obligation of power that doesn't exist.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	H2	BPA has determined that intertie access to the IOUs for wheeling their power to California can be done without interference with BPA's power marketing program. We question whether this determination is valid.
WNP3-193	A	Hestly	Self	H2	Access to the intertie seems to be a massive giveaway of public funds and resources, almost certain to raise our rates.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-215	E2	Ragen	Washington Utilities Group	H2	The EA and FONSI are inadequate because they fail to address the impact of the settlement on the future completion or termination of Project 3.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-49	C5	Loveland	Springfield Utility Board	H3	More credence should be placed on the value of energy traded in other markets, or its ability to preclude the use of more costly resources.
C-245	A	Jordan	Self	H3	If theirs so much excess energy then why is P. Johnson signing contracts with Canada for power.
BM10	C4	Ward	Raft River Electric Coop	H3	Why don't we rely on BC Hydro more?
WNP3-66	D2	Imbrecht	California Energy Commission	H3	Virtually eliminate any economic benefits from future nonfirm sales to California and preclude any possibility of expanded transmission between the two regions.

<u>TYPE</u>	<u>JP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SM23	E1	Cahn	WA Public Interest Research Group	I1	The price to the IOUs is below the preference cost.
KM1	C1	Clayhold	Benton County PUD	I1	It appears to be just a power sale to the IOU's for a period long after the publics will need the power.
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	I1	This is just one more attack on preference to Public Power.
SM1	E2	Rosier	Fair Use of Snohomish Energy	I1	Gives IOU's power that no other utility gets, risk free and at 1/2 the projected costs.
EM1	C4	Unknown	EWEB	I1	Will BPA offer a similar settlement to the owners of the remaining 70 percent in the form of a long-term low-cost sale of power?
VM8	C1	Ferrell	Cowlitz County PUD	I1	The settlement is not an exchange, it is a sale of firm power.
WNP3-126	C1	Hill	PUD of Klickitat County, WA	I1	The proposed settlement may seriously undermine the preference right of public utilities to Bonneville Power by transferring significant amounts of power to the IOU's at a low price that is protected from future Bonneville rate increases for decades to come.
EM1	C4	Unknown	EWEB	I1	EWEB is opposed to an exchange of Federal Base System secondary power at prices below the rates set for the sale of such power to Bonneville's other customer groups.
VM10	C1	Curtis-Somppi	Clark County PUD	I1	But this settlement is a serious erosion to Preference. Nonfirm won't be available in 35 years.
VM9	C1	Van Dyke	Clark County PUD	I1	Is this an exchange or a sale?
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	I1	Violates the preference rights granted to public utilities.
VM16	A	Noall	Self	I1	Against the erosion of Preference.
SPM15	C4	Nelson	Glacier Electric Co-op	I1	Establish a nonpreference and violates spirit of preference clause.
WNP3-65	C3	Glover	Pacific Carbide & Alloys Company	I1	Less lower cost power would be available to us, even though the Supreme Court decided we are entitled to it, because some would go to the IOU's.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-48	C1	Unknown	Lewis County, WA PUD	I1	Commits preference power to private companies at a lower price.
SM1	E2	Rosier	Fair Use of Snohomish Energy	I1	Causes available non-firm to be used first and would give the public utilities last access to non-firm.
C-66	A	Stover	Self	I1	What happened to the preference rights public power is supposed to have?
WNP3-157	C4	Tuft	City of Heyburn, Idaho	I1	Seems to essentially deliver priority firm power to the IOU's at the expense of preference customers.
WNP3-48	C1	Unknown	Lewis County, WA PUD	I1	Commits preference power to private companies at a lower price.
WNP3-232	C4	Fadely	Lane Electric Coop	I1	Settlement may violate preference customers.
WNP3-232	C4	Fadely	Lane Electric Coop	I1	Agreement would create a tax on preference by making preference customers pay the increased cost of CT operation should preference customers exercise preference when Bonneville needs this capacity to provide IOU settlement allocations.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	I1	Sells IOUs firm hydro power at a cost lower than the preference customers pay.
WNP3-193	A	Hestly	Self	I1	Agreement seems to give away preference power to the private utilities.
WNP3-218	E1	Hill	Washington State Grange	I1	Offer violates the preference rights.
WNP3-218	E1	Hill	Washington State Grange	I1	Settlement gives private utilities a large block of power for 35 years or longer at a cost <u>below</u> the cost BPA charges its public utility customers.

<u>TYPE</u>	<u>REP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM4	C1	Bickford	Benton County PUD	I2	The IOU's could avail themselves of the same nonfirm energy without the benefits of this exchange. This would provide the resource to the IOU's, at about the same price today, but with the possibility of price escalation through time.
KM4	C1	Bickford	Benton County PUD	I2	Any additional costs caused by the additional losses will be paid by customers of the public agency customers.
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	I2	Public customers paying for their own shares of abandoned projects without relieving IOU participants of their freely assumed risks.
EM1	C4	Unknown	EWEB	I2	The risk of detrimental rate impacts on our ratepayers is very real.
EM2	E1	Goldrich	American Federation of Teachers	I2	The implications regarding rate increases for ratepayers of both private and public utilities are unclear, potentially very substantial, more contested, and need to be much more fully explored and clarified for the public before any settlement is reached.
SPM5	C3	Stone	Kaiser Aluminum	I2	One major concern is that BPA's ratepayers will pay twice for this settlement--once through the delivering of preference power to the privates and the payment for the use of combustion turbines and then again through the Exchange agreement.
KM2	C1	Blodgett	Benton County PUD	I2	In our case it has been determined that it could cost public utility rate payers up to one half billion dollars over the life of the agreement.
KM1	C1	Clayhold	Benton County PUD	I2	Yet the publics, through the BPA rates, are expected to preserve the plant and possibly complete the construction.
WNP3-66	D2	Imbrecht	California Energy Commission	I2	Increase nonfirm rates due to WNP-3 inclusion in the average system cost calculation.
WNP3-93	A	Raffelson	Self	I2	If we add the private utilities pay back into that the rates will really skyrocket and moderate to middle income families will not be able to pay their electric bills.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-48	C1	Unknown	Lewis County, WA PUD	I2	Higher rates for consumers.
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	I2	Rate disparity will likely grow as rate charged preference customers come under increasing pressure due to the OMB proposal shift of revenue from the DSIs to Bonneville's public customers.
WNP3-126	C1	Hill	PUD of Klickitat County, WA	I2	Who will pay for the settlement in their rates.
WNP3-83	B	Piper	Pacific Northwest Generating Company	I2	Proposed settlement may call upon those customers pay for something they will never use.
EM1	C4	Unknown	EWEB	I2	If WNP-3 needed only a slight deviation from estimated costs and expected plant life would result in a \$150 million cost Bonneville's publicly-owned utility customers.
WNP3-55	A	Buck	Self	I2	The private Utilities will get electricity for 35 years at a lower rate, and PUD will have to increase our costs.
C-137	A	Epperson	Self	I2	We should not be forced to pay for judgement errors and other miscalculations made by BPA and the IOU's.
WNP3-58	A	Mattson	Self	I2	Clark County rate payers are paying 3.7¢ per KWh will go higher 2.7¢ per KWh.
C37	C4	Overs	Salem Electric Cooperative	I2	Would be too costly to the publics in the event WNP 3 were terminated.
SM28	A	Sampson	Self	I2	Can't stand rate increases any longer.
C-157	A	Schryvers	Self	I2	Rates are too high now.
WNP3-100	C1	Dillon	PUD of Snohomish County	I2	It will affect wholesale and retail rates for electricity, the region's energy mix, load growth, economic development, and the long-range planning.
SM25	E1	Livingston	Washington Senior Citizen's Lobby	I2	Concerned about senior citizens going hungry because they couldn't pay bills.
C-209	A	Carey	Self	I2	To bring costs back into perspective.

<u>TYPE</u>	<u>JP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SM1	E2	Rosier	Fair Use of Snohomish Energy	I2	Wholesale rates will be affected by O&M, etc. If resumed, 100 percent of costs instead of 70 percent would in rates meaning rate increases.
BM3	C4	Hurless	Salmon River Electric Cooperative	I2	Worst case for nonsettlement, Clayton estimated \$400 M which would be a lump sum and require interest payment, leading to an annual payment of \$35-40 million over life of agreement.
WNP3-60	A	Hansen	Self	I2	Public powers are carrying too big of a cost now.
WNP3-93	A	Raffelson	Self	I2	Don't think should have to pay higher rates to make sure they get their money back.
C-172	A	Willis	Self	I2	The public utilities should receive the same guarantees in low rates!!
T86	C1	Thompson	Klickitat PUD	I2	Concerned about rate impacts if plant is not completed.
C-112	A	Achenback	Self	I2	The electric bills are higher now than a retiree can pay.
C-159	A	Adams	Self	I2	I do not want nor do the people want higher rates.
C-145	A	Allan	Self	I2	If these rates increase I will be forced to sell my home.
C-36	A	Allen	Self	I2	Our electaricity bills are too high now.
C-7	A	Allord	Self	I2	My 300 acres of ground irrigated with Kennewick Irrigation District water will not be cost effectiave if the power cost is increased and I am against this proposed settlement.
C-152	A	Ames	Self	I2	Lets keep prices down.
C-153	A	Ames	Self	I2	Keep prices under control.
C-97	A	Arndt	Self	I2	Expecting the little guy to pay all the bills.
C-278	A	Ask	Self	I2	Don't get tangled up with others and raise rates which is bound to happen.
C-235	A	Bachison	Self	I2	Can't afford another increase.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-13	A	Beierschmitt	Self	I2	It seems BPA is bankrupting the Northwest with their unreasonable, continual, rate increases.
C-101	A	Brady	Self	I2	I don't think we should have to pay for their mistakes (BPA).
C-193	A	Braun	Self	I2	We do not need an increase in rates to pay for the mistakes that they have made.
C-98	A	Brodaczynski	Self	I2	Please help keep our costs down.
C-194	A	Brooks	Self	I2	Our rates are already high enough.
C-124	A	Byerly	Self	I2	No higher rates.
C-41	A	Carmack	Self	I2	There must be an end. Rate payers can't be expected to pay the cost of our economical mess.
C-158	A	Carpenter	Self	I2	We're paying too much already.
C-163	A	Carte	Self	I2	Our rates are too high now.
C-92	A	Cease	Self	I2	Senior citizens don't need rate increases.
WNP3-146	A	Chapman	Self	I2	Power rates will be increased.
C-225	A	Clark	Self	I2	Maintain rates at the lowest possible level.
C-201	A	Clinger	Self	I2	Power rates are high enough.
C-47	A	Cohoe	Self	I2	The power we are paying is high enough.
C-107	A	Collings	Self	I2	Why should we have to pay for their mistakes?
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	I2	We, your customers, must pay the costs.
WNP3-61	B	Conley	Harbor Community Bank	I2	By granting preferential rates to private power it will only come back to increase the power prices by PUD's.
C-8	A	Deronleau	Self	I2	With President Reagen tampering with the Social Security COLA there is no way we old people can afford rate increases.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-138	A	Doty	Self	I2	I don't believe private citizens should pay for the IOU's.
C-247	A	Faulds	Self	I2	Electric rates should be kept down.
C-94	A	Fishum	Self	I2	It is not right that rate payers should pay for the mistakes of few in the IOU's.
C-73	A	Foster	Self	I2	We don't need any higher bills.
C-60	A	Freund	Self	I2	I definitely oppose a rate increase of PUD.
C-160	A	Frields	Self	I2	I can not afford any higher electric prices.
C-254	A	Gibbons	Self	I2	Can't stand higher utility bills.
C-48	A	Graves	Self	I2	Rates are all ready too high.
C-87	A	Gray	Self	I2	We can't take any more increases.
C-228	A	Hanson	Self	I2	We are concerned over rising power costs.
C-208	A	Harwood	Self	I2	We can not stand an increase in our rates.
SPM3	C4	Herndon	Northern Lights, Inc.	I2	Clients (ratepayers) will pay the bill if there is a loss to BPA.
C-241	A	Huddleston	Self	I2	We oppose higher rates.
BM3	C4	Hurless	Salmon River Electric Cooperative	I2	Impact on ratepayers. Using PPC analysis, the worst case was \$424 million over life of settlement, or \$12 M annually, this would be about 1/2 mill on rate payers.
C-52	A	Jackson	Self	I2	I feel that our electrical rates are high enough.
C-31	A	Jantz	Self	I2	The rate fixing is unjust.
C-55	A	Kalinewski	Self	I2	Bills are high enough already.
C-164	A	Kerkow	Self	I2	Utility bills are high enough now!
C-189	A	Kinnick	Self	I2	We refuse to take any more price increases without a fight.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-51	A	Kles	Self	I2	How much will alternative to the proposed BPA solution cost us.
C-24	A	Kuklinski	Self	I2	This issue should be reviewed and evaluated by the public utilities who will foot the bill.
C-114	A	Lee	Self	I2	Our rates have increased enough: we should not have to pay for WPPSS mistakes.
C-229	A	Lopez	Self	I2	We can't afford higher rates.
C-232	A	Martin	Self	I2	Don't need rate increase.
VM7	C1	Martinson	Clark County PUD Industrial Group	I2	We need rate stability and predictability. This settlement will only result in instability and uncertainty.
C-165	A	Moore	Self	I2	We do not believe our electric rates should go any higher.
C-99	A	Moss	Self	I2	Why should we have to pay.
WNP3-118	A	Nelson	Self	I2	I protest the plan to charge the PUD ratepayers a higher rate in order to benefit the private utilities.
C-256	A	Nishiaka	Self	I2	Why are we paying for conserving?
C-46	A	Paris	Self	I2	No more increases.
C-6	A	Pauley	Self	I2	No more rate hikes due to poor judgment investments.
C-95	A	Peasjka	Self	I2	We can not afford higher electric bills.
C-177	A	Perkins	Self	I2	We do not want any more rate hikes.
C-244	A	Persinger	Self	I2	We are paying enough already.
C-181	A	Phillips	Self	I2	We must have electrical energy for progress (at a reasonable price).
C-118	A	Porter	Self	I2	Are we concerned about rising power costs.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-106	B	Rapp	Custom Insurance, Inc.	I2	Will cost all ratepayers served by the Public Utilities districts many millions of dollars.
C-149	A	Rose	Self	I2	On fixed income we don't need any raised in our utilities.
C-115	A	Saure	Self	I2	Our rates are high enough.
C-105	A	Schadt	Self	I2	Our bills are far to high now.
WNP3-142	A	Seiderman	Self	I2	Action totally unfair to us ratepayers who will have to bear the burden of making up the discounts BPA wants to give to the plaintiff utilities.
C-197	A	Smith	Self	I2	No more raises.
C-220	A	Smith	Self	I2	We are paying to much for our power already.
I23	C4	Smith	West Oregon Electric	I2	Someone must pay. Afraid it will be his rate payers.
C-162	A	Spalding	Self	I2	Our elect billing for approximately 6 months of the year exceeds our mortgage.
C-146	A	Stanko	Self	I2	I believe we ratepayers will end up paying for power given to the WPPSS participating utilities.
C-103	A	Thomas	Self	I2	We as customers will foot the bill.
C-85	A	Tucker	Self	I2	Leave our rates alone they've gone up enough!!
C-4	A	Turner	Self	I2	Im sure against any increase. The little man is the one who pays and pays and pays. Lets help the middle man instead of the big shots.
C-59	A	Urling	Self	I2	We don't need higher electric bills.
C-252	A	Winkleahy	Self	I2	We need to keep the price of electricity down.
PET	A	Various	342 individual signatures	I2	Settlement will raise electric rates we pay.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-191	D1	Weaver	Congressional Subcommittee	I2	I remain concerned about the impact settlement could have on the ratepayers of the investor-owned utility (IOU) ratepayers.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	I2	IOUs have tried to sanctimoniously accept no responsibility and pass the entire costs on to ratepayers.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	I2	Evaluations show a cost to BPA under any scenario.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	I2	Increased average system cost can only come from the public preference customers.
WNP3-193	A	Hestly	Self	I2	Access to the intertie seems to be a massive giveaway of public funds and resources, almost certain to raise our rates.
WNP3-213	A	Milt	Self	I2	The "energy agreement" for 35 years is very dangerous and could cost the ratepayers more than 2 billion dollars.
WNP3-219	C4	Grant	Small Utilities Group	I2	Wholesale power rates to preference customers could increase.
WNP3-218	C1	Dillon	Snohomish County PUD #1	I2	Wholesale power rates to public utility and direct service industrial (DSI) customers will increase.
WNP3-215	E2	Ragen	Washington Utilities Group	I2	It is misleading to suggest that the settlement will have a minimum economic impact on BPA.
WNP3-218	E1	Hill	Washington State Grange	I2	The costs of settlement will be greater if WNP-3 is terminated due to lack of need for its output.
WNP3-234	C2	Redmond	Washington Water Power Co.	I2	A rate increase with a settlement of #3 would represent approximately a 2% increase per year for five years.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SPM13	B	Bolles	Spokane Area Chamber of Commerce	I3	Will not have an adverse rate impact on other customers of the BPA and will, in fact, provide significant benefits to that agency and its customers during the life of the agreement.
KM10	C1	Hickman	Franklin PUD	I3	The settlement should slow down the legal fees being borne by ratepayers.
WNP3-152	B	Bagnall	Peoples Bank	I3	Would ensure no rate increases.
WNP3-101	B	Dilger	WA St Bldrs & Cons Trades Council	I3	Will greatly benefit the ratepayers, the customers and the working men and women in all industries of our great state.
WNP3-151	B	Johnson	Skagit Valley Builders Trades Council	I3	Actions will greatly benefit the rate-payers.
WNP3-153	B	Peters	Pierce Co., WA, Bldrs & Cons Trades Cou	I3	Actions will greatly benefit the rate-payers.
WNP3-68	A	Kelly	Self	I3	Avoid disasterous rate increases.
WNP3-63	B	Paige	Kidder, Peabody & Company	I3	If the proposed settlement is not approved, the capital cost of the utilitaies and, correspondingly their electric rates, will be negatively impacted.
SPM1	D2	Guess	Constituents	I3	Will not have an adverse rate impact on other customers of the Bonneville Power Administration.
SPM6	D4	Pupo	City of Spokane, WA	I3	Studies have demonstrated that the proposed settlement will have no adverse rate impact on other custoemrs of the BPA and will, in fact, provide significant benefits to that agency and its customers during the life of the agreement.
WNP3-67	B	Scott	Self	I3	No rate increases for the BPA.
WNP3-196	B	Boin	Milliman & Robertson	I3	No adverse effects on power supply or rates.
WNP3-186	B	Piper	Pacific NW Generating Company	I3	Settlement could eventually lead to lower BPA rates.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-66	D2	Imbrecht	California Energy Commission	I4	The settlement will convert nonfirm energy which would have been made available to California into a higher priced commodity available from the Northwest private utility owners of WNP-3.
WNP3-66	D2	Imbrecht	California Energy Commission	I4	California will lose potential rate-savings benefits from foregone Northwest purchases.
WNP3-66	D2	Imbrecht	California Energy Commission	I4	Settlement is likely to reduce the availability of nonfirm rates due to WNP-3 inclusion in the average system cost calculation.
WNP3-66	D2	Imbrecht	California Energy Commission	I4	Adverse impact settlement will have on the availability and cost of nonfirm power to the California market.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-152	B	Bagnall	Peoples Bank	I5	BPA productive use of the surplus energy.
WNP3-67	B	Scott	Self	I5	Effective use of BPA surplus energy.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-83	B	Piper	Pacific Northwest Generating Company	I6	Our rates should not include the costs of resources which might be needed for the investor-owned utilities.
SPM5	C3	Stone	Kaiser Aluminum	I6	Utility commissions of the 4 states have taken a dim view of exchange costs being put in the rate base when they are related to nonfunctioning thermal plants.
KM1	C1	Clayhold	Benton County PUD	I6	The expensive nuclear plant melded into the BPA rates will provide the IOU's power supply at a cost less than WNP-3 power if the IOU's choose to exercise their rights in the power sales agreement with BPA.
VM8	C1	Ferrell	Cowlitz County PUD	I6	And the publics will be charged 1/2 of the IOU cost (i.e., included in the Residential Exchange).
SM14	A	Rohr	Self	I6	IOUs can include costs even if the plant is not completed.
WNP3-123	C1	Blodgett	Benton County, WA PUD	I6	If publics pay to preserve expensive nuclear plants the costs are melded into the hydro base private power companies can purchase this low cost power to meet their load growth.
SPM12	E1	Keenan	Idaho Fair Share	I6	WNP-3 costs could be put into WWP customer rates.
C-207	A	McGrew	Self	I6	Costs should not be dispensed different.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	I6	BPA does not give sufficient emphasis to the impacts of private utility rate increases of up to 15% if the sunk costs of the plant are rate-based as a consequence of the settlement.
WNP3-216	C4	Hardy	Seattle City Light	I6	We are pleased that Bonneville will not reimburse private utilities for sunk cost in WNP-3.
WNP3-234	C2	Redmond	Washington Water Power Co.	I6	The Company currently contemplates a "phasing in" of one-fifth of its investment over five years rather than rate basing its investment all at one time.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
KM1	C1	Clayhold	Benton County PUD	I7	We are aware that the privates will need additional resources to meet load growth much before the publics.
SM1	E2	Rosier	Fair Use of Snohomish Energy	I7	Not needed in 20-year forecast. The privates will need the power in the 1990's.
EM1	C4	Unknown	EWEB	I7	Why ratepayers required to pay to preserve and complete the WNP-3 when the power will most likely be needed first by customers of the investor-owned utilities.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	I7	Power from No. 3 not needed by publics until 2005. IOUs will need additional power in the mid-1990s. The publics may never need it but we pay for the IOUs' share.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-66	D2	Imbrecht	California Energy Commission	J1	Settlement is likely to reduce the availability of nonfirm rates due to WNP-3 inclusion in the average system cost calculation.
SPM2	E1	Riddle	Idaho Fair Share	J1	To the extent that Water Power can show that the exchanged power from BPA is used and useful to the Idaho ratepayers, then Fairshare will agree to ratebasing that power at the cost of purchase only-or-if water power pledges not to attempt to rate base their WPPSS #3 investment until it is in commercial operation.
SPM2	E1	Riddle	Idaho Fair Share	J1	Water Power must pledge not to ask the Idaho Public Utilities Commission for ratebasing of WPPSS #3 costs.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	J1	Agreement allows the IOUs to place their sunken costs into the average system cost methodology for exchange purposes.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	J1	Power should be rate based at its cost of production not including sunk costs.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SM2	A	Wojick	Self	J2	Suggests that Caps be put into the agreement.
WNP3-115	C4	Pittman	Town of McCleary	J2	The term is an indefinite one, unclear whether term would end when the particular surrogate plants would normally be terminated or when the surrogate plants subject to overhaul, updating, and renewal would terminate.
WNP3-85	A	Kailin	Self	J2	Careful examination of the assigning of so large an amount of power to the private utilities, with a freezing of their rates for 35 years.
WNP3-49	C5	Loveland	Springfield Utility Board	J2	Semi-independent transaction available for so long as the current Federal system surplus lasted, and was economically advantageous to BPA.
VM8	C1	Ferrell	Cowlitz County PUD	J2	How is BPA's crystal ball at seeing things 35 years down the road?
VM1	A	Uhrig	Self	J2	A settlement based on assumptions 35 years out is not a good idea
C-26	A	Hinkelman	Self	J2	BPA should make a more limited offer or go to court.
SM12	C4	Jackson	Tacoma City Light	J2	The 35 year agreement gives too much to the privates with the value of power in later years.
BM12	C1	Ragen	Washington Public Power Group	J2	Did we propose a 20 year life and would it be advantageous to public power to do so?
WNP3-189	B	Chisholm	Chisholm & Bradley, Chtd.	J2	Trends and conditions can change. The settlement binds public power for too long a time, settlement should have a fixed life of ten years or less.
WNP3-232	C4	Fadely	Lane Electric Coop	J2	Settlement do not follow federal restrictions on such sales.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	J2	An irrevocable commitment to deliver power to exceed 35 years, BPA is granting the IOUs a super preference.
WNP3-213	A	Milt	Self	J2	The "energy agreement" for 35 years is very dangerous and could cost the ratepayers more than 2 billion dollars.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-218	E1	Hill	Washington State Grange	J2	Settlement gives private utilities a large block of power for 35 years or longer at a cost <u>below</u> the cost BPA charges its public utility customers.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-49	C5	Loveland	Springfield Utility Board	J3	(IOUs) Should take their greater responsibility for the project.
WNP3-49	C5	Loveland	Springfield Utility Board	J3	Transfer one-half interest, and investment, in WPPSS 3 to the investor owned utilities, thereby giving greater responsibility also controlling rights for restart.
SM1	E2	Rosier	Fair Use of Snohomish Energy	J3	Recommend that IOU's include capital costs and purchase the remaining 70 percent of WNP-3.
SM16	C1	Mundorf	Snohomish PUD	J3	Snohomish Board did suggest giving IOUs a portion of WNP plant 2.
C-116	A	Flynn	Self	J3	Suggest plant #3 be sold to privates.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	J3	Give the IOUs full title to WPPSS 3.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	J3	Allow the privates to buy into WPPSS 2. Let's give them the thing, key and carcass.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-49	C5	Loveland	Springfield Utility Board	J4	In exchange for transfer of investment in WPPSS 3 Bonneville would obtain options to additional power. The cost would be at the actual operating costs of the plants, plus a return on the IOU margin of costs to complete the plant, less the net exchange benefits received by IOU's from the plant.
C-216	A	Black	Self	J4	Gas turbines owned by IOUs should not be picked up by BPA.
SM10	C1	Casey	Greys Harbor PUD	J4	It is a mistake to commit to thermal resource without deliberate planning on costs, etc.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	J4	Terminate WPPSS 3 and allow IOU purchase of public conservation. Insulate the region from higher rates because the cheapest resource would be acquired first. The privates could begin paying in 1987 and receive surplus firm power until the surplus is gone.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	J4	Terminate #3, offer privates the opportunity to purchase firm power as long as it lasts and then allow them to purchase nonfirm, while providing their own back up.
WNP3-216	C4	Hardy	Seattle City Light	J4	The region's best interest, that other resources which are less costly than the private utilities' combustion turbines, if available, be used.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-218	C1	Dillon	Snohomish County PUD #1	J4	Bonneville might encourage construction of additional peaking resources. Their impacts on the environment could be severe.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
EM1	C4	Unknown	EWEB	J5	What is the treatment of costs in the event that WNP-3 reaches commercial operation but is subsequently taken offline while at least one of the surrogate nuclear plants remains in operation?
VM9	C1	Van Dyke	Clark County PUD	J5	Using 4 surrogate plants gives the odds to the IOU's and the stockholders are the gainers.
SM2	A	Wojick	Self	J5	Expand the base to include more plants. Index the settlement to something like the average energy charged by all utilities so that it can't be manipulated.
VM8	C1	Ferrell	Cowlitz County PUD	J5	Why are there 4 surrogate nuclear plants instead of 1? It reduces the nuclear risk.
SM2	A	Wojick	Self	J5	The surrogate (index) concept does not meet the standard rules indexing. Normally you want a large basis for the index. Also, the basis for the index should be noncontrollable by any of the parties. This means that the Federal Government should be out of the picture for the index.
SM30	A	Handyontich	Self	J5	Objects to the figure stating that since WNP-3 is 2/3 complete, the settlement should be based on 2/3 of the output. Perhaps it would be more accurate to look at the costs to complete the surrogate plants and factor the output from that.
SM16	C1	Mundorf	Snohomish PUD	J5	Snohomish County did not endorse or suggest the surrogate plants.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	J5	As loads increase IOUs will pay stable O&M cost for the four surrogate plants while preference customers will bear increased costs.
WNP3-193	A	Hestly	Self	J5	The "4 unit surrogate pool" cuts the privates risk factor to almost nil. Settlement should leave the 70-30 split of risk in place.

<u>TYPE</u>	<u>JUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM4	C1	Bickford	Benton County PUD	J6	Our analysis of Section 6 of the exchange agreement indicates that this section will allow the IOU's access to the energy deliveries even if a court of law declares the actual exchange provisions invalid.
WNP3-49	C5	Loveland	Springfield Utility Board	J6	More credence should be placed on the value of energy traded in other markets, or its ability to preclude the use of more costly resources.
KM4	C1	Bickford	Benton County PUD	J6	In order to be sure that an analysis has bounded all of the likely outcomes, the probability of each events' occurrence must also be weighed.
KM4	C1	Bickford	Benton County PUD	J6	Will the public utilities and their retail customers be willing to pay preservation costs of their own 70 percent of the project plus the 30 percent share for the private utilities?
VM3	E2	Griffing	Cit Rate Ad Comm of Clark County	J6	Let's not buy out IOU's share of WNP-3.
KM7	A	Windsor	Self	J6	Refueling time for O&M costs and plant availability should be based on 6 to 8 days instead of 60 days.
VM24	A	Brice	Self	J6	BPA should pay they (IOUs) off now.
EM5	C4	Loveland	Springfield	J6	Amount of power should be tied in also.
SM29	E1	Pollet	WA Public Interest Research Group	J6	Given earlier figures of 35 mils to California, selling it to California would give a benefit without a settlement which has not been presented in the study.
WNP3-46	D2	Porks	Lands State of Oregon	J6	Set of principals should reflect decision 9th U.S. Circuit Court of Appeals upheld the contracts requiring residents to continue paying for the plant.
KM7	A	Windsor	Self	J6	BPA should be using 100 percent plant production when figuring generation for exchange.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	J6	The alternative use of the power is to support a long-term firm sale to California or other extra-regional utilities. It is likely that such utilities would pay 30-40 mills for a firm power contract lasting 35 years under the same general terms as the settlement.
WNP3-232	C4	Fadely	Lane Electric Coop	J6	There is no provision relieving BPA of its obligation to provide power to the IOUs to the extent the IOUs fail to keep their commitments.
WNP3-232	C4	Fadely	Lane Electric Coop	J6	The agreement should contain disclaimers that it is not intended, nor will it be allowed, to affect preference rights and/or priority to BPA non-firm energy.
WNP3-232	C4	Fadely	Lane Electric Coop	J6	The proposed MOU should be modified so that no inference of a modification of the ownership, project or net-billing agreements is possible.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	J6	Pay full cost of producing firm power at nothing less than the current preference rate, privates retain liability associated with WPPSS 3, give BPA full control over #3's fate.
WNP3-212	D1	Evans	National Marine Fisheries Service	J6	Recommend the following be incorporated: Actions required under this proposed Settlement will not alter or hinder provision of spill for fish passage as provided for in the annual juvenile fish passage plans developed pursuant to the Columbia Basin Fish and Wildlife Program (Sections 400 and 1500) or other applicable spill programs at Corps of Engineers and mid-Columbia Public Utility District projects.
WNP3-186	B	Piper	Pacific NW Generating Company	J6	Changes need to be made which would result in more certainty and greater economic benefits for your preference customers.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
KM1	C1	Clayhold	Benton County PUD	J7	It reduces regional motivation for a WNP-4/5 litigation settlement. If the IOU's have no financial interest in WPPSS there will be no reason for them to consider seriously any regional plan to solve the WNP-4/5 problem.
BM4	C4	Chisholm	City of Rupert	J7	I believe you should include discussion of a settlement of the WNP-4 & -5 cost sharing lawsuit.
SPM11	C2	Redmond	WNP	J7	Issue of WNP-3 should be separated from other litigation.
BM2	C4	Smith	City of Idaho Falls	J7	Couldn't we say there would be no more lawsuits. We hope this will be an example.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	J7	The IOUs and BPA bemoan the whirlpool of litigation, yet they have not arranged to release all parties to the litigation.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SM1	E2	Rosier	Fair Use of Snohomish Energy	K2	It would also spare them the capital costs.
WNP3-49	C5	Loveland	Springfield Utility Board	K2	Investor owned utilities took certain risks not entitled to compensation PP&L has apparently written off its participation in WPPSS 3 plant.
WNP3-93	A	Raffelson	Self	K2	Sure would be nice if someone would cover my bad investments!
EM2	E1	Goldrich	American Federation of Teachers	K2	Nothing in the settlement to represent a sharing by the IOUs in the financial risks. That seems wholly inappropriate.
SM12	C4	Jackson	Tacoma City Light	K2	IOUs were subject to risks, now they are not.
WNP3-58	A	Mattson	Self	K2	Why should the investor owned utilities get off scott free.
WNP3-141T	A	Nelson	Self	K2	Private companies should take their lumps too, not profit at public expence.
C-147	A	Kays	Self	K2	When investments like this are made, theres no guarantees.
C-56	A	Snopp	Self	K2	Why should we pay for someones mistake.
VM5	E2	Test	Cit Rate Ad Comm of Clark County	K2	It also exempts the IOU's from the financial risk of a nuclear plant accident.
C-241	A	Huddleston	Self	K2	We oppose paying the IOU's share.
C-165	A	Moore	Self	K2	Nor do we believe we should subsidize private investors.
C-121	A	Clark	Self	K2	I do not want to pay for the terrible mismanagement by WPPSS managers and officials.
C-237	A	Collins	Self	K2	Any debts should be shared equally by all members or prior members of the WPPS projects.
VM2	A	Cusic	Retired Citizens	K2	The IOU's went into WNP-3 with their eyes open.
WNP3-110	B	Davidson	Self	K2	It's always someone else who should suffer the loss but not them.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-210	A	Dedlow	Self	K2	I can not afford to invest money nor can I afford increased rates because some people expect a return on a poor investment.
C-44	A	Emery	Self	K2	We're tired of paying for someone else's mistakes.
C-212	A	Gardner	Self	K2	This should be considered a "Investment gone bad", (IOUs) should have no recourse.
C-72	A	Gillispie	Self	K2	Any investment has a risk taken so I felt they should live with their loss.
C-132	A	Greeg	Self	K2	I don't think the public Power companies should be stuck with the IOU's share of #3.
C-223	A	Halstead	Self	K2	They gambled and lost. Why should we have to bail them out?
WNP3-60	A	Hansen	Self	K2	Protest repay private utilities for their entire investment in No. 3. It should be their loss.
C-187	A	Kelly	Self	K2	If all the WPPSS projects been completed and gone "on line" Would I have shared in their profits? I don't think so.
C-169	A	Keys	Self	K2	Investors should pay the bills.
C-68	A	Lowe	Self	K2	Investment risks taken by individuals must be assumed whether by a single person or utility.
C-65	A	McNutt	Self	K2	There are no guaranteed investments WPPSS investors need to accept the loss of a bad bet.
C-10	A	Monge	Self	K2	I do not feel that all nonparticipating ratepayers should have to cover the people that invested in WPPSS bonds with obvious hopes to turn a profit and then lost.
C-123	A	Nance	Self	K2	We think the ones that caused all of this should be the ones to have to pay, not the rate payers.
C-53	A	Nelson	Self	K2	Private power wanted in on the benefits. They should share the losses.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
SM9	C1	Olsen	Board of Directors, Mason Co. PUD	K2	The Public Utilities end up with all the risks and no benefits.
WNP3-93	A	Raffelson	Self	K2	Private utilities invested their money in WPPSS like the bondholders and should have to take the same consequences.
C-242	A	Reed	Self	K2	No one guaranteed the (4) IOUs a profit on their capital investment.
C-253	A	Rugglec	Self	K2	Their risks should be the same as anyone else.
C-5	A	Sayes	Self	K2	Personally we would just as soon not pay for someone else's bad business judgement.
C-221	A	Shute	Self	K2	Investing is a gamble each should take their losses and not expect others to pick up the tab.
C-227	A	Smith	Self	K2	Private utilities took a chance to make money, shouldn't they take their lumps.
C-34	A	Southard	Self	K2	When the average person takes a chance like stocks companies etc. if it fails you have to take the lumps as they fall.
C-156	A	Taylor	Self	K2	If I make a mistake I pay for it, but don't think much of having to pay for somebody else's "goof."
WNP3-69	A	Truesdell	Self & Family	K2	Why should private utilities walk away financially unscathed.
VM1	A	Uhrig	Self	K2	Shareholder takes the risk along with everyone else.
C-40	A	Weiss	Self	K2	I think the shareholders should absorb their losses in WPPSS bonds just as you & I would if we made a bad investment!!
C-15	A	White	Self	K2	Let bond buyers bite the bullet.
C-96	A	Williams	Self	K2	Gambled on interest investments and my thinking they lost.
C-	A	Williams	Self	K2	The IOU's as partners in Satsop #3 should be shares in losses same as PUD's.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
C-172	A	Willis	Self	K2	Investment always carry risks! Why should the private utilities be guarranted not to lose.
C-28	A	Zoeller	Self	K2	Both private and public utilities went in with their eyes open so both should be responsible for their actions.
WNP3-215	E2	Ragen	Washington Utilities Group	K2	The settlement relieves the IOUs of their obligation to fund completion of their 30 percent share.
WNP3-232	C4	Fadely	Lane Electric Coop	K2	Bondholders purchased #3 obligations with the understanding that IOUs would have 30% project oversight. Transfer to BPA impairs that security.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	K2	IOUs have tried to sanctimonically accept no responsibility and pass the entire costs on to ratepayers.
WNP3-213	A	Milt	Self	K2	Let the investors take and pay for their mistakes like the rest of us do.

TYPE	GUP	NAME	REPRESENTING	ISSUE	COMMENTS
SM2	A	Wojick	Self	K3	When O&M goes way up & power costs goes down, would create a windfall profit for BPA.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-237	D1	13 Congressman	13 Congressional Districts	L1	The best interests of the region are served by an attempt to resolve the WNP-3 lawsuit outside of the courtroom.
WNP3-56	A	Minneman	Self	L1	Stop legal actions generated only to pay continuing legal fees.
SPM5	C3	Stone	Kaiser Aluminum	L1	Energy leaders in the Northwest should be able to settle disputes and differences without reverting to the courts and costly litigation.
T80	C1		North Wasco PUD	L1	Agree settlement out of court.
WNP3-94	B	Garberg	Shuksan Frozen Foods, Inc.	L1	Work for an out-of-court settlement.
T16	C1	Neutzman	Central Lincoln PUD	L1	Too bad all our power policies have to be made in court.
WNP3-45T	A	Tate	Self	L1	Resolve it out of court, more resort to the courts the more involved and expensive it all gets.
T86	C1	Thompson	Klickitat PUD	L1	Sees merit it trying to settle out of court.
WNP3-98	D3	Van Zanten	Whatcom County, WA	L1	Settlement would enhance the financial viability of the four investor-owned utilities. Settlement provides Puget Power with needed power and protects its customers' investment in WPPSS Plant 3.
SM26	E1	Zempke	Don't Bankrupt Washington	L1	Mediate the WNP-3 plant. Try to end all law suits.
WNP3-230	D1	8 Senators	Senate Appropriations Committee	L1	The best interests of the region are served by an attempt to resolve the WNP-3 lawsuit outside of the courtroom.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
KM2	C1	Blodgett	Benton County PUD	L2	If Judge Browning strikes down Judge Bilby's rulings there will be no legal reason for settlement at this time.
WNP3-49	C5	Loveland	Springfield Utility Board	L2	Bilby's decisions may be set aside.
EM1	C4	Unknown	EWEB	L2	Yesterday, Judge William Browning set aside a previous judicial ruling that BPA had breached its ownership agreement with the four private utilities. The EWEB opposes future discussions of this settlement without the legal finding that a breach of contract has occurred.
WNP3-147	C4	Funke	Idaho Co. Light & Power	L2	In light of Judge Browning's May 16th ruling vacating Judge Bilby's earlier decisions, this is neither the correct settlement nor the correct time to enter into the proposed "energy exchange agreement."
WNP3-126	C1	Hill	PUD of Klickitat County, WA	L2	Judge Bilby's decision has not been confirmed and could well be overturned.
WNP3-128	C1	Moore	Washington PUD's Association	L2	Rulings of a federal judge used to justify a settlement have now been vacated.
WNP3-191	D1	Weaver	Congressional Subcommittee	L2	In light of Judge Browning's decision to vacate Judge Bilby's ruling BPA should now vigorously defend your correct decision in May 1983 to halt construction on WPPSS 3.
WNP3-208	B	Gorans	Greater Seattle Chamber of Commerce	L2	A recent federal district court ruling vacating the past breach of contract ruling has only delayed litigation. In the absence of a settlement, there remains the certainty of protracted and continued litigation.
WNP3-187	E2	Stearns	NW Conservation Act Coalition	L2	Browning decision to vacate Judge Bilby's decisions, settlement must be reexamined and other alternatives considered.
WNP3-174	C1	Carlson-Price	PUD of Skamania County WA	L2	With the recent ruling by Judge Browning, BPA should take this opportunity to drop the settlement proposal and begin anew.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	L2	Judge Browning's ruling make the proposed settlement grossly premature.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-216	C4	Hardy	Seattle City Light	L2	There may be long-term implications that BPA needs to consider in this given court decisions.
WNP3-215	E2	Ragen	Washington Utilities Group	L2	Those orders (Judge Bilby's) have been vacated and EPA must reassess the need for the proposal and alternatives in light of such vacated orders.
WNP3-218	E1	Hill	Washington State Grange	L2	Settlement is an overreaction to a preliminary ruling by a judge who has since disqualified himself.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-51	C1	Commissioners	PUD #1 of Clallam County, WA	L3	BPA's position in the WNP-3 litigation is quite defensible.
SM1	E2	Rosier	Fair Use of Snohomish Energy	L3	Peter Johnson says we can win.
WNP3-49	C5	Loveland	Springfield Utility Board	L3	Legal staff should make an assessment of the risks of litigation.
KM5	C1	McCormack	Benton PUD	L3	BPA has a legal and moral obligation to pursue the litigation.
SM8	C4	Nolan	Tacoma City Light	L3	TCL urges BPA to allow legal aspects to proceed until a settlement would be timely, even if the settlement would be the correct route.
SM23	E1	Cahn	WA Public Interest Research Group	L3	Why enter into settlement because the IOUs suit is shakey.
WNP3-157	C4	Tuft	City of Heyburn, Idaho	L3	Now that Judge Browning has vacated Judge Bilby's ruling in the case, may I urge you to go back to the bargaining table with the IOU's and see if more favorable terms can be worked out.
WNP3-106	B	Rapp	Custom Insurance, Inc.	L3	I really don't believe the IOU's can prove a loss.
SM7	E2	Sullivan	Northwest Conservation Act Coalition	L3	You can't escape litigation. BPA should pick the stronger case and pursue it.
EM1	C4	Unknown	EWEB	L3	Continuation of the private utilities' lawsuit may be preferable to the settlement as currently proposed.
WNP3-189	B	Chisholm	Chisholm & Bradley, Chtd.	L3	Bonneville will be bargaining from a position of weakness in dealing with the investor owned utilities when disputes arise.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	L3	The discussion of the "No Action" alternative is incomplete and one-sided. It would have been appropriate to mention the benefits that would flow from victory in the litigation.
WNP3-222	C1	Skov	Northern Wasco County PUD	L3	I strongly urge reconsideration of your decision to exclude the Washington Utility Group from further negotiations. Further exclusion of the Washington Group virtually assures continued litigation.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	L3	BPA is admittedly giving a mere <u>claim</u> of the IOUs the dignity of a money judgment for the <u>full</u> amount of the claim. Many things would have to happen before this would be ripened into a judgment.
WNP3-213	A	Milt	Self	L3	Let the counts decide these issues.
WNP3-220	C4	Grant	Small Utilities Group	L3	The agreement has the potential to expose the Small Utilities and their directors to the risks and burdens of additional litigation.
WNP3-218	E1	Hill	Washington State Grange	L3	Settlement would eliminate incentive in settling other major lawsuits involving WPPSS.
WNP3-218	E1	Hill	Washington State Grange	L3	Is inconsistent with BPA's ability to defend itself in this lawsuit.
WNP3-218	E1	Hill	Washington State Grange	L3	Settlement gives private utilities the right to continue to sue the public utilities.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
SM1	E2	Rosier	Fair Use of Snohomish Energy	L4	Would be more consistent to have regional council review under section 6 for combustion turbines plus 124 MW.
SM1	E2	Rosier	Fair Use of Snohomish Energy	L4	Regional council should review the acquisition.
SM10	C1	Casey	Greys Harbor PUD	L4	BPA is avoiding section 6(c) of the council.
VM9	C1	Van Dyke	Clark County PUD	L4	If it is a sale BPA should go through a 6(c) process.
EM2	E1	Goldrich	American Federation of Teachers	L4	Bonneville should be going through the Northwest Power Planning Council for the appropriateness of the acquisition of all the resources involved (combustion turbine capability the exchanged 248 mw. share of #3, and the option on 124 mws).
SM7	E2	Sullivan	Northwest Conservation Act Coalition	L4	This arrangement appears to give BPA a bypass of the Regional Council.
WNP3-232	C4	Fadely	Lane Electric Coop	L4	The settlement really gives ownership to BPA; it is not an agreement to acquire in the future and therefore may violate the Regional Act.
WNP3-232	C4	Fadely	Lane Electric Coop	L4	The acquisition may happen upon execution requiring BPA to commence Regional Act acquisition procedures now.
WNP3-221	E2	Sullivan	NW Conservation Act Coalition	L4	Settlement commits BPA to acquisition of a "major resource" as defined by the Pacific Northwest Conservation and Electric Power Planning Act, without going through the acquisition procedures specified in the Act. The impacts of such an acquisition should be considered in the EA.
WNP3-182	C1	Curtis	PUD No. 1 of Clark County WA	L4	By labeling the acquisition of Plant #3 an exchange, BPA avoid(s) the new resource acquisition provisions of Section 6C of the Regional Power Act.
WNP3-216	C4	Hardy	Seattle City Light	L4	We are pleased with the comments regarding compliance with procedures required under Section 6(c) of the Northwest Power Act.

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-232	C4	Fadely	Lane Electric Coop	L5	Settlement will effect the contract rights of the net-billed participants. With BPA taking the IOUs' share there has been a step-up of net-billed obligations not contemplated, intended, or provided for in the net-billed agreements.
WNP3-232	C4	Fadely	Lane Electric Coop	L5	As third-party beneficiaries the participants can enforce ownership agreement contract terms, including the clause disallowing assignment of IOU rights to an entity such as BPA.
WNP3-232	C4	Fadely	Lane Electric Coop	L5	The statutory framework appears to preclude assignment to BPA, eroding the required consideration and making the plan suspect or invalid under statutory law.
WNP3-232	C4	Fadely	Lane Electric Coop	L5	If settlement is an "exchange" the administrator may not have the authority to enter into this agreement. Under Section 5(b) the administrator can only enter a "mutual exchange of unused excess power."
WNP3-232	C4	Fadely	Lane Electric Coop	L5	The exchange may not be allowed under Section 5 (c)(1) because that statute refers to a power-for-power exchange, not power for capability, and IOU proposed use of exchanged power is not limited to residential and small farm customers.
WNP3-232	C4	Fadely	Lane Electric Coop	L5	Settlement power may not be used in an extension of the administrator's authority. This appears to happen as BPA would acquire the capacity of #3 and circumvent sale, exchange and preference protections.
WNP3-232	C4	Fadely	Lane Electric Coop	L5	If it is a sale then the sale rates are subject to Federal Energy Regulatory Commission review.
WNP3-232	C4	Fadely	Lane Electric Coop	L5	If agreement is an administrative allocation and BPA points to no specific Congressional authority allocation is subject to preference under the Central Lincoln decision.
WNP3-232	C4	Fadely	Lane Electric Coop	L5	Any backup agreement with different wording, but the same or similar substance, is subject to the possible legal infirmities listed above.

Attachment-4

WNP COMMENTS BY ISSUE

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
WNP3-241*	C4	Fadeley	Lane Electric Coop	?	Lane Electric's staff has reviewed the revisions to the proposed settlement and feel Lane Electric's earlier comments are still applicable. (See WNP3-232)
WNP3-244*	C4	Reeder	EWEB	?	Bonneville should convene a "7(i) process" at the earliest date that is administratively feasible for the purpose of instituting proper rate treatment of settlement costs and benefits. Therefore, the power supply costs of the settlement should be spread evenly among all Bonneville customers classes. Revenues from nonfirm sales and transmission arising from the settlement should be credited to offset the firm power rates of Bonneville's preference customers. Neither the loads nor the resources associated with the settlement agreement should be included in the load resource calculations used to determine Bonneville's wholesale power rates.
WNP3-246*	C4	Grant	21 Municipal/Coop. Utilities	?	The Regional Act also requires that the benefits of any acquisition by Bonneville must be distributed equitably throughout the region. This settlement proposal appears to benefit the shareholders and management of the region's four investor-owned utilities.
WNP3-246*	C4	Grant	21 Municipal/Coop. Utilities	?	The 1.2 multiplier needlessly increases the power deliveries IOUs will receive under the agreement just as Calvert Cliffs would.
WNP3-246*	C4	Grant	21 Municipal/Coop. Utilities	?	We do reiterate the request previously made to Bonneville that BPA present the trustee for the WPPSS Project 3 bondholders with this proposed settlement agreement to seek the trustee's opinion that the agreement does not interfere with the rights of the bondholders or impair the bondholders' security for their bonds.
WNP3-246*	C4	Grant	21 Municipal/Coop. Utilities	?	Letters of understanding. We have not been furnished copies of these letters.

WNP COMMENTS BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-248*	C3	Crisson	DSI, Inc.	?	Some of the payment provisions of the proposed settlement are inequitable and inconsistent with BPA's guarantee of minimum annual quantities of power. One could result in no payment. Sections 1(cc) and 5(b)(2) should be changed.
WNP3-249*	C1	Ragen	Washington Utility Group	?	The settlement injures public utilities by relieving the IOUs of their obligation to pay for 30 percent of the completion of the plant when needed.
WNP3-249*	C1	Ragen	Washington Utility Group	?	The agreement fails to deal with the participants' claims that BPA is not entitled to direct that the project can be completed by financing through BPA rates.
WNP3-249*	C1	Ragen	Washington Utility Group	?	However, BPA failed to obtain a reduction of the maximum limit on either the annual or total quantity of power.
WNP3-249*	C1	Ragen	Washington Utility Group	?	BPA should have obtained a concession that it be allowed to deliver on a take-or-pay basis the maximum quantity of power, 193 megawatts, when it wished to satisfy the minimum annual and aggregate supply requirements of the agreement.
WNP3-249*	C1	Ragen	Washington Utility Group	?	The quantity of power delivered is based upon a 65 percent availability factor. This is higher than industry experience and unsupportable.
WNP3-249*	C1	Ragen	Washington Utility Group	?	The IOUs received shaping benefits which give them power in the winter months when they need it most, unlike the steady output of a nuclear plant. BPA receives no compensating benefits for this advantage to the IOUs.
WNP3-249*	C1	Ragen	Washington Utility Group	?	BPA grants to the IOUs the advantage of "uniform" wheeling charges even though the IOUs will take power in concentrated blocks on which wheeling charges for such quantities would be higher.
WNP3-249*	C1	Ragen	Washington Utility Group	?	BPA has failed to adequately estimate the frequency with which CTs will be required. Failed to quantify the use of CTs beyond the year 2005.

WNP COMMENTS BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
NP3-249*	C1	Ragen	Washington Utility Group	?	As can be seen from this analysis, the range of cost (in millions) of the settlement under Termination and Completion is as follows: (Termination, Low -\$148; Medium -\$322; High -\$630) (Completion, Low \$90; Medium -\$48; High -\$293)
NP3-249*	C1	Ragen	Washington Utility Group	?	The IOUs are trading the sunk cost of an incomplete mothballed nuclear plant for hydro generation which has more than two times as much capacity as the 30 percent share of Project 3.
NP3-249*	C1	Ragen	Washington Utility Group	?	BPA conceded to Pacific the option to defer. Participate in taking the power. This allowed Pacific the advantage of looking at the economics of the agreement before the advantage of looking at the economics of the agreement before deciding whether it would pay for the power. BPA's economic analysis did not acknowledge the lost revenue this delay creates.
NP3-249*	C1	Ragen	Washington Utility Group	?	Similarly, the other IOUs were permitted to defer the .2 increase in power. BPA failed to extract during the negotiations any compensating benefits for these concessions made to the IOUs.
NP3-249*	C1	Ragen	Washington Utility Group	?	The risk of a judgment for reallocation of costs and the associated financial burden on completion has not been analyzed by BPA.
NP3-249*	C1	Ragen	Washington Utility Group	?	BPA failed to obtain an express commitment by the IOUs that they would pay 30 percent of any cost-sharing judgment obtained against Project 3. The risk, therefore, remains that the cost-sharing claimants could make any such judgment a lien against the project which could interfere with BPA's future administration of the plant.

WNP COMMENTS BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
NP3-249*	C1	Ragen	Washington Utility Group	?	Section 6 of the Settlement Exchange Agreement is an extraordinary and unprecedented provision recognizing the probable illegality and unenforceability of the basic settlement agreement. Relieves the IOUs of their obligations to pay for preservation costs and completion costs, the means for making such payments remain in doubt. This section provides no means for financing completion of the IOUs' share of the project. Subsection 2 refers with the permissive language "may" to a trust agreement. It is impossible to evaluate the settlement without knowing the terms of this trust agreement. BPA has failed to provide any economic analysis of the consequences of the "fallback" provisions.
NP3-240*	C1	Olsen	PUD #3 of Mason County	1	We, the Commissioners of Public Utility District No. 3 of Mason County, Washington, oppose the above referenced settlement agreement.
NP3-242*	B	Lyons	E. F. Hutton	1	The parties to and affected by the litigation, both directly and indirectly, appear to be treated fairly and equitably by the settlement.
NP3-242*	B	Lyons	E. F. Hutton	1	Avoids a long and costly litigation process.
NP3-244*	C4	Reeder	EWEB	1	The revised settlement proposal appears superior to the original.
NP3-244*	C4	Reeder	EWEB	1	The proposed settlement agreement will require judicial review, where the validity and lawfulness of the proposed agreement will be determined. Based on such a commitment by Bonneville and upon a finding that the agreement is lawful, the revised settlement proposal is preferable to continued litigation and cost uncertainties.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	1	Proposal appears to produce more litigation than it will conclude. Ratepayer groups challenge the proposals. Revised settlement proposal does not address the cost-sharing claims included in <u>BPA v. WPPSS</u> . Certain parties, especially Chemical Bank, will undoubtedly continue to press those cost-sharing claims.
NP3-249*	C1	Ragen	Washington Utility Group	1	The result is a settlement which is illegal, too complex, and too expensive.

WNP COMMENTS BY ISSUE

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
NP3-249*	C1	Ragen	Washington Utility Group	1	It violates participants' rights as third-party beneficiaries of the ownership agreement, violates the Northwest Power Planning Act, the Bonneville Act, and NEPA. The settlement agreement should not be executed until the court has had an opportunity to rule on its legality and enforceability.
NP3-249*	C1	Ragen	Washington Utility Group	1	BPA has failed to discuss its assessment of the value of the IOU claims. BPA has also failed to quantify the value of the benefits of the settlement to the IOUs.
NP3-249*	C1	Ragen	Washington Utility Group	1	BPA has a responsibility to public power to stick to the decision it make and to go forward and exercise its rights to have Judge Bilby's orders set aside. To do otherwise will undermine BPA and the public utilities' ability to exercise appropriate leadership in the future.
NP3-235	D2	Williams	Energy & Utilities Committee	3	I applaud your decision to extend the public review period by 60 days.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	3	Our representatives were denied an opportunity to negotiate with Bonneville and the investor-owned utilities because they refused to agree and accede to certain conditions imposed by BPA Administrator Peter Johnson.
NP3-249*	C1	Ragen	Washington Utility Group	3	BPA conditioned public power participation in the negotiations so severely that no meaningful improvements in the settlement were possible.
NP3-249*	C1	Ragen	Washington Utility Group	3	Only process for settlement is a court supervised mediation under Local Rule 39.1 of the United States District Court for the Western District of Washington.
NP3-249*	C1	Ragen	Washington Utility Group	3	Even during the late summer negotiations, BPA insisted that public power accommodate to a single set of objectives. BPA did not impose such uniformity on the IOUs.
NP3-242*	B	Lyons	E. F. Hutton	4	The settlement reducing the overall investment uncertainty and improving the investment climate in the Pacific Northwest.

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
NP3-242*	B	Lyons	E. F. Hutton	4	It improves the overall attractiveness of the investment climate of the Pacific Northwest.
NP3-242*	B	Lyons	E. F. Hutton	4	The market value of the IOUs will be enhanced and their cost of raising future capital reduced.
NP3-242*	B	Lyons	E. F. Hutton	4	Improved access to all types of financial markets.
NP3-242*	B	Lyons	E. F. Hutton	4	The ability to sell equity at a lower cost in terms of underwriting commissions and discounts.
NP3-242*	B	Lyons	E. F. Hutton	4	Reduced uncertainty about a company's future prospects generally means less volatility in stock price.
NP3-242*	B	Lyons	E. F. Hutton	4	In the equity markets and in the taxable and tax-exempt fixed income markets, the negotiated resolution of the WPPSS-3 litigation should significantly reduce investor uncertainty and consequently reduce the costs passed onto ratepayers.
NP3-249*	C1	Ragen	Washington Utility Group	5	Without the settlement, the 70 percent public share of Project 3 can be completed without Northwest Power Planning Council approval. With the settlement, there is no option to complete just <u>70 percent</u> for public power. The Northwest Power Planning Council must approve need for <u>100 percent</u> of the plant for public power.
NP3-249*	C1	Ragen	Washington Utility Group	5	BPA has contended that there is a substantial value to the region for the option to acquire the IOUs' interest in Project 3. The changes of completion are undercut by allowing the IOUs to walk away from the project without paying their full share of completion costs and operating costs, and without contributing their political and technical support to the project.
NP3-249*	C1	Ragen	Washington Utility Group	5	BPA has failed to put into place any acceptable plan for financing the Supply System's share of completion costs.
NP3-249*	C1	Ragen	Washington Utility Group	5	Public power is entitled to a more specific plan from BPA on how and when the decision will be made to terminate or complete the plant and the means for financing completion before any settlement agreement is reached.

WNP COMMENTS BY ISSUE

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
NP3-249*	C1	Ragen	Washington Utility Group	5	The region is entitled to know the criterion that will be applied to the decision on whether Project 1 or Project 3 will be the first plant to be completed.
NP3-244*	C4	Reeder	EWEB	5?	Policy decisions should be made in the very near future in order to determine an "optimal" level of WNP-3 preservation costs and to determine who will pay these costs. The timing of a WNP-3 completion schedule should be based only upon the load requirements of customers to whom Bonneville would allocate plant completion costs.
NP3-235	D2	Williams	Energy & Utilities Committee	6	An effort will be made to have the IOU investment in WNP-3 declared to be used and useful. I would like to see this dealt within the agreements; for example, definitive agreements by the IOU's that they would not try to include these costs in the ratebase or system exchange calculations.
NP3-239*	A	Hostetler	Self	6	Customers of public utilities are going to have to pay for the plants whether they are built or not. The public utilities will pay for the plants through rate increases if they are terminated, will pay slightly less if they are completed after a term of mothballing, but will pay, regardless.
NP3-242*	B	Lyons	E. F. Hutton	6	Each IOU is left free to pursue separate regulatory treatment of its investment in WPPSS-3. These rates will not be directly affected by the settlement, but will be subject to the normal ratemaking process.
NP3-243	D1	Weaver	Commission on Interior & Insular Affairs	6	The proposed settlement could cost Oregon ratepayers nearly \$2 billion. The primary objective of the Oregon utilities, PGE and PP&L, is to use the settlement agreement to circumvent Oregon Ballot Measure 9, enacted by the voters in 1978 to prohibit the utilities from charging ratepayers for the cost of uncompleted projects.
NP3-243	D1	Weaver	Commission on Interior & Insular Affairs	6	BPA has provided an analysis of only the potential first-year rate impacts that would result if the settlement enabled the utilities to circumvent state statutes that would otherwise prevent them from putting their WPPSS 3 costs into their ratebases.

WNP COMMENTS BY ISSUE

<u>TYPE</u>	<u>GROUP</u>	<u>NAME</u>	<u>REPRESENTING</u>	<u>ISSUE</u>	<u>COMMENTS</u>
NP3-243	D1	Weaver	Commission on Interior & Insular Affairs	6	If BPA disallows these amounts in determining each of the IOU's Average System Cost (ASC) for the purpose of the Residential Exchange, then these costs would be borne by each utility's ratepayers. If BPA were to allow these amounts as part of each utility's ASC, then about 35 percent of these costs would be imposed on BPA's customers, primarily the publicly-owned utilities and the Direct Service Industries, with the nonresidential customers of the IOUs paying the remainder.
NP3-243	D1	Weaver	Commission on Interior & Insular Affairs	6	By claiming that they have traded their investments in WPPSS 3 for settlement power from BPA, the Oregon utilities could claim that their expenditures on WPPSS 3 have property that provides service to ratepayers, thereby allowing them to place their WPPSS 3 costs into their ratebases, in addition to charging ratepayers for the amounts paid to BPA for the settlement power.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	6	Despite the removal of this language from the settlement proposal, it seems clear that the investor-owned utilities will attempt to rate-base these costs.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	6	If those costs are included in the privates' ASC, there will be a strong upward pressure exerted on the priority firm rate.
NP3-247*	E2	Williams	Utility Reform Project	6	I must conclude that the Oregon investor-owned utilities and the Oregon Commissioner fully intend to charge these costs to ratepayers whenever they can get away with it.
NP3-247*	E2	Williams	Utility Reform Project	6	The utilities could include their \$475 million investments in WPPSS 3 in their ratebases and argue that Ballot Measure 9 would not apply. Putting these costs in their ratebases would increase their authorized revenue from Oregon ratepayers by approximately \$120 million per year.
NP3-247*	E2	Williams	Utility Reform Project	6	At a minimum, BPA should include in the proposal an agreement by the Oregon utilities that they shall not seek or accept rate treatment of the BPA power that would include any portion of WPPSS 3 costs in rates.
NP3-249*	C1	Ragen	Washington Utility Group	6	BPA's evaluation does not include the substantial risk of average system cost treatment on public utility customers.

WNP COMMENTS BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
WNP3-246*	C4	Grant	21 Municipal/Coop. Utilities	7	The revised settlement proposal also may contravene the priorities established in the Regional Act for the acquisition of major generating resources.
WNP3-246*	C4	Grant	21 Municipal/Coop. Utilities	7	The Regional Act also requires that the benefits of any acquisition by Bonneville must be distributed equitably throughout the region. This settlement proposal appears to benefit the shareholders and management of the region's four investor-owned utilities.
WNP3-248*	C3	Crisson	DSI, Inc.	8	BPA's EA makes no mention of such priorities for Advance Energy (provisional) and Flexibility Energy. Nor does it assure that timing and amounts of DSI returns of these classes of energy will not be adversely impacted. We ask that each of these matters be covered in the Administrator's Decision Document if the settlement proceeds.
WNP3-235	D2	Williams	Energy & Utilities Committee	9	I would like to see a mechanism that would allow extraordinary costs to be included in the agreement if WNP-3 were completed and the costs were incurred.
WNP3-249*	C1	Ragen	Washington Utility Group	9	BPA has understated the benefit to the IOUs of the relief they have obtained from their responsibility to pay for their share of the completion of the project.
WNP3-249*	C1	Ragen	Washington Utility Group	9	BPA relieved the IOUs of much of the expense and uncertainty of nuclear plant construction and operation and gave them economically advantageous certainty on quantity, price and delivery.
WNP3-249*	C1	Ragen	Washington Utility Group	9	Settlement is too generous to the IOUs. Without delay, the IOUs would be required to pay for completion and bear the continuing risk of a dry hold. The settlement relieves them of the obligation to pay completion costs. The IOUs get a quantity of power guaranteed <u>in advance</u> of delivery.
WNP3-238	D2	Morse	California Public Utilities Commission	11	The indications are that the settlement will reduce sales and increase prices on sales outside the region. The assumptions and impacts should be disclosed not only for the sake of California parties but for the four PNW IOU's.

WNP COMMENTS BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
NP3-244*	C4	Reeder	EWEB	12	The settlement must not violate preference provisions.
NP3-249*	C1	Ragen	Washington Utility Group	12	The settlement agreement grants the IOUs "super" preference and violates public power's preference rights: (1) BPA contracts to commit a Federal base system resource beyond the term of the 20-year contracts for its other customers; (2) There is no provision for callback or even a prorated reduction in delivery, there is insufficient power; (3) The price of the exchange power will be below that charged preference customers for similar power over the life of the agreement; (4) The IOUs obtain a priority of service over preference customer access to BPA power.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	14	Bonneville has failed to comply with those requirements contained in Section 6 of the Regional Act.
NP3-249*	C1	Ragen	Washington Utility Group	14	It transfers all of the meaningful incidents of ownership of the IOUs' interest in Project 3 to Bonneville without a Section 6(c) review by the Northwest Power planning Council.
NP3-235	D2	Williams	Energy & Utilities Committee	15	There should be a floor on the O&M costs that the private utilities would pay for energy purchased from BPA. Floor price for the O&M costs should be the BPA rate for nonfirm energy.
NP3-249*	C1	Ragen	Washington Utility Group	15	In a trade for setting a minimum price of 16 mills per kwh, BPA agreed to a maximum price of 29 mills per kwh. This was an unwise and unbalanced trade. 16 mill per kwh minimum price is at or below what all experts consider as the low for the operating and maintenance costs of the surrogates and provides no real protection against reduced revenues. The maximum of 29 mills per kwh is well within the outside costs and limits unreasonably the potential revenue for the power delivered. The cost-of-living adjustment for the price of power delivered is inadequate. The operation and maintenance expenses for nuclear power plants will increase more rapidly than general inflation.

WNP COMMENTS BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
NP3-243	D1	Weaver	Commission on Interior & Insular Affairs	17	If BPA disallows these amounts in determining each of the IOU's Average System Cost (ASC) for the purpose of the Residential Exchange, then these costs would be borne by each utility's ratepayers. If BPA were to allow these amounts as part of each utility's ASC, then about 35 percent of these costs would be imposed on BPA's customers, primarily the publicly-owned utilities and the Direct Service Industries, with the nonresidential customers of the IOUs paying the remainder.
NP3-243	D1	Weaver	Commission on Interior & Insular Affairs	17	By claiming that they have traded their investments in WPPSS 3 for settlement power from BPA, the Oregon utilities could claim that their expenditures on WPPSS 3 have property that provides service to ratepayers, thereby allowing them to place their WPPSS 3 costs into their ratebases, in addition to charging ratepayers for the amounts paid to BPA for the settlement power.
NP3-244*	C4	Reeder	EWEB	17	While specific ASC recommendations may accompany ASC filings in the future, Bonneville should adhere strictly to the principle that Bonneville's customers should not bear additional costs arising from the settlement through the Residential and Rural Exchange program.
NP3-248*	C3	Crisson	DSI, Inc.	17	The DSIs are pleased to note that Section 18, Residential Exchange Program, has been removed from the most recent draft.
NP3-235	D2	Williams	Energy & Utilities Committee	18	The marketing assistance agreements for energy produced by Colstrip III should be removed from the settlements.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	18	Deletion of that language in no way indicates that Bonneville will not provide marketing assistance to the investor-owned utilities.
NP3-249*	C1	Ragen	Washington Utility Group	19	The agreement allows the IOUs to predeliver or delay delivery of up to 2/9ths of the energy due to the company's right to first meet its own load during extended peaking operations or for maintenance periods. BPA receives no compensating benefit for this flexibility offered to the IOUs. Similarly, it receives no compensating benefit for the flexibility offered to the IOUs to double the rate of delivery of their power under the exchange.

WNP COMMENTS BY ISSUE

TYPE	GROUP	NAME	REPRESENTING	ISSUE	COMMENTS
NP3-249*	C1	Ragen	Washington Utility Group	19	The amount of power the IOUs obtained in compressed into six months of their greatest need. The IOUs can schedule delivery so that BPA is forced to make delivery of not just 193 megawatts, but up to 540 megawatts.
NP3-235	D2	Williams	Energy & Utilities Committee	21	I believe the 35-year term of the exchange is too long which will require BPA to pay high O&M costs shifting the burden of costs to the public utilities in the next century. I feel a 25-year period would be more appropriate.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	21	Since the agreement extends for more than 20 years, the revised settlement proposal might be illegal and it would be prudent to test the legality prior to consummating a settlement.
NP3-246*	C4	Grant	21 Municipal/Coop. Utilities	21	Preference customers in the region sign power sales contracts for 20-year periods. Simply stated, these agreements extend too far into the future. If there is not a power surplus in this region 10 years from now, this agreement will exacerbate power supply problems for all utilities in the region for a time extending well into the next century.
NP3-235	D2	Williams	Energy & Utilities Committee	23	An agreement that the public utilities will be held harmless should be included in the agreement.
NP3-247*	E2	Williams	Utility Reform Project	6/17	If BPA were to exclude the WPPSS 3 cost from its calculation of Average System Cost (ASC) for these utilities, then this entire burden would be borne by the ratepayers of PGE and PP&L. If BPA were to allow these in its ASC calculation, then about 40% of the added cost would be passed on to BPA's other customers, the publicly-owned utilities and DSIs.
NP3-249*	C1	Ragen	Washington Utility Group	6/17	At page 7, paragraph 3, of the BPA's Issue Update dated August 15, 1985, BPA has left open the opportunity for the IOUs to include the exchange of power in its average system cost.
NP3-249*	C1	Ragen	Washington Utility Group	6/17	BPA should formally notify the IOUs and the public that it intends to exclude the IOUs' sunk cost and power exchange costs from average system cost.

Exhibit P

List of Persons from Whom BPA Received
Written or Telephoned Comments on the Settlement
Between January 18 and September 6, 1985
(September 10, 1985)

Individual

Ague, Ellen
Ahonen, Melvin A.
Armstrong, Frank
Arndt, Mark H.
Ayers, George
Ayers, Patricia
Bagnall, Walter T.
Barber, Donald I.
Beckemeier, Harold L.
Bellingham, Port of
Bennatis, John C.
Bertelson, Harry
Bickford, Dennis W.
Black, Thomas E.
Blodgett, R. W.
Boin, Bruno V.
Brooks, Jr., (NFN)
Bressler, Richard M.
Buck, Howard
Carlson-Price, Melissa
Casey, Tom
Chapman, Lenore
Chilcoat, J. Ralph
Chisholm, Donald J.
Clallam Co. PUD
Clark Co. PUD
Clark T. W.
Conley, Mike
Coe, Marvin
Corkran (NFN)
Crisson, Mark
Darby, Liston C.
Davidson, Clifford W.
Dickerson, Kathryn
Dickson, George H.
Dilger, Robert L.

Dillon, Matt
Doudick, James T.
Douglas Co. PUD
Duncan, James
Ellis, Robert E.

Enger, Sharon G.
Enger, William E.
Enk, Mike
Evans, Dale R.

Representing

Self
Kootenai Electric Co-op
Oregon People's Utility Dist.Assn.
IEEE
Self
Self
Peoples Bank
Assoc. of Washington Businesses
Public Power Council
Port District
Self
Construction Company
Benton Co. PUD
Self
Benton Co. PUD
Milliamn & Robertson
Self
Burlington Northern Railroad
Self
Skamania Co. PUD Commissioners
Grays Harbor PUD #1
Self
Self
Chisholm & Bradley
Commissioners
Commissioners
Self
Harbor Community Bank
South Kitsap, WA. Chamber of Com.
Self
Direct Service Industries
Clatskanie PUD
Self
Self
Parkland Light & Power
Washington St. Bldg. & Const.
Trades Council
Snohomish Co. PUD
Dean Witter Reynolds, Inc.
Commissioners
Self
Mayor Pro Tem
City of Richland, WA.
Self
Self
Self
National Marine Fisheries
Service

Fadeley, Charles N.	Lane Electric Co-op
Fath, W. D.	Self
Faver, David J.	Self
Finder, Joseph	Self
Frazier, Stephen R.	Friends of the Columbia
Fry, James R.	Corps of Engineers
Funke, Don	Idaho County Light & Power
Garberg, R. P.	Shuksan Frozen Foods, Inc.
Garman, G. R.	Seattle City Light
Garrison, David and Shelly	Selves
Gartland, Arthur J.	Dean Witter Reynolds, Inc.
George, Sharon K.	Self
Gorans, Gerald E.	Greater Seattle Chamber of Com.
Grant, Harry E., Jr.	Small Utilities Group
Grant, Gary	King Co. Council
Green, Robert J.	B&E Meats
Grimm, Robert S.	Alaska Power & Telephone
Grosz, Mary Ann	Self
Grosz, William M.	Self
Grover, Clifton	Pacific Carbide
Hall, G. O.	Self
Hanson, Louise	Self
Hardy, Randall W.	Seattle City Light
Hart, Lewis	Bank of New York
Hasbrouck, R. E.	Shoreline Savings Bank
Heister, E. H.	Self
Hernandez, Margaret W.	Marine Midland Bank
Hill, Ray	Washington State Grange
Hill, Seilvia M.	Self
Hogan, Dwain F.	Corps of Engineers
Holmes, Franz	Self
Hostetler, Bob	Self
Huneke, John H. III	Morgan Stanley & Co.
Imbrecht, Charles R.	California Energy Commission
Jackson, Philip K.	Clallam Co. PUD
Jacobs, Martin	Self
Janvier, Ted	Self
Jensen, Oscar	Self
Johnson, Bob	Self
Johnson, James O.	Skagit Valley Building Trades Council
Jones, Robert & Mary	Self
Kailin, Harvey	Self
Kaslon, Rebecca	Self
Kasper, E. B.	Auburn Area Chamber of Commerce
Keith, John	Self
Kela, Fred H.	United Way of Kitsap Co.
Kelly, John R.	Self
Kennon, Herbert H.	Corps of Engineers
King, George	Idaho Cooperative Utilities
Kirkwood, Charles	Citizens' Rate Advisory Com.
Klickitat Co. PUD #1	Commissioners
Lacey, Marguerite	Self
Larrabee, Benjamin Giles	Self
Lester, Olive	Self

Levey, James R.
Lewis County PUD
Lewis, John C.
Lewis, Nicholas
Linn, Dorothy
Longin, Ralph
Lotto, William
Loveland, Steve
Lowery, John D.

Lubert, J. Michael
Ludwick, Jean H.
Lyon, Al
Lyons, Martin L.
MacKay, Donald G.
Mattson, Leonard P.
Malseed, W. A.
Mason Co. PUD #3
McGuire, Ellen
McKeen, Douglas E.
Merrill, Ed
Meyer, Ty
Miller, Erma R. and Robert
Miller, Kenneth V.
Milt, Jack W.
Minneman, Paul
Molbak, Egon
Moore, Francis J.
Morse, David E.
Mueller, Gerald
Mulhall, Robert
Nasman, David F.
Nelson, Alice
Nelson, Floyd E., Jr.
Newbury, Pat
Nickel, Larry J.
Nielsen, Niels G.
Nolan, Paul J.
Nuckolls, Ken
Olsen, Carl C.
Olsen, Kelly
Olsen, Robert
Paige, Ronald
Parsons, Willaim A.

Perkins, Carma R.
Peters, H. Russell

Phillips, Wendell
Piper, David E.
Pittman, Ron
Plazza, John J.

R.J.P.
Raffelson, Lynda L.

Self
Commissioners
Panorama Corp. of Washington
EFSEC
Self
Self
Self
Springfield, OR Utility Board
Riddell, Williams, Bullitt
and Walkingshaw
Self
Chelan County PUD #1
A. Lyon Financial Services
E. F. Hutton
Self
Self
Shell Oil Company
Commissioners
Self
Totem Food Products, Inc.
Port Townsend Chamber of Com.
Self
Selves
Self
Self
Self
Molbak's Greenhouse & Nursery
Washington PUD Assoc.
California Public Utilities Com.
NWPPC
Self
Bellingham National Bank
Self
Self
Renton Chamber of Commerce
City of Ellensburg
Self
City of Tacoma
Union Printing Company
Self
Stalling-MC Staff
Mason County PUD #3
Kidder, Peabody & Co.
Parsons, Smith, Stone &
Fletcher
Self
Pierce Co. Building & Const.
Trades Council
Self
Pacific Northwest Generating Co.
Town of McCleary
Economic Development Assoc. of
Skagit Co.
Self
Self

Ragan, Douglas M.	Washington Utilities Group
Ramseyer, James P.	Blachly-Lane Co-op Electric
Rapp, S. Fred	Custom Insurance
Redmond, Paul A.	Washington Water Power Co.
Reeder, Jean	Eugene Water & Elec. Board
Renn, Richard H.	City of Millersburg
Rice, Mayor James	City of Anacortes
Richards, R. D.	Self
Romane, Richard R.	Self
Romanelli, Richard L.	Supply System, Satsop
Rohr, Dennis E.	Mason Co. PUD #3
Rouillard, Bruce	Self
Rowgner, Mayor Bob	City of Auburn
Safranski, Clifford T.	HUD, Region X
Sardison, Norma	Self
Schwandt, Wayne L.	Four Corner Development Group
Scott, Daniel C.	Mason Co. PUD #1
Scott, Douglas W.	Self
Seiderman, Maurice & Celita	Selves
Shesthy, E. Marcus	Self
Shirley, Mayor Brent	Port Townsend
Shorthouse, Joe	Self
Siegfried, R. B.	Self
Skov, Milton	N. Wasco Co. PUD
Smith, Clive	Self
Smith, Eleanor G.	Alaska Power & Telephone
Snohomish Co. PUD	Commissioners
Stadshaeq, Lois L.	Self
Stearns, Tim	NW Conservation Act Coalition
Storm, Jerry R.	Storm and Hunter
Streeter, Dolores	State of Oregon Clearinghouse
Stevens, Clifford	Self
Stonebreaker, Richard	Self
Sullivan, Marc J.	NW Conservation Act Coalition
Taaffe, Daniel K.	Riddell, Williams, Bullitt, and Walkingshaw
Tate, Gordon	Self
Terpstra, John P.	Self
Terry, Robert E.	Safeway Stores, Inc., Bellevue
Thumberg, Fred G.	Turn Key Development, Inc.
Trafton, Roland M.	Safeco Insurance
Truesdell, Ron	Self and Family
Tuft, Steven A.	Goodman and Duff
Tuminello, Mark T.	Barklays Bank PLC
Twiner, Willis E.	Olympic TV Cable
Wallin, John F.	Self
Warner, Harlan	Okanogan County PUD #1 Commissioners
Washington PUD Association	Commissioners
Washington Utilities Group	
Watrous, Robert	Self
Weatherill, Mayor Leslie J.	City of Port Orchard
Weaver, Honorable Jim	Committee on Interior and Insular Affairs
Westby, Sue	Greater Poulsbo Chamber of Com.

Wheeler, Patricia L.
White, Elwyn L.
Wilcox, Brett
Wilkerson, William R.
Williams, Al

Williams, D. G.
Williams, Linda K.
Wilson, T. A.
Wodlett, W.
Woodworth, John R.
Wright, Howard S.
Wynn, Michael E.
Unsoeld, Jolene
Van Hollabebe, Ronald
VanZanten, Shirley
Young, Christopher C.

13 Representatives
8 Senators

6123H

Union Bank, Los Angeles
Self
Direct Service Industries, Inc.
Washington Department of Fisheries
Washington State Senate Energy and
Utilities Committee
City of Ellensburg
Utility Reform Project
Boeing Company
Self
Bureau of Reclamation
Self
Self
22nd District, State of WA.
Self
Whatcom Co., WA
Continental Bank

13 NW Congressional Districts
Northwest States

Exhibit Q

Letter from Peter Johnson, BPA Administrator, to
Matt Dillon, Snohomish PUD,
Response to Concern Over WNP-3 Settlement
(September 3, 1985)



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

OFFICE OF THE ADMINISTRATOR

In reply refer to: AP

SEP 3 1985

Mr. Matt Dillon, President
Board of Commissioners
Snohomish County Public Utility District
P.O. Box 1107
Everett, Washington 98206

Dear Mr. Dillon:

The Bonneville Power Administration (BPA) appreciates the constructive efforts of representatives of Snohomish County Public Utility District (District) and other representatives of the region's public utilities in proposing changes to the proposed settlement agreement regarding the extended construction delay of WNP-3. We understand your concern that the proposed settlement and future actions by BPA regarding WNP-3 and the proposed settlement may impact BPA's customers. In consideration of your efforts and support in the settlement process, I want to address your concerns and commit BPA to the following actions.

Periodic Review of WNP-3 Preservation

The District has asked BPA to conduct a periodic public process to assess the cost effectiveness of continuing to preserve WNP-3. Other entities in the region have already requested a review of the level of expenditures needed to preserve WNP-3.

BPA is currently in the process of assessing alternative preservation plans for WNP-1 and WNP-3. This analysis is being done in conjunction with BPA's current resource strategy process. This analysis will identify tradeoffs between the level of preservation and total costs if the projects are later completed. BPA expedited its analysis of alternative preservation approaches in order to provide preliminary results to the Executive Board of the Supply System on August 23. BPA will also include this work in the draft of the updated Resource Strategy, to be published by November 1985.

This analysis is part of BPA's efforts to update its Resource Strategy, the purpose of which is to determine the most cost-effective resources available to meet BPA's future loads. BPA will conduct a series of regional meetings to explain the draft Resource Strategy and receive oral comments. BPA will also take written comments during a 30-day comment period. The final strategy will be published in February 1986. BPA plans to revise its Resource Strategy annually.

BPA's Resource Strategy describes a mix of resources BPA may acquire. This mix compares the costs of various resources available to meet future loads against one another including WNP-1 and WNP-3. Resources needed to meet a range of possible future loads at least cost are included in this mix.

The termination and restart alternatives were thoroughly examined in the analysis of WNP-1 and WNP-3 completed in November 1984. At that time BPA determined that there was significant value in preserving WNP-1 and WNP-3 for future use even though they were not needed in the near future. BPA does not believe conditions have changed sufficiently to warrant reexamining this conclusion at this time.

BPA believes that a review of the construction status of WNP-1 and WNP-3 every 2 years is appropriate. BPA will reexamine the construction status of WNP-1 and WNP-3 as it prepares the Resource Strategy to be published in the fall of 1986. BPA will publish a draft of its analysis. This analysis will examine continued preservation, construction restart, and termination as alternatives. BPA will also take written comments over a 30-day period. BPA will repeat this process every 2 years until WNP-1 and WNP-3 are either restarted or terminated. The level of detail of these periodic reviews may or may not be the same as the level of detail of the November 1984 study. BPA will again conduct a series of regional meetings to explain the analysis and to receive oral comments.

Displace CT Operation Consistent with the Coordination Agreement

The District has requested that BPA displacement of combustion turbine operation under the proposed settlement would be consistent with the requirements of the Pacific Northwest Coordination Agreement regarding reservoir refill. BPA agrees that displacement of combustion turbine operation must be consistent with the requirements of the Pacific Northwest Coordination Agreement.

Rate Treatment of Settlement Costs

The District has asked BPA to commence at the earliest feasible date a hearing process pursuant to section 7(i) of the Pacific Northwest Power Act to establish the rate treatment of the costs and benefits of the proposed settlement. You have asked that BPA specify its current position on how BPA would treat the costs and benefits of the settlement for ratemaking purposes.

By November 1, 1985, BPA will inform its customers of the schedule for a hearing under Pacific Northwest Power Act section 7(i) to establish two ratemaking principles for allocating the costs and benefits of the settlement. That hearing will commence by March 31, 1986, with the publication of BPA's initial rate proposal in the Federal Register. At the discretion of BPA, the hearing may also consider other issues.

The first issue to be considered is whether Pacific Northwest Power Act sections 7(b), 7(c), 7(f) or 7(g) should govern the allocation of:

- (1) payments by BPA to the investor-owned utilities equal to the operation and maintenance costs of the combustion turbines or the fully distributed costs of less costly resources of the investor-owned utilities,
- (2) payments by BPA to other utilities equal to the cost of acquiring less costly resources to displace operation of the investor-owned utilities' combustion turbines, and
- (3) payments by the investor-owned utilities to BPA equal to the cost of operation and maintenance of four surrogate nuclear plants, or a calculated percentage of the operation and maintenance costs of WNP-3.

BPA believes it should allocate these payments under section 7(g) of the Pacific Northwest Power Act and will establish a method for allocating such costs and benefits in that hearing.

The second issue to be considered is whether Pacific Northwest Power Act sections 7(b), 7(c), 7(f) or 7(g) should govern the allocation of:

- (1) payments of the costs of preserving the investor-owned utilities' 30 percent share of WNP-3 after February 1, 1985,
- (2) receipt of the proceeds or payment of excess costs under section 22(a) of the Ownership Agreement for the 20 percent share of WNP-3 owned by the Portland General Electric Company, the Puget Sound Power and Light Company and The Washington Water Power Company if construction is terminated, and
- (3) receipt of a portion of the proceeds or payment of a portion of excess costs under section 22(a) of the Ownership Agreement for the 10 percent share of Pacific Power and Light Company if construction is terminated.

BPA believes the allocation of the cost of preserving the investor-owned utilities' 30 percent share of WNP-3 capability prior to acquisition or the net costs if construction is terminated prior to acquisition is governed by section 7(g) and will establish a method for allocating such costs and benefits in that hearing.

A third allocation issue will be addressed in BPA's next general rate proceeding. This third issue concerns the net settlement benefits to BPA customers resulting from BPA's ability to shift deliveries of Bonneville Exchange Power to the winter months when streamflows on the Federal System are expected to exceed critical water streamflows. This shift of deliveries will allow BPA to displace receipt of Company Exchange Energy from the investor-owned utilities' combustion turbines while meeting BPA's firm

obligations to deliver power to its customers. In seasonally differentiating costs during its next general rate proceeding, BPA will take into account the economies derived from this ability to shift deliveries. BPA believes that the settlement should not increase the relative unit costs paid by customers during the period of the shifted deliveries over that currently reflected in BPA's rates.

Power Purchases from Resources Less Costly than CTs

The District has suggested that BPA actively pursue obtaining the rights to purchase power from other resources costing less than the cost of operating the IOUs' combustion turbines. BPA intends to take advantage of opportunities to displace operation of combustion turbines with less expensive resources that may be available from regional and extra-regional utilities. BPA will investigate, prior to commencement of the exchange on January 1, 1987, means by which this could be accomplished, including a request for proposals. Under most circumstances BPA would displace operation of the combustion turbines with firm surplus energy on the Federal System until BPA reaches load-resource balance in the 1990's.

As BPA explores various methods of providing backup for BPA's delivery obligation to the IOUs, BPA would be interested in any offers from regional or extra-regional utilities. Such energy would have to have similar characteristics to that available to BPA under the settlement exchange. For example, BPA does not pay any fixed costs for its right to run the IOUs' combustion turbines, and BPA can call upon and receive energy on relatively short notice.

Finance WNP-3 Restart with Long-Term Debt

The District has asked BPA to make all reasonable efforts to finance the restart of construction of WNP-3 from long-term debt financing before resorting to financing a restart of construction by including construction costs in current rates. BPA agrees that conventional debt financing is the most desirable method of financing a restart. BPA would exhaust other alternatives before financing restart out of current revenues. BPA would consider revenue financing only in the event that the economic benefits of a restart were so compelling as to outweigh what obviously would be an adverse rate impact. Moreover, BPA would do so only after a comprehensive economic analysis and thorough public involvement. BPA believes that the likelihood of revenue financing is extremely remote.

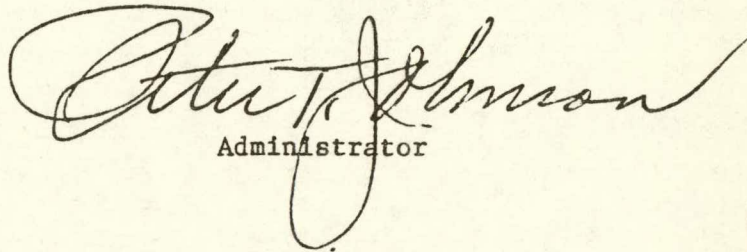
BPA Treatment of 30 Percent Share of WNP-3 in the Federal Base System

The District has requested assurance that BPA will not voluntarily designate the 30 percent share of WNP-3 that BPA would acquire from the investor-owned utilities a Federal Base System replacement resource if BPA exercises its option to have the investor-owned utilities finance construction of their 30% share. The District is concerned that the 30% share of WNP-3 acquired from the investor-owned utilities would not be available to serve preference customer loads during a period of insufficiency if that portion of WNP-3 is designated a Federal Base System replacement resource. BPA agrees that if it exercises its option to have the investor-owned utilities provide financing

under the irrevocable offers of their 30 percent share of WNP-3, BPA will not voluntarily designate such 30 percent share of WNP-3 as a Federal Base System replacement resource. If requested by any public utility, BPA agrees to offer an amendment to such utility's power sales contract with Bonneville providing this assurance.

BPA believes the proposed settlement of the litigation over the extended construction delay of WNP-3 is in the best interests of BPA's customers and the region. The settlement places the future of WNP-3 on a sound footing by removing the cloud of litigation and clearly providing that all future decisions in the region regarding continued construction or termination of WNP-3 will be based on whether WNP-3 is a cost-effective resource to meet the region's future electrical energy needs.

Sincerely,

A handwritten signature in cursive script, appearing to read "Peter Johnson". The signature is written in dark ink and is positioned above the printed name "Administrator".

Administrator

Exhibit R

Letter from John Lowery to
The Honorable William D. Browning, U.S. District Court Judge,
Protest of BPA's Invitation of Public Utility Districts
to WNP-3 Negotiations
(July 26, 1985)

G U F I

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July 26, 1985

JOSEPH E SHICKICH JR
PATRICK D MCVEY
THOMAS W BURT
DANIEL S GOTTLIEB
HUGH R TOBIN
MICHAEL D CARRICO
DANIEL J TAFFE
NANCY E KENNEDY
THOMAS G WAMERLINCK
SUSAN G LOITZ
DAVID M BRENNER
CRAIG M LAWSON
NYLE A SAMUELS
RODNEY L BROWN JR
KAREN F JONES
IRENE M BRONSTEIN
HARRY E GRANT JR
TODD O TRUE
G MICHAEL ZENO JR
ROBERT I HELLER
KRISTI M WALLIS

RICHARD H RIDDELL
J VERNON WILLIAMS
STANSON BULLITT
WALTER WALKINSHAW
STEPHEN E DEFOREST
DOUGLASS A RAFF
VINCENT R LARSON
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FREDERICK T RASMUSSEN

OF COUNSEL
SNYDER J KING

The Honorable William D. Browning
United States District Court House
55 East Broadway
Tucson, Arizona 85701-1790

Re: Bonneville Power Administration v. Washington Public
Power Supply System (No. C82-1252 [Browning])

Dear Judge Browning:

On February 8, 1985, the Small Utilities Group submitted a Motion for Leave to File Amended and Consolidated Answers to the First Amended Complaint of the Bonneville Power Administration and to the cross-claims of the Supply System and the four investor-owned utilities ("IOUs"). The Small Utilities Group respectfully requests that the Court grant the motion at the present time before the Court addresses the motions for summary judgment re-urged by some of the parties. The Court's prompt consideration of the Small Utilities Group's motion will promote a full resolution of this case on the merits rather than on a segmented or episodic review of successive groups of issues. The cross-motions for summary judgment recently re-urged by certain parties to this case address only some of the many issues involved in this litigation. It is now a logical and appropriate time for the

The Honorable William D. Browning
July 26, 1985
Page 2

Court to rule upon the motion of the Small Utilities Group for leave to file Amended and Consolidated Answers so that there can be a thorough resolution of the disputes concerning the mothballing of Project 3.

As we explained to the Court in February at the time the Small Utilities Group filed its motion for leave to amend pleadings, we are also concerned that this case not be haphazardly settled without our input before all major issues relating to the Project 3 mothballing are resolved. The Small Utilities Group believes that the Court's immediate attention to our February motion is necessary to avoid a "settlement" of this lawsuit that will only lead to more litigation. Currently, Bonneville, the IOUs and representatives of Seattle City Light, Snohomish P.U.D. and certain Oregon public utilities are involved in settlement negotiations that do not include most public utility defendants in this lawsuit. Those public utility defendants have been prevented from participating in the negotiations because they did not accept and agree to conditions imposed by BPA Administrator Peter Johnson. Mr. Johnson established certain conditions that public utilities were required to meet in order to participate in the settlement negotiations with the IOUs. Under Mr. Johnson's conditions, the public utilities were required to adopt the position that the settlement agreement prepared by Bonneville and the IOUs was "fundamentally sound."

The Honorable William D. Browning
July 26, 1985
Page 3

The members of the Small Utilities Group, as well as a majority of the public utility defendants in this lawsuit, could not accept Mr. Johnson's conditions. While the Small Utilities Group would support any reasonable and equitable settlement of this litigation, the settlement agreement drafted by Bonneville and the IOUs has been criticized by many as being inequitable from an economic standpoint, unfair because it shifts major contract risks to the public utilities of the region, and potentially illegal. For these reasons and until these problems are resolved, the Small Utilities Group cannot take the position that the agreement is "fundamentally sound."

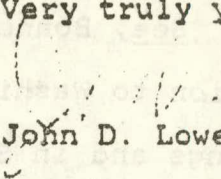
Bonneville, in a memorandum recently filed with this Court, apparently takes the position that it is unimportant that the vast majority of the parties to this lawsuit are not participating in settlement negotiations since the "principal" parties are involved. See, Bonneville Power Administration's Memorandum in Opposition to Washington Group's Motion for Leave to Amend Pleadings and in Support of Motion for Sanctions under Rule 11. As defendants in this lawsuit, the members of the Small Utilities Group are unfortunately parties in the full sense of the word. Further, the public utility customers of the Bonneville Power Administration, such as the

The Honorable William D. Browning
July 26, 1985
Page 4

members of the Small Utilities Group, are the primary purchasers of BPA power and undoubtedly will be forced to absorb a substantial portion of the costs of the settlement agreement structured by Bonneville and the IOUs. To argue that we have to pay for the settlement but that we are not a "principal" enough party to negotiate the settlement is specious.

In promoting the just resolution of this lawsuit, the Court should insure that no legitimate claims of any party are lost, either in the unusually complicated procedural developments of this case or in a rush to settlement led by only some of the parties to the lawsuit. We ask the Court to grant the Motion of the Small Utilities Group for Leave to File Amended and Consolidated Answers so that this litigation will produce a thorough resolution of the Project 3 mothballing dispute.

Very truly yours,


John D. Lowery

cc: Lead and Liaison

1155L:HEG-ds
7/26/85

Exhibit S

Letter from Marc Rutzick to
The Honorable William D. Browning, U.S. District Court Judge,
Response to Lowery Letter to Judge Browning Dated July 26, 1985
(August 16, 1985)



U.S. Department of Justice

Civil Division

Portland Field Office

503/230-3102

500 N.E. Multnomah Street

FTS/429-3102

Suite 829

Portland, Oregon 97232

August 12, 1985

The Honorable William D. Browning
United States District Judge
55 East Broadway
Tucson, Arizona 85701

Re: BPA v. WPPSS

Dear Judge Browning:

I am writing in response to the letter to you of July 26, 1985 from Mr. John D. Lowery on behalf of the Small Utilities Group. In the letter, Mr. Lowery requested the Court to rule on the Group's motion for leave to file amended and consolidated answers prior to the Court ruling on certain pending motions for summary judgment. I will address that request below.

Initially, however, I must take this opportunity to address a series of factual statements in Mr. Lowery's letter which are essentially unrelated to his request for ruling on his motion, and many of which are fundamentally inaccurate. The introduction of these factual contentions into the Court record was unnecessary and, in many respects, regrettable.

I believe it is important to correct the misstatements in the letter, and I will do so at this time.

Beginning in late June, a group of utility managers and attorneys encompassing representatives of all the utility "groups" in this litigation, including the Small Utilities Group, began meeting with representatives of the Bonneville Power Administration for the purpose of developing a negotiating agenda of improvements in the then-proposed settlement package to bring to the bargaining table for discussion with representatives of the investor-owned utilities. The first such meeting was held on June 24, with subsequent meetings held on June 27 and July 3. At these three lengthy meetings, a serious effort was given to identifying negotiating items and positions satisfactory to both the public utilities and BPA.

At the July 3 meeting, held the day after the Washington Utilities Group filed its latest motion to amend its pleading to challenge the yet-unsigned settlement, a discussion was held regarding the position of utilities which sought a "seat at the table" for the renewed negotiations with the IOU's. The BPA Administrator advised the utility representative that BPA was not asking utilities to make any binding commitment whatever regarding the settlement talks, and that there were no legal pre-conditions for the participation by any utility in the renewed negotiations. However, the Administrator set forth three non-binding positions which he felt it reasonable to ask utilities to accept in return for being given a "seat at the table." These positions were: 1) that the utilities view the existing settlement framework, involving an energy exchange and possible future acquisition by BPA of the IOUs' share of Project 3, as fundamentally sound (in other words, the renewed negotiations were to improve, rather than discard, the existing settlement framework); 2) the utilities should be able to endorse a finite list of proposed changes in the settlement which would be developed jointly with BPA representatives (in other words, the renewed negotiations were not to be "open-ended") and; 3) the utilities would have to recognize that in any negotiation it was possible (even likely) that the BPA/public utility negotiating team would not be able to achieve all the desired changes in the settlement package which it would seek. The Administrator explicitly advised the utility representatives attending the meeting that BPA was not asking the utilities to give up any legal rights, and that any utility accepting these three positions would remain free to file a legal challenge to the revised settlement if one should ever be executed.

In addition, the Administrator advised the representatives of the Washington Utilities Group that representatives of that Group could not be allowed to participate in the renewed negotiations unless the Group withdrew its motion for leave to file claims challenging the settlement. The Administrator explained that in his view since the Group had challenged the legality of the proposed settlement in ten different ways, and since the settlement changes being requested by the public utility representatives (including the Washington Group representatives) did not appear to remedy the alleged illegalities in the settlement, there was no point to the Washington Group participating in the renewed negotiations. However, the Administrator made it clear that the Washington Group's proposals and suggestions would be considered by BPA representatives, and in fact those proposals and suggestions were presented to BPA representatives at two lengthy subsequent meetings.

At the close of the July 3 meeting, representatives of the Washington Group held the first of the two above-referenced meetings with BPA representatives for the purpose of presenting their settlement proposals. At the same time, representatives of all but one of the other litigation groups, including the Small Utilities Group, commenced another meeting with other BPA representatives for the purpose of continuing to develop and respond the joint negotiating agenda. (The Columbia Defendants were the group which chose not to participate in the meetings.) This meeting by agreement was designated as subject to Rule 408 of the Federal Rules of Evidence. Further meetings of this same group (all utility litigation groups except the Washington Group and the Columbia Defendants) were held for the full day on July 9 and 10.

It is important to note that after the first July 3 meeting (with all litigation groups), BPA representatives never again raised the three non-binding positions as an issue with utility representatives. In BPA's view, the fact that the utility groups other than the Washington Group and the Columbia Defendants continued to work with BPA to adopt a joint negotiating agenda was satisfactory evidence that those utilities accepted the three non-binding positions proposed by BPA.

At the close of the July 10 meeting, representatives of the Inland Utilities and the Small Utilities Group thanked the BPA representatives for their efforts, wished them good luck in the negotiations with the IOU's (beginning the next day) and explained that for a reason unrelated to the three non-binding positions, representatives of those two groups had decided not to participate in the joint negotiations with the IOU's. A lawyer for the Small Utilities Group then raised the three positions, expressing his view that his group of utilities had not accepted the three positions. Following the lawyer's speech, representatives of Seattle City Light, Snohomish County P.U.D. and the Oregon Public Utilities Group were selected to serve as part of the joint BPA/public utility negotiating team. The negotiating agenda to be advanced by that team was the agenda adopted by all the utility representatives attending the meetings between July 3 and July 10.

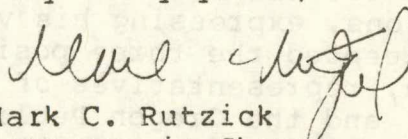
The foregoing facts make it clear that Mr. Lowery's contention that "most public utility defendants . . . have been prevented from participating in the negotiations because they do not accept and agree to conditions imposed by BPA Administrator Peter Johnson" is utterly false. The Small Utilities Group was never prevented from participating in the negotiations with the IOU's. The Small Utilities Group chose to withdraw from the negotiations voluntarily. Representatives of that Group would

have been free to attend negotiating meetings with the IOU's at any time had they wished to do so and had they been selected by the other utilities to do so, without any preconditions or limitations of any kind.

Whatever the reason may be for the Small Utilities Group's wish to misstate the factual record, the motivation for the Group's request for the Court to rule on its motion for leave to amend its pleadings is very clear. The Small Utilities Group wants to create for itself what it hopes will be a unilateral veto power over the proposed settlement (if a settlement is ever executed) by pleading a counterclaim prior to the date that the settling parties file their motion for dismissal under Rule 41(a)(2). Other than hoping to achieve this naked strategic advantage, there is no logic at all to the Group's request for the granting of its motion to file its amended pleadings. There has been no briefing on the merits of their proposed pleadings, and the Court will not be in a position for many months at best to rule on the merits of those pleadings. In the meantime, either the case will have been settled or many other issues will be ripe far earlier for decision by the Court. Thus, the Court would not achieve any efficiency of any kind whatever by allowing the Group to file its amended pleadings at this time.

Mr. Lowery's letter asks the Court to allow the Group to amend its pleadings "so that this litigation will produce a thorough resolution of the Project 3 mothballing dispute." I respectfully submit that the true goal of this request is to assure that this litigation will produce no resolution of the Project 3 mothballing dispute for years to come.

Very truly yours,


Mark C. Rutzick
Attorney-in-Charge

cc: All Liaison Counsel

Exhibit T

Letter from John Lowery to
The Honorable William D. Browning, U.S. Court Judge,
BPA v. WPPSS
(August 16, 1985)

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August 16, 1985

The Honorable William D. Browning
United States District Judge
United States Courthouse
55 East Broadway, Room 301
Tucson, Arizona 85701-1790

Re: BPA v. WPPSS

Dear Judge Browning:

In our July 26, 1985 letter to you, on behalf of the Small Utilities Group, we requested that the Court grant our February 8, 1985 motion to amend pleadings prior to ruling on certain motions for summary judgment. Mr. Mark C. Rutzick, on behalf of BPA, has written to you inaccurately claiming that our letter misstates facts concerning the fashion in which BPA conducted so-called settlement negotiations in this case. Further, Mr. Rutzick claims that our request that you grant our February 8, 1985 motion is designed to upset a proposed settlement agreement that neither we, nor our clients, have even received or seen as of today. In his letter, Mr. Rutzick makes the unsupportable claim that our motion to amend pleadings is designed to give us a "unilateral veto power" over the proposed settlement. This, of course, is not correct. The Small Utilities Group has consistently taken the position that it would support a fair, equitable and legally constructed settlement of this case. Obviously, we cannot express a position on the most recent proposed settlement agreement because Bonneville has not provided us with a copy of that document. Our motion to amend pleadings, filed last February, is simply an attempt to bring all claims into this litigation. Mr. Rutzick's statement that our February motion is somehow designed to upset a proposed settlement that has still not been distributed to parties in this case is a confused reaction to a nearly six months old motion.

It is our belief that by granting our motion to amend pleadings, the Court will be able to consider and decide all the claims between

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the parties to this lawsuit. In his letter to you, Mr. Rutzick professes to share our desire to have this litigation efficiently resolve the numerous claims among the parties. Illogically, however, Mr. Rutzick urges you to delay in granting the Small Utilities Group's motion to amend pleadings. That approach will only lead to protracted litigation.

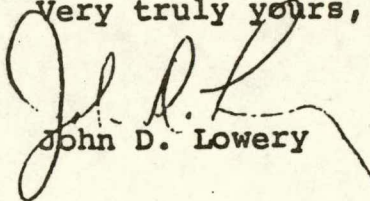
Most of Mr. Rutzick's August 12, 1985 letter is devoted to an attempted reconstruction of the facts surrounding the fashion in which Bonneville conducted settlement negotiations in this case. Bonneville and the four IOUs conducted negotiations concerning their first proposed settlement in secrecy and presented the proposed settlement document to our clients, other defendants, and the public on April 17, 1985, two months after our motion to amend pleadings. That settlement document was soundly criticized in the public consultation process held throughout the region and by various parties to this lawsuit who were denied an opportunity to participate in settlement discussions. Bonneville then announced that it planned to resume settlement talks with the investor-owned utilities to revise the settlement document. Various representatives from public utilities throughout the region asked for an opportunity to participate in renewed settlement negotiations with Bonneville and the investor-owned utilities. On July 3, 1985, BPA Administrator Peter Johnson imposed three conditions that public utility representatives were required to meet in order to participate in settlement negotiations with Bonneville and investor-owned utilities. First, Mr. Johnson required that the public utility defendants agree that the settlement document released by Bonneville on April 17, 1985 was "fundamentally sound." Second, Mr. Johnson required that the public utility defendants agree with BPA's finite list of revisions to the April 17, 1985 agreement rather than attempting to negotiate modifications themselves during the negotiations. Third, Mr. Johnson required that the public utility defendants affirm their commitment to BPA's settlement rather than to continuing litigation. In fact, Mr. Johnson ousted from the settlement discussions one group of public utility defendants simply because they had, on the day before, filed new pleadings in this case.

In our July 11, 1985 letter (attached) to Administrator Johnson and Mr. Rutzick we explained the reasons the Small Utilities Group concluded its discussions with Bonneville. As both Mr. Rutzick and Mr. Johnson know, and as the July 11, 1985 letter clearly states, one reason the Small Utilities Group concluded its discussions with Bonneville was that it could not commit to the conditions established by Mr. Johnson and described above. Unfortunately, in his letter to the Court, Mr. Rutzick attempts to restructure these events even though our July 11, 1985 letter is surely in both his files and those of the Administrator.

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We request that the Court grant the February 8, 1985 motion of the Small Utilities Group to amend pleadings so that all claims among the parties to this lawsuit can be considered by the Court and resolved. Whatever the merits of the soon-to-be released settlement proposal might be, we believe our motion to amend, filed over six months ago, should be given earlier consideration. Further, we believe our motion to amend should be granted before the Court rules upon any motions for summary judgment so that the Court's decision will reflect the legitimate claims of all parties in this case, including the Small Utilities Group.

Very truly yours,



John D. Lowery

JDL:jh
Enclosure

cc: Lead and Liaison Counsel

Exhibit U

List of Supplemental Documents
(September 18, 1985)

List of Supplemental Documents
(September 18, 1985)

Bonneville Power Administration, Finding of No Significant Impact--Proposed Settlement of Washington Nuclear Power Plant #3 Lawsuits (September 17, 1985).

Bonneville Power Administration, Revised Environmental Assessment--Proposed Settlement of Washington Nuclear Power Plant #3 Lawsuits DOE-EA-0270 (Rev) (August 1985).

Bonneville Power Administration, Environmental Assessment--Proposed Power Exchange Agreement for Settlement of Washington Nuclear Power Plant #3 Lawsuits DOE-EA-0270 (May 1985).

Bonneville Power Administration, Executive Summary: Twenty Year Capacity Projection (April 1985).

Memorandum to BPA Administrator from the BPA Director of Public Involvement, Summary of Public Comment (September 17, 1985).

Bonneville Power Administration, Issue Update--A Regional Settlement Proposal To Resolve the Washington Nuclear Plant #3 Lawsuit (August 15, 1985).

Bonneville Power Administration, Issue Update--Resolving the Washington Nuclear Plant #3 Lawsuit (April 19, 1985).

Bonneville Power Administration, Proposed WNP-3 Settlement: Update (February 26, 1985).

Bonneville Power Administration, Issue Alert--Resolving the Washington Nuclear Plant #3 Lawsuit (IA-4-22) (January 1985).

Bonneville Power Administration, Final Report--Review of Washington Public Power Supply System Projects 1 and 3 (WNP 1 and 3) Construction Schedule and Financing Assumptions, Parts 1 and 2 and Appendices (November 1, 1984).

Bonneville Power Administration, Issue Alert--Update: BPA's WNP 1 and 3 Study (September 1984).

Bonneville Power Administration, Issue Alert--Planning For Two Northwest Nuclear Power Plants (June 1984).

Bonneville Power Administration, Analysis of Resource Alternatives; Summary and Conclusions (May 26, 1982).

Bonneville Power Administration, Analysis of Resource Alternatives (April 19, 1982).

Pacific Northwest Utilities Conference Committee, Northwest Regional Forecast of Power Loads and Resources, July 1985 - June 2005 (March 1985).

Governor's Advisory Panel, A Report to Governor John Spellman of Washington and Governor Victor Atiyeh of Oregon (1983).

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