



Greetings,

We apologize for the late delivery of this message, we had high hopes of sending them out late last week but the plans have been under-going changes and final approvals until late this morning.

On June 4, 2007, compliance with 83 reliability standards proposed by the North American Electric Reliability Corporation (NERC) and approved by the Federal Energy Regulatory Commission (FERC) will become mandatory. BPA takes reliability seriously and has been carefully assessing its compliance with each requirement of the new mandatory standards. As you may well know, BPA submitted to WECC its self report of non-compliance with a number of requirements under the applicable standards.

Following this, BPA will submit to WECC mitigation plans that describe how BPA will become compliant, the milestones to accomplish this, and the timeline for completion. This will afford BPA time to become fully compliant, with reasonable assurance this will avoid or significantly decrease the likelihood of incurring sanctions.

Further, BPA has identified several standards (see below) for which a number of customers are dependent on BPA for their own compliance. In this notice, BPA is providing a sample self-report and mitigation plan for each of these standards for the customers to review and potentially use in their own reporting: http://www.bpa.gov/corporate/business/nerc_ero/resources.cfm. It is each customer's responsibility to determine whether or not to employ these self-reports and mitigation plans. BPA makes no assurances with respect to WECC's acceptance of these documents and is not providing legal advice by making them available.

- **MOD-016, MOD-017, MOD-018:** These refer to load forecasting requirements. Most customers have dependencies on BPA for completing these activities, yet BPA does not have a clear documented process for how this is accomplished.
- **PRC-007, PRC-008, PRC-010, PRC-011, PRC-021:** These apply to the UFLS and UVLS program and equipment. BPA has reported non-compliance with both technical and documentation aspects of the program. Program participants (including those who may have removed or disconnected equipment) should carefully consider their compliance. Customers who have relays that BPA owns and maintains still have a joint responsibility for reviewing set points and tripping times.

Some customers have asked to see BPA's mitigation plans to better understand what we are doing. On a case by case basis we will work with you to share some mitigation plans as appropriate. Please contact your Customer Service Engineer to discuss what plans might be applicable to your utility. The generic LSE/DP technical worksheet that we've been reviewing with customers indicates the current responsibilities for compliance between BPA and customers, including the standards noted above with which BPA is non-compliant AND interdependent with its customers. For all other standards, customers can assume that BPA is either compliant, or that its non-compliance doesn't affect customers' compliance. The most recent version is available at the Web site linked above.

A conference call has been set up on May 22, from 1-4pm to offer information and answer questions about BPA's compliance activities. To dial into the bridge, dial 503-230-5566, then any time during or after the message, enter 4442#.

If you have any questions, please don't hesitate to contact your Transmission Account Executive, Lorissa Jones at (360) 418-8978, or Melanie Jackson at (360) 418-2303.

Date: May 15, 2007

Purpose/Subject: BPA Sample Self-Reports and Mitigation Plans for Customers

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B O N N E V I L L E P O W E R A D M I N I S T R A T I O N

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