



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

March ##, 2010

In reply refer to: PFE-6

To <<Contact Name, Title, etc.,>>
<<Customer Name>>

Dear: XXXX

Re: 2010 Launch of REP Compliance Review Program

The purpose of this letter is to share Bonneville Power Administration's (BPA) preliminary objectives and procedures to implement the Residential Exchange Program's (REP) Compliance Review Program (Program).

BPA and <<Customer Name>> are parties to two agreements, the Residential Purchase and Sale Bridge Agreement, BPA Contract No. 08PB-xxxxx (Bridge RPSA), and the Regional Dialogue Residential Purchase and Sale Bridge Agreement, BPA Contract No. 08PB-xxxxx (RD RPSA), collectively the Agreements, under which BPA provides REP benefits to <<Customer Name>>. The Agreements allow BPA to conduct periodic reviews to ensure that the REP benefits are properly accounted for and are being passed through only to eligible residential and small-farm consumers. These provisions are detailed in Section 9, *Accounting, Review and Budgeting*, and Section 10, *Pass-Through of Benefits* of each agreement. To achieve this objective, BPA has been working to establish an REP Compliance Review Program.

The first component of this Program requires <<Customer Name>> to provide BPA with an Annual REP Accounting Report that accounts for and details the payments received and distributed in the previous fiscal year. This request was provided to <<Customer Name>> in early January. BPA expects to conduct this component on an annual basis.

A second component of this Program is for BPA to obtain sufficient evidence ("findings") and assurance that REP benefits claimed are correct, and that the benefits are consistently and appropriately passed through to eligible residential and small farm consumers in a timely manner.

BPA has developed a set of "Agreed Upon Procedures" (AUPs) that will be performed by each exchanging utility's external auditor. BPA expects to complete AUPs on a biennial basis. This method will allow BPA to complete its responsibilities in the most cost-effective and least intrusive manner for the participating utilities.

BPA will work directly with <<Customer Name>>'s auditor, <<Customer's External Auditor Name>> and will provide <<Customer Name>> a copy of the contract between BPA and <<Customer's External Auditor Name>> prior to the start of the auditor's engagement to perform the Agreed Upon Procedures.

The preliminary schedule of Program events for Fiscal Year 2010 is as follows:

- March 1 – Annual REP Accounting Report due to BPA from each exchanging utility
- March – Entrance Interview with <<Customer's External Auditor Name>> and <<Customer Name>> to review the AUPs and discuss the records and documents that will be needed by the accounting firm to perform the AUPs, along with the names of utility staff that will be available to answer questions and provide assistance to the accounting firm.
- March – April - <<Customer's External Auditor Name>> performs the AUPs and prepares a draft report of its "findings."
- April -May – <<Customer's External Auditor Name>> completes and submits a draft AUP report to BPA.
- June - July – <<Customer's External Auditor Name>> completes and submits a final report to BPA. BPA will forward a courtesy copy to <<Customer Name>>.
- July - August – As necessary BPA will hold discussions with <<Customer Name>> to discuss auditor findings and any needed changes in administering the REP.
- August - September – Resolution of issues, changes to be implemented / action plans / close out of issues by BPA and <<Customer Name>>.

Finally, a third component of the Program is the availability of BPA staff to provide tools and templates on an as-needed basis to assist utilities in the implementation and tracking of the requirements detailed in the RPSA and Load Eligibility Guidelines.

Additional information was released at the February 25, 2010, workshop. If you have any questions or comments on the Compliance Review Program, please feel free to contact Paul A. Brodie of our Compliance Review Staff at 503-230-3414, or myself at 503-230-3555.

Sincerely,

Tina G. Ko
 Manager, Residential Exchange Program