



Department of Energy

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

POWER SERVICES

April 19, 2010

In reply refer to: PFE-6

To ASC Review Process Parties and Intervenors:

In two separate Residential Exchange Program (“REP”) workshops held on October 6, 2009, and February 25, 2010, BPA presented for review and discussion procedures and clarifications to certain policies that will affect future ASC Review Processes. The IOUs submitted general comments following the October 6 workshop. On March 1, 2010, BPA opened another two-week comment period on the following proposals:

1. Timing of Materiality Test for New Resource Additions
2. NLSL (ASC functionalization ratios vs. direct assignment of certain costs)
3. Account 303 Software Allocation
4. Disclosure of Confidential Information
5. ASCM Rules of Procedure
6. Invoicing Policy and Procedures

Avista, Idaho Power Company, PacifiCorp, Portland General Electric, and Puget Sound Energy submitted joint comments as the Pacific Northwest (PNW) IOUs following each workshop. In addition, Idaho Power Company submitted separate comments on certain issues following the October 6, 2009, workshop. Snohomish County PUD and the Oregon Public Utility Commission also submitted comments following the February 25, 2010, workshop. These comments are posted at <http://www.bpa.gov/corporate/finance/ascm/meetings.cfm>. No other parties commented.

BPA appreciates the time and consideration devoted to the parties’ comments. BPA has reviewed the comments and is now issuing “draft” interpretations for Items 1-3 above (*i.e.*, Timing of Materiality, NLSL, Account 303 Software Allocation) for the FY 2012-2013 ASC Review Process. Parties will have additional opportunities to comment on the implementation of these decisions through the FY 2012-2013 ASC Review Process. Final decisions on Items 1-3 will be made at the conclusion of the FY 2012-2013 ASC Reviews.

In addition, BPA is issuing final revisions to Items 4 through 6 (Disclosure of Confidential Information, ASCM Rules of Procedure, and Invoicing Policy) at this time. Below are general summary statements on each issue regarding BPA’s interpretation or final decision. The interpretations and final decisions are posted at <http://www.bpa.gov/corporate/finance/ascm/meetings.cfm>.

1. Timing of Materiality Test for New Resource Additions

For the 2012-2013 ASC Review Process, BPA will use the proposed changes (staff recommendations) outlined during the February 25, 2010, workshop. Materiality will be determined after receipt of the filing utility's and other parties' comments on the Draft ASC Reports. Materiality and fuel costs for new resources for the Final ASC determinations will be based on the BPA Rate Case Initial Proposal natural gas price forecast.

2. NLSL (ASC functionalization ratio vs. direct assignment of certain)

For the 2012-2013 ASC Review Process, BPA will use the proposed changes outlined during the workshop and in the handout of Oct 6, 2009. *See* BPA's Draft Interpretation of Endnote d(3) of the ASCM.

3. Account 303 Software Allocation

BPA will use the proposed functionalization table as identified during both workshops, with the following changes: market dispatch software and wholesale billing and settlement software will both be functionalized to Production, instead of Labor.

4. Disclosure of Confidential Information

BPA added a provision addressing the treatment of Confidential Information in discovery requests. Under the revised rule, a Utility must provide Confidential Information to a party during discovery if the party requesting the data has a Qualified Person. The revised rule also contains specific procedures for raising objections when the Utility has concerns with releasing Confidential Information requested in a data request to a party's Qualified Person.

5. ASCM Rules of Procedure

BPA has finalized the Rules of Procedure. A red-lined version showing all changes made following the February 25, 2010, workshop can be viewed at <http://www.bpa.gov/corporate/finance/ascm/meetings.cfm>. Below is a summary of the specific changes:

- BPA will accept the attestation signed by a "senior financial officer" instead of the Chief Financial Officer. (Section 2.1.2 and Attachment A)
- Data requests are subject to confidentiality rules. (Section 3.3.1)
- BPA will allow 10 calendar days, instead of 7, for utilities to respond to data requests. (Section 3.3.2)
- If a data request objection is overruled, the Utility must provide the requested data within 3 days, instead of 7, after the ruling. (Section 3.3.2)

- BPA will not delete Section 5. BPA clarified that the process applies to the Utility's general rate cases only.
- BPA will not notify parties of BPA's final determinations prior to the issuance of Final ASC Reports.

6. Invoicing Policy and Procedures

BPA has finalized the Invoicing Policy and Procedures. There were no comments from the parties, however, BPA made some changes for clarification purposes.

If you have any questions, please feel free to contact your Utility's ASC analyst or me at 503.230.3555.

Sincerely,

/s/ Tina Ko

Tina Ko

Manager, Residential Exchange Program