

**PARTIAL SETTLEMENT AGREEMENT**  
**Bonneville Power Administration 2012 Transmission Rate Case**

The undersigned signatories to this Partial Settlement Agreement hereby agree to the following:

1. In the Bonneville Power Administration (BPA) 2012 rate case, BPA Transmission Services (TS) will submit a proposal (Settlement Proposal) to establish rates for transmission services for fiscal years 2012-2013 (Rate Period) as shown in Attachment 1. The Settlement Proposal will also include the following changes to existing rate schedules and no other changes:

[Placeholder for changes to rate schedules]

2. The ancillary services Regulation and Frequency Response Service, Energy Imbalance Service, Operating Reserve – Spinning Reserve Service, Operating Reserve – Supplemental Reserve Service, and Generation Imbalance Service, and all control area services, are not included in this settlement. All issues concerning these services will be litigated in the 2012 rate case. BPA reserves the right to propose changes to the rates, rate schedules, and associated general rate schedule provisions for these services, and the signatories to this settlement preserve the right to litigate all issues concerning these services.

3. The signatories agree not to contest any aspect of the Settlement Proposal, or, with respect to the rates included in the Settlement Proposal and established for the Rate Period, any of the elements thereof, the methodologies and principles used to derive such rates, or any aspect of the rate schedules or general rate schedule provisions, or any other issue that is included in the Settlement Proposal. The signatories further agree to waive their rights to cross-examination and discovery with respect thereto, except in response to issues raised by any party in such proceeding that is not a signatory to this Partial Settlement Agreement. If, however, TS does not submit a proposal consistent with the terms of this Partial Settlement Agreement, the signatories may contest any aspect of its proposal.

4. The signatories acknowledge that in future rate periods the costs of transmission service are expected to increase because of, among other things, additional cyber and physical security requirements, repairs to aging equipment, and construction of new lines. The signatories agree to collaborate with BPA in exploring ways to reduce rate pressures in future rate periods.

5. The signatories will move the Hearing Officer to specify a date, within a reasonable time of the prehearing conference in the rate case, by which any party to the rate case that has not executed this Partial Settlement Agreement must object to the settlement proposed in this Partial Settlement Agreement and identify each issue included in the Settlement Proposal that such rate case party chooses to preserve for hearing. If no rate case party objects to the Settlement Proposal and preserves issues for hearing, TS shall

propose to the Administrator that he adopt the Settlement Proposal in its entirety. If any rate case party does object to the Settlement Proposal, TS may, but shall not be required to, revise the Settlement Proposal as it believes appropriate, either after such rate case party states its objection or after parties file their direct testimony. If TS decides to revise the Settlement Proposal, the signatories, together with any other interested rate case parties, will meet promptly to discuss a new procedural schedule that they will propose to the Hearing Officer, allowing TS a reasonable time in which to present a revised proposal and the parties a reasonable time to respond to such revised proposal. In that event, the signatories may contest any aspect of the revised proposal.

6. Nothing in this Partial Settlement Agreement is intended in any way to alter the Administrator's authority and responsibility to periodically review and revise the Administrator's transmission rates or the signatories' rights to challenge such revisions.

7. If the Administrator establishes transmission rates in accordance with the Settlement Proposal and submits such rates to FERC for confirmation and approval under the applicable standards of the Northwest Power Act, the signatories will not challenge the confirmation and approval of the rates or any element thereof, including the methodologies and principles used to establish the rates, or support or join any such challenge, and will not challenge the rates or any element thereof, including the methodologies and principles used to establish the rates, in any judicial forum.

8. The signatories will not assert in any forum that anything in this Partial Settlement Agreement or any action with regard to this Partial Settlement Agreement taken or not taken by any signatory, the Hearing Officer, the Administrator, FERC, or a court, creates or implies any procedural or substantive precedent or creates or implies agreement to any underlying principle or methodology, or creates any precedent under any contract between BPA and any signatory.

9. By executing this Partial Settlement Agreement, no signatory waives any right to pursue BPA tariff dispute resolution procedures consistent with BPA's tariff (including without limitation any complaint concerning implementation of BPA's tariff) or any claim that a particular charge, methodology, practice or rate schedule has been improperly applied.

10. Nothing in this Partial Settlement Agreement amends any contract or modifies rights or obligations or limits the remedies available thereunder.

This Partial Settlement Agreement may be executed in counterparts.

\_\_\_\_\_ for  
\_\_\_\_\_ Date \_\_\_\_\_  
Party