



## Department of Energy

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

POWER SERVICES

July 18, 2016

In reply refer to: PS-6

To Regional Customers, Stakeholders, and Other Interested Parties:

Klickitat PUD, Seattle City Light, Okanogan PUD, and the City of Idaho Falls currently purchase the Slice/Block product under their respective Regional Dialogue Power Sales Agreements (Agreement). By May 31, 2016, per the terms of the Agreement, Klickitat PUD requested to switch to BPA's Load Following product, Seattle City Light and Okanogan PUD requested to switch to BPA's Block product, and the City of Idaho Falls asked to move to BPA's Block with Shaping Capacity product but subsequently withdrew its request. The Regional Dialogue contract templates are available on BPA's Regional Dialogue website at: <https://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/#20yrRDcontracts>

As previously with Pend Oreille PUD's product change, both Klickitat PUD and Seattle City Light also requested an early change in their purchase obligations, effective October 1, 2017 rather than October 1, 2019 as specified in the Agreement. Bonneville Power Administration (BPA) is considering the customers' early change requests and is asking interested parties to provide written comment on the requests. Comments must be submitted on the BPA website at <https://www.bpa.gov/PublicInvolvement/Comments/Pages/default.aspx> by August 1, 2016.


The October 1, 2017 date requested by Klickitat PUD and Seattle City Light coincides with the beginning of the Fiscal Years 2018-2019 Rate Period. BPA previously stated in its October 2008 *Long-Term Regional Dialogue Contract Policy Record of Decision* that it would consider requests to change purchase obligations outside of the timing in section 11 of the Agreement on a case-by-case basis as long as it does not shift costs or risks to BPA and its other customers. Pend Oreille PUD requested and obtained an earlier change to a Block product from its original Slice Block product purchase.

BPA performed rate and risk analysis of the customers' request to change purchase obligations. A summary of BPA's analysis can be found at BPA's Regional Dialogue website noted in the first paragraph above. BPA has determined that if Klickitat PUD and Seattle City Light were allowed to convert to their requested purchase obligations in October 2017, the conversion would neither impose added financial risks on BPA nor create undue cost shifts to other customers. As a result, BPA: 1) proposes to allow these two customers to switch their purchase obligations early; and 2) proposes not to assess charges to the customers per section 11.1.1 of the Agreement except those charges determined in the rate case to be necessary to ensure that debt actions BPA has taken together with any timing impacts that differ between products are accounted for properly. At this time, BPA anticipates it will include in its BP-18 rate case proposal a mechanism that will balance and recover any differential timing benefits of Regional

Cooperation Debt actions that Slice customers have realized over the past several years. It is estimated that this proposed customer-specific charge to recover past credits will be approximately \$4,481,000 for Seattle City Light and \$292,000 for Klickitat PUD. Once these customer-specific charges related to the timing differences of the Regional Cooperation Debt (RCD) actions are reimbursed to BPA, then all customers will receive the same net benefits over time from the RCD process.

If you have any questions, please contact your Power Services Account Executive or Scott Wilson at (503) 230-7638.

Sincerely,



Mark O. Gendron  
Senior Vice President for Power Services