

BP-20 PARTIAL RATES SETTLEMENT AGREEMENT

Bonneville Power Administration BP-20 Rate Case Transmission, Ancillary, and Control Area Services Rates

THIS PARTIAL RATES SETTLEMENT AGREEMENT (“Agreement” or “BP-20 Partial Rates Settlement Agreement”) is among the Bonneville Power Administration (“Bonneville”) and parties to the BP-20 rate proceeding as provided for in section 3 of this Agreement (such parties in the singular, “Party,” in the plural, “Parties”).

RECITALS

- A. Bonneville and the Parties have been engaged in settlement discussions with respect to Transmission, Ancillary, and Control Area Services Rates and General Rate Schedule Provisions (“Transmission Rates”) for the FY 2020–2021 Rate Period (“Rate Period”);
- B. In addition to discussion of Transmission Rates for the Rate Period, the settlement discussions have addressed issues related to Bonneville’s proposal to conduct a proceeding pursuant to Section 212(i)(2)(A) of the Federal Power Act (the “TC-20 proceeding”) to establish a new open access transmission tariff for transmission service across the Federal Columbia River Transmission System;
- C. As part of the settlement discussions, Bonneville and the Parties have agreed to the terms of settlement for Transmission Rates for the Rate Period and for all issues in the TC-20 proceeding;
- D. Bonneville and its Transmission Customers have agreed to the TC-20 Settlement Agreement;
- E. The terms of this Agreement are intended to be a part of a settlement package that includes the settlement in the TC-20 proceeding; and
- F. The purpose of this Agreement is to document the terms of settlement for Transmission Rates for the Rate Period, without precedent for subsequent rate periods.

AGREEMENT

Bonneville and the Parties agree to the following:

1. In the BP-20 rate proceeding, Bonneville staff will file and recommend that the Administrator adopt a proposal (“Settlement Proposal”) to establish Transmission Rates for the Rate Period as shown in Attachment 1, Proposed 2020 Transmission, Ancillary, and Control Area Services Rate Schedules and General Rate Schedule Provisions (FY 2020–2021). The Settlement Proposal will include only the terms specified in this Agreement and in Attachments 1–3.

2. This Agreement settles, in accordance with its terms, all issues within the scope of the Settlement Proposal for purposes of Transmission Rates in the BP-20 rate proceeding and the Rate Period.
3. Bonneville will notify the Hearing Officer for the BP-20 rate proceeding of this Agreement and move the Hearing Officer to (1) require any party in the BP-20 rate proceeding that does not sign the Agreement to state any objection to the Settlement Proposal and to identify each issue included in the Settlement Proposal that such party chooses to preserve in the BP-20 proceeding by a date established by the Hearing Officer; and (2) specify that any party in the BP-20 rate proceeding that does not state an objection to the Settlement Proposal by such date will waive its rights to preserve any objections to the Settlement Proposal and will be deemed a Party to this Agreement.
4. If, in response to the Hearing Officer's order made pursuant to section 3, any party to the BP-20 rate proceeding states an objection to the Settlement Proposal, Bonneville and any Party to this Agreement will have three business days from the date of the objection to withdraw its assent to the Settlement Proposal. If Bonneville or any Party to this Agreement withdraws its assent to the Settlement Proposal, Bonneville shall promptly schedule a meeting with the Parties to this Agreement to discuss how to proceed and will provide notice and the opportunity to participate to parties to the BP-20 rate proceeding.
5. If the TC-20 proceeding does not result in the adoption of the TC-20 Settlement Agreement, this Agreement will be void *ab initio*.
6. This Agreement will become effective on the date for objections to the Settlement Proposal in the Hearing Officer's order made pursuant to section 3, and will terminate on September 30, 2021; except that, if the Administrator does not adopt the Settlement Proposal in the BP-20 rate proceeding, this Agreement will be void *ab initio*.
7. Preservation of BP-20 Transmission Rates and Settlement Proposal
 - a. If the Administrator adopts the Settlement Proposal, the Parties agree not to contest this Agreement or its implementation pursuant to its terms, from the effective date of this Agreement through the end of the Rate Period.
 - b. The Parties agree to waive their rights to submit data requests and conduct cross-examination in the BP-20 rate proceeding with respect to any issue within the scope of the Settlement Proposal, except in response to issues raised by any party in the BP-20 rate proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section 3.
 - c. Bonneville and the Parties agree that this is a "black box" settlement. Bonneville and the Parties understand, and will not argue otherwise, that this Agreement does not constitute consent or agreement in any future rate proceedings to the Transmission Rates, and that they retain all of their rights to take and argue whatever position they believe appropriate as to such matters.

- d. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to Transmission Rates for the Rate Period, and that acceptance of the settlement does not create or imply any agreement with any position of any other Party. Bonneville and the Parties agree not to assert in any forum that anything in the Settlement Proposal, or that any action taken or not taken with regard to this Agreement by Bonneville or any Party, the Hearing Officer, the Administrator, the Commission, or a court, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) any precedent under any contract or otherwise between Bonneville and any Party; or (4) any basis for supporting any Bonneville rate or general rate schedule provision for any period after the Rate Period.
8. Conduct, statements, and documents disclosed in the negotiation of this Agreement will not be admissible as evidence in the BP-20 rate proceeding, any other proceeding, or any other judicial or administrative forum, nor will the fact that the Parties entered into this settlement be cited or used in any future proceedings or Administrator decisions as support for any matters, other than application or enforcement of this Agreement.
9. Reservation of rights
 - a. Except as provided in section 7 above, no Party waives any of its rights, under Bonneville's enabling statutes, the Federal Power Act, or other applicable law, to pursue dispute resolution procedures consistent with Bonneville's open access transmission tariff or to pursue any claim that a particular charge, methodology, practice, or rate schedule has been improperly implemented.
 - b. By signing this Agreement, no Party agrees or admits that the level of financial reserves resulting from the Transmission Rates, if any, are acceptable or otherwise appropriate, and nothing in this Agreement shall limit, waive, or otherwise alter a Party's right to challenge in future rate proceedings the level of Bonneville's financial reserves.
 - c. Except as provided in section 7 above, no Party waives any rights to challenge the Financial Reserves Policy, Leverage Policy, Access to Capital policies or initiatives, all of which are outside of the scope of this Agreement. In particular, nothing in this Agreement limits, waives, or alters the Parties' rights: (1) to challenge the Leverage Policy Record of Decision under and subject to applicable law; and (2) to challenge, in future rate proceedings, the application of the Leverage Policy or the application of depreciation to assets funded by revenue financing. Furthermore, the Parties are not conceding any application of any such policies by agreeing to this Agreement.
 - d. Nothing in this Agreement limits, waives, or alters Bonneville's right to propose, or a Party's right to contest, the adoption of a Transmission General Rate Schedule Provision in the BP-20 rate proceeding to provide for a Financial Reserves Policy Surcharge, as described in the Financial Reserves Policy Phase-In Implementation Record of Decision, dated September 25, 2018.

- e. Bonneville and the Parties reserve the right to respond during the Rate Period to any filings, protests, or claims, by Bonneville, any Party, or others; however, the Parties will not support a challenge to any rates, terms and conditions, or other matters described in this Agreement.
10. All Transmission, Ancillary, and Control Area Service Rates and General Rate Schedule Provisions, as reflected in Attachment 1, are part of this Agreement, and cannot be contested in the BP-20 rate proceeding. For purposes of clarity, Power rates and the terms of the Transmission Cost Recovery Adjustment Clause and the Transmission Reserves Distribution Clause, sections II.H and II.I of the General Rate Schedule Provisions, respectively, are not within the scope of this Agreement or the Settlement Proposal.
 11. If, because of a ruling issued in response to a legal challenge, Bonneville is required to materially modify or discontinue any of the rates, terms and conditions, or other matters provided in this Agreement, Bonneville may seek, and the other Parties agree to support, or not contest, a stay of enforcement of that ruling until after the Rate Period.
 12. Attachment 1, Proposed 2020 Transmission, Ancillary, and Control Area Service Rate Schedules and General Rate Schedule Provisions (FY 2020–2021), Attachment 2, Rate Period Terms for Generation Inputs, and Attachment 3, Inter-business Line Allocations, are made part of this Agreement.
 13. Nothing in this Agreement is intended in any way to alter the Administrator’s authority and responsibility to periodically review and revise the Administrator’s rates or the Parties’ rights to challenge such revisions.
 14. Notwithstanding section 6 of this Agreement, sections 7, 8, and 9 will survive termination or expiration of this Agreement.
 15. This Agreement may be executed in counterparts each of which is an original and all of which, taken together, constitute one and the same instrument.

Customer Name: _____	Bonneville Power Administration
Signature: _____	Signature: _____
Signatory: _____	Richard L. Shaheen, P.E.
Title: _____	Senior Vice President, Transmission Services
Date: _____	Date: _____

ATTACHMENTS

Attachment 1 – Proposed 2020 Transmission, Ancillary, and Control Area Services Rate Schedules and General Rate Schedule Provisions (FY 2020–2021)

Attachment 2 – Rate Period Terms for Generation Inputs

Attachment 3 – Inter-business Line Allocations