



Department of Energy

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

EXECUTIVE OFFICE

May 28, 2010

In reply refer to: TSP-TPP-2

To Our Customers, Constituents, Tribes and other Stakeholders:

The Bonneville Power Administration (BPA) is announcing our rolled-in rates decision for the 2009 Network Open Season. Of the new transmission service requests in the 2009 Network Open Season, the majority will move forward at rolled-in rates in connection with the four projects that are currently under construction or environmental review as a result of the 2008 Network Open Season. BPA can also authorize some additional 2009 requests without any new facilities or system upgrades. The cumulative results of the 2008 and 2009 Network Open Season processes indicate that Network Open Season continues to be a success.

BPA initiated the first Network Open Season in March 2008, with the intent of establishing a better way to manage BPA's long-term transmission service request queue and to identify the new infrastructure that would be necessary to support the region's electrical needs. Within a year of starting the 2008 Network Open Season, BPA had determined that we could provide service to a number of new requests without constructing new facilities. In addition, as a result of the cluster study and commercial analysis, BPA determined that four new system reinforcements would move forward at rolled-in rates: McNary-John Day, Big Eddy-Knight, Central Ferry-Lower Monumental and the I-5 Reinforcement.

Based on the solid foundation built in 2008, BPA initiated the 2009 Network Open Season last June. Customers executed Precedent Transmission Service Agreements for a total of 1,553 MW of service requests in the 2009 Network Open Season. The cluster study identified 293 MW of those requests for which BPA could provide service without constructing new facilities and determined that the remaining requests would require new facilities.

The cluster study determined that 1,121 MW of the 2009 Network Open Season requests can use projects that moved forward in the 2008 Network Open Season. The fact that customers are continuing to request service that requires construction of these projects reinforces BPA's 2008 decision that those projects should move forward. Construction or environmental review for those projects is currently underway, and the requests in the 2009 Network Open Season that require the 2008 Network Open Season projects will now move forward at rolled-in rates as well.

The remaining 139 MW of requests, and the projects identified in the 2009 cluster study as necessary to serve those requests, will not move forward at rolled-in rates. Attachment A to this letter explains the basis for this decision in detail. This decision is based on the requests for service in the 2009 Network Open Season alone, however, and does not foreclose evaluation of any projects in a future Network Open Season. BPA encourages customers to continue to submit

requests and participate in future Network Open Seasons so that BPA can evaluate our ability to provide the requested service.

The Network Open Season process continues to highlight the benefits of regional collaboration regarding effective ways to meet the transmission needs of the Pacific Northwest and promote national energy policy. BPA looks forward to future Network Open Seasons and continued customer participation in this process.

Sincerely,

/s/ Stephen J. Wright

Stephen J. Wright
Administrator and Chief Executive Officer

Enclosure:

Attachment A: Rationale Supporting Determination of Rate Treatment Applicable to Projects
Under 2009 Network Open Season

Attachment B: Summary of 2008 and 2009 Network Open Season Participation