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## MEMORANDUM

**TO:** Power Committee

**FROM:** Terry Morlan

**SUBJECT:** Regional Dialogue Comments

The goal of the Power Committee discussion of Council comments to Bonneville on its Regional Dialogue Long-Term Policy Proposal is to have a recommended letter for Council approval on Thursday. Versions of the letter have been circulating for a couple of weeks now, and will continue to develop between now and the Council meeting. For that reason, I am not including a specific version in this packet.

The tone of the Council's comments is generally encouraging and positive, and I think all agree with that approach. There are a few differences among members' versions of specific sections that need to be worked out. The most significant at this point is how much the Council wants to weigh in on the settlement amount for the residential exchange. Some feel that the Council should provide additional guidance and leadership in this area while others think it is basically an equity issue that needs to be settled by the parties affected.

Staff has made a substantive suggestion that the Regional Technical Forum be used to verify the amount and cost-effectiveness of self-funded conservation instead of Bonneville. I doubt if this is a controversial change from the Council's perspective.

A couple other issues are brewing but have not been introduced at this time. One is an issue of the degree of separation between Bonneville's Tier 1 service and Tier 2 service. Bonneville envisions using one contract to cover both Tier 1 and 2. Some had expected that Tier 2 service would be more independent and bilateral, with individual utility contracts for Tier 2 service. Oregon may introduce language regarding this issue. Montana has indicated that they may introduce a suggestion that there be some interruptibility provision for financial benefits to direct service industries.

I am not aware of any other major issues at this time in terms of the Council's comments. There remain many issues in the regional dialogue negotiations. However, the Council's approach has been to keep the region focused on the long-term benefits of this change and encourage the parties to reach some agreement and move forward to implement the long-term contracts.