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March 28, 2006

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Update on the Regional Dialogue

The purpose of this agenda item is to update the Power Committee on the status of the Regional Dialogue process. There will likely not be much new substantive information to report because Bonneville does not plan to have its draft policy document completed until the end of April. In fact, Bonneville even sounded a little doubtful about the end of April due to the uncertainty of how long review by the Department of Energy might take.

Bonneville is continuing to work with customers to reach some further agreements on elements of the policy. The Public Power Council (PPC) recently approved a slightly revised allocation proposal and Bonneville is having discussions with PPC on the elements of that proposal. I assume that settlement talks with the investor-owned utilities are continuing regarding the residential exchange benefit levels and structure. And, as you are aware, Bonneville is seeking further analysis on the employment and income effects of providing different levels of benefits to the aluminum companies. This is the analysis for which Bonneville has asked the Council to facilitate a panel of experts to review available studies and provide a report to Bonneville. The aluminum impacts report would not provide input to the draft policy because it is not expected to be finished until the end of June. The report instead would help inform Bonneville's record of decision, which is expected this summer.

I suggest that the Council get a quick start on reviewing the draft policy at its May meeting. One approach would be for Bonneville to present its draft policy and then have a panel representing three or four Bonneville customer and public interest groups present their views on the proposal. I expect that the Council will need to be able to finalize its comments on the Regional Dialogue draft policy during its June meeting.

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