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May 30, 2007

## MEMORANDUM

**TO:** Power Committee

**FROM:** Terry Morlan

**SUBJECT:** Discussion of Residential Exchange Issues and the Regional Dialogue

Since the Ninth Circuit Court ruling on the residential exchange settlement the region has been struggling to grasp its many implications. Bonneville decided that one implication was that it could not continue payments to investor-owned utilities under the agreement without personal liability risks to its employees, and announced an immediate suspension of payments.

This decision had the effect of further polarizing the issue and intensifying reactions. A letter from Northwest Congressional leaders urged the region to work to come up with a solution, but such negotiations will be more difficult under the current circumstances. More calls are being made for fixing the Northwest Power Act.

In this context, the Power Committee may want to discuss some of the implications involved. Some of the questions to be discussed could be:

- Is there a role for the Council to facilitate some of the efforts to reach agreement?
- How can we avoid potential loss of the many beneficial effects of the Power Act (e.g. efficiency gains, fish and wildlife progress, public forum for regional policy) due to conflicts over residential exchange provisions?
- How can we avoid losing the progress that has been made on the Regional Dialogue policy?
- Should Council encourage Bonneville to implement the other provisions of the Regional Dialogue policy in the absence of a resolution on the residential exchange?

These suggestions are not meant to constrain discussion in any way. The Committee may not want to address these, or may want to address others. I will not be available for the Power Committee meeting, but I assume that John Shurts will be.

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