

Tom Karier
Chair
Washington

Frank L. Cassidy Jr.
"Larry"
Washington

Jim Kempton
Idaho

W. Bill Booth
Idaho



Joan M. Dukes
Vice-Chair
Oregon

Melinda S. Eden
Oregon

Bruce A. Measure
Montana

Rhonda Whiting
Montana

July 25, 2007

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Bonneville's Long-Term Regional Dialogue Policy

On July 19, 2007, Bonneville released its long-awaited Long-Term Regional Dialogue Final Policy. Also released, was the Record of Decision on the policy (326 pages) and a fact sheet, which is attached, that summarizes the policy.

The final policy provides contains more detail and clarification, and some relatively minor changes from the draft policy. However, the major thrust of the policy change remains. It will greatly improve utility incentives to pursue cost-effective resource choices, including improving the efficiency of electricity use. The policy contains a strong commitment to the Council's conservation and renewable resource targets, and to the Adequacy Forum standards and wind integration efforts.

Some key issues remain to be resolved before new contracts can be signed by December 2008. The final policy leaves the residential exchange and service to DSIs open for further negotiation. The decision on the use of excess secondary revenues to repay Bonneville's U.S. Treasury debt has been folded into a broader long-term financial plan to be developed during 2008.

The Council should understand that this policy sets the direction that Bonneville wants to go, but that its implementation is far from assured. Success depends on the resolution of several important issues, development of detailed implementation policies and procedures, translation of the policy into new 20-year contracts, and the ability to settle some provisions of the Power Act, which has been called into question by recent court decisions. A schedule for getting from here to the final signed contracts is attached.

We plan to have a general discussion of the policy in the Power Committee, and Mark Gendron, Bonneville's Vice President for Northwest Requirements Marketing, will discuss the Regional Dialogue Policy with the full Council and answer your questions.

Attachments

q:\tm\council mtgs\2007\aug 07\p4-2) regional dialogue cm.doc