

Tom Karier
Chair
Washington

Frank L. Cassidy Jr.
"Larry"
Washington

James A. Yost
Idaho

W. Bill Booth
Idaho



Joan M. Dukes
Vice-Chair
Oregon

Melinda S. Eden
Oregon

Bruce A. Measure
Montana

Rhonda Whiting
Montana

October 2, 2007

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Update on Regional Dialogue

Having completed their Regional Dialogue Policy, Bonneville is now holding an intense series of workshops to define the details of how the policy will be implemented. These workshops are being held two to three days a week through December. Bill Hannaford, Leann Bleakney, and Howard Schwartz have been attending these workshops and providing excellent summaries for the Council and other staff by email. They will also be available to answer questions at the Power Committee meeting.

The Power Committee will hear a report from participants in the workshops at each of its meetings through December. At the September meeting in Portland, the committee visited with Terry Mundorf about the residential exchange program. In Missoula, we had Larry La Bolle from Avista and Mark Stauffer from Northwestern visit with the Power Committee. In addition, Bill Drummond shared his perspectives with the full Council.

Some of the early workshops focused on the residential exchange program and how it might be implemented in accordance with the court decision. Other topics in the workshops have included:

- the types of tier 1 products Bonneville would offer (load-following, slice, block, etc.),
- resource shaping products;
- the tiered rates methodology;
- types of tier 2 products to be offered, including whether renewables will be sold in tier 2 to meet customers' RPS requirements;
- treatment of renewable energy credits (RECs) associated with new renewable generation,
- treatment of utilities' own resources;
- requests for pooling some utilities' tier 1 loads; and
- the possibility of delaying the full implementation of the Regional Dialogue policy by having a two year transition period.

Most of these topics are a level of detail that the Council need not be concerned about. However, the Council has expressed concern that policy choices made in the Regional Dialogue record of

decision, not be changed in the rate case or contract negotiations, so the staff is monitoring the implementation process with that concern in mind.

At the Coeur d'Alene Power Committee meeting, John Saven from Northwest Requirements Utilities will share his perspectives about the Regional Dialogue process and some of the key issues from his perspective.