

Bonneville Power Administration Transmission Tariff Issues Process¹

Description of Process

March 23, 2011

I. Goal – Path to Reciprocity Decision

Reach consensus on how Bonneville's transmission tariff should address specified issues and, where consensus is not reached, fully explore and document interests, options, and perspectives.

Understand significance of reciprocity, its benefits, and costs.

Have the group meet with FERC in mid-September, 2011 to discuss Bonneville's transmission tariff and the results of this process in the context of reciprocity. The package to be discussed with FERC will be determined in August, will be based upon the greatest common denominator, and each participant will decide whether to participate in the FERC meeting after the contents of the final package has been determined.

II. Scope

Matters related to Bonneville's transmission tariff, including its relationship with and impact on the region² (e.g., its role in transmission transactions across multiple systems and relationship with other transmission providers, including federal power marketing agencies).

III. Commitment to Interest-Based Approach

The goal of this process is to address all of the participants' interests. Each person is an equal participant in the discussions and has an equal opportunity to voice opinions and contribute ideas. The participants' discussions of substance and development of solutions will focus on interests and concerns, rather than on positions and demands.

IV. Parties; Respective Roles and Responsibilities

Participants. This is an open, public process. Participants in this process include Bonneville, Bonneville's transmission customers, and other regional transmission providers and interested parties.

¹ As of yet, this process has not been officially named, the participants have been asked to suggest distinctive, descriptive names, one of which will be selected at the March 24th workshop.

² When the participants talk about Bonneville's relationship with and impact on the "region", the region is not limited to Bonneville's actual service territory, but includes interconnected transmission systems throughout the Northwest.

Each participant's roles and responsibilities include:

- Negotiating collaboratively and in good faith to develop an approach to Bonneville's transmission tariff that meets the interests of all of the participants.
- Making its best effort to having representation at all workshops with the recognition that some of the participants' attendance will be targeted to specific issues.
- Staying fully briefed on all meeting discussions and deliberations.
- All participants will respect the concerns and interests of others, whether or not they agree with them, and commit to fully explore the issues before forming conclusions, and to search for creative solutions that best serve the interests that must be addressed.
- Participants will work in the spirit of giving the same priority to solving the problems of others as their own.
- All participants will be encouraged to "brainstorm" a variety of solutions to specific issues. When a representative identifies possible solutions as part of this process it is on behalf of the group, not its principal, and a representative will not be held to any brainstorming ideas until such time as they have indicated a willingness to live with a proposed solution.
- All participants will seek commonalities in their respective views and will seek to identify convergences of mission, opinion and values.
- All participants will make a special effort to listen carefully, ask pertinent questions and educate themselves and those they represent about the interests and needs that must be addressed in a problem-solving atmosphere.
- Participants are encouraged to offer proposals that will meet their interests or the interests of others.
- Participants will assist in developing meeting agendas.
- Each participant will commit to coming prepared for meetings, having reviewed all previously distributed material relating to an agenda item.
- After the initial "getting up to speed" of all of the participants, if a representative is new to the group, it is their responsibility to be briefed by their organization or to ask for a separate briefing by the facilitator or another participant outside of the meetings.

Facilitator. The facilitator is an impartial individual who will guide and manage the process. The facilitator does not have a stake in the substantive outcome of the process, and is obligated to remain neutral on the issues.

The participants expect the facilitator to:

- Use her best judgment to determine when to close discussions and move forward;
- Bring issues to closure in a timely and concise manner while ensuring that the need to move forward and make decisions is balanced with the need to make good decisions (e.g. decisions that will hold through the course of negotiations); and

- Communicate and document when tentative decisions and working agreements have been reached by the participants.

The facilitator will perform the following tasks:

- Scoping the process;
- Encouraging participation by all participants;
- Keeping the participants focused on the mission, agendas, and agreed-upon tasks;
- Chairing meetings in a manner consistent with interest-based negotiations (for example, ensuring that all points of view are heard and schedules are kept);
- Actively pushing the participants to meet agreed-to deadlines;
- Working, both at and between meetings, with participants to assist the free movement of ideas between the participants and to resolve any impasses that may arise;
- Keeping confidential information disclosed to them by the participants in confidence;
- Coordinating with Bonneville’s team regarding meeting logistics; and
- Maintaining a working document that summarizes the on-going status of the participants’ progress.

V. Structure of Process

Working Group. The participants as a group (“Working Group”) will be principally responsible for identifying, discussing and determining the process’s scope, the issues that will be addressed, consensus, and targeted work products/outcomes.

Subgroups. As appropriate, the Working Group will create and charge subgroups with assignments. Membership in subgroups will be dependent upon the nature of the charge and the capacity of parties to take on and complete assignments. At the direction of the Working Group, subgroup members may develop draft products and make recommendations to the Working Group. A subgroup will not make decisions on behalf of the Working Group.

Caucuses. It is anticipated that occasionally a subset of the participants will caucus (with or without the facilitator) to discuss issues under consideration in this process.

VI. Issues

1. App. Response Timeline (OATT 17.5)
2. Opt Out Timeline (OATT 17.5)
3. Intertie Studies (OATT 13.5, 15.2, 4(a), 17.5, & 19.4)
4. Curtailment by LIFO (OATT 13.6 & 14.7)

5. Intra-hourly Scheduling (OATT 13.8 & 14.6)
6. R/O of Partial Term Offers (OATT 19.7)
7. LT Offer Remainders (18 C.F.R. S&CPs)
8. ATC/AFC Posting (Order 890 & 18 C.F.R.)
9. Netting for Redirects (OATT 22.2 & Order 890)
10. Resales Safety Valve (OATT 23.1 & Order 890)
11. Financial Middleman (OATT 23.1 & Order 890)
12. Gen. Imb./ Schedule 9 (Order 890)
13. Priority Access to Transmission
14. ESA
15. 10 year Forecasts (Attachment K); Collecting Generation Location & Capacity Data; Line/Load Studies (Attachment J)
16. Redispatch all NT Resource/Collect Customer Redispatch Cost Data/File Current Attachment M (OATT 9, 29.2, 33.2)
17. Provide System Conditions for Conditional Firm (PF OATT 15.4c & Order 890)
18. Implement Simultaneous Windows (Order 890)
19. Sign PTSA Exhibits Consistent with Contract (Attachment O)

Additional issues may be added. A “loft” will be created, as needed, for purposes of initial discussion regarding whether issues should be taken up by the Working Group.

VII. Decision-Making Model

The participants will strive for consensus. In order to keep the process moving, consensus may not require unanimity, although it will require Bonneville’s agreement.³ Consensus could mean that the participants agree to disagree.

³ The Administrator will make the final decisions regarding Bonneville’s transmission tariff outside of, but informed by, this process.

When consensus is not achieved, Bonneville will decide how to move forward with that portion of its transmission tariff informed by the discussions and the other participants will decide what action to take.

VIII. Work Products/Process Outcomes

Step One:

1. Consensus, to the extent possible, on how specific issues should be addressed in Bonneville's transmission tariff and, where consensus is not reached a description of the various interests, options, and perspectives on unresolved issues.
2. Common understanding of the significance of reciprocity to individual participants, its implications, benefits, and costs.
3. Written documentation of 1 and 2 above.
4. Conversation(s) with FERC regarding regional consensus and perspectives on Bonneville's tariff within the context of reciprocity (what reciprocity would look like, impacts, benefits, costs, issues, etc.).

Step Two:

Further steps as determined appropriate by the Working Group after the conversation with FERC.

IX. Development of a Complete Package

The participants recognize that when developing a comprehensive package, consensus may only emerge over time as information becomes available and various options for resolution are developed. As such, agreements on pieces of the approach to Bonneville's transmission tariff will be considered tentative until the final package has been developed. The group may agree by consensus to reopen tentative agreements during the course of the process.

When a complete package has been developed, the group will consider the package as a whole to determine whether some components need to be adjusted to represent an appropriate balance of interests or to resolve unintended consequences.

The facilitator will track progress through a working document, which will be continually updated to reflect the status of negotiations, in particular, tentative agreements as they emerge.

X. Workshops/Meetings

The group will proceed with its work, including calling for consensus, even if some participants cannot attend meetings as provided below. While the participants want to ensure that all participants have a reasonable opportunity to participate, they are concerned that the process will not reach closure if issues can only be resolved when all

participants are present or if an absent participant can reopen a decision at any time. The following provisions have been developed to allow some flexibility and protection to participants who cannot attend a meeting for reasons beyond their control, but also allow the group to develop a timely resolution to open issues.

If a participant must miss a meeting, it is responsible for informing the facilitator, and: 1) asking a fellow participant member to communicate its interests and positions or 2) submitting written comments that will be distributed to the other participants. Whoever communicated the interests and positions of the absent participant or the facilitator will contact such participant to discuss what took place at the meeting.

If a participant feels that a specific decision should not be made in its absence, it can request that the timing of that discussion be rescheduled. The facilitator, in consultation with the group, will determine whether the timing of the decision should be rescheduled.

If a participant chooses not to attend or be otherwise represented at a meeting, decisions made at the meeting will not be reopened based upon the request of the missing participant unless the group agrees by consensus that it should be revisited. If a participant was unable to attend for reasons beyond its control and it informed that facilitator prior to the missed meeting, the participant will be given an opportunity to discuss the decision with the group at the meeting immediately following the decision.

XI. Timeline

It is the intent of the participants that this process be of finite duration, and that the meeting with FERC take place in mid-September, 2011.