



Public Power Council

825 NE Multnomah, Suite 1225
Portland, OR 97232
503.595.9770
Fax 503.239.5959

April 5, 2010

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

Dear Steve,

Having signed contracts committing to pay long-term for BPA's power costs, the region's consumer-owned utilities have a legitimate expectation that they will be involved in, or at least aware of, decisions that could obligate the agency to significant costs. It is in our mutual interest that customers have confidence in a transparent process that ensures that ratepayer funds are put to their best and highest purpose.

In this light, I felt compelled to write to clarify the standards for public involvement in light of the example of the twenty-year contract in place between the Bonneville Power Administration (BPA) and the Bonneville Environmental Foundation. While this contract was signed in January of 2009, the contract and its accompanying record of decision (ROD) were not released publicly until over one year later in response to a customer inquiry. To our knowledge, there was no notice or outreach to the customers who will be paying for the costs of the program for twenty years in their power rates.

The lack of process around this contract raises concerns, not necessarily because of any distrust that the intent was to carry-forward an existing program at close to existing funding levels, but rather because: (1) the contract changed the nature of the funding arrangement, taking the substance of the contract beyond that of the myriad renewing contracts the agency signs for day to day operations and maintenance of the federal power system; (2) the contract obligates the agency for twenty years; and (3) the contract contains provisions allowing the potential for alarmingly high escalation of cost and supplemental payments at the agency's discretion.

Moving forward with a ROD and contract of this nature without any external notice or public process does not meet the aspirations held by BPA for openness and transparency. Review and input from staff for public power may well have led to a contract with provisions that more accurately reflect what we understand to be agency intent. For example, BPA staff indicate that the intent of the funding

arrangement is to allow only modest increases in funding unless there is exigent need for a specific increase for a unique project.

I appreciate the effort to date of BPA senior staff to determine why this program renewal, ROD, and contract were not available for review in this instance. I would urge your careful consideration of agency practices, and would pose the following questions:

- (1) What are the specific agency criteria for triggering public or customer-oriented process for review of BPA contracts?
- (2) What are the specific criteria for issuing a Record of Decision?
- (2) If contracts have escalation or supplementation clauses, what level of escalation or supplementation triggers customer outreach?
- (3) What internal process does the agency enlist to decide whether public or customer review is warranted, and who are the decision-makers in that process?
- (5) Are there other RODs or contracts from the past year that have not been posted publicly but that have attributes warranting public release?

Your response to these questions would be most appreciated so that PPC and its members can provide appropriate feedback to the agency. If the policies are unclear at this time, we stand ready to assist in offering guidance for establishing adequate protections.

Sincerely,



Scott Corwin
Executive Director