


INTERNAL CORRESPONDENCE

DATE: March 3, 2005

TO: Records Management
1050 LCT

FROM: Kristie Sharp 
600 LCT

SUBJECT: BPA Correspondence received re: Contract No. DE-MS79-94BP94316 (Hermiston)

Enclosed for vault files please find correspondence from Mark Miller and Dennis Oster of Bonneville Power Administration regarding return of transmission losses under Contract No. DE-MS79-94BP94316 (Hermiston).

cc: C&T Contract Notice Distribution

File: BPA - Correspondence



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

February 22, 2005

In reply refer to: PT-5

Mr. Colin Persichetti, Director, Contract Administration
PacifiCorp
825 NE Multnomah
Portland, OR 97232

Dear Mr. Persichetti:

On January 13, 2005, the Bonneville Power Administration's (BPA) Transmission Business Line (TBL) discovered that since April 16, 1999, PacifiCorp had not been returning losses under PacifiCorp's FPT Transmission Agreement serving the Hermiston Generation Project, BPA Contract No. DE-MS79-94BP94316 (Hermiston). Therefore, BPA's Power Business Line (PBL) supplied the energy for the losses. The accumulated amount of energy provided by the PBL and used by PacifiCorp is 324,570 MW hours. Although discussions have been initiated between BPA and PacifiCorp on this topic, this letter is to officially notify PacifiCorp of the problem, and to request appropriate compensation for the value of the energy provided by BPA. The basis for the request is described below, and is supported by Attachment A, which provides the calculation for the value of the losses not returned.

I. Background

PacifiCorp's transmission contract requires that losses be returned 168 hours after the scheduled energy deliveries, in amounts calculated from the energy schedules. However, from April 16, 1999, through January 18, 2005, PacifiCorp did not return losses for Hermiston. As a result, the BPA PBL provided the power for the losses without receiving any energy or monetary payment.

II. Compensation for Losses

BPA has used the monthly average Mid-Columbia index prices for the months in which the energy was supplied by the PBL. This method of valuing these losses is the most appropriate because it accurately reflects the cost to the PBL. This cost is \$21,023,279.

III. Resolution

Representatives of the TBL and PBL would be happy to meet with you to answer any questions you may have. If PacifiCorp does not respond by March 4, 2005, the TBL will include the \$21,023,279 amount on PacifiCorp's next Transmission bill. As an alternative to a financial payment, the PBL is willing to discuss payment in the form of energy deliveries valued at the above amount.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Miller".

Mark Miller, Account Executive
Power Business Line

A handwritten signature in black ink, appearing to read "Dennis Oster".

Dennis Oster, Account Executive
Transmission Business Line

ENC: Attachment A

Attachment A

1/19/2005

Hermiston PacifiCorp FPT Loss MWhr Totals

DJ Mid-C

		<u>Flat</u>	
1999 April	6,231.751	20.44	127,378
1999 May	5,680.225	22.43	127,389
1999 June	5,558.850	16.94	94,146
1999 July	6,170.957	20.13	124,210
1999 August	6,542.692	24.37	159,467
1999 September	5,283.946	29.40	155,371
1999 October	5,074.676	42.24	214,369
1999 November	5,516.388	28.79	158,816
1999 December	7,125.861	23.73	169,092
1999 Total	53,185.346		1,330,238
2000 January	8,194.295	25.59	209,725
2000 February	6,399.495	26.17	167,477
2000 March	5,127.225	27.27	139,800
2000 April	7,031.437	22.83	160,546
2000 May	5,991.076	49.27	295,193
2000 June	5,378.522	127.70	686,854
2000 July	5,484.858	98.08	537,936
2000 August	4,945.984	166.06	821,348
2000 September	4,319.436	114.73	495,553
2000 October	4,184.820	96.71	404,720
2000 November	4,686.104	161.29	755,810
2000 December	5,760.417	524.64	3,022,167
2000 Total	67,503.669		7,697,129
2001 January	5,032.416	261.17	1,314,339
2001 February	4,470.726	275.21	1,230,408
2001 March	3,732.881	260.71	973,212
2001 April	3,873.632	289.74	1,122,336
2001 May	3,685.531	223.45	823,530
2001 June	4,368.918	62.00	270,874
2001 July	3,292.735	53.04	174,641
2001 August	3,698.438	39.71	146,859
2001 September	3,133.472	22.72	71,204
2001 October	3,911.309	24.49	95,774
2001 November	4,315.885	22.36	96,484
2001 December	4,774.930	24.24	115,740
2001 Total	48,290.873		6,435,402
2002 January	4,928.319	18.79	92,627
2002 February	5,245.813	20.30	106,498

2002 March	4,025.549	34.32	138,151
2002 April	4,443.344	19.44	86,369
2002 May	2,167.263	19.02	41,217
2002 June	189.290	7.51	1,422
2002 July	1,348.113	9.91	13,361
2002 August	5,153.384	17.90	92,269
2002 September	3,872.951	24.59	95,254
2002 October	4,059.979	28.52	115,791
2002 November	4,625.936	30.99	143,350
2002 December	4,225.930	37.29	157,578
2002 Total	44,285.871		1,083,888

2003 January	4,614.798	36.55	168,672
2003 February	4,336.866	49.99	216,787
2003 March	4,359.434	45.81	199,698
2003 April	4,881.816	31.75	154,980
2003 May	4,466.269	28.84	128,808
2003 June	6,676.924	31.89	212,916
2003 July	5,112.012	44.50	227,505
2003 August	2,719.735	39.79	108,210
2003 September	3,504.078	38.95	136,482
2003 October	3,898.997	34.82	135,769
2003 November	4,480.907	35.30	158,175
2003 December	5,183.123	39.19	203,123
2003 Total	54,234.959		2,051,124

2004 January	4,960.862	44.58	221,159
2004 February	4,273.041	40.90	174,756
2004 March	4,225.078	36.94	156,054
2004 April	4,673.723	40.16	187,707
2004 May	4,711.587	43.97	207,166
2004 June	5,373.705	31.64	170,033
2004 July	5,037.475	47.76	240,576
2004 August	4,503.483	47.65	214,589
2004 September	4,168.204	37.25	155,261
2004 October	4,202.497	43.02	180,773
2004 November	4,907.984	46.31	227,274
2004 December	6,031.668	48.10	290,150
2004 Total	57,069.307		2,425,498

Grand Total 1999 Through 2004

324,570.025

\$21,023,279