



## Public Power Council

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July 14, 2006

*Submitted Electronically*

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Subject: Southern California Edison Proposed Settlement Agreement

### Introduction

On June 15, 2006, BPA announced that it had reached a potential settlement agreement with Southern California Edison (SCE), which would resolve two of three lawsuits filed against BPA by SCE related to a 20-year power sales and exchange agreement between the parties. BPA also announced that it was seeking public comment on the settlement. The Public Power Council (PPC) appreciates the opportunity to provide the following brief comments in response.

### BPA's Efforts to Keep Customers Informed

Since late last year, BPA has made significant efforts to keep its customers informed about the status and details of the cases which it now proposes to resolve through settlement. BPA staff met with public power representatives on an individual basis, made presentations at trade association meetings, including the PPC Executive Committee meeting, and most recently initiated this public comment process in order to solicit feedback and insight. Because any BPA settlement has the potential to affect the rates of BPA's customers, PPC very much appreciates BPA's efforts to ensure that its customers were aware of the potential costs the agency would incur in resolving the disputes at issue in the SCE litigation.

### Effect on BPA Rates

Under the proposed settlement, BPA would pay SCE \$28.5 million to resolve two claims that total roughly \$208 million. Under the proposed settlement agreement, however, BPA will not incur any obligation to pay SCE the settlement amount until BPA's own claims in the California refund proceeding have reached a final resolution. Because BPA expects to receive substantial amounts of compensation from this latter proceeding, the hope is that amounts BPA pays under the settlement with SCE will be offset by compensation received from the refund proceeding. PPC supports efforts by BPA to avoid adverse rate impacts to its customers whenever possible, and notes that the proposed settlement seems to offer a reasonable approach to ensuring that BPA's rates, which are currently proposed to be adjustable, are not overly volatile.

### Amount of Settlement

The litigation that BPA and SCE propose to resolve by settlement is extremely complex and detailed. As a non-party to the suit, PPC is not in a position to offer an opinion on the appropriateness of the proposed settlement amount. We therefore decline to comment on the specific numbers at issue in the settlement.

### Conclusion

Although PPC is not able to comment on whether the proposed settlement contains the "right" dollar amount, PPC does appreciate BPA's efforts to keep its customers informed of matters that affect BPA's finances, and the resulting rates it charges its customers, as well BPA's efforts to prevent unnecessary rate increases.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Showalter', written in a cursive style.

Marilyn Showalter  
Executive Director