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AN APPROACH TO REGIONAL DIALOGUE CONTRACTS

The Regional Dialogue contracts pose unique conceptual and drafting challenges due to the multiplicity of alternative supply arrangements, the frequency of supply selections and the division of costs and supply arrangement between Tier 1 and Tier 2. As a consequence, careful thought must be given to the conceptual approach and structure of these contracts *before* the drafting effort begins to avoid false starts and wasted time.

BPA's preference customers suggest that the following conceptual approach be considered as a starting point for this effort.

- The contract body should contain the essence of the business transaction (rights and duties) such that a person could read it and understand the rights and duties of each party.
- The contract body should contain those provisions that are not expected to be changed or revised frequently during the contract term.
- The contract body should point to those exhibits that contain the mechanics for each provision. The contract provision on rate period high water mark should point to exhibit in which the rate period high water mark is determined.
- The exhibits should contain those items that are expected to change frequently, such as the rate period high water mark.
- The exhibits should lay out the frequency and mechanics for making the changes needed.

The foregoing is initial thinking and is subject to change as we think and learn more about putting these contracts together. To aid in the preference customer thinking on this topic, we put together an initial table of contents in which we tried to identify and put in a logical sequence all of the items that will be needed in these contracts. It is attached as Attachment A.

To continue our thinking process and aid others in understanding this table of contents we have taken the next step and tried to set out in outline form what we envision the major contract sections and exhibits would contain. This outline is attached as Attachment B. It should be noted that differences in nomenclature between the contract body and exhibits portions of the outline are due to different authors making contributions. And again, this is preliminary thinking done to help work through these issues, so the precise line between what should go into the contract body and what should go into the exhibits will likely change as we move through this process. .