



## Department of Energy

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

POWER SERVICES

November 14, 2018

In reply refer to: PS-6

To Regional Customers and Interested Parties:

The Bonneville Power Administration is seeking public comment on its proposal to terminate the Foote Creek 1 Power Purchase Agreement (Agreement) before its stated termination date. The owners of the Foote Creek 1 wind project – PacifiCorp (PAC) and Eugene Water and Electric Board (EWEB) – approached BPA with the request to terminate the Agreement early. After considering the request and assessing the remaining costs and benefits we expect from the project, BPA is proposing to buy-out the remaining term of the Agreement. The proposed termination date is Jan. 1, 2019, but is subject to the owners' closing of an agreement to extinguish their joint ownership of the Project. This action is projected to save BPA ratepayers roughly \$2 million per year on a nominal basis over the remainder of the contract period.

On July 21, 1997, BPA entered into a 25-year power purchase agreement with PAC and EWEB for 37 percent of the Foote Creek 1 wind project generation. BPA's share of the expected output is five average megawatts. The Agreement terminates in April 2024.

The Agreement requires BPA to pay for actual plant costs in addition to the contract price through an annual true-up. The true-up has been significantly positive over the past five years, resulting in additional costs to BPA. BPA believes it is reasonable to expect the continued availability of power and low market prices into the near term should it need to replace its percentage share of the project's output.

EWEB and PAC jointly own the project. BPA and these counterparties agree that termination would potentially be beneficial to all parties involved. Early termination results in savings to EWEB and BPA and allows PAC the ability to repower the project.

Under a proposed settlement agreement, BPA will pay PAC and EWEB 74 percent of the Agreement's liquidated damages termination payment. This payment compensates PAC and EWEB for foregone PPA revenues and allows EWEB to avoid decommissioning the project.

Because the resource is listed as a Designated Non-federally Owned Tier 1 Resource under the terms of BPA's Tiered Rates Methodology, BPA will hold a separate and subsequent public process to address any necessary changes to the TRM as a result of contract termination.

BPA is asking interested parties to provide written comment on the proposed early termination. Please submit comments at [www.bpa.gov/comment](http://www.bpa.gov/comment) or by email to [comment@bpa.gov](mailto:comment@bpa.gov) by Nov. 28, 2018.

If you have any questions, please contact your BPA Power account executive or call me at (503) 230-5175.

Sincerely,

A handwritten signature in blue ink that reads "Garry R. Thompson". The signature is written in a cursive style with a large, stylized initial "G".

Garry R. Thompson  
Vice President of NW Requirements Marketing