

**BONNEVILLE POWER ADMINISTRATION'S ERRATA CORRECTIONS
TO THE 2008 AVERAGE SYSTEM COST METHODOLOGY
September 12, 2008**

I. DESCRIPTION OF ERRATA CORRECTIONS

A. Attachment A, ASC Methodology, Section IV, A: Escalation to Exchange Period , page 9:

Insert the following text after A4:

5. BPA will escalate the Public Purpose Charge forward to the mid-point of the Exchange Period by the same rate of growth as total Contract System Load after distribution losses.

This correction is necessary because the Public Purpose Charge is calculated as a percentage of revenue, which BPA presumes will grow during the exchange period. This addition clarifies that BPA intends to escalate the Public Purchase Charge over the exchange period.

B. Attachment A, ASC Methodology, Section IV, C: Major Resource Additions and Materiality Threshold, page 11:

Insert the following text after C.9 and change the existing C.10 to C.11:

10. BPA will escalate the cost General Plant, accounts 389 through 399.1 forward to the mid-point of the Exchange Period by calculating the ratio of each account's value in the Base period to the sum of Production, Transmission and Distribution plant values in the base period and then multiplying the Base period ratio times the forecasted value for Production, Transmission and Distribution plant.

This correction is necessary as BPA inadvertently left this description out of the final ASCM.

C. Attachment A, Appendix 1, ASC Utility Filing Template, Page A4, Schedule 1, *Plant Investment/Rate Base*:

For Account 108, line item “**Capital Leases - Common Plant**” (line 69 in the electronic template), remove the **PTD** option from functionalization “Method Optional” column.

For Account 108, line item “**In-Service: Depreciation of Common Plant (a)**” (line 71 in the electronic template), remove the **PTD** option from functionalization “Method Optional” column.

For consistency, Table 1, Attachment A, page 18-19 of the ASC Methodology, must also be adjusted as follows:

For Account 108, line item “**Capital Leases - Common Plant,**” remove the **PTD** option from functionalization “Default” column.

For Account 108, line item “**In-Service: Depreciation of Common Plant (a),**” remove the **PTD** option from functionalization “Default” column.

These corrections are necessary to equate all Common Plant accounts to DIRECT functionalization under “**Utility Plant: Common Plant**” (line 91 in the electronic template). There are no functionalization options under Common Plant and all accounts are to be functionalized by Direct analysis.

D. Attachment A, Appendix 1, ASC Utility Filing Template, Page A4, Schedule 1, *Plant Investment/Rate Base*:

For Account 115, line item “**Amortization of Acquisition Adjustments** (line 73 in the electronic template), remove DIST option from functionalization “Method Optional” column (cell F73 in electronic template) and equate cell E73 to E92 (**Acquisition Adjustments (Electric)**, Account 114, line 92 in electronic template).

For consistency, Table 1, Attachment A, page 19 of the ASC Methodology, must also be adjusted as follows:

For Account 115, line item “**Amortization of Acquisition Adjustments**”, remove DIST option from functionalization “Default” column.

This correction is necessary because Depreciation and Amortization Reserves must follow the same functionalization used for Utility Plant under Assets and Other Debits.

E. Attachment A, Appendix 1, ASC Utility Filing Template, Page A14, Schedule 3, Expenses:

For Account 908, add (k) to line item “**Customer Assistance Expenses (Major only)**”.

In Section IX, Average System Cost Methodology Appendix 1 Endnotes, add endnote k/ with the following explanatory text:

k/ Customer Assistance Expenses (Major only) requires DIRECT analysis of conservation related expenses; all exchangeable conservation costs may be functionalized to Production (PROD); all other costs will be functionalized to Distribution/Other (DIST)..

This correction is necessary to clarify the correct functionalization of this account.

F. Attachment A, Appendix 1, ASC Utility Filing Template, Page A15, Schedule 3, Expenses:

For Account 406, line item “**Amortization of Plant Acquisition Adjustments (Electric)**” (line 96 in the electronic template), equate cell E96 to Account 114 **Schedule 1, Plant Investment/Rate Base (Acquisition Adjustments (Electric))**, (cell E92 in electronic template).

This correction is necessary because Depreciation and Amortization expenses must follow the same functionalization used for Utility Plant under Plant Investment/Rate Base, Assets and Other Debits.

G. Attachment A, Appendix 1, ASC Utility Filing Template, Page A16, 3 Year PP OSS Worksheet:

In the table with the heading “**Sale for Resale – Base Period**”, change the column heading from “**MWh Purchased**” to “**MWh Sold.**” This change should be made to the “**Sales for Resale – Base Period, Sales for Resale – Base Period Minus 1**”, and “**Sales for Resale – Base Period Minus 2**” column headings under the Sale for Resale table on page A16.

This correction is necessary as BPA inadvertently failed to correct a “copy and paste” insert during the formatting of the table. This is a word change only; there is no change to the input.

H. Attachment A, Appendix 1, ASC Utility Filing Template, Page A22, Ratios:

For Labor Ratio Input: line item “**Customer Service and Informational**” (line 17 in the electronic template), change functionalization code from Distribution/Other (DIST) to DIRECT.

For consistency, Table 1, Attachment A, page 23 of the ASC Methodology, must also be adjusted as follows:

For Labor Ratio Input: line item “**Customer Service and Informational,**” change functionalization code from Distribution/Other (DIST) to DIRECT.

This correction is necessary because this Ratio requires DIRECT analysis of conservation related expenses associated with Account 908: all exchangeable conservation costs may be functionalized to Production (PROD); all other costs will be functionalized to Distribution/Other (DIST).

I. Attachment A, ASC Methodology, footers, pages 1-14:

BPA made ministerial changes to the footers.