



Department of Energy

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

EXECUTIVE OFFICE

OCT 28 2015

In reply refer to: A-7

MEMORANDUM FOR ELLIOT E. MAINZER, ADMINISTRATOR and CHIEF EXECUTIVE OFFICER,
BONNEVILLE POWER ADMINISTRATION

THROUGH:

CLAUDIA R. ANDREWS *Claudia R. Andrews*
CHIEF OPERATING OFFICER, BONNEVILLE POWER ADMINISTRATION

THOMAS A. MCDONALD *Thomas A. McDonald*
CHIEF COMPLIANCE OFFICER, COMPLIANCE AND GOVERNANCE (ACTING)
BONNEVILLE POWER ADMINISTRATION

FROM:

NANCY MITMAN *Nancy M. Mitman*
CHIEF FINANCIAL OFFICER, BONNEVILLE POWER ADMINISTRATION

SUBJECT:

DIRECTIVES EXEMPTION APPROVAL MEMORANDUM

PURPOSE: To document BPA's exemption from DOE Order 522.1, Pricing of Departmental Materials and Services.

BACKGROUND: The power marketing and related activities of BPA are exempt from this order when those activities are directly funded by ratepayers. Other reimbursable work not directly funded by ratepayers is assessed on the recipient and priced by BPA at full-cost recovery as determined by BPA's cost accounting practices. BPA's CFO will provide biennial pricing attestations to the Department's CFO, indicating that BPA's pricing practices are in conformance with the relevant CFO Act requirements.

JUSTIFICATION: BPA's exemption from DOE Order 522.1 is based on BPA's independent obligations for full cost recovery under its organic statutes and other Congressional legislation. Most notably, BPA's Pacific Northwest Electric Power Planning and Conservation Act mandates that BPA set rates sufficient to recover, in accordance with sound business principles, total system costs, including repayment of the Federal investment in the FCRPS. Reimbursable work not directly funded by ratepayers is assessed to the recipient.

RECOMMENDATION: Recommend that you approve this exemption document.

Elliot E. Mainzer, Administrator and Chief Executive Officer, Bonneville Power Administration

APPROVE: E. Mainzer DISAPPROVE: _____ DATE: 10/28/15

CONCURRENCES:

Joseph S. Hezir, Chief Financial Officer, Department of Energy

APPROVE: Joseph S. Hezir DISAPPROVE: _____ DATE: 11/3/2015

cc:

Skila Harris

Senior Advisor, Power Marketing Administration, Department of Energy