

WASHINGTON PUBLIC UTILITY DISTRICTS ASSOCIATION



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May 31, 2007

Stephen J. Wright
Administrator
Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

Dear Steve,

On behalf of the Washington Public Utility Districts Association and our 28 member Public Utility Districts, I urge the Bonneville Power Administration to forgo any appeal or rehearing of the recent U.S. 9th Circuit Court of Appeals decision regarding residential exchange benefits. Instead, I ask that BPA engage immediately with public power and the investor-owned utilities in a good-faith effort to reach a resolution that allows the regional dialogue to move forward.

WPUDA is not opposed to sharing some benefits of the federal hydropower system with the residential and small-farm customers of investor-owned utilities, as established in the Northwest Power Act of 1980. However, the court ruled, and we agree, that BPA wrongly passed costs of an expanded residential exchange program onto customers of public utilities when it implemented a settlement agreement with seven investor-owned utilities in 2000.

WPUDA and other public power organizations want to work with BPA and the IOUs to restore balance and fairness to the residential exchange program consistent with the law, which the court found missing in BPA's settlement with the IOUs.

This association has long urged BPA to follow the law in determining residential exchange benefits for investor-owned utilities. In comments submitted last fall as part of the regional dialogue on future rate contracts, we argued that both current and proposed settlement payments to investor-owned utilities went well beyond the intent and letter of the law, costing our members' customers hundreds of millions of dollars over the past several years.

It is unfortunate that BPA felt it had no choice, after the court ruled, but to temporarily suspend residential exchange payments to the investor-owned utilities. This decision prompted the IOUs to undertake a public relations campaign aimed at scaring their customers and convincing the congressional delegation to intervene. We think this has been counterproductive. The sooner BPA, public power and the IOUs can reach an agreement that satisfies the requirements of the Northwest Power Act, the sooner BPA can resume allocation of legally justifiable benefits to the IOUs.

We believe that the court's decision was correct and restored the right balance under the law of the benefits from the BPA system. We urge you to forgo a lengthy appeal of the decision and instead to exercise reasoned leadership to end the uncertainty and begin a stakeholder process that will work to benefit all customers in the region and will be legally sustainable.

The court ruling can be the impetus for BPA, public power and the IOUs to negotiate a more satisfactory conclusion to this difficult issue. WPUA stands ready to engage in this process on behalf of our members.

Sincerely,



Steve Johnson
Executive Director

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