



October 11, 2006

Bonneville Power Administration
Public Affairs Office – DKC-7
P.O. Box 14428
Portland, OR 97293-4428

RE: Comments: Long-Term Regional Dialogue Policy Proposal

Ladies and Gentlemen of BPA,

The public process the Pacific Northwest has been engaged to arrive at this juncture has occurred over a period of more than ten years. The impact of the decision/outcome at the conclusion of this process will be significant. All roads lead to here. Do we go forward or do we fall back? How will we measure the success or failure of the Regional Dialogue process and its result? Our answer to that question for measuring success or failure can be summarized in a sentence from the Regional Dialogue papers, "The region's ability to grow its economy will either be facilitated or restricted by the ability of BPA and others to provide adequate power." We would suggest that the above sentence be enhanced by adding the phrase "at affordable prices" to the end. The revised statement would then read, "The region's ability to grow its economy will either be facilitated (SUCCESS) or restricted (FAILURE) by the ability of BPA and others (read: all of us) to provide adequate power at affordable prices." This whole decade-long journey is about our future responsiveness, responsibility and accountability to all stakeholders and citizens in the Region. Electrical energy is an essential service upon which our economy and quality of life rests.

Below are our comments on the Long-Term Regional Dialogue Policy Proposal (RD; RD Proposal, or Proposal). Our comments are presented in the order in which the topics appear in the Proposal.

Service to Public Utilities

A. Allocation

If "the cornerstone of the Regional Dialogue policy is to limit BPA's sales of firm power at the lowest-cost-based rate to public preference customers to meet their firm requirements loads to approximately the firm capability of the existing Federal system," and we believe it is, then allocation, specifically the Public

Power Council's "allocation" proposal (PPC Proposal), is our cornerstone issue. The PPC Proposal was unanimously recommended to BPA by the PPC but only after much discussion, debate and soul searching. We strongly support the PPC Proposal. We believe BPA's proposed modification to the PPC Proposal of establishing a high water mark (HWM) for each preference customer based on the calculation of the difference between its actual 2010 firm regional consumer loads and the amount of resources serving its consumer load during that year is prudent and equitable. We understand that for load beyond the HWM each preference customer could choose to develop or buy its own resources or buy power from BPA at a Tier 2 rate. We understand that "allocation" is not for a physical allocation of power, but an allocation of costs of the existing system through a tiered-rate construct. BPA asks the question, what should happen to unused HWM amounts that are excess to sum of the HWMs? We support the proposal that from a ratemaking standpoint, on an individual utility basis, to the extent that a utility's net requirement is below their individual HWM, BPA would sell this power and the revenues generated would be credited back to Tier 1 power, but only to the load following Tier 1 customers, since Slice and Block customers will be better able to take all of their Tier 1 purchases due to their own resource flexibility. Second, also from a ratemaking standpoint, if the sum of all utilities loads is less than the sum of the high water marks, BPA would sell the power and the revenues generated would be credited back to Tier 1 for all load following customers. Individual utilities would grow back into their HWMs at the Tier 1 rate. On a real time basis the financial proceeds from the sale of excess HWM power sold by BPA would be added to BPA's financial reserves.

We believe that any adjustment made to customers' HWMs for achieved conservation should be applicable for the period of time between when Regional Dialogue ROD is final through FY 2010 and such conservation credit would only be for that portion that was self-funded.

B. Miscellaneous:

Augmentation Limits; Annexation HWM; Pooling; Centralia; Add/Removal Rights; Take-or-Pay; Billing Credits; Public Exchange

We support BPA limiting the amount of augmentation for Tier 1 up to 300 aMW, if needed to meet existing public utility net requirements loads as calculated in 2011 based on 2010 actual loads. We support the proposed changes to individual HWMs that would be warranted in the event loads are annexed by a public utility from an existing public utility, proportional to the percentage of the customer's load annexed. We concur with BPA's conclusion about the inequity that would result if some utilities pooled their HWMs and other utilities did not; however, we think BPA should consider allowing utilities to pool net requirements. (Our thinking is this: maybe by allowing a group of utilities to pool its net requirements on at least an experimental/conditional basis solutions could be developed for any administrative and/or operating problems, so that similar, collaborative arrangements could be used by more public utilities later but on a

wider basis.) As stated previously Northern Wasco supports the PPC Allocation proposal which encompasses the removal of the Centralia Coal Plant from the four affected utilities' declared resources. We support a review and modification of the current 5(b)/9(c) policy to reflect needed and equitable treatment for the addition and removal of non-federal resources. We support the basic concept of Tier 1 (for net requirements below the HWM) and Tier 2 power being on a take-or-pay basis, understanding that the contractual terms are yet to be satisfactorily resolved, including the ability of the customer to effectively avoid the take-or-pay obligation and/or to mitigate any costs/penalties imposed as a result of load losses. We support BPA's proposal that Regional Dialogue contracts include a provision where customers agree to forego billing credits for non-Federal resources or conservation activities that a customer may request and feels reduces the Administrator's obligation to acquire resources. Likewise, we support a contractual provision to settle all public exchange rights. We concur and believe it is important that the net requirements/HWM determinations process be transparent and publicly available.

C. New Public Customers

In the RD Proposal BPA points out that over the last 25 years about 300 aMW of new public customer load has formed and taken PF service. BPA proposes to earmark 250 aMW of Tier 1 power for the next 20-year term for new publics. We feel some provision needs to be available for new publics and feel BPA's suggested amount (250 aMW) is reasonable and equitable. BPA further proposes limiting HWM additions for new publics to 50 aMW per rate period and we believe this strikes a good balance between providing new publics access to lowest-cost BPA power and setting a limit on costs that would dilute benefits to existing publics and their Tier 1 rates. We think BPA's proposal to limiting a new public's HWM so its percentage of Tier 1 priced power is no greater than the average existing public customer is considerate and appropriate. Likewise the proposed provisions to help ensure that the 250 aMW is spread as broadly as possible and not used solely by one large new public utility is quite appropriate and we support its adoption. To the 3-year binding notice period, if it is possible for a new public to form and provide all the documentation necessary to BPA in a period of time whereby there exists no real substantive reason to delay their actually receiving power at Tier 1 sooner than 3-years, we would encourage BPA to do so. In a situation where a new public is formed from an existing public the sum of the two HWMs would be equal to the HWM of the former public prior to the new formation. Each utility (the old one and the new one) would divide/share the original HWM proportionally based on the divided load.

D. Products Available to Requirements Customers

We are generally satisfied with the product choices (i.e. load-following, both full and partial service; block and slice) BPA plans to have available in future power supply contracts negotiations. (We have additional comments later concerning the Slice product and its availability.) (We understand there are discussions in progress on a new partial service product.) As to Tier 2 purchase alternatives, we are neither satisfied nor content

with the narrow list of options available to public customers from BPA in meeting load growth beyond their HWMs. The product options BPA has identified to date are two – renewable or market. Our words cannot emphasize how strongly we feel that BPA must position itself to be a true alternative supplier of Tier 2 resources from which public power utilities may choose. For the last 70 years the Bonneville Power Administration has been the single largest electric provider in the PNW. Its influence, facilitation and presence have been a remarkable driver of the vibrant economy and quality of life enjoyed today. We question the wisdom of removing BPA from that role in the future. The current course tacked out for this ship is one we believe will greatly reduce the competitiveness of electrical energy in the PNW. (We believe the course tacked out is one lobbied for by foes not friends.) We believe strongly that the availability of adequate supplies of electrical energy at affordable prices is the correct fuel mixture for stimulating and sustaining a vibrant economy and quality of life in this geographic region. To continue with the region’s tradition of providing highly reliable electric service at competitive prices BPA must be a provider of competitive Tier 2 products. Tier 2 products must include not only renewable and market purchases but also baseload resources. BPA should facilitate or be receptive to contractual opportunities for joint partnership and collaboration by/of its customers to collectively use their creativity to form, operate and delivery electric energy in fashions that heretofore have not been necessary. Most public power utilities because of their size cannot develop and deliver as competitively priced service alone as they can collaboratively in concert with other like-minded utilities. We believe that while BPA’s role may change, its presence and importance must not be diminished. BPA has many talented, experienced and creative persons (really, no smoke!) to help educate and facilitate the involvement and investment by public power utilities in needed infrastructure. The region’s public utilities for the most part need to develop new skills - skills which they have not had to hone because it was provided for us by BPA. BPA is in a perfect position to help us help ourselves. We believe this professional relationship enhances our chance of continued success and for BPA.

E. Pricing

We are basically in agreement with the proposal that rates are and will continue to be cost-of-service based. The utility or group of utilities creating the cost will pay the price. However, in the RD Proposal BPA uses a term, the meaning of which and its impact on past/current practice is unknown. That term is “opportunity-cost-of-service based adjustments”. This term is used in conjunction with shaping services. We may not be opposed to this approach, but would first need to understand the term and its application. If this cannot be resolved satisfactorily in the RD process, we would hope that this can be a point of review in the 7(i) rate making process.

F. Other Pricing Issues:

1. Low Density Discount

Typically cost-of-service-based rate making for wholesale power and energy does not include deference or rate mitigation (a discount) for utilities with a lower number of customers per mile of distribution lines. However, in accordance with the Northwest Power Act the Administrator is to provide a low density discount “to the extent appropriate” to public utilities with low customer density. Our question is not to the legality/appropriateness of a low density discount, but rather whether all costs included in the rate should be subject to the discount. When the Power Act was passed in 1980 the BPA PF rate was in the 10- to 12-mill range per kWh; fish and wildlife costs, including lost revenues were less than \$100 million per year. Over the years things have certainly changed to say the least, i.e. the PF rate will be 27.3 mills (it has been as high as 33 mills); and fish costs, including lost revenues are over \$650 million. We ask is it appropriate today for BPA to provide a low density discount on all component costs included in the PF rate? Should the discount be applicable to costs for fish and wildlife programs, conservation and renewable resources and program, debt service, and for payments to IOUs and DSIs? Some of these costs go beyond purely operating the FBS and are an increasing financial obligation/burden and ones we feel all should share without discount.

2. Irrigation Rate Discount

We believe it is a responsibility of public utilities to establish and administer customer rates that are reflective of the costs incurred by the utility in serving its various customer classes. Customer rates should be free of interclass subsidies or price supports. In meeting this responsibility instances may occur where a customer class is disproportionately and adversely impacted with costs as a result of a rate design. When this occurs we believe it behooves us to consider alternatives of implementation to help mitigate the cost and “rate shock” to those customer groups. We believe our agricultural community is such a group with regard to irrigation. We support the irrigation rate mitigation adjustment as proposed by BPA in the Regional Dialogue, i.e. a fixed mills-per-kwh basis. BPA asked for comments about requiring participating customers to implement cost-effective measures on irrigation systems in their service territories. We believe cost-effective conservation measures are always prudent. Many farmers are struggling and bankruptcies in our agriculture families continue at an alarming high rate. We would like to suggest that for a defined period of time funds be available either on a grant basis or on a zero-interest revolving fund basis, or both, to assist in the acquisition and installation of effective irrigation conservation activities and practices. This program would sunset at the conclusion of the prescribed year period.

3. Transmission

The integration of new generation resources is dependent on the availability of adequate transmission facilities. We hope and encourage BPA to help organize and facilitate all interested public power utilities to become investors and, therefore, owners in transmission infrastructure. Transmission in the future will become more valuable and precious; continuing to allow only existing owners to make the investments and all

decisions surrounding its development, use and deployment is arcane and in need of major philosophical improvement/change.

B. Slice

In 2001 when BPA was considering whether to offer the Slice product Northern Wasco PUD was a supporter. BPA stated at the time that its offering of the Slice product would be limited in scope by a certain percent of the FBS (22-28 percent). BPA was also clear that the impact(s) of the Slice product would be studied after some operating history could be compiled for determining whether or not there should be modifications made in implementing the Slice offering in the future or discontinued altogether. In a subsequent report, and to BPA's credit, they outlined many operating concerns and constraints caused by the Slice product and its impact for BPA in meeting its total system obligations. The report also, and again to BPA's credit, mentioned the disharmony caused within the region between Slice and non-Slice customers. Later it was opined that the disharmony and/or philosophical differences between the Slicers and non-Slicers was an extension of a pre-existing and on-going riff between generators and non-generators. This disharmony in our opinion is unfortunate and destructive. Northern Wasco PUD was present at some of the meetings between the technical staff of the Slicers, BPA and NRU and we were impressed by the sincerity and talents of those present and by their dedication to resolving some very difficult and hard-to-define operational challenges. We believe a majority of the Slice customers are genuinely motivated to helping develop a product that is responsive and responsible from the perspective of all parties. We have to admit that the complexity of managing a Slice contract, and BPA's responsibilities in meeting its regional responsibilities, are beyond our experience and technical capability and, therefore, we can only address this issue in general terms. We are reliant on BPA to "make the call" as whether the changes agreed to between the parties are appropriate and allow BPA to fully meet its regional obligations. To the extent BPA is satisfied that the required modifications to the Slice product have been achieved, we support the continuation of the Slice product in the future in an amount capped at 25 percent of the existing FCRPS. Conversely, if BPA is not satisfied and/or if needed product changes have not been achieved to the Slice product, then we support discontinuing/not offering Slice in the post-2011 contracts.

C. Residential Exchange Program for IOUs and Public Agencies

We feel the \$250 million BPA proposes in FY 2012 for the residential and small farm customers of the IOUs is reasonable and we support that proposal. The amount would be adjusted based on the ratio of changes in a weighted average approximate calculation of ASCs to changes in proxy PF rate. The current level of financial benefit to the IOUs is inequitable and should never have reached the level that it has. The current level was another of the anomalies created in an effort to manage the economic upheaval caused as a result of west coast Energy Crisis. The value of the IOU exchange program value should have been capped but it was not. It is unfortunate, however, that the parties had not reached agreement on this amount before now and before the state PUCs weighed-in with their support for a REP program value of \$350 million. We understand that this

issue is on appeal and that a court ruling will likely impact the negotiations. We see little to be gained by continuing to pursue this matter in the courts and support the conclusion of negotiations between all parties for a program with a value of \$250 million. Similarly, we support BPA's proposal with regards to settling with any public agency's REP claims. We concur with BPA that the REP program and provisions in a tiered rates environment are problematic and have concluded that the methodology BPA proposes seems reasonable and we support its approach to settle any/all claims.

D. DSIs

BPA is not required by law to extend service to DSIs beyond the contracts expiring in 2006; however, because of their long presence and economic significance in the Pacific NW BPA made the decision to offer a financial package to the DSIs in lieu of a direct power sale for the FY 2007-2011 period. We supported BPA's decision and leadership on this controversial issue and feel it was and continues to be the right decision. The DSIs have been an important part of the economic history of the PNW and continue to be in several cities, but in most instances at a reduced level of vitality/production. Bonneville's decision and leadership in developing the current \$59 million financial equivalent was one made in support of jobs and families with generations'-long connection to the PNW. We are aware of only one DSI company, i.e. Golden Northwest, which invested in generation resources for the future. That investment did not come to fruition as envisioned but it certainly displayed willingness by investing of its desire to operate in the future. We are not aware of any other aluminum company making similar generation resources investments. We support BPA offering a similar agreement with the DSIs post-2011 as is in place for this period of time. We concur with Bonneville's comments that we cannot guarantee the DSIs future operating success, but we can assist in providing an opportunity for their continued operations and employment in northwest communities. We do not have any specifics to offer but we would like to see the Region's future support for DSI related jobs be one wherein the DSI parent companies are required to make investments in future base-load generating resources. As we have in the past, we support the continued direct sale by BPA to the Port Townsend Paper Company.

E. Conservation

BPA's conservation program meets a fundamental and basic responsibility under the terms of the Northwest Power Act. BPA need only take responsibility of its share of the Northwest Power and Conservation Council-defined regional cost-effective conservation target in proportion to the percent of total regional load that is served by BPA at Tier 1 rates. The commencement of tiered rates will provide strong incentive for conservation. We like the idea of continuing the rate credit for supporting locally designed conservation programs. We supplement the rate credit from BPA with \$125,000 to \$130,000 of the District's own budget funds. We think the conservation program guidelines need to remain fluid and able to accommodate locally designed customer rebate and conservation/weatherization programs and ideas. Programs that may work in one utility's service territory may not work or be as effective in another utility's service territory, so the BPA guidelines need to be able to accommodate different strokes for different folks.

F. Renewable Resources

As with conservation the Power Act defines BPA's responsibility in this area to encourage development of renewable resources. We support BPA's proposed change in focus to a program tailored to achieving well-defined goals at the least possible cost. We also support and feel it is fundamentally important to establish that BPA's program goal should be a percentage of the Council's regional target based on public customers' share of regional load growth, which is different from the current percentage of regional load. If load growth of public power will be about 40 percent, which is the best approximation at this time, this translates into a goal of about 100 MW a year. BPA has proposed a budget amount of up to \$21 million a year. This is a reasonable amount from BPA's total budget. BPA emphasizes that these funds are in support to facilitate development of renewables consistent with the Council's plan but that public power customers will assume the responsibility for actual development of new resources. These renewable facilitation activities should be recovered in Tier 1 rates. Over reliance on renewable resources to the exclusion of baseload resources is a huge threat to future reliability and economic growth. Responsible and complementary resource contingency planning for baseload resources will maximize the development and integration of renewables resources now and in the future.

1. Renewable Resources Acquisitions for Tier 2:

We are encouraged by Bonneville's comments supporting resource contingency planning. Such planning would allow for the siting and licensing of resources that could be built quickly and placed into operation when needed to meet future loads at Tier 2. We hope such comments support a business relationship between BPA and other public power customers in the development of specific renewable projects on a bi-lateral basis between the customer and BPA. The customers would be responsible for all costs but BPA would serve a valuable aggregation role for asset/infrastructure development and operation. We believe such an arrangement would manifest itself in the following ways: (1) promotes the development of needed resources, (2) allows greater economy of scale, (3) resource diversity and (4) competitiveness in price. Over reliance on renewable resources is a huge threat to future reliability and economic growth. Responsible resource contingency planning would encompass baseload resources.

2. Integration Services

BPA's costs for integration services should not be intermingled with its load-following services or products, but rather should be separate so those customers requesting such services pay for them and are not subsidized by other load following utilities not utilizing such integration services. Because of the tremendous appetite and rush to build wind generation we are concerned that BPA would be expected or politically mandated to provide wind integration, storage and shaping services when there is insufficient flexibility of the FCRPS to provide such services. It is extremely important that BPA not exceed the flexibility of the system and thus undermine the reliability and integrity for

BPA customers. We see a growing need for baseload resources as a prerequisite to BPA to offer long-term contracts for integration services. We hope and would support BPA acquiring such baseload resources to maintain and to meet reserve and prudent/generally accepted operating criteria. Such baseload resources could also be developed by groups of public power customers in cooperation and partnership with BPA.

3. R&D

We think it is part of Bonneville's and all public power utilities responsibility to devote a reasonable amount of their budgets to new and developing technologies. The proposal does not specify how much BPA proposes for this activity but we expect it to be a reasonable amount and not disproportionate to its overall budget. Of course the amount each utility contributes or invests in this area would be locally determined.

G. Transfer Service

The federal grid was built by BPA predominantly to deliver federal power to its preference and other regional customers. In many instances without the existence of third-party owned transmission (transfer) facilities BPA would have been building duplicate transmission facilities to serve some of its customers. In those instances it was logical, efficient and more economical for BPA to contract with these third parties for delivering federal power to its customers over the other parties' lines. The costs for such services were paid by BPA and included in its rates to be shared by all customers. We have long supported the proposition that all preference customers need to be treated equally and as if they were served directly by BPA. In 2005 BPA signed 20-year contracts with its transfer customers. We supported the contracts and the principles behind its provisions. Other, more complicated issues remain to be resolved and we will try our best to offer meaningful comments. Please be advised that should our comments miss the point, it is our continued belief that all preference customers should incur and share costs for transmission in accordance with their delivery characteristics; applicable transmission tariffs; and similar application of general service provisions as if we were all served over the same federal grid.

As to the issue of quality of service: it is imperative that we all have reliable transmission service which includes effective and meaningful communications between the transmission provider and customer; well maintained facilities, including timely restoration following maintenance or forced outages; and accurate metering. We feel that if the transmission provider cannot or will not provide acceptable transmission services, then BPA should buy the facilities from the provider or build new facilities where possible.

As to administrative roles and responsibilities: we do not have strong inclinations one way or another as to whether the customer or BPA holds the transfer contract with the transmission provider as long as all necessary information is transferred/shared between the parties and the facilities are operated in the most cost effective manner consistent with SOPs. We think BPA's comment to work with customers on a case-by-case basis to

investigate the potential, feasibility and economics of the customer making system additions that would allow for shifting load from transfer to directly connected service is a great idea and think it sounds promising.

Ancillary service costs should be collected from or paid in behalf of the transfer customer in a manner that provides the most consistent treatment between TBL directly connected customers and transfer customers.

H. Resource Adequacy

As the region transitions to an FBS-allocated-tiered-rates environment the responsibility for ensuring system reliability in terms of generation resource adequacy will be shared by a larger set of responsible parties, i.e. public utilities that heretofore had no or little worry of resource adequacy will suddenly be responsible. As a region, whether determined by one party or many parties, we must plan for and be able to ensure resource adequacy. To the extent resource adequacy can be reported and demonstrated voluntarily we support the development of such standards and their implementation. If standards cannot be voluntarily reported and demonstrated, then we would support a compliance provision in power sales contracts. We would expect that resource standards would be developed by knowledgeable persons with utility operations experience and that such resource adequacy standards would be in accordance with prudent utility practice.

I. Long-Term Cost Control

We applaud BPA's efforts to date in reporting, discussing, and where possible, in cutting/reducing budget cost centers. The Regional Dialogue Proposal outlines alternative methods or combination of complementary measures, of how they would be willing to work with the region in providing detailed and comprehensive information on operating costs. Bonneville makes clear, however, that no level of transparency can or will result in BPA relinquishing its ultimate responsibility to set costs and adequate customer rates to collect the necessary level of revenues to cover all revenue requirements. Some customers expect an unrealistic level of control over the Agency's costs and responsibilities. This simply cannot happen and we support BPA's clarity in communicating this reality. BPA is a public trust and its budget-setting and rate-setting mechanisms should be open to public scrutiny and examination. BPA's attitude, willingness, and openness in this area are truly admirable. We favor the Regional Cost Review (RCR) alternative with continuation of on-going financial performance forums with all interested customers and stakeholders desiring to participate.

J. Dispute Resolution

If there is anything in the Regional Dialogue Proposal that all parties would agree and stipulate it is "to assume disputes will occur." We agree that a single process cannot be used to resolve all disputes. BPA makes a statement in the Proposal that we think deserves repeating: "Disputes vary in nature ranging from debates over interpretation of

facts to disputes of judgment or interpretation of intent. Some involve policy judgments, issues of law or factual or technical determinations. The scope can range from narrow and discrete issues affecting a small set of parties to hugely complex and judgmental issues affecting many parties. Some issues will create precedent, while others will not. Subjects are as varied as the application of tiered rates and high water mark methodologies, cost migration between the rate tiers, Federal resource size, matters of cost recovery, reliability, resource operation, environmental significance and more. Because of these huge variations, a one-size-fits-all dispute resolution process would not be workable or likely legally enforceable.” (end quote) Likely much discussion will ensue on this topic. Towards that end BPA outlines three basic and complementary ideas: (1) that its contracts empower the rate case hearing officer in specified cases to make a determination as to whether any BPA-proposed rate change is a contractually prohibited change; (2) for certain issues of a narrow and purely factual nature, BPA proposes resolution by a neutral third party; and (3) continuation of the current practice of administrative determination by BPA. BPA goes on to articulate eight specific policy goals (Regional Dialogue Proposal, pages 82-83) which BPA terms “particularly important.” We feel BPA is being modest in characterizing these eight items as “particularly important”. We would label the eight standards “absolute” or “must haves” in any dispute resolution policy in order for BPA to retain its decision making authority with accountability. We would suggest one proviso that is certainly implied but is not specifically stated and that is that all parties affected by a dispute have the opportunity to be heard and their concerns fully considered during the dispute hearing/decision process.

K. New Long-Term Contracts

After all the meetings, after all the discussions, after all the congressional visits and consultations, after all this it would be a shame and incomprehensible to not capture the words and sentiments expressed in this Regional Dialogue Proposal in long-term contracts with a term of at least 20 years. Shorter-term contracts may provide more flexibility in an industry that may see significant changes in both the market and regulatory environment, but after all things are considered, we feel the longer-term contracts (20 years) are the most prudent and will provide the most benefit, predictability and stability. We strongly feel that the benefits of 20-year contracts far outweigh the risks. As utilities invest in electric infrastructure and resources, an important element/benefit would be the strong assurances to rating agencies, potential bond purchasers and to the public-at-large to know that the FBS portion of our respective power supply portfolio is secure in contract long-term.

L. Fallback Policy Proposal

In the absence of regional consensus on the main Regional Dialogue Proposal BPA outlined an alternative “fallback” proposal in order to keep the region moving forward. We understand BPA’s inclusion of this alternative in the absence of regional consensus, but we feel strongly that the fallback proposal would represent the largest “opportunity lost” the regional has thus far managed to create. To us the “fallback proposal” is not acceptable and we voice strong opposition to it.

Conclusion

We appreciate this opportunity to comment and to submit to you our thoughts, concerns and hopes for the future. We recognize that we are a small utility in a large industry. And though our voice may be small, the value to our customers and community of a successful Regional Dialogue Record of Decision (ROD) is no higher or more significant/important anywhere for any size utility. In fact we feel it is the smaller utilities, and its customers/community that have the most to lose in an unsuccessful Regional Dialogue ROD, i.e. where the “fallback” proposal emerges. We hope by our comments above it is apparent to you that we have many, many good things to say about the Regional Dialogue Proposal and are proud of the quality of the Proposal you prepared and presented. The quality of the Proposal is in large part a result of your leadership, tenacity and genuine concern for the betterment and advancement of the Pacific Northwest, its citizens and its quality of life. We applaud the people of BPA and the manner in which they have conducted themselves through the many, many meetings and hearings in helping bring the region to this point in history and decision regarding the future best use of the Federal Columbia River Power System. We extend to you our sincere “thank you.” We have something here, the FCRPS, which is the envy of all who know about it. It is ours; ours to use to even greater social worth or to diminish as a result of our inability to act for the betterment of all.

Our comments are based on our understanding of the Proposal as it stands today and we reserve the right to respond further as new information becomes available. Again thank you for this opportunity to submit our comments.

Success is dependent on successful planning and skillful implementation.

Respectfully,
In Behalf of Northern Wasco PUD

/S/ Dwight Langer

Dwight Langer
General Manager

cc: Northern Wasco County PUD Board of Directors