



Grant County
PUBLIC UTILITY DISTRICT
Excellence in Service and Leadership

October 17, 2006

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

Re: Comments on Regional Dialogue

Public Utility District No. 2 of Grant County, Washington (District) thanks the Bonneville Power Administration (BPA) for allowing us this opportunity to comment on the Regional Dialogue. The District is supportive of BPA's proposal to allocate the power produced by the federal generation resources managed by BPA. We do, however, have some comments that directly relate to future rights to purchase power from BPA for both the District and the public purchasers of the Priest Rapids Project (PRP).

The below comments will only have a direct affect on the District, its PRP public purchasers and the Yakama Nation's utility and will have the indirect affect of 'freeing up' a federal power resource allocation that can be allocated to other public utilities of BPA. The District proposes for the Regional Dialogue that:

- (1) The District would declare 100% of the Priest Rapids Project as their resource for Regional Dialogue contract purposes. The District would, for Regional Dialogue contract purposes, no longer have a net requirement associated with their current BPA Block purchase.
- (2) The District would not buy BPA Priority Firm power under a Regional Dialogue power contract except for the load in the City of Grand Coulee area that is currently served via a Full Requirements load as detailed in Exhibit D of the District's current BPA PSC.
- (3) The District would not have an obligation to sell a Supplemental Displacement Product as defined in Section 3(b) of the Priest Rapids Project Product Sales Contract to Tacoma City Light (TCL), Seattle City Light (SCL), Eugene Water and Electric Board (EWEB) and Cowlitz PUD (Cowlitz) that results from the District placing a net requirement on BPA during the Regional Dialogue contract period.
- (4) TCL, SCL, EWEB and Cowlitz will ask BPA for a loss of resource determination and undeclare their Priest Rapids Project shares to which BPA would agree to issue such determination. Such determination would allow TCL, SCL, EWEB and Cowlitz to increase their HWM by an amount equal to their Priest Rapids Project declaration in 2001-02 due to the loss of the Priest Rapids Project resources.
- (5) The District requests that BPA reserve 25 aMW at the Tier 1 Rate to be made available to the Yakama Nation consistent with a potential PRP relicensing settlement with the Yakamas. This reservation of energy would remain available to Yakama Power to grow their utility during the next contract period.

Public Utility District No. 2 of Grant County, Washington

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(6) This proposal would have no impact on and would not involve the District's PRP Exchange Agreement purchasers, including the Cities of Milton Freewater, Forest Grove and McMinnville, Kittitas PUD, and the Idaho cooperative participants.

(7) The District will retain a priority to transmission as a Load Serving Entity (LSE) similar to that of any other preference customer of BPA as a LSE would have to transmission. This specific comment relates to the District's ability to rollover BPA transmission rights in 2011 in order to transmit power from the PRP.

Over the past several months we have discussed the elements of the District proposal contained in these comments with BPA staff, but this proposal has not been formalized. The District recommends that BPA adopt the aspects proposed in our comments. This proposal contains elements that are valuable to PRP public purchasers, public power utilities, and, potentially, beneficial to the region. If any of these proposed elements are not adopted, the balance of this proposal and the resulting benefits could be affected.

Please, if you have any questions regarding these comments, do not hesitate to contact either me at 509-754-5025 or Keith Knitter at 509-754-5002.

Sincerely,



Tim Culbertson
General Manager