

BPA Strategic Direction Comments

Subject		Allocation		
Log_no	Date	Form	Comment	
SD-0108	3/24/2004	email	We need to get through this current rate period as well as we can and at the same time proceed toward an allocation with all of the GBS allocated as PERCENTAGES OF A SINGLE PRODUCT. Differences can be accounted for in the ancillary products price schedule. There is no need to sell different products from the FBS-- the bare energy is all the same and how the energy is handled is already priced and that pricing can always be reviewed and updated. Having more than one "product" in the FBS (or tier 1 energy, if you wish) creates dissension and it detracts from an orderly and understandable allocation process. The proposal to ask BPA to augment 100 or 200 MW if necessary to meet base loads of public preference customers for some year (yet to be established) is a good one; above that would be tier 2 power of a sort; I say of a sort because it would be bilaterally contracted for between BPA and the utility customer and paid for by that customer rather than by all the customers as a melded cost. It is simple and therefore quantities of power and perhaps shift a bit of cost to other utility customers.	
SD-0182	4/16/2004	email	Allocation/Augmentation/BPA future - Not sure why we are going down this silly allocation road but if we do why does BPA need to exist for anything but transmission and some F&W oversight. Certainly there is no BPA conservation role. For our fairly small utility, it makes absolutely no sense for us to be in the market, to build resources or to subscribe to a non-federal power management service. Even NRU as a group would have trouble with this. Growth will continue and I think BPA does a good job overall buying and melding resources with the federal hydro system (Fredrickson excluded). Look at how poorly some good sized utilities did in 2001. Clark (idle CCCT - high gas prices) Franklin (idle peakers). Show me somebody who has done a better job than BPA. BPA should buy and meld as it has always done except for a few big utilities with resources. It bugs me that people say BPA can't do a good job at acquiring resources. So what is wrong with a clean economical coal plant for future load growth? BPA is big and can make a long-term commitment to such a project. Maybe you don't want to locate it in downtown Seattle, but why not elsewhere in or out of the region? Just look at the IOUs---why are their resources costs so much higher? But BPA should either do the whole job of acquiring resources or non/ BPA Transmission does a d___ good job.	
SD-0123	4/9/2004	email	Allocation can only work in the PNW if BPA has the spine or leadership to come up with one product and provide this one product to all of the preference customers. This would not be easy, as BPA needs to have a simple allocation method that provides no special deals for any customer class (slice, non-slice, pre-subscription, etc.). Basically, one simple allocation method so all (including elected officials) can understand the approach.	

SD-0160	4/12/2004	email	Interested in the discussion as ideas surface. Allocation method should not harm the membership of this slow growing utility or adversely impact reliability. An allocation method should not require smaller utilities to develop generation. Development of an allocation method should involve working us together.
SD-0126	4/9/2004	Other	While customers are unified on allocation as a concept there is not a single definition for the term. Even within the utilities there are different concepts. But customers believe we allocate the system along with an allocation of a fixed set of costs.
SD-0110	3/26/2004	email	Some of the questions posed, such as how to serve 11,000 aMW of potential obligations with 8,000 aMW of resources could sound like less of a “jump ball” if there were references to BPA statutes, which seemed to be generally absent from the document. We are uninterested in other customer groups receiving any output from the FBS if all of our loads are not being served at the lowest PF rate, and consistent with current contract provisions. These are different issues than rather a tiered rate model could be designed to accommodate an oversubscribed power supply obligation.
SD-0229	4/26/2004	US Mail	<p>BPA should meet its statutory obligations with the existing FBS resources. The FBS should be allocated in accordance with statutes and this allocation should establish the service of the low cost FBS. Public agency loads above the FBS allocation and possible other loads then could be served at a higher or tiered rate. However, BPA must be legally and contractually obligated to allocate the higher cost resources to the second tier and not find some complex/ambiguous/or protracted policy to allocate higher cost resource costs to preestablished tier one loads.</p> <p>BPA must be prohibited from arbitrarily changing the size of tier one load allocations as well as what costs are allocated to tier one because of rate setting policy or a revenue shortfall. BPA's current unfettered rate making authority leaves too much uncertainty for customers (utilities) to plan and make resource decisions. We have to avoid the one-way street where the restrictions on us are enforced to the letter, and the obligations of BPA are unenforceable.</p> <p>BPA should not expand the power resource pie unless those entities placing the load on BPA (say tier two) are responsible for the cost. The fact is that contracts will not keep the IOUs and DSIs from trying to expand their share if the power is cheap. We have to recognize that we will always have to fight to keep what is ours from the FBS, contacts or no contracts as there will always be regional divisiveness if BPA cost based FBS is substantially lower than market.</p>

SD-0117 4/1/2004 email

I believe there are too many difinitions of allocation being used.

My proposed methodology: 1) BPA selects a year's worth of load data on which to calculate a customer's net requirements (need to determine methodology for doing this--historical, average, forecast, other), 2) BPA serves the customer's net requirements up to the capability of the FBS, 3) The customer chooses from a variety of methods to serve load not covered by FBS service (e.g., purchase a market based product from BPA or some other entity, develop a resource, etc.)

BPA should not purchase any additional resources to "grow" the existing system.

This objective has three significant new elements: (1) allocating the FCRPS; (2) creating a power supply adequacy standard for the region; and, (3) supporting the Grid West proposal to manage the region's transmission grid and the adoption of an appropriate transmission adequacy standard. We discuss each separately.

1. Allocating (or tiering) the FCRPS Bonneville correctly understands that it is critical for the region to determine who will serve future loads and make future resource decisions. This uncertainty accounted for much of the mess in 2001, and continued uncertainty in deciding whether Bonneville will meld in future resources or allocate (or tier) its existing resources is prohibiting BPA and/or its utilities from making long-term decisions.

However, this uncertainty can be resolved in two ways. Either BPA can allocate the system and stop melding in new resources (thus forcing the utilities to make the decisions); or, BPA can announce that it will continue to meld in new resources (thus making it economically disadvantageous for the customers to develop their own resources). BPA seems to have made this decision in favor of the first mechanism.

NWEC sees this choice fairly simply. Which is more likely to result in resource decisions in the region that are least costly, least risky for ratepayers, and least damaging to the environment? A decent surrogate for this question is, which choice is more likely to result in the region following the recommendations in the Power Planning and Conservation Council's ("Council") soon to be released 5th Power Plan? With the magnitude of impact this decision has on utilities and their customers, we are concerned that BPA has made this decision without detailing its analysis of the pros and cons of allocating the FCRPS for public evaluation and input. We understand that this is likely to happen in June when BPA releases its future role proposal. Yet, this Paper certainly indicates that BPA has a predisposition.

Given recent experience (including failure to implement actions utilities committed to in the Comprehensive Review) with BPA's customers, it is evident that governing boards face significant barriers to fully funding conservation and renewables efforts. Thus, if BPA allocates the system and leaves its customers responsible for load growth without any obligation to follow the Council's Plan, many will not do so. Bonneville, on the other hand, is required by the Regional Act to pursue these preferred resources, and has a good track record as well. Thus, we believe that continuing BPA's central role in acquiring conservation and renewables is critical.

Our preferred alternative would be for BPA not to allocate the FCRPS. Second best would be for an allocation, but with clear and firm mechanisms in place that provide incentives for local utility action with a BPA backstop requirement, and a strong role for BPA in system-wide acquisitions (for measures that are best done on a broader basis than utility by utility) and facilitation.

2. Power Supply Adequacy Standard NWEC strongly supports this strategic objective. An adequacy standard is critical in keeping the lights on, of course, and also dampens the boom and bust cycle of over- and under-investment, thus benefiting all customers. In addition, an enforceable standard is essential for protecting fish-friendly hydro-operations by avoiding relying on hydro "emergencies" for reserves.

SD-0232	4/27/2004	Other	BPA's role should be to serve the publics first and blend to serve load growth if the publics want to put load growth on BPA. No power should be provided to the IOUs (handle as financial transaction only).
SD-0184	4/12/2004	email	I am a strong believer in using actual historical data for any sort of allocation to avoid the games that can be played. The first thing BPA needs to do is protect the value of the low cost hydro system. The costs for the hydro system alone should be known and budgeted for and then performance standards need to be set and monitored. The hydro system costs should not change that much from year to year. Do the same for other major costs such as thermal, fish and (service to) load growth. When BPA melds all the costs together it is impossible to see what is going on and the value of the hydro system is masked. The O&M and new capital costs of CGS should be benchmarked against similar nuclear plants and not the power market.
SD-0158	4/12/2004	Other	The board believes allocation is a good idea (although quite vague about what that means) but caution BPA should allocate MW's first and then costs.
SD-0234	4/27/2004	Other	Preference customers want a long term ability to retain their allocation.
SD-0126	4/9/2004	Other	Does limit the load BPA serves mean allocation? Just say what you mean. Allocation means different things to different folks, even within the same utility there is not an agreed upon understanding of what allocation is. Most believe it also includes fixing the cost so costs cannot be switched between tiers. Allocation needs to be figured out now and not delayed so utilities (and BPA if utilities request BPA to serve that growth) will have time to plan for their own load growth. The time is now for allocation. Can't afford to wait. Steve Wright sounds to be saying something different than Paul Norman on timing. Paul is saying wait on allocation and Steve is saying lets go on with it. Steve is where the customers are.
SD-0110	3/26/2004	email	The document states that long term contracts should "serve to end regional divisiveness by moving the focus from dividing the regional pie to expanding the pie." I have no understanding of what this means. Is the "pie" regional power supply or BPA? However, the projected end state seems to skip over what may very well be an extremely contentious and divisive period of time while we try to determine the allocation and the assignment of costs between various pools of customers. The short term difficulties in advance of the end state should be acknowledged.
SD-0121	4/7/2004	email	If we must tier rates, I think allocation windows should recur regularly, so that new publicly owned and tribal utilities receive equal treatment. Public power should be living, not just grandfathered, public policy.
SD-0203	4/19/2004	US Mail	I am adamantly opposed to the principle of allocating the federal base system to existing preference customers and future load growth be met with a tiered rate. This is abandoning the historic principle of a postage stamp rate.

Subject		Contract		
Log_no	Date	Form	Comment	
SD-0233	4/27/2004	Other	Sumas would be interested in a 20-year contract, particularly is there is a move to tiered rates. In that instance, we would want to know that the electricity available at the lowest tier was tied up for a while.	

Subject		Contracts		
Log_no	Date	Form	Comment	
SD-0230	5/4/2004	email	I appreciate BPA endorsing long term contracts. They are an important factor to ensure that both taxpayer and ratepayer benefits are protected.	
SD-0207	4/29/2004	email	Protect ratepayer and taxpayer interests for the long term. -NWEC supports this objective. For too long the region has sacrificed long-term goals for short-term rate reductions. Long-term contracts with customers will ensure that BPA will not face the sort of "blackmail" that resulted in drastic cuts in BPA's conservation budgets and other long-term investments in the late 1990s when customers threatened to leave BPA service.	
SD-0110	3/26/2004	email	Many parties support at least conceptually the view of BPA offering long term contracts that lock in the value of the cost based FBS current resources, and preserving that value over time though a tiered rate structure. However, much work needs to be done regarding the model for the business relationship in "tier 2." As a matter of policy and contract, will customers have the ability to move loads in and out of tier 2 based on market conditions and their own resource portfolios, and what are the implications for the Agency and its other customers regarding any possible stranded costs?	
SD-0110	3/26/2004	email	The document states that BPA has not reached a conclusion about "the amount or nature of a Slice product BPA should sell after the expiration of the current contracts in 2011." A conclusion will be reached in consultation with customers within the next two years. What is the relationship between this statement and the commitment BPA made to do a formal evaluation of the Slice product? Can we assume that such an evaluation will be completed by the Agency, and distributed widely, in advance of offering any new long term contracts which may go into effect prior to 2011?	
SD-0126	4/9/2004	Other	Enforceable contracts with meaningful cost controls is another must.	

SD-0184	4/12/2004	email	BPA Commitment/Rates/Contracts - Kudos to BPA for sticking by the presub contracts. It impossible to find any forum where this can be said openly. I'd give BPA huge credit for honoring the presub deals. There has not been adequate acknowledgement of BPA from its presub customers. As a presub customer I might also add that any customer would be naïve if they thought that a BPA rate case will get them what they need. A corollary to what I said about honoring the presubs is that you better get it in a contract if you want it to endure. Regarding long term (20 year) contracts, I don't think many customers will be interested until there are clear cost controls in place at BPA. I don't want to sign a blank check.
SD-0182	4/16/2004	email	Long term contracts - okay if is a promise that BPA will do its best to hold rates down.
SD-0235	4/28/2004	US Mail	We support the idea of long term contracts that will preserve the cost based rates of the FBS for public power. The document should address that public power, and in particular that full and partial requirements customers are the foundation of the BPA customer base and that this customer group should be protected from cost shifts that do not preserve the cost based rate principle.
SD-0234	4/27/2004	Other	Would be reluctant to sign 20 year power sales contract. Not sure signing the 2007-2011 subscription contract was such a good idea. BPA shifting costs without utility control. Example: Presuber getting costs shifted from this rate period to post 2006 contract without any choice.
SD-0124	4/8/2004	email	Seek simplicity and transparency. The small utilities are being buried. We do not have the staff or expertise to do daily battle on the power supply front. I believe we started in 1996 of the five year contract for 2001-2006. The negotiations take longer than the contract period. Please look at long term contracts so at least we can have some relief from the contract battles. Long term contracts may bring out the true BPA believers lessening the difference between 8000 and 11000 MW.
SD-0126	4/9/2004	Other	Long term contracts are a good idea but without enforceable cost controls (e.g., arbitration vs 9th circuit and real, enforceable cost targets) customers won't sign up. No cost controls equal no long term contracts.
SD-0232	4/27/2004	Other	The real value in a new long-term contract is knowing what you will get. New contracts for full service with clarity on GTAs and a clear contractual mechanism to deal with customers who play the market (TAC like). Contracts need to be clear.
SD-0184	4/12/2004	email	Serving customers with expiring 5 year contracts – Allow them to purchase on same terms as 10 year contract holders. There is a lot more value in keeping everyone (publics) together than creating divisiveness by penalizing those that have been not such good citizens.

Subject		Customers		
Log_no	Date	Form	Comment	

SD-0232	4/27/2004	Other	<p>Customers who stay with BPA need to have an advantage.</p> <p>BPA can simplify the customer's business relationship by improving communication between PBL and TBL along with looking for improved efficiency.</p>
SD-0203	4/19/2004	US Mail	<p>If BPA has a responsibility for future power supply for its preference customers, as it has historically done in the past, then BPA needs to look beyond its own rate structure to the end retail rates of its preference customers. Its these end use retail rates that affect the region where economic and social responsibility exist and I believe BPA needs to share some of these responsibilities.</p>
SD-0110	3/26/2004	email	<p>BPA seems to hide behind the Joint Customers on the DSI issue. While it is true that we have made a modest proposal for DSI service, it is in large part due to the recognition of what happened during 2002 Subscription process, and how the 3,000 aMW overage occurred. Without prescribing what your position should be, I believe BPA should stand up and be counted on this issue. This is a meaningful opportunity to establish better trust and confidence with the public preference customers.</p>
SD-0110	3/26/2004	email	<p>It is interesting to note that in the introductory section of the Strategic Direction, there is a quick summary of the historic purpose of BPA – to recover from a depression, to fuel the regional economy, to increase competition in the market, and to electrify rural areas with postage stamp rates. The NRU members have stayed with BPA through thick and thin. For the most part, they did not diversify when BPA offered limited load diversification by contract amendment. Nor did they contribute significantly to BPA’s oversubscription problems when loads returned. Many signed early Presubscription contracts, and those that didn’t are shouldering the financial impacts of the LB, FB and SN CRACs. In summary this has been, and will likely continue to be, the Agency’s core customer group. Given current regional economic conditions, and the number of our members served through GTAs, our members face similar challenges experienced when the BPA Project Act was passed.</p> <p>It is difficult to find anything in the document that recognizes this long standing business relationship with your core customer group. It is not called out in the “areas of emphasis” nor could I find it referenced in the general text. That is disappointing, and I would urge you to consider some redrafting.</p>
SD-0194	4/21/2004	email	<p>Columbia Power fully intends to remain a faithful and loyal 100% power requirements customer of BPA. We have minimal load growth, however we would like for BPA to maintain a product that will cover small increments of load growth, rather than going to market for this requirement.</p>
SD-0124	4/8/2004	email	<p>Columbia Basin has been one of BPA's loyal customers rom the first day the coop delievered power to our first customer some sixty years ago. Unlike some of your fair weather customers, who could not wait to rid themselves of BPA during the late 90s, only to rush back by 2001, CBEC has been and most likely will continue to be a loyal customer. This relationship between BPA and CBEC has not been one sided. We appreciate the service and dependability BPA has provided to CBEC.</p>
SD-0182	4/16/2004	email	<p>New publics need to being their resources with them but BPA should allow them to be served and buy/meld if necessary.</p>

SD-0126	4/9/2004	Other	<p>Simplicity and transparency is good, but what is more important is to seek ways to lessen the divisiveness between customer groups (e.g., common rate treatment with equal benefits and pain for specific decisions).</p> <p>Whatever rate mechanisms are implemented, we should seek ways to limit the divisiveness between customers. Right now whether it is presub vs slice vs CRAC'd rates many customers believe, because they don't trust BPA, we have deliverately created a rift between the various customer classes. That rift has resulted in a rift between BPA and all customers because they all incur different economic impacts resulting from BPA decisions.</p> <p>BPA shouldn't maintain the sound financial health at the expense of our customers.</p> <p>["Citizens want to be involved."] Citizens?? Customers are what's important. The people paying the bills are who should matter.</p>
SD-0117	4/1/2004	email	<p>Customers should continue to learn about and have some say about BPA's costs; supports the Customer Collaborative approach.</p> <p>Transparency is important.</p>

I believe BPA's most important strategic objective is either ignored or at a minimum, understood and lost within the documents.

There is a need for BPA to adopt a strategic objective to focus their business on customers and to provide excellent customer service.

In several places in the draft paper, there are references to "sound business principles" and "commercially successful business". One of the most important business principles for a long term, commercially successful business is to identify customer needs and then meet or exceed customer expectations in serving those needs. There is a wealth of literature that supports this philosophy and further suggests that all other aspects of a business will be successful if the customers are satisfied and their needs are met. The literature also suggests that long term, successful businesses will evolve over time in anticipating customers' needs and are continually adapting to serve those needs.

In addition to the four key values included in the vision statement, BPA should adopt another key value of: Excellent customer service.

Some additional specific suggestions for improving the draft documents are as follows:

Rather than the strategic direction stated as "4. We must protect the taxpayers and ratepayers", I would recommend that BPA adopt a strategic direction of "We must deliver excellent customer service that exceeds customers' expectations of our performance."

Within strategic direction 4, there is an action item in the slide presentation that reads "Maintain a high credit rating to reduce capital and transaction costs." I would recommend that this action item be modified to read "Enable customers and BPA to maintain a high credit rating to reduce capital and transaction costs." BPA should not strive to maintain a high credit rating through sustained high electric rates that transfer wealth from local utilities and their end-use customer to BPA. The region, BPA, utilities and end use customers will all benefit if BPA works toward a mutually beneficial objective of higher credit ratings for their utility customers and the utilities' end use customers as well as for themselves.

Another strategic direction is "5. Support the region's infrastructure." I recommend that BPA modify the action item in the slide presentation under this heading to "Enable customers to capture cost effective conservation in BPA loads."

Another strategic direction is "7. Seek simplicity, transparency." I recommend that BPA add an action statement under this heading to "Meet or exceed customer needs for simplicity, transparency and trust."

Another strategic direction is "8. Build for the future." I recommend that BPA modify the statement under this heading to "Attract and maintain needed talent that are focused on meeting and exceeding customers' needs."

Near the end of the slide presentation, there is a slide entitled, "How will we measure success?" Rather than wait until 2012 for the BPA administrator to declare victory based on a series of accomplishments, I recommend a sense of urgency be communicated by committing instead to a date of October 1, 2006, less than 30 months from now. By this date, the BPA administrator should be able to make the statements listed in the slide and in addition should be able to say "Our customers give BPA a satisfaction rating that is equal to or better than satisfaction ratings given to other power suppliers in the region."

Subject		DSI		
Log_no	Date	Form	Comment	
SD-0126	4/9/2004	Other	The DSI's aren't entitled to any power. Maybe something for the good one. Whatever BPA does should have no rate impacts on the publics. There is no obligation to serve the DSI's.	
SD-0158	4/12/2004	Other	The board unanimous agrees we should offer NO DSI service.	
SD-0182	4/16/2004	email	They should get the leftovers, if any, of the FCRPS.	
SD-0117	4/1/2004	email	<p>BPA should only serve viable, financially sound entities (e.g., Alcoa)</p> <p>Provide post FY06 service to DSI's based on today's load, at today's prices; do not base serve on forecasted load.</p> <p>Not sure about duration of contract, but 5 years seems right.</p> <p>All contracts should contain strong protective language that will give BPA the flexibility to continue or terminate service as warranted.</p>	
SD-0121	4/7/2004	email	<p>We don't owe them a kW past 2001. The DSI's have abused their claim to special treatment; I think we should simply 86 the concept. They don't employ that many people, even in target areas. They stopped providing back-up services to the hydro system long ago. They don't even seem to be crucial as a strategic metal anymore. The DSI's have a long history of claiming to benefit the region more than they actually do. When the Regional Act was being discussed, one of the big selling points was that the DSI's would pick up the cost of the residential exchange, phased in over time. No one ever mentioned that they'd stop paying for it entirely precisely one year after starting to pick up the whole. That only became clear after the law passed, and it never was widely discussed. The variable rate worked. Top quartile and other load shedding rights worked. More recent deals have cost ratepayers a bundle. We once held a 10 day public comment on Alumax in which the entire region said, forget it -- except the one town where the plant might have been built -- and we dropped the Alumax contract. I suspect a plebiscite on DSI's today would reach the same conclusion for the customer category as a whole. And it'd simplify our product line.</p>	

SD-0235	4/28/2004	US Mail	We do not support allocation or long term contracts of FBS power to the DSIs that shift cost to BPA's other customers. We only support short term contracts and surplus power sales and/or interruptible power sales to the DSI such that costs are not shifted to BPA's other customers. The document should be clear on this issue of limiting power to the DSIs and not shifting costs to other customers.
SD-0207	4/29/2004	email	Service to the DSIs. -NWEC generally supports this objective, but we think the description leaves out one side of the equation. The structure of BPA's sales to the DSIs can be structured to provide, as much as possible, a win-win solution for them and other customers. Consideration should be given to giving the DSIs some kind of priority access to non-firm with BPA rights to interrupt their service for short-term stability purposes, market purposes, provision of operating reserves, etc.
SD-0160	4/12/2004	email	BPA service to DSIs should be based service only to DSIs with good credit, no BPA debt and viable plants.
SD-0184	4/12/2004	email	BPA needs to say where we are. Stop throwing this back to public power country for an answer.
SD-0123	4/9/2004	email	It is time for the DSI customers to either pay for the power at the going rate or close down. No special deals.

Subject		Energy Efficiency		
Log_no	Date	Form	Comment	
SD-0123	4/9/2004	email	Maintain an economic focus, but within reason. Keep conservation programs conservative and avoid special new technology, but rely on input from the utilities not the special interest groups located in the NW.	
SD-0203	4/19/2004	US Mail	Since conservation efforts started in the early 80s, I think BPA, utilities, state energy policies improved building codes and other efforts have done a pretty good job in capturing a huge amount of wasted energy. Energy conservation is as much in the education of a conservation ethic in the minds of the public as the actual measures taken. We have many examples of the same size family in the same size house of one household using nearly one-half the energy of the other.	
SD-0160	4/12/2004	email	Conservation programs need to be cost-effective and based on a relationship of BPA working with utilities not based on third party involvement. C&R is working well.	

SD-0201	4/22/2004	email	<p>Don't hand the conservation and renewable resour program reins over to the utilities. If you do, make sure to create enforcement mechanisms to insure the utilities don't drop the C&R ball.</p> <p>BPA must not forget its statutory responsibility to lead development of conservation and renewable resources in the region.</p> <p>It would be a mistake for BPA to abandon its renewable resource acquisition role. It can only appreciate the barriers facing renewable resource developers fully by walking in their shoes.</p> <p>BPA must itself bring renewables to the market to insure economic access for utilities that woud otherwise not have the sophistication or financial horsepower to go it alone.</p> <p>Budgets for conservation and renewables should be reliable and stable over time.</p>
SD-0117	4/1/2004	email	<p>C&RD: Want to see this program continued post 2006</p> <p>Renewables: BPA should not purchase any additional resouces to "grow" the existing system.</p>
SD-0194	4/21/2004	email	<p>It is very important to Columbia Power that BPA maintain the Small Utility Exemption for the conservation program, as it's simply not cost-effective, feasible, or practical for a small utility of our size to operate a viable conservation program. We do our best to educate our members, but we don't have available staff to go much beyond that effort.</p>
SD-0124	4/8/2004	email	<p>My main concern is "cost effective conservation" just like fish and wildlife cost effecitve conservation has strong support in the NW. Try to make conservation simpler.</p>

SD-0207 4/29/2004 email

Development of all cost-effective conservation, facilitating development of regional renewables, and non-construction alternatives to transmission expansion.

1. Development of all cost-effective conservation. In the heading of S3, BPA commits to ensuring the "development of all cost-effective energy efficiency in the loads it serves." (emphasis added.) However, the descriptive text that follows seems to give the reader the impression that less than "all" is really contemplated. For example, BPA states, "Even if we adopt tiered rates, we are very likely to continue to need limited amounts of new resources. We expect conservation to continue to be a cost-effective resource to meet this limited need..." (emphasis added.) Words like "likely," "expect," and "limited need" are not synonyms for "all," however; and Bonneville must make it clear that its commitment is really to ensure the development of all cost effective efficiency. The definition of cost-effective means these programs are always needed, whether or not loads grow or new resources are needed. The freed up energy resulting from acquiring cost-effective conservation always generates more value to consumers and the region than it costs, and should not be limited in any way. Finally, BPA has failed to make a similar long-term commitment to a low-income weatherization target. We recommend that target should be the weatherization of 5% of qualified homes per year.

2. Facilitating the development of regional renewables. NWECA agrees that BPA should play a large role in the facilitation of the development of renewables by all entities in the region. Bonneville's unique position in the region as the controller of the public dams and transmission system gives it the opportunity and obligation to play an aggressive role in helping renewables be developed by the region's utilities. This includes developing storage, shaping and other services and "semi-firm" transmission access using the existing system, and facilitating the expansion of the system, to enable renewables to be fully utilized by the region.

But while NWECA applauds this strong facilitation role, we are disturbed at Bonneville's caveats regarding a direct role in renewables acquisition. We are aware of the customers' interest in restricting BPA's acquisition of power. We believe, however, that there is a reasonable role for BPA in renewable resources, including some acquisition. We believe it can be executed in a manner that is low-risk, high value for the region, and consistent with BPA's statutory responsibilities. Since 1996, BPA has conducted all of these renewable resource activities within a very tiny budget (\$15 million per year in above-market costs), plus a \$6 million per year commitment from the Conservation and Renewable Discount program. The current BPA program has created capability and experience in the region on renewables. BPA has delivered excellent services, projects, and economic benefits for the region while staying within its budget.

BPA's future role should be flexible enough to deal with changing market circumstances and therefore not overly prescriptive. Actions on renewables should be undertaken by both PBL and TBL. BPA should continue its successful role as "anchor tenant" (committing to a large piece of a new project and then selling it off later to other utilities) for specific renewables projects and RD&D for promising, but not yet cost-competitive resources such as biomass, solar, small-scale wind, and other alternative renewable technologies.

SD-0232 4/27/2004 Other

Conservation should use incentives like C&RD rather than a must do conservation approach.

SD-0233	4/27/2004	Other	Concur with ramping up R&D investment; continue to focus on conservation; support development of renewables.
---------	-----------	-------	--

Collecting some rate revenue to be used for conservation programs is appropriate.

The CFL light bulb and appliance programs are examples of some incentive being available to promote conservation. It is hard for Sumas to tackle conservation programs that are more complex than these examples. We don't have the staff to run around town looking for opportunities.

SD-0126	4/9/2004	Other	Conservation isn't the core business and BPA should stick our their core business.
---------	----------	-------	--

SD-0234	4/27/2004	Other	BPA continues to force conservation/renewables on utilities even when it is not economical.
---------	-----------	-------	---

Subject		Environmental		
Log_no	Date	Form	Comment	
SD-0184	4/12/2004	email	BPA should be focused on achieving a "light environmental footprint" at least possible cost.	
SD-0184	4/12/2004	email	Likes the term "light environmental footprint."	

Subject		FCRPS		
Log_no	Date	Form	Comment	
SD-0184	4/12/2004	email	Preserve the value of the FCRPS – The FCRPS must be protected. The base system including debt service can't be (cost) more than 10 mills. With a reasonable inflation adder we should be able to (separately identify and) protect that.	
SD-0233	4/27/2004	Other	Concur with BPA's intent to become excellent operators of the federal system.	

Subject		Finance		
Log_no	Date	Form	Comment	
SD-0229	4/26/2004	US Mail	Internal accountability and	
SD-0235	4/28/2004	US Mail	We see this as an extremely important issue. BPA needs to address this issue to ensure the long term viability of low cost benefits from the FBS. Both customers and BPA need to be active in the cost control program such as the present Customer Collaborative. BPA and its customers need to keep cost control as a continuing priority. The document should address this issue of customer involvement in BPA cost control.	

SD-0207 4/29/2004 email

BPA will have sustainable capital access.

-NWEC supports this objective. NWEC believes that BPA's heavy debt load is risky and provides little flexibility for the agency, in that much of its revenue needs are fixed. Bonneville should consider the strategy advocated by previous Administrator Jim Jura and others to revenue-finance some of each capital expenditure in order to reduce this over-reliance on debt and reduce its need for additional borrowing authority.

BPA will consistently recover its costs over time.

-NWEC supports this objective.

Subject		Financial		
Log_no	Date	Form	Comment	
SD-0126	4/9/2004	Other	<p>Lower BPA's cost structure is good, but to what level is the most important question and that is not addressed. Getting rid of the CRACs is a good thing.</p> <p>High credit rating should be replaced with adequate. BPA should be more in tune to the utilities plight that is significantly impacted by our financial decisions. BPA maintaining good financial ratings is pointless if all of their customers are going broke. There should be more of a balancing of interests.</p> <p>Tie utilities and BPA financial health together in making decisions. If you kill the goose (the public), there will be no more eggs.</p> <p>High reserves are also not necessary because perception is that if BPA has the money, it will be spent. Reserves should not be the key risk mitigation device.</p> <p>There should be more of a partnership with utilities and BPA to get costs down. For example, CGS and fish costs.</p> <p>["Seek simplicity, transparency."] Why isn't cost control listed here?</p> <p>Simplicity and transparency are good, but they are not the answer. They are only a start. BPA's financial data is too complicated to understand. Breeds more distrust. BPA is known to be manipulators of the data to justify decisions they want to make.</p> <p>["Build for the future."] While this is important, this may not be the time to invest any money in R&D. None to a little right now was okay. Sort out after Sep 06.</p>	

Subject		Fish		
Log_no	Date	Form	Comment	
SD-0160	4/12/2004	email	Want to have good fish runs and support land conservation, but with the high electricity rates, consumers are forced to make tough choices for life's basic needs.	
SD-0184	4/12/2004	email	I am a skeptic. When you create such a structure it is inevitable that it will want to grow and expand. It will take on a life of its own yet it would be confusing in that it would have no revenues, only costs. If it had its own rate case, then at least some light could be shed on the costs of F&W. I am concerned that in any event it would just bring more admin costs and overhead.	
SD-0124	4/8/2004	email	No one wants to see any endangered species drive to extinction. Your strategic direction is moving in the right direction. Mitigation has to employ common sense and be cost effective. CBEC and the entire regions ratepayers accept our obligation for fish and wildlife but efforts must be evaluated and those not yielding benefits need to go.	
SD-0126	4/9/2004	Other	<p>Objectives for fish must be reasonable.</p> <p>Fish objectives cited here ["Bring rates down and be fiscally sound. Achieve fish objectives at least cost."] and on the next page ["Set objectives for fish and wildlife and manage for cost effectiveness.] and the slide suggesting fish and wildlife as a separate business line, this may be suggesting pouring more money into fish. Is the money we are spending producing results is the important question. And then lets save the money that aren't producing.</p> <p>Agree that fish and wildlife is important, but not sure it is fundamental. BPA should do what is required and not what is desired. Need to balance the needs of salmon with the needs of people.</p> <p>Objectives based on good science is good. Benchmark other fish programs to determine what works. Have different measurement standards for different ocean conditions. We should be getting more for the money being spent. Goals should be clear but also need to be reasonable and measurable.</p>	
SD-0123	4/9/2004	email	Fish and wildlife programs need to be cost effective and reduced. When you have an endangered species, use common sense and quit fishing for that species. Preference utilities have contributed more than their fair share of money on fish restoration.	
SD-0233	4/27/2004	Other	Concur with BPA to seek to do COST EFFECTIVE fish and wildlife mitigation.	

SD-0111	3/26/2004	email	"Fish." Cost control is an admirable goal. One that it should have happened in 1980 and not \$6 billion later. Now we have a beast that demands to be fed. First, we need to get out key information, like the number of FTE on the "fish payroll." Program direct in 1996 was over 2000. This is an important part of the story as many of these people are being funded by ODFW, WDFW, etc and we have in essence taken over programs that were never intended to be funded by BPA. See the "in lieu clause" in section 4h. BPA should also start rulemaking under 4h(10)(a) to define the Administrator's obligation for mitigation of the FCRPA - both for the construction and operation. We argued that this should be done when I was in the law office but the political will never existed to do it. Without such willingness you have no leverage for the payees to negotiate on funding levels. True, you might get some minimal reductions but very little. The analogy is to what EFSEC did on C02 these past 3 years. There is absolutely no way the legislature would have passed the nation's strongest C02 statute if we had not started a rulemaking. The closer we got to adopting a rule, the more interested everyone became in settlement. I guarantee the same would happen in fish costs. Along the way there would be pressure on the Administrator, nasty letters, etc but if you have the determination to stay the course it will likely produce positive results.
SD-0125	4/9/2004	Other	Generally agree that BPA needs to set objectives for fish and wildlife mitigation and manage for cost effectiveness.
SD-0203	4/19/2004	US Mail	A provision of the NW Power Act that was an afterthought in the final push for the Act, I believe the provision that fish receive equitable treatment in relation to power has been more than met. An example in the positive direction in the balancing act would be the complete elimination of summer spill which apparently would have little affect on the survival of endangered fish. It's pretty hard to diconnect an unemployed customer because of non payment whose bill is probably 10 percent higher because of over zealous fish costs.
SD-0158	4/12/2004	Other	Support restoration, but see BPA's focus on performance objectives as essential. Stress BPA should strive to get the most possible result from the money spend on F&W. Express concern about the public perception linking a change in fish operations (summer spill modifcaitions) to fish returns when in fact ocean conditions play a much bigger role.

SD-0207	4/29/2004	email	Meeting fish and other environmental responsibilities cost-effectively.
			<p>While at first glance, this objective seems to merit support, we are troubled by its description and tone. First of all, as everyone knows, many of the words and phrases used here have taken on other meanings and are seen as code-words by many parties. Of course environmental investments must be done efficiently and in a cost effective manner. More importantly, the description of the objective subtly but unmistakably takes the position that fish responsibilities are an unpleasant "cost" that must be reduced and hopefully avoided. This belies BPA's mission statement which views fish and wildlife mitigation as co-equal with Bonneville's other missions.</p> <p>In the discussion of this strategic objective, Bonneville is ignoring its other major environmental objective which we believe is to both reduce global warming emissions directly, but also help position the region to deal with likely future carbon control requirements of the states and nation. Global warming is probably already responsible for changed runoff patterns in the region (earlier runoff, less snowpack) that are affecting BPA's power supply, and must not be ignored. BPA should take a leadership role in the region on this issue through aggressive support of conservation and renewables in order to reflect the increased risks of both damage to the environment and likely future carbon regulation.</p>
SD-0110	3/26/2004	email	We strongly agree with everything you say here. It would be useful to have some direct tie in between fish costs and river operations, and if possible to have a reference to the expensiveness of some programs, such as summer spill, that have very limited if any biological benefit.
SD-0121	4/7/2004	email	(A really wild suggestion.) Stop catching them and hatching them for a few years, and see how the wild ones do. Eat farmed salmon. Let the fish now in hatcheries go and let returning hatchery fish spawn naturally. Then leave nature alone for a decade or two to restabilize. Put the money (and FTE) now going into hatcheries into habitat restoration and buying out boats and especially gillnets (of any mesh). Continue Vernita Bar operations, possibly barging and/or reasonable flow and invest in habitat per above. A generation from now, consider reinstating sustainable harvest.
SD-0183	4/15/2004	email	BPA needs to set F&W goals, budgets and expectations and hang in there and press for greater accountability and results. Need F&W accountability and standards.
SD-0229	4/26/2004	US Mail	Fish and wildlife programs to meet obligations at least cost. This is a must. \$600 million for fish and wildlife and to run the entire BPA transmission system puts in perspective how costly the fish and wildlife program has become. We believe that much of the time good science is lost or ignored in favor of politics. Cost effective and least cost should also include good science. Many times in the past, fish policies have been implemented when science or common sense says otherwise (ie, spill vs. barging and summer spill vs. common sense).

Subject	IOUs			
Log_no	Date	Form	Comment	

SD-0126	4/9/2004	Other	IOU benefits should be based on the Act. What is equitable and is that in the statute? The cost to provide these benefits should be closely monitored. The situation today is untenable and needs to be tipped over. It is not close to the intent of the statutes. BPA needs to stop selectively applying that statutes (e.g., the exchange requires the 7(b)(2) test and exchange of power. Deeming when the IOUs would owe BPA is not in the statute. Financial benefits are preferred but if we do give them power, we should get power in return per the Act.
SD-0123	4/9/2004	email	It is time to have a better understanding with the IOUs. Currently, the IOUs are getting more value out of the FBS than what the preference customers are getting. Just look at some of the retail rates of preference customers compared to the IOUs. Maybe it's time to eliminate some of the programs that benefit the IOUs more than the preference customers. We need to review the historical background on the residential exchange that was started in the 80s and determine if the calculations used are in the spirit of the NW Regional Act.
SD-0160	4/12/2004	email	Provide money, not power.
SD-0207	4/29/2004	email	Equitable benefit to IOU residential and small-farm consumers. - NWECC supported the recent failed Settlement and believes it provides an equitable solution.
SD-0117	4/1/2004	email	Provide only financial benefits; no power; the regional loads and resources are so closely aligned that it only makes sense to preserve the benefits of the FBS for the public customers.

Subject		Misc.		
Log_no	Date	Form	Comment	
SD-0125	4/9/2004	Other	"Protect the taxpayers and ratepayers..." Ill chosen words. The concept is too vague so some quantification of objective is needed. A suggestion is administer policies such that BPA recovers its costs over time so the Treasury payment is made in full and on time.	
SD-0182	4/16/2004	email	Build for the future - With allocation there is no BPA R&D except for safety and capacity improvements on the transmission system and more fish friendly turbines. The Corp of Engineers could handle the latter. Don't go down the path of supporting high efficiency light bulbs and appliances...not a BPA role. Leave it to the manufacturers and efficiency legislation/regulation.	
SD-0125	4/9/2004	Other	"Preserve the value of the low-cost Federal Base System." Value is being perceived as the wrong word. The thinking is along the line of perserve the operation integrate of the FBS.	
SD-0183	4/15/2004	email	General - Looks like Truth and Beauty stuff (who could argue with it.). Reading the sentences though it feels BPA has lost its focus (on preference customers). This goes back to the sentiments of the past Administrators, especially Judy -- she saw the IOUs as customers and gave it away. Steve dances to politics.	
SD-0125	4/9/2004	Other	"Build for the future..." Too vague, not quantifiable and can be interpreted by each reader. More Mom and apple pie.	

SD-0182	4/16/2004	email	R&D - not sure BPA investment in innovation is in customers' long-term best interests except for transmission. BPA's role in R&D investment is not a given.
SD-0182	4/16/2004	email	When Steve called me after we signed the first settlement we talked for 25 minutes. He seemed genuinely interested in what was going on with my utility. I was surprised and appreciated that very much. If he had only sent a letter it would have hit the trash can.
SD-0182	4/16/2004	email	In general, I think this is nice, but not too bold, something I might give to a girlfriend....like a Hallmark card. It gives Steve W. license to do whatever he wants to do. I can't argue with BPA's desire (to keep the plan flexible), but it never says that BPA will provide lowest cost based power to preference customers. I am disappointed that it is so broad and soft on specifics. Preference should be in the first bullet! BPA needs to provide very clear messages then do what it says it will do. No nonsense.

SD-0126	4/9/2004	Other	<ul style="list-style-type: none">- Value of hydro system also masked by costs other than augmentation (e.g., conservation, fish, nuke debt, etc.)- BPA is the logical entity to meet the needs of the NW, but folks just don't trust BPA anymore.- Risk management is a critical and high priority task.- Core federal assets are not extremely low now. BPA needs to define "Extremely low cost." It is not market. It is something close to the cost of Grand PUD's mid-C projects.- Augmentation is not the only thing causing the masking of the hydro costs. Conservation, renewables, nuke debt are other examples.- If "limit load served at a melded rate" means "allocate" existing system then say that. What is the limit?- Rebuilding our trust with the publics is the key to allocation and tiered rates. Right now trust is still close to zero due to poor decisions.- Slicers are unlikely to want BPA to serve their load growth but some would like that option. The full requirements customers believe BPA should be the entity to provide full service but they have doubts that BPA is capable of making the right decisions.- "Improve and enhance the federal system." Reliability needs to be added to this bullet.- Efficiency should be in all the systems and not just the hydro projects.- Resource acquisition should be only for those that want it and who take the risk.- Collaborative and sounding boards are good ideas but complexity makes issues difficult if not impossible to understand. The more we explain the better people will understand even if they don't agree. Rates close to cost of production will be the telltale.- BPA listening to another prerequisite of gaining trust. BPA makes everything too complex. Why so many variations of conservation programs and reimbursement mechanisms?- An alternative governance structure should be explored. Is getting BPA out of DOE and a separate entity (aka TVA) a better model?
---------	----------	-------	---

SD-0123	4/9/2004	email	<p>BPA needs to be BPA and quit being all things to all groups. We spend too much time satisfying the tribes, fish and wildlife groups, but do not spend equal time with those agencies that pay the bills for all of this fluff.</p> <p>Maintain your AE's in the field. Give your AE's more authority to communicate to Portland as to what they are hearing in the field from the preference utilities. Utilities need to have a strong voice and influence with dealing directly with Portland.</p> <p>Keep rates, transmission, power supply, conservation programs fish and wildlife restoration programs simple for all customers to understand.</p>
SD-0160	4/12/2004	email	cost management/transparency/simplicity....YES!
SD-0184	4/12/2004	email	<p>How will we measure success - Rates below market doesn't get the job done.</p> <p>Service to new publics - BPA should limit the amount of service to new publics.</p>
SD-0158	4/12/2004	Other	The board reacted positively to keeping the cost of federal assets low, reflecting the true cost of the generation.
SD-0126	4/9/2004	Other	<p>Not seeking legislation is not necessarily the starting point for customers. Enforceable cost control and contracts is a big enough issue to see rifle shot legislation. Governance should also be on the table. TVA-type model may remove a lot of the politics that drives decisions.</p> <p>Perception is that BPA interests are not aligned with public customers. Why does BPA have interests that are different? Who were we put here to serve? They should be the same. This preception breeds some of the distrust that's out there now.</p> <p>Trust does not equal transparency. Trust equals low rates (low to mid \$20). To earn trust, BPA must make the hard choices to get rates back to presub levels or close to it. Transparency is not the answer because everthing is so complicated, too hard to understand, and the utilities are spending their time on their own problems and don't have time for BPAs. BPA knows it's business better than anyone. Customers generally don't care how BPA gets the rates down, BPA should just do it and will earn back their trust.</p>

SD-0229	4/26/2004	US Mail	<p>We do not believe achieving the goal "BPA must seek simplicity and transparency and must be accountable to the people of the NW," is possible under current BPA governance and enforcement policies and statutes. BPA currently has unfettered authority to set rates and policies and the federal courts are not willing to over turn any BPA plicy decision based upon BPA's broad discretonary authority. Public power can not even discuss spending (revenue requirement) in the context of BPA's public rate process. Furthermore, by the time the rates public process starts it is generally too late to effect meaningful change. Finally, there is no timely or effective enforcement mechanism for customers who wish to see rememdy for contract disputes as BPA appears to be able to take nearly all issues to federal court rather than arbitration. What we have today is a BPA rates process where BPA is guaranteed success 90+% of the time. In order for BPA to be accountable, these issues must be addressed and this will require institutional change and very likely legislation.</p> <p>If assets (FBS and transmission system) (low cost) are to be retained for public power (public preference) and the NW (regional preference), significant change at BPA is necessary. The customers and their ratepayers (the folks who pay the bills) must have a say in decisions and if there are disputes those customers must have a meaningful enforcement mechanism.</p>
SD-0202	4/23/2004	email	<p>Serious attention should be given to the long range possibilities of integrating a substantial amount of BPA hydro production as peaking power and load balancing throughout the NW and possibly the new RTO West system if and when it becomes operational. Reducing the use of hydro for base load and augment base load with combinations of wind and coal would make a significant impact in the massive natural gas consumption that is currently underway. I believe that this approach could have good overall results for most ratepayers in the NW.</p>
SD-0203	4/19/2004	US Mail	<p>I recognize BPA has been in the eye of the storm since the notice of insufficiency in 1976 because of rising power costs, the hydro-thermal program the WPPS debacle, and many other events we would like to foreget but somehow the region can again have faith in BPA and its actions as it did in its first 40 years of history. It seems that in the recent past BPA has developed policies that divide the public utilities in the region by implementing programs such as early signers, slice rates, IOU exchange rate calculations, different treatment of full requirement customers, etc. and that returning to a policy of supplying its perference customers with a postage stamp rate for its full requirement customers and policies that treats everyone the same.</p>
SD-0184	4/12/2004	email	<p>For the future – Bring TBL and PBL back together, that alone will send a message that BPA is really listening and acting upon what customers want. Show what cost control might look like in the future. Agency cannot be all things to all people.</p> <p>Trust – BPA must make a recommitment to preference customers. Other groups should not be on equal footing with respect to rights with the agency.</p>

SD-0207 4/30/2004 email

Much of the Paper has many important statements about communication, internal operations, and general organizational management. However, intertwined with these general messages are several important potential changes in current policy direction and new initiatives that we believe deserve a considered and in-depth response. At this time, the Paper does not go into much detail regarding these new initiatives, perhaps because of their preliminary and tentative nature. Therefore, a clear interpretation is difficult, and our comments should be considered in that context.

NWEC supports many of the directions and initiatives described in the Paper, and we look forward to working with Bonneville to flesh them out and eventually implement them. However, we also believe BPA has made some serious errors in analysis.

Bonneville cites eight broad factors for why it needs a new vision, including its current high rates (which have "eroded customer trust and confidence"); damage to its financial health; greater and more complex risks; and, the need for new infrastructure investments in generation, conservation and transmission.

We agree with many of the drivers, especially the last five of the eight. However, it is important to identify drivers (we might call them "problems") correctly, so that appropriate solutions can be developed. At the same time, the region shouldn't waste resources on solving "problems" that are of little real consequence or even misperceptions, and must realize that some drivers are driving in opposite directions. We believe Bonneville has failed to include one critical driver--global warming--and mischaracterized some of the others. Of particular concern to us are the first three drivers BPA lists. We discuss each in turn:

1.(BPA) The recent 50 percent increase in BPA power rates has seriously eroded customer trust and confidence, and could pose a threat to the agency's competitiveness if rates were to continue to rise. In addition, BPA is exposed to greater and increasingly complex risks.

NWEC believes this issue is overblown. While it is true that there has been an erosion of customer trust and confidence, the reason is mostly political and circumstantial frustration that has little basis in BPA's specific actions. All utility rates have increased because of the 2000-01 crisis and increased costs of natural gas. All utilities faced the same unfortunate circumstances that BPA found itself in and many (as BPA has) are making changes to protect themselves against future "perfect storms". However, BPA's rates are not "continuing to rise," and there is little threat to its competitiveness. BPA's resources and rates provide customers with long-term stability and reliability unparalleled in the electric industry. Finally, except for global warming, Bonneville is not being exposed to any greater or increasingly complex risks than it faced in the last decade. In fact, the uncertainty of retail deregulation and the role of vertically integrated utilities in the NW has been reduced. Furthermore, BPA faces little risk of large load changes until 2011, and has ample time to deal with that event.

We would also like to point out that it is not just customers who have lost trust and confidence with Bonneville. Other stakeholders also share this frustration, though sometimes for different reasons that we discuss under strategic objective S10 below.

2. While salmon returns have been improving, escalating costs for fish and wildlife have increased the need to adopt clearly defined objectives and to determine the most cost-effective means of achieving success.

BPA's costs for fish and wildlife have not increased. In fact, BPA has pushed costs down. There has always been a need to adopt clear objectives and determine cost-effective solutions.

3. The true value of the very low-cost federal hydro system is masked by additional costs that have been melded with the low-cost hydro.

The point of this as a driver is not clear. BPA can break out the costs of the underlying hydro system from other costs and has been making this information more widely available. To serve the region's needs BPA has appropriately been melding all power costs into providing service. Low cost hydropower is not the only "value" to the federal system.

Finally, we urge BPA to add one more driver to its list and suggest the following language:

·Global warming may result in significant and harmful consequences to the region. Those consequences may be direct (changes in precipitation patterns and load shapes) and indirect (e.g. fish and wildlife habitat changes). Bonneville needs to both take direct action to reduce its and its customers' greenhouse emissions, and help position the region and its customers to deal with the direct and indirect consequences that may occur.

SD-0184	4/12/2004	email	Build for the Future - I don't believe that BPA is only spending only \$2M a year on R&D. BPA spends \$10M/year on the Alliance (NWEEA) alone. I am skeptical.
SD-0110	3/26/2004	email	There are a number of key points that BPA needs to continue to address in a strategic document, that often do not receive enough public backing. These include things such as an aging workforce, infrastructure, needing replacement or upgrades, the need for new technology. We want to support the Agency in as many areas as possible so that the long term cost based energy supply and transmission services are valued. But, to clear the decks for those issues, there is much work to be immediately regarding a cost based product that is attractively priced, who receives it, and the future business relationship between smaller utilities primarily in rural areas that lack generation and are transmission dependent. Thanks for the Agency's efforts in developing the document, and please let me know if you would like to discuss any of these points.
SD-0184	4/12/2004	email	Support infrastructure - I agree.
SD-0201	4/22/2004	email	BPA's relevance is tied to public purposes. Without that tie, BPA loses its relevance.

SD-0229	4/26/2004	US Mail	BPA assumes its goals can be accomplished without new legislation. Public power is not so sure change will/or can happen without legislation. Substantial institutional change is necessary to make BPA accountable to those who pay the bills, primarily BPA's public utility customers.
SD-0111	3/26/2004	email	"Zero Based Budgeting:" BPA is making a very bad mistake by not doing a zero based budget whether it is Priorities of Government as done by the State of Washington or something else. Instead, you focus on efficiencies. For an agency that prides itself on being a business and that would be nearly bankrupt if it were a buisness, that does not cut it. Zero based budgeting is nothing to be scared of and the customers, including the Governors (at least of my State) have been asking for it for more than a year and get rebuffed at every turn. To date there has been no credible answer given as to why not. BPA appears to have something to hide, which I don't believe, and would gain credibility if it did take this approach.
SD-0110	3/26/2004	email	<p>Thanks for the opportunity to respond the BPA's Strategic Direction for the Future. Because the recently issued BPA document is still in draft form, our comments represent NRU's staff perspective, but have not been reviewed by our Board.</p> <p>We commended BPA for developing the document, and asking for comments at an early stage. The Strategic Direction will be helpful as we begin to move into more detailed policy and decision making forums, such as the Regional Dialogue. In general we support most of what is in the document and the overall perspective that the Agency has identified. For purposes of brevity, we will not cite the many areas where we concur.</p> <p>To the extent we have differences of opinion, emphasis, or believe that the document may have missed a key point, we have highlighted those topics below. For purposes of brevity, comments per topic are limited to one paragraph. Please let us know if you need additional information.</p>
SD-0184	4/12/2004	email	It all reads like Mom and apple pie on the surface. There is not anything you can look at and say I hate that. However, I am concerned what is really meant by the words two and three layers deep. There has clearly been a lack of (BPA) emphasis with the core full service sutomers (in recent years). It seems BPA has broadened its consistency to include just about everybody.
SD-0231	5/4/2004	email	While we appreciate the opportunity to comment on the strategic direction, we believe the issue of the future direction of BPA needs far more discussion, both regionally and nationally, than a one month opportunity to comment on the draft materials can provide. We will provide you with comments in the near future.
SD-0234	4/27/2004	Other	BPA could be more efficient: BOTH PBL and TBL asked for comments on the strategic plan. There are pages and pages of material (fluff) not important to customers. Customers judge BPA by the actions they take and the end results.

Subject	Mission
Log_no	Date Form Comment

SD-0184	4/12/2004	email	Why does BPA need both a mission statement and a vision?
SD-0183	4/15/2004	email	Best value to customers and constituents is problematic, especially if IOUs are included. (They are neither...just a cost...follow the Regional Act.)
SD-0207	4/29/2004	email	<p>NWEC supports the Paper's description of Bonneville's mission. We are encouraged to see that the third goal ("Mitigation of the FCRPS's impacts on fish and wildlife") is included as co-equal with the others. However, we have seen similar statements in the past without the concomitant actions that would lead us to believe that the agency has actually incorporated this goal into its culture. If this goal is to have real meaning, the agency and its employees must see salmon recovery as a positive purpose, not merely a "responsibility" or "obligation" that must be dealt with and gotten around at minimal cost and disruption of its "real" job (power and transmission).</p> <p>If this third goal is to indeed become truly co-equal with the other two, BPA must consciously move its center of gravity from being an advocate and representative of its power interests to also being an advocate and representative of its fish interests. Bonneville must become an ally of fishermen and women, tribes, and communities dependent on the fishing industry. Healthy salmon returns and a healthy salmon economy must become a mission for the agency, not just a cost that must be minimized. We will discuss this necessary change in approach in more detail later in these comments.</p>
SD-0126	4/9/2004	Other	<ul style="list-style-type: none"> - BPA is not a public service organization. It is a PMA. - Customers who pay the bill should be BPA's priority. Constituents should not have the same priority. - Public preference should have special recognition. Getting back to basics is all about public preference. - Terminology is not clear. Use of many terms like high, low, sound, adequate, cost-effective leaves lots of room for debate. BPA has a tendency to hind behind these kinds of terms to justify whatever decision it makes. The more defined, the better.

Subject	One agency			
Log_no	Date	Form	Comment	
SD-0110	3/26/2004	email	We fully support the Agency doing everything possible to recombine the business lines. The separation of the PBL and TBL has resulted in utterly no value to the members of NRU that rely on BPA as the exclusive supplier of these services. The separation has been expensive and results in both power and transmission rates being higher than are otherwise required. We also remember when BPA operated under the Customer Service Policy, and the Agency had a clearer working relationship with its customers. This was an important policy document for the NRU members, which was scrapped. The Agency seems to have migrated from a focus of helping its smaller customers to an emphasis on trying to comply with a continuing stream of policy directions, such as the Standards of Conduct, emanating from FERC. We encourage you to minimally comply with such standards where they are at cross purposes with cost effective customer service and the concepts of one utility planning.	

SD-0230	5/4/2004	email	There is one other important topic to address. BPA describes a strategic objective of: "Single enterprise optimization (not in conflict with standards of conduct)." We believe it is important that BPA maintain its separation of transmission and power functions in order to mitigate BPA's market power and its impact on regional power market prices, ensure nondiscriminatory access to transmission and to comply with FERC standards of conduct. While maintaining this separation of transmission and power functions, BPA should reduce costs, simplify operations and capture efficiencies where possible, while complying with the standards of conduct.
SD-0232	4/27/2004	Other	Never really understood why BPA choose to separate power and transmission. It has caused issues with billing and metering when there are any unusual problems. Gotten use to two bills and two AE's.
SD-0158	4/12/2004	Other	Would like to see BPA go back to one organization. Saw on value in two separate business lines and believes the current structure only makes it more difficult for them to do business with us.
SD-0183	4/15/2004	email	Separate PBL and TBL business lines is okay, but more efficiency and cost control is essential.
SD-0125	4/9/2004	Other	Bringing TBL and PBL functions together is good. For most customers without resources power and transmission are so linked you cannot have one without the other. There is a glimmer of hope some of the complexity of dealwith with two business lines will be simplified.
SD-0108	3/24/2004	email	Bonneville's most powerful mistake was the combined error of creating the two "business lines," power and transmission, and then in combination with that separation the agency thought it necessary to scrap the Customer Service Policy. This combined action leaves us without the main policy on relationship of BPA to all its customers. We (the customers) and BPA have not yet replaced that relationship with anything that works and so we are indeed flailing our way from crisis to crisis rather than proceeding with getting our business done in an orderly manner.
SD-0234	4/27/2004	Other	One BPA (that maximizes income and minimizes costs) is best. Two AE's and two bills is not an important customer issue.
SD-0184	4/12/2004	email	A utility manager had a recent conversation with Lynn Williams of PGE about how PGE responded to FERC Orders 888/889...Lynn said they never separated anywhere close to what BPA has. The manager's advice to BPA for the future is "don't get ahead of the curve. There may be more latitude than what first appears. Finally, take a hard look at what is the absolute minimum requirement for complinace. This manager also mentioned that a recombination of BPA will result in an erosion of authority amonth the (duplication) of senior positions in the TBL and PBL business lines but...."Oh Well."
SD-0182	4/16/2004	email	Great plan! Everybody at BPA in one building. Getting two BPA bills is stupid! One AE? We just need someboyd we trust. Get out of Portland...out where the customers are and away from the heavy IOU/Westside/Oregon influence. How about Moses Lake?

SD-0120	4/5/2004	email	We like the recombination of the BPA business lines. We would also like better information on how the Strategic Direction changes the TBL. There isn't much in the document that seems to affect TBL.
SD-0194	4/21/2004	email	I think that the PBL and TBL should become one again and enjoy the savings by removing redundant costs and functions. After all, we are looking for cost savings and if in fact the DOE doesn't mandate separation of duties, then we should fix this.

Subject		People		
Log_no	Date	Form	Comment	
SD-0182	4/16/2004	email	Attract and retain talent - Depends on where BPA is going. If we allocate we don't need as much. Need good performance expectations, accountability and recognition. Build your own from within like we do with our apprenticeship program.	
SD-0184	4/12/2004	email	BPA does need to attract and maintain talent. Why is this not near the top of the plan? BPA is criticized for having too many people but I believe you need to reward the best and the brightest.	
SD-0117	4/1/2004	email	BPA should be mindful of costs associated with developing and growing its workforce, especially when filling behind a high number of retirees.	
SD-0126	4/9/2004	Other	Investment in people training and succession is important. Some thought performance recognition for a government entity was appropriate, one did not. Poor performers should be fired. Executive compensation was way too low. One thought was to raise the CEO salary provided that we could get politics out of decisions.	

Subject		Rates		
Log_no	Date	Form	Comment	
SD-0110	3/26/2004	email	While cost based rates and protecting core power appear to be emphasized as topics, there is very little behind what cost based rates mean or what levels are implied. Being well below "market" does not constitute success. There needs to be a standard that can serve as a driver for a cost based rate target. In addition, there should be some discussion of how customers can be involved to both help control costs and in having meaningful rate cases. This is a fundamental component of utilities' eagerness to sign long term contracts. A mention about beating the 2001 actuals by 10% is interesting, but some standards for the future would be much more compelling. It doesn't have to be "2 cents in 2000," but a target or set of targets related to cost would be useful. If the Agency explicitly does not want any quantitative benchmarks in the document, references to creating them would help.	
SD-0232	4/27/2004	Other	It is okay to use blended rates, just focus on serving the public load and work hard to do a better job with long term resource acquisition.	

SD-0124	4/8/2004	email	Bring rates down. The number one present day problem as I see it is the difference between 8000 MW capacity vs 11000 MW obligation. Some of this problem was caused by BPA. During the subscription process I believe you contract outside of your legal/obligations (DSI/IOU). You may have had a moral or political obligation for some of the deals you made, but not a legal obligation. In the future I hope you serve your legal obligations first. Also, don't be so anxious to bring back into the fold those that abandoned you when you needed them.
SD-0233	4/27/2004	Other	<p>If there is a two-tier rate structure, with the lowest-cost hydro available at cost in the first tier and augmentation power available in the second tier, BPA could consider a structure that requires bilateral commitments for Tier 1 - BPA and Sumas make reciprocal long-term commitments for that resource. There could then be flexibility available in the Tier 2 - the ability for a customer to maintain an allocation at Tier 1, but to opt to locally procuring power. For a couple of years, a customer might take only Tier 1 and buy on the market. For other years, the customer could commit to BPA's Tier 2 product. The reality is that Sumas doesn't have the staff to shop for Tier 2 power on the market. We would be likely to simply buy Tier 2 from BPA indefinitely. The except might be if we wangled some kind of good rate from the co-gen(s) sited in town.</p> <p>If there is a move away from melded to tiered, I guess I advocate a magic date at which there is simply a proportional allocation amongst all of us historic full requirements preference customers. I.e., BPA commits that it will make 3.5 MW available to Sumas at Tier 1. Above and beyond (including some part of existing load, as well as load growth) would be available at Tier 2.</p>
SD-0205	4/29/2004	email	Being a lifelong resident of Bellingham,WA.,I feel there is a real need for BPA to try to help our remaining Industries survive by providing competitive power prices that are secure for the longer term. Power rates already took their toll on Georgia Pacific in our city where my father supported us with his lifelong job there. I believe that the summer fish spill is excessive and that certain environmental groups can never be satisfied. I wouldn't mind paying higher residential prices as long as I can keep my Aluminum Job to pay the bills. Please help to keep our jobs from going overseas.

SD-0126 4/9/2004 Other

Low rates do not equal less than market. Low rates should equal something close to real cost of production (e.g., cost of Grant's mid-C projects plus an overhead adder). The presub price would be closer to the right target than market price. Market price as a target is unacceptable to customers.

Market price is NOT a proper benchmark and should not be the goal or objective. Message is that BPA can load up our costs as long as we are less than market. That is unacceptable.

Rates too high is not the problem, but rather a symptom of the problem. The problem is poor decisions and poor management, loss of focus on BPA's real mission. Lack of/loss of trust is another symptom of these root causes. The only way to earn trust back is to get rates way down and keep them there.

Need to stay away from tiered rates because they breed more distrust because most customers believe that BPA games the rates to get to outcomes BPA wants. Tiered rates is a trust issue. No assurance that BPA won't switch costs between rate pools in order to get them covered.

- Rates too high and damage to financial health are the outcome of previous bad decisions and mismanagement. Energy crisis and drought also contributed.

- "We must bring rates down consistent with sound principles" doesn't say nearly enough. Rates should be brought way down and be based on the real cost of production plus an adder for some overhead. A good target would be presub price. Sound principles is uncertain term that breeds more distrust (e.g., prepaying Treasury).

- "Bring rates down and be fiscally sound." All of these are good words, but what exactly do they mean?

- Due to a lack of trust, tiered rates is a real hot button due to customers' perception of prior experience of BPA manipulating the cost components or assumptions to develop rates.

- BPA should not try to define tiered rates now. That should come after allocation is decided.

- A suggestion for deferring dealing with the concept of tiered rates is to use the TAC rate as the rate for the Tier 2 during the next rate period, which should only be 2-3 years long.

- Rather than being involved ["Citizen's want to be involved."], people want low rates. With low rates, none of the rest of this really matters.

- Where in the statute does it say BPA sets their rates as low as possible consistent with sound business principles?

SD-0230	5/4/2004	email	<p>Some of the positive aspects I appreciate BPA endorsing are:</p> <ul style="list-style-type: none"> - We must lower rates. - The goal is always to be substantially below market prices for comparable long-term products. - We must limit the amount of load we serve at a melded rate.
SD-0183	4/15/2004	email	<p>Tiered rates - okay to explore. Hope that utilities are given the option on whether or not they want tiered rates. Also whether they want to buy Tier 2 from BPA or the market (with reasonable notice to BPA).</p>
SD-0234	4/27/2004	Other	<p>The value of the hydro system could be protected by allocating without tiering. Load growth could be provided by an alternate supplier or in bilateral arrangements with BPA instead of tiering. Preference customers would need to give long-term notice for BPA load growth service and be TACed if they place load on BPA with short notice. Preference customers could commit to BPA load growth service through a series of 5 year rolling commitments. BPA should survey how many customers would like a BPA long-term load growth product. [This customer thinks many presub and full customers would be interested in this product.] A concern is that big players could game tiered rates and shift costs. Just put a bullet to the dying tiered rates horse. The allocation and tier two combination gives BPA too much ability to move the tier 1 point and could be used as a gimmick to get more money from customers.</p>
SD-0125	4/9/2004	Other	<p>Lower rates consistent with sound business principles is a BPA spoof. BPA is not operated on sound business principles. It is driven by political principles. Therefore, it is suggested this be rewritten to focus BPA be operated within its competitive environment to maintain the long-term viability.</p>
SD-0235	4/28/2004	US Mail	<p>Lowest cost power should be preserved by limiting the load served at the lowest cost to the output of the FBS. This lowest cost power should be made available to BPA's public power customers consistent with BPA statutes. The document should better define how BPA would preserve the lowest cost power for public power.</p>
SD-0183	4/15/2004	email	<p>Our biggest concern is how to deal with a likely 40%? Rate increase when our fixed price presub ends in 2006. As a Coop and RUS borrower, we can't build a reserve to cushion the blow.</p>
SD-0234	4/27/2004	Other	<p>BPA wants tiered rates and in the end will go along with the NWPPC recommendation if at all possible.</p>

SD-0207 4/29/2004 email

BPA's power rates should be below market, predictable and have low volatility.

- This goal has inherent contradictions. The FCRPS is an inherently volatile resource due to unpredictable precipitation. Shifting that volatility to customers (e.g., Slice) does not reduce that volatility, it only shifts the costs to deal with it to others. BPA should not confuse shifting costs with lowering costs. Similarly, augmenting the FBS in 2001 to serve oversubscription may have raised BPA's costs, but there is very good reason to believe that it did not raise the region's overall costs (they would have risen due to the crisis anyway). It was simply a cost shift between regional players.

-We bring this issue up in order to recommend that BPA focus on controlling real costs--precipitation risk, future carbon control risk, over- or under-development of resources risk, gas price risk, etc.--instead of shifting costs off its system to make it appear these risks are being dealt with.

-So, instead of avoiding these problems by discussing tiered rates, Bonneville should devise resource strategies to deal directly with the region's real risks. Bonneville needs to be a leader in furthering resource and end-user strategies that reduce precipitation, gas price and carbon risks while ensuring sustained development of adequate new clean resources and efficiency. To summarize, we support the strategic objective's goal, but believe the discussion that follows is off the mark and misleading.

SD-0203	4/19/2004	US Mail	<p>With tiered rates, over a period of time, disparity of retail rates start to magnify as a result of higher power costs for the fast growing utilities compared to the slow growing utilities when wholesale power rates are now maybe 60 percent or more of the total cost of service where it in the past it might be 30 percent. There is always some disparity of rates because of differences in operating costs. The disparity of rates issue led to the passage of the NW Power Act which I believe has not been as production as expected and could again force some time of legislation.</p> <p>Tiered rates might throttle economic growth, where electric rates is an issue, for small utilities because the impact of a large load on a small utility is much greater than for a large utility. An example would be that a 5 megawatt load on HES would amount to about a 25 percent increase impact on our present load at a higher rate wherein, for instance, for Benton PUD it might only be a 3 percent impact so they would be in a better position to absorb the increase across their system. Competition for economic growth between small and large communities is strong enough already without adding an electric rate disparity issue, again leaving the small community in the most need, swinging in the breeze.</p> <p>An argument is being made that without a tiered rate of some sort, a signal is not being sent for conservation or curtailment to the end user. Electricity is not energy in itself but a transportation vehicle for energy being generated by water, coal, natural gas, oil, etc. and to my knowledge, I might be wrong, but these forms of energy are not sold on a tiered rate basis but on a market or contract basis. Thus, electricity is being priced out of step with other energy sources--when I buy gasoline, I do not pay more for the last 10 gallons than for the first ten gallons.</p> <p>I am adamantly opposed intituting tiered rates, but at a minimu, hopefully a basic allocation of say at least 25 average megawatts for each preference customer at BPA's basic rate would be implemented as was the policy of BPA in the past. This, at least, would give a small utility a fighting chance to compete in the world of small utilties enhancing economic growth in their service areas where electric rates are an issue.</p>
SD-0160	4/12/2004	email	The 5-year rate period with all the CRAC's is damaging relationships between utilities where one is exposed to the CRAC and the other is not.
SD-0160	4/12/2004	email	Generally oppose tiered rates prior to 2011.
SD-0194	4/21/2004	email	Such items as Low Density Discounts, Postage Stamp Rates, and Summer Seasonal Products are vitally important in creating some type of parity for cost of power, for small rural cooperatives that are in economically depressed areas.
SD-0206	4/29/2004	email	It is nice that you are trying to help us. We (the employees) understand that times are tough with the way our economy is this year. I don't understand a lot of what is going on. I enjoy doing what I do here. I make a good wage. Well, good enough to take my two kids to Disneyland and still be able to make my house payment on time. Soon it's going to be time to send the kids to college. Working here I'll be able to do that. Just wanted to thank you for trying to help us.

SD-0184	4/12/2004	email	Tiering could eventually be good for a slower growing utility like ours. Rates should not be tiered until there is not enough capability left in the FCRPS to serve existing customers. Don't get ahead of the curve! Tiering may be okay if you get the details right.
SD-0182	4/16/2004	email	Avista's rates are lower than ours. Rate design is an issue. Last August we were buying at 5.2 cents from BPA including transmission and selling it at only 5.8 cents. (Can't live with that for long.)
SD-0184	4/12/2004	email	2006 Rate Case – Stick with current (conservation) programs till the sooner of 2011 or a new contract offering. Then BPA should do the absolute minimum in conservation. I see that most of the people who are taking advantage of our programs are middle income and higher who will make the right choices on their own over time when given the right market signals. There should not be a need for such heavy involvement by BPA. I don't want BPA paying for experimental resources such as the Calpine geothermal project.
SD-0123	4/9/2004	email	Tiered rates should only be used for the exception, not the rule. We need to simplify the rate process, tier rates would only make it more confusing. If the allocations approach failed to work out, then use tiered rates for new utilities, new growth, or utilities that did not sign longer term contracts.
SD-0229	4/26/2004	US Mail	Maintain cost based rates, public preference and regional preference. This is appropriate and is required by BPA's statutory obligations. Cost based rates are not worth much if costs are not kept under control and the jury is still out on that. BPA must limit the amount of load it serves at a melded rate. BPA must limit the amount of load it serves from the FBS by complying with statutory obligations in limiting service to public preference customers. BPA does not have a statutory obligation to provide power to the IOUs or DSIs. Melding is not the problem, it is BPA's inclination to make commitments that exceed its ability to deliver to avoid political problems (IOU subscription contracts are just the most recent example).
SD-0184	4/12/2004	email	Your rate cases aren't about how much the costs should be, they are only about how they should be divvied up among the customers. Bring Rates down and be fiscally sound – I like that. A 2-3 year rate case is better than paying a high risk premium over five years. I am not a good one to ask about transparency and lower rates. I'd don't feel the mistrust others are expressing. Protect Taxpayers and Ratepayers – I don't have a strong understanding why that is so critical. Shorter rate case periods would be better. The region can't afford the 5 year contingency costs. Long term contracts are DOA without cost control

SD-0117 4/1/2004 email Tiered rates: do not support an 80/20 split between tier 1 and tier 2 that we've heard BPA is considering'; it's too hard to determine the levels of aMW that should be subject to various tiers.

We would support the creation of a tiering methodology that subjects all public load to tier 1 only for the FY07-11 period.

Any load that exceeds the capability of the FBS should be served at tier 2 post-FY011.

IOUs should receive only financial benefits, not power.

Support offering lowest cost PF through FY11 to all public customers with 5 year purchase commitments.

Subject		Region		
Log_no	Date	Form	Comment	
SD-0126	4/9/2004	Other	<p>["Support regional approaches to regional problems.] If this is code for RTO, customers are not supportive. BPA should just say no. Some are hesitatingly open to the idea but don't think the facts support it. Results elsewhere indicate it is more costly and less efficient.</p> <p>Wind integration products are okay, as long as those who want the service pay for it.</p> <p>Standards and regional planning are good ideas, but they are not BPA jobs.</p> <p>BPA already owns the large part of the transmission stem and does a good job running it, so why try something new?</p> <p>BPA moving back to a single enterprise concept should be a lesson learned for RTO. Let's not go further than required to. It would be a disaster (aka Calif.) to have to try to turn back the clock.</p> <p>One of the utilities said this whole page should be deleted. ["Support regional approaches to regional problems."]</p>	
SD-0182	4/16/2004	email	<p>Support regional solutions - I like the approach. I'd like to be able to buy one wind turbine in a project. 500-1000 kW would be about right for us and we'd have ownership interest in a tangible resource.</p>	
SD-0232	4/27/2004	Other	<p>The NW needs to stick together to retain the value of the hydro system and maintain control of the FCRPS. The past several years have been divisive for the publics and BPA. Everybody needs to get over it and pull together.</p>	

SD-0201	4/22/2004	email	It is extremely important that BPA continue to push for enforceable resource adequacy standards. Adequacy standards must be tied to a regional plan. Public purpose issues are regional in nature and require a regional entity like BPA to assume backstop responsibility. Access to federal power should carry with it a responsibility (by the beneficiaries) to address regional issues.
SD-0184	4/12/2004	email	Support Regional Approaches - I don't mind seeing BPA \$ going into such products as wind integration (rather than purchasing output)...friendly products to help renewables.

Subject		Residential Exchange		
Log_no	Date	Form	Comment	
SD-0121	4/7/2004	email	Whatever mechanism is developed should apportion rate relieve correlative to the FBS allocation to publics.	
SD-0184	4/12/2004	email	Res Exchange settlement plan B – The region can't move forward in the next rate period without it. What is in the statutes and what is necessary politically may not be exactly the same.	
SD-0182	4/16/2004	email	Plan B will save my utility \$300K compared to \$1/7M for the original settlement (but we'll take what we can get).	
SD-0183	4/15/2004	email	BPA gave away the store to the IOUs. Settlement Plan B is too generous. Why should IOUs get more certainty than the publics for the next rate period?	

Subject		RTO		
Log_no	Date	Form	Comment	
SD-0235	4/28/2004	US Mail	The document does not address the GTA issues, which is of great important to a number of BPA public power customers. Another issue of concern with GTAs is the issue of non-Federal power. The document should address the GTA service issue and non-Federal power issue in conjunction with long term network transmission.	
SD-0125	4/9/2004	Other	"Support the region's infrastructure...." Concerned about the statement that BPA will directly support improvements and enhancements on the Federal system and then pursue policies to help others meet regional needs. Comments suggest BPA directly support improvements and enhancements within BPA's service territory (both on the Federal system and GTA systems). Don't leave GTA service to chance.	
SD-0184	4/12/2004	email	RRG - I have given up looking at the RRG issue...too complex, too much time, willing to let it move along...for now. (Reaffirmation of long term GTA service is a threshold issue and is not a bargaining chip.)	

SD-0121	4/7/2004	email	If an RTO could be designed that met the goals of J.D. Ross' postage stamp rate -- making electricity affordable to the "last mile," terrific! But beware set-ups that penalize rural areas. Ideally, an RTO ought to be able to reduce costs to rural consumers by eliminating the pancaking GTAs now cover. One possibility: coupling non-wires/distributed gen/dsm with RTO planning might produce solutions to help even the playing field for rural areas without incurring the high capital cost per consumer of stringing wires.
SD-0201	4/22/2004	email	GridWest is a real plus for addressing regional transmission needs.
SD-0118	4/5/2004	email	As a small public, we're greatly concerned about BPA's commitment to an RTO. We cannot see the benefits an independent entity would have for small publics. We also have the same specific comments about allocation of the system.
SD-0204	4/26/2004	email	BPA should not support seating a board - even a temporary one - until BPA has completed a cost/benefit analysis that clearly demonstrates a benefit to BPA joining/participating in Grid West.
SD-0207	4/29/2004	email	Transmission Adequacy Standard and Support for Grid West NWECC strongly supports this strategic objective. An integrated approach to transmission, including an adequacy standard, planning, markets for trading transmission rights and balancing, etc., is extremely important for the development of renewables, load control technology and other non-wires solutions to transmission constraints. We join the agency in supporting the direction Grid West is now taking as the right approach.
SD-0229	4/26/2004	US Mail	Lewis County PUD and public power do not see the need for an RTO and believes the only thing guaranteed by an RTO is higher costs. BPA has not demonstrated that there is a need for an RTO and has not identified that an RTO will benefit the consumers. BPA is actively participating in the RTO (Grid West) development and once this organization is formed BPA will be unable to say no. Other electric industry restructuring efforts nationally and internationally have not proven to deliver the benefits they were argued to provide. It is time for BPA and the restructuring advocates to provide concrete evidence (proven performance) that restructuring and RTO's have worked somewhere in the US and world and have delivered the cost savings that they were purported to provide.
SD-0232	4/27/2004	Other	Seem slike maintainthe the TBL and creating an RTO would create a number of redundancies.
SD-0233	4/27/2004	Other	Don't know where GTA costs are proposed to fall within the tiers. From Sumas' point of view, we can't afford to absorb those costs. We would advocate for GTA to be bundled in Tier 1 for historic full-requirements customers like us.
SD-0234	4/27/2004	Other	BPA can't go down the RTO (Grid West) and allocation route with the GTA issue being resolved. Under no condition can GTA costs be direct assigned. BPA just keeps pushing an RTO. BPA will NEVER say an RTO is not acceptable. One BPA plus Grid West still equals two. One BPA (that maximizes income and minimizes costs) and NO RTO (Grid West) is best.

SD-0117	4/1/2004	email	<p>I was encouraged by Allen Burns and Lon Peters recent presentation at WPUDA but I remain opposed to the direction of RTO West.</p> <p>Very concerned about the formation of Development and Operations Boards and the current direction of the RRG; planning to make customers buy rights to capacity on transmission lines runs counter to preference as outlined in BPA's statutes; FERC stands to possibly expand its jurisdiction to include public utilities which is very threatening.</p> <p>I agree with WPUDA letter (02/26/04) to Steve Wright; the region can work out its own problems, we do not need an entire enterprise to resolve transmission problems.</p>
SD-0123	4/9/2004	email	<p>I see more overhead cost if an RTO is formed. If it's required by FERC, we must maintain a very lean organization with only nine utility people running the organizations. Otherwise we will have another oversight group like the NW Regional Power council that cost the preference utilities more money and will not provide the needed service.</p> <p>If an RTO is formed, it must have the ability to construct new transmission line where and when needed and the authority to determine new transmission routes.</p>
SD-0158	4/12/2004	Other	<p>Several board members heard Allen Burns speak at the PPC meeting and were impressed with his presentation on Grid West. They still have some concerns about BPA and public power losing control of the process, but agreed Allen's presentation calmed some of those fears and are willing to consider the new approach.</p>
SD-0125	4/9/2004	Other	<p>"Support regional approaches..." Revise to include BPA will support improvements and enhancements on GTA systems, but if the GTA providers are reluctant, BPA will work to build what is needed.</p>
SD-0160	4/12/2004	email	<p>Sounds like a logical manner to proceed. Need to address the regions transmission problems, not FERCs agenda. Don't want BPA to become FERC jurisdictional.</p>
SD-0126	4/9/2004	Other	<p>RTO/RRG platform is a slippery slope customers would prefer BPA not travel. Customers believe BPA don't and won't have the fortitude to "just say no" if that is the right answer down the road. Customers also believe that where it's been implemented costs are higher and benefits have not been realized. Lessons learned with the PBL/TBL split (where BPA now acknowledges it went too far) is a good lesson learned and BPA should apply now to RTO.</p>
SD-0124	4/8/2004	email	<p>Support regional approach. In theory, I can see the benefits of RTOs. My concern is the "requirement of new regional institution" rings of higher rates to me. RTOs creation must as a minimum encompass NRU's list of must haves.</p>

Subject	Slice			
Log_no	Date	Form	Comment	

SD-0182	4/16/2004	email	I hate Slice. It has made some former good friends enemies. Unfortunately, slice has taken us down an irrevocable path.
SD-0235	4/28/2004	US Mail	The document must address the issue of transparency of the Slice product. Full and partial requirements customers must be protected from cost shifts resulting from the Slice product with full disclosure of costs. The document should address this disclosure and transparency issue as a priority for future contracts.
SD-0121	4/7/2004	email	All too aptly named, this pilot project has proved divisive and counterproductive in terms of getting the highest public good from the FCRPS. The Coordination Agreement was a much better idea. It's ironic (to say the least) that we're now promoting one-utility planning in transmission while slicing the river.

Subject		Spill	
Log_no	Date	Form	Comment
SD-0160	4/12/2004	email	There are other means to improve fish runs that are much less costly than summer spill.
SD-0182	4/16/2004	email	Good progress so far to get things rolling. Good to see lots of folks on the bandwagon. This is a very political effort. However, I'm not sure BPA has the guts to push it though when the going gets tough. The Administrator need to be aggressive and be willing to pit it on the line like Randy Hardy did a couple of memorable times. I think "2 cents in 2000" was a good thing. While not achieved, it energized and focused the region and it showed some leadership. We need an Administrator who will stand up for keeping costs low and realize there is always another job out there. Customers want to see BPA fight for lowering these costs. BPA should have started with a more aggressive stance insisting that both July and August spill be stopped...don't start at a reasonable compromise point. How'd we get to the point of offering \$5M in offsets vs. the \$1.2M? We are not down to the last Condor here so let's try to change some things where the environmental risk is reasonable. Hatchery fish are biologically the same as listed fish according to the 9th Circuit, so why aren't the Feds recognizing that?
SD-0194	4/21/2004	email	Summer Spill just isn't a cost-effective means of saving endangered fish, these proposed savings could be redirected to proven means and to lessen the impact of future wholesale power rate increases.

Subject		Strategy	
Log_no	Date	Form	Comment
SD-0125	4/9/2004	Other	Too vague and does not focus enough on BPA's core customers. BPA needs to spend the time to dissect and create a message this is not so open for interpretation.
SD-0203	4/19/2004	US Mail	I believe you are going in the wrong direction. Some of the old basic principles established in the beginning for BPA are now proposed to be abandoned and I believe will have a negative impact in its contribution to the overall economic growth of the region and associated social economic consequences.

SD-0184	4/12/2004	email	Strategic Direction doesn't have the right flavor for the long term relationship BPA has had with key customers.
SD-0126	4/9/2004	Other	There is not enough specificity in the documents to really know where BPA is going and to make this meaningful. Too many undefined words are used (e.g., business principles, "commercially successful" business, "limited" load) and this adds to the mistrust of BPA.
SD-0207	4/29/2004	email	BPA will make prudent investments in its power and transmission system. -NWEC supports this strategic objective.
SD-0110	3/26/2004	email	It is interesting to compare the BPA Strategic Direction to other documents drafted by outside parties that attempted to address similar issues, such as the 1996 Comprehensive Regional Review. While deficient in some regards, the Comprehensive Review contained recommendations with more specificity; e.g. allocate the FBS, sign long term contracts, publics go first, customers responsible for load growth, but a rolled in load growth pool for smaller customers in aggregate of less than 1,000 aMW. While the Strategic Direction should not get into the weeds, in some areas the utility of the document suffers from being too general.
SD-0124	4/8/2004	email	Build for the future. A system as complex as the PNW grid we need the technology and innovation of the future just to stay where we are. You will need to invest. The problem comes back to cost effective investment in technology.

SD-0111	3/26/2004	email	<p>Redlining BPA's Strategic Direction for the Future:</p> <p>Where are we now?</p> <p>Creating clear direction internally is one of the most important changes called for by last year's lessons learned reports. These reports called for BPA to define a clear strategic direction for the agency, to determine how we will measure progress [on it, to] DELETE THESE WORDS communicate the direction to the entire agency and then to manage rigorously to it. That is what we are doing. BPA is determined to look to the future and improve the performance of the agency. While intensive efforts continue to bring costs and rates down [further] DELETE to a degree in the near term, we need to redouble our efforts to [it is time to return our] DELETE focus onto long-range planning[. rather than moving from crisis to crisis. This] DELETE This paper provides an overview of BPA's proposed long-term strategy.</p> <p>What does the strategic direction do?</p> <p>BPA's strategic plan establishes our most important objectives and the actions that will help us manage to these objectives.</p> <p>The strategic direction lays out a vision that calls on BPA to demonstrate [advance] DELETE its leadership [(the Northwest's future leadership?)] ADD in four core values – low rates consistent with sound business principles, high reliability, light environmental footprint and clear accountability to customers and citizens. It includes 24 long-term objectives that will guide target setting in business lines and corporate units and in managers' performance contracts. The bottom line is to protect the core power and transmission assets of the Federal Columbia River Power System so they can provide benefits to ratepayers and taxpayers well into the future.</p>
SD-0125	4/9/2004	Other	<p>"Seek simplicity and transparency...." What does seeking achieve? Success is defined by seeking, not achieving. This section is hard to grasp the meaning. It sounds like pie in the sky. That being said, it is important to many of those wanting BPA to be more transparent want the information to use to exploit BPA or gain advantage in their power marketing efforts. BPA needs to think through how transparency can be used against it in a competitive environment. With respect to simplicity, it is important to realize the simple solution may not be the best solution. Simplicity on the far side of understanding is great because everything that needs to be included in the simple solution is factored in; whereas, simplicity on the near side of understanding may overlook critical factors that end up making the simple solution unworkable or more complex than necessary.</p>
SD-0186	4/15/2004	email	<p>VOID - It was determined this was a dup of SD-0125.</p>

SD-0108	3/24/2004	email	<p>On page 1 of the draft (BPA's strategic Direction for the Future, DOE/BP-3572) the second column refers to "clean direction internally." So important, and so difficult in a large agency. There are two parts to clear direction: first, understanding it at the very top so that each whole direction (or goal, if you wish) can be actually spoken or written in a simple manner that anyone can understand without much room for interpretation; secondly, being able to break down the direction into parts that can be accomplished discretely, and still be understood. These two parts may be pronounced by different people--so understanding the original direction or goal is so important. I normally don't comment on these things but when I think back about all the talk about "competition" and "most efficient" organizations, and the entire multitude of buzz words that have been thrown about for the last couple of decades, it's easy to grasp how different people have placed different meanings on terms and perhaps created different goals from those meanings. Everybody has to hear the same thing to start with.</p> <p>The eight factors listed in the draft document are fine but to lift them off the paper and into reality they will have to become understood.</p>
SD-0123	4/9/2004	email	Do an economic feasibility analysis of BPA to review its original mission statement of providing power to preference customers in the PNW. Look at what is really needed to operate the system, eliminate where possible, cut special prgrams that benefit no one and run the business like a business, not a political-business organization.
SD-0182	4/16/2004	email	Seek simplicity, transparency - The first words should include honesty, straightforward...we are diffusing the real issue. There is not a single word here that is bad...but it doesn't get to the heart of what needs to be said.
SD-0119	4/5/2004	email	We would like to see the agency decisions be more balanced as reflected in the targets for system reliability, low-cost provider and regional accountability.
SD-0126	4/9/2004	Other	<ul style="list-style-type: none"> - Focus on the long-term is the correct focus. Paul seems to be saying we need to continue dealing with short-term issues. - BPA needs to start dealing with the long-term now. Utilities will need time to prepare and implement the outcomes well before 2011. - "Set clear direction" is right on. - "Improve the performance of the agency" will be the outcome of actions taken in "set clear direction." Is not really an action in itself.

Subject	Transmission		
Log_no	Date	Form	Comment

SD-0207	4/29/2004	email	<p>Developing and implementing cost-effective non-construction alternatives to transmission expansion.</p> <p>- NWEK strongly supports this objective.</p> <p>S5 -- Manage transmission costs.</p> <p>NWEK supports this objective, including investigating the re-integration of some of TBL and PBL functions, especially to accomplish better BPA's goal to integrate non-construction alternatives to transmission expansion.</p>
SD-0233	4/27/2004	Other	Concur with investing in necessary transmission infrastructure.
SD-0110	3/26/2004	email	The document doesn't say much in the transmission services area, other than to continue to work on the platform stage for an RTO and make sure the system is reliable. The strategic direction should include a commitment to provide through BPA long term Network Transmission services to transmission dependent customers. In addition it should at least mention the GTA issue as one requiring an equitable long term solution.
SD-0194	4/21/2004	email	Reliable transmission service is an area that should receive a fair amount of consideration. We have several aging transmission lines that BPA leases from Columbia Power. We feel that any future direction and planning of BPA should include the means to see these transmission lines rebuilt, so that Columbia Power's members may receive the same level of reliable service as our neighbors.
SD-0229	4/26/2004	Staff mtg	To date Lewis County PUD and public power have not seen BPA policies and/or transmission contract lock provisions and/or RTO development, which will protect our current transmission rights. Native load transmission service is being eroded in favor of power marketing transmission service. Without native load transmission and contract lock protections for public power, BPA will surely fail in protecting the consumer. Again, we have an enforceability problem. Even if BPA is willing to "lock" in our transmission rights in a contract, how do we get enforcement of such a contract? So far, the only place we seem to get to is the 9th Circuit, where BPA can do no wrong.

Subject		Treasury		
Log_no	Date	Form	Comment	
SD-0126	4/9/2004	Other	<p>- Ratepayers should be protected first. Taxpayers will be repaid and that is their protection.</p> <p>- High TPP isn't necessary. Would not be the end of the world if BPA missed a Treasury payment. There may be a desire to test that assertion. Can the cost-benefit of high TPP and/or missing Treasury payment be measured? A target like making the payment X out of 10 years would be better and more easily understood.</p>	
SD-0124	4/8/2004	email	Maintaining a high probability of treasury payment is a must. If the NW fails in this obligation long term, it will only mean more political pressure nationwide on our hydro system and we will lose.	

SD-0207	4/29/2004	email	<p>BPA will maintain adequate cash flow for liquidity.</p> <p>- NWEC supports this objective in general. However, BPA's measure for meeting this objective (TPP) is inadequate for several reasons. First, the TPP calculation fails to count multi-year Treasury payment "misses" or distinguish between near-misses and heavy misses. Thus TPP underestimates the actual risks to the agency. Second, the TPP, being an annual measure, fails to account for intra-year cash flow problems. We urge Bonneville to respond to these problems by revising current TPP methodology. Finally, TPP as a concept is based on the fallacy that there is an acceptable risk of missing a Treasury payment when in reality everyone knows that except for a truly extraordinary disaster scenario, Bonneville and the region do not accept missing payment as a real possibility. Instead, BPA has shown that it will go to extraordinary measures, including declaring a fish emergency, to avoid missing a payment. Since Bonneville and the region seem to agree that a real TPP of around 98% is needed, BPA should state the standard accordingly.</p>
SD-0182	4/16/2004	email	<p>BPA needs to be willing to forego Treasury payment when the region is in crisis. We lost 50,000 jobs in part due to high BPA rates. We should have skipped a payment in 2000. The effects of the SN CRAC were much worse than missing a Treasury payment. We should not abuse the privilege like was done many years ago, however.</p>
SD-0110	3/26/2004	email	<p>We agree that BPA needs to maintain a sufficiently high TPP and that 95% per year for a five year period and 88% per year for a two year period are reasonable targets. However, there are open questions regarding the "application" of the standard where NRU has not always shared the same view as the BPA staff. For example, should the standard be that all of the required money is paid during the term of the rate period, or that a specific level of payment needs to be made each year of the rate period? These are fair questions that the Agency needs to be open to discuss. The current rate setting process has historically provided insufficient opportunity for such meaningful dialogue.</p>
SD-0126	4/9/2004	Other	<p>Missing a Treasury payment is not seen as catastrophic. Customers believe we are overly concerned about the impact of missing a payment. Prepaying Treasury while having FB and SN CRACs is another trust busting combination. Impact on those paying the bills should be an equal consideration for BPA Treasury payment and bond ratings.</p>

SD-0111	3/26/2004	email	"Treasury God's Win" While at times obscured by code speak, it is pretty clear that an 88 percent Treasury repayment probability means that Treasury payment probability means that BPA has decided that there is no financial flexibility for lowering the repayment probability to help the NW economy when it is really in dire straits. The message that it sends is Treasury over the NW economy. That is a very bad message. Historically the BPA resources have been used to support the economy first and to the extent possible to repay Treasury. Now it is the other way around. One of the arguments for the latter was that the NE/MW coalition would seize on anything less than full repayment or restructuring to privatize BPA. Yet staff from Senators Cantwell and Smith met with customers and senior BPA staff and told everyone that the NE/MW coalition was a nuisance, not a threat. A range of Treasury repayment from 55-88% or something of that order would provide flexibility with the goal being the higher range. Don't paint yourself into a corner from which there is no escape.
---------	-----------	-------	---

Subject	Vision		
Log_no	Date	Form	Comment

SD-0126	4/9/2004	Other	<ul style="list-style-type: none"> - This is too backward looking. - The terms don't say anything. They aren't specific enough. Light footprint is a cute term but what does it mean? Meeting public responsibilities combined with commercially successful business is viewed as code for business as usual. - The vision should be short, concise and meaningful. Just say what we mean.
---------	----------	-------	---

SD-0207 4/29/2004 email

The Paper states that, "BPA will advance the Northwest's future national leadership...by meeting its public responsibilities through a commercially successful business." (emphasis added) We are unsure what is meant by this last phrase. How does a commercially successful business look different from a responsible, well-run public agency? Bonneville needs to address this issue, because frankly, the goals of, and criteria for judging the success of public agencies are quite different than commercial businesses.

Bonneville is not a commercial business, and it should not emulate one. Commercial businesses do not have as a central core the obligation to serve the public interest. Most businesses do not care for the "commons," the non-monetized and jointly held resources that governments must care for. Business success is easily measured by profitability, stock price, revenues, -the bottom line, while a government agency's success is measured by how well it balances competing public demands. In BPA's case, how well it balances and leads on its four key values. While any organization can and should learn from successful businesses, Bonneville should not strive to put the bottom line first, at the expense of its other critical responsibilities. Instead of trying to copy an institution that was not designed to deal with the breadth of issues faced by Bonneville, the agency should emulate the best-run and most successful government agencies and non-profit organizations that it can identify. These are the models for BPA to benchmark.

We offer a change in the Paper's vision statement to: BPA will advance the Northwest's future national leadership in these four values by meeting its public responsibilities by becoming a leader among the most efficient, responsible and responsive government agencies in the country. This is a more relevant vision, and most importantly, one that allows for validation through measurement and evaluation, as compared to exclusive comparison with a commercially successful business.

SD-0229 4/26/2004 US Mail

Strategic direction to lay out vision for BPA's future.

- Core values for low rates, high reliability, light environmental footprint and clear accountability. These are good!

Vision is good including added explicit commitments to public preference and cost based rates.

Internal accountability and streamling.

This is good, however, the poof will be in how this will be accomplished. We have heard this before and at times BPA has reduced internal costs, staffing, etc., however, the bureaucracy tends to self sustain itself and resort back to government waste as soon as the immediate crisis has subsided.

Why is BPA pursuing this strategy now?

- Eroded customer trust and confidence
- Escalating fish and wildlife costs
- BPA power is no longer low cost.
- Complexity in ratemaking processes and clarity of financial information.
- We see these four factors as paramount to fixing the current BPA problems with its public customers.