

January 3, 2008

Bonneville Power Administration  
Public Affairs Office – DKC - 7  
PO Box 14428  
Portland, Oregon 97293-4428

RE: **Interim Agreements**

Thank you for the opportunity to comment on the draft interim agreements for residential exchange benefits. While we support restarting exchange benefits during the high-cost heating season, we believe the level of interim benefits offered to the residential and small farm customers of the region's investor-owned utilities is far too low. Notwithstanding that, we offer two technical comments on the draft agreements.

The first comment focuses on Paragraph 10 (d). This paragraph apparently allows a utility to receive BPA interim residential exchange benefits, but not flow through such benefits to customers, if the utility perceives any regulatory risk of not recovering from customers the BPA-determined True-up Payment Amount. We do not support this provision and recommend it be deleted in its entirety. We believe this provision may conflict with the requirements of the Regional Power Act that residential exchange benefits be passed through to qualifying customers. Furthermore, this provision conflicts with our statutory authority in that it authorizes a utility to require a Commission pre-judge its decision regarding any True-up Payment before the utility passes interim residential exchange benefits to its customers. From communications with the Washington Utilities and Transportation Commission, we understand a number of IOUs have stated they would not oppose deleting Paragraph 10(d).

The second comment is specific to PacifiCorp and the allocation of interim residential exchange benefits across the states that PacifiCorp serves. Given BPA's decision to move back to a traditional residential exchange construct, we support an allocation of benefits that most closely matches that provided for in the Power Act. Until state specific ASCs are determined, we support a state-by-state allocation for PacifiCorp based on relative shares of state qualifying load. We do not support using the allocation method prior to when benefits were suspended. Such a method would be in conflict with recent 9<sup>th</sup> Circuit court decisions and be inconsistent with the Regional Power Act directives.

Thank you for considering our comments.



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Lee Beyer, *Chairman*



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Ray Baum, *Commissioner*



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John Savage, *Commissioner*