

**Larson, Cheryl A - PS-6**

**From:** Burbank, Nita M - PFP-6  
**Sent:** Friday, May 09, 2008 10:28 AM  
**To:** Larson, Cheryl A - PS-6  
**Subject:** FW: Comments on Regional dialogue contracts - Annexedload/Existing publics Ex. B 1(b)2 and 1(b)3

-----Original Message-----

From: Randy Gregg [mailto:GREGGR@bentonpud.org]  
 Sent: Friday, May 09, 2008 10:22 AM  
 To: Felton, Larry E - PSE-RICHLAND; Burbank, Nita M - PFP-6; Wilson, Scott K - PS-6; Garry R - PSE/Spokane Thompson  
 Cc: Jim Sanders  
 Subject: Comments on Regional dialogue contracts - Annexedload/Existing publics Ex. B 1(b)2 and 1(b)3

The following language appears in Ex. B, Section 1(b):

(2) If \*Customer Name\* acquires an Annexed Load from a utility that has a CHWM, BPA shall increase \*Customer Name\*'s CHWM by adding part of the other utility's CHWM to \*Customer Name\*'s CHWM. The amount of the CHWM addition will be proportionate to the percentage of the other utility's load that \*Customer Name\* has annexed. [Drafter's Note: Include the following sentence for any cooperative: Any change to \*Customer Name\*'s CHWM related to the acquisition of an Annexed Load is subject to section 19(i) of the body of this Agreement.]

(3) If another utility with a CHWM annexes load of \*Customer Name\*, BPA shall reduce \*Customer Name\*'s CHWM by adding part of \*Customer Name\*'s CHWM to the other utility's CHWM. The amount of the CHWM reduction will be proportionate to the percentage of \*Customer Name\*'s load that the other utility has annexed.

Benton PUD feels this language violates the intent of the Regional Dialogue construct. For example, in 2016 utility A annexes 10 aMW of utility B's load. This annexed load is composed of 2 aMW of load that existed in FY 2010 and 8 aMW of new load since FY 2010. Utility B will have added 8 aMW of non Tier 1 resources to serve this new load. Under the draft language, Utility B would lose 10 aMW of Tier 1 from BPA. Utility A would be able to serve new load added since 2010 with Tier 1.

When BPA staff was asked why they are proposing this construct, they responded that they were looking for simple to implement solutions. While BPA's proposal may be simple to implement, the outcome will be a violation of the construct. As a consequence of this language, the utility B's will be seeking complicated solutions

(like the virtual POD utilized by Umatilla Electric when the City of Hermiston became a PF customer) that would seek to shift post 2010 power supply requirements to Utility A.

The following concept should be adopted by BPA as an alternative and would need to be included in the supplemental ROD:

When an existing public annexes load of another public, BPA shall use the following process to determine how much HWM to transfer:

Each public utility will submit a proposal (the proposals could be identical if the utilities agree) with supporting data to BPA of how much HWM to transfer. BPA shall select the proposal which in its

sole opinion best meets the spirit and intent of Regional Dialogue namely:

Annexed load that existed during FY 2010 will be included in the transfer of HWM.

Annexed load that came on line after FY 2010 will not be included in the transfer of HWM.

Thanks for the opportunity to comment on this important issue.

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