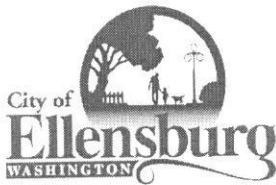


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May 9, 2008

Mr. Mark O. Gendron  
Vice President, NW Requirements Marketing  
Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

Re: Comments on Regional Dialogue Load Following Contract

Dear Mr. Gendron:

Our utility normally doesn't comment individually on issues concerning BPA and instead generally relies on comments made on our behalf by WPAG. However, in the 36 years that I have been associated with public power in the Northwest I feel that the issues currently before us are as critical to the future well being of our customers as any of those from the past including the WPPSS fiasco.

In a letter I received today from the Administrator he stated: "These new contracts will secure the cost-based value of the system for our customers for 20 years consistent with the law established in the BPA Refinancing Act of 1996." This statement is consistent with the expressed desires of BPA and public utilities since the start of the process but the draft contracts released last month do very little to ensure this outcome.

In a brief reading of the draft contract the only certainty that was obvious to me was an obligation to purchase power from BPA for 20 years. I could find nothing that provided certainty that power would be provided at cost nor did the contract provide any certainty as to the amount of power that we would be entitled to purchase from the FBS. In fact, I cannot remember a BPA contract over the last 36 years that has provided more uncertainty than the current draft contract.

I recognize that negotiations are continuing and my hope is that the contract will see significant changes to the point that I can recommend to my City Council that we sign a new 20 year agreement. I have worked with a number of commodity vendors on the natural gas side and the business relationship is far superior to the one we enjoy with BPA. Simple straight forward contracts, enforceable terms, and a true bi-lateral relationship. All of these things are lacking from BPA in the current contract.

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I continue to support all the contract goals expressed by PPC early on in this process. At this point in time, however, I am most concerned with three aspects of the current draft contract.

1. How can BPA claim that they can provide any certainty to cost-based rates for 20 years when for the first time in any BPA contract you have included language that expressly states that the contract provides no warranty against changes because of subsequent legislation or agency regulation. This section needs to be deleted.
2. Part of ensuring at least partially cost-based rates in a tiered world is a contractual commitment to a CHWM and a RHWM or the detailed formula to make such determinations over the life of the contract. This needs to be included in the contract.
3. Again addressing the issue of long-term certainty, how can you reserve the right to make changes to any or all of the Exhibits without the consent of the utility? If we are going to lock ourselves into a 20 year contract we expect that the terms we agreed to will remain constant. This provision needs to change or we need to have the option to opt out of the contract if BPA makes unilateral changes.

As a last comment, I would like to ask that you look to simplify and clarify much of the material in the draft contract. It is exceedingly hard to read and comprehend and in its current form will almost certainly lead to disagreement and misunderstandings. In the ever increasingly complex energy world we all have more than enough issues to deal with in providing our customers with reliable and reasonably priced energy. We need to work together to secure a positive future for electric customers in the Northwest without the rancor that contract disputes would create.

Thank you for the opportunity to present these comments.

Sincerely,



Robert J. Titus  
Energy Services Director  
City of Ellensburg

cc. Nita Burbank  
Mike Normandeau