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## Public Utility District No. 1 Of Skamania County

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May 9<sup>th</sup>, 2008

Ms. Tina Ko, PSW-6  
Bonneville Power Administration  
P.O. Box 3621  
Portland, OR 97208

Dear Tina:

Thank you for the opportunity to comment on the draft contract templates. One of the important issues at the nexus of our 20-year contract is how Tiered Rates Methodology (TRM) and the Residential Exchange Program (REP) will interface and the implementation would affect our cost of Tier 1 Priority Firm (PF) power. A cornerstone to TRM is the establishment of a methodology that is predictable and durable to tier BPA's PF power rate so that the costs of service associated with the existing Federal System (Tier 1) are insulated from the costs associated with the additional amounts of power needed to serve the remaining portion of our net requirement (Tier 2).

Skamania PUD will have a fundamentally different business relationship with your Agency beginning 2011. Under this new relationship, public preference customers like Skamania may and will develop new resources in lieu of placing load growth on the Agency. Absent the additional amount of power necessary to meet our the remainder of our net requirements, our PF tier 1 rate will inadvertently appear low and will not represent the full cost of generation needed to meet our retail load.


Concurrently, Investor-Owned Utilities (IOU) will develop, acquire and exchange new resources under section 5( c ) of the Northwest Power Act. Unless the Agency uses a proxy for Tier 2 costs (or actual costs) for all public preference customers, it would appear that the preference customers are subsidizing the acquisition of new resources for IOUs; this lack of parity raises concern for Skamania on the durability of our 20-year contracts.

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We are *cognoscente* that this issue is and will be addressed individually in the BPA proposed Average System Cost Methodology (ASC) and TRM. Concentric to ASC and TRM, and the proposed 20-year contracts is durability. We appeal to BPA to mind any inequities that could inadvertently be created and focus on durability of our 20-year contract.

Thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Bob Wittenberg".

Robert Wittenberg Jr.  
Manager for the District