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Comments to Draft Load Following Template

1. Main Contract

a. The TRM addresses the cost allocation methodology but there is no section in the Load Following template addressing Tier 1/Tier 2 cost allocation pointing to the TRM. Only in the last paragraph of "Recitals" is there mention of the lowest cost basis: "a Contract High Water Mark for «Customer Name» that will define the amounts of power «Customer Name» may purchase from BPA at lowest cost, as defined in BPA's Tiered Rate Methodology, for «Customer Name»'s retail loads."

There needs to be a section that addresses the cost of Tier 1 and Tier 2 as cost based and referring to the TRM for cost allocation.

b. There is no section in either the Load Following Template or the TRM that addresses BPA cost control. There should be a section providing for customer input on BPA costs control through a customer collaborative process.

2. Exhibits

Exhibit A

Section 3. (a) (2) (B) It is not clear what BPA is saying in - "both individually and in aggregate for all such resources of "Customer Name"." What if the aggregate of the less than one MW resources is above one MW? Does this mean they are no longer small non-dispatchable resources and are subject to predefined hourly scheduling? This section makes no sense. The majority of small non-dispatchable resources will be consumer owned resources that are totally unpredictable from a dispatch standpoint.

Exhibit C

This exhibit is somewhat complicated by the amount of options that BPA has offered. I don't have any specific suggestions as to how to make the exhibit less complicated. Sections 2 should be rewritten to clarify the Tier 1 firm requirements power purchase obligation. The existing paragraph is confusing.

Section 2. - Replace the existing section with the following:

Tier 1 rates shall apply to Firm Requirements Power that "Customer Name" purchases under this Agreement up to the "Customer Name"'s RHWM.

Regarding the Tier 2 products covered in the exhibit, I don't see any provision for changing the Tier 2 product selection at some later date. There is a provision to terminate the Shared Rate Plan (Option 2) and move to the Load Growth Rate, and a provision to

convert Short Term Tier 2 to Vintage Rate Tier 2, but no provision for changing Tier 2 products if a utility wants to move between other BPA Tier 2 products or to move to non-federal power above HWM. I thought there would be at least a one time allowance for a utility to change Tier 2 products under a no cost shift provision.

Exhibit G – Transfer Service

WREC is serviced via a non-OATT agreement between Sierra Pacific Power Co (SPPC) and BPA. BPA has firm transmission rights for import in SPPC's control area to serve WREC. There is nothing saving that BPA would get the non-federal power designated as a network resource or that SPPC would have firm transmission available to serve the non-federal power. WREC needs the following language to assure that import into the SPPC control area for non-federal power will be assured by BPA.

Section 3. (d) – Replace the existing section with the following:

In the event that Network Resource designation cannot be obtained for "Customer Name" non-federal resource, or in the event the Third Party Transmission Provider is either unwilling or unable to deliver the non-federal resource to "Customer Name" load, then BPA shall exchange the non-federal resource for a federal resource and deliver the federal resource to "Customer Name" load pursuant to the non-OATT contractual arrangement.