

CON-041

Public Utility District #1

Of Jefferson County

July 2, 2008

Board of Commissioners

Dana Roberts, District 1
M. Kelly Hays, District 2
Wayne G. King, District 3

Mark Gendron, Vice President Northwest Requirements Marketing
Bonneville Power Administration, MS/ PS-6
P.O. Box 3621
Portland Oregon 97298-3621

James G. Parker, Manager

Re: New Public Utility Preference Customers of BPA

Dear Mr. Gendron;

BPA has requested public comments on:

- The Regional Dialog Contract Templates,
- The Tiered Rate Methodology Settlement and
- How certain aspects of the High Water Mark are to be calculated.

All of these are topics that can have a substantial impact on the formation of new Public Power electric utilities who desire to become preference customers of BPA.

On behalf of PUD#1 of Jefferson County, Washington, I would like to provide BPA with the following comments. We are a municipal corporation of the State of Washington. Local citizens have presented a petition to the Jefferson County Board of Commissioners to allow the public to vote this fall on whether or not to grant us public power electric authority in accordance with RCW 54. As a result, the importance of having competitively priced electricity reliably delivered to our citizens and businesses is a major concern. As such, we have been evaluating the feasibility of forming a new electric utility that would comply with all BPA Standards of Service. If conditions warrant we would apply for power from BPA pursuant to Section 5(b)(1) of the Northwest Power Act.

We believe that the greatest public good would occur if BPA coordinates with new potential preference customers, such as ourselves, on a case by case basis. That would allow the determination of eligibility for BPA sourcing to be made when we have met the BPA standards of service and when and for how long the binding request for BPA service can be made.

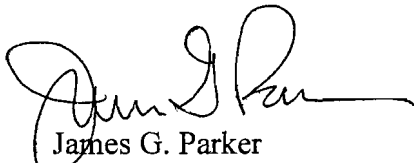
In particular we feel it is important that the Tiered Rate Methodology, Regional Dialog Contract Templates, and High Water Mark calculations be implemented in such a way that there is no need to sequentially (1) meet BPA standards of Service, then (2) provide full service to customers concurrent with waiting a hypothetical 3-year planning horizon, and (3) then and only then taking BPA power, including a portion of Tier 1 power. Our recommendation is for BPA to help newly-established aspirants for preference service get BPA power as rapidly as is reasonable without significantly adversely impacting other preference customers of BPA.

A better approach and the one we favor is consistent with past BPA precedent and would grant the BPA Administrator discretion in maximizing the public good. Specifically, we suggest that on a case-by-case basis:

1. As part of the new preference customers' formation process that we be allowed on a case by case basis to meet with BPA and discuss the utility formation schedule.
2. BPA allow the new preference customers to submit documents and plans indicating how we will meet the Standards of Service and when we will be able to start serving customers with a combination of Tier 1 and Tier 2 power.
3. BPA and the potential new preference customers determine the timing of when a binding contract request must be made such that it is consistent with providing advance planning notice, yet not follow an arbitrary time-line, and continue no longer than needed in light of current market conditions, rate case notice and planning horizons. The objective of this joint determination would be to allow new preference customers to become operational concurrently with BPA's ability to provide those customers with an allocated amount of Tier 1 power, consistent with the Tiered Rate Methodology.

In summary, we ask that BPA not implement a rigid concept of a sequential set of steps requiring new utility formation, then operation, and then a 3-year fixed planning horizon binding service request, before Tier 1 power will be available. We appreciate the need for advance notice and planning horizons. However, we believe the overall public interest will be better served if we are able to cooperatively and jointly adjust the schedule on a case-by-case basis, so that when a new utility starts serving its customers, such service is concurrent with the availability of some Tier 1 power.

Sincerely,



James G. Parker
Manager

Cc Nita Burbank, BPA MS/ PFP-6
Margie Schaff, ATNIEDC