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July 15, 2008

SUBMITTED ELECTRONICALLY TO nmburbank@bpa.gov

Bonneville Power Administration
Public Affairs Office – DKC-7
P.O. Box 14428
Portland, OR 97293-4428

Re: Comments of Snohomish County PUD No. 1 on the Regional Dialogue Contract Templates

Public Utility District No. 1 of Snohomish County, Washington (“Snohomish”), is seeking a 20-year power purchase contract which clearly states the obligations and responsibilities of both parties. Achievement of this goal is necessary to ensure a durable, comprehensible contract that is not weighed down by disputes in future years.

Snohomish staff has actively participated in BPA’s Regional Dialogue workshops, and is currently engaged with Bonneville staff to improve the Regional Dialogue contract templates. The primary forum for Snohomish’s concerns has been and will continue to be these negotiations. These comments are intended as a supplement to those efforts and to preserve our right to provide comments to Bonneville at a later date.

We expressly incorporate herein all comments we have previously filed with Bonneville concerning the Regional Dialogue contracts. Further, in recognition of the ongoing discussions, Snohomish’s failure to address one or more contract provisions or issues cannot be presumed to be acceptance of the matter or provision.

1. Additional Time May Be Needed To Negotiate The Slice/Block Contract

The Slice/Block template has received relatively little discussion over the past twelve months, including the interaction between the Slice-specific provisions and the provisions common to all of the templates. To highlight the lack of focus on the Slice/Block template, and the difficulty in evaluating the “common” provisions in light of the Slice/Block product, Snohomish has not seen a draft of the Slice/Block template since April 14, 2008.

Under the current schedule, Bonneville has reserved a total of four days to discuss the Slice/Block template. Snohomish is concerned that this will not be sufficient time to negotiate an important, complicated, long-term agreement. Snohomish is committed to fully engaging

during the time reserved, but urges Bonneville to consider continuing discussions beyond July 25 if additional time is needed to reach a durable, lasting agreement.

2. Results Of Ongoing Discussions Should Be Accurately Reflected In Contract Language

Executives at Snohomish and Bonneville have been engaged in discussions covering several critical components of the Slice product and the Slice/Block contracts. However, Snohomish has not received contract language embodying these discussions, and is thus unable to evaluate whether the issues have been satisfactorily resolved. It is our expectation that this language will be released soon for customer comment.

Comprehensible, fair, and clear contracts are the foundation of a sound business relationship between Snohomish and Bonneville. Snohomish appreciates the opportunity to submit these comments, and to continue working with the BPA staff to further clarify the contracts.

Sincerely,



Dana A. Toulson
Assistant General Manager
Power, Rates and Transmission Management

cc: Stuart Clarke, BPA-PS Account Executive
Steven J. Klein, General Manager