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541) 672-9405

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541) 673-0432

August 15, 2007

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 14428
Portland, OR 97293-4428

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 07-0090
RECEIPT DATE: 8.22.07
DUE DATE: 11.09.07

REC 8/17/07
CON-065

RE: Regional Dialogue- Transfer Service/Direct Assignment Issues

Dear Mr. Wright,

The Umpqua Indian Utility Cooperative (UIUC) is a Bonneville customer that is also a tribal utility of the Cow Creek Band of Umpqua Tribe of Indians. UIUC has been operational since 2001 when we formed pursuant to the Bonneville Subscription Policy. We have some concerns with a portion of the Regional Dialogue policy, the Direct Assignment Final Supplemental Guidelines.

The Regional Dialogue policy is, for the most part, not a final policy. One exception is that the Direct Assignment Final Supplemental Guidelines will "be effective upon adoption of this Policy by the Administrator". We would like you to consider our concerns prior to adopting this policy.

During the Regional Dialogue meetings regarding Transfer Service, we were informed that the policy would be effective in 2011. This was important to us because we are in the process of deciding whether to construct certain facilities rather than purchase Transfer Service for those facilities from Bonneville when our current Bonneville Full Service Requirements Contract, with its low voltage provision, expires in 2011. If the policy is effective immediately, we could be charged a direct assignment charge pending the construction of the facilities. With a utility as small as UIUC, such additional charges could seriously impact our bottom line. If we had been aware that the policy could be implemented sooner, we would have addressed the issue of facilities construction on a faster track. However we relied on the representation that the policy would take effect in 2011.

We also believe that applying the policy to UIUC now would be contrary to our Full Requirements Contract. Our contract provides that we will pay for Bonneville Low Voltage Distribution service, for which Bonneville has a filed rate for the delivery of power to our point of delivery. Implementing this policy effectively changes our rate for this service.

ASSIGN: Shannon Greene-PSW/Seattle
cc: FO3, DKN/Wash, L-7, P-6, PS-6, MAsgharian-
DKC-7 AKT-7

UIUC is willing to work with Bonneville and PacifiCorps, the third party transmission provider to minimize the impact of the applicable portions of this policy. We request your willingness to delay implementation of the policy until these arrangements can be made.

Thank you for your consideration. We are in the process of scheduling a meeting with your staff to address these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ron Doan', written in a cursive style.

Ron Doan
General Manager

Cc:
Chairman Sue Shaffer
Wayne Shammel
Ken Johnston
Shannon Greene
Connie Howard
Rich Green
Margie Schaff