

General Transfer Agreement

20-Oct-04

Specialist: Tara Exe

Program Office: Industry Rest.

Comment Close Date: 10/19/2004

Comment Log #	First Name	Last Name	Affiliation	Receipt Date	Notes
GTA-034	Marlo	De Rosia	City of Milton	10/19/2004	
GTA-035	Robin A.	Rego	Lakeview Light & Power	10/20/2004	
GTA-036	Johnny	Bednarczyk	Town of Steilacoom	10/20/2004	
GTA-037	Robin A.	Rego	Lakeview light & Power	10/20/2004	
GTA-038	Marcus A.	Wood	Stoel Rives LLP	10/20/2004	Avista Corp, Idaho Power, No

General Transfer Agreement

18-Oct-04

Specialist: Tara Exe

Program Office: Industry Rest.

Comment Close Date: 10/14/2004

Comment Log #	First Name	Last Name	Affiliation	Receipt Date	Notes
GTA-001	Randy	Whitaker	Harney Electric Co-op	9/3/2004	
GTA-002	Bill	Miller	Nespelem Valley Electric	9/9/2004	
GTA-003	Nelson	Creech	Oregon Trail Electric Cooperative	9/13/2004	
GTA-004	Kevin P.	Owens	Columbia River PUD	9/13/2004	
GTA-005	Robert L.	Crump	Kootenai Electric Cooperative	9/15/2004	
GTA-006	George	Anderson	City of Heyburn	9/17/2004	
GTA-007	Ralph	Williams	United Electric Co-op, Inc.	9/17/2004	
GTA-008	David	Davidson	City of Sumas	9/20/2004	
GTA-009	Dave	Sabala	Douglas Electric Cooperative	9/20/2004	
GTA-010	Stephen	Hall	Stoel Rives LLP	9/22/2004	filed on behalf of PacifiCorp,
GTA-011	James A.	Johnson	Big Bend Electric Cooperative, Inc.	9/24/2004	
GTA-012	Joy G.	Eimers	Idaho County Light & Power	9/24/2004	
GTA-013	Randy J.	Cornelius	Orcas Power & Light Cooperative	9/24/2004	
GTA-014	Sandra	Huling	Clearwater Power Company	9/27/2004	
GTA-015	Roger	Meador	Okanogan County Electric Co-operative	9/27/2004	
GTA-016	Ken	Dizes	Salmon River Electric Cooperative, Inc.	9/27/2004	
GTA-017	Ron	Doan	Umpqua Indian Utility Cooperative	9/27/2004	
GTA-018	Russell	Green	West Oregon Electric Cooperative, Inc.	9/27/2004	
GTA-019	Stephen	Banham	City of Blaine Public Works	9/27/2004	
GTA-020	Isabella	Deditch	Ohop Mutual Light Co.	9/28/2004	
GTA-021	Kris	Mikkelsen	Inland Power & Light Company	9/28/2004	
GTA-022	Karl R.	Hansen	Canby Utility	9/30/2004	FAX
GTA-023	Clay	Fitch	Wells Rural Electric Company	10/1/2004	
GTA-024	Al	Gonzalez	Central Electric Cooperative, Inc.	10/1/2004	
GTA-025	William K.	Drummond	Western Montana G&T Coop., Inc.	10/13/2004	
GTA-026	Mark	Gendron	Idaho Falls Power	10/13/2004	
GTA-027	Richard J.	Brown	Ravalli Electric Co-op	10/13/2004	
GTA-028	Peter	Richardson	Idaho Energy Authority	10/14/2004	
GTA-029	Tom	Anderson	Whatcom County PUD No. 1	10/14/2004	
GTA-030	Patty	Sawyer	Mill Creek Law Offices	10/14/2004	for Western Public Agencies G
GTA-031	C. Clark	Leone	Public Power Council	10/14/2004	FAX w/attachment
GTA-032	Alan	Zelenka	Emerald PUD	10/15/2004	
GTA-033	Steven J.	Klein	Tacoma Power	10/15/2004	

GTA-001
SEP 03 2004

Kuehn, Ginny - DM-7

From: randy.whitaker@harneyelectric.org
Sent: Friday, September 03, 2004 1:45 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Randy Whitaker

randy.whitaker@harneyelectric.org

541.573.2061

1326 Hines Blvd.

Burns or. 97720

Harney electric supports the propped GTA agreement. Randy

GTA-002
SEP 09 2004

From: Bill Miller [mailto:bill@nvec.org]
Sent: Wednesday, September 01, 2004 9:33 AM
To: 'Bill Miller'
Subject: RE: GTAs -- Proposed 20-Year Long-Term Contract

Ken: NVEC supports this contract "Proposed 20 Year Long-Term Contract"

RE: GTA service.

Bill

GTA-003
SEP 13 2004

Kuehn, Ginny - DM-7

From: creechotec@eoni.com
Sent: Friday, September 10, 2004 9:12 AM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Nelson Creech
Oregon Trail Electric Cooperative
creechotec@eoni.com
541-524-2827
4005 23d St.
Baker City OR 97814
Please see attached

This comment includes an attachment!

We are writing in support of the proposed 20-year agreement among BPA and its GTA-served customers regarding how GTA costs will be treated in BPA rate proposals. We urge the Administrator to offer this contract to its GTA customers.

As BPA is aware, customers served by general transfer agreements (and their replacements) are transmission dependent and often located far from BPA's main grid. GTAs have been effective in delivering federal power to BPA's public preference customers for many years and at lower total costs to the region because BPA was not required to build transmission to serve these customers. Despite the obvious benefits of the GTAs to all of BPA's customers, GTA customers have been greatly concerned that other parties might advocate that the costs of GTAs should be directly assigned to GTA customers. In our utility's opinion, this would create a kind of "second class" status for GTA customers, who already are forced to accept in many cases lower quality of service for the privilege of having saved the region considerably through avoided transmission investment.

GTA-004

SEP 13 2004

Kuehn, Ginny - DM-7

From: kowens@crpud.org
Sent: Friday, September 10, 2004 2:41 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA AgreementView open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Kevin P. Owens
General Manager- CRPUD
kowens@crpud.org
503-366-3260
PO Box 1193
St Helens OR 97051

On behalf of the customers of CRPUD, I am writing in support of the proposed 20-year agreement among BPA and its GTA-served customers regarding how GTA costs will be treated in BPA rate proposals. We urge the Administrator to offer this contract to its GTA customers. As BPA is aware, customers served by general transfer agreements (and their replacements) are transmission dependent and often located far from BPA's main grid. GTAs have been effective in delivering federal power to BPA's public preference customers for many years and at lower total costs to the region because BPA was not required to build transmission to serve these customers. Despite the obvious benefits of the GTAs to all of BPA's customers, GTA customers have been greatly concerned that other parties might advocate that the costs of GTAs should be directly assigned to GTA customers. In our utility's opinion, this would create a kind of "second class" status for GTA customers, who already are forced to accept in many cases lower quality of service for the privilege of having saved the region considerably through avoided transmission investment. A long term commitment by BPA to propose to roll-in the costs of GTA and GTA replacement service for the delivery of federal power, and spread the costs to all BPA customers is fair. It would greatly alleviate our concerns about our future status as BPA transmission customers, particularly once the issue of delivery of non-federal power is addressed and successfully resolved. I appreciate the fact that BPA was willing to engage with public power about resolving these issues for the long term, and urge you to offer the GTA agreement. Sincerely, Kevin P. Owens, General Manager Columbia River PUD

9/13/2004

GTA-005
SEP 15 2004

Kuehn, Ginny - DM-7

From: bob.crump@kec.com
Sent: Tuesday, September 14, 2004 11:07 AM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Robert L Crump
Kootenai Electric Cooperative
bob.crump@kec.com
208/292-3207
PO Box 278
Hayden ID 83835
See attachment for comments on the proposed Transfer Service Agreement.

This comment includes an attachment!

September 14, 2004

Mr. Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
Attention Communications – DM-7
P.O. Box 14428
Portland, OR 97293-4428

Dear Mr. Burns:

As you requested in your letter dated August 27, 2004, Kootenai Electric Cooperative (KEC) is hereby providing comments on the proposed Transfer Service Agreement. This proposed agreement would maintain and memorialize the basic General Transfer Agreement (GTA) relationship between BPA and its power customers over a long-term period.

KEC supports the proposed 20-year agreement and urges the administrator to offer the contract to the GTA customers. Customers served by GTA's are transmission dependent and typically located away from BPA's main grid. GTA's have been cost effective in delivering federal power because BPA was not required to build transmission facilities to serve these customers. Despite the significant benefits of the GTA's, GTA customers have been greatly concerned that others may advocate in a variety of forums that the costs of GTA's should be directly assigned to those who receive the service. This would create an even lower class of service for the GTA customer who currently is in a position of receiving lesser level of service. All of this in exchange for having saved the region considerable transmission investment.

The proposed long-term commitment by BPA to include the costs of the GTA's in either the power rates or the transmission rates is fair and it would alleviate KEC's concerns about future BPA transmission service.

Mr. Allen Burns
September 14, 2004
Page 2

KEC appreciates that BPA has chosen to resolve this long-standing issue with public power and urges BPA to formally offer the Agreement Regarding Transfer Service.

Sincerely,

Robert L. Crump
General Manager

RLC/teb
By email

c: KEC Board of Directors
Ron Williams, ICUA
John Saven, NRU
Jerry Leone, PPC



GTA-006
SEP 17 2004

September 13, 2004

Bonneville Power Administration
Attn: Communications - DM - 7
PO Box 14428
Portland, Oregon 97293-4428

Dear BPA Communications:

The City of Heyburn is in support of the proposed 20-year agreement among BPA and its GTA-served customers regarding how GTA costs will be treated in BPA rate proposals. We urge the Administrator to offer this contract to its GTA customers.

As BPA is aware, customers served by general transfer agreements (and their replacements) are often located far from BPA's main grid. Most have no alternative other than to receive power pursuant to the GTAs. GTAs have been effective in delivering federal power to BPA's public preference customers for many years and at lower total costs to the region because BPA was not required to build transmission to serve these customers.

Despite the obvious benefits of the GTAs to all of BPA's customers, GTA customers have been greatly concerned that other parties might assert that the costs of GTAs should be directly assigned to GTA customers. This would be an unfair burden as the GTAs were entered into to save BPA the costs of constructing its own transmission system, which was a benefit to all BPA customers and the region. It ignores the reality of how GTAs came into being. To assign the cost of GTAs to utilities served directly by them would be a serious breach of trust and ignores the benefits created by the GTAs to the all customers. In our opinion, this would create a kind of "second class" status for GTA customers, who already are forced to accept in many cases lower quality of service for the privilege of having saved the region considerably through avoided transmission investment.

Bonneville Power Administration
September 14, 2004
Page 2

A long term commitment by BPA to roll-in the costs of GTA and GTA replacement service for the delivery of federal power, and spread the costs to all BPA customers is not only fair, it is a fulfillment of the commitment that BPA has made to its GTA customers. It would greatly alleviate our concerns about our future status as BPA transmission customers, particularly once the issue of delivery of non-federal power is addressed and successfully resolved.

We urge you to offer the GTA agreement.

Sincerely,



Mayor George Anderson
City of Heyburn



UNITED ELECTRIC
CO-OP, INC.

Your Touchstone Energy® Cooperative 

1330 21st Street - Heyburn, ID 83336 - Office: (208)679-2222 - Fax: (208)679-3333 - www.unitedelectric.org

GTA-007
SEP 17 2004

September 13, 2004

Bonneville Power Administration
Attn: Communications - DM - 7
PO Box 14428
Portland, Oregon 97293-4428

Dear BPA Communications:

We are writing in support of the proposed 20-year agreement among BPA and its GTA-served customers regarding how GTA costs will be treated in BPA rate proposals. We urge the Administrator to offer this contract to its GTA customers.

As BPA is aware, customers served by general transfer agreements (and their replacements) are transmission dependent and often located far from BPA's main grid. GTAs have been effective in delivering federal power to BPA's public preference customers for many years and at lower total costs to the region because BPA was not required to build transmission to serve these customers. Despite the obvious benefits of the GTAs to all of BPA's customers, GTA customers have been greatly concerned that other parties might advocate that the costs of GTAs should be directly assigned to GTA customers. In our utility's opinion, this would create a kind of "second class" status for GTA customers, who already are forced to accept in many cases lower quality of service for the privilege of having saved the region considerably through avoided transmission investment.

A long term commitment by BPA to propose to roll-in the costs of GTA and GTA replacement service for the delivery of federal power, and spread the costs to all

BPA customers is fair. It would greatly alleviate our concerns about our future status as BPA transmission customers, particularly once the issue of delivery of non-federal power is addressed and successfully resolved.

We appreciate that BPA was willing to engage with public power about resolving these issues for the long term, and urge you to offer the GTA agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph Williams". The signature is fluid and cursive, with a large initial "R" and a long horizontal stroke at the end.

Ralph Williams, General Manager
United Electric Co-op, Inc.

GTA -008
SEP 20 2004

Kuehn, Ginny

From: dldavidson@cityofsumas.com
Sent: Monday, September 20, 2004 11:50 AM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

David Davidson
City of Sumas
dldavidson@cityofsumas.com
(360)988-2057
433 Cherry Street, PO Box 9
Sumas WA 98295

Sumas is a full requirements customer that receives service under a GTA by way of facilities owned by Puget Sound Energy. We have reviewed the proposed GTA agreement and support BPA going forward with the document. Continued rolling-in of transfer costs is crucial to a customer such as Sumas, and our GTA is the single item of greatest importance in our discussions with our BPA account executive. Memorializing the existing GTA arrangement would provide some security to customers such as Sumas. Please go forward with development of the contract.

GTA-009
SEP 20 2004

Kuehn, Ginny

From: dsabala@dougaselectric.com
Sent: Monday, September 20, 2004 1:59 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Dave Sabala
Douglas Electric Cooperative
dsabala@dougaselectric.com
(541) 673-6616
P.O. Box 1327, 1981 NE Stephens
Roseburg OR 97470

This comment includes an attachment!

SEP 20 2004

September 20, 2004



Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
PO Box 14428
Portland, OR 97293-4428
Attn: Communications – DM – 7
September 21, 2004

Dear Allen,

We are very pleased to see BPA formally acknowledge the critical role that GTAs and BPA's treatment of their costs have played in providing transmission service to the Northwest's public utilities. BPA's reliance on third party transmission systems to meet its obligations to deliver power to the region's public utilities has saved tens of millions of dollars each year compared to what it would have cost if BPA had built lines and substations itself. By avoiding construction of duplicative lines, BPA's use of GTAs has reduced environmental impacts to the region.

When BPA entered into these agreements, it assured its customers that GTA service would be indistinguishable from direct service from the Federal Columbia River Transmission System. The cost of the GTAs was rolled into the charges which customers paid BPA for power and transmission. BPA's offer of the "Agreement Regarding Transfer Service" (GTA Agreement) is a good first step in securing BPA's ongoing commitment to the GTA customers.

We urge BPA to offer this agreement to all GTA customers without delay. The agreement is a good foundational document on which the rest of the GTA policies can be built. BPA's commitment to its GTA customers is critical to these customers' power supply decisions in the future.

We look forward to the offer of the GTA agreement and encourage BPA to promptly undertake the remaining policy forums detailed in Exhibit A to the agreement.

Sincerely,

DOUGLAS ELECTRIC COOPERATIVE

A handwritten signature in black ink that reads "Dave Sabala". The signature is written in a cursive, flowing style.

Dave Sabala
General Manager

Cc: Aleka Scott, PNGC Power

GTA-010
SEP 22 2004

Kuehn, Ginny

From: schall@stoel.com
Sent: Tuesday, September 21, 2004 6:40 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Stephen Hall
Stoel Rives LLP, on behalf of PacifiCorp
schall@stoel.com
503.294.9625
900 SW 5th Ave, Suite 2600
Portland OR 97204

The undersigned BPA customers ask that BPA extend the comment period until at least October 15, 2004, in order to allow the BPA customers that did not have a chance to participate in the development of the GTA agreement/policy additional time to prepare and submit comments. It is our understanding that BPA and its GTA customers have been engaged in discussions regarding GTA service for several months. Given the potential impact on rates of this proposal, the twenty-year duration of the proposed agreement, and the length of time that it took to create this agreement/policy, an extension of the comment period by approximately two weeks is reasonable under the circumstances. Avista PacifiCorp Portland General Electric Company Puget Sound Energy, Inc.



Big Bend Electric Cooperative, Inc.

1373 N. Hwy 261
PO Box 348
Ritzville, WA 99169-0348

Telephone: (509) 659-1700
Fax: (509) 659-1404
www.bb.ec.org

GTA-011
SEP 24 2004

September 22, 2004

Bonneville Power Administration
Attn: Communications – DM-7
PO Box 14428
Portland, OR 97293-4428

Re: Comments on Proposed General Transfer Agreement

The Bonneville Power Administration (BPA) recently released a proposed agreement that would offer long-term clarity regarding roles and responsibilities between BPA and its customers that depend on General Transfer Agreement (GTA) services. We at Big Bend Electric Cooperative, have had an on-going concern regarding GTA costs, quality of service, and long-term planning involving our GTA service and, therefore, support BPA offering this contract to its GTA customers.

Please note that in Appendix A (second bullet), BPA has identified “Service to load in annexed territories” as an “Other Issue” that “Parties shall endeavor to find acceptable solutions or approaches for solving” (according to Section 7). We agree with BPA on this matter; however, the second sentence in Section 2(g) appears to be in conflict with Section 7 and Appendix A. Prior to issuing a final draft of this contract, we would recommend that BPA strike the second sentence in Section 2(g).

Also, with reference to Section 5(b) and Section 6, we would very much look forward to becoming more actively involved in planning discussions with BPA and the investor-owned utility providing transfer services to us (Avista). We recognize the GTA agreement is between Avista and BPA, yet we believe it is important for all three parties (Big Bend included) to be involved with planning. Although we do not recommend any specific change in Section 6, we would hope that involvement of Big Bend in planning and contract changes would minimize our exposure to stranded costs.

Thank you for addressing this important matter and for working with public power on resolving GTA issues. Again, we urge BPA to offer the GTA agreement to GTA-served customers.

Sincerely,

A handwritten signature in cursive script that reads "James A. Johnson".

James A. Johnson, Manager
Big Bend Electric Cooperative, Inc.

Cc: Carol Hustad, AE PSE-Spokane



GTA-012
SEP 24 2004

Idaho County Light & Power Cooperative Association, Inc

September 24, 2004

Allen Burns, Executive V.P.
Bonneville Power Administration
Attn: Communications – DM-7
P.O. Box 14428
Portland, OR 97293-4428

Dear Mr. Burns:

Idaho County Light & Power is a full requirements customer of the Bonneville Power Administration. The cooperative has been served via a General Transfer Agreement (GTA) for 100% of the utility's requirements since its initial contract with the BPA in 1942.

I would like to acknowledge and express our appreciation to BPA for its history of treating the GTA's as virtual Network Service and the costs as virtual Network costs over these many years.

The wisdom of the decision to extend the BPA's service through GTA's has been borne out and is demonstrated by the net savings to all BPA customers of approximately \$100 million annually. (Reference the Pat McRae Study dated July 29, 2004.)

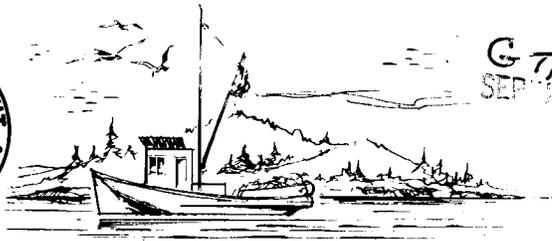
The Idaho County Light & Power Board of Directors and its management support the Administrator's effort to memorialize the long-standing principle of comparable service at Network rates to GTA served consumers. On behalf of the Cooperative's Board of Directors, Idaho County Light & Power hereby endorses the proposed contract.

With this endorsement, I would acknowledge that the document requires the BPA and its GTA consumers to continue to address unresolved issues that are listed within the document. Issues including but not limited to service of non-Federal power in the absence of a regional RTO.

In closing, I would extend our appreciation to Administrator Stephen Wright for supporting and making this agreement possible. I particularly want to thank you, Mr. Burns, and Mr. Randy Roach for your direct involvement. There is no question that without the Administrator's support and your efforts this agreement would never have come about.

Sincerely yours,


Jay G. Eimers
Manager



GTA-013
SEP 20 2004

ORCAS POWER & LIGHT COOPERATIVE

Main Office: 183 Mt. Baker Road, Eastsound, WA 98245-9413
(360) 376-3500 • Fax: (360) 376-3505 • www.opalco.com

September 20, 2004

Paul Norman
Senior Vice President,
Power Business Line
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Re: Orcas Power and Light Cooperative's Response to
BPA's Agreement Regarding Transfer Service

Dear Mr. Norman:

We are writing in support of the proposed 20-year agreement among BPA and its GTA-served customers regarding how GTA costs will be treated in BPA rate proposals.

As BPA is aware, customers served by general transfer agreements (and their replacements) are transmission dependent and often located far from BPA's main grid. GTAs have been effective in delivering federal power to BPA's public preference customers for many years at lower total costs to the region because BPA was not required to build transmission to serve these customers.

A long term commitment by BPA to propose to roll-in the costs of GTA and GTA replacement service for the delivery of federal power and spread the costs to all BPA customers is fair. It would greatly alleviate our concerns about our future status as BPA transmission customers.

OPALCO appreciates that BPA was willing to engage with public power about resolving these issues for the long term and urges you to offer the GTA agreement.

Paul Norman
September 20, 2004
Page 2

Even though OPALCO is in agreement with the proposed contract, we would like to submit the following questions:

Under part 2- Definitions section (h), it states, "... that have characteristics comparable to the characteristics used to define BPA's Integrated Network Segment." If the third party transfer reclassifies its transmission lines which serve us to distribution, will that still be considered comparable to BPA's transmission system?

Under part 6- Stranded Costs section (a), if OPALCO had an unusually large peak one winter and the third party transfer forced BPA to up it transfer service capacity, would OPALCO then be liable for that additional capacity?

We look forward to these questions being addressed as you move forward with this process.

Sincerely,

A handwritten signature in black ink that reads "Randy J. Cornelius". The signature is written in a cursive style with a large, prominent "R" and "C".

Randy J. Cornelius
General Manager

RJC:kp



CLEARWATER POWER COMPANY

4230 HATWAI ROAD
P. O. BOX 997
LEWISTON, IDAHO 83501
www.clearwaterpower.com
September 21, 2004

GTA-014
SEP 27 2004

LOCAL (208) 743-1501
FAX (208) 746-3902
TOLL FREE 1-888-743-1501

Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
PO Box 14428
Portland, OR 97293-4428

Attn: Communications-DM-7

**Re: Written Comments to Proposed General Transfer Agreement
(GTA) Service**

Dear Allen:

It is clear that BPA made a very good business decision in utilizing General Transfer Agreements for the region as shown in the final report commissioned by the Idaho Consumer-Owned Utilities Association "GTAs Regional Cost Benefit Study July 29, 2004", and we are very pleased to see BPA formally acknowledge the critical role that GTAs and BPA's treatment of their costs have played in providing transmission service to the Northwest's public utilities. BPA's reliance on third party transmission systems to meet its obligations to deliver power to the region's public utilities has saved tens of millions of dollars each year compared to what it would have cost if BPA had built lines and substations itself. By avoiding construction of duplicative lines, BPA's use of GTAs has reduced environmental impacts to the region.

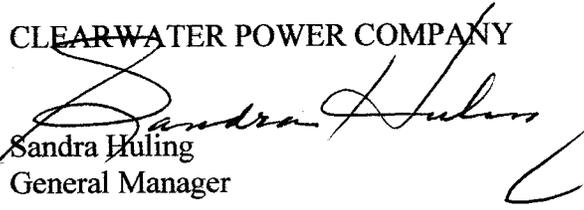
When BPA entered into these agreements, it assured its customers that GTA service would be indistinguishable from direct service from the Federal Columbia River Transmission System. The cost of the GTAs was rolled into the charges which customers paid BPA for power and transmission. BPA's offer of the "Agreement Regarding Transfer Service" (GTA Agreement) is a good first step in securing BPA's ongoing commitment to the GTA customers.

We urge BPA to offer this agreement to all GTA customers without delay. The agreement is a good foundational document on which the rest of the GTA policies can be built. BPA's commitment to its GTA customers is critical to these customers' power supply decisions in the future.

We look forward to the offer of the GTA agreement and encourage BPA to promptly undertake the remaining policy forums detailed in Exhibit A to the agreement.

Sincerely,

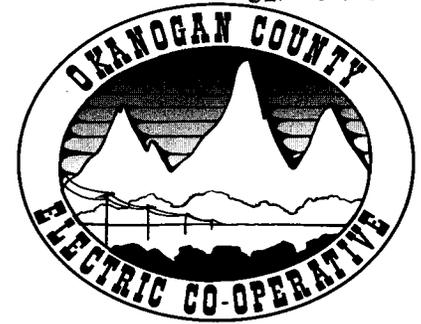
CLEARWATER POWER COMPANY


Sandra Huling
General Manager

cc Aleka Scott, PNGC Power

owned by those we serve

GTA-015
SEP 27 2004



Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
PO Box 14428
Portland, OR 97293-4428
Attn: Communications – DM – 7

September 21, 2004

Dear Allen,

As a small and very rural electric cooperative we very pleased to see BPA formally acknowledge the critical role that GTAs and BPA's treatment of their costs have played in providing transmission service to the Northwest's public utilities. BPA's reliance on third party transmission systems to meet its obligations to deliver power to the region's public utilities has saved tens of millions of dollars each year compared to what it would have cost if BPA had built lines and substations itself. By avoiding construction of duplicative lines, BPA's use of GTAs has reduced environmental impacts to the region.

When BPA entered into these agreements, it assured its customers that GTA service would be indistinguishable from direct service from the Federal Columbia River Transmission System. The cost of the GTAs was rolled into the charges which customers paid BPA for power and transmission. BPA's offer of the "Agreement Regarding Transfer Service" (GTA Agreement) is a good first step in securing BPA's ongoing commitment to the GTA customers.

We urge BPA to offer this agreement to all GTA customers without delay. The agreement is a good foundational document on which the rest of the GTA policies can be built. BPA's commitment to its GTA customers is critical to these customers' power supply decisions in the future.

We look forward to the offer of the GTA agreement and encourage BPA to promptly undertake the remaining policy forums detailed in Exhibit A to the agreement.

Sincerely,

A handwritten signature in cursive script that reads "Roger".

Roger Meader
General Manager

Cc: Aleka Scott, PNGC Power

GTA-016
SEP 27 2004



Phone: 208-879-2283
Email: energy@srec.org

Fax: 208-879-2596
www.srec.org

P.O. Box 384
1130 Main Street
Challis, Idaho 83226

September 21, 2004

Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
PO Box 14428
Portland, OR 97293-4428
Attn: Communications – DM – 7

Dear Allen,

We are very pleased to see BPA formally acknowledge the critical role that GTAs and BPA's treatment of their costs have played in providing transmission service to the Northwest's public utilities. BPA's reliance on third party transmission systems to meet its obligations to deliver power to the region's public utilities has saved tens of millions of dollars each year compared to what it would have cost if BPA had built lines and substations itself. By avoiding construction of duplicative lines, BPA's use of GTAs has reduced environmental impacts to the region.

When BPA entered into these agreements, it assured its customers that GTA service would be indistinguishable from direct service from the Federal Columbia River Transmission System. The cost of the GTAs was rolled into the charges which customers paid BPA for power and transmission. BPA's offer of the "Agreement Regarding Transfer Service" (GTA Agreement) is a good first step in securing BPA's ongoing commitment to the GTA customers.

We urge BPA to offer this agreement to all GTA customers without delay. The agreement is a good foundational document on which the rest of the GTA policies can be built. BPA's commitment to its GTA customers is critical to these customers' power supply decisions in the future.

We look forward to the offer of the GTA agreement and encourage BPA to promptly undertake the remaining policy forums detailed in Exhibit A to the agreement.

Sincerely,

A handwritten signature in black ink that reads "Ken Dizes".

Ken Dizes
General Manager

Cc: Aleka Scott, PNGC Power



GTA-017
SEP 27 2004

September 20, 2004

Allen Burns
Bonneville Power Administration
Attn: Communications-DM-7
PO Box 14428
Portland, OR 97293-4428

RE: GTA Policy

U M P Q U A

Dear Mr. Burns,

I N D I A N

The Umpqua Indian Utility Cooperative appreciates this opportunity to comment on BPA's General Transfer Agreement policy. We generally support a long term continuation of the existing policy of providing transmission for BPA preference customers who are not directly connected to the BPA transmission system and rolling the cost of that transmission into the power rates. This policy keeps all customers on a relatively equal basis.

U T I L I T Y

UIUC is not a typical GTA customer. We became a customer after most GTAs were signed. We therefore receive service like a GTA but not under the existing GTA agreements. We are charged GTA rates for our service. It is our request that our status as a GTA customer, without an actual GTA contract be maintained, or that the new GTA contracts be negotiated to be broad enough to cover service to UIUC.

C O O P E R A T I V E

2 3 7 1

N E S T E P H E N S

We are also a customer that pays a low voltage distribution charge in addition to our GTA service. We are interconnected to Pacificorp's system at 12 kV. It is our comment that BPA should also cover low voltage service as part of the GTA service. Under FERC transmission rules, even though it is low voltage, it is still wholesale transmission subject to federal, not state, jurisdiction.

S T R E E T

Thank you for consideration of these comments. Please contact me if there are any questions.

S U I T E 1 0 0

R O S E B U R G

Sincerely,

Ron Doan, General Manager, UIUC

O R E G O N

9 7 4 7 0

Cc: Sue Shaffer, Chairman, Cow Creek Band of Umpqua Tribe of Indians
Iris Crisman, Tribal Account Exec., PBL, BPA
Ken Johnston, Tribal Account Exec., TBL, BPA
Margie Schaff, UIUC, Consulting Attorney

(541) 672-9405

F A X N U M B E R

(541) 673-0432



**West Oregon
Electric Cooperative, Inc.**

715 Maple Street
P.O. Box 69
Vernonia, OR. 97064
Telephone: (503) 429-3021 or (800) 777-1276

GTA-018
SEP 27 2004

September 21, 2004

Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
PO Box 14428
Portland, OR 97293-4428
Attn: Communications – DM – 7

Dear Allen,

We are very pleased to see BPA formally acknowledge the critical role that GTAs and BPA's treatment of their costs have played in providing transmission service to the Northwest's public utilities. BPA's reliance on third party transmission systems to meet its obligations to deliver power to the region's public utilities has saved tens of millions of dollars each year compared to what it would have cost if BPA had built lines and substations itself. By avoiding construction of duplicative lines, BPA's use of GTAs has reduced environmental impacts to the region.

When BPA entered into these agreements, it assured its customers that GTA service would be indistinguishable from direct service from the Federal Columbia River Transmission System. The cost of the GTAs was rolled into the charges which customers paid BPA for power and transmission. BPA's offer of the "Agreement Regarding Transfer Service" (GTA Agreement) is a good first step in securing BPA's ongoing commitment to the GTA customers.

We urge BPA to offer this agreement to all GTA customers without delay. The agreement is a good foundational document on which the rest of the GTA policies can be built. BPA's commitment to its GTA customers is critical to these customers' power supply decisions in the future.

We look forward to the offer of the GTA agreement and encourage BPA to promptly undertake the remaining policy forums detailed in Exhibit A to the agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Green", is written over a horizontal line. Below the signature, the name and title are printed.

Russell Green
General Manager

Cc: Aleka Scott, PNGC Power

GTA-019
SEP 27 2004

Kuehn, Ginny

From: pwwdir@ci.blaine.wa.us
Sent: Monday, September 27, 2004 10:51 AM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Stephen Banham
City of Blaine Public Works
pwwdir@ci.blaine.wa.us
(360) 332-8820
1200 Yew Avenue
Blaine WA 98230

The proposed GTA Agreement is of vital importance to City of Blaine as a customer that receives all its power from BPA. We commend and strongly support BPA for taking positive steps to memorialize this practical approach to serving small customers like Blaine. A long term GTA Agreement is the right answer, and we would object strongly to any steps to modify this approach to serving customers.

9/27/2004

GTA-020
SEP 28 2004

Kuehn, Ginny

From: Ohopisabella@rainierconnect.com
Sent: Monday, September 27, 2004 2:05 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Isabella Deditch
Ohop Mutual Light Co
Ohopisabella@rainierconnect.com
253 847-4364
34014 Mountain Hwy East
Eatonville WA 98328

Dear Allen: Ohop is supportive of Bonneville continuing to cover GTA costs for an additional twenty (20) years. As a small, rural, member owned utility our competitive position would be in serious jeopardy without BPA continuing to handle the GTA service for us. Thank you for your understanding and your help. Isabella Deditch General Manager

SEP 28 2004



Inland Power & Light Company

320 East Second Avenue
P.O. Box 4429
Spokane, Washington 99202-0429
Telephone (509) 747-7151 FAX (509) 747-7987

September 23, 2004

Mr. Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
Attn: Communications – DM-7
P.O. Box 14428
Portland, OR 97293-4428

Dear Allen:

Inland Power & Light Co. (Inland), with approximately 50% of our total load served via a General Transfer Agreement (GTA), is highly dependent on the availability, quality and cost treatment of GTA service. This letter is to indicate that Inland is generally supportive of the proposed 20-year agreement among BPA and its GTA-served customers regarding how GTA costs will be treated in future BPA rate proposals.

As you are well aware, Inland and other customers served by GTA (and replacement agreements) are transmission dependent and are often located in areas far from BPA's main transmission grid. GTAs have been effective in delivering federal power to BPA's public preference customers, including Inland, for decades. This has been achieved at lower total costs to the region because BPA was not required to build federal transmission to serve all of Inland's load and the loads of other similarly situated public customers.

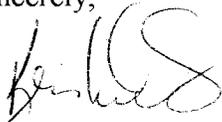
Despite the obvious cost saving benefits of the GTAs to all of BPA's customers, GTA served customers have been greatly concerned that other parties might advocate that the costs of GTAs be directly assigned only to GTA customers. In Inland's view, this direct assignment would be totally inappropriate and would create a kind of "second class" status for GTA customers, who already are forced in many cases to accept a lower quality of service despite having saved the region considerably through avoiding duplicative transmission investment.

A long term commitment by BPA to propose to roll-in the costs of GTA and GTA replacement service for the delivery of federal power, and spread the costs to all BPA customers is fair. It would greatly alleviate our concerns about our future status as BPA transmission customers, particularly once the issue of delivery of non-federal power is addressed and successfully resolved.

Regarding a specific agreement feature, Inland urges BPA to delete the last sentence in Section 2(g). As drafted, this provision would seem to have the effect of precluding or negatively impacting two GTA served customers from merging after executing this proposed agreement even in those cases where there would be no increase in GTA related costs for BPA. Further, we note that the matter of “service to load in annexed territories” is listed in Exhibit A to the proposed agreement as an issue to be addressed between October 31, 2004 and April, 2005. As specified in Exhibit A, this issue warrants further review and discussion before specific language is included in the agreement. The proposed Section 2(g) should be modified accordingly.

Inland appreciates that BPA has been willing to engage with public power about resolving issues for the long term. With the modification noted above, we urge BPA to offer the proposed GTA agreement. We look forward to working with BPA on finding solutions to all the remaining issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Mikkelsen", written over a light blue horizontal line.

Kris Mikkelsen
CEO



GTA-022
SEP 30 2004

September 29, 2004

Mr. Allen Burns, Vice President
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

SUBJECT: Proposed Agreement Regarding Transfer Service

Dear Mr. Burns:

Canby Utility has reviewed the proposed 20-year Transfer Service agreement and has the following comments.

First, we are pleased that BPA and public power representatives have undertaken the effort to prepare the draft agreement. We, too, believe it is important to define the essential terms and conditions of transfer service and to provide clarity to the roles and responsibilities between BPA and public power utilities.

Second, the section dealing with stranded costs (section 6) is so broadly worded that it would probably deter Canby from signing such an agreement at present. From the materials provided by BPA it is difficult to tell under what circumstances BPA would attempt to impose these charges. As written now, BPA could impose stranded costs if a customer "takes action to reduce the amount of Transfer Service it requires." Nothing more is said (except that BPA is required to "consult" with the utility before BPA incurs additional obligations). Would the section apply if Canby, for example, signed a 10-year full requirements power sales contract with BPA and then reduced load after that period by signing a partial requirements contract? Would the section apply if Canby undertook significant conservation or load-shedding measures that reduced its obligations on BPA at certain times of year?

Third, the proposed contract contains missing elements, identified in Exhibit A. These issues include quality of service, ancillary services and others. Without knowing more about the resolution of these key issues, it is difficult to say whether the proposed contract is acceptable or not.

Mr. Allen Burns
September 29, 2004
Page 2

We therefore ask that BPA continue to negotiate with public power representatives to seek prompt resolution of the issues identified in Exhibit A. At that time, BPA should ask for a second (final) round of comments from interested parties.

As things stand now, the contract is still a work in progress and is too incomplete for us to say whether or not we would sign it.

Thank you for asking us to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Karl R. Hansen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Karl R. Hansen
Acting General Manager

cc: Dirk Borges, General Manager

Bonneville Power Administration
Allen Burns, Executive V.P. for Industry Restructuring
Attn: Communications - DM-7
PO Box 14428
Portland, OR 97232-4428

GTA-023
SEP 30 2004

Re: GTA Proposed Contract support

September 30, 2004

Dear Allen,

Wells Rural Electric Company supports the proposed 20 year *Agreement Regarding Transfer Service* and urges the Administrator to offer this contract to GTA customers.

WREC is transmission dependent and has been served via transfer service over approximately 800 miles of transmission line - under GTA with Sierra Pacific Power Company since 1988 and GTA/OATT service from Idaho Power since the 1970s. As you pointed out in your letter of August 27th, GTA service has been an economical and practical alternative to federally constructed transmission facilities. Despite the fact that all of BPA's customers have benefited from the GTA's by holding BPA costs down, WREC is concerned that there may be a push to directly assign GTA costs. A 20 year commitment, as outlined in the proposal, to roll-in costs of GTA and GTA replacement service and spread then to all BPA customers is reasonable, fair and consistent with the basic relationship that has existed between BPA and its power customers.

On attorney advice we would like to see the following additions to the proposed contract:

(1) Attorney fee language should be substantially as follows: "**Should either party be required to seek legal action to enforce or interpret any term or condition of this agreement, in addition to any other remedies or damages allowed, the prevailing party shall be entitled to reasonable attorney fees and costs.**"

The reason for this inclusion is that a party, at least in Nevada, is not entitled to attorney fees if he recovers over \$20,000 or if he recovers nothing, even though he was the successful party, unless there is a contractual provision providing for it.

(2) Amend paragraph 6(a) as follows:

STRANDED COSTS

(a) If <<Customer Name>> takes action to reduce the amount of Transfer Service it requires, and BPA continues to be liable for Transmission Component Costs of such unused Transfer service, then BPA may require {{Customer Name}} to reimburse BPA for such costs which BPA incurred in reliance on <<Customer Name>>'s continued use of Transfer Service. **Events that are outside << Customer Name>>'s control but that result in unused transfer Service for which BPA remains financially obligated will not result in a stranded cost obligation on <<Customer Name>>'s part.**

This makes it clear that stranded costs are a possibility whenever they are caused by an action on the customer's part, but events outside the customer's control would be a BPA risk and not result in stranded costs.

Thank you for your consideration of these comments and suggested changes. We appreciated BPA's willingness to engage with public power to seek to maintain and memorialize these issues for the long term. We urge you to offer the GTA agreement.

Sincerely,

Clay Fitch, CEO
Wells Rural Electric Company



CENTRAL ELECTRIC
COOPERATIVE, INC.

GTA-024
OCT 01 2004

September 28, 2004

Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
PO Box 14428
Portland, OR 97293-4428

Attn: Communications – DM – 7

Dear Allen,

Central Electric and its Board of Directors fully support BPA's offer of the "Agreement Regarding Transfer Service" (GTA Agreement). This step begins to acknowledge BPA's commitment to its GTA customers.

For many utilities GTA's have played a critical role in providing transmission service. Although, according to BPA the cost of this service is approximately \$50 million annually, we believe it is far less costly than if BPA had built lines and substations to serve their customers. Relying on third party transmission systems to meet its obligations to deliver power to the regions public utilities has saved tens of millions of dollars annually for BPA.

We urge BPA to offer this agreement to all GTA customers without delay. The agreement is a good foundational document on which the rest of the GTA policies can be built. BPA's commitment to its GTA customers is critical to these customers' power supply decisions in the future.

We look forward to the offer of the GTA agreement and encourage BPA to promptly undertake the remaining policy forums detailed in Exhibit A to the agreement.

Sincerely,

Al Gonzalez
President / CEO

c: Aleka Scott, PNGC Power

GTA-025

OCT 13 2004

Kuehn,Ginny - DM

From: wmgt@montana.com
Sent: Wednesday, October 13, 2004 10:07 AM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

William K. Drummond
Western Montana G&T
wmgt@montana.com
406-721-0945
1001 SW Higgins, Panorama Park Suite 206
Missoula MT 59803

This comment includes an attachment!



**WESTERN MONTANA ELECTRIC
GENERATING & TRANSMISSION COOPERATIVE, INC.**

1001 SW Higgins, Panorama Park, Suite 206, Missoula, MT 59803-1340 (406) 721-0945/721-3738 FAX

GTA-025
001 1 3 2004

October 13, 2004

BY ELECTRONIC MAIL

Allen Burns
Vice President for Industry
Restructuring
Bonneville Power Administration
Post Office Box 3621
Portland, Oregon 97208

RE: Western Montana G&T Comments on the Draft GTA Contract

Dear Allen;

The members of Western Montana Electric Generating and Transmission Cooperative (WMTG&T) appreciate the opportunity to comment on the draft General Transfer Agreement (GTA) contract that Bonneville developed in conjunction with its public utility customers. We think this contract is an excellent beginning to protecting the rights of utilities that are dependent upon third-party transmission owners in order to receive BPA power. We look forward to working with you on the issues not resolved in this contract.

The GTAs were developed in lieu of constructing additional federal transmission facilities. Had those facilities actually been built, as detailed in the recent Idaho Consumer-Owned Utilities' Association report, the costs would have been much higher than those incurred under the GTA system. Equally clear is that the fact that had these physical facilities been constructed, the costs associated with them would be recovered just like all other Bonneville backbone transmission facilities. Our understanding is that Bonneville's intent is to continue putting the costs of the GTAs into power rates. If this cost treatment is rejected by the FERC or a court, these costs should be moved to transmission. In no event should these costs be directly assigned to the beneficiaries.

By providing long-term assurances that Bonneville will not discriminate against those that the agency has chosen not to connect directly to its transmission grid, Bonneville guarantees a much greater likelihood that GTA-served customers will look to the agency for their power supply requirements. This is not an irrelevant issue. In other parts of the country public utilities with allocations of power marketing administration power have been unable for years to actually receive that allocation due to questionable transmission access practices of some transmission owners. We do not want to see that happen to any Bonneville customers.

The draft GTA contract solidifies a number of issues that GTA-dependent utilities have been concerned about, but there are a number of issues that the contract indicates will be discussed in

subsequent proceedings. Of particular importance to the Western Montana G&T members served over GTAs is the question of service quality. Too many facilities used to wheel BPA power to these members are providing service that is unsatisfactory and substandard. Service quality – or the lack of it – is an issue we look forward to discussing with Bonneville.

We do not support the current Bonneville Power Business Line (PBL) practice of charging GTA-served customers a Low Voltage Delivery Charge. We appreciate that this is one of the issues to be addressed in further discussions under this draft contract and that as a PBL rate issue, it would likely be resolved through a PBL rate case. It is nonetheless a highly inequitable and totally incomprehensible Bonneville decision to impose this charge on our GTA-served members even though PBL is not charged a Low Voltage Delivery Charge by the transmission owner that wheels Bonneville power to our GTA-served members.

We appreciate the time and effort Bonneville staff have devoted to resolving this issue and providing the long-term assurances that if our members decide to sign long-term power supply contracts with Bonneville, we can get the power delivered to our systems just as though we were directly connected to the Bonneville transmission system.

Very truly yours,

/s/

William K. Drummond
Manager

cc: Board of Trustees
Member System Managers
John Saven
Jerry Leone
Pat Reiten
Garry Thompson
C.T. Beede
Joe Rogers

GTA-026

OCT 13 2004

Kuehn,Ginny - DM

From: mgendron@ifpower.org
Sent: Wednesday, October 13, 2004 1:57 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Mark Gendron
Manager, Idaho Falls Power
mgendron@ifpower.org
(208)612-8430
140 S. Capitol, P.O. Box 50220
Idaho Falls ID 83405

Idaho Falls Power (Idaho Falls) is a preference power customer of Bonneville Power Administration. Idaho Falls takes delivery of federal power from Bonneville across transmission facilities owned by PacifiCorp through agreements between Bonneville and PacifiCorp, referred to broadly as general transrer agreements (GTA's). Idaho Falls has long argued that GTA service should be "functionally equivalent" to transmission service had Bonneville owned and operated the transmission system in Southeast Idaho. Idaho Falls has participated in the lengthy discussions between public power and Bonneville that resulted in the draft agreement. We greatly appreciate the effort and committment made by Bonneville to come to a resolution in this matter. Idaho Falls Power fully supports the GTA agreement and we look forward to executing the contract in the near future. Thank you for the opportunity to comment.

Ravalli County Electric Co-op

NE 1051 Eastside Highway
P.O. Box 190
Corvallis, MT 59828-0190

GTA-027
OCT 13 2004

October 11, 2004

Mr. Steve Wright
Administrator
Bonneville Power Administration
Post Office Box 3621
Portland, Oregon 97208-3621

RE: AGREEMENT REGARDING TRANSFER SERVICE

Dear Steve:

Ravalli County Electric Cooperative is pleased to see a long-term solution to the GTA issue with the offering of a 20-year contract. Bonneville has pegged the cost of the GTA's at \$50,000,000 per year, a healthy sum by any standard. This statement of costs, however, does not take into account the off setting benefits BPA and the Region receive as a result of the General Transfer Agreements.

A recent GTA cost/benefit study commissioned by ICUA and conducted by retired BPA employee Pat McRae, showed a \$1.7 billion savings to BPA and the Region since the inception of the GTA's. This savings equates to an \$87 to \$107 million savings per year, which, when netted against cost, produces actual annual savings of between \$37 and \$57 million. As a consequence of providing this benefit, GTA customers, such as Ravalli Electric Co-op, have often been subjected to second rate transmission service and continued threats of direct assignment of the GTA related costs. We are hopeful that this contract should at least eliminate some of our concerns related to direct assignment of costs.

While we remain supportive of the contract, we do have major concerns about section 4, more specifically sections 4(d) and 4(e). In section 4(b), Bonneville acknowledges its obligation to roll in the costs of GTA, either in the power rate where it currently resides or, at the administrator's discretion, roll the costs into transmission rates as a network cost. We support that concept as well. Our concern is that the language in section 4(d) gives FERC authority over Bonneville's rate components and 4(e) appears to give FERC the discretion to absolve BPA of the 20-year obligation of Rolled In treatment of the GTA costs. We are adamantly opposed to this possibility.

It is our understanding that Bonneville is not FERC jurisdictional; however, both PBL and TBL subject their rates to FERC for approval. However, FERC's review of PBL's rates is not predicated on the origin of PBL costs but rather on the adequate recovery of power costs. If

this is the case, why would BPA, in contract form, voluntarily give FERC jurisdiction to reject recovery of obligatory costs? We therefore recommend that section 4 be changed to read as follows:

4. PROPOSED TREATMENT OF TRANSMISSION COMPONENT COSTS (GTA)

- (a): Add "GTA" after Costs.
- (b): BPA administrator has the discretion to meet Bonneville's continuing obligation of Rolled In Transmission Component Costs (GTA) in power rates where it currently resides or in transmission rates for the term of this agreement. BPA will provide documentation and testimony supporting any housing change of the Transmission Component Costs (GTA) as required.
- (c): Okay as is.
- (d): Federal Energy Regulatory Commission (FERC) review of BPA's general rates will include Rolled In Transmission Component Costs (GTA) in either the power rate or the transmission rate to assure cost recovery and sufficiency of revenue to meet Bonneville's financial obligations to Treasury and the Region. If FERC does not approve and confirm the housing change of the Transmission Component Costs (GTA) from power rates to transmission rates, then the Transmission Component Costs (GTA) will continue to be rolled into power rates as currently allowed and approved by FERC and historically defended by BPA.
- (e): Delete entirely.

We believe that our recommendations comply with the intent of the discussions on GTA's as well as the administrator's historic treatment of the GTA.

Thank you for your consideration on these issues. We look forward to working with you on other issues set aside in the contract for further discussions.

Sincerely,



Richard J. Brown
General Manager

cc: C.T. Beede, A.E.
Bill Drummond, WMG&T
Susan Ackerman, NRU
Trustees

GTA-028
OCT 14 2004

Kuehn,Ginny - DM

From: peter@richardsonandoleary.com
Sent: Thursday, October 14, 2004 10:32 AM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Peter Richardson
Idaho Energy Authority
peter@richardsonandoleary.com
(208) 938-7901
99 East State Street
Eagle Id 83616

The Idaho Energy Authority (IDEA) is pleased to offer its comments in full support of the GTA Agreement that is the subject of this public comment process. IDEA is a joint action agency representing 21 publicly owned utilities located in all of the Pacific Northwest states. Although not all of our members are direct beneficiaries of GTAs, we are unanimous in our unequivocal support of the GTA Agreement. The GTA Agreement represents an important step in completing the bargain between BPA and its public power customers by moving us closer to the day when we will enjoy the full functional equivalent of direct transmission service. We appreciate BPA's efforts to move this process forward and are looking forward to working with BPA to continue the progress that is represented by the GTA Agreement.

PUBLIC UTILITY DISTRICT No.1
of Whatcom County

1705 Trigg Road • Ferndale, WA 98248
P: (360) 384-4288 • F: (360) 384-484

October 14, 2004

Mr. Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
Attn: Communications-DM-7
P.O. Box 14428
Portland, OR 97293-4428

GTA-029
OCT 14 2004

RE: BPA's Proposed Agreement Regarding Transfer Service (GTA)

Dear Mr. Burns:

Public Utility District No.1 of Whatcom County (Whatcom PUD) supports BPA's proposed Agreement Regarding Transfer Service. Whatcom PUD believes that the historical reasons for general transfer agreements (GTAs), as a means to facilitate federal power deliveries to public utility customers not directly connected to the FCRTS, remain valid today and for the foreseeable future. The GTAs have resulted in monetary benefits to all federal transmission customers through BPA's avoidance of certain, otherwise required, transmission facility investments. The use of GTAs has fit well with the "one utility" planning concept that is or at least historically was the guiding principle for regional transmission infrastructure planning.

Whatcom County has two municipal utilities served via GTAs, the cities of Blaine and Sumas. Although Whatcom PUD does not receive any federal power via a transfer agreement, we do receive federal power over non-federal transmission facilities for two PODs. As a small utility scheduling deliveries under a third party transmission provider's OATT, Whatcom PUD fully understands the administrative and financial burden that results from such service.

Whatcom PUD acknowledges BPA's and some of its customers' concerns with regard to expenses associated with transfer agreements. However, this should be balanced against the benefits. As BPA appears to be moving toward a future in which the existing FCRPS is allocated to BPA's public utility customers, those utilities served via GTAs will have to depend increasingly on non-federal power deliveries, often for reasons other than choice (i.e. low water year, federal hydro de-rating, etc.). As BPA attempts to balance the cost of serving GTA utilities against the needs of non-GTA federal power and transmission customers, a guiding principal should be whether both groups are receiving comparable transmission service at a comparable price.

Thank you for this opportunity to provide comments.

Sincerely,

Tom Anderson

General Manager – Public Utility District No.1 of Whatcom County

GTA-030
OCT 14 2004

Kuehn,Ginny - DM

From: Patty Sawyer [PattyS@millcreeklaw.com]
Sent: Thursday, October 14, 2004 2:26 PM
To: BPA Public Involvement
Subject: FW: WPAG comments
Importance: High

"Attached you will please find the comments of the Western Public Agencies Group on the proposed contract offer to customers receiving BPA service via general transfer agreements. The WPAG utilities appreciate the opportunity to comment on this topic."

OCT 14 2004

September 15, 2004

COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP
ON THE
PROPOSED GENERAL TRANSFER AGREEMENT OFFER

These comments are submitted on behalf of the utilities that comprise the Western Public Agencies Group (WPAG) in response to the request for comments by the Bonneville Power Administration (BPA) on the proposed agreement with customers who receive service under general transfer agreements (GTAs). The WPAG utilities appreciate the opportunity to comment on this important proposed contract.

About one-half of the WPAG utilities receive their wholesale power service from BPA through GTAs, while the remaining WPAG utilities receive their BPA wholesale power service directly from the federal transmission system. WPAG participated actively in the negotiations with BPA that lead to the proposed contract, and in doing so expressed the views of utilities that receive GTA service and those that receive direct BPA service.

The WPAG utilities strongly recommend that BPA offer the proposed contract to customers currently receiving GTA service. This recommendation is made for the reasons, as set forth below.

First, BPA elected to serve customers with GTAs in lieu of building transmission facilities because it was more cost effective to do so. This decision has resulted in lower rates to all of BPA's customers. The current BPA power sales contract only gives GTA customers assurance that they will continue to receive their wholesale power from BPA under GTAs until 2011. In contrast, customers receiving wholesale power service directly from BPA face no such arbitrary deadline regarding the delivery of their wholesale power. Since GTA service is a less costly substitute for direct federal transmission service, both its surety and duration should be comparable to direct service from the federal transmission system. Given these circumstances, it is only reasonable that both GTA customers and direct service customer be provided the same degree of certainty regarding the delivery of their wholesale power in the future. Offering the proposed contract will accomplish this goal.

Second, BPA commenced a process to determine its power supply role in the future. It appears that BPA may limit the amount of low cost federal power it will make available to each preference customer, which will make it likely that preference customers will turn to other sources of supply to fill their load growth needs. This will be a major change in the manner in which many preference customers conduct their business, and will shift both risk and uncertainty from BPA to the customers. Customers who obtain their BPA power supply via GTAs will be hard pressed to support such a major shift if they have no assurance regarding the continuity of their GTA service after the termination of their current BPA power contract. Offering the proposed contract to

these customers will provide them with the surety they need to enable them to support the shift to an allocated federal power supply.

Third, the treatment of GTA service has been a source of controversy and discord among public power utilities and with BPA. And while the proposed contract does not dispose of all issues presented by GTA service, it does resolve the most pressing issue of the duration of GTA service. To that extent, offering the proposed contract will substantially reduce the controversy surrounding GTA service, which will allow both public utilities and BPA to focus on more pressing issues.

And fourth, there are a number of issues regarding GTA service that need to be resolved. At the current time, there is no forum in which to conduct the necessary discussions to resolve these issues. The proposed contract would establish an orderly process for the consideration and resolution of these issues. This will benefit BPA and all of its customers.

In conclusion, the WPAG utilities commend BPA for making the effort to negotiate in good faith with the interested customers on the GTA issues, and to make the compromises necessary to produce an acceptable contract to offer to GTA customers. The proposed contract should be offered to GTA customers without material change. Further, the WPAG utilities look forward to working with BPA to resolve the remaining GTA issues.



GTA-031
OCT 14 2004

October 14, 2004

VIA FACSIMILE AND U.S. MAIL

Allen Burns
Executive Vice President for
Industry Restructuring
Bonneville Power Administration, R-3
P.O. Box 3621
Portland, Oregon 97208-3621
503.230.3285

Re: PPC Comments on the Proposed *Agreement Regarding Transfer Service*.

Dear Allen:

In the last decade, public power has become increasingly interested in the resolution of a broad array of issues involving service to customers that take load service over General Transfer Agreements (GTAs) between BPA and third-party transmission owners. These issues are both contentious and extremely important: contentious because GTA costs are borne by all customers and yet not all are served by them; important because the use of GTAs has allowed BPA to avoid significant capital investment and expense providing a benefit to all customers.

In May 2003, PPC's Executive Committee adopted a position paper on the resolution of certain GTA issues.¹ The paper represents a compromise among PPC's members, those served over GTAs and those served directly over BPA's main grid. PPC forwarded the position paper to the Administrator shortly after its adoption and requested that BPA discuss these issues with the public customers. BPA and customer representatives subsequently agreed to attempt to craft a mutually acceptable resolution to the issue of future deliveries of federal power to loads over GTAs.

PPC commends you and your staff's efforts in resolving the issue of delivery of federal power using GTAs. In particular Joe Rogers's persistence and expertise were critical to the successful resolution of the matter. The delivery of

¹ That document is appended to these comments as Attachment 1.

federal power to GTA customers' loads is an extremely important issue to PPC and it supports the resolution reached in the proposed *Agreement Regarding Transfer Service*. The proposed contract will benefit customers by providing greater assurance that present practices will continue and benefit BPA by giving it new stranded investment protection and greater rights to obtain information and cooperation from customers.

While we support the proposed resolution of the narrow issue of delivery of federal power, many other important GTA issues remain un-discussed and unresolved. Most of these are set forth in Attachment A to the proposed contract. PPC is pleased that BPA recognizes the need to address these other issues and proposes a process to do so. These issues include treatment and allocation of costs of low-voltage facilities; treatment and allocation of costs associated with upgrades of facilities not dealt with in the draft contract; service to annexed loads; quality of service; management of GTA agreements; GTA issues of Slice customers; and treatment and allocation of costs of ancillary services. We note that the proposed contract does not commit BPA to discussions regarding future allocations of costs attributable to RTO formation and operation should those be incurred. PPC urges BPA to take up that issue as soon as it is appropriate and apply the same principles of equity articulated in the proposed contract.

The proposed contract sets out a timetable for discussing the issues listed in its Attachment A. The timetable is aggressive and appropriately so. Resolution of these issues will inform a number of decisions that preference customers will face, including whether to support or oppose Grid West, a consolidated control area, new power sales contracts, and allocation of the Federal Base System.

We look forward to those discussions and have every hope that they will be productive.

Sincerely,



C. Clark Leone
Manager

Attachment 1

cc: PPC Executive Committee

041014_ppc comments to bpaFINAL.doc

Public Power Position on GTAs

Bonneville Power Administration (BPA) provides transmission service to 128 public power utilities. Of its 128 public power customers, 60 are served, at least in part, over third-party facilities via general transfer agreement (GTA) contracts, exchanges, or open-access transmission tariff agreements. This practice recognizes that BPA entered into the GTAs as a more cost-effective, politically feasible, and environmentally viable alternative to building federal transmission facilities to reach GTA loads. Currently, BPA rolls the transfer service costs into its power rates.

In the past, public power has been divided on issues related to the allocation of transfer service costs. GTA supporters maintain that BPA's historical treatment of these costs is appropriate because that these contracts were entered into as a substitution, in part, for the construction of transmission capacity by BPA for the delivery of federal power. Others believe that GTA costs should, at least in part, be directly assigned to GTA customers. Some believe that, if the GTAs are substitutes for constructing transmission capacity, then those costs should be recovered through BPA's transmission rates.

Compounding the debate over GTA costs, some GTA customers have encountered quality of service problems. Some facilities used for GTA service do not receive adequate maintenance, planning and expansion, rendering questionable the operational reliability of these facilities. Further, some GTA contracts either do not expressly permit or, in fact, actually prevent wheeling of surplus federal energy or non-federal energy to meet load, resulting in additional charges to move such power.

Coming to a mutual understanding of GTA issues will help public power speak with a unified voice on other transmission issues. Further, developing a united public power message will increase our political efficacy. With that in mind, public power adopts the following positions pertaining to GTA agreements (and their replacement service) and commitments to GTA type service as of May 1, 2003

1. **Access.** GTA customers should have access to BPA transmission service on the same basis as public utilities directly connected to the BPA system. GTA customers should be permitted to wheel non-federal energy to meet load as if they were connected directly to the BPA system. GTA customers requiring transmission to wheel power in excess of load should arrange for and buy such transmission separately, as do customers connected directly to the BPA transmission system.
2. **Cost Recovery.** BPA's costs of acquiring transfer service under existing or replacement GTAs/OATTs should be treated as a Network cost and recovered through BPA's transmission revenue requirement in the same manner as other Network costs. To the extent new facilities are required to provide transfer services, then the incremental costs of the new facilities should be treated in accordance with BPA's direct assignment policies.
3. **GTA Cost Evaluation.** BPA, in cooperation with its customers, should periodically evaluate (and report) the cost of replacing the services provided under existing GTAs on a case-by-case basis with open-access transmission tariffs (OATTs). It is possible that replacement of at least some of the GTAs with OATTs will provide a cost-effective means to resolve many issues of access and reliability. Replacement of a GTA with an OATT should not harm other public power customers served by the same GTA contract. Additionally, replacement of a GTA by an OATT before the GTA expires should not occur without the express consent of all the GTA customers served by any particular GTA.
4. **Quality of Service.** GTA customers should receive a quality of service equivalent to that of similarly situated customers of the transferring utility. Toward that goal, BPA should fully enforce its GTA contracts and assure that the participating IOUs satisfy the reliability, planning, and maintenance provisions to which they have agreed. BPA should ensure that utilities receiving GTA service are fully involved in BPA's enforcement of current GTA rights and should have full participation in discussions between BPA and the transferring utility(ies) regarding such service. In the

alternative, in cooperation with the affected parties, BPA should develop new agreements that provide to recipients of transfer service the right to enforce quality of service provisions. These new agreements should provide quality of service dispute resolution through a well-defined mechanism (e.g., arbitration). Such new agreements should work in conjunction with either GTAs or OATTs.

5. **Costs Due to RTO Formation and Operation.** In the event that BPA provides transfer service while BPA is a participating transmission owner (PTO) in an RTO, then the following principles should apply to the recovery of RTO-imposed costs:
- During the eight-year Company Rate period approved by FERC, BPA should roll the costs of transfer service into the transmission general revenue requirement and treat them as Network costs. Non-converted GTA customers will pay the BPA NT, PTP, or pre-888 rate for transmission services.
 - When assessing charges to a PTO, an RTO may identify costs (e.g., costs associated with upgrades) that benefit individual utilities or groups of utilities. If TBL is assessed such charges and TBL elects to directly assign such costs from the RTO in lieu of rolling them into the general revenue requirement, then all costs so identified by the RTO should be so recovered by TBL, regardless of whether the utility benefited is a GTA customer or directly connected to the federal grid.
 - If the RTO identifies costs as above, and if TBL or PBL chooses to recover such costs from all rates, by rolling them into the general revenue requirement rather than directly assigning such costs, then all costs so identified by the RTO should be recovered by the TBL, regardless of whether the utility benefited is a GTA customer or directly connected to the federal grid.

6. **Direct Assignment.** BPA should expand the applicability of the Guidelines for Direct Assignment Facilities (January 1999) so that facilities and costs associated with transfer service, whether incurred by BPA or directly charged to BPA by the transferring utility, are treated in the same way as facilities and costs associated with service on BPA's grid. In general, if TBL directly assigns costs under the Guidelines to customers directly connected to BPA, then TBL should directly assign similar costs to customers receiving transfer service. The Direct Assignment Guidelines should be modified to prohibit the direct assignment of investment costs required to provide a GTA customer with reliability comparable to similarly situated customers of the GTA provider.

7. **Duration and Durability.** Resolution of these issues regarding transfer service should be memorialized in long-term (20-year) agreements with clear and reliable enforcement mechanisms.

GTA-032
OCT 15 2004

Kuehn, Ginny - DM

From: alansooz@epud.net
Sent: Thursday, October 14, 2004 4:55 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Alan Zelenka
Emerald PUD
alansooz@epud.net

33733 Seavey Loop Road
Eugene OR 977405

Emerald PUD supports the the proposal on GTA Agreements that continues to roll-in the cost of these agreements into BPA rates through 2024. We beleive this is a fair and equitable arrangement for all of BPA's customers. Alan Zelenka Emerald PUD Power Resources Manager



3628 South 35th Street
Tacoma, Washington 98409-3192

TACOMA PUBLIC UTILITIES

GTA-033
OCT 15 2004

October 14, 2004

VIA E-Mail

comment@bpa.gov

Allen Burns
Executive Vice President for Industry Restructuring
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Re: Tacoma Power Comments on BPA Proposed Transfer Service Agreement (GTA)

Dear Mr. Burns:

The Bonneville Power Administration (BPA) is proposing to offer new long-term General Transfer Agreements (GTAs) to all BPA power customers that depend on GTA service. Tacoma Power (Tacoma) serves as a Third Party Transmission Provider providing Transfer Service over its system to ten BPA power customers. Tacoma recognizes that BPA and the GTA customers entered into previous GTAs under the auspices of a more cost-effective alternative to building federal transmission facilities to serve GTA loads.

When viewed under a broader context, the GTA service approach does not provide mutual or equitable treatment for BPA's other customers when issues of comparable transmission service are considered in cases such as integration of customer owned

resources. In such instances, customers have developed resources to meet load requirements and reduced the Administrator's obligation to serve, but in certain situations these customers have incurred additional wheeling charges that they solely bear. Therefore, by BPA's standard, if these customers had relied on the Administrator to provide the resource, then effectively they would be paying lower transmission costs.

Under BPA's current proposal for GTA service, the agreement could be in effect until as late as September 30, 2024. It is highly likely that over such an extended period of time many changes could potentially take place regarding the duration and nature of BPA's power sales contracts with its customers. Tacoma therefore recommends that the term of the GTAs coincide with the terms of power sales contracts so as to not frustrate any processes that may develop with implementing power contracts by having overlapping, binding GTAs.

BPA proposes to roll the GTA costs into either wholesale power or transmission service rates. Since GTA contracts are essentially "in-lieu" wheeling agreements executed as a least cost alternative to building transmission facilities, Tacoma recommends these costs be treated like any other BPA transmission facility and rolled into the Transmission Business Line (TBL) revenue requirement Network rate. To the extent new facilities or upgrades are required to provide future or existing GTA services, then the overall or incremental cost of the new facilities or upgrades should be treated in accordance with BPA's direct assignment policies.

GTA customers should receive a quality of service equivalent to that of similarly situated customers of the transferring utility. If the GTA customer desires a higher quality of service, then arrangements should be made between the transferring utility and the GTA customer to upgrade such facilities to a satisfactory level, with the costs of such upgrades born by the GTA customer.

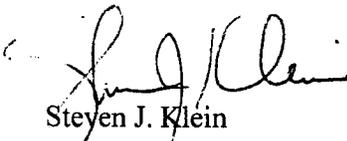
Mr. Allen Burns
October 14, 2004
Page 3

BPA, in cooperation with its customers, should periodically evaluate and report the cost of replacing the services under existing GTAs on a case-by-case basis with open-access transmission tariffs (OATTs). Replacement of at least some of the GTAs with OATTs could provide a cost effective means of resolving such issues as transmission access and service reliability for GTA customers.

GTA customers should have access to BPA transmission service on an equivalent level as public utilities directly connected to BPA's system, inasmuch as they are bound by the same rules, business practices and service provisions that customers connected directly to the BPA transmission system have to abide by. GTA customers should not receive additional transmission service flexibility beyond what other directly connected customers receive without arranging for and buying such transmission or services separately.

Thank you for this opportunity to comment.

Sincerely,


Steven J. Klein
Superintendent

GTA-034
OCT 19 2004

Kuehn, Ginny - DM

From: mderosia@cityofmilton.net
Sent: Tuesday, October 19, 2004 11:51 AM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Marlo De Rosia - Public Works Director
City of Milton
mderosia@cityofmilton.net
253-922-8738
1000 Laurel St
Milton WA 98354

As a small City with an Electric Utility serving slightly less than 3,500 accounts, we fully support BPA continuing to acquire and administer Transfer service. Due to our small size and limited staff, we are not equipped to deal with the day-to-day operation and administration of Transfer service. We understand that Transfer arrangements are technically complex and would require a level of expertise that we simply don't have and could not acquire on our own. BPA is much better equipped to manage this service for us. We appreciate BPA's willingness to accept this important responsibility through 2024. Thank you for the opportunity to comment on this topic.

10/19/2004

GTA-035

OCT 20 2004

Kuehn, Ginny - DM

From: rarego@lakeviewlight.com
Sent: Tuesday, October 19, 2004 6:51 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Robin A. Rego
Lakeview Light & Power
rarego@lakeviewlight.com
253-584-6060
11509 Bridgeport Way SW, PO 98979
Lakewood WA 98498-0979

We support the proposal for BPA to continue to acquire and manage Transfer service through FY 2024. Under the proposal transfer costs for existing service would continue to be rolled into rates. Since Lakeview is served by transfer over Tacoma Power facilities, the transfer costs would be a significant cost for your ratepayers if BPA were not covering the costs. Our ratepayers have already been hit with significant rate increases due to the various CRACs and could not afford any more. We used to have the lowest rates in the area but that is not the case anymore. We have large industrial customers who are talking seriously about relocating.

GTA-036
OCT 20 2004

Kuehn, Ginny - DM

From: johnny.bednarczyk@ci.steilacoom.wa.us
Sent: Tuesday, October 19, 2004 3:26 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Johnny Bednarczyk
Town of Steilacoom
johnny.bednarczyk@ci.steilacoom.wa.us
253-581-1912
1030 Roe Street
Steilacoom WA 98388-4010

October 19, 2004 These comments are submitted on behalf of the Town of Steilacoom, a Full-Requirements customer of the Bonneville Power Administration (BPA). The Town of Steilacoom fully supports BPA offering a new 20-year transfer service contract that would memorialize BPA's practice of arranging and paying for the Tacoma transfer service required to deliver federal power from the Federal Columbia River Transmission System ("Main Grid") to Steilacoom. We look for an agreement that would provide long-term clarity regarding roles and responsibilities between BPA and its GTA-served customers, help guide the development of BPA rate proposals, and address risks associated with long-term transmission obligations to third parties that BPA may enter into for the benefit of GTA-served customers. Thank you for the opportunity to comment on this most important and pressing issue. Johnny Bednarczyk Director of Public Works

GTA-037
OCT 20 2004

Kuehn, Ginny - DM

From: rarego@lakeviewlight.com
Sent: Tuesday, October 19, 2004 6:43 PM
To: BPA Public Involvement
Subject: Comment on Proposed GTA Agreement

Comment on Proposed GTA Agreement

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Robin A. Rego
Lakeview Light & Power
rarego@lakeviewlight.com
253-584-6060
11509 Bridgeport Way SW, PO 98979
Lakewood WA 98498-0979

My comments are addressed in the attachment letter to Steve Wright, dated September 22, 2004.

This comment includes an attachment!

GTA -037
OCT 20 2004

September 22, 2004

Mr. Steven J. Wright
Administrator and Chief Executive Officer
Bonneville Power Administration
905 NE 11th Avenue
P.O. Box 3621
Portland, OR 97208-3621

Dear Mr. Wright,

The Last Mile Electric Cooperative is pleased to submit comments on the Bonneville Power Administration's Policy Proposal for Power Supply Role for Fiscal Years 2007-2011 (Policy Proposal). We wish to offer comments to that part of the Policy Proposal addressing BPA's role in renewable resource development. Our comments here are independent of any comments members may offer separately, or as members of an industry association.

The Last Mile Electric Cooperative was formed in 2001. Our mission is "to provide affordable, cost-based electricity to rural and urban consumers through self-help efforts using the nonprofit cooperative business model." Last Mile has eleven members, including nine publicly owned utilities and two nonprofit associations. We understand and acknowledge that changes in the structure of the electricity industry will require adaptation by BPA, as it will for us. We further acknowledge the uncertainty associated with BPA's ability to supply all requirements that customers may wish to place on the agency indefinitely. We agree that BPA's customers will be taking on more risk in meeting loads, whether through BPA or directly. We believe we can directly shoulder an increasing share of that risk.

We also acknowledge the value of new wind and other renewable resources in diversifying the region's resource portfolio and so counteracting some of that risk. With all these considerations in mind members of Last Mile are developing the White Creek project, a 300 MW wind farm to be developed on a site near Roosevelt, Washington.

We believe BPA needs to support and facilitate the efforts we and other customers are making to assume more resource risk and responsibility. The options discussed in the Policy Proposal are all proposals we can support and may wish to employ in developing our project. We encourage BPA to pursue these and other proposals.

Specifically:

- Resolve transmission issues. Last Mile agrees with Bonneville’s proposal to “participat[e] in regional efforts to construct strategic transmission lines ... as well as finding ways to make more efficient use of existing transmission infrastructure.” (Policy Proposal page 21) More efficient transmission is easy to support: it’s good for all resources and customers, not just wind. Adding transmission capacity for an intermittent resource such as wind presents greater challenges than BPA which must be overcome (but if we can handle intermittent *loads*, we should be able to manage the mirror image on the resource side). We support development of new transmission capacity, provided that there is an equitable allocation of costs among beneficiaries (which include the developers, customers, and the region to the extent system flexibility is enhanced).

As noted elsewhere in the Policy Proposal, building new transmission lines is not necessarily the only tool for solving transmission issues. We encourage BPA to work with creativity and diligence to identify non-construction solutions to transmission issues. These could include, for example:

1. Exploring tariffs and business practices to identify ways to use the existing system more efficiently during non-constrained hours;
2. Ensuring that NT and GTA customers are fairly treated in pricing transmission interconnection for new non-Bonneville generation;

(I feel that calling for an impact study on intermittent resources is a gamble. The outcome might leave us worse off.)

3. Creating an analytic basis for valuing the system benefits of distributed generation development and integration (many distributed generation systems are expected to be renewable).

- Integration Services: We applaud BPA for developing its current integration products, the availability of which was a material consideration in our decision to move our wind project forward. We urge BPA to continue investing in research and analysis that will allow these products to be refined and expanded as we better understand and can predict the timing and quantity of wind generation from dispersed facilities. This will not only make for a more useful resource for system planning and management needs, but should also reduce BPA's risk in taking in larger amounts of wind. In order to provide an incentive for BPA customers to diversify their portfolios and become less dependent on BPA, we urge BPA to identify means to ensure that these products are reasonably priced and preferentially available to BPA's public utility customers who are acquiring renewable resources.
- Rate Discount: We support continuation of the Conservation and Renewable Discount, with respect to incentives for renewable resource development.
- Limited Acquisition Role: We agree that this tool should be available to BPA and its customers, subject to the "rigorous financial and risk tests" referenced in the report. Higher system risk of a limited and temporary BPA acquisition can be balanced against reduced system risk in consequence of customers developing their own resources and carrying the largest share of that resource risk. We would encourage BPA to adopt, as one of its tests prior to acquisition, a preference for supporting new customer renewables where its role is small but pivotal, and where the acquisition is conditioned on the customer(s) taking back the output and risk as its load grows into the resource.
- New Large Single Load. We agree with the proposal that customers be allowed to serve reassigned DSI load at preference provided that load over 9.9 aMW be served with renewables. We would support an expansion of this concept in two ways. First, the policy should apply to *all* new large single load, not just reassigned DSI load. Second, the policy should be limited to situations where a *significant* share of the new load is met through renewables. For example, if a new 10.0 aMW load is met with 9.9 aMW of preference power and .01 aMW of new renewable resource, the renewable share would be perfunctory rather than significant, and would not constitute a meaningful incentive for the customer to develop and acquire new renewable resources. What percentage of the load is deemed "significant" can be a topic for further discussion.
- Preservation of PF Allocation. We propose that BPA agree to continue, and expand if need be, its current policy that a customer utility developing a new renewable resource will not see its PF allocation rights permanently decremented. The current policy protecting such PF rights is a small but useful incentive for customers to develop their own resources. Abandoning or excessively limiting the scope of the policy would produce an active *disincentive* to such customer action, since the cost barrier of foregoing the PF entitlement would be added to the first-cost barrier of the renewable resource.

We encourage BPA to instead adopt a policy that allows the customer to grow back into the amount of PF that is temporarily displaced by the new resource. The option of reclaiming the foregone PF power gives the customer an offset against future load growth risk.

In return for taking the risk that a customer will wish to reclaim some or all of the foregone PF in the future, BPA sees an offsetting reduction in risk because the customer has developed an additional resource, further diversifying and expanding the regional power -- and in some instances, transmission -- systems. Risk is shared. The overall system gains in diversity and other values, to the advantage of BPA and other customers.

We encourage BPA to incorporate this policy into the Policy Proposal, and to adopt this full range of renewable resource facilitation tools.

- Finally, we encourage BPA to engage in dialogue with neighboring transmission systems to find ways to mitigate constraints. For example, with a strong statewide commitment to renewables acquisition, and even stronger local support in some locations, California utilities are eager to purchase the output of wind projects located in the Northwest. However, transmission access has proved to be an almost insurmountable obstacle to importing Northwest renewables. Redressing this constraint would spur Northwest renewable development in the short run, and provide lasting benefits to our region in the long-run. Ways to remove or mitigate transmission constraints could include: opening up dialogues with transmission operators in California to reduce the impact of pancaking, identifying unconstrained paths, and potentially identifying tools to enable more energy swaps between the regions.

We appreciate this opportunity to comment and hope that these comments have been useful.

Sincerely,

Robin A. Rego
President, Last Mile Electric Cooperative

On behalf of:

Members of Last Mile:
Tanner Electric Cooperative
Grant County Public Utility District
Douglas County Public Utility District
Mason County PUD #3
Lakeview Light and Power

Plumas-Sierra Rural Electric Cooperative
Klickitat County PUD
Northwest Cooperative Development Center
Kittitas County PUD
Cowlitz County PUD
Bonneville Environmental Foundation



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GTA-038
OCT 20 2004

October 19, 2004

MARCUS A. WOOD
Direct (503) 294-9434
mwood@stoel.com

VIA EMAIL AND U.S. MAIL

Bonneville Power Administration
Attn: Communications – DM-7
P.O. Box 14428
Portland, OR 97293-4428

Re: Comments on Bonneville Power Administration’s Proposed Agreement Regarding Transfer Service.

Avista Corporation, Idaho Power Company, Northwestern Energy, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. (“Transmission Customers”) jointly offer the following comments regarding BPA’s proposed 20-year contract regarding GTA service (“Proposed Agreement”).

It is our understanding that BPA’s preference agency customers currently taking service under general transfer agreements (“GTAs”) have sought assurances from BPA that BPA will continue to provide existing GTA service in the future under the same conditions and pricing as such service is now provided. The Transmission Customers believe that any such Proposed Agreements should not impose additional costs and obligations upon BPA and its transmission customers and should not expand the scope of such service by BPA to additional service territory or to additional BPA customers. We believe, however, that the Proposed Agreement does not clearly state this intent, and while certain provisions can be read as consistent with this intent, such provisions can also be read as imposing new, significant, and open-ended obligations upon BPA, thereby adversely affecting its transmission customers. The Transmission Customers therefore offer the following comments about how the Proposed Agreement might be improved to better reflect what we understand are the intentions of the parties to the Proposed Agreement.

Oregon
Washington
California
Utah
Idaho



A. The “Comparability” Language of the Proposed Agreement, Combined with the Agreement’s Ambiguity, Is Likely to Lead to Claims of GTA Customer Rights Much More Expansive than Assumed by BPA in Its Descriptions of the Agreement.

In multiple locations in the Proposed Agreement, BPA sets out an intent to resolve various issues defined in the Proposed Agreement, plus other issues to be defined later, based on a “comparability” principle.¹ For example, at Section 7(a), the Proposed Agreement provides as to treatment of “other issues”:

“In undertaking the obligations of this section 7(a) for the issues described in Exhibit A, unless otherwise stated, it is BPA’s intent to provide <<Customer Name>> with transmission service and Ancillary Services that are comparable to the service that BPA provides to its customers that are directly connected to the Federal Columbia River Transmission System.”

In Section 8(a), referring to other Transfer Service costs, the Proposed Agreement provides:

“...it is BPA’s intent to propose to allocate such costs to <<Customer Name>> in a manner comparable to the allocation BPA applies to recover similar costs from its customers that are directly connected to the Federal Columbia River Transmission System.”

In Section 8(b), referring to facilities expansions, the Proposed Agreement provides:

“...it is BPA’s intent to allocate such costs in a manner that is comparable to the allocation BPA proposes for similar costs for customers directly connected to the Federal Columbia River Transmission System.”

And in Section 9, referring to losses, the Proposed Agreement provides:

¹ We emphasize if or to the extent the “comparability” principle purports to treat off-system deliveries as if they were BPA main grid segment deliveries, but only for a select group of long-standing customers of BPA’s power function, such principle is different and contrary to FERC’s open access orders.



“BPA shall propose to treat real power losses and their costs that are incurred through use of a Third-Party Transmission Provider’s transmission system to provide Transfer Service pursuant to this Agreement in a manner comparable to BPA’s treatment of losses and costs for a similarly situated customer that is directly connected to BPA’s transmission system. For purposes of determining comparability, BPA shall view the facilities used to provide Transfer Service pursuant to this Agreement as if they were part of BPA’s transmission system.”

While “comparability” may sound “fair” as a general principle, the Transmission Customers are concerned that the GTA customers will later argue that this language ties BPA’s hands in future negotiations and that this Proposed Agreement may lead to serious consequences not described by BPA in offering this Proposed Agreement for comment. To give but a few examples:

1. Roll-In of Costs to Transmission Rates: BPA agrees in Section 4(a) to propose GTA cost roll-in to either its power or transmission rates. However, given the overall lack of specificity of the Proposed Agreement as to what the comparability principle means, the comparability language may later be asserted to constitute an intent to treat the roll-in the same as transmission costs of customers directly connected to the BPA main grid segment, i.e., as a rolled-in main grid segment cost.

2. Roll-In of GTA Losses: GTA customers may argue that the “comparability” language of Section 9 constitutes an agreement to roll-in main grid segment losses with the separate losses incurred through the GTA agreements, thereby causing main grid segment transmission customers to further subsidize GTA service.

3. Comparability in Quality of Service: The GTA customers long have argued that BPA should undertake the major investments needed to assure that their low-voltage deliveries have the same reliability as main grid segment deliveries. This “comparable” quality of service demand has been consistently rejected, both because of its high cost and because it simply is not customary for low voltage service to be assured the same reliability as high-voltage service. Read literally, the Proposed Agreement would seem to convey an intent for BPA to undertake just such investments.

4. Treatment of Costs of Facilities Not Included in the Definition of Transmission Component Costs (e.g., Low Voltage Service): The comparability principle is to be applied to the treatment of ill-defined other costs. If as stated, such costs are to be allocated in a manner



comparable to the allocation of costs to customers directly connected to the BPA main grid segment, then BPA may face a claim that it has agreed to roll-in yet more costs as a main grid segment customer subsidy to GTA customers.

5. Service to Load in Annexed Territories: If this service is to be negotiated and offered on a “comparable” basis to main grid segment service, a likely demand will be for BPA to pay the cost of transmission facilities acquired, by condemnation or otherwise, if territories of investor-owned utilities are annexed by GTA customers. We doubt that BPA has an intent to use its scarce transmission investment funds for such purposes; however, this Proposed Agreement can arguably be read to include such an intent.

Each of the above-mentioned issues would be a clear departure from existing GTA service to existing GTA customers. In order to ensure that the intent of the Proposed Agreement is preserved, we ask BPA to revise the Proposed Agreement to clarify that the Proposed Agreement relates only to BPA service to existing GTA customers in their existing service areas and that BPA is not agreeing, in principle or otherwise, to changes to the current treatment of GTA service, either with respect to rate policies or with respect to quality of service. Simply stated, BPA should be more specific about what “comparability” means and that BPA is not agreeing to any treatment of GTA customers other than as expressly provided in the Proposed Agreement.

B. If BPA Wants to Commit to Maintaining Existing GTA Service Through Contract Instead of a Policy, it Needs to Limit the Scope of its Commitments.

The Proposed Agreement is conspicuous for the lack of GTA customer consideration granted in return for the major commitments made by BPA. The one-sided contract also is unusual in that much of the document is an expression of “intent.” BPA probably does not intend expressions of intent to constitute any binding commitment but such expressions may be interpreted differently by FERC or a federal court. Moreover, under the Proposed Agreement, BPA’s obligation to roll in GTA costs is the same whether 80 GTA customers execute the Proposed Agreement, or one GTA customer executes the Proposed Agreement.

The Proposed Agreement lacks consideration and mutuality, is phrased as an expression of current intent, and suggests broad applicability of the benefits described in the Proposed Agreement. For these reasons particularly, the Transmission Customers recommend that BPA carefully define and limit its commitments under the Proposed Agreement.



A direct consequence of memorializing matters related to GTA service in the form of a contract is that BPA may invite additional challenges to BPA's rates and service policies---at least with respect to GTAs---in the Court of Federal Claims under theories of breach of contract.

As currently written, the Proposed Agreement is open-ended, its scope is undefined, and it is based (as discussed above) on an inadequately-defined concept of comparability. Therefore BPA must be particularly cautious in clarifying and limiting the scope of the Proposed Agreement.

C. BPA Should Permit its Transmission Customers a Meaningful Opportunity to Participate in any Follow-On GTA Contract Negotiations or Proceedings, as Contemplated in the Proposed Agreement, to the Extent that the Matters Addressed in such Negotiations may Impact the Transmission Customers.

BPA has been engaged since January 2002 in lengthy discussions and negotiations with GTA customers regarding potentially major changes to GTA policies. BPA did not seek the input of its non-GTA transmission customers until August 27, 2004, which was well after (i) basic goals had been set, (ii) the decision to memorialize GTA policy changes in a contract, as opposed to a policy process, had been made, (iii) the terms and provisions of the Proposed Agreement were drafted, and (iv) BPA had determined to offer such a contract to its GTA customers. The Transmission Customers are concerned about the consequences to them if BPA were to adopt a similar negotiating approach with respect to the potentially sensitive further issues that the Proposed Agreement calls for BPA to negotiate. The GTA customers are not the only entities that can be substantially impacted by resolution of the enumerated issues (which address fundamental BPA transmission policies); the Transmission Customers also could suffer potentially major impacts from the resolution of such issues. The Transmission Customers need a BPA commitment that they will be brought in the further negotiations or proceedings in a timely manner as needed to protect their interests.

D. The Proposed Agreement Creates the Implication that BPA Will Be Obligated to Negotiate Matters Not Identified Therein.

Section 7(a) of the Proposed Agreement states that the issues BPA commits to negotiate include, *but are not limited to*, those issues described in Exhibit A. Based upon our discussions with BPA staff, it is our understanding that BPA did not intend to create an open-ended obligation to resolve virtually any issue related to transfer service that is not expressly covered by the Proposed Agreement. If BPA intends to limit its consideration to the issues listed in Exhibit A only, it should remove the "including, but not limited to" language from section 7.



E. The Proposed Agreement Should Not Require a Change in the Current Treatment of GTA Service.

We understand from discussions with BPA staff that the Proposed Agreement is not intended to change the current treatment of transfer costs pending a change in FERC policies. If that is the intent, it would be helpful and appropriate for BPA to clarify in the Proposed Agreement that the Proposed Agreement applies only to existing GTA customers in their existing service areas and that BPA is not agreeing, in principle or otherwise, to changes to the current treatment of GTA service, either with respect to rate policies or with respect to quality of service.

F. BPA's Proposal To Resolve The Seven Issues Described in Exhibit A Over a Six-Month Period Seems Unworkable and Unrealistic.

In sections 7 and 8 of the Proposed Agreement BPA obligates itself to resolving a set of issues described in Exhibit A, i.e., the "Other Issues as They Relate to Transfer Service," within a six-month period ending April 1, 2005. This timeline is unrealistic.

For example, reading section 7(a) and Exhibit A together, BPA would arguably be obligated, unless the Transfer Service customer and BPA otherwise agree by April 1, 2005 (see section 7(c) of Proposed Agreement), to (at least endeavor) to treat service to load in annexed territories as though it were directly connected to the FCRTS. The implementation of any service to annexed territories requires more knowledge about the specific proposed circumstances than will be available to BPA by next April 1.

Similarly, section 8 of the Proposed Agreement, which obligates BPA to propose the allocation of costs arising from the "Other Issues" in a manner comparable to the allocation BPA applies to recover similar costs from its customers that are directly connected to the Federal Columbia River Transmission System. As described above, the implications of this proposal are troubling. In addition, the scope of section 8(a) is ambiguous and the negotiations may as a result be more difficult. For example, section 8 refers to "costs. . .not addressed pursuant to section 7(a)." Does this include the issues not included in Exhibit A (and not mentioned in the agreement)? If so, what are the limits—if any—on the scope of these issues?



Further, such a proposal is unrealistic because it assumes that BPA can, simultaneously with the prosecution of its pending transmission rate case, resolve seven separate issues relating to transfer service. Considering that it took BPA and the GTA customers over two-and-one-half years to develop the Proposed Agreement, it is unlikely that BPA can accomplish the goals set out in sections 7 and 8 of the Proposed Agreement within the proposed six-month time line.

G. The Contract's Proposed GTA Policy Would Lock in Historically Discriminatory Treatment Of The Costs of Low-Voltage Facilities.

The definition of Integrated Network Segment in the Proposed Agreement is the following:

“Integrated Network Segment” means those facilities of the Federal Columbia River Transmission System that are required for the delivery of bulk power, the costs for which are recovered through generally applicable rates, and that are identified as Integrated Network Segment, or its successor, in the BPA segmentation study for the applicable transmission rate period as determined in a hearing establishing or revising BPA’s transmission rates pursuant to section 7(i) of the Northwest Power Act.”

This definition is ambiguous and must be revised. Otherwise, the definition might be argued to “lock in” for the term of the Agreements the definition of the BPA main grid transmission segment (as the facilities required for the delivery of bulk power). In that regard, BPA for decades had a Customer Service Policy under which it would generally only install facilities for the delivery to generating publics and investor-owned utilities of non-federal power at 230 kV or greater, but would install facilities for the delivery of federal power (typically to BPA full requirements customers) at much lower voltages. Now, as the result of a non-precedential settlement of a BPA transmission rate case, BPA collects the cost of many lower-voltage facilities (e.g., 34.5 kV and above, up to (but not including) 230 kV facilities) through the main grid segment rates, which transmission customers pay for the delivery of federal and non-federal power over the main grid segment. As a result, the generating public and investor-owned utility transmission customers of BPA are paying the cost of their own lower-voltage facilities that they installed over the years and are also paying through BPA’s main grid charge a portion of the cost of the lower-voltage facilities installed by BPA to deliver federal power. The Agreements would thus appear to arguably lock in the results of the historical and discriminatory treatment of BPA transmission customers.



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In addition, BPA should clarify the Proposed Agreement to ensure it does not suggest or require a change in its treatment of low-voltage facilities below 34.5 kV.

In conclusion, any Proposed Agreement should address only BPA GTA service as it exists today to existing GTA customers in their existing service territories. For the reasons stated above, the Transmission Customers believe it would be arbitrary and capricious for BPA not to revise and clarify the Proposed Agreement as set forth in this letter. The Transmission Customers believe that each of the revisions and clarifications described above mitigate the risk that the Proposed Agreement would be found to be unreasonable.

Respectfully submitted,

A handwritten signature in cursive script that reads "Marcus Wood".

Marcus A. Wood

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