



Your Northwest Renewables Utility invites you to be a Conservation Sensation!

March 11, 2009

SUBMITTED VIA EMAIL to:
bpaaveragesystemcost@bpa.gov

Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Re: Snohomish County PUD Comments re: 2012/2013 REP Proceedings

Public Utility District No. 1 of Snohomish County, Washington (Snohomish) appreciates the opportunity to provide comments on the new Residential Exchange Program (REP) material in advance of the FY 2012/2013 Average System Cost (ASC) Proceeding.

Snohomish supports the following BPA Staff recommendations:

- Materiality Determinations for New Resource Additions - The WP-12 Initial Proposal's natural gas price forecast should be used as the basis for the natural gas fuel costs used for new resource additions in both the Draft and Final ASC Reports.
- Timing for New Resource Materiality Determinations - The proposed timing provides greater clarity regarding the contribution of new resource additions to each utility's base period ASC.
- Functionalization of Account 303, Software - Wholesale billing and settlement, market dispatch and wholesale energy risk management software should be functionalized to Production, acknowledging these are utility costs associated with power and transmission management.

Snohomish raises the following concerns associated with the ASC Methodology, the ASC Methodology Rules of Procedure, and the ASC Review Confidentiality Rules for use in FY 2012/2013:

1. At BPA's February 25, 2010 ASC Workshop, BPA Staff expressed some initial ideas for Consumer Owned Utilities (COUs) concerning conservation treatment associated with Above-Rate Period High Water Mark (RHWM) ASCs and Tier 2 loads. Snohomish is concerned that inconsistencies could arise between the conservation treatment currently being developed under the Tiered Rates Methodology (TRM) and prior policies adopted by the Administrator. Currently, the post-2011 treatment of conservation is being discussed by BPA and customers and is in a state of flux. BPA should assure consistency of conservation

treatments between COUs and Investor Owned Utilities so that the Above-RHWM treatment of conservation does not disproportionately impact Snohomish's access to REP benefits. Snohomish is concerned that the Above-RHWM treatment of conservation may impact Snohomish's access to REP benefits in a way that triggers section 3 of Exhibit D, added as part of the 2009 Amendment to the District's CHWM Contract. However, until we can review BPA's proposed language, these concerns are speculative. Snohomish reserves the right to submit further comments on this issue at a later time.

2. In the ASC Methodology Rules of Procedure, section 2.1.2 should be revised to state that consumer-owned utilities shall file an Appendix 1, accompanied by the Utility's most recent audited financial information, with BPA having the ability to request a Cost of Service Analysis (COSA), if needed. The form should also be revised to reflect that it may be signed by a Chief Financial Officer "or other responsible official" as allowed by section 301.8(b) of the ASC Methodology.
3. Additional comments on the ASC Methodology Rules of Procedure and the ASC Review Confidentiality Rules are reflected in the attached markups.
4. Snohomish requests to reserve its final comments concerning the updated Appendix 1 and New Resource Forecast models for a later time, after it has had the opportunity to review the model assumptions and methodology.

Snohomish appreciates the opportunity to comment and looks forward to working with BPA on these remaining issues.

Sincerely,



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

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