



EMERALD PEOPLE'S UTILITY DISTRICT

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January 11, 2008

Ms. Theresa Rockwood, PSW-6
PBL Account Executive
Bonneville Power Administration
PO Box 3621
Portland, OR 97208-3621

Subject: TRM Discussion Paper Comments

Theresa-

First off thank you and all the Regional Dialogue team for working so diligently on trying to achieve the very difficult task that they have in front of them. Also I appreciate being able to see some preliminary TRM ideas that would normally not be released to the public at this stage of their development.

Reading through the paper one area specifically caught my attention and that is the area concerning the CHWM Conservation adjustment. It appears that based on the nature of the methodology described in the paper, there is an extremely unfair advantage given to those utilities that have done little conservation in the past, and in fact, appears to create a situation where Emerald and maybe others will actually lose HWM in the calculation. (Emerald having a negative conservation credit?!?!? Come on.)

I state this for two reasons. One, BPA is only giving credit to conservation performed after FY2006 with no regard to previous efforts. I can accept this to a certain degree as one has to draw a line somewhere and Emerald did not do the conservation for the purposes of increasing our HWM. The second reason however concerns me a great deal and that is the pro-rata approach to distributing the credit.

BPA has decided to base the credit given to an individual utility on the amount of cost-effective conservation the utility does between now and 2010 **as compared to all other utilities**. For Emerald, who has been doing conservation continuously for the past 15 years, there is not a whole lot of cost-effective conservation left. Therefore we have a much smaller potential for achieving cost-effective conservation when we get compared to those utilities that have done little or none. The result is that Emerald's contribution, and therefore benefit is greatly reduced, and in fact potentially "negative".

I have attached a spreadsheet that shows Emerald in three possible 2010 scenarios, each of which results in a loss of our HWM. I just can't accept this and have to believe was not the intent BPA had in mind. Therefore I provide the possible suggestion to keep BPA from penalizing those utilities who stuck through the conservation roller coaster for the past 10 years.

My suggestion is this. Maintain the same calculation methodology but with the following exception:

Determine the amount of conservation a utility has already achieved over the last 10 years as a percentage of their 2010 load. Should it be above a pre-determined amount then do not reduce their HWM regardless of the calculation above. (i.e. their Conservation Credit is zero and not negative.)

Basically, the result is no utility who has done conservation doesn't get a credit necessarily but at least does not get penalized. Those that do get a positive credit however will get less than the calculation but still a positive credit. No one loses.

Sincerely,

Richard M. Jackson-Gistelli
Power Resources/Key Accounts
Emerald People's Utility District