

Thank you for the opportunity to provide comment to BPA regarding the Draft Tiered Rate Methodology. Lower Valley Energy is a member of Northwest Requirements Utilities and has participated in the development and review of that organization's comments on behalf of many of BPA's Load Following Customers, and we adopt their comments by this reference.

The purpose of Lower Valley's comments with this letter is to provide additional information we would like BPA to consider regarding eligibility for the Irrigation Rate Mitigation Program that will be available for the post FY 2011 period.

In the July 6th BPA Long Term Regional Dialogue Policy Proposal the Agency essentially said that the program would be limited to utilities that are participating FY 2007 – 2011 in BPA's Irrigation Rate Mitigation Product, or that participated in the FY 1997 – 2001 Summer Seasonal Product (SSP). It appears as if the purpose of including the SSP participants is to provide eligibility for utilities that are currently not taking service under the Priority Firm Rate structure (because they have a continuing Presubscription Contract of 10 year duration) but they will be on common footing with everyone else post 2011.

Lower Valley Energy's power sales deliveries for the period prior to 2001 were not based on the Priority Firm Rate schedule, but rather a unique contractual relationship. Because of that relationship we did not press for participation in the Summer Seasonal Product or challenge the minimal application criteria of 7,500 MWh of qualifying irrigation loads for the months of May thru September.

On October 30, 2006 Lower Valley Energy sent comments to BPA objecting to being excluded from the future Irrigation Rate Mitigation Program, when our BPA purchases will be occurring under the same Tiered Rate design as all other public preference customers. In the BPA Record of Decision, page 129, the Agency said that eligibility will be based on "*qualifications that will be established in BPA's wholesale power General Rate Schedule Provisions (GRSP).*" The Agency stated that "*The program would lose its efficacy were it made available to all measurable amounts of irrigation load, as suggested by Lower Valley.*"

Now in the Tiered Rate Methodology (page 63) the participation criteria contains a floor of 7,500 MWh in the months of May thru September or a minimum of 5% of the annual total retail load. 7,500 MWh for four months is equal to about 2.5 aMW of irrigation load. If BPA has concerns about opening the program to everyone, then Lower Valley Energy feels the Agency should apply a lower threshold target, which we would recommend at 1.0 aMW, which would set the qualification level at 3,000 MWh for the months of May thru September.

We note that BPA has made some significant adjustments in the program, such as expanding from FY 02 - 06 the eligible MWh of irrigation load for Slice of the System customers' block purchases from BPA in FY 07 – 11 to 100% from 50%.

Changing the program eligibility from 7,500 MWh to 3,000 MWh will not have a material impact on the Agency's overall financial position, but will mean a great deal to our retail customers that are involved in the irrigated agriculture sector. Assuming that other sectors of our total retail load should be charged a differential rate so that our irrigators can be placed on an equally competitive power supply position with other utilities in the region that BPA serves isn't fair.

In conclusion, Lower Valley Energy requests that BPA modify the Draft Tiered Rate Methodology (page 64 line 15) to include an irrigation load that must be greater than 3,000 MWh rather than 7,500 for the months of May thru September. We would also like to know the logic and justification of the eligibility requirements outlined in the Draft Tiered Rate Methodology and would also like to review a list of all customers now participating in the Irrigation Rate Mitigation Program and their corresponding irrigation load during the months of May thru September.

Thank you for your consideration of our views in this important matter. If you have any questions, please let me know. I can be reached at 307-885-3175.