

Davison Van Cleve PC

TEL (503) 241-7242 • FAX (503) 241-8160 • mail@dvclaw.com

Suite 400
333 SW Taylor
Portland, OR 97204

Melinda J. Davison
Admitted OR and WA

February 29, 2008

Via Email and U.S. Mail

Allen Burns
Vice President, Bulk Marketing
Bonneville Power Administration
PO Box 3621
Portland, OR 97208

Re: Service to the Direct Service Industries
PT-6

Dear Mr. Burns:

The Industrial Customers of Northwest Utilities (“ICNU”) submits the following comments regarding Bonneville Power Administration’s (“BPA”) proposal to delay its decision about whether to grant further subsidies to the Direct Service Industries (“DSIs”) for the period beginning October 2011. ICNU strongly recommends that BPA not delay its decision.

First, delaying this decision is not fair to BPA’s preference customers and their end use consumers. In its Regional Dialogue proposal, BPA indicated that any subsidy to the DSIs would be paid by preference customers in their Tier 1 rates. BPA is proceeding on a tight schedule to address the many issues for Tier 1 service to the publics. Before decisions are made regarding other Tier 1 service issues, preference customers need to understand how a decision to subsidize the DSIs would impact their rates. It is unfair to BPA’s preference customers to delay the decision regarding the DSI subsidy to late summer or early fall of 2008 while expecting these same customers to advocate or support other aspects of Tier 1 service. BPA should not further delay this process and should expeditiously make a decision regarding the DSIs.

Second, in your February 19, 2008 letter, you stated that a delay is needed to discuss further whether the current subsidy to the DSIs should remain the same or might need to be increased. The majority of regional stakeholders and BPA’s customers have already commented that the subsidies to the DSIs should be reduced or eliminated. In other words, there is no need for further delay or for additional negotiations with the DSIs to discuss expansion of the subsidy. BPA should instead focus its efforts upon how to promptly move the DSIs off the BPA system.

Letter to Allen Burns
February 29, 2008
Page 2

Thank you for the opportunity to comment.

Sincerely yours,

Handwritten signature of Melinda J. Davison in cursive script, followed by the initials 'EJS'.

Melinda J. Davison

cc: Mark Miller