



# Wells Rural Electric Company

1451 Humboldt Avenue  
775-752-3328

PO Box 365

Wells, Nevada 89835  
Fax: 775-752-3940

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Mark O. Gendron  
Vice President, Northwest Requirements Marketing  
Bonneville Power Administration  
905 NE 11th Avenue  
Portland, OR 97232

## Wells Rural Electric's Comment on Exhibit F

The purposes of this letter is for Wells Rural Electric Company (WREC) to provide comments but additionally express our support for the letter from John Saven of NRU dated August 28, 2009 regarding NRU's comments on Bonneville Power Administration's ("BPA") Draft Exhibit F to the Regional Dialogue Power Sales Contract.

We first wish to say that we agree with NRU's technical comments to Exhibit F, however, we particularly want to emphasize the issue of a "level playing field" between BPA Tier 2 products and non-federal resources that BPA described in the Regional Dialogue process. This includes equitable transmission treatment between BPA Tier 2 products and non-Federal resources for above HWM loads that promotes the ultimate goal of Regional Dialogue, that being to encourage BPA's customers to develop resources to meet load growth.

In discussions with our BPAT account executive it has become apparent to us that the task of bringing new non-federal resources to load is very difficult, if not nearly impossible, or cost effective with the many uncertainties and risks associated with dealing with the transmission OATT issues and constrained paths. WREC does not have the staff or expertise to address these issues as a utility and is therefore relying on our recently formed organization Northwest Energy Management Services (NEMS) for these services.

WREC has supported NRU over the recent period of negotiations with BPA regarding issues that we feel would put transmission acquisition for non-federal resources on a "level playing field" with BPA Tier 2 products. We felt the principles of a power exchange or assignment of non-federal power with BPA for the purpose of BPA delivering the non-federal power to load was a valid solution to the issues and make "business" life easier for BPA and the customers. Now we find that the issues have come to a laborious process of each individual utility having to jump through the hoops of acquiring transmission for non-federal power with all of the uncertainty and associated risks. WREC is certainly not opposed to following rules or requirements, but as we tried to go thru this process it only created more questions than solutions.

WREC does not believe there was any deliberate intention to create these differing business constructs. However, we have devoted years of substantial effort to the Regional Dialogue process with the ultimate goal of being involved in the development of non-federal resources to meet load growth. The progress made through the Regional Dialog is being jeopardized by recently identified transmission risk and uncertainty. Why would WREC want to select a non-federal resource when we can select the BPA Tier 2 rate product that brings no direct risk or uncertainty to WREC for transmission? This is not a "level playing field" and subverts the goal of developing additional generation resources. It is mind boggling to us that the Regional Dialogue process has come to this point just before we are required to make choices.

We whole heartedly agree with John Saven's suggestion that the November 1<sup>st</sup> notification date be extended but we suggest that it be extended until such time as BPA can submit contract language in

Exhibit F that establishes transmission for non-federal power on a “level playing field” with BPA Tier 2 products. We strongly support the idea of a power exchange between NRU and BPA that will meet this goal.

We appreciate the opportunity to provide our comments and vent our frustrations on this issue. We look forward to supporting NRU and BPA in resolving this issue.

Respectfully,

Clay R. Fitch