

**BPA Issues and Clarification List for FY 2010 - 2011 ASC Filing: Franklin PUD**

<b>Issue</b>	<b>Sch</b>	<b>Account</b>	<b>Issue</b>	<b>Discussion</b>
1.	Sch-1	389-399	<b>General Plant</b>  Does Franklin's General Plant include assets that should be allocated to its Broadband operations?	Franklin PUD's 2007 Annual Financial Report reports \$154 million in end-of-year plant in service, of which \$11 million is telecommunications or Broadband plant. Should some of Franklin's General plant be allocated to its Broadband operations?  FRANKLIN RESPONSE TO ISSUE:  The \$154 million as reported within the 2007 Annual financial Report included \$10.8 Million of work in progress. Account #389-399 did include broadband of \$10.9 million. An itemization of total utility plant is attached as Exhibit "A"
2.	Sch-1	186	<b>Miscellaneous Deferred Debits</b>  Did Franklin PUD correctly Functionalize Account 186. Miscellaneous Deferred Debits?	Direct analysis is required in the functionalization Miscellaneous Deferred Debits (Account 186). This account included costs of derivative assets. The entire amount included in Account 186 was functionalized to Production.  FRANKLIN RESPONSE TO ISSUE:  Miscellaneous Deferred Debits, Account 186, and it's offsetting Other Deferred Credits, Account #253, were both allocated to production. Franklin agrees that the functionalization of account 186 and account 253 to Distribution/Other is appropriate and will amend the reporting.
3.	Sch-1	253	<b>Other Deferred Credits</b>  Did Franklin PUD correctly Functionalize Account 253. Other Deferred Credits?	Direct analysis is required in the functionalization of Other Deferred Credits (Account 253). This account included costs of derivative liabilities and extended sick leave. The entire amount included in Account 253 was functionalized to Production.  FRANKLIN RESPONSE TO ISSUE:  See Franklin response to Issue #2.
4.	Sch-3 &	547	<b>Other Power – Fuel</b>	Franklin made payments of about \$1.5 million to get out of a long-term

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<p align="center"><b>ASC Forecast Model</b></p>		<p>Should costs associated with gas pipeline capacity assignment to another company be included in the ASC Forecast model?</p>	<p>natural gas pipeline capacity contract they no longer needed.  FRANKLIN RESPONSE TO ISSUE:  Franklin contracted pipeline capacity to meet 100 percent of the daily natural gas requirements of the District's share of Frederickson and Pasco generating projects. The district determined the capacity benefit was not expected to exceed costs and permanently assigned the contract to Terasen Gas. The District made payments to Terasen of \$1.5 million and was relieved of future transportation costs. The costs associated should not be included in the Forecast model.</p>
<p align="center"><b>5. Sch-3B</b></p>	<p align="center">456</p>	<p align="center"><b>Other Electric Revenues</b></p> <p>Did Franklin correctly functionalize Account 456 Other Electric Revenues?</p>	<p>FRANKLIN RESPONSE TO ISSUE:  It is agreed that Account 456 Other Electric Revenues did not correctly functionalize in the filing however the amount reported in account 456 needs to be corrected as well. Total Other Revenues should reflect the amount of \$4,485,515. This amount includes Other Electric Revenues which should reflect the value of \$86,650 and should be directly functionalized to Distribution/Other as it is derived from services billed to customers.</p>
<p align="center"><b>6. Sch-3 &amp; ASC Forecast Model</b></p>	<p align="center">555</p>	<p align="center"><b>Purchased Power Expense</b></p> <p>Did Franklin correctly calculate the cost of meeting load growth for FY 2010-2011?</p>	<p>FRANKLIN RESPONSE TO ISSUE:  In its filing, Franklin shows load growth being met with market purchases. Franklin is allowed to purchase PF power to meet its load growth during the rate period, FY 2010-2011.</p> <p>FRANKLIN RESPONSE TO ISSUE:  Franklin is not allowed to purchase additional PF power to meet its load growth during the rate period. Franklin's current contract is a Block and Slice Power Sale agreement. This contract provides federal power as a shaped block product ranging between 23aMW to 34 aMW's. The slice product provides the District 0.7851% of the output of the Federal System which is expected to be 75 aMW in an average water year. The system has not received average water years for consecutive years and forecast continues to be less than average in the near term. Franklin will meet its load growth and demand from the Frederickson plant, if economically dispatched, or from market purchases which ever is less.</p>

Exhibit "A"

Accountid	Accountdesc	Useful Life	December Balance
30101	Org.-intangible plant		(\$0)
30201	Franchise & Consents		\$0
34001	GEN LAND/LAND RIGHTS		\$100,394
34401	GEN-GENERATORS	20	\$18,132,358
35001	Land & land rights		\$87,878
35301	Station equipment	50	\$616,238
35401	Towers & fixtures	33.3	\$22,287
35501	Poles & fixtures	33.3	\$1,742,838
35601	OH conductr/devices	40	\$1,590,821
35701	UG conduit	40	\$16,697
35801	UG conduit/devices	40	\$757
36001	Land & land rights		\$327,555
36201	Station equipment	50	\$12,557,306
36401	Poles, towers & fixture	33.3	\$6,257,400
36501	OH conductors/devices	40	\$9,253,064
36601	UG conduit	50	\$14,043,693
36701	UG conductor/devices	20	\$19,877,103
36801	Transfmrs-100KVA & undr	33.3	\$13,406,305
36802	Trnsfmrs-over 100KVA	33.3	\$6,741,483
36803	REGULATORS/RECLOSERS	33.3	\$427,278
36901	Services	33.3	\$8,247,965
37001	Meters	33.3	\$4,315,366
37201	Security lighting	15	\$425,611
37301	Street lighting	33.3	\$1,089,788
38901	Land & land rights		\$129,458
39001	Structures & improvemnt	40	\$4,290,644
39002	STRUCTURES/FIBER OPTICS	40	\$1,089,421
39101	Office furn/equipment	5	\$4,011,666
39102	FIBER SOFTWARE	5	\$8,701
39201	Transportation equip	various	\$3,361,108
39301	Stores equipment	20	\$20,788
39401	Tools,shop,garage equip	14	\$756,035
39501	Laboratory equipment	10	\$25,767
39601	Power operated equip	10	\$6,521
39701	Communication equip	10	\$515,885
39702	UG/OH FIBER OPTICS	15	\$6,322,666
39703	WIRELESS NETWORK	15	\$494,919
39704	CUSTOMER DROPS FIBER	15	\$1,841,119
39801	Misc equipment-general	10	\$262,763
39901	Other tangible property	10	\$42,414
39902	ELECTRONICS/FIBER OPTIC	15	\$1,195,456
			\$143,655,517