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WREC RESPONSE TO COUNCIL PAPER ON BPA FUTURE ROLE

The following is a response from Wells Rural Electric Company (WREC) to the April 8, 2004 draft Council document entitled "Council Recommendations for the Future Role of the Bonneville Power Administration in Power Supply." We wish to say that we fully support the Council's efforts in providing guidance on the future role of the BPA in the Northwest.

Our comments are being provided in support of the comments provided by Northwest Rural Utilities (NRU) of which WREC is a member. We are fully in agreement with the comments provided by NRU and wish to provide further comments that both support the NRU positions and indicate to the Council the areas we see as of greatest concern to WREC.

Tiered Rates – We do not support tiered rates for the rate period beginning in FY 07. Our current contract with BPA runs through FY 11 and provides for the lowest cost based power rates. We believe there is no need for tiered rates in the current resource/load environment and we feel that any tiered rates applied during the current contract period would not be consistent with the contract provisions of lowest cost based rates.

Allocation of the FBS – WREC supports a long term allocation of the FBS that is both transparent, fair to all parties, and is consistent with the provisions of the Northwest Power Act. We feel that a methodology to accomplish allocation of the FBS can be accomplished through discussion with customers and BPA. We feel the Council should defer the method of allocation to the customers and BPA.

DSIs – We do not support allocation or long term contracts of FBS power to the DSIs that shift cost to BPA customers. We only support short term contracts and surplus power sales and/or interruptible power sales to the DSI such that costs are not shifted to BPA's other customers. We do not support the idea of providing credit support to the DSIs for the development of resources to firm up non firm energy. Credit support would most likely result in shifting costs to BPA's other customers.

IOU Benefits - We support BPA providing financial benefits only to the IOUs for their residential and small farm customers.

Cost Controls – We see this as an extremely important issue. The Council needs to address this issue to ensure the long term viability of low cost benefits from the FBS. Both customers and BPA need to be active in the cost control program such as the present Customer Collaborative. The Council, customers, and BPA need to keep cost control as a continuing priority.

Conservation and Renewables – WREC has found the Conservation and Renewables program to be very beneficial to its customers and support the continuation of the program. With regard to renewables, we take issue with the position that the cost of renewable resources acquired by BPA should be allocated to customers that chose to have BPA meet their load growth. BPA should only acquire renewable resources to meet the need of customers that request such resources and those customers should be allocated the cost.

We appreciate the opportunity to provide comments to the Council.

Clay Fitch, CEO

Wells Rural Electric Company