

April 16, 2004

Mrs. Nancy Morgan  
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Dear Nancy:

Clark Public Utilities appreciates the opportunity to comment on the Bonneville Power Administration's Short Term Firm Network Available Transfer Capability (BPA STF ATC). This topic is very important to the resource operating regime of the utility.

Clark Public Utilities is a major purchaser of short term firm hourly transmission. Furthermore, Clark is obligated to make purchases of transmission for relatively short time periods for predictable and unpredictable shutdowns for the River Road Generating Project.

We have some ongoing concerns regarding several of the business practices to be addressed by the policy. Specifically we would like to discuss the following questions and topics.

- How will BPA manage short term firm ATC on a real time or day-ahead basis? How will BPA accommodate short term unexpected occurrences of need for firm transmission? Many of the Clark purchases are for outages of short duration at unpredictable times. We are contractually obligated to notify BPA at "our earliest possible convenience" to make purchases for "firm transmission" for these periods when our generating project is not operating.
- How will BPA accommodate native load in the northwest on a priority basis for firm transmission? If at times there is no firm transmission available for service to the northwest utilities' native load because of transactions "through" the BPA system or if an entity has tied up transmission for other purposes or fails to use the capacity, resulting in a "cut" to the service of native load or financial hardships to northwest utilities, then we believe the policy is unfair and flawed.

- How will BPA handle nonfirm transmission? Will nonfirm transmission be available for delivery of displacement energy for short term purposes? Will BPA eventually accommodate a secondary market for short term transmission?
- The assumptions governing the short term firm policy are relatively conservative. This may lead to reduced availability of capacity on the system. We recommend a formal public review process some time in the future to determine if changes should be made to the policy.
- Will there be a greater probability of a firm power transaction being cut or suffering financial consequences under this proposed policy? We recommend that BPA study the effects of the policy compared with operating history. The TBL examples showed requested transactions in the queue with one entity asking for service for 35 days and other entities asking for less time duration. The examples indicated that the others who wanted service would have to match this 35 day time period to be eligible. Would Clark have to buy transmission for longer periods of time even if it was only needed for a period of hours or a few days?

Following is a description of Clark's operating and contractual issues. We have included some potential solutions to our issues which are outside of the policy but don't believe these are the only solutions. We would welcome a discussion with TBL on this topic.

- Clark Public Utilities has an obligation for customer served load (CSL) that ranges between 209 and 240 megawatts in any given month. We believe this is a benefit to BPA. This obligation relieves the BPA system of that much transfer capability and in effect increases the amount of long term firm ATC BPA has available.
- When the River Road Generating Project (RRGP) has an outage, Clark must purchase firm transmission for the difference between Clark's monthly CSL nominations and the transfer capability between the Clark and PacifiCorp systems (deemed to be 120 MW when the RRGP is not operating).
- Transmission must be purchased even if no displacement power is purchased (i.e. if replacement energy is removed from Clark's PacifiCorp storage account).
- According to the NT contract, Clark Public Utilities must purchase "firm transmission from BPA" with a point of delivery on Clark's system.
- If the RRGP had an outage and firm transmission were not available from BPA, Clark would be in violation of its CSL requirement and would pay the unauthorized increase charge of \$4.052/kW-mo for the difference between CSL and 120 MW. This is financially harmful and an unreasonable treatment of Clark's firm native load.

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- If Clark were unable to purchase firm transmission, could it purchase non-firm transmission and not be in violation of its CSL requirements (the contract specifies "firm transmission")?
- Does BPA's short term firm ATC policy allow for a real-time (day-of or day-ahead) purchase of transmission in the case of a forced outage? If not, how would Clark acquire short term firm transmission on a day-of or day-ahead basis?
- Does BPA's short term firm ATC policy give priority to public utilities that are required, per their NT contracts, to purchase firm transmission from BPA to serve native load?

We have listed some possible actions to insure our contractual obligations but, are not satisfied with solutions which have financial consequences to Clark's customers.

- Increase transfer capability between CPU and PacifiCorp up to the CSL level (BPA would have to agree to this).
- Decrease CSL to 120 MW (transfer capability) in all months (this would increase CPU's NT base charges (\$1,028/MW-month).
- Some combination of 1 and 2 so that transfer capability = CSL in all months.
- Have a PTP contract for an amount equal to CSL less 120 MW (transfer capability) in all months (at a cost of \$1,028/MW-month).

Please respond at your earliest convenience in order to ensure our deliveries of firm customer load.

Very truly yours,

Patrick R. McGary  
Power Manager  
Energy Resources Department

PRM/pw