

POWER OF COMMUNITY UPDATE

You may have heard or read about the recent ruling of the 9th Circuit Court of Appeals. Last month the Court ruled in favor of public power's lawsuit against the Bonneville Power Administration (BPA) involving the level of benefits investor owned utilities (IOUs) receive through the Residential Exchange program.

This decision upheld public power's concern that BPA customers were overpaying the Residential Exchange to IOU small farm and residential customers. This overpayment was part of the cause of a 40% rate hike from BPA to public power utilities and their consumers back in 2002. At the same time some IOU customers received a rate decrease. In response to the ruling, BPA immediately ended payouts of \$28 million per month to the IOUs. While this landmark decision represents fairness for public power consumers, it has thrown the region into disarray.

The IOUs are claiming they will have to raise rates to their customers by 14% as a result of this decision. They petitioned Congress and secured a letter signed by all the Northwest Senators that directs BPA to find a solution that would be acceptable to all stakeholders in the region. Public power agrees that resolution of this issue needs to be achieved by stakeholders in the region. We'll be closely following the progress of this issue and keep you posted.

Keep reading for more on ORECA's position....



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WHAT'S HAPPENING AT THE STATE CAPITOL?

Sine Die

The Oregon State Legislature is less than a month away from its scheduled adjournment date of June 30th. There is a palpable rush in Salem to “sine die” as scheduled and things are moving very quickly in the Capitol. Oregon Rural Electric Cooperative Association’s (ORECA) lobbyists are spending a great amount of time under the Capitol dome following the issues and protecting Oregon cooperative (co-op) interests as things wrap up.



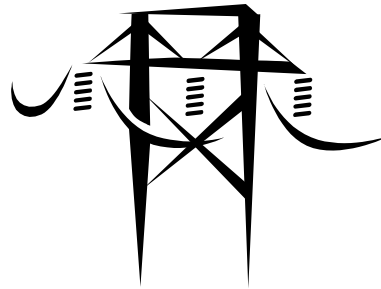
More on IOU Benefits

ORECA believes that small farm and residential customers of IOUs should receive some compensation from the federal hydropower system. The real dispute is over the level and amount of these benefits, and the impact they have on our customers. The federal hydro system was created to provide a power supply for non-profit utilities, like your co-op, and the vast majority of the benefits (preference power) should continue.

There has been a recent effort to penalize the consumer-owned utilities in Oregon over the Residential Exchange ruling. The Citizens Utility Board is working up language in a bill to be introduced to the State Legislature before the end of session. This bill would affect access to preference power for co-ops, like yours, in Oregon. ORECA is working diligently to defeat this amendment.

AC Intertie Update

House bill (HB) 2793 - it would exempt cooperatives from paying an intangible tax for use of the 3rd AC Intertie - is currently stalled in the Senate Revenue committee. ORECA is working diligently to get the bill scheduled for a hearing in order for it to move through the Senate.



Big RPS Win!

Senate Bill (SB) 838 passed the State House and Senate, and was signed by the Governor June 6th. Thank you again to all the Power of Community members who contacted their legislators last month.

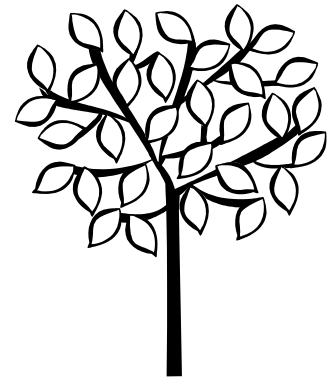
ORECA secured the amendment we wanted to exempt all utilities serving less than three percent of total state electrical load until 2025. We would not have realized this tremendous victory without your support. Thanks to your efforts co-op customers will not be harmed by state mandates that interfere with local control.



ORECA and the co-ops that make up its membership will continue its strong support of renewable energy - investing in and using them as technology develops and grows.

Save a tree - send us an e-mail!

Things move fast in Salem and we want to provide you with the most current information possible. Timing is also important when we ask you to contact your state legislators about



an issue of concern. Please send your name, e-mail address and electric cooperative to oreca@oreca.org to help us be more effective in the Capitol, and save money on printing and postage.