

October 29, 2018

Paul Rossow
Utility Analyst
Electric and Natural Gas Division
Oregon Public Utility Commission
PO Box 1088
Salem, OR 97308-1088

Re: PUC Avoided Cost Reporting

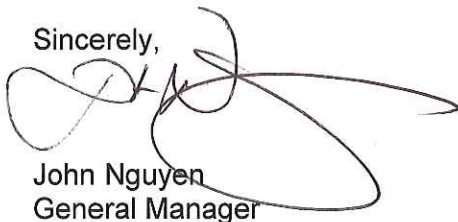
Dear Paul:

I am writing in response to your letter of October 23, 2018 and pursuant to OAR 860-029-0080(2) requesting information on our Avoided Costs. Columbia River PUD (CRPUD) is a full requirements customer of the Bonneville Power Administration (BPA) and does not own any generation; therefore our avoided costs are the BPA priority firm (PF) rate.

Our power supply contract with BPA expires on September 30, 2028. At this time we intend to remain a preference customer of BPA. Every two years, BPA sets the PF rate and the amount of Tier 1 power available to CRPUD. BPA is expected to finalize their BP-20 Rate Case sometime this coming summer, which will determine the actual PF rate for FY2020-FY2021. Moving forward, any load experienced either above (or below) CRPUD's Tier 1 Power allotment during that period will be supplied by BPA and charged (or credited, if below) to CRPUD as Load Shaping or BPA Short-Term rates. At this time, Load Shaping and BPA Short-Term rates are uncertain.

Because of CRPUD's relatively small size, it would be difficult to forecast anything beyond BPA's current rate period, therefore CRPUD does not forecast power supply costs 20 years into the future. However, based on the Initial Proposal, the average of our BPA Tier 1 power purchase is forecasted at 3.98 cents per kWh for FY 2020-FY2021, which is a slight increase when compared to our current FY2018-FY2019 rate of 3.79 cents per kWh.

Sincerely,



John Nguyen
General Manager

**Board of
Directors**

Jake Carter
Rob Mathers
Craig Melton
Harry Price
Debbie Reed

General Manager
John Nguyen