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LIBBY CALNON, General Manager

February 1, 2019

Paul Rossow, Utility Analyst
Oregon Public Utility Commission
PO Box 1088
Salem OR 97308-1088

RE: RE 172 Avoided Cost Filing

Dear Paul:

Hood River Electric Cooperative (HREC) currently purchases all wholesale power required to serve our membership from the Bonneville Power Administration (BPA).

HREC signed a 20-year contract with BPA committing to remain a Load Following customer of BPA through September 2028. Under the contract, HREC has received an allocated share of their BPA system output (our Tier 1 allocation) and has agreed to purchase all of its energy needs from BPA, instead of from other sources, up to the amount of its Tier 1 allocation. If HREC's load exceeds the allocation, HREC may acquire sufficient resources from BPA or another source to cover the additional load. It is our current practice to purchase those additional resources through BPA's Tier 2 product offerings.

Current BPA load forecasts suggest HREC's load can be served using a combination of the Tier 1 allocation, Load Shaping Charge, and BPA's Load Growth or Short-Term Tier 2 products for several years into the future. The following are our best estimates of these costs at this time:

Load Shaping: BPA forecasts that HREC will pay a Load Shaping Charge in some months and receive a Load Shaping Credit in others. The Load Shaping Charge for the next BPA rate period is not established at this time. Early indications suggest it will be in the range from \$12.60 to \$26.31/MWH during Heavy Load Hours and from \$3.03 to \$22.59/MWH during Light Load Hours.

Tier 2 Power: HREC will continue to purchase Tier 2 power from BPA through September 2019 under their Load Growth rate at \$45.42/MWH. Beginning October 1, 2019, HREC will purchase Tier 2 power from BPA under their Short Term rate. The Short Term rate for the rate period beginning October 1, 2019, has not been established at this time. Early indications are that the rate will be in the range of \$26.26/MWH.

These figures represent our best estimate of our avoided costs at this time. BPA's rates are published on their web site at www.bpa.gov. Please feel free to contact me by e-mail at libbyc@hrec.coop or (541) 354-1233 if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Libby Calnon".

Libby Calnon
General Manager