




OREGON TRAIL ELECTRIC CO-OP

A Touchstone Energy[®] Cooperative 
The power of human connections[®]

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December 10, 2014

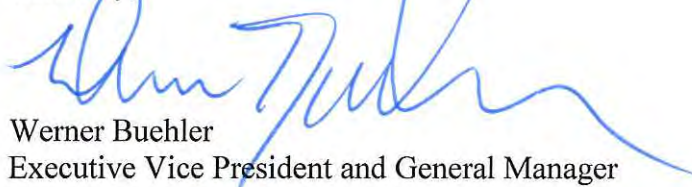
Mr. Paul Rossow
Utility Analyst
Electric and Natural Gas Division
Oregon Public Utility Commission
PO Box 1088
Salem, OR 97308-1088

Dear Mr. Rossow:

As a retail distribution cooperative with no generating resources, the avoided cost of Oregon Trail Electric Cooperative (OTEC) is established by the terms of OTEC's contracts with its sole wholesale power supplier, the Bonneville Power Administration (BPA). The delivered costs of wholesale power is established by the BPA Full Service Power Sales Agreement and the Service Agreement for Network Integration Transmission; applicable BPA rate schedules; and amendments. Complete copies of these materials are available at OTEC's headquarters in Baker City, Oregon.

The avoided cost applicable to a given Qualified Facility is equal to the marginal cost savings realized by OTEC under the relevant BPA contracts, which will result from the delivery of power by the Qualified Facility to OTEC.

Sincerely,



Werner Buehler
Executive Vice President and General Manager

WB:jm

cc: Ron Williams, Attorney

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