



JAMES E. RISCH
GOVERNOR

August 23, 2006

Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

RE: Comments for the Idaho Falls, August 7th Public Meeting

Bonneville Power Administration Representatives:

Idaho will prepare and submit complete comments on the Regional Dialogue Proposal to BPA before the September 29th deadline. However, Idaho wanted to prepare comments for this public meeting to indicate our areas of interest and concern.

At this time Idaho would like to reiterate support for the federal law requirement that residential and small farm customers served by BPA through investor-owned utilities have the right to share in the benefits of the federal hydro system administered by the Bonneville Power System. Sharing of the benefits occurs under the Residential Exchange Program and through benefits provided to Investor-Owned Utilities. Idaho has always supported the sharing of benefits derived from the federal hydro system with participants within the region. It is the policy of the State to share in the problems and costs of the system, including endangered species, requests for flow augmentation water, and operational changes for the endangered salmon and steelhead, concurrently, we should also share in the benefits.

Idaho is concerned that the BPA is proposing a reduction in the annual benefits of the Residential Exchange Program from approximately \$300 million dollars currently to \$250 million dollars for fiscal year 2012. Idaho requests that BPA provide the fiscal accounting for such a reduction, including the assumptions and methodology used for that accounting. As Governor of Idaho, I will extend an open invitation for BPA to present this information to me at your earliest convenience. I expect a meeting to be arranged in the next couple of weeks so that Idaho has time to review the protocols, assumptions and methodology used and have time to prepare final comments prior to the September 29th deadline.

Idaho would also like assurances that Tier 1 power and rates would be provided to the Residential Exchange Program. Additional information is also going to be required upon

Governor Risch
August 23, 2006
Page 2 of 2

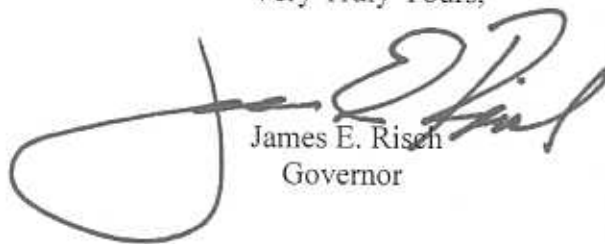
the entire customer base of BPA, which would include current rates, rate reductions and rate increases for those customers.

Finally, Idaho understands the benefits and challenges of integrating wind energy resources into a power system. The additional costs of integration should not be an expense born by the Residential Exchange Program.

In conclusion, on behalf of Idaho, I would like to provide meaningful comments and suggestions. To do so, it will be necessary for BPA to provide the information requested in a timely fashion. Idaho would like to review the proposal as an entire package not a piecemeal or "pick and choose" selection of the multiple issues involved. As an example, Idaho could not be supportive of long-term contracts without a properly funded Residential Exchange Program. Support must be based upon the entire proposal, the proposal as a whole.

Thank you for this meeting in Idaho. I look forward to meeting with you on this issue in the future.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "James E. Risch". The signature is stylized with a large, sweeping initial "J" and a prominent flourish at the end.

James E. Risch
Governor