

United Electric Coop, comments about the Long Term Regional Dialogue Policy Proposal

United Electric Co-op is located in Heyburn, Idaho. United serves the immediate area surrounding the cities of Rupert, Burley and Heyburn. Our purchases from Bonneville Power are approximately 20 average megawatts. There are approximately 10 BPA customer utilities located in South Central Idaho and are served via a network transmission services agreement between Idaho Power and BPA with a point of receipt on the LaGrande transmission line from BPA's system in Western Oregon to Idaho Power's system in Southeastern Oregon.

United supports the premise of tiered rates and believes in the fairness factor of each utility paying its proportionate share to operate the FBS and deliver power to BPA customers in an equitable manner.

United is concerned about the future. Our concern is over the delivery of non-federal resources to the Burley/Rupert area which is geographically contained in the Idaho Power Control area. United and it's neighboring utilities receive BPA power over an NT transmission contract. In the Regional Dialogue paper release by BPA it states "*Transfer service should not unnecessarily bias a customer to buy only Federal power to avoid the additional cost of wheeling over third party transmission facilities. Similarly BPA should not use transfer service as leverage to induce customers to buy Tier 2 power from BPA, if practical. This would be contrary to a fundamental goal of Regional Dialogue...*" The Regional Dialogue Policy Proposal also says "*BPA would pay for transmission network charges for non-federal transmission wheel(s) that leaves the FCRTS.*" With BPA stating that non-federal power must touch the BPA grid, that determination leaves the BPA customers located in the Idaho Power Control Area in a predicament and potentially unable to apply the benefits of pursuing what we believe to be a viable non-federal power supply option for Tier 2 service.

United along with several other utilities located in South Central Idaho are participating in the Intermountain Power Project Unit 3 (IPP III). IPP III is a 900 aMW coal fired power plant that is planning to come on line in April of 2012. In order to wheel the power from the IPP III plant in Delta Utah to the utilities in my area, the power will flow through Pacificorp transmission lines into the Idaho Power control area and then to a few miles of BPA or customer owned transmission before arriving at our distribution substations. United and it's neighbors would pay three wheeling charges if BPA's proposal is followed. I think this makes BPA marketed tier 2 power United's only option, and that is contrary to the fundamental goal of the Regional Dialogue.

The cooperatives and municipalities in Idaho have always maintained that the historic GTA agreements that have been put in place of a Federal Transmission System are the functional equivalent of having the FTS available to our points of delivery.

If BPA decides to implement the proposed policy as stated in the Regional Dialogue Proposal, it will have a negative financial effect on us for the IPP III wheel into the Idaho Power Control area.

I urge BPA to work with the customers in South Central Idaho to solve this problem. BPA will need to add a new point of receipt to its Network Transmission Agreement with Idaho Power. We also believe beneficial exchanges of power may be a good solution to this problem and that such approaches have been applied creatively in the past to solve similar problems. Anything that can be accomplished would help eliminate the constrained transmission path from LeGrande and further constraints on the Idaho Power system.

As you may recall, United Electric and other Idaho utilities worked to support BPA in the former Grid West discussions in an attempt to prevent just this type of potential problem from occurring.

The next topic I'd like to discuss is the upcoming BPA power supply rates and customer charges that may be applied post FY 2011, in conjunction with new contracts. I have been a strong advocate of Bonneville offering rates that significantly reduce or hopefully eliminate the divisive atmosphere that customers have faced during the present rate period. BPA has the professional staff expertise and the support tools to design a rate that brings customers together rather than splitting them. This rate period has had more division among the customer group than ever before. Bonneville needs the political strength of the customers to be successful. The customers need Bonneville in order to be cost competitive. I urge you to take a serious look at designing a rate that helps eliminate the acrimony that is fair to all parties, and durable over time.

Thank you for the opportunity to submit these comments on behalf of United Electric. United Electric is also a member of Northwest Requirements Utilities, Northwest Irrigation Utilities, Idaho Energy Authority and Idaho Consumer-Owned Utilities Association and concurs in the comments regarding the BPA Regional Dialogue Policy Proposal submitted by those organizations on additional topics that are also important to our utility.