

October 24, 2006

Bonneville Power Administration
Public Affairs Office – DKC-7
P.O. Box 14428
Portland, OR 97293-4428

Re: Comments on Regional Dialogue

Thank you for the opportunity to comment on BPA's Long Term Regional Dialogue Policy Proposal ("Proposal"). The purpose of this letter is to underscore some very important issues to my utility, Kootenai Electric Cooperative. Kootenai Electric serves approximately 21,000 consumers in Idaho and, as a full requirements customer of Bonneville, we are vitally interested in the proposed allocation methodology.

Transfer Service

Kootenai Electric takes service from Bonneville via a transfer arrangement that BPA has with Avista Utilities. One of the guiding principals of transfer service has always been that such service be comparable to the service provided by BPA to its directly connected customers. BPA's policy should remain faithful to that concept. It is critical that BPA assume the obligation to wheel Tier 2 non-federal power through its transmission agreement with Avista in order to serve Kootenai Electric's native load. Unfortunately, the Proposal, as currently written, will restrict our access to regional power markets other than BPA. This is contrary to the policy guideline in the Regional Dialogue which provides that "BPA should not use transfer service as a leverage to induce customers to buy Tier 2 power from BPA."

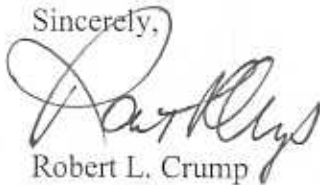
Costs in Tier 1

KEC is concerned that as BPA continues to expand the benefits of the Federal Base System (FBS) those increasing costs will be picked up by the customers who will purchase Tier 1 power. Some examples of those increasing excessive costs are in the Residential Exchange for customers of the investor-owned utilities and the proposed level of service to the DSI's. BPA must hold the line on increasing both of these subsidies. BPA cannot expand benefits in an allocated system where the FBS is not growing and is divided up among its purchasers. If BPA's price for Tier 1 power climbs to point of or exceeds the price of power available in the market, purchasers will choose to go with the less expensive alternative.

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Thank you again for this opportunity to comment. We are also a member of and endorse the comments filed by NRU, IDEA and ICUA.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. Crump".

Robert L. Crump
General Manager

RLC/teb

c: Pete Richardson, IDEA
John Saven, NRU
Ron Williams, ICUA