

FALL RIVER RURAL ELECTRIC
COOPERATIVE, INC.

1150 NORTH 3400 EAST
ASHTON, ID 83420
(208) 652-7431
1-800-632-5726
FAX (208) 652-7825
www.frrec.com

REG-076

Steve Wright, Administrator
Bonneville Power Administration
PO Box 14428
Portland, Oregon 97293-4428

October 25, 2006

Re: Fall River Rural Electric Cooperative, Inc. Comments on Regional Dialogue

Dear Mr. Wright:

Thank you for the opportunity to comment on BPA's Long Term Regional Dialogue Policy Proposal. I am writing today to underscore some very important issues to my utility, Fall River Rural Electric Cooperative, Inc. (Fall River). As you know Fall River serves approximately 13,500 consumers in Idaho, Montana and Wyoming. As a slice customer of Bonneville we are vitally interested in the proposed allocation methodology.

Fall River is participating with other entities in drafting comprehensive comments which are being filed separately. However, the issue of transfer service for non-Federal power is so compelling to our future viability that it is necessary for me to write separately in order to emphasize its importance

Fall River is one of only six BPA customers who take service from Bonneville via an exchange agreement between BPA and PacifiCorp. The Southern Idaho Exchange (SIE) is a unique arrangement that is replicated nowhere else on BPA's system. Historically, one of the guiding principals for transfer service such as the SIE has always been that such service be comparable to the service provided by BPA to its directly connected customers. If it is BPA's policy to remain faithful to that concept, it is critical that BPA assume the obligation to wheel Tier 2 non-Federal power either through the SIE or via a separate transmission agreement with PacifiCorp. Unfortunately, the Proposal, as currently written, will not accommodate our access to regional power markets other than through 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".



The benefits for the IOU's are somewhat problematic. I see Rocky Mountain Power and Idaho Power Company with wholesale power rates identical to the BPA wholesale power rate and should not receive any benefits under the law. However, I do believe that a settlement that is reasonable does make sense for the long term and reduces the risk for the coming years, is a reasonable approach. I believe that the settlement should be in the neighborhood of \$200 million to be reasonable.

I do not believe that BPA has any obligation to subsidize the DSI's. They have a poor track record for the dollars our rate payers have paid in their behalf.

As a slice utility, I do not know what the term less flexibility means. I think that the product may need a few tweaks, but substantial changes are not warranted.

There are many complex issues included in the Regional Dialogue Policy. I am committed to resolving disagreements if at all possible. But, in the instance that some controversies are not resolvable, the hard won agreements reached within public power with respect to "service to publics" nevertheless should be incorporated into the final policy.

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

Sincerely;



Dee M. Reynolds,

General Manager

Fall River Rural Electric Cooperative, Inc.