

Comments of Raft River Rural
Electric Cooperative, Inc.

Regarding the

Bonneville Power Administration
Long-Term Regional Dialogue Policy Proposal

October 30, 2006

Introduction

Raft River Electric is pleased to provide comments on the Bonneville Power Administration (BPA) Long-Term Regional Dialogue Policy Proposal (RDP) that was released July 13, 2006. We have been strong supporters along with many others in the region to advocate proposals that could achieve long-term contracts and much-needed stability.

Raft River supports the comments made by PNGC, ICUA, and IDEA on the RDP that have been submitted through out this process. As Raft River looks to the future and contemplates the effects of the RDP on our Co-op we would like to further emphasize the following points that we believe very important to our local members:

Utility High Water Marks

BPA should work with its customers to develop a mutually acceptable methodology for weather adjustments and a method for forecasting irrigation loads. Raft River's load can swing up to 20% measured year to year based on variability in our irrigation load. Typical weather normalization does not tend to work for forecasting the load of utilities with high concentrations of irrigation usage. We would encourage BPA to acknowledge this problem and work with utilities to find a solution that treats everyone fairly.

BPA should also take into account other government programs which may result in temporary load reductions which could lower a utilities 2010 actual loads. There are some current agricultural set-aside programs which will take certain irrigation lands out of production for multiple years (including 2010) but then return the land to service during the contract period. We urge BPA to work with its customers to account for these temporary load reductions which are a result of other federal initiatives that are outside of the local utilities control.

Transmission and Service with General Transfer Agreements (GTA)

Raft River supports the use of GTA agreements to serve the needs of your customers who are not directly connected to the federal transmission system. These agreements have saved the region the expense of building costly infrastructure and lowered the overall cost of delivering electricity to all of BPA's customers.

Raft River takes service from Bonneville via a GTA that BPA has with Idaho Power Company. One of the guiding principals of GTA service 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 through its transmission agreement with Idaho Power in order to serve Raft River's native load. Unfortunately,

the Proposal, as currently written, will not accommodate 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”.

Raft River believes that a utility should pay the costs of delivering non federal power to the federal system or to the edge of the GTA transferor’s system and the remaining wheels should be covered in the NT rate. This policy would encourage utilities to consider resource options from all regions and place less strain on the Northwest transmission system.

Joint Operating Entities and Pooling of Net Requirements

Smaller utilities do not on their own have the load or the staff or financial resources to develop new resources. All over the country small utilities have banded together in various configurations to serve their power needs jointly. As BPA implements policies with the intent of encouraging its customers to meet their own load growth, it needs to adopt policies that foster this goal. Making the Regional Dialogue policies work for utilities who have banded together for this purpose is in BPA’s and the region’s interest.

The RDP should recognize that Joint operating entities (JOEs) have made substantial investments to develop the infrastructure and staff capabilities to plan, operate, and contract for power as a single entity. HWMs should be established on an individual utility basis in the first instance. If however, individual utilities declare themselves part of a JOE, BPA should allow the combining of such HWMs for subsequent planning and operations to occur on a pooled basis - including determination of net requirements for determination of Tier 1 service, declaration of any TIER 2 amounts, within rate period operation of any product, resource planning, and power sales contracts.

Irrigation Rate Mitigation Program (IRMP)

Raft River is supportive of the proposed approach of establishing a fixed mil per – kWh discount to the Tier 1 rate instead of a separate product like the current approach. We recommend that BPA approach provide benefits in a fair and equitable manner regardless of the product selected by a utility. The discrimination in benefits based on product type that existed under the IRMP approach should not reoccur in the future irrigation rate mitigation approach.

Utilities eligible for irrigation rate mitigation should get the benefit for the entire amount of their qualifying FY 2002-2004 3-year average energy amounts. Eligible MWh should not be limited by the amount of Block power contracted. The rate discount approach should not discriminate the amount of benefit based on the type of BPA Tier 1 that a utility selects.

Conclusion

Thank you for the opportunity to comment and participate in this very important process. I'd like to commend the BPA staff and all of the customer representatives who worked hard over the last couple of years to get us to where we are now. This is a critical issue to the region in order to stabilize the benefits of the federal system into the future.

Raft River has been involved with the policy issues surrounding the post-2011 contract process for several years. The decisions that are being considered today will have lasting affects on our communities and their supplies of electric energy in the future. We urge BPA to stick to the timeline outlined so there is some certainty when utilities are faced with the many decisions that come with planning for future power supply.