



CLEARWATER POWER COMPANY

4230 HATWAI ROAD
P.O. BOX 997
LEWISTON, IDAHO 83501
www.clearwaterpower.com

(208)743-1501
FAX (208) 746-3902
TOLL FREE (888) 743-1501

October 31, 2006

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

Re: Clearwater Power Company's Comments on the Regional Dialogue Policy Proposal

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, Clearwater Power Company. As you know, Clearwater Power Company serves approximately ten thousand consumers in Idaho, Washington, and Oregon. As a Slice customer of Bonneville, we are vitally interested in the proposed allocation methodology.

Although I have concerns over some of the specific proposals, the policy contains helpful direction in clarifying roles and responsibilities for future power supply direction critical for making power planning decisions. BPA should move quickly to pin down an outline of the policy that reflects customer comment, then work to define the specifics of product design, rate methodology, and contract terms in subsequent proceedings.

Furthermore, I am writing to underscore the importance that BPA continue to honor its long-term commitments to its GTA customers and that their service is comparable to the service provided by BPA to customers that are directly connected to BPA's transmission system. Clearwater Power Company is participating with other entities in drafting comprehensive comments, which are being filed separately. However, the issue of transfer service for both federal and non-federal power is sufficiently compelling that it is necessary for me to write separately in order to emphasize its importance.

Unfortunately, the Regional Dialogue Proposal, as currently written, will not allow existing GTA customers in Idaho 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". We urge you to reconsider the wisdom of such a prohibition.

Page 2

In addition, while some level of detail on how contracts, rates, and products might work is useful, the final document should contain high-level principles regarding products and avoid going into detail about specific products. Viable Partial requirements and Slice products are keys to creating a diverse set of options that spread risk and allow resource integration. Proposals by BPA to limit the usefulness of the Slice product should be struck from the final draft. While minor adjustments may be reasonable, the product should not be arbitrarily limited in volume or in capacity. Flexibility should be provided on a basis comparable to the flexibility BPA's Power Business Line has to meet non-Slice load and to market surplus power.

Thank you for this opportunity to comment. I commend BPA's efforts regarding their Long-Term Regional Dialogue Policy Proposal. We are also a member of and endorse the comments filed by both the Idaho Consumer-Owned Utilities Association and the Pacific Northwest Generating Cooperative.

Sincerely,

CLEARWATER POWER COMPANY

A handwritten signature in black ink, appearing to read "K. D. Hagen", with a long horizontal line extending to the right from the end of the signature.

K. David Hagen
General Manager