

May 12, 2006

Via Email & U.S. Mail

Bonneville Power Administration – TBL
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Re: NRU Comments on Congestion White Paper

Northwest Requirements Utilities ("NRU") submits these comments regarding BPA's April 2006 white paper, *Challenge for the Northwest, Protecting and Managing an Increasingly Congested Transmission System* ("White Paper"). NRU participated with other public preference customers in developing the detailed comments submitted by the Public Power Council on the congestion issues BPA posed in the White Paper. NRU supports the PPC's comments and adds the following.

NRU Members: NRU has fifty-one utility members, nearly all of which take Network Integration Transmission Service (NT service) from BPA. These utilities also take all or virtually all of their power supplies from BPA. They tend to be smaller utilities and many are located in rural areas of the region. Most do not schedule their transmission service but rely on the Power Business Line to undertake scheduling on their behalf.

Key NRU Concerns: NRU is concerned about increasing congestion on the regional grid. More particularly, we are concerned about the availability and reliability of firm transmission service into the future. NRU participated in multiple region-wide efforts over the past seven years to develop comprehensive approaches to transmission service, including RTO West and Grid West, and now ColumbiaGrid. While we recognize how difficult and contentious these various discussions have been, it is concerning that, to date, none has produced a regional consensus about how to move forward.

At this time, transmission service has rapidly become a key consideration for NRU members as they begin to consider acquisition and delivery of supplies to meet load growth post-2011. Some NRU members are having difficulty securing adequate transmission to serve load today. Increasing congestion is an indicator

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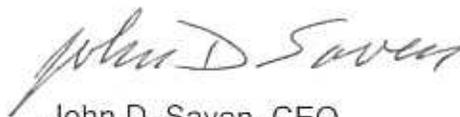
that transmission availability issues warrant action now. NRU appreciates BPA's attention to these matters.

Near Term Issues: NRU and NRU members are not in a position to tell BPA how to plan or operate the federal transmission system. We expect BPA to take seriously its responsibilities for developing, maintaining, and operating the transmission system for the purpose of safely and reliably serving regional loads and load growth. We can accept solutions to current congestion issues that are commercially reasonable, are consistent with BPA's legal obligations, result in safe, reliable and adequate transmission services to load, achieve these results in the most cost-beneficial manner possible, and fairly apportion the costs of solutions to those responsible.

Mid- and Long-term Issues: Due to the concerns of NRU members about the long term availability and reliability of transmission service to load, NRU is interested in how BPA's approach to congestion in the mid-term may evolve into options and solutions that improve service and supply choices for the long term. Therefore, NRU is interested in whether congestion solutions may result in more firm transmission service for post-2011 federal and non-federal supplies, or rather whether lack of transmission availability will inordinately constrain our member utilities' supply choices. The latter is not an acceptable outcome. In addition, NRU is concerned about whether BPA's near and mid-term approaches to congestion can provide BPA with data necessary to manage the system and allocate costs fairly, without imposing more costs and administrative burdens on BPA and customers than necessary. For example, it appears from some of BPA's recent communications that BPA may be required to rely on redispatch of federal resources as a first line of defense in managing congestion for all transmission system users. If redispatch of federal resources is the most cost beneficial solution available, NRU could support its use but will want to ensure that redispatch costs are being fairly allocated to NT and PTP customers in TBL's next general rate case.

In closing, NRU appreciates BPA's proactive approach to communicating with customers about the transmission congestion issues facing the agency and transmission customers. Because NRU sees that mid- and long-term transmission issues will need considerable regional attention over the next few years, NRU encourages BPA to continue communicating with customers about the issues it faces and potential solutions.

Very truly yours,



John D. Saven, CEO
Northwest Requirements Utilities