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Bonneville Power Administration
P.O. Box 12999
Portland, OR 97212

Dr. Steve:

SUBJECT: Comment on Role of BPA

On behalf of almost all of our seventeen members, Energy Northwest offers comments on the future role of BPA, as it addresses the power needs of the region over the next two decades.

The Joint Customer Proposal, as set forth in May 2002, embodied a strong conceptual framework for a reasonable and effective plan for the next twenty years. That proposal had a number of attractive features, including:

- Allocation of the low cost energy from the Federal Base System (FBS) to a wide array of residential and small farm customers throughout the Northwest;
- A uniform treatment of BPA's customers regarding the risks and benefits of changes to the costs and output of the FBS;
- A clearer statement on the extent to which BPA needs to purchase power; and
- An increase in utility activity to secure resources to meet their needs

Each of these issues has lacked clarity over the last few years, and many of them have been the subject of vigorous debate and regional conflict. Getting a unified position on any of them would be real progress. Getting resolution of *all* of them would bring a dramatic improvement to the Northwest energy scene. This is a goal worth pursuing.

The proposal also brings the prospect of the settlement of outstanding litigation. This also has value to the region, because it allows all of the regional players to apply their dollars and staff energy to solving *real* energy problems.

We further believe that if public power utilities develop resources to meet their needs for load growth or to fill in their allocation of the system – as they have indicated in the Joint Customer Proposal, it will help ensure a strong future for public power in the Northwest.

At this point, a few caveats are in order. As noted above, we purposely applied the phrase “conceptual framework” to the proposal. First, we know that this is a work in progress,

and that proposed solutions for additional issues and sub-issues are being developed at the current time. We also acknowledge the adage “the devil is in the details”, and this complex set of issues is no exception. In addition, you have raised several issues that you believe require additional examination and discussion. We can appreciate that some aspects of the proposal may require creative adjustments, and also acknowledge that the region might lose some of the ability to optimize several objectives at once by decreasing the operational unity of the system. This is no small matter, both because of the dollars involved, and because of the potential to increase dissatisfaction because interest groups feel that fewer of their needs are being met. Finally, as your organization has noted, several of our members have concerns that the financial transfer of benefits to the IOUs may have been set at a level that is higher than is appropriate for most conditions.

We acknowledge and respect the complexities of the foregoing issues. However, the benefits of the shifts embodied in the proposal have the potential to be enormous. I urge you to apply the resources of your organization to continue to work with the key parties, and find a way to make this proposal, or something like it, become reality.

Respectfully,

[signed]

J.V. Parrish, CEO
Energy Northwest