

June 13, 2005

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Dear Paul:

Inland Power & Light Co. (Inland) appreciates the opportunity to comment on the Long Term Regional Dialogue effort. As BPA has noted, the Regional Dialogue effort is of utmost importance to the region in terms of the development of new resources, limiting utility and BPA risks and costs, and providing greater certainty regarding the future. Inland supports the Regional Dialogue comments submitted by Northwest Requirements Utilities. We limit our comments here to a small set of topics.

First, we would like to compliment the BPA staff that has participated in discussions to date with the Joint Customers and others. While not all critically important policy topics have yet been addressed, we are encouraged by the thoughtfulness and cooperation that key BPA staff has exhibited with respect to the PPC Allocation concept. It is through this type of collaborative effort that solutions can be found to a variety of complex and potentially divisive issues. As noted, there are a number of critically important topics that still require discussion. It is unlikely that the "perfect" solution or method can be found and accepted for each of these important Regional Dialogue topics. We would urge that all strive to identify and endorse those methods and policy choices that are broadly seen as fair, workable and sustainable.

Regarding allocation we would indicate that if broad based customer agreement can not be sustained for the PPC Allocation concept, then we are supportive of examining other approaches to allocation, including one wherein new and updated net requirements determinations are made for all utility customers. This would likely also entail a review of the existing 5(b)9(c) policy to ensure that a long term allocation is done consistent with the provisions of law, equity and fairness. As with others, we would indicate that we do not believe a stand alone tiered rates approach will be sufficient to achieve the Regional Dialogue objectives.

While there are many other topics Inland could address here, we would like to suggest that it is important that BPA strive to both maintain the value of the embedded cost base federal system, and be competitive and responsive to customer needs for new or expanded products and services. The future BPA will be assessed both in terms of its stewardship of the existing federal system, but also for its ability to be competitive and responsive when providing additional energy supplies and products. While Inland and

other customers want choices, Inland would like to have BPA as our competitive and responsive supplier of choice for all our future energy needs.

We look forward to continuing to work with BPA and others on all the important matters addressed by the Long Term Regional Dialogue process.

Sincerely,

Kris Mikkelsen  
CEO  
Inland Power & Light Co.

Cc: John Saven