



**WESTERN MONTANA ELECTRIC  
GENERATING & TRANSMISSION COOPERATIVE, INC.**

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June 20, 2005

BY ELECTRONIC MAIL

Paul E. Norman  
Bonneville Power Administration  
Post Office Box 3621  
Portland, Oregon 97212

RE: BPA's Draft Slice Report

Dear Paul:

On behalf of the seven members of Western Montana Generating and Transmission Cooperative, Inc, (WMG&T), all of whom buy all or the majority of their power from the Bonneville Power Administration (Bonneville or BPA), we offer these comments on Bonneville's recently released Draft Slice Report. As full and partial requirements customers of Bonneville, the members of WMG&T have been concerned at the outset about the Slice product, the operational flexibility granted Slice customers, and the potential impacts on other non-Slice BPA customers. As such, we wholeheartedly support Bonneville's proposal to review the impacts of the current Slice product definitions and implementation, and in the future to determine whether to offer a Slice product at all. We look forward to participating in the proposed process.

The members of WMG&T agree completely with some of the preliminary conclusions contained in the draft Slice report, especially those concerning conflicts between Slice customers, Bonneville and the other Bonneville customers. One clear example is the current Slice litigation. The claims of the Slicers related to BPA's debt optimization program are clear evidence of how far this relationship has sunk. Another example is the June 3, 2005, letter from the Slice customers to the Bonneville Administrator. Although the Slicer customers are apparently unhappy that they had no input into the draft Slice report, the letter fails to mention that the non-Slice customers had no input into the Slice contract itself or the subsequent contract amendments.

Additionally, WMG&T members have serious concerns about the operational flexibility afforded Slice customers in the current Slice contract. Changes to preschedules up to 30 minutes before the hour seem exceedingly generous and according to BPA leave open the potential for sub-optimal federal operations. The concerns raised in the draft Slice report about the potential

arbitrage of federal power by Slice customers is especially troubling. If these concerns are shown to be valid, the contract loopholes allowing these opportunities need to be immediately closed.

Now is the time to begin a full-scale review of the Slice product for the upcoming contract period. To the members of WMG&T, it is entirely appropriate to have all future options on the tables for discussion. The current Slice contract only runs for ten years, with no guarantees of a future Slice-type product.

The WMG&T members appreciate the opportunity to comment on the draft Slice report and look forward to participating in the coming review of the Slice product.

Very truly yours,

/s/

William K. Drummond  
Manager

cc: WMG&T Board of Trustees  
Member System Managers  
Steve Wright - BPA  
Garry Thompson - BPA  
C.T. Beede - BPA  
MT Power Council Members  
Marilyn Showalter - PPC  
John Saven - NRU