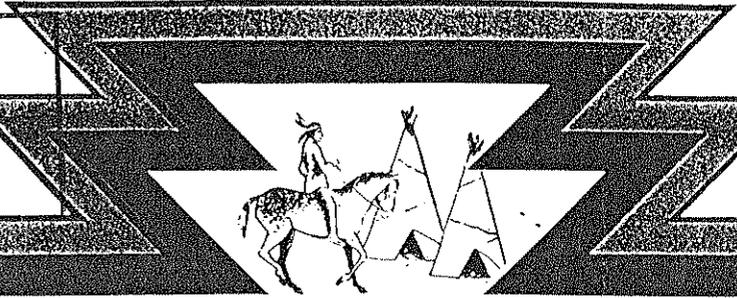


NESPELEM VALLEY ELECTRIC

RECEIVED BY BPA
PUBLIC INVOLVEMENT
LOG#: RD-0003
RECEIPT DATE: AUG 06 2002



POST OFFICE BOX 31 • NESPELEM, WASHINGTON 99155-0031

PHONE 509/634-4571
FAX 509/634-8138
Email: nvec@televar.com
www.televar.com/~nvec

July 24, 2002

Mr. Steven Wright
BPA Administrator
P. O. Box 12999
Portland, Oregon 97212

Re: Comments on Regional Dialogue

Dear Mr. Wright:

In response to your letter regarding "what topics should proposals address", Nespelem Valley Electric Cooperative (NVEC) offers the following comments:

- Direct Service Industries are not included in the *Northwest Power Act*. Therefore, as a regional for-profit entity, they only should receive BPA power that is surplus to full-requirements utilities at a price commensurate with BPA's financial status. DSIs are not entitled to anything more!
- Residential and small farm customers of regional Investor Owned Utilities (IOUs) should not receive increased benefits under the Residential Exchange program. Keep resources of the Federal Columbia River Power System (FCRPS) for those customers of Bonneville Power Administration (BPA) that really need it. The IOUs have far more customers per mile than rural utilities like NVEC that has less than four. In addition, IOU customers already receive benefits from their hydro projects and power sales contracts with the Mid-Columbia PUDs that are half the rate we have to pay.
- New public power, non-profit utilities should be treated in a manner that puts them in line before the region's DSIs. If there is surplus BPA power beyond the needs of the existing full-requirements utilities already being served in accordance with the *Northwest Power Act*, new utilities should be served the surplus power at cost.
- BPA should continue to provide existing full-requirements utilities cost-based power for all our loads, present and future. This should be the top priority for your administration and those after you.
- BPA should purchase additional power directly from developers of new generating resources based on long-term, fixed contracts to benefit BPA's existing customers. A deregulated energy market has been proven to be unworkable and subject to manipulation. The Federal Energy Regulatory Commission (FERC) does not enforce rules and is only concerned with "rate of return" to private developers and utilities – not interested in cost based, public service. FERC is in Washington, DC - distant from the region and unfamiliar with what is in the best interests of Northwest consumers!

RECEIVED BY BPA
PUBLIC INVOLVEMENT
LOG #: 02-0220
RECEIPT DATE:
7.30.02
8.13.02

ASSIGN: P-6

cc: FO3, KN/Wash, KT/Spokane
DBasaraba-PL-6

Steve

- All BPA power should be sold cost-based to public power. If it is necessary to insure the financial security of BPA, power sold to IOUs, DSIs, and the market place should be sold at cost plus whatever margin is needed to insure BPA's financial well being. Cost shifting between the public utilities and tiered rates should not be allowed.
- BPA should offer a basic power product that it has always offered to full requirements customers. Ancillary services are a part of the business that is a requirement, not an option.
- Utilities, or for that matter any purchaser of BPA power, have the obligation to serve only their native loads, and do NOT have the right to resell what they don't use. Any BPA power a utility has left over should be returned to the BPA power pool for the use by non-profit utilities first.

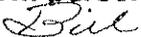
Mr. Wright, I believe that BPA made a grievous error in judgment when it sold 3000 megawatts (mWs) more than the FCRPS could produce. I can't sell something I don't have. If I do, I become a speculator, which is precisely what Enron did along with other power marketers under the false promise of lowering customers' electric bills. This did not happen, nor will it under FERC's grand plan for Regional Transmission Organizations and the like. The transmission system was not made for power marketers. It was engineered to serve utilities' native loads from their generation sources.

The *Northwest Power Act* provided the guidelines by which BPA is to market the resources from the FCRPS. I further believe that these guidelines have been violated to accommodate for-profit IOUs and the DSIs at the expense of your full requirements, non-profit utility customers.

There are other actions that BPA has available to assist with the crises at hand. Any federal loan or obligation can be renegotiated along with the BPA Treasury payments. To be apprehensive in doing this plays into the hands of those envious and threatening to disrupt our long-standing commitment and obligation to Northwest consumers.

Thanks for listening. Again, thanks to you and all the employees at BPA who work so hard in public service. I know it can be a difficult job. These letters are proof of the difficulties we both face in serving others.

Warm personal regards.


William C. Miller, Jr.