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December 1, 2005

MEMORANDUM

TO: Council Members

FROM: Terry Morlan

SUBJECT: Report on the Regional Dialogue

I will report to the Council on the progress of the Regional Dialogue on the future role of Bonneville. My report to the Council will be brief, but more detail will be addressed in the Power Committee. The memorandum in the Power Committee packet is a source for more detail if other Council members are interested.

There continue to be outstanding issues in every area of the Regional Dialogue. However, an optimist could find growing areas of agreement behind the arguments about the details of how an allocated federal base system and tiered rates can best be structured. A pessimist could conclude that the process is just another forum in which regional utilities try to increase their share of the benefits of the regional power system. Being an optimist, it is my hope that preserving the system of which everyone wants "their fair share" will take precedence over relatively small disagreements about the shares.

The Council can help by standing firm by its power plan and insisting that Bonneville conclude the Regional Dialogue process in a timely manner. Bonneville must be willing to proceed with a reasonable allocation of the Federal Base System that considers utility needs and fairness to the greatest extent possible but not be deterred by inability to reach complete consensus of all details of the process.

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