



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

FINANCE

June 6, 2006

In reply refer to: KFF-2

To interested parties and BPA customers:

In response to recent interest expressed by customers and other stakeholders, the Bonneville Power Administration (BPA) will hold public meetings in June 2006 as part of its Capital Planning Review. These meetings mark the first step in the agency's effort to design and transition to a single combined agency capital and expense review process that will commence with the alignment of the power and transmission rate cases in 2008. Because this is a transition, this year's Capital Planning Review will focus on a long-term look at BPA's capital program, how it is developed and how interested parties can engage in future capital reviews.

Increased understanding of the agency's long-term capital planning process will allow interested parties to better understand and influence future investment decisions and help BPA develop a meaningful and transparent approach for future capital and expense reviews. To achieve this goal, BPA is holding three regional public meetings that focus on providing information about how it plans and ultimately makes decisions on agencywide capital spending. There will be one policy-level meeting to specifically address policy concerns or issues regarding the capital planning process and discuss how the agency capital and expense review process should look in the future.

The Capital Planning Review is separate and distinct from the recently completed Power Function Review II and the current Programs in Review. These forums provide opportunities for interested parties to influence both near-term capital and expense at the program level for the power and transmission functions respectively. The Capital Planning Review will inform interested parties about how BPA plans for the long term and ultimately makes decisions on its agencywide capital spending.

For the Capital Planning Review to have a successful outcome, it is important that policy-level representatives of interested parties attend at least one of the informational meetings scheduled for June 14, 21 and 22 so they are prepared to provide feedback on what type and level of information is needed to engage in future capital funding decisions. At the June 27 policy-level meeting, BPA asks that participants come prepared to offer specific suggestions for designing the FY 2008 capital and expense planning process.

You are invited to attend one or more of these meetings. There is a phone bridge available for the Portland meetings. Please call Donna Eads at (503) 230-3320 to be connected. Dates, times and locations are as follows:

Spokane public meeting

June 14, 9 a.m. to noon
Modern Electric
904 N. Pines Road
Spokane Valley, Wash.

Tacoma public meeting

June 21, 1:30 to 4:30 p.m.
Tacoma Auditorium
3628 S. 35th St.
Tacoma, Wash.

Portland public meeting

June 22, 1:30 to 4:30 p.m.
BPA Rates Hearing Room
911 N.E. 11th Ave.
Portland, Ore.

Policy-level meeting

June 27, 9 a.m. to 2 p.m.
Rates Hearing Room
911 N.E. 11th Ave.
Portland, Ore.

A public comment period on the capital spending review will open June 5, 2006, and close July 7, 2006. Comments can be submitted on-line at <http://www.bpa.gov/comment>; via e-mail to comment@bpa.gov; via mail to Bonneville Power Administration, Public Affairs – DKC-7, P.O. Box 14428, Portland OR 97293-4428; or faxed to (503) 230-3285. You can also call with your comment toll free at (800) 622-4519. Please reference the Capital Planning Review with your comments.

Additional information and handouts for the meetings will be available by June 5, 2006 on the BPA Web site at www.bpa.gov/corporate/Finance/Capital_Planning/. If you have any questions, please contact Maryam Asgharian at (503) 230-4413 or by e-mailing maasgharian@bpa.gov.

Sincerely,

/s/ David J. Armstrong, June 6, 2006

David J. Armstrong
Chief Financial Officer
Bonneville Power Administration

Enclosure:
Backgrounder – BPA's capital planning review