

Congress of the United States
Washington, DC 20510

October 1, 2003

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Steve,

We continue to be concerned about the effect of high electricity costs on the regional economy and the region's consumers. Bonneville Power Administration's (BPA) power rates have already increased in the last two years by 46 percent to historic high levels, and a further BPA rate surcharge in these difficult economic times must be avoided.

We support the decision of BPA, as part of an overall settlement, to reduce the Safety Net Cost Recovery Adjustment Clause (Safety Net) rate increase for FY 2004 to zero and to commit to aggressive measures to reduce costs and enhance revenue that could result in a zero Safety Net rate increase for FY 2005. We understand that this will result in a much-needed overall BPA power rate decrease of over 7 percent.

We understand that BPA's commitments on a zero Safety Net rate increase in FY 2004 and a meaningful target for a zero Safety Net rate increase in FY 2005 is the primary reason regional utilities and other customers are now willing to agree to a broader settlement, which includes a settlement of a pending Ninth Circuit challenge to the level of power benefits the Investor-Owned Utilities are receiving from BPA. We commend both BPA and regional utilities for continuing to return to the negotiating table and for working diligently to reduce rates for the benefit of the region, and we urge all parties to quickly complete the work necessary to conclude the settlement.

We support the settlement framework and expect BPA to use its best efforts to accomplish the following, as discussed in the settlement documents:

- No Safety Net rate increase in FY 2004, leading to an overall power rate decrease of over 7 percent.

Make concerted efforts to eliminate the need for a Safety Net rate increase in FY 2005 through pursuing additional revenue enhancements, and cost reductions of approximately \$100 million in FY 2004 and FY 2005. If these cost reductions and revenue enhancements are achieved and all other costs and revenues remain as forecasted in the recently concluded rate case, there will be no Safety Net rate increase in FY 2005.

- Work with customers, other stakeholders and the congressional delegation to achieve these cost reductions and revenue enhancements through an open and cooperative public process. A key feature of this process is the periodic sharing of pertinent actions taken and actions planned to achieve the cost reduction targets and revenue enhancements, as well as timely sharing of pertinent and non-privileged information on BPA's actual and forecasted financial results. As part of this effort, Bonneville should continue to review costs and undertake in its next budget cycle a thorough and transparent financial review.

We recognize that change is never easy and that it took courage for you and senior management to empower Bonneville's employees to express their views on recent decisions that may have contributed to today's financial crisis as part of your "Lessons Learned" exercise. We also recognize that the Bonneville decisions described in the April 18 and May 6, 2003, "Lessons Learned" memoranda were made in a particular context, and that many decisions leading to the current difficulties predated your tenure as Administrator. But in addition to these external pressures, we believe that—as with the rest of the industry--there are a number of other long-term issues and challenges that Bonneville must address in order to adequately respond to the lessons of the past few years. We understand that implementation of the recommendations resulting from the "Lessons Learned" process is under way, and we ask you to provide us with an update on your progress within 120 days.

In addition, we understand that the utility business has become exceedingly complex in the past decade. In keeping with the broader trend within the industry as a result of recent volatility in energy and financial markets, Bonneville--in consultation with stakeholders and customers--should explore new mechanisms to ensure that best practices are observed when it comes to the agency's business and financial dealings and advise us of your conclusions when you report to us on your progress implementing the recommendations from the Lessons Learned review.

Reaching settlement of the public/IOU litigation and addressing the challenges that you and your staff have identified are surely daunting tasks. However, we sincerely appreciate your efforts thus far to alleviate the impact further rate increases would have on our already-staggering regional economy. We commend you for reaching an agreement that will result in a rate reduction this year, and for taking concerted steps that --if cost reductions and revenue enhancements are achieved and other factors remain as forecasted - will result in further rate relief in FY 2005. We are committed to working with you to address the challenges confronting the agency in a manner that will ensure BPA is able to keep rates as low as possible, consistent with its legal obligations, social responsibilities and sound business principles for decades to come.

We realize that many of BPA's resources will be devoted to completing settlement of the rates issue in the coming months, and stand ready to assist you in this endeavor. If at any point it appears that the elements of this settlement cannot be met, we urge you to inform us promptly of the fact, the reasons, and what reasonable alternatives can be pursued to avoid unwanted rate increases. Under such circumstances, we would expect to convene a forum on these issues, given their extreme importance to the regional economy.

Again, thank you for all hard work on behalf of Northwest ratepayers.

Sincerely,



Maria Cantwell



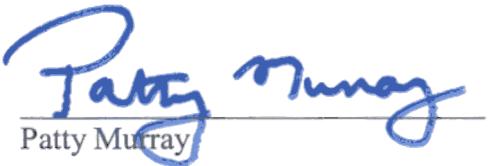
Gordon Smith



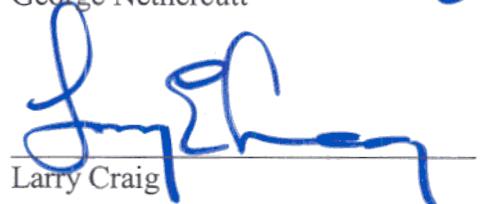
Peter DeFazio



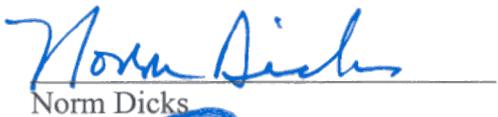
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Patty Murray



Larry Craig



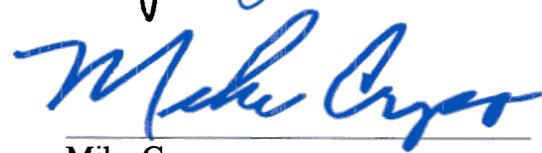
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Jennifer Dunn



Max Baucus



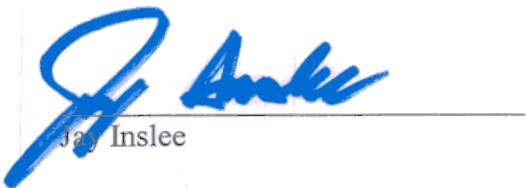
Mike Crapo



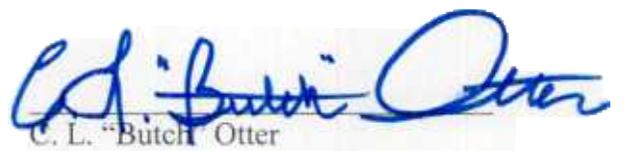
Ron Wyden



Conrad Burns



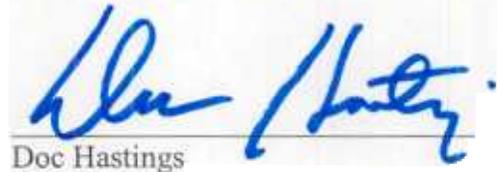
Jay Inslee



C. L. "Butch" Otter



Jim McDermott



Doc Hastings

Rick Larsen
Rick Larsen

Adam Smith
Adam Smith

Ing Walck

Mike Simpson
Mike Simpson

Darlene Hooley
Darlene Hooley

Jenny Rehberg
