Congress of the United States

Washington, DC 20515

November 9, 2005

RECEIVED BY BPA
ADMINISTRATOR'S
OFC-LOG #: 05-0161
RECEIPT DATE:
11-10-05
DUE DATE:
11-28-05

Mr. Stephen J. Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

ASSIGN: DKR-7
cc: FO3, DKN/Wash, DKR-7, L-7, P-6, PF-6, PFR-6

Dear Steve:

As we enter the Bonneville Power Administration's (BPA) FY 2007-2009 rate case, we encourage you to continue to take steps to ensure that the rate case is as open and transparent as possible. Our goal is to ensure the lowest rate possible for our constituents without compromising BPA's ability to meet its statutory obligations and make timely payments to Treasury.

The energy crisis in California and throughout the West had a negative and dramatic effect on BPA's historic ability to offer low cost power during the current rate period. As a result, customers throughout the Northwest face record rates that have affected their traditional ability to be economically competitive.

We are aware of the "Power Function Review" (PFR) process that BPA embarked on in February to determine agency program costs for the FY 2007-2009 rate case and the fact that, at the conclusion of the PFR process, BPA recognized that many customers had commented that BPA's cost reductions were not enough. We thank you for committing to continue to examine program costs throughout the rate case and request that you open this process up to regional oversight by providing detailed line item budget information on agency program costs.

In addition, we believe BPA should consider including the revenue requirement in the rate case similar to other utilities in the region. Many customers have argued that reinstituting the revenue requirement in the rate case would increase transparency and dialogue. Although it is obviously too late to make this change for the opening of the rate case this week, we do ask you to work with customers to explore this possibility more fully for the future.

Finally, many of BPA's customers have requested that BPA present scenarios in the rate case that demonstrate a $27 per megawatt hour average wholesale rate – an approximate reduction of 10 percent from the FY 2006 rate. While we are not prepared to endorse a specific number for the 2007-2009 rate period – and we are aware that the pending litigation over the biological opinion for the Federal Columbia River Power System operations could affect the assumptions in the rate case – we think this suggestion deserves consideration. Providing the region with various rate scenarios detailing a range of rate targets as low as $27 would allow all stakeholders to better understand the tradeoffs and difficult choices involved and it would further ensure a credible and transparent rate process for the region.

BPA is a unique and powerful economic driver for the entire region. We look forward to working with you and our constituents in a constructive manner to ensure that the Northwest is able to realize a rate reduction, and we stand ready to assist in providing you the tools necessary to improve the rate process over the coming months.

Thank you for your continued work on behalf of Northwest ratepayers.

Sincerely,