



Department of Energy

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

EXECUTIVE OFFICE

May 8, 2008

In reply refer to: PS-6

Public Utility Customers and other Interested Parties in Regional Dialogue:

We are entering the home stretch of a years-long effort to put new 20-year power contracts in place with all of our utility customers by the end of this year. It is very exciting to be this close to the finish line of a huge effort that has consumed much of our collective time and energy over the past 5 years. We all have reason to be proud of the progress we have made. These new contracts will secure the cost-based value of the system for our customers for 20 years consistent with the law as established in the BPA Refinancing Act of 1996. They will also provide the certainty and incentives necessary for development of the electric infrastructure our economy needs. Because these goals are so important, there appears to be broad agreement that getting the new contracts signed by the end of this year is of crucial importance.

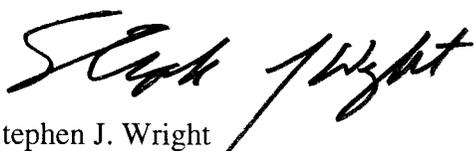
To give each utility 4 months to review and consider its contract before signing, they must be finalized by early August. This requires completion of contract negotiation by mid-July so that final versions can be provided to customers in early August. Missing that deadline would jeopardize our shared goal of contract signature this year.

BPA issued draft contracts on April 7, to allow over 3 months to negotiate additional changes to the drafts. Two months now remain and we continue to stand ready to work with customers to resolve remaining issues. We hope to work collaboratively and intensively with customers for the next 2 months so that the final contracts are as much as possible a joint product, but our early August deadline for offering the contracts is firm.

It is important that I distinguish between collaboration on improvements to the proposed contracts and Tiered Rates Methodology versus changes in course such as the development of alternative contracts or rate designs. The time that remains is precious and must be focused on improving the contracts and rate structure that we have developed together so far. There can be no alternative contract offering this year. Nor is there time to specify the nature or duration of the contract we would offer in the future in the event any utility customers choose not to sign this year.

I greatly appreciate the many hours that you have committed to get us to this point in time. An incredible amount of progress has been made. The next few months are our final opportunity to work together to complete the contracts and formally establish a rate methodology that enables consumers in the region to continue to realize the valuable benefits from the public asset that we are stewards of, and so the new infrastructure needed by the next generation will be put in place.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Wright". The signature is written in a cursive, flowing style with a long, sweeping tail on the "t".

Stephen J. Wright
Administrator and CEO