



June 6, 2007

Stephen J. Wright
Administrator and Chief Executive Officer
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208

Dear Steve,

As the leaders of Northwest investor-owned utilities, we thank you for your responsiveness and the collaborative approach you and your staff have demonstrated as we begin to work our way through the federal power benefit issues arising from the May 3 rulings by the U.S. Ninth Circuit Court of Appeals. We understand the difficult position in which the Court's ruling has placed the Bonneville Power Administration (BPA) and we pledge to work cooperatively to reach consensus on a solution that works for all the region's stakeholders.

We particularly appreciate your efforts to encourage discussions between the region's investor-owned utilities (IOUs) and public utilities. As we have expressed to you and your staff in recent weeks, we believe a collaborative regional approach is the best path to a swift, equitable and durable solution.

We are encouraged that the representatives of public power have pledged to constructively engage in this regional process and that they share our goal of ensuring that all electricity consumers in the Northwest are treated fairly. We too commit to work in good faith to find an equitable and legally sustainable solution.

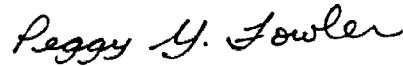
Time is of the essence for our residential and small farm customers, who face significant bill increases beginning this month. We recognize that time is of the essence for the rest of the region's utilities as well. We all – BPA, public utilities and IOUs alike – have invested years in developing and refining the Regional Dialogue Proposal for equitably allocating the Northwest's federal power benefits. The recent court decisions have undermined those collective efforts to determine the future role of BPA federal power benefits in the region. The Residential Exchange is a key component of these collaborative efforts and we agree with your analysis that a regional solution is not possible unless all issues, including the Residential Exchange, are resolved. We appreciate your commitment to not offer contracts pursuant to the Regional Dialogue until the region arrives at a solution to the Residential Exchange issues confronting us today. We are

hopeful, however, that the regional Residential Exchange discussions will be fruitful and that we will soon be able to finalize and implement a fair and equitable long-term solution.

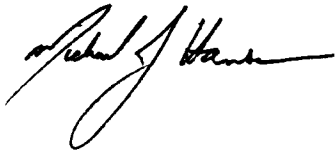
Sincerely,



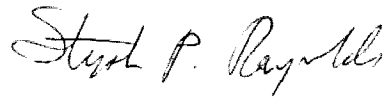
Scott Morris
President and COO
Avista




Peggy Fowler
President and CEO
Portland General Electric



Mike Hanson
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NorthWestern Energy



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