



THEODORE R. KULONGOSKI  
Governor

October 16, 2006

Steve Wright, Administrator  
Bonneville Power Administration  
905 NE 11<sup>th</sup> Avenue  
Portland, OR 97232

Dear Mr. Wright:

I appreciate the leadership that the Bonneville Power Administration is demonstrating as it engages the region in a conversation about the agency's future power sales contracts. I also appreciate your willingness to extend the comment period to give the parties currently working on a settlement additional time to develop a fair and broadly supported proposal. My hope is that in addressing the numerous power and related issues through the Regional Dialogue, you ultimately will both preserve the benefits of the federal hydroelectric system and equitably share those benefits throughout the region.

With the latter goal in mind, I am writing to make you aware of my unease as it relates to the potential impact of future power sales contracts on funding for the residential exchange. All Oregonians should share equally in the benefits of the Columbia River Hydropower System. For a state in which the majority of its residents obtain their power from private utilities, the residential exchange program is of particular importance. My specific concern is that according to the Oregon Public Utility Commission, your current proposal for the future of Pacific Northwest power sales contracts will likely result in a rate increase for the nearly 75 percent of Oregon households that are served by investor-owned utilities. At the same time, the proposal likely will result in rate decreases for Oregon customers of consumer-owned utilities. Such an outcome is not equitable and appears to be inconsistent with my test of perceived fairness for all Oregonians.

In the end, any final resolution of the Regional Dialogue should not reduce the value of the residential exchange benefits from their current levels.

Thank you for your attention to this important matter.

Sincerely,

THEODORE R. KULONGOSKI  
Governor

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