



July 15, 2008

SENT BY FAX AND E-MAIL

Mr. Mark Gendron, Vice President
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

SUBJECT: Canby Utility comments on latest proposed Regional Dialogue contract

Dear Mr. Gendron:

Canby Utility continues to be disappointed and concerned about the current state of the proposed Regional Dialogue contracts. As you know, we endorsed the general principles of Regional Dialogue in October 2006 and continue to believe that BPA should allow utility customers more choice in bringing new resources on line and in handling load growth.

On April 29, 2008, I wrote to you saying that I found the proposed Regional Dialogue contract so vague and poorly written that I could not take the current version to my Board for approval.

On June 17, 2008, BPA released a revised version of the Regional Dialogue contract but it continues to have some of the same deficiencies as the earlier version. Basic terms are not fully defined in the body of the contract, but refer instead to terms to be adopted in the ongoing Tiered Rate Methodology ("TRM") proceeding.

We understand that other public power utilities have expressed similar concerns and that BPA is now embarking on an intensive 9-day effort of workshops to resolve the outstanding contract issues and complete this process. We intend to participate at key points in this process, but we wish to make clear that in the end, the contract that BPA offers needs to be a complete, succinct document, not dependent on key terms and concepts imported from a not-yet-finished process.

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Canby Utility believes BPA needs to publish a supplemented Record of Decision on the Regional Dialogue contracts and the policy decisions that are embedded in the agreements, particularly the changes adopted since the July 2007 Record of Decision.

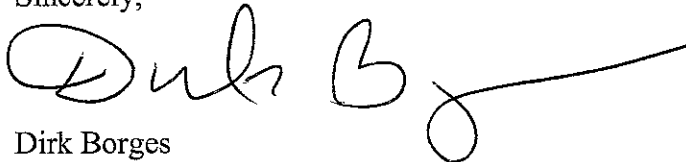
The supplemental Record of Decision should address proposed contract terms for the Direct Service Industries and the investor-owned utilities – decisions that were not analyzed in the 2007 document.

We also request that the Record of Decision carefully address what statutory rights, if any, BPA is asking public power utilities to waive and what alternatives are available to public power utilities that do not wish to sign the Regional Dialogue contracts this year.

Finally, we request that the supplemental Record of Decision address the effects of various contract options and alternatives under the National Environmental Policy Act (“NEPA”).

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk B.", with a long horizontal stroke extending to the right.

Dirk Borges
General Manager

cc: Tina Ko, BPA account executive