



Portland General Electric



March 9, 2006

The Honorable George W. Bush
President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President

We are writing to express our opposition to the Administration's FY 2007 budget proposal that requires the Bonneville Power Administration (Bonneville) to accelerate its U.S. Treasury debt repayment when Bonneville's secondary annual sales revenues exceed \$500 million. This proposal is very problematic to the Pacific Northwest, including the investor-owned utilities of the region.

The region's investor-owned utilities serve approximately 60 percent of the region's residents by providing electric service to 3.3 million residential, commercial and industrial customers in Idaho, Montana, Oregon and Washington. In addition to the wholesale power we purchase from Bonneville, our residential and small-farm customers receive credits on their bills pursuant to the Northwest Power Act (Act). The benefits under the Act provide our residential and small-farm customers with a share of the value of the power produced at the federal dams and marketed by Bonneville. Accelerated Bonneville repayment to the Treasury would, under certain scenarios, cause significant reductions in those benefits.

More broadly, the Administration's proposal would mean an increase in Bonneville's power rates for most of the electric utilities in the Pacific Northwest. Instead, we urge that Bonneville continue setting its rates to recover its costs and timely repay the Treasury, and not be required to raise rates when the federal government encounters an unrelated need to raise additional revenues.

The region's long-standing obligation is to see to it that Bonneville repays in a timely and business-like manner the money it borrows from the Treasury. But the region should not be at the mercy of the OMB whenever it feels a need to reduce a budget deficit caused by other factors.

Thank you for your consideration, and please let us know if we can provide you with further information.

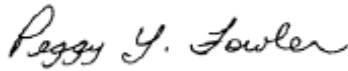
Sincerely,



Gary G. Ely
Chairman, President & CEO
Avista Corp.



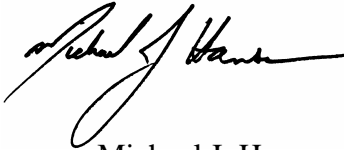
Stephen Reynolds
Chairman, President & CEO
Puget Sound Energy



Peggy Fowler
President & CEO
Portland General Electric



Judi Johansen
President & CEO
PacifiCorp



Michael J. Hanson
President & CEO
Northwestern Energy



J. LaMont Keen
President & CEO
Idaho Power Company

cc: Northwest Congressional Delegation
Secretary Samuel Bodman, U.S. Department of Energy
Director Joshua Bolten, Office of Management and Budget