

July 21, 2005 letter sent by Western Governors to the CEOs of companies operating control areas in the Western Interconnection.



WESTERN GOVERNORS' ASSOCIATION

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July 21, 2005

Maury Parsons, CEO
Alberta Electric System Operator
2500, 330 _ 5th Ave SW
Calgary, AB T2P 0L4 CANADA

Dear Mr. Parsons:

Western Governors believe that collaboration among the industry and Western states and provinces is essential to ensure adequate and reliable electric power supplies to meet the growing electricity demand in the Western Interconnection. Existing cooperative efforts must be expanded to address reliability and commercial needs in the Western Interconnection. Western Governors continue to join the industry in lobbying for enactment of U.S. federal reliability legislation that meets the needs of the Western Interconnection, but more is needed.

After meeting with the CEO of the Western Electricity Coordinating Council and the Chairman of the Seams Steering Group_Western Interconnection last month, Western Governors took the next step to build the capacity of the West to resolve regional reliability and commercial issues by adopting the attached policy resolution. We ask for your assistance in implementing the resolution in two areas.

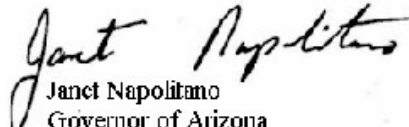
First, Western Governors agreed on principles we will use to monitor the progress made by the Western electricity industry in instituting processes to effectively address regional commercial and reliability issues. We appreciate the progress the industry has made since December and offer our encouragement and support to successfully conclude this effort in the near_term. We have requested a report on the industry's progress prior to our next meeting on November 8-9, 2005.

Second, Western Governors believe that we need to build the capacity of states and provinces to effectively participate in devising and implementing solutions to regional power issues, including the need for robust transmission planning, recovery of transmission investment costs, and efficient transmission permitting. We propose an equitable method of financing the modest level of resources needed to achieve this goal by asking control area operators to contribute to this initiative using a methodology similar to that used to calculate fees paid to the Western Electricity Coordinating Council. Such a system ensures that all consumers who use the transmission system make a small contribution to the development of policies that support its effective operation and expansion.

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The economic future of our region requires that we work together to meet the increasing electricity demands of a growing economy. Western Governors are developing policy recommendations that will enable the region to develop clean and diversified energy resources. Our ability to meet the region's growing demand and use our diverse resources depends on successful collaborative efforts in our highly interdependent electric power system. We must not lose this opportunity for our region to control its electricity future, which is in the best interest of our citizens and your customers.

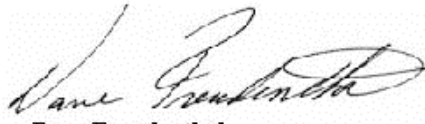
Sincerely,




Janet Napolitano
Governor of Arizona
Chair



M. Michael Rounds
Governor of South Dakota
Vice Chair



Dave Freudenthal
Governor of Wyoming
Co-Lead Governor for Energy



Bill Richardson
Governor of New Mexico
Co-Lead Governor for Energy

cc: Neil Millar, WECC Board Member
Neil McCrank, Chairman, Alberta Energy and Utility Board
Bud Krogh, Chair, SSG-WI Board Member

Control Area Contact List

COMPANY	ADDRESS	CEO
Alberta Electric System Operator	2500, 330 – 5 th Ave SW Calgary, AB T2P 0L4	Maury Parsons
Arizona Public Service Company	P.O. Box 53999 Phoenix, AZ 85072	Jack Davis
Avista Corporation	1411 E. Mission Ave. Spokane, WA 99202	Gary G. Ely
British Columbia Transmission Corporation	Suite 1100 Four Bentall Centre 1055 Dunsmuir St. PO Box 49260 Vancouver, BC V7X 1V5	Jane Peverett
Bonneville Power Administration	905 N.E. 11 th Ave. PO Box 3621 Portland, OR 97208	Stephen J. Wright, Administrator
California ISO	151 Blue Ravine Rd. Folsom, CA 95630	Yakout Mansour
Comision Federal de Electricidad	Rio Rodano 14 Col. Cuauhtemoc 06598 Mexico, DF, Mexico	Alfredo Elias Ayub, Director General
Duke Energy	526 S. Church St. Charlotte, NC 28202	Paul M. Anderson, COB & CEO
El Paso Electric Company	PO Box 982 El Paso, TX 79960	Gary Hedrick
Idaho Power Company	1221 W. Idaho St. Boise, ID 83702	Jan B. Packwood
Imperial Irrigation District	333 E. Barioni Blvd PO Box 937 Imperial, CA 92251	Elston Grubaugh, GM
Los Angeles Department of Water & Power	111N. Hope St. Los Angeles, CA 90012	Ronald Deaton, GM
NorthWestern Energy	125 S. Dakota Ave Sioux Falls, SD 57104	Michael J. Hanson
PacifiCorp West	825 NE Multnomah Portland, OR 97232	Judy Johansen
Portland General Electric Company	121 SW Salmon St. Portland, OR 97204	Peggy Fowler
Public Service Company of New Mexico	Alvarado Square MS-2824 Albuquerque, NM 87158	Jeff Sterba
Public Utility District No. 1 of Chelan County	PO Box 1231 Wenatchee, WA 98807	Charles J. Hosken
Public Service Company of CO	414 Nicollet Mall Minneapolis, MN 55401	Wayne H. Brunetti
Public Utility District No.1 of Douglas County	1151 Valley Mall Parkway Wenatchee, WA 98802	Bill Dobbins
Public Utility District No.2 of Grant County	30 "C" St. SW PO Box 878 Ephrata, WA 98823	Jim Culbertson, GM

Puget Sound Energy	10885 NE 4 th St. PO Box 97034 Bellevue, WA 98009	Stephen P. Reynolds
Sacramento Municipal Utility District	6201 "S" Street Sacramento, CA 95817	Jan Schori, GM
Salt River Project	1521 N. Project Drive Tempe, AZ 85281	Richard H. Silverman, GM
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