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March 26, 2007

Via E-Mail and Hand Delivery

Mr. Gene Waas
Assistant Director
P.O. Box 47250
1300 SS. Evergreen Park Dr. SW
Olympia, WA 98504-7250

Re: Docket No. UE-051090, Commitment Wa25
Boise Cascade Response to PacifiCorp Lightning Protection Report

Dear Mr. Waas:

Please find the attached letter from Miles Hewitt to Pat Reiten. Mr. Hewitt's letter responds to Mr. Reiten's March 19, 2007 letter summarizing PacifiCorp's conclusions regarding the lightning protection study for merger commitment Wa25. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely yours,


Irion Sanger

Boise

1111 West Jefferson Street PO Box 50 Boise, ID 83728
T 208 384 6087 F 208 331 5748
MilesHewitt@BoisePaper.com



Miles A. Hewitt
Senior Vice President and General Manager

March 26, 2007

R. Patrick Reiten
Pacific Power
825 NE Multnomah Street, Suite 2000
Portland, OR 97232-4166

Dear Pat:

I have received several letters from you in the past month regarding the steps you are taking to improve the reliability of the power supply to our Wallula mill. I am encouraged that Pacific Power has focused on this issue and encouraged by the commitment to replacing capacitor banks for the mill, which should improve the quality of power on a continuing basis. We feel this step is long overdue and should help us with the overall reliability of our operation.

Your most recent letter, dated March 19, summarizes your conclusions from the Lightning Protection Study that was commissioned as part of the MidAmerica Energy Holdings transaction agreement. While I appreciate the completion of the study, I am concerned about the conclusions you have drawn.

As you know, the Wallula mill is one of five key assets in our paper business, with several hundred million in invested capital. In the 2006-2007 time period, we will invest an additional \$100 million in this plant to position it for the future. This investment includes \$72 million in state-of-the-art papermaking equipment as well as numerous other upgrades to our steam- and pulp-generating systems.

The Wallula mill is a fully integrated operation, turning residual wood chips into finished paper products. To accomplish this task requires more than a dozen key unit operations operating simultaneously with many hundreds of motors, drives, and advanced control systems supporting their operation. Starting this entire process up and bringing it into steady state operation with full output and stable quality takes many days to achieve, even in a planned start-up event. Unplanned shutdowns from a power outage and the subsequent start-up create a massive interruption to the plant's output and to the quality of our products. While the plant may be brought back on line in as little as a few hours, stable operation and stable quality may take several days to reestablish. During this time, we fail to live up to our customers' expectations for on-time delivery and consistent quality.

From the mill's perspective, there is little difference between losing a few cycles of power, a few minutes of power, or a few hours of power. Any interruption has similar consequences. Unplanned power outages inevitably cause damage to our equipment.

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Drives and machine clothing are the most susceptible, but other damage can and does occur during a crash of the mill. We have been fortunate in the recent past that these damages have been limited and fall into the category of minor damage.

The Wallula mill personnel have done a good job of documenting the direct economic losses that we have incurred from power interruptions in the recent past. It is a great credit to them that our losses have been minimized. I also feel as though we have been extremely lucky. It may not be readily apparent to Pacific Power, but the risks involved in a sudden, unplanned outage are high. There are significant risks to worker safety, risks to the environment from uncontrolled emissions, and risks of major equipment damage, with the potential for catastrophic economic consequences to our business. We have been extremely lucky that no serious injuries, environmental consequences, or major equipment damage has occurred to date. I am unwilling to bet that this will not be the case in the future. Pacific Power has done their cost/benefit analysis for upgrading our lightning protection based on a few minutes of lost power sales and/or the mill's track record of recovering from these events. This is only part of the equation. From the perspective of Boise Cascade, the risk that these events create is entirely unacceptable.

Boise Cascade operates similar plants in Minnesota, Alabama, and Louisiana, all areas of high lightning strike frequency. Thunderstorms are literally a daily occurrence for part of the year, and yet these operations rarely experience any sort of interruption of electrical power. The Wallula plant's electrical supply is by far the most unreliable in our entire system. We would be happy to supply documentation to support this claim.

Pat, I am unwilling to accept the status quo, which is simply unacceptable. As one of Pacific Power's largest and longest-standing customers, I feel we merit better system reliability than we are getting. I am, therefore, requesting you and your company to look further at alternatives to improve the reliability of power supply to the Wallula mill and take actions beyond what your study suggests.

I look forward to further conversations on the subject.

Sincerely,

A handwritten signature in black ink, appearing to read 'Miles Hewitt', with a long horizontal flourish extending to the right.

Miles Hewitt

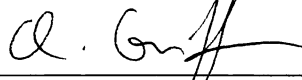
Cc by e-mail: Ashim Banerjee
Walter Bruehl
Melinda Davison
Dave Gadda
Les Whitehead

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Letter to Gene Waas on behalf of the Industrial Customers of Northwest Utilities upon the parties listed on the official service list in Docket No. UE-051090 by causing the same to be mailed, postage-prepaid, through the U.S. Mail.

DATED at Portland, Oregon, this 26th day of March, 2007.

Davison Van Cleve, P.C.



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