

ESA Adolfson  
Project Manager  
Bruce Mackey, Ph.D,  
1222 State Avenue, NE  
Suite 202  
Olympia, WA 98506

Dear Bruce,

Re: Funds allocated to study Skookumchuck Dam flood mitigation options.

This letter is to inform you that TransAlta has no plans to utilize the funds authorized in 2008 by the Flood Authority for studies related to increased drawdown capacity at TransAlta's Skookumchuck Dam.

To date, collaborative efforts between TransAlta, the Corps and Washington State have resulted in the completion of a number of investigations. Unfortunately, none of these efforts to find a practicable alternative to increase drawdown capabilities proved to be technically feasible or effective.

All work was provided by TransAlta at no cost to the Flood Authority. We foresee no further efforts of this nature in the near term and suggest the funds be reallocated as the Flood Authority determines appropriate.

Sincerely,

Tony Briggs  
Permitting Manager  
TransAlta