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Independent transmission company proposal filed

Six western utilities have taken an additional step toward formation of an independent transmission company, TransConnect, which would serve six states. TransConnect would be a member of the planned regional transmission organization, RTO West.

TransConnect, a for-profit company, would own or lease the high voltage transmission facilities currently held by Avista Corp., Montana Power Company, Portland General Electric, Puget Sound Energy, Nevada Power Company, and Sierra Pacific Power Company. Combining transmission resources into one independent company would benefit customers by improving the reliability and efficiency of the transmission grid, and would create new opportunities to add value for the companies' shareholders.

The six companies filed their proposal with the Federal Energy Regulatory Commission (FERC) today. If a final proposal emerges, it must be approved by FERC, the boards of directors of the filing companies and regulators in various states. The companies' decision to move forward with the formation of TransConnect will ultimately depend on the economics and conditions that may be imposed during the regulatory approval process. The companies currently have extensive transmission facilities in Oregon, Washington, Nevada, and Montana, and in parts of Idaho and California. Those facilities are within the proposed territory for RTO West, which would be the single provider of transmission services, and controller of transmission operations, in an eight-state region.

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RTO West would be dealing with one company in TransConnect, instead of six, which would speed decisions to improve reliability. That streamlining of communication would also increase the overall efficiency of RTO West, helping keep down the price of electricity. TransConnect's size would allow it to readily raise capital for system improvements, helping ease transmission congestion – a major problem during peak demand periods in the West.

To assure independent operation, TransConnect would be managed separately from the six utilities. TransConnect directors, executives and employees will agree not to hold any financial interest in the filing companies, or any other power market participant, after a six-month transition period. The filing asks FERC for a ruling that TransConnect, as proposed, passes FERC's independence and passive ownership tests.

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