

April 6, 2000

Ron Nunnally
WICF Chair
Southern California Edison
P.O. Box 800
Rosemead, CA 91770

Dear Mr. Nunnally:

At its meeting on March 29, 2000 the Northwest RTO Filing Utilities discussed the WICF efforts at length. We support the WICF effort to create a Western Interconnection Organization (WIO). This letter is to inform you of the position of the Filing Utilities with respect to the functions of the WIO.

The WIO should:

Develop, adopt and enforce interconnection-wide reliability, operating and planning standards, criteria and guidelines necessary to maintain the reliable operation of the interconnected bulk power system.

Provide for interregional coordination of planning and operation among bulk power systems in the Western Interconnection.

Provide for interregional integration of reliability practices within the Western Interconnection through mandatory authority over reliability issues that arise at the seams between control areas or between regions where control area operations are coordinated at the regional level.

Coordinate consistent Interconnection-wide market interface practices that are necessary for promoting efficient operations within the Western Interconnection.

Provide a process for the timely resolution of disputes arising out of WIO functions or activities, and between WIO members.

Exercise its interconnection deference to obtain WIO variances to NERC/NAERO standards, criteria, and procedures.

The WIO should not:

Address activities internal to a single control area that do not affect the reliability of the interregional transmission system.

Perform independent reliability assessments, planning, or facility expansion studies which compete with or duplicate efforts which should appropriately be carried out by control areas, RTOs, regional entities, or individual utilities.

Provide an opportunity for forum shopping, i.e. provide a forum for parties that seek remedies to grid management decisions made at lower levels that do not have “seams” impacts. These internal decisions should not be subject to WIO level resolution or arbitration.

The NWRTO will perform all functions as required by FERC’s Order 2000 and to the extent that any of those functions have external effects, the NWRTO will welcome the efforts of the WIO in the role of facilitator in resolving those inter-RTO seams issues. The Filing Utilities view duplication of resources at both the RTO and WIO level as inefficient. In short, our recommendation is for a WIO “light” with only the minimum staff and other resources needed to perform the functions listed above.

We understand that WICF is preparing a detailed questionnaire which will be designed to get industry-wide input regarding the functional aspects of the WIO. The Filing Utilities expect to complete the proposed questionnaire as a unified group and will forward it to the appropriate WICF representative as soon as it is available.

If you have any questions regarding our recommendations, please feel free to call any of the NWRTO Filing Utilities:

Avista Corp
Bonneville
Idaho Power
Montana Power
Nevada Power

PacifiCorp
Portland General Electric
Puget Sound Energy
Sierra Pacific

Sincerely,

Randy Cloward, Director
Transmission Operations
Avista Corporation