

00 NOV 27 AM 9: 56

DANIEL E. FRANK
DIRECT LINE: 202.383.0838
Internet: dfrank@sablaw.com

November 20, 2000

Via Hand Delivery

Hon. David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

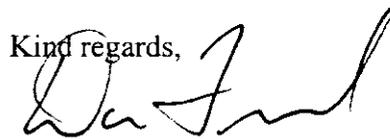
Re: *Avista Corporation, et al.*, Docket No. RT01-35-000

Dear Mr. Boergers:

Please find enclosed for filing an original and fourteen copies of the Motion to Intervene and Comments of the American Forest & Paper Association in the above-referenced proceeding. Also enclosed are two additional copies of this filing labeled "stamp-and-return"; please stamp the date and time on those copies for return by our messenger.

Thank you for your attention to this matter.

Kind regards,



Daniel E. Frank
*Attorney for
American Forest & Paper Association*

Enclosures

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Avista Corporation, *et al.*

)

Docket No. RT01-35-000

**MOTION TO INTERVENE AND COMMENTS OF
THE AMERICAN FOREST & PAPER ASSOCIATION**

Pursuant to Rules 211 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.211 and 385.214 (2000), the American Forest & Paper Association ("AF&PA") hereby respectfully moves to intervene in the above-captioned proceeding. AF&PA also submits the following comments on the Regional Transmission Organization ("RTO") proposal filed in this proceeding. In support hereof, AF&PA states as follows:

I.

Communications concerning this filing should be addressed as follows, and the following should be included on the official service list in this proceeding:

Keith R. McCrea, Esq.
Daniel E. Frank, Esq.
Sutherland Asbill & Brennan LLP
1275 Pennsylvania Avenue, N.W.
Washington, DC 20004-2415
Tel.: 202.383.0100
Fax: 202.637.3593
E-mail: kmccrea@sablaw.com,
dfrank@sablaw.com

David Friedman
Director, Energy and Technology
American Forest & Paper Association
1111 19th Street, N.W., Suite 800
Washington, DC 20036
Tel.: 202.463.5159
Fax: 202.463.5180
E-mail: david_friedman@afandpa.org

II.

This proceeding involves the October 16, 2000 filing, as supplemented on October 20, 2000, by Avista Corporation, the Bonneville Power Administration, Idaho

Power Company, Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power Company (the "Applicants") of a request for recognition of RTO West as an RTO. The Applicants state that the RTO West proposal complies with the requirements for an RTO set forth in Order No. 2000.

III.

AF&PA is the trade association of the forest, pulp, paper, paperboard, and wood products industry in the United States. AF&PA's members are among the nation's largest consumers of electric power, purchasing over 82 billion kilowatt-hours of electricity annually nationwide. In addition, many of AF&PA's members also own licensed hydroelectric facilities.

As AF&PA's members are or may be transmission and ancillary services customers of the Applicants and RTO West, electric service to AF&PA's members may be affected by the outcome of this proceeding. Therefore, AF&PA is an interested party and its intervention and participation will be in the public interest. AF&PA is not now, and will not be, adequately represented by any other party in this proceeding, and may be bound or adversely affected by the Commission's action herein.

IV.

AF&PA generally supports the positions taken by the Electricity Consumers Research Council ("ELCON") in this proceeding, as set forth in ELCON's "Master Comments of Industrial Consumers on RTO Filings," filed with the Commission on or about today. AF&PA recognizes that ELCON's comments do not address some

economic features of the RTO filings. For an analysis of some salient economic factors in the RTO West filing, AF&PA recommends the analysis set forth in the filing submitted by the Industrial Customers of Northwest Utilities in this proceeding. AF&PA also submits the following additional comments:

1. RTO West seeks to have the authority to designate any facilities it deems critical to reliability as "Critical Control Facilities." (Avista Corporation, *et al.*, Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000 (filed Oct. 19, 2000), at 63.) RTO West would have direct operational control over these facilities. It is unclear whether this provision would apply to customer-owned, on-site generation (*e.g.*, qualifying cogeneration facilities or distributed generation). AF&PA remains concerned about the extent of an RTO's authority over such generation. AF&PA believes that it may be appropriate for the RTO to have some operational authority over generators connected to the grid controlled by the RTO, in order to maintain reliable electric service to consumers; however, such authority should not be construed as giving the RTO such control as would interfere with industrial production processes, threaten worker safety, or jeopardize environmental compliance.

2. In particular, certain industrial electrical generation is a byproduct of an industrial process which should not be treated the same as merchant generation capacity. Examples of this byproduct nature exist in the paper industry in two primary forms, byproduct fuels (bark, hog fuels, liquor, etc.) and process steam generation. Most paper mills generate their steam requirements through various boilers which in many cases utilize fuels that are byproducts of the production process. The steam pressure is reduced to process levels by having the steam pass through steam turbines which both reduce its

pressure and produce electricity. Consequently, these forms of electrical generation capacity are only available when the production process is in operation. Moreover, because of the use of such cogeneration in the production process, the owner/operator of the facility must retain control over the facility, have access to the grid (in order to buy or sell electricity) on a non-discriminatory basis, and have control over planned outages. The owner/operator also must not be redispatched unless otherwise directed in its interconnection agreement; worker safety and environmental compliance may be jeopardized if the owner/operator loses control (through redispatch or otherwise) of the cogeneration facility. AF&PA urges the Commission to take these considerations into account in determining the proper level of RTO operational authority over cogeneration and customer-owned generation facilities.

3. AF&PA supports the RTO West proposal to allow customers either to provide electric generation capacity for use by RTO West to meet at least part of its ancillary services requirements (thus exempting the provider from RTO West ancillary service charges based on the amount of electricity provided), or to use the generation resources they control to meet their own ancillary service requirements. (*Id.* at 70.) Providing such choices to customers will foster the development of competitive electricity markets and help bring stable electricity supplies to customers at stable, competitive prices.

4. AF&PA supports the RTO West's "backstop authority" which would authorize RTO West to ensure that transmission expansions or upgrades required to maintain reliable service to customers in the region are made (*see id.* at 45). Without such authority, customers (including consumers) requiring transmission expansions or

upgrades could be left to the mercy of the transmission owners. Independent RTO control over this function is critical, which may include the need for the RTO to have eminent domain authority.

5. AF&PA notes that the Nevada State Industrial Group is submitting comments in the RTO West proceedings addressing the potential duplication by RTO West of resources and the resulting cost increases; the lack of public power agencies in RTO West other than the Bonneville Power Administration; and the proposal to allow RTO West to collect stranded costs. AF&PA urges the Commission to consider the comments submitted by the state industrial group in this proceeding.

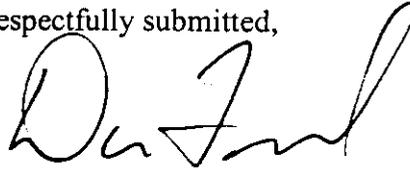
6. AF&PA urges the Commission to make no generic rulings with respect to transmission pricing issues in general, and issues associated with the transition to uniform, system-wide average rates in particular. Rather, the Commission should adopt a case-by-case approach to such issues. By proceeding in such a fashion, stakeholders will be able to address cost-shifts and other issues in the most appropriate fashion. Moreover, AF&PA urges the Commission to reject revenue-requirements and transmission-rate filings that deviate from cost-of-service principles. Transmission owners and buyers should be required to justify their revenue requirements to the Commission, on a case-by-case basis.

AF&PA reserves the right to raise other issues in this and related proceedings as these proceedings and the stakeholder processes continue.

V.

Wherefore, the American Forest & Paper Association respectfully requests that it be allowed to intervene in this proceeding with full rights as a party hereto, that the Commission consider its comments, and that the Commission take such action as otherwise requested herein.

Respectfully submitted,



Keith R. McCrea, Esq.
Daniel E. Frank, Esq.
Sutherland Asbill & Brennan LLP
1275 Pennsylvania Avenue, N.W.
Washington, DC 20004-2415
Telephone: 202.383.0100
Facsimile: 202.637.3593

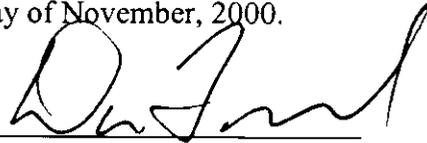
*Attorneys for
American Forest & Paper Association*

November 20, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 20th day of November, 2000.

A handwritten signature in black ink, appearing to read "Dan Frank", written over a horizontal line.

Daniel E. Frank