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FEDERAL ENERGY
REGULATORY
COMMISSION

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November 17, 2000

Via Hand Delivery

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

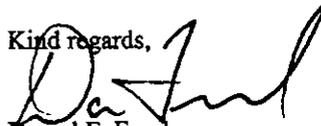
Re: *Avista Corporation, et al.*, Docket No. RT01-35-000

Dear Mr. Boergers:

Please find enclosed for filing an original and fourteen copies of the Motion to Intervene and Protest of Valley Electric Association, Inc. 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
Valley Electric Association, Inc.

Enclosures

001120-0461-1

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ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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

**MOTION TO INTERVENE AND PROTEST OF
VALLEY ELECTRIC ASSOCIATION, INC.**

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), Valley Electric Association, Inc. ("Valley") hereby respectfully moves to intervene in the above-captioned proceeding. Valley also protests the Regional Transmission Organization ("RTO") proposal filed in this proceeding. In support hereof, Valley 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:

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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 ("Nevada

Power”), 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 their RTO proposal complies with the requirements for an RTO set forth in Order No. 2000.

III.

Valley is a small electric membership cooperative serving customers primarily in southwestern Nevada. As a transmission and ancillary services customer of, and a transmission owner in the region of, Nevada Power, Valley may be affected by the outcome of this proceeding. Therefore, Valley is an interested party and its intervention and participation will be in the public interest. Valley 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.

Valley protests the scope and configuration of the proposed RTO West. Valley believes that it is inappropriate and contrary to the standards of Order No. 2000 and the electrical realities in the desert southwest region to include Nevada Power’s facilities in RTO West. Rather, the Desert Southwest Transmission and Reliability Operator (“DesertSTAR”) is the most appropriate RTO for Nevada Power’s transmission facilities. DesertSTAR’s scope and size would best accommodate the operational characteristics of the transmission grid in southwestern Nevada, including Nevada Power’s system.

In Order No. 2000, the Commission stated that, in order for an RTO to be of an “appropriate scope and configuration,” the scope and configuration of the RTO must

permit the RTO to perform its functions effectively, including (i) making accurate and reliable available transmission capability ("ATC") determinations, (ii) resolving loop flow issues, (iii) managing transmission congestion, (iv) offering transmission service at non-pancaked rates, (v) improving OASIS operations, and (vi) planning and coordinating transmission expansion. Order No. 2000, *mimeo.* at 254-55. In addition, the RTO's boundaries should encompass one contiguous geographic area, encompass a highly-interconnected portion of the grid, recognize trading patterns, and take into account existing regional boundaries and control areas. *Id.* at 259-63. At least with respect to Nevada Power's facilities, RTO West fails to satisfy the foregoing standards.

The electrical realities of the transmission grid in the desert southwest demonstrate how the inclusion of Nevada Power's transmission facilities in RTO West fails to satisfy the Commission's enunciated standards for an RTO's scope and configuration. Nevada Power is interconnected primarily with utilities in the desert southwest; it has only one interconnection with PacifiCorp, in southwestern Utah. Indeed, Nevada Power's system is not even directly interconnected with its sister operating company, Sierra Pacific! Moreover, Nevada Power purchases electricity and trades primarily in the desert southwest region; it engages in few (if any) transactions with the other utilities in RTO West. Nevada Power also is a part of reserve sharing and other commercial and reliability arrangements with the utilities in the desert southwest region. It has no corresponding arrangements with the RTO West utilities.

Based on the foregoing electrical realities, DesertSTAR – which encompasses the transmission systems of utilities in the desert southwest region – is in a better position to make accurate and reliable ATC calculations, resolve loop flow issues, manage

transmission congestion, and plan and coordinate transmission expansion over Nevada Power's transmission system. RTO West is in no position to undertake these functions for a utility that is not even interconnected with the other utilities in RTO West.

If Nevada Power is permitted to include its facilities in RTO West, customers located in the desert southwest region may end up paying pancaked rates for service – once for service under DesertSTAR's tariff, and again for service under RTO West's. If, however, Nevada Power were properly included in DesertSTAR, customers in the desert southwest region would pay a single, non-pancaked rate under DesertSTAR's tariff. The Commission's goal of non-pancaked rates would not be frustrated by the RTO West proposal.

There are good reasons for treating Nevada Power's system separately from RTO West, rather than lumping Nevada Power into RTO West simply because it is a part of the same corporate structure as Sierra Pacific's. By treating Nevada Power's system consistently with the electrical realities of the desert southwest transmission grid, market participants will best be able to resolve the issues that are unique to the desert southwest or that are best addressed in the context of those transmission facilities that are directly interconnected, including with Nevada Power's transmission system.

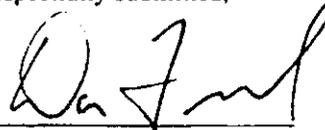
In summary, Nevada Power's transmission facilities should be included in an RTO in the region in which they are operationally interconnected with other transmission systems and facilities – the desert southwest. Valley believes that at this time DesertSTAR is the most suitable candidate for such an RTO. The RTO West proposal should be rejected insofar as it includes Nevada Power's transmission facilities.

Valley reserves the right to raise other issues in this and related proceedings as the RTO stakeholder processes continue.

V.

Wherefore, Valley Electric Association, Inc. respectfully requests that it be allowed to intervene in this proceeding with full rights as a party hereto, that the Commission consider its protest, and that the Commission take such action as otherwise requested herein.

Respectfully submitted,



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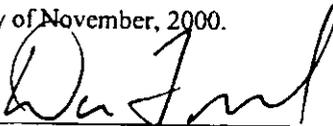
Valley Electric Association, Inc.

November 17, 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 17th day of November, 2000.



Daniel E. Frank