

COPY OF MARCH 21, 2001 E-MAIL NOTICE FOR MARCH 23 RRG MEETING

Hello, Everyone -

This Notice confirms our meeting for this coming Friday, March 23, 2001, from 8:30 a.m. to 11:00 a.m. at the Sheraton Portland Airport Hotel. Because there are fewer items on the agenda, this RRG meeting should be shorter than usual, and we hope to wrap up by 11:00 a.m.

The purpose of the meeting is primarily to discuss with the RRG a phased approach to implementing congestion management. The filing utilities are very aware of the concerns many parties have expressed about process overload, and the burden this imposes on you. Consequently, the filing utilities are considering a more focused process that will call for prioritizing the work streams over the next few weeks. Part of this more focused process is a proposal for a potential phasing of congestion management implementation. A background paper for your review before the meeting is attached.

The working agenda is:

1. Market Monitoring: Recommendation Regarding Stage 1 Decision
2. Clarification of RTO West Treatment of Losses
3. Clarification of Stage 1 Decision on Interconnection Standards
- 4.. Potential Phasing of Congestion Management Implementation
5. Report on TransConnect
6. Benefit-Cost Study

A word about the new benefit-cost study. It is my view that before we can profitably engage in a new study that will be useful to regional parties a number of issues need to be resolved first. For example, it will be important to know and not just assume what the scope and regional configuration of RTO West is likely to be. We are all waiting for FERC's response to the October 23 filing and its declaratory order regarding the RTO West scope and regional configuration as proposed in the October 23 application. The reason for my uncertainty and the need for clarification on scope and regional configuration is FERC's press release of March 14 in which it "encouraged the formation of a regional transmission organization (RTO) for the western markets." What does this mean for RTO West? In addition to understanding the scope of RTO West, it will also be important to know and not just assume what the congestion and pricing models will be for RTO West. Determining these models will probably take a few more weeks. As we discussed in earlier RRG meetings, a benefit-cost analysis may become important parts of filings with the various state commissions. Understanding what the state commissions are looking for is also important.

Because of the need for this information, and the more focused process we are considering, I have recommended to the filing utilities that the benefit-cost work be deferred until these issues are resolved. I would appreciate your views on this subject at the RRG meeting as well.

I look forward to seeing you this Friday, March 23.

- Bud