

March 12, 2002

Mr. Tom Vinson
Legislative Director
Rep. Peter DeFazio (OR-04)
2134 Rayburn House Office Building
Washington, DC 20515
(202) 225-6416

RE: RTO West – Comments of Affiliated Tribes of Northwest Indians-Economic Development Corporation for the Northwest Delegation

Dear Mr. Vinson,

Thank you for the opportunity to provide our comments to the Pacific Northwest Senators and Members of Congress and their staff members regarding the formation of RTO West. We appreciate your office's coordinate of the distribution of these comments in advance of the Hearing on this matter scheduled for March 13, 2002. The Affiliated Tribes of Northwest Indians – Economic Development Corporation (ATNI-EDC) is a non-profit organization formed over 47 years ago with 54 member tribes located in Alaska, Washington, Oregon, Idaho, Montana, Nevada and California. Our membership is acutely interested in local, regional and national energy matters with many tribes actively involved in energy related projects and the hydroelectric issues of the Pacific Northwest.

ATNI-EDC is a full participating member of the Regional Representative Group for formation of RTO West. We represent the following six interests as they were described to us by our membership: Energy development and transmission programs should honor our sovereign governmental status. Our land rights should not be adversely affected by changes in the energy industry. Our cultural resources and fish, wildlife and treaty resources should not be harmed by energy operations. Indian people are energy consumers. Tribes are also owners of energy resources and are seeking to use those resources, whether renewable or non-renewable, to generate electricity and economic development and need access to transmission. Lastly, tribes seek a continued voice in public processes regarding energy matters.

ATNI-EDC has conditionally supported the formation of RTO West. The following have been our conditions. First, the cost-benefit analysis must reasonably show that the overall benefits will outweigh the overall costs of RTO West with consideration of the design and implementation of the study. Second, RTO West must be governed independently and provide access to all interested parties. Third, RTO West must be designed to resolve, not institutionalize congestion. Fourth, costs to consumers should not be expected to increase more than they would without RTO West.

We now have enough information regarding the proposed design of RTO West to consider whether the conditions have been met. We sincerely compliment the Filing Utility professionals who have worked so hard to design an RTO that will be acceptable to all parties, and meet the Federal Energy Regulatory Commission's criteria. Their attention and dedication has left us fairly comfortable that the RTO as designed is the best effort of many intelligent people. **However, the formation of RTO West still remains a huge risk for the region. We now doubt that any RTO can be designed that will, in high likelihood, be better for the consumers than the current transmission system operation. We are concerned that FERC will nonetheless require an RTO because it adds efficiencies to benefit the operation of the transmission system. However, if these efficiencies do not show a high likelihood of benefiting consumers, they are missing the point. We ask your help in easing the pressure from FERC to form an RTO in the Pacific Northwest. We believe that some of the efficiencies of an RTO can be achieved without an RTO, through system upgrades where needed, more cooperative planning, new systems of power scheduling, standardized interconnection rules, and private secondary markets in transmission rights and generation redispatch.**

The following items specifically address our conditions for support of the RTO. The cost-benefit analysis is immature and does not model many of the existing risks, such as an increased risk of tort liability, likelihood of taxation of the operation of the federal system after it is turned over to RTO West, and credit risks of potential scheduling coordinators. As it now stands, the benefits shown in the study are not significant in light of a reasonable margin of error for the model and assumptions. With regard to the governance of RTO West, we share the concerns of other stakeholders that it weakens or eliminates state and local control over decisions regarding rates, construction of facilities, and environmental related concerns. The governing board has no public interest obligation or requirement to act in the best interests of the environment or regional consumers. The congestion model is complex and untried, with existing rights holders scrambling to be assured their rights to the system will be protected, and other users of the system frightened that there will be an insufficient system for their access or their rates will be prohibitive. With all these risks, we are not comfortable that consumers will benefit.

There are many other particular matters of concern with the proposed filing. We support other stakeholders, such as the NW Energy Coalition and Public Power representatives who will describe these matters. ATNI-EDC also strongly encourages RTO West to contain specific protections for the future of commercial renewable energy as an intermittently generating resource. The RTO policies will either make or break the renewable energy potential of the region and the region's use of distributed generation.

Thank you for this opportunity to present written testimony. If there are any questions, please call me at (509) 533-6630 or Margaret Schaff at (303) 443-0182.

Sincerely,

Ray Abrahamson
Tribal Energy Coordinator