

March 12, 2002

Tom Vinson
Legislative Director
Representative Peter DeFazio (OR-04)
2134 Rayburn House Office Building
Washington, DC 20515

RE: JOINT COMMENTS OF THE MONTANA OFFICE OF THE NORTHWEST POWER
PLANNING COUNCIL, PUBLIC SERVICE COMMISSION, AND CONSUMER
COUNSEL TO THE NORTHWEST ENERGY CAUCUS MEETING ON MARCH 13

The successful implementation of an RTO is vital to Montana. Montana will conduct a thorough evaluation of the full RTO West proposal when it is filed and will ultimately make a determination, based on the public interest, regarding transferring control of state regulated transmission assets to RTO West.

Montana believes that well functioning RTOs are necessary for competitive wholesale power markets to work effectively, to support retail choice as implemented by the Montana legislature, and to permit the development of Montana's low cost energy resources for the benefit of consumers in the entire region. The current transmission institutions are not well adapted to the development of efficient, competitive wholesale power markets in the West. RTOs should support vigorous competitive wholesale power markets and provide the economic price signals for transmission services that are vital to a working retail market.

Montana's decision to support or oppose RTO West will ultimately depend on its details. Although the RTO West Filing Utilities have addressed many of Montana's concerns, several significant issues remain:

- * We must be convinced that RTO West provides greater benefits than costs for Montana as a whole.
- * Cost shifting must be minimized, including shifts for DSI customers.
- * Company rates must remain in effect at least through 2011.
- * Existing rights to transmission service must be carried forward in the RTO.
- * The RTO must include BPA, and it must not include California.
- * The RTO must include all facilities necessary for wholesale power transactions regardless of voltage level.
- * Transmission reliability and adequacy for load service must not be put at risk. RTO West must have sufficient backstop authority to avoid putting native loads at risk.

* RTO pricing and congestion management must send clear and unambiguous signals for congestion, location of generation and DSM, and for the need for new transmission capacity.

We will look for these issues to be addressed in the RTO West FERC process. Thank you for the opportunity to provide Montana's comments.

John Hines
Montana Office, Northwest Power Planning Council

Ed Bartlett
Montana Office, Northwest Power Planning Council

Gary Feland
Chairman, Montana Public Service Commission

Matt Brainerd
Montana Public Service Commission

Jay Stovall
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Bob Anderson
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