

May 29, 2002

In reply refer to: LP-7

Mr. David P. Boergers, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

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

Dear Mr. Boergers:

Enclosed for filing in the above-captioned docket, please find Bonneville Power Administration's Comment on the Stage 2 Filing.

Thank you for your assistance.

Sincerely,

\s\ Todd E. Miller

Todd E. Miller
Attorney

Enclosures

cc:
Official Service List

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Avista Corporation,
Bonneville Power Administration,
Idaho Power Company,
The Montana Power Company,
Nevada Power Company,
PacifiCorp,
Portland General Electric Company,
Puget Sound Energy, Inc.,
Sierra Pacific Power Company

Docket No. RT01-35-005

**BONNEVILLE POWER ADMINISTRATION'S
COMMENT ON THE STAGE 2 FILING**

The Bonneville Power Administration (Bonneville) participated in the joint filing on March 29, 2002 (Stage 2 Filing) in the above-referenced Docket. During the negotiation sessions leading up to the Stage 2 filing, the issue of facilities inclusion was the subject of considerable debate among the filing utilities and regional parties. This issue is important to Bonneville because Bonneville has a number of wholesale requirements customers (Publics) located within the existing control areas of the other filing utilities. Wholesale transmission service to these customers requires the use of facilities owned and operated by the other filing utilities.

Bonneville encouraged the other filing utilities' and the Publics' representatives to continue to meet to resolve the facilities inclusion issue. As noted in the Stage 2 Filing

Letter, a number of parties were continuing to meet to resolve this issue. The Filing

Letter stated:

In preparing this proposal for RTO West, it was necessary to create the defined terms identified above for the RTO West Transmission System in order to accommodate the competing interests over the transmission facilities, such as state and federal control, wholesale access, and pricing. To strengthen the proposal, meetings with stakeholders will continue over the next few weeks. These meetings may result in the adoption of a proposal that enhances or replaces this facilities approach and may require revisions to the Transmission Operating Agreement.¹

The meetings referred to in the Filing Letter took place, but the filing utilities and the Publics were unable to agree upon a facilities inclusion approach.² Bonneville continues to seek regional consensus on this issue.

Following the Stage 1 filing the Commission provided guidance on the issue of facilities inclusion by stating:

[W]e emphasize that for an RTO to satisfy our scope and configuration characteristics, most or all of the transmission facilities in a region should be operated by the RTO, as well as those necessary for operational control and management of constrained paths, regardless of the voltage. Some of these facilities may currently operate as higher voltage distribution lines while others may be a lower voltage radial line that is considered essential for wholesale transmission service.³

¹ Stage 2 Filing and Request for Declaratory Order Pursuant to Order 2000, Filing Letter Docket No. RT01-35-005 at 35.

² The RTO West filing utilities include Avista Corporation, the Bonneville Power Administration (Bonneville), Idaho Power Company, Nevada Power Company, NorthWestern Energy, L.L.C. (formerly the Montana Power Company), PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power Company, joined by British Columbia Hydro and Power Authority, a nonjurisdictional Canadian utility, and the stakeholders were represented by public power representatives. Bonneville did not participate directly in these meetings, but Bonneville has been clear throughout the RTO process that it generally supports the position of public power regarding facilities inclusion.

³ Avista Corporation, 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, 95 FERC ¶61,114 at 61,345 (2001).

Bonneville believes that this is the appropriate standard for determining which facilities should be included in the RTO and supports the Commission's goal of ensuring that RTOs have the proper scope and configuration.

Bonneville understands that the Publics are filing protests to the Stage 2 Filing on the facilities inclusion issue, but Bonneville has not yet seen these protests. Bonneville is supportive of many of the arguments made by the Publics in the past on this issue. Facilities inclusion is an important issue to Bonneville, and Bonneville intends to review comments on this issue closely. Once Bonneville has had a chance to review the Publics' protests and to discuss them with the other filing utilities, Bonneville intends to provide the Commission with a more specific response on this issue within three weeks of the close of the comment period. We remain hopeful Bonneville and the other filing utilities can achieve a consensus position with regional parties on this important issue as we move forward in the development of RTO West.

DATED this 29th day of May, 2002.

Respectfully submitted,

\s\ Todd E. Miller

Todd E. Miller
Attorney LP-7

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CERTIFICATE OF SERVICE

I hereby certify that I have this day, the 29th day of May 2002, served the foregoing document upon each person designated on the official service list for Docket Nos. RTO1-35-005 as compiled by the Secretary, a copy of the Bonneville Power Administration's Comment on Stage 2 Filing, pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (a)(1)(i), by United States first class mail, properly addressed and with postage prepaid.

\s\ Todd E. Miller

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