



9 July 2003

VIA E-MAIL

Christine Elliot
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Re: PPC's Comments on the Filing Utilities' Presentation to the Regional Representatives Group on 25 June 2003 and on the Accompanying Discussion of Process.

Dear Ms. Elliot:

At the Regional Representatives Group (RRG) meeting on 25 June 2003, the filing utilities presented their proposal to address regional transmission issues. As we understand it, the filing utilities propose to obtain regional consensus regarding identification of the transmission problems in the region and the solutions to those problems.

Public Power Council (PPC) supports the initiative to return the Northwest transmission discussion to the fundamental issues of what must be improved and how can improvements be made in the most cost-effective manner. We believe that no resolution of these issues will be feasible without obtaining regional consensus. We expect at this point that the consensus-forming body would be the RRG.

PPC offers the following comments on the filing utilities' proposal as discussed at the last RRG meeting.

A. Vision Statement and Objectives.

PPC suggests that the RRG defer consideration of the filing utilities' vision statement and objectives until it has discussed the nature of the problems faced by the regional transmission system. In order to achieve consensus on a solution or proposed outcome, the RRG must first obtain consensus on the problem. This is obvious, of course, but fundamentally true. The filing utilities, we believe, have indicated they accept the necessity of going through this first discussion at a fundamental level.

The vision statement and objectives, however, appear to assume the existence of certain problems to be solved and propose an outcome to resolve those problems. The vision statement proposes to "unify transmission management" to achieve general reliability and financial goals. This assumes that unified transmission management is the solution to an unstated problem set.

An initial discussion of "what needs to be improved and why" is critical to any subsequent discussion of how to improve the system and the priority of the problems. In particular, the "why" portion will help establish a priority for the problem and a cost boundary for the solution. Unless we begin with this discussion, in some detail, we will merely push off the discussion until a later stage in the process when the parties' positions may have become too entrenched to allow a full discussion to occur. The discussion need not be overly long, but because the discussion of fundamentals must occur first, we should set aside development of a vision and objectives until it is concluded.

For purposes of framing the "what and why" discussion, however, we suggest that the RRG adopt a normative goal:

Improve the management and operation of, and investment in, transmission facilities in the region for the purpose of providing net benefits¹ to the consumers in each state in the region through delivery of more cost-effective and reliable transmission service.

This statement does not assume the existence of a particular problem or solution. It does, on the other hand, focus on the standard that should be met by the RRG's solutions: more cost-effective and reliable transmission that provides net benefits to each state's consumers.

B. Process.

While PPC believes that reaching consensus on the fundamental issues is the first substantive step, resolving the issue of process is the first step overall. PPC supports the suggestion that the RRG be constituted as the body that would discuss and develop consensus reports on regional transmission issues. As noted by UAMPS's attorney at the RRG meeting, the filing utilities do not have to abide by the consensus decision in making their filings but the RRG's consensus report would be available to the public.

PPC does not agree, however, that RTO West work groups should resume work at this time. Until the discussion on fundamental issues is well underway, we will not have a definition of the problem. Again, we need a common understanding of the problem and its importance before we propose solutions. Representatives of the filing utilities have conveyed their unwillingness, at this point, to abandon

¹ By "net benefits" PPC means those benefits provided to consumers in excess of costs incurred by those consumers.

the work done on RTO West. We understand this reluctance but urge the filing utilities not to prejudge, or appear to prejudge, the outcome of the discussion on problems and solutions. Doing so will impede the discussion and dampen the enthusiasm with which stakeholders approach this new effort.

Regarding other process issues raised at the RRG meeting:

- PPC agrees that staging or phasing the implementation of various solutions is a highly desirable approach;
- PPC does not object to the development of an "end-state" so long as it permits the region the flexibility to choose from a wide variety of solutions;
- PPC agrees that the RRG should either expand or reshape itself to accommodate state representatives and other stakeholders either as members or members *ex officio*.
- PPC believes that coordination with other groups in the Western Interconnection that are engaged in related work would be beneficial. The RRG must be careful not to be diverted from its own agenda. To the extent that the RRG can build off of the work being done by other groups, it should do so.

Thank you for the opportunity to comment. PPC looks forward to discussing these issues with you at the next RRG meeting.

Sincerely,

/s/

Nancy Baker
Senior Policy Analyst