



March 23, 2004

VIA FACSIMILE

Stephen J. Wright
Administrator
Bonneville Power Administration
911 N.E. 11th Avenue
Portland, Oregon 97208-3621

Re: BPA's Endorsement Of, And Participation In, RTO West Platform Proposal Development.

Dear Steve:

For the last several years, the Public Power Council has opposed the formation of an RTO in the Northwest that does not meet PPC's minimum requirements for such an organization. We have been clear about the reasons for our opposition. Among other things and very generally, the FERC model RTO is extremely expensive and does not provide commensurate benefits to consumers. Empirically, RTOs do not reduce power or transmission costs, improve system access, or improve system reliability.

PPC was very interested, therefore, when the Regional Representatives Group (RRG) agreed to investigate alternatives to the RTO West Stage 2 proposal. PPC viewed an effort to address existing transmission problems in a manner that best suits the Northwest as a good idea. In December the RRG tasked a small group with drafting a single proposal. The resulting "platform proposal" was accepted by the RRG as one that the RRG should consider and work on.

PPC does not support the RRG platform proposal as currently drafted. PPC has made the reasons for its opposition known to the RRG. The PPC Executive Committee determined that the proposal's Beginning State has some interesting features and that it wants to see these developed more fully so that an assessment of their worth can be made. The proposal is a package, however, and the Advanced State is unacceptable. The Advanced State is very much like the RTO West Stage 2 proposal. That proposal was and remains unacceptable.

Arguments have been made that the Northwest might never get to the Advanced State, that the governance proposal builds in vetoes for a stakeholder body that will have a say in changes proposed by the independent

board. PPC takes no comfort in the governance structure in the platform proposal. The Advanced State will remain in the proposal and will be touted as the "consensus of the region" on what should be done. The Trustee Selection Committee that is supposed to provide regional input into decisions of the RTO has the ability to "veto" decisions of the Board of Trustees on certain predetermined issues. These issues are extremely significant policy decisions for the region. The Trustee Selection Committee, however, loses its ability to exercise its veto on an issue once it has foregone its opportunity to do so. Moreover, the Board may override the veto of the Trustee Selection Committee. This is not the ongoing regional control of public policy that PPC would like to see.

PPC is alarmed that BPA would support a proposal containing an end state that, we believe, would be injurious to the consumers of this region. BPA should clearly and vocally oppose the proposal's Advanced State. If the Advanced State is not removed from the proposal and the governance structure modified to permit an ongoing veto for the Trustee Selection Committee on important policy matters, PPC urges BPA to oppose the proposal as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Clark Leone". The signature is fluid and cursive, with the first name "C." being small and the last name "Leone" being larger and more prominent.

C. Clark Leone
Manager

cc: (via U.S. mail)
Steve Johnson, WPUA
Dave Clinton, WRECA
Tom O'Connor, OMEU
Sandy Flicker, ORECA
Robin Freeman, OPUDA
Ron Williams, ICUA
Bill Drummond, WMG&T
Lon Peters, PGP
John Saven, NRU
Aleka Scott, PNGC
Terry Mundorf, WPAG