Washington
Public
Utility
Districts
Association

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February 26, 2004

Mr. Steve Wright
Administrator
Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97208

Dear Steve,

I am writing to you to be sure that the position of the Washington PUD Association on Northwest transmission restructuring is clear to you. My board is concerned that as we have observed and participated in meetings and processes, including the Regional Representatives Group (RRG), all parties have not understood our position. The WPUDA finds that the region's transmission problems do not require the formation of an RTO. We view the fledgling RTO now called the Independent Entity with deep skepticism as likely to develop into a full-blown RTO, and oppose its development at this time. Overall we find that the Northwest transmission system is not broken, and that Bonneville and regional utilities do a very good job of providing transmission service. This system is not in need of a fundamental fix.

The RRG developed a "platform" for moving ahead that may be an improvement over the RTO West Stage 2 filing of early 2002. We have not endorsed the conceptual "platform", and cannot at this stage of its very early development because the eventual costs of implementation are far too uncertain. Moreover, we have fundamental reservations about the Independent Entity (IE) that has been proposed and would be formed to oversee transmission access and cost recovery in the region. Our concern is that the IE will quickly evolve into a full-blown RTO, with all the costs and risks associated with the RTO West Stage 2 proposal, which we have consistently opposed.

We are not reassured by the system of regional checks and balances that would impose oversight by a "stakeholder" group over the Independent Entity at various stages of development. Under the current design this "stakeholder" group could not veto the five specific major changes, which have been proposed, but only remand it to the board of the IE if enough stakeholders disagreed with the proposed changes. Upon remand the board of the IE could still adopt the changes. Once changed, these issues would no longer be subject to the oversight of the "stakeholder" group. If these changes were all implemented, the IE would become RTO West in essence. The WPUDA finds that the proposed system of checks and balances is not sufficient to protect regional interests.

Recently some of the public power and investor owned utilities that were meeting as the Transmission Issues Group (TIG) have been meeting again. They are continuing work on a homegrown, bottoms-up approach to transmission reform, such as the idea of consolidating OASIS systems. We are very supportive of this group's approach to modernizing transmission in the Northwest.

The WPUDA does not support the Independent Entity and the direction we see it taking the region. We believe that the BPA and Northwest utilities should collectively work on regionally controlled solutions to real transmission problems to achieve adaptive rather than radical change to our transmission system.

Sincerely,

Steve Johnson
Executive Director

SJ/sw

cc: Washington State Congressional Delegation