

Brief Summary of Grid West RRG Meeting May 19, 2004

Introduction

This summary is intended to briefly describe the major topics of discussion during the May 19, 2004 meeting of the Grid West Regional Representatives Group (RRG). It is not intended to be a verbatim transcript of anyone's remarks, and it is not intended to suggest that any particular representative or entity at the RRG meeting agreed with or endorsed the views described in this summary.

Overview of May 19 Meeting

- An RRG meeting was held at the Sheraton Portland Airport Hotel in Portland, Oregon on Wednesday, May 19, from 8:45 a.m. to 3:45 p.m. PDT.
- Approximately 47 people attended the RRG meeting, including 21 designated RRG representatives. Two state representatives attended the meeting in person, and two state representatives participated by phone. Laura Vallance, of FERC Commissioner SueDeen Kelly's staff, attended the meeting.
- The RRG heard an update about the initial Risk and Reward Study Group meeting held on May 4. It was decided to expand this group to allow all interested individuals to participate in an advisory role. A smaller group will focus on doing the analytical work with oversight and input from the larger advisory group.
- The main purpose of the RRG meeting was for the Bylaws Work Group to review with the RRG revisions and substantive changes made to the proposed Developmental Bylaws, and to present the RRG with alternatives for resolving provision 12.2 regarding a vote on the Board's offer of Transmission Agreements.
- The Module 1 Report prepared by the Transmission Services Liaison Group (TSLG) on basic concepts of transmission service and tariff options was posted and distributed to the RRG. The RRG was encouraged to submit questions about the Report. An RRG conference call was scheduled on June 3 from 9:00 a.m. to 12:00 p.m. PDT to explain concepts in the Report and answer clarifying questions.
- The RRG canceled a teleconference scheduled for May 25, and canceled meetings on May 26 and June 3. A new schedule of RRG meetings was set as follows:
 - June 10 and 11 – follow-up on Developmental Bylaws and proposed Operational Bylaws;
 - June 16 – proposed Operational Bylaws;
 - June 24 – Decision Point #1 on Bylaws;
 - The Bylaws Work Group and filers will prepare a proposal on the specific nature of this decision for the June 10 RRG meeting.

Introductions – Laura Vallance of FERC Commissioner SueDeen Kelly's Staff

Lou Ann Westerfield, from the Idaho PUC, invited Laura Vallance from FERC Commissioner SueDeen Kelly's office to attend the RRG meeting. Ms. Westerfield noted during introductions that Ms. Vallance was attending to initiate FERC's involvement in the RRG process and meetings.

Ms. Vallance said Commissioner Kelly has expressed a strong interest in the Northwest and the RRG's Regional Proposal. She emphasized that she was not at the RRG meeting with a mandate or preconceived notion, and was not wedded to what FERC has done or not done in the past.

Ms. Vallance acknowledged there are differences of opinion among the parties, which is not necessarily a bad thing. She concluded that FERC is ready to provide any help the RRG may want or need. Commissioner Kelly is looking forward to making the Northwest a priority and setting up a point of regular contact to stay in touch with the RRG and NW activities.

Briefing Report on Initial Risk Reward Group Meeting

Bob Kahn reviewed the March 31 start up effort and said there is interest in getting the risk reward work underway. He emphasized there was agreement that the effort should not repeat what has been done in the past. There is also agreement that the states, plus BPA and others, should be included in the effort, but that any group actually performing the work needs to be small enough to be focused and yield good results.

Carol Opatrny, Risk Reward Group co-chair, reported that an initial meeting was held on May 4. The first meeting focused on needs and expectations – what are the states' interests, what are BPA customers' interests? The group decided to start with an approach that uses the RRG's list of Problems and Opportunities as a basis for identifying factual circumstances that can be improved and next quantifying and prioritizing the identified problems.

Janelle Schmidt, Risk Reward co-chair, is reviewing other studies and will try to pull forward useful information from the TCA study. The group will also be addressing costs and how to control cost escalation. BPA needs a preliminary analysis by Decision Point #2, and more detailed studies before signing the Transmission Agreement.

Risk Reward Group Participation – To accommodate all who are interested in the Risk Reward Group, Bud Krogh suggested expanding the initial group, while at the same time using a smaller, focused work group to spend the time necessary to perform the analytical work.

Everyone agreed that it will be productive early on for each state to be afforded the ability to participate in an advisory role; at least one state representative should be part of the smaller working group.

Articles and Bylaws Work Group – Presentation and Discussion of Substantive Changes to Proposed Developmental Bylaws

The Bylaws Work Group started with a power point presentation highlighting revisions made to the proposed Developmental Bylaws since the last RRG meeting. The Bylaws Group also provided a list of changes referenced section by section.

A number of changes to provisions related to class composition were explained. Bud Krogh was asked to coordinate a process for selecting five individuals to serve on the Membership Admissions Committee and three individuals to serve on the Membership Dispute Resolution Committee. He was asked to report back to the RRG at the next meeting.

The Bylaws Group presented four options to address the range of opinions expressed at the previous RRG meeting about section 12.2, which provided that Members could vote to “override” a Developmental Board offer of the Transmission Agreements (TAs) to transmission owners. Alternatives presented ranged from 1) retention of a Members’ vote to override the Board’s proposal to offer the TAs; 2) deletion of section 12.2 and no vote at any point; 3) submission by the Developmental Board to Members to move to the Operational Stage subject to a binding affirmative majority vote; or 4) submission by the Developmental Board to Members to move to the Operational Stage subject to an advisory vote.

The alternatives raised a range of views and discussion among RRG members on whether there should be a vote, and if so, should a vote be binding or advisory. There were also varying views on the timing of any vote – should it be early and related to an offer of TAs by the Board, or should a vote be later and related to moving ahead to the Operational Stage. The discussions about timing of regional input to the Board on moving forward also raised questions about how any such vote, whether earlier, later, binding or advisory, relates to state regulatory proceedings and BPA’s public customer involvement process. While RRG members did not support leaving the vote as it was originally proposed in section 12.2 (alternative 1), the RRG did not reach a common agreement about whether a Member vote during the Developmental Stage was important and, if so, when and how a vote should occur.

Changing Descriptions of Development Stages in Regional Proposal

Bud Krogh told the RRG that Doug Clapp, of Senator Patty Murray’s staff, expressed reservations about the descriptions of the development process: beginning state, interim state, and advanced target state. Mr. Clapp suggested these descriptions should be renamed to be more helpful in describing the stages. Bud is working with the platform group and will bring back suggestions for renaming the proposal’s stages to the RRG at a future meeting.

BPA Survey to Measure Satisfaction with RRG Process

Allen Burns mentioned to the RRG that BPA will soon be sending to RRG members a short survey to measure the satisfaction of principal attendees with the RRG process underway since last summer.

Transmission Services Liaison Group (TSLG) Module 1 Report

The Module 1 Report prepared by the TSLG covering basic concepts of transmission service and tariff options for the beginning state was posted on May 14 and distributed to the RRG. The RRG was encouraged to review the Report and submit questions. A conference call was scheduled for June 3 from 9:00 a.m. to 12:00 p.m. PDT to explain concepts in the Report and answer clarifying questions.

Process Timeline for Bylaws Decision

During additional discussion about a regional input vote, several members expressed frustration that the RRG was moving away from the more important mission of solving the transmission problems in the region. With a view towards moving ahead, the RRG developed a timeline for completing, assessing, and making decisions related to both the proposed Developmental Bylaws and the proposed Operational Bylaws. There were differing views about whether approval of the Operational Bylaws, in complete or working draft form, should occur at the same time as a decision occurs to adopt the Developmental Bylaws and initiate membership enrollment and a search for Board candidates (Decision Point #1). The Bylaws Work Group agreed to work with the filers to develop a proposal for the next RRG meeting on June 10 specifying the nature of the assessment and decision at Decision Point #1.

RRG Meetings on June 10-11, June 16, and June 24

The RRG scheduled the following meetings at the Sheraton Portland Airport Hotel:

Follow-up on Developmental Bylaws and Proposed Operational Bylaws

- ***Thursday, June 10, 2004 from 8:30 to 4:00 p.m. PDT, and
Friday, June 11, 2004, from 8:00 a.m. to 12:00 p.m. PDT***

Proposed Operational Bylaws Issues

- ***Wednesday, June 16, 2004 from 8:30 to 4:00 p.m. PDT***

Decision Point #1 – Bylaws (Proposal for nature of this decision on June 10)

- ***Thursday, June 24, 2004 from 8:30 to 4:00 p.m. PDT***