SNOHOMISH COUNTY
PUD
PUBLIC UTILITY DISTRICT NO. 1

Providing quality water, power and service at a competitive price that our customers value

November 15, 2004

Vickie VanZandt
Senior Vice President
Transmission Business Line
Bonneville Power Administration
905 N.E. 11th Avenue
Portland, OR 97232

Vickie

Dear Ms. VanZandt,

Snohomish County Public Utility District No. 1 (Snohomish) provides the following comments to the Bonneville Power Administration – Transmission Business Line (Bonneville) its white paper entitled Transmission Adequacy Standards, Planning for the Future. Snohomish agrees with Bonneville when it states: "It is more important than ever for utilities to find a better way to determine how much transmission is needed, the solutions to be deployed and what criteria should be applied to guide prudent investment decisions."

Because Snohomish receives virtually all of its transmission services from Bonneville we were also pleased the paper emphasized the requirement to identify transmission needs, develop alternatives and to pick the preferred solution based on its least cost and associated system benefits.

Bonneville has raised the following key issues:

- Geographic scope of transmission planning
- The customers' willingness to assume certain costs and risks as compared to some level of benefits
- Physical adequacy as compared to economic adequacy
- The need for adequacy standards to recognize the interaction between transmission adequacy <u>and</u> resource adequacy
- Planning criteria requirements and associated performance metrics
- The need to find least-cost solutions
- The consideration of non-wire alternatives in the mix of potential solutions
- Discussion of which transmission customers will be responsible for the costs of which transmission improvements or operating criteria.
- Congestion management
- Risk management

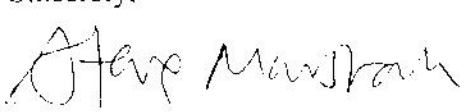
We support the comprehensive regional discussion of these issues as transmission adequacy standards are considered and developed.

In preparing for the work ahead Snohomish has some concerns about some statements in the paper and would recommend that BPA consider inclusion of some additional topics. The main areas of concern are:

- The paper makes numerous references to the status of generation and generation reserves in the United States. The focus of the work should be the status of generation and transmission within the footprint of the Bonneville transmission system. The paper states: "this effort is not intended to replace or be dependent on efforts to develop an independent regional transmission entity under the Regional Representatives Group." This comment needs to be further expanded.
- Bonneville notes a number of "drivers" that need to be understood. While the topics on the list are relevant and important it appears that some topics are missing. These include: generation integration, congestion clearing methodologies, reliability and security.
- The paper states "stagnant or declining transmission capacity" has resulted in "significant congestion points throughout the system." While Snohomish understands the need to maintain adequate system capacity the recent Henwood study indicates that congestion in system occurs only on a few paths and for a very limited number of hours per year. It is our hope that through additional study Bonneville will gain a clearer understanding of the true impacts of congestion in the region.
- In figure A-1 on page 12 of the paper Bonneville outlines its existing planning process. It is interesting to Snohomish that the pricing structure appears to be an input to the implementation phase. Snohomish would prefer that the consideration of pricing take place earlier in the process, potentially at the same time as the development of cost estimates. This would make it clear to all involved to which entity(ies) the benefits and associated costs will go for any system adequacy project or operating procedure.

As was stated above Snohomish believes that a highly reliable and low cost transmission system is important to our customers. We look forward to participating in the regional dialog on this important topic. If you have any questions about Snohomish's comments please contact John White, Senior Regional Transmission Engineer. You can reach John at (425) 783-8390 or jpwhite@snopud.com.

Sincerely,



Steve Marshall
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Snohomish Public Utility District No. 1

cc: tblfeedback@bpa.gov