

Grid West Bylaws

October 12, 2004

The attached comments reflect comment log number(s): GWB-050 through GWB-050.

Allen Burns – R-3
Syd Berwager – R-3
Preston Michie – R-3
Tara Exe – R-3
Steve Larson – L-7

NOTE: If you have any changes to the above distribution list, please contact Ginny Kuehn, x4413. Thank you.

Grid West Bylaws

14-Oct-04

Specialist: Tara Exe

Program Office: Industry Rest.

Comment Close Date: 9/3/2004

Comment Log #	First Name	Last Name	Affiliation	Receipt Date	Notes
GWB-050	John D.	Saven	Northwest Requirements Utilities	10/14/2004	Resolution No. 07

October 12, 2004

Steve Wright, CEO
Bonneville Power Administration
905 NE 11th Avenue
PO Box 3621
Portland, Oregon 97208

Dear Steve,

Attached is a copy of a policy resolution regarding Grid West adopted by the Northwest Requirements Utilities Board of Directors at our October 6, 2004 meeting. The purpose of the resolution is to provide guidance to the NRU staff participating in the Regional Representatives Group (RRG) regarding the forthcoming advisory vote concerning the developmental and operational bylaws of Grid West.

Over the years NRU has continued to participate in the RTO West and now Grid West processes by trying to clearly identify and explain to other parties the key business interests of transmission dependent utilities. We then assess whether the projected functions of the RTO, when combined with our continuing contractual relationships with BPA, satisfactorily address these business interests.

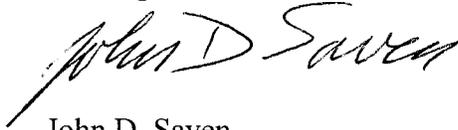
Consistent with that approach, most recently on September 3rd, NRU and others within public power sent BPA a letter identifying a series of "must have" revisions to these bylaws. Favorable action on all of these revisions by the RRG and the Filing Utilities would be necessary for NRU to support moving forward at this time with the Developmental and Operational bylaws. Otherwise our staff will be instructed to request the RRG to delay voting on the bylaws, or failing that, to abstain from voting until the issues are successfully resolved to our satisfaction.

In addition to this Phase I decision, we are keenly interested in continuing to work on an objective and independent benefit/cost study and resolution of the "contract lock" issues for public power, before any consideration is given for Grid West to become operational.

I would like to emphasize that NRU as an organization is not taking a position at this time in support or opposition to Grid West. That decision will be made when we have sufficient information to assess Grid West against our long standing list of "must haves" that include other issues such as facilities inclusion. In addition to exploring Grid West, we encourage BPA to actively participate in other forums intended to address regional transmission issues, such as the Transmission Issues Group.

If you have any questions regarding the NRU resolution, please let me know or have your staff contact Susan Ackerman.

Best regards.

A handwritten signature in black ink that reads "John D. Saven". The signature is written in a cursive style with a large, sweeping initial "J".

John D. Saven
CEO

Allen Burns, Executive Vice President for Industry Restructuring
Jerry Leone, Manager, Public Power Council
Bud Krogh, Grid West
Members of NRU

**RESOLUTION NO. 07 _____ OF THE BOARD OF DIRECTIONS OF
NORTHWEST REQUIREMENTS UTILITIES**

PROVIDING INTERIM DIRECTION TO STAFF REGARDING GRID WEST

WHEREAS, Northwest Requirements Utilities represents the interests of 49 of BPA's power supply customers that are dependent on the transmission services of BPA and other regional transmission providers, and

WHEREAS, NRU was designated as one of five public power representative positions on the Regional Representative's Group that is involved in the potential formation of a regional transmission organization, known as Grid West, among transmission owning entities including BPA and regional Investor Owned Utilities, and

WHEREAS, NRU has participated in the design of an RTO in an attempt to assure the membership that a series of "must haves" of transmission dependent utilities are successfully resolved, prior to a decision(s) to support or oppose the formation of the RTO, and

WHEREAS, many of the NRU members are located at the end or radial lines of the main transmission grid, and face quality of service issues, and over half receive power supply over transmission facilities owned by third parties (GTA service) with ongoing exposure to pancaked transmission charges, and

WHEREAS, BPA has asked for regional public customer input regarding a first Grid West decision point, prior to the Agency voting to approve or reject the Developmental and Operational Bylaws of Grid West, scheduled to occur on November 3-4, and

WHEREAS, NRU (and others) submitted staff comments to BPA on September 3, 2004, listing a series of amendments to the Developmental and Operational Bylaws that would have to be adopted prior to NRU considering supporting the first decision point, and emphasizing the need for cost control, and

WHEREAS, BPA has not been able to fully support at this time all of the amendments to the Bylaws proposed September 3rd by NRU staff, and

WHEREAS, individual members of NRU and other organizations have taken varied positions regarding Grid West, but remain committed to securing future transmission services that are sufficient to meet loads, reliable, of high quality, and economically priced, and

WHEREAS, NRU members desire that the existing transmission services provided by BPA will continue to be honored, even if Grid West becomes operational, and believe that existing transmission services must be memorialized in long term agreements with BPA prior to Grid West becoming operational, and

WHEREAS, many members of NRU and NRU itself have requested an unbiased and defensible cost benefit study of Grid West as one major element of consideration prior to

making a final decision respecting Grid West, and even preliminary cost information respecting Grid West will not likely be available until Spring 2005, the time of the Grid West second decision point, and

WHEREAS, the NRU Board wants to provide interim policy direction to NRU staff, and convey its position to BPA and the RRG regarding the Grid West first decision point to adopt Developmental and Operational Bylaws.

NOW THEREFORE BE IT RESOLVED BY THE BOARD AS FOLLOWS:

- 1) A vote by the Regional Representatives Group to adopt the Developmental and Operational Bylaws of Grid West should be postponed until such time as BPA and the Filing Utilities agree to the Developmental and Operational bylaws revisions recommended in the letter to Allen Burns, Executive Vice President for Industry Restructuring at BPA, dated September 3, 2004, and signed by NRU, PNGC Power, Western Montana G+T, ICUA and IDEA.
- 2) NRU staff participating in the Regional Representatives Group is directed to abstain from any vote regarding adopting the Developmental and Operational Bylaws of Grid West until the above issues are successfully resolved and presented to the NRU Board.
- 3) NRU staff participating in the Regional Representatives Group is directed to take no action supporting an operational Grid West without the prior completion of an unbiased and defensible cost benefit study demonstrating that Grid West provides benefits to NRU members, and without presenting the cost benefit study to the NRU Board.
- 4) NRU staff participating in the Regional Representatives Group is directed to take no action supporting an operational Grid West without a successful contract lock process in which BPA's existing transmission services to NRU members are memorialized in long term agreements with NRU members.
- 5) NRU staff is encouraged to participate actively in other forums intended to address regional transmission issues, such as the Transmission Issues Group.
- 6) A copy of this resolution shall be sent to the BPA Administrator and the RRG.

**CERTIFICATE OF THE SECRETARY OF
NORTHWEST REQUIREMENTS UTILITIES**

I, the undersigned do hereby certify:

(1) That I, _____, am duly elected and acting Secretary of the above named corporation, and

(2) That the foregoing resolution was duly adopted by the Directors of the

Corporation on the _____ day of October, 2004

(3) IN WITNESS HEREOF, I have hereunto subscribed my name as the Secretary of the Corporation.

DATED THIS _____ DAY OF October, 2004

NORTHWEST REQUIREMENTS UTILITIES

By _____