



Grant County  
**PUBLIC UTILITY DISTRICT**  
*Innovation & Excellence...Yesterday, Today and Tomorrow*

August 29, 2005

Steven J. Wright  
Bonneville Power Administration  
PO Box 14428  
Portland, OR 97293

Re: Grid West - Decision Point 2  
Reference R-3

Dear Mr. Wright:

The Grant County PUD Board of Commissioners voted today to support the Transmission Improvements Group (TIG) approach rather than Grid West as we work together to improve the region's power grid. A copy of that resolution is included with this letter. TIG provides a means for resolving the significant transmission issues that face the Northwest without giving up control of those decisions to the Federal Energy Regulatory Commission.

One of the primary principles underlying our public power heritage is the concept of local control. Under the TIG approach, utilities remain fully accountable for their actions and are responsible for making decisions. TIG keeps control of the transmission system in the Northwest where it belongs, while Grid West creates a new entity that shifts ultimate control of the region's power grid to federal regulators.

Another benefit of the TIG approach is that it is incremental, ensuring that only innovations that are cost-effective and beneficial are implemented. Reliability, cost-effectiveness and reduced risk are key considerations for Grant County PUD. As you know, we are connected to your system and others through the Mid-Columbia hub, and know first-hand how critical and costly changes to the system can be.

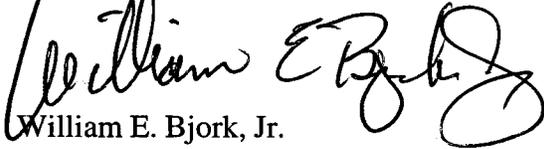
The question of who gets to make these key decisions is the major difference between the two proposals. Today, utilities are individually accountable for operating and maintaining an adequate, safe and reliable transmission system. This puts the accountability where it belongs, but also provides a strong measure of cost-control. Put another way, we do not believe it is wise for any utility, including BPA, to give spending authority to an independent board that does not have to answer to the ratepayers.

*Public Utility District No. 2 of Grant County, Washington*

The rest of the country has learned the hard way that new organizations tend to take on lives of their own, growing to serve too many masters and letting their budgets get out of control. For decades, the Northwest has successfully coordinated the operations of the region's electric generation resources through voluntary, multi-lateral contracts. TIG proposes to apply that same approach to transmission issues. We have done it before, and we know it can work. By relying on multi-lateral contracts and existing entities, we can make changes quickly and keep control of the transmission system in the Northwest where it belongs.

There is no doubt that improvements to the transmission system are needed. However, we believe BPA should not pursue Grid West further, either to seat the board or to execute an irrevocable funding agreement. Grant PUD urges BPA to choose the TIG approach, and to use its influence to make this proposal a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "William E. Bjork, Jr.", written in a cursive style.

William E. Bjork, Jr.  
Commission President

A handwritten signature in black ink, appearing to read "Tim Culbertson", written in a cursive style.

Tim Culbertson  
General Manager

LJ/ash  
Attachments (1)

Attorney review see e-mail  
Auditor review to  
Manager review to

RESOLUTION NO. 7861

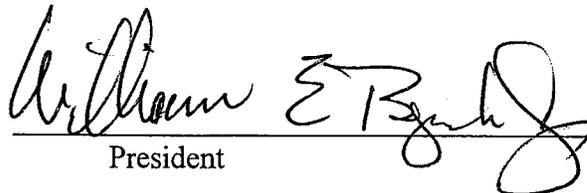
A RESOLUTION ENDORSING THE TRANSMISSION  
IMPROVEMENTS GROUP (TIG) ALTERNATIVE AS THE  
PREFERRED SOLUTION TO NORTHWEST REGIONAL  
TRANSMISSION ISSUES

Recitals:

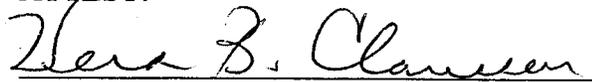
1. The District's General Manager is of the opinion that the Transmission Improvements Group (TIG) alternative is the lowest cost option for the region; provides the earliest implementation; and provides solutions without FERC jurisdiction.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that it endorses the Transmission Improvements Group (TIG) alternative and believes it to be the preferred solution to northwest regional transmission issues.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 29th day of August, 2005.

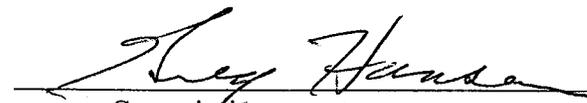
  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Vice President

  
\_\_\_\_\_  
Assistant Secretary

  
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Commissioner