



September 1, 2005

Mr Steven Wright, Administrator
Bonneville Power Administration
P O Box 3621
Portland, OR 97208

Dear Mr Wright:

Your letter of August 4, 2005 solicited comments regarding the pending decision that BPA describes as a choice between Grid West and TIG to fulfill a “one-utility” vision for the Northwest electric grid. As set out below, Idaho Power Company continues to support Grid West and does not view TIG as a viable approach to managing the grid. We have considered the fundamental elements of the TIG proposal and find them not acceptable. In our judgment, the TIG approach has three fatal flaws: an unworkable organization; inadequate governance; and unacceptable delay.

Unworkable Organization: The TIG proposal includes an organizational structure comprised of five separate “Implementation Agreements”, each potentially creating its own set of committees. This potential Balkanizing of grid operation will almost certainly degrade rather than improve grid management. Moreover, based on what we have seen to date, TIG’s design decisions appear to subordinate functionality in an effort to avoid FERC jurisdiction rather than what is in the best interest of the regional grid and its stakeholders. On the other hand, Grid West offers a single, integrated and comprehensive organization designed for and focused on the effective management of the Northwest electric grid. Design decisions are made on the basis of what works technically and what will bring value to the region as a whole. That requires an independent organization to provide a single locus for decision-making that will promote consistent policies and practices together with a positive corporate culture across its full spectrum of functions.

Inadequate Governance: TIG’s lack of independence and broad accountability will render ineffective its decision-making ability. The TIG proposal does not suggest independent governance for any of its committees or initiatives. Instead, it generally leaves policy making, and an unclear element of operational authority, in the hands of utility representatives. We question seriously the viability of an organization that seeks to manage the grid using decision makers who are appointed to represent their own self-interest rather than the region as a whole. Under such arrangements, we have too often seen the process of making decisions for the common good turned into exercises in brinkmanship and leveraging.

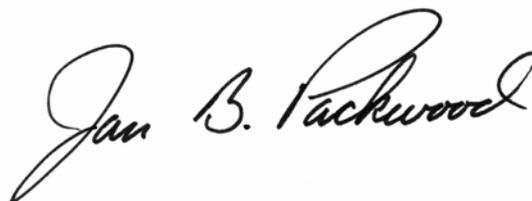
TIG is proposing several multilateral contracts between competitors. Authority for grid management does not move toward an independent body, rather it is simply redistributed among the utilities. TIG then compounds the difficulty by attempting to design systems that affect competition and prices while avoiding federal regulation. Experience has shown time and again that negotiating transmission agreements is a difficult and time-consuming process, and that transmission owners will not cede significant authority over the planning and operation of their system to their competitors.

In contrast, the Grid West transmission control agreement is a contract with an independent party whose purpose is efficient and equitable operation of the grid. That approach starts with a clear technical vision of intended operation, and then seats an independent board. Actual contract negotiation takes place between the utilities and an independent and objective party whose goal is to serve the best interest of the region.

Unacceptable Delay: Pursuing the TIG proposal will result in significant additional delay and raises the specter of eventual failure. The technical and operational aspects of TIG are embryonic at best. The workshops and written material show a vague and constantly changing vision that attempts some degree of grid coordination burdened and obstructed by an aversion to FERC regulation. Our experience in regional reform, dating back to the start of IndeGO, has shown that parties cannot seriously engage in contract development until they have a clear picture of what they are trying to accomplish in terms of operation. Realistically, TIG will require months of work to build a platform sufficiently stable for contract talks to begin. Even then, prospects for ultimate success are dubious at best. Our region does not deserve such a setback.

In conclusion, Idaho Power Company cannot support TIG. It is an ineffective, fragmented approach, which lacks the requisite safeguard of an independent board, thereby creating the threat of undue influence in the hands of competitors. If BPA decides not to support Grid West at Decision Point 2, the region will have lost a great opportunity to move toward the "one-utility" vision that many of us share. Idaho Power will have no choice but to seek other alternatives that can provide the independent, cohesive organizational structure that regional need requires.

Very truly yours,

A handwritten signature in black ink that reads "Jan B. Packwood". The signature is written in a cursive, flowing style with a large initial "J".