

COMMISSIONERS
JAMES H. HUBENTHAL, President
JOHN L. KOSTICK, Vice Pres.
CHARLES R. TENPAS, Secretary
OFFICERS
DAVID J. MULLER, Manager
RICHARD L. BAUER, Treasurer
JAMES R. HASELWOOD, Auditor
JIM DAY, Superintendent

Lewis County
PUBLIC UTILITY DISTRICT

321 N.W. PACIFIC AVENUE • CHEHALIS, WASHINGTON
Mailing Address: P.O. Box 330, Chehalis, WA 98532-0330
1-800-562-5612 • (360) 748-9261 • FAX (360) 740-2455

600-0412
SEP 09 2005

September 6, 2005

Mr. Steven J. Wright
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Dear Mr. Wright:

Re: Public Utility District No.1 of Lewis County Resolution and Comments on
Grid West/Transmission Improvements Group

This letter is submitted on behalf of Public Utility District No.1 of Lewis County (District) in response to the August 4, 2005 letter requesting comments on whether the Bonneville Power Administration ("BPA") should pursue further development of Grid West or the Transmission Improvements Group ("TIG") proposal. The District appreciates the opportunity to provide BPA with its thoughts on this important issue.

The District has participated in both the Grid West and the TIG development process with staff, as well as through the Public Power Council ("PPC") and the Western Public Agencies Group ("WPAG"). Additionally, we have reviewed the materials available on both the Grid West and the TIG proposals.

Based on the available information, the District strongly recommends that BPA suspend further development of the Grid West proposal, and dedicate its efforts in the next year to finalizing and implementing the TIG proposal. The comments submitted by PPC and the WPAG on this topic set forth detailed reasons for our recommendation, and the District supports and endorses these comments. Furthermore, on September 6, 2005, the District adopted Resolution 2320 "Endorsing the Transmission Improvements Group Alternative as the Preferred Solution to Northwest Regional Transmission Issues" (copy enclosed).

The Grid West proposal is based on the regional transmission organization ("RTO") template originated by the FERC to foster more competitive power markets with lower power prices and transmission system expansion. None of the RTOs in



Mr. Steven J. Wright
September 6, 2005
Page

operation to date have produced these results. What they have produced is expensive new organizations and volatile transmission costs that have detrimentally impacted load serving utilities. The argument for Grid West is that we will learn from and avoid all of the mistakes made by other regions, and produce an RTO that is cheap and responsive to the transmission users. In other words, we will succeed where everyone else in the country has failed.

Given the high cost of failure in this regard, it is simply bad public policy to take this gamble. More importantly, it is a gamble that the region need not take. The TIG proposal is a viable alternative that will allow the region to retain control of its transmission future, make incremental improvements to the system, and do so at a reasonable cost. The District recommends that BPA adopt the TIG proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Muller". The signature is written in a cursive, flowing style.

David J. Muller
Manager

DJM/cb

RESOLUTION NO. 2320

RESOLUTION ENDORSING THE TRANSMISSION IMPROVEMENTS
GROUP ALTERNATIVE AS THE PREFERRED SOLUTION
TO NORTHWEST REGIONAL TRANSMISSION ISSUES

WHEREAS, the Northwest's electricity transmission system faces more demands every day as the Northwest's economy grows; and

WHEREAS, Public Utility District No.1 of Lewis County realizes changes are needed to maintain the system's reliability, efficiency and security; and

WHEREAS, of the options the Bonneville Power Administration (BPA) is considering to improve the transmission system, the Transmission Improvements Group (TIG) proposal is the best fit for the Northwest; and

WHEREAS, the TIG plan proposes concrete and detailed transmission improvements with flexible and defined steps which can facilitate improvements relatively quickly at reduced risk and cost; and

WHEREAS, the TIG plan relies on contracts and existing entities, capitalizing on the Northwest's history of working together; and

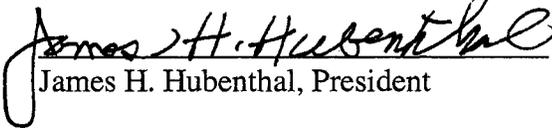
WHEREAS, the TIG plan does not create a new entity that would fall under the jurisdiction of the Federal Energy Regulatory Commission; and

WHEREAS, the TIG plan maintains local control of the Northwest's power grid and remains accountable to those who pay the bills – the region's ratepayers;

NOW THEREFORE, BE IT RESOLVED by the Commissioners of Public Utility District No.1 of Lewis County, Washington, that it endorses the Transmission Improvements Group alternative and believes it to be the preferred solution to Northwest regional transmission issues,

BE IT FURTHER RESOLVED that the Public Utility District No.1 of Lewis County urges BPA to choose the TIG proposal when it makes its decision on September 30, 2005.

APPROVED AND ADOPTED by the Commissioners of Public Utility District
No.1 of Lewis County, Washington, this 6th day of September 2005.


James H. Hubenthal, President

ATTEST:


Charles R. TenPas, Secretary


John L. Kostick, Vice President