

Sept. 9, 2005

Montana Large Customer Group

The Montana Large Customer Group (LCG) is a coalition of industrial end-use customers in Montana, all of whom purchase power directly from the market and presently obtain transmission service from North Western Energy pursuant to FERC tariff. Collectively, LCG represents the majority of the industrial power load in the State of Montana. LCG is directly affected by the reliability, efficiency and cost of transmission (and supply) rates for electric power in the northwest region, and particularly within the present control area of North Western Energy. We appreciate the opportunity to comment briefly to BPA in support of its pursuit of a "one utility" vision for the region's transmission system. LCG recommends that BPA proceed to seat a Developmental Board for Grid West. Representatives of LCG companies have attended multiple meetings of both Grid West and TIG, as well as several presentations to state utility commissions. We are persuaded that, while Grid West is not a complete answer to transmission and market support in the region, it has more potential to support that development than TIG. In particular, Grid West provides a measure of independence and opportunity for participation by customers, independent power generators and other stakeholders that is lacking in TIG, even as it has amended its proposals. In short, Grid West is a step forward, while TIG represents a rear-guard action that appears more likely ultimately to retard progress than to move the region forward. LCG does not believe that the Grid West proposal in its current form goes far enough in addressing the problem of pan caking of rates, which currently represents a significant barrier to market participation by generators and customers. The ultimate test of Grid West's ability to address the regions needs will likely rest in the degree of its independence. Grid West is, however, a viable option that may enable further progress. The flow model presents an opportunity for better operation, as well as better planning. This model has the potential to provide significant operating efficiencies that should indirectly benefit customers, as well as transmission owners and utilities. At a minimum, it should defer or reduce unnecessary costs of the current model and reduce "gaming." If Grid West moves on an independent path, it also has the potential to produce a more efficient market for wholesale competition, and in the case of market participants such as LCG members, end use comp! edition, as well. Grid West is not an assured success, but it is the best opportunity to move the region forward through a vehicle that meshes reasonably with FERC policy while maintaining a regional focus and independence. LCG agrees with BPA that further delay is not an acceptable alternative, and recommends BPA proceed with Grid West. Donald W. Quander, Holland & Hart Counsel to the Montana Large Customer Group.