



SPRINGFIELD UTILITY BOARD

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September 19, 2005

The Honorable Maria Cantwell
717 Hart Senate Office Building
Washington, DC 20510

The Honorable Gordon Smith
404 Russell Senate Office Building
Washington DC 20510

The Honorable Ron Wyden
717 Hart Senate Office Building
Washington DC 20510

The Honorable Peter A. DeFazio
2134 Rayburn
Washington DC 20515

The Honorable C.L. "Butch" Otter
1711 Longworth,
Washington, DC 20515

Dear Senators Cantwell, Smith, and Wyden, and Congressmen DeFazio and Otter:

The Springfield Utility Board is strongly opposed to the furtherance of Grid West, and we strongly support efforts to implement the Transmission Improvements Group proposal as soon as possible. This matter is of the utmost importance because the Bonneville Power Administration is on the verge of making a final decision to support one of these approaches by the end of this month.

Grid West: A Wolf in Sheep's Clothing

Grid West is doomed to failure, and BPA should cease efforts to support this approach.

Grid West will be under the jurisdiction of the Federal Energy Regulatory Commission (FERC). Grid West will either become a Regional Transmission Organization (RTO) or they will be equivalent to an RTO, and this is an unacceptable outcome for northwest electric utility customers in Springfield, Oregon and across the northwest that depend

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upon reliable and low cost power. There is no voluntary participation. According to FERC, non-jurisdictional utilities that wish to participate in Grid West can only withdraw from Grid West if the withdrawal meets FERC criteria¹. Should Grid West go down like the Titanic like transmission bureaucracies before it, Grid "Titanic" will take utilities down with it.

Grid West, like other RTOs and RTO equivalent entities, will prove to be an outrageously costly solution to a problem that can better be resolved by the Transmission Improvements Group via a more effective and less costly approach.

Grid West will usurp regional and local control of the northwest electric transmission system, and it will place this control under an independent board that will not be motivated to act in the best interest of electric utility customers.

Grid West will follow the demise of other similar RTO failures, such as the debacle in California, that have racked up immense costs via overly large bureaucracies and ineffective system improvements. Why are we following California's lead? Steve Hickok, Bonneville Power Administration's Chief Operating Officer, stated "... each succeeding step that California has taken since the collapse of its major institutions of electricity service has demonstrated the depth of new untapped reservoirs of lunacy."² Rather than perpetuating the problem by jumping into the insanity, BPA should focus on a reasonable solution, such as TIG's, to meeting transmission needs of the people of the Northwest. Grid West retains and furthers the deregulation model that has proven to be a failure for electric utility customers across the nation and throughout the world.

Grid West will not provide more transmission investments. A recent study has indicated the northwest is already leading the nation in recent transmission system investments via the existing transmission providers.

Why Support TIG?

The Transmission Issues Group was created by utilities that operate and manage power and transmission systems. Despite BPA's initial reluctance to financially support or recognize TIG, TIG has moved forward and created stable, low cost framework to meet the short and long-term transmission needs of the region.

¹ FERC Declaratory Order Providing Guidance Concerning Grid West Proposal, Docket No. EL05-106-000, Issued July 1, 2005 pages 26,27

² Steve Hickok, BPA COO responding to concerns that BPA drained power out of Oregon to serve California. Restructuring Today April 10, 2002

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Rather than utilities being consumed by Grid West, TIG would build upon existing regional entities to continue a strong regional legacy of solid transmission integration and planning.

TIG's philosophy is "if it ain't broke, don't fix it." Grid West, with its vast bureaucracy and FERC control far removed from the Pacific Northwest, would dilute (at best) or seriously undermine the effectiveness of regional entities that have been instrumental in providing decades of coordinated, regional reliability such as the Northwest Power Pool (NWPP)³. Unlike Grid West, TIG would rely on existing entities like the NWPP to provide a strong backbone of regional reliability.

TIG's approach is not a "go slow" approach. It addresses system improvements that need attention and provide the most economic benefit for the least cost. It also focuses on long-term needs of the region – but in a more even-handed and consensus building approach than Grid West.

Rather than slow decision-making, the openness of the TIG process combined with the diversity of its participants will create a more adaptable and nimble transmission entity than Grid West.

With the strongest of recommendations, we urge you to contact BPA and express your opposition to any furtherance of the Grid West proposal and to express your support for the Transmission Improvements Group solutions.

Sincerely,

SPRINGFIELD UTILITY BOARD



Theodore L. Johnson
Board Chairman

Cc: Stephen J. Wright
Administrator & Chief Executive Officer
Bonneville Power Administration

³ Formed in 1942 and comprised on utility members in the Pacific Northwest and Canada, the NWPP promotes cooperation among its members in order to achieve reliable operation of the electrical power system, coordinate power system planning, and assist in transmission planning in the Northwest Interconnected Area.