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Vicki VanZandt
Senior Vice-President, Transmission Business Line
Bonneville Power Administration
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**Re: Comments of the Western Public Agencies Group on
BPA's Congestion Management White Paper**

Dear Ms. VanZandt:

The Western Public Agencies Group (WPAG) provides the following comments in response to your letter of April 10th, 2006, soliciting comments on the BPA white paper entitled "Challenge for the Northwest – Protecting and managing an increasingly congested transmission system". The WPAG utilities appreciate this opportunity to participate in and provide comments on this important topic. We would also like to compliment BPA on the collaborative and collegial manner in which it is pursuing this complicated topic, and on its efforts to ensure that customers have the opportunity to both understand the nature of the problem, and evaluate with BPA the efficacy of the alternative solutions.

The issue of how to ensure that the transmission system will be capable of delivering to Northwest loads power when it is needed has taken on heightened importance to BPA's preference customers in light of the Regional Dialogue discussions currently under way. If the changes being discussed in that process are implemented, it is likely that many preference customers will pursue development of non-federal resources to serve their growing loads, making the ability of the Federal transmission system to deliver the output of these resources to load critical to the success of the Regional Dialogue effort.

A number of the WPAG utilities have developed non-federal resources since the passage of the Regional Power Act, and more are likely to do so in the future. Successfully dealing with the challenge of congestion in a manner that ensures that the Federal

transmission system is capable of fulfilling its historic role of moving power to Northwest loads is a matter of vital interest to these utilities.

Comments

The WPAG utilities support and endorse the comments submitted by the Public Power Council. In addition, we would like to emphasize the following:

1. **Principles for Addressing Congestion Solutions.** The three principles listed on page 4 of the white paper are fine as far as they go, but they fail to address one of the inherent tensions faced by the system – those using the Federal transmission system to pass through the Northwest to reach more lucrative power markets for commercial reasons, and those relying on it to move power within the Northwest to serve the electrical needs of regional loads. A “commercially adequate transmission system” may not be sufficient to ensure that it can deliver power to the loads of Northwest residents when and as they need it.

It is recommended that the principles on page 4 of the white paper be supplemented with an additional principle stating that any congestion solution should be consistent with the statutory purpose and primary historic role of the Federal transmission of moving power within the Northwest in order to provide service to preference customer and other Northwest loads. Failure to include such a principle will reduce the status of Northwest customers to that of mere commercial users on a transmission system which they have paid for over the decades.

2. **Potential Design Criteria for Testing Solutions.** The potential design criteria for testing solutions listed on page 22 of the white paper appear to be a combination of possible solutions (e.g., curtail interchange transactions affecting the network via E-tags), and desired outcomes (i.e., enable posting of ATC values for the network hourly markets). Taken as a whole, they do not appear to set up criteria that can be used to evaluate in a comparative fashion a variety of possible solutions to congestion.

Of the eight design criteria listed, the following should be retained for use as evaluation criteria:

- Does the proposed solution limit awards of transmission service when network capacity is limited?
- Does the proposal identify transactions contributing to the loading of network flowgates?
- Does the proposal address network constraints prior to the operating hour (real time)?

In addition to the foregoing, the following additional criteria are recommended for use in evaluating the efficacy of various congestion solutions:

- Is the proposed solution the least cost, long-term approach, including consideration of environmental impacts?
- To what degree does the proposed solution disrupt the current operational practices?
- Does the proposal accommodate the use of other tools for addressing congestion, including concurrent and sequential use?
- Does it fairly apportion to various transmission customers the costs of implementing the proposed solution, and fairly compensate those that assume additional obligations to implement it?
- Can it be implemented without the cooperation of other control areas?
- Does the proposed solution avert congestion before it occurs, rather than alleviating it after the fact?

3. **Other Considerations.** While it was not raised in the white paper nor discussed in the public meetings to date, a transmission issue that is closely related to congestion, and that is vitally important to preference customers, is the manner in which they will be able to access transmission capacity that is available on the Federal transmission system under their long-term transmission contracts. Simply put, preference customers' access to Federal transmission system capacity is of equal importance to the question of how congestion on that system will be alleviated. Again, the pendency of the Regional Dialogue process, and the changes to the business relationship between BPA and its preference customers being considered, make this access question one of first importance.

This is not a suggestion to roll this issue into the congestion discussion that is already under way. Rather, it is a strong recommendation to conduct in parallel a

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public discussion with preference customers regarding how their access to capacity on the Federal transmission system will be ensured.

Conclusion

On behalf of the utilities of the Western Public Agencies Group, I would again like to thank you and your staff for the effort that has gone into this process to date, and state that the WPAG utilities look forward to working with BPA to identify and implement solutions to congestion issues.

Yours truly,

/S/ Terence L. Mundorf

Terence L. Mundorf
Attorney for the Western Public
Agencies Group