



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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November 28, 2006

Bonneville Power Administration
Public Affairs Office – DKC-7
Post Office Box 14428
Portland, Oregon 97293-4428

**Re: GR-3 – Columbia Grid Planning and Expansion
Functional Agreement**

Thank you for the opportunity to comment on the Functional Agreement (Agreement) proposed by ColumbiaGrid to establish a comprehensive regional transmission planning process and to develop biennial regional transmission plans. The Washington Utilities and Transportation Commission has for many years encouraged development of a comprehensive regional planning process for transmission. We are pleased with the progress ColumbiaGrid has made this year marked by development of this Agreement. We encourage Bonneville and all regional transmission providers to participate in the Agreement and join in the beneficial process of regional transmission planning.

As recent analyses by Bonneville and load-serving utilities in Washington have shown, increasing demands on the region's transmission grid are stressing its capacity. A well developed regional plan will help identify where enhancement of transmission capability is necessary. Regional participation in the development of the plan will further regional acceptance and will help focus the attention of utility and government decision-makers on the most cost-effective ways to strengthen our grid.

The Agreement and planning process ColumbiaGrid proposes is a good one. We have a few suggestions to improve the proposal, but overall we are encouraged by ColumbiaGrid's progress and particularly with the following features of the proposal.

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The Planning Process is Comprehensive.

Bonneville, as the region's dominant transmission owner and operator, is correct to seek planning that is regionally comprehensive and based on the system concept of "one utility." The proposed Agreement focuses on a system-wide approach while at the same time recognizing that specific projects and investments will necessarily be made by one or a combination of utilities. We support this approach, but it will require commitment and broad participation by the region's transmission owners and operators to succeed.

Participation in Plan Development is Open.

The planning process is open to participation by parties to the Agreement as well as persons who might be materially affected by transmission projects. This ensures that all persons with an interest in transmission projects will have a voice in the ultimate shape of the plan, including those dependent on reliable access and service from the grid and those with an environmental or other policy interest in transmission planning. An open process will enhance the breadth of acceptance the plan will garner throughout the region.

The Planning Process is Cost-Efficient.

The planning process is designed to build on the planning expertise, data and project development by the region's utilities. The regional plan will add value by examining the system-wide impact of these projects and by identifying beneficial projects that might not be visible from the perspective of one utility. In addition, a system-wide plan may identify cost-effective alternatives to projects that would otherwise have been built to solve the needs of a single utility.

The Planning Process is On-going and Regular.

The Agreement sets out clear process milestones and a schedule for regular assessment and revision of the transmission plan. This ensures that the plan will reflect the latest technologies and the latest developments in regional load and grid usage. An on-going and regular planning process will ensure that the value of the plan grows as the region does.

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Turning next to Bonneville's specific questions:

What positive impacts do you think the proposal may have on BPA's ability to serve customers reliably and at least cost?

As discussed above, we believe implementation of the proposal will be beneficial to the region's electricity consumers. In short, we believe that a sound planning process will produce a sound and regionally acceptable transmission plan. A sound regional transmission plan will identify and promote the most effective and cost-effective transmission projects.

What negative impacts do you think the proposal may have on BPA's ability to serve customers reliably and at least cost?

We do not see any significant negative impacts.

What suggested changes would improve the effectiveness of this proposal?

- Section 2.1 of the proposed Agreement specifies that the first regional transmission plan will be adopted by the ColumbiaGrid Board within 30 months of the effective date of the agreement. While we understand that "start-up" will take some time, we recommend that ColumbiaGrid set an aggressive schedule for the first plan and target completion within 24 months. The sooner a plan is completed the sooner actual projects can begin and the more confidence the region will develop in the effectiveness of the ColumbiaGrid processes.
- Both the draft and the final adopted biennial plans should include a section discussing the status of projects identified in the preceding plan.
- In Section 4.3, specify that the "State" representatives to be notified of the formation of a Study Team should include agencies responsible for facility siting, utility regulation and general energy policy.
- Section 5.0 of the proposed Agreement states the parties' intent to broaden the scope of the Agreement to include processing of a common queue for requests for transmission service and interconnection. To focus effort on this beneficial enhancement, we recommend that a schedule be included, perhaps within 24 months of the effective date.

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- Section 12 refers to the WIS Agreement, but we could find no definition of that acronym or agreement in the document.

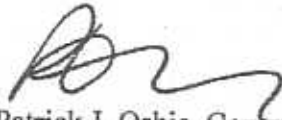
We are confident a comprehensive and accepted regional transmission plan will benefit the region's electricity consumers who depend on the transmission grid for a reliable and cost-effective power supply. As a common source of information, it will facilitate cost-effective transmission investments just as the regional power plan regularly updated by the Northwest Power and Conservation Council has facilitated cost-effective investments in both conservation and new power resources. As utility regulators, we anticipate that a regional transmission plan will provide the utilities we regulate with better information to guide construction decisions and will provide us with valuable information when we examine utility integrated resource plans and particular utility transmission investments.

We are very encouraged by the progress ColumbiaGrid is making and we urge BPA, and all transmission providers in the region, to become full participants in the proposed Agreement.

Sincerely,



Mark H. Sidran, Chairman



Patrick J. Oshie, Commissioner



Philip B. Jones, Commissioner