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TACOMA PUBLIC UTILITIES

November 30, 2004

VIA E-Mail

Brian Silverstein
Manager of Network Planning
Bonneville Power Administration
P.O. Box 61409
Vancouver, WA 98666

Dear Mr. Silverstein:

Please accept the following comments on the Draft Discussion Paper entitled "Transmission Adequacy Standards: Planning for the Future" recently published by Bonneville Power Administration's (BPA) Transmission Business Line.

Tacoma Power appreciates BPA's proactive approach to these important issues affecting the long-term planning process of the regional transmission system. Although the Draft Discussion Paper (Paper) asks many questions both in terms of broadness and specifics of the issues, Tacoma agrees that the first step in the process is to engage the region in an open and thorough dialogue to better define the issues and the components of transmission adequacy.

Until the specific issues are better defined and an appropriate forum created for dealing with them, we will limit our comments to just the key areas of discussion you identify in the Paper.

I. The geographic scope of transmission planning and decision-making. (Is it BPA alone or the entire Northwest?)

Tacoma believes that the responsibility for ensuring an adequate transmission system is best left to the owners of these transmission networks. We do not support BPA imposing or mandating transmission adequacy standards beyond their own system. We feel strongly that a uniform and acceptable industry standard is always the best approach. Therefore, we urge BPA in the event it develops new adequacy standards, to adopt standards that can easily be translated to other networks. We believe the best way of achieving this result is to work in conjunction with other regional transmission owners throughout the process.

II. The costs and risks that utilities and customers are willing to assume for system reliability.

While we all agree that having a highly reliable transmission system is the ultimate goal, we however must make tradeoffs between the degree of reliability and the cost of having it. The current regional and NERC reliability standards serve as a good metric in today's environment. Any further enhancements in system reliability standards must carefully take into account the cost-benefit aspects. Each of which will mean something different for individual utilities and customers.

Issues such as who bears the cost for ensuring an adequate system need to be clearly thought out and an appropriate and reasonable cost allocation methodology developed. It is Tacoma's belief that in an allocated resource environment, costs for additional transmission resources should be the responsibility of those entities requiring such incremental resources. In other words, the costs need to flow with the benefits.

III. The relationship between the physical adequacy of the transmission system and economic adequacy. (How much congestion is acceptable?)

Tacoma feels that a balance between these two standards must be struck. Any standard based solely on one or the other will produce a lopsided transmission system that does not provide fair and equitable benefits for all its users.

Again, cost-benefit considerations must be fully analyzed and taken into account when determining how much or if any transmission congestion is acceptable. Alternatives such as non-wire solutions should be given consideration before capacity build options are undertaken. In addition, BPA and other regional transmission providers and users should explore opportunities that create win-win solutions that help create better regional partnerships.

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We agree that the process of developing transmission adequacy standards needs to involve the creation of a task force made up of representatives from the utility industry and key stakeholders.

Thank you for this opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Theodore Coates".

Theodore Coates
Assistant Power Manager