



Public Generating Pool

Dennis Robinson
Chairman
c/o Cowlitz County PUD
Box No. 3007
Longview, WA 98622
(360) 877-2818
Fax (360) 877-7558

Robert Geddes
Vice-Chairman
c/o Pend Oreille County PUD
P.O. Box 100
Newport, WA 98158
(509) 447-3137
Fax (509) 447-8824

Gary Zerkow
Treasurer
c/o Seattle City Light
700 Fifth Ave., Ste. 3294
Seattle, WA 98104
(206) 894-3200
Fax (206) 894-3198

01-27-04
1-27-04
2-10-04

January 27, 2004

VIA FACSIMILE and MAIL

Stephen J. Wright, Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ASSIGN: T/Ditt2
cc: [redacted], L-7, P-6

Re: **BPA's Proposed Compliance Filing Concerning FERC Order 2003**

Dear Steve:

We understand that BPA's Transmission Business Line (TBL) plans to adopt FERC's Order 2003 regarding large generator interconnections. The Public Generating Pool (PGP) has submitted comments directly to the TBL expressing PGP's substantive concerns about the financial implications of this proposal for BPA's transmission customers. In this letter we raise a due process concern.

Any decision by BPA to comply substantially or partially with Order 2003 would be a major policy decision and would lead to a significant modification of BPA's Open-Access Transmission Tariff (OATT). Thus, compliance with Order 2003 would substantially modify the current transmission rights of PGP member utilities who take service under BPA's OATT. As a matter of public policy, in the past BPA has chosen to conduct formal hearings when major tariff changes have been proposed. Furthermore, the adoption of Order 2003 in the form issued by FERC has the potential to shift costs among BPA's transmission customers, and thus raises significant rate design issues that should be addressed in a 7(i) rate proceeding. We conclude that BPA should conduct a formal proceeding to address the implications of Order 2003 for both rates and terms and conditions of service.

At the public meeting on Order 2003 last month, BPA staff indicated that no decisions had yet been made about either a simple compliance filing, in which TBL would adopt the provisions of Order 2003 as is, or a possible "conditional" compliance filing, in which BPA would agree to comply with Order 2003 subject to modifications to take into account BPA's unique financial circumstances. If BPA wishes to deviate from the final rule, it would be better to develop the record in support of the Administrator's decision in a hearing in the region, rather than relying solely on a filing at FERC to do so.

COWLITZ COUNTY PUD · DOUGLAS COUNTY PUD
GRANT COUNTY PUD · PEND ORBILLE COUNTY PUD · SEATTLE CITY LIGHT

Stephen J. Wright
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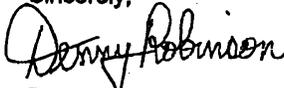
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The Administrative Procedures Act and the Northwest Power Act require that the public have an adequate opportunity to comment on the proposed action. Given the magnitude of the proposed action, we believe that BPA must conduct a formal hearing to meet these legal requirements.

At this point we have no idea of BPA's intentions in this regard. Comments have been filed with TBL, but TBL has not yet responded. We urge you to provide your customers and the region with the procedural due process that has been BPA's standard approach in matters of this magnitude. We look forward to your response.

Thank you.

Sincerely,



Dennis F. Robinson
Chair, Administrative Committee

II.PGP.StephenWright

cc: PGP Administrative Committee
Lon Peters, Northwest Economic Research, Inc.
Ray Kindley, Schwabe Williamson Wyatt