



Department of Energy

Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

February 4, 2004

In reply refer to: TM/Ditt 2

Ms. C. Clark Leone
Public Power Council
1500 NE Irving, Suite 200
Portland, OR 97232

Dear Ms. Leone:

Thank you for your letter of January 15, 2004, expressing the Public Power Council's (PPC) concerns regarding the Bonneville Power Administration (BPA) Transmission Business Line's (TBL) anticipated compliance filing to implement FERC Order 2003. We appreciate your attention to this issue and are diligently considering the detailed comments and concerns expressed in Nancy Baker's letter of December 14, 2003.

In the public meeting held December 11, 2003, my staff shared many of the same concerns with the FERC order that are detailed in Ms. Baker's letter. For instance, we share your concerns with certain pricing components of FERC Order 2003.

Your letter also raises concerns with the public process itself. At this point, our staff is planning on the following actions which I believe will address your concerns:

- Post BPA's proposed compliance filing with FERC Order 2003 for public review with an explanation of any deviation from the order. BPA will provide adequate opportunity for customers to review and comment on the proposal including a public meeting, well in advance of any filing with FERC.
- Make a filing based on the results of the public process to incorporate FERC Order 2003 (including any deviations) into BPA's Open Access Transmission Tariff.
- We are considering addressing the pricing aspects of FERC Order 2003 in a 7(i) process (probably the 2006 Transmission Rate Case). In this case the filing referred to above would not include the pricing aspects of FERC Order 2003. Addressing the pricing methodology in a 7(i) process would give BPA and the rate case parties further opportunity to completely consider all pricing issues. These issues would then be decided in the rate case's Record of Decision.

In conclusion, I want to affirm that we appreciate the concern and consideration with which the PPC is assessing our efforts. We look forward to the PPC's continued interest and participation in TBL's public process regarding FERC Order 2003.

Sincerely,

Charles E. Meyer, Vice President
Transmission Marketing & Sales

cc:

Nicole Case, Kanner & Associates

John Saven, NRU

Lon Peters, PGP

Aleka Scott, PNGC

Terry Mundorf, WPAG

