

April 30, 2010

Ms. Maude Grantham-Richards
Chairman of the Board of Directors
Western Electricity Coordinating Council
615 Arapeen Drive, Suite 210
Salt Lake City, Utah 84108-1262

NEED FOR IMPROVEMENTS TO THE RELIABILITY STANDARDS DEVELOPMENT AND ENFORCEMENT PROCESSES

Dear Ms. Grantham-Richards:

We the undersigned represent the Western Electricity Industry Leaders (WEIL) group. The WEIL is comprised of the executive leadership of the major transmission owning and operating entities in the Western Interconnection. This is an informal group that provides a venue for sharing information and coordinating activities regarding issues that impact the western grid. As such the WEIL participants are all members of the Western Electricity Coordinating Council (WECC) and have extensive experience in reliability compliance. This experience has been gained through both the original WECC Reliability Management System (RMS)¹ and the new processes being implemented through the North American Electric Reliability Corporation (NERC) as the Electric Reliability Organization (ERO) under the 2005 Energy Policy Act. It is based upon this extensive experience in assuring reliable operation of the western grid that we offer these comments.

As the WEIL members have assessed the last three years under the new NERC reliability standards development and enforcement processes, we are troubled by what appears to be a mindset of administrative compliance with a set of detailed standards rather than viewing reliability from a results-based perspective. While we believe that WECC's approach to reliability audits has changed dramatically in the last eighteen months towards a more constructive, collaborative process, we remain concerned that a trend is developing within our operating staffs that focuses on dotting the "i's" and crossing the "t's" rather than looking at grid operations from a performance standpoint. We fear that this trend has the potential to actually decrease grid reliability. As a result of our discussions, we have identified four areas of agreement among us, as follows:

1. The compliance approach currently being used is dramatically increasing costs of operations and is introducing confusion among operating staff. However, the current approach does not seem to be creating a commensurate gain in focus on actions that produce reliability improvements and benefits to the Bulk Electric System (BES).
2. A performance, or results, based standard is a better foundation for meeting reliability goals.

¹ This voluntary performance-based penalty system was unique to the western interconnect. The evidence of the effectiveness of this approach can be seen by the lack of major events in the West compared to other reliability regions over the ensuing years.

3. We believe the industry supports the pursuit of operational excellence and continuous improvement. A way of achieving this goal would be to accelerate a process driven event review, with clarity around the vision for the role of NERC in this activity.
4. We support the identification of critical cyber assets within a process that recognizes an expanded perspective on threats to the BES reliability and recovery.

We at WEIL are encouraged by the recent initiatives being undertaken by the new management of NERC and support these efforts. One example is the proposed revised standard FAC-003 "proof of concept." We recommend that WECC embrace these efforts and work collaboratively with FERC to gain their endorsement as well.

We are also concerned that some of FERC's recent proposed rules suggest a lack of confidence in NERC and the Regional Reliability Organizations (RROs). Our most fundamental concern is the strength of the relationship and trust between FERC, NERC, the RROs, and BES participants. We believe successful implementation of effective BES reliability is dependent upon the participants in the BES actively working together to improve reliability performance. Such an effort must be facilitated by collaborative partnerships between FERC, NERC, and the RROs to establish and enforce standards. Collaborative pursuit of operational excellence and continuous improvement has been successfully demonstrated in the nuclear industry and can be a model for us with respect to reliability of the BES. The WEIL members would like to work with WECC, NERC, and FERC to facilitate and expedite initiatives that would allow us to significantly improve on the reliable operation of the BES in a cost-effective manner. We will encourage our staffs that work within the WECC and NERC processes to focus on increasing communication that would support this approach. The WEIL executives would welcome more dialogue regarding these issues. Mr. Jim Shetler of the WEIL Executive Committee will be contacting Louise McCarren in the near future to discuss how we can better facilitate these efforts within the Western Interconnection and at the national level.

Sincerely,



Steven Wheeler, EVP Cust. Serv. & Regulation
Arizona Public Service Company



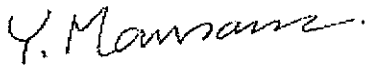
Dennis Vermillion, President
Avista Utilities



Steve Wright, Administrator
Bonneville Power Administration



Janet Woodruff, Interim President
British Columbia Transmission Corp.



Yakout Mansour, CEO
Ca. Independent System Operator



Dan Minor, EVP Operations
Idaho Power



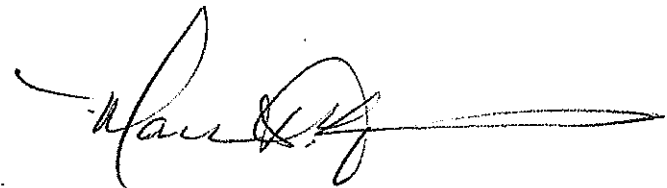
Aram Benyamin, Sr. AGM Power System
LA Department of Water and Power



Roberto R. Denis, Sr. VP Energy Delivery
NV Energy



Robert C. Rowe, President & CEO
NorthWestern Energy



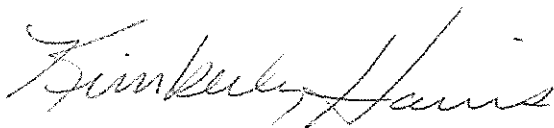
Mark S. Johnson, VP Electric Ops. & Engng.
Pacific Gas & Electric



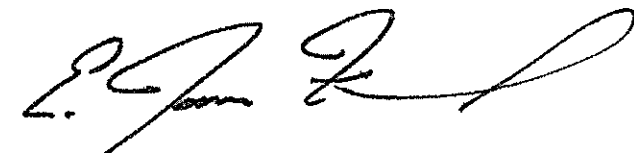
Pat Reiten, President
Pacific Power



Jim Piro, President & CEO
Portland General Electric



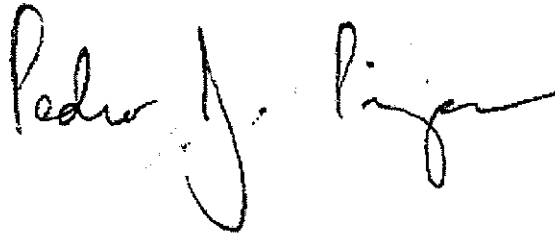
Kimberly Harris, EVP & Chief Resource Ofcr.
Puget Sound Energy



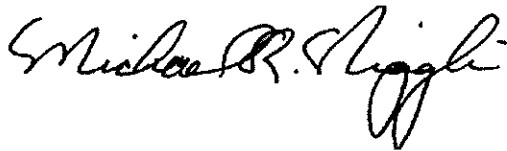
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John DiStasio, GM & CEO
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Mike Niggli, President & COO
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Timothy J. Meeks, Administrator
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cc: Louise McCarren – WECC
Gerry Cauley – NERC
Chairman Wellinghoff – FERC