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August 29, 2003

MEMORANDUM

TO: Council Members

FROM: Terry Morlan

SUBJECT: Presentation by Jerry Rust, Northwest Power Pool

Jerry Rust, the Director of the Northwest Power Pool will describe the currently available information on the recent blackout of much of the Midwest and Northeast United States and parts of Eastern Canada. He will also address whether a similar event is possible in the Pacific Northwest and how our system is different from the Eastern U.S.

The Northwest Power Pool is one of five sub-areas in the Western Electricity Coordinating Council (WECC). The WECC sets standards for electricity system reliability in the western interconnection and reviews compliance with those standards, but has no real-time operational role. It is one of 10 regional councils in the North American Electric Reliability Council (NERC). NERC was formed in 1968, following the New York City blackout, to ensure that the bulk electric system in North America is reliable, adequate and secure: In other words, to prevent the kind of events that occurred on August 14, 2003.

Below is a description of the mission of the Northwest Power Pool.

NORTHWEST POWER POOL (NWPP) serves as a forum in the electrical industry for reliability and operational adequacy issues in the Northwest, through both the transition period of restructuring and the future. NWPP promotes cooperation among its members in order to achieve reliable operation of the electrical power system, coordinate power system planning, and assist in transmission planning in the Northwest Interconnected Area.

It is a voluntary organization comprised of major generating utilities serving the Northwestern U.S., British Columbia and Alberta. Smaller, principally non-generating utilities in the region participate indirectly through the member system with which they are interconnected.

The Pool was originally formed in 1942, when the federal government directed utilities to coordinate operations in support of wartime production. NWPP activities are largely determined by major committees - the Operating Committee, the Coordination Contract Committee, and the Transmission Planning Committee.