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FEDERAL ENERGY
REGULATORY COMMISSION

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HAND DELIVERY

Mr. David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: Supplemental Compliance Filing and Request for Declaratory Order
Pursuant to Order 2000**

Dear Mr. Boergers:

Enclosed for filing on behalf of Avista Corporation, the Bonneville Power Administration, Idaho Power Company, The Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc. and Sierra Pacific Power Company (collectively, the "filing utilities") are of the following:

1. An original and 14 copies of the filing utilities' Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000 (including all attachments) and copy of the filing (including all attachments) in MS Word 97 format on two diskettes;
2. An original and 14 copies of a proposed Federal Register Notice of Filing and a copy of the Notice in MS Word 97 format on a diskette; and
3. An original and 14 copies of the service list for the enclosed filing, together with:
 - (a) a copy of the letter that was sent to each party on the service list giving notice of the filing and of the means by which any interested party may obtain a copy of the filing, and

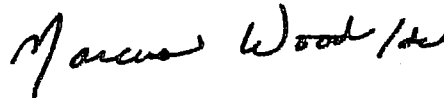
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Mr. David P. Boergers
October 23, 2000
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- (b) a Certificate of Service attesting to delivery of the notice letter describing item 3(a) above.

In addition, enclosed in accordance with 18 C.F.R. § 381.103 is a check for \$14,710 to pay the filing fee for the enclosed Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000.

Very truly yours,



Marcus Wood
On Behalf of Filing Utilities

Enclosures

cc: (w/o encl.): Parties on Service List
(w/encl.): California Public Utilities Commission
Colorado Public Utilities Commission
Idaho Public Utilities Commission
Montana Public Service Commission
New Mexico Public Regulation Commission
Nevada Public Utilities Commission
Oregon Public Utility Commission
Public Service Commission of Utah
Utah Department of Commerce
Washington Utilities and Transportation Commission
Wyoming Public Service Commission

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Avista Corporation,

Bonneville Power Administration,

Idaho Power Company,

The Montana Power Company,

Nevada Power Company,

PacifiCorp,

Portland General Electric Company,

Puget Sound Energy, Inc.,

Sierra Pacific Power Company

Docket No. RT01-35-000

**SUPPLEMENTAL COMPLIANCE FILING
AND
REQUEST FOR DECLARATORY ORDER
PURSUANT TO ORDER 2000**

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Avista Corporation,
Bonneville Power Administration,
Idaho Power Company,
The Montana Power Company,
Nevada Power Company,
PacifiCorp,
Portland General Electric Company,
Puget Sound Energy, Inc.,
Sierra Pacific Power Company

Docket No. RT01-35-000

SUPPLEMENTAL COMPLIANCE FILING
AND
REQUEST FOR DECLARATORY ORDER
PURSUANT TO ORDER 2000

In compliance with Order 2000,¹ and pursuant to Rule 207(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207(a)(2) (2000), the undersigned parties (referred to in this filing as the "filing utilities") submit this proposal to form a regional transmission organization, referred to in this filing as "RTO West." This filing supplements a previous filing submitted by the filing utilities in compliance with Order 2000 on October 16, 2000.

¹ *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (Jan. 6, 2000), FERC Stats. & Regs. ¶ 31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (Mar. 8, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), *review pending sub nom. Pub. Util. Dist. No. 1 of Snohomish Cty., WA v. FERC*, Nos. 00-1174, et al. (D.C. Cir.).

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I. EXECUTIVE SUMMARY

This filing is made in compliance with the Commission's Order 2000, as supplemented.² The parties participating in this filing are Avista Corporation, the

² *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (Jan. 6, 2000), FERC Stats. & Regs. ¶ 31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (Mar. 8, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), *review pending sub nom*, *Pub. Util. Dist. No. 1 of Snohomish Cty., WA v. FERC*, Nos. 00-1174, et al. (D.C. Cir.).

Bonneville Power Administration ("Bonneville"), Idaho Power Company, The Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power Company (together, the "filing utilities"). All of the filing utilities except Bonneville are subject to Commission jurisdiction for purposes of Order 2000. Bonneville is participating in this filing as a concurring party.

This filing supplements a preliminary compliance filing the filing utilities submitted to the Commission on October 16, 2000. This filing constitutes Stage 1 of the filing utilities' proposal to form a regional transmission organization (referred to in this filing as "RTO West"). The filing utilities intend to submit another filing (their "Stage 2" filing) in spring 2001 with all remaining documents and information needed to complete their proposal for RTO West.

In this Stage 1 filing, the filing utilities request that the Commission issue a declaratory order with respect to certain documents and information in this filing. Specifically, the filing utilities request a declaratory order (issued on an expedited basis) with respect to: (1) the form of RTO West First Restated Articles of Incorporation and RTO West Bylaws included with this filing as Attachments R and J; (2) the scope and configuration of RTO West as proposed in this filing; and (3) the form of Agreement Limiting Liability Among RTO West Participants (included with this filing as Attachment Y). In addition, the filing utilities wish to provide the Commission with copies of the current forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements, which are included as Attachments S and U to this filing. Three of the filing utilities (Bonneville, Idaho Power

Company, and PacifiCorp) further request that the Commission issue a declaratory order finding that the concepts as a package embodied in the Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements are acceptable to the Commission and consistent with the requirements of Order 2000, subject to timing and procedures detailed in Section VII.A of this filing. The remaining filing utilities need additional time to fully review the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements, as set out in Section VII.A.

In their Stage 2 filing, the filing utilities intend to submit to the Commission for its approval all documents and information needed to complete their proposal for RTO West. This will include, among other things, a proposed form of RTO West Tariff (with all schedules and exhibits), associated forms of Generation and Load Integration Agreements, forms of Agreement Among RTO West and Transmission Owners to Use Paying Agent and Security Coordination Agreement, and proposed schedules of transfer charges and allocation of transmission rights needed to implement the RTO West pricing and congestion management proposals.

Implementation of the RTO West proposal as described in this filing is dependent upon a number of important conditions, which are explained in detail in Section II.B.2 of this filing. Some of these conditions apply to all of the filing utilities, while others apply to individual filing utilities or subsets consisting of several filing utilities. Key among the conditions for all of the filing utilities are the Commission's granting of declaratory orders requested in this filing, as well as those that will be requested in the Stage 2 filing. There are also important negotiations among the filing utilities that must be completed

successfully. These negotiations relate principally to agreement on transfer charges and the conversion and allocation of rights under existing transmission agreements and load service obligations into transmission rights within the proposed congestion management scheme for RTO West. Many of the filing utilities will need to complete application and approval processes with state retail regulatory agencies with jurisdiction over aspects of the RTO West implementation and funding. There are critical tax, liability, insurance, and funding issues that must be resolved as well.

The proposal described in this filing has been developed through an extensive process that enabled interested parties from across the country to participate, although most participants were from the northwestern United States, Canada (specifically the provinces of British Columbia and Alberta), and other western states. The elements of the development process were numerous. The forum for most policy discussion was a broad group of representatives from throughout RTO West's proposed geographical area, known as the Regional Representatives Group or "RRG." RRG meetings were also well attended by members of the Commission's staff.

In addition to RRG activities, there were a number of technical work groups in which any interested parties were able to participate and a dedicated group of filing utility representatives and Canadian participants (known as the "Canada-U.S. Adjunct Committee") that worked on means to facilitate the inclusion of British Columbia and Alberta transmission entities within RTO West. There was also (and continues to be) a Website (<www.rtowest.org>) through which interested parties could obtain a wide range of documents and background information about RTO West.

As the RTO West development process proceeded, a number of issues of particular importance to the RTO West region emerged. As might be expected, these issues centered on areas such as the pricing structure to be used for RTO West transmission access, the manner of converting existing transmission rights and load service obligations into rights under the proposed RTO West congestion management scheme (and allocating those rights), identification of facilities to be included in RTO West's transmission system, participation by Bonneville and by public power entities, retail access and stranded costs, and participation by those filing utilities that intend to form a separate, for-profit independent transmission company that will join RTO West as a single transmission owner.

The RTO West proposal has been developed to fulfill all of the characteristics and functions under Order 2000. RTO West will have a fully independent, non-stakeholder Board of Trustees and a well-defined public process for receiving input on its actions and decisions from all interested parties. RTO West will cover an enormous geographical area, encompassing almost all of the high-voltage transmission facilities in the states of Oregon, Washington, Idaho, Montana, Utah, and Nevada, as well as parts of Wyoming and California. In addition, the filing utilities have worked closely with representatives from British Columbia and Alberta to shape RTO West so as to minimize structural obstacles to including transmission facilities in those Canadian provinces within RTO West in accordance with the preferences of the affected parties and other important considerations.

RTO West will have the operational authority and responsibility for short-term reliability contemplated by Order 2000, through provisions of its Transmission Operating

Agreements, Generation and Load Integration Agreements, and Security Coordination Agreements. RTO West will administer its own tariff; manage congestion through a system of market-driven, physical-rights-based, tradeable transmission rights; and address parallel path flows that cross its control area boundaries into neighboring transmission systems within the Western Interconnection. RTO West will facilitate external markets for ancillary services and will also act as provider-of-last-resort for ancillary services as required under Order 888 and Order 2000. RTO West will maintain its own OASIS site and will be responsible for calculating the Total Transfer Capability and Available Transfer Capability on its transmission system. RTO West will have an independent market monitoring unit that will be responsible for carrying out the market monitoring functions Order 2000 requires. RTO West will be responsible for planning of all transmission facilities under its control and will have "backstop" authority to address failures to construct or upgrade transmission facilities needed to maintain reliable service to load within the RTO West region. RTO West's planning and expansion process will provide for extensive stakeholder participation and will promote market-based approaches to expansion for congestion relief. Finally, RTO West will build upon efforts already initiated by the filing utilities and various RRG and work group members to proactively address interregional coordination with respect to market interface and reliability issues.

As noted above, this filing is the first stage in the process of obtaining Commission approval for the entire RTO West proposal. The specific relief requested in this filing is detailed in Section VII.A. below. The filing utilities intend to submit all

remaining documents and information necessary to complete their proposal in spring 2001.

II. INTRODUCTION

A. Identification of Parties Participating in Filing

This filing is submitted jointly by nine participants. The nine participants are Avista Corporation, the Bonneville Power Administration ("Bonneville"), Idaho Power Company, The Montana Power Company, Nevada Power Company ("Nevada Power"), PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power Company ("Sierra"). These nine entities are referred to collectively in this filing as the "filing utilities."

All of the filing utilities except Bonneville are required to submit a filing to the Commission under the provisions of Order 2000. Bonneville is participating in this filing as a concurring party. The remaining eight filing utilities are acting as applicants before the Commission with respect to most of the items in this proposal for which a Commission declaratory order is requested. With respect to the attached forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements, however (as further detailed in Section VII.A below), only three of the filing utilities are requesting a Commission declaratory order at this time.

B. Nature of Filing

1. Summary of Filing Contents and Commission Action Requested

This filing is made by the filing utilities in compliance with the requirements of 18 C.F.R. § 35.34 and 18 C.F.R. § 385.207(a)(2). Because the filing utilities intend to supplement this filing with a subsequent filing with additional details (as described below), this filing is designated as the filing utilities' "Stage 1" filing and the subsequent filing is designated as the "Stage 2" filing.

The purposes of this Stage 1 filing are: (1) to describe the regional transmission organization arrangements the filing utilities desire to implement; (2) to obtain a declaratory order approving the form of RTO West First Restated Articles of Incorporation and RTO West Bylaws submitted with this filing letter; (3) to obtain a declaratory order determining that the scope and configuration of RTO West as proposed in this filing satisfies applicable provisions of Order 2000; (4) to obtain a declaratory order approving the form of Agreement Limiting Liability Among RTO West Participants; (5) to provide the Commission with copies of the current forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements; and (6) to enable three of the filing utilities (Bonneville, Idaho Power Company, and PacifiCorp) to request that the Commission issue a declaration that the concepts as a package embodied in the Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements are acceptable to the Commission and consistent with the

requirements of Order 2000, subject to timing and procedures detailed in Section VII.A below.³

As noted above, the filing utilities intend to make a Stage 2 filing in spring 2001, for the purpose of obtaining approval of: (1) the RTO West Tariff; (2) the forms of Agreement Among RTO West and Transmission Owners to Use Paying Agent, Generation Integration Agreement, Load Integration Agreement, and Security Coordinator Agreement needed to implement the RTO West arrangements; (3) the schedule of Transfer Charges payable as a condition of RTO West service, as described in this filing; and (4) the allocation of firm transmission rights by RTO West, as described in this filing. The above filing deadline assumes that the Commission is able to grant the declaratory orders requested in this filing by January 31, 2001, so that the filing utilities will be able to confirm that their Stage 2 filing documents are in compliance with any requirements set out in the Commission's initial declaratory order.

This Stage 1 filing represents a definitive first step by the filing utilities, following an extensive public process, to create a regional transmission organization that complies with the requirements of the Commission's Order 2000. The proposed regional transmission organization would cover most of the geographic and population areas of the states of Oregon, Washington, Idaho, Montana, Utah, and Nevada, as well as parts of Wyoming and California. The filing utilities have also taken great care, in consultation with representatives from the Canadian provinces of British Columbia and Alberta, to create corporate and operating structures that will make it more feasible to include

³ References throughout this filing to the Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements are not intended to restrict the review of these agreements by the filing utilities that are continuing their review as further described in Section VII.A.2 below.

transmission facilities within British Columbia and Alberta as may be mutually agreed upon by affected Canadian and U.S. parties. In addition, as explained further below, this filing, when implemented with appropriate pricing reciprocity, also would create a single nonpancaked transmission pricing area covering virtually the entire Western Systems Coordinating Council area ("WSCC").

2. Important Conditions to Implementation

a. Conditions Applicable to All Filing Utilities

As can be expected with any effort so ambitious, a number of difficult hurdles must be cleared before the filing utilities proceed to implementation of the proposal. The filing utilities have identified the following:

1. The Commission's declaration approving all RTO West proposal elements as submitted in the filing utilities' Stage 1 and Stage 2 filings.
2. Successful completion among the filing utilities of ongoing negotiations of a schedule of transfer charges and of transmission rights implementation required to complete the RTO West tariff, including transmission rights and benefits associated with pre-existing transmission agreements and load service obligations.
3. RTO West's successful completion of the underwriting process to obtain the insurance required by the Agreement Limiting Liability Among RTO West Participants. (The form of Agreement Limiting Liability Among RTO West Participants is attached to this filing as Attachment Y; Attachment Z to this filing contains a summary of its provisions. Section V.C. 7 explains why this agreement is critical to RTO West implementation.)

4. The Commission's approval of subsequent applications under Sections 203 and 205 of the Federal Power Act for approval of the RTO West contracts and the RTO West Tariff, as filed.
5. The Commission's approval of subsequent applications submitted by participating transmission owners under Section 205 of the Federal Power Act for approval of their individual company rate tariffs as filed.
6. Approval by each of the state retail regulatory agencies with authority over the transfer of control of transmission facilities covered by the Transmission Operating Agreement, as well as of various related accounting and other matters within state jurisdiction.
7. Approval by each of the state retail regulatory agencies with authority over the recovery of costs incurred by one or more filing utilities in connection with the development of the RTO West proposal and the transfer of control of transmission facilities covered by the Transmission Operating Agreement for the applicable filing utilities to recover their costs as requested in filings submitted to the state retail regulatory agencies.
8. Confirmation that RTO West's use of Bonneville's transmission facilities in the manner described in this filing will not cause the transmission facilities of Bonneville to be subject to state beneficial use taxes.
9. Agreement by the filing utilities on a means of assuring that RTO West is able to finance its substantial pre-operational costs, along with approval by appropriate regulatory bodies of a means for the filing utilities to ensure recovery of any such pre-operational costs that they must advance or guarantee.

The filing utilities intend to continue their diligent efforts to surmount the remaining hurdles to complete the filing and then implement the RTO West proposal. Because of the magnitude of the undertaking, the filing utilities may be unable to make RTO West fully operational by the December 15, 2001 date specified by the Commission. Assuming prompt action by the Commission and all regulatory bodies on the various regional transmission organization applications, much work remains to establish the RTO West Board of Trustees, hire the RTO West staff, procure a building, procure and install business systems, procure and install the operational systems that control the transmission facilities, and finally to test the operational system with the market participants. The filing utilities asked KEMA Consulting, RTO West's Filing Program Manager, to evaluate the feasibility of meeting the operational date of December 15, 2001. KEMA Consulting, evaluating similar implementations in scope and functions, advised the filing utilities that development could not be completed by the Commission operational date of December 15, 2001. The filing utilities will provide additional information on RTO West's implementation schedule to the Commission as it is developed.

b. Specific Conditions for Individual Filing Utilities⁴

Nevada Power, Portland General Electric Company, Sierra, and Puget Sound Energy, Inc believe that there are difficult hurdles associated with issues relating to import and export charges that must be cleared before they proceed to implementation of the proposal. These utilities believe that the resolution of these issues should mitigate

⁴ The inclusion of this Section II.B.2.b in this joint filing letter does not constitute agreement by the other filing utilities to the statements in these provisions.

future cost shifts or allow for lost revenue recovery and may be satisfied with appropriate agreements with other regions or through other means.

In addition, Sierra and Nevada Power believe that if Sierra and Nevada Power elect to participate in an RTO other than RTO West, transfer charges for Sierra and Nevada Power should be eliminated. This contention is based upon the fact that their short-term transmission agreements were entered into in preparation for retail open access and the continuation of these agreements over the life of the company rate period was not contemplated. Additionally, Sierra and Nevada Power are terminating their power supply function and their supplier-of-last-resort responsibility is of limited duration. Sierra and Nevada Power will honor pre-existing agreements.

III. DESCRIPTION OF COLLABORATIVE PROCESS USED TO DEVELOP RTO PROPOSAL

A. Development of the RTO West Collaborative Process

The RTO West proposal is the result of a broad collaborative process that engaged stakeholders and interested parties from the northwestern United States, Canada (specifically the provinces of British Columbia and Alberta), and the western United States. In establishing the RTO West collaborative process, the filing utilities were guided by the Commission's statement in Section III of Order 2000: "We expect that * * * parties in each region will work collaboratively to identify the appropriate RTO regions, identify all transmission owners and facilities in each region, and develop a timely application in accordance with the Final Rule." Order 2000 at 31,222. The RTO West collaborative process was designed to help the filing utilities and interested parties seek consensus on as many issues as possible. As would be expected in such an open

process, many of the views that were shared and forcefully advocated were widely divergent. Consequently, the recommendations of the filing utilities in this proposal have received varying degrees of support and dissent from stakeholders and interested parties.

Several background activities helped establish the substantive foundation on which the RTO West process was built.

1. Background

- a. Independent Grid Operator (IndeGO)

Twenty-one utilities undertook an extensive two-year effort from 1996 to 1998 to develop an independent grid operator (called "IndeGO") in the states of Washington, Oregon, Idaho, Montana, Wyoming, Utah, Nevada, and Colorado. IndeGO was to be formed as a nonprofit organization with an independent board that would act as the independent grid operator for the aggregated transmission systems of participating transmission owners. Under the proposal, IndeGO would not own any transmission facilities but would "control" each participating transmission owner's transmission facilities in exchange for an annual payment that would cover the owner's capital, operation, and maintenance costs.

IndeGO was a complex arrangement that involved many contracts, organizational documents, a tariff, white papers, spreadsheets, and other documentation. These documents were developed in a public process by work groups in the areas of pricing, revenue requirements, legal issues, planning, operations, congestion management, facilities management, and finance. While the IndeGO proposal did not go forward to the Commission for approval, IndeGO contract documents, white papers, and other documents have provided extremely valuable background material to help develop this

filing proposal. In many cases, the contract language developed for IndeGO was well suited to form the basis of contract documents for RTO West. In addition, participation in the RTO West collaborative process by many former IndeGO representatives provided valuable experience, history, and context to the RTO process.

b. Northwest RTO Educational Workshops

A series of six Northwest RTO educational workshops helped lay the foundation for the RTO West collaborative process. Northwest utilities, public power entities, marketers, Bonneville, and Canadian entities sponsored the workshops, which began shortly after the May 13, 1999 issuance of the Commission's Notice of Proposed Rule-Making on Regional Transmission Organizations. The last of these educational workshops was held on February 14, 2000.

The purpose of the workshops was to provide background information on RTO developments from PJM, the Alliance Companies, the California ISO, and others from around the country that could be useful in forming an RTO in the Northwest. The highlight of this educational program was a workshop on August 6, 1999 co-chaired by Bonneville Administrator Judi Johansen and Commission Chairman James Hoecker, with assistance from Commission staff members Patricia Alexander, Doug Smith, and Rick Miles. This workshop focused on some of the key substantive issues in RTO formation including transmission pricing, cost-shifting, and the fundamental RTO characteristics of independence, appropriate scope, operational authority, and short-term reliability.

c. Lawyers' Committee Reports

The creation in September 1999 of an ad hoc legal committee was a critical precursor to this filing proposal. Lawyers on this committee represented utilities, public power, independent power producers, and marketing interests. They defined RTO structural options that satisfied two basic criteria: (1) they would allow Bonneville, investor-owned utilities, publicly owned utilities, and other regional entities to participate; and (2) they could be implemented within the time frame laid out in Order 2000. The legal committee completed a thorough review of all available options and incorporated their conclusions into two documents, an "ISO Matrix" and a "Transco Matrix," which were presented at the final Northwest RTO educational workshop on February 14, 2000. These matrices and the analyses of the legal work group clarified the viable structural options and helped expedite the development process by narrowing the scope of possible RTO structures to those that were feasible in view of the expected participants and time constraints.

d. Filing Utilities' Consensus on Form, Structure, and Principles

On March 17, 2000, the filing utilities released two documents entitled "RTO Filing Utilities' Consensus Concerning RTO Form and Structure" and "RTO Filing Utilities' RTO Principles." (These documents are included with this filing as Attachments A and B.) These two documents reflected an important agreement among the filing utilities as to what they could support. The documents also delineated the sideboards for analysis of the various structural options and issues in the collaborative process that was being developed concurrently.

2. Defining the Elements of a Collaborative Process

The filing utilities and stakeholders worked together to define the elements of the RTO West collaborative process that began in April 2000. At the Commission-sponsored workshop in Las Vegas, Nevada on March 23 and 24, stakeholders and other regional parties conveyed their expectations to Commission staff with respect to their participation in a broad-based development process. Commission staff and the filing utilities heard two overriding messages: (1) the desire of regional parties to be “at the table” during RTO discussions; and (2) concern that filing utilities not advance “private agendas” that would not be shared in a public process.

In response to these messages and other guidance from Commission staff, the filing utilities, with assistance from public power and other stakeholder representatives, developed a proposal entitled “Northwest RTO Collaborative Process Plan – A Proposal by the Filing Utilities.” (Please see Attachment C.) This proposed plan was introduced to the RTO West region at a workshop on April 12, 2000. The plan included five key elements: (1) an RTO Regional Representatives Group; (2) the RTO Filing Utilities group; (3) work groups with specific subject-area responsibility; (4) regional workshops; and (5) a Website (originally <www.nwrto.org> and now <www.rto west.org>). Regional parties reached a consensus at the April 12, 2000 workshop that the plan was workable and should be implemented.

B. Implementation of the RTO West Collaborative Process Plan

1. Establishing the RTO West Regional Representatives Group

The first step in implementing the plan was to request participation of a broad range of regional parties and interests in the RTO West Regional Representatives Group

(the "RRG"). After extensive discussions with many stakeholder groups and individuals, the RRG was formed of representatives from the following interests:

- Public Generators
- Rural Co-ops
- Transmission Dependent Utilities/BPA Customers
- Non-BPA Transmission Dependent Utilities
- Transmission Scheduling Utilities
- Urban/Westside Transmission Dependent Utilities
- RTO Filing Utilities
- FERC-Jurisdictional Non-Investor Owned Utilities
- States' Representatives
- Residential Consumers
- Direct Service Industrial Customers of BPA
- Industrial Customers
- Environmental Community
- Renewable Resources
- Independent Power Producers
- Marketers
- Sovereign Tribes
- Canada (British Columbia and Alberta)

While principal and alternate representation on the RRG changed somewhat during the RTO West development process, the "Revised RTO West Regional Representatives Group (August 8, 2000)" lists individuals who participated consistently in RRG meetings, as well as the organizations these individuals represented. (Please refer to Attachment D.)

2. RTO West Filing Utilities' Funding and Project Management Selections

In the collaborative process plan, the filing utilities indicated their commitment to participate fully in the collaborative process. They also committed to advance the funds necessary to retain the services of project managers and to document the filing. They retained KEMA Consulting as the project manager for development of the filing and the law firm of Krogh & Leonard to serve as public process consultant. Both firms

participated throughout the development of the filing proposal. The filing utilities incorporated RTO West as a private, nonprofit corporation in Washington State, which served exclusively as the funding agent for the development of the RTO West filing proposal.

Because of their obligation to file the RTO West proposal within the Commission's timeline, the filing utilities retained the authority to establish workstreams and decision timelines, and, in the absence of an RRG consensus, to resolve issues and propose resolutions to the Commission. To address the concern that the filing utilities not advance a "private agenda" outside the public process, a neutral note-taker was present at filing utility representative meetings. Notes taken by the neutral note-taker were posted on the RTO West Website.

3. Initiating the Technical Work Groups

After establishing the RRG, the next step was to establish the technical work groups and request recommendations for participants to serve on them. At the direction of the organizations represented on the RRG, knowledgeable individuals with expertise and background in all aspects of the filing proposal agreed to serve on the technical work groups. Work groups were established to prepare recommendations on Transmission Pricing, Congestion Management, Transmission Planning, Market Monitoring, Ancillary Services, Legal, Seams, and Implementation. To address the independence characteristic in Order 2000, a Governance Work Group was established under the auspices of the Legal Work Group. The Legal Work Group was given responsibility for drafting all contract documents for the filing proposal. Specific subgroups of the Legal Work Group were assigned to develop the Transmission Operating Agreement, the Generation

Integration Agreement, the Load Integration Agreement, the Security Coordination Agreement, the Agreement Limiting Liability Among RTO West Participants, and the Agreement Among RTO West and Transmission Owners to Use Paying Agent. A more detailed listing of these work groups, their assignments, and the representatives who served on them is available on the RTO West Website.

4. RTO Regional Workshops

In addition to the meetings of the RRG, the plan envisioned holding occasional regional workshops, known as "big tent" meetings, to present the status of RTO development and receive input from a larger audience. Because so many of the region's interested parties attended the RRG meetings, the filing utilities and their process consultants did not believe additional "big tent" meetings were needed during the development of the filing proposal. The filing utilities did, however, host a "big tent" public meeting on August 22, 2000 in Spokane, Washington to inform members of the general public, who had not actively followed either RRG or work group activities, about the progress toward forming an RTO in the Northwest.

The purpose of the meeting was to provide background information on Order 2000, the filing utilities' principles for RTO development, consensus form and structure proposals, and a description of the regional process the filing utilities undertook to develop the RTO proposal.

At the meeting, the filing utilities hosted a panel discussion with representatives from existing independent system operators and other utility entities contemplating RTO development in other parts of the country. Filing utility representatives also discussed efforts to define costs and benefits of RTO formation for the Northwest. In addition, they

presented draft proposals on RTO West scope and regional configuration, pricing, congestion, market monitoring and ancillary services models, and their proposal on a governance structure.

5. Other Collaborative Efforts

To augment the regional process, Bonneville also sponsored two National Environmental Policy Act ("NEPA") public meetings and several technical briefings with Tribal representatives. On August 22 and 25, 2000, Bonneville held public meetings to identify environmental concerns regarding its participation in the proposed RTO West. Bonneville staff reviewed the 1995 Bonneville Business Plan Environmental Impact Statement, which anticipated and analyzed the environmental impacts of forming a Northwest RTO. Bonneville outlined the steps it would take to ensure NEPA compliance as it participated in RTO West development discussions.

Bonneville also held seven technical briefings throughout the summer for Tribal governments to discuss the impacts of RTO development in the region. These briefings resulted in one formal request for consultation with the Colville Tribe, which was held on October 10, 2000. In addition, Bonneville staff worked extensively with the Affiliated Tribes of Northwest Indians throughout the public process to ensure appropriate Tribal input in the RRG process.

6. The Website

The RTO West Website – <www.rtowest.org> – was established as the principal means for communicating to all interested parties on RTO progress and development. In the five months from the beginning of the collaborative process, the Website has served

as the primary method for giving notices, agendas, and minutes of all RRG and work group meetings; for presenting the analytical work products of individuals and groups who are participating in the work groups and RRG meetings; for setting out contract documents; and for references to other sources for relevant information.

7. Functions of the RRG, the Work Groups, and the Filing Utilities

To execute the collaborative process plan, it was necessary to set forth the specific roles, responsibilities, and processes to be used by the RRG and the work groups. (Please see Attachment E.) This document states that the role of the RRG was “to serve as a high-level collaborative forum for discussion of RTO development issues with a goal of finding consensus on those issues and to provide advice to the filing utilities as they make decisions on their RTO proposal for filing.” The RRG was not designed to serve as a vote-taking entity on the issues, but as a forum for achieving consensus wherever possible. In addition to researching and analyzing RTO technical issues, the work groups were also charged with reaching consensus on proposed recommendations wherever possible. If consensus could not be reached in the work groups, those issues were sent to the RRG for a further effort at consensus. Failing the reaching of consensus at the RRG level, the filing utilities were obligated to resolve the issue. For the most part, this process worked effectively throughout the RTO development period.

8. Canadian Participation in Collaborative Process

The Commission stated its belief in Order 2000 that involvement by Canadian entities in RTO formation and operation would be beneficial to both countries and encouraged Canadian participation in RTO consultations. Order 2000 at 31,202-03. To accomplish this end, policy executives of British Columbia and Alberta transmission entities joined with their counterparts among the filing utilities to form a Canadian-U.S. Adjunct Committee to explore ways to facilitate Canadian participation in RTO West. In addition to Adjunct Committee involvement, there was substantial participation by British Columbia and Alberta representatives in the RTO West RRG and the technical work groups on all aspects of RTO West formation. Through these efforts, the RTO West proposal incorporates a number of elements designed to facilitate British Columbia and Alberta entities' participation in RTO West.

C. Execution of the Collaborative Process Plan

A list of key issues served as the primary means for executing the collaborative process plan. (Please see Attachment F for the "RTO Filing Utilities' Preliminary Issues List," dated March 17, 2000.) The list of issues focused the work of the technical work groups, the RRG, and the filing utilities. On May 26, 2000, the RRG reached consensus on an expanded list of 24 fundamental issues that defined the scope of the tasks of the work groups. This "Consensus Issues List" is included as Attachment G. The 24 consensus issues included the following:

- Recovery of fixed transmission costs
- Transmission losses
- Congestion pricing
- Price reciprocity and other seams issues
- RTO budgets

- Control area functions to be performed by the RTO
- Transmission planning
- Transmission Control Agreement and the RTO Governance
- RTO tariffs
- Generation Integration Agreement, Load Integration Agreement, and Service Agreements
- Agreement Among RTO West and Transmission Owners to Use Paying Agent
- State tax issues
- Transmission congestion reservations and the suspension of existing transmission contracts
- Ancillary Services
- Market power monitoring and mitigation
- Incentives for performance efficiency
- Participation by BPA, public, co-operative and municipal utilities under current laws
- Risk management – finance and insurance
- Independent (as defined in Order 2000 Characteristic #1) transmission owners
- Customer benefits
- Economic incentives to owners to join RTO
- Retail load access to RTO system
- Operations
- Canadian cross border

An issues database was constructed to enable the project manager to track progress on the issues assigned to the work groups. Some of the work groups conducted workshops to further develop background information on their issues. Each work group typically reported at each of the 12 RRG meetings during the development period. The notices, agendas, slides, and documents related to each of the RRG meetings during the development period can be found on the RTO West Website.

One of the principal responsibilities of the work groups was to prepare white papers on the various subjects assigned to them. After preparation by the work groups, these white papers were then presented to the RRG for discussion with the objective of reaching consensus. All of the white papers prepared by the work groups and discussed in the RRG are also available on the RTO West Website. The extraordinary quality of

the technical analysis on the issues assigned to the work groups is readily apparent in these posted documents.

The filing utilities are grateful for the time, effort, energy, and resources that were devoted to the collaborative process by all of the participating stakeholders. The RTO West filing proposal has been enhanced by this concerted effort over the past few months.

Finally, the Commission's support for a collaborative process was indispensable to successful execution of the RTO West Collaborative Process Plan. As noted previously, the Commission-sponsored workshop held on March 23 and 24 in Las Vegas under the stewardship of senior Commission staff members Don Larcamp, Shelton Cannon, and Kevin Kelly helped crystallize the necessary elements for the RTO West development effort. Mike Coleman's ongoing participation in RTO West RRG meetings and the guidance he gave to RTO West on substantive issues and overcoming impediments helped tremendously in keeping RTO West discussions on course. It is important for the Commission to understand the value RTO West has received in its development process from the investment of time and energy by Mike Coleman, Jon Worthington, Jim Apperson, and other Commission staff members. In addition, the two pre-filing conferences with senior Commission staff members in Washington, D.C. on June 8 and September 28, 2000 helped clarify RTO West's next steps in developing the filing proposal and ensure that the RTO West development adheres to Commission intent. The filing utilities appreciate the Commission's participation in the process to develop the proposal described in this filing.

IV. KEY REGIONAL ISSUES

A. Allocation of Firm Rights and Maintenance of the Transfer Capability of the RTO West Controlled Transmission Facilities

As explained below in Section V.B.2, RTO West proposes to manage transmission congestion through a flow-based physical rights model. Within this model, rights to use flowpaths will primarily be allocated through firm transmission rights ("FTRs"), with additional transmission available on a day- and hour-ahead basis being allocated in the form of recallable transmission rights ("RTRs") and non-firm transmission rights ("NTRs"). These rights would be made available through RTO West auctions and also would be tradeable on the secondary market.

In the RTO West public process, the filing utilities and a wide range of other participants expressed strong interests in allocation of firm rights including FTRs to protect pre-RTO firm rights of use. In addition, the same stakeholders are interested in how customers that would be paying various company rates would be allocated revenues from the sale of FTRs associated with ownership and contract rights that are not needed to protect pre-RTO contracts and obligations. To accommodate varying interests, this filing provides:

1. Suspension of Transmission Service Under Existing Transmission Agreements

The participating transmission owners will suspend transmission service and ancillary services under all of their transmission agreements with other participating transmission owners. The agreements will be suspended, rather than terminated, to protect priority rights of the transmission customers in the event the transmission provider later terminates its Transmission Operating Agreement with RTO West.

2. Initial Allocation of Transmission Rights to Participating Transmission Owners

Holders of pre-existing ownership and contract rights in transmission facilities will be provided comparable rights to use the RTO West transmission facilities as described in the Transmission Operating Agreement. FTRs will be granted to each of the participating transmission owners: (1) to replace its firm rights under pre-existing long-term transmission agreements; (2) to use its transmission facilities as needed to serve its load service obligations not covered by pre-existing transmission agreements; and (3) to use its transmission facilities to serve its obligations under bundled power sale, exchange, coordination, or other obligations not covered by a pre-existing transmission agreement. To satisfy obligations the participating transmission owners have under transmission agreements that their transmission customers do not elect to convert to RTO service, RTO West, under rules to be determined by RTO West, will either grant FTRs to the participating transmission owners sufficient to meet such obligations or will withhold transmission capacity sufficient for RTO West to meet such obligations under the agreements. In the allocation of transmission rights, FTRs and set-asides for non-converted rights will be treated comparably.

3. RTO West Auction of Remaining Transmission Capability

The transmission capability of the participating transmission owners not allocated in the initial allocation of FTRs will be marketed by RTO West auction. The allocation of the revenues from such auction is described in the company rate proposal below.

4. FTRs for Load Growth

During the company rate period (through December 14, 2011) additional FTRs will be made available without charge to each participating transmission owner as needed to meet that participating transmission owner's following year's reasonable load growth projections, up to the amount of (1) any unencumbered transmission capability of the transmission facilities of the applicable participating transmission owner plus (2) any unencumbered transmission capability of each of the other participating transmission owners, but only to the extent that underlying transmission agreements provided for service to meet such load growth. Similarly, FTRs for load growth will be made available without charge to transmission customers of participating transmission owners where the pre-existing transmission agreement of such customers provides for such load growth. These provisions also apply to the load service obligations of the companies that transfer their transmission facilities to an independent transmission company. This load growth provision is designed to protect each participating transmission owner's own load service obligations plus any obligations arising under pre-RTO transmission agreements with third parties that provide for load growth. Absent this load growth feature, network transmission customers would be less likely to convert their existing network transmission service agreements to RTO West transmission service.

5. Roll-over of Pre-Existing Transmission Agreements

The current provisions of the open access transmission tariffs of the transmission owners present a challenge to the implementation of an effective congestion management proposal for RTO West. Holders of transmission agreements currently expect to be afforded the opportunity to exercise roll-over rights with respect to their long-term

transmission agreements. Moreover, continuation of roll-over rights for transmission required for load service should not be difficult for RTO West to administer. However, continuation of roll-over rights for RTO West through-service and for wheeling among market points in RTO West after the commencement of RTO West transmission service would impair the RTO West congestion management plan. Large amounts of transmission service requests for through transmission service of two-year duration recently have been made, which, if granted unlimited roll-over rights, would give the requestors a free option to a right of first refusal over most of the valuable FTRs to be auctioned by RTO West. The filing utilities believe that such large-scale option rights would greatly reduce or even eliminate FTRs available in the auction process, blocking nonincumbents from access, especially if exercise of such roll-over rights could be deferred until 60 days before the contract termination dates, as provided under the current participating transmission owner open access transmission tariff.

The solution of the filing utilities is (1) to afford continuing roll-over rights for all transmission agreements required to provide an adequate power supply to loads served from the electric systems of the participating transmission owners, and (2) to provide all other transmission customers holding pre-existing long-term transmission agreements a one-time opportunity before the commencement of RTO West transmission service to extend the term of any pre-existing transmission agreement, subject to available transmission capacity. In addition, the Transmission Operating Agreement permits the participating transmission owners to honor any non-tariff roll-over rights explicitly granted in pre-existing transmission agreements executed before the date of the Transmission Operating Agreement. If the roll-over right is exercised before the

commencement of RTO transmission service, the transmission customer will receive FTRs from RTO West for the roll-over period selected, in return for a fixed payment during such period equal to the current firm service rate or the company rate for the transmission service to be provided. Thus the customer could either: (1) obtain roll-over FTRs priced on the same basis as the "transfer charges" or company rate charges described below paid for conversion of all firm transmission contracts among the participating transmission owners; or (2) decide to rely on purchases of FTRs for such service through future RTO West auctions. The remaining unsold FTRs then could be offered at auction by RTO West, without any overhanging rights of first refusal.

6. Maintenance of the Transfer Capability of the RTO Controlled Transmission Facilities

Numerous parties in the public process expressed concern that upon commencement of RTO West service, the transfer capability of the RTO controlled transmission facilities would diminish. The concern arose because the current firm transfer capability is substantially supported by remedial action schemes and generation redispatch, supplementing the capacity of the existing transmission lines.

To address this concern, the Transmission Operating Agreement obligates each of the participating transmission owners to take steps needed to maintain the transfer capability of its RTO controlled transmission facilities as is required to satisfy all firm rights to use such facilities that such participating transmission owner has granted to its merchant function and to any third party which firm rights continue to be held as of the commencement of RTO West operations. RTO West also may require each of the participating transmission owners to restore any later reduction in the total transfer

capability of RTO West controlled transmission facilities to that available immediately before the commencement of RTO West operations. If the transmission owner fails to make a required restoration of transfer capability, by redispatch of electric generation facilities or other means, RTO West will be entitled to take such actions as are needed to effect the restoration and to recover the costs of such actions as an additional charge imposed on the company loads (and on transfer charges to the extent provided in the adjustment clause in Exhibit H of the Transmission Operating Agreement) of the applicable transmission owner.

B. The Company Rate Pricing Proposal

1. The Pricing Problem

As described above, the intended geographic scope of RTO West is the Northwest Power Pool area, plus the service territory of Nevada Power. The transmission costs of the various transmission owners in this geographic area vary greatly. In addition, Bonneville's transmission system is divided into three separately priced segments. The former IndeGO effort to form an independent system operator failed in large part because of the failure of the IndeGO pricing proposal to avoid major cost shifts among the transmission owners. The transmission owners and transmission customers have emphasized the importance of avoiding such cost shifts in the future. Many of the filing utilities believe this will be a critical concern for their state retail regulatory commissions as well.

Transmission Pricing Work Group reports indicated that approximately 98 to 99% of the transmission revenues of the transmission utilities in the Northwest Power Pool currently is provided either from such transmission owner's uses of its own transmission

facilities or from use by other transmission owners (or their affiliates) located within the Northwest Power Pool area. Crafting a non-cost-shifting pricing solution was made easier by this circumstance. Moreover, even though a large amount of power is wheeled into and out of the Northwest Power Pool area, historically the power has been purchased and sold at the borders of the power pool, with contracts for wheeling within the power pool area held by transmission owners (or their affiliates) located within the power pool area. Most of the remaining 1% to 2% of transmission revenues is related to short-term firm and non-firm transmission sold to power marketers and independent power producers for delivery of power within the Northwest Power Pool area; although these transmission customers will not be paying for similar use of uncongested transmission facilities under the RTO West pricing proposal, such customers under RTO West probably should be purchasing some level of replacement FTRs on congested paths and thereby should be providing some additional revenues in place of the short-term firm and non-firm service revenues formerly paid.

2. The Pricing Proposal

The filing utilities propose to recover all costs of ownership and operation of their transmission facilities through a load-based access charge. In the interest of creating one westwide transmission market, appropriate pricing reciprocity agreements will be negotiated with adjacent RTOs and control areas. Thus, after RTO West obtains the pricing reciprocity that its proposal requires before tariff implementation, transmission could be obtained throughout the western United States and Canada and could be transferred to any delivery point in such area, for payment for only one non-pancaked load access charge, plus congestion costs, payment for transmission losses and any

allocation of its own operating costs that RTO West may propose to assign to such transaction.

To make this pricing proposal work, without unacceptable cost shifts among the transmission owners, a methodology is needed to capture as fixed charges the substantial transmission payments currently exchanged among the transmission owners within the Northwest Power Pool area (plus the Nevada Power service area). The methodology, which RTO West is required to follow at least through December 14, 2011, is:

a. Company Rate

Through December 14, 2011, the loads served by each of the filing utilities will pay a load-based access charge for RTO West transmission service equal to the transmission costs of such filing utility, adjusted for the transfer charges, access charges, lost revenue recovery amounts, and FTR revenue allocation as set forth in items b through g below.

b. Transfer Charge for Long-Term Transmission Agreements

All participating transmission owners will suspend transmission services under long-term transmission agreements in return for FTRs of comparable value received from RTO West. A participating transmission owner that was a transmission customer under such agreements, in turn, would be obligated to pay company rates or transfer charges to the former transmission provider (and would receive FTR rights comparable to its pre-RTO firm transmission rights) for such portion of the company rate period as the FTR rights would remain in effect. Any transfer charges will be in agreed amounts comparable to the amounts estimated as payable under the suspended agreements absent

RTO West. The agreed amounts will be specified in an exhibit filed as part of the Stage 2 filing. Comparable contract suspension arrangements will be offered to all third parties holding agreements for long-term transmission service.

c. Transfer Charge for Short-Term Firm and Non-Firm Transmission Service

Each participating transmission owner will owe during the company rate period an additional transfer charge to each of the other participating transmission owners equal to the representative levels of pre-RTO short-term firm and non-firm transmission revenues paid by the participating transmission owner and its affiliates before RTO West's commencement of operations. The agreed amounts of such transfer charges will be specified in an exhibit filed as part of the filing utilities' Stage 2 filing.

The transfer charges paid for pre-RTO levels of short-term firm and non-firm transmission service (as distinguished from the transfer charges for long-term transmission service) will not be accompanied by the assignment of any FTR rights and will be made solely to avoid cost shifting among transmission owners under RTO West. Thus, as consideration for the continuation of such transfer charge payments, participating transmission owners paying such transfer charges will be given a priority entitlement to certain excess FTR auction revenues otherwise due the recipient of the transfer charge amounts (please see section e(2)(a) below).

d. Lost Revenue Recovery Amount

As noted above, the data compiled by the transmission pricing work group in the public process indicated that the transfer charge payments described in items a and b above, plus amounts that each transmission owner formerly allocated to its own load

service and merchant function uses, account for approximately 98% to 99% of all pre-RTO transmission revenues received by transmission owners within the Northwest Power Pool area. However, because the remaining amount is not evenly distributed, the transmission owners propose that the lost revenue recovery amounts, in the specified amounts set out in an exhibit to be filed with the Stage 2 filing, be recoverable through the RTO West uplift charge that will be imposed on loads or on transactions throughout the RTO West area. The RTO West payment of lost revenue recovery amounts to a participating transmission owner in turn will be repaid to RTO West by such participating transmission owner, to the extent of any auction revenues received from the sale of such participating transmission owner's excess FTRs. In addition, RTO West will be authorized to retain all RTR and NTR revenues as needed to offset RTO West's uplift charges.

e. Allocation of Excess FTR Revenues to Offset Lost Revenue Recovery and Certain Transfer Charges

Revenues from the sale of FTRs after the initial allocation of FTRs initially will be credited pro rata to each participating transmission owner holding the applicable FTRs, in proportion to the amount that the transmission facilities of such participating transmission owner contribute to the flowpath on which the FTRs are available. This initial credit, however, will then be allocated in the following manner:

- (1) First, to RTO West to offset any allocation made to the RTO West uplift charge for payment to the receiving transmission owner of its lost revenue recovery amount.
- (2) Next, pro rata to:

- (a) Return or offset to the amounts paid to the receiving transmission owner by other participating transmission owners as transfer charges for short-term firm and non-firm wheeling revenues, with a corresponding adjustment to the company rate of the participating transmission owner receiving such offset; and
 - (b) Compensate the receiving transmission owner for any loss of transfer charge revenues formerly paid for the suspension of long-term transmission agreements after such agreements terminate, with a corresponding adjustment to the receiving transmission owner's company rate.
- (3) Then to the receiving transmission owner, with a corresponding reduction to the receiving transmission owner's company rate.

f. Transfer Charge Adjustment

Transfer charges among the participating transmission owners generally are not adjustable for changes in loads, as most of the underlying contracts do not allow for an increase in FTR allocations for load growth. Transfer charges among participating transmission owners may be adjusted, however, to the extent the preexisting contract provides transmission service for load growth. Examples of such contracts would be some of the suspended General Transfer Agreements. Additional FTRs will be provided for growth of loads served pursuant to these agreements.

A number of Bonneville customers also expressed concern that the unit costs of Bonneville transmission might substantially increase during the company rate period, without any provision for a corresponding increase in transfer charges. To allay such

concerns, the Transmission Operating Agreement permits a participating transmission owner to make an initial election that its transfer charges increase or decrease if its unit transmission costs increase or decrease. For a participating transmission owner so electing, the adjustment: (1) will be made only upon a filing for a change in its company costs; (2) will be based on actual transmission costs during a historical period and pursuant to a formula determined by RTO West; and (3) will apply only to transfer charges for pre-RTO agreements that had adjustable charges.

g. Access Charges

The proposal to shift to load-based access charges meshes with the goal of avoiding significant cost shifts only if all transmission owners in the Northwest Power Pool area pay, through Transmission Operating Agreements or otherwise, transfer charges for the representative pre-RTO levels of short-term firm and non-firm transmission used by themselves and their affiliates. The pricing proposal as submitted in this filing assumes and is conditioned upon acceptable reciprocity arrangements with neighboring RTOs and control areas. However, if the pricing proposal imposed such transfer charges only on transmission owners within the Northwest Power Pool area that elected to execute Transmission Operating Agreements, a powerful economic incentive (and economic windfall) would be created for transmission owners that elected not to participate.

The filing utilities therefore propose that if a transmission owner refuses to make its transmission facilities available to RTO West, such transmission owner must pay its transfer charge amount for representative levels of pre-RTO short-term firm and non-firm transmission payments. Such transfer charge would be paid as a fixed charge for access

to Bonneville transmission facilities. The amount of such transfer or access charge will be set out in an exhibit filed in the Stage 2 filing. The sole purpose of the access charge would be to ensure that each transmission owner continue for the company rate period to make its historic level of contribution to the costs of the transmission facilities of the various participating transmission owners, thereby avoiding cost shifts.

Under the RTO West agreements as filed, Bonneville's Transmission Operating Agreement calls for payment to Bonneville as a fixed access charge to use the RTO West transmission system an amount equal to all transfer charges for representative levels of pre-RTO West short-term firm and non-firm transmission service owed to any participating transmission owner by any other transmission owner within the Northwest Power Pool area that elects not to participate in RTO West. Bonneville, in turn, will undertake in the Agreement to Suspend Provisions of Pre-Existing Transmission Agreement to pay each of the other participating transmission owners the short-term firm and non-firm transfer payment amounts due to such participating transmission owner from the transmission owners that elect not to participate in RTO West. By this means, all members of the Northwest Power Pool will pay as fixed charges for the company rate period contributions toward the cost of the RTO West transmission system comparable to the payments for recurring short-term uses made before the commencement of RTO West service, thereby avoiding cost-shifting.

C. Facilities Inclusion

1. Overview

RTO West is given full operational control over all RTO West controlled transmission facilities. With limited exceptions described below, the RTO West

controlled transmission facilities are those facilities that have a material impact on: (1) transfer capabilities of RTO West managed constraint paths between its congestion zones; (2) the ability to transfer electric power and energy within a congestion zone; or (3) the ability to transfer electric power and energy into or out of the RTO West transmission system. A transmission facility will be deemed to have a material impact on transfer capabilities between congestion zones or into or out of the RTO West transmission system if such transfer capabilities would change if the transmission facility were removed. A transmission facility will be deemed to have a material impact on transfer capabilities within a congestion zone if such transmission facility carries 10% or more of the electric power transferred across parallel paths through a congestion zone.

Any participating transmission owner also may at its election include as RTO West controlled transmission facilities lower voltage facilities that do not meet the above definition. If so included, such additional transmission facilities would be subject to RTO West's operational and planning control, and RTO West could accept schedules over such additional transmission facilities from any of its eligible transmission customers.

Additionally, a participating transmission owner may elect to include, for company rate pricing purposes, any transmission facilities that it is not required to place under RTO West control. Any such additional transmission facilities will be included in company rates, and RTO West may accept schedules from any of its eligible customers for service over such additional transmission facilities. RTO West will not, however, have final planning or operational control over such additional transmission facilities.

Transmission-dependent utilities and owners of electric generation facilities were concerned about their ability to schedule directly with RTO West for service from the generation facility and to the utility's transmission-dependent loads, in situations where the points of interconnection were not with the RTO West transmission system. To accommodate these concerns, RTO West is given the authority to schedule power that will be transmitted over the RTO West transmission system (1) from generation facilities interconnected with any part of the electric system of a participating transmission owner, and (2) to electric utilities interconnected with any part of the electric system of a participating transmission owner.

2. Exceptions to Facility Criteria

There are facilities in the RTO West region that would properly be classified as distribution in accordance with the Commission's seven-factor test but also meet the definition of main grid transmission facilities because the facilities may have secondary impacts on the transfer capability of some regional grid paths. While the facilities serve primarily a local purpose and there are not substantial flows on the facilities during normal operation, the facilities may provide an alternative path for bulk power flows and thus limit transfer capabilities in the event of a contingency on the bulk system.

Including such lower voltage facilities in RTO West has rate and operational consequences to the owner of the facilities and the customers served by such distribution facilities. To address these issues, the filing utilities have agreed that the distribution companies may retain ownership and control of this limited class of facilities, subject to the following conditions:

- RTO West will include such facilities, in their planning processes along with other main grid facilities. If it is determined in the RTO West Planning Process that these excluded main grid facilities should be upgraded to improve reliability to the main grid, relieve congestion on the main grid (by creating additional transfer capability or making existing transfer capability more useful), the owner agrees to make these upgrades, subject to an acceptable resolution of the cost allocation for the upgrades.
- If RTO West determines that upgrades to such excluded facilities are necessary to support or improve bulk transfer capability or for regional reliability, RTO West will allocate the cost of these upgrades to those parties that benefit from the improvement of bulk transfer capability and regional reliability (following the same process they would for any bulk system facility upgrade), taking into account at least the following considerations:
 - reliability improvements to systems that benefit;
 - the impact on the value of other FTRs; and
 - those who wish to buy newly created FTRs.

RTO West will determine total transfer capability of all commercial paths in the system given the facility ratings provided by their owners. These ratings will be based in part on these excluded main grid facilities.

The PTO that owns the facilities will:

- Plan these facilities for local load service and include any upgrades attributable to maintaining distribution functions in its company rates or otherwise charge these costs to the owner's distribution customers.
- Participate with RTO West in planning for the regional grid and transfer paths.
- Construct any facilities requested by RTO West to support or improve bulk transfer capability or regional reliability needs, subject to cost allocation and reimbursement by RTO West.
- Include these excluded main grid facilities in the RTO West outage coordination process, which includes RTO West outage approval.
- Be responsible for switching these facilities.

- Provide visibility of these facilities to RTO West for determination of TTC in real-time.
- Provide the facility ratings to RTO West (RTO West will use these facility ratings to determine the path ratings).

D. RTO West Backstop Authority To Address Failures To Construct or Upgrade Transmission Facilities Needed To Maintain Reliable Service to Loads

Participants in the public process actively sought a “backstop” role for RTO West, in the event that a participating transmission owner failed to construct or upgrade transmission facilities needed to maintain reliable service to load within the RTO West region. This backstop authority is provided through the Transmission Operating Agreement, the authority to contract pursuant to state laws, and the Federal Power Act.

Each of the participating transmission owners is required by the Transmission Operating Agreement to provide extensive assistance to any third party designated by RTO West to construct any expansion or upgrade to transmission facilities. This assistance includes: (1) permitting the installation and interconnection of such expansions and upgrades, (2) cooperation with RTO West in connection with the obtaining of necessary siting and other permits and licenses, (3) allowing shared use or expansion of the participating transmission owner’s rights-of-way as needed for such upgrade or expansion, (4) cooperation with requests for sale or assignment of necessary rights-of-way and with the planning and construction of the upgrades or expansions, and (5) to the extent permitted under applicable law, exercise eminent domain authority or support necessary proceedings to condemn rights-of-way needed for such upgrades or expansions, including if required acquiring legal ownership of such upgrades or expansions. With respect to condemnation, the participating transmission owner, subject

to applicable governmental siting requirements, may consider transmission facility locations that it finds less disruptive to the public than the location or locations that RTO West may have selected and that will meet the service requirements of RTO West and of its transmission customers.

Upon the request of the party constructing a needed transmission facility, RTO West also is authorized through the company rate formula to allocate costs of transmission facility upgrades or expansions to the company rates of participating transmission owners whose loads will benefit from such facilities. This allocation right is granted only for additions that are needed to provide reliable service to load. As described in the description of RTO West's market-based approach to transmission expansion, transmission facilities needed to reduce congestion costs are to be paid for by the users that otherwise would pay the congestion charges, and not by company loads.

E. Bonneville Participation

Bonneville has multiple statutory, treaty, and other responsibilities applicable to the operation of the Federal Columbia River Transmission System ("FCRTS"). The filing utilities believe they have successfully addressed how these responsibilities will be fully implemented by RTO West and Bonneville after commencement of RTO West service. The various provisions specifically added to the Transmission Operating Agreement to facilitate Bonneville's participation are identified within the agreement by italics.

Provisions in the Transmission Operating Agreement ensure that no directive from RTO West or provision of the Transmission Operating Agreement can require

Bonneville to violate any of its obligations under applicable statutes or regulations.⁵ Bonneville explicitly reserves its obligations under the NEPA with respect to construction and interconnection of FCRTS upgrades, expansions, new loads, or resources.⁶ RTO West also has no authority to require Bonneville to expend federal funds.

Bonneville has a statutory obligation to make its excess transmission capacity available to others on a fair and nondiscriminatory basis.⁷ This obligation is fully implemented by the Transmission Operating Agreement requirement that RTO West comply with all applicable Commission requirements with regard to access to federal transmission capacity.⁸ The only exceptions in the Bonneville Transmission Operating Agreement to this approach are obligations imposed on RTO West to implement certain statutory priorities among competing transmission requests for federal transmission capacity: (1) for power serving Northwest regional loads,⁹ and (2) for certain resources under construction on the date of enactment of the Northwest Electric Power and Planning Act.¹⁰ In addition, the Bonneville Transmission Operating Agreement ensures the ability of the U.S. Entity to carry out its obligation to deliver the power to which Canada is entitled under the Columbia River Treaty.¹¹ If any of these priorities must be

⁵ E.g., Section 5.11. In addition, section 10.1 of the Bonneville Transmission Operating Agreement ensures that any statute or regulation enacted after execution of the Transmission Operating Agreement and applicable to the FCRTS would apply to operation of the FCRTS by RTO West.

⁶ Section 4.2.1.

⁷ E.g., Section 6 of the Federal Columbia River Transmission System Act, 16 U.S.C. § 838d.

⁸ E.g., Section 5.7.1.

⁹ Section 5.5 of the Bonneville Transmission Operating Agreement. This statutory obligation is found in the Energy Policy Act of 1992, 16 U.S.C. § 824k(i)(5).

¹⁰ *Id.* This priority is found at 16 U.S.C. § 839f(i)(3).

¹¹ *Id.*

implemented, the beneficiaries must purchase the necessary FTRs and pay the applicable rate.

The Transmission Operating Agreement also retains Bonneville's ability to operate its power and transmission system to meet its other environmental and fish and wildlife responsibilities. For example, in directing the implementation of remedial action schemes or the redispatch of generation in an emergency, RTO West cannot require Bonneville to operate its hydroelectric generation facilities inconsistently with fish-related and other nonpower limitations or requirements.¹²

To avoid any increase in risk to third-party bondholders as the result of the establishment of RTO West, the filing utilities have incorporated a "lock box" mechanism. The filing utilities will establish through contract a paying agent to which transmission and ancillary service customers will send their payments during the company rate period. The Transmission Operating Agreement states explicitly that RTO West has no contractual or other right to these revenues except for the portion distributed to it by the paying agent pursuant to a prearranged formula.¹³ This arrangement avoids any possibility of the filing utilities losing access to any of the transmission revenues to which they are entitled regardless of the financial condition of RTO West. This is particularly important for Bonneville with its payment and net-billing obligations associated with certain nuclear generating projects. This mechanism, in conjunction with the company rate approach (which continues through December 14, 2011) and the overall obligation of RTO West to raise sufficient revenues to cover each participating

¹² Section 5.11.

¹³ Section 14.2.3.

transmission owner's transmission revenue requirement, will also avoid jeopardy to Bonneville's continuing ability to make its scheduled Treasury payments.

One of Bonneville's statutory requirements is to maintain a reliable transmission system.¹⁴ The establishment of RTO West, in and of itself, will improve the reliability of the entire Northwest transmission grid. But the Transmission Operating Agreement imposes specific reliability-related requirements on RTO West that implement Bonneville's statutory responsibility for a reliable system. RTO West is required to operate the RTO West system in accordance with WSCC and NERC reliability criteria as has been Bonneville's policy for many years.¹⁵ RTO West must also operate each filing utility's facilities according to that filing utility's operating criteria unless and until RTO West changes them. However, any such changes must comply with applicable NERC, WSCC, or successor industry standards.¹⁶

RTO West must use all reasonable means to require generators connected to the RTO West system to comply to the extent practicable with curtailment and redispatch orders during system emergencies.¹⁷ When system additions, upgrades, or new interconnections with generators or loads occur, RTO West must require conformance with the particular filing utility's interconnection standards unless and until modified by RTO West.¹⁸ Any such modifications must meet applicable NERC, WSCC, or successor industry reliability standards. Bonneville will also ensure reliability of its facilities by retaining maintenance responsibilities for those facilities.¹⁹

¹⁴ 16 U.S.C. § 838b(d).

¹⁵ Section 10.1.

¹⁶ Section 10.1.

¹⁷ Section 5.7.6.

¹⁸ Section 11.1.1.

¹⁹ Section 8.1.

Bonneville also has certain statutory obligations related to its transmission rates. Bonneville's transmission system is a cost-based system.²⁰ Therefore, the Transmission Operating Agreement prohibits RTO West from adding any charges to the Bonneville revenue requirement that would provide RTO West with a profit or return on federal assets.²¹ Bonneville's obligation to recover its transmission costs will be met through the company rate approach during the first 10 years and thereafter by RTO West under its obligation to establish rates sufficient to meet the filing utilities' revenue requirements.²² Finally, the obligation for Bonneville to equitably allocate the costs of the federal transmission system between federal and nonfederal power utilizing the system²³ will be met through the establishment of comparable and nondiscriminatory transmission rates, terms and conditions.

If RTO West does not comply with any of its obligations to a participating transmission owner under the Transmission Operating Agreement, such participating transmission owner reserves all of its possible remedies. These remedies include the right (subject to any required Commission approval) to immediately terminate its participation in RTO West if RTO West fails to comply with any of its obligations to the participating transmission owner after a request for assurance that RTO West will conform its activities to the requirements of the Transmission Operating Agreement and a reasonable time for compliance passes and RTO West does not cure its failure.²⁴ A participating transmission owner may also petition a court for equitable relief, and in such

²⁰ 16 U.S.C. § 839e(a)(1).

²¹ Section 14.1 of the Bonneville Transmission Operating Agreement.

²² *Id.*

²³ 16 U.S.C. § 839e(a)(2)(C).

²⁴ Section 2.3.2.

event RTO West will not argue against the relief on the basis that monetary damages would be sufficient.²⁵ With respect to the two explicit statutory priorities and the treaty priority described above, Bonneville may direct RTO West to make deliveries, and RTO West will carry out those directives if necessary to comply with these statutory obligations.²⁶ Bonneville will be subject to any damages to RTO West or to third parties to the extent that RTO West is later found to have been in compliance with its obligations under the Transmission Operating Agreement with Bonneville.

F. ITC Participation

Six vertically integrated investor-owned public utilities, which have actively participated in the negotiations to form RTO West, have also decided to form an independent transmission company (the "ITC") that will own and operate the interstate transmission assets presently owned and operated by each of the ITC members.²⁷ The ITC will in turn participate as a transmission owner within RTO West. On October 16, 2000, the ITC members submitted an "Order No. 2000 Compliance Filing and Petition for Declaratory Order" to the Commission explaining the ITC and seeking Commission approval of aspects of their proposal.

The ITC will consist of two interrelated companies: TransConnect, LLC and TransConnect Corporate Manager, Inc. TransConnect, LLC will be owned by the companies that contribute assets to TransConnect, LLC. The managing member of TransConnect, LLC will be TransConnect Corporate Manager, Inc. (the "Managing

²⁵ Section 23.8.

²⁶ Section 5.5 of the Bonneville Transmission Operating Agreement.

²⁷ The ITC members are: Avista Corporation, The Montana Power Company, Nevada Power Company, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power Company.

Member"). TransConnect Corporate Manager, Inc. will also initially own a nominal financial interest in TransConnect, LLC. Other than the Managing Member, each member's share of TransConnect, LLC will be determined according to the value of the assets they contribute. Other than the Managing Member, the members of TransConnect, LLC will have a passive ownership interest. As the Managing Member, TransConnect Corporate Manager, Inc. will have corporate control over TransConnect, LLC.

The proposed ITC has been structured to ensure that it will be independent of any market participant, including its predecessor transmission-owning, vertically integrated utilities. TransConnect Corporate Manager, Inc. will be governed by an independent, highly qualified Board of Directors. The ITC governance documents specifically provide that in performing their fiduciary duties neither the Board of Directors of TransConnect Corporate Manager, Inc. nor the Managing Member of TransConnect, LLC will consider any interests that stockholders or members may have as participants in the electric markets served by the ITC. In addition, TransConnect, LLC will be managed by independent officers and employees subject to Standards of Conduct designed to ensure their independence.

Although the ITC members' systems are not contiguous, the ITC members believe that the ITC's combined operations will result in significant efficiencies and the potential for future growth that will provide public benefits such as improved reliability and options for transmission customers. TransConnect, LLC will file for rates and plan new transmission facilities within the RTO West framework. As the ITC and RTO West evolve, there may be additional sharing of characteristics or functions consistent with the Commission's open architecture principles.

ITC members will make the filings required by Sections 203 and 205 of the Federal Power Act as necessary to effectuate the ITC no later than the commencement date of RTO West. In this regard, the ITC members intend to file a rate proposal to be effective by the start date of the ITC. The rate proposal will be compatible with the company rate methodologies agreed to by the RTO West filing utilities.

TransConnect, LLC will be a stand alone transmission company, will not have distribution and generation functions, and will not be a market participant as defined by the Commission. The Transmission Operating Agreement, as currently structured, is written for the transmission systems of vertically integrated utilities and includes rights and obligations pertaining to distribution and generation functions of those utilities. The Transmission Operating Agreement and related agreements will be structured to keep the filing utilities on an equal footing, to the extent appropriate, even though some of them will remain vertically integrated and others will place their transmission assets into the ITC, leaving their distribution and generation functions behind in their current company structures. To achieve this objective, the filing utilities anticipate that certain modifications to the Transmission Operating Agreement will be necessary and that separate agreements will be needed to address the rights and obligations related to the distribution and generation functions of those utilities that elect to contribute assets to the ITC. The rights and obligations of the ITC members under such agreements will be independent of the ITC. Among the rights and obligations that may need to be addressed are the following: application of the Transmission Operating Agreement to facilities retained by the ITC members, interconnection obligations, provision of ancillary services, obligations and rights with respect to pre-existing transmission agreements, rights to firm

transmission rights for service to native load (including load growth), and obligations and rights with respect to liability and insurance issues.

G. Facilitation of Participation by Transmission Owning Public Power Entities

Public power entities own, or have ownership-like rights, to approximately 5% of the regional transmission facilities that would fall into the class of RTO west controlled transmission facilities under the Transmission Operating Agreement. The filing utilities have made major efforts and accommodations to enable the public power entities to place such transmission facilities under RTO West's operational control. The efforts have included the following:

1. Public Power Entity Provisions in Transmission Operating Agreement

Representatives of the public power entities participated in the extensive public process negotiations undertaken with respect to the proposed form of Transmission Operating Agreement, as well as respect to RTO West pricing, congestion management, and other matters of importance to such public power entities. During this negotiation process, numerous changes to the form of Transmission Operating Agreement were made as requested by potential public power parties to such agreement.

2. Simplified Form of Transmission Operating Agreement

Representatives of public power entities have emphasized their unique governmental ratemaking authority. The company rate proposal, as described in this filing, through December 14, 2011, would cause costs of the public power transmission owners (as well as of other participating transmission owners) to continue to be borne by the loads paying such costs today. Because under company rates, the costs of the public

power participants thus would not be spread to other entities, for the company rate period, the filing utilities propose that the public power participants not be subject to the rate filing and reporting provisions as set forth in Sections 14 and 15 of the Transmission Operating Agreement.

3. Treatment of the Costs of Loss of Tax-Exempt Status of Existing Tax-Exempt Bonds

As the Commission is aware, there remains some uncertainty over the status of the tax-exempt bonding of transmission facilities that are made fully available to a regional transmission organization. Because the percentage of transmission facilities in the RTO West area funded with tax-exempt bonds is small, the economic risk on an RTO-wide basis of the loss of such tax-exempt status also is small. However, the threat of such loss, if spread only over the public bodies contributing such transmission facilities, would be a substantial deterrent to participating in RTO West. Thus the Transmission Operating Agreement provides for the sharing on an RTO-wide basis the risk of additional costs if the contributed transmission facilities of the public utilities must be refinanced with taxable bonds.

H. Facilitation of Canadian Participation

As described in Section III.B.8 above, the filing utilities worked closely with Canadian representatives from British Columbia and Alberta to consider how the RTO West proposal could be shaped to minimize structural obstacles to participation by transmission providers in these provinces. This work produced an agreement between British Columbia and U.S. entities on a general framework for moving forward with further discussions and preparation of agreements. A summary explanation setting out

some of the proposed elements for this framework, which was prepared by counsel to British Columbia Hydro and Power Authority, is included for information with this filing as Attachment H. In addition, a joint letter from the Alberta Department of Resource Development, Power Pool of Alberta, and ESBI Alberta Limited describing their current views concerning possible inclusion of transmission facilities in Alberta is included for information with this filing as Attachment I.

I. Retail Access and Stranded Costs

RTO West will encompass transmission facilities in eight different states and approximately 60 Indian reservations. The statutes, regulations, and state commission policies with regard to the provision of retail electric service vary from state to state. Industry restructuring policies dealing with the initiation of retail access to competitive electric power markets and recovery of stranded costs is at different stages in each of these states as well. Recognizing this diversity, the filing utilities agree that the establishment of RTO West should not predetermine, hinder, promote, or influence changes in the law or policies of any state with respect to the provision of retail electric service that is solely within the jurisdiction of the state legislatures and regulatory commissions.

Some of the filing utilities intend to condition their participation in RTO West on Commission acceptance of a provision regarding retail access that will be contained in the Transmission Operating Agreement of these filing utilities.²⁸ See Section 24 of the Transmission Operating Agreement. While not all filing utilities will include this

²⁸ Those utilities include Puget Sound Energy, Inc. and Avista Corporation.

provision in their Transmission Operating Agreements, importantly, no filing utilities object to the inclusion of this provision in the documents pertaining to the formation of RTO West.

In essence, these retail access provisions guarantee that RTO West will not use the transmission facilities of the participating transmission owner to provide service to or on behalf of end use customers if the Commission would be prohibited from ordering such service under section 212(h) of the Federal Power Act. The provisions allow for three exceptions: (1) unbundled retail transmission access to such customer is required by the federal, state, provincial, local, or tribal authority of competent jurisdiction; (2) such end use customer is an "existing direct service industrial customer" of Bonneville as defined in section 5(d)(4)(A) of the Northwest Power Act (16 U.S.C. § 839c(d)(4)(A)); or (3) unbundled retail transmission access to such customer has been agreed to by the retail utility that formerly served the end use customer. In other words, RTO West may not voluntarily grant transmission services to a retail customer unless one of these three exceptions applies.

These provisions are consistent with the Federal Power Act, Order 888, and Order 2000. As the Commission stated: "We do not believe that an RTO could interfere with a state's decisions on whether and how fast to implement retail choice within its borders, either through the RTO's Section 205 filing authority or otherwise through the RTO's jurisdictional obligation to provide non-discriminatory and non-preferential transmission service." Order 2000 at 31,208.

Similarly, the filing utilities have agreed that neither TransConnect, LLC nor RTO West should interfere in any way in an Executing Utility's recovery of stranded

costs from both retail and wholesale customers. See Section 13.4 of Transmission Operating Agreement and page 33 of the October 16, 2000 ITC filing. The participating transmission owner expressly reserves the right to file rate schedules with the Commission or with any other entity with applicable jurisdiction for the recovery and collection of stranded costs under such rate schedules, as accepted for filing or approved by the entity with jurisdiction, with respect to wholesale or retail loads with access to and a sufficient nexus to the participating transmission owner's transmission facilities. Indeed, RTO West will be required to enable the recovery and collection of stranded costs under such rate schedules, as accepted for filing or approved by the entity with jurisdiction. The RTO West tariff will contain an automatic adjustment clause or other provision that provides for the recovery of such stranded costs as a surcharge for transmission service to such loads, and RTO West will pay to the participating transmission owner the amounts of stranded cost so collected.

As noted elsewhere, several of the filing utilities will not be participating directly in RTO West and will instead transfer ownership of their transmission facilities to an ITC that will join RTO West. Those utilities should not be prejudiced in their ability to seek stranded costs by the transfer of ownership to their transmission facilities to an ITC. Thus the members of the ITC reserve their right to seek stranded costs as if they had not transferred ownership and control of those facilities. See Section 13.4 of the Transmission Operating Agreement. The participation of the members of the ITC in RTO West is conditioned on Commission acceptance of this reservation.

While Orders 2000 and 2000-A did not deal with this issue, the provisions providing for the recovery of stranded costs are entirely consistent with Order 888. Order 888 at 31,788-91. In Order 888, the Commission specifically found that the recovery of legitimate, prudent, and verifiable stranded costs attributable to customers through a non-bypassable surcharge on transmission is appropriate. *Id.* at 31,797-99. Compliance with Order 2000 should not be construed as a waiver of participating transmission owners' rights to recover stranded costs properly recoverable under Order 888. Consequently, to effectuate Order 888's provisions regarding the recovery of stranded costs through a non-bypassable surcharge on RTO West's transmission system, RTO West must be enabled and required to recover stranded costs and return such payments to the utility entitled to such payments.

J. Pacific Northwest Coordination Agreement; Hourly Coordination Agreement

As of the date of this filing, the filing utilities, with the exception of Idaho Power Company, Nevada Power, and Sierra, are each parties to the Pacific Northwest Coordination Agreement. PacifiCorp, Puget Sound Energy, Inc., Avista Corporation, Portland General Electric Company, and Bonneville are among the parties to the Mid-Columbia Hourly Coordination Agreement. These agreements facilitate the optimization of hydroelectric generation in a manner consistent with multiple-use and legal authorities. Filings are pending before the Commission seeking a declaration that these agreements are outside the scope of Order 888 or, alternatively, for a waiver to permit their continued performance.

The Pacific Northwest Coordination Agreement filing was made in Docket No. OA97-21, and the Mid-Columbia Hourly Coordination Agreement filing was made in Docket No. OA97-20. The method of dealing with these agreements after transition to RTO West was not fully addressed in the public process for discussion of RTO West this past summer, and work remains for the parties to identify a proposal in this regard. It is noted here, however, that these agreements are fundamental agreements to most of the filing utilities and they expect that the benefits of these agreements for the public will be preserved in any transition to a regional transmission organization.

V. DESCRIPTION OF RTO PROPOSAL AND HOW IT MEETS ORDER 2000 REQUIREMENTS

A. Fulfillment of Minimum Characteristics

1. Independence

RTO West will fully comply with the independence conditions enumerated in Order 2000. First, RTO West, its employees, and its directors will not have any financial interest in market participants. The provisions necessary to maintain this independence are included in the Bylaws for RTO West and the Codes of Conduct attached to the Bylaws. Second, RTO West will have a decision-making process that is independent of control by any market participant or class of participants. Finally, RTO West will have the exclusive and independent authority to file changes to its transmission tariff with the Commission under Section 205 of the Federal Power Act (except that during the company rate period RTO West will not have the right to change provisions concerning the company rate design). The complete text of the First Restated Articles of Incorporation and Bylaws for RTO West is included with this filing as Attachments R

and J. In addition, an outline of the key features of RTO West's Bylaws designed to maintain independence and allow all interested parties and stakeholders fair opportunity to have input into RTO West's decision-making process is set forth in Attachment K.

2. Scope and Regional Configuration

RTO West as proposed in this filing satisfies Order 2000 requirements concerning scope and regional configuration. RTO West will encompass the vast majority of the transmission facilities in the entire U.S. portion of the Northwest Power Pool, as well as facilities of Nevada Power Company. RTO West has also been designed with consideration to the participation by Canadian entities in British Columbia and Alberta.

Given its vast scope, RTO West will encompass a highly interconnected area and will internalize a majority of the constrained paths that affect transfer within its region. Its configuration will correspond to many natural existing boundaries for operational integration and trading patterns. According to filing utility analyses, approximately 99% of the transmission service on facilities that will become part of RTO West is provided to parties that are within the control area boundaries of RTO West. RTO West's scope and configuration will enable it to effectively perform its required functions, and to support efficient and nondiscriminatory power markets in the West.

For more detailed information concerning RTO West's scope and regional configuration, please see Attachment L, *Description of RTO West Scope and Regional Configuration*.

3. Operational Authority

RTO West derives the necessary authority to operate RTO facilities through the Transmission Operating Agreement, which sets out rights and obligations of RTO West and each transmission owner that elects to join RTO West. Under this agreement, RTO West has the exclusive right to operate and control main grid bulk transfer facilities of each transmission owner. RTO West will serve as the NERC-certified control area operator for the RTO West geographic area, schedule power over the system, coordinate planned outages and maintenance plans for the transmission system under its control, manage congestion, maintain an ancillary services market, manage a single OASIS site, and otherwise exercise the authority necessary to meet the requirements of Order 2000 with respect to operations.

RTO West has the authority to contract to obtain ancillary services to maintain reliability. To ensure that RTO West is able to maintain reliability and be the ancillary services provider-of-last-resort, RTO West has the authority to require each transmission owner, to the extent the transmission owner is capable of providing ancillary services, to provide bids for available ancillary services should RTO West otherwise be unable to obtain necessary services to maintain reliability.

Under the various agreements signed by each participating transmission owner, RTO West controlled transmission facilities are defined as facilities that have a material impact on: (1) the ability to transfer electric power and energy between congestion zones, (2) the ability to transfer power within a congestion zone, or (3) the ability to transfer power into or out of RTO West's geographic territory. RTO West controlled transmission facilities do not include facilities that carry less than 10% of the power

transferred through parallel paths within a congestion zone. Similarly, some facilities that presently would otherwise meet the definition of RTO West controlled transmission facilities will continue to be operated as distribution facilities by the local transmission owner in the Puget Sound area and not as RTO West controlled transmission facilities.

Through the above-described provisions of the Transmission Operating Agreement, together with provisions in the Generation Integration Agreement and Load Integration Agreement (which have not yet been completed) concerning operation of generation or load-serving facilities connected to the RTO West transmission system, RTO West will exercise the operational authority necessary to fulfill Order 2000's requirements.

4. Short-Term Reliability

a. General Authority to Maintain Reliability

To a large extent, RTO West will have the means to maintain reliability through its general operational authority (described in Section V.A.3 above). In addition, RTO West has the authority to designate any facilities that it deems critical to reliability as "Critical Control Facilities" and exercise direct operational control over those facilities. This authority is supplemented by emergency redispatch authority RTO West will have under its Generation Integration Agreements. In addition, when system conditions warrant implementation of security coordination measures, RTO West will rely on its security coordination function to protect system reliability.

b. Security Coordination

There is currently one security coordinator for the Northwest Power Pool area (both U.S. and Canadian portions). The security coordinator is a separate Washington nonprofit corporation named Pacific Northwest Security Coordinator, or "PNSC." PNSC serves a number of additional control areas in the northwestern United States and in Canada that are not expected to become participating transmission owners by the time RTO West begins to provide transmission service.

The control area operators PNSC now serves value the integration of PNSC services across the Northwest Power Pool area. For this reason the filing utilities intend for RTO West to contract, at least initially, with PNSC to perform RTO West's security coordination function.

PNSC is not operated or controlled by any of the filing utilities or any other control area operator PNSC serves. PNSC's board of directors consists of members appointed by participating control area operators, but board members may not be associated with any merchant function (including the merchant function of the appointing control area operator). PNSC's sole purpose is to provide security coordination services. It is not a transmission provider or a market participant in any respect and therefore has no incentive to favor or disfavor any transmission provider or any market participant when it performs security coordination functions. PNSC evaluates system conditions from a purely technical standpoint and determines what actions should be taken on the same basis.

PNSC is funded through a security coordination funding agreement with the WSCC, which derives all of its funds from membership dues. All of the control area

operators PNSC serves are WSCC members and contribute to these dues. PNSC has the right, at any time on 90 days' written notice and without cause, to terminate its security coordination funding agreement with the WSCC.

Order 2000 specifically contemplates that security coordination (among other functions) may be performed by an RTO indirectly by contract with another independent party. Order 2000 at 31,229. The filing utilities believe that contracting with PNSC to provide security coordination services for RTO West satisfies this requirement because: (1) PNSC's sole purpose is to provide security coordination; it does not own or operate any transmission or generation facilities and therefore is not itself a market participant; (2) PNSC's board members are appointed on the basis of their expertise concerning transmission operations and are not affiliated with any merchant functions; (3) PNSC's funding relationship with the WSCC allows for WSCC oversight of its activities (including specific provision in the security coordination funding agreement obligating PNSC to carry out the WSCC Regional Security Plan); (4) PNSC could terminate its funding relationship with the WSCC, and if needed secure funding directly through RTO West, if the WSCC's rights under the security coordination funding agreement were exercised in a manner that undermined PNSC's independence from market participants; and (5) RTO West would have the ability to specify in its contract with PNSC any requirements it might deem appropriate to ensure that PNSC's actions and policies conform to Commission policy concerning RTO independence.

RTO West's general operational authority, together with the security coordination services to be provided through PNSC, will enable RTO West to fully satisfy Order 2000 requirements concerning short-term reliability.

B. Fulfillment of Minimum Functions

1. Tariff Administration and Design

RTO West will administer its own tariff as required by Order 2000. Although the filing utilities will submit a proposed tariff for RTO West as part of their Stage 2 filing, RTO West will have the right to change its tariff provisions as it sees fit (with the exception of the company rate design, which RTO West cannot unilaterally change until after the end of the company rate period). RTO West will have absolute discretion to set its own rate with respect to uplift charges, congestion management fees, and losses. A complete description of RTO West's initial tariff design, along with a proposed form of transmission tariff, will be submitted to the Commission as part of the filing utilities' Stage 2 filing.

2. Congestion Management

To meet the requirements of Order 2000, RTO West proposes a "flow-based physical rights" congestion management model. RTO West will manage congestion on flowpaths, which are RTO grid facilities that are expected to have commercially significant amounts of congestion. On these flowpaths, RTO West will manage congestion primarily by issuing transmission rights. The filing utilities have identified an initial candidate list of flowpaths. The initial flowpaths will be listed in the documents submitted with the filing utilities' Stage 2 filing, along with initial transmission rights allocations and procedures for adding or removing flowpaths as changes are warranted.

RTO West will determine the total transfer capability for each flowpath and the amount of transmission rights to issue. Customers that wish to schedule across flowpaths

will be required to have transmission rights (primarily FTRs or other transmission rights such as RTRs, NTRs, and non-converted rights set-aside described in Attachment M, *Description of RTO West Congestion Management Model*) before the schedule is accepted. Congestion is therefore mostly self-limited by the need to acquire such transmission rights.

Most of the congestion costs associated with a flowpath are borne by the path users through the costs to purchase transmission rights and through the curtailment of these rights under certain circumstances, such as extended outages of RTO grid facilities. Any other congestion (“residual congestion”) is managed by the RTO through the RTO’s redispatch of resources, repurchase of rights, and, as a final resort, curtailment of schedules.

RTO West proposes a “flow-based” model in which flow distribution factors will be used to determine how schedules are deemed to flow between congestion zone sources and sinks on flowpaths (thereby requiring transmission rights). Many preexisting ownership and contract rights are defined on a contract path basis. Before the tariff filing, these rights will be translated (mapped) from their now existing contract paths onto flowpaths. If the filing utilities find that translation to flowpaths seriously impairs the ability of rights holders to utilize or be compensated for their existing transmission rights, the provisions on the Stage 2 filing will include a transition period to move from the contract path to the flow-based congestion management model.

This congestion management system is intended to align well with those operating or proposed in other ISOs and RTOs in the Western Interconnection. Any

residual difference will be addressed through RTO West's joint activities with other RTOs and control areas.

For more details regarding the RTO West Congestion Management proposal, please see Attachment M, *Description of RTO West Congestion Management Model*.

3. Parallel Path Flow

Parallel Path Flow or "Loop Flow" has been an issue requiring coordination and resolution in WSCC for many years (although not between the Western Interconnection and eastern regions because the Western Interconnection is currently connected to eastern regions only by DC ties). Because of the Western Interconnection's demographics and location of diverse resource types, the transmission grid has evolved with clearly identifiable parallel path flow patterns. To mitigate most of the negative effects of these parallel path flow problems within the Western Interconnection, WSCC members have developed tailored regional path rating methods and operating procedures that require schedules on rated paths be limited to the path's rating. There is also a WSCC Unscheduled Flow Mitigation Plan that uses coordinated phase shifter operation. When it becomes operational, RTO West will participate in these programs as the filing utilities have in the past.

To further satisfy Commission requirements regarding parallel path flows, RTO West will adopt uniform flow-based scheduling procedures. RTO West will accept incremental flow-based schedules over flowpaths above a specified threshold only if the schedules include FTRs on all flowpaths over which the power incrementally flows between the schedule's source and sink. The RTO will manage and schedule the entire

RTO West grid system. Competing parallel transaction paths therefore will not be a factor.

RTO West will be only one of at least three RTOs operating in the Western Interconnection. RTO West will therefore comply not only with the WSCC Unscheduled Flow Mitigation Plan, but will also carry out interregional coordination at the RTO seams relative to phase shifter operation and scheduling protocols and procedures.

Regarding the timing of implementation of parallel path measures, the Commission states in Order 2000: “[W]e will adopt our proposal in the NOPR that the RTO have measures in place to address parallel path issues in its region on the date of initial operation. We also adopt three years as an adequate time period for implementation of measures to address parallel path flow issues between regions.” Order 2000 at 31,130. RTO West intends to implement a flow-based model upon initial operation as well as the other measures discussed above affecting parallel path flow. This implementation may involve several steps as the physical model (flowpaths, congestion zones, flow distribution factors, FTR allocations, and mapping) evolves and is refined. Negotiations will begin with the other RTOs and areas within the Western Interconnection and will include parallel path issues. It is expected that these will be concluded within three years after RTO West begins operations.

4. Ancillary Services

RTO West will offer a broad range of ancillary services, including regulation, load-following, spinning reserve, non-spinning reserve, replacement reserve, congestion redispatch, balancing energy, voltage support, black start, and scheduling and dispatch. As required by Order 2000, RTO West will serve as the provider-of-last-resort of all

ancillary services required under Order 888 (as supplemented). Ancillary services will be provided on up to a day-ahead basis except as described below, and except for black start and voltage support services, which may be contracted for with participating transmission owners or others on a longer term basis.

To allow the greatest degree of flexibility and cost exposure management, RTO West will have procedures in place to allow those transmission customers that elect to do so to either (1) provide electric generation capacity for use by RTO West to meet all or part of its ancillary services requirements, which provision will exempt the provider from paying the RTO West charges for ancillary services in the amount of electric generation capacity so provided (referred to as "self-provision"), or (2) use electric generation resources it controls to meet its own ancillary services requirements, including the matching of electric generation to load within an RTO West defined time period (referred to as "self-tracking"). One exception is that RTO West will be the sole provider of scheduling, system control, and dispatch services.

RTO West will actively work to foster external competitive markets through which RTO West and RTO West transmission customers can procure ancillary services on a bilateral transaction basis, on both long- and short-term bases. Pending development of such market for ancillary services, and within the first six months after the commencement of RTO West operations, RTO West may arrange ancillary service for periods longer than one day. Finally, if for any reason RTO West determines that it is unable to secure sufficient amounts of ancillary services pursuant to voluntary bids, each participating transmission owner may be required to submit a bid to provide ancillary services in any hour, to the extent that such participating transmission owner is capable of

providing such ancillary services. Such bid solicitation is not to be made on an unduly discriminatory or preferential basis.

Like other regional transmission entities that operate in states where retail access has been implemented, RTO West will rely on scheduling coordinators to perform all scheduling tasks relating to transmission service and ancillary services. Transmission customers will either have to obtain certification from RTO West to act as scheduling coordinators or they will need to arrange for third parties to act as their scheduling coordinators.

In this respect, Bonneville serves many small, rural, and publicly owned utilities and consumer-owned cooperatives, most of which buy all of their power from Bonneville. They are known as full or partial requirements customers. These small utilities do not maintain transmission staff needed to transact business with RTO West as a scheduling coordinator. They have also expressed concern about the complexity of operating in an RTO environment and have asked for relief from such impacts. These customers have asked Bonneville to perform scheduling coordinator functions on their behalf. In response, Bonneville has agreed to provide scheduling coordinator services, at a minimum, for its full requirements and some partial requirements customers.

For more details regarding the RTO West ancillary services proposal, please see Attachment N, *Description of RTO West Ancillary Services*.

5. OASIS, Total Transfer Capability, Available Transfer Capability

As required by Order 2000, RTO West will maintain and administer its own its own OASIS site and will be responsible for calculation of total transfer capability and available transfer capability.

6. Market Monitoring

The RTO West Market Monitoring Unit (the "MMU") will objectively monitor RTO West markets, specifically markets relating to congestion management, ancillary services, and FTRs. The MMU will collect, assemble, disseminate, and evaluate market information. If the MMU detects market performance that is inconsistent with a competitive market, it will investigate further to determine the cause of such performance. As a result of its activities, the MMU, together with the rest of the RTO West staff and subject to Commission approval, will be in a position to identify and remedy market design flaws and opportunities for efficiency improvements. With respect to market performance that appears to be inconsistent with a competitive market, the MMU will report the results of its monitoring and investigation to the RTO West Board. The Board will decide whether to report such market performance to the Commission or other appropriate regulatory or enforcement agencies. RTO West will not suggest proposed solutions, and all matters relating to enforcement activities will be left to the Commission and other appropriate regulatory and enforcement agencies. (Tariff compliance issues will be dealt with by the RTO West tariff compliance office.)

The MMU will assess and report annually on the state of western markets highlighting the impacts of these non-RTO West markets on RTO operations and vice versa. Further, RTO West has the discretion to expand the scope and level of its monitoring of non-RTO West markets as it finds appropriate.

When RTO West files its market monitoring plan with the Commission, it will contain more detail regarding how information will be collected and maintained (including confidentiality provisions), how non-RTO West markets will be periodically

assessed, the specifics of MMU dissemination of information, and examples of when the RTO West Board, based upon the results of an MMU investigation, would report market performance to the Commission or other appropriate regulatory or enforcement agencies.

For more details regarding the RTO West market monitoring proposal, please see Attachment O, *Description of RTO West Market Monitoring*.

7. Planning and Expansion

The RTO West planning and expansion proposal (detailed in Attachment P, *Description of RTO West Planning and Expansion*) resulted from a regional effort to design a framework that satisfies Order 2000 requirements, takes into account existing institutions and physical characteristics of the Northwest. Although the filing utilities intend to develop further detail to be presented to the Commission in the RTO West tariff, the existing framework balances the region's need for open, coordinated regional planning with the need to encourage market-motivated actions for congestion relief.

RTO West is responsible for the planning of all facilities under RTO West control and expects that operational planning will be in place at the commencement of RTO service. RTO West is also responsible for the long-range planning for the facilities it controls and will develop a non-discriminatory process that allows for significant input from all users and owners of the system and considers non-transmission solutions.

RTO West has the discretion to determine how to fulfill its planning responsibilities. RTO West will determine what information it needs from a participating transmission owner, what use to make of such input, and whether RTO West or the participating transmission owners (or some combination thereof) will perform studies. The filing utilities anticipate that RTO West's approach will evolve over time.

a. Expansion for Reliability of Service to Load

participating transmission owners are obligated to maintain the transfer capability of the facilities they have turned over to RTO West as directed by RTO West (with certain exceptions). Participating transmission owners are further obligated to expand and modify their systems in order for RTO West to provide the services requested under its open-access tariff. Should a participating transmission owner fail to satisfy its obligations, RTO West has the backstop authority to cause the construction of transmission facilities that ensure that the participating transmission owner's transfer capability is maintained at an appropriate level and that the facilities under RTO West's control are adequate for load service purposes. RTO West will assess the current and projected five-year capability of all facilities under its control, evaluate the transmission adequacy of such facilities for load service purposes, identify paths that are experiencing congestion, identify opportunities for improvements to the RTO West controlled transmission systems, and communicate this information to interested parties. The participating transmission owners and other transmission system users will participate in the RTO West planning process. RTO West will also, at the request of a project sponsor, determine the benefits of a proposed project and allocate costs proportionally to the load benefits.

b. Expansion to Relieve Congestion

RTO West is committed to implementing a market-driven expansion mechanism for purposes of congestion relief expansion. The RTO West congestion management system is designed to provide accurate pricing signals to market participants. Based upon

these pricing signals, a market participant will be able to make prudent economic decisions regarding transmission expansion for congestion relief. Such participants will sponsor the costs of new facilities in exchange for FTRs.

While the fundamental pieces of the market-driven mechanism have been agreed to, more work is necessary to work out all the specific details.

c. Relationship of RTO West and Siting Authorities

The RTO West planning and expansion framework does not alter the existing relationship of the participating transmission owners with siting authorities, with the exception that it is assumed that the RTO will participate, in some capacity, in siting and approval decisions. The framework is sufficiently flexible to accommodate any changes necessitated by state regulatory commissions entering into multistate agreements or regional transmission associations program modifications. The filing utilities anticipate that RTO West will assist the state regulatory commissions and siting authorities in developing multistate agreements for review and approval of new transmission facilities.

For more information about RTO West's proposed planning and expansion processes, please see Attachment P, *Description of RTO West Planning and Expansion*.

8. Interregional Coordination

Order 2000 states that "[t]he Regional Transmission Organization must ensure the integration of reliability practices within an interconnection and market interface practices among regions." Order 2000 at 31,167. Order 2000 also requires an RTO to develop mechanisms to coordinate its activities with other RTOs and control areas. While practices do not have to be uniform, they must be compatible, especially at the

seams. The filing utilities have taken numerous steps during the RTO West proposal development process to meet these requirements, and they anticipate that RTO West will build on these efforts as soon as it becomes operational. Even before the RTO West process began, the WSCC region was at the forefront of coordination between its various control areas. During the mid- to late 1990s the region had several active commercial practice committees that operated under the auspices of the three regional transmission associations in the Western Interconnection.

In 1999 these committees consolidated their activities into the Western Market Interface Committee (the "WMIC") cosponsored by the three regional transmission associations and the WSCC. Before the Commission issued Order 2000, CREPC (Committee on Regional Electric Power Cooperation) had requested the WMIC to address a variety of seams-related issues. The main focus of the WMIC is to ensure that the business practices adopted by transmission providers do not negatively impact the market and that the market practices do not negatively impact the reliability of the grid.

RTO West formed a work group to address seams issues with other RTOs, control areas, and transmission-owning utilities that are within the RTO West service area but not part of it. The work group coordinated its activities with those of the WMIC. The work group addressed, among other issues, reciprocal elimination of pancaked transmission charges between RTO West, California ISO, Desert STAR, and other RTOs that may operate in the Western Interconnection, and operational compatibility with respect to scheduling, congestion management, and other processes.

In addition, RTO West and the California ISO agreed to create a technical group to work on interregional coordination issues together. The technical team met on

August 14, 2000 to begin scoping issues and has agreed to another meeting. Issues needing interregional coordination included:

- Congestion management and FTRs at the seams,
- Coordination of maintenance scheduling and real-time curtailments,
- Business practices and settlements at the seams,
- Coordination of changes that affect the seams,
- Price reciprocity,
- Physical scheduling rights model,
- Dependence on a robust secondary market,
- Usability by small and large participants, and
- Ongoing monitoring to address gaming and hoarding opportunities.

Attendees shared information on the status of RTO development for each entity with a particularly strong focus on their congestion management models including principles for collective California-Oregon Intertie congestion management processes.

The representatives for RTO West and the California ISO who met on August 14, 2000 agreed to the following next steps:

- (1) Schedule further meetings as previously described to further explore seams issues such as congestion management, scheduling timelines, and ancillary services; and
- (2) Continue to work toward developing a bilateral agreement (possibly a Memorandum of Understanding) between California ISO and RTO West outlining a commitment to work together to resolve seams issues.

In addition, representatives of Desert STAR and RTO West met on September 26, 2000. Physical interfaces were identified. Scheduling timelines and control area configurations were reviewed. Desert STAR representatives stated that they would

initially have a tiered control area system with some participants wanting a single control area as soon as possible. RTO West participants explained that they would begin operations with a single control area. Desert STAR stated that any transactions from RTO West into or through Desert STAR would only deal with the Desert STAR control area even if a tiered system is initially utilized. Transmission pricing models, cost shifting, and the existence of export charges were also discussed. Some differences are apparent in the areas of congestion management, FTR allocation, and treatment of parallel flow by flow-based versus contract path models. More meetings will be held following further development of detailed congestion management and pricing models.

In addition, there are currently efforts within the Western Interconnection to form the Western Interconnection Organization (the "WIO") to perform interconnection-wide reliability and market interface functions and to coordinate between regional entities within the Western Interconnection. The filing utilities anticipate that RTO West will supplement the bilateral discussion already under way with neighboring transmission organizations by participating in the WIO when it forms. The WIO could serve to facilitate and coordinate the integration of reliability and market interface practices as appropriate.

With respect to coordination and integration with Canadian entities, as described above in Section III.B.8, filing utilities and Canadian entity representatives have worked closely throughout the development of the RTO West proposal. British Columbia Hydro and Power Authority and West Kootenay Power have expressed their desire to participate in RTO West implementation. While jurisdictional issues prevent them from filing as

direct participants in RTO West, they propose a framework for achieving the essence of British Columbia participation in a way that meets the requirements of Order 2000.

Briefly, this framework would consist of the development of an Independent Grid Operator in British Columbia ("BC IGO") in parallel with the formation of RTO West. BC IGO would meet the independence standards of Order 2000, although it would be under the jurisdiction of the British Columbia Utilities Commission. The business practices for RTO West and BC IGO would be uniform and include a single OASIS site operated by RTO West. RTO West would operate a uniform congestion management procedure across all facilities controlled by RTO West and BC IGO and would also act as provider-of-last-resort for ancillary services in the greater region. A single Security Coordinator would cover both RTO West and BC IGO, and electronic data communication between RTO West and BC IGO control centers would allow them to efficiently operate in tandem.

In practice, it is expected that this framework will present to all transmission customers an essentially seamless grid with standardized business practices and closely coordinated system operation. This proposal is the result of consensus among participating representatives of British Columbian entities and the filing utilities.

Representatives from the independent Power Pool of Alberta (real time operations), the independent Transmission Administrator of Alberta (transmission service), and the Alberta Department of Resource Development have expressed their desire to ensure that Alberta is able to participate in RTO West in the future. Unlike British Columbia, most of Alberta's transmission facilities are investor owned and stakeholder issues, different from those in British Columbia, need to be addressed.

Alberta does share the common goal, with British Columbia, of supporting the development of a larger, regional, and closely coordinated system that will, practically speaking, provide to transmission customers an essentially seamless grid. Alberta also shares with British Columbia issues relating to Canadian sovereignty, regulatory requirements, tax, and other jurisdictional matters that must be respected in the participation framework. The participation framework for Alberta, although sharing the same goals as that for British Columbia, will have to account for the variation in facilities ownership and the independent real-time and transmission operations structure previously implemented in Alberta through its earlier deregulation efforts.

For more details regarding RTO West's proposed approach concerning interregional coordination, please see Attachment Q, *Description of RTO West Interregional Coordination*.

C. RTO West Contract Structure

RTO West would be implemented through tariffs and agreements, many of which are listed and briefly described below. Following each description, there is a notation indicating whether the document is included with the instant filing (Stage 1) or will be submitted as part of the Stage 2 filing, except that the participating transmission owner tariffs will be timely submitted after the Commission has approved the documents included in the filing utilities' Stage 2 submission.

1. RTO West First Restated Articles of Incorporation and Bylaws

These documents create a Washington nonprofit corporation that will be an independent transmission system operator form of regional transmission organization.

RTO West will be governed by an independent Board of Trustees. A board advisory committee will present recommendations to the RTO West Board of Trustees, but will have no governing authority. (Included in Stage 1 filing as Attachments R and J.)

The RTO West Bylaws are highly detailed and designed to provide a fair and workable structure for meeting Order 2000's independence requirements while being responsive to the needs and preferences of diverse groups of stakeholders. For example, the filing utilities believe that as proposed the Board Advisory Committee permits viable and meaningful participation by a wide array of Members while leaving decision-making in the hands of the RTO West Board. The guidance of the Board Advisory Committee should prove useful to the RTO West Board, as such guidance will be based on years of experience in the RTO West region. The RTO West Board will have the benefit of both majority and minority opinions of the Board Advisory Committee. At the same time, to avoid any potential for impairing the complete independence of the Board, the Board Advisory Committee's role will be exclusively advisory.

The Bylaws as proposed require that at least two-thirds of the members of RTO West's Board of Trustees have significant experience with enterprises of a substantial financial magnitude. Participants in the RTO West development process recognize that the corporation will control an enormous group of assets and, as such, requires leadership with proven experience. The filing utilities believe that the Trustee qualification standards set forth in the Bylaws provide for an appropriate balance between those Trustee candidates that have had significant experience in well-established or rapidly growing entities and candidates with experience in alternate avenues. Filing utilities' conversations with executive search firms have confirmed that a wide array of candidates

should be able to meet the proposed Trustee qualification standards. Such prior experience will serve to ensure that Board members are qualified to competently manage RTO West's affairs.

The Bylaws set the annual fee for membership at \$1,000 (although that fee would be waived for states, provinces, and tribes). The filing utilities believe that the \$1,000 fee strikes the appropriate balance between inclusion and commitment. The Commission is likely to see a range of membership fees in the various RTO filings. Although some RTO West development process participants argued to set fees in the range of \$250 to \$500, others believed it should be increased to well above \$1,000. The filing utilities believe the \$1,000 fee as proposed is equitable and allows for an inclusive RTO.

Finally, the Bylaws provide for a weighted allocation of voting power within the Transmission-Dependent Utilities class. Given the significant energy demand served by those filing utilities that fall into the Transmission-Dependent Utilities class following the formation of the ITC, the filing utilities believe that the right of these and other large Transmission-Dependent Utilities to nominate and elect two out of six members of the Trustees Selection Committee to which the Transmission-Dependent Utilities class is entitled is equitable. After those filing utilities intending to participate in a new, for-profit ITC have transferred their transmission assets to that company, the remaining distribution companies would be able to participate in the Transmission-Dependent Utilities class. These distribution companies serve more than 40% of the customers within the RTO West geographic region. It is important to these companies, therefore, that they have an effective voice in the selection of two of the six members of the Trustee Selection Committee from the Transmission-Dependent Utilities class. The bicameral

approach set forth in the Bylaws ensures that the larger Transmission-Dependent Utilities will not participate in the nomination and election of the remaining four members. This approach allows the large Transmission-Dependent Utilities to have meaningful input without overwhelming the remaining 100-plus members that are anticipated to populate this class. This is assured because four of the six members of the Trustee Selection Committee will be elected by the smaller Transmission-Dependent Utilities.

2. RTO West Tariff

This tariff, as initially filed or later amended by RTO West, would govern the provision of transmission services in the RTO West area. For the reasons set out in the discussion of the Agreement Among RTO West and Transmission Owners to Use Paying Agent, amounts specified under the RTO West tariff for use of the transmission facilities participating transmission owners would be collected by RTO West as agent for the various participating transmission owners. (To be included in Stage 2 filing.)

3. Tariffs of Participating Transmission Owners

Commission-jurisdictional participating transmission owners would file with the Commission tariffs for the use of their transmission systems by RTO West. These tariffs, as accepted or approved by the Commission, would provide RTO West with the company costs and the company billing determinants to be used by RTO West in setting load-based access charges for transmission during the company rate period (through December 14, 2011). Subject to the Commission's acceptance or approval, these tariffs could include incentive or performance-based rate features. Canadian participating transmission owners would file their tariffs with the appropriate Canadian regulatory authority. For

the company rate period, public power entities that are not Commission-jurisdictional would not be required to file their transmission facility rates with any outside entity.

4. Transmission Operating Agreement

Each participating transmission owner would execute a Transmission Operating Agreement with RTO West. The Transmission Operating Agreement sets out the key rights of RTO West and of the participating transmission owner that will govern the regional transmission organization relationship. (Included in Stage 1 filing as Attachment S; in addition, Attachment T contains a summary of the Transmission Operating Agreement.)

5. Agreement to Suspend Provisions of Pre-Existing Transmission Agreements

The filing utilities intend to suspend the transmission service provisions of all pre-existing transmission agreements among themselves. With minor exceptions, payments required by such agreements also would be suspended. Exceptions would include circumstances such as when one party to a pre-existing transmission agreement has agreed to maintain jointly owned transmission facilities and the other party or parties have agreed to pay specified percentages of the actual maintenance costs. In exchange for firm rights held under the pre-existing transmission agreements, the participating transmission owners will receive comparable FTRs, entitling them to avoid RTO West congestion charges. In exchange for suspending charges under the pre-existing transmission agreements, the participating transmission owners would be compensated according to a negotiated schedule of transfer charges.

The agreements are suspended, rather than terminated, to protect other participating transmission owners in the event that one of the participating transmission owners were allowed or were for any reason forced to terminate its Transmission Operating Agreement. In such circumstances, the withdrawing transmission owner would continue to be required to take its transmission service from RTO West. However, the remaining participating transmission owners need to be assured that they had not lost their pre-RTO West transmission rights over the transmission facilities of the withdrawing transmission owner.

The Transmission Operating Agreement also requires that the participating transmission owners: (1) not enter into any new transmission agreements after September 30, 2001 unless RTO West has the right to suspend such agreements, for transfer charges and for a granting of firm transmission rights comparable to those received by the participating transmission owners for similar contracts, and (2) must offer to suspend each of its pre-existing transmission agreements with entities other than other participating transmission owners in exchange for a payment of transfer charges and a grant of FTRs comparable to those received by the participating transmission owners for similar contracts. The filing utilities intend, to the maximum extent feasible, without violating the terms of their third-party transmission agreements, to convert all of the transmission service under such agreements to service pursuant to RTO West transmission service agreements. (Included in Stage 1 filing as Attachment U; in addition, Attachment V contains a summary of the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements.)

6. Agreement Among RTO West and Transmission Owners to Use Paying Agent

The Agreement Among RTO West and Transmission Owners to Use Paying Agent sets out a method for the direct payment to a paying agent of amounts due each participating transmission owner. Bonneville requires such an agreement because of special legal problems caused by various "Net-Billing Agreements," whereby Bonneville's transmission system revenues act as a financial backstop for amounts owed investors in bonds issued to construct nuclear generation facilities in the states of Oregon and Washington. Bonneville cannot take actions that would impair the security of those bonds and thus needs to ensure that revenues for the use of its transmission facilities cannot become subject to creditors of RTO West in the event of insolvency or bankruptcy of RTO West.

Because allowing Bonneville alone to enter into such an agreement to protect its revenues from RTO West creditors would expose the remaining participating transmission owners, who are entitled to approximately one-half of the payments for use of transmission facilities, to bear 100% of the RTO West credit risk, all participants have elected to enter into a multiparty Agreement Among RTO West and Transmission Owners to Use Paying Agent. Further, the Paying Agent agreement insulates RTO West and other participating transmission owners if a participating transmission owner's company rate is set too low. (The agreement is included in Stage 1 filing as Attachment W for informational purposes only and will be included in Stage 2 filing for approval. In addition, Attachment X contains further explanation of the reasons for developing the Agreement Among RTO West and Transmission Owners to Use Paying Agent and a summary of its terms.)

The filing utilities expect the Agreement Among RTO West and Transmission Owners to Use Paying Agent to serve another critical function. Bonneville, as an agency of the U.S. government, is not subject to taxation on its transmission facilities by state governments. However, various Northwest states have imposed "beneficial use taxes" on non-governmental entities deemed to be beneficial users of federal transmission facilities. If such a beneficial use tax were imposed on RTO West for its operation of the Bonneville transmission facilities, the cost to Bonneville's customers could be tens of millions of dollars, and Bonneville would likely be unable to participate in RTO West. The filing utilities believe the structure created, which denies RTO West any rights to moneys from use of the Bonneville transmission facilities (other than RTO West's own operating costs), combined with an express prohibition from RTO West's earning any profit or return on the Bonneville transmission facilities, will prevent imposition of beneficial use taxes on RTO West and will thus allow Bonneville's participation.

7. Agreement Limiting Liability Among RTO West Participants

The Transmission Operating Agreement includes a provision, Section 17, which requires parties executing a Transmission Operating Agreement to also execute a multiparty Agreement Limiting Liability Among RTO West Participants (the "Liability Agreement"). The Liability Agreement is attached to the Transmission Operating Agreement as an Exhibit.

The Liability Agreement is intended to limit the liability of parties to RTO West to manageable and insurable levels. It is contemplated that the parties signing Generation Integration Agreements and Load Integration Agreements would be similarly required to become signatories to the Liability Agreement. This understanding is central to the

overall plan to manage RTO West risk exposure. (Included in Stage 1 filing as Attachment Y; in addition, Attachment Z contains a summary of the Liability Agreement and an explanation of its importance to the RTO West participants.)

The key objectives of the Liability Agreement include:

- Preservation of the status quo among Northwest control areas;
- Reduction of liability insurance costs;
- Reduction or elimination of litigation over the “cause” of electric system property damage;
- Enabling small utility systems and generators to participate in RTO West without having to insure against the risk of cascading service interruptions; and
- Keeping RTO West financially viable.

These objectives are accomplished through a “no fault” liability structure for electric system property damage, a tariff limitation of liability for service interruptions, and indemnity provisions for bodily injury claims.

The concept of a multiparty agreement limiting liability was reported to the RRG. Because this concept was addressed late in the RRG process, there was at that time no draft of an agreement for parties to review. The concepts accepted by the Legal Work Group were as follows:

- A. For contact with lines or equipment of a transmission, generation or distribution owner, the party that operates or maintains the system would hold other parties harmless from bodily injury claims.
- B. For end use customers’ claims, RTO West would maintain \$150 million of general liability insurance, and \$150 million of errors and omission insurance, provided that the region would seek to obtain continuity of

service tariff limitations in RTO West tariffs to attempt to keep this liability exposure within a manageable range.

- C. With limited exceptions, first party property damage between RTO West participants would be released, and each party would undertake to insure and protect its own property.
- D. Consequential damages among RTO West participants arising from participation in RTO West would be generally waived.
- E. Replacement power costs and defined opportunity costs would be recoverable from RTO West in the event that a wrongful dispatch order was issued by RTO West and caused damage to a party, provided that no party would be required to follow an unauthorized dispatch order.

Drafting occurred at meetings of the filing utilities on September 25 and September 26, 2000, to which all parties previously participating in the Liability and Insurance Legal Work Group subgroup were invited. However, attendance at these meetings was comprised primarily of filing utilities' risk managers and attorneys. Consequently, many parties to the public process will be seeing this document for the first time as a part of this filing proposal. For example, the discussion and decision to make participation mandatory did not take place until the meetings of September 25 and 26, 2000.

The need for an agreement limiting liability arises from a combination of the need to deal with the existing agreement among Northwest parties limiting liability, known as the Agreement Limiting Liability Among Western Interconnected Systems ("WIS

Agreement")²⁹ executed in 1972, together with the need to address the potential that RTO West could be found to have assumed a duty to manage and operate the transmission system subject to its control for the purpose of preventing interruption of retail service due to transmission failures. Presently, under the WIS Agreement and WSCC Agreement and Bylaws, electric systems specifically do not assume such a duty toward other electric systems. Vestiges of sovereign immunity protect governmental entities (composing over 80% of the electric systems in the Northwest) and investor-owned systems have the benefit of state tariffs limiting liability as a condition of approved rates.

Absent the adoption of similar measures as a condition of Commission-approved transmission rates, RTO West, as a nonprofit corporation, will neither have the benefit of sovereign immunity presently available to governmental entity participants in the region, nor have the benefit of tariff protections limiting liability presently in existence for investor-owned participants under state-approved tariff rate structures existing in the region. The WIS Agreement has worked well for the region for nearly thirty years.

The limitation of liability model adopted by RTO West attempts to preserve the status quo existing in the rate structure of Northwest utilities by continuing voluntary limitations of liability among participants that presently exist under terms of the WIS Agreement, and by providing for limitations of liability under a continuity of service tariff provision similar to what presently exists for investor-owned transmission utilities operating under tariffs approved by respective state commissions in the region. The filing utilities contemplate that RTO West would purchase general liability, errors and omission, directors and officers liability, and other insurance customary in the industry,

²⁹ The WIS Agreement was filed with the Commission in 1994 and was noted as a submittal that did not need to be filed. Director's Letter for D. Gelinis to J. Miller, Docket No. ER94-254, *et al.*, issued on

as a cost of doing business. However, preservation of terms of the WIS Agreement and approval of tariff limitations of liability as a condition of rates approved by the Commission are deemed essential to maintaining the reasonableness of rates within the region, while ensuring the continuing availability of insurance and avoiding the potential for catastrophic liability in the event of a major transmission outage.

8. Generation Integration Agreement and Load Integration Agreement

All RTO West participating transmission owners will be required to execute Generation Integration Agreements and Load Integration Agreements in the same form as required from all other generation owners and parties with load service facilities interconnected with the RTO West transmission system. The Generation Integration Agreement will specify the basic interconnection and operational obligations (such as metering, communications, protective systems, voltage response, etc.) that apply to generation facilities that operate within the RTO West control area boundaries. The Load Integration Agreement will have analogous specifications applicable to facilities interconnected with the RTO West transmission system for delivering energy to load. (To be included in Stage 2 filing.)

9. Security Coordinator Agreement

This is the agreement under which RTO West would contract with the security coordinator that currently serves the RTO West region (PNSC) to carry out RTO West's security coordination function. (To be included in Stage 2 filing.)

October 13, 1994.

D. RTO West Implementation Overview

The filing utilities have prepared a preliminary assessment of staffing, organization, and facilities needs to fulfill Order 2000 required characteristics and functions. These are summarized in Attachment AA, *RTO West Implementation Overview*. Implementation of RTO West will require selection and development of "brownfield" facilities for both primary and backup control center locations. Hardware and software systems required to support RTO West functions will need to be specified, procured, and installed. In addition to the physical facilities, RTO West Board members and staff must be selected and hired. Existing control center facilities will remain in operation until RTO West implementation is complete. While this process will begin shortly after final approval of RTO West is obtained from the appropriate regulators, it is not likely that RTO West will be able to assume control of facilities by December 15, 2001. The filing utilities will address this issue further in RTO West's Stage 2 filing.

VI. COMPLETION OF FILING: PROPOSED TIMELINE TO SUBMIT STAGE 2 FILING ELEMENTS

The filing utilities intend to submit all additional documents needed to complete their RTO proposal with their Stage 2 filing submittal. The filing utilities anticipate that they will complete Stage 2 in spring 2001.

VII. REQUESTED COMMISSION ACTION

A. Request for Declaratory Order

With respect to the declaratory order requested below, the filing utilities respectfully request that the Commission expedite the issuance of the requested order. The filing utilities wish to resolve the question of whether the Commission finds the

matters submitted for declaratory order in this filing acceptable before completing their Stage 2 filing. For this reason, Commission action with respect to the requested declaratory order by January 31, 2001 would be of great benefit to the filing utilities' completion of the remaining elements of the RTO West proposal.

1. The filing utilities respectfully request the Commission to issue a declaratory order pursuant to 18 C.F.R. § 35.34 (c)(3) that:

- a. The proposed governance structure of RTO West as set forth in its Articles of Incorporation and Bylaws satisfies the independence characteristic of a regional transmission organization as set forth in 18 C.F.R. § 35.34(j)(1) and that the proposed Articles of Incorporation and Bylaws of RTO West otherwise meet the Commission's regional transmission organization policy.
- b. The proposed scope and configuration of RTO West as set forth in this application would satisfy the scope and regional configuration characteristic of a regional transmission organization as set forth in 18 C.F.R. § 35.34(j)(2).
- c. The proposed liability and insurance structure as set forth in the Agreement Limiting Liability Among RTO West Participants would be appropriate as part of arrangements otherwise acceptable to the Commission for creating RTO West and is consistent with the requirements of Order 2000.

2. In addition, the filing utilities submit to the Commission current forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. None of the filing utilities will be able to give their final approval to either of these agreements until all of the material components of RTO West are resolved.

The following filing utilities are generally satisfied with the concepts as a package embodied in the Transmission Operating Agreement and the form of the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements:

The Bonneville Power Administration
Idaho Power Company
PacifiCorp

Other filing utilities, including Avista Corporation, The Montana Power Company, Nevada Power, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra, are not at this time asking for the Commission's review of the Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. These companies have actively participated in the negotiation of these documents and believe that the documents represent substantial progress in reaching agreement among the filing utilities. However, because of the impact the agreements will have on them and their customers, these companies require additional time to complete their review. They will continue their work with the hope of communicating to the Commission the agreement of all nine filing utilities to these agreements as initially submitted or as amended by December 1, 2000.

If based on further review by the filing utilities, any amendments are deemed appropriate to either of these agreements, amended agreements will be filed with the Commission for further consideration on or before December 1, 2000. The filing utilities request that the Commission defer its order on the current forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements until after the aforementioned opportunity to review and amend those agreements has occurred. If amended agreements are submitted, the filing utilities request that the Commission re-notice the amended agreements for a 30-day public comment period and make its decision on the amended agreements rather than the originally filed agreements.

Bonneville, Idaho Power Company, and PacifiCorp request a declaration that:

The concepts as a package embodied in the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements (along with any amendments as may be submitted and in accordance with the agreed procedures described above) are appropriate as part of arrangements otherwise acceptable to the Commission for creating RTO West and are consistent with the requirements of Order 2000.

B. Elements for Which Deferral Is Requested Until Stage 2 Filing

With the exception of those elements and attachments for which a declaratory order is requested, all aspects of this filing (including the remaining attachments) are submitted to the Commission for informational purposes. The filing utilities do not request Commission action on the materials submitted for informational purposes. The filing utilities intend to supplement this informational material in their Stage 2 filing and at that time to request Commission action.

SIGNATURES

DATED the 19th day of October, 2000.

AVISTA CORPORATION

By Randall O Cloward
Randall O. Cloward
Director, Transmission Operations

PACIFICORP

By Donald N. Furman
Donald N. Furman
Vice President, Transmission Systems

BONNEVILLE POWER
ADMINISTRATION

By Mark W. Maher
Mark W. Maher
Senior Vice President
Transmission Business Line

PORTLAND GENERAL ELECTRIC

By Stephen R. Hawke DRH
For Stephen R. Hawke
Vice President System Planning
And Engineering

IDAHO POWER COMPANY

By James M. Collingwood
James M. Collingwood
General Manager, Grid Operations
And Planning

PUGET SOUND ENERGY, INC.

By Kimberly Harris
Kimberly Harris
Assistant General Counsel

THE MONTANA POWER COMPANY

By William A. Pascoe
William A. Pascoe
Vice President, Transmission

NEVADA POWER COMPANY and
SIERRA PACIFIC POWER COMPANY

By Gary Porter
Gary Porter
Executive Director Transmission

SIGNATURES

DATED the 19th day of October, 2000.

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Randall O. Cloward
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General Manager, Grid Operations
And Planning

PUGET SOUND ENERGY, INC.

By _____
Kimberly Harris
Assistant General Counsel

THE MONTANA POWER COMPANY

By W. A. Pascoe
William A. Pascoe
Vice President, Transmission

NEVADA POWER COMPANY and
SIERRA PACIFIC POWER COMPANY

By _____
Gary Porter
Executive Director Transmission

List of Attachments

Attachment A	RTO Filing Utilities' Consensus Concerning RTO Form and Structure
Attachment B	RTO Filing Utilities' RTO Principles
Attachment C	Northwest RTO Collaborative Process Plan -- A Proposal by the Filing Utilities
Attachment D	Revised RTO West Regional Representatives Group (August 8, 2000)
Attachment E	RTO West Roles, Responsibilities and Process for Regional Representatives Group (RRG) and Work Groups
Attachment F	RTO Filing Utilities' Preliminary Issues List
Attachment G	Consensus Issues List
Attachment H	Description of British Columbia Participation
Attachment I	Description of Alberta Participation
Attachment J	Bylaws for RTO West
Attachment K	Summary of Provisions of RTO West Bylaws Proposed
Attachment L	Description of RTO West Scope and Regional Configuration
Attachment M	Description of RTO West Congestion Management Model
Attachment N	Description of RTO West Ancillary Services
Attachment O	Description of RTO West Market Monitoring
Attachment P	Description of RTO West Planning and Expansion
Attachment Q	Description of RTO West Interregional Coordination
Attachment R	Form of First Restated Articles of Incorporation for RTO West
Attachment S	Form of Transmission Operating Agreement
Attachment T	Summary of Provisions of Transmission Operating Agreement
Attachment U	Form of Agreement to Suspend Provisions of Pre-Existing Transmission Agreements

Attachment V	Summary of Provisions of Agreement to Suspend Provisions of Pre-Existing Transmission Agreements
Attachment W	Form of Agreement Among RTO West and Transmission Owners to Use Paying Agent and Form of Paying Agent Agreement
Attachment X	Description of Provisions of and Reasons for Agreement Among RTO West and Transmission Owners to Use Paying Agent
Attachment Y	Form of Agreement Limiting Liability Among RTO West Participants
Attachment Z	Summary of Agreement Limiting Liability Among RTO West Participants
Attachment AA	RTO West Implementation Overview

