NON-FEDERAL CAPACITY OWNERSHIP

ADMINISTRATOR'S FINAL RECORD OF DECISION

BONNEVILLE POWER ADMINISTRATION

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NON-FEDERAL CAPACITY OWNERSHIP RECORD OF DECISION

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SUMMARY

In a September 1988 Record of Decision (ROD), BPA explained its decision to proceed with the Third Alternating Current (Third AC) Intertie addition construction project using its own funding. At that time, BPA's decision on non-Federal ownership access to the added capacity was deferred to a separate non-Federal participation policy development process. BPA must make prudent use of transmission facilities such as the PNW-PSW Intertie with California for transfers into and out of BPA's system. As a Federal agency owner and operator of transmission facilities linking the PNW and PSW, BPA must provide to non-Federal parties reasonable access to Intertie transmission capacity for extra-regional transactions. BPA has provided access to existing DC and AC Intertie capacity under the provisions of the May 17, 1988, Long-Term Intertie Access Policy (LTIAP), adopted after examination in the Intertie Development and Use Environmental Impact Statement.

Members of Congress asked BPA to give full consideration to non-Federal participation in the financing and use of the Third AC Intertie expansion. Utilities were interested in gaining transmission access under more flexible terms and longer that the 20-year maximum terms allowable under the LTIAP to obtain greater value for longer-term commitments.

On March 6, 1994, BPA's Environmental Impact Statement on Non-Federal Participation in AC Intertie (NFP EIS) was finalized. The NFP EIS studied five alternatives, including a No Action alternative, that provided information pertinent to a decision on inclusion of non-Federal parties in the funding and use of the added AC Intertie transmission capacity. The NFP EIS documented BPA's and PNW entities' need for interregional transfers with the PSW region using the PNW-PSW AC Intertie. The means of providing interregional transfers were to serve the following purposes:

- Provide fair Intertie access to non-Federal Parties;
- Support BPA's obligation to assure recovery of costs of the Federal Columbia River power and transmission systems;
- Support acceptable environmental quality; and
- Benefit overall economic and operational efficiency of the PNW and PSW systems connected by the Intertie.

The non-Federal Intertie access alternatives were found to have little environmental difference from each other, especially in view of the transmission access provisions of the Energy Policy Act of 1992 which are *de facto* a part of each alternative. For this reason, no one alternative emerged as environmentally preferable.

BPA's preferred alternative for providing non-Federal Intertie access, which is believed to best meet the above stated purposes, is to adopt Capacity Ownership for 725 MW. Capacity Ownership allows non-Federal PNW scheduling utilities to purchase contract

rights to use portions of BPA's share of AC Intertie capacity for the life of the Intertie facilities. This ROD documents BPA's decision to proceed with Capacity Ownership for non-Federal parties.

This ROD on non-Federal Capacity Ownership is divided into three sections. Section 1.0 is a background section, covering important information on the PNW-PSW Intertie and BPA's access policies and proposals. Section 1.0 also summarizes the Capacity Ownership proposal, and its supporting NFP EIS analysis. Section 2.0 describes how issues regarding AC Intertie capacity allocations between BPA and non-Federal parties were resolved. Section 3.0 discusses issues related to BPA's Protected Area provisions.

Issues pertaining to Sections 2.0 and 3.0 are discussed in two steps. First, we summarize any comments received through both public comment processes and informal discussions, as appropriate. Second, we discuss the points raised in comments and explain BPA's decision.

1.0 BACKGROUND

1.1 Pacific Northwest-Pacific Southwest Intertie

The Northwest portion of the Pacific Northwest (PNW) - Pacific Southwest (PSW) Intertie (PNW-PSW Intertie) consists of two alternating-current (AC) lines and one direct-current (DC) line. Prior to completion of the Third AC Intertie, the PNW-PSW Intertie consisted of two 500-kilovolt (kV) lines extending from John Day, Oregon, to Malin, Oregon; a portion of the 500-kV line from Buckley to Summer Lake, in Oregon; and associated substations. In addition, Bonneville has contractual rights to use PacifiCorp's Summer Lake-Malin 500-kV line to support the PNW AC Intertie. The facilities operate together as a system based on the exchange of contractual rights between and among the Current Owners. The rated transfer capability (RTC) of the PNW-PSW Intertie prior to the additions discussed below was about 6300 MW, 3200 MW on two AC transmission lines and associated facilities and 3100 MW on a DC transmission line and associated facilities. A map showing the entire PNW-PSW Intertie Transmission System appears in Appendix C.

The PNW AC Intertie is owned and contractual rights are shared by BPA, Portland General Electric Company (PGE), and PacifiCorp. BPA, PacifiCorp, and PGE are referred throughout the remainder of this document as the Current Owners. As a result of the ownership arrangements, BPA has the right to use 2100 MW of the pre-Third AC 3200 MW RTC (capacity rights) of the PNW AC Intertie. Bonneville owns 100 percent of the DC Intertie facilities.

The PNW AC Intertie facilities serve multiple purposes for the Current Owners. In addition to providing Intertie uses, the facilities serve load in central and southern Oregon and northern California. They also are used to integrate resources in Wyoming and central Oregon to the three Current Owners' main grid systems.

In July 1984, Congress authorized and directed the Secretary of Energy to participate in the construction of a new AC Intertie transmission line from the PNW to California. Construction of the new AC Intertie was developed as two separate projects that, together, increased the RTC of the entire PNW-PSW AC Intertie between the PNW and California by 1600 MW to a total of approximately 4800 MW in the north-to south direction. The Current Owners of the northern portion set out to increase the RTC of the PNW AC Intertie by modifying existing facilities, dedicating facilities to the AC Intertie that were formerly part of BPA's main grid transmission system and PacifiCorp's transmission system, and constructing new facilities (hereinafter referred to as the Third AC Intertie). The Current Owners shared the costs of the Third AC Intertie, and have allocated the 1600 MW of capacity among themselves. BPA has capacity rights to 1350 MW of the increased RTC. Thus, with completion of the Third AC Intertie, BPA has capacity rights to 3450 MW of the 4800 MW PNW AC Intertie, with 725 MW (or 21

percent) attributable to the increase in RTC from 4000 MW to 4800 MW. The Third AC Intertie was declared commercially operable in December 1993.

The southern portion of the project was planned and constructed by a consortium of California parties, and is referred to as the California-Oregon Transmission Project (COTP) in California. The COTP added 1600 MW of transmission capability to the PNW-PSW AC Intertie system in California, increasing the RTC to 4800 MW, the same capability planned for the northern portion. The COTP was declared commercially operable in March 1993.

1.2 Evolution of the Non-Federal Participation/Capacity Ownership Proposal

BPA proposes to offer life-of-facilities capacity rights in 725 MW (approximately 21 percent) of its share of the PNW AC Intertie to non-Federal participants. This proposal evolved following a series of events.

Shortly after the new AC Intertie was authorized by Congress, PNW utilities expressed interest in participating in it in some manner. On June 22, 1987, BPA received a letter from the Chairman of the US House of Representatives Committee on Energy and Commerce requesting BPA to study non-Federal utility participation in the Third AC Intertie, and urging BPA to offer some type of non-Federal participation.

BPA's enabling statutes authorize the agency to market power from Federal projects in the PNW at the lowest rates possible consistent with sound business principles. At the same time, BPA is required to set the rates it charges for power and transmission services at levels that recover BPA's costs, including its US Treasury payments, in a businesslike manner and to allocate costs equitably. BPA is required to repay the US Treasury for the Federal investment in the Federal Columbia River generation and transmission systems. In addition, other statutory provisions require BPA to protect, mitigate, and enhance fish and wildlife. BPA developed a non-Federal participation proposal it believed to be consistent with these authorities and obligations.

BPA released its study of non-Federal participation in the Third AC Intertie in March 1988. The study described options for non-Federal participation and examined their consequences in light of various criteria, but made no recommendation whether to offer non-Federal participation or what type of non-Federal participation might be offered.

In December 1988, BPA released a proposal for non-Federal participation (1988 Proposal) wherein BPA would offer up to 725 MW of its share of the Third AC Intertie for use by PNW non-Federal scheduling utilities for scheduling rights on the PNW AC Intertie only through the year 2016. BPA also proposed to retain physical ownership of the facilities and decision making authority over the operation, maintenance, planning, and construction of the facilities. The 1988 proposal contemplated that non-Federal participants would make lump sum payments for construction and related costs upon execution of the participation contracts, rather than through annual payments over the term of the agreement.

The pricing methodology included in the 1988 Proposal was based on BPA's cost of the second 800 MW increment of the Third AC Intertie project, plus the depreciated replacement cost of existing facilities (separately owned by BPA or PacifiCorp) required for operation of the Third AC Intertie. Such methodology also included an adjustment to account for the fact that non-Federal participants' scheduling rights would extend only through 2016 rather than for the life of the facilities.

Throughout 1989, BPA worked with PNW scheduling utilities interested in participating in the Third AC Intertie to develop a participation proposal that would meet their needs. As a result, BPA modified the portion of its 1988 Proposal relating to the pricing methodology in two ways (the 1989 Proposal). First, instead of using depreciated replacement cost as the basis for pricing, BPA proposed to use book value for pricing existing facilities. Second, the 1989 Proposal replaced interest during construction with allowance for funds used during construction to estimate the interest on funds used during the construction period as a component of the pricing methodology. A complete discussion of Capacity Ownership pricing and rates will be presented in a separate Non-Federal Capacity Ownership Rate Proposal Record of Decision.

In early 1990, interested utilities objected to the limited term proposed for scheduling rights. Instead, they expressed significant interest in scheduling rights for the life of the facilities. As a result of further review and analysis, BPA revised its 1989 Proposal. The current proposal now provides eligible PNW utilities with capacity rights to a total of 725 MW (approximately 21 percent) of BPA's share of the total PNW AC Intertie capacity for the life of the facilities, and the right to participate in any future upgrades made available to the participants. (Ownership to rights in capacity is characterized, in part, by exclusive scheduling rights.) In addition, the costs of existing facilities owned by PacifiCorp are no longer included in the proposed pricing methodology. This offer for life-of-facilities non-Federal capacity rights in BPA's share of the PNW AC Intertie capacity is referred to as Capacity Ownership.

1.3 Description of the Capacity Ownership Proposal

1.3.1 Maximum Amount of Capacity Available

Planned transmission additions to facilities owned by BPA, PacifiCorp, and PGE upgraded the PNW AC Intertie from 3200 MW to 4800 MW. The pre-Third AC Intertie facilities could have been upgraded to a 4000 MW RTC with only minor modifications. While some interest groups suggested a PNW AC Intertie upgrade to only 4000 MW, the Administrator decided to construct the northern portion of the Third AC Intertie to upgrade the AC system by 1600 MW (see Record of Decision, Third AC Intertie Project, September 27, 1988). The full 1600 MW was necessary to connect the PNW AC Intertie with the COTP. The private and public utilities planning the COTP indicated that construction of an 800 MW California line to match an upgrade to 4000 MW of capacity in the PNW would result in a negative impact on the economics of the project in California.

Further, any non-Federal participation proposal that would include capacity rights between 3200 MW and 4000 MW would require the Current Owners to relinquish their then existing rights to increases in PNW AC Intertie RTC. The Current Owners were not willing to give up those rights. Since BPA had rights to only 1350 MW of the total 1600 MW increase, and only 725 MW of the second 800 MW, BPA proposes to offer life-of-facilities capacity rights in 725 MW (approximately 21 percent) of its share of the PNW AC Intertie.

1.3.2 Capacity Ownership Participants

Entities eligible for capacity ownership included (a) PNW Scheduling Utilities, or (b) PNW utilities who became "computed requirements customers" consistent with Section 13 of the BPA power sales contract (see Appendix H, MOU Signatories). BPA also considered proposals from joint agencies and similar organizations made up of BPA PNW utility customers, which included either a PNW Scheduling Utility or which have a contract with a PNW Scheduling Utility for scheduling services. (See Record of Decision, PNGC Capacity Ownership, June 30, 1993.)

1.3.3 Capacity Ownership Memoranda of Understanding

From September through November 1991, BPA executed non-binding Memoranda of Understanding (MOU) (see Appendix G) with 11 PNW utilities and customer groups

interested in capacity ownership. The MOUs served two main purposes: (a) outlining the principles for future negotiations associated with BPA's life-of-facilities Capacity Ownership alternative; and (b) determining the extent of regional interest in capacity ownership (see 2.0 AC Intertie Capacity Allocations below). Further, the MOUs described BPA process related to environmental analysis, set forth understandings regarding potential contract development activities and rate case proceedings, and included potential New Owners' expressed MW interests in Capacity Ownership.

1.3.3.1 Type of Ownership

From the beginning, the form of participation raised much discussion. Some potential participants expressed a strong interest in undivided physical ownership of Intertie facilities. BPA argued against an ownership type of participation. Offering undivided physical ownership would be difficult since the Third AC in the PNW would in part be a reinforcement of existing facilities owned by the Current Owners--that is the PNW Third AC project would not be a new, stand alone facility. A transfer of physical ownership of facilities would have to be approved by the Current Owners in accordance with agreements among themselves.

Most potential participants explained that their main interest is to have the ability to use Intertie capacity with fewer restrictions and for a longer term than allowed under the provisions of the LTIAP. Most said that a long-term contractual right to schedule power could meet most of their needs as long as their rights were similar to those of the Current Owners.

BPA proposed to offer Pacific Northwest Scheduling Utilities a total of 21 percent of BPA's total bi-directional AC Intertie transfer capability after installation and energization of the plan of service for the Third AC Intertie. New Owners would receive in aggregate 21 percent of BPA's total AC Intertie rated transfer capability and accordingly, on any hour, 21 percent of BPA's total AC Intertie operational transfer capability for the life of the AC Intertie facilities. BPA would retain physical ownership of facilities and decision making authority over the operation, maintenance, planning, and construction of the facilities. New Owners will pay BPA their share of operation and maintenance and other costs in order to keep the facilities operative and to maintain the RTC.

1.3.3.2 Parameters of Capacity Ownership Use

When a New Owner purchases a Capacity Ownership share of the PNW AC Intertie rated transfer capability owned by BPA, that New Owner will be entitled to exclusive use of its MW share of the corresponding OTC for scheduling in a given hour. Under Capacity Ownership, New Owners will be able to use their capacity share without regulation by BPA except in three areas: (1) BPA's intent is that Capacity Ownership will not be used

to wheel the output from generation resources located in Protected Areas, (2) a New Owner would likely have a one-time opportunity to choose between (a) the right to wheel for third parties and to schedule power obtained from other than their own resources, if they waive their right of access to BPA intertie capacity under BPA's LTIAP; and (b) the right to use their scheduling right for their own resources only, with their unused PNW AC Intertie scheduling right reverting to BPA, in return for the rights to continued access to BPA's intertie capacity under the terms of the LTIAP and to share short term non-firm wheeling reserves; and (3) proposed exports by PNW utilities would be subject to Section 3(d) of the Act of August 31, 1964, (the Northwest Preference Act), and Sections 9(c) and (d) of the Pacific Northwest Electric Power Planning and Conservation Act (the Northwest Power Act). The Northwest Power Act Section 9(c) Policy, and how it relates to BPA's Capacity Ownership offering, will be addressed in a separate BPA Record of Decision.

Final contract terms of the Capacity Ownership contracts will be addressed in a separate BPA Record of Decision.

1.3.3.3 Future Obligations and Rights

Purchase of capacity under the PNW AC Intertie Capacity Ownership Agreement will entitle the New Owners to the rights to, among other things, (1) sell or assign its capacity rights with BPA consent; (2) receive operation, maintenance, and scheduling services; (3) purchase increases in capacity as a result of increases in BPA's PNW AC Intertie rated transfer capability, and bear decreases in capacity as a result of decreases in BPA's PNW AC Intertie rated transfer capability; (4) participate in upgrades; and (5) pay for its share of costs for reinforcements should it elect to participate; otherwise, the RTC share will decrease.

Final contract terms of the Capacity Ownership contracts will be addressed in a separate BPA Record of Decision.

1.4 Environmental Analysis

CEQ 1505.2 sets forth points which must be covered in a Record of Decision (ROD) for actions requiring an environmental impact statement. Such RODs must state what the decision is, identify all alternatives considered by the agency specifying which were considered to be environmentally preferable, discuss all relevant decision factors including economic and technical considerations, agency statutory missions and balancing of national policy considerations, and discuss practicable means which may be available to avoid or minimize environmental harm from the alternative selected.

This Section 1.4 will describe the alternatives studied in the NFP EIS, address which were environmentally preferable, and discuss the associated environmental impacts along with available means to avoid or minimize environmental harm.

1.4.1 Alternatives Studied in the NFP EIS

The NFP EIS studied five alternatives for providing non-Federal access to the PNW-PSW AC Intertie: (1) No Action, (2) the Capacity Ownership alternative, (3) Increased Assured Delivery, (4) Increased Assured Delivery with Intertie Access for Non-Scheduling Utilities, and (5) Economic Priority. (The NFP EIS also studied alternatives for Federal Marketing and Joint Ventures using the PNW-PSW AC Intertie.)

Alternative:	Features:
No Action	• Non-Federal access under LTIAP only. • All 800 MW allocated for Assured Delivery assumed fully used in accordance with LTIAP Exhibit B limitations. • Federal marketing and joint ventures with PSW parties assumed to be existing contracts only. • Third AC assumed operational.
Capacity Ownership	• Non-Federal access under LTIAP assumed to remain fully used. • 725 MW open for Capacity Ownership, assumed fully used. • Two generic contract scenarios: seasonal exchanges, firm power sales. • Additional scenario included beyond the preferred 725 MW offer with 1,450 MW assumed available for Capacity Ownership.
Increased Assured Delivery	• 725 MW added to 800 MW LTIAP Exhibit B. • Additional scenario with 1,525 MW (725 MW + potential 800 MW more). Also looks at removal of current LTIAP constraints on contract type.
Increased Assured Delivery --Access for Non-Scheduling Utilities	• Same as Increased Assured Delivery except assumes that non-scheduling parties interested in Capacity Ownership are eligible for Assured Delivery.
Economic Priority	• Non-Federal access must meet contract-specific economic benefit test to be applied by BPA. • Two generic contract scenarios: seasonal exchanges, firm power sales.

1.4.2 Summary of Impacts and Environmentally Preferable Alternatives

The non-Federal Intertie access alternatives were found to have little environmental difference from each other as described in paragraphs 1 through 4 below. There may be adverse environmental impacts due to implementation of the open transmission access requirements of Section 721 of the 1992 Energy policy Act (EPA '92). These adverse impacts would be due to development of new generating resources. EPA '92 may weaken the ability of state and regional planning and regulatory entities to encourage development of conservation and generating resource types with least environmental impacts. It may also reduce the ability of such entities to limit resource development to that which would be needed to serve overall loads. Resource development which is economic for individual entities despite the existence of sufficient already-built resources may be allowed to a greater degree due to EPA '92. However, BPA has no authority to adopt policies which are inconsistent with EPA '92. For these reasons, no one alternative emerges as environmentally preferable.

1. Effects of Increased Non-Federal Autonomy. The non-Federal access alternatives differ from each other principally in the degree of autonomy and related business certainty they present to the parties. The differences in autonomy and business certainty may increase the probability of long-term firm transactions and new resource development, but the increased probability is not quantifiable because economic factors would be the chief influence and they are too uncertain to support conclusions as to trends. Differences in non-Federal autonomy would not change the west coast market influences which affect the desirability of seasonal exchanges, power sales, or other types of contracts. It should be noted that the removal of market obstacles assumed for the Capacity Ownership alternative may be the law of the land under the transmission access provisions of Section 721 of the 1992 Energy Policy Act.

2. Type of Contract. Whether PNW-PSW Intertie contracts were predominantly seasonal exchange or firm power sale would produce environmental differences for both regions. Capacity Ownership includes the greatest degree of utility flexibility of use and autonomy and therefore less business uncertainty for proposed transactions. Capacity Ownership might therefore result in more firm contracts of any type compared to No Action, Assured Delivery, or Economic Priority, but would not predictably change the expected mix of contract types. Information on proposed transactions of parties interested in PNW-PSW AC Intertie access indicated that a mix of seasonal exchange and power sales contracts would be likely.

3. Operation and Development of Resources. The impact analysis for non-Federal PNW-PSW AC Intertie access alternatives did not reveal significant differences among the transmission access alternatives with respect to operation of existing PNW or PSW resources. Air pollutant emissions and other impacts from existing PNW thermal resources were not observed to change significantly. Operation of existing Federal Columbia River hydro resources is controlled by decisions made in other forums, namely Endangered Species Act processes and the 3-agency System Operation Review process

with associated environmental impact analysis. For this reason, Columbia River operations would not change in response to the alternatives studied in the NFP EIS. Air pollutant emission effects of operation of PSW resources would not change by significant margins.

The NFP EIS studied the effects of a case assuming vigorous PNW new resource development of 2500 aMW of new resources in response to enhanced non-Federal Intertie access. The air pollution impacts of such an hypothetical case could be significant to the PNW, however, it is not considered to be a likely scenario for the reasons described in section 1.4.3 below on Avoidance of Environmental Harm.

4. Other Issues. The Capacity Ownership alternative requires decisions allocating the available capacity among requesters. The allocation variations studied did not cause significant environmental changes. The Capacity Ownership alternative also incorporates BPA determinations under Sections 3(d) of the Northwest Preference Act and 9(c) of the PNW Power Act regarding BPA's firm load obligations to the utility if the utility exports its resources. It addresses a utility's ability to request future increases in requirements service in view of resource exports outside the region. These determinations were found to have no significant environmental effects for the proposed export of 725 MW over Capacity Ownership shares in that planned BPA resource acquisitions would be unchanged.

5. Cumulative Impacts of Capacity Ownership Plus Other BPA Proposals. In the NFP EIS, BPA considered alternatives for both Federal Intertie marketing and non-Federal Intertie access. BPA may adopt more than one of the alternatives or proposals which are very similar to them. The NFP EIS analyzed cumulative cases assuming adoption of the Federal Marketing and Joint Ventures alternative in tandem with adoption of the Capacity Ownership alternative (for 725 MW). Cumulative analysis was done assuming three different contract mixes: one, both categories were filled predominantly with firm power sales from PNW to PSW; two, both categories were filled predominantly with seasonal exchanges; and three, there was a mixture of power sales and seasonal exchanges.

The mixed contract cumulative case data indicated that the net interregional transfer would tend to remain predominantly from north to south on an annual average basis. It would be expected to increase between approximately 200 aMW and 700 aMWs, depending on PNW hydro availability. This amounted to a change from the No Action case of 4% and 19% respectively. This correlates with a small increase in PNW new thermal resources and a decrease in PSW generation and air pollutant emissions.

1.4.3 Avoidance of Environmental Harm

Adoption of the Capacity Ownership alternative is not expected to result in significant environmental impact requiring avoidance or mitigation actions. As mentioned above, operation of existing resources is not expected to change significantly so the air, land and water impacts of existing plants will be generally unchanged. Also, new resource

construction with attendant air, land and water impacts will not be expected to increase except to the extent that there is additional incentive via EPA '92. BPA's intent is that intertie transmission rights via Capacity Ownership will not be used to move generating resources in Protected Areas. Also, under the west coast electric power supply and demand conditions under which Capacity Ownership is most likely to be implemented, the EIS analysis indicated that this alternative will not change any electric power-related activity in the degree necessary to create a significant environmental effect. As mentioned in the NFP EIS analysis in Chapter 4, the best available data on proposed non-Federal transactions indicates that the PNW-PSW AC Intertie is likely to be used for an assortment of contracts. Some contracts would use existing resources in both regions to make use of load diversities or other economies. Other contracts would sell power from new resources, such as those sponsored by independent power producers. Chapter 2 of the NFP EIS describes the estimated demand for power in the PNW and PSW and the resources being considered to meet that demand. Long term load growth in both PNW and PSW is projected to be modest. Near term economic indicators are not inconsistent with these projections. California projects that over half of the load growth not covered by existing or pending resources would be met by demand-side management. This supports a view that the incentives for new generating resource development will not be affected by the proposal to provide capacity ownership Intertie access to non-Federal parties. This is not different than would be expected under No Action, especially given the transmission access provisions of Section 721 of the 1992 Energy Policy Act.

2.0 AC INTERTIE CAPACITY ALLOCATIONS

2.1 Federal Capacity Allocation

2.1.1 Issue: How much of BPA's share of PNW AC Intertie capacity should it retain?

Customer Comments

Note: Although no formal comments were received, throughout the development of BPA's Capacity Ownership proposal potential participants asked why the full 1600 MW upgrade was not being considered for participation.

BPA Analysis and Decision

In response to requests in June 1987 from several members of the US House of Representatives, as well as interest from PNW scheduling utilities desiring participation, BPA performed a study of non-Federal participation by PNW utilities in the Third AC Intertie in the PNW. BPA's Final Study of Non-Federal Participation in the Northern Portion of the Third AC Intertie was published in December 1988.

Throughout the participation process, BPA was clear and consistent on the maximum amount of capacity that would be available for participation. Any non-Federal participation proposal that would include the sale of capacity rights to the increment of RTC between 3200 MW and 4000 MW, often referred to as the first 800 MW, would require the Current Owners to relinquish their then existing rights. The Current Owners, including BPA, were not willing to do so due to the size and extent of their investments and business interests. However, since BPA had rights to 725 MW of the second 800 MW of the total 1600 MW increase attributable to the Third AC, BPA proposed to offer capacity rights in 725 MW of its share of the PNW AC Intertie. Such offer represents a proposal that BPA believes appropriately balances (1) environmental considerations, as discussed in section 1.4 herein; (2) our commitment to make timely payments to the US Treasury, which will be presented for discussion in a Non-Federal Capacity Ownership Rate Proposal Record of Decision; and (3) affects on our customers' rates.

2.1.2 Issue: Should BPA offer amounts of AC Intertie capacity ownership in addition to 725 MW?

Customer Comments

PacifiCorp - During the public meeting held September 21, 1993, on the draft NFP EIS, PacifiCorp asked where and how the question of additional Capacity Ownership would be addressed in detail.

State of Wyoming - In a letter dated September 28, 1993, the State of Wyoming Public Service Commission provided written comment to the draft NFP EIS supporting PacifiCorp and encouraging BPA to increase the amount of capacity available for non-Federal participation. They stated that because of the limited amount of capacity BPA made available for non-Federal participation, PacifiCorp was precluded from purchasing capacity on the line. They did recognize, however, that PacifiCorp was not precluded from using the Third AC Intertie as BPA offered PacifiCorp a transmission service contract for use of the line.

Memorandum of Understanding (MOU) Signatories - Throughout the Capacity Ownership allocation process, described in detail in section 2.2 below, MOU signatories expressed interest in increased amounts of capacity available for non-Federal participation.

BPA Analysis and Decision

Interested PNW parties with MOUs requested between 1,170 MW and 1,542 MW of Capacity Ownership. This required BPA to address two issues: (1) allocation of 725 MW among requesting parties (see section 2.2 below); and (2) offering capacity above 725 MW.

Following examination of economic and environmental advantages and disadvantages, BPA chose to retain for Federal use the PNW AC Intertie capacity remaining after the sale of 725 MW. Such capacity is important in maximizing system flexibility and reliability for PNW loads. Following completion of this initial 725 MW proposal, BPA expects to reexamine future opportunities for Capacity Ownership-type offerings that demonstrate positive economic and environmental benefits to BPA. In anticipation of a potential additional offering, BPA's analysis of the Capacity Ownership alternative in the NFP EIS addressed the effects of Capacity Ownership of a greater amount of PNW AC Intertie capacity up to 1,450 MW.

However, parties not obtaining Capacity Ownership or obtaining less than their preferred amount of Capacity Ownership will continue to have the ability to secure PNW AC Intertie capacity under BPA's LTIAP. Since May 1988, BPA's LTIAP has committed BPA to provide 800 MW of long-term firm, or Assured Delivery, transmission to NW scheduling utilities with a firm energy surplus. The LTIAP also allows for additional Assured Delivery transactions under its Joint Venture provisions. More recently, BPA has proposed amending the Assured Delivery provisions to provide for a more competitive power market, encourage greater use of the transmission system, and position BPA to effectively respond to requests for wheeling under EPA '92 while enhancing BPA revenues.

2.2 Allocations of Capacity to Non-Federal Entities

2.2.1 Issue: How should AC Intertie capacity be allocated among non-Federal entities?

Customer Comments

Note: On June 8, 1992, BPA mailed out to interested parties its proposed Alternative Allocation Methodologies for Non-Federal Participation in the AC Intertie for public comment. BPA's comment period ended July 7, 1992. BPA sent out a letter on September 15, 1992, to Capacity Ownership MOU Signatories that included a summary and response to comments received. Such summary and response to comments is included in this ROD as Appendix E. Accordingly, only the BPA Analysis and Decision discussion follows.

BPA Analysis and Decision

Eleven utilities signed MOUs indicating a total interest in non-Federal participation of between 1,170 MW and 1,542 MW. After the MOUs were signed, BPA developed a proposed methodology for allocation of the 725 MW of capacity proposed for Capacity Ownership. To establish BPA's initial position for contract negotiations, BPA quantified the capacity shares to be allocated to utilities that met the requirements set forth in the proposed methodology, which included certain prerequisites such as (1) execution of an agreement with a SW utility; (2) submission of a financing plan; and (3) provision of a negotiation deposit. Only six utilities met requirements for a preliminary allocation under the proposed methodology. These six utilities are participating in development of a potential Capacity Ownership Agreement.

BPA identified broad and more specific objectives in developing Capacity Ownership allocation methodologies and requirements. The broad objectives were to create a mechanism which (1) achieved fair and equitable allocations; (2) provided the greatest West Coast-wide benefits; and (3) assured that Capacity Ownership was as close to actual physical ownership as possible. BPA's specific objectives were to (1) increase transmission access for the greatest number of utilities and promote competition; (2) give consideration to understandings in the Capacity Ownership MOUs; (3) use staff time efficiently; and (4) develop allocation methodologies that were understandable and administratively workable.

In June 1992, BPA conducted a public review process considering alternative criteria for allocating the offered 725 MW among the interested parties. The allocation criteria considered included (1) pro rata based on requested MWs; (2) whether the party already owned Intertie capacity; (3) whether the proposed transaction provided best net benefits; and (4) whether the party placed conditions on its MOU. Different combinations of these criteria were also considered to ensure a reasonable range of alternatives were evaluated.

After considering comment from this process, BPA proposed an allocation methodology that accomplished the greatest number of BPA's specific objectives while remaining consistent with BPA's broader, guiding objectives. The allocation methodology gives priority to entities that do not currently own other Intertie capacity and to those that signed "unconditional" MOUs. (The MOUs indicate whether the utility's request to buy capacity ownership was conditioned on future execution of a contract with a PSW party or some other occurrence. See Appendix G) Such methodology created a mechanism for achieving fair and equitable allocations among the utilities interested in Capacity Ownership and, by not dictating a desired PNW-PSW AC Intertie transaction like other proposed methodologies, it was consistent with the objective of assuring that Capacity Ownership was as similar to actual physical ownership as possible. Further, the allocation methodology selected addressed BPA's desire to increase transmission access in the NW, considered understandings set forth in the Capacity Ownership MOUs, and was administratively workable.

2.3 Features of Capacity Ownership

BPA did not receive formal comments regarding the key features of Capacity Ownership. However, BPA and the parties receiving a preliminary allocation of PNW AC Intertie capacity are currently negotiating the terms of a Capacity Ownership contract. BPA anticipates that the major provisions of that contract will be similar to the MOU/Principles attached as Appendix G. When negotiation of the Capacity Ownership Contracts is complete, the final contract terms will be addressed in a separate BPA Record of Decision.

2.4 Other Issues

2.4.1 Issue: How will the EPA '92 affect Federal and non-Federal capacity ownership rights?

Customer Comments

Note: BPA did not receive specific or formal comments regarding this issue. However, the issue is included simply to summarize, from BPA's perspective, the anticipated effects of EPA '92.

BPA Analysis and Decision

The Energy Policy Act of 1992 provides the Federal Energy Regulatory Commission (FERC) with broad authority to order transmission owners to provide wheeling services to, and expand their systems to meet the needs of, electric utilities and all other generators of power for wholesale transactions. These transmission provisions impose no requirements on individual utilities unless and until FERC so orders.

FERC's new authority will likely cause fewer structural changes in the PNW than in other regions of the country because PNW utilities have generally provided wheeling services for each other upon request. Today, approximately one-third of all BPA transmission capacity is used to wheel non-BPA transactions. BPA has also constructed new transmission facilities to meet the needs of other utilities, and has advocated one-utility planning of the region's transmission system. Other transmission-owning PNW utilities also have a history of voluntary wheeling over their excess capacity and cooperative inter-utility construction projects.

Several provisions were included in the legislation that consider BPA's and the PNW's unique needs. Further, given the relative openness of the PNW's integrated grid for inter-utility transactions, the most significant changes for the PNW resulting from the new FERC transmission authorities will likely be (1) access for non utility generators and non scheduling utilities; (2) opportunity cost pricing for constrained capacity which would otherwise be reserved for the owner's own transactions; (3) centralized and public information on capacity availability; and (4) development of regional transmission groups (envisioned as voluntary membership organizations of utilities and generators governed by rules for transmission access, pricing and system planning).

In terms of the New Owners' and BPA's use of the PNW-PSW AC Intertie, any electric utility, Federal Power Marketing Administration, or other person generating electric energy for resale may apply to FERC for an order requiring the New Owner or B' A to provide transmission services including, for BPA, any necessary enlargement of transmission capacity. However, no order may be issued (1) unless the applicant has made a request for transmission services to the transmitting utility at least 60 days prior to the filing of an application for such order; (2) if FERC finds that the order would unreasonably

impair the continued reliability of electric system affected by the order; and (3) the transmitting utility does not have to enlarge transmission capacity if, after a good faith effort, it has failed to obtain the necessary approvals of property rights under applicable Federal, State, and local laws.

3.0 FISH & WILDLIFE

3.1 Protected Areas

Note: Specific comments regarding BPA's Protected Areas provisions were not received. However, discussions regarding such provisions and how they are applied occurred during Capacity Ownership Contract negotiations. The following is intended to summarize BPA's current Protected Areas provisions.

3.1.1 Issue: What are BPA's current Protected Areas provisions?

BPA Analysis and Decision

The Northwest Power Act directs the Northwest Power Planning Council (Council) to develop a "program to protect, mitigate, and enhance fish and wildlife, including related spawning grounds and habitat on the Columbia River and its tributaries." Accordingly, the Council established protected area designations, as specified in its Columbia River Basin Fish and Wildlife Program. The primary purpose of protected areas is to direct developers to the least environmentally sensitive sites.

On May 17, 1988, BPA adopted its LTIAP governing provisions for use of BPA's Intertie with the PSW. Protected areas within the Columbia River Basin were adopted as the fish and wildlife mechanism in the LTIAP. The policy provides for decreasing utilities' access to the PNW AC Intertie if they develop or acquire the output from a new hydro project located in a protected area within the Columbia Basin.

Output from resources within protected areas may be transmitted on the PNW-PSW AC Intertie only if BPA receives sufficient demonstration that a particular project would provide benefits to existing or planned BPA fish and wildlife investments or the Council's Fish and Wildlife Program as described in the LTIAP. Lacking this demonstration, and consistent with the LTIAP, BPA will not wheel power and will apply provisions limiting access to BPA's transmission system to any entity purchasing output from a new protected area resource.

* * * *

I have reviewed and hereby approve this decision to offer 725 MW of Capacity Ownership as described herein. Issued in Portland, Oregon, March 25, 1994.

ACTING Deputy Administrator

APPENDIX A

ABBREVIATIONS

APPENDIX A

Abbreviations

AC	Alternating Current
aMW	Average Megawatts
BPA	Bonneville Power Administration
COTP	California-Oregon Transmission Project
DC	Direct Current
EIS	Environmental Impact Statement
FERC	Federal Energy Regulatory Commission
kV	Kilovolt
LTIAP	Long-Term Intertie Access Policy
MOU	Memorandum of Understanding
MW	Megawatt
NFP EIS	Non-Federal Participation Environmental Impact Statement
OTC	Operational Transfer Capability
PGE	Portland General Electric Company
PNGC	Pacific Northwest Generating Company
PNW	Pacific Northwest
PSW	Pacific Southwest
ROD	Record of Decision
RTC	Rated Transfer Capability

APPENDIX B

DEFINITIONS

APPENDIX B

Definitions

1. AC Intertie: Relevant to this Record of Decision, the system of high-voltage transmission lines between Pacific Northwest (Oregon) and the Pacific Southwest (California), consisting of two 500 kV alternating current lines.

2. Alternating Current (AC): Electric current that reverses its direction of flow at regular intervals and has alternately positive and negative values.

3. Assured Delivery: Firm transmission service provided by BPA under a transmission contract to wheel power covered by a contract between a Scheduling Utility and a Southwest Utility. Assured Delivery contracts may not exceed 20 years in duration. The service is interruptible only in the event of an uncontrollable force or a determination made pursuant to sections 7 or 8 of BPA's LTIAP.

4. California-Oregon Transmission Project (COTP): A consortium of California utilities and other entities participating in construction of the Third AC Intertie south of the Oregon-California border; also the 500 kV transmission line proposed by the COTP.

5. Capacity: The amount of power that can be produced by a generator or carried by a transmission facility at any instant. Also, the service whereby one utility delivers firm energy during another utility's peak period of usage with return made during the second utility's off-peak periods; compensation for this service may be with money, energy, or other services.

6. Direct Current (DC): Electric current that may have pulsating characteristics but does not reverse direction at regular intervals, unlike alternating current.

7. Energy Policy Act of 1992: An act passed by Congress in 1992 that provides, among other things, for FERC authority to order transmission access.

8. Environmental Impact Statement (EIS): A document prepared to assist Federal agencies in complying with the National Environmental Policy Act; a discussion and analysis of potential significant environmental impacts of the proposed action and alternatives.

9. EPA '92: See Energy Policy Act of 1992.

10. Federal Energy Regulatory Commission (FERC): A Federal Agency that reviews BPA's rates, regulates transmission practices, and is responsible for enforcing provisions of the National Energy Policy Act.

11. Long-Term Intertie Access Policy (LTIAP): BPA's policy, developed in 1988, for allocating use of the Federal portion of the Intertie for a period of at least 20 years.

12. Megawatt (MW): A measure of electrical power or generating capacity; one million watts.

13. Memorandum of Understanding (MOU): An agreement entered into by BPA and PNW parties interested in capacity ownership. The MOUs establish principles for the decision process on capacity ownership.

14. Non-Federal Participation (NFP): Participation in some form, ranging up to full facilities ownership, by non-Federal utilities/entities in BPA's share of the Third AC Intertie.

15. Northwest Power Planning Council: An eight-member body, with two members each from Oregon, Washington, Idaho, and Montana, authorized by the Northwest Power Act of 1980 for the purpose of coordinated fish and wildlife and resource planning.

16. Operational Transfer Capability (OTC): Rated Transfer Capability less reductions caused by, but not limited to, physical limitations beyond any party's control, operational limitations imposed by California utilities, line or equipment outages, stability limits or loop flow.

17. Pacific Northwest: The states of Oregon, Washington, and Idaho; plus portions of Montana, Nevada, Utah, and Wyoming.

18. Pacific Northwest - Pacific Southwest AC Intertie: Relevant to this Record of Decision, the AC Intertie plus the Third AC additions.

19. Pacific Southwest: Generally, the State of California.

20. Protected Areas: As developed by the Northwest Power Planning Council and enforced by the Long-Term Intertie Access Policy, areas protected from hydro project development due to the presence of wildlife, high-value resident fish, and anadromous fish, or areas that could support anadromous fish if investments were made in habitat, hatcheries, passage, or other projects.

21. Rated Transfer Capability (RTC): The ability of a transmission line or system to transfer power in a reliable manner.

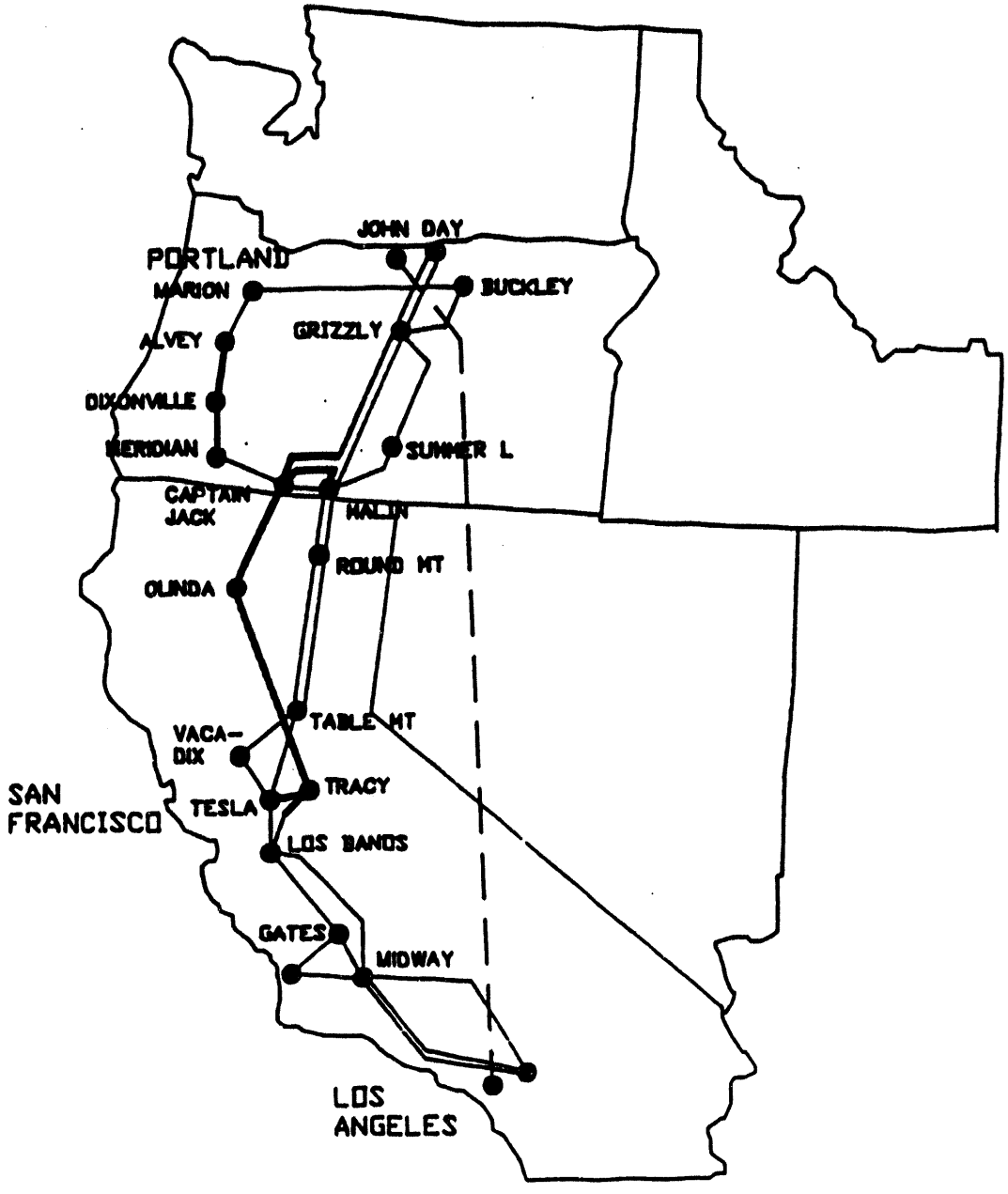
22. Scheduling Utility: The Pacific Northwest portion of a nonfederal utility that operates a generation control area within the Pacific Northwest, or any utility designated as a BPA "computed requirements customer".

23. Third AC: A construction project that expanded the bidirectional capability of the Intertie transmission system; modifications to existing facilities and transmission additions in the Pacific Northwest upgraded the portion of the AC Intertie north of the Oregon-California border to meet the planned increase for the southern portion (see COTP).

APPENDIX C

PNW-PSW INTERTIE TRANSMISSION SYSTEM

PNW–PSW INTERTIE TRANSMISSION SYSTEM



EXISTING AC

THIRD AC INTERTIE – NEW TRANSMISSION LINES

EXISTING DC INTERTIE

APPENDIX D

ALTERNATIVE ALLOCATION METHODOLOGIES FOR NON-FEDERAL PARTICIPATION IN THE AC INTERTIE

Department of Energy
Bonneville Power Administration
Public Involvement
P.O. Box 12999
Portland, Oregon 97212-0999

JUN 2 1992

In reply refer to: ALP

THIRD AC NON-FEDERAL PARTICIPATION

Action: Bonneville Power Administration (BPA) is accepting comment on the environmental and other issues raised by the enclosed proposed alternative methodologies for allocating non-Federal participation in the AC Intertie. We also request comment addressing any additional alternatives.

Background: BPA is in the process of preparing a draft Environmental Impact Statement on non-Federal Participation in the AC Intertie. This EIS will address the environmental and economic effects of alternate methods of offering AC Intertie capacity rights to Northwest utilities. BPA's preferred alternative at this time is to offer Northwest utilities "life-of-facilities" capacity ownership in 725 megawatts (MW) of BPA's share of the AC Intertie upon completion of the Third AC project.

In November 1991, BPA executed memoranda of understanding (MOU) with eleven Northwest utilities and customer groups outlining the parameters of the capacity ownership alternative to be analyzed in the Draft EIS. However, as a result of these MOU's, interest in capacity ownership totalled between 1170 MW and 1542 MW. If the decision after completion of the Final EIS is to offer capacity ownership, BPA needs a way to allocate the 725 MW available among those interested utilities.

We have continued working with those utilities who signed an MOU on potential ways to allocate the oversubscribed Third AC Intertie. An allocation methodology would only be used if the total interest in capacity ownership remained greater than 725 megawatts. BPA has identified four potential allocation methodologies for study in its Draft EIS and seeks input on these methodologies. One of the four methodologies is indicated as BPA's preferred methodology.

Comment Opportunity: BPA has prepared a paper which describes the four Alternative Allocation Methodologies for Non-Federal Participation in the AC Intertie. We are accepting comments on these proposed alternative allocation methodologies through July 7, 1992. Please send your written comments to the Public Involvement Office, P.O. Box 12999, Portland, Oregon 97212.

For Further Information: We encourage you to contact your nearest BPA Area or District Office. You also may call the BPA Public Involvement office at 230-3478 (from Portland) or toll-free 1-800-622-4513 (from other locations).

Jo Ann C. Scott
Public Involvement Manager

Enclosure

ALTERNATIVE ALLOCATION METHODOLOGIES FOR NON-FEDERAL PARTICIPATION IN THE AC INTERTIE

Methods for Determining Negotiation Allocations for AC Intertie Capacity Ownership

BONNEVILLE POWER ADMINISTRATION
DRAFT: JUNE 5, 1992

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Alternative Allocation Methodologies for Non-Federal Participation in the AC Intertie

Section 1. BACKGROUND. Bonneville Power Administration (BPA) is in the process of developing a non-Federal Participation Draft Environmental Impact Statement (Draft EIS), pursuant to the National Environmental Policy Act, which will address the environmental and economic effects of alternative methods of offering AC Intertie capacity rights to Northwest non-Federal utilities upon completion of the Third AC Intertie project. BPA's preferred alternative is to offer Pacific Northwest Scheduling Utilities life-of-facilities capacity ownership of 21 percent (or an expected 725 MW) of BPA's share of the AC Intertie upon completion of the Third AC Intertie project. During September through November of 1991, BPA executed Memoranda of Understanding (MOU) with 11 Northwest utilities and customer groups. The MOUs outline the parameters of the Life-of-Facilities Capacity Ownership Alternative (Capacity Ownership), describe BPA's process related to environmental analyses, and set forth understandings and intentions regarding potential contract development activities, rate case proceedings, and each utility's interest in Capacity Ownership.

After completing the Capacity Ownership MOUs with all interested parties, BPA determined the cumulative level of interest in Capacity Ownership to be between 1170 MW and 1542 MW. This interest significantly exceeds the 725 MW of Capacity Ownership BPA may offer, and BPA must devise a method to allocate the 725 MW among the interested utilities. BPA has identified four alternative allocation methodologies to be analyzed in BPA's preferred alternative in the Draft EIS. Only the preferred alternative may require the application of an allocation methodology.

BPA has designated its preferred allocation methodology in this paper. BPA proposes to apply the preferred allocation methodology selected after comment processes are completed as the basis for determining initial negotiation allocations for Capacity Ownership contract negotiations. Final allocated amounts will be determined in executed Capacity Ownership contracts after completion of the environmental review process and the Administrator's Record of Decision.

Section 2. EXECUTED AGREEMENT WITH A SOUTHWEST UTILITY. For a utility to qualify for an allocation of Capacity Ownership, BPA will require the utility, by close of public comment on the Draft EIS, to provide BPA a copy of the

utility's executed agreement with a Southwest utility (Attachment A discusses additional contingencies for PNGC and Tacoma). BPA will require a copy of such agreement regardless of whether the utility has a contingent or non-contingent MOU, or whether BPA will need to apply an allocation methodology.

A utility should submit an executed agreement for a long-term firm power sale, seasonal exchange, or other similar arrangement with a Southwest utility. Such an agreement should include all major terms and conditions including, but not limited to, term, price, and quantity. If the agreement provided to BPA does not constitute the final written agreement between the parties, the agreement must also include a commitment to execute such final agreement. An unexecuted or draft agreement, or an agreement which is not a power sale or a seasonal exchange or similar arrangement, will not constitute an executed agreement with a Southwest utility.

A utility may execute multiple agreements with a Southwest utility or utilities provided that the MW total of the utility's executed agreements is less than or equal to the utility's MW interest expressed in its MOU with BPA. If a utility does execute multiple agreements with a Southwest utility or utilities, the agreements may be submitted to BPA individually or collectively but must be submitted by close of public comment on the Draft EIS.

Requiring utilities with contingent MOUs to provide executed agreements to BPA by close of public comment on the Draft EIS is consistent with the understanding in all contingent Capacity Ownership MOUs. While utilities with non-contingent MOUs do not have such language in their MOUs, it is in BPA's interest to know, prior to committing significant time to Capacity Ownership contract negotiations, that such utilities have executed agreements with Southwest utilities.

Section 3. REQUEST FOR CAPACITY OWNERSHIP FOR UNSPECIFIED TRANSACTIONS. In the event that, upon close of public comment on the Draft EIS, BPA has received less than 725 MW of executed agreements with Southwest utilities, BPA would make the remainder of the Capacity Ownership available for unspecified transactions.

A utility desiring Capacity Ownership for unspecified transactions may request such Capacity Ownership by submitting to BPA a letter stating the utility's MW interest in such Capacity Ownership. BPA will require receipt of this letter by the close of public comment on the Draft EIS. If a utility <u>has not</u> submitted to BPA an executed agreement with a Southwest utility, the

utility may request Capacity Ownership for unspecified transactions for a MW amount up to the utility's MOU amount. If a utility has executed such an agreement, the utility may request Capacity Ownership for unspecified transactions if the MW amount of the sum of the utility's executed agreement with a Southwest utility and the request for Capacity Ownership for unspecified transactions is less than or equal to the utility's MOU amount. For example, if a utility with a 50 MW MOU amount does not submit to BPA an executed agreement with a Southwest utility, the utility may request Capacity Ownership for unspecified transactions for up to 50 MW. If a utility with a 200 MW MOU interest in Capacity Ownership submits a 150 MW executed agreement with a Southwest utility or utilities, the utility may submit to BPA a letter requesting up to 50 MW of Capacity Ownership for unspecified transactions.

If, upon close of public comment on the Draft EIS, BPA has received less than 725 MW of executed agreements with Southwest utilities, BPA would allocate the remainder of the 725 MW, on a pro rata basis if necessary, to those utilities that submitted requests for Capacity Ownership for unspecified transactions. Utilities receiving such allocations would still need to satisfy the requirements discussed in Section 6, "Requirements Prior to Negotiating Capacity Ownership Contracts with BPA."

Section 4. AC INTERTIE TRANSFER CAPABILITY RATINGS. BPA is proposing to offer non-Federal utilities Capacity Ownership of 21 percent of BPA's share of bidirectional Rated Transfer Capacity (RTC) of the AC Intertie upon completion of the Third AC Intertie project. It is expected that the north-to-south RTC of the AC Intertie will be 4800 MW upon completion of the Third AC Intertie project and that the south-to-north RTC will be 3600 MW. Studies currently underway among Northwest and Southwest owners of the AC Intertie are showing that it may be possible to achieve a higher south-to-north RTC than 3600 MW.

Final studies regarding the possibility of increased south-to-north RTC are not expected to be completed until March 1993. Depending on the status of south-to-north RTC studies at the time BPA would have to apply a Capacity Ownership allocation methodology, BPA would consider the effects of any increased south-to-north RTC prior to allocating. BPA is proceeding on the assumption that the south-to-north RTC of the AC Intertie will be 3600 MW upon completion of the Third AC Intertie project. If a utility were to receive a Capacity Ownership allocation, and because of a lower south-to-north RTC the utility's south-to-north allocation was insufficient to accommodate the symmetry of the utility's seasonal transaction, BPA would consider two

options: (1) offering the utility a limited south-to-north AC Intertie wheeling service; or (2) providing the utility a large enough north-to-south allocation such that the resulting south-to-north allocation would be sufficient to accommodate the symmetry of the seasonal transaction.

Section 5. ALLOCATION METHODOLOGIES.

Objectives. The guiding objectives in developing the allocation methodologies and requirements were to create a mechanism which achieves fair and equitable allocations among the utilities, provides the greatest West Coast-wide benefits, and assures that Capacity Ownership is as similar to actual physical ownership as possible. BPA's more specific objectives are to (1) increase transmission access for the greatest possible number of utilities in the Northwest and promote competition; (2) give reasonable consideration to the understandings set forth in the Capacity Ownership MOUs; (3) use staff time efficiently by negotiating only with utilities that demonstrate significant commitment to Capacity Ownership by executing agreements with Southwest utilities; and (4) develop allocation methodologies which are understandable to the utilities involved and administratively workable for BPA.

Criteria. In consideration of the above objectives, BPA has identified certain criteria which are applied in alternative methods within the allocation methodologies. Not all of the allocation methodologies apply the criteria. The criteria are defined as follows:

Intertie Owner Status: "Intertie Owner Status" distinguishes between current Intertie owners and non-owners. This criterion promotes the objective of increasing transmission access for the greatest number of utilities and promoting competition. This criterion is applied in Allocation Methodologies 3A and 3B.

MOU Type: "MOU Type" distinguishes between utilities that executed contingent MOUs and non-contingent MOUs. This criterion promotes the objective of giving reasonable consideration to the understandings set forth in Capacity Ownership MOUs. Specifically, this criterion would give priority to those utilities that signed non-contingent MOUs. Utilities that signed non-contingent MOUs demonstrated a high level of commitment, providing BPA additional reassurance to move forward with the non-Federal

participation process. This criterion is applied in Allocation Methodologies 2, 3A, and 3B.

Intertie Use: "Intertie Use" considers the various possible uses of Capacity Ownership and identifies "preferred" uses. This criterion would give priority to interregional transactions that provide the most net benefits with the least costs. Such transactions would increase efficiency of power use in both regions. Examples of preferred uses are as follows: (1) long-term seasonal exchanges; and (2) long-term power sales of existing surplus with recall rights. This criterion is applied in Allocation Methodology 3A.

Application. An allocation methodology would be applied in the event that, by close of public comment on the Draft EIS, BPA receives more than 725 MW of executed agreements with Southwest utilities. If BPA receives less than 725 MW of executed agreements, then application of an allocation methodology would not be necessary. As discussed in Section 3, "Request for Capacity Ownership for Unspecified Transactions," the remainder of the 725 MW would be allocated, on a pro rata basis if necessary, to the utilities that had expressed interest in receiving allocations for unspecified transactions.

Regardless of how or for what purpose a utility receives an allocation, prior to negotiating a Capacity Ownership contract with BPA the utility would be subject to the requirements discussed in Section 6, "Requirements Prior to Negotiating Capacity Ownership Contracts with BPA."

Allocation Methodology 1: Pro Rata

General Description. Methodology 1 would not apply any of the criteria described above. Utilities would not receive preference or priority based on Intertie Owner Status, MOU Type, or Intertie Use. Utilities would have until the close of public comment on the Draft EIS to provide to BPA executed agreements with Southwest utilities. Section 2, "Executed Agreement with a Southwest Utility," describes requirements regarding agreements.

If, by close of public comment on the Draft EIS, BPA receives more than 725 MW of executed agreements with Southwest utilities, BPA would allocate 725 MW on a pro rata basis. Utilities would receive pro rata allocations as follows: an individual utility's MW amount expressed in its agreement with a Southwest utility would be divided by the sum of the executed agreements with

Southwest utilities, with the quotient being multiplied by 725 MW. Utilities would receive pro rata allocations in such a manner and would begin Capacity Ownership contract negotiations with BPA, contingent upon satisfying the requirements described in Section 6, "Requirements Prior to Negotiating Capacity Ownership Contracts with BPA." If BPA and the utility could not complete a Capacity Ownership contract on a timely basis, or if negotiations were terminated or suspended by either party, the amount of Capacity Ownership being negotiated would become available to the other utilities on a pro rata basis and the negotiation deposit (discussed in Section 6) would be refunded with interest.

Example. Assume that, by close of public comment on the Draft EIS, the utilities below had submitted executed agreements to BPA for the amounts indicated. Table 1 shows how each utility would receive a pro rata allocation.

TABLE 1

UTILITY	CONTRACT AMOUNT	PRO RATA ALLOCATION
Utility 1	400 MW	400/1075 X 725 = 270 MW
Utility 2	300 MW	300/1075 X 725 = 202 MW
Utility 3	200 MW	200/1075 X 725 = 135 MW
Utility 4	100 MW	100/1075 X 725 = 67 MW
Utility 5	50 MW	50/1075 X 725 = 34 MW
Utility 6	25 MW	25/1075 X 725 = 17 MW
TOTALS	1075 MW	725 MW

Allocation Methodology 2: Pro Rata with Non-Contingent MOU Priority

General Description. Methodology 2 would apply the MOU Type criterion. Utilities would not receive preference for their Intertie Owner Status or Intertie Use. Utilities would have until the close of public comment on the Draft EIS to provide to BPA executed agreements with Southwest utilities. Section 2, "Executed Agreement with a Southwest Utility," describes requirements regarding agreements.

Utilities with non-contingent MOUs would receive 100 percent allocations based on their agreements with Southwest utilities. The remaining unallocated Capacity Ownership would be allocated on a pro rata basis to those utilities that submitted executed agreements with Southwest utilities to BPA by close of public comment on the Draft EIS.

Upon close of public comment on the Draft EIS, BPA would then negotiate Capacity Ownership contracts with the utilities comprising the 725 MW of Capacity Ownership interest as allocated in Methodology 2, contingent upon completion of the requirements described in Section 6, "Requirements Prior to Negotiating Capacity Ownership Contracts with BPA." If BPA and a utility could not complete a Capacity Ownership contract on a timely basis, or if negotiations were terminated or suspended by either party, the amount of Capacity Ownership being negotiated would become available to the other utilities on a pro rata basis and the negotiation deposit (discussed in Section 6) would be refunded with interest.

Example. Assume that, by close of public comment on the Draft EIS, non-contingent MOU utilities had submitted 350 MW of executed agreements with Southwest utilities and six other utilities with contingent MOUs had submitted executed agreements with Southwest utilities in the amounts indicated. Table 2 shows how utilities would receive allocations pursuant to Methodology 2.

TABLE 2

UTILITY	CONTRACT AMOUNT	ALLOCATION	
Non-Contingent MOU Utilities	350 MW	100% of 350	= 350 MW
Subtotal: Non-Contingent MOUs	350 MW		350 MW
Utility 1	50 MW	50/465 X 375	= 40 MW
Utility 2	200 MW	200/465 X 375	= 162 MW
Utility 3	50 MW	50/465 X 375	= 40 MW
Utility 4	40 MW	40/465 X 375	= 32 MW
Utility 5	75 MW	75/465 X 375	= 61 MW
Utility 6	50 MW	50/465 X 375	= 40 MW
Subtotal: Contingent MOUs	465 MW		375 MW
TOTALS	815 MW		725 MW

Allocation Methodology 3A: Multi-Factored with Intertie Owner Status Priority

General Description. Methodology 3A would apply all identified criteria in series in order to determine four allocation groups. The group to which a utility is assigned would determine the likelihood of the utility receiving its MW interest in Capacity Ownership as identified in the utility's agreement with a Southwest utility. Methodology 3A prioritizes the criteria as follows: (1) Intertie Owner Status; (2) Intertie Use; and (3) MOU Type. For Intertie Owner Status, BPA would give preference to non-owners over Intertie owners. For Intertie Use, BPA would give preference to uses that fall within the scope of preferred uses. For MOU Type, BPA would give preference to non-contingent MOUs over contingent MOUs.

A utility having Intertie ownership would be assigned to Group 4. Intertie Use and MOU Type criteria would not be applied. Utilities in Group 4 would qualify for allocations, on a pro rata basis, after utilities in Group 1, Group 2, and Group 3 had the opportunity to receive allocations. A utility not having Intertie ownership but executing a non-preferred transaction would be assigned to Group 3. The MOU Type criterion would not be applied. Utilities in Group 3 would qualify for allocations, on a pro rata basis, after utilities in Group 1 and Group 2 had the opportunity to receive allocations. A utility not having Intertie ownership, executing a preferred transaction, but having a contingent MOU would be assigned to Group 2. Utilities in Group 2 would qualify for allocations, on a pro rata basis, after utilities in Group 1 had the opportunity to receive allocations. A utility not having Intertie ownership, executing a preferred transaction, and having a non-contingent MOU would be assigned to Group 1, and would receive a 100 percent allocation based on its agreement with a Southwest utility.

Utilities would have until the close of public comment on the Draft EIS to provide to BPA executed agreements with Southwest utilities. Section 2, "Executed Agreement with a Southwest Utility," describes requirements regarding agreements. Upon close of public comment on the Draft EIS, BPA would then negotiate Capacity Ownership contracts with the utilities comprising the 725 MW of Capacity Ownership interest as allocated in Methodology 3A, contingent upon completion of the requirements described below in Section 6, "Requirements Prior to Negotiating Capacity Ownership Contracts with BPA." If BPA and a utility could not complete a Capacity Ownership contract on a timely basis, or if negotiations were terminated or suspended by either party, the amount of Capacity Ownership being negotiated would become

available to the other utilities on a pro rata basis pursuant to the Group priorities set forth in Methodology 3A and the negotiation deposit (discussed in Section 6) would be refunded.

Example. The following criteria, in the following order, would be applied and groups assigned (the same information is summarized in Table 3A):

1) Intertie Owner Status: non-owner or owner?
   If Intertie owner, utility is assigned to Group 4.
   If non-owner, "Intertie Use" criterion is applied:

2) Intertie Use: preferred or non-preferred use?
   If non-preferred, utility is assigned to Group 3.
   If preferred, "MOU Type" criterion is applied:

3) MOU Type: non-contingent MOU or contingent MOU?
   If contingent MOU, utility is assigned to Group 2.
   If non-contingent MOU, utility is assigned to Group 1.

TABLE 3A

Criteria	Group 1	Group 2	Group 3	Group 4
INTERTIE OWNER STATUS	Non-Owner	Non-Owner	Non-Owner	Owner
INTERTIE USE	Preferred	Preferred	Non-Preferred	-------
MOU TYPE	Non-Cont.	Contingent	-------	-------
ALLOC-ATION	100 %	Pro Rata After Group 1	Pro Rata After Groups 1 and 2	Pro Rata After Groups 1, 2, and 3

Assume that, upon close of public comment on the Draft EIS, total Group 1 interest was 350 MW, total Group 2 interest was 200 MW, and total Group 3 interest was 300 MW. The utilities in Group 1 comprising the 350 MW would receive 350 MW. The utilities in Group 2 comprising the 200 MW would receive 200 MW, and the utilities in Group 3 comprising the 300 MW would receive 175 MW, on a pro rata basis. The utilities in Group 4 would not receive allocations.

PREFERRED METHODOLOGY

Allocation Methodology 3B: Intertie Owner Status and MOU Type Priority

General Description. Methodology 3B places the highest priority on Intertie Owner Status and also applies the MOU Type criterion. The sequential application is the same as in Methodology 3A, except that Intertie Owner Status and MOU Type are the only criteria applied. Methodology 3B would assign utilities to one of three allocation groups. The group to which a utility is assigned would determine the likelihood of the utility receiving its interest in Capacity Ownership. For Intertie Owner Status, BPA would give preference to non-owners over Intertie owners. For MOU Type, BPA would give preference to non-contingent MOUs over contingent MOUs.

A utility having Intertie ownership would be assigned to Group 3. MOU Type would not be applied. Utilities in Group 3 would qualify for allocations, on a pro rata basis, after utilities in Group 1 and Group 2 had the opportunity to receive allocations. A utility not having Intertie ownership but having a contingent MOU would be assigned to Group 2. Utilities in Group 2 would qualify for allocations, on a pro rata basis, after utilities in Group 1 had the opportunity to receive allocations. A utility not having Intertie ownership and having a non-contingent MOU would be assigned to Group 1 and would receive a 100 percent allocation based on its executed agreement with a Southwest utility.

Utilities would have until the close of public comment on the Draft EIS to provide to BPA executed agreements with Southwest utilities. Section 2, "Executed Agreement with a Southwest Utility," describes requirements regarding agreements. Upon close of public comment on the Draft EIS, BPA would then negotiate Capacity Ownership contracts with the utilities comprising the 725 MW of Capacity Ownership interest as allocated in Methodology 3B, contingent upon completion of the requirements described in Section 6, "Requirements Prior to Negotiating Capacity Ownership Contracts with BPA." If BPA and a utility could not complete a Capacity Ownership contract on a timely basis, or if negotiations were terminated or suspended by either party, the amount of Capacity Ownership being negotiated would become available to the other utilities on a pro rata basis pursuant to the Group priorities set forth in Methodology 3B and the negotiation deposit (discussed in Section 6) would be refunded with interest.

Example. The following criteria, in the following order, would be applied and groups assigned (the same information is summarized in Table 3B):

1) Intertie Owner Status: non-owner or owner?

If Intertie owner, utility is assigned to Group 3.

If non-owner, "MOU Type" criterion is applied:

2) MOU Type: non-contingent MOU or contingent MOU?

If contingent MOU, utility is assigned to Group 2.

If non-contingent MOU, utility is assigned to Group 1.

Example. Table 3B below summarizes the application of Methodology 3B.

TABLE 3B

Criteria	Group 1	Group 2	Group 3
INTERTIE OWNER STATUS	Non-Owner	Non-Owner	Owner
MOU TYPE	Non-Cont.	Contingent	-------
ALLOC-ATION	100 Percent	Pro Rata After Group 1	Pro Rata After Groups 1 and 2

Assume that, upon close of public comment on the Draft EIS, the total Group 1 interest was 350 MW, total Group 2 interest was 400 MW, and total Group 3 interest was 200 MW. The utilities in Group 1 comprising the 350 MW would receive 350 MW. The utilities in Group 2 comprising the 400 MW would receive 375 MW, on pro rata basis. The utilities in Group 3 would not receive allocations.

Basis for Selection of Preferred Methodology. Methodology 3B is the preferred allocation methodology because it accomplishes the greatest number of BPA's specific objectives while remaining consistent with BPA's broader, guiding objectives. Methodology 3B creates a mechanism for achieving fair and equitable allocations among the utilities interested in Capacity Ownership and, by not dictating a desired Intertie transaction such as in Methodology 3A, Methodology 3B is consistent with the objective of assuring that Capacity Ownership is as similar to actual physical ownership as possible. Methodology 3B addresses BPA's desire to increase transmission access in the Northwest, considers the understandings set forth in the Capacity Ownership MOUs, and is administratively workable.

Section 6. REQUIREMENTS PRIOR TO NEGOTIATING CAPACITY OWNERSHIP CONTRACTS WITH BPA. The utility would need to satisfy the requirements below before the utility could begin Capacity Ownership contract negotiations with BPA. If a utility did not satisfy the requirements, BPA would offer to negotiate with the next utility qualified to receive an allocation, or if an allocation methodology had not been applied, BPA would revise its allocation for unspecified transactions if all such requests had not been satisfied.

Negotiation Deposit. The utility would be required to pay BPA a refundable negotiation deposit of an amount equal to 10 percent of the utility's expected up-front payment for Capacity Ownership. The negotiation deposit would be applied to the up-front payment, with interest added from the time BPA receives the negotiation deposit until receipt of the full up-front payment, if the utility and BPA subsequently execute a Capacity Ownership contract. The negotiation deposit would be refunded, with interest, if the utility relinquished its allocation prior to Capacity Ownership contract negotiations or if Capacity Ownership contract negotiations were suspended or terminated by the utility or BPA, unless BPA determined that the utility had made willful and material misrepresentations. The negotiation deposit is intended to serve the purpose of allowing a utility to confirm its commitment to Capacity Ownership and is not intended to be prohibitive.

Summary of Financing Plan. The utility would be required to provide BPA a summary of the utility's plan for financing its interest in Capacity Ownership.

ATTACHMENT A

Special MOU Contingencies

Pacific Northwest Generating Cooperative (PNGC)

PNGC's Capacity Ownership MOU with BPA has three contingencies: (1) PNGC reaching subscription agreements with its members; (2) PNGC executing an agreement with a Southwest utility; and (3) BPA making a determination that PNGC is the appropriate contracting entity.

To qualify for an allocation of Capacity Ownership, PNGC must satisfy contingencies 1 and 2 above, and provide demonstration of such satisfied contingencies to BPA no later than close of public comment on the Draft EIS. If PNGC satisfies contingencies 1 and 2 and receives an allocation under any circumstances, contingency 3 must be satisfied prior to BPA and PNGC entering into Capacity Ownership contract negotiations.

Tacoma City Light (Tacoma)

To qualify for an allocation of Capacity Ownership, Tacoma must satisfy its MOU contingency. Tacoma will need to provide BPA a written request for BPA to terminate or renegotiate Tacoma's Intertie Transmission Agreement, Contract No. DE-MS79-88BP92490, contingent upon Tacoma and BPA executing a Capacity Ownership contract.

(VS10-PMTI-8006d)

APPENDIX E

ALTERNATIVE ALLOCATION METHODOLOGIES FOR NON-FEDERAL PARTICIPATION IN THE AC INTERTIE COMMENT SUMMARY AND RESPONSE TO COMMENTS

BONNEVILLE POWER ADMINISTRATION

Alternative Allocation Methodologies for Non-Federal Participation in the AC Intertie

Comment Summary and Response to Comments

The following is a summary of comments received in response to BPA's June 5, 1992, paper entitled "Alternative Allocation Methodologies for Non-Federal Participation in the AC Intertie." As of this date, eight of the eleven utilities that signed Capacity Ownership Memoranda of Understanding (MOU) and one additional utility have submitted comment letters.

Comments are grouped into three categories of issues: (1) allocation methodologies, which includes the alternative allocation methodologies themselves in addition to the executed agreement requirement and allocation objectives and criteria; (2) negotiation requirements, which includes the negotiation deposit and the summary of financing plan; and (3) other issues, which includes other issues commented on and on which BPA would like to clarify its position. To the extent utilities expressed a unanimous or majority position on an issue, that position is summarized as such. Pertinent dissenting positions are also mentioned. Utilities are not mentioned by name, unless necessary. The comment summary does not attempt to summarize each utility's position on each issue. Any party wishing to receive copies of all the comment letters received by BPA on this issue may do so by contacting BPA's Public Involvement Office at 230-3478 (from Portland) or toll-free 1-800-622-4519 (from other locations).

After each category of issues has been summarized, BPA's response to comments is presented and can be considered BPA's current position the issue. These positions are not BPA's final positions, as any decision related to Capacity Ownership cannot be final until completion of the final non-Federal participation environmental impact statement (EIS) and Administrator's Record of Decision.

Allocation Methodologies

Comment Summary

- There was general agreement that BPA considered a reasonable range of allocation methodology alternatives. Variations of the methodologies were recommended for consideration.

- The requirement that all utilities submit executed agreements to BPA by close of public comment on the draft EIS was generally supported. There was one objection on the grounds that no such requirement was stated in the Capacity Ownership MOU.

- There were several recommendations to BPA regarding the executed agreement requirement, such as extending the deadline, not requiring the disclosure of pricing terms and conditions, and requiring that the agreements be complete and final as opposed to principles.

- Questions were raised regarding what would qualify as an "executed agreement with a Southwest utility."

- There was general support for BPA's objectives in developing an allocation methodology.

- Regarding criteria, there were two objections to the Intertie Use criterion, two objections to the MOU Type criterion, and one objection to the Intertie Owner Status criterion.

- There was general support for BPA's selection of methodology 3B as the preferred allocation methodology. Of the seven utilities that expressed an opinion, four supported BPA's choice of methodology 3B.

BPA Response

- BPA believes that a reasonable range of alternatives have been considered; therefore, BPA does not currently intend to consider any additional allocation methodologies or variations of allocation methodologies beyond those described in the June 5 paper.

- BPA currently plans to continue to require that all utilities, regardless of MOU type, submit executed agreements with Southwest utilities to BPA by close of public comment on the draft EIS in order to qualify for allocations. The Capacity Ownership MOU does not preclude BPA from requiring utilities to submit executed agreements with Southwest utilities. Currently, close of public comment on the draft EIS is expected to be in February 1993. Utilities will not be required to disclose pricing terms.

- BPA believes that utilities have been given sufficient notice and negotiation time to complete agreements with Southwest utilities. Based on the anticipated date for close of public comment on the draft EIS, utilities will have had several months in which to execute such agreements.

- BPA will require that executed agreements with Southwest utilities be final and legally enforceable, containing all major terms and conditions including, but not limited to, term, price (which does not need to be disclosed to BPA), and quantity. Such agreements should also provide for the delivery of power from a resource existing or under construction at the time agreements are submitted to BPA. Executed agreements contingent upon the delivery of power from a resource not existing or under construction at that time will also be accepted; however, for allocation purposes, such agreements will be considered as requests for capacity ownership for unspecified transactions, described in Section 3 of BPA's June 5 paper.

- Although BPA is not planning to apply Intertie Use in the preferred allocation methodology, BPA considers it a valid allocation criterion. BPA also considers MOU Type and Intertie Owner Status valid criteria for allocation purposes and will continue to apply the two criteria in the preferred allocation methodology.

- Methodology 3B remains BPA's preferred methodology at this time.

Negotiation Requirements

Comment Summary

- Two utilities opposed the negotiation deposit requirement. There was a

suggestion that BPA accept a letter of credit as the negotiation deposit in lieu of a cash deposit.

- One utility opposed the requirement that utilities submit summaries of financing plans along with negotiation deposits.

BPA Response

- Currently, BPA intends to continue to require the refundable 10 percent negotiation deposits in order for utilities to begin Capacity Ownership contract negotiations. The negotiation deposit will only be required from those utilities receiving allocations. BPA will accept a letter of credit as the negotiation deposit, provided that the utility assumes all costs of obtaining the letter of credit and that BPA receives a copy of the letter of credit and finds the terms acceptable.

- Currently, BPA intends to continue to require utilities to submit summaries of financing plans in order for utilities to begin Capacity Ownership contract negotiations.

Other Issues

Comment Summary

- Tacoma City Light (Tacoma) argued that if the MOU Type criterion is applied then BPA should give allocation preference to Tacoma over other utilities with contingent MOUs in which the contingency is the execution of an agreement with a Southwest utility. Tacoma currently has an agreement with a California utility and has an Assured Delivery agreement with BPA under BPA's Long-Term Intertie Access Policy.

- A question was raised regarding the meaning and intent of the term "Intertie Owner."

- Also raised in an earlier comment letter was the question of whether New Owners would need to purchase an additional 10 percent of Capacity Ownership above firm contract commitments for the purpose of accounting for periods when the operational transfer capability (OTC) of the AC Intertie is less than the rated transfer capability (RTC) due to loop flow and scheduled maintenance.

BPA Response

- Although BPA agrees that Tacoma's contingency is different from the other utilities' contingencies, Tacoma's MOU remains contingent. Therefore, BPA does not intend to give Tacoma allocation priority over other utilities that signed contingent MOUs. For purposes of allocation, BPA currently considers Tacoma a "Group 2" utility (as determined in methodology 3B).

- For purposes of the Capacity Ownership allocation methodology, BPA's intent was to consider an "Intertie Owner" as any utility that currently has physical ownership of AC Intertie facilities or, through Intertie Agreements with BPA, receives Intertie scheduling rights at Malin and/or Captain Jack Substations. A utility that receives Assured Delivery Intertie access from BPA through BPA's Long-Term Intertie Access Policy is not considered an Intertie Owner.

- Regarding reductions in OTC due to loop flow and scheduled maintenance, BPA is currently reviewing the need for New Owners to purchase additional Capacity Ownership to account for these occurrences. BPA is also reviewing existing practices regarding current AC Intertie owners and assessing how, if at all, New Owners should be treated differently.

Conclusion

The focus of this comment summary and response to comments has been on issues which appeared, through the comment letters, to be the most important to the utilities that signed Capacity Ownership MOUs. If an issue was not addressed, utilities should assume that BPA's position on that issue is consistent with the June 5 paper.

Unless the results of the draft EIS indicate otherwise, BPA would implement its preferred allocation methodology (methodology 3B in the June 5 paper) if by close of public comment on the draft EIS BPA has received more than 725 MW of executed agreements with Southwest utilities. Implementation of methodology 3B will be as described in the June 5 paper and will incorporate BPA's positions as they have been indicated in this comment summary and response to comments.

APPENDIX F

BPA REQUEST FOR NEW OWNER ALLOCATION COMMITMENT LETTER

APR 2 3 1993

PMTI

Dear Capacity Ownership Memorandum of Understanding (MOU) Signatory:

In my letter to you of January 22, 1993, Bonneville Power Administration (BPA) established a "Proposed Process for Allocations and Contract Negotiations" for AC Intertie Capacity Ownership (Capacity Ownership). As specified in that process, utilities desiring to remain eligible to receive Capacity Ownership allocations were required to submit to BPA, by March 16, 1993, executed agreements or letters of principles with Southwest utilities and, if applicable, any requests for Capacity Ownership for unspecified transactions and any information regarding resources under construction.

BPA has reviewed the submitted information and has applied the preferred allocation methodology as specified in the allocation methodology paper of June 5, 1992. The following table shows the allocations. The table also provides the corresponding negotiation deposits required in accordance with the allocation methodology. Please remember that the Capacity Ownership allocation process and resulting allocations are tentative pending completion of the Final Non-Federal Participation Environmental Impact Statement (NFP EIS) and Administrator's Record of Decision.

Utility	Allocation (MW)	Negotiation Deposit ($)
Group 1		
Puget Sound Power & Light	371	7,976,500
Emerald People's Utility District	0	0
Group 2		
Eugene Water & Electric Board	50	1,075,000
Pacific Northwest Generating Cooperative	52	1,118,000
Seattle City Light	160	3,440,000
Snohomish County Public Utility District No. 1	42	903,000
Tacoma Public Utilities	50	1,075,000
Clark County Public Utility District	0	0
Grays Harbor Public Utility District No. 1	0	0
Public Utility District 3 of Mason County	0	0
Group 3		
PacifiCorp	0	0
TOTAL	725	15,587,500

Negotiation deposits should be submitted by direct wire transfer by close of business, May 10, 1993. The enclosed instruction guide provides details regarding submitting the deposits via wire transfer. BPA will provide a receipt to each utility submitting a deposit acknowledging the amount of, and date of, the deposit. If you have any questions regarding the direct wire transfer, please contact Donna Graham, Office of Financial Management, at (503) 230-3573.

In accordance with section 6 of the June 5, 1992, allocation methodology paper, the negotiation deposits reflect 10 percent of each utility's expected up-front payment for Capacity Ownership based on the rate of $215/kW. If the utility and BPA execute a Capacity Ownership Agreement, the negotiation deposit (plus interest, accrued from the date BPA receives the deposit until receipt of the full up-front payment) will be applied to the utility's up-front payment. If the utility relinquishes its allocation or if either party terminates negotiations, the negotiation deposit (plus interest, accrued from the date BPA receives the deposit until the utility relinquishes its allocation or until termination of negotiations) will be refunded. The applicable interest rate will be the 3-month Treasury bill rate, which is approximately 3 percent at this time. The negotiation deposit is refundable as stated above unless BPA determined that the utility had made willful and material misrepresentations.

Also required in accordance with the allocation methodology is a brief summary of the utility's plan for financing its expected allocation of Capacity Ownership. **Summaries of financing plans should be submitted to me by mail or facsimile, (503) 230-4973, by 5:00 p.m., May 10, 1993.**

Please be aware that failure to submit the negotiation deposit or summary of financing plan will result in forfeiture of the allocation above. As specified in the letter of January 22, 1993, BPA would revise allocations based on whether utilities submit negotiation deposits and summaries of financing plans and whether utilities that submitted letters of principles submit executed agreements by close of public comment on the draft NFP EIS. By May 14, 1993, BPA will send letters notifying utilities of allocations and any revisions required at that point. Subsequent revisions may be necessary if all utilities have not submitted the required executed agreements by close of public comment on the draft NFP EIS. For utilities receiving allocations, the letter of May 14, 1993, will include a draft Capacity Ownership Agreement and details regarding the initial negotiation meeting, currently scheduled for June 3, 1993.

If you have any questions, particularly regarding the required negotiation deposits or summaries of financing plans, please call me at (503) 230-5852. If I am unavailable, please call Mike McFarland, (503) 230-3688, or Jon Fischer, (503) 230-5845.

Sincerely,

/s/ Sally J. Long

Sally J. Long
Project Manager
Non-Federal Participation

Enclosure

APPENDIX G

MOU/PRINCIPLES

Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

October 2, 1991

In reply refer to: PMTI

Memorandum of Understanding
Contract No. DE-MS79-92BP93479

Mr. Charles N. Earl
District Manager
Snohomish County Public
Utility District No. 1
P.O. Box 1107
Everett, WA 98206

Dear Mr. Earl:

In June and July of 1990, Bonneville Power Administration (BPA) met with utilities, utility groups, and other interested parties to discuss BPA's development of a non-Federal ownership alternative for the Third AC Intertie. The purpose of the meetings was to obtain information on features that those groups would like to have included in an ownership alternative. As a result of the meetings, BPA has developed a Third AC Intertie non-Federal life-of-facilities capacity ownership alternative to be studied as its preferred alternative in its environmental impact statement (EIS) on non-Federal participation (NFP).

The purpose of this memorandum of understanding (MOU) is to set forth the understandings of BPA and Snohomish County Public Utility District No. 1 (Snohomish) regarding the general parameters of a non-Federal life-of-facilities capacity ownership alternative to be analyzed by BPA in its non-Federal participation EIS, to describe the processes that BPA is undertaking related to environmental analyses and decision-making, and to describe the activities that BPA and Snohomish will undertake related to potential contract development.

BPA has included the enclosed life-of-facilities capacity ownership alternative (Exhibit A) (including price and payment provisions) in its EIS Implementation Plan. Exhibit A is attached hereto and by this reference made a part of this MOU. If Snohomish intervenes in a proceeding under § 7(i) of the Pacific Northwest Power Act, 16 U.S.C. § 839e(i), or in an appeal therefrom to the Federal Energy Regulatory Commission or to any court, to establish the price of non-Federal ownership of capacity in the Third AC Intertie, Snohomish agrees to support and defend, or at least not to oppose in any manner, the price and payment provisions contained in Exhibit A provided that Snohomish is offered a life-of-facilities capacity ownership contract which is consistent with Exhibit A in the form enclosed.

Snohomish agrees to enter into a life-of-facilities capacity ownership contract for between 25 and 50 MW based upon the enclosed Exhibit A, contingent on Snohomish entering into a power sale, seasonal exchange, or other similar arrangement with a Pacific Southwest utility prior to close of public comment on BPA's NFP Draft EIS, if: (1) BPA's decision after completing its EIS, pursuant to the National Environmental Policy Act (NEPA),

is to proceed with the Third AC Intertie life-of-facilities capacity ownership alternative; and (2) there are no material changes to the capacity ownership alternative as set forth in Exhibit A. Snohomish understands and agrees that as a result of BPA's NEPA process, the enclosed alternative may require revision, and further understands that BPA may decide after completing its EIS not to offer non-Federal life-of-facilities capacity ownership.

In the event that MOUs are executed totalling more than 725 MW, BPA will develop a methodology by which to allocate capacity among all who executed MOUs. In developing its allocation methodology, BPA may give priority to those utilities that have executed MOUs without contingency language. BPA may further determine that its minimum allocation will be 25 MW.

Snohomish understands that the enclosed capacity ownership alternative was developed assuming coordinated operation of the California-Oregon Transmission Project with the existing AC Intertie in California such that new and existing owners in California can schedule out of either the Malin or the Captain Jack substations. Accordingly, BPA and Snohomish understand and agree that if the enclosed alternative requires revision as a result of the resolution of commercial arrangements in California, then this MOU does not bind Snohomish to sign or negotiate a life-of-facilities capacity ownership agreement.

BPA would consider proposals from joint agencies or similar organizations made up of BPA PNW utility customers which includes either a PNW Scheduling Utility or a contract with a PNW Scheduling Utility for scheduling services.

BPA's Draft EIS should be available for public review and comment in early 1992. If capacity ownership remains BPA's preferred alternative, contract negotiations would begin after close of public comment on the Draft EIS.

If the above is acceptable, please sign both copies of this MOU and return one copy to BPA no later than October 30, 1991.

Sincerely,

Walter E. Pollock
Assistant Administrator
for Power Sales

Enclosure

APPROVED:

SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO. 1

By Charles R Earl

Title General Manager

Date October 29, 1991

(VS6-PMTI-3496e)

LIFE-OF-FACILITIES
CAPACITY OWNERSHIP ALTERNATIVE 1/ 2/

1. Term. Capacity ownership agreements would be effective upon execution and would continue in effect for the life of any of the Northwest AC Intertie facilities.

2. New Owners' Share of Capacity Until 2016/2025. BPA would offer to the Pacific Northwest Scheduling Utilities 3/ 21 percent 4/ of BPA's total bidirectional AC Intertie transfer capability after installation and energization of the plan of service for the Third AC Intertie until termination of the Bonneville Power Administration (BPA)/Pacific Power and Light Company (PP&L) Intertie Agreement in either 2016 or 2025. New Owners would receive 21 percent of BPA's total AC Intertie rated transfer capability (RTC) and accordingly, on any hour, 21 percent of BPA's total AC Intertie operational transfer capability (OTC). New Owners would have the right to net their schedules.

1/ The reference to 21 percent is based on the assumption of full subscription (725 MW). If there is less than full subscription, then the percentage referred to in this document would change accordingly. The reference to New Owners is to the combined total responsibility/rights of New Owners. An individual owner's responsibility/rights would be based on a pro rata share of the total subscribed amount. The 21 percent also refers to the percentage of RTC immediately following energization of the Third AC Intertie. The percentage would vary according to the extent of participation by the New Owners in future upgrades and post 2016/2025 options.

2/ Whenever there are references to percentage of RTC available in this document, the same percentages apply to OTC available.

3/ Scheduling Utility means a Northwest non-Federal utility which serves a retail service area in the Northwest and which operates a generation control area within the Northwest, or any utility designated as a BPA "computed requirements customer," or PNW utilities who become "computed requirements customers" consistent with section 13 of the BPA power sales contract. A Pacific Northwest utility would be required to become a "computed requirements customer" prior to executing a capacity ownership contract with BPA, but not before that time. BPA would also consider proposals from joint agencies or similar organizations made up of BPA PNW utility customers, which include either a PNW Scheduling Utility or a contract with a PNW Scheduling Utility for scheduling services.

4/ Twenty-one percent represents 725 MW. The formula to determine 21 percent is 725 MW divided by 3450 MW, with 3450 MW being BPA's share of the 4800 MW AC Intertie capacity after completion of the Third AC Intertie.

3. New Owners' Share of Capacity After 2016/2025. Prior to expiration of the BPA/PP&L Intertie Agreement, BPA would use its best efforts to execute replacement contracts with PP&L or its successors that provide transfer capability on terms and conditions similar to that provided to BPA and New Owners prior to expiration of the BPA/PP&L Intertie Agreement. Subject to the following sentences, New Owners would have the right to own 21 percent of BPA's share of the post-2016/2025 AC Intertie transfer capability. If BPA must incur additional costs properly attributable to AC Intertie transfer capability in connection with the replacement contracts, New Owners would have the option to either pay their share of 21 percent of the additional costs BPA must incur or choose to decline to pay such amount and obtain 21 percent of what transfer capability would have been in the absence of the new arrangements included in the new PP&L/BPA agreement. If BPA obtains additional benefits properly attributable to AC Intertie transfer capability in connection with the replacement contracts, New Owners would receive 21 percent of such benefits if they have not chosen to decline the replacement contracts and instead obtain 21 percent of what transfer capability would have been in the absence of the new arrangements included in the new PP&L/BPA agreement.

If BPA and PP&L do not execute a new Intertie agreement, BPA may, in consultation with New Owners, decide to operate the AC Intertie at whatever capacity would exist at that time and New Owners would have 21 percent of BPA's share of then-existing AC Intertie RTC. Subject to any necessary approval by other Intertie owners, New Owners would also have an option to construct interconnecting facilities to obtain additional transfer capability, paying the capital cost of such facilities and to obtain all such additional transfer capability; provided, that no such facilities shall adversely affect the transfer capability of then-existing AC Intertie facilities; and provided, further, that if the best plan of service requires addition of facilities that result in an RTC increase greater than that needed by owners to maintain their pre-2016/2025 RTC, then, prior to construction, New Owners shall offer BPA a first right of refusal to such increased RTC for a pro rata share of the cost of the new facilities. If BPA refuses such offer, New Owners have the right to proceed with the plan of service and retain such increased RTC.

If BPA and PP&L do not execute a new Intertie agreement, BPA may, in consultation with New Owners, decide to construct new transmission facilities which would increase the then-existing AC Intertie capacity. In that event, New Owners would have the right to elect to pay 21 percent of BPA's share of the costs of construction and to receive 21 percent of BPA's share of AC Intertie transfer capability after the construction, or decline such option and obtain 21 percent of what transfer capability would have been in the absence of such new facilities.

In any event, other mutually agreeable arrangements could be worked out among Intertie owners and New Owners.

4. Management and Operation. To assist BPA and the New Owners in addressing, in an orderly way, matters arising under the capacity ownership

agreement, BPA would use its best efforts to obtain Portland General Electric's (PGE) consent to New Owners having representation and input at all meetings of the Management, Operation and Scheduling, and Engineering Committees, as established by the BPA/PGE Intertie Agreement, Contract No. DE-MS79-87BP92340, or any such committees that would be separately formed by BPA.

BPA would be the operator of the AC Intertie. As such, BPA would be responsible for the dispatch of the AC Intertie in accordance with Prudent Utility Practice and the principles for operation developed by the Operation and Scheduling Committee established under the PGE Intertie Agreement or the committees separately formed by BPA. The duties of the operator include, but are not limited to, determining: (1) the OTC of the AC Intertie; (2) emergency outages; and (3) switching orders. In making such determinations, BPA would give fair consideration to any interests of a New Owner to the extent they have been expressed in writing. BPA would operate, manage, and maintain the AC Intertie in a good faith effort to avoid imposing inequitable costs on New Owners, consistent with contractual requirements and Prudent Utility Practice.

Except in the case of emergency or when otherwise impractical, BPA would give each of the New Owners written notice, a reasonable period in advance, of proposed actions which would significantly affect the amounts to be paid by New Owners. BPA would provide a forecast of expected annual operation and maintenance expenditures and capitalized replacements and would provide notice of any significiant deviations from the forecast. Nothing in this section would obligate BPA to provide written notice regarding plans proposed before the effective date of a capacity ownership agreement. Nothing in this section would give BPA the right to take action inconsistent with a capacity ownership agreement. Notice of scheduled or planned maintenance and outages will be given in accordance with the accepted standards for notice on the AC Intertie. During planned outages, BPA will, to the extent possible, share available capacity with the New Owners for firm transactions that would otherwise be interrupted.

5.a. Annual O&M. New Owners would pay 21 percent through 2016/2025, and a percentage equal to their percentage of BPA's AC Intertie capacity ownership after 2016/2025, of BPA's annual operations, maintenance, and general plant expense (including applicable overheads) properly chargeable to the AC Intertie facilities.

5.b. Capitalized Replacements. New Owners would pay, up front, 21 percent through 2016/2025, and a percentage equal to their percentage of BPA's AC Intertie capacity ownership after 2016/2025, of BPA's share of capitalized replacements on the AC Intertie at the time such replacements are made. Or, alternatively, BPA may determine that these costs would be paid annually.

6. Remedial Actions. BPA would coordinate development of a plan for remedial actions with New Owners, including but not limited to generator dropping, required to support the RTC of BPA's share of the AC Intertie. Each party shall be financially responsible for or make arrangements for generator

dropping or other remedial actions required to maintain such RTC. New Owners would be responsible for a capability to arm 21 percent of BPA's share of the AC Intertie remedial actions. Regarding arming of that capability at any time, New Owners would be responsible to arm generation equal to a fraction, the numerator of which is such party's schedule of power under this agreement at such time and the denominator of which is the total schedule of power on the AC Intertie at such time, multiplied by the total generation to be armed for the AC Intertie at such time.

7. Reinforcements of AC Intertie Facilities to Maintain Initial RTC. The parties would jointly study the RTC from time to time, and if the RTC prior to 2016/2025 becomes less than 95 percent of the original RTC, reinforcements of the AC Intertie facilities would, unless otherwise agreed by the parties, be made, if and to the extent such reinforcements are feasible and are consistent with Prudent Utility Practice and with BPA's Intertie Agreements with PGE and PP&L and would raise the RTC to at least equal the original RTC. BPA's cost of these reinforcements would be equitably allocated among BPA and the New Owners, with such equitable cost allocation based on factors including but not limited to load responsibility, contractual responsibility and generation integration responsibility.

8. Interconnection Agreement. BPA would use its best efforts to obtain and maintain in effect an interconnection agreement with owners of AC Intertie capacity in California so as to maximize RTC and OTC, consistent with Prudent Utility Practice and with BPA's Intertie Agreements with PGE and PP&L.

9. Scheduling and Operation. Each of the New Owners would submit schedules to the joint Intertie scheduling office. BPA would be the operator, and as such would use its best efforts to maximize RTC and OTC, consistent with Prudent Utility Practice and with BPA's Intertie Agreements with PGE and PP&L, and would give fair consideration to each New Owner's interests to the extent they have been expressed to BPA in writing.

10. Upgrades. Any plans for upgrades of AC Intertie facilities would be developed by BPA consistent with its Intertie Agreements with PGE and PP&L, in consultation with the New Owners. New Owners would have an option to participate in BPA's AC Intertie capacity increases resulting from upgrades of the AC Intertie facilities and pay 21 percent of BPA's share of the capital and O&M costs and get 21 percent of BPA's increased transfer capability.

11. Wheeling To and From AC Intertie for Initial RTC. To the extent that BPA has sufficient capacity in excess of its needs and obligations at the time capacity ownership agreements are executed, BPA would make available, through existing or new contracts to each New Owner, network wheeling between AC Intertie and the New Owner's system in an amount equal to each new Owner's share of RTC exclusive of upgrades. Such network wheeling would be for 20 years and be of the same quality as, and on terms and conditions consistent with that being offered to other customers similarly situated. At the end of the 20 years, BPA will offer to extend wheeling of the same quality as, and on terms and conditions consistent with, that being offered at that time to other customers similarly situated.

12. Wheeling To and From AC Intertie for Upgrade Share. To the extent that BPA has capacity in excess of its needs and obligations at the time upgraded capacity is being offered, BPA would make available, through existing or new contracts to each New Owner, network wheeling between the AC Intertie and the New Owner's system in an amount equal to each New Owner's share of any amount of RTC in excess of New Owner's share of RTC prior to the upgrade. Such network wheeling would be of the same quality as, and on terms and conditions consistent with, that being offered to other customers similarly situated.

13. Third-Party Wheeling

Alternate A. A New Owner would forego the right to use its OTC to transmit power for third parties (through direct wheeling or through arbitrage by simultaneously purchasing power and reselling such power) and allow any of its unused capacity to revert to BPA. In such case, BPA would pay the New Owner a pro rata share of all of the wheeling revenues which BPA receives from providing short-term transmission to other utilities on the AC Intertie.

The prohibitions on transmitting power for third parties in this paragraph shall not be interpreted as a general prohibition against any New Owner purchasing power solely to serve its native load requirements and selling its own displaced power to other utilities.

New Owners who select this alternative retain rights to access BPA AC Intertie capacity under BPA's Long-Term Intertie Access Policy (LTIAP) or its successor.

Alternate B: A New Owner may use its OTC to transmit power for third parties. Either BPA or the New Owner, at its discretion, may make its unused OTC available to the other party.

New Owners who select this alternative must waive access to BPA AC Intertie capacity under BPA's LTIAP or its successor.

14. Price and Payment for Capacity Ownership. The price to be paid for capacity ownership at contract execution is $215/kW (in 1993 dollars), using mid-1989 estimates. This price would be adjusted, after completion of the Third AC Intertie, to reflect (1) differences, in $/kW, between estimated and actual costs of facilities (including BPA's normal allocation of corporate overhead and indirect expenses) shown in Table 1; (2) allowance for funds used during construction (AFUDC); and (3) the discount for early payment. This adjustment is expected to be calculated approximately 2 years after completion of the Third AC Intertie. New Owners would then either receive a refund from BPA or make an additional payment to BPA.

New Owners would make an initial lump sum payment of $215/kW, to be discounted as described in the next two sentences, at the time capacity ownership agreements are executed with BPA. This initial lump sum payment would reflect a discount for payment prior to the estimated completion date of

the Third AC Intertie. The discount would be computed for the time between the date of the lump sum payment and the expected energization date using BPA's weighted average interest rate on bonds outstanding with the U.S. Treasury.

15. Protected Areas. New Owners would not use RTC for transmission of power from new hydroelectric projects which are constructed in Columbia River Basin Protected Areas after designation thereof by BPA in the LTIAP or its successor, unless the New Owner is required by regulatory authority to purchase the output of such project or unless BPA receives sufficient demonstration that a particular project would provide benefits to existing or planned BPA fish and wildlife investments or the Pacific Northwest Electric Power and Conservation Planning Council's Fish and Wildlife Program as described in BPA's LTIAP. Remedies for violation of this commitment will be addressed in capacity ownership agreements.

Should BPA adopt a policy regarding protection of critical fish and wildlife habitat from new hydroelectric development both within and outside the Columbia River Basin prior to entering into capacity ownership agreements, that policy, as well as remedies for its violation, will be reflected in those agreements.

16. BPA's Firm Obligation to Serve. In making any determination, under any contract executed pursuant to Section 5 of the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. § 839 (1982), of the electric power requirements of any New Owner which is a non-Federal entity having its own generation, in addition to hydroelectric-generated energy excluded from such requirements pursuant to § 3(d) of the Regional Preference Act, 16 U.S.C. § 837b(d), BPA would exclude any amount of energy disposed of by such customer outside the region if such energy is included in the resources of such customer or other BPA customers for service to firm loads in the region and as a result of such disposition the firm energy requirements of such customer or other BPA customers placed on BPA are increased; provided, however, such amount of energy shall not be excluded if the Administrator determines that through reasonable measures such amount of energy could not be conserved or otherwise retained for service to regional loads.

Further, BPA would exclude, in making any such determination, any amount of energy disposed of by such customer outside the region if such energy is not included in the resources of such customer or other BPA customers for service to their firm loads in the region, unless BPA is offered a first right of refusal to acquire such resource under similar terms and conditions (except terms relating to price). The price BPA would pay for any such resource would be based on the cost of the resource (including but not limited to the cost of capital, general plant, and applicable overheads) or system capability plus a reasonable rate of return.

17. Sale or Reassignment. The agreement or any interest therein shall not be transferred or assigned by either party to any party other than the

government or an agency thereof, except that BPA hereby consents to security assignment or other like financing arrangements.

18. Points of Interconnection. New Owners would be able to schedule power at either the Malin or Captain Jack substations consistent with BPA's rights under its Intertie Agreements with PGE and PP&L.

19. Losses. Average losses on net schedules on the Network and AC Intertie would be calculated according to BPA's standard practice.

20. Existing Intertie Agreements. BPA would use its best efforts to maintain New Owners' rights under their capacity ownership agreements by making no modification to BPA's Intertie Agreements with PGE and PP&L which would have a negative impact on New Owners without their prior written consent.

21. Prudent Utility Practice. Operations, maintenance, reinforcements, and upgrades of AC Intertie facilities shall be consistent with Prudent Utility Practice.

Facilities' Costs Subject to Adjustment
Upon Completion of the Third AC Intertie
in Determining Adjusted Final Price for Capacity Ownership
($ in thousands)

	BPA's Costs (Est.)	BPA's Costs Actual */
Facilities whose costs will be adjusted using Change Between Estimate and Actual divided by 725 MW		
1. Alvey (Marion-Alvey Caps)	$ 5,739	
2. Slatt (Loop in - Breaker)	3,044	
3. Grizzley (BPA Breakers)	11,044	
4. Loop into Slatt	656	
5. Malin-Meridian loop into Captain Jack	982	
6. Alvey Substation - BPA	8,168	
7. Dixonville - PP&L	8,635	
8. Meridian - PP&L	6,548	
9. Power System Control - BPA	3,575	
10. Alvey-Spencer - BPA	1,346	
11. Spencer-Dixonville - PP&L	20,388	
12. Dixonville-Meridian - PP&L	32,140	
Subtotal	$102,265	
Facilities whose costs will be adjusted using Change Between Estimate and Actual, multiplied by 50 percent, and divided by 725 MW		
13. Captain Jack (BPA Breakers)	$ 14,335	
14. Captain Jack (Communication and Control)	5,100	
15. Captain Jack (Series Capacitors)	722	
16. Power System Control	5,596	
17. Captain Jack line to Oregon-California border	5,724	
Subtotal	$ 31,477	
Total	$133,742	

*/ Actual costs will not be available until approximately two years after completion of the Third AC Intertie.

APPENDIX H

LIST OF MOU SIGNATORIES

APPENDIX H

List of MOU Signatories

1. Emerald PUD
2. Eugene Water and Electric Board
3. Clark County PUD
4. Pacific Northwest Generating Company
5. PacifiCorp
6. Puget Sound Power and Light
7. Seattle City Light
8. Snohomish County PUD
9. Tacoma City Light
10. PUD No. 1 of Grays Harbor County
11. PUD No. 3 of Mason County