

RTO West
Filing Utilities Conference Call
7/12/00

Attendees: (For all or a part of the meeting):

Frank Afranji, Portland General Electric	Richard Goddard, Portland General Electric
Bill Pascoe, Montana Power Company	Ted Williams, Montana Power Company
Peggy Olds, Bonneville	Melanie Jackson, Bonneville
Gary Porter, Sierra Pacific/Nevada	Carolyn Cowan, Sierra Pacific/Nevada
Randy Cloward, Avista	Gary Dahlke, Avista
Don Furman, PacifiCorp	Marcus Wood, PacifiCorp
Jim Collingwood, Idaho Power	Malcolm McLellan, Idaho Power
Cindy Crane, PacifiCorp	Bud Krogh, Krogh & Leonard
Kristi Wallis, Neutral Notetaker	Dave Hackett, KEMA

Agenda

FERC Status Report
Adjunct Committee
Letter from Northwest Power Pool
Expectations for Filing in October
FERC Participation at 7/19 RRG Meeting
Control Center Discussion
Human Resources Group
Finance Work Group
Benefit/Cost Work Group
RRG Agenda
Work Group Status

Agenda Item 1: FERC Status Report

Bud Krogh received a request from Jim Apperson that the Filing Utilities provide a short synopsis of the status of the RTO West development process to be used by the FERC staff to brief the Commissioners on RTO development around the country. Jim would like the status report to track the four characteristics and eight functions of a RTO identified in Order 2000. Jim would like to have the report as soon as possible. Sarah Dennison-Leonard has prepared a draft which some of the Filing Utilities have seen. It is very brief (3½ pages).

Bill Pascoe noted that the report was OK and that he didn't think it made sense to take the time to wordsmith it. Don Furman agreed that the draft report was acceptable as written, but he is concerned that the Filing Utilities not create unrealistic expectations on the part

of the Commission about what they would receive on October 15th (there is a huge task ahead and there are fairly significant hurdles). Don wants to make sure that as the process moves forward that the Filing Utilities manage expectations.

Sarah Dennison-Leonard will finalize the status report as written and will send it to Jim Apperson. (A copy is attached as Attachment A.)

Agenda Item 2: Adjunct Committee

The Adjunct Committee met this morning. The Canadians presented a paper which proposes that the Canadian independent transmission entity(ies)/RTO functions be divided into two tiers. While there is not yet agreement on which function will be placed in which tier, the fundamental concept is that Tier 1 functions would be performed by the RTO, and Tier 2 functions would be performed by the Canadians.

While there has not been any agreement on this approach by the members of the Adjunct Committee, they would like it to be presented to the RRG on July 19 as an informational item (it would be good for the RRG to know the status of discussions, as well as for the work groups to become aware of the possibility of a two-tiered approach and leave a placeholder for this approach in their end-of-July recommendations).

Peggy Olds stated, in light of the tight time schedule and the need to deal with interregional issues in the October filing, that while Bonneville does not agree with everything in the paper, it is acceptable if the paper is presented to the RRG for information purposes only. Avista agreed.

In further discussion, it was made clear that no agreements have been reached with respect to what functions went to what tiers. The only agreement is that a two tiered system could be a workable approach for Canadian participation. One party suggested that the Canadians look a lot like the ITC with the addition of sovereignty issues. It was also stated that there might be some agreement at a basic level on the bigger concepts (*e.g.*, OASIS to RTO, local planning to Canadians).

The next task for the Adjunct Committee will be to identify the functions in each tier.

It was agreed that the paper should be presented to the RRG for informational purposes with the recommendation that the work groups keep their recommendations flexible enough to accommodate this approach should it be agreed upon later.

Agenda Item 3: Letter from Northwest Power Pool

Bud Krogh and Bill Pascoe reported that they had received a letter from the Northwest Power Pool (“NWPP”) (signed by Scott Waples and Rich Nassief). The letter stated that the NWPP’s board is considering the future role of the NWPP within the context of restructuring and the creation of an RTO. The NWPP Board would like the existing expertise of the NWPP to be recognized and relied on to extent appropriate during the transition and until the RTO becomes fully operational. (A short description of the NWPP’s functions and services is attached to the letter.) In particular, the NWPP would like to continue to be the Northwest’s forum for reliability during the transition. The NWPP would also like to be the forum for Northwest seams issues between the RTO and Northwest entities that do not join the RTO.

The letter will be distributed to the Filing Utilities and will be discussed further at the next meeting. (A copy of the letter is attached as Attachment B.)

Agenda Item 4: Expectations for Filing

Bill Pascoe provided the background that Bud Krogh and John Boucher received an e-mail from Carl Imperato that requested that the collaborative process (including the Filing Utilities) back away from the goal of making a complete filing in October. Carl also suggested that the Legal Work Group’s efforts should be refocused so that the RRG would agree on concepts before legal documents were drafted.

Marcus Wood has responded to Carl Imperato’s e-mail. In short, Marcus stated that the Filing Utilities were committed to a complete filing for several good reasons: (1) the Filing Utilities cannot commit to join a RTO without knowing the agreements they will be asked to sign, (2) often you don’t know if you have agreement until you have prepared draft language, (3) many of the Filing Utilities have to file with states in October and the states are going to want to know the precise terms of the agreements that the transmission will sign before the states will allow the transmission owners to turn over their assets. (A copy of the e-mail and the response will be provided to the Filing Utilities, and is attached hereto as Attachment C).

Don Furman stated that PacifiCorp intends to pursue as complete a filing as possible and does not believe it is appropriate to back off the schedule. Don agrees that it is important to agree to concepts first, but believes that it is possible to fast track certain items and continue to work on some of the documents prior to reaching final agreement on all of the concepts.

Randy Cloward stated that he sees both sides of the issue –he doesn’t have a problem with Carl Imperato’s proposal but he also can see the logic of Marcus Wood’s response.

Frank Afranji stated that he thinks that every effort should be made towards a complete filing in October.

It was agreed that the message from the Filing Utilities was to stay the course, and that the work groups should get as much done as possible.

Marcus Wood talked about the efforts of Barney Speckman and the legal subgroup leaders to identify the pieces that will need to be filled in later based on what comes back from work groups. The leaders are also working to prioritize their subgroup issue lists and coordinate with the appropriate technical work group.

Dave Hackett reported on KEMA's progress in this effort, and at the next RRG meeting KEMA will present a "map" of the relationship between the work groups' input and the legal documents.

The group also discussed a concern raised by Carl Imparato that the majority of the agreements reached regarding the RTO's design should be contained in the tariff rather than the TCA. As part of the discussion it was noted that the final package will have to provide certainty to the Filing Utilities regarding the RTO's design, and the tariff can be unilaterally changed by the RTO. It was also noted that there would need to be some issues that the RTO had control over, and that a list of those issues should be prepared in the near future. The group agreed that the legal work group needs to work through these issues and address them in their recommendations to the RRG.

Bud Krogh raised the issue of establishing a methodology for the integration/synthesis of the work product of the various work groups as well as the interrelationship between the legal group and the other work groups. Dave Hackett reported that KEMA is also working on this and it will be included in KEMA's presentation to the RRG on July 19th. He also stated that he knows this is of concern to the Filing Utilities and he recommended that the Filing Utilities check the status of the integration efforts next week.

Agenda Item 5: FERC Participation at 7/19 RRG Meeting

Bud Krogh reported that Jim Apperson is making a tour of the RTO negotiations around the country and that he and Amy Blaumen (who works with Shelton Cannon) will attend the July 19 RRG Meeting, as well as the Cost/Benefit Work Group Meeting in the afternoon.

Agenda Item 6: Control Center Discussion

Bill Pascoe reported that the Implementation Work Group (in response to RRG direction that the work group analyze Dittmer as the primary control center) has requested further input about the scope of their analysis. (This request was made in a work group paper, as well as through the specific requests of work group representatives.) Apparently, using Dittmer as the primary control center is more complicated than the RRG had originally

thought, and the Implementation Work Group has suggested that they should evaluate the costs of a brown-field facility other than Dittmer.

While input has been provided to the work group on an individual basis, Bill Pascoe would like the Filing Utilities to discuss this as a group.

After discussion, it was agreed that the following input would be provided. Dittmer should be evaluated in two ways – (1) the costs if there were a complete separation between BPA and the RTO and (2) the costs if there were still BPA personnel at Dittmer and fire walls were constructed. In addition, the Implementation Work Group should evaluate a non-Dittmer brown field center (one that is not currently being used as a control center and that is located in the Vancouver/Portland area.) The costing analysis will be equitable (apples to apples). One element of the analysis will be timing – how much it will cost to get into the proposed primary site and have it operational on 12/1 and, if it is too costly and an interim approach is suggested, what are the costs of the interim and permanent facilities.

Bonneville is OK with this approach as the costing analysis for Dittmer should include an analysis of what it would cost to put together a control center from the ground up. That said, based on the earlier Filing Utility and RRG discussions, Bonneville has been telling its staff that it has been agreed that the working assumption of the filing utilities was that Dittmer would be the primary facility and Dittmer personnel have been preparing plans to move staff out to make way for RTO personnel.

When asked about the work group's assumption that the primary and backup facilities would be geographically separated, the group agreed that the work group was on the right track and should continue.

Agenda Item 7: Human Resources Group

Individual participants have discussed the issues facing employees transitioning to RTO employment. The Filing Utilities plan to get together a group of HR specialists to look at pension and other employment issues. Bonneville will coordinate the work group, and Filing Utilities who want to participate will send the name of representatives to Bonneville.

The HR Group will be asked to identify and consider employment issues, and develop a paper for Filing Utilities consideration. The group will coordinate with the Implementation Work Group to make sure that there is no overlap in the work efforts of both groups.

Agenda Item 8: Finance Work Group

A Finance Work Group was formed after the last Filing Utility meeting. Although it has not yet met, a number of e-mails have been exchanged regarding the issues that should be

addressed. The group hopes to meet at the end of next week to develop a list of proposed issues to be reported back to the Filing Utilities.

Agenda Item 9: Benefit/Cost Work Group

Bill Pascoe raised a concern about the goals of the Benefit/Cost work Group. It is Bill's understanding that the primary goal of the group is to identify overall benefits and costs of the RTO, and that if time allowed the group would try to assign or allocate those benefits/costs to different customers. Bill is concerned because he has been told that the work group is proceeding with the assumption that both goals are of equal priority and Bill fears that the group might get bogged down and not accomplish either goal.

Peggy Olds indicated that Vickie Van Zandt that Vickie shares Bill Pascoe's understanding, that the primary job of the group is to identify overall benefits and costs. That said, a lot of concerns have been raised by the public customers regarding what types of costs were going to be assigned to them and, in order for them to buy into the concept of the RTO, they need this information. In response to these concerns, the work group has agreed that to the extent there was time remaining after the primary goal had been accomplished, the work group would look at the assignment of benefits and costs.

Agenda Item 10: RRG Agenda

Based upon the conversation today, the group agreed to add two items to the RRG July 19 Meeting Agenda – the report on the Adjunct Committee (and the presentation of the Canadian's paper) and the discussion regarding KEMA's plan to integrate the various work group work products. In addition, Bonneville asked that it be allocated some time to discuss Tribal consultations.

Agenda Item 11: Work Group Status

Dave Hackett reported briefly on the status of the work groups. Market Monitoring will present its recommendations to the RRG on July 19. KEMA is comfortable that Seams, Ancillary Services, and Planning will have recommendations by the end of the July. Congestion Management faces some challenges, especially given the limited amount of time remaining. KEMA assumes that the group will go forward with the flow gate approach, which leaves the big question of how existing rights are translated into FTRs.

Don Furman indicated that the gating issue for PacifiCorp is whether it will be able to get its resources to its loads, and that it has concluded internally that this will not be possible with the flow gate approach. PacifiCorp is working on an alternative to present to the Congestion Management Work Group as soon as possible. Some parties raised a concern about the disruption this would cause, and PacifiCorp noted that they were not the only party who was concerned about the flow gate approach.

Dave Hackett reported that notwithstanding this new development, Congestion Management will attempt to meet the July 31 deadline.

Dave Hackett also reported that Transmission Pricing still had a number of issues to work through, and that he was still working with the transmission owners to get the necessary data in.

The Implementation Work Group is waiting for input from the other work groups so that they can develop a proposed budget, but they believe they will make the schedule.

The Legal/Governance Work Group is waiting for input from all of the other groups and, in the meantime, working on whatever they can.

Miscellaneous

Tribes

Peggy Olds reported that BPA has met with a number of Tribes in both Boise and Spokane to fulfill BPA's tribal and trust responsibilities when making policy decisions such as joining an RTO. BPA will meet with additional Tribes again on Thursday and Friday to brief them on RTO issues. There has been a good reception from the Tribes. Previously the RTO had not been on their screens and the consultations are well worth the time to explain the process.

Two requests were made by the Colville Tribe. The first related to protection of cultural resource issues, the second was related to updating and aligning right-of-way policies. The Tribes specifically mentioned an issue related to transferring R-O-W contracts and responsibilities from the existing IOUs who may be interested in divesting to the ITC. They will look into the transferability of R-O-W contracts to an ITC.

Peggy Olds commented that Margie Shaft is doing a great job representing the Tribes and is closely coordinating tribal issues with both BPA in these government-to-government discussions and with other parties through the RTO West public collaboration process.

NEPA

BPA's is scheduling two NEPA-related public meetings will be in Spokane and Portland (8/22 and 8/25, respectively). These meetings will augment the public process already begun by RTO West and will focus on identifying any issues BPA may have overlooked related to its participation in RTO West.

Next Meeting

The next meeting of the Filing Utilities will be on July 19 from 1:30 - 4:00 p.m.

ATTACHMENT A

JULY 2000 STATUS REPORT TO THE FEDERAL ENERGY REGULATORY COMMISSION ON RTO WEST ACTIVITIES

This report briefly outlines the status of work on RTO West with respect to each of the minimum characteristics and functions the Federal Energy Regulatory Commission requires in Order 2000 for regional transmission organizations.

Minimum Characteristics:

1. **Independence.** On March 17, eight investor-owned utilities¹ and the Bonneville Power Administration (collectively, the “Filing Utilities”) distributed a short document (the “Form and Structure Outline”) summarizing the Filing Utilities’ consensus views concerning the form and structure of a regional transmission organization for the RTO West region. The Form and Structure Outline specifies that the RTO will be governed by an independent board of directors or trustees, and that a stakeholder advisory board will also be formed to advise the RTO governing board. Work on RTO West governance is proceeding on this basis. Discussions are currently focused on details such as standards for defining director or trustee independence and conflict-of-interest provisions. Other areas of discussion are how independent directors or trustees of the RTO are to be selected, as well as the constitution of a stakeholder advisory committee.
2. **Scope and Regional Configuration.** The Form and Structure Outline states that RTO West is to be designed to cover the transmission systems of all transmission owners that are located in the United States portion of the Northwest Power Pool and willing to participate in the RTO, as well as transmission facilities of the Nevada Power Company. The design should also reasonably accommodate participation by other transmission owners within the Western Systems Coordinating Council (“WSCC”) area, including the Canadian portion of the Northwest Power Pool. With these objectives in mind, RTO discussions include representatives (through the RTO West Regional Representatives Group or “RRG”) from virtually every industry sector in the Northwest Power Pool area, as well as governmental agencies, consumer and environmental representatives, and tribal representatives. This broad participation is intended to allow RTO development to be informed by the diverse needs and preferences of all these groups. The goal is to allow all interested transmission owners with the ability and desire to participate in the RTO to do so, if not

¹ The eight investor-owned utilities are Avista Corp., Idaho Power Company, The Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power.

immediately, then over the course of time. In addition, to facilitate integration of U.S. and Canadian transmission-related activities, while recognizing important technical, legal, and sovereignty issues, the Filing Utilities and Canadian representatives have formed a Canadian-U.S. Adjunct Committee (the “Adjunct Committee”). The Adjunct Committee is working actively to develop mechanisms to foster Canadian and U.S. transmission coordination and integration.

3. Operational Authority. In addition to the Form and Structure Outline, the Filing Utilities also distributed on March 17, 2000, a set of consensus principles concerning RTO development (the “Consensus Principles”). With respect to operational authority and short-term reliability, the Consensus Principles state:

“The RTO’s Operational Authority and the RTO’s authority for maintaining Short-Term Reliability shall not be separated. The RTO specifically shall have the authority (a) to approve and with appropriate compensation to transmission owners to cover additional maintenance costs, to alter transmission maintenance schedules and (b) to enter into agreements that would result in transmission facility interconnections, additions, expansions and upgrades that the RTO found were needed to facilitate transmission reliability and to meet economically the transmission requirements of the wholesale power market.”

The RTO West Legal Work Group is working on draft forms of agreement for transmission control, generation integration, load integration, scheduling coordinator functions, and security coordination. These agreements are designed, collectively, to give RTO West the operational authority and exclusive responsibility for short-term reliability contemplated by Order 2000.

4. Short-Term Reliability. Please refer to the discussion under “Operational Authority” above. We currently anticipate that RTO West will have emergency generation re-dispatch rights, as well as the ability to activate pre-established remedial action schemes, under RTO West’s form of generation integration agreement. In addition, the current approach to security coordination for RTO West contemplates using the Northwest Power Pool area’s existing security coordination organization, Pacific Northwest Security Coordinator (a Washington non-profit corporation funded through WSCC membership dues).

Minimum Functions:

1. Tariff Administration and Design. The RTO West Transmission Pricing Work Group is currently working to define the basic elements of RTO West’s tariff design. Once the Transmission Pricing Work Group reaches consensus on the pricing structure and facilities to be included, its recommendations will be submitted to the RRG for its consideration.

2. Congestion Management. The RTO West Congestion Management Work Group is actively working to develop a market-based congestion management scheme, coordinating closely with the RTO West Ancillary Services Work Group. A key element of producing a workable congestion management scheme will be translating market participants' existing firm contractual transmission rights, which are based on our current rated contract path system, into rights that mesh with the new, market-based scheme.
3. Parallel Path Flow. We expect to address management of parallel path flows through three main elements: (a) continued use of existing approaches (such as the WSCC's coordinated phase-shifting transformer program); (b) an effective congestion management scheme; and (c) coordination with other regional transmission organizations in the WSCC area (discussed further under "Interregional Coordination" below).
4. Ancillary Services. We are taking as a basic premise that RTO West will, at a minimum, provide for the ancillary services identified in Order 888. With that basic assumption, the RTO West Ancillary Services Work Group is focusing on: (a) how to foster competitive markets for the provision of ancillary services (both for RTO West's procurement in its role as provider-of-last-resort and for bilateral transactions among market participants); (b) defining any additional ancillary services products beyond the minimum required by Order 888; (c) developing rules for self- and third-party-provision of ancillary services; and (d) working with the RTO West Congestion Management and Implementation Work Groups to understand significant implementation constraints.
5. OASIS and Total Transmission Capacity (TTC) and Available Transmission Capacity (ATC). Work on tariff design and administration and operational implementation is proceeding with the understanding that RTO West will maintain and administer its own OASIS site and will be responsible for calculation of TTC and ATC.
6. Market Monitoring. The RTO West Market Monitoring Work Group has recently conducted a workshop to provide basic information about current market monitoring activities performed by existing Independent System Operators around the country. With this background knowledge, the Market Monitoring Work Group is working to define what markets RTO West should monitor and what the scope of those monitoring activities will be. As with other work group processes, the consensus recommendations developed by the Market Monitoring Work Group will be submitted to the RRG for its consideration.
7. Planning and Expansion. The RTO West Transmission Planning Work Group is working to develop an effective, collaborative, and coordinated planning process that will meet the requirements of Order 2000 and the commercial and reliability needs of the RTO West area. As noted above under "Operational Authority," one of the Filing Utilities' Consensus Principles states that RTO West will have authority "to enter into

agreements that would result in transmission facility interconnections, additions, expansions and upgrades that the RTO [finds are] needed to facilitate transmission reliability and to meet economically the transmission requirements of the wholesale power market.”

8. Interregional Coordination. The RTO West process is actively addressing interregional coordination through three main mechanisms: (a) the RTO West Seams Work Group; (b) the Adjunct Committee (described under “Scope and Regional Configuration” above); and (c) participation in and coordination with the activities and committees of the WICF process. (WICF stands for “Western Interconnection Coordinating Forum.” WICF is an *ad hoc* group composed of the WSCC, the Western Regional Transmission Association, the Northwest Regional Transmission Association, the Southwest Regional Transmission Association, the Northwest Power Pool, the Colorado Coordinated Planning Group, the California ISO, and the Committee on Regional Electric Power Cooperation.) On June 20, the RTO West Seam Work Group held a joint workshop in Salt Lake City under the auspices of WICF’s Western Market Interface Committee. Representatives from throughout the WSCC attended and initiated a very useful dialog on current “seams” issues and potential solutions within the WSCC. In addition, current WICF efforts center on developing a single, more integrated organization to facilitate grid management activities in the West (often referred to as the Western Interconnection Organization or “WIO”). Representatives of virtually all of the Filing Utilities are participating in this process and working to make sure that RTO and WIO developments and activities mesh with and complement each other.

ATTACHMENT B

NORTHWEST POWER POOL

26 SW SALMON STREET, SUITE 400
PORTLAND, OREGON 97204
PHONE 503-464-2801

July 11, 2000

TO: Mr. Bill Pascoe, MPC, RTO Filing Utilities

FROM: Scott Waples, Chair, NWPP Board of Directors
Rich Nassief, Director and President NWPP

SUBJECT: NWPP'S ROLE AND FUNCTIONS

The Board of Northwest Power Pool (NWPP) has been considering the role of the NWPP recognizing that restructuring is underway in the electric industry and new organizations are emerging such as the WIO and RTO West. It is the NWPP Board's position that during transformation and until new fully operational organizations such as the WIO and RTOs emerge, the Northwest Power Pool will continue to be the NW forum for reliability issues.

It is important to keep in mind that the NWPP provides a number of reliability functions and services. Attached is a paper describing the current role and functions of the NWPP. As an RTO is formed in the NW, we recommend that: 1) existing expertise and NWPP reliability activities and programs be recognized and relied upon to the extent appropriate; and 2) the NWPP be considered as a forum for NW "seams" issues that may arise between the RTO and NW entities that may not initially join.

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Attachments – Paper
CC: Bud Krogh
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THE NORTHWEST POWER POOL'S RELIABILITY ROLE AND FUNCTIONS

(Prepared by the NWPP Board of Directors – May 2, 2000)

NWPP's Reliability Role in a Changing Industry

The electric power industry is undergoing a period of fast-paced change in which traditional structures are being reexamined and reformed. Within the Western Interconnection, efforts are underway to structure a Western Interconnection Organization (WIO). Additionally, FERC's Order 2000 calls for the formation of Regional Transmission Organizations (RTOs) across the country. Northwest entities are challenged with formulating organizations that best reflect the region's needs and values. At the same time, the Northwest Power Pool is a NW regional organization that has existed and continues to exist on behalf of members. It is a collective voice for the coordination of operating reliability issues, addressing both adequacy and system security.

At its April 11, 2000 Annual Meeting, the Northwest Power Pool (NWPP) Board considered the role of the NWPP in light of industry transformation. The Board reaffirmed that:

- the overarching mission and purpose of the NWPP is to continue to serve as a forum to promote the electric reliability and system security of the Northwest interconnected area.

As the industry develops new organizations, such as the WIO and a Northwest RTO, it should be kept in mind that the current role of the NWPP is to provide a number of reliability functions and services. All NW control areas, as well as a number of other entities that own or use facilities in the NW, participate in the NWPP and its Committees. As new organizations are formulated it may not be necessary to start from scratch when addressing functions such as short-term reliability. Instead, NWPP programs and services developed and presently in place should be considered.

The NWPP's Current Reliability Functions and Services

The NERC and WSCC set reliability criteria and policy. In the Northwest region, Northwest Power Pool members implement these criteria and policies in a coordinated and collective manner. NWPP Committees have a long-standing history of cooperatively working together to address regional problems, and are forums for coordinating the operation and planning of the Northwest's bulk electric system. It is within these Committees that detailed discussion and debate results in NWPP programs related to the reliable operation and planning of the region's hydro/thermal resources and interconnected transmission grid. Through coordinated regional programs, such as Reserve Sharing and Underfrequency Load Shedding, NWPP members realize significant efficiencies, including cost savings. Reliability programs developed and currently maintained by the NWPP include:

- Contingency Reserve Sharing;
- Coordinated Transmission Outage System;
- Voltage Stability Operating Programs;
- Coordinated Underfrequency Load Shedding Program;
- Blackstart and Tieline Restoration Program;
- Seasonal Transmission Constraint and Operating Transfer Capability (OTC) Studies;
- Coordinated Communication During Critical Operating Conditions.

The Northwest Power Pool also addresses adequacy through functions such as:

- Coordinated Hydro Planning pursuant to the Pacific Northwest Coordination Agreement (PNCA);
- Drought Coordination Planning;
- Shortage Sharing Plans;
- Administration of Four-State Load Curtailment Program.

The NWPP staff, on behalf of members, performs the following data compilation, analysis and study functions requested by its members or required by Federal or Interconnection Organizations:

- PNCA Data, Critical Water Regulations, Current and Expected Water Regulations;
- Inadvertent Energy Accounting;
- Hourly Demand and Load and Resource Reporting;
- Control Performance Reporting;

Because utility members of the NWPP are required by virtue of prudent and sound business practices to provide exposure and training of their personnel to new industry practices or requirements as they develop, the NWPP organizes and facilitates a number of technical meetings and workshops each year:

- Regular meetings for hydro, substation, transmission, relay and communication engineers;
- Workshops, training sessions, and regular meetings for dispatchers and schedulers;
- Special workshops and training sessions on emerging industry issues such as E-tagging, FERC Orders and Rules, NERC and WSCC Standards and Policies, and WICF restructure.

NWPP Contributions to Emerging Organizations, such as WIO and NWRTO

While transformation is underway in the electric power industry, the Northwest Power Pool will continue to be a forum for reliability issues. Those formulating new organizations are encouraged to take advantage of existing expertise, keeping in mind that reliability in the NW has been maintained through the

coordinated development and implementation of a number NWPP activities and programs.

As new organizations are formed, the Northwest Power Pool can also provide a forum for coordination of “seams” issues for NW entities that may not initially join an RTO.

The Northwest Power Pool is the Northwest’s reliability forum. Emerging organizations should look to the NWPP for reliability-related expertise in order for the future to build upon the successes of the past.

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ATTACHMENT C

>>> Carl Imparato <cfi1@tca-us.com <mailto:cfi1@tca-us.com> >
07/08
6:57 PM >>>

Barney and Bud,

To the extent that you have any control over this, I'd like to express my concern that it is very unproductive for NWRTO to be diverting resources to work on the TCA, Tariff, GIA and LIA at this time. (I am NOT referring to the Governance issues cited in your e-mail below, but to the contract documents that Sarah and Marcus are shepherding.)

First, the substantive issues (what IS transmission service, what facilities will be included in the RTO, what IS transmission planning, what are FTRs, who gets FTR revenues, what ARE the generators' obligations...) won't be defined until the other working groups have dealt with them. So the Legal group is just spinning its wheels and making needless work for others (who need to comment on the many areas where the draft contract documents will differ from the substance of the NWRTO model) by trying to write such contracts prematurely.

Second, a number of people (myself included), cannot attend Legal meetings that are scheduled simultaneously with other working group meetings. That means you are going to get our comments and objections later than you like. Again, not very productive.

Third, the REALITY is that there will NOT be a full RTO tariff filing on October 15. It is patently foolish to think that this can be achieved (with any reasonable level of quality of product). So there is NO NEED to develop detailed contract documents on a "rush" basis. We all need to focus on achieving agreement on the SUBSTANCE of the NWRTO so that the SUBSTANCE can be conveyed to FERC on October 15. All of the wordsmithing on TCA, GIA, LIA, etc. will simply divert energy from that key goal. I urge you to communicate to whoever has control over the management of this project that we need to "get real" and focus on what needs to be done, and put the wordsmithing off to post-October.

As you know, I am very committed to doing my best to make this project a success - so please don't take this message as whining, complaining, or an appeal for a relaxation of our efforts. Rather, my experience with working on projects that have unrealistic goals is that they achieve far less than they otherwise would have, had the goals been aggressive but realistic.

Carl Imparato

From: Marcus Wood [mailto:mwood@stoel.com]
<mailto:[mailto:mwood@stoel.com]>
Sent: Tuesday, July 11, 2000 1:16 PM
To: bmspeckman@aol.com; <mailto:bmspeckman@aol.com;>
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Subject: Re: Upcoming Legal/Governance Related Meetings

Don Furman asked me to respond to this message:

I understand Carl's dismay at the quantity of work to be done by October 15 if we are to file with FERC the RTO agreements and the RTO tariff, as well as the conceptual resolutions of issues. However, PacifiCorp understands that the RTO Filing Utilities, with good reason, have undertaken that they will make such a filing. The reality is that transmission owners cannot know that they can support an RTO proposal, if the proposal does not include the agreements to which the transmission owners would be bound. In addition, the acceptability of conceptual agreements often is not clear until the agreements have been set out in particular; the process of completing agreements often reveals that the participants only thought they had agreement. Finally, the IOU transmission owners must file concurrently with state commissions if they hope to meet FERC's deadline for RTO implementation; I anticipate that the state commissions will want to know the tariff and agreement particulars prior to acting on applications for transfer of control of IOU transmission facilities to an RTO.

I agree with Mr. Imparato that many substantive issues addressed in the Transmission Control Agreement and other RTO agreements cannot be addressed until key decisions have been made by other workgroups. (These decisions are those related to what are referred to in the legal subgroups as Category C issues.) For this reason, the attorneys coordinating activities on such RTO agreements have as initial actions set out to identify and inform the other RTO workgroups of decisions that will be needed for work on the RTO agreements to be completed. Yesterday, I released for legal subgroup comment a memorandum setting out the numerous questions that other workgroups must answer in order for work on the Transmission Control Agreement to be completed. In addition, work on the RTO tariff has not yet commenced, because even commencing work on this document requires determinations that the Pricing workgroup has not made. However, a number of issues related to the Transmission Control Agreement and other RTO agreements can be addressed at this time, without additional inputs from other workgroups. With the October 15 deadline in mind, the legal subgroups are proceeding to address these issues (which we refer to as Category A and Category B issues). One goal of the scheduled Transmission Control Agreement meeting on July 18 will be to see how many of these Category A and B issues can be clearly defined and resolved by consensus.