RTO West
Filing Utilities Meeting
7/19/00
Portland, Oregon

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

Frank Afranji, Portland General Electric
Ted Williams, Montana Power Company
Mark Maher, Bonneville
Peggy Olds, Bonneville
Lauren Nichols, Bonneville
Gary Porter, Sierra Pacific/Nevada
Randy Cloward, Avista
Don Furman, PacifiCorp
Jim Collingwood, Idaho Power
Cindy Crane, PacifiCorp
Kimberly Harris, Puget
Sarah Dennison-Leonard, Krogh & Leonard
Kristi Wallis, Neutral Notetaker
Richard Goddard, Portland General Electric
Ted Williams, Montana Power Company
Preston Michie, BPA
Melanie Jackson, Bonneville
Cindy Crane, PacifiCorp
Carolyn Cowan, Sierra Pacific/Nevada
Gary Dahlke, Avista
Marcus Wood, PacifiCorp
Malcolm McLellan, Idaho Power
Bud Krogh, Krogh & Leonard
Wayman Robinette, Puget
John Boucher, KEMA
Dave Hackett, KEMA

Agenda Items

Schedule/RRG Meetings
Neutral Notetaker
NEPA/BPA Meetings (August 22 and 25)
    "Big tent" Piggy Back
Finance Work Group
Human Resources Work Group
Study Ban Legislation
Transmission Pricing Transfer Payments between Filing Utilities
ITC
Adjunct Committee

Agenda Item 1: Schedule/RRG Meeting

Bud Krogh noted Aleka Scott's request regarding the role of the RRG after 9/1. There was not a lot of discussion regarding this matter, but it was agreed that assurances should be provided that the RRG would not "go away" on 9/1, but that it was premature to schedule any meetings.

Agenda Item 2: Neutral Notetaker

Bud Krogh reported that the Transmission Users Group has proposed Kristi Hansen as a substitute notetaker for Filing Utility Meetings when Kristi Wallis is not available. While the Filing Utilities did not question Kristi Hansen's ability to do a good job, they did not believe that she was neutral. When asked, Kristi Wallis suggested that Susan and Sonja might be an acceptable replacement, and Bud will follow up with the customers.

Agenda Item 3: NEPA/BPA Meetings August 22 and 25
"Big tent" Piggy Back

Peggy Olds confirmed that the BPA NEPA Meetings will take place on August 22 and 25. BPA will distribute a white paper regarding the RTO and NEPA issues (the paper will describe the plan and the process, will discuss how BPA intends to tier off of its Business Plan EIS, and ask parties to identify any overlooked environmental issues). The public will have 30 days to comment on the white paper.

Peggy Olds asked whether the scope of the meetings should be expanded beyond NEPA, in particular whether the "big tent" meetings contemplated as part of the RTO West development process should occur jointly with the NEPA Meetings. If so, there would need to be participation from some of the other Filing Utilities, in particular some input regarding the ITC.

The group commented that while there are a lot of RTO West activities, there is still a need for the "big tent" meetings to inform that parties/entities who have not had an opportunity to participate in a work group or attend the RRG meetings. It was also noted that this is an important piece of the design of the collaborative process. The group agreed that it would be appropriate to expand the scope of the Spokane NEPA meeting to include a report on the process itself, and that it might be a good idea to see if the state commissioners wanted to co-sponsor the meeting. (The group did not feel it was necessary to expand the Portland NEPA meeting as interested parties in Portland could attend the RTO West meetings). The possibility of an additional big-tent meeting (without a NEPA component) being held in Salt Lake City will be explored with the state commissioners.

Carolyn Cowan discussed the possibility of some of the Filing Utilities presenting a RTO West status report to the Nevada commissioners. Puget, Bonneville and, possibly, Avista are willing to participate and Carolyn will follow-up with them when she has a better sense of timing.

Agenda Item 4: Finance Work Group

The Finance Work Group has had its first conference call, and they have winnowed down the issue list. The revised issue list will be presented to and discussed by the Filing

Utilities at their next meeting, and the Filing Utilities will be asked to prioritize the issues.

Agenda Item 5: Human Resources Work Group

The HR Work Group has not yet met, but hope to get together on July 25. At that meeting the group will define the scope of its activities and prepare a list of issues.

John Boucher mentioned that the HAY group was coming to meet with the Implementation Work Group on July 31st and suggested that the HR Work Group might want to participate in that session.

It was noted again that the HR Work Group has been coordinating with the Implementation Work Group to make sure that there is not an overlap in work efforts.

Agenda Item 6: Study Ban Legislation

Mark Maher reported that the Study Ban language that was previously shared with the Filing Utilities came out of subcommittee and would go to full committee next week. While there are no guarantees, the legislation has some legs.

Bud Krogh reported on recent developments regarding the reliability Title 2071. Title 2071 passed the Senate, and WICF has been working with the CA ISO, PJM, and NERC leadership to see if acceptable amendments can be developed. If these efforts come together, the legislation will be presented to the leadership in the House. If compromises cannot be reached, it will be taken directly to the floor. If it passes, it is possible the legislation could become effective this year and, if so, it would change the landscape.

Some parties noted their hope that the title would fail in light of Order 2000. In response, Bud Krogh indicated that while FERC had not been involved with the legislation in earlier days, it has become involved recently, has vetted the language, and thinks that the legislation will enhance its ability to oversee Order 2000.

Agenda Item 7: Transmission Pricing Transfer Payments

Dave Hackett reported that since the RRG directed the Pricing Work Group to focus on company rates for existing facilities, the issues of transfer payments as credits to revenue requirements and how to handle the imputed transmission component of bundled contracts and short-term nonfirm transactions have become a big part of the work effort. Dave's impression is that the Pricing Work Group is struggling through these issues, but ultimately it is up to transmission owners to agree on the appropriate credits. In light of this, Dave wonders whether it makes sense to have a small group of the transmission owners work through this issue, rather than the entire Pricing Work Group.

It was recognized that if a cost shift resulted from how this is handled, the customers would want to be involved, but the goal of the Pricing Work Group is to make sure there is not a cost shift between the transmission owners at the outset of the RTO. There is not a debate about the philosophy, but there is not yet agreement on the appropriate methodology. (Reference was made to the fact that PacifiCorp and Bonneville have different ideas about how this should be approached, but they are making progress in resolving their differences.) The Filing Utilities agreed that there was merit to having a small group (the data supplying entities) work through this issue and that other interested parties should be allowed to attend (with the group's focus kept on the issues at hand.) Dave Hackett will talk with all of the data-supplying entities about this effort, in fact, the topic is an agenda item for the Pricing Work Group Meeting tomorrow.

Ted Williams asked for clarification regarding a comment that was made during a Pricing Work Group meeting. When the Pricing Work Group was identifying alternatives on how to handle the cost recovery of replacement facilities (postage stamp, area, or something else), someone spoke out and said that the Filing Utilities had already decided it would be postage stamp and that the group did not need to discuss it further. The question was then asked -- if that were the case, what was the role of the RRG? Ted was concerned because he did not agree with the initial statement, that the Filing Utilities had decided this issue already. He asked whether anyone had that understanding, and no one did.

Dave Hackett noted that the issue will also be discussed by the Pricing Work Group on Friday.

Agenda Item 8: ITC

Kimberly Harris repeated the statements that she had made at the RRG meeting, that she had only had a brief opportunity to talk with Stan Berman and that as far as she was aware there was not yet a formal proposal from the ITC parties regarding governance. Arthur Anderson has been hired to help the ITC parties put together an approach, but it necessary for the ITC parties to figure out what is going on before they provide more input to the collaborative process. John Boucher confirmed that the Legal Work Group will not do anything with the idea until there is a formal proposal from the ITC parties.

Agenda Item 9: Adjunct Committee

The Adjunct Committee meets on Friday in Vancouver. The group discussed the Canadian's presentation at the RRG. There was a bit of confusion as to whether what was presented was different than what had been discussed at the Adjunct Committee (which is why there was pushback from some Filing Utilities during the RRG presentation). It was agreed that the Filing Utilities would ask for clarification at the Adjunct Committee Meeting. (Specifically, some of the Filing Utilities thought the Canadians stated at the RRG that the independent Canadian transmission operator(s)

would like to retain some of the Tier 1 RTO functions, which is different than the Filing Utilities' current understanding of the two-tier approach.)

It was noted that as one of the main issues for the Canadians was shared by Bonneville (sovereignty), perhaps it would be helpful to spend some time discussing Bonneville's approach to the RTO.

Bud Krogh will talk to the Canadian members of the Adjunct Committee so that they are aware that the Filing Utilities want to discuss this issue on Friday. In addition to seeking clarification on the Tier 1/Tier 2 concepts (and whether is it the Canadian's position that the Canadian entity would need to retain some RTO functions), in order to fully understand the Canadians' concerns, the Filing Utilities would like a briefing on the legal issues faced by the Canadians when they consider participating in RTO West.

Agenda Item 10: FERC Participation

Bud Krogh reiterated the FERC staff's offer to help wherever possible.

The group discussed the need for a prefiling meeting with the Commission in August. It was suggested that one week the RRG meetings be moved from Wednesday/Thursday to Tuesday/Wednesday so that some Filing Utility representatives could go back to DC and meet with FERC staff to discuss specific issues.

At the end of September there should be another visit where there can be an informal presentation of the filing and an opportunity to get the staff's initial reactions.

Miscellaneous

Peggy Olds asked whether an agenda had been finalized for the meeting with the CA ISO on July 28th. She distributed a paper detailing BPA's ideas about what should be discussed. (She will e-mail the paper to all Filing Utilities.)

It was suggested that the Filing Utilities might want to meet with Desert Star as they may have similar issues with California.

Next Meeting

There will be a conference call on July 26th beginning at 1:30.

Beginning on August 2nd, the Filing Utilities will have a dinner meeting on Wednesday evening.