

**RTO West**  
Filing Utilities  
May 23, 2000 Conference Call

Notes

**Participants (in all or in part of the conference call):**

Avista	Randy Cloward, Gary Dahlke, Jeff Schlect
Bonneville Power Administration	Mark Maher, Peggy Olds
Idaho Power Company	Jim Collingwood
Montana Power Company	Bill Pascoe, Ted Williams
PacifiCorp	Cindy Crane, Marcus Wood
Portland General Electric	Doug Nichols, Richard Goddard
Puget Sound Energy	Kimberly Harris
Sierra Pacific	Connie Westadt
KEMA Consulting	John Boucher, Dave Hackett
Neutral Notetaker	Kristi Wallis

**Agenda:**

1. Neutral Notetaker
2. Washington DC Trip
3. Canadian Meeting
4. Work to Identify/Quantify Benefits of RTO
5. Control Centers
6. Load-Based Access Charges
7. KEMA Contract

**Agenda Item 1 – Neutral Notetaker:**

This is the first meeting for which Kristi Wallis will prepare notes. Kristi had the following logistical questions, which were answered as indicated:

*Will interested parties be informed by the Filing Utilities when they are going to meet?*

The Filing Utilities will prepare an e-mail that will be sent to the general distribution list informing them that today's conference call took place, that Kristi will act as a neutral notetaker for Filing Utilities Meetings (and describe her role as negotiated by the Filing Utilities and the

Transmission Users Group, which includes Kristi being available to answer anyone's questions about the Filing Utilities' meetings), and that notes will be posted on the website (including the notes for this call). *[Ed. Comment – This was done as part of the 5/31/00 RRG Notice.]*

The Filing Utilities will not send out notices of their meetings to the general distribution list (in part because some will be impromptu), but if a party wants to know whether a meeting is planned or has recently taken place, they can contact either Kristi or a Filing Utility.

*What will be the process for Filing Utility review of the notes?*

Kristi will distribute draft notes to the Filing Utilities (a distribution list has been provided), who will have 24 hours to provide comments to Kristi. Kristi will consider the comments and exercise her discretion in whether modifications should be made to the draft notes. The final notes will then be posted, together with any comments that Kristi has decided not to include in the text of the notes.

*Is there anything that Kristi will not report on?*

Currently, the agreement is that Kristi will report on everything discussed by the Filing Utilities. If in the future any Filing Utility has a concern about this, they must raise it with the Transmission Users Group. Kristi will continue to report on everything unless the Filing Utilities and the Transmission Users Group agree that she should not report on a specific topic.

*Who will substitute for Kristi when she is not available for a meeting?*

After discussion, the Filing Utilities thought that Chris Elliott of the Northwest Power Pool might be a good substitute notetaker, but they will talk to Shelly Richardson about whether this is acceptable to the Transmission Users Group.

## **Agenda Item 2 – Washington DC Trip:**

A group of the Filing Utilities principals plan to brief House and Senate delegation staff, DOE, OMB, FERC staff, and other key political groups that might be interested in the RTO. The briefings are tentatively set for June 7-9.

Possible participants include Bonneville (Peggy Olds), Portland General Electric (Frank Anfranji), PacifiCorp (Don Furman), Puget Sound Energy (Kimberly Harris), and Bud Krogh.

Peggy Olds is preparing a draft itinerary including points of contact. The Filing Utilities will also coordinate presentation materials, including discussion topics.

### **Agenda Item 3 – Canadian Meeting on 5/30/00:**

There will be a meeting of the Adjunct Committee of the Filing Utilities and the Canadian parties on 5/30/00 at the PDX Conference Center. The agenda will include an introductory presentation (work shops, RRG meetings), a review of FERC Order 2000 (including FERC guidance regarding participation by Canadian and Mexican entities), and an overview from the various Canadian participants as to what they would like to see in the RTO West. The group will also discuss principles and work assignments.

Bill Pascoe noted that the Filing Utilities still need to respond to a letter from the Canadians regarding additional representation on the RRG. As the purpose of the Adjunct Committee is to provide the Canadians a further opportunity for input to the Filing Utilities and the Filing Utilities are concerned that adding more Canadian seats to the RRG would upset the balance of interests, the response will likely be no. Bill Pascoe and Bud Krogh will develop a written response to the Canadians.

### **Agenda Item 4 – Work to Identify/Quantify Benefits of RTO:**

It will be necessary to evaluate the benefits of the RTO. Currently, the responsibility for that assignment is split between the Implementation, Pricing, and Legal Work Groups, although no one group has primary responsibility.

Bonneville has given some thought and talked to a number of parties (including non-Filing Utilities) about how the necessary work might be accomplished in a cost-effective manner and has identified the following options:

1. Establish a work group from the Transmission Owners/Filing Utilities (this would take a lot of work and may raise concerns about the need for broader participation);
2. Establish a work group from the RRG (many RRG members are willing to be involved, but have expressed concern about their ability to staff the work group); or
3. Establish a work group of interested parties that would be chaired by a Filing Utility co-chair and a CREPC/State Energy Office co-chair (rather than KEMA), rely on data input from the various work groups, and develop a white paper/proposal to be discussed by the RRG.

The group reached consensus that the benefits work required a dedicated work group (a “separate work stream”) and noted that there would be considerable additional expense if another work group was added to KEMA’s responsibilities. If the group were chaired jointly by Filing Utilities/CREPC, anyone interested would be welcome to participate in the work

group, but it would be responsibility of the leaders to make sure that a white paper was prepared, submitted to the RRG and, eventually, posted on the website.

CREPC has not yet been contacted about this approach and whether they would be willing to provide a work group co-chair. Bill Pascoe will contact Alan Davis to discuss this idea. Vickie Van Zandt of Bonneville was identified as a candidate for the Filing Utility co-chair, and Mark Maher will discuss it with Vickie when she returns to the office next week. A number of the Filing Utilities indicated that they would staff the work group.

It was agreed that the Filing Utilities would raise this as a recommendation to the RRG.

### **Agenda Item 5 – Control Centers:**

The RTO's control centers is a special issue for the Filing Utilities, and it is the position of the IOU Filing Utilities that there should be a sharing of the control centers between Bonneville and the IOUs. That said, what should the process be to make a decision as to the location of the RTO control centers?

This issue came up in the first Implementation Work Group discussion. That group does not want to waste time and wants RRG input as to whether locating the primary control center at Dittmer is a foregone conclusion or if Dittmer is just a strong candidate. Further, the work group perceives the need for there to be a secondary control center (as well as the need to identify an alternate backup control center in case there are unanticipated problems) and would like to make its recommendation/decision in June. (The Implementation Work Group has already discussed the need to develop assessment criteria based upon operational criteria.)

There was a discussion about the logistics of having Dittmer be the primary control center for the RTO – will Bonneville personnel still be located at Dittmer (as of 12/15/01, there would not be Bonneville personnel (including switching personnel) on the dispatch floor, but others in the building would need to be transitioned out by a date certain), and will that be independent enough for FERC (agreement that it might not be perfect, but it is far less expensive than a green field facility and would hopefully be acceptable to FERC.)

As such, the Filing Utilities agreed to proceed with the assumption that Dittmer would be dedicated as the primary control center of the RTO. Assuming this is acceptable to the RRG, the Implementation Work Group should work through (in very short order) how to transition Dittmer to an independent facility (e.g., identify facility changes that will be necessary, keeping feasibility in mind.) A further assumption is that the secondary control center would be a non-Bonneville facility and that a process should be established by the Implementation Work Group to determine which facility should be the back-up center. All IOU facilities will be considered as secondary control center candidates and, if an IOU does not want its facilities evaluated, it should withdraw them. It was also assumed that two backup centers need to be identified for

purposes of the process, one to Dittmer as the primary center (in case for some reason Bonneville can't participate at the outset) and one to the secondary center.

It was agreed that the Filing Utilities would discuss the foregoing assumptions with the RRG.

### **Agenda Item 6 – Load-Based Access Charge**

After the first Pricing Work Group conference call, a number of the Filing Utility representatives asked internally whether the RRG would be providing guidance about whether the work group would focus solely on load-based access charges or whether it should look at other options.

John Boucher stated that after reviewing the consensus issue list and the RRG discussions, he believed that focusing the work group on a load-based access charge was within the charge of the RRG and that, as a practical matter, if the nature of the access charge were reopened it would be difficult for the Pricing Work Group to resolve pricing issues on a timely basis.

There was a general discussion about whether this was something on which the Filing Utilities had a common position and whether they wanted the RRG to provide guidance to the work groups. While the Pricing Work Group needs to have a robust discussion of pricing options, it was acknowledged that at RRG meetings a number of participants have asked the RRG to set sideboards for work group discussions, as appropriate. Would guidance on a load-based access charge be appropriate at this time?

Some Filing Utilities stated that a load-based access charge was their preference (PacifiCorp, Idaho Power, Montana Power (simpler, consensus among state regulators, right way to recover costs of existing system while sending appropriate price signals)), others indicated that they were “leaning” towards it (Bonneville).

Avista commented that while a load-based access charge is appropriate if the RTO pricing structure provides for full fixed cost recovery with zonal access charges that it was a different question if the pricing structure were based on the current construct of network integration/demand and that maybe the Pricing Work Group should look at book ends.

A number of parties expressed concern about the Pricing Work Group's ability to develop a new pricing scheme within the applicable (tight) timeframe, as it would necessarily involve a myriad of open issues. Avista emphasized that as the current construct is known within region it should not be too difficult to put it together. (Not everyone agreed with this assessment.)

It was pointed out the one of the criticisms of the IndeGO pricing structure (although not everyone thought this was a problem) was that under IndeGO just one type of service was offered, whereas under FERC's tariffs there are two types of service. (Under Bonneville's new rate case proposal there would be three types of service.)

Avista suggested that the RTO could eliminate network demand service, implement inc/dec procedures for congestion management (resulting in two service options for customers) and that such an approach would result in a more measurable cost shift question for the region to address and that parties might be more comfortable with the creation of a RTO.

Bonneville defined the instant question as the need/appropriateness of the RRG providing guidance to the Pricing Work Group at this point in time. Bonneville suggested that perhaps the group's number one focus should be load-based pricing, and that if parties want to develop alternatives they can do so off-line and bring their ideas back for work group consideration in a timely fashion. The Filing Utilities discussed the need to allow proponents of other approaches to get a fair hearing but to do so in such a way that the work group is still able to meet its deadlines. This would require that alternatives must be identified, developed, and presented to the work group early enough in the process (August is too late), and that the work group might end up with majority/minority positions. Others agreed with this general approach.

It was also acknowledged that even if the Pricing Work Group was tasked to focus on load-based pricing that a number of other issues were still on the table, for example, voltage-differentiated rates and facilities inclusion.

A question was raised regarding data needs, and whether the consideration of other alternatives would require additional data gathering. At its last meeting, the RRG clearly agreed to the data that would be collected, and the Filing Utilities are not willing to provide any additional data without the specific agreement/direction of the RRG. As such, if the development of alternatives requires the gathering of additional data, it will be incumbent upon the proponent of the alternative to collect the data necessary for the work group to evaluate the proposed alternative. (Concern was expressed that while the current data collection agreement will provide some information to discuss voltage-differentiated rates, it might not be the right information. However, as the RRG has made a decision regarding what data should be collected, in the absence of a change of RRG direction, the data identified by the RRG will be provided.)

The Filing Utilities agreed that the following recommendation should be presented to the RRG:

The Pricing Work Group should be instructed to focus its efforts on load-based access charges (which would not preclude the consideration of voltage-differentiated pricing/facilities inclusion). In addition, alternatives to load-based access charges would be considered by the work group to the extent that someone has fully developed an alternative outside of the work group's discussions and brought their proposal to the Pricing Work Group in a timely fashion (the work group should set a deadline for receiving alternatives). If an alternative requires different data than is currently being collected at the direction of the RRG, it is the responsibility of the proponent to collect such data. The Pricing Work Group will consider all proposals and the

results will be reported to the RRG as part of the Pricing Work Group's normal monthly report. The RRG will then provide further direction about the alternatives.

### **Agenda Item 7 – KEMA Contract**

Peggy Olds reported on the negotiations with KEMA regarding the finalization of the KEMA contract. Robin MacLaren has been involved, but was not on the call. Peggy described their negotiations with KEMA and outlined certain pricing concessions that KEMA had made. KEMA's spreadsheets were reviewed. The final costing includes all consultants' fees, travel and clerical expenses, and the costs of the Kingstad Center office facilities. The contract is set up so that KEMA cannot exceed the final cost figure without the prior explicit approval of the Filing Utilities. KEMA will provide a monthly cash flow analysis by category and item.

Robin and Peggy recommend that the Filing Utilities accept the final price total. The Filing Utilities approved the contract, and Peggy Olds will call John Boucher to let him know.

### **Miscellaneous Items:**

Krogh & Leonard Contract – A question was raised about the status of the Krogh & Leonard contract and whether it had been finalized yet. Richard Goddard will follow up with Bud to make sure that the contract is executed.

### **Next Meeting:**

The Filing Utilities will decide at the RRG meeting whether there is a need to meet after the meeting.