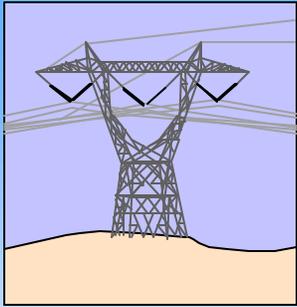




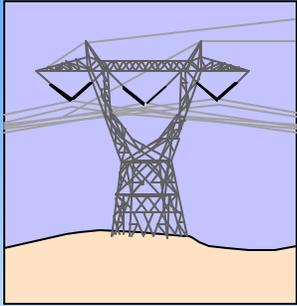
**TransConnect, LLC and
TransConnect Corporate Manager, Inc.**

Electric Edison Institute
“RTOs: The October Filings”
November 2, 2000



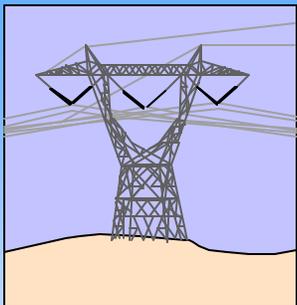
Outline of Presentation

- **What is TransConnect?**
- **Why does it make sense?**
- **The October 16 Filing.**

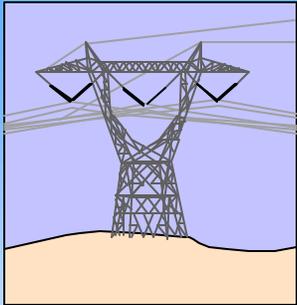


What is TransConnect?

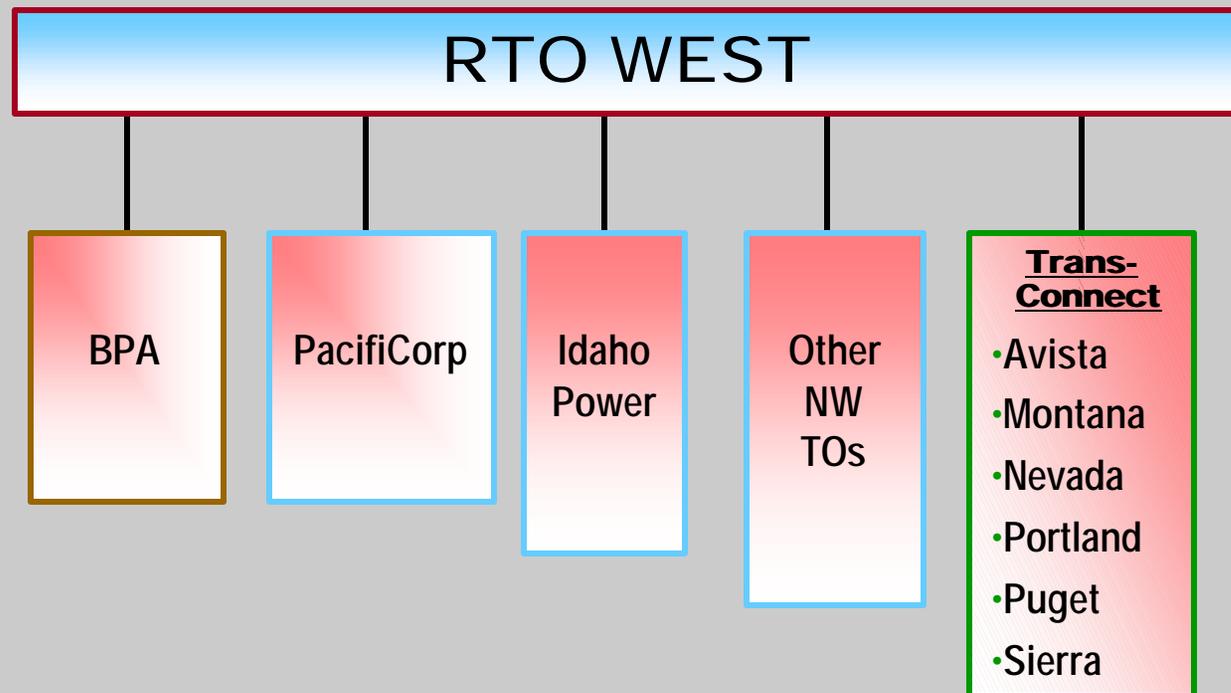
TransConnect is a for-profit, independent transmission company designed to optimize the reliability, performance, efficiency, service innovation, and profitability of its transmission assets.

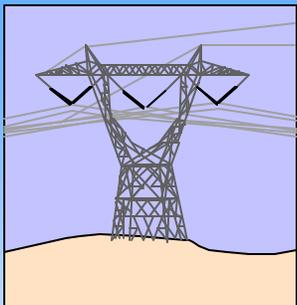


- **TransConnect is organized to own transmission assets currently owned by:**
 - **Avista Utilities**
 - **Montana Power**
 - **Nevada Power**
 - **Portland General Electric**
 - **Puget Sound Energy**
 - **Sierra Pacific Power**

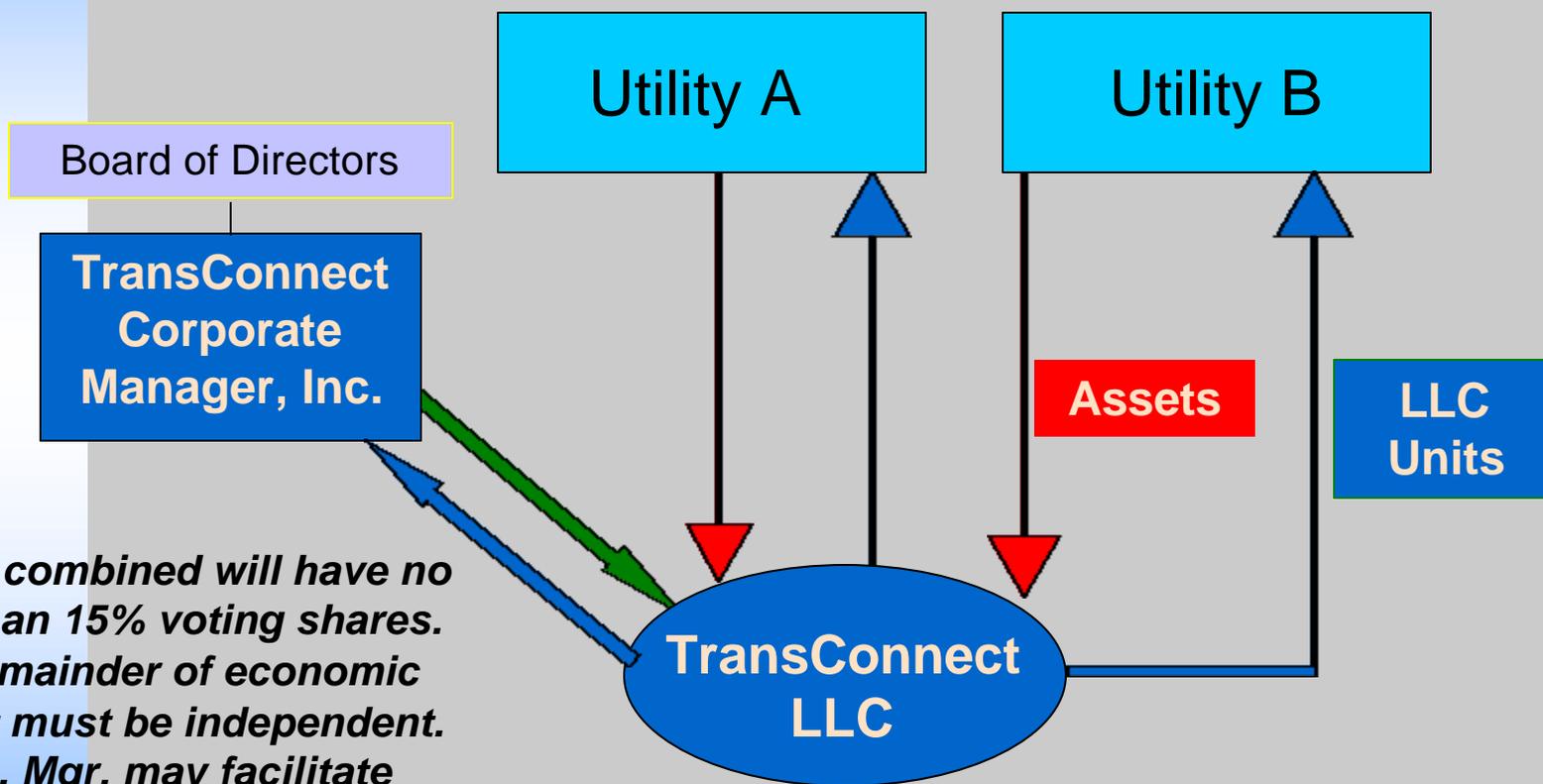


TransConnect will be part of RTO West

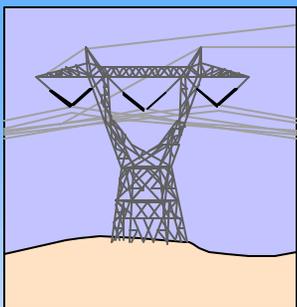




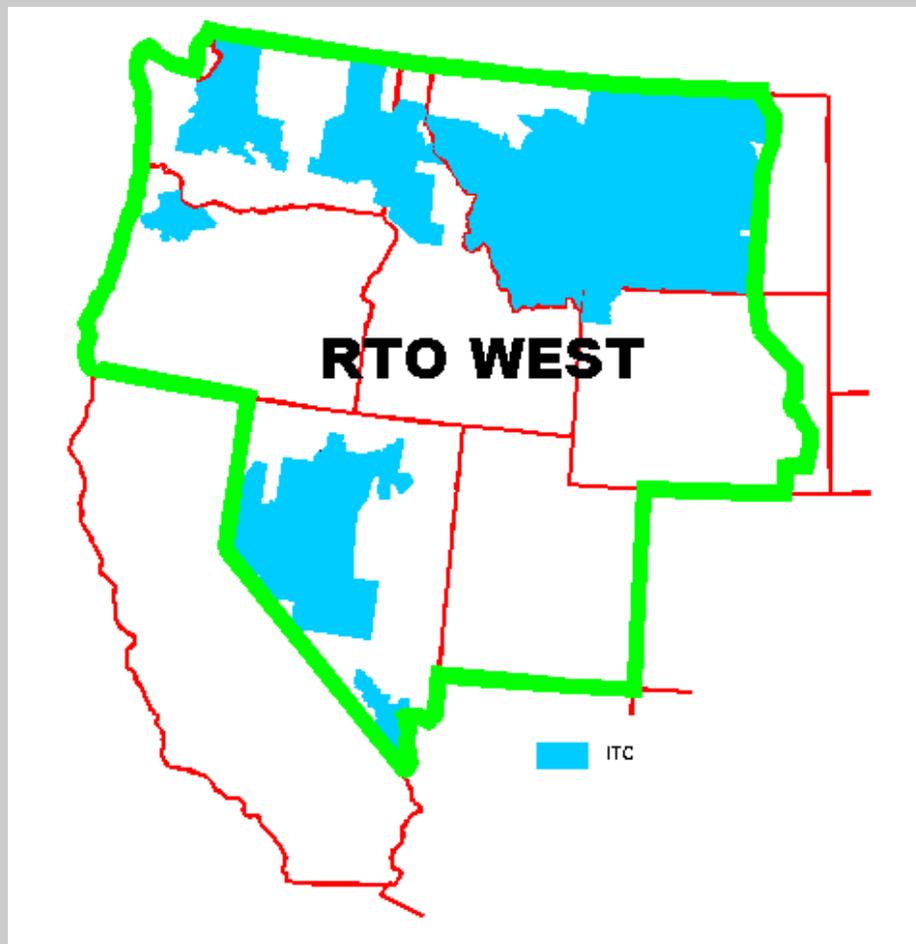
Corporate Structure



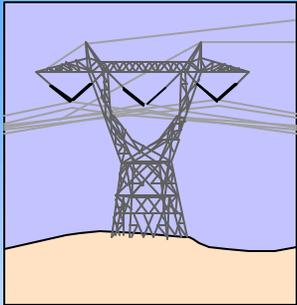
Utilities combined will have no more than 15% voting shares. The remainder of economic interest must be independent. Corp. Mgr. may facilitate independence test and the raising of public capital



TransConnect Territory



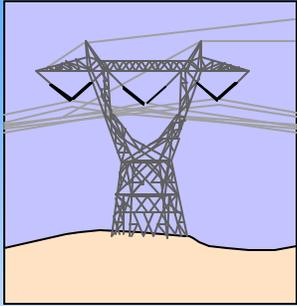
November 2000



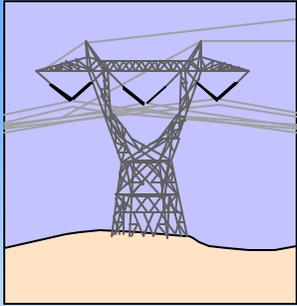
A Billion Dollar Company

- **Transmission facilities that pass the Order 888 Seven Factor Test**

- **Estimated YE 2000 Net Plant**
 - Nevada Power **\$353 million**
 - Sierra Pacific **\$271 million**
 - Montana Power **\$217 million**
 - Puget **\$204 million**
 - Portland General **\$129 million**
 - Avista **\$109 million**
 - Total **\$1,282 million**

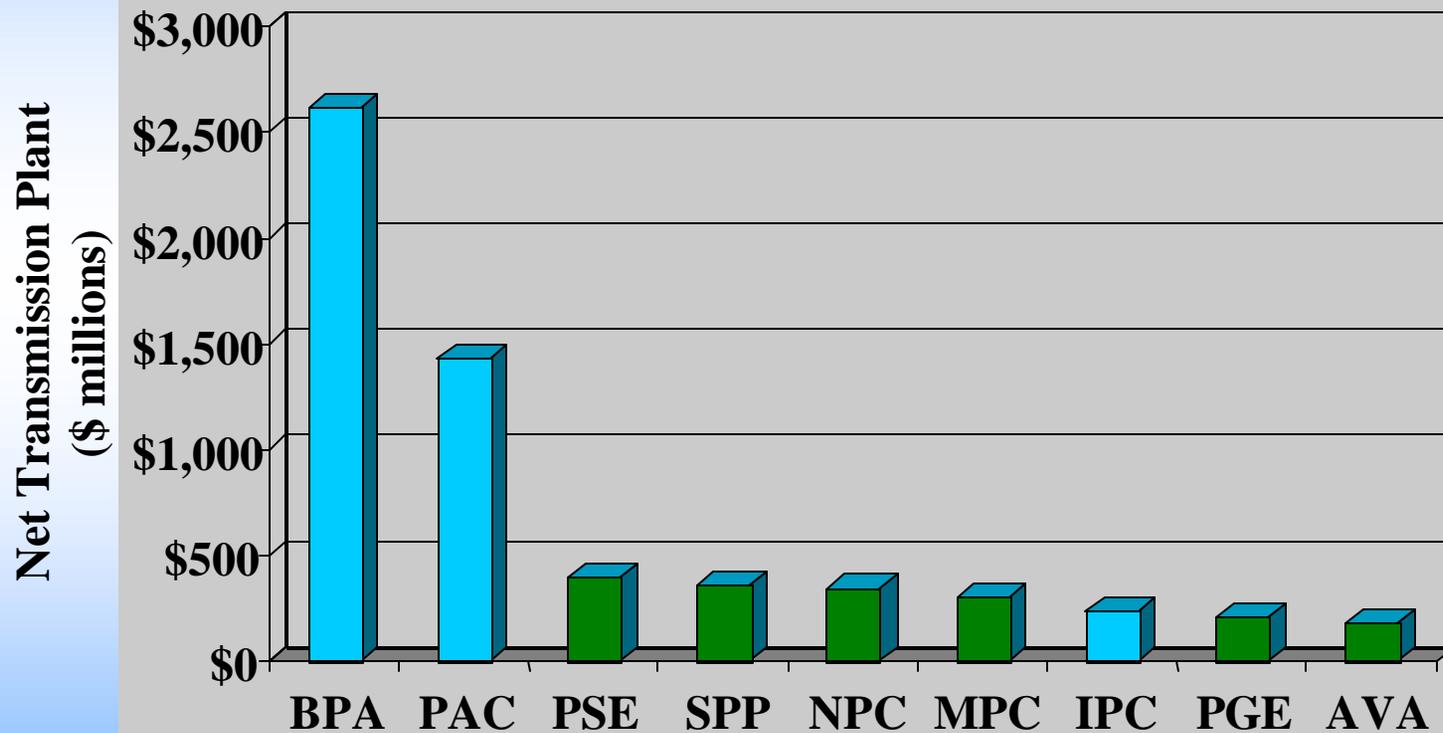


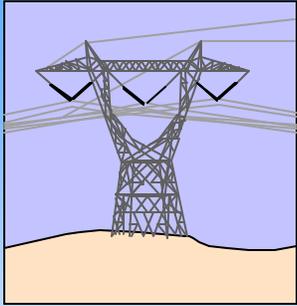
Why does TransConnect Make Sense?



RTO West without TransConnect

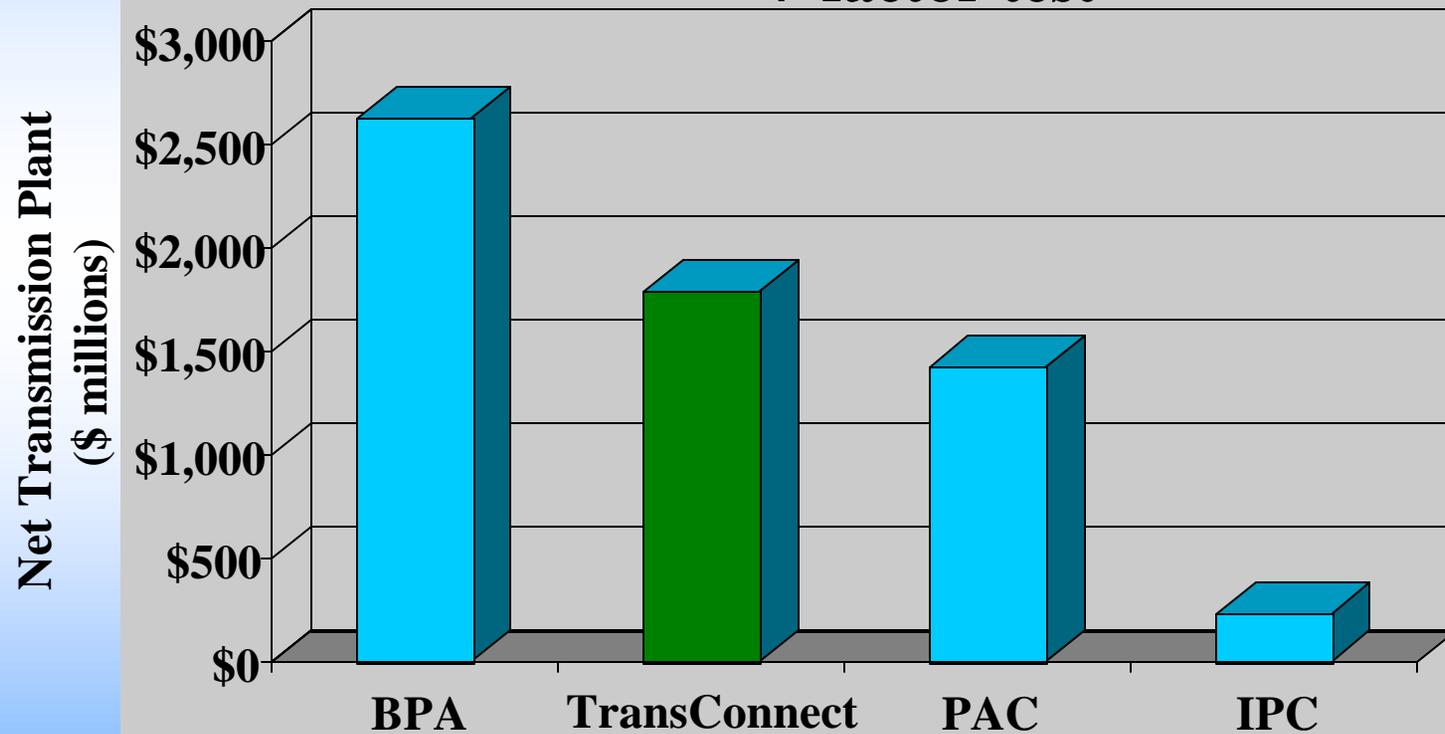
1999 book value before
7-factor test

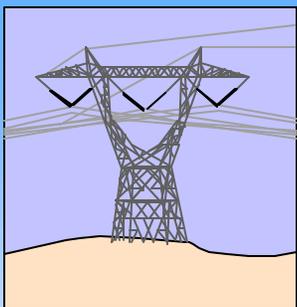




RTO West with TransConnect

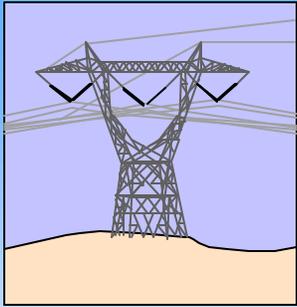
**1999 book value before
7-factor test**





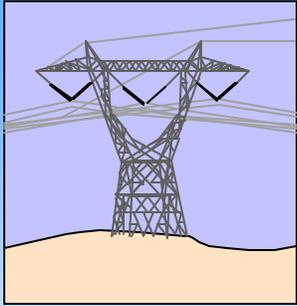
Benefits of TransConnect

- **LLC structure to maintain business flexibility and minimize tax**
 - passive ownership while retaining limited rights needed to protect investment
- **Members can maintain investment in TransConnect or fully divest, depending on business strategy**
- **Independent Corporate Manager can undertake new investment**



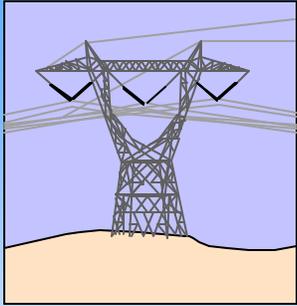
TransConnect will:

- **focus on the transmission business;**
- **aggregate transmission assets to achieve economies of scale;**
- **have a flexible business structure.**



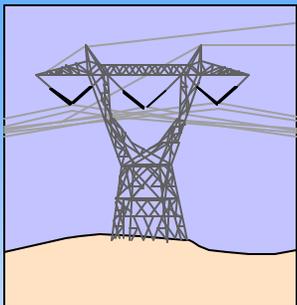
TransConnect's October 16 FERC Filing

Docket No. RT01-015-000



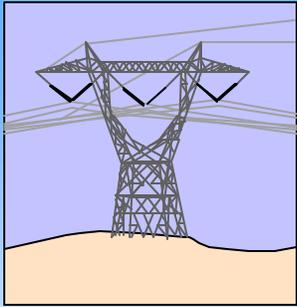
October 16 Filing

- **Request for Declaratory Order that:**
 - **TransConnect is independent of market participants; and**
 - **the limited RTO functions, related to rate filings and transmission planning and expansion, that TransConnect plans to undertake are acceptable.**



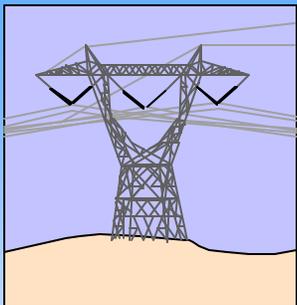
October 16 Filing (con.)

- **Filing included:**
 - request for expedited action;
 - *pro forma* governance documents and standards of conduct; and
 - a schedule for future action.
- **Filing did not include:**
 - tariff or rate filings.



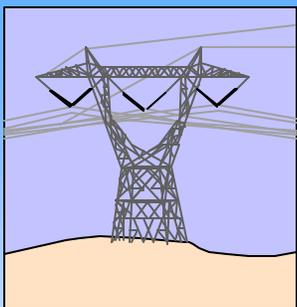
Next Steps

- **The next key step for TransConnect will be to make a rate filing that will include incentive and innovative rate treatments. These incentives are critical to TransConnect's ability to attract capital as a "pure" transmission company.**



Next Steps (con.)

- **Seek additional necessary state and federal regulatory approvals.**
- **Board approvals by each company.**
- **Transfer assets.**
- **Begin operations no later than RTO West commencement date.**



Conclusion

In sum, TransConnect offers:

- a flexible business structure***
- that can achieve significant economies of scale,***
- attract capital and new investment,***
- and work efficiently within the RTO West framework.***