



RTO Filing

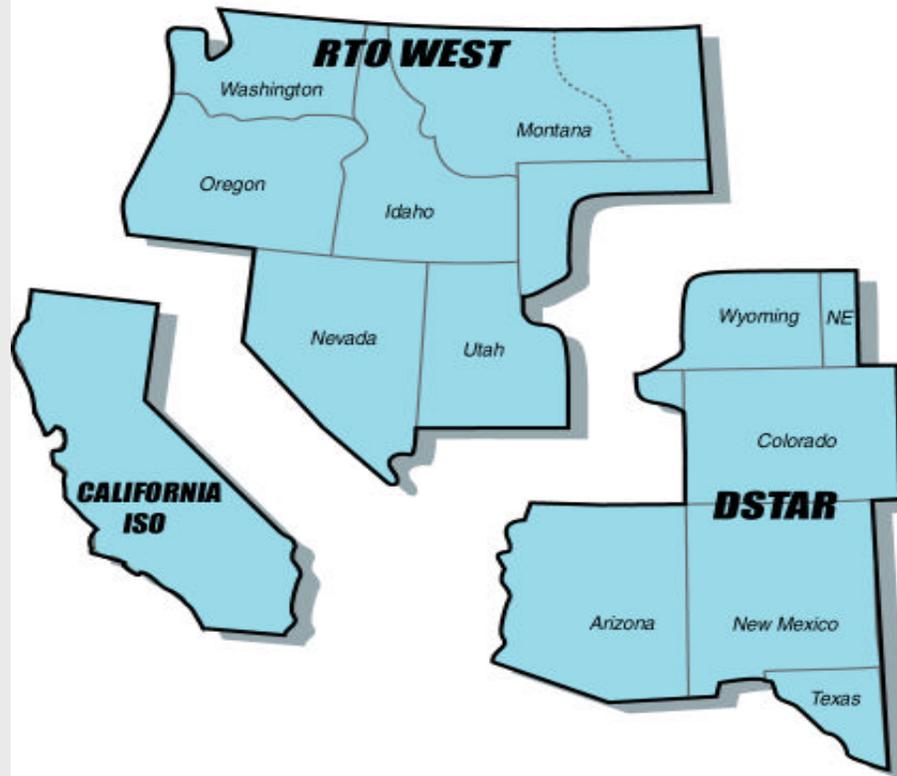
Bob Fullerton
November 2, 2000

What is Western?

- Power Marketing Administration
- 15 state service territory
- 10,564 MW sold to 643 wholesale power customers
- 16,819 miles of transmission, both in MAPP and WSCC
- Cost-based rates

Regional RTO Map

FORMULATIVE RTO BOUNDARIES



RTO Background

- Western has always had a policy of open transmission access
- Although not jurisdictional, Western has filed its tariff with FERC
- Functions separated, OASIS created/used
- Standards of conduct approved by FERC
- Active in RTO formation discussions
- RTO filing on October 16

Overall RTO Issues

- Costs and benefits
- No profit on public resource
- Preserve mission of marketing power
- Multi-purpose nature of projects
- Existing contracts must be preserved
- Future marketing plans

RTO Legal Issues

- Legal issues
 - Authority to join
 - Inability to delegate statutory obligations without oversight
 - Inability to divest transmission assets
 - Liability
 - Determination of revenue requirement
 - NEPA
 - Public process

Generating Agency Issues

- Impairment of project purposes
- Control of generation
- River operations
- Impact of Grid/RTO related charges on project costs
- Impact of mandated reliability and penalties on project maintenance

RTOs

- Western supports RTOs, and is actively engaged in their formation
 - CA ISO
 - Desert Star/Rocky Mountain
 - MISO/Crescent Moon
 - RTO West

California ISO

- Western fully cooperates with CAISO
 - Operationally integrated
 - Summer assistance
 - Ancillary services (regulation & reserves)
 - Outage coordination/maintenance
 - Scheduling coordinator
- Issues
 - Transmission access charge
 - Comprehensive market redesign

Desert Star/Rocky Mountain

- Covers AZ, NM, WY, CO
- Issues include:
 - Existing rights
 - Grid management
 - Pricing
- Desert Star and six IOUs file two sets of proposals with FERC

MISO/Crescent Moon

- MAPP RTO fails
- Western considers MISO
- MISO results in large cost shifting concerns
- Crescent Moon
 - no physical control over facilities
 - postage stamp rates
- Western will pursue both

RTO West

- Proposed for Pacific Northwest
- Six IOUs form TransConnect, a for-profit transmission company
- BPA, PacifiCorp, TransConnect, Idaho Power are principals
- Western has significant contracts with Pacificorp, an RTO West participant
- Canyon Ferry powerplant in RTO West
- Western monitors formation

Seams Among RTOs

- One of FERC's RTO functions
- Western's resources and customers could be located in several RTOs
- Seams issues important
- Participating with Western Market Interface Committee to facilitate RTO seams resolution

Restructuring Legislation

- Several states have enacted laws
- FY 2001 Appropriations Bill
 - Authority to study RTOs
 - Transition of personnel to RTO employment
- National legislation under consideration
 - RTOs—authority of PMAs to join
 - Reliability, authority of FERC vs. States, many other issues

Conclusion

- Western supports RTOs
- Actively engaged in RTO formation discussion
- Progress being made in addressing remaining issues