

Characteristics and Functions Of an Independent Transmission Company (ITC) Within the Proposed NWISO

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This paper describes the characteristics and functions of an Independent Transmission Company (ITC) that five of the RTO Filing Utilities¹ are working to develop for inclusion in an October 2000 FERC filing for a Northwest Regional Transmission Operator (RTO). The five RTO Filing Utilities working on an ITC proposal are referred to in this paper as the "ITC Companies." This paper has been reviewed and accepted by all of the RTO Filing Utilities. The RTO Filing Utilities intend that the ITC concept will be further discussed as part of the overall Northwest RTO collaborative process.

An ITC is an independent, for-profit entity with management responsibility for the assets (or former assets) of the ITC Companies. That responsibility may be effected as owner or lessor.

The ITC Companies believe that the value of their transmission assets is best preserved and enhanced if those assets are consolidated and managed with like assets. To that end, the ITC Companies have carefully considered the RTO minimum characteristics and functions defined in FERC's Order 2000 and have determined the functions that the ITC will identify in its October filing as those it will retain:

PLANNING

In delineating the planning roles of Northwest Independent System Operator (NWISO) and the ITC respectively, the following principles would be applied:

1. The NWISO would have primary planning responsibility and final decision-making authority with respect to facilities that impact bulk transmission.
2. The ITC would have primary planning responsibility and final decision-making authority with respect to its local area facilities that do not impact bulk transmission.
3. The NWISO would offer "one-stop-shopping" for the provision of bulk transmission service.
4. The ITC may propose new bulk power transmission solutions to the NWISO.

5. Conflicts between the NWISO bulk transmission planning and the requirement for reliable local area service will be resolved through dispute resolution, subject to the authority of the appropriate regulatory bodies.

We recognize that some or all of the same planning principles may be appropriate with respect to a vertically integrated transmission owner.

TARIFF

The ITC will be permitted to seek performance based rates or to seek any other rate recovery mechanism in setting the rates to be paid to the ITC by the NWISO, subject to necessary regulatory approval.

The ITC agreements with the ISO shall include effective mechanisms to ensure that the ITC receives its revenue requirement, including any performance based rates or other rate recovery mechanism contained in the ITC tariff with the NWISO.

We recognize that some or all of the same pricing principles may be appropriate with respect to a vertically integrated transmission owner.

OTHER CHARACTERISTICS/FUNCTIONS

The ITC reserves the right at any time to petition FERC to perform functions other than those discussed above if it determines that it can efficiently perform such other functions without compromising the goals of an RTO as defined by FERC. The ITC also reserves the right to exercise the rights granted to any other transmission owner within the NWISO. The ITC companies recognize that the NWISO will have responsibility for scheduling all transmission and operating an overall control area, although there will initially be additional control area operators.

¹ The RTO Filing Utilities are Avista, BPA, Idaho Power, Montana Power, Portland General Electric, PacifiCorp, Puget Sound Energy, and Sierra Pacific/Nevada Power. As currently contemplated, the five RTO Filing Utilities working on an ITC proposal are Avista, Montana Power, Portland General Electric, Puget Sound Energy and Sierra Pacific/Nevada Power.