

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Avista Corporation,  
Bonneville Power Administration,  
Idaho Power Company,  
The Montana Power Company,  
Nevada Power Company,  
PacifiCorp,  
Portland General Electric Company,  
Puget Sound Energy, Inc.,  
Sierra Pacific Power Company

Docket No. RT01-35-000

**CONCURRING UTILITIES’  
AMENDED SUPPLEMENTAL COMPLIANCE FILING  
AND  
REQUEST FOR DECLARATORY ORDER  
PURSUANT TO ORDER 2000**

**Introduction**

Avista Corporation, the Bonneville Power Administration (“Bonneville”), Idaho Power Company, The Montana Power Company, PacifiCorp, and Puget Sound Energy, Inc. (which together are referred to in this filing as the “Concurring Utilities”) hereby submit this Amended Supplemental Compliance Filing and Request for

Declaratory Order Pursuant to Order 2000.<sup>1</sup> This filing amends an October 23, 2000 filing in this docket (the “Compliance Filing”). Because the documents submitted in the Compliance Filing were only a subset of the materials needed to complete the proposal related to the formation of RTO West, the Compliance Filing was designated as a “Stage 1” filing. A “Stage 2” filing will include the balance of materials and information needed to complete the RTO West proposal and will be submitted to the Commission in spring 2001. This filing relates solely to Stage 1 of the RTO West proposal filing.

## **Background**

The Compliance Filing requested that the Commission issue a declaratory order (on an expedited basis) with respect to: (1) the form of RTO West First Restated Articles of Incorporation and RTO West Bylaws included with the filing; (2) the scope and configuration of RTO West as proposed in the filing; and (3) the form of Agreement Limiting Liability Among RTO West Participants included with the filing. The Compliance Filing also included copies of the then-current form of Transmission Operating Agreement and the then-current form of Agreement to Suspend Provisions of Pre-Existing Transmission Agreements.

Three of the Compliance Filing applicants (Bonneville, Idaho Power Company, and PacifiCorp) further requested that the Commission issue a declaratory order finding that the concepts as a package embodied in the Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements are

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<sup>1</sup> For reasons stated in a separate filing, Nevada Power Company, Portland General Electric Company, and Sierra Pacific Power Company have declined to join in this Amended Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000.

acceptable to the Commission and are consistent with the requirements of Order 2000. The remaining Compliance Filing applicants indicated that they needed additional time to fully review the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. The Compliance Filing applicants stated that they intended to continue their work in the hope of communicating to the Commission the concurrence of all nine filing utilities in the terms of these agreements (as originally submitted or as amended) by December 1, 2000.

After submitting the Compliance Filing, the Concurring Utilities, as well as Nevada Power Company (“Nevada”), Portland General Electric Company (“PGE”), and Sierra Pacific Power Company (“Sierra”), continued their review of the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. As a result of this review, these utilities have made a number of amendments to the form of Transmission Operating Agreement as filed on October 23. They have also made several conforming changes to the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. By this filing, these amended agreements are submitted by the December 1, 2000 deadline referenced in the Compliance Filing.

### **Submission of Amended Documents**

The forms of Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements as amended are included with this filing as Attachments A and B. The Concurring Utilities request that the Commission review these documents as submitted with this filing rather than as filed on October 23,

2000.

With this filing, the Concurring Utilities consider the Stage 1 filings to be complete. The Concurring Utilities acknowledge that they may need to revise these agreements further to conform them to the documents to be created during Stage 2, and as necessary to address other concerns and hurdles described in the October 23 Compliance Filing. While the attached forms of agreement may be revised, the Concurring Utilities nevertheless believe that these documents are central to the transition to a regional RTO. They therefore request the Commission to review the agreements as submitted with this filing and provide preliminary guidance regarding the acceptability of the concepts and specific provisions they contain.

The Concurring Utilities considered, among other matters, concerns that the RTO West pricing proposal does not include provisions for RTO West to impose export charges. The Concurring Utilities have agreed that they will negotiate in good faith during the Stage 2 process to reach agreement concerning transfer charges and allocation of firm transmission rights, and these negotiations will proceed on the assumption that the RTO West pricing proposal will not include export fees. Each Concurring Utility has reserved the right to propose alternative approaches, including an export fee, if the negotiations described in the preceding sentence do not yield satisfactory resolutions.

Sierra, Nevada, and PGE will be making a concurrent filing indicating broad agreement with the terms of the Transmission Operating Agreement as amended, but urging the Commission to direct the Concurring Utilities to include in their Stage 2 financial modeling of transfer charges an analysis of export fees. The Concurring

Utilities urge the Commission to reject this request and to allow the Concurring Utilities to proceed in the ordered manner outlined above.

The earlier IndeGO effort failed in large measure because of the failure to gain broad support among transmission owners for any particular pricing proposal. Pricing also was an extremely difficult issue to address in the Stage 1 public process for RTO West. As a result of the Stage 1 process, the Concurring Utilities have reached a remarkable level of consensus to go forward with the RTO West pricing proposal as set out in the Transmission Operating Agreement.

As set out in this supplemental filing letter, the Concurring Utilities are prepared to work together, along with Sierra, Nevada, and PGE, to negotiate Transfer Charges and allocations of Firm Transmission Rights that will make the RTO West pricing proposal work. If these negotiations fail to reach satisfactory resolutions, then the Concurring Utilities would be prepared to consider alternatives, including export charges, if necessary to address particular problems. Importantly, however, the commitment must be to first try to make the Transmission Operating Agreement's pricing proposal work.

The Concurring Utilities view a proposal for concurrent modeling and consideration of export fee proposals to be an invitation for an open-ended repetition of the difficult Stage 1 pricing debate. We must move forward to try to implement the Transmission Operating Agreement proposal, addressing specific problems if they arise as a result of Stage 2 negotiations with alternatives designed to address those problems. We urge the Commission to let us proceed as we propose.

## **Description of Amendments to Form of Transmission Operating Agreement**

With this filing, the Concurring Utilities submit two versions (a clean and a revised version) of each of the amended form of RTO West Transmission Operating Agreement and of the amended form of Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. The clean form of Transmission Operating Agreement is included as Attachment A. The redlined form of Transmission Operating Agreement is included as Attachment A - Redline. The clean form of Agreement to Suspend Provisions of Pre-Existing Transmission Agreements is included as Attachment B. The redlined form of Agreement to Suspend Provisions of Pre-Existing Transmission Agreements is included as Attachment B - Redline.

The redlined versions of these agreements show all changes made to the documents as filed on October 23, 2000. The redlined version of the Transmission Operating Agreement also includes italics (which also appeared in the form filed on October 23) to show those provisions that are needed to meet the special legal needs of Bonneville.<sup>2</sup> The clean versions submitted for Commission action contain neither redlining nor italics.

Some of the changes made to the Transmission Operating Agreement and to the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements merely correct typographical errors or represent non-substantive changes that make the document more readable. The substantive changes, as well as any non-substantive changes that the

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<sup>2</sup> Because of some confusion reflected in various comments made by intervenors in this docket, we emphasize that the italicized language, although required to permit Bonneville's participation, would be included in Transmission Operating Agreements executed by and would apply to each of the Participating Transmission Owners.

Concurring Utilities thought might require explanation, are described below.

Generic Changes:

(1) In various sections, the Transmission Operating Agreement refers to the capability of Transmission Facilities or of Flowpaths. To provide clarity throughout the Transmission Operating Agreement, the defined terms “Operational Transfer Capability” and “Total Transfer Capability” have been added. These terms are standard terms widely used and understood by participants in the Western Systems Coordinating Council. Substituting these terms throughout the Transmission Operating Agreement, in place of various references to transmission capability, should improve the clarity of the Transmission Operating Agreement.

(2) The Transmission Operating Agreement as initially submitted used the term “Ancillary Services” both to refer to Ancillary Services and to refer to what the draft NERC Policy 10 calls “Interconnected Operations Services.” The amended Transmission Operating Agreement adds a definition of “Interconnected Operations Services” and throughout the Transmission Operating Agreement now distinguishes between these services and Ancillary Services.

(3) In the Transmission Operating Agreement as initially filed, the term “Eligible Customer” was used on occasion when the correct term should have been “Transmission Customer,” to designate an entity then actually receiving RTO West Transmission Service. Therefore, the term “Transmission Customer” has been added and is substituted for the term “Eligible Customer” where appropriate.

## Section-by-Section Changes

### *Fifth Recital:*

The added language makes clear that RTO West's rates, in addition to recovering the annual revenue requirements of the Participating Transmission Owners, also are intended to cover RTO West's operating and implementation costs.

### *Section 2.1:*

The word "confirmation" has been deleted because, while the Transmission Operating Agreement must be accepted for filing or approved by the Commission to become effective, the Transmission Operating Agreement would not be "confirmed."

### *Section 2.3.2:*

Language has been added to acknowledge that the right of Executing Transmission Owners to terminate the Transmission Operating Agreement as a result of RTO West's breach is subject to any required Commission approvals.

### *Section 2.4.2:*

The revised language is not intended as a substantive change, but only to make clear the intent of this section with respect to the rights of transmission customers if an Executing Transmission Owner terminates its Transmission Operating Agreement.

### *Section 2.5:*

This section was amended to clarify the circumstances in which an Executing Transmission Owner that terminated its Transmission Operating Agreement would be required to pay a share of RTO West's net costs, if any, of terminating RTO West's operations and winding up its corporate existence if RTO West were dissolved.

Section 4.2.1:

The new first sentence does not represent a substantive change. The added material is to make clear that the purpose of this section is to effectuate the right of Electric Utilities and of Generation Owners to obtain physical interconnections with the Electric Systems (i.e., including both transmission and distribution facilities) of Executing Transmission Owners. Amendments to this section also make clear that RTO West may modify the Executing Transmission Owner's interconnection standards only with respect to RTO West Controlled Transmission Facilities, but the Executing Transmission Owner retains the right to contest modifications through dispute resolution.

Section 4.3.1 and 4.3.2:

The changes merely clarify that these provisions apply to all terms of generation integration.

Section 5.1.2:

The amendment to this section recognizes that state regulatory bodies, as well as the Commission, may assert jurisdiction over the transfer to RTO West of control over new Transmission Facilities.

Section 5.1.2.1:

Section 5.1.2.1 is a new provision that has been added to address instances when distribution facilities also fall within the definition of RTO West Controlled Transmission Facilities. The affected facilities will be separately identified in an exhibit to the Transmission Operating Agreement. While this provision was not included in the Transmission Operating Agreement filed with the Compliance Filing, the Compliance Filing explained the reasoning for this treatment and indicated that all of the Compliance

Filing applicants agreed with this treatment. This provision will be included in agreements applicable to Puget Sound Energy, Inc.'s facilities.

Section 5.1.3:

This section permits the Executing Transmission Owners to include under the Transmission Operating Agreement additional Transmission Facilities that do not meet the definition of "RTO West Controlled Transmission Facilities." The Transmission Operating Agreement as initially filed included a phrase that RTO West "shall not exercise Operational Control over any such added Transmission Facilities." This statement technically is correct, as "Operational Control" is defined in the Transmission Operating Agreement as the control that RTO West exercises over the RTO Controlled Transmission Facilities. However, because the Transmission Operating Agreement in fact gives RTO West substantial control over the use of such additional Transmission Facilities, the Concurring Utilities deleted the statement as potentially misleading. The actual RTO West control over such added Transmission Facilities is set out in detail throughout the Transmission Operating Agreement.

Section 5.2:

This section addresses the obligations of Executing Transmission Owners to maintain the Total Transfer Capability of RTO West Controlled Transmission Facilities. A number of clarifying changes have been made to this section. The need for clarification became apparent upon review of various intervenor comments. The changes are:

(1) Sections 9.3 and 9.4 of the Transmission Operating Agreement as initially filed have been moved to become Sections 5.2.4 and 5.2.6, respectively. This

reorganization brings together all provisions related to restoration of Total Transfer Capability.

(2) Section 5.2.1 clarifies that Total Transfer Capability must be maintained as needed to satisfy all firm rights existing as of the Transmission Service Commencement Date. The reference to redispatch of electric generation facilities has been deleted to avoid suggesting any limitation on the means by which the Executing Transmission Owners maintain Total Transfer Capability.

(3) New section 5.3.3 recognizes that in some cases restoration of Total Transfer Capability needed to satisfy a particular Pre-Existing Transmission Agreement may not be economic. In such cases, and if the Transmission Customer agrees, the Executing Transmission Owner may arrange for economic payment to the Transmission Customer in lieu of such restoration.

Section 5.4.3:

The phrase “subject to available transmission capacity” has been deleted as a restriction on the right to exercise Rollover Rights under Pre-Existing Transmission Agreements. The remaining changes merely clarify the original intent of the section and do not reflect any substantive change.

Section 5.5:

The amendment clarifies that the obligations of the Executing Transmission Owner to cooperate as necessary to assure that the provision of Transmission Services apply both to (1) Transmission Facilities and (2) portions of the Executing Transmission Owner’s Electric System that are not Transmission Facilities.

Section 5.7.6:

The change to this section makes clear that RTO West curtailment rights apply to loads.

Section 5.8.1:

The amendments to this section reflect the intent that RTO West will become the single Control Area operator for its service area. Accordingly, while the Executing Transmission Owners must provide facilities and personnel to carry out their Transmission Operating Agreement functions, the Executing Transmission Owners will not be required to provide equivalent services as if they operated a fully equipped control center.

Section 5.8.4:

The phrase “consistent with industry standards” has been added so that the sentence clearly defines RTO West’s right to specify how often information must be updated.

Sections 5.8.8 and 5.8.9:

In the Transmission Operating Agreement as initially submitted, restoration of RTO West Controlled Transmission Systems was addressed in both Sections 5.8.8 and 5.8.9. As the comments of various intervenors suggest, the distinctions between the situations described in these two sections were unclear. Therefore, the Transmission Operating Agreement has been amended to place all restoration provisions in a single Section 5.8.8, with a clearer description of the circumstances in which the Executing Transmission Owner, and in which RTO West, will take the lead in prioritizing the restoration of facilities.

Section 5.11:

This section has been moved to become Section 10.2, to keep together all provisions relating to RTO West's compliance with standards.

Section 6.3:

In this section, the Executing Transmission Owner is required before the Transmission Service Commencement Date to offer each holder of a Pre-Existing Transmission Agreement an opportunity to convert to RTO West Transmission Service. In their comments, some intervenors interpreted this provision as a denial of the right to convert Pre-Existing Transmission Agreements after the Transmission Service Commencement Date. The added language makes clear that conversion also will be available upon request after the Transmission Service Commencement Date.

Section 7.1:

Section 7 contains restrictions on RTO West's provision of Ancillary Services. The Concurring Utilities believe these are necessary to allow a competitive market in Interconnected Operations Services to develop. In the Transmission Operating Agreement as initially filed, RTO West was allowed to provide Ancillary Services more than a day ahead only during the first six months after the Transmission Service Commencement Date. Some of the intervenors argued that this provision was too restrictive. In consideration of these comments, the Transmission Operating Agreement has been amended to permit RTO West, for so long as there is no competitive market for Interconnected Operations Services, to acquire Interconnected Operations Services and to provide Ancillary Services in the forward market, for periods of up to 90 days from the date such arrangements are made.

Section 7.3.2:

This is a new section, designed to provide an additional obligation for the Executing Transmission Owners to make Interconnected Operations Services available to RTO West during the first 12 months after the Transmission Service Commencement Date.

Section 7.3.4:

This section has been amended to make clear that the ongoing obligation of the Executing Transmission Owners to submit bids for Interconnected Operations Services (after the 12-month period provided in new Section 7.3.2) can be invoked only for Interconnected Operations Services needed in the day-ahead and hour-ahead markets. The intention is to require RTO West to exhaust market options for acquiring Interconnected Operations Services before using the backup authority of Section 7.3.4.

Section 7.4:

The only substantive change to this section is to make clear that RTO West must facilitate an external market that provides Ancillary Services for periods extending at least one month ahead.

Section 8.2:

The only substantive change makes clear that the right of Transmission Customers to invoke dispute resolution with respect to the performance plan or performance standards of Executing Transmission Owners will be provided in the RTO West Tariff, as submitted in Stage 2 of the RTO West proposal filing.

Section 9.1:

This section has been amended to allow either RTO West or the Executing Transmission Owner to seek to add or remove facilities designated as RTO West Critical Control Facilities.

Section 9.2:

The modification to this section clarifies that the cost of any systems installed to provide RTO West with direct automatic or manual control of RTO West Critical Control Facilities will be an expense of RTO West and not of the affected Executing Transmission Owner.

Former Sections 9.3 and 9.4:

These sections have been moved, as noted above, to become new sections 5.2.4 and 5.2.6, respectively.

New Section 9.3:

The word “transmission” before “maintenance” has been deleted in the second line because RTO Critical Control Facilities may include facilities other than transmission facilities.

Section 10.1:

Minor clarifying changes to this section include language making clear that the obligations imposed on RTO West by this section apply only to documents and criteria provided to RTO West.

Section 10.2:

As noted above, this section has been relocated to Section 5.11.

Section 11.1.1:

The amendments to this section provide that the obligation of the Executing Transmission Owner to permit interconnection of transmission upgrades and expansions applies to the entire RTO West Transmission Facilities, and not just to the RTO West Controlled Transmission Facilities. These amendments also recognize that any modifications made by RTO West to an Executing Transmission Owner's interconnection standards applicable to RTO West Controlled Transmission Facilities must comply with all applicable NERC and WSCC standards.

Section 11.3:

The Transmission Operating Agreement as initially filed stated that RTO West would not object to a recovery by an Executing Transmission Owner of the reasonable cost of transmission facilities that RTO West requested or that the Commission required the Executing Transmission Owner to construct, purchase, or otherwise acquire. The amended Transmission Operating Agreement now requires RTO West to support recovery of the Executing Transmission Owner's reasonable costs for these facilities.

Section 12:

The Concurring Utilities have removed many of the planning details from the Transmission Operating Agreement because they intend to include these instead in the RTO West Tariff as submitted in the Stage 2 filing. This is to afford RTO West flexibility to change its planning role over time. In furtherance of this approach, (1) the requirement for RTO West to consider proposals by the Executing Transmission Owners for modifications to RTO West Transmission System facilities has been deleted and (2) the contractual requirement for RTO West to maintain specific information concerning

RTO West Transmission System additions has been deleted.

Section 12.1.1:

The deleted phrase was removed because it did not seem necessary.

Section 13.5:

This section was amended to remove any implication that a public utility must provide materials that are not relevant to matters referenced in this section.

Section 14.1:

A clean-up provision has been made so that the entire section applies to any Executing Transmission Owner.

Section 14.2 and the definition of “Access Charge”:

In the Transmission Operating Agreement as initially submitted, the term “Access Charge” was used both to describe (1) a charge imposed through the Transmission Operating Agreement executed by Bonneville to collect Transfer Charges from Electric Utilities that did not become Participating Transmission Owners, and (2) the charge paid by Company Loads. Because such dual use proved confusing, the term “Access Charge” is now used only in the situation described in item (1).

Section 14.3:

The reference to “non-discriminatory” recovery has been added to preempt any creative argument that charges to recover RTO West payments of Lost Revenue Recovery Amounts should be imposed disproportionately or entirely on the Company Loads that benefit from these payments.

Section 15.1.1:

The amendments made to this section (1) clarify the standards for the granting of

Firm Transmission Rights and (2) make clear that obligations incurred under Ancillary Services agreements are treated comparably to obligations under bundled power sales agreements.

Section 15.1.4:

In addition to clarifying changes, this section has been amended to give the Executing Transmission Owner the right to propose changes to Exhibit F (related to Firm Transmission Rights).

Section 15.3:

This section has been amended to recognize that RTO West as operator of the RTO West Controlled Transmission System, rather than the Executing Transmission Owner, will restore reductions in Operational Transfer Capability.

Section 16.4.1:

The amendment to this section places customary time and place restrictions on the right of RTO West to examine documents of the Executing Transmission Owners.

Section 16.4.2:

The requirement for reporting to RTO West on electric generation unit forced outages has been deleted. The Concurring Utilities acknowledge that RTO West will need this information. However, the reports should be required from all owners of generation facilities within the RTO West Control Area, whether or not such owners are Participating Transmission Owners. Therefore, the Concurring Utilities intend to include outage reporting requirements within the form of Generation Integration Agreement that will be submitted in Stage 2 of this filing. Each Executing Transmission Owner that owns or operates generation facilities will be required to execute a Generation Integration

Agreement.

Section 18.7:

The amendment to this section recognizes that there may be judicial appeal rights, in addition to Commission appeal rights, before an arbitration award is enforced.

Definition of “Company Billing Determinants”:

The amendment to this definition allows any Executing Transmission Owner to file with the Commission multiple Company Billing Determinants among which its Company Loads may choose. This option particularly will allow Bonneville to file Company Billing Determinants that minimize cost shifts among its Company Loads.

Definitions of “Company Costs” and of “Transmission Facility Cost Sharing Payments”:

Several intervenors objected to the fact that, as originally filed, these definitions applied only to the costs of Transmission Facilities and not to the costs of alternatives that avoid the construction of Transmission Facilities. The concern was that the Transmission Operating Agreement would discriminate against alternatives to construction of Transmission Facilities by not allowing cost recovery or cost sharing for these alternatives. The Concurring Utilities thought these concerns were well-taken and amended both definitions to include such alternatives to construction of Transmission Facilities. Additional revisions clarify that (1) Company Costs may be reduced by Company Rate revenue credits proposed by the Executing Transmission Owner and (2) Transmission Facility Cost Sharing Payments are intended to allocate equitably the costs of facilities or alternatives needed to provide reliable transmission service to Company Loads.

Definition of “Electric System”:

The deleted language was not relevant to the definition.

Definition of “Excess FTR Revenue Allocation”:

The amendments conform the definition to the description of excess Firm Transmission Rights as contained in Section 15.1.

Definition of “Firm Transmission Right”:

The amendments (1) make clear that these rights are assignable and tradeable and (2) recognize that the rights of interruption of Firm Transmission Rights will be as set out in the RTO West Tariff.

Definition of “Load Service Obligation”:

The amendment makes clear that Load Service Obligations are created by legal obligations and may arise without regard to whether the load is connected to the Executing Transmission Owner’s transmission facilities.

Definition of “Lost Revenue Recovery Amount”:

The amendment recognizes that short-term firm and nonfirm wheeling revenues in some cases are recovered from loads through Company Rates.

Definition of “RTO West Controlled Transmission Facilities”:

The amendments primarily are intended to clarify rather than to change this definition. The one substantive change, deletion of language related to the classification of certain substation facilities, reflects the Concurring Utilities’ view that not all facilities in a given substation will necessarily be classified in the same manner.

Definition of “RTO West Critical Control Facilities”:

The amendments broaden the types of facilities that may be treated as RTO West Critical Control Facilities. This is to assure that RTO West is able to control all facilities it needs to meet NERC and WSCC reliability criteria while maintaining the Total Transfer Capability of the RTO West Controlled Transmission Facilities.

Definitions of “Self-Provision” and of “Self-Tracking”:

These definitions have been amended to make the meaning of each of them and the distinctions between them clearer. The amendments also recognize that Self-Tracking and Self-Provision may be provided through contracts with third-party owners of generation facilities, as well as by means of generation facilities that the Executing Transmission Owner itself controls.

Definition of “Transfer Charges”:

The amendment clarifies that amounts receivable from a Participating Transmission Owner’s merchant function or affiliates may be included as Transfer Charges.

Exhibit G -- Company Rates:

The substantive change to this definition provides that any Electric Utility paying Transfer Charges under the heading “Short-Term Firm and Nonfirm Wheeling Revenues” will be entitled to participate in the Excess FTR Revenue Allocation, whether or not the Electric Utility is a Participating Transmission Owner. The remaining changes are to improve the readability of Exhibit G and to avoid defining in Exhibit G a term that is already defined elsewhere.

Exhibit H -- Annual Transfer Charge Amounts:

This exhibit has been corrected to reflect that it is set up to show Transfer Charges receivable from, rather than payable to the identified Participating Transmission Owner as initially misstated. The Transfer Charge adjustment language also has been clarified to note that such items as Excess FTR Revenue Allocation and changes in Transfer Charges will be taken into account when Transfer Charges are adjusted.

**Amendments to Agreement to Suspend Provisions of Pre-Existing Transmission Agreements**

The only changes to this agreement were conforming changes to parallel amendments to the Transmission Operating Agreement.

**Explanation Concerning Mechanism to Address Obligations to Mitigate Impact of New Facilities**

The question of how to handle new interconnections raises not only issues of what the terms governing physical interconnection and operational integration should be, but also the impact that connection of new facilities can have on existing facilities. It is vital to have workable mechanisms for parties to address when, and in what manner, parties have an obligation to mitigate adverse operational impacts their addition of new facilities (or modifications of existing facilities) may cause to other parties' existing facilities.

The Transmission Operating Agreement cannot provide an adequate solution because this issue affects a much broader range of parties than those who will sign Transmission Operating Agreements. It also reaches across RTO boundaries. Fairness dictates the need for balance between protecting the value of infrastructure already in place and avoiding unreasonable obstacles to new investment and new market entrants.

The Concurring Utilities intend that RTO West will develop a process to address this issue with respect to facilities within the RTO West control area. Where the affected facilities involve more than one RTO, a broader solution will be needed. It may be that once the Western Interconnection Organization has formed (provided that there are adequate protections to assure procedural and substantive fairness), the Western Interconnection Organization may be a suitable forum to address mitigation of new facility impacts between RTOs. In any case, this issue will require interregional coordination among western RTOs (as well as other operating and market entities).

### **Conclusion**

As described under the heading “Submission of Amended Documents” above, and recognizing that the documents are non-binding and remain subject to modification within the Stage 2 process, the Concurring Utilities respectfully request the Commission provide preliminary guidance regarding the concepts and specific provisions contained in the attached amended Form of Transmission Operating Agreement and Form Agreement to Suspend Provisions of Pre-Existing Transmission Agreements.

**SIGNATURES**

DATED the 30th day of November, 2000.

AVISTA CORPORATION

By \_\_\_\_\_  
Randall O. Cloward  
Director, Transmission Operations

**SIGNATURES**

DATED the 30th day of November, 2000.

BONNEVILLE POWER  
ADMINISTRATION

By \_\_\_\_\_  
Mark W. Maher  
Senior Vice President  
Transmission Business Line

**SIGNATURES**

DATED the 30th day of November, 2000.

IDAHO POWER COMPANY

By \_\_\_\_\_  
James M. Collingwood  
General Manager, Grid Operations  
And Planning

**SIGNATURES**

DATED the 30th day of November, 2000.

THE MONTANA POWER COMPANY

By \_\_\_\_\_  
William A. Pascoe  
Vice President, Transmission

**SIGNATURES**

DATED the 30th day of November, 2000.

PACIFICORP

By \_\_\_\_\_  
Donald N. Furman  
Vice President, Transmission Systems

**SIGNATURES**

DATED the 30th day of November, 2000.

PUGET SOUND ENERGY, INC.

By \_\_\_\_\_  
Kimberly Harris  
Assistant General Counsel