

**OUTLINE OF HEADINGS IN
OCTOBER 12, 2000 DRAFT FERC LETTER
CONCERNING RTO WEST**

I. EXECUTIVE SUMMARY

II. INTRODUCTION

A. Identification of Parties Participating in Filing

B. Nature of Filing

1. Summary of Filing Contents and Commission Action Requested
2. Important Conditions to Implementation
 - a. Conditions Applicable to All Filing Utilities
 - b. Specific Conditions for Individual Filing Utilities

III. DESCRIPTION OF COLLABORATIVE PROCESS USED TO DEVELOP RTO PROPOSAL

A. Development of the RTO West Collaborative Process

1. Background
 - a. Independent Grid Operator (IndeGO)
 - b. Northwest RTO Educational Workshops
 - c. Lawyers' Committee Reports
 - d. Filing Utilities' Consensus on Form, Structure, and Principles
2. Defining the Elements of a Collaborative Process

B. Implementation of the RTO West Collaborative Process Plan

1. Establishing the RTO West Regional Representatives Group
2. RTO West Filing Utilities' Funding and Project Management Selections

3. Initiating the Technical Work Groups
4. RTO Regional Workshops
5. Other Collaborative Efforts
6. The Website
7. Functions of the RRG, the Work Groups and the Filing Utilities
8. Canadian Participation in Collaborative Process

C. Execution of the Collaborative Process Plan

IV. KEY REGIONAL ISSUES

A. Allocation of Firm Rights and Maintenance of the Transfer Capability of the RTO West Controlled Transmission Facilities

1. Suspension of Transmission Service Under Existing Transmission Agreements
2. Initial Allocation of Transmission Rights
3. RTO West Auction of Remaining Transmission Capability
4. FTRs for Load Growth.
5. Roll-over of Pre-Existing Transmission Agreements
6. Maintenance of the Transfer Capability of the RTO Controlled Transmission Facilities.

B. The Company Rate Pricing Proposal

1. The Pricing Problem
2. The Pricing Proposal
 - a. Company Rate
 - b. Transfer Charge for Long-Term Transmission Agreements
 - c. Transfer Charge for Short-Term Firm and Non-Firm Transmission Service
 - d. Lost Revenue Recovery Amount
 - e. Allocation of Excess FTR Revenues to Offset Lost Revenue Recovery and Certain Transfer Charges
 - f. Transfer Charge Adjustment
 - g. Access Charges

C. Facilities Inclusion

D. Bonneville Participation

E. ITC Participation

F. Accommodation of Public Power Entities

1. Public Power Entity Provisions in Transmission Operating Agreement
2. Simplified Form of Transmission Operating Agreement
3. Treatment of the Costs of Loss of Tax-Exempt Status of Existing Tax Exempt Bonds

G. Accommodation of Canadian Participation

H. Retail Access and Stranded Costs

G. Pacific Northwest Coordination Agreement; Hourly Coordination Agreement

V. DESCRIPTION OF RTO PROPOSAL AND HOW IT MEETS ORDER 2000 REQUIREMENTS

A. Fulfillment of Minimum Characteristics

1. Independence
2. Scope and Regional Configuration
3. Operational Authority
4. Short-Term Reliability
 - a. General Authority to Maintain Reliability
 - b. Security Coordination

B. Fulfillment of Minimum Functions

1. Tariff Administration and Design

2. Congestion Management
3. Parallel Path Flow
4. Ancillary Services
5. OASIS, Total Transfer Capability, Available Transfer Capability
6. Market Monitoring
7. Planning and Expansion
 - a. Expansion for Reliability of Service to Load
 - b. Expansion to Relieve Congestion
 - c. Relationship of RTO West and State Siting Authorities
8. Interregional Coordination

C. RTO West Contract Structure

D. RTO West Implementation Overview

VI. COMPLETION OF FILING: PROPOSED TIMELINE TO SUBMIT SECOND STAGE FILING ELEMENTS

VII. REQUESTED COMMISSION ACTION

A. Request for Declaratory Order

B. Elements for Which Deferral Is Requested Until Second Stage Filing

Exhibits – List of Exhibits

[Approval Items: Draft First Amended and Restated Articles of Incorporation and Bylaws for RTO West and Related Exhibits
Form of Transmission Operating Agreement and Related Exhibits
Form of Agreement to Suspend Provisions of Pre-Existing Transmission Agreements and Related Exhibits
Form of Agreement Limiting Liability Among RTO West Participants

Informational Exhibits: Collaborative Process Attachments
Scope and Regional Configuration Detailed Description
Outline of Bylaws for RTO West
Outline of Transmission Operating Agreement
Outline of Agreement to Suspend Provisions of Pre-Existing
Transmission Agreements and Related Exhibits
Outline of Agreement Limiting Liability Among RTO West
Participants
Congestion Management Detailed Description
Ancillary Services Detailed Description
Market Monitoring Detailed Description
Planning and Expansion Detailed Description
Implementation Plan and Overview
Interregional Coordination
Form of Agreement Among RTO West and Transmission Owners to
Use Paying Agent]

Attachments: “RTO Filing Utilities’ Consensus Concerning RTO Form and Structure”
“RTO Filing Utilities’ RTO Principles”
“Northwest RTO Collaborative Process Plan – A Proposal by the Filing Utilities”
“Revised RTO West Regional Representatives Group (August 8, 2000)”
“{RRG 05.23.00 Roles RRG and Work Groups}”
Summary explanation prepared by counsel to B.C. Hydro
“Consensus Issues List”
“{RRG 05.19.00 Issues Clean}”