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FEDERAL ENERGY  
REGULATORY  
COMMISSION

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

AMENDED SUPPLEMENTAL COMPLIANCE FILING  
AND  
REQUEST FOR DECLARATORY ORDER  
PURSUANT TO ORDER NO. 2000

Portland General Electric Company (referred to in this filing as "Portland"), Nevada Power Company (referred to in this filing as "Nevada"), and Sierra Pacific Power Company (referred to in this filing as "Sierra") hereby submit this Amended Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000. This filing amends, with respect to Portland, Nevada, and Sierra, a previous filing (the "October 23 Compliance Filing") submitted by the above captioned nine utilities (referred to in this filing as the "filing utilities") on October 23, 2000 in compliance with Order 2000. Because the documents submitted in the October 23 Compliance Filing were only a subset of the materials needed to complete the proposal related to the formation of RTO West, the

filing utilities denominated the elements of the October 23 Compliance Filing as "Stage 1" of their proposal filings. "Stage 2" of the proposal filings 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**

On October 16 and October 23, 2000, Portland, Nevada and Sierra joined the other filing utilities in submitting proposals to form a regional transmission organization, referred as "RTO West," in compliance with Order 2000.<sup>1</sup> In the October 23 filing, the filing utilities, among other things, 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.

In addition, the filing utilities provided the Commission with copies of the then current forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. Three of the filing utilities (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 acceptable to the Commission and consistent with the requirements of Order 2000. The remaining filing utilities required additional time to fully review the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements.

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<sup>1</sup> *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (Jan. 6, 2000), FERC Stats & Regs. ¶ 31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (Mar. 8, 2000), FERC Stats & Regs. ¶ 31,092 (2000), *review pending sub nom. Pub. Util. Dist. No. 1 of Snohomish Cty., WA v. FERC*, Nos. 00-1174, et al. (D.C. Cir.).

As described in the October 23 filing:

[T]he filing utilities submit to the Commission current forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. None of the filing utilities will be able to give their final approval to either of these agreements until all of the material components of RTO West are resolved.

The following filing utilities are generally satisfied with the concepts as a package embodied in the Transmission Operating Agreement and the form of the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements:

The Bonneville Power Administration  
Idaho Power Company  
PacifiCorp

Other filing utilities, including Avista Corporation, The Montana Power Company, Nevada Power, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra, are not at this time asking for the Commission's review of the Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. These companies have actively participated in the negotiation of these documents and believe that the documents represent substantial progress in reaching agreement among the filing utilities. However, because of the impact the agreements will have on them and their customers, these companies require additional time to complete their review. They will continue their work with the hope of communicating to the Commission the agreement of all nine filing utilities to these agreements as initially submitted or as amended by December 1, 2000.

If based on further review by the filing utilities, any amendments are deemed appropriate to either of these agreements, amended agreements will be filed with the Commission for further consideration on or before December 1, 2000. The filing utilities request that the Commission defer its order on the current forms of Transmission Operating Agreement and Agreement to Suspend Provisions of Pre-Existing Transmission Agreements until after the aforementioned opportunity to review and amend those agreements has occurred. If amended agreements are submitted, the filing utilities request that the Commission re-notice the amended agreements for a 30-day public comment period and make its decision on the amended agreements rather than the originally filed agreements.

October 23 filing at 93-94.

Since making the October 23 filing, Portland, Nevada and Sierra have, in conjunction with the other filing utilities, continued to review the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. As a result of this

review, the filing utilities have made a number of amendments to the Transmission Operating Agreement.

#### **Amended Documents**

Amended forms of the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements are attached to the contemporaneous filing of other six filing utilities, which requests that the Commission review those documents rather than those filed on October 23, 2000. Additional revisions may be needed to conform these documents to the documents to be created during Stage 2 and as necessary to address other concerns and hurdles described in the October 23, 2000 filing,<sup>2</sup> including export fees as further described below. Thus, consistent with the statement made in the October 23 filing that “none of the filing utilities will be able to give their final approval to either of these agreements until all of the material components of RTO West are resolved,”<sup>3</sup> further modifications to the subject agreements may be necessary. In addition, these documents also raise issues that are of importance to state regulators, market participants, or others active in the RTO West formation process. Accordingly, final approval of the agreements would be premature.

Nevertheless, Portland, Nevada and Sierra also believe, along with the other six filing utilities, that these documents are a central part of the transition to a regional RTO. They therefore, request that the Commission review the form agreements as filed by the six filing utilities contemporaneously with this filing, and provide preliminary guidance regarding the acceptability of the concepts and specific provisions contained in those form agreements.

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<sup>2</sup> See “Comments Clarifying Conditions of Sierra Pacific Power Company and Nevada Power Company” filed on November 20, 2000 explaining the conditions stated by Sierra and Nevada Power in the “Supplemental Compliance Filing and Request for Declaratory Order for RTO West” filed on October 23 by the filing utilities.

<sup>3</sup> October 23 filing at 93.

## **Export Fee**

At this point, Portland, Nevada, and Sierra have not been able to reach agreement with the other six filing utilities on the appropriateness or nature of an export fee to be applied to the transmission of energy exported from RTO West. There are a number of issues that come into play in determining, first, to what degree such fees are appropriate, and, second, to the extent such fees are imposed, how they should be computed. One issue, for example, is whether an export fee is necessary to ensure that all transmission costs are appropriately allocated to the users of the transmission system. Another is whether such a fee should be imposed if neighboring RTOs impose export fees on transfers of energy to RTO West.

Portland, Nevada and Sierra intend to continue discussions with the other filing utilities on this critical issue, including the question of reciprocity with neighboring RTOs. More information is needed in order to better understand the potential impacts on customers of exports from RTO West to neighboring regions. Portland, Nevada and Sierra believe it is essential that the transfer payment model, which has yet to be developed by the filing utilities, include provisions for sensitivity analyses on transfer charges with and without export fees. Portland, Nevada and Sierra have participated in the hard work and remarkable progress that has been achieved to date towards a common proposal for an RTO. They remain committed to the hard work that will follow to complete the formation of an RTO West that includes all nine of the filing utilities. Moreover, they believe the necessary good will and spirit of cooperation exists among the filing utilities to successfully complete a common Stage 2 filing and implement RTO West. Portland, Nevada and Sierra recognize that to achieve that common success, any proposal on export fees will need to be consistent with the principle of avoiding cost shifts.

Portland, Nevada and Sierra will continue to negotiate with the filing utilities to make the

current RTO West pricing approach work for all parties. However, in order for negotiations addressing the specific problem of the elimination of export fees to be meaningful, all parties need to know the impacts of imposing an export fee, so that the parties can compare the results of that approach with the current RTO West pricing framework. It is for this reason that Portland, Nevada and Sierra request financial modeling of export fees. Portland, Nevada and Sierra believe that making such information available to all parties will facilitate the Stage 2 negotiations.

As a result, Portland, Nevada and Sierra request that the FERC direct the filing utilities to include in their financial modeling of transfer charges analyses of export fees so that the effect of such fees can be fully understood during the development of the Stage 2 filing. Because the filing utilities will need to develop the financial model for transfer charges quickly, Portland, Nevada and Sierra request that this direction be provided on an expedited basis. Satisfactory resolution of this issue remains important to Portland, Nevada and Sierra.

### **Conclusion**

As described under the heading "Amended Documents" above, and recognizing that the documents are non-binding and remain subject to modification within the Stage 2 process, Portland, Nevada and Sierra (1) join the other six filing utilities in respectfully requesting that the Commission provide preliminary guidance regarding the concepts and specific provisions contained in the amended form Transmission Operating Agreement and the amended form Agreement to Suspend Provisions of Pre-Existing Transmission Agreements (which are attached to the contemporaneous filing of the other six filing utilities), and (2) respectfully request that the Commission direct the

filing utilities, on an expedited basis, to include in their financial modeling of transfer charges analyses of export fees so that the effect of such fees can be fully understood during the development of the Stage 2 filing.

Respectfully submitted,

PORTLAND GENERAL ELECTRIC

NEVADA POWER COMPANY and  
SIERRA PACIFIC POWER COMPANY

By Stephen R. Hawke/muse  
Stephen R. Hawke  
Vice President System Planning  
And Engineering

By Gary Porter/muse  
Gary Porter  
Executive Director Transmission

December 1, 2000

**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding.

Dated December 1, 2000, at Washington, D.C.



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Matthew W.S. Estes  
Skadden, Arps, Slate,  
Meagher & Flom LLP  
1440 New York Avenue, N.W.  
Washington, DC 20005  
(202) 371-7227