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WASHINGTON, D.C.
AUSTIN, TEXAS

November 20, 2000

VIA HAND-DELIVERY

Mr. David P. Boergers, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Avista Corporaton, The Bonneville Power Administration,
Idaho Power Company, The Montana Power Company, The
Nevada Power Company, PacifiCorp, Portland General
Electric Company, Puget Sound Energy, Inc., Sierra Pacific
Power Company, Docket No. RT01-35-000

Dear Mr. Boergers:

Enclosed for filing, please find an original and fourteen copies of the *Motion to Intervene and Comments of Nucor Steel, A Division of Nucor Corporation* in the above-referenced docket.

In addition, two copies are enclosed to be time-stamped and returned to our clerk for our records. Please do not hesitate to contact us if there are any questions or concerns regarding this filing. Thank you for your assistance in this matter.

Sincerely,



Peter J. Mattheis
Shaun C. Mohler

Attorneys for Nucor-Yamato Steel Company, Inc. and
Nucor Steel-Arkansas, A Division of Nucor Corporation

PJM:pdi
Enclosures

Cc: Service List

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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OFFICE OF THE SECRETARY
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- Avista Corporation)
- The Bonneville Power Administration)
- Idaho Power Company)
- The Montana Power Company)
- The Nevada Power Company)
- PacifiCorp)
- Portland General Electric Company)
- Puget Sound Energy, Inc.)
- Sierra Pacific Power Company)

Docket No. RT01-35-000

**MOTION TO INTERVENE AND COMMENTS OF
NUCOR STEEL, A DIVISION OF NUCOR CORPORATION**

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214, and the October 24, 2000 "Notice of Filing" in this docket, Nucor Steel, a division of Nucor Corporation ("Nucor Steel"), hereby moves to intervene and submits comments in the above-captioned docket. In support of its motion, Nucor Steel states as follows:

I. SERVICE AND COMMUNICATIONS

All correspondence related to this proceeding should be addressed to:

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II. IDENTIFICATION OF INTERVENING PARTY

Nucor Steel is a division of Nucor Corporation, a Delaware corporation doing business in the State of Utah. Nucor Steel owns and operates a steel production facility near Plymouth, Utah, using an electric arc furnace to melt recycled scrap steel. Nucor Steel is a transmission voltage (138 kV), bulk power customer of PacifiCorp. Nucor Steel purchases hundreds of millions of kWh of electricity annually from PacifiCorp at a cost of millions of dollars, and is one of PacifiCorp's largest retail customers. Because the cost of electricity comprises one of the major costs of Nucor Steel's manufacturing process, the cost and availability of electric power directly affects Nucor Steel's ability to produce steel at a competitive price.

III. MOTION TO INTERVENE

On October 23, 2000, Avista Corporation, the Bonneville Power Administration, Idaho Power Company, The Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc. and Sierra Pacific Power Company (the "Filing Utilities") filed a "Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000" (the "Application"). The filing outlines a proposal to form a Regional Transmission Organization ("RTO") in accordance with FERC Order No. 2000¹ to be called RTO West.

¹ *Regional Transmission Organizations*, Order No. 2000, FERC Stats. & Regs. ¶ 31,089 (1999), *order on reh'g*, Order No. 2000-A, FERC Stats. & Regs. ¶ 31,092 (2000).

As a retail customer of PacifiCorp within the geographic scope of the proposed RTO West, the price and availability of electric power to Nucor Steel will be directly and substantially affected by the outcome of this proceeding. Moreover, if Nucor Steel obtains access to electric power markets via either federal or state legislation, Nucor Steel would expect to take transmission service pursuant to terms and conditions established in this proceeding. Therefore under the Commission's Rule 214, Nucor Steel has a right to intervene in this proceeding.

Nucor Steel's interests will not be adequately represented by any other party to this proceeding. Therefore, Nucor Steel's participation in this proceeding serves the public interest.

IV. COMMENTS

The Filing Utilities have requested an expedited declaratory order with respect to certain portions of the Application, and that a decision on the other portions of the Application submitted for informational purposes be deferred until after the Stage 2 filing has been made (sometime in the Spring of 2001). Application at 95. Given that many of the details of the ultimate RTO West design are yet to be provided, Nucor Steel will reserve comment on those parts of the proposed RTO that have been submitted for "informational purposes." However, Nucor Steel will take this opportunity to provide some initial thoughts on steps the Commission should take to ensure that parties have an adequate and fair opportunity to review and respond to the final proposals of the Filing Utilities and that the final proposal satisfies the requirements of Order 2000 and establishes a workable framework for a fair and efficient market.

The Commission Should Provide Interested Parties With the Ability to Review and Comment Upon the Entirety of Specific RTO West Proposals Before Issuing a Final Order

The Filing Utilities have requested that the Commission issue an expedited declaratory order finding that the proposed governance structure satisfies the independence standard set forth in Order 2000, that the scope and configuration of the proposed RTO meets the Commission's goals as set forth in Order 2000, and that the proposed liability and insurance structure is in accordance with Order 2000. Application at 93. In addition, three of the Filing Utilities have asked for Commission approval of the current versions of the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements. Application at 93. However, the remaining Filing Utilities are still reviewing the Transmission Operating Agreement and the Agreement to Suspend Provisions of Pre-Existing Transmission Agreements, and the Filing Utilities acknowledge that additional amendments may be made prior to December 1, 2000. Application at 93-94. Specifically, the Filing Utilities request that the Commission defer its order on the current forms of those agreements until after all of the Filing Utilities have had an opportunity to review and amend those agreements (prior to the December 1, 2000 date). If amended agreements are filed by December 1, 2000, the Filing Utilities request that the Commission re-notice the amended agreements for a new 30-day public comment period, and make its decision on the amended agreements. Application at 94.

This process suggested by the Filing Utilities unfairly presents intervening parties with a moving target. If no amended agreements are filed, the Filing Utilities apparently expect the Commission to rule on the existing agreements as filed, and to take into

account only the comments made in the initial responsive filings. Interested parties are thus forced, under the Filing Utilities' proposed process, to examine and comment upon the current form of the agreements, and to then potentially examine and comment upon revised agreements (if and when any revised agreements are filed). It is unreasonable to require interested parties to complete their analysis of the agreements by November 20, 2000, when they have only had the agreements for a little over a month, while providing the Filing Utilities, who have possessed the documents for a much longer period, until December 1, 2000 to complete their reviews. Parties should not be required to expend time and resources evaluating something that may not even be the final proposal.

Moreover, the proposal by the Filing Utilities with respect to the Transmission Operating Agreement seems to suggest that the Commission make a final decision as to the framework of RTO West before many of the specific details are known. For example, details as to the facilities to be included in RTO West, the nature of the markets for ancillary services (as well as the ancillary service rates, terms and conditions),² the congestion management plan, the long-range facilities plan, and the market-based facilities expansion mechanism (among other details) are yet to be developed. Indeed, it is unclear precisely what approval is sought by the Filing Utilities with respect to the Transmission Operating Agreement. To ensure fairness, the Commission should not

² The Transmission Operating Agreement contains, at page 3, a section on "Ancillary Services." However, the Filing Utilities provide no detail on the terms, conditions and rates that will apply when ancillary services are provided by RTO West. Although the Filing Utilities provide a broad outline of proposed markets for some ancillary services, the descriptions of these markets are vague. Because the Filing Utilities have provided so little detail on ancillary services, it is impossible for transmission customers to accurately assess the impact of the proposals. Only after a complete tariff has been filed, and there has been ample opportunity for parties to examine and comment on that tariff, should the Commission approve any portion of the ancillary service proposal.

issue final orders based on piecemeal filings to a greater extent than absolutely necessary to move the RTO process forward.

The Commission should therefore clarify at the outset, in any order it decides to issue, the precise scope of what is being approved. The Commission should take pains to ensure that parties are given full opportunity to review and consider the RTO West plan in its totality (once all of the "details" are provided), and should not preclude examination of issues in the future based on a review of today's version of an outline of the RTO West plan.

The Filing Utilities Should Be Instructed to Devise Standards that Treat Generators and Loads Comparably

It is critical that loads be permitted to participate in the markets established by RTO West, wherever feasible, on a non-discriminatory basis comparable to that of other resources. For example, loads must be permitted to participate in balancing-related markets, ancillary service-related markets, congestion management-related markets, and other demand or energy markets as might be appropriate. However, the Filing Utilities' proposal is unclear as to how load is to be treated in the various markets that have been suggested.

For example, a review of Attachment N to the Application discloses that the Filing Utilities have made efforts to permit the self-supply of ancillary services, and have apparently acknowledged that load may supply certain ancillary services to the market. However, due to the limited nature of the detail provided in the Application, it is unclear as to how the Filing Utilities will ultimately treat load in the context of ancillary services.

This current lack of clarity is evidenced throughout Attachment N. Reference is made to "generating capacity" or "generating resources," without apparent inclusion of demand-based resources. In other places in Attachment N, explicit reference is made to demand-based resources. There are other places where reference is made to "synchronized resources" or simply "resources." There is no explanation in the Application as to the way in which load can participate in the provision (self or otherwise) of ancillary services, nor any explanation of the reasons load may be excluded from the provision of certain services.

The Commission should instruct the Filing Utilities to provide clarity as to the proposed treatment of load in the Stage 2 filing, to create standards that take full advantage of the ability of load to supply ancillary services, to account for the benefits large, flexible loads provide the system, and to create a framework that permits load to participate in all markets, wherever feasible, on a non-discriminatory basis comparable to that of other resources.

WHEREFORE, Nucor Steel respectfully requests that the Commission permit it to intervene as a party in this proceeding, with all rights appropriate to that status, and provide such additional clarification as is requested herein.

Respectfully submitted,



Peter J. Mattheis
Shaun C. Mohler
Matthew J. Jones

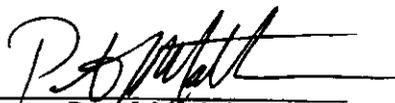
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Attorneys for Nucor Steel, A Division of
Nucor Corporation

Dated: November 20, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this 20th day of November, 2000 caused copies of the *Motion to Intervene and Comments of Nucor Steel, A Division of Nucor Corporation* to be served by first-class mail, postage prepaid, on the parties designated on the official service list.


Peter J. Mattheis