

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION 00 NOV 24 AM 9: 51

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

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**MOTION TO INTERVENE AND PROTEST OF  
THE UTAH MUNICIPAL POWER AGENCY**

Pursuant to Rules 211, 212, and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.211, 385.212, and 385.214, and the Commission's order dated October 30, 2000, in the above-referenced docket, the Utah Municipal Power Agency ("UMPA") respectfully moves to intervene in this proceeding and protest aspects of the "Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000" filed in this proceeding on October 23, 2000. UMPA seeks assurance from the Commission that formation of RTO West will be executed in a manner that protects customers from rate pancaking, appropriately protects pre-

existing contract rights, promotes fair and economic access to firm transmission rights, and ensures that lower voltage facilities that connect RTO West to transmission-dependent utilities and electric-generation facilities are properly maintained.

### I. UMPA REPRESENTATIVES

Correspondence and communications regarding this matter should be directed to the following representatives of UMPA:

Mr. G. Richard Judd  
General Manager and COO  
Utah Municipal Power Agency  
75 West 300 North  
P.O. Box 818  
Spanish Fork, UT 84660  
Phone (801) 798-7489  
Fax (801) 798-2104

Alan I. Robbins  
Stacy D. Gould  
GKRSE  
1500 K Street, N.W., Suite 330  
Washington, DC 20005  
Phone (202) 408-5400  
Fax (202) 408-5406

## II. INTERVENTION

This proceeding involves a filing of Avista Corporation, the Bonneville Power Administration, Idaho Power Company, The Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy Company, Inc., and Sierra Pacific Power Company (the “Filing Utilities”), in furtherance of their proposal to form a regional transmission organization called “RTO West.” UMPA is a municipal joint action agency comprised of municipal electric systems interconnected with PacifiCorp’s transmission system. UMPA’s members are dependent on the transmission facilities currently owned and operated by PacifiCorp, which are proposed to be included in RTO West. UMPA also has an ownership interest in certain generation and transmission facilities that are interconnected with PacifiCorp’s transmission system. UMPA, therefore, has direct and immediate interests in this proceeding that cannot be adequately represented by any other party.

## III. PROTEST

### **A. UMPA commends RTO West’s coordination efforts with other RTOs, but the prevention of inter-RTO rate pancaking must be required**

The Filing Utilities state that there are discussions ongoing with neighboring RTOs, including Desert STAR, to address “seam” issues, including rate reciprocity.<sup>1</sup> UMPA encourages the Filing Utilities to continue these discussions, but asks the

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<sup>1</sup> Supplemental Compliance Filing at 75-80 and Attachment Q.

Commission for assurance that it will prevent rate pancaking even in the event that RTO West and its neighboring RTOs do not find the means to do so on their own.

UMPA's specific concern relates to its allocations of power and energy from the Western Area Power Administration ("WAPA"). Under the "2436" contract, WAPA delivers UMPA allocations over the "Equivalent All Federal System," which physically is a portion of the PacifiCorp (Utah Power & Light Company) transmission system. WAPA, however, is at this time planning to join Desert STAR, not RTO West.

Upon formation of RTO West and the Desert STAR ISO, UMPA's WAPA power will enter RTO West from Desert STAR (the location of WAPA's Colorado River Storage Project). This transmission across RTOs presents the potential for rate pancaking to the extent that both RTOs seek to recover their transmission charges for the same power. RTO West and Desert STAR have apparently been unable to resolve the potential for rate pancaking to date. UMPA therefore requests the Commission to require RTO West and Desert STAR to solve the rate pancaking issue, and to provide them guidance to this end. UMPA does not pay pancaked rates today, and it would be wrong for RTO formation to be the cause of the very pancaking that it is supposed to eliminate.

**B. UMPA generally supports RTO West's proposal to assign firm-transmission rights, yet requests certain clarifications and adjustments**

The Filing Utilities' proposal to ensure that existing users of their respective systems are protected through firm-transmission rights ("FTRs") at no added cost is

praiseworthy.<sup>2</sup> There are certain aspects of this proposal, however, that require clarification or adjustment to achieve this result.

**1. FTRs should be assigned on a nondiscriminatory basis**

The Filing Utilities propose to grant each transmission owner an initial allocation of FTRs sufficient to meet their load and load growth.<sup>3</sup> Their proposal, however, provides unequal treatment with respect to existing customers based on whether they convert to the RTO West tariff. Converting customers (and customers that are also transmission owners) are assigned their own FTRs, but non-converting customers are not.<sup>4</sup> This is unduly discriminatory. The Commission should require the Filing Utilities to allocate FTRs to wholesale customers directly regardless of whether they convert their existing transmission agreements to the RTO West tariff.

This is the right result because the Filing Utilities have provided no justification to treat these customers differently, and there is no justification. Both sets of customers are entitled to firm transmission on the same terms and conditions. Thus, it would be unfair to grant converting customers autonomy over their FTRs (thus allowing them to sell or trade FTRs to the extent they do not need all of their allocated FTRs) but deny non-converting customers such autonomy.

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<sup>2</sup> See Exhibit S at 52-55.

<sup>3</sup> Supplemental Compliance Filing at 30.

<sup>4</sup> See *id.* at Exhibit S, pages 28-29.

**2. The Commission should require RTO West to reassess FTRs annually for load reductions, not just load growth**

RTO West proposes an initial allocation of FTRs and annual increases to FTRs based on reasonable load-growth projections,<sup>5</sup> yet does not provide for corresponding downward adjustments for load reductions. The Commission should require FTRs to be adjusted for load losses.

The advent of retail access presents the potential for transmission owners to experience load reductions. If transmission owners lose load, but maintain the same level of FTRs, they will have FTRs that they do not need. This means that the transmission owners would be able to control FTRs, or sell or trade them outside of the RTO West auction process. Either way, the allocation of FTRs would be neither fair nor economically efficient.

If certain transmission owners control FTRs in excess of their needs, the price of FTRs at auction could be artificially inflated and/or otherwise valuable capacity could be unused. This is unfair to customers. Also, if certain transmission owners sell or trade FTRs, other transmission owners (and customers) could be harmed. Excess FTRs are to be auctioned by RTO West for which revenues will be allocated back to transmission owners through offsets to uplift charges and transfer charges.<sup>6</sup> But if certain transmission owners trade or sell FTRs rather than relinquish the excess FTRs to the RTO West auction, customers and the other transmission owners would

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<sup>5</sup> Supplemental Compliance Filing at 31.

<sup>6</sup> Id. at 38-39.

not see the benefit associated with the allocation of excess FTR revenues because those revenues would go directly to the owner controlling those FTRs.

**3. The method for determining load growth for FTR purposes should be clarified**

The Filing Utilities propose to determine load growth for customers under non-converted transmission agreements based on “noncoincidental peak and off-peak loads from 1998 - 2000.”<sup>7</sup> It is appropriate to use noncoincidental peak. It is unclear, though, what “and off peak” means in this context. The Commission should require the Filing Utilities to clarify this point.

**C. The Commission should require certain adjustments to RTO West’s plans with respect to “excluded facilities”**

**1. The RTO West should assert operational and planning control over the facilities that connect transmission-dependent utilities and owners of electric generation facilities to RTO West**

The Filing Utilities recognize the concerns of transmission-dependent utilities and owners of electric generation facilities to an extent, but should do more to protect them. The Filing Utilities propose for RTO West to have the authority to schedule power that will be transmitted over RTO West from generation facilities interconnected with any part of the system of a transmission owner and to electric utilities interconnected with any part of the system of a transmission owner.<sup>8</sup> The RTO West should also be granted decisional authority with respect to the facilities

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<sup>7</sup> Id. at Attachment S, page 54.

that connect RTO West to these generation facilities and electric utilities. This is critical for the benefits of RTO independence and reliability to be realized by customers.

RTO West's planning control over these connecting facilities is supported by the Filing Utilities' recognition that there may be distribution facilities that have secondary impacts on the transfer capability of regional grid paths and that RTO West should have the authority to require upgrades to such facilities.<sup>9</sup> This RTO West authority over certain distribution facilities should include all connecting facilities to ensure reliable transmission service, and should include decisional authority so that decisions are made by an independent body rather than the individual transmission owners that compete with transmission-dependent utilities.

**2. Any facilities excluded from RTO West control should likewise be excluded from company rates**

The Filing Utilities propose to allow the costs associated with facilities excluded from RTO West control to nonetheless be included in RTO West rates.<sup>10</sup> This should be rejected. To prevent potential accounting and rate recovery errors, the Commission should declare that the costs of facilities should be recovered in the rates of the entity that controls them, or that RTO West will have control over all facilities included in RTO West's rates.

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<sup>8</sup> Supplemental Compliance Filing at 43.

<sup>9</sup> *Id.* at 43-44.

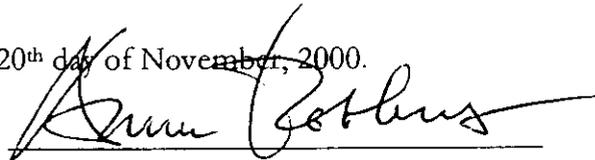
<sup>10</sup> *Id.* at 42.

## V. CONCLUSIONS

UMPA respectfully requests the Commission to:

- mandate RTO West and neighboring RTOs to avoid rate pancaking on inter-RTO transmission;
- allocate FTRs directly to wholesale customers;
- adjust the FTR process so transmission owners' FTRs track their loads even when their loads shrink;
- require RTO West to plan and control facilities that connect RTO West to transmission-dependent utilities and electric-generation facilities; and
- provide RTO West with authority over all facilities included in RTO West's rates.

Respectfully submitted this 20<sup>th</sup> day of November, 2000.



Alan I. Robbins  
Stacy D. Gould  
Suite 330  
1500 K Street  
Washington, D.C. 20005  
Phone: (202) 408-5400  
Fax: (202) 408-5406

Counsel to The Utah Municipal Power Agency

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document by first class mail and/or fax upon each party identified in the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 20<sup>th</sup> day of November, 2000.

A handwritten signature in black ink, appearing to read "Alan I. Robbins", written over a horizontal line.

Alan I. Robbins  
GKRSE  
Suite 330  
1500 K Street, N.W.  
Washington, D.C. 20005  
(202) 408-5400