

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

<b>Avista Corporation</b>	)	
<b>B.C. Hydro &amp; Power Authority</b>	)	
<b>Bonneville Power Administration</b>	)	
<b>Idaho Power Company</b>	)	
<b>Montana Power Company</b>	)	
<b>Nevada Power Company</b>	)	<b>Docket No. RT01-35-000</b>
<b>PacifiCorp</b>	)	
<b>Portland General Electric Company</b>	)	
<b>Puget Sound Energy, Inc.</b>	)	
<b>Sierra Pacific Power Company</b>	)	

**STATUS REPORT CONCERNING DEVELOPMENT OF RTO WEST**

On October 16, 2000, as supplemented on October 23, 2000 and amended on December 1, 2000, Avista Corporation (Avista), Bonneville Power Administration (Bonneville), Idaho Power Company (Idaho Power), Montana Power Company (Montana Power), Nevada Power Company (Nevada Power), PacifiCorp, Portland General Electric Company (PGE), Puget Sound Energy, Inc. (Puget Sound), and Sierra Pacific Power Company (Sierra Pacific) filed in Docket No. RT01-35-000, Stage 1 of a proposal to form a regional transmission organization, RTO West. On April 26, 2001, the Federal Energy Regulatory Commission (Commission) granted, with modification, RTO West

Applicants' petition for a declaratory order. In this Order, the Commission directed RTO West Applicants to file a Status Report with the Commission no later than December 1, 2001. This Status Report was to include (1) a framework for formation of a West-wide RTO; (2) resolution of seams issues; (3) a timetable for achieving a West-wide RTO end state; and (4) plans for participation in RTO West by Canadian entities. Avista Corporation, 95 FERC ¶ 61,114 at page 4. Subsequent to the Commission's April 26, 2001 Order, British Columbia Hydro and Power Authority (BC Hydro) joined RTO West as a filing utility. See page 4, supra. (The above-named utilities are referred to herein as the "Filing Utilities.")

This report is filed by Avista, BC Hydro, Bonneville, Idaho Power, Montana Power, PacifiCorp and Puget Sound. The RTO West transmission owners filing this report are collectively referred to herein as the "Concurring Filing Utilities."

## I.

### **FRAMEWORK FOR FORMATION OF WEST-WIDE RTO**

The Filing Utilities adopted a Vision Statement (a copy of which is attached at Exhibit A) to guide seams work among the three RTOs. The Vision Statement reflects the framework for a seamless West-wide market.

The goal reflected in the Vision Statement is to create a single market for transmission services, featuring "one stop shopping" for transmission Customers throughout the Western Interconnection. According to the Vision, transactions across the

interconnection involving multiple RTOs will be accomplished through a single interface point; the three RTOs will share services to the extent feasible; operational systems such as backup control centers will be used to the extent reliability and security are not jeopardized.

The Vision Statement contemplates that the three RTOs will utilize common Reliability and Interconnection standards and practices. Common ADR Procedures will be developed for interregional and regional alternative dispute resolution. Scheduling Practices will be common to all three RTOs. Common communication protocols and data standards will be developed. Compatible congestion management models will be developed with seamless market operation.

The Concurring Filing Utilities believe that RTO formation is achievable in the near term if three RTOs form the initial organizational base. This builds upon the strong political preference for three RTOs and the operational experience with the existing system. The complexity and size of the Western Interconnection favors three RTOs for now to assure reliable, manageable operations and security coordination. In the future it may be possible to consolidate the initial three RTOs into fewer RTOs.

## **II.**

### **RESOLUTION OF SEAMS ISSUES**

The three proposed Western regional transmission organizations formed a jointly sponsored committee to negotiate and make recommendations to their principals and, for

RTO West, to other Filing Utilities not represented on the Committee. The Committee is known as the Seams Steering Group - Western Interconnection (Steering Group). Not all Filing Utilities are represented on the Steering Group. Recommendations developed by the Steering Group are taken back to the Filing Utilities for action. The Steering Group meets regularly, most recently on October 5, 2001.

The Filing Utilities initially developed a single market Vision Statement and worked through the Steering Group to obtain the support of the other RTOs. The Steering Group continues to make progress in many areas of seams resolution including Congestion Management, Price Reciprocity and Export Fees, Operation of Phase Shifters under an RTO environment, coordination of Planned Transmission Outages and coordination of Scheduling Timelines. Involvement of the Filing Utilities in the ongoing West-wide seams resolution processes is described in Exhibit B. No final proposals have yet been reported to the Regional Representatives Group for RTO West or the Filing Utilities.

### **III.**

#### **TIMETABLE FOR ACHIEVING WEST-WIDE RTO**

The Filing Utilities have set no timetable for achieving a West-wide RTO. However, the Vision Statement reflects the intended timetable for achieving a seamless West-wide market.

#### **IV.**

#### **CANADIAN PARTICIPATION IN RTO WEST**

On April 26, 2001, FERC issued a Declaratory Order directing RTO West to report by December 1, 2001 plans for participation in RTO West by Canadian entities.

##### **A. BC Hydro Participation as a Filing Utility**

In July 2001, BC Hydro became an RTO West Filing Utility participating in the process leading to the RTO West Stage 2 filing. BC Hydro's transmission system is located wholly within the Province of British Columbia and as such, it is not subject to the jurisdiction of the Commission.

##### **B. RTO West – BC IGO Relationship**

The Filing Utilities and BC Hydro are developing the framework for an operating structure which provides for seamless integration of wholesale transmission services in British Columbia, Canada with the rest of the RTO West transmission services and respecting Canadian sovereignty and appropriate regulatory oversight. The model would establish a single control area that will meet both of these objectives.

BC Hydro and other Canadian entities could participate in the RTO by forming independent grid operator(s) (BC IGO) that meet(s) all of the FERC 2000 requirements for independence and are subject to appropriate regulatory oversight within Canada. It will have responsibility to the appropriate regulators within Canada for the tariff, ratemaking and reliability of the grid, in accordance with rules and business practices

developed with RTO West. At the same time, it will sign a detailed contract with RTO West describing its functions and responsibilities regarding the implementation of the RTO-wide tariffs.

**C. Alberta Participation in RTO West**

*[Include results of November 8 meeting with Alberta]*

DATED this 30th day of November 2001.

Respectfully submitted on behalf of the following:

**AVISTA CORPORATION**

By: Randall O. Cloward  
Director, Transmission Operations

**PACIFICORP**

By: John Carr  
Managing Director [stc]

**BONNEVILLE POWER  
ADMINISTRATION**

By: Mark W. Maher  
Senior Vice President  
Transmission Business Line

**PUGET SOUND ENERGY, INC.**

By: Wayman L. Robinett  
Director Wholesale Transmission

**IDAHO POWER COMPANY**

By: Jim Baggs  
General Manager, Grid Operations and  
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**BRITISH COLUMBIA HYDRO AND  
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By: Yakout Mansour  
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**THE MONTANA POWER COMPANY**

By: Ted D. Williams  
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