

**RTO WEST "STAGE 1" PRICING SUMMARY**  
**Illustration of Company Rate Access Charges (Data for 1999)**  
**Shown at Time of Formation**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1														
2	<b>Transmission Revenue Requirement</b>													
3		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
4	Gross Rev Req (Dat1, L24)	37,599,951	381,695,585	553,705,000	56,238,385	74,387,015	67,501,741	255,615,771	29,934,175	33,210,449	43,749,666	1,533,637,739		
5														
6														
7	<b>Long Term Adjustments</b>													
8	External Revenue Credit (Dat2, L10)	-1,961,639	-1,144,563	-9,890,200	-700,000	-5,276,000	-21,300	-9,967,783	0	0	-567,000	-29,528,485		
9														
10	Merchant Rev Credit LT (Dat2, L23)	0	-14,530,537	-108,126,000	-1,200,000	-3,835,000	0	-50,811,300	-3,800,000	0	0	-182,302,837		
11														
12	<b>Transmission Service Payments Between RTO West Filing Utilities</b>													
13		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
14	Paid (Dat3, L20)	9,719,000	9,930,800	24,611,000	2,057,000	4,650,000	0	48,920,000	31,620,000	37,301,000	325,000	169,133,800		
15														
16	Received (Dat3, L22)	-6,437,000	0	-130,109,800	-13,501,000	-2,800,000	0	-5,936,000	-3,381,000	-2,019,000	-4,950,000	-169,133,800		
17														
18	<b>Net LT Adjustments</b>													
19		1,320,361	-5,744,300	-223,515,000	-13,344,000	-7,261,000	-21,300	-17,795,083	24,439,000	35,282,000	-5,192,000	-207,407,383		
20														
21														
22														
23	<b>Short Term Adjustments</b>													
24	NWPP Revenue Credit (Dat2, L18)	-131,050	-1,692,297	-6,659,563	0	0	0	-1,114,141	0	-242,408	0	-9,839,459		
25														
26	Lost Revenue Credit (Dat2, L29)	-69,093	-2,336,999	-2,735,000	-100,000	-4,676,714	-100,000	-1,470,972	-440,000	-116,000	-222,000	-12,266,778		
27														
28	Merchant Rev Credit ST (Dat2, L25)	-940,000	-57,105,604	-19,625,000	-10,800,000	-3,400,000	-940,200	-55,898	-34,000	-1,171,000	-3,675,800	-97,747,502		
29														
30	<b>Transmission Service Payments Between RTO West Filing Utilities</b>													
31		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
32	Paid (Dat3, L39)	1,953,650	19,684,676	168,500	6,157,000	1,215,700	0	4,407,000	54,140	909,500	1,105,000	35,655,166		
33														
34	Received (Dat3, L41)	-3,040,848	0	-18,992,637	-1,490,608	-2,600,653	-181,232	-5,411,483	-1,470,216	-1,721,192	-746,297	-35,655,166		
35														
36	<b>Net ST Adjustments</b>													
37		-2,227,341	-41,450,224	-47,843,700	-6,233,608	-9,461,667	-1,221,432	-3,645,494	-1,890,076	-2,341,100	-3,539,097	-119,853,739		
38														
39														
40	<b>Pre RTO West Company Load Costs</b>													
41	Company Load Net Cost	36,692,971	334,501,061	282,346,300	36,660,777	57,664,348	66,259,009	234,175,194	52,483,099	66,151,349	35,018,569	1,201,952,678		
42														
43	<b>* For Comparison - Pre RTO West Company Rates (Calculated Without RTO West Costs or Effects) \$/ kwyr</b>													
44		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
45	Rate for Company Load	\$ 20.64	\$ 50.25	\$ 21.66	\$ 16.08	\$ 43.95	\$ 16.59	\$ 31.44	\$ 16.13	\$ 19.09	\$ 23.82	\$ 26.89		
46														
47	<b>Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1 RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.</b>													
48														
49														
50														

**RTO WEST "STAGE 1" PRICING SUMMARY**  
**Illustration of Company Rate Access Charges (Data for 1999)**  
**Shown at Time of Formation**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
51	<b>RTO West Effects:</b>													
52		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
53	<b>Operating Cost Allocation (Calc 1, L15)</b>													
54	Shared Costs (Calc1,L15)	2,974,923	11,138,392	21,808,292	3,814,862	2,195,219	6,681,027	12,461,881	5,442,871	5,799,259	2,459,582	74,776,307		
55	<b>Lost Revenue Allocation (Calc 1, L21)</b>													
57	Allocated Net Lost Revenue	100,975	378,060	740,218	129,484	74,510	226,768	422,981	184,742	196,839	83,483	2,538,059		
58	<b>Short Term Transfer Payment Reductions Due to FTR/RTR Revenue (Calc 3, Col N)</b>													
60	Credit	-1,283,710	-6,475,980	-17,843	-4,678,454	-421,578	0	-737,594	-20,192	-385,697	-478,937	-14,499,986		
62	<b>FTR Auction Revenues Retained by Transmission Owner (Calc 2, L36)</b>													
63	FTR Revenue	0	0	0	0	0	-259,864	0	-187,523	0	0	-447,387		
68	<b>Post RTO West Company Load Charges</b>													
69		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
70	<b>Company Load Charges</b>	38,485,159	339,541,532	304,876,967	35,926,669	59,512,499	72,906,940	246,322,462	57,902,996	71,761,749	37,082,697	1,264,319,671		
71	*Increase attributable to RTO West effects	1,792,188	5,040,471	22,530,667	-734,108	1,848,150	6,647,931	12,147,268	5,419,897	5,610,400	2,064,128	62,366,993		
73	<b>Post RTO West Company Rates \$/ kwyr</b>													
74	Rate for Company Load	\$ 21.65	\$ 51.01	\$ 23.39	\$ 15.76	\$ 45.36	\$ 18.26	\$ 33.07	\$ 17.80	\$ 20.70	\$ 25.23	\$ 28.29		
75	*Increase attributable to RTO West effects	\$ 1.01	\$ 0.76	\$ 1.73	\$ (0.32)	\$ 1.41	\$ 1.66	\$ 1.63	\$ 1.67	\$ 1.62	\$ 1.40	\$ 1.40		
79	Check:	Net Rev Req	1,201,952,678					Company Load Charge	1,264,319,671					
80		RTO West Op Cost	75,000,000					FTR/RTR Revenue	39,810,000					
81		Lost Rev	12,266,778					Total	1,304,129,671					
82		Out to NWPP	3,364,792											
83		Out to Merch	11,545,423											
84		Total	1,304,129,671											
86	<b>Company Load</b>													
87	Demand (MW) (12 CP)	1,778	6,657	13,034	2,280	1,312	3,993	7,448	3,253	3,466	1,470	44,691		
90	*Please see accompanying RTO West Pricing Summary dated June 19, 2001 explaining why the data from which these example company rates were derived are illustrative only and not indicative of what actual RTO West company rates are likely to be, and also why company rates cannot meaningfully be evaluated by comparisons to existing transmission rates.													
94	<b>Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1 RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.</b>													

**Data Input Sheet 1**  
**RTO West Transmission Revenue Requirements**

Total Pre-RTO Transmission Plant

	1999 Avista	1999 BC Hydro	FY 2002/2003 BPA	1999 Idaho Power	1999 Montana	1999 Nevada	1999 PacifiCorp	2002 Portland	1999 Puget	1999 Sierra Pacific	Total	
<b>TRANSMISSION RATE BASE</b>												
1	Trans Plant - RTO West Facilities	272,299,134	1,726,939,007	4,227,801,000	386,037,967	401,955,458	507,994,812	2,076,366,766	90,968,007	261,480,000	370,365,567	8,322,969,577
2	Trans Depreciation	(90,427,832)		(1,910,843,000)	(156,215,721)	(111,489,803)	(84,844,540)	(682,769,447)	-	(73,396,000)	(99,711,959)	(3,119,270,470)
3	ADIT Allocated to Trans	(26,076,809)		-	(38,102,342)	(39,951,623)	(32,478,466)	(156,248,795)	-	(21,596,000)	(41,285,936)	(329,663,162)
4	Acc. Def. ITC/CIAC	-		-	-	0	-	(6,575,776)	-	-	-	(6,575,776)
5	General & Common Plant	3,998,272		1,015,507,000	17,729,803	11,426,333	16,201,017	-	-	11,481,000	10,771,327	1,083,116,480
6	Intangible Plant	583,030		-	3,066,481	192,363	2,040,596	-	-	1,240,000	440,443	6,979,883
7	Gen/Com Plt Depr/Amort	(1,898,098)		(461,009,000)	(4,849,922)	(3,601,642)	(3,572,070)	-	-	(4,519,000)	(5,367,321)	(482,918,955)
7a	Gen Plt Contributed Capital	-		(5,786,000)	-	(48,925)	-	-	-	-	-	(5,834,925)
7b	Intang Plant Depr/Amort	-		-	-	(619,768)	-	-	-	-	-	(619,768)
8	ADIT Alloc to Gen & Intang	(513,834)		-	(2,052,614)	(1,808,687)	(1,095,645)	-	-	(613,000)	(543,739)	(6,113,685)
8a	Accum Provision Insurance	-		-	-	-	(599,695)	-	-	-	-	(599,695)
9	Trans Materials & Supplies	250,000	6,836,882	58,828,781	3,203,268	3,335,500	-	5,025,617	131,000	181,000	-	70,705,166
9a	Prepayments/Reg Assets	-		-	-	-	-	1,105,584	(17)	-	-	1,105,567
10	Trans Cash Working Capital	1,100,201	9,061,354	31,703,063	2,097,820	1,957,735	1,755,272	2,778,338	1,010	2,694,000	1,036,597	44,023,835
11	Transmission Rate Base	159,314,064	1,742,837,243	2,956,201,844	210,914,740	261,346,942	406,000,976	1,239,082,592	91,100,000	176,952,000	235,704,979	5,577,304,073
<b>RETURN</b>												
13	Overall Return	0.0896	0.1019	0.0573	0.096	0.0918	0.0928	0.09000	0.097	0.0900	0.0983	
14	Composit Income Tax	0.0246			0.037	0.0389	0.0271	0.04980		0.0319	0.0343	
15	Return	18,185,701	177,595,115	169,247,000	28,104,389	34,162,794	38,728,375	173,223,746	12,503,475	16,450,449	23,992,751	496,410,979
<b>EXPENSES</b>												
16	O&M Expense: Transmission	15,756,622	72,488,792	138,568,000	13,197,761	21,156,317	7,798,755	83,874,274	6,095,000	20,320,000	5,058,556	296,068,663
17	Less: Accounts 565/567	(11,050,284)			(2,758,042)	(11,975,529)	(1,255,555)	(71,336,469)	(1,470,300)	(16,294,000)	(807,359)	(105,898,254)
18	O&M Expense: A&G	4,095,274		115,056,500	6,343,838	6,481,096	7,498,977	8,523,602	3,764,000	2,186,000	4,041,583	153,895,596
19	Deprec Exp: Transmission	6,447,529	77,542,554	113,951,000	8,836,717	11,456,008	10,864,322	51,454,004	4,299,000	7,007,000	8,608,994	216,277,045
20	Deprec Exp: Gen & Com Plant	125,423		66,256,500	629,730	472,140	508,430	-	1,316,000	561,000	344,372	70,088,172
20a	Amort Exp: Intangible Plant	-		-	179,218	-	-	1,731,974	719,000	151,000	-	2,781,192
21	Taxes Other than Income:	4,039,686	54,069,124	433,832,000	2,554,851	11,883,719	3,798,384	13,209,719	2,530,000	2,829,000	3,236,017	40,041,690
22	Amort of ITC/Other	-		(450,510)	(534,852)	(437,947)	(1,104,269)	178,000	-	(725,248)	-	(2,005,122)
23	Transmission Expense	19,414,250	204,100,470	433,832,000	28,153,345	40,187,821	28,775,366	86,352,834	17,430,700	16,760,000	19,756,915	671,248,982
23a	Facility Related Rev Credits	-		(49,374,000)	(19,349)	-	-	(5,597,917)	-	-	-	(54,991,266)
23b	Facility Related Payments	-		-	36,400	-	-	1,637,108	-	-	-	1,673,508
24	Gross Revenue Req	\$ 37,599,951	\$ 381,695,585	\$ 553,705,000	\$ 56,238,385	\$ 74,387,015	\$ 67,501,741	\$ 255,615,771	\$ 29,934,175	\$ 33,210,449	\$ 43,749,666	\$ 1,533,637,399

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1 RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.**

23b Account 565/567 money paid for something that provides transmission for sale. Typically O&M payment. Does not include merchant payment for transmission service. Must be paid to an "external" party.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	<b>Data Input Sheet 2</b>													
2	<b>Wheeling Service Revenue Credits</b>													
3														
4														
5	<b>Revenue from Long Term External Contracts - Note 1</b>													
6		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
7	Received From:													
8	Party													0
9	Party													
10	Subtotal	1,961,639	1,144,563	9,890,200	700,000	5,276,000	21,300	9,967,783	0	0	567,000	29,528,485		
11														
12														
13	<b>Revenue from Short Term NWPP Wheeling - Note 2</b>													
14		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
15	Received From:													
16	Party													0
17	Party													
18	Subtotal	131,050	1,692,297	6,659,563	0	0	0	1,114,141	0	242,408	0	9,839,459		
19														
20														
21														
22	<b>Merchant Payments - Note 3</b>													
23	Long Term	0	14,530,537	108,126,000	1,200,000	3,835,000	0	50,811,300	3,800,000	0	0	182,302,837		
24														
25	Short Term	940,000	57,105,604	19,625,000	10,800,000	3,400,000	940,200	55,898	34,000	1,171,000	3,675,800	97,747,502		
26														
27														
28	<b>Lost Revenues</b>													
29	ST Lost Rev	69,093	2,336,999	2,735,000	100,000	4,676,714	100,000	1,470,972	440,000	116,000	222,000	12,266,778		
30														
31														
32	<b>FTR/RTR Revenues</b>													
33	FTR	315,213	2,000,000	11,656,752	1,446,238	1,425,770	1,074,152	5,117,830	1,483,667	1,049,737	970,641	26,540,000		
34														
35	RTR/NTR	157,607	1,000,000	5,828,376	723,120	712,885	537,076	2,558,915	741,833	524,868	485,320	13,270,000		
36														
37	Total FTR, RTR, NTR Rev	472,820	3,000,000	17,485,128	2,169,358	2,138,655	1,611,228	7,676,745	2,225,500	1,574,605	1,455,961	39,810,000		
38														
39	Notes:													
40	1. Revenue paid by party who is not a filing utility whether contract is converted or not. Does not include converted load service.													
41	2. Revenue paid by party who is not a filing utility, but is a NWPP member. Post RTO payment will either be in the form of transfer payment or access charge.													
42	3. Payments made to utility by own or affiliated merchant function. Do not double count if serving load that pays Company Rate.													
43														
44	<b>Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1</b>													
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	
1	<b>Data Input Sheet 3</b>														
2	<b>Wheeling Between RTO West Filing Utilities (Transfer Payments)</b>														
3															
4															
5															
6	<b>Revenue from RTO West Parties for Long Term Wheeling (\$)</b>														
7	Payment Made By :	Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total			
8	Payment Received By :														
9	Avista		0	6,150,000	12,000	0	0	275,000	0	0	0	0	6,437,000		
10	BC Hydro	0	0	0	0	0	0	0	0	0	0	0	0		
11	BPA	6,700,000	8,059,800		1,800,000	4,650,000	0	39,775,000	31,600,000	37,300,000	225,000	130,109,800			
12	Idaho Power	0	0	4,600,000		0	0	8,800,000	0	1,000	100,000	13,501,000			
13	Montana	0	0	2,600,000	200,000		0	0	0	0	0	2,800,000			
14	Nevada	0	0	0	0	0	0	0	0	0	0	0			
15	PacifiCorp	0	1,871,000	4,000,000	45,000	0	0	0	20,000	0	0	5,936,000			
16	P. G. E.	3,000,000	0	311,000	0	0	0	70,000	0	0	0	3,381,000			
17	Puget	19,000	0	2,000,000	0	0	0	0	0	0	0	2,019,000			
18	Sierra	0	0	4,950,000	0	0	0	0	0	0	0	4,950,000			
19															
20	Payment Made Total	9,719,000	9,930,800	24,611,000	2,057,000	4,650,000	0	48,920,000	31,620,000	37,301,000	325,000	169,133,800			
21															
22	Payment Received Total	6,437,000	0	130,109,800	13,501,000	2,800,000	0	5,936,000	3,381,000	2,019,000	4,950,000	169,133,800			
23															
24															
25	<b>Revenue from RTO West Parties for Short Term Wheeling (\$)</b>														
26	Payment Made By :	Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total			
27	Payment Received By :														
28	Avista		152,848	150,000	361,000	561,000	0	1,700,000	0	116,000	0	3,040,848			
29	BC Hydro	0	0	0	0	0	0	0	0	0	0	0			
30	BPA	750,000	15,976,437		450,000	1,700	0	1,126,000	50,000	500,000	138,500	18,992,637			
31	Idaho Power	0	153,108	18,500		0	0	700,000	0	2,500	616,500	1,490,608			
32	Montana	162,000	1,463,653	0	100,000		0	795,000	0	80,000	0	2,600,653			
33	Nevada	0	11,232	0	112,000	0	0	58,000	0	0	0	181,232			
34	PacifiCorp	6,050	521,293	0	4,400,000	130,000	0	0	4,140	0	350,000	5,411,483			
35	P. G. E.	1,032,000	186,216	0	13,000	0	0	28,000	0	211,000	0	1,470,216			
36	Puget	3,600	1,079,592	0	115,000	523,000	0	0	0	0	0	1,721,192			
37	Sierra	0	140,297	0	606,000	0	0	0	0	0	0	746,297			
38															
39	Payment Made Total	1,953,650	19,684,676	168,500	6,157,000	1,215,700	0	4,407,000	54,140	909,500	1,105,000	35,655,166			
40															
41	Payment Received Total	3,040,848	0	18,992,637	1,490,608	2,600,653	181,232	5,411,483	1,470,216	1,721,192	746,297	35,655,166			
42															
43															
44															
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	<b>Data Input Sheet 4</b>													
2	<b>Loads and Billing Determinants</b>													
3														
4														
5														
6														
7														
8	<b>This load page needs to be replaced with a table that shows which loads are paying what Company Rates.</b>													
9														
10														
11	<b>Company Billing Determinants</b>													
12		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	Pacificorp	PGE	Puget	Sierra	Total		
13		Contract Demand 8024 MW		Demand 8024 MW										
14	*	12CP (load based) 5010 MW		ad based) 5010 MW		12cp 2280 MW	1312 MW		7448 MW	12cp 3253 MW	12cp 3466 MW		0	
15	* Load expected to be served by company rate. <span style="float: right;">Some data not yet submitted - blanks do not equal zero.</span>													
16	Test Determinants	1,778	6,657	13,034	2,280	1,312	3,993	7,448	3,253	3,466	1,470	44,691		
17														
18														
19														
20														
21														
22	<b>Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1</b>													
23	<b>RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied</b>													
24	<b>upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.</b>													

Illustrative Example

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	<b>Calculation Sheet 1</b>													
2	<b>Shared Cost (Uplift) Allocation</b>													
3														
4	<b>WARNING - This is one possible allocation method, others will be considered.</b>													
5														
6														
7														
8														
9		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
10														
11	<b>RTO West Operating Cost</b>												75,000,000	
12	<b>RTR Credit</b>												(223,693)	
13	(Calculation 2 Line (Calculation 2 Line 37 Col M))													
14	<b>Net RTO West Cost</b>												74,776,307	
15	Allocation factors**	1,778	6,657	13,034	2,280	1,312	3,993	7,448	3,253	3,466	1,470	44,691		
16	Allocated Cost	2,974,923	11,138,392	21,808,292	3,814,862	2,195,219	6,681,027	12,461,881	5,442,871	5,799,259	2,459,582	74,776,307		
17														
18	<b>Lost Revenue</b>													
19	Lost Revenue Total												2,538,059	
20	Allocation factors**	1,778	6,657	13,034	2,280	1,312	3,993	7,448	3,253	3,466	1,470	44,691		
21	Allocated Cost	100,975	378,060	740,218	129,484	74,510	226,768	422,981	184,742	196,839	83,483	2,538,059		
22														
23														
24	<b>Placeholder for Other Uplift - e.g. Residual Congestion</b>													
25	Residual Congestion Amount													
26	Allocation factors	0	0	0	0	0	0	0	0	0	0	0	0	0
27	Allocated Cost	0	0	0	0	0	0	0	0	0	0	0	0	0
28														
29														
30														
31	<b>**Possible Allocation Formulas</b>													
32														
33	Load	12 CP	1778	6657	13034	2280	1312	3993	7448	3253	3466	1470	44,691	
34														
35														
36	<b>Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1</b>													
37	<b>RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied</b>													
38	<b>upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.</b>													

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	<b>Calculation Sheet 2</b>													
2	<b>Transmission Rights Auction Revenue</b>													
3														
4														
5		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
6	<b>FTR, RTR &amp; NTR Auction Revenues</b>													
7	<b>FTR, RTR, NTR Auction Revenue</b>													
8														
9														
10	FTR Rev	315,213	2,000,000	11,656,752	1,446,238	1,425,770	1,074,152	5,117,830	1,483,667	1,049,737	970,641	26,540,000		
11	RTR/NTR Rev	157,607	1,000,000	5,828,376	723,120	712,885	537,076	2,558,915	741,833	524,868	495,320	13,270,000		
12	Total	472,820	3,000,000	17,485,128	2,169,358	2,138,655	1,611,228	7,676,745	2,225,500	1,574,605	1,455,961	39,810,000		
13	<b>Lost Revenue Offset</b>													
14	Total FTR,RTR Revenue	472,820	3,000,000	17,485,128	2,169,358	2,138,655	1,611,228	7,676,745	2,225,500	1,574,605	1,455,961	39,810,000		
15	Lost Revenue Amount	69,093	2,336,999	2,735,000	100,000	4,676,714	100,000	1,470,972	440,000	116,000	222,000	12,266,778		
16	Offset to Lost Revenue	69,093	2,336,999	2,735,000	100,000	2,138,655	100,000	1,470,972	440,000	116,000	222,000	9,728,719		
17	Remaining Lost Revenue	0	0	0	0	2,538,059	0	0	0	0	0	2,538,059		
18	Avail for ST Credit Offset	403,727	663,001	14,750,128	2,069,358	0	1,511,228	6,205,773	1,785,500	1,458,605	1,233,961	30,081,281		
19	<b>ST Wheeling Credit Offset</b>													
20	NWPP Rev	131,050	1,692,297	6,659,563	0	0	0	1,114,141	0	242,408	0	9,839,459		
21	Merchant Rev	940,000	57,105,604	19,625,000	10,800,000	3,400,000	940,200	55,898	34,000	1,171,000	3,675,800	97,747,502		
22	ST Transf Pmt Recv'd Rev	3,040,848	0	18,992,637	1,490,608	2,600,653	181,232	5,411,483	1,470,216	1,721,192	746,297	35,655,166		
23	Total	4,111,898	58,797,901	45,277,200	12,290,608	6,000,653	1,121,432	6,581,522	1,504,216	3,134,600	4,422,097	143,242,127		
24	FTR/RTR \$ Allocated to:													
25	NWPP Rev	12,867	19,082	2,169,512	0	0	0	1,050,533	0	112,798	0	3,364,792		
26	Merchant Rev	92,294	643,919	6,393,312	1,818,386	0	940,200	52,707	34,000	544,895	1,025,711	11,545,423		
27	ST Transf Pmt Recv'd Rev	298,566	0	6,187,305	250,972	0	181,232	5,102,533	1,470,216	800,912	208,250	14,499,986		
28	Total	403,727	663,001	14,750,128	2,069,358	0	1,121,432	6,205,773	1,504,216	1,458,605	1,233,961	29,410,201		
29	Remaining FTR/RTR Rev	0	0	0	0	0	389,796	0	281,284	0	0	671,080		
30	FTR Rev to PTO	0	0	0	0	0	259,864	0	187,523	0	0	447,387		
31	RTR Rev Cr to Uplift	0	0	0	0	0	129,932	0	93,761	0	0	223,693		
32	<b>Remaining Payments By:</b>													
33	NWPP	118,183	1,673,215	4,490,051	0	0	0	63,608	0	129,610	0	6,474,667		
34	Merchants	847,706	56,461,685	13,231,688	8,981,614	3,400,000	0	3,191	0	626,105	2,650,089	86,202,079		
35	ST Transf Payments	2,742,282	0	12,805,332	1,239,636	2,600,653	0	308,950	0	920,280	538,047	21,155,180		
36	<b>Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1 RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.</b>													
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	<b>Calculation Sheet 3</b>													
2	<b>Calculation of FTR/RTR Credits to ST Transfer Payments</b>													
3														
4														
5														
6														
7	<b>Short Term Wheeling Entitlement, Pre RTO - Transpose of Data Input Sheet 3 Table</b>													
8	Payment Received By :	Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
9	Payment Made By :													
10	Avista	0	0	750,000	0	162,000	0	6,050	1,032,000	3,600	0	1,953,650		
11	BC Hydro	152,848	0	15,976,437	153,108	1,463,653	11,232	521,293	186,216	1,079,592	140,297	19,684,676		
12	BPA	150,000	0	0	18,500	0	0	0	0	0	0	168,500		
13	Idaho Power	361,000	0	450,000	0	100,000	112,000	4,400,000	13,000	115,000	606,000	6,157,000		
14	Montana	561,000	0	1,700	0	0	0	130,000	0	523,000	0	1,215,700		
15	Nevada	0	0	0	0	0	0	0	0	0	0	0		
16	PacifiCorp	1,700,000	0	1,126,000	700,000	795,000	58,000	0	28,000	0	0	4,407,000		
17	P. G. E.	0	0	50,000	0	0	0	4,140	0	0	0	54,140		
18	Puget	116,000	0	500,000	2,500	80,000	0	0	211,000	0	0	909,500		
19	Sierra	0	0	138,500	616,500	0	0	350,000	0	0	0	1,105,000		
20														
21	Subtotal	3,040,848	0	18,992,637	1,490,608	2,600,653	181,232	5,411,483	1,470,216	1,721,192	746,297	35,655,166		
22														
23	<b>Rev Credit from FTR/RTR/NTR Sales (Calc 2, L 32)</b>													
24		298,566	0	6,187,305	250,972	0	181,232	5,102,533	1,470,216	800,912	208,250	14,499,986		
25														
26														
27	<b>Revenue Credit Allocated to Paying Parties - Reduction in Transfer Payments</b>													
28	Party Giving Credit:	Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
29	Party Receiving Credit:													
30	Avista	-	-	244,330	-	-	-	5,705	1,032,000	1,675	-	1,283,710		
31	BC Hydro	15,007	-	5,204,705	25,779	-	11,232	491,532	186,216	502,360	39,149	6,475,980		
32	BPA	14,728	-	-	3,115	-	-	-	-	-	-	17,843		
33	Idaho Power	35,445	-	146,598	-	-	112,000	4,148,797	13,000	53,512	169,101	4,678,454		
34	Montana	55,082	-	554	-	-	-	122,578	-	243,365	-	421,578		
35	Nevada	-	-	-	-	-	-	-	-	-	-	0		
36	PacifiCorp	166,915	-	366,821	117,858	-	58,000	-	28,000	-	-	737,594		
37	P. G. E.	-	-	16,289	-	-	-	3,904	-	-	-	20,192		
38	Puget	11,389	-	162,887	421	-	-	-	211,000	-	-	385,697		
39	Sierra	-	-	45,120	103,800	-	-	330,018	-	-	-	478,937		
40														
41	Subtotal	298,566	0	6,187,305	250,972	0	181,232	5,102,533	1,470,216	800,912	208,250	14,499,986		
42														
43	Receiving Credit Totals	1,283,710	6,475,980	17,843	4,678,454	421,578	0	737,594	20,192	385,697	478,937	14,499,986		
44														
45	<b>Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1</b>													
46	<b>RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied</b>													
47	<b>upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.</b>													

## **NARRATIVE EXPLANATION RELATING TO RTO WEST “STAGE ONE” ILLUSTRATIVE PRICING MODEL SPREADSHEETS**

### **Overview**

This document provides an explanation of the purpose for and approach to constructing the RTO West Stage One Illustrative Pricing Model Spreadsheets (the “Illustrative Model Spreadsheets”) (most current draft dated July 23, 2001). The Illustrative Model Spreadsheets are meant to convey, in numerical table format, how the terms of the RTO West Transmission Operating Agreement, Exhibit G, (as filed with FERC on December 1, 2000) are to be implemented. Neither this document nor the Illustrative Model Spreadsheets are intended to explain the structure of the Stage One pricing model itself, or the theory underlying that structure. Rather, this explanation presumes general familiarity with the pricing approach from Stage One of RTO West development, and is intended only as a guide to the layout of the Illustrative Model Spreadsheets themselves.

### Purpose

The Illustrative Model Spreadsheets are based on preliminary and estimated data that are not intended as a basis for projecting actual transmission pricing that would take effect when RTO West begins commercial operations. The purpose of the Illustrative Model Spreadsheets is to provide a means for demonstrating and evaluating the various elements of the Stage One pricing proposal and how those elements behave in relation to one another. The central goal of the Illustrative Model Spreadsheets is to advance understanding of the mechanics of the RTO West Stage One pricing proposal.

The Filing Utilities understand that one of the tasks necessary to launch commercial operation of RTO West will be for participating investor-owned utilities to complete filings with the Federal Energy Regulatory Commission (“FERC”) under Section 205 of the Federal Power Act to establish actual RTO West transmission service rates. The Illustrative Model Spreadsheets are not meant to form the basis for any Section 205 filings, however. The Filing Utilities anticipate that data sufficient to project actual transmission access and service charges applicable to RTO West operations will be produced later in the RTO West development process.

### Summary Pages

The Summary Pages (pages 1 and 2) of the Illustrative Model Spreadsheets lay out the main elements of the RTO West Stage One pricing proposal. They show an approximation of each Filing Utility’s revenue requirement (based on 1999 data) relating to the facilities the particular Filing Utility expects to include as part of RTO West’s transmission system. The Summary Pages also show critical components of anticipated “transfer payments” to be made among the Filing Utilities. These transfer payments are intended to capture pre-RTO West revenues flowing to and from each Filing Utility to each of the other Filing Utilities based on both long- and short-term transmission agreements and tariff usage. The Summary Pages also

illustrate how cost recovery from the loads served by each Filing Utility is affected by RTO West's own projected operating expenses. Most of the elements contained in the Summary Pages are carried over from Data Input or Calculation Sheets included with the Illustrative Model Spreadsheets. A more detailed explanation of each of the components of the Summary Pages is provided below under "Explanation of Summary Pages." The Pricing Summary dated June 19, 2001 referenced in the note beginning on line 90 of page 2 of the Summary Pages is attached to this document as Attachment C.

#### Data Input and Calculation Sheets

The Data Input and Calculation Sheets included with the Illustrative Model Spreadsheets provide backup details for most of the entries provided on the Summary Pages. Explanations of the purpose and contents of each of the Data Input and Calculation Sheets are set out below under the headings for each of the individual sheets.

### **Explanation of Summary Pages**

#### Transmission Revenue Requirement (Line 4)

The first entry on page 1 of the Summary Pages (line 4) sets out preliminary gross revenue requirement figures for each of the Filing Utilities. The basis for calculating each Filing Utility's revenue requirement is laid out in Data Input Sheet 1. The totals shown on Data Input Sheet 1, line 24 are carried over to line 4 of the Summary Pages. As noted in the Overview section above, line 4 represents an approximation of each Filing Utility's revenue requirement (based, in most cases, on 1999 data) solely for those transmission facilities a given Filing Utility expects to include as part of RTO West's transmission system.

#### Long Term Adjustments – External Revenue Credit (Line 8)

The entries on line 8 on page 1 of the Summary Pages show a credit for total revenues each Filing Utility receives from long-term "external" transmission contracts (again, based on 1999 data). For purposes of this element of the Illustrative Model Spreadsheets, "external" means that the contract or tariff schedule under which a particular Filing Utility receives these revenues: (1) is not with another Filing Utility; and (2) does not cover any long-term arrangements a given Filing Utility has with its own merchant function. The types of revenues excluded from line 8 of the Summary Pages are accounted for as separate entries elsewhere on the Illustrative Model Spreadsheets. The line 8 entries also do not include any revenues received through sales of short-term transmission service. The calculations for the numbers set out on line 8 of the Summary Pages are shown on Data Input Sheet 2 (totals at Data Input Sheet 2, line 10).

#### Long Term Adjustments – Merchant Revenue Credit LT (Line 10)

The entries on line 10 on page 1 of the Summary Pages show a credit for revenues each Filing Utility receives under long-term transmission service arrangements with its own merchant function (based on 1999 data). These long term merchant function revenues do not include those related to a Filing Utility's use, by its merchant function, of the Filing Utility's transmission

system to serve the Filing Utility's own load. The entries on line 10 of the Summary Pages are carried over from Data Input Sheet 2 (totals at Data Input Sheet 2, line 23).

Transmission Service Payments Between RTO West Filing Utilities – Paid (Line 14)

The entries on line 14 on page 1 of the Summary Pages show approximately how much each Filing Utility paid, under long-term transmission arrangements, to all of the other Filing Utilities (during 1999). The entries on line 14 do not include amounts paid for short-term transactions. The calculations for the numbers set out on line 14 of the Summary Pages are shown on Data Input Sheet 3 (total paid at Data Input Sheet 3, line 20).

Transmission Service Payments Between RTO West Filing Utilities – Received (Line 16)

The entries on line 16 on page 1 of the Summary Pages show approximately how much each Filing Utility received, under long-term transmission arrangements, from all of the other Filing Utilities (during 1999). The entries on line 16 do not include revenues received from short-term transactions. The calculations for the numbers set out on line 16 of the Summary Pages are shown on Data Input Sheet 3 (total received at Data Input Sheet 3, line 22).

Net Long Term Adjustments (Line 19)

The entries on line 19 on page 1 of the Summary Pages are a summation of all adjustments based on long-term transmission revenues and payments that are to be applied to each Filing Utility's gross revenue requirement. Line 19 is the summation of the entries shown on lines 8–16 on page 1 of the Summary Pages.

Short Term Adjustments – NWPP Revenue Credit (Line 24)

The entries on line 24 on page 1 of the Summary Pages represent revenues that each of the Filing Utilities received during 1999 through short-term transmission services to utilities within the Northwest Power Pool area (excluding short-term transactions with other Filing Utilities, which are addressed as separate entries on the Summary Pages). The calculations for the numbers set out on line 24 of the Summary Pages are shown on Data Input Sheet 2 (totals at Data Input Sheet 2, line 18).

Short Term Adjustments – Lost Revenue Credit (Line 26)

The entries on line 26 on page 1 of the Summary Pages represent revenues that each of the Filing Utilities received during 1999 through short-term transmission services to parties that are neither utilities within the Northwest Power Pool area nor Filing Utilities. These revenues are characterized as "lost revenues" because under the RTO West pricing model, there will be no means for Filing Utilities to continue to receive these revenues from the parties that previously paid them. They are not associated with contracts or other obligations that will remain in place (or be converted in some fashion) after RTO West commences operations. The entries on line 26 of the Summary Pages are carried over from Data Input Sheet 2, line 29.

Short Term Adjustments – Merchant Revenue Credit (Line 28)

The entries on line 28 on page 1 of the Summary Pages represent revenues that each Filing Utility received during 1999 through short-term usage of its transmission facilities by its own merchant function. The revenues do not include transactions a merchant function carried out to serve the Filing Utility's own load. The entries on line 28 of the Summary Pages are carried over from Data Input Sheet 2, line 25.

Transmission Service Payments Between RTO West Filing Utilities – Paid (Line 32)

The entries on line 32 on page 1 of the Summary Pages show approximately how much each Filing Utility paid, for short-transmission service, to all of the other Filing Utilities (during 1999). The calculations for the numbers set out on line 32 of the Summary Pages are shown on Data Input Sheet 3 (total paid at Data Input Sheet 3, line 39).

Transmission Service Payments Between RTO West Filing Utilities – Received (Line 34)

The entries on line 34 on page 1 of the Summary Pages show approximately how much each Filing Utility received, through providing short-term transmission service, from all of the other Filing Utilities (during 1999). The calculations for the numbers set out on line 34 of the Summary Pages are shown on Data Input Sheet 3 (total received at Data Input Sheet 3, line 41).

Net Short Term Adjustments (Line 37)

The entries on line 37 on page 1 of the Summary Pages are a summation of all adjustments based on short-term transmission revenues and payments that are to be applied to each Filing Utility's gross revenue requirement. Line 37 is the summation of the entries shown on lines 24–34 on page 1 of the Summary Pages.

Pre RTO West Company Load Costs (Line 41)

The entries on line 41 on page 1 of the Summary Pages represent a summation of the entries on lines 4, 19, and 37 on page 1 of the Summary Pages. These numbers are designed to show each Filing Utility's contribution to the total costs that Company Loads will pay for transmission service under the RTO West Stage One pricing model. These figures are intended to reflect each Filing Utility's net costs after adjustments for long-term and short-term transmission service payments, and they exclude any costs or effects resulting from RTO West's role in operating the RTO West Transmission System. They therefore do not reflect all of the cost elements that would make up the Company Rate charges each Company Load would pay. These line entries are calculated separately to make it easier to identify cost effects that are specifically attributable to RTO West's operations.

For Comparison – Pre RTO West Company Rates (Recalculated Without RTO West Costs or Effects \$/ KWY (Line 45)

The entries on line 45 on page 1 of the Summary Pages are for comparison purposes. They are intended to help identify dollar-per-kiloWatt-year effect of RTO West's operations, as distinct from underlying cost recovery elements attributable to each Filing Utility. The results are derived by taking the pre-RTO West Company Load Costs shown on line 41 and dividing them by the test billing determinants shown on line 87.

RTO West Effects – Operating Cost Allocation (Line 54)

The entries on line 54 on page 2 of the Summary Pages represent an example allocation among the Filing Utilities of RTO West's own operating costs. The numbers are based on a theoretical annual operating cost (including amortization of start-up expenses) of \$75 million. RTO West's charges to recover its operating costs (stated on the Illustrative Model Spreadsheets as \$75 million) are reduced, however, to the extent RTO West has residual revenues from its sales of Recallable Transmission Rights (or "RTRs") after applying those revenues to offset lost revenue and short-term transmission service payments. In the case shown on the Illustrative Model Spreadsheets, there are \$223,693 of residual RTR revenues available to offset RTO West's theoretical \$75 million in operating costs.

RTO West's net operating costs of \$74,776, 307 have been allocated among the Filing Utilities for purposes of the Illustrative Model Spreadsheets in proportion to each Filing Utility's share of total RTO West system load. The example allocation does *not* reflect any decision that RTO West operating costs will in fact be allocated in this manner. Allocation of RTO West operating costs has not yet been decided. This method was chosen for the Illustrative Model Spreadsheets because it represents one of a number of possible alternatives and was simple to calculate. The calculations for allocating RTO West operating costs are shown on Calculation Sheet 1 (totals shown on Calculation Sheet 1, line 15).

RTO West Effects – Lost Revenue Allocation (Line 57)

The entries on line 57 on page 2 of the Summary Pages represent an example allocation among the Filing Utilities of lost revenue amounts remaining to be recovered after estimated revenues from RTO West sales of Firm Transmission Rights or "FTRs" (and also RTR and non-firm rights) have been used to offset lost revenue to the extent these revenues are available. The FTR revenue amounts are entirely theoretical (as further described under "Explanation of Calculation Sheet 2" below). The lost revenue costs have been allocated among the Filing Utilities for purposes of the Illustrative Model Spreadsheets in proportion to each Filing Utility's share of total RTO West system load. This does *not* reflect any decision that lost revenue costs will in fact be allocated in this manner. Allocation of RTO West lost revenue costs has not yet been decided. This method was chosen for the Illustrative Model Spreadsheets because it represents one of a number of possible alternatives and was simple to calculate. The calculations for allocating lost revenue costs (remaining after offset from FTR revenues) are shown on Calculation Sheet 1 (totals shown on Calculation Sheet 1, line 21).

RTO West Effects – Short Term Transfer Payment Reductions Due to FTR/RTR Revenue (Line 60)

The entries on line 60 on page 2 of the Summary Pages show example calculations of short-term transfer payment reductions resulting from the use of available FTR and RTR revenues to offset those transfer payments. As with FTR revenues used to offset lost revenue, the illustrated revenue amounts used to offset short-term transfer payments are theoretical only. The available FTR and RTR revenue amounts have been allocated among the Filing Utilities in proportion to each Filing Utility's share of total short-term transfer payments. For example, if Filing Utility A paid 20% of the total short-term transfer payments made to Filing Utility B, Filing Utility A would accordingly receive 20% of the FTR/RTR revenue credit available for offset of short-term transfer payments made to Filing Utility B. The calculations for crediting available FTR and RTR revenues against short-term transfer payments are shown on Calculation Sheet 3 (totals shown on Calculation Sheet 3, line 43).

RTO West Effects – FTR Auction Revenues Retained by Transmission Owners (Line 63)

The entries on line 63 on page 2 of the Summary Pages show example calculations of FTR revenues available for Filing Utilities to retain (after first using available FTR revenue to offset lost revenue and short-term transfer payments). The calculations for determining available FTR revenues to be retained by Filing Utilities are shown on Calculation Sheet 2 (totals shown on Calculation Sheet 2, line 36). The allocation on line 36 is based on an assumption (solely for purposes of the Illustrative Model Spreadsheets) that, of combined FTR and RTR revenues generated by RTO West, two-thirds would be attributable to FTR sales and one-third would be attributable to RTR sales. RTR revenues available after use to offset lost revenue and short-term transfer payments are not credited to individual Filing Utilities, but rather are used as a general offset against RTO West operating costs (or "uplift").

Post RTO West Company Load Charges (Line 70)

The entries on line 70 on page 2 of the Summary Pages represent a summation of example Company Load Charges after including the entries designed to capture RTO West costs and effects. The entries on line 62 entries are derived by adding the amounts on lines 54 through 63 to the numbers entered on line 41.

Post RTO West Company Rates \$/ KWYR (Line 74)

Line 74 on page 2 of the Summary Pages shows the results of dividing the post-RTO West Company Load Costs for each Filing Utility (on line 70) by each Filing Utility's billing determinant (on line 87), which yields an illustrative dollar amount per kiloWatt-year.

Company Load (Line 87)

The entries on line 87 on page 2 of the Summary Pages show illustrative billing determinants for recovery of each Filing Utility's Company Rates from its Company Loads. The billing determinants are based on 12 monthly coincident system peaks over a year ("12 CP"),

although Bonneville has indicated that it may have a Company Rate structure that applies different billing determinants to different customer groups within the Bonneville Company Load. The demand figures on line 87 reflect 1999 data.

### **Explanation of Data Input Sheet 1**

Data Input Sheet shows a breakdown of the components used to derive each Filing Utility's gross revenue requirement for facilities included in RTO West. In most cases (but not all), these data are based on 1999 costs and transactions. The year or years to which gross revenue figures relate are shown at the top of each column. The results of the computations on Data Input Sheet 1 are carried over to line 4 on page 1 of the RTO West Summary Pages.

### **Explanation of Data Input Sheet 2**

Data Input Sheet 2 is where each Filing Utility's revenues from providing transmission service to third parties are shown. Illustrative calculations of FTR and RTR revenue are also set out on Data Input Sheet 2.

The entries shown on line 10 represent revenues received by each Filing Utility during 1999 from long-term transmission arrangements that are with parties *other than* (1) other Filing Utilities; and (2) a given Filing Utility's own merchant function. The totals on line 10 of Data Input Sheet 2 are carried over to line 8 on page 1 of the Summary Pages.

The entries shown on line 18 represent revenues generated from each Filing Utility's short-term transmission sales to parties within the Northwest Power Pool (excluding other Filing Utilities). The totals on line 18 of Data Input Sheet 2 are carried over to line 24 on page 1 of the Summary Pages.

The entries on line 23 represent revenues each Filing Utility receives from its own merchant function in connection with long-term transactions that do *not* relate to serving the Filing Utility's own load. The totals on line 23 of Data Input Sheet 2 are carried over to line 10 on page 1 of the Summary Pages.

The entries on line 25 represent revenues each Filing Utility receives from its own merchant function in connection with short-term transactions that do *not* relate to serving the Filing Utility's own load. The totals on line 25 of Data Input Sheet 2 are carried over to line 28 on page 1 of the Summary Pages.

The lost revenue entry line on Data Input Sheet 2 (line 29) sets out revenues each Filing Utility receives from short-term transmission provided to parties outside the Northwest Power Pool area. The entries on line 29 of Data Input Sheet 2 are carried over to line 26 on page 1 of the Summary Pages.

Lines 33, 35, and 37 represent example calculations of FTR, RTR, and NTR (Non-firm Transmission Rights) revenues developed solely for the purpose of showing how these revenues operate in the RTO West Stage One pricing model. An explanation of the manner of calculating

these revenues, including the basis for allocating them among the Filing Utilities, as well as the spreadsheet on which the illustrative calculations were made, accompany this narrative as Attachments A and B.

### **Explanation of Data Input Sheet 3**

Data Input Sheet 3 shows the revenues each Filing Utility paid to and received from each other Filing Utility during 1999. The first table shows revenues associated with long-term transmission service, while the second table shows revenues associated with short-term transmission service. The long-term paid totals on line 20 are carried over to line 14 on page 1 of the Summary Pages. The long-term received totals on line 22 are carried over to line 16 on page 1 of the Summary Pages. The short-term paid totals on line 39 are carried over to line 32 on page 1 of the Summary Pages. The short-term received totals on line 41 are carried over to line 34 on page 1 of the Summary Pages.

### **Explanation of Data Input Sheet 4**

Data Input Sheet 4 shows the calculations used to derive test billing determinants for the Company Rate figures. Bonneville has indicated that it may have a Company Rate structure that applies different billing determinants to different customer groups within the Bonneville Company Load. The billing determinants are carried over to line 69 on page 2 of the Summary Pages.

### **Explanation of Calculation Sheet 1**

Calculation Sheet 1 shows example allocation factors used to distribute RTO West operating costs and lost revenue amounts (not offset by estimated FTR and RTR revenues) among the Filing Utilities. As explained with respect to the applicable entries on the Summary Pages, the allocation factors are based on each Filing Utility's proportion of total system peak load (on a 12 CP basis) within the RTO West system. These calculations are illustrative only and do not reflect a decision to actually allocate these costs in the manner shown. The entries on line 15 of Calculation Sheet 1 are carried over to line 54 on page 2 of the Summary Pages. The entries on line 21 of Calculation Sheet 1 are carried over to line 57 on page 2 of the Summary Pages.

### **Explanation of Calculation Sheet 2**

Calculation Sheet 2 illustrates how FTR, RTR, and NTR revenues RTO West receives from auctioning these rights would be allocated to offset various Filing Utility costs.

The FTR, RTR, and NTR revenue figures provided with the Illustrative Model Spreadsheets are placeholder entries. They do not represent any expectation about actual revenues RTO West might receive from auctioning transmission rights. At this stage, no one has identified any reliable means of projecting auction revenues from sales of transmission rights. Including at least placeholder values was necessary, however, to provide a complete spreadsheet

model with an example distribution of FTR, RTR, and NTR revenues in accordance with the Stage One pricing approach.

The table entitled “Lost Revenue Offset” shows how FTR, RTR, and NTR revenues are first applied to offset lost revenue charges applied to each Filing Utility. As explained on Attachment A, the total amount of FTR, RTR, and NTR revenues is allocated among the Filing Utilities for purposes of the Illustrative Model Spreadsheets on the basis of voltage weighted line mileage, which is extremely unlikely to correspond to actual allocation.

The table entitled “ST Wheeling Credit Offset” shows how FTR, RTR, and NTR revenues available after offset against lost revenue charges are applied to reimburse parties (in proportion to percentage of total short-term transfer payment or access charges paid) for payments made on the basis of 1999 short-term transmission usage. Lines 36 and 37 show how, in those cases where there are FTR and RTR revenues remaining after offsets against lost revenue and short-term transfer or access payments, remaining revenues are credited either against a Filing Utility’s Company Load Cost (in the case of remaining FTR revenues) or against RTO West’s general “uplift” charges (in the case of remaining RTR and NTR revenues). In the Illustrative Model Spreadsheets, only PGE and Nevada Power have FTR, RTR, and NTR revenue remaining after applying the lost revenue and short-term offsets.

Line 41, 42, and 43 show the net short-term payment obligations that remain in each category of the following categories after the available FTR, RTR, and NTR offset amounts have been applied: (a) payments from Northwest Power Pool utilities that are not Filing Utilities, (b) payments from each Filing Utility receives from own merchant function, and (c) transfer payments among Filing Utilities for short-term service.

### **Explanation of Calculation Sheet 3**

Calculation Sheet 3 shows how the FTR, RTR, and NTR revenue amounts available to offset Filing Utilities’ short-term transfer payment obligations are distributed among each of the Filing Utilities.

The first table simply carries forward the short-term payment figures set out on Data Input Sheet 3 (lines 28 through 37), but with the arrangement of the numbers in columns and rows reversed. (That is, numbers shown in columns as payments on Data Input Sheet 3 are shown in rows as payments on Calculation Sheet 3 and numbers shown in rows as received amounts on Data Input Sheet 3 are shown in columns as received amounts on Calculation Sheet 3.)

The second table shows the breakout of the total amount of FTR, NTR, and RTR revenue as distributed to each of the Filing Utilities. As stated in a previous section of this paper explaining line 60 on page 2 of the Summary Pages, the offset amounts are allocated among the Filing Utilities in proportion to each Filing Utility’s share of total short-term transfer payments made to a given Filing Utility.

## ATTACHMENT A

### **Description of Process to Develop an FTR Revenue Estimate for Illustrative Pricing Model Spreadsheets (RTO West) – dated June 28, 2001**

- We used the [RTA] biennial report analysis to identify the paths with MWh usage above 75% of path capacity.
- We assumed a \$3 per MWh price based on our belief that people seem to have been paying at least that much already.
- Then we assumed that 10% of the MWhs occurring during the “above 75% capacity hours” would get sold and the other 90% would just be used by existing rights holders.
- Multiplying \$3 per MWh times the “above 75% capacity hours” times 10% gave us the gross FTR revenue figure of approximately \$37M.
- Next we looked at the congestion management data on path ownership and ran into a bunch of problems so we just spread the money by voltage weighted line mileage. This last step probably does not correspond at all to actual entitlement to FTR revenues from capacity sold, but our view is that there were enormous margins of error in the other elements used to derive the FTR revenue estimates as well.

An Excel spreadsheet showing the numbers used in the estimated FTR revenue calculations follows as Attachment B.

DATED: June 28, 2001			ATTACHMENT B									
KV	Mult'r	BPA	PAC	IPC	AVA	PSE	PGE	MPC	SPC	NPC	sum miles X Mult'r	
500		4521	717	2	0	497	706	495	0	410		
	12	54252	8604	24	0	5964	8472	5940	0	4920	88176	
345		570	1983	732	0	0	0	0	725	101		
	7	3990	13881	5124	0	0	0	0	5075	707	28777	
230		5372	3130	1186	539	304	419	953	391	430		
	4	21488	12520	4744	2156	1216	1676	3812	1564	1720	50896	
Total Mult x Mi		79730	35005	9892	2156	7180	10148	9752	6639	7347	167849	
PTO Portions		47.50%	20.86%	5.89%	1.28%	4.28%	6.05%	5.81%	3.96%	4.38%	100.00%	
Total MWh above 75%			122,700,000	MWh								
Estimated Price			\$ 3.00	per MWh								
Amount sold			10%									
Total Revenue			36,810,000									
Allocated Revenue			17,485,128	7,676,745	2,169,358	472,820	1,574,605	2,225,500	2,138,655	1,455,961	1,611,228	36,810,000

The Total Revenue is allocated across the PTOs in accordance with capacity weighted circuit miles for the 230kV, 345kV and 500kV circuits for each PTO.

## **ATTACHMENT C**

### **RTO WEST PRICING SUMMARY**

#### **Caveats**

The RTO West Filing Utilities have prepared a revised and updated version of the Pricing Summary matrix, which is posted on the RTO West website and will be discussed in a Pricing Content Group meeting on June 22, 2001. The Pricing Summary is intended to illustrate the mechanics of the RTO West Pricing proposal contained in the Stage One filing. The data in the Pricing Summary is preliminary and estimated. The data that will eventually be used in RTO filings may differ significantly from the data in the current Pricing Matrix. The Company Rates shown for the Filing Utilities are not reliable estimates of the Company Rates that will be charged after RTO formation. Some of the reasons why the data in the posted Pricing Summary matrix should not be used to predict RTO West transmission costs or rates include:

- At this stage, the Filing Utilities have devoted very little effort to refining or verifying the data in the Pricing Summary.
- Although no final decision has been made about the data set that would be used in the matrix, most of the data is for CY 1999. Some of the utilities submitted data from a variety of years. For example, BPA has included some forecasted data from its 2002 Rate Case (FY 2002-2003) and some historical data from both CY 2000 and CY 1999.
- The Filing Utilities are in the process of collecting this information for CY 2000. We also expect that spreadsheets based on CY 2000 data will include additional parties, such as B.C. Hydro and other NWPP utilities.
- Paid To and Received From data used to make long-term and short-term adjustments have not been reconciled among the Filing Utilities or with other parties.
- Estimates of FTR, RTR and NTR auction revenues are extremely preliminary and are included in the Pricing Summary only to illustrate the Stage One pricing proposal.

#### **Comparison of Company Rates to Existing Transmission Rates**

- The Company Rates developed according to the RTO West pricing proposal should not be compared to Open Access Transmission Tariff (OATT) rates because they are not equivalent to the Transmission Rates developed for OATT service.
  - In general, the Company Rates can be expected to be higher than the OATT rates, even after subtracting out the effect of adding in the RTO West operating costs. This reflects in part the fact that Company Rates are intended to recover from company loads (and only company loads) all of the transmission costs currently recovered in delivering power

to those loads, not just the transmission costs associated with a Filing Utility's use of its own transmission facilities.

- The underlying objective is to keep the dollar amounts recovered from loads consistent with current practices, but to recover those same dollar amounts through a different methodology.
- For the IOUs, the Company Rate is similar to the portion of the utility's retail rate that recovers transmission costs.
  - This comparison can be easily seen in two places on the Pricing Summary matrix. The amount the PTO pays other Filing Utilities for transmission is not included in the revenue requirement for calculating the OATT rates. On line 14, however, this amount is added to the Revenue Requirement for calculating the Company Rate, just as these costs are included in the utility's retail rates.
  - The pricing summary uses a 12 CP (the average of 12 monthly peaks) billing determinant on line 72 to calculate the company rate.
    - Some IOUs currently calculate their Point to Point Transmission rate using a one CP (annual peak) divisor. Use of 12 CP results in a lower divisor and a higher apparent \$ per kW per year rate.
    - For the RTO, the IOUs propose to use a 12 CP billing determinant, which closely resembles the load ratio share methodology used to allocate costs between the load based Network rate and the utility's retail loads.
  - Some of the Filing Utilities have not revised their OATT rates recently, in which case their RTO West revenue requirements may include additional new facilities not currently covered under existing OATT rates.
- These factors may not affect BPA's Company Rate in the same manner as the IOUs.
  - At RTO formation, BPA intends to continue to charge its merchant function (PBL) for transmission purchased from others, which for BPA is primarily GTA costs. Also, BPA intends to develop two Company Rates, one using a 12 CP billing determinant similar to the NT rate and one using a contract demand billing determinant similar to the PTP rate.
  - The use of two Company Rates with differing billing determinants is designed to minimize costs shifts between its Network and Point to Point customers.