

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 get the path MWhs above 75% of path capacity
- We then 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.
- These calculations 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 FTR revenue calculations accompanies this narrative description.

DATED: June 28, 2001											
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.											