

RTO WEST ALTERNATE PRICING MODEL
Pooled Short Term Revenues
(Data for Year 2000)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Transmission Revenue Requirement													
2		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
3	Gross Rev Req (Dat1, L24)	20,973,577	392,693,436	590,490,000	60,570,355	86,561,380	69,673,156	243,580,560	29,934,175	38,172,314	58,048,460	1,590,697,413		
4	Long Term Adjustments													
5	External Revenue Credit (Dat2, L10)	-2,206,236	-1,400,894	-9,829,900	-1,191,117	-5,276,176	-82,081	-14,295,684	0	-435,471	-539,901	-35,257,460		
6	LT Internal Merchant Rev (Dat2, L23)	-5,328,600	-15,472,595	-132,126,400	-229,950	-3,835,200	0	-56,147,094	-3,900,000	-1,045,036	0	-218,084,875		
7	Transmission Service Payments Between RTO West Filing Utilities													
8		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
9	Paid (Dat3, L20)	9,762,180	17,312,635	29,730,313	4,290,278	3,123,249	0	52,009,452	39,101,400	38,277,548	23,625	193,630,680		
10	Received (Dat3, L22)	-10,836,363	0	-146,461,708	-13,753,965	-2,902,028	0	-14,595,330	-361,100	-25,860	-4,694,307	-193,630,680		
11	Net LT Adjustments													
12		-8,609,019	439,146	-258,687,695	-10,884,754	-8,890,155	-82,081	-33,028,656	34,840,300	36,771,161	-5,210,583	-253,342,335		
13	Pre RTO West Company Load Costs with LT Adjustments Only													
14		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
15	Company Load Net Cost	12,364,558	393,132,582	331,802,306	49,685,601	77,671,225	69,591,075	210,551,904	64,774,475	74,943,475	52,837,877	1,337,355,078		
16	Rate for Company Load (\$/kwyr)	\$ 6.95	\$ 53.47	\$ 25.46	\$ 21.01	\$ 59.20	\$ 16.09	\$ 27.38	\$ 19.91	\$ 21.36	\$ 33.51	\$ 28.95		
17	Short Term Adjustments													
18	NWPP Revenue Credit (Dat2, L18)	-236,936	-2,011,577	-2,785,800	-7,240	0	-245,665	-74,530	-26,400	-104,540	-32,070	-5,524,758		
19	Lost Revenue Credit (Dat2, L29)	-140,180	-2,134,329	-10,461,500	-3,620,159	-13,960,625	-653,074	-10,825,594	-626,600	-510,647	-394,214	-43,326,922		
20	ST Internal Merchant Rev (Dat2, L25)	-3,120,781	-98,120,372	-33,328,100	-13,554,717	-3,400,000	-2,562,266	-119,144	-112,700	-3,931,326	-1,693,972	-159,943,378		
21	Transmission Service Payments Between RTO West Filing Utilities													
22		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
23	Paid (Dat3, L39)	2,047,292	36,264,861	3,523,781	22,413,850	1,268,619	0	2,544,046	3,506,902	3,129,872	3,579,000	78,278,222		
24	Received (Dat3, L41)	-2,410,091	0	-46,543,400	-1,956,677	-3,590,904	-1,226,204	-13,764,922	-1,229,271	-5,389,718	-2,167,037	-78,278,222		
25	Net ST Adjustments													
26		-3,860,696	-66,001,417	-89,595,019	3,275,058	-19,682,910	-4,687,209	-22,240,144	1,511,931	-6,806,359	-708,293	-208,795,058		
27	Pre RTO West Company Load Costs													
28		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
29	Company Load Net Cost	8,503,862	327,131,165	242,207,287	52,960,659	57,988,315	64,903,867	188,311,760	66,286,406	68,137,116	52,129,584	1,128,560,020		
30	Rate for Company Load (\$/kwyr)	\$ 4.78	\$ 44.49	\$ 18.58	\$ 22.39	\$ 44.20	\$ 15.01	\$ 24.49	\$ 20.38	\$ 19.42	\$ 33.06	\$ 24.43		

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Pooled Short Term Revenues
(Data for Year 2000)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
51	RTO West Effects:													
52														
53	Pre RTO West Company Load Costs with LT Adjustments Only													
54		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
55	Company Load Cost, Net of LT	12,364,558	393,132,582	331,802,306	49,685,601	77,671,225	69,591,075	210,551,904	64,774,475	74,943,475	52,837,877	1,337,355,078		
56	Rate for Company Load (\$/kwyr)	\$ 6.95	\$ 53.47	\$ 25.46	\$ 21.01	\$ 59.20	\$ 16.09	\$ 27.38	\$ 19.91	\$ 21.36	\$ 33.51	\$ 28.95		
57														
58	Long Term Conversions - Net (Calc 2, Line 59)													
59		0	9,284,704	-9,284,704	5,738,501	0	0	-5,738,501	0	0	0	0		
60														
61	Reduction Target Shortfall Payments (Calc 2, Line 17)													
62		261,540	0	450,161	0	162,065	0	325,000	448,005	399,839	457,215	2,503,827		
63														
64	Revenue from ST Rev Pool (Calc 2, Line 46)													
65		-2,479,319	-4,145,906	-49,202,454	-5,334,111	-17,092,793	-1,968,296	-18,926,544	-1,725,232	-5,316,371	-2,316,483	-108,507,510		
66														
67	Post RTO West Company Load Access Charge (55+59+62+65)													
68		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
69	Company Load Cost, Net of LT	10,146,780	398,271,379	273,765,309	50,089,991	60,740,498	67,622,779	186,211,859	63,497,248	70,026,943	50,978,609	1,231,351,395		
70	Rate for Company Load (\$/kwyr)	\$ 5.71	\$ 54.16	\$ 21.00	\$ 21.18	\$ 46.30	\$ 15.64	\$ 24.22	\$ 19.52	\$ 19.96	\$ 32.33	\$ 26.66		
71														
72	Additional Adjustments:													
73														
74	Grid Management Fee Payment (Calc 1, Line 18)													
75		4,592,539	28,129,686	33,508,854	10,547,322	3,519,316	9,644,415	16,856,660	7,512,131	8,584,898	4,178,494	127,074,315		
76														
77	FTR Payments (Calc 1, Line 26)													
78		937,073	16,598,917	1,612,882	10,269,122	580,664	0	1,164,444	1,605,156	1,432,585	1,638,157	35,829,000		
79														
80	Internal Merchant Transfer Payments (Line 32)													
81		-3,120,781	-98,120,372	-33,328,100	-13,554,717	-3,400,000	-2,562,266	-119,144	-112,700	-3,931,326	-1,693,972	-159,943,378		
82														
83														
84														
85	Post RTO West Company Load Net Cost													
86		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
87	Company Load Cost	12,555,610	344,879,610	275,558,945	57,341,718	61,440,478	74,704,928	204,113,819	72,501,835	76,113,100	55,101,288	1,234,311,332		
88	Rate for Company Load	\$ 7.06	\$ 46.90	\$ 21.14	\$ 24.25	\$ 46.83	\$ 17.27	\$ 26.55	\$ 22.29	\$ 21.69	\$ 34.94	\$ 26.72		
89	*Increase from Line 47	\$ 2.28	\$ 2.41	\$ 2.56	\$ 1.85	\$ 2.63	\$ 2.27	\$ 2.06	\$ 1.91	\$ 2.27	\$ 1.88	\$ 2.29		
90														
91														
92	Check:	Net Rev Req	1,128,560,020					Company Load Net Cost	1,234,311,332					
93		RTO West Op Cost	75,000,000					FTR/RTR Revenue from others	3,981,000					
94		Lost Rev	43,326,922					GMC from others	14,119,368					
95		Out to NWPP	5,524,758											
96		Total	1,252,411,700						1,252,411,700					
97														
98	Company Load													
99	Demand (MW) (12 CP)	1,778	7,353	13,034	2,365	1,312	4,325	7,689	3,253	3,509	1,577	46,195		
100														
101														
102	*Please see accompanying RTO West Pricing Narrative 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.													
103														
104														
105														
106	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.													
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Calculation Sheet 1													
2	Cost Allocations													
3														
4														
5														
6														
7														
8		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
9														
10		RTO West Operating Cost											75,000,000	
11		STTP Pool (Calc 3, Line 37)											57,152,003	
12		Total Lost Revenue (Data 2, Line 23)											48,851,680	
13		Less - FTR/RTR Auction Revenue (Data 2, Line 37)											(39,810,000)	
14		Total											141,193,683	
15		Less 10% paid by other parties (Assumption 1)											0.90	
16													127,074,315	
17		GMC - Est Distribution (Line 39)	0.0325	0.1992	0.2373	0.0747	0.0249	0.0683	0.1194	0.0532	0.0608	0.0296		0.90
18	>	Distributed Cost	4,592,539	28,129,686	33,508,854	10,547,322	3,519,316	9,644,415	16,856,660	7,512,131	8,504,898	4,178,494		127,074,315
19														
20														
21		FTR Payments												
22		FTR Revenue Total											39,810,000	
23		% Est Paid by Filing Util (Assumption 1)											0.90	
24		Amount Est paid by Filing Util											35,829,000	
25		Distrib by STTP - Line 51	2.6%	46.3%	4.5%	28.6%	1.6%	0.0%	3.3%	4.5%	4.0%	4.6%		100%
26	>	Distributed Cost	937,073	16,598,917	1,612,882	10,259,122	580,664	0	1,164,444	1,605,156	1,432,585	1,638,157		35,829,000
27														
28														
29														
30		Assumptions:	10% Paid by parties other than PTO's											
31			20% Merchant Resale & Export - distributed by ST Transfer Payments & Merch Internal											
32			70% Load Service - distributed by 12 CP Loads											
33														
34		Estimating Payment Distributions:												
35														
36														
37			Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total	
38		Export & Merch (Line 46)	0.0056	0.0878	0.0398	0.0389	0.0050	0.0028	0.0029	0.0039	0.0076	0.0057		0.20
39		Load Service (Line 41)	0.0269	0.1114	0.1975	0.0358	0.0199	0.0655	0.1165	0.0493	0.0532	0.0239		0.70
40		Composite Distribution	0.0325	0.1992	0.2373	0.0747	0.0249	0.0683	0.1194	0.0532	0.0608	0.0296		0.90
41														
42		Load 12 CP	1778	7353	13034	2365	1312	4325	7689	3253	3509	1577		46,195
43														
44		ST Transf Payment	2,047,292	36,264,861	3,523,781	22,413,850	1,268,619	0	2,544,046	3,506,902	3,129,872	3,579,000		78,278,222
45		Internal Merch ST payment (1)	3,120,781	45,000,000	33,328,100	13,554,717	3,400,000	2,562,266	119,144	112,700	3,931,326	1,693,972		106,823,006
46		Sum	5,168,073	81,264,861	36,851,881	35,968,567	4,668,619	2,562,266	2,663,190	3,619,602	7,061,198	5,272,972		185,101,228
47			2.8%	43.9%	19.9%	19.4%	2.5%	1.4%	1.4%	2.0%	3.8%	2.8%		100%
48		(1) BCH Reduced to better reflect an energy volume.												
49														
50														
51		ST Transf Payment	2,047,292	36,264,861	3,523,781	22,413,850	1,268,619	0	2,544,046	3,506,902	3,129,872	3,579,000		78,278,222
52			2.6%	46.3%	4.5%	28.6%	1.6%	0.0%	3.3%	4.5%	4.0%	4.6%		100%
53														
54		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.												
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Calculation Sheet 2													
2	Calculation of Short Term Transfer Payment Pool													
3														
4														
5	Pre-RTO West Short Term Transmission Service Payments Between RTO West Filing Utilities													
6		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	RTO West		
7	Paid (Dat3, L39)	2,047,292	36,264,861	3,523,781	22,413,850	1,268,619	0	2,544,046	3,506,902	3,129,872	3,579,000	78,278,222		
9	Received (Dat3, L41)	2,410,091	0	46,543,400	1,956,677	3,590,904	1,226,204	13,764,922	1,229,271	5,389,718	2,167,037	78,278,222		
10														
11	Formation of STTP Pool:													
12														
13	For those making short term transmission service payments:													
14	Reduction Target	523,081	9,265,632	900,322	5,726,714	324,131	0	650,001	896,009	799,679	914,431	20,000,000		
15	Reduction Actual (Scenario)	0	9,284,704	0	5,738,501	0	0	0	0	0	0	15,023,205		
16	Shortfall	523,081	0	900,322	0	324,131	0	650,001	896,009	799,679	914,431	5,007,654		
17	➤ Required payment to Pool (50%)	261,540	0	450,161	0	162,065	0	325,000	448,005	399,839	457,215	2,503,827		
18														
19	Extra reduction beyond target	0	19,071	0	11,787	0	0	0	0	0	0	30,858		
20														
21	For those receiving short term transmission service payments:													
22	Reduction Target	615,776	0	11,891,788	499,929	917,472	313,294	3,516,922	314,077	1,377,067	553,676	20,000,000		
23	Reduction Actual (Scenario)	0	0	9,284,704	0	0	0	5,738,501	0	0	0	15,023,205		
24	Shortfall	615,776	0	2,607,084	499,929	917,472	313,294	0	314,077	1,377,067	553,676	7,198,374		
25	Allowed recovery from Pool (50%)	307,888	0	1,303,542	249,964	458,736	156,647	0	157,039	688,534	276,838	3,599,187		
26														
27	Extra reduction beyond target	0	0	0	0	0	0	2,221,579	0	0	0	2,221,579		
28														
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38														
39	Calculation of Pool Size:													
40	Original STTP Received	78,278,222												
41	Reduction Target	-20,000,000												
42	Desired Pool size (Capped)	58,278,222												
43	Shortfall recovery allowed (50%)	3,599,187												
44	Extra reduction from exceeding targets	-2,221,579												
45	Actual Pool Size	59,655,830												
46	Direct payments required	-2,503,827												
47	Net to Uplift	57,152,003												
48														
49	Calculation of Individual Withdrawals from Short Term Revenue Pool													
50	Original STTP Received	2,410,091	0	46,543,400	1,956,677	3,590,904	1,226,204	13,764,922	1,229,271	5,389,718	2,167,037	78,278,222		
51	Reduction to meet cap	-615,776	0	-11,891,788	-499,929	-917,472	-313,294	-3,516,922	-314,077	-1,377,067	-553,676	-20,000,000		
52	Extra reduction achieved	0	0	0	0	0	0	-2,221,579	0	0	0	-2,221,579		
53	Shortfall Allowance (50%)	307,888	0	1,303,542	249,964	458,736	156,647	0	157,039	688,534	276,838	3,599,187		
54	Total	2,102,203	0	35,955,154	1,706,712	3,132,168	1,069,557	8,026,420	1,072,232	4,701,184	1,890,199	59,655,830		
55	Total Lost Rev (Dat 2 L 23)	377,116	-4,145,906	13,247,300	3,627,399	13,960,625	898,739	10,900,124	653,000	615,187	426,284	48,851,680		
56	➤ Total STTP & LR	2,479,319	4,145,906	49,202,454	5,334,111	17,092,793	1,968,296	18,926,544	1,725,232	5,316,371	2,316,483	108,507,510		
57														
58	Check - Total compensation to parties receiving short term transmission payments:													
59	Amount from STTP Pool	2,102,203	0	35,955,154	1,706,712	3,132,168	1,069,557	8,026,420	1,072,232	4,701,184	1,890,199	59,655,830		
60	Amount from Reduction deals	0	0	9,284,704	0	0	0	5,738,501	0	0	0	15,023,205		
61	Total Comp	2,102,203	0	45,239,858	1,706,712	3,132,168	1,069,557	13,764,922	1,072,232	4,701,184	1,890,199	74,679,035		
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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.

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

	2000 Avista	2000 BC Hydro	FY 2002/2003 BPA	2000 Idaho Power	2000 Montana	2000 Nevada	2000 PacifiCorp	2002 Portland	2000 Puget	2000 Sierra Pacific	2000	Total
TRANSMISSION RATE BASE												
1	Trans Plant - RTO West Fac	144,535,154	1,700,830,090	4,227,801,000	393,136,213	409,778,745	535,252,782	2,101,980,294	90,968,007	270,844,794	368,027,086	10,243,154,165
2	Trans Depreciation	(47,892,388)		(1,910,843,000)	(162,503,485)	(117,492,912)	(94,648,419)	(785,323,879)	-	(81,855,112)	(101,420,910)	(3,301,980,104)
3	ADIT Allocated to Trans	(16,887,518)		-	(36,514,855)	(61,956,185)	(33,866,555)	(160,700,598)	-	(5,406,093)	(29,697,304)	(345,029,108)
4	Acc. Def. ITC/CIAC	-		-	-	0	-	(4,396,061)	-	-	-	(4,396,061)
5	General & Common Plant	6,081,518		1,015,507,000	19,912,630	15,868,408	10,515,471	50,320,084	-	14,119,685	12,112,811	1,144,437,607
6	Intangible Plant	879,927		-	6,279,309	353,676	2,118,009	27,526,863	-	883,129	480,759	38,521,673
7	Gen/Com Plt Depr/Amort	(965,367)		(461,009,000)	(5,741,690)	(7,161,323)	(2,629,168)	16,636,142	-	(3,292,314)	(6,608,236)	(470,770,956)
7a	Gen Plt Contributed Capita	-		(5,786,000)	-	-	-	-	-	-	-	(5,786,000)
7b	Intang Plant Depr/Amort	(335,315)		-	-	-	-	10,785,294	-	(497,632)	-	9,952,348
8	ADIT Alloc to Gen & Intang	-		-	(2,432,732)	(3,285,025)	(805,890)	(3,120,213)	-	(780,745)	(548,499)	(10,973,104)
8a	Accum Provision Insurance	-		-	-	-	-	(14,027,431)	-	-	-	(14,027,431)
9	Trans Materials & Supplies	125,625	4,707,923	58,828,781	4,464,175	3,794,680	-	5,116,424	131,000	98,834	-	77,267,443
9a	Prepayments/Reg Assets	-		-	-	-	-	6,629,481	(17)	-	-	6,629,464
10	Trans Cash Working Capital	1,629,285	9,299,135	31,703,063	2,360,966	2,746,216	1,290,325	4,538,386	1,010	2,472,804	1,497,580	57,538,769
11	Transmission Rate Base	87,170,921	1,714,837,148	2,956,201,844	218,960,531	242,646,280	417,226,555	1,255,964,789	91,100,000	196,587,349	243,843,287	7,424,538,704
RETURN												
12	Overall Return	0.0908	0.1025	0.0573	0.096	0.0929	0.0798	0.09316	0.097	0.0900	0.1041	
13	Composit Income Tax	0.0303			0.038	0.0446	0.0254	0.02422	0.040	0.0314	0.0369	
14	Return	10,558,142	175,713,793	169,247,000	29,406,400	33,365,902	43,892,234	147,420,123	12,503,475	23,865,704	34,381,903	680,354,676
EXPENSES												
16	O&M Expense: Transmission	2,804,684	74,393,078	163,568,000	12,356,031	17,129,743	8,510,341	103,615,300	6,095,000	18,082,524	11,262,692	417,817,393
17	Less: Accounts 565/567	(48,767)			(205,739)	(6,440,805)	(2,502,567)	(78,404,520)	(1,470,300)	(14,806,871)	(3,652,888)	(107,532,457)
18	O&M Expense: A&G	2,001,002		115,056,500	6,737,439	11,280,793	4,314,827	9,885,482	3,764,000	1,699,203	4,370,834	159,110,080
19	Deprec Exp: Transmission	3,419,699	84,194,682	113,951,000	8,898,384	11,592,854	12,325,689	45,091,215	4,299,000	7,262,075	9,074,211	300,108,809
20	Deprec Exp: Gen & Com Pla	299,828		66,256,500	891,295	1,065,173	329,360	2,737,033	1,316,000	721,367	435,141	73,851,697
20a	Amort Exp: Intangible Pla	37,963		-	-	-	-	2,767,113	719,000	112,603	-	3,636,678
21	Taxes Other than Income:	1,901,026	58,391,884	3,024,591	17,996,436	17,996,436	3,209,190	14,530,709	2,530,000	1,235,709	2,692,143	105,511,688
22	Amort of ITC/Other	-		(318,697)	(318,697)	534,852	(405,918)	(1,144,935)	178,000	-	(515,576)	(1,672,274)
23	Transmission Expense	10,415,435	216,979,644	458,832,000	31,183,304	53,159,046	25,780,922	99,077,397	17,430,700	14,306,610	23,666,557	950,831,615
23a	Facility Related Rev Credits			(37,589,000)	(19,349)	-	-	(5,929,372)				(43,537,721)
23b	Facility Related Payments					36,432		3,012,412				3,048,844
24	Gross Revenue Req	\$ 20,973,577	\$ 392,693,436	\$ 590,490,000	\$ 60,570,355	\$ 86,561,380	\$ 69,673,156	\$ 243,580,560	\$ 29,934,175	\$ 38,172,314	\$ 58,048,460	\$ 1,590,697,413

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	Data Input Sheet 2													
2	Wheeling Service Revenue Credits													
3														
4														
5	Revenue from Long Term External Contracts - Note 1													
6		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
7	Received From:													
8	Party													0
9	Party													
10	Subtotal	2,206,236	1,400,894	9,829,900	1,191,117	5,276,176	82,081	14,295,684	0	435,471	539,901	35,257,460		
11														
12														
13	Revenue from Short Term NWPP Wheeling - Note 2													
14		Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total		
15	Received From:													
16	Party													0
17	Party													
18	Subtotal	236,936	2,011,577	2,785,800	7,240	0	245,665	74,530	26,400	104,540	32,070	5,524,758		
19														
20	Lost Revenues													
21	ST Lost Rev	140,180	2,134,329	10,461,500	3,620,159	13,960,625	653,074	10,825,594	626,600	510,647	394,214	43,326,922		
22														
23	Total Lost Revenue: (18+21)	377,116	4,145,906	13,247,300	3,627,399	13,960,625	898,739	10,900,124	653,000	615,187	426,284	48,851,680		
24														
25														
26	Merchant Payments - Note 3													
27	Long Term	5,328,600	15,472,595	132,126,400	229,950	3,835,200	0	56,147,094	3,900,000	1,045,036		218,084,875		
28														
29	Short Term	3,120,781	98,120,372	33,328,100	13,554,717	3,400,000	2,562,266	119,144	112,700	3,931,326	1,693,972	159,943,378		
30														
31														
32	FTR/RTR Revenues													
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. This is combined with the Lost Revenue from other parties to form the Total Lost Revenue on Line 23.													
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	Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1													
45	RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied													
46	upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.													

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	
1	Data Input Sheet 3														
2	Wheeling Between RTO West Filing Utilities (Transfer Payments)														
3															
4															
5															
6	Revenue from RTO West Parties for Long Term Wheeling (\$)														
7	Payment Made By :	Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total			
8	Payment Received By :														
9	Avista		0	7,657,668	0			0	125,695	3,053,000	0	0	10,836,363		
10	BC Hydro	0		0	0			0	0	0	0	0	0		
11	BPA	9,736,300	15,196,550		952,550	3,123,249		0	43,127,111	36,048,400	38,277,548	0	146,461,708		
12	Idaho Power	0	0	4,973,693				0	8,756,647	0	0	23,625	13,753,965		
13	Montana	0	0	2,698,028	204,000			0	0	0	0	0	2,902,028		
14	Nevada	0	0	0	0			0	0	0	0	0	0		
15	PacifiCorp		2,116,085	9,345,517	3,133,728			0	0	0	0	0	14,595,330		
16	P. G. E.	0	0	361,100	0			0	0	0	0	0	361,100		
17	Puget	25,880	0	0	0			0	0	0	0	0	25,880		
18	Sierra	0	0	4,694,307	0			0	0	0	0	0	4,694,307		
19															
20	Payment Made Total	9,762,180	17,312,635	29,730,313	4,290,278	3,123,249	0	52,009,452	39,101,400	38,277,548	23,625		193,630,680		
21															
22	Payment Received Total	10,836,363	0	146,461,708	13,753,965	2,902,028	0	14,595,330	361,100	25,880	4,694,307		193,630,680		
23															
24															
25	Revenue from RTO West Parties for Short Term Wheeling (\$)														
26	Payment Made By :	Avista	BC Hydro	BPA	Idaho	Montana	Nevada	PacifiCorp	PGE	Puget	Sierra	Total			
27	Payment Received By :														
28	Avista		194,321	339,106	1,427,266	143,450	0	271,666	0	34,282	0	2,410,091			
29	BC Hydro	0	0	0	0	0	0	0	0	0	0	0			
30	BPA	1,742,100	32,069,700	0	5,238,300	0	0	1,251,300	3,256,500	2,240,100	745,400	46,543,400			
31	Idaho Power	0	50,614	99,082	0	25,938	0	735,000	0	6,688	1,039,355	1,956,677			
32	Montana	161,771	1,433,595	0	1,387,542	0	0	241,423	154,808	211,765	0	3,590,904			
33	Nevada	0	2,650	0	1,214,639	0	0	8,915	0	0	0	1,226,204			
34	PacifiCorp		753,043	555,084	10,448,382	113,676	0		95,246	5,246	1,794,245	13,764,922			
35	P. G. E.	129,100	451,427	0	13,985	18	0	2,950	0	631,791	0	1,229,271			
36	Puget	14,321	1,271,629	2,530,176	587,185	985,537	0	523	348	0	0	5,389,718			
37	Sierra	0	37,883	333	2,096,552	0	0	32,269	0	0	0	2,167,037			
38															
39	Payment Made Total	2,047,292	36,264,861	3,523,781	22,413,850	1,268,619	0	2,544,046	3,506,902	3,129,872	3,579,000		78,278,222		
40															
41	Payment Received Total	2,410,091	0	46,543,400	1,956,677	3,590,904	1,226,204	13,764,922	1,229,271	5,389,718	2,167,037		78,278,222		
42															
43															
44															
45															
46															
47	Form 1														
48	Split - or Conflict														
49	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.														

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Data Input Sheet 4													
2	Loads and Billing Determinants													
3														
4														
5														
6														
7														
8	This load page needs to be replaced with a table that shows which loads are paying what Company Rates.													
9														
10														
11	Company Billing Determinants													
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			7,689	12cp 3253 MW	12cp 3466 MW		7,689		
15	* Load expected to be served by company rate. Some data not yet submitted - blanks do not equal zero.													
16	Test Determinants	1,778	7,353	13,034	2,365	1,312	4,325	7,689	3,253	3,509	1,577	46,195		
17														
18														
19	1999 data													
20														
21														
22	Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 1													
23	RTO West pricing model operate in relationship to one another. They are for illustrative purposes only and cannot be relied													
24	upon to predict actual RTO West company rates or any of the individual components on which company rates will be based.													

Illustrative Example

**NARRATIVE EXPLANATION RELATING TO
RTO WEST ILLUSTRATIVE PRICING MODEL
POOLED SHORT TERM REVENUE ALTERNATIVE**

This version of narrative follows the RTO West Revised Pricing Model 9-21-01.

Overview

The “Stage One” pricing proposal contained transfer payments among utilities that were intended to replace the payments made for short term and non-firm transmission services among PTOs during a “test year”. When data for the year 2000 was included, it became apparent that these payments could be quite large and the pricing proposal came under criticism. There were numerous issues raised, many questioning fundamental principles. This narrative describes an alternative to the “Stage One” proposal. More specifically, this approach pools the short-term transfer payments (STTP) in the same way as the lost revenue, with the cost of the pool being shared through a Grid Management Charge (GMC). The amount of STTP money collected through the pool can be reduced by various means, such as, having some of the utilities convert their short term transactions to long term firm service. The size of the STTP pool would be limited (at a yet to be determined level), and utilities with *payments or receipts* above the limit would be directly responsible for 50% of the resulting amounts. The STTP pool would be combined with the Lost Revenues, NWPP access charge and the RTO West operating cost, with this total pool being recovered through the GMC, which will be applied to schedules.

This document explains the construction of the RTO West Illustrative Pricing Model Spreadsheets for the Pooled Short Term Revenue Alternative (the “Illustrative Model Spreadsheets”). These Illustrative Model Spreadsheets are meant to convey, in numerical table format, how the Pricing Model can be implemented. This explanation presumes general familiarity with the RTO West pricing approach, and is intended only as a guide to the layout of the Illustrative Model Spreadsheets themselves.

Caveat

The data currently contained in the Pricing Model reflects (i) preliminary and estimated 2000 data and, (ii) the year 2000 corporate configurations (e.g. the relationship between the PTO and its affiliates). To the extent the reference year or corporate configuration changes, the model results would also change. The results 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 alternative pricing proposal and how those elements behave in relation to one another.

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 alternative pricing proposal. They show an approximation of each Filing Utility's revenue requirement (based on 2000 data) relating to the facilities the particular Filing Utility expects to include for pricing. The Summary Pages also show critical components of anticipated "transfer payments" to be made among the Filing Utilities which are intended to capture pre-RTO West revenues related to long-term transmission agreements and tariff usage. The Summary Pages also illustrate how RTO West's own projected operating expenses as well as the pooled Lost Revenues, NWPP Revenues, and Short-Term Revenues will be recovered. The sources for the elements contained in the Summary Pages are the Data Input or Calculation Sheets included with the Illustrative Model. A more detailed explanation of each of the components of the Summary Pages is provided below under "Explanation of Summary Pages."

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 forward 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 on 2000 data) solely for those transmission facilities a given Filing Utility expects to include for pricing and access.

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 2000 data). "External" revenue is that revenue received under a long-term contract or tariff schedule that the Filing Utility expects to continue after RTO West formation, and is not from another Filing Utility or its own merchant function. The revenues excluded from line 8 are picked up as

other entries on the Summary Pages. The line 8 entries also do not include any revenues received through sales of short-term transmission service. The source for line 8 is 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 internal or affiliated merchant function. 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 Page are carried forward from Data Input Sheet 2, Line 27.

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 2000). 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 on 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. 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 on 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.

Pre RTO West Company Load Costs – Long Term Adjusted (Line 23)

The entries on line 23 on page 1 of the Summary Pages show the long-term, committed positions of each company load. It is derived from the gross revenue requirement, with adjustments for only long-term transactions.

Pre RTO West Company Load Rates – Long Term Adjusted (Line 24)

The entries on line 24 on page 1 of the Summary Pages show the Company Load Rates based on the Line 23 long-term, committed positions of each company load. It is Line 23 divided by the Company Load (Line 99).

Short Term Adjustments – NWPP Revenue Credit (Line 28)

The entries on line 28 on page 1 of the Summary Pages represent revenues that each of the Filing Utilities received during 2000 through short-term transmission services to utilities within the Northwest Power Pool area, excluding other Filing Utilities. The source is Data Input Sheet 2, Line 18. In the Stage 1 model, this revenue was to be collected as a separate transfer payment or access charge. In this pooled revenue alternative, the NWPP short-term revenue will become a shared cost and be pooled with other short-term revenue and collected through a Grid Management Charge (GMC).

Short Term Adjustments – Lost Revenue Credit (Line 30)

The entries on line 30 on page 1 of the Summary Pages represent revenues that each of the Filing Utilities received during 2000 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. This shortfall will be shared by collecting it through the GMC. The entries on line 30 are carried forward from Data Input Sheet 2, line 21.

Short Term Adjustments – Merchant Revenue Credit (Line 32)

The entries on line 32 on page 1 of the Summary Pages represent revenues that each Filing Utility received during 2000 through short-term usage of its transmission facilities by its internal or affiliated 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 32 are from Data Input Sheet 2, line 29.

Transmission Service Payments Between RTO West Filing Utilities – Paid (Line 36)

The entries on line 36 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 2000). The calculations for the numbers set out on line 36 of the Summary Pages are shown on Data Input Sheet 3, Line 39.

Transmission Service Payments Between RTO West Filing Utilities – Received (Line 38)

The entries on line 38 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. The calculations for the numbers set out on line 38 of the Summary Pages are shown on Data Input Sheet 3, Line 41.

Net Short Term Adjustments (Line 41)

The entries on line 41 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 41 is the summation of the entries shown on lines 28–38 on page 1 of the Summary Pages.

Pre RTO West Company Load Costs (Line 46)

The entries on line 46 on page 1 of the Summary Pages represent a summation of the entries on lines 4, 19, and 41 on page 1 of the Summary Pages. These numbers are designed to show, roughly, what each Filing Utility's loads paid for transmission service during the year 2000 with known and measurable changes. 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 do not include any costs or effects resulting from RTO West's role in operating the RTO West Transmission System.

Pre RTO West Company Rates \$/ KWY (Line 47)

The entries on line 47 on page 1 of the Summary Pages are for comparison purposes. They are intended to help identify dollar-per-kW-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 46 and dividing them by the test billing determinants shown on line 99.

RTO West Effects – Pre RTO West Cost with LT Adjustment (Lines 55 & 56)

These are a repeat of Lines 23 and 24. This analysis uses the Filing Utilities long-term positions as a starting point for calculating a new final cost that includes the effects of RTO West. The short-term adjustments shown on Page 1 show how pre-RTO (in year 2000) the utilities got from the long-term positions on Line 23 to their final, net costs on Line 46. Lines 58-87 will show how, starting from the same long-term positions, the utilities would get to final, net costs with RTO West in place.

RTO West Effects – Long Term Conversions (Line 59)

In lieu of short-term transfer payments, the Filing Utilities will pool part of the amounts paid and received for short-term service and fund the pool via the GMC. The amount of STTP money collected through this pool can be reduced by various means, such as, having some of the utilities

convert their short term transactions to long term firm service. Line 59 shows the net results of all of these efforts to reduce the size of the STTP Pool. The source for Line 59 is Calculation Sheet 2, Line 59.

RTO West Effects – Reduction Target Shortfall Payments (Line 62)

In this model, part of the short-term transmission payments between PTO's is shared through a pool of money collected through a Grid Management Charge (GMC). The size of this pool is to be capped, which obligates each utility making a short-term payment to convert part of that payment to some other form (e.g. a long term payment). The obligation is expressed as a reduction target. Failure to convert the target amount requires the utility to make a direct payment to the STTP pool equal to 50% of their shortfall. Line 62 is this penalty payment. The source for Line 62 is Calculation Sheet 2, Line 17.

RTO West Effects – Revenue from the ST Revenue Pool (Line 65)

This is the amount that each PTO will receive from the short-term revenue pool. It includes the short-term revenue that the utilities were getting as Lost Revenue, NWPP revenue and transmission service payments from other PTOs during the test year. The source for Line 68 is Calculation Sheet 2, Line 46.

Post RTO West Company Load Access Charge (Line 69)

Line 69 approximates the amounts the loads of each PTO will pay as load access charges. It is derived by taking the long-term positions of each PTO (compiled from revenue requirements and long term contracts), and adjusting for revenue flowing directly to or from the short-term revenue pool. The remainder of the RTO cost is collected through the GMG, rights auctions, and internal merchant payments as shown below.

Post RTO West Company Access Charge Rates \$/ KWYR (Line 70)

Line 70 on page 2 of the Summary Pages shows the results of dividing the post-RTO West Company Load Access Charges for each Filing Utility (on line 69) by each Filing Utility's billing determinant (on line 99), which yields an illustrative dollar amount per kilowatt-year.

RTO West Effects – Grid Management Charge Payment (Line 75)

In this model, all shared costs (uplift) are collected through the GMC. The GMC is a rate per MWh applied to all schedules. The exact application of the GMC is still under development. The amounts collected through the GMC include the RTO West operating cost, the Lost Revenue, and the short-term transmission payments between PTO's. Line 62 is an estimate of how much of the GMC may be paid by each PTO based on estimates of past scheduling levels for load service, merchant activity, etc. The source for Line 62 is Calculation Sheet 1, Line 18.

RTO West Effects – FTR Payments (Line 78)

Part of the revenue flowing into RTO West will come from auctioning available FTRs (as well as RTRs and NTRs). To the extent that PTOs buy these FTRs, it constitutes part of the RTO cost to the PTO and is shown on this line. Note that all of the FTR revenues are used to offset the GMC. The source for Line 78 is Calculation Sheet 1, Line 26.

RTO West Effects – Internal Merchant Transfer Payments (Line 81)

This is the same as Line 32, the internal payments by the PTOs affiliated merchant. The line is repeated here to make the net Post-RTO (Line 87) comparable to the net Pre-RTO cost (Line 46). The source for Line 81 is Line 32 above.

Post RTO West Company Load Cost (Line 87)

The entries on line 87 on page 2 of the Summary Pages represent a summation of example Company Load Costs after including the entries designed to capture RTO West costs and effects. The entries on line 87 are derived by adding the amounts on lines 75 through 81 to the numbers entered on line 69.

Post RTO West Company Rates \$/ KWYR (Line 88)

Line 88 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 87) by each Filing Utility's billing determinant (on line 99), which yields an illustrative dollar amount per kiloWatt-year.

Company Load (Line 99)

The entries on line 99 on page 2 of the Summary Pages show illustrative billing determinants for recovery each Filing Utility's Company Rates from its Company Loads. The billing determinants are based on 12 monthly coincident 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 99 reflect 2000 data.

Explanation of Calculation Sheet 1

The first calculation on this sheet determines the total amount to be recovered from a Grid Management Charge (GMC) and estimates how that charge will be distributed among the PTOs.

Lines 10-14 are the components that make up the total GMC. They are the RTO West operating cost (Line 10), the portion of the STTP pool to be funded via the GMC (Line 11), and the Lost Revenue payments that will be shared through inclusion in the GMC (Line 12). They are offset by crediting all of the revenue from RTO West auctions of FTRs, RTRs, and NTRs (Line 13). The total GMC is on Line 14.

Next, the distribution of payment of the GMC is estimated. This estimated distribution is based on three assumptions:

- The GMC will be a scheduling fee applied to all schedules. This will include schedules to load, schedules between generators, schedules for export, etc. The fee will apply to all parties submitting schedules, whether they are a PTO or not.
- 10% of the schedules, and hence the GMC, will come from parties that are not PTOs. This amount is excluded from the calculation.
- 20% of the schedules will be submitted by PTOs, but are not directly for load service. These may be for export, economy transactions between generators, transactions between market hubs, etc. They are distributed among PTOs in proportion to an estimate of the PTOs' merchant activity. This activity estimate is a combination of the PTOs' short term transfer payment (a measure of how much service the PTO buys on other systems for non load related activity) and their internal merchant payment (another measure of non load related activity).
- 70% of the schedules are for load service. These are distributed among PTOs in proportion to the size of their load. This calculation uses the same 12CP that is compiled on Data Sheet 4.

On Calculation Sheet 1, Lines 15 and 16 deduct the 10% of the GMC that is assumed paid by others. Lines 17 and 18 distribute the remaining 90% in proportion to the assumptions stated above. Line 18 is the result that comes forward to Summary Sheet 2, Line 75.

The next calculation (Lines 21-26) is an estimate of how much of the revenue for purchasing FTRs, RTRs, and NTRs in the RTO West auctions will come from PTOs, and how those payments will distribute among the PTOs. This calculation uses some of the same assumptions made above for the GMC. First, 10% is assumed to be paid by parties other than PTOs, and this is deducted in lines 23 and 24. The remainder is distributed in proportion to the PTO short-term transmission service payments. This reflects merchant activity on other systems, the kind of transactions likely to require purchase of rights the utility is not now holding. The result is on Line 26 and is carried to Summary Sheet 2, Line 78.

Explanation of Calculation Sheet 2

This sheet calculates the size of the revenue recovery pool that is used in lieu of the short-term transfer payments (STTP) of Stage 1.

The objective is that short-term transfer payments between PTOs will be pooled in the same way as the lost revenue, with the cost of the pool being shared through uplift. The amount of STTP money collected through the pool can be reduced by various means, such as, having some of the utilities convert their short term transactions to long term firm service. The size of the STTP pool will be capped, and utilities with payments or receipts above the cap will be directly responsible for 50% of their amounts above the cap.

The original short-term payments for the test year are shown in Lines 7 & 9.

The next block of calculation (Lines 14-19) shows the application of the pool cap to those making payments during the test year. Line 14 takes the amount of total reduction needed to impose the pool cap and spreads it back across the utilities in ratio to the individual payments that they made in the test year. Line 15 is a scenario representing one assumed set of actual short-term payment reductions. In this case, it was assumed that BCH converted their entire Reduction Target obligation into a long-term purchase from BPA. Similarly, Idaho Power made a long-term purchase from PacifiCorp sufficient to satisfy their obligation. No other utility was assumed to do anything. Line 16 shows the amount by which each utility fell short of their reduction target. Each utility falling short must make a penalty payment of 50% directly to the pool as shown in Line 17.

The next block of calculation (Lines 21-27) shows the application of the pool cap to those receiving payments during the test year. Line 22 takes the amount of total reduction needed to impose the pool cap and spreads it back across the utilities in ratio to the individual receipts that they had in the test year. Line 23 is a scenario representing one assumed set of actual short-term receipt reductions. This is the receipt side of the same scenario shown on Line 15. Line 24 shows the amount by which each utility fell short of their reduction target. Each utility falling short will only be allowed to recover 50% of their revenue above the cap from the pool as shown in Line 25.

Lines 29-37 show the calculation of the total size of the STTP pool and how much of it is recovered through a Grid Management Charge. Line 30 is the total amount of revenue that PTOs received from other PTOs for short-term transmission service during the test year. This is reduced by a Reduction Target (Line 31) to produce the intended capped size of the STTP pool (Line 32). Utilities that did not negotiate alternatives to their short-term revenue received from other PTOs are allowed to collect 50% of the amount over the cap from the STTP pool. This increases the pool size and is shown on Line 33. Some utilities may have reduced their short-term revenues by more than enough to reach the cap, thereby further reducing the size of the pool. This is shown on Line 34. The final STTP pool size (amount utilities are able to withdraw) is on Line 35. Some of the pool will be funded by utilities making direct payments equal to 50% of their unmet reduction targets (Line 36). The remaining amount of the STTP pool (Line 37) will be funded through a Grid Management Charge to be collected on schedules.

The next calculation block (Lines 39-46) shows how much each utility will get from both the STTP pool and from the Lost Revenue sharing mechanism. Line 40 shows the short-term revenue each utility received in the test year. It is reduced by Line 41, the individual reductions required to meet the STTP pool cap. Line 42 is the additional reduction (if any) that utilities may have achieved in converting more than the minimum of their test year short term transactions into some other form. Line 43 shows how utilities that have not met their receipt reduction targets are allowed to collect 50% from the pool. In addition to sharing the payment of revenues that the PTOs received from Other PTOs via the STTP pool, the PTOs will also share the loss of short-term revenues from others. These Lost Revenue amounts for each PTO are shown on Line 45 and are added to the STTP pool withdrawal amounts to get the total shared payout to each PTO as shown on Line 46.

Lines 49-52 are a check calculation used to verify how much each utility will recover of the short term revenues they received during the test year. Line 50 is the amount they receive from the

STTP pool. Line 51 is the amount they receive from replacement transactions they have negotiated in lieu of the test year short-term transactions. Their total compensation is on Line 52. Note that utilities that have met or exceeded their reduction targets receive the full amount of the short-term revenues that they received during the test year.

Lines 57-59 calculate the net amounts paid and received in the replacement transactions that utilities used to reduce their short term revenues. The result of this calculation is brought forward to Line 59 of Summary Page 2.

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 2000 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 2000 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 2000. 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 totals on line 20 are carried over to line 14 on page 1 of the Summary Pages. The long-term totals on line 22 are carried over to line 16 on page 1 of the Summary Pages. The short-term totals on line 39 are carried over to line 32 on page 1 of the Summary Pages. The short-term 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.

ATTACHMENT A

Description of Process to Develop an FTR Revenue Estimate for Illustrative Pricing Model Spreadsheets (RTO Wes) – 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 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	12	4521	717	2	0	497	706	495	0	410		
		54252	8604	24	0	5964	8472	5940	0	4920	88176	
345	7	570	1983	732	0	0	0	0	725	101		
		3990	13881	5124	0	0	0	0	5075	707	28777	
230	4	5372	3130	1186	539	304	419	953	391	430		
		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.