*Draft for Review and Comment*
*February 6, 2002*
*- Subject to Change -*

# RTO WEST
# Pricing Proposal

This draft represents the proposed RTO West Pricing Proposal developed by the filing utilities for inclusion in their planned March 1, 2002 filing to FERC. It is a work in progress and is subject to change. The filing utilities are releasing this draft to provide an opportunity for stakeholder review and comment. Interested stakeholders may provide comments and input on this draft at the RRG meetings scheduled for February 11 and 12 or in writing. Comments in writing should be sent via email by February 15 at the latest to Bud Krogh at ekrogh@serv.net and Chris Elliott at chrisrtowest@earthlink.net.

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# PRICING PROPOSAL
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## A. Introduction – Background

Designing a workable pricing model for the recovery of system fixed costs has been one of the most significant challenges of the RTO West development process, because the formation of an RTO represents a fundamental shift in pricing methodology. Historically the rates for transmission service were based on the average embedded costs of each individual system – an annual revenue requirement divided by some measure of peak load served, often an average of twelve coincident peaks (12CP). The service was provided by a vertically integrated utility as an incremental service secondary to its load service obligations for delivery of bundled energy sales to retail or wholesale requirements customers. Any congestion cost encountered in providing transmission service for its own needs and for separate transmission service to others was internalized.

A change in philosophy occurred when FERC issued Order Nos. 888 and 889 in 1997. The goal of this shift was to build an infrastructure to support a competitive wholesale market. Owners of transmission systems were now required to provide service to others which was comparable with their own use of the system. Open access tariffs were put in place, explicit charges for use by affiliated merchants were required and standards of conduct were put in place to effect functional separation of transmission operations from the other activities of vertically integrated utilities. Yet even with these reforms, the basic premise of transmission pricing remained unchanged. Congestion cost was still mostly not explicitly identified for service rendered and the system of embedded cost pricing was maintained.

The need for transmission pricing reform to accompany open access has long been recognized. But the incremental steps taken in Order No. 888 did not promote such reforms. With the issuance of Order No. 2000, the Commission concluded that operational unbundling was necessary for open access and called for the formation of Regional Transmission Organizations (RTOs) to operate the transmission facilities of a large region as a single system. The Commission also concluded that such RTOs should provide the mechanism for implementing the needed pricing reforms. Two interrelated reforms were identified: (1) the elimination of pancaked transmission rates to reduce trade barriers to movement of energy across the combined systems forming an RTO; and (2) a congestion management system which would provide for explicit identification of congestion cost based on marginal pricing mechanisms. For these reforms to work properly it is necessary to alter the method for recovering the fixed costs of the transmission system.

B. The Challenges of Developing a Pricing Model for RTO West

In accordance with these requirements, the filing utilities' efforts have focused on three central objectives in pricing RTO West's non-discriminatory open transmission access:[1] (1) avoiding substantial price increases and cost shifting among loads; (2) eliminating pancaked rates for use of the RTO West transmission system; and (3) promoting economic efficiency by minimizing volumetric, transaction-based charges. These are to some extent conflicting goals which must be balanced against each other in arriving at a workable pricing proposal which will recover fixed costs and still allow the congestion management system to work properly. During both Stage 1 and Stage 2, the filing utilities have, in conjunction with RTO West collaborative process, considered and analyzed many different options for how best to design a proposal consistent with their key objectives. None have proven to be perfect solutions, since there is inherent conflict among the stated goals. Each approach failed to fully achieve at least one important objective. This reflects the difficulty of designing a workable pricing proposal in an already low-cost region.

1. Avoiding Price Increases and Cost Shifts

The formation of RTO West depends upon voluntary action by the filing utilities. For RTO West to succeed, the transmission system of the Bonneville Power Administration (BPA) must be included as well as that the systems of the investor-owned systems in the Pacific Northwest and if possible the interconnected systems in the Canadian provinces of British Columbia and Alberta. The need to avoid substantial price increases and cost shifts among the utilities is a key to voluntary formation. Each of the filing utilities faces a number of approval hurdles before they can commit their systems to RTO West. Most investor-owned companies must obtain approval of State commissions. The Canadian utilities must have approval of their provincial authorities. The BPA Administrator must satisfy himself that the interests of the BPA customers are met.[2] The avoidance of substantial cost shifts between parties is a critical component of such approval.

When RTO West is formed, a new tariff will be put in place for all service provided from the RTO West transmission system. If a simple averaging of costs were used as the basis for collecting fixed costs, there would be a very large increase in prices for some of the Company Loads. Six of the nine utilities' Company Loads would experience cost increases. This is because the rates of the individual filing utilities differ greatly. Since the Pacific Northwest is a low power cost region, large increases in transmission cost translate into much larger percentage increases in total power cost than they would in higher cost areas dominated by thermal-electric generation.

[1] Pricing for non-discriminatory open access service must by definition meet the Commission's comparability standard, that is, the merchant function(s) affiliated with a transmission owner must be subject to the same rates, charges and fees for service as a similarly-situated non-affiliated transmission customer.

[2] The Northwest Congressional Delegation has also expressed its interest in questions relating to benefits and costs of the RTO, including potential cost shifts.

The approach to this problem in other regions has been to use what have been called "license plate" rates at the outset, i.e., charging load access fee, which is equivalent to the historic cost of transmission service under previous tariffs and contracts, plus a charge to recover the costs of the RTO. Each load pays only one embedded cost charge for service to loads and then faces only the variable costs (congestion and losses) for use of the transmission system. Some proposed RTOs have used other approaches to mitigate cost shifts as well.

2. Eliminating Rate Pancaking

The implementation of this seemingly simple "license plate" strategy for load based access fees is complicated for RTO West by the fact that filing utilities provide a very large amount of transmission service to each other and to other parties. There has been an active forward energy market in the West as far back as the 1970's when the Pacific Interties were completed. In the past ten years the number of participants in that market has grown considerably. Various parties have participated in this market using short-term and non-firm transmission service, while others have opted for long-term transmission service. With the issuance of Order No. 888, the affiliated merchant activities of the filing utilities were also required to pay for transmission service to meet the comparability requirements of the open access tariffs. The revenues from wheeling services now constitute almost 30% of the combined revenue requirements of the combined filing utilities, and nearly half of that is for short-term or non-firm service. A large percentage of these charges are the rate pancakes the Commission desires to be eliminated. However, if these charges were simply eliminated, there would be a substantial price increase required from the loads of those providing the service to collect the full revenue requirements of the filing utilities. As a result, RTO West's pricing model must include some mechanism for replacing the revenues that arise from transmission service provided to others prior to RTO West formation.

3. Promoting Economic Efficiency by Minimizing Volumetric Rates

In the pre-RTO West tariffs, every transaction recovered some contribution to fixed costs. Even short-term trades or non-firm energy faced a charge for incremental use on a KW or kWh basis. If the fixed cost charge applicable to such trades was higher than the value of the energy to be traded, no transaction took place, even though there may have been no congestion and it would have been economically efficient to make the trade. The problem was made worse by the pancaking of the charges over multiple systems, because the hurdle faced by a transaction was increased by each intervening system between potential trading partners. If possible then, the recovery of fixed costs should be done in such a way as to minimize the effect on the hourly energy market.

The congestion management system adopted by RTO West is based on recognizing injections and withdrawals on a nodal level and calculating prices at those locations based upon keeping all use within the physical capability of the system. The congestion cost becomes the difference in the price between any set of injection and withdrawal points. The congestion cost provides an economically efficient cost signal to users which tells them the value of their use of the transmission system. Charges applied on a volumetric basis, i.e. a $/MWh charge, work

against the efficiency gains of adopting a congestion management system. The preferred method for collecting the fixed costs, is therefore to collect an access fee from all loads on a monthly or annual basis. From the point of view of hourly transactions, the access fee payments are essentially fixed cost and they do not bias system dispatch. Again the simple solution has proven to be elusive because of the nature of pre-RTO West transmission services and the discontinuity in methods between the pre-RTO West and post-RTO West tariffs.

C. The RTO West Pricing Proposal

The development of a pricing proposal for RTO West has been a formidable task. A Stage 1 proposal was filed with the Commission in October of 1999. The proposal included a load based access fee called the Company Rate and a system of transfer payments among filing utilities. The proposal did not contain a volumetric charge for exports, as has been common for other RTOs and ISOs approved by the Commission. The Stage 1 proposal depended upon transfer payments among the filing utilities to cover long-term, short-term and non-firm transmission service among the filing utilities. However, there were some revenues that would be lost, namely the short-term and non-firm use purchased under current tariffs by parties who are not filing utilities, or other Northwest Power Pool utilities.

When the Stage 2 work began to further develop the RTO West pricing model, new data was collected on the embedded costs, peak loads and transmission revenues of the filing utilities. Updated Stage 2 data for 2000 showed that short-term and non-firm use had increased substantially and accounted for almost 18% of the filing utilities' total cost recovery for transmission facilities. This change in circumstances played a large part in the filing utilities' concluding that the Stage 1 pricing proposal would not prove workable. The potential lost revenue was no longer negligible. Short-term and non-firm revenues vary considerably from year to year, depending upon water conditions, market prices and weather. The filing utilities also concluded that it was unworkable to create long-term commitments based on a snapshot view of short-term revenues.

In designing the Stage 2 pricing proposal, the basic concept of the Company Rate was retained as a load based access fee. The transfer payment mechanism was also still considered a reasonable approach for dealing with long-term services, however some other mechanism was required for the replacement of revenues historically derived from short-term and non-firm services. Providing for the recovery of revenues that are currently collected from short-term and non-firm use of the filing utilities' transmission systems has proven to be the most difficult aspect of the pricing problem because a balance must be found between avoiding cost shifts and avoiding volumetric charges. The Transmission Reservation Fee is proposed to offset the loss of short-term and non-firm revenues collected under pre-RTO West tariffs. The Transmission Reservation Fee is a reasonable balance between these two competing goals.

1. Defining Scheduling Reservation Rights

When RTO West is formed, the bulk of the fixed costs of the RTO West transmission system will be recovered by Company Rates and long-term transfer payments or contract payments which are equivalent to the costs currently paid by the load of the filing utilities, i.e.

the cost recovery component for transmission included in charges for wholesale or retail requirements service. What then does the payment of the Company Rate or long-term transfer payment represent under the RTO West tariff and what is the nature of the service provided?

RTO West will offer two types of transmission service, Transmission Use Service and Non-Converted Transmission Service. Unlike the older tariff structures, the RTO West tariff separates out the congestion costs of the system and makes them explicit through nodal locational prices. pre-existing contract right holders (including most PTO load obligations) may elect to convert to Transmission Use Service. In the development of the congestion management proposal, the filing utilities recognized the need to honor existing obligations for transmission service, whether in existing contracts or load service obligations to wholesale or retail customers. In order to recognize existing rights to use of the transmission system, the filing utilities developed the concept of Cataloged Transmission Rights (CTR), as described more fully elsewhere in this filing.[3] In the Catalog, the injection and withdrawal points associated with existing rights are recorded (the historic "footprint"), including the maximum schedule allowed for each point and the rights, if any, to use secondary points on a non-firm basis. This cataloging of rights was done to pool existing obligations which often offset each other in practice and allow for additional release of capacity to other users.

A party that elects to take Non-Converted Transmission Service obtains two elements of transmission service which are covered by the Company Rate or long-term transfer/contract payment: (1) a right to schedule energy delivery over the system within its historic footprint of rights in the catalog, and (2) protection from congestion cost in a set of CTRs. The CTRs are similar to the Financial Transmission Options (FTOs) as they provide a hedge against congestion. CTRs may be converted to FTOs at the option of the right holder.

A pre-existing contract right may be converted from CTRs to FTOs and from Non-Converted Transmission Service to Transmission Use Service. Upon conversion, the customer will receive Historic Reservation Rights limited in scope to the transmission use options catalogued by RTO West based on the party's Pre-Existing Transmission Agreement(s). Historic Reservation Rights allow a party to schedule between designated injection and withdrawal points. Historical Reservation Rights are available to parties who convert Pre-Existing Transmission Agreements to Transmission Use Service. As set forth in the description of the Transmission Reservation Fee (TRF) below, the fee does not apply to customers submitting a schedule using Historic Reservation Rights, because those customers are paying for the service either through a Company Rate or a Transfer Payment. All Loads must have rights (Catalogued Transmission Rights + Historic Reservation Rights + Unrestricted Reservation Rights) sufficient to cover their total load requirement.

The filing utilities believe that all uses of the transmission system should make an equitable contribution to fixed costs, however not all load will be covered by Company Rates and long-term transfer payments. The Transmission Reservation Fee is applicable to these loads. The fee is based on the higher of the Company Rate at the withdrawal point or the average postage stamp rate for all RTO West facilities. The payment of the Transmission Reservation

[3] Attachment ___ Congestion Management Proposal

Fee provides an Unlimited Reservation Right, meaning that it is not restricted to a set of injection and withdrawal points on the system. If a user pays for a 40 MW reservation, it may schedule 40 MW of injections divided in any way it chooses between buses of the RTO West system and withdraw 40 MW at any combination of buses. The payment of the reservation charge does not, however, cover congestion costs. Protection from congestion cost may be obtained by acquisition of FTOs, with provision made for the user to use the dollars paid for reservation rights to obtain FTOs in the daily FTO auctions.

Holders of rights under the catalog who wish to schedule from and to points outside their historic footprint will be required to pay the Transmission Reservation Fee to obtain this flexibility.

The use of the delivery reservation concept attempts to assure that all users of the transmission system pay a fare share of the embedded costs of the system and avoids shifting responsibility for sunk costs from some users to the loads. While we recognize that this pricing proposal may not be as efficient as some other models it combines improvements to economic efficiency with rate design measures to avoid large cost shifts at least during the transition stages of RTO West.

2. Company Rates and Long-Term Transfer Payments

During the Company Rate Period (through December 14, 2011), the loads served by each of the filing utilities will pay a load-based access charge for RTO West transmission service equal to the transmission costs of such filing utility, adjusted for revenues from long-term Transfer Charges, any Non-Converted Transmission Service payments (if a customer is not paying the Company Rate) and allocated Transmission Reservation Fees, as set forth below. The Company Rate formula is set forth in an Exhibit __ to the Transmission Operating Agreement, a copy of which is attached hereto.

a. Transfer Charge

Transmission Customers may convert their pre-existing long-term transmission agreements with PTOs and take Transmission Use Service in return for Financial Transmission Options (FTOs) and Historic Reservation Rights, or retain their pre-existing transmission rights under long-term agreements and receive Non-Converted Transmission Service. Such converting transmission customers, in turn, would be obligated to pay Company Rates or Transfer Charges to the former transmission provider for such portion of the Company Rate Period as the Financial Transmission Options and Historic Reservation Rights remain in effect. Any Transfer Charges will be in agreed amounts comparable to the amounts estimated as payable under the pre-existing agreements absent RTO West. The agreed amounts for long-term transfer payments will be specified prior to RTO start-up. [Note: The transfer payments are based on the year before RTO West commences service. Thus they will not be filed with the March 1 filing.] Comparable contract suspension arrangements will be offered to all parties (PTOs in their capacity as transmission customers and others) who hold agreements for long-term transmission service.

b. Transfer Charge Adjustment

Long-term Transfer Charges among the transmission owners generally are not adjustable for changes in loads, as most of the underlying contracts do not allow for an increase in service for load growth. Transfer Charges among transmission owners may be adjusted, however, to the extent the preexisting rights provide transmission service for load growth. Examples of such rights would be some of the General Transfer Agreements.[4] For converted agreements, additional Historic Reservation Rights and Financial Transmission Options on an owner's transmission facilities will be provided for growth of loads served pursuant to these agreements, up to available capacity.

A number of Bonneville customers have also expressed concern that the unit costs of Bonneville transmission might substantially increase during the Company Rate Period, without any provision for a corresponding increase in Transfer Charges. To allay such concerns, the Transmission Operating Agreement permits a Participating Transmission Owner (PTO) to make an initial election that its Transfer Charges increase or decrease if its unit transmission costs increase or decrease. For a PTO so electing, the adjustment: (1) will be made only upon a filing for a change in its company costs; (2) will be based on actual transmission costs during a historical period and pursuant to a formula determined by RTO West; and (3) will apply only to Transfer Charges for pre-RTO agreements that had adjustable charges.

3. Transmission Reservation Fee

As described above, new Transmission Use Service is required during the Company Rate Period whenever a customer submits a schedule not covered by non-converted catalogued rights or Historic Reservation Rights. (Catalogued rights are rights inherent in pre-existing contracts and used by RTO West for scheduling.)

If a customer converts a long-term contract/right it receives both FTOs and Historic Reservation Rights. If a Point-to-Point contract is converted the customer will pay a Transfer Charge equal to the contract amount. The Historic Reservation Rights will identify the permitted transmission use, which will be identical to the scope of transmission use options reflected in the cataloguing of pre-existing contracts. (The conversion of catalogued rights into FTOs will follow the procedures established in the congestion management model.) RTO West will continue to track the injection and withdrawal points of transmission use to determine whether they are within the Historic Reservation Rights. Additional Reservation Rights are required for transmission service outside the Historic Reservation Rights.

Customers without Reservation Rights based on converted contracts will pay the Transmission Reservation Fee (TRF) and receive Unrestricted Reservation Rights to submit a schedule for a specified amount of megawatts (e.g. 100 MW) for a particular length of time (e.g. annual, monthly, daily, and hourly). Unrestricted Reservation Rights purchased from RTO West may be used with schedules from any injection point to any withdrawal point within RTO West.

[4] General Transfer Agreements are contracts between Bonneville and another filing utility to delivery energy to a Bonneville customer physical connected to the system of that filing utility.

The quantity of Unrestricted Reservation Rights RTO West will sell is unlimited, consistent with the "accept all schedules" model.

Congestion cost will be charged as a separate matter. Those schedules that are supported by catalogued rights are hedged against congestion cost for a particular set of injection and withdrawal points. Those schedules without such hedges must pay the congestion cost.

For new loads not covered by non-converted contracts or converted historical rights the load is served by taking new Transmission Use Service and paying a TRF equal to the higher of the RTO average Postage Stamp price or Company Rate price at the point of withdrawal. In addition, for loads that could be covered by non-converted contracts or historical rights, the transmission customer may choose to have its load growth or retail access load treated as a new load above. In either case, there will be no further access charges for the service. The customer will face congestion charges, because the customer either has no pre-existing rights or has chosen to give them up, but there will be no pancaked access charges levied.

On the other hand, loads with pre-existing rights for load growth or to serve retail access customers may take service under existing contract rights at the non-converted contract price or company rate. Customers who have and choose to take such service will pay the full TRF for access beyond their contractual "footprint."

Existing PTO loads paying the PTO Company Rate will have reservation rights on their own system and contracts for no additional charge. When moving to points beyond their "footprint" the TRF will apply. However, the users of short-term transmission pay a fair, just, and reasonable rate today, and the same type of users would be exposed to such rates tomorrow in the absence of the RTO. RTO West plans on encouraging annual, monthly and weekly purchases of new Transmission Use Service in order to minimize the occurrence of hourly TRF charges.

· When Unrestricted Reservation Rights are used to serve load within RTO West, the TRF will be equal to the higher of the Company Rate for the withdrawal point or a RTO West combined average cost (a postage stamp fee) based on the cumulative revenue requirement of all RTO West transmission owners. In all other cases (exports, schedules to hubs, and service to loads covered by converted or non-converted rights, but from outside the "footprint" of those rights), the TRF will be equal to the RTO West combined average cost. The average-cost TRF is estimated at $3.62/MWh based on the illustrative pricing example using data from the year 2000. Discounts will apply to longer term purchase, for instance a 10% discount for annual Reservation Rights.

· The TRF will be recalculated annually to reflect any changes in the FERC-approved revenue requirements for PTOs and any changes in the total 12 CP loads within RTO West plus exports.

· The TRF is intended to recover the contribution to the embedded costs of the grid that were historically paid by short-term and non-firm transmission customers and will reduce the

Company Rate. The Company Rate will be adjusted on an annual basis to true up the Company Rate to the actual allocated TRF revenues.

TRF Reservation Rights may be purchased from RTO West or on the secondary market. However, Reservation Rights on the secondary market may or may not be accompanied by the FTO credit (see discussion of the credit below). RTO West will facilitate a secondary market for resale of Reservation Rights. The secondary market price is capped at the applicable access charge paid by the seller (yearly, monthly, daily or hourly) and may be discounted. Because the supply of Unrestricted Reservation Rights is unlimited, the secondary market is likely to discount the price for Reservation Rights.

A customer paying the TRF also receives a credit in the dollar amount of the payment, which may be used to offset the cost paid for FTOs in the day-ahead auction (FTO Credits). The credit may only be used in the day-ahead auction and not in annual, monthly, or any other FTO auction or to cover charges for congestion. FTO Credits and the Reservation Rights may be remarketed together or independently of each other.

The day-ahead FTOs auctioned by RTO West will be limited to unencumbered physical capacity of the RTO West grid.

By limiting the day-ahead FTO auction to the unencumbered physical capacity of RTO West grid, RTO West should not experience any incremental congestion costs based on the sale of FTOs in the day-ahead market. Thus the TRF revenues should be available for allocation to PTOs to as a surrogate to short-term historical revenues, thereby benefiting company loads. An underlying assumption is that there is value in acquiring FTOs in the day-ahead auction. RTO West will continue to accept all schedules day-ahead or real time (subject to the ability to obtain redispatch). Thus, potential buyers in the day-ahead FTO auction will face uncertainty about the real time congestion costs because of the "accept all schedules" regime's affect on real time prices. This should create a demand for day-ahead FTOs.

This pricing model more closely integrates the pricing and congestion proposals to allow traditional short-term transmission users the ability to obtain more "value" for the reservation payments. Concern has been expressed that that the reservation fee and congestion costs together represent a cost that is too high. This assumes that some uses should pay a smaller portion of the sunk costs or be exempt from paying any portion of sunk costs. Even assuming this is correct, our proposal gives FTO credits that can be used to bid for FTOs in the day-ahead auction. By effectively reducing the price users pay for FTOs in some circumstances we believe that this concern is at least partially addressed.

4. Allocating Revenue Collected by the TRF

The revenues collected by the TRF charges are to be allocated among the PTOs and used to reduce PTO's respective Company Rates. This allocation of revenues is designed to replace the revenues that would have been received for the sale of short-term and non-firm transmission under pre-RTO West tariffs. It is also designed to replace revenue lost because of the expiration

of long-term contracts during the Company Rate period, when those contracts are not converted and expire under their original terms.

The revenue credit to the Company Rate will be the sum of (i) all Transmission Reservation Fee revenues paid by a PTO's merchant function to RTO West for use of RTO West Controlled Transmission Facilities for transactions that could have been accommodated pre-RTO by using only the PTO's own system, and (ii) the PTO's allocated share of Transmission Reservation Fee revenues paid to RTO West for all uses other than a merchant's use of its affiliated owner's RTO West Controlled Transmission Facilities. (TransConnect member will be treated in the same manner as a PTO merchant function for use of its transmission system placed under TransConnect's control.)

For services to newly integrated loads and regional loads electing to take incremental transmission under Transmission Use Service by paying the TRF, revenues from the TRF up to the amount of the Company Rate, are allocated directly to the PTO provider (the PTO for the load) to offset that PTO's Company Rate. Revenues associated with the difference between the RTO West postage stamp and the Company Rate (when the postage stamp rate is higher) are allocated according to the TRF allocation formula below. The modified TRF allocation formula for these revenue allocations would exclude any allocation to the PTO that received a direct allocation of the Company Rate revenues. (Fees from TransConnect members' loads will be allocated to TransConnect.)

The reference year for the determinations of a PTO's allocation will be the last full calendar year before RTO West commences service. A PTO's allocated share of (non-affiliated merchant) Transmission Reservation Fee revenues will be based on the PTO's relative share of the sum of the following:

> (Reference Year revenues from short-term and non-firm use between (a) PTOs and (b) third party and PTOs; and Revenues from expiring long-term contracts. Revenues from expiring long-term contracts will be the amount, if any, by which total long-term contract revenues fell below reference year long-term contract revenues.)

The allocation of Transmission Reservation Fee revenues based on reference year short-term revenues is designed to replace, as nearly as possible, the short-term revenues each PTO would have received in the absence of RTO West. The total revenues will vary from year to year for a variety of reasons; just as each transmission owner's short-term revenues vary in the pre-RTO world. The Transmission Reservation Fee rate calculation and revenue allocation methodology is designed to leave the risk of revenue fluctuation with each transmission owner's Company Rate, just as fluctuations in the revenue credit for short-term sales would be reflected in the long-term rates in the owner's OATT rate today.

While the total short-term component of Transmission Reservation Fee revenues will vary from year to year, the allocation factors for each PTO will be fixed based on its relative share of the reference year short-term revenues. The filing utilities considered trying to adjust the allocation factors to reflect the ongoing use of each PTO's system. However, that would

have required determining which owners' system(s) had been used for each future transaction. The filing utilities concluded that this would be very difficult, if not impossible, to do, particularly using a flow-based scheduling system. Even if it were feasible, using a flow-based allocation would significantly distort the allocation formula. Historic short-term and non-firm revenues were allocated to PTOs on a contract-path basis. If replacement revenues were allocated on a flow basis, additional cost shifts would result.

a. Internal Payments from Merchants to Affiliated Owners

In 2000, short-term payments to all the filing utilities totaled approximately $287 million. Of that amount, $160 million was for internal payments by merchants to their affiliated transmission owners. The majority of the affiliated merchant payments were for transactions that used other PTO(s)' system(s) as well as the affiliated owner's system. [Merchant affiliation will be defined in this document or another RTO document.] For these transactions, the Transmission Reservation Fee, at the level proposed, is not high enough to replace the historical merchant payment to the affiliated owner plus the payment to other transmission owner(s) whose transmission systems were used for the wheeling. For example, a sale from BC Hydro to California today would typically require three transmission payments: one to BC Hydro and two to BPA for its Network and Southern Intertie systems. The payments could total as much as $14 per MWh, (absent discounting) as compared to the Transmission Reservation Fee of only $3.60 per MWh.

It is expected that the Transmission Reservation Fee revenue will approximately recover the historical level of short-term revenue, not including the internal merchant component of these pancaked transactions. Therefore, the historical internal payments are not included in the allocation factor for short-term revenues. In order to avoid a cost shift to its Company Rate payers, a PTO could adopt an internal transfer payment or other mechanism to reflect and replace revenues from the historical affiliate short-term use.

Occasionally after RTO start-up, there may be merchant short-term transactions that use only the affiliate transmission system. Because the historical merchant payments are not included in the overall allocation formula, it is appropriate to allocate the TRF revenues for these internal-only transactions directly to the affiliated PTO to reduce its Company Rate.

The filing utilities considered including the internal merchant payments in the Transmission Reservation Fee allocator. This would have avoided the necessity of the special allocation of internal-only Transmission Reservation Fee revenues to the affiliate. However, as discussed above, it would produce a revenue under recovery for third party short-term use and consequently, significant cost shifts among the PTOs.

There is wide variation in the amounts paid by merchants to their affiliated owners for short-term use. Some filing utilities rely on long-term rights between the transmission and merchant functions, while others have purchased substantial short-term transmission. For example Montana Power's allocation of TRF revenues is 13.8% based on lost short-term revenues from other PTOs and third parties in 2000 and PacifiCorp's is 19.4%. However, if the internal merchant revenues are included in the formula, Montana's share of the allocation falls to

7.3%, and PacifiCorp's to 8.6%. As a result, the allocation formula based on all short-term revenues including internal merchant payments would reduce these filing utilities share of short-term revenues from non-affiliates by almost 50% in Montana Power's case and more than 50% in PacifiCorp's case. Unlike the revenue shortfall owners may experience because of the exclusion of internal payments from the allocation formula, the loss of short-term revenues from non-affiliates cannot be replaced by an internal credit to reduce the Company Rate. Thus, the cost shifts among PTOs that would result from inclusion of revenues from internal Transmission Reservation Fee payments in the allocation formula are not appropriate or necessary. By directly allocating Transmission Reservation Fee revenues from merchants' use of their affiliated transmission system and using the resulting revenue credit to reduce the Company Rate, the allocation formula assures each PTO of the opportunity to recover its equitable share of short-term transmission revenues generated through use of its system by other PTOs and third parties. This accomplishes the primary goal set in Stage 1 of avoiding cost shifts through the loss of short-term revenues by providing those revenues directly from internal merchants and allocations of revenues among PTOs, while establishing a postage stamp rate for short-term transmission use.

b. Expired Long-Term Contacts

Revenues from long-term contracts among the PTOs and their contracts with third parties are used to reduce a PTO's Company Rate, either through non-converted contract payments or long-term transfer payments. If those contracts expire during the Company Rate period, the PTO would have to increase its Company Rate to replace these revenues. However, the expiration of these contracts will make additional use of the transmission system available for short-term use and users would pay the TRF. It is quite possible that the long-term customer will continue to use the system in similar ways as before contract termination, preferring to pay the postage stamp Transmission Reservation Fee rather than a long-term transfer payment. This would be particularly true if a customer had two long-term contracts over contiguous transmission systems and could avoid pancaked rates by allowing its contract to expire.

Since RTO West has been proposed, transmission customers of BPA and other filing utilities have increasingly chosen one-year transmission contracts with rollover rights. If these transactions are allowed to expire in anticipation of RTO West's new service, they would create a revenue under-recovery in the same way as short-term historical transactions. Therefore, including expired long-term contracts in the allocation of Transmission Reservation Fee revenues gives the PTOs an opportunity to replace the revenues from such contracts for the Company Rate period. As with the short-term revenues, replacement of those revenues is not assured, because total Transmission Reservation Fee revenues may fall short of the short-term revenues plus expired long-term contracts. This risk, however, is a risk similar to that borne by the filing utilities today.

As a final note, some committees were concerned that a PTO could experience an increase in long-term contracts between the reference year and RTO start up. Then, even if some contracts expired, total long-term revenue may be greater than reference year revenue. This concern is addressed by giving the PTOs an allocation for expired contracts only when total long-term revenue falls below the reference year long-term revenue.

If a non-PTO wholesale customer has a PTP type contract with its PTO provider for service to its load and converts the PTP contract to RTO Transmission Service, then the customer pays a Transfer Charge. (A customer with a non-converted PTP contract must take Transmission Use Service from RTO West for additional transmission beyond the contract and would pay the TRF for the new service and continue to pay the contract rate for the Non-Converted Transmission Service.)

For service to regional load, if the customer does not have catalogued rights or Historical Reservation Rights for service to the load in question on its PTO provider's system the customer pays the TRF. Customers with Retail Access would have a choice: either (1) continue paying their current Company Rate for access and pay TRF for energy delivered from resources that are outside the access rights of their provider, or (2) pay the TRF and take all service through Transmission Use Service with Unrestricted Reservation Rights. To select this option a customer must purchase Reservation Rights equal to its load.

c. Reference Year

RTO West proposes to use the last full calendar year prior to RTO start-up as the reference year for determining the Transmission Reservation Fee allocation, both for the short-term and expired long-term components. It is important that the same year be used for both components, because of the possible tradeoff between short-term and long-term use of an owner's system. The use of the last year will provide the closest match between long-term revenues at the time RTO West commences service and reference year, long-term revenues. Use of the last year also avoids debate over which historical year(s) are representative or aberrational. Given the large swings in short-term use between 1999 and 2000 and within the year 2001, this concern is understandable. Previously, the concern with using a future year, as reference year was that potential purchasers would minimize their short-term uses to minimize their short-term transfer payments. Replacement of the short-term transfer payments with the pay-as-you-go Transmission Reservation Fee eliminates this concern.

By basing the allocation of TRF revenues on the full calendar year that is just prior to RTO start-up we eliminate the need to pick either 1999 or the period from 1999-2001 as an historical reference year. Because the substantial volatility during the 1999-2001 period and the potential for cost shifts as a result of the choice of reference year, we believe this is an improvement. This change should also address the concern raised that the use of the reference year denied it a revenue allocation for short-term use of its new transmission that will come into service shortly before RTO West starts up. Transmission built after RTO West commences operation will be financed consistent with the guidelines set out in the planning documents.)

*Draft for Review and Comment*
*February 6, 2002*
*- Subject to Change -*

# RTO West Pricing Proposal
# Rates, Charges and Fees Under RTO West

This draft represents the proposed RTO West Pricing Proposal: Rates, Charges and Fees Under RTO West, developed by the filing utilities for inclusion in their planned March 1, 2002 filing to FERC. It is a work in progress and is subject to change. The filing utilities are releasing this draft to provide an opportunity for stakeholder review and comment. Interested stakeholders may provide comments and input on this draft at the RRG meetings scheduled for February 11 and 12 or in writing. Comments in writing should be sent via email by February 15 at the latest to Bud Krogh at ekrogh@serv.net and Chris Elliott at chrisrtowest@earthlink.net.

DRAFT NOT APPROVED
BY ANY PARTY

# RTO WEST PRICING PROPOSAL
# RATES, CHARGES AND FEES UNDER RTO WEST

Rates, charges and fees that apply to a schedule:

| | |
|---|---|
| Company Rate | Applies to PTO network loads and converted third party network contracts for loads interconnected to a PTO's system. |
| Transfer Charges | Apply to converted PTP and other converted long-term contracts on a given PTO's system (other than long-term network contracts for which a Company Rate is charged). |
| TRF | New load, transmission use not covered by CTRs or historic reservation rights, including export service, all pay a TRF. Loads may pay a TRF equal to the "higher of" the Company Rate or the RTO West postage stamp rate and take unrestricted transmission use for growth outside of contract rights. |
| GMC | Applies to all schedules. For existing contracts that are not converted, the contract may (or may not) allow the provider to pass on the GMC. If allowed, the provider may (or may not) choose to pass the GMC on to the user. |
| Congestion | Applies to all schedules. Some users may have FTOs or CTRs that cover all or some of the congestion cost their schedules would be charged. |
| Pre-Existing Contract Charges | Applies to non-converted contracts on a given PTO's system unless the customer and PTO arrange to pay a Company Rate or Transfer Charges. |
| Ancillary Services | Deemed to be required of all schedules. Services may be self-tracked (which exempts customer from all RTO West Ancillary Services charges), self-provided (which provide a price cap on the customers Ancillary Services charges), or purchased at full charge from RTO West or a third party supplier. In addition, some non-converted contracts may place the Ancillary Services obligation on the PTO. |
| Losses | Applies to all schedules. RTO is obligated to develop loss method for converted contracts. Pancaked losses apply to non-converted contracts. |

*Draft for Review and Comment*
*February 6, 2002*
*- Subject to Change -*

# RTO West Pricing Proposal
# Exhibits G and H
# to the
# RTO West Transmission Operating Agreement

This draft represents the proposed RTO West Pricing Proposal: Exhibits G and H to the RTO West Transmission Operating Agreement, developed by the filing utilities for inclusion in their planned March 1, 2002 filing to FERC. It is a work in progress and is subject to change. The filing utilities are releasing this draft to provide an opportunity for stakeholder review and comment. Interested stakeholders may provide comments and input on this draft at the RRG meetings scheduled for February 11 and 12 or in writing. Comments in writing should be sent via email by February 15 at the latest to Bud Krogh at ekrogh@serv.net and Chris Elliott at chrisrtowest@earthlink.net.

**[The December 2000 Company Rate Exhibit is replaced by the proposal below. This Exhibit is a work in progress and the Lawyers Committee has not reviewed this Exhibit.]**

## EXHIBIT G
NEW COMPANY RATES

The Company Rate to be included in RTO West's charges to the Executing Transmission Owner's Company Loads shall be calculated pursuant to the following formula: **Company Rate = (Company Costs +/- Transfer Charges +/- Transmission Facility Cost Sharing Payments - Transmission Reservation Fee Revenue Allocation – Revenues from Non-Converted Contracts + Transmission Reservation Fee Payments for load service) / (Company Billing Determinants)**;

Each Participating Transmission Owner shall be allocated Transmission Reservation Fee revenue equal to the sum of :

(1) All Transmission Reservation Fee revenue paid by the Participating Transmission Owner's affiliate(s) for transmission that could have been provided entirely by the Participating Transmission Owner's system; plus

(2) The lower of Transmission Reservation Fee or the company rate applied to reservations for newly integrated loads and regional load electing to take incremental transmission under the TRF and connected to the PTO's system.

(3) The allocation of the remaining Transmission Reservation Fee for service to newly integrated loads and regional load electing to take incremental transmission under the TRF after subtracting the TRF directly assigned to PTO's where the load is being served (2). The allocation will not include the PTO who received the direct allocation in (2) and will be the owners relative share of the sum of:
   a. Reference year revenues from the sale of short term and non-firm transmission to entities other than affiliate(s); plus
   b. The amount, if any, by which actual long term contract revenues (Transfer Charge revenues and Non-Converted contract revenues) are less than reference year long term contract revenues. (The reference year shall be the last full calendar year prior to RTO West operation.)

(4) Total Transmission Reservation Fee revenue remaining after allocation to the Participating Transmission Owners under (1,2,3), multiplied by the Participating Transmission Owner's relative share of the sum of:
   a. Reference year revenues from the sale of short term and non-firm transmission to entities other than affiliate(s); plus
   b. The amount, if any, by which actual long term contract revenues (Transfer Charge revenues and Non-Converted contract revenues) are less than reference year long term contract revenues.

The reference year shall be the last full calendar year prior to RTO West operation.

The Transmission Reservation Fee Allocation will be forecasted for setting the initial Company Rate. Thereafter, the Company Rate will be adjusted automatically to reflect actual Transmission Reservation Fee Allocation.

**[The December 2000 Annual Transfer Charge Amounts Exhibit is replaced by the proposal below. This Exhibit is a work in progress and the Lawyers Committee has not reviewed this Exhibit.]**

## EXHIBIT H
NEW ANNUAL TRANSFER CHARGE AMOUNTS

The Executing Transmission Owner agrees that for purposes of calculating Company Rates, the Transfer Charges set forth herein and applicable to the Executing Transmission Owner shall be applied by RTO West as billing agent during the Company Rate Period, when and if the associated agreements are converted to RTO West Transmission Use Service, for the term of the pre-existing agreements This Exhibit H will be revised to include any additional Long-Term Agreements arranged prior to RTO West operations.

**Participating Transmission Owner -- Bonneville Power Administration**

A. Transfer Charges receivable from:

(1) Electric Utility A

(a) Long-Term Wheeling Revenues **[Note: Amounts listed will include the total of all such Long-Term wheeling received revenues from the Electric Utilities and from its affiliates.]**

(list agreement, duration and amount)

(2) Electric Utility B, etc.

B. The Bonneville Power Administration does/does not elect for the Transfer Charge adjustment provisions of this Exhibit H to apply to all Transfer Charges set forth above (other than those Transfer Charges identified above as nonadjustable under applicable Pre-Existing Transmission Agreements).

**[Repeat the same listings for every potential Participating Transmission Owner with Transfer Charge rights or obligations, including Canadian entities and Electric Utilities served under Company Rates of Participating Transmission Owners.]**

Transfer Charge adjustment: If a Participating Transmission Owner has elected not to apply the Transfer Charge adjustment, its Transfer Charge entitlements as shown above throughout the Company Rate Period shall be the amounts as stated in this Exhibit H. If a Participating Transmission Owner has elected to apply the Transfer Charge adjustment, upon any filing of a Company Cost change (subsequent to the initial Company Cost filing), RTO West shall determine the increase or decrease in such Participating Transmission Owner's unit transmission costs, based on such Participating Transmission Owner's actual transmission costs during a historical period and pursuant to a formula to be determined by RTO West and to be specified in an amendment to the RTO West Tariff. Changes to such Participating Transmission Owner's unit transmission costs shall reflect, among other items, Transmission Reservation Fee Allocation and changes in Pre-Existing Contract revenues and Transfer Charges. Such unit cost percentage increase or decrease shall be applied to adjust all Transfer Charges specified in this Exhibit H as owed to such Participating Transmission Owner, other than those Transfer Charges identified above as non-adjustable under applicable Pre-Existing Transmission Agreements.

**[This Exhibit is a work in progress and the Lawyers Committee has not reviewed this Exhibit.]**

## EXHIBIT T(RF) ?
## Transmission Reservation Fee

Payment of the Transmission Reservation Fee provides Unrestricted Reservation Rights to schedule between any pair or pairs of injection and withdrawal points on the RTO West Grid up to the quantity purchased for the time period purchased. All schedules must be either (1) based on Non-Converted Contracts and load Serving Obligations, (2) accompanied by Historic Reservation Rights; or (3) Accompanied by Unrestricted Reservation Rights. Loads within RTO west may have any combination or the three but the sum of all three must equal the entire load obligation. Unrestricted Reservation Rights will be made available on an unlimited basis by RTO West hourly, daily, weekly, monthly, and annual blocks. Unrestricted Reservation Rights of may be remarketed.

A. Annual:
Higher of Company rate for loads or: $\frac{\text{Sum of PTOs' Annual Company Costs}}{\text{Total 12 CP Loads plus Exports}} \times 0.9$

B. Monthly Service:
Higher of Company rate for loads or: $\frac{\text{Sum of PTOs' Company Costs}}{\text{[(Total 12 CP Loads plus Exports) x 12 months]}} \times 0.93$

C. Weekly Service:
Higher of Company rate for loads or: $\frac{\text{Sum of PTO's Company Costs}}{\text{[(Total 12 CP Loads plus Exports) x 52 weeks]}} \times 0.97$

D. Daily Service
Higher of Company rate for loads or: $\frac{\text{Sum of PTOs' Company Costs}}{\text{[(Total 12 CP Loads plus Exports) x 365 days]}}$

E. Hourly Service
Higher of Company rate for loads or: $\frac{\text{Sum of PTOs' Company Costs}}{\text{(Total 12 CP Loads plus Exports) x 8760 hours}}$

The 12 CP loads are the sum of the average monthly coincidental peak loads for all the PTOs' Company Loads. Exports are the sum of the RTO West average monthly coincidental peak exports. Exports include all power scheduled to withdrawal points outside the RTO West service area. The Transmission Reservation Fee for the first year of RTO West operations shall be based on the Company Costs and 12 CP Loads used to calculate the PTOs' Company rates. If a PTO's Company Billing Determinant is not based on 12 CP loads, then it will supply data to RTO west to calculate 12 CP Company Loads.

RTO West will adjust the Transmission Reservation Fee annually to reflect any changes in the FERC-approved revenue requirements for participating owners and any changes in the actual total 12 CP loads within RTO West plus actual exports.

# RTO WEST PRICING MODEL
## TRF Version
## Pre RTO Data from Year 2000
## Version 4 Dated 2_06_02

### Transmission Revenue Requirement

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | RTO West |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |

### Long Term Adjustments

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| LT 3rd Party Contracts 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 |
| LT Internal Merchant Rev (Dat2, L27) | -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 |

### Long Term Transmission Service Payments Between RTO West Filing Utilities

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | RTO West |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| Received (Dat3, L22) | -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 |

### Net LT Adjustments

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | -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 |

### Pre RTO West Year 2000 Company Load Costs with LT Adjustments Only

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 |
| Rate for Company Load ($/kwyr) | $ 9.96 | $ 53.47 | $ 25.46 | $ 21.01 | $ 59.20 | $ 16.09 | $ 27.38 | $ 19.91 | $ 21.36 | $ 33.51 | $ 29.29 |

### Short Term Year 2000 Adjustments

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| Lost Revenue Credit (Dat2, L21) | -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 |
| ST Internal Merchant Rev (Dat2, L29) | -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 |

### Short Term Transmission Service Payments Between RTO West Filing Utilities

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | RTO West |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 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 |

### Net ST Adjustments

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | -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 |

### Pre RTO West Year 2000 Company Load Costs

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 |
| Rate for Company Load ($/kwyr) | $ 6.85 | $ 44.49 | $ 18.58 | $ 22.39 | $ 44.20 | $ 15.01 | $ 24.49 | $ 20.38 | $ 19.42 | $ 33.06 | $ 24.72 |

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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.**

**RTO West Effects:**

### Pre RTO West Year 2000 Company Load Costs with LT Adjustments Only

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 |

# RTO WEST PRICING MODEL
## TRF Version
## Pre RTO Data from Year 2000
## Version 4 Dated 2_06_02

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Rate for Company Load ($/kwyr) | $ 9.96 | $ 53.47 | $ 25.46 | $ 21.01 | $ 59.20 | $ 16.09 | $ 27.38 | $ 19.91 | $ 21.36 | $ 33.51 | $ 29.29 |

**Estimated Revenue from TRF (Calc 2, Line 27)**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | -2,774,393 | -5,922,608 | -59,085,375 | -5,750,003 | -17,521,916 | -2,464,728 | -25,163,768 | -2,227,085 | -6,263,396 | -2,826,729 | -130,000,000 |

**Post RTO West Company Load Access Charge (55+59)**

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company Load Cost, Net of LT** | 9,590,165 | 387,209,974 | 272,716,931 | 43,935,598 | 60,149,309 | 67,126,347 | 185,388,136 | 62,547,390 | 68,680,079 | 50,011,148 | 1,207,355,078 |
| Rate for Company Load ($/kwyr) | $ 7.73 | $ 52.66 | $ 20.92 | $ 18.58 | $ 45.85 | $ 15.52 | $ 24.11 | $ 19.23 | $ 19.57 | $ 31.71 | $ 26.44 |

**Additional Adjustments:**

**Grid Management Fee Payment (Calc 1, Line 18)**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1,807,503 | 10,709,566 | 18,983,882 | 3,444,597 | 1,910,914 | 6,299,316 | 11,198,557 | 4,737,960 | 5,110,821 | 2,296,884 | 66,500,000 |

**TRF Payments (Calc 1, Line 29)**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2,169,731 | 36,473,453 | 5,632,932 | 21,799,546 | 1,572,011 | 753,406 | 3,766,922 | 3,912,995 | 3,597,823 | 3,706,319 | 83,385,136 |

**Internal Merchant Transfer Payments (Line 32)**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | -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 |

**Post RTO West Company Load Net Cost**

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company Load Cost** | 10,446,618 | 336,272,621 | 264,005,644 | 55,625,024 | 60,232,234 | 71,616,804 | 200,234,471 | 71,085,645 | 73,457,397 | 54,320,378 | 1,197,296,836 |
| Rate for Company Load | $ 8.42 | $ 45.73 | $ 20.26 | $ 23.52 | $ 45.91 | $ 16.56 | $ 26.04 | $ 21.85 | $ 20.93 | $ 34.45 | $ 26.22 |
| *Increase from Line 47 | $ 1.57 | $ 1.24 | $ 1.67 | $ 1.13 | $ 1.71 | $ 1.55 | $ 1.55 | $ 1.48 | $ 1.52 | $ 1.39 | $ 1.51 |

**Company Load (Dat4, Ln16)**

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Demand (MW) (12 CP) | 1,241 | 7,353 | 13,034 | 2,365 | 1,312 | 4,325 | 7,689 | 3,253 | 3,509 | 1,577 | 45,658 |

| | Pre: | | Post: | |
|---|---|---|---|---|
| Check: | Net Rev Req Pre RTO Company Load Cost | 1,128,560,020 | Company Load Net Cost | 1,197,296,836 |
| | RTO West Op Cost | 75,000,000 | TRF Revenue from Non PTO's | 46,614,864 |
| | Lost Rev | 43,326,922 | GMC from others | 3,500,000 |
| | Out to NWPP | 5,524,758 | Excess FTO Revenue Beyond Redispatch | 5,000,000 |
| | Total | 1,252,411,700 | | 1,252,411,700 |

0

***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.**

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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.**

# Calculation Sheet 1
## Cost Allocations

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Estimated RTO West Operating Cost** | | | | | | | | | | | 75,000,000 |
| **Less - Excess FTO Revenue (Data 2, Line 37)** | | | | | | | | | | | (5,000,000) |
| **Net RTO Operating Costs** | | | | | | | | | | | 70,000,000 |
| **Paid by Non-PTO Schedulers** | | | | | | | Less 5% paid by other parties (Assumption 1) | | | | 0.95 |
| **Estimated GMC Paid by PTO's** | | | | | | | | | | | 66,500,000 |
| GMC - Load Ratio Share (Line 42) | 0.0272 | 0.1610 | 0.2855 | 0.0518 | 0.0287 | 0.0947 | 0.1684 | 0.0712 | 0.0769 | 0.0345 | 1.00 |
| ➢ Distributed Cost | 1,807,503 | 10,709,566 | 18,983,882 | 3,444,597 | 1,910,914 | 6,299,316 | 11,198,557 | 4,737,960 | 5,110,821 | 2,296,884 | 66,500,000 |
| **TRF Payments** | | | | | | | | | | | |
| TRF Revenue Total | | | | | | | | | | | 130,000,000 |
| Amount Est paid by Filing Util | | | | | | | | | | | 83,385,136 |
| Est MWH's new load growth no rights | | | | | | | | | | | |
| or choose RTO service | 59,713 | 353,804 | 627,156 | 113,796 | 63,129 | 208,106 | 369,958 | 156,524 | 168,842 | 75,880 | 2,196,909 |
| Est $$ if co rate > TRF rate of $3.62/mwh | 216,180 | 1,869,083 | 2,270,497 | 411,978 | 361,479 | 753,406 | 1,339,362 | 566,666 | 611,261 | 291,193 | 8,691,107 |
| Est MWH's TRF paid by PTO's | 539,609 | 9,558,404 | 928,770 | 5,907,665 | 334,373 | 0 | 670,539 | 924,321 | 824,947 | 943,324 | 20,631,952 |
| Est $$ Paid TRF | 1,953,551 | 34,604,370 | 3,362,434 | 21,387,568 | 1,210,532 | 0 | 2,427,559 | 3,346,328 | 2,986,562 | 3,415,125 | 74,694,029 |
| Total Payments for TRF and Excess Load | 2,169,731 | 36,473,453 | 5,632,932 | 21,799,546 | 1,572,011 | 753,406 | 3,766,922 | 3,912,995 | 3,597,823 | 3,706,319 | 83,385,136 |
| Distrib by STTP - Line 45 | 1.6% | 28.5% | 2.8% | 17.6% | 1.0% | 0.0% | 2.0% | 2.8% | 2.5% | 2.8% | 62% |
| Paid by Non PTO's | | | | | | | | | | | 46,614,864 |

**Assumptions:**

1.) $ 84,109,140 Non-PTO historical use divided by total Revenue Requirement ($1.590 Billion) 5.29%
2.) 38% Paid by parties other than PTO's - Based on Historic Short-Term
3.) 20% Merchant Resale & Export - distributed by ST Transfer Payments & Merch Internal
4.) 70% Load Service - distributed by 12 CP Loads
5.) TRF Revenue of $130 million roughly based on 2000 and 2001 experience

**Estimating Payment Distributions:**

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Load 12 CP | 1241 | 7353 | 13034 | 2365 | 1312 | 4325 | 7689 | 3253 | 3509 | 1577 | 45,658 |
| ST Pmt Avg (Dat 5 line 59) | 2,047,292 | 36,264,862 | 3,523,781 | 22,413,851 | 1,268,619 | 0 | 2,544,046 | 3,506,902 | 3,129,872 | 3,579,000 | 78,278,225 |
| Percent of Historical Short-term Payments | 1.6% | 28.5% | 2.8% | 17.6% | 1.0% | 0.0% | 2.0% | 2.8% | 2.5% | 2.8% | 62% |

(1) BCH Reduced to better reflect an energy volume.

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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.**

Set going into year per model dated 10/12/01 version 2

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Rate for Company Load | 7.77 | 46.28 | 19.55 | 22.76 | 50.16 | 16.55 | 26.16 | 21.79 | 20.89 | 33.62 | 26.16 |

Post RTO West Company Load Net Cost

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Company Load Cost | 9,640,066 | 340,278,949 | 254,867,565 | 53,833,492 | 65,809,650 | 71,594,930 | 201,133,870 | 70,896,308 | 73,302,729 | 53,013,686 | 1,194,371,245 |
| Rate for Company Load per MWH | 0.8868 | 5.2828 | 2.2322 | 2.5985 | 5.7260 | 1.8897 | 2.9863 | 2.4879 | 2.3847 | 3.8375 | 2.9862 |
| Company Load (Dat4, Ln16) | | | | | | | | | | | |
| Demand (MW) (12 CP) | 1,241 | 7,353 | 13,034 | 2,365 | 1,312 | 4,325 | 7,689 | 3,253 | 3,509 | 1,577 | 45,658 |
| Company Load (Dat4, Ln16) | | | | | | | | | | | |
| (MWH) (12 CP) | 10,871,160 | 64,412,280 | 114,177,840 | 20,717,400 | 11,493,120 | 37,887,000 | 67,353,301 | 28,496,280 | 30,738,840 | 13,814,520 | 399,961,741 |

## Calculation Sheet 2

## Calculation of Transmission Reservation Fees Allocations

**Pre-RTO West Short Term Transmission Service Payments Between RTO West Filing Utilities**

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimated TRF Revenue | | | | | | | | | | | 130,000,000 |
| Est MWH's new load growth no rights | | | | | | | | | | | |
| or choose RTO service | 59,713 | 353,804 | 627,156 | 113,796 | 63,129 | 208,106 | 369,958 | 156,524 | 168,842 | 75,880 | 2,196,909 |
| Revenue at Co Rate | 52,951 | 1,869,083 | 1,399,936 | 295,696 | 361,479 | 393,256 | 1,104,788 | 389,419 | 402,637 | 291,193 | 6,560,439 |
| Difference to be allocated | 163,229 | 0 | 870,561 | 116,282 | 0 | 360,150 | 234,575 | 177,247 | 208,624 | 0 | 2,130,668 |
| Avista | | 5,442 | 78,489 | 7,330 | 23,040 | 2,789 | 32,379 | 2,471 | 7,883 | 3,404 | 163,229 |
| BC Hydro | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BPA | 36,033 | 53,598 | 0 | 72,191 | 226,906 | 27,471 | 318,870 | 24,334 | 77,631 | 33,526 | 870,561 |
| Idaho | 2,666 | 3,966 | 57,201 | 0 | 16,791 | 2,033 | 23,597 | 1,801 | 5,745 | 2,481 | 116,282 |
| Montana | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nevada | 8,030 | 11,945 | 172,262 | 16,088 | 50,567 | 0 | 71,062 | 5,423 | 17,301 | 7,472 | 360,150 |
| Pacificorp | 6,381 | 9,491 | 136,880 | 12,784 | 40,181 | 4,865 | 0 | 4,309 | 13,747 | 5,937 | 234,575 |
| PGE | 3,944 | 5,867 | 84,614 | 7,902 | 24,838 | 3,007 | 34,905 | 0 | 8,498 | 3,670 | 177,247 |
| Puget | 4,801 | 7,141 | 102,983 | 9,618 | 30,230 | 3,660 | 42,483 | 3,242 | 0 | 4,467 | 208,624 |
| Sierra | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Difference to be Allocated | 61,856 | 97,451 | 632,429 | 125,914 | 412,555 | 43,825 | 523,295 | 41,580 | 130,805 | 60,957 | 2,130,668 |
| Remaining TRF Revenue to Allocate | 2,659,587 | 3,956,074 | 57,053,009 | 5,328,393 | 16,747,881 | 2,027,646 | 23,535,685 | 1,796,086 | 5,729,954 | 2,474,578 | 121,308,893 |
| | | | | | | | | | | | |
| Base Year Percentage Allocation | 2.19% | 3.26% | 47.03% | 4.39% | 13.81% | 1.67% | 19.40% | 1.48% | 4.72% | 2.04% | 100.00% |
| Dollar allocation | 2,774,393 | 5,922,608 | 59,085,375 | 5,750,003 | 17,521,916 | 2,464,728 | 25,163,768 | 2,227,085 | 6,263,396 | 2,826,729 | 130,000,000 |

Base Year Actual Dollars

| Payment Received By : | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total ST Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 2,787,207 | 4,145,906 | 59,790,700 | 5,584,076 | 17,551,529 | 2,124,943 | 24,665,046 | 1,882,271 | 6,004,906 | 2,593,321 | 127,129,905 |
| Avista | | 3.33% | 48.09% | 4.49% | 14.12% | 1.71% | 19.84% | 1.51% | 4.83% | 2.09% | 1.00 |
| BC Hydro | 2.27% | | 48.62% | 4.54% | 14.27% | 1.73% | 20.06% | 1.53% | 4.88% | 2.11% | 1.00 |
| BPA | 4.14% | 6.16% | | 8.29% | 26.06% | 3.16% | 36.63% | 2.80% | 8.92% | 3.85% | 1.00 |
| Idaho | 2.29% | 3.41% | 49.19% | | 14.44% | 1.75% | 20.29% | 1.55% | 4.94% | 2.13% | 1.00 |
| Montana | 2.54% | 3.78% | 54.56% | 5.10% | | 1.94% | 22.51% | 1.72% | 5.48% | 2.37% | 1.00 |
| Nevada | 2.23% | 3.32% | 47.83% | 4.47% | 14.04% | | 19.73% | 1.51% | 4.80% | 2.07% | 1.00 |
| Pacificorp | 2.72% | 4.05% | 58.35% | 5.45% | 17.13% | 2.07% | | 1.84% | 5.86% | 2.53% | 1.00 |
| PGE | 2.23% | 3.31% | 47.74% | 4.46% | 14.01% | 1.70% | 19.69% | | 4.79% | 2.07% | 1.00 |
| Puget | 2.30% | 3.42% | 49.36% | 4.61% | 14.49% | 1.75% | 20.36% | 1.55% | | 2.14% | 1.00 |
| Sierra | 2.24% | 3.33% | 48.01% | 4.48% | 14.09% | 1.71% | 19.81% | 1.51% | 4.82% | | 1.00 |

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **TRANSMISSION RATE BASE** | | | | | | | | | | | |
| 1 | Trans Plant - RTO West Facilities | 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 Capital | - | | (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 |
| 12 | **RETURN** | | | | | | | | | | | |
| 13 | Overall Return | 0.0908 | 0.1025 | 0.0573 | 0.096 | 0.0929 | 0.0798 | 0.09316 | 0.097 | 0.0900 | 0.1041 | |
| 14 | Composit Income Tax | 0.0303 | | | 0.038 | 0.0446 | 0.0254 | 0.02422 | 0.040 | 0.0314 | 0.0369 | |
| 15 | 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 Plant | 299,828 | | 66,256,500 | 691,295 | 1,065,173 | 329,360 | 2,737,033 | 1,316,000 | 721,367 | 435,141 | 73,851,697 |
| 20a | Amort Exp: Intangible Plant | 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 | 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) | 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 2 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.

## Data Input Sheet 2

## 2000 Year Wheeling Service Revenue Credits

### Revenue from Long Term Non PTO to PTO External Contracts - Note 1

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Received From: | | | | | | | | | | | |
| Party | | | | | | | | | | | 0 |
| Party | | | | | | | | | | | |
| 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 |

### Revenue from Short Term NWPP Wheeling - Note 2

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Received From: | | | | | | | | | | | |
| Party | | | | | | | | | | | 0 |
| Party | | | | | | | | | | | |
| 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 |

### Lost Revenues

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 |

### Merchant Payments - Note 3

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| | | | | | | | | | | | |
| 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 |

### Excess FTO Revenues

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Excess FTO Revenue Collect by RTO West and not used for Redispatch Costs | | | | | | | | | | | 5,000,000 |
| | | | | | | | | | | | |
| | | | | | | | | | | | 0 |
| | | | | | | | | | | | |
| Total FTO Rev | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,000,000 |

Notes:

1. Historic Revenue paid by party who is not a filing utility whether contract is converted or not. Does not include converted load service.
2. Historic 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.
3. Historic Payments made to utility by own or affiliated merchant function. Do not double count if serving load that pays Company Rate.

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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 3

## Year 2000 Wheeling Between RTO West Filing Utilities (Transfer Payments)

### Revenue from RTO West Parties for Long Term Wheeling ($)

| Payment Made By : | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Payment Received By : | | | | | | | | | | | |
| Avista | | 0 | 7,657,668 | 0 | | 0 | 125,695 | 3,053,000 | 0 | 0 | 10,836,363 |
| BC Hydro | 0 | | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 |
| Idaho Power | 0 | 0 | 4,973,693 | | | 0 | 8,756,647 | 0 | 0 | 23,625 | 13,753,965 |
| Montana | | 0 | 2,698,028 | 204,000 | | 0 | | 0 | 0 | 0 | 2,902,028 |
| Nevada | 0 | 0 | 0 | 0 | | | 0 | 0 | 0 | 0 | 0 |
| PacifiCorp | | 2,116,085 | 9,345,517 | 3,133,728 | | 0 | | 0 | 0 | 0 | 14,595,330 |
| P. G. E. | 0 | 0 | 361,100 | 0 | | 0 | 0 | | 0 | 0 | 361,100 |
| Puget | 25,880 | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 25,880 |
| Sierra | 0 | 0 | 4,694,307 | 0 | | 0 | 0 | 0 | 0 | | 4,694,307 |
| | | | | | | | | | | | |
| 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 |
| | | | | | | | | | | | |
| 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 |

### Revenue from RTO West Parties for Short Term Wheeling ($)

| Payment Made By : | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Payment Received By : | | | | | | | | | | | |
| Avista | | 194,321 | 339,106 | 1,427,266 | 143,450 | 0 | 271,666 | 0 | 34,282 | 0 | 2,410,091 |
| BC Hydro | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 |
| Idaho Power | 0 | 50,614 | 99,082 | 0 | 25,938 | 0 | 735,000 | 0 | 6,688 | 1,039,355 | 1,956,677 |
| Montana | 161,771 | 1,433,595 | 0 | 1,387,542 | | 0 | 241,423 | 154,808 | 211,765 | 0 | 3,590,904 |
| Nevada | 0 | 2,650 | 0 | 1,214,639 | 0 | 0 | 8,915 | 0 | 0 | 0 | 1,226,204 |
| PacifiCorp | | 753,043 | 555,084 | 10,448,382 | 113,676 | 0 | | 95,246 | 5,246 | 1,794,245 | 13,764,922 |
| P. G. E. | 129,100 | 451,427 | 0 | 13,985 | 18 | 0 | 2,950 | 0 | 631,791 | 0 | 1,229,271 |
| Puget | 14,321 | 1,271,629 | 2,530,176 | 587,185 | 985,537 | 0 | 523 | 348 | 0 | 0 | 5,389,718 |
| Sierra | 0 | 37,883 | 333 | 2,096,552 | 0 | 0 | 32,269 | 0 | 0 | 0 | 2,167,037 |
| | | | | | | | | | | | |
| 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 |
| | | | | | | | | | | | |
| 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 |

Form 1
Split - or Conflict

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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 4**

**Loads and Billing Determinants**

**This load page needs to be replaced with a table that shows which loads are paying what Company Rates.**

**Company Billing Determinants**

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | Pacificorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Contract Demand 8024 MW | | Demand 8024 MW | | | | | | | | |
| * | 12CP (load based) 5010 MW | | d based) 5010 MW | 12cp 2280 MW | 1312 MW | | 7,689 | 12cp 3253 MW | 12cp 3466 MW | | 7,689 |

* Load expected to be served by company rate.

Some data not yet submitted - blanks do not equal zero.

| | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | Pacificorp | PGE | Puget | Sierra | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Test Determinants | 1,241 | 7,353 | 13,034 | 2,365 | 1,312 | 4,325 | 7,689 | 3,253 | 3,509 | 1,577 | 45,658 |
| Percentage of Total | 3% | 16% | 29% | 5% | 3% | 9% | 17% | 7% | 8% | 3% | 100% |
| Amount of Annual MWH's | 11,942,615 | 70,760,717 | 125,431,142 | 22,759,295 | 12,625,875 | 41,621,121 | 73,991,604 | 31,304,857 | 33,768,442 | 15,176,071 | 439,381,741 |
| Est Amount of New Load Growth | 59,713 | 353,804 | 627,156 | 113,796 | 63,129 | 208,106 | 369,958 | 156,524 | 168,842 | 75,880 | 2,196,909 |
| With No Rights/Choose RTO | 0.500% | 0.500% | 0.500% | 0.500% | 0.500% | 0.500% | 0.500% | 0.500% | 0.500% | 0.500% | |

| Est Exports | Hours in Year | Total Est MWH | Total Rev Req RTO | Trans Use Access Charge/MWH |
|---|---|---|---|---|
| 4,500 | 8,760 | 439,381,741 | $ 1,590,697,413 | 3.62 |

1999 data

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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 5**

**Wheeling Between RTO West Filing Utilities (Transfer Payments)**

**For Year 2000**

**Revenue from RTO West Parties for Short Term Wheeling ($) - Test Year 2000**

| Payment Received By : | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Total ST Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Payment Made By : | | | | | | | | | | | |
| Avista | 0 | 0 | 1,742,100 | 0 | 161,771 | 0 | 0 | 129,100 | 14,321 | 0 | 2,047,292 |
| BC Hydro | 194,321 | 0 | 32,069,700 | 50,614 | 1,433,595 | 2,650 | 753,043 | 451,427 | 1,271,629 | 37,883 | 36,264,862 |
| BPA | 339,106 | 0 | 0 | 99,082 | 0 | 0 | 555,084 | 0 | 2,530,176 | 333 | 3,523,781 |
| Idaho Power | 1,427,266 | 0 | 5,238,300 | 0 | 1,387,542 | 1,214,639 | 10,448,382 | 13,985 | 587,185 | 2,096,552 | 22,413,851 |
| Montana | 143,450 | 0 | 0 | 25,938 | 0 | 0 | 113,676 | 18 | 985,537 | 0 | 1,268,619 |
| Nevada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PacifiCorp | 271,666 | 0 | 1,251,300 | 735,000 | 241,423 | 8,915 | 0 | 2,950 | 523 | 32,269 | 2,544,046 |
| P. G. E. | 0 | 0 | 3,256,500 | 0 | 154,808 | 0 | 95,246 | 0 | 348 | 0 | 3,506,902 |
| Puget | 34,282 | 0 | 2,240,100 | 6,688 | 211,765 | 0 | 5,246 | 631,791 | 0 | 0 | 3,129,872 |
| Sierra | 0 | 0 | 745,400 | 1,039,355 | 0 | 0 | 1,794,245 | 0 | 0 | 0 | 3,579,000 |
| 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 |
| NWPP | 236,936 | 2,011,577 | 2,785,800 | 7,240 | 0 | 245,665 | 74,530 | 26,400 | 104,540 | 32,070 | 5,524,758 |
| | | | | | | | | | | | |
| Total ST Revenue Received | 2,787,207 | 4,145,906 | 59,790,700 | 5,584,076 | 17,551,529 | 2,124,943 | 24,665,046 | 1,882,271 | 6,004,906 | 2,593,321 | 127,129,905 |
| Percentage of ST Revenue | 2.19% | 3.26% | 47.03% | 4.39% | 13.81% | 1.67% | 19.40% | 1.48% | 4.72% | 2.04% | 100.00% |

**Payments to RTO West Parties for Short Term Wheeling ($) - Test Year 2000**

| Payment Made By: | Avista | BC Hydro | BPA | Idaho | Montana | Nevada | PacifiCorp | PGE | Puget | Sierra | Lost Revenue | NWPP | Total ST Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Payment Received By : | | | | | | | | | | | | | |
| Avista | 0 | 194,321 | 339,106 | 1,427,266 | 143,450 | 0 | 271,666 | 0 | 34,282 | 0 | 140,180 | 236,936 | 2,787,207 |
| BC Hydro | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,134,329 | 2,011,577 | 4,145,906 |
| BPA | 1,742,100 | 32,069,700 | 0 | 5,238,300 | 0 | 0 | 1,251,300 | 3,256,500 | 2,240,100 | 745,400 | 10,461,500 | 2,785,800 | 59,790,700 |
| Idaho Power | 0 | 50,614 | 99,082 | 0 | 25,938 | 0 | 735,000 | 0 | 6,688 | 1,039,355 | 3,620,159 | 7,240 | 5,584,076 |
| Montana | 161,771 | 1,433,595 | 0 | 1,387,542 | 0 | 0 | 241,423 | 154,808 | 211,765 | 0 | 13,960,625 | 0 | 17,551,529 |
| Nevada | 0 | 2,650 | 0 | 1,214,639 | 0 | 0 | 8,915 | 0 | 0 | 0 | 653,074 | 245,665 | 2,124,943 |
| PacifiCorp | 0 | 753,043 | 555,084 | 10,448,382 | 113,676 | 0 | 0 | 95,246 | 5,246 | 1,794,245 | 10,825,594 | 74,530 | 24,665,046 |
| P. G. E. | 129,100 | 451,427 | 0 | 13,985 | 18 | 0 | 2,950 | 0 | 631,791 | 0 | 626,600 | 26,400 | 1,882,271 |
| Puget | 14,321 | 1,271,629 | 2,530,176 | 587,185 | 985,537 | 0 | 523 | 348 | 0 | 0 | 510,647 | 104,540 | 6,004,906 |
| Sierra | 0 | 37,883 | 333 | 2,096,552 | 0 | 0 | 32,269 | 0 | 0 | 0 | 394,214 | 32,070 | 2,593,321 |
| | | | | | | | | | | | | | |
| Total ST Revenue Paid | 2,047,292 | 36,264,862 | 3,523,781 | 22,413,851 | 1,268,619 | 0 | 2,544,046 | 3,506,902 | 3,129,872 | 3,579,000 | 43,326,922 | 5,524,758 | 127,129,905 |
| Percentage of ST Paid | 1.61% | 28.53% | 2.77% | 17.63% | 1.00% | 0.00% | 2.00% | 2.76% | 2.46% | 2.82% | 34.08% | 4.35% | 100.00% |

**Illustrative Pricing Model Example: The data on these spreadsheets are provided to illustrate how components of the Stage 2 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.**