

ATTACHMENT B

FOR INFORMATION ONLY

(This document is intended only as a general summary and guide and is not intended to be used in any way for legal interpretation of the Transmission Operating Agreement).

Summary of Major Components of RTO West Transmission Operating Agreement (TOA)

1. Parties. RTO West and a Participating Transmission Owner (PTO).
2. Effective Date. Upon approval by FERC of an executed agreement filed as part of a whole package of related agreements under sections 203 and 205 of the Federal Power Act.
 - A PTO may retract its execution if the agreement is changed in an unacceptable manner by FERC or by a court upon judicial review.
3. Facilities Inclusion. (See also Filing Letter discussion and Attachment D to the Filing Letter.)
 - Each PTO includes all of those transmission facilities the removal of which from service would (i) cause system transfer capability to become insufficient to support the transmission rights managed by RTO West or (ii) materially reduce the transfer capability of a transfer path in the WSCC path rating catalogue (“RTO West Controlled Transmission Facilities”).
 - Each PTO may also include additional facilities that do not meet the above criteria, but may withdraw them only upon FERC approval. The PTO agrees to maintain the adequacy of these additional facilities as needed to enable RTO West to provide service.
 - The combination of all of the PTO’s RTO West Controlled Transmission Facilities and any additional voluntarily-included facilities constitutes the “RTO West Transmission System.”
 - Certain facilities that are used primarily to provide retail load service but have secondary impacts. RTO West’s ability to execute its congestion management function must also be included for purposes of operations and reliability planning (“Certain Distribution Facilities”).
4. RTO West Authority.
 - Consolidate control areas of participating PTOs in order to operate them as a single RTO West control area, but allow for a metered boundary so that the PTO can self-track and self-provide.
 - Exercise operational control over all RTO West Controlled Transmission Facilities.

- Provide wholesale transmission service over the RTO West Transmission System and Certain Distribution Facilities and over other components of the PTO's electric systems (possibly under Wholesale Distribution Rate of PTO).
- The PTO agrees to participate in RTO West Dispute Resolution over access to and adequacy of the RTO West Tariff service over its non-RTO West facilities. (Process for Dispute Resolution is still being developed.)
- Implement Company Rates during the Company Rate Period and the RTO West transmission rate thereafter.
- Determine Total Transmission Capability and Available System Capacity.
- Apply more direct control over Critical Control Facilities.
- Modify thermal and other operating parameters of RTO West Controlled Transmission Facilities and of Certain Distribution Facilities subject to Dispute Resolution.
- Adopt interconnection standards for RTO West transmission service that may supersede the PTO's interconnection standards:
 - Consistent with industry standards; and
 - Having no material adverse impact on the PTO's system or Interconnected Loads.
- Develop and implement integration standards for generation and loads.
- Require the PTO to obtain an executed integration agreement with RTO West from generators and loads interconnecting with the PTO's electric system.
- Modify the PTO's operating reliability criteria, dispatch standing orders, operating bulletins, and other similar documents with respect to RTO West Controlled Transmission Facilities and Certain Distribution Facilities.
 - Must be consistent with applicable industry standards.
- Compel the PTO to participate in expedited Dispute Resolution over interconnection disputes with RTO West customers.
- Compel the PTO to participate in expedited Dispute Resolution over instructions to govern access of pre-existing generators to the RTO West Transmission System.
- Take action to:
 - Restore through redispatch, upgrades, or expansion of the PTO's system the Congestion Management Assets of the PTO to meet the PTO's pre-existing transmission service obligations and to recover the costs from the PTO.
 - Ensure compliance of the PTO's system with Transmission Adequacy Standards for RTO West Controlled Transmission Facilities.
 - Arrange for upgrade or expansion of the PTO's RTO West Controlled Transmission Facilities to address chronic, significant commercial congestion and assess costs to those who benefit.
- Determine the level of transmission rights attributable to a third-party upgrade of the PTO's system and the allocation of such rights if the PTO elects to participate in the upgrade and is unable to reach agreement with the third-party sponsor.
- Conduct long-range planning for RTO West Controlled Transmission Facilities and include Certain Distribution Facilities in its planning process.
- Review and approve all proposals for additions, modifications, or expansions of RTO West Controlled Transmission Facilities.

- Order emergency measures as Security Coordinator.
 - Obtain from the PTO certain Ancillary Services during the first twelve (12) months of RTO West operation if RTO West determines no viable market will exist during all or a portion of that time.
 - Require the PTO to participate as a party in any Dispute Resolution proceeding brought by a customer under the RTO West Tariff and related to the PTO's maintenance activities.
 - Access relevant PTO transmission information.
 - Approve proposed maintenance outages on RTO West Controlled Transmission Facilities and Certain Distribution Facilities.
5. Prohibitions on RTO West.
- RTO West may not require the PTO to operate or not operate its generating resources or to shed or restore load without the agreement of the PTO, except in a Transmission Emergency.
 - RTO West may not require the PTO to violate NERC or WSCC standards, other standards applicable to approved RTOs, FERC licenses, other FERC requirements, NRC licenses or standards, applicable laws or regulations, applicable treaties, or applicable nonpower requirements or safety requirements.
 - RTO West may not require the PTO to undertake any operation that (i) is not within the physical capabilities of its electric system; (ii) the PTO believes will create serious and immediate risks to human health or safety; or (iii) the PTO believes will create an immediate risk of serious damage to facilities or equipment of its electric system or cause the PTO to operate any part of its electric system in an unsafe manner.
6. Obligations of RTO West.
- Initiate operations under the congestion management system described in the filing.
 - Provide for primary and backup control centers.
 - Preserve rights under non-converted pre-existing contracts including load growth over unencumbered transmission capability.
 - Require interconnecting RTO West customers to comply with interconnection standards.
 - Develop and implement generation and load integration standards.
 - Comply with Bonneville's statutory obligations to provide transmission priority against competing requests for (i) requests to serve Northwest load and (ii) generators with priority under section 9(i)(3) of the Northwest Power Act.
 - Perform all functions of Security Coordinator, either directly or by contract.
 - Facilitate establishment of an external market for Interconnected Operations Services (components of Ancillary Services).
 - Establish a market power and price mitigation program if requested by a PTO that would be exempt from a FERC market power screening test if it participated in such a program.
 - Establish a balancing market and establish price thresholds if required by FERC for a PTO to receive or retain market rate authority.

- Comply with (i) Good Utility Practice; (ii) NERC and WSCC standards related to planning and operations; (iii) regulatory requirements of regulatory agencies with authority over planning and operations; (iv) applicable laws, treaties and regulations applicable to the provision of transmission services and to the operation of the PTO's transmission facilities.

7. Obligations of PTO.

- Maintain sufficient Congestion Management Assets (physical facilities and contractual and operational mechanisms) for RTO West to meet the obligations under non-converted pre-existing agreements and under converted pre-existing agreements. (See also Attachment F to Filing Letter.)
- Make good-faith efforts to maintain Remedial Action Schemes for a specified time period.
- Cooperate to permit new physical interconnections by Electric Utilities or Generation Owners to its electric system (subject to an entity meeting specified technical and environmental requirements).
- Cooperate to support upgrades or expansions to its RTO West Controlled Transmission Facilities and Certain Distribution Facilities.
- Negotiate in good faith to allow replacement of existing integration agreements or to develop instructions to RTO West to govern integration with RTO West.
- Request approval from FERC of tariff modification to terminate rollover rights of specified types of contracts in exchange for offering a one-time opportunity to extend the term of the contract.
- Include in any transmission contracts executed after the Effective Date but before the Transmission Service Commencement Date a right of RTO West to unilaterally convert the agreement to RTO West service.
- *[Still being developed.]* Agree to participate in Dispute Resolution over (i) wholesale access to and (ii) quality of wholesale service over its non-RTO West facilities. BPA is deemed to be the Transmission Customer for purposes of General Transfer Agreement contracts.
- Maintain adequate facilities and qualified operating personnel.
- Prepare and execute switching orders and clearances of RTO West Controlled Transmission Facilities and Certain Distribution Facilities.
- Coordinate proposed maintenance outages with RTO West Controlled Transmission Facilities and Certain Distribution Facilities.
- Require its operating personnel performing transmission-related functions to comply with information-access requirements of FERC standards of conduct.

8. Rights of PTO.

- Have its pre-existing transmission obligations served.
- Have its transmission revenue requirement recovered.
- Self-Track or Self-Provide Ancillary Services.
- Maintain its own facilities subject to a maintenance plan with RTO West for RTO West Controlled Transmission Facilities and Certain Distribution Facilities.

- Participate in certain third-party expansions of the PTO’s RTO West Controlled Transmission Facilities.
9. Conversion of Contract Rights. (See also Attachment F to the Filing Letter.)
- Pre-existing transmission rights are catalogued, but the catalog does not modify the pre-existing contract rights.
 - Load growth is incorporated into the catalog during the Company Rate Period to the extent it would be served under pre-existing contracts. Service to load growth after the Company Rate Period will be determined by RTO West consistent with non-converted pre-existing agreements.
 - Customer *may* convert pre-existing transmission rights to RTO West service and either (i) accept Financial Transmission Options and rights to External Interface Access (if applicable) or (ii) “lock down” its Catalogued Transmission Rights, which it may then schedule directly with RTO West. Converted rights are limited to their description in the catalog.
 - The PTO agrees to participate in Dispute Resolution if the converting customer disputes the accuracy or sufficiency of the catalogued rights being converted. *[Process for resolution of disputes is still being developed.]*
 - Bonneville agrees not to convert any General Transfer Agreement without the approval of the customer being served, but this restriction applies only for so long as Bonneville has an obligation to provide service under the GTA.
 - RTO West may provide incentives to schedule early (prior to day-ahead) in order to make transmission capacity available earlier.
10. Rates During Company Rate Period (for Eight Years from Commencement Date).
(See also Attachment E1 to the Filing Letter)
- Company Rate charges (to be paid by PTOs serving non-converted contracts and by holders of converted network service contracts).
 - Transfer Charges (to be paid by holders of converted contract demand contracts).
 - External Interface Access Fee.
 - Grid Management Charge.
 - Charges for congestion management, losses, and Ancillary Services.
 - Stranded Costs allocation (if any).
 - Fees, if any, adopted under a backstop mechanism to collect under recovery of revenues lost from elimination of short-term charges within RTO West.
11. Canadian Participation. RTO West is authorized to enter into any of the following agreements with Canadian entities:
- Transmission Operating Agreement with a Canadian transmission owners.
 - Agreement with Canadian Independent Operator that will execute TOAs (substantially identical to those of RTO West) with Canadian transmission owners unless the Independent Operator has control of the transmission facilities by operation of law.
 - The agreement with Independent Operator will provide for common or substantially identical tariffs, business practices, standards of conduct,

congestion management system, pricing scheme, ancillary services market, and market monitoring scheme and operate the transmission facilities under their respective control as a single control area with functions allocated between RTO West and a Canadian Independent Operator and consistent with applicable regulatory authorities.

- A seams agreement.

12. Insurance, Indemnification, and Limitation of Liability.

- RTO West is required to maintain a minimum amount (\$XXX,000,000) of liability insurance that includes each PTO as an additional named insured.
- The PTO is not obligated to make payment or contribution for any loss or damage arising out of or resulting from disruption, interruption, suspension, curtailment, or fluctuation of service to be provided by RTO West over RTO West Controlled Transmission Facilities or Certain Distribution Facilities.
- RTO West and the PTO each release all claims against each other for consequential damages.
- The PTO waives and releases RTO West from tort claims for property damage to the PTO's electric system (not including generation facilities) resulting from an electric disturbance. Three exceptions:
 - RTO West's willful action.
 - Claim for property damage to the PTO's electric system as a result of an electric disturbance that results from action taken or not taken by RTO West that (i) has previously been determined through arbitration to be in violation of its obligations under the Agreement to operate the facilities according to specified standards and (ii) occurs or continues beyond the time specified in the award for curing such default or, if no time is specified, beyond a reasonable amount of time to cure.
 - Operation of RTO West Controlled Transmission Facilities in accordance with thermal limits or operating parameters that the PTO can establish it would not otherwise have followed.

13. Dispute Resolution.

- All disputes under the Agreement are subject to Dispute Resolution unless (i) expressly limited by the Agreement; (ii) as limited by law; (iii) the dispute arises out of a non-converted transmission agreement (with certain exceptions); (iv) the dispute involves whether the terms of the Agreement are just and reasonable under the Federal Power Act; (v) the dispute involves changes to the terms of the Agreement or any service agreement entered into under the Agreement; and (vi) the Parties agree to resolve the dispute through other means.
- A single arbitrator can be chosen, but a Party has the right to constitute a three-member arbitration panel (which must make decisions by majority vote).
- Other PTOs may be allowed to intervene upon showing of good cause.
- Mechanisms will exist for both "baseball" and "non-baseball" arbitration.

- The award may be appealed to FERC, a court of competent jurisdiction, or State regulatory authority. When FERC and a court have concurrent jurisdiction, the award must be appealed to FERC.
- Standards of review:
 - The award is contrary to applicable law or regulation.
 - The award is not supported by findings or is otherwise arbitrary and capricious.
 - The arbitrator failed to afford one or more parties an opportunity for a fair and meaningful hearing.
 - The arbitrator engaged in material misconduct.
 - The arbitrator exceeded the authority conferred upon him or her.
 - The award is not based on the evidence in the record, terms of the Agreement, or consideration of relevant awards in previous arbitration proceedings.

14. Termination. The PTO may terminate:

- For any reason upon two years' written notice.
- Within a reasonable time after a state or local government imposes any utility, use, or possessory interest tax upon RTO West for its operation of federal facilities.
- Immediately upon the failure of RTO West to allocate taxes imposed on it by state or local taxing authorities to customers within the taxing jurisdiction and taking service from the system of the PTO whose facilities are being taxed.
- Immediately if RTO West has not provided assurance to the PTO to correct RTO West's failure to comply with its obligations under the TOA.
- Immediately upon FERC's use of the TOA or the activities of RTO West to assert authority over the PTO's generation or power sales activities.
- Immediately upon termination of Bonneville's TOA.

Upon the PTO's termination, customers' rights to receive service from the PTO under pre-existing contracts, even though converted, are reinstated, but the PTO must continue to take service under converted contracts from RTO West. The PTO must arrange similar integration service for entities with generation integration or load integration agreements with RTO West and shall also continue to provide such services over its system to RTO West as are needed to satisfy RTO West's tariff commitments to third parties. RTO West shall continue to make payments to the PTO equal to the compensation it would have received if the TOA had remained in effect.