

MEMORANDUM

December 6, 2004

To: Commissioners

From: Dick Byers, Senior Electricity Advisor
Washington Utilities and Transportation Commission

Re: **Grid West Development Costs**

Grid West and its predecessor, RTO West, have been under development since the issuance of Order 2000 nearly five years ago. During that time the RTO West filing-utilities have contracted for the services of a contractor to manage the regional advisory process as well as other developmental activities. In addition, the region's stakeholders and the filing utilities have devoted significant staff time to working groups, negotiations, preparation of filings and other legal analysis, and to the dozens of meetings of the Regional Representatives Group.

There is no thorough and precise central accounting of the regional expense for all of this developmental work, but parties have anecdotally estimated the total to date as \$50 million or more. To obtain a more reliable, although still approximate, estimate of what the region's *utilities* have spent in the development of Grid West (formerly RTO-West) I recently requested information from Puget Sound Energy, Avista, PacifiCorp, BPA, the Public Power Council, and the RTO-West support contractor. This memo compiles the information I have received.

Table 1 presents the amounts loaned to RTO West by utilities and the in-house expenditures to date as reported to me by the 6 entities I surveyed. These are approximate figures confirmed by the entities supplying the data. In total, these 6 entities report expenditures and loans of nearly \$40 Million.

Table 1. Development Costs Incurred Through 2004 for RTO-West/Grid West (\$000)

Entity	Loaned to RTO West for Contract	Internal Staffing	Total
BPA(1)	3,230	9,800	13,030
PacifiCorp	1,926	12,500	14,426
Avista	859	3,062	3,921
PSE (2)	1,045	971	2,016
Public Power Council		792	792
Balance of RTO West Loans (3)	5,306		5,306
5 Entity TOTAL	12,366	27,125	39,491

- (1) BPA figure is *approximately* \$3 Million/year with 2/3 of total in internal staffing. BPA has budgeted \$4 Million for FFY 2006 and \$2.9 Million for FFY 2007.¹
- (2) PSE reported the total figure. Internal staffing is net of the loaned amount.
- (3) Balance of total \$12,366 loans for 2000-2004 attributable in aggregate to Idaho Power, BC Hydro, Northwestern, Sierra, and PGE.

Obviously this total represents only a portion of the overall regional expenditure made over the past 5 years for RTO and Grid West development. For example, the table does NOT include the internal staffing costs of Idaho Power, Northwestern, Portland General Electric, BC Hydro, or Sierra Pacific. Moreover, the table does NOT include the expenditures of most of the RRG participants, including many public utilities, independent power producers, and the state public utility commissions. Nonetheless, these data demonstrate that regional expenditures for RTO developmental work already exceed \$40 million and are virtually certain to approach the \$60 to \$70 million range before Grid West could become operational.

¹ TBL Programs in Review. Portland, Oregon, June 25, 2004. Questions, Answers & Comments. Question 46.