

**BONNEVILLE POWER ADMINISTRATION
TRANSMISSION BUSINESS LINE**

**PROCEDURE FOR CUSTOMERS WITH DEFERRED SERVICE WHEN A
COMPETING TRANSMISSION REQUEST IS SUBMITTED
(POSTED JULY 6, 1999)**

Background:

The Transmission Business Line's (TBL) Open Access Transmission Tariff (Tariff) (Section 16.8) allows a transmission customer to defer the commencement of service by paying a reservation fee. If during the reservation period another transmission customer submits a valid request for long-term firm transmission service and such request can be satisfied out of existing capacity only by releasing the capacity reserved by the original transmission customer, the original transmission customer's capacity is released unless such customer agrees to pay the full monthly charge for service beginning with the service commencement date of the new request.

Tariff Implementation:

Under the Tariff, priority to transmission service is established by the date an applicant requests service. Pursuant to the Tariff, TBL will notify customers with deferred service (that is, customers with capacity required to satisfy the new request) that they must begin paying the full monthly charge for service or release part or all of their capacity. TBL will notify customers in *reverse* order of their application date. Therefore, the customer that submitted its application for deferred service last will be the first customer that must make a choice. TBL will continue processing customers' responses until enough capacity is released to meet the new request or, because of customers choosing to begin paying the full monthly charge for services, TBL is unable to fully satisfy the new request.

TBL will implement Section 16.8 of the Tariff in the following manner:

A. Alternatives for Transmission Customers with Deferred Service:

The customer with deferred service will have three (3) alternatives if its capacity is needed for a request for immediate service. Whatever alternative the customer chooses will be effective only if the customer who has made the request for immediate service signs an agreement committing to purchase the requested service if sufficient transmission capacity becomes available. Therefore, the alternative chosen by the customer with deferred service will be effective only if the customer requesting immediate service actually takes the service.

Upon receiving a request for immediate service, TBL will notify transmission customer(s) with deferred service that they must choose one of three (3) alternatives. **If**

customer(s) with deferred service fail to choose an alternative within thirty (30) days from receipt of notification, their full capacity will be released by default.

1. Release of deferred capacity:

The transmission customer may choose to release all of its deferred capacity; or

2. Payment of full monthly charge:

The customer can choose to begin taking service and paying the full monthly charge for its capacity beginning with the service commencement date of the new request for immediate service. In the event the customer with the deferred service has shaped service in the first year, the full monthly charge is the charge for the long-term capacity (that is, the flat amount the customer has reserved beginning after the shaped service ends). If, in any month, the long-term capacity is greater than the Available Transmission Capacity (ATC), the customer will be charged only for the capacity that is available that month.

This service and charges will continue until the original commencement date of the deferred service; that is, when the initial shaped service was scheduled to begin. At that point the customer will pay for the amount set forth in the original reservation (specification for long-term service); that is, the customer will begin paying for the actual shaped amount each month, rather than the long-term capacity. After the first year, the customer will again be charged for the long-term capacity, as provided for in its original reservation.

The customer may assign its rights in the transmission capacity pursuant to Section 22 of the Tariff.

The following “full payment” example is for illustrative purposes only:

FULL PAYMENT EXAMPLE	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01
A. New competing request for immediate service	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
B. Signed contract for deferred service	0	0	0	0	0	0	0	0	100	100	1	1	1	200	50	175	150	100	100	100	200
C. Revised "B" contract for deferred service	200	200	200	200	200	200	200	200	100	100	1	1	1	200	50	175	150	100	100	100	200

3. Partial release: Release, for each month, only the amount of deferred capacity necessary to accommodate the valid long-term request for immediate transmission service. This amount is the difference between the amount of the new request and the ATC for the month.

It is possible that only part of a customer's deferred capacity is needed to fulfill the request for immediate service. For example, assume that a customer has deferred shaped service and 200 MW of long-term capacity, and TBL receives a new request for immediate service for 400 MW. The "partial release" option will require the customer with the deferred capacity to release only that amount of capacity needed each month to fulfill the new request.

The following “partial release” example is for illustrative purposes only:

PARTIAL RELEASE EXAMPLE	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01
New competing request for immediate service	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
Signed contract for deferred service	0	0	0	0	0	0	0	0	100	100	1	1	1	200	50	175	150	100	100	100	200
ATC remaining to fill the competing service request	400	400	400	400	400	400	400	400	300	350	405	405	405	100	500	175	600	500	500	500	600
Capacity released by signed contract for deferred service	0	0	0	0	0	0	0	0	100	50	0	0	0	200	0	175	0	0	0	0	0
Resulting transmission demand for customer with deferred service affected by the partial release	0	0	0	0	0	0	0	0	0	50	1	1	1	0	50	0	150	100	100	100	200
NET ATC after filling competing request	0	0	0	0	0	0	0	0	0	0	4	4	4	-100	50	-225	50	0	0	0	0

NOTE: If any months exist in which the competing request can't be filled completely with first queued deferred request, TBL will continue to sequentially process deferred requests needed to fill the competing request. (example-see Oct-2000 & Dec-2000)

If the customer releases only a partial amount of the deferred capacity, the customer may be forced to choose again if TBL receives additional requests for immediate service for which the customer's remaining capacity is needed.

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The situation is complicated in that whether, or how much of, a customer's capacity is needed to fulfill the new request may depend on the alternatives prior customers choose. TBL will notify each customer of the potential range of capacity it would have to purchase under alternative 2 or release under alternative 3. TBL will notify the customer of the exact amounts of such capacity before the deadline for choosing an alternative.

B. Contract Offer to Transmission Customers requesting Immediate Service:

TBL will offer the transmission customer requesting immediate service a Transmission Service Agreement under which the transmission customer will commit to purchase the requested service if sufficient deferred capacity is released to satisfy the full immediate service. TBL's offer, however, will be contingent on such release.

The alternative chosen by the customer with deferred capacity will be effective only if the transmission customer requesting immediate service executes such Transmission Service Agreement.

C. Notification to Transmission Customers with Deferred Capacity:

Notification letters will advise the transmission customer that it must select, in writing, within 30 days from receipt of the notification letter, one of the three alternatives specified in Section "A" above. The customer will be notified by telephone, fax, and U.S. mail.

These procedures maybe revised if new information suggests revision is appropriate.

If you have any questions regarding this posting, please contact your TBL Transmission Account Executive.

Revised July 9, 1999