

# Multi-System Transmission Rate (MSTR)

Public Information Forum  
March 29, 2005

## Agenda

- Discuss Extension of Public Process
- Presentation of Customer Choice Model
- Answers from 3/9 Informal Meeting
- Next Steps
- Questions/Answers/Feedback

## Extension of Public Process

- Comment period ended 9/20/04
- Received comments voicing strong opposition along with comments w/tepid support for proposal
- Several requests to consider revised model—customer choice
- FRN published to extend process to allow time to formulate customer choice model

## Customer Choice Proposal

- Applies to both Firm & Non-Firm Trans. Service
- Allows existing customers to choose whether they continue to pay single system rates or take multi-system transmission service
- New customers w/no existing contracts take multi-system service
- Non-firm transmission offered as MSTR non-firm service

## Comparison to Earlier Proposals

- No mandatory phase in as in “5<sup>th</sup> Year Convergence” model originally proposed
- Existing Customers not forced to MSTR (as in “OATT 1<sup>st</sup>” model)
- Proposed Model—choice left to existing customers whether to take multi-system transmission service
- New Customers must take MSTR

## Pros & Cons of Customer Choice Model

- Pros:
  - No existing FTS customer forced to take multi-system transmission service
  - Existing customers have opportunity to reduce overall costs if current reservations are heavily pan-caked
  - Potential for increased non-firm sales

## Pros & Cons of Customer Choice Model

- Cons:
  - Does not completely eliminate pan-caked rates
  - Does not lead to a method that gets all customers on a MSTR
  - Any revenue from MSTR sales which replaces pan-caked single system sales reduces revenue for individual projects

## Assumptions

- Assume expiring contracts will be renewed or reservation assumed by new party
- Assume increase in non-firm sales revenues
- Assume increase of other revenues sufficient to replace decreases of revenues due to partial elimination of pancaking

## Assumptions, cont'd

- Assume customers would choose multi-system transmission service only if it made economic sense to do so
- Assume increased reservation of non-firm transmission due to common OASIS postings

## Impacts to Individual Projects

- As in original proposal, MSTR is for rate making and marketing purposes only-nature of the product is not changing.
- Each project will remain financially separate and distinct for accounting purposes
- MSTR revenues will be allocated to projects based on each project's percentage share of the total revenue requirements

## Rate Setting

- Since MSTR not forced, set rate to reduce risk of an increase in single system rates.
- Surveyed Transmission offered on OASIS
- Of OASIS offerings reviewed, mean firm rate equates to approx \$2.85 per kW/month

## Rate Setting, cont'd

- MSTR at \$1.50 kW/month-competitive with other providers & adheres to concept of balancing benefit and risk
- Mean non-firm rate from review of OASIS postings similar to existing Intertie non-firm rate including losses charge

## Recommendations

- Set MSTR firm rate at \$18.00 per kW/year (\$1.50 per kW/month)
- Set non-firm MSTR to be capped at Firm MSTR.

## Questions From 3/9/05 Informal Meeting

Q: Do we have a spread sheet model like the previous and can we put it on the website?

A: Spreadsheet used to calculate impacts was posted to website

Q: Can Western figure out how much increase in sales would be needed to make up for the lost sales due to pancaking?

A: Approximately 570,325 MWhrs

## Questions from Informal (Con't)

Q: Assuming a MSTR of \$1.50 kW/yr and no increase in non-firm sales over 2004, what is the impact to single system rates?

A: Rate increases to single system - assumes zero additional revenue from other sources.

Q: If you don't get the non-firm sales you anticipate will you increase the individual projects or the MSTR to make up for that difference.

A: The MSTR will stay fixed.

## Summarize

- Existing customers can choose whether to take multi-system transmission service
- New customers (customers without existing relationship w/WAPA) take multi-system transmission service
- Non-firm OASIS service will be MSTR
- Single System Rates processes will remain in place

## Next Steps

- Public comment forum April 6, 2005
- Comment Period Ends June 1, 2005
- Anticipated effective date of MSTR  
10/1/05 (Fiscal Year 2006)