Montana Intertie Roll-in Analysis*

	Alternative #1	Alternative #2	Alternative #3	Alternative #4
	Status Quo situation based on 12/13 Base Analysis assuming 1CP network cost allocation.	**Roll in sales of Eastern Intertie Capacity above the TGT sales (currently 16 MW)**	**Roll in all Eastern Intertie capacity above the TGT sales (200 MW)**	**Roll in Eastern Intertie capacity above NWE TGT capacity (1510 MW)**
1	**Physical and Operational Infrastructure**			
2	"Montana Intertie" refers to 500 kV transmission line(s) from Broadview to Garrison. Jointly built by BPA and the Colstrip Project's Montana Intertie Users (parties).	No change.	No change.	No change.
3	"Eastern Intertie" refers to BPA's ownership of the Townsend to Garrison (TGT) portion of the Montana Intertie.	No change.	No change.	No change.
4	The Montana Intertie, including BPA's Eastern Intertie portion, is in Northwestern Energy's (NWE) Balancing Authority Area (BAA), up to the boundary with BPA at Garrison substation.	No change.	No change.	No change.
5	The operational capacity on the Montana Intertie (and by extension the Eastern Intertie) is 1930 MW. **NOTE: THIS ANALYSIS DOES NOT CONSIDER IMPACT OF ANY UPGRADES TO THE MONTANA INTERTIE.**	No change.	No change.	No change.

*Based on 12/13 "Illustrative" rate model with a 1CP network allocation.

Montana Intertie Roll-in Analysis*

	Alternative #1	Alternative #2	Alternative #3	Alternative #4
6	**Montana Intertie Agreement (the agreement)**			
7	BPA’s Total Annual Cost (TAC) under the agreement is $12.5 million.	Assume no change.	Assume no change.	Assume the Montana Intertie Agreement would only apply to NWE’s share of 420 MW.
8	Parties to the agreement pay the Townsend to Garrison Transmission (TGT) rate for their respective allocation (by MW) of the Eastern Intertie sales. The TGT sales currently total 1730 MW through September 2027 (NWE-420, PSE-680, PGE-280, AVA-210, PAC-140).	Assume no change to TGT sales.	Assume no change in sales (see revenue change below).	Assume only TGT sale is NWE 420 MW.
9	BPA's allocation of Eastern Intertie capacity is defined by the agreement as the long-term firm sales made on the Eastern Intertie. This is currently 16 MW from the long-term IM sale to PacifiCorp. No additional sales forecasted.	Assume no change; however the long-term sales would now refer to PTP rather than IM sales. Assume no additional sales.	Assume BPA's share of TGT capacity would be set to 200 MW.	Assume BPA's share of TGT capacity would be set to 1510 MW.

Montana Intertie Roll-in Analysis*

	Alternative #1	Alternative #2	Alternative #3	Alternative #4
10	**TGT and IE Rate Schedule**			
11	TGT “rate” is set by agreement to be the TAC divided by the total allocated capacity (currently 1746 MW) divided by 12 months, or **0.598** $/kW-mo. Note the TGT rate schedule does not explicitly identify this “rate” – rather it identifies the entire charge formula which equals the rate multiplied by each party’s allocated capacity.	Assume no additional long-term sales from Townsend. However, the TGT rate is a formula rate, and if any additional sales were made during the rate period, the TGT rate would be adjusted by increasing BPA's allocation of the TGT capacity, and the TGT rate would be reduced accordingly.	Assume BPA share of TGT capacity is 200 MW. TGT rate reduced to **0.541** $/kW-mo. Since TGT parties already credited with 200 MW, would assume no credit for additional PTP sales on BPA’s share.	Assume the TGT rate would be reduced to **0.541** $/kW-mo, but would only apply to NWE share.
12	TGT revenue is $12.4 million, unless additional IM or IE revenue reduces it.	Assume no change to TGT revenue. Additional PTP sales from Townsend would reduce the TGT rate.	Assume TGT revenue reduced to $11.2 million due to BPA share increase to 200 MW.	Assume TGT revenue from NWE only of $2.7 million.
13	The IE rate is available to parties to the agreement, but as noted the rate is higher than the IM rate for the same service, so it is not expected to be used.	No change to IE rate and no expectation of use.	No change to IE rate and no expectation of use.	IE rate is eliminated.

Montana Intertie Roll-in Analysis*

	Alternative #1	Alternative #2	Alternative #3	Alternative #4
14	**IM Rate Schedule**			
15	The long-term IM rate is set to BPA's share of the costs under the agreement divided by the forecasted long-term IM sales of 16 MW, which equals the level of the TGT rate at the time of the ROD, currently 0.598 $/kW-mo. Any additional long-term IM sales would be reflected in the denominator of the TGT rate formula. Assume no expectation of additional long-term IM sales.	IM rate eliminated. Any additional long-term firm PTP sales from Townsend would be included in the denominator of the TGT rate formula. Assume no additional PTP LT sales from Townsend.	IM rate eliminated. Assume no additional long-term PTP sales from Townsend. Assume any additional PTP LT sales would not be reflected in TGT rate.	IM rate eliminated. Assume no additional long-term PTP sales from Townsend.
16	PacifiCorp has two long-term IM reservations: 10 MW through September 2013 and 6 MW through September 2027. Assume the 10 MW to renew.	Assume the Pac IM 10 MW sale would not rollover and the 6 MW sale would be terminated. The revenue from these sales would be lost.	Assume the Pac IM 10 MW sale would not rollover and the 6 MW sale would be terminated. The revenue from these sales would be lost.	Assume the Pac IM 10 MW sale would not rollover and the 6 MW sale would be terminated. The revenue from these sales would be lost.
17	Any IM short-term firm sales are averaged for the month and included in the denominator of the TGT rate formula. Assume no IM ST sales.	The IM rate is eliminated. Assume no PTP ST sales from Townsend. Any PTP short-term firm sales from Townsend would be averaged for the month and included in the denominator of the TGT rate formula.	The IM rate is eliminated. Assume no PTP ST sales from Townsend. No adjustment to TGT rate if PTP ST sales occurred.	The IM rate is eliminated. No adjustment to TGT rate for PTP ST sales.

Montana Intertie Roll-in Analysis*

	Alternative #1	Alternative #2	Alternative #3	Alternative #4
18	Any IM non-firm sales revenue is credited monthly to the TGT rate in the numerator of the charge calculation. Assume no non-firm IM sales.	The IM rate is eliminated. Townsend to Garrison portion of PTP non-firm sales revenue from Townsend would be a revenue credit to the TAC in the TGT rate formula on a monthly basis. Assume no PTP non-firm sales from Townsend.	The IM rate is eliminated. Assume no non-firm PTP sales from Townsend. There would be no adjustment to the TGT rate if PTP non-firm sales did occur.	The IM rate is eliminated. No adjustment to TGT rate for PTP non-firm sales.
19	**Network Transmission Agreements**			
20	Northwestern Energy (NWE) has a 420 MW UFT agreement through Sep 2027 to cross the 500/230 Xfmr at Garrison.	Assume no change.	Assume no change.	Assume no change.
21	Puget (PSE) has a 663 MW IR agreement through Jul 2014 from Garrison 500 to Paul. Assume it would convert to PTP and continue.	Assume no change from status quo.	Assume no change from status quo.	Assume PSE IR agreement for 663 MW would convert to PTP, be redirected to Townsend, and continue. Assume no change in PTP revenue.
22	Portland (PGE) has a 270 MW PTP agreement through Dec 2014 from Garrison 500 to PGE. Assume it would rollover.	Assume no change from status quo.	Assume no change from status quo.	Assume PGE request would be redirected to Townsend and continue. Assume no change in PTP revenue.

Montana Intertie Roll-in Analysis*

	Alternative #1	Alternative #2	Alternative #3	Alternative #4
23	Avista (AVA) has a 196 MW PTP agreement through Jul 2016 from Garrison 500 to Hatwai 230. Assume it would rollover.	Assume no change from status quo.	Assume no change from status quo.	Assume AVA PTP agreement for 196 MW would be redirected to Townsend and continue. Assume no change in PTP revenue.
24	PacifiCorp (PAC) has a 70 MW PTP agreement through Dec 2015 from Garrison 500 to Buckley, and an 86 MW PTP agreement through Sep 2013 from Garrison 500 to Hot Springs. Assume these would rollover.	Assume the current Pac 86 MW reservation to Hot Springs would be revised/renewed for 70 MW, and a new request for 16 MW with a POR of Townsend rather than Garrison would be made and granted (or the full 86 MW would be renewed, but 16 MW would be redirected to Townsend). Assume no change in PTP revenue.	Same as alternative #2.	Assume the Pac 86 MW request to Hot Springs would be renewed with a POR of Townsend rather than Garrison. Assume PAC PTP agreement for 70 MW would be redirected to Townsend and continue. Assume no change in PTP revenue.
25	**Revenue Impacts**			
26	Status Quo reflects TGT revenue and IM revenue.	Only revenue impact would be the loss of the $115 K of IM revenue.	Change to the rates would be caused by the loss of approx. $1.2 M in TGT revenue plus the $115 K of IM revenue.	Rate impact would be a loss of $9.8 M TGT revenue, plus the $115 K of IM revenue.

Montana Intertie Roll-in Analysis*

	Alternative #1	Alternative #2	Alternative #3	Alternative #4
27	Eastern Intertie Revenue Requirement is reduced by the forecasted TGT and IM revenues, and the net is allocated back to the other segments based on net plant percentage.	Assume status quo impact to other segments, except the Network assumed to pick up the $115 K of lost IM revenue.	Assume status quo impact to other segments, except the Network assumed to pick up the $115 K of lost IM revenue, and the $1.2 M in lost TGT revenue.	Assume status quo impact to other segments, except the Network assumed to pick up the $115 K of lost IM revenue, and the $9.8 M in lost TGT revenue.