



Transmission Business Line (TBL) CONTRACT LOCK SYNOPSIS

March 3, 2003

OBJECTIVES:

- Preserve the fundamental value of the transmission system for existing customers and uses.
- Limit exposure to market-based congestion costs for existing uses, but not preclude locational pricing for new uses.
- Don't preclude incentives to assure sufficient investment in transmission infrastructure.

PROPOSAL:

- Secure the fundamental characteristics of OATT service.
- Define transmission rights for federal Network Resources to serve Network Load.
- Spread congestion costs for existing transmission uses over all contracts not converted to RTOW.

WHO IS ELIGIBLE:

- Customers with long-term OATT service as of 1/10/03 shall be eligible for Replacement Service Agreements.
- Customers with existing IR and FPT contracts may convert to OATT service for IR/FPT uses existing as of 1/10/03—no partial conversions permitted.
- The PBL for its grand-fathered long term contracts/arrangements.

CONVERSION RULES:

- BPA must remain revenue neutral.
- At the time of conversion, the customer's maximum path usage (POR-POD) may not exceed the current usage over constrained paths. Conversion requests shall be subject to ATC review and determinations.
- Conversions must be consistent with Risk Mitigation Measures
- Conversions shall provide for open and fair treatment.
- Conversions must meet with FERC approval.

OFFER PROCESS:

- Develop Replacement Service Agreement in regional discussions.
- File Replacement Service Agreement with FERC as change to OATT; request reciprocity approval.
- After FERC approval, offer Replacement Service Agreements to customers (individual service agreements not filed with FERC).

TERM:

- Replacement Service Agreement shall be for a term of 20 years. In the event roll-over rights are limited in an existing Service Agreement, the term of the Replacement Service Agreement shall be equal to the term of the existing Service Agreement.
- Existing Service Agreements with terms beyond 20-years would be limited to 20-year terms in the Replacement Service Agreement.
- Existing Service Agreements with terms less than the 20-year lock period and no roll-over right limitations shall be eligible for a 20-year term with the Replacement Service Agreement.

OTHER APPLICABLE AGREEMENTS:

- TBL/PBL Memorandum of Understanding for the Management of Federal Network Resources.