

# **Chelan / Puget Transmission Service Agreement**



## **Transmission Contract Team:**

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# Quick Facts

- Separate agreement
- Functionally similar to existing power sales agreements
- Consistent guiding principles
- “Postage stamp” methodology



# Why Two Agreements?

- Separates regulated and relatively unregulated services
- Positions the District for the future
- Recovers additional transmission costs not currently recovered from Purchasers



# Services Provided

- Deliver Output
- Over the Chelan Transmission System
- To Purchasers and third party interconnections
- Similar to transmission service provided under existing Power Purchase Agreements



# Purchaser's Share of Costs

- Pay proportionate share of costs (postage stamp rate)
- Includes direct costs
  - Transmission operation and maintenance expenses
  - Transmission plant depreciation
- Allocates indirect costs
  - Administrative and general expense
  - Taxes
  - Interest expense
  - General plant depreciation



# Other Provisions

- Same duration as proposed Power Sales Agreement
- Limited liability exposure by the District
- Service interruptions
- Transmission losses



# Guiding Principles

- Maintain flexibility
- Maintain operating control
- Reflect all costs to deliver service
- Ensure adequate revenues for operations
- Create a template for consistency



# Summary

- Positions District for the future
- Maintains flexibility and control
- Cost-based approach



# Questions?

