



Notice to Western's Customers Regarding Order No. 890 Implementation

On February 16, 2007, the Federal Energy Regulatory Commission ("FERC") issued Order No. 890, "Preventing Undue Discrimination and Preference in Transmission Service".

Western Area Power Administration (Western) submitted its revised Open Access Transmission Service Tariff (OATT) with FERC on September 30, 2009. The new tariff becomes effective on December 1, 2009. The new revised tariff was developed to comply with FERC Order No. 890 and to be consistent with Western's statutory and regulatory requirements.

Western's implementation of this new order, on December 1, 2009, will entail several changes for Customers:

- 1) Network Customers will be responsible for ensuring that their new Designated Network Resources (DNRs) meet FERC and OATT requirements to qualify as a DNR. Network Customers will be required to provide specified information and an attestation regarding those qualifications when making a request to designate a new Network Resource. Additionally, different resource information should be provided when making a request to designate an off-system resource (for example, a purchased power contract) including information regarding transmission purchased by the Network Customer for off-system DNRs (TSRs).
- 2) Order 890 requires that a current list of DNRs for each Network Customer be posted on OASIS. To create a DNR list, Western will use each network customer's NITS contract and the resources identified as Designated Network Resource. Starting December 1, 2009, Western will post on OASIS a list of each Network Customer's current DNRs.
- 3) Network Customers should terminate ("undesignate") DNRs or portions thereof in order to make certain firm, third-party sales from those resources. In particular, network customers may only enter into a third-party power sale from a designated network resource if the third-party power purchase agreement allows the seller to interrupt power sales to the third party in order to serve the designated network. Network Customers may make undesignations on either a temporary or permanent basis; however, temporary undesignations must be accompanied by a request to re-designate the Network Resource. Daily undesignations must be submitted pursuant to Western's posted business practice(s) and timing requirements.
- 4) Western will continue to offer Secondary Network Service which can be used, when available, to deliver energy to Network Loads from resources that have not been designated as Network Resources, which must be requested on OASIS. Secondary Network Transmission Service cannot be used to deliver energy to any load location or POD not associated with Designated Network Load.



- 5) In accordance with FERC's Order 890, Western is required to post, on its OASIS, forecast and actual load values for its native load as well as its system load. To calculate system forecast load, Western will rely on its network customers to provide their forecast load to Western.
- 6) Western will be posting on OASIS Interim Business Practices, with suggested forms and more specific information, on the above practices. The processes outlined in this document constitute the core of the requirements that will be applicable to Network Customers as of December 1, 2009. Western reserves the right to adopt additional requirements or procedures as necessary to ensure its compliance with Order No. 890. Consistent with the requirements of the OATT and FERC regulations, Western will work with its Network Customers to ensure a smooth transition to the new requirements under Order No. 890.

Additional information regarding Western's implementation of FERC's Order No. 890 can be found in the September 30, 2009, filing letter for Western's updates to its OATT.

Questions regarding that status of Western's implementation of Order No. 890 can be directed to the contacts noted on Western's regional OASIS pages.