### Western Area Power Administration

Rocky Mountain Region

### Network Integration Transmission Service Adjustment Policy

###  **SOURCES OF ERROR**

1. Sources of error in the Network Integration Transmission Service (NITS) bills include:
* Wrong kW values (e.g., blown PT fuses, incorrect manual reads, data entry errors),
* Not using the correct meters and channels,
* Having an error in whether each meter/channel combination is a positive or negative contributor; and
* Having an error in the losses associated with each meter/channel combination.
1. The service agreement for NITS specifies:
* Meters and channels,
* Whether each meter/channel combination is a positive or negative contributor, and
* Losses for each meter/channel combination.

The service agreement dictates the NITS charges for the three items listed directly above and we bill according to the service agreement. However, due to the timing in getting a service agreement modified, in the interim, as a meter is placed in or taken out of service, such meter change shall be recognized and reflected appropriately in scheduling, accounting, and billing procedures until such meter change is incorporated into the revised service agreement.

Adjustments must meet certain timing and size criteria, outlined below.

### **ADJUSTMENTS AND ACCOUNTING FOR ADJUSTMENTS**

Adjustments are done semi-annually, occurring in March (for September of the previous year through February of the current year), and September (for March through August of the current year). (NOTE: All months referenced in this document are *billing* months, also called *service* months.)

1. **Time Limits:**

Adjustments are allowed only for the current and previous 6-month adjustment periods.

## Example:

The current month is January 2009. The current adjustment period is September 2008 – February 2009. The previous adjustment period is March – August 2008. We adjust (if the following criteria are met) only for those items that occurred in March 2008 or later.

1. **Size of Adjustment Requirement:**

Western-RMR uses the following guidelines for adjustments:

* Adjust for errors that are 1 percent or more of a customer’s transmission amount in any single month within the current adjustment period.
* Set more demanding criteria for adjustments that fall before the current adjustment period.
* Keep the total system peak unchanged for the months prior to the current adjustment period for all, except in the case of large adjustments, as determined by Western-RMR.
* Adjust only the customer-with-the-error for errors prior to the current adjustment period unless the total system peak is changed.
* Apply the criteria as outlined below to the “net error” for a customer for each month that errors occurred.

With regard to the last bullet, if there are two errors for a customer in the same month, with one error of 125 kW in the customer’s favor and the other error of 50 kW to the customer’s detriment, then the “net error” is (125 kW – 50 kW), or a credit of 75 kW. This 75 kW is used to test whether the “net error” meets the criteria for adjustment rather than the individual errors of -125 kW and +50 kW. The details follow.

# Within the current adjustment period:

Western will adjust customer’s transmission amount and the total system peak if the “net error” is equal to or larger than 1 percent of the customer’s transmission kW (total contribution less CROD).

In that case, we will update the system peak. Therefore, we will need to update numbers for **all** NITS customers. Also, if we adjust one month, we will need to adjust all subsequent months in the allowed adjustment period in order to correct the 12-cp numbers.

#  In the previous adjustment period:

The criteria for adjusting the customer’s transmission and the total system peak are considered independently if the “net error” occurred before the current adjustment period.

We will adjust the customer’s transmission amount if the “net error” is equal to or larger than 2 percent of the customer’s transmission (total contribution less CROD).

We will adjust the 12-cp system peak only if the “net error” is equal to or greater than 2 percent of the total system peak of that month.

1. Net error and system peak adjustment:

If the “net error” is:

* Less than 2 percent of the total system peak, then we do not change the system peak and have one adjustment (may be based on multiple months) for *one* customer.
* Equal to or greater than 2 percent of the total system peak, then we do change the system peak and have one adjustment (may be based on multiple months) for *each* NITS customer. (Each customer is involved since the system peak has changed.)

Regardless of whether the system peak numbers change or not, we adjust for all subsequent months after a month in which we have made a change.

1. **TREATMENT OF NITS LOAD MODIFICATIONS**

New NITS Customer

If there is a new NITS customer, in the month of commencement of that NITS customer’s service, we will revise all NITS customers’ 12-cp values with historical or estimated data for the new customer for the current month and 11 months prior. There will be no financial adjustment to any NITS customers based on this revision.

NITS Customer Removing Portion of Load

If an existing NITS customer removes delivery points from its designated network load, the removed load will be “rolled off” over the succeeding 12 months, to achieve revenue recovery for 12-cp service taken. Other arrangements for accomplishing this revenue recovery; e.g., lump-sum settlement, may be negotiated on a case-by-case basis with customer.

NITS Customer Adding Load

If an existing NITS customer adds delivery points to its designated network load, the added load will be “rolled on” over the succeeding 12 months.

NITS Termination (All Load Removed)

If a customer terminates its NITS agreement with Western, the NITS load will be “rolled off” over the succeeding 12 months, to achieve revenue recovery for the 12-cp service taken. Other arrangements for accomplishing this revenue recovery; e.g., lump-sum settlement, may be negotiated on a case-by-case basis with customer.