

JANUARY 23RD, 2024 WORKSHOP FOLLOW UP

- 1. Request:** The PPC requested clarification on the “Uncontrollable Event Costs Removed from the Program Case” scenario. Specifically, what are the implications for federal debt in the removal of WNP 1 and 3?

Response: Modeling the removal of the WNP 1 and 3 involves redesigning the Regional Cooperation Debt (RCD) refinancing program. This was done by removing the forward-looking federal debt associated with the WNP 1 and 3 program costs and shaping the remaining federal debt in the RCD around non-federal debt payments in the repayment study. The analysis did not make any adjustments for prior debt management actions.

- 2. Request:** The PPC requested understanding on what is included in the Rates Analysis Model (RAM) to adjust the [long-term] Average System Cost (ASC) assumptions [for this REP benefits analysis].

Response: ASCs represent the REP-utilities’ system costs and are determined in an independent model outside of RAM. The accompanying attachment outlines the inputs and assumptions to produce long-term ASCs.

Long-Term ASC Forecast Model Inputs and Assumptions Summary Post-2028 REP Analysis

January 23rd, 2024 Workshop

Overview:

The Long-Term Average System Cost Forecast Model (LT ASC Model) is an augmented version of the two-year ASC Forecast Model used in rate cases. Additional information can be found here:

[Residential Exchange Program - Bonneville Power Administration \(bpa.gov\)](https://www.bpa.gov/ResidentialExchangeProgram)

Two separate components are added to the model to account for new resource additions as well as resource retirements. These elements draw information from utility produced documents, chiefly utilities' Integrated Resource Plans (IRP) and FERC Form 1s (FF1).

Below, is a list of the inputs into the model broken into general market assumptions and utility specific variables:

Global Inputs:

Inflation Rates

BPA purchases a proprietary cost index forecast from a third party. The model uses numerous industry specific rates generally referred to as "escalator" values in the model. The rates are applied to year-end actuals supplied by customers to derive future estimated values.

Market Prices

Average market prices generated by Aurora supply forecast market prices.

Natural Gas Forecast

BPA produces a natural gas price forecast based on EIA, market, and consultant data.

BPA Interest Rate Forecast

Internally generated rates forecast based on proprietary data.

Generic Resources

RevSim based generic resources. Generic resources provide the basis for new resource build cost assumptions.

Long-Term ASC Forecast Model Inputs and Assumptions Summary Post-2028 REP Analysis

Financial Assumptions

Input into the New Resource calculation. Rate of return calculation based on State and Federal tax rates, as well as long-term debt and common equity apportionment and rates assumptions. Additionally, property tax, gas transportation costs, and annual insurance rates are assumed.

REP Participant Inputs:

Appendix 1 (APP1)

Basis for analysis. Functionally similar to rate case treatment with the addition of tables generated by the new resource and retirement calculators.

FERC Form 1

Existing resource assumptions are collected from FF1s to build the retirements table.

Integrated Resource Plans (IRPs)

Anticipated load growth rates are collected from IRPs and added to provided APP1s. Additionally new resource year in service and retirement date assumptions are culled from IRPs.

Contact Information:

REP Program Lead:

Paulina Cornejo
503-230-4300 ypcornejo@bpa.gov

REP Program Analyst:

Michael Edwards
503-230-3673 mdedwards@bpa.gov