



Department of Energy

Bonneville Power Administration
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FINANCE

February 29, 2008

In reply refer to: F-2

To Interested Parties:

Subject: BPA's Proposed 2008 Average System Cost Methodology: New Large Single Loads

Bonneville Power Administration (BPA) is currently conducting a consultation proceeding in order to revise its ASC Methodology, which is used in the implementation of the Residential Exchange Program.

Section 5(c)(7) of the Pacific Northwest Electric Power Planning and Conservation Act (Act) states that a utility's Average System Cost (ASC) shall not include the costs of serving a New Large Single Load (NLSL).

Section 3(13) of the Act defines a New Large Single Load (NLSL) to be any new load or expansion of an existing load at a single facility whose power requirements increase by 10 average megawatts (aMW) or more in any consecutive 12-month period as compared to its consumption during the immediately preceding 12-month period.

“New Large Single Load” means any load associated with a new facility, an existing facility, or an expansion of an existing facility:

1. which is not contracted for, or committed to, as determined by Bonneville, by a public body, cooperative, investor-owned utility, or Federal agency Customer prior to September 1, 1979, and,
2. which will result in an increase in power requirements of such Customer of ten average megawatts or more in any consecutive twelve-month period.”

16 U.S.C. § 839a(13). The foregoing section of the Act is addressed in BPA's proposed ASC Methodology. Endnote “d” provides:

d/ The cost of additional resources sufficient to serve any New Large Single Load (NLSL) that was not contracted for, or committed to, prior to September 1, 1979, is to be determined as follows:

- (1) To the extent that any NLSLs are served by dedicated resources at the cost of those resources, including applicable transmission;

(2) In the amount that NLSLs are not served by dedicated resources, at BPA's New Resources (NR) rates as established from time to time pursuant to section 7(f) of the Northwest Power Act, and as applicable to the utility, and applicable BPA transmission charges if transmission costs are excluded in the determination of BPA's New Resource rate, to the extent such costs are recovered by the utility's retail rates in the applicable jurisdiction; and,

(3) To the extent that NLSLs are not served by dedicated resources plus the utility's purchases at the New Resource rate, the costs of such excess load shall be determined by multiplying the kilowatt-hours not served under subsections (1) and (2) above, by the cost (annual fixed plus variable cost, including an appropriate portion of general plant, administrative and general expense and other items not directly assignable) per kilowatt-hour of all baseload resources and long-term power purchases (5 years or more in duration), as allowed in the regulatory jurisdiction to establish retail rates during the Exchange Period, exclusive of the following resources and purchases: (a) purchases at the NR rate; (b) purchases at the PF Exchange rate, pursuant to section 5(c) of the Northwest Power Act; (c) resources sold to BPA, pursuant to section 6(c)(1) of the Northwest Power Act; (d) dedicated resources specified in endnote d(1) of this Methodology; (e) resources and purchases committed to the utility's load as of September 1, 1979, under a power requirements contract or that would have been so committed had the utility entered into such a contract; and (f) experimental or demonstration units or purchases therefrom. Transmission needed to carry power from such generation resources or power purchases shall be priced at the average cost of transmission during the Exchange Period.

(4) Any kilowatt-hours of NLSLs not met under subsection (1), (2), or (3) above will be assumed to be supplied from the most recently completed or acquired baseload resource(s) or long term power purchase(s), exclusive of dedicated resources and experimental or demonstration resources or purchases therefrom, that are committed to the utility's load as of September 1, 1979, under a power requirements contract. The cost of these generation resources and long-term power purchases and the transmission cost associated with these resources or purchases will be calculated as specified in subsection (3) above.

(5) If the NLSL is served on any energy or capacity interruptive basis, the utility shall prepare a calculation subject to review by BPA of the fixed (if any) and variable costs of providing such service, except that the amount excluded from ASC for the NLSL shall not be less than the transmission and generation cost included in the retail rate charged the NLSL.

In order to allow BPA to implement the NLSL provisions of the proposed ASC Methodology, utilities should include in their March 3, 2008, filings the following information:¹

For purposes of this request, “load” is defined to be customer load that is a single location. Please provide the following data for all retail loads with energy consumption of 10 average megawatts or greater in any rolling 12 month period since September 1, 1979:

- a. The date on which the load was energized and the date on which commercial operation began. If the utility serviced, or had committed to serve, the load as of September 1, 1979, state the maximum amount of annual energy and the maximum peak power that could be provided under the service contract or commitment.
- b. Monthly kW demand and kWh sales for the period September 1, 1979, to December 31, 2006. If portions of the load are metered separately, provide the kW demand and kWh sales data for each metering point and for the total load.

To assist BPA in its analysis, please attach an identifying number to each load, and provide the requested data in both written and electronic format (customer names may be coded to protect confidentiality). BPA would appreciate receiving the data in an Excel spreadsheet, with separate columns for each load.

BPA understands that this information is commercially sensitive. Regardless of whether the exchanging utility is an investor-owned utility or a consumer-owned utility, BPA will limit access to this information only to BPA employees and contractors who require such information to implement the Residential Exchange Program. The information will not be provided to any parties outside BPA. BPA will not release the information unless required by a court order.

In order to ensure that parties comply with the NLSL requirements, BPA believes the proposed ASC Methodology should be revised to establish a penalty for failure to provide NLSL data. BPA proposes the following addition to Endnote d:

- (6) If a Utility fails to provide the data required for BPA to make NLSL determinations for purposes of establishing the utility’s ASC, the utility shall not receive any Residential Exchange Program benefits until the required information is provided.

¹ If parties are unable to provide the information by March 3, 2008, the information should be provided no later than March 26, 2008.

BPA would like to receive comments from all interested parties on this proposed amendment and looks forward to reviewing exchanging utilities' upcoming Appendix 1 filings.

Sincerely,

/s/ Robert E. Young, for

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ASC Manager