

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION**

**RULES OF PROCEDURE FOR
BPA'S ASC REVIEW PROCESSES**

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ASC REVIEW RULES OF PROCEDURE

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SECTION 1. SUMMARY

Section 5(c)(7) of the Northwest Power Act requires the Bonneville Power Administration (BPA) to develop a methodology for determining a utility's average system cost (ASC) for the purpose of selling power to BPA under the Residential Exchange Program, 16 U.S.C. § 839c(c). 16 U.S.C. § 839c(c)(7). Such methodology is subject to "review and approval" by the Federal Energy Regulatory Commission (FERC or Commission). 16 U.S.C. § 839c(c)(7).

On September 4, 2009, FERC granted final approval to BPA's 2008 ASC Methodology (2008 ASCM). The Commission codified the 2008 ASCM in its regulations at 18 C.F.R. Part 301, *et seq.* In general, the 2008 ASCM establishes the rules and criteria for calculating a utility's ASC. The formal rules adopted by the Commission at 18 C.F.R. Part 301 do not provide the filing procedures or deadlines for administering the ASC review process that BPA conducts to calculate a utility's ASC. Instead, the Commission's regulations state that "[t]he procedures established by Bonneville's Administrator provide the filing requirements for all Utilities that file an Appendix 1 with Bonneville. Utilities must file Appendix 1s, ASC forecast models, and other required documents with Bonneville in compliance with Bonneville's ASC review procedures." 18 C.F.R. § 301.4(a).

The purpose of this document is to provide these procedures. Unless otherwise stated, capitalized terms shall have the meaning established by 18 C.F.R. § 301.2.

SECTION 2. FILING PROCEDURES (ASC REVIEW PROCEDURES)

2.1 Exchange Period Filing Requirements

- 2.1.1 The Exchange Period will be equal to the term of Bonneville's Rate Period. ASC will change during the Exchange Period only for the reasons provided in 18 C.F.R. § 304.1.
- 2.1.2 Utilities shall electronically file at least one Appendix 1 with BPA by June 1 of each year. In years when BPA is not conducting a review process, these filings shall be for informational purposes only and shall not change a Utility's ASC. The Appendix 1 shall be accompanied by supporting documentation, studies and analysis used to prepare the Appendix 1. For investor-owned utilities, the Appendix 1 shall be based on the Utility's most recently filed FERC Form 1 and limited information from prior FERC Form 1 filings as required. For consumer-owned utilities, the Appendix 1 shall be based on the Utility's most recent audited financial information and shall be accompanied by a cost of service analysis (COSA). Each Appendix 1 shall contain an attestation signed by a senior financial officer of the Utility stating that the filing has been compiled in accordance with the Commission's Uniform System of Accounts, the ASC Methodology, and Generally Accepted Accounting Principles, and is consistent with applicable orders and policies of the Utility's Regulatory Body. See Attachment A.

2.2 Failure to File an Appendix 1 and Patently Deficient Appendix 1

2.2.1 Failure to File an Appendix 1

If a Utility fails to timely file an Appendix 1 and refuses to cure the problem within the Period to Cure provided in Section 2.2.3 below, BPA will make the Utility's Appendix 1 filing. The Utility will waive its right to participate in the ASC review proceeding to establish its ASC. All other parties will be permitted to participate and present arguments challenging the Utility's ASC. A Utility failing to file an Appendix 1 will also allow BPA the discretion to set its ASC for the Exchange Period and BPA shall not be required to include any proposed adjustments for resource changes or changes in service territories in the Appendix 1 filing.

2.2.2 Filing a Patently Deficient Appendix 1

If a Utility files its initial Appendix 1 and it is patently deficient as determined by BPA and the Period to Cure, as outlined in Section 2.2.3 below has expired, BPA will make the Utility's Appendix 1 filing. The Utility will waive its right to participate in the ASC review proceeding to establish its ASC. All other parties will be permitted to participate and present arguments challenging the Utility's ASC. A Utility filing a patently deficient ASC filing will also allow BPA the discretion to set its ASC for the Exchange Period and BPA shall not be required to include any proposed adjustments for resource changes or changes in service territories in the Appendix 1 filing.

2.2.3 Period to Cure

If a Utility fails to timely file an Appendix 1, or if it files an ASC which BPA determines is patently deficient, BPA shall provide such Utility with written notice and a period of seven (7) calendar days within which to file, or re-file, as the case may be, a new or corrected Appendix 1. In the event the Utility fails to file or re-file, as specified above, by the end of the seven-day cure period, or if such re-filed Appendix 1 is likewise determined patently deficient, BPA will make the Utility's Appendix 1 filing. The Utility will waive its right to participate in the ASC review proceeding to establish its ASC. All other parties will be permitted to participate and present arguments challenging the Utility's ASC. A Utility filing a patently deficient ASC filing will also allow BPA discretion to set its ASC for the Exchange Period and BPA shall not be required to include any proposed adjustments for resource changes or changes in service territories in the Appendix 1 filing.

2.3 Calculation of Utility's ASC When Utility Has Not Executed a Residential Purchase and Sales Agreement

2.3.1 Failure to File an Appendix 1 because of a New Residential Purchase and Sale Agreement

If a Utility fails to file its Appendix 1 by June 1 because it executed a Residential Purchase and Sale Agreement after the commencement of a Review Period or during the subsequent Exchange Period, then BPA may set the Utility's ASC equal to the PF Exchange rate until the end of the Exchange Period.

2.3.2 Filing of Appendix 1 Prior to Signing of Residential Purchase and Sale Agreement

If a Utility has not signed a Residential Purchase and Sales Agreement, but wishes to submit an Appendix 1 for review by BPA, such Utility must submit its Appendix 1 in accordance with all schedules, rules and procedures established by BPA and the 2008 ASC Methodology. BPA may, in its discretion, withhold making a final ASC determination or end such Utility's ASC review process if the Utility fails to adequately comply with these requirements.

2.4 Notice of Filing of Appendix 1

- 2.4.1 A Utility shall file electronically an Appendix 1 to BPA's secure REP website. Access to such information shall be subject to any confidentiality rules or requirements established by BPA.
- 2.4.2 BPA shall advise parties of the right to file a petition to intervene in BPA's ASC review process.

SECTION 3. ASC REVIEW PROCESS

During a Review Period, the following procedures apply. These procedures shall not apply to informational ASC filings made outside of a Review Period. Unless otherwise provided by these rules, deadlines end at 5 p.m., Pacific Prevailing Time, of the due date. Due dates that land on a weekend or federal holiday shall be deemed due the following business day.

3.1 Interventions

- 3.1.1 Any Regional Power Sales Customer or state utility Regulatory Body who so requests will be accorded party status for BPA's ASC review process if said request is received by the established deadline. Other interested parties also may submit a petition to intervene and BPA shall grant party status at BPA's discretion.
- 3.1.2 Petitions to intervene must state with particularity the petitioner's interest in the ASC review proceeding. Petitions to intervene must be filed for each respective BPA review proceeding in order for a party to comment on such individual proceedings.
- 3.1.3 The filing Utility is automatically a party to its own ASC review proceeding.

- 3.1.4 BPA will grant or deny petitions to intervene within seven calendar days after the deadline for filing such petitions.
- 3.1.5 A party's intervention must include all ASC dockets in which the party intends to intervene. If the party intends to review Confidential Information, the party's intervention must also include an executed Consent to be Bound Form pursuant to the ASC Confidentiality Rules. Interventions must be uploaded to BPA's secure REP website in the folder designated by BPA.

3.2 Review of Utility's ASC

- 3.2.1 Each Appendix 1 shall be reviewed by BPA or its designee and subject to a public process to determine whether the Contract System Costs are consistent with Generally Accepted Accounting Principles for electric utilities, whether Contract System Costs contain only allowed costs, and whether the Appendix 1 complies with the requirements of this Methodology, including applicable definitions and requirements incorporated from the Commission's Uniform System of Accounts. In addition, each Appendix 1 shall be reviewed by BPA or its designee to determine whether the Contract System Load used by the Utility is an appropriate load for purposes of the Utility's ASC computation.
- 3.2.2 In calculating ASCs, BPA will make an independent determination of (1) the appropriateness of the inclusion of costs; (2) the reasonableness of the costs included in Contract System Costs; and (3) the appropriateness of Contract System Loads. BPA shall not be obligated to pay REP benefits based on an ASC different than the ASC based on Contract System Costs and Contract System Load as determined by BPA; provided that if a final order of the Commission or a reviewing court rejects BPA's ASC determination, then the ASC payable by BPA shall be the ASC as revised by BPA on remand.

3.3 Discovery

- 3.3.1 BPA and parties shall electronically file data requests to the Utility and BPA. BPA will make data requests available to all parties, subject to confidentiality rules. Each Utility shall respond to requests for information relevant to the Utility's Appendix 1 filing, provided that the furnishing of proprietary or confidential information to any party may be made contingent on the granting of proper safeguards to prevent unauthorized use or disclosure. The responses should be sent to the requestor and BPA.
- 3.3.2 For each data request, the responding Utility has ten calendar days to provide the requested data or object. If a Utility files an objection to a data request, the party submitting the data request has four calendar days to respond to the objection. After the response to the objection is received or the four days to

respond has elapsed, BPA then has seven calendar days to issue a ruling as to whether the Utility's objection will be sustained or overruled. If the objection is overruled, the Utility must provide the data requested within three calendar days after the ruling. If a Utility does not provide requested data, BPA may, in its discretion, remove from Contract System Costs all costs or revenues associated with the data not provided.

- 3.3.3 Confidential Information requested in a request for data under these procedures shall be made available to a Qualified Person, as defined in BPA's ASC Confidentiality Rules, unless the disclosing party objects pursuant to section 5 of the ASC Confidentiality Rules.

3.4 ASC Review Proceeding Clarification Workshops

BPA will commence workshops on all Appendix 1 filings based on the specific schedules. Utilities filing Appendix 1s shall make available staff or agents with sufficient knowledge to provide clarification and answers in response to questions by BPA and other parties to the proceeding. The primary purpose of the first workshop is to clarify data, work papers, supporting documentation and assumptions used to prepare the Appendix 1.

3.5 Issue Lists

- 3.5.1 BPA and parties may electronically file with BPA an issues list identifying contested elements of a Utility's ASC filing and the basis for the party's issues. BPA will make the issues lists available to all parties.
- 3.5.2 Each filing Utility will electronically file a response to its issues lists. BPA and other parties also may file comments in response to issue lists.
- 3.5.3 A workshop will be held to discuss and resolve issues raised by parties through their issues lists.

3.6 Oral Argument

- 3.6.1 Requests for oral argument before the Administrator or his/her designee must be submitted in writing to BPA by the date designated in the ASC review process schedule. Such requests shall contain a statement setting forth reasons why the party believes oral argument is necessary.
- 3.6.2 BPA, at its discretion, may grant or deny any request for oral argument.
- 3.6.3 In the event a request for oral argument is granted, the requesting party shall present its argument first. Responding parties shall present their arguments

thereafter. The Administrator or his/her designee, at his/her discretion, may provide an opportunity for the requesting party to reply.

3.7 ASC Report

3.7.1 Draft ASC Report

- 3.7.1.1 BPA will publish for comment and electronically serve Draft Utility ASC Reports on all parties. The Reports will contain BPA's preliminary analyses and decisions on all contested issues raised in the ASC review process.
- 3.7.1.2 The Utility and parties may file comments on the Draft Utility ASC Reports. The Utility and parties must specifically identify the decision or statement from the Draft Utility ASC Report that is being addressed in the comments. Comments that contain generic statements regarding a Utility's ASC may not be considered by BPA.
- 3.7.1.3 Failure to raise an issue in comments on the Draft Utility ASC Reports will result in waiver of that issue on appeal.

3.7.2 Final ASC Report

- 3.7.2.1 The BPA Administrator will issue Final Utility ASC Reports in conjunction with the publication of the Final Rate Case Proposal.
- 3.7.2.2 If BPA has not issued the Final Utility ASC Reports by the end of the Review Period, the ASC filed by the Utility shall be the Exchange Period ASC used for billing purposes until the date BPA issues the Final Utility ASC Reports. The final ASCs determined by BPA shall then be the Exchange Period ASCs, effective back to the beginning of the Exchange Period and until the end of the Exchange Period. Billing true-ups will be completed as necessary.

SECTION 4. ASC REVIEW SCHEDULE

The Appendix 1 filing shall be subject to review as follows:

4.1 BPA Review Process

The BPA review process commences on June 1 (Day 1) of the Review Period (or such other date as may be established by BPA). BPA will review all Utilities' ASCs concurrently in a public process.

4.2 ASC Review Schedule

The days identified below are generic and intended to illustrate a timeline that is representative of the ASC review process. Unless specified, the days listed represent

calendar days. Each spring prior to the Review Period, BPA will post on its ASCM website (<http://www.bpa.gov/corporate/finance/ascm/>) or its successor, a detailed schedule, accommodating the applicable holidays and weekends, that shall be the official schedule for that Review Period. Deadlines end at 5 p.m., Pacific Prevailing Time, of the due date.

1. Day 1:	Utility posts its filings to BPA’s “Secure REP” website. Access to such information shall be subject to any confidentiality rules and requirements established by BPA.
2. Day 8:	Deadline to file Utility-specific petitions to intervene with BPA for the Review Process.
3. Day 10:	BPA grants or denies petitions to intervene.
4. Day 11-60:	Parties allowed to submit Data Requests.
5. Day TBD:	BPA will commence workshops on all Appendix 1 filings based on the specific schedules.
6. Day 81:	BPA’s and parties’ issue lists due.
7. Day 95:	Utilities’, BPA’s, and parties’ response(s) to issues lists due.
8. Day 101:	A workshop to resolve issues raised by parties through their issues lists.
9. Day 165:	Draft Utility ASC Reports issued.
10. Day 227:	Requests for oral argument before the Administrator or his/her designee due.
11. Day 232:	BPA grants or denies requests for oral argument.
12. Day 241:	Oral argument.
13. Day 270:	Comments on the Draft Utility ASC Reports due.
14. Day TBD:	Final Utility ASC Reports issued in conjunction with the publication of the Final Rate Case Proposal.

SECTION 5. ACCESS TO FILING UTILITY’S DATA IN RETAIL RATE PROCEEDINGS

BPA may petition to intervene in each retail rate proceeding for each Utility participating in the Residential Exchange Program. If BPA or any of its Regional Power Sales Customers has been denied the right to intervene in a retail rate review proceeding of a filing Utility when such intervention is for purposes of obtaining any information regarding costs or facts relevant to the determination of a Utility’s ASC (after having made a good faith effort to intervene in such retail rate proceeding and having timely complied with applicable procedures to intervene in such

retail rate proceeding), BPA may set that Utility's ASC equal to the PF Exchange Rate for the following Exchange Period.

5.1 Whenever a Utility submits a request to a Public Utility Commission or other regulatory body (*e.g.*, board, council, commission) to commence a general rate case to change the retail rates charged to regional ratepayers, the Utility shall provide BPA with a written notice of such request. The Utility's notice shall contain the following information:

- 5.1.1 the official name of the proceeding;
- 5.1.2 the docket number of the proceeding.

5.2 The Utility shall post such notification on BPA's Secure REP website in the folder designated by BPA. BPA will subsequently post the Utility's notice to the REP public website.

Attachment A

Senior Financial Officer Attestation

<<Customer's Name>>
Average System Cost Filing
For the Base Period Beginning _____, 20XX
And Ending _____, 20XX

I, _____, having reviewed the Average System Cost (ASC) Appendix 1 Filing (ASC Filing) attached with this attestation, hereby certify that:

1. The ASC Filing has been prepared in accordance with Bonneville Power Administration's current ASC Methodology.
2. The ASC Filing excludes the costs associated with: (a) the cost of additional resources in an amount sufficient to serve any New Large Single Load (NLSL) after September 1, 1979; (b) the cost of additional resources in an amount sufficient to meet any additional load outside the region occurring after December 5, 1980; and (c) any costs of any generating facility which is terminated prior to initial commercial operation.
3. In support of item 2 above, <<Customer's Name>> performed a thorough review of its base period load by customer and confirms that <<Customer's Name>> is not serving any NLSL as defined in the *Bonneville Power Administration New Large Single Load Policy*, as may be amended or replaced, other than those NLSLs included in this ASC Filing, if any.
4. Based on my knowledge as <<Customer's Name>>'s Senior Financial Officer, the ASC Filing is based on <<Customer's Name>>'s audited financial statements, FERC Form 1 filings for IOUs and Annual Reports and most recent Cost of Service Analysis (COSA) for COUs, and other financial information, and fairly presents in all material respects the operating costs of the utility for _____, 20XX through _____, 20XX.
5. Based on my knowledge as <<Customer's Name>>'s Senior Financial Officer, the ASC Filing omits no material facts and contains no false statement regarding any material facts.

Respectfully submitted,

Senior Financial Officer
<<Customer's Name>>

Date: _____