

NRU Clarification questions for the May 2 draft of the TRM Initial proposal

Definitions: page ix Load Shaping Rate – “Forecasted Net Requirements” – probably should be “System Shaped Load” output of critical water

Section 2.1 (5) Do we have an example when the accounting treatment would be different than the ratemaking?

Section 2.2.3 (6) Last sentence of that Section says – “The administrative costs of surplus marketing (primarily staffing costs) will be allocated to the Composite Cost Pool” – Explain the reasons for this proposal.

Section 2.2.4 (6) Given the above question, where are the administrative costs of Tier 2 allocated? What does this mean, “BPA will credit the forecast revenue from the Overhead Cost Adder to the Composite Cost Pool, which also is allocated the direct costs of the overhead activities.” See also section 3.2.2.4 lines 24 and 25.

Section 3 in general, what forums and commitments will the customers have to participate in BPA resource acquisition decisions for the Tier 1 and Tier 2 system Resources including augmentation?

Page 12 – Section 3.1.4, In what forum do the customers have any say over the amount of contract obligations that are subtracted from the FBS?

Page 20, line 6: should read “...costs allocated to **APPLICABLE** Tier 2 rates”

Page 24, Section 4, line 16 to 19, does BPA have a better estimate of when these forecasts would be available?

Page 31 – Section 3.2.1 Second to last sentence of that section says – “Customers must submit the report for May through September 2008 by December 31, 2008, and thereafter provide the annual report by December 31 of each year” – Publics currently provide the information per our contract 10 days after the end of August – So we then need to provide September data by end of December??

Page 32, line 18: should read “...Eligible load is equal to the forecast output of Tier 1 System resource **PLUS AUGMENTATION**”

Page 33, Section 4.2.5 – Previous TRM document said that CHWM would not be subject to dispute resolution – This new TRM document does not say that, what should we read into this?

Page 36, line 19: should read “...CHWM limit and prior to end of FY2021”

Page 38 Section 4.3, lines 19 to 21, please explain or clarify: “If it is necessary to reduce Augmentation power already purchased, the forecast market value of power equal to the

remaining unused RHWM amounts will be credited to the Composite Cost Pool; see section 3.2.2”.

Page 40, lines 6-7: should read “...specific power purchases from BPA at Tier 2 rates **AND**/or to self-supply, based on their above RHW loads”

Page 42, lines 6-9: NRU in its comments will be proposing that there be 2 windows in which to sign up for LGR (and SRP, if SRP is not used up)

Page 42, lines 11 to 15, It states here: “Each customer will make a three-year election as to how it will serve its established above-RHWM load for the Transition Period.... In contrast, Load Following customers are required to establish specific amounts for only the first two years of the Transition Period.” Clarify this section. What about if you have a mix of fed and non-Fed?

- Might read more clearly if the above read who” instead of “how” will serve above HWM load (line 11)

Page 46 – Section 5.1.2 – Customer Billing Determinants, BPA has redefined Netreq from – *Netreq forecast of customer’s net requirement from the RHW process* to *customer’s annual Forecast Net Requirement*. The definition gets expanded even more at the top of page 47 – TOCA’s may be adjusted for Load Following customer if unanticipated changes in a Load Following customer’s load create excessive Load Shaping Charges (either a charge or a credit) that would otherwise result in large end-of-year Load Shaping Charge True Up **Payments**. In order to change the TOCA annually would have been in the situation where the Netreq was less than the RHW – but it appears that the TOCA can be changed by BPA **at any time when BPA unilaterally determines that there might be a year true up adjustment**. In the earlier document TOCA would be changed every two years when RHW was adjusted assuming that NetReq was not less than, but now BPA can make changes at any point in time.

Additionally, if the initial calculation had resulted in the purchase of tier 2 product, take or pay – just as with tier 1 product take or pay – it will very complicated to change the amounts of tier 2 a utility may be purchasing because some time during the rate period BPA adjusts the TOCA because the Load shaping doesn’t look right.

Page 64 – 5.3.3 Demand Charge - The demand charge is still shaped. Is BPA willing to reconsider the flat demand charge proposal?

Page 64 – 5.4 – Product Switching – Does this allow for product switching at anytime – as long as we do not shift cost to others – and if we paid the cost shift amount, if it could be determined, a utility could buy its way out??

Page 68, lines 15-16: “Tier 2 cost pools will have the following cost components...the net costs of remarketing excess Tier 2 energy (if determined necessary)

- Clarify what “net costs of remarketing excess Tier 2 energy” refers to. If T2 is remarketed because a customer’s load doesn’t materialize, then the excess is remarketed & credited back to that customer (p 72, lines 13-20). Does this customer pay the remarketing costs, or is this sentence saying that all rate

purchasers must pay for the remarketing costs, even though not all will need to remarket?

Page 72, line 19: regarding remarketing unneeded Tier 2 rate power – “value of remarketed energy will be adjusted for...odd lot remarketing costs”

- Will BPA charge for odd lot remarketing costs even if in aggregate the amount of resources needed to be remarketed is not odd lot? If BPA can aggregate unneeded amounts to non odd lot, then this charge should be waived, even if on an individual utility level the amount is an odd lot.

Page 73, lines 18-21: rates for unanticipated above HWM load

- What does this mean, what will these rates look like? Where/when will they be determined?

Page 74 – Section 7 Shared Rate Plan still capped at 500aMW’s. What accommodations can be made here?

Page 78, line 13: “BPA will calculate the annual Resource Shaping Charge once for each Rate Period” – needs to be clarified/confusing

Page 92 Section 10.3 - DSI service – Does BPA does intend to cap the amount of Tier 1 (power or money) that the DSI’s will receive over the next 20 years?

Page 93, line 4: October 1, 2012 should be **2011**

Page 94 – Section 12 – 2nd Paragraph - The same NO WARRANTY section needs work.