



B O N N E V I L L E P O W E R A D M I N I S T R A T I O N

2010 BPA Rate Case Transmission & Ancillary Services “Items for TR-10/11 Partial Settlement”

**The following document was received from the
Public Generating Pool on December 10, 2008.**

Pre-decisional.
For Discussion Purposes Only.

Public Generating Pool
Items for TR-10/11 Partial Settlement
December 10, 2008

The Public Generating Pool (PGP) appreciates BPA Transmission Services' efforts to settle portions of the TR-10/11 Rate Case. Before PGP is able to support partial settlement of this rate case, we request the following be addressed and formally incorporated as part of the TR-10/11 settlement:

- **Failure to Comply**

PGP accepts the modified customers' language detailing the implementation of the Failure to Comply Charge. Questions and further clarification is required for generating projects that are sited or operate in multiple balancing authorities. PGP supports taking direction to maintain reliability within the region, but has concerns about taking actions in support of non-power or FCRPS operational constraints. PGP asks BPA control only the portion of the generating project that is in their balancing authority under those circumstances.

- **Incremental Rate**

PGP requests this process be removed from the partial settlement discussions, and instead be addressed during the first quarter 2009 or the rate process.

- **Conduct Rate Case Studies by 12/31/09**

BPA to complete a Segmentation study, Cost of Service Analysis and any other studies normally conducted during the rate design phase of Transmission Rate Cases. We request the studies be developed based on a 0% rate increase for the FY2010/11 rate case period. PGP seeks BPA's commitment to completing the studies and scheduling customer workshops to explain the results and impacts by 12/31/09.

In addition, PGP requests the following items be further clarified or addressed:

Revamp Integrated Business Review

PGP is interested in working with other BPA customers to obtain a letter from the BPA Administrator, outside of the settlement, for the purpose of securing the agency's commitment to revamp the IBR process. The letter would consist of the following components.

Expand the transparency of and public participation in BPA's annual Integrated Business Review (IBR) process to include:

- BPA presenting its Strategic Plan, goals and objectives in advance of the budget process.

- Include sufficient time in the IBR process for customer's to participate and provide input to BPA in the early stages of program development and prioritization - well in advance of final decisions.
- Clearly demonstrate how the IBR programs and initiatives meet the goals and objectives of BPA's Strategic Plan.
- Conduct workshops to review BPA's internal budget process that includes:
 - Full process review and business case justification for existing functions, programs and initiatives
 - Providing sufficient detail of budgets at the function or programmatic level, early in the process. Presentation of aggregated budget figures does not permit assessment at the programmatic level.
 - Review of budget objectives, including benchmarks and measurements of actual performance.
 - Customer input to the Transmission Capital program during the planning process. In the past, there was an annual BPA Transmission Infrastructure Review that conducted a comprehensive capital review. While ColumbiaGrid has included some infrastructure projects, most of the capital costs present in FY2009 fall outside of "infrastructure." PGP does not disagree that these projects are necessary, rather its request is for transparency and the ability to provide input and review in the planning stages, rather than after the fact as is done today.

Transmission Dividend Distribution Clause

Power Services has had a Dividend Distribution Clause (DDC) that allows BPA to refund excess reserves to customers. Transmission Services doesn't have a similar way to refund excess reserves. As Transmission reserves continue to grow, it is important for BPA Transmission to develop a way to refund the excess reserves to its customers.

Transmission Congestion Management Service (TCMS)

Provide some discussion on how the TCMS, as cited in BPA's Contract Policy Record of Decision, dated October 31, 2008, will be priced, interact and be treated within the TR-10/11 and post-2011 rate cases.

General Review of Transmission Rates

PGP is interested in reviewing the different ways new products may impact operations and rates on BPA's transmission system. The last complete rate case was in 1996. Since this time, the region has seen significant changes, and the future indicates such changes will continue. Redispatch, Conditional Firm Service and TCMS are just a few of the examples. Each of these services is reviewed by customers as an individual item, but the region have not had the opportunity or forum to discuss the interaction of these types of products and services and their impact on the FCRTS and transmission rate design. BPA has made significant strides in the area of transparency and regional discussions through the efforts of the BPA Wind Integration Team. PGP suggests a similar team be formed to perform a holistic view of the transmission rates and operational challenges facing the region.