2012 BPA Rate Case
Customer Workshop

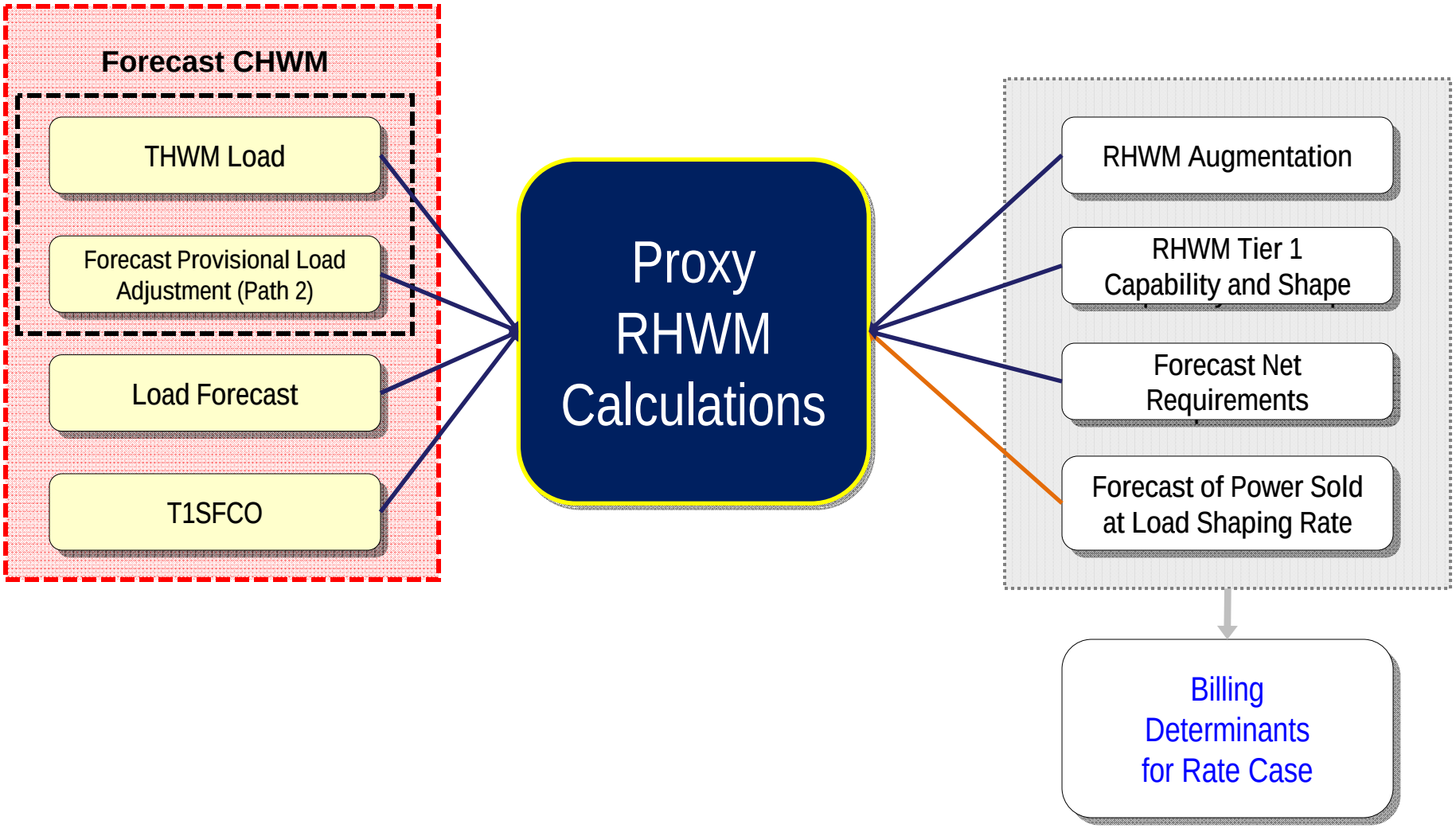
Proxy RHWMs and
Other Billing Determinants

July 15, 2010

Presentation Overview

- Proposed Proxy RHWM Process
  - This information was presented at the May 11 Workshop.
- Billing Determinants Module
  - New and posted on the 2012 BPA Rate Case external website

Inputs / Outputs of Proposed Proxy RHWM Process

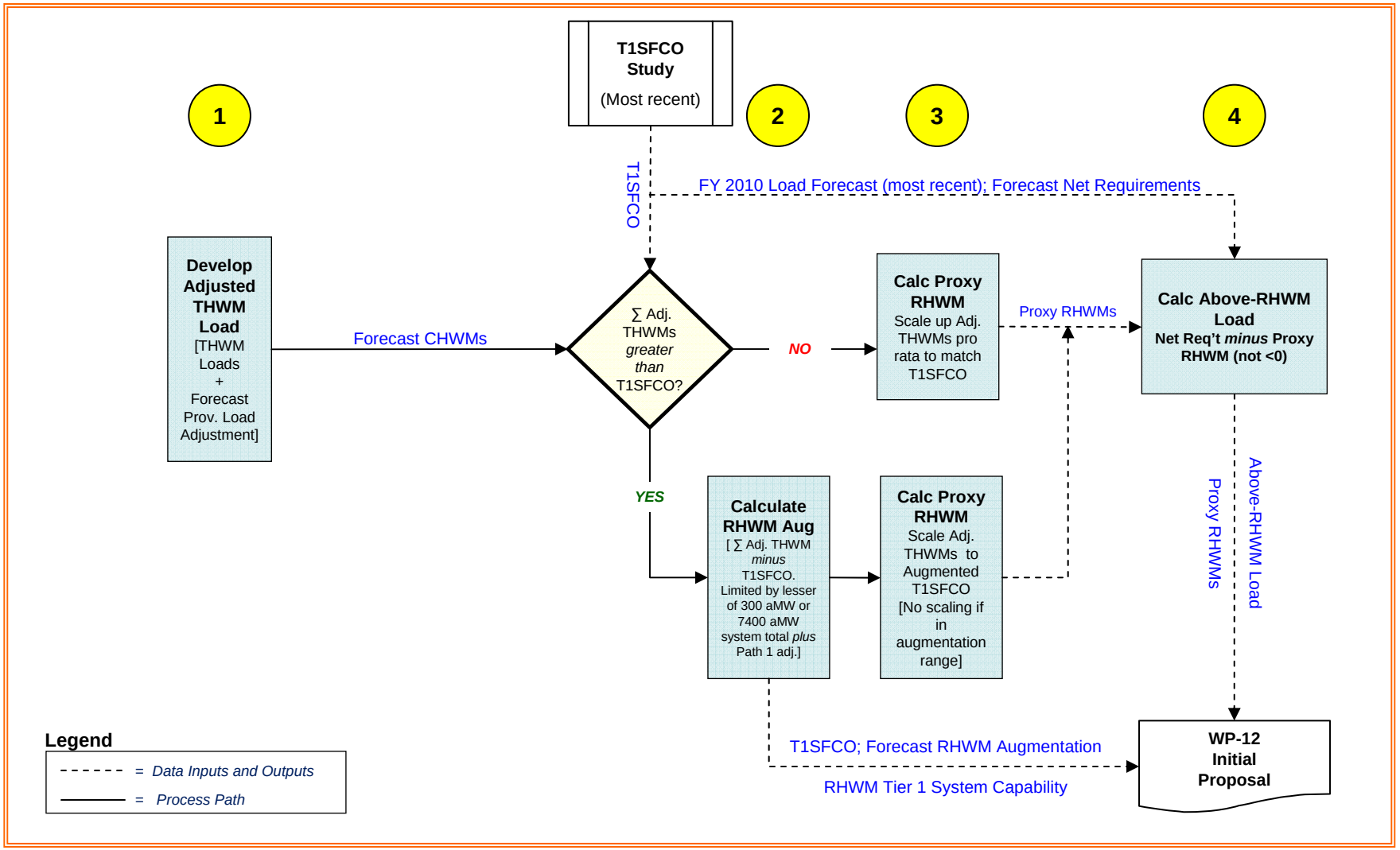


Overview: Proposed Proxy RHWM Process

(Process Map on next slide)

- Description:
  - The proposed process broadly consists of two parts using forecast load data and the most recent T1SFCO study:
    - The first part (Step 1 on Process Map) derives a forecast of CHWMs. Forecast CHWMs are based on the load used for THWMs and modified for Provisional Load adjustments. These forecast CHWMs are the inputs for second part of the process.
    - The second part (Steps 2-4 on Process Map) essentially mirrors the RHWM Process as described in the TRM. It calculates (proxy) RHWMs by adjusting forecast CHWMs to the T1SFCO. Outputs of this process include RHWM Augmentation, RHWM Tier 1 System Capability, and AHWM load.

Proposed BPA-12 Proxy RHWM Process Map



Step 1 - Proposed Proxy RHWM Calculation

- Create a forecast CHWM that can be used to calculate an RHWM (Proxy RHWM) to be used in the BPA-12 rate case initial proposal:
  - The estimates in the initial proposal will be replaced in the final proposal with actual CHWMs. The CHWM Process will occur in Spring 2011.
- Forecast CHWMs are based on the load forecast used for THWMs and modified for forecast Provisional Load adjustments:
  - The existing THWM load is the starting point for the forecast of the CHWM. The THWM used a March 2009 forecast of FY 2010 loads.
  - Path 2 Provisional Load adjustments (general load loss) were estimated based on THWM and the average of the FY07-08 adjusted load. We do not have sufficient data to estimate Path 1 Provisional Load adjustments (specific load loss), so a placeholder value of zero is used.

Step 2 - Proposed Proxy RHWM Calculation

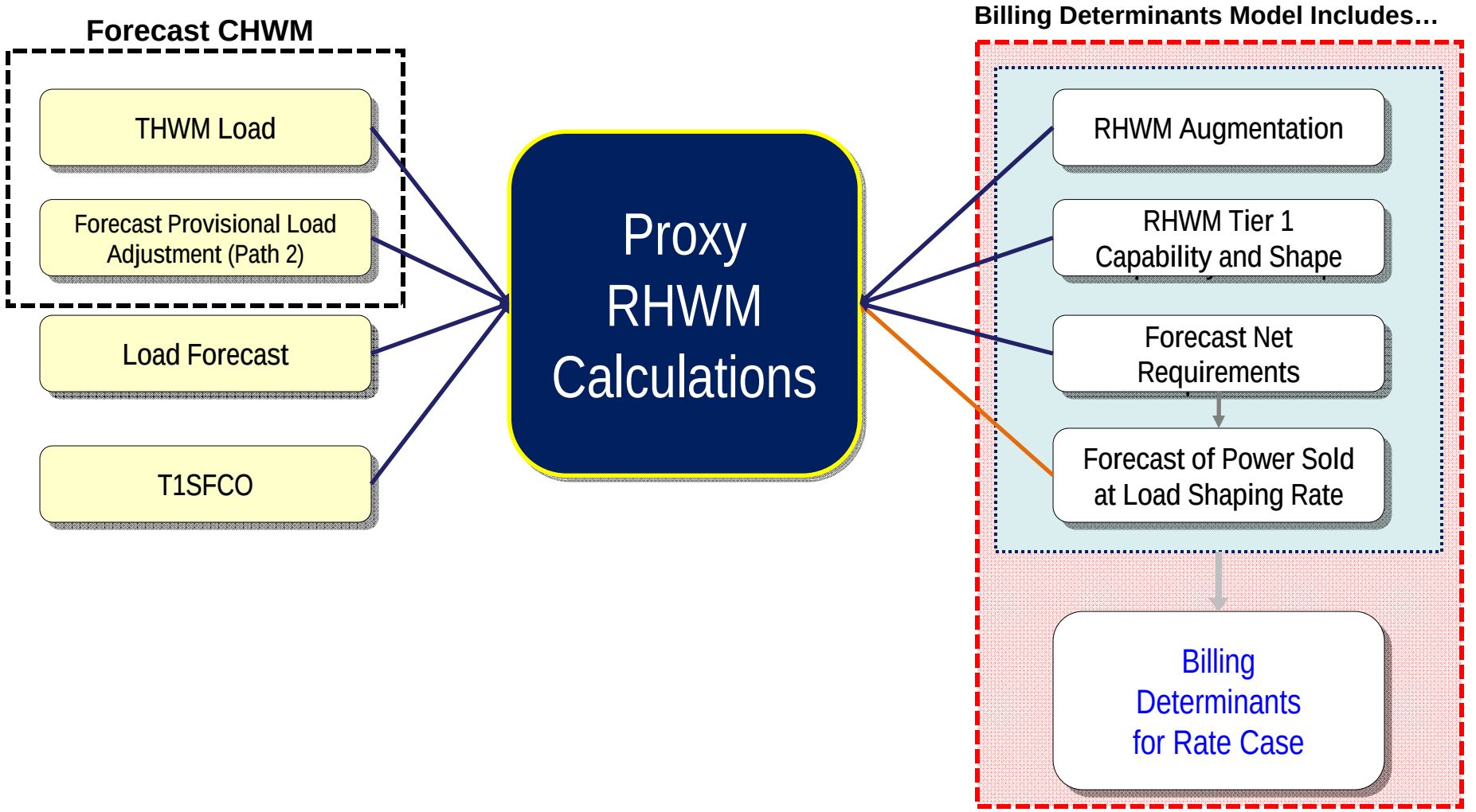
- The process mirrors the RHWM Process, as described in the TRM, using the forecast CHWM as an input. The TRM-described process will apply to all future rate periods (beginning with WP-14) after CHWMs are determined in FY2011.

- The most recent T1SFCO study is used (Study 68):

  - Study 66, presented at the May 11 workshop, inadvertently excluded a USBR load from system obligations. Study 68 correctly includes this load.

- The RHWM Augmentation was calculated using an assumed augmentation limit of 300 aMW. In future rate cases, after actual CHWMs are known, the actual calculated Augmentation Limit will be used.

Proxy RHWM Process
Inputs / Outputs of Proposed Proxy RHWM Process



TRM Components of Proxy RHWMs

- Tier 1 System Firm Critical Output (T1SFCO)

- RHWM Augmentation = $\Sigma CHWM_i$ – T1SFCO, subject to several limits, where:
  - *Proxy* $CHWM_i$ is the THWM + "Path 2" provisional load for each i^{th} customer.
  - THWMs use study 55 and are *unadjusted* for system size as of THWM process.

- T1SFCO + RHWM Aug = RHWM Tier 1 System Capability (RT1SC):

  - *Proxy* RHWM is then computed by taking the **shares** for each i^{th} utility of its **individual** *proxy* $CHWM_i$ to the **sum total** of all CHWMs, and using the shares to divvy up the RT1SC.

$$\mathbf{RHWM_i = [\ CHWM_i / \Sigma CHWM_i\ ] * RT1SC}$$

Other Billing Determinants

- The Billing Determinants module (posted on the web) includes the following calculations:
  - RHWM Tier 1 System Capability and Tier 1 System Shape
  - Tier 1 Cost Allocators (Total and Non-Slice)
  - Load Shaping Billing Determinants
  - Demand Charge Billing Determinants
  - Billing Determinant “offsets” for computation of the Low Density Discount credit
  - Tier 1 Percentage (for Residential Exchange Program)
  - Tier 2 Billing Determinants (Short term and Load growth)
- Detailed documentation on model design and assumptions are included with the model.