

# **2012 BPA Rate Case Customer Workshop**

**Treatment of New Publics  
September 14, 2010**



## Incorporating Jefferson PUD into 2012 Ratemaking

- The TRM specifies many aspects regarding how new publics are to be incorporated into ratemaking. The emergence of Jefferson PUD gives opportunity to test the TRM new publics language for the first time. The ratemaking aspects listed below have been constructed applying the TRM directions and no significant problems with the TRM treatment of new publics have yet been found. A discussion with the customer representatives that helped draft the TRM, plus Jefferson PUD, should assist in resolving the last few minor details.



## New Public Ratemaking Elements

- **CHWM:** Jefferson's CHWM will be calculated during the 2011 CHWM Process after all existing preference customers have had their CHWMs determined. Jefferson's CHWM will reflect a share of its expected FY 2013 annual energy load as if was a full year load. The CHWM share will be a representative ratio of total CHWMs to total preference customer load after non-federal resources are applied. The current estimate is that Jefferson's CHWM will be about 96% of its expected load. Identifying the load forecast for existing preference customers to be used for establishing Jefferson's CHWM is an issue to be resolved.
- **CDQ:** Jefferson will receive a CDQ during the CHWM Process. The first consideration is that it is based on the average load factor of all preference customers. However, character of load and locational distinctives can be considered when setting Jefferson's CDQ. For example, a consideration might be that neighboring utilities Mason #1 and Clallam have lower than average load factors. The load factor to be used for Jefferson's CDQ is an issue to be resolved.



## Jefferson PUD in Ratemaking (continued)

- **Adjust RT1SC:** The System Capability used for setting all preference customers' RHWMs will be increased by an amount of assumed augmentation equal to Jefferson's CHWM, about 34 aMW. Thus, there is no impact on the amount of Tier 1 power available to other preference customers.
- **Adjust Slice Percentages:** Because the System Capability has been increased to allow for Jefferson, Slice percentages will be decreased so that Slice purchasers get the same amount of power as before Jefferson was included. The reduced Slice percentages should be about 99.5% of initial Slice percentages. These reductions will be effective Oct. 1, 2011. Although the reduced Slice percentages will deliver the same amount of power, it does result in less flexible power (including secondary) and more flat annual power.



## Jefferson PUD in Ratemaking (continued)

- **Proxy RHWM:** A proxy RHWM will be developed for Jefferson for use in the initial rate proposal along the basis described above using CHWM forecasts for existing publics.
- **TOCA:** The TOCA for Jefferson will be based on its CHWM. As a Load Following customer and a new public, Jefferson's net requirement will exceed its CHWM. A proxy TOCA will be used in the initial rate proposal.
- **Application of Jefferson's TOCA in Ratesetting:** Rates will be developed based on Jefferson's TOCA as it was purchasing for the full rate period despite the actual purchase period being three months out of the 24-month rate period. However, for the first 21 months, Jefferson's TOCA will be treated as Unused RHWM, incorporated into a credit included in the Composite Customer Rate to represent the value of the power not being supplied and the associated secondary energy.



## Jefferson PUD in Ratemaking (continued)

- **AHWM Load:** The difference between Jefferson's load and its CHWM will be treated as Above-RHWM load. Because Jefferson is purchasing for just three months, its AMWM load will be less than 8760 MWh threshold and will be charged the Load Shaping Rate rather than a Tier 2 rate.
- **Load Shaping Charge:** Because Jefferson is taking service under its CHWM for just three months, its Load Shaping charges could be inordinately excessive without special consideration. Jefferson's FY 2013 load is analogous to an irrigation load, except that the irrigation utility would be billed for all 12 months. During the first 9 months, the irrigation utility would be receiving Load Shaping credits while its irrigation load is off and then Load Shaping charges while its irrigation load is on. However, Jefferson will not be billed during the first 9 months. Therefore, a Load Shaping credit should be accumulated as if Jefferson was being billed for the 9 months. This credit would then be applied to offset Load Shaping charges accumulated during the 3 months that Jefferson is taking Tier 1 service. It is expected that this one-time accumulated credit would be around \$2 million.



## Jefferson PUD in Ratemaking (continued)

- **Provisional CHWMs:** If Jefferson can make a case for Provisional CHWM, the request will be considered on an equal basis with other requests. However, it is unlikely that Jefferson has a curtailed load larger than 5 aMW during FY 2010. Further, it is uncertain whether Jefferson will be able to make a case that its 2007-2008 loads served by Puget Sound Energy should form a basis for a Provisional CHWM.

