

# Re-opening of the WP-07 Rate Case

Workshop  
BPA Rates Hearing Room  
September 10, 2007  
9 am to 4 pm



## Background

- The Ninth Circuit Court of Appeals issued two opinions on May 3, 2007, concerning the lawfulness of BPA's 2000 Residential Exchange Program (REP) Settlement Agreements with regional investor-owned utilities (IOUs) and the allocation of the costs of those settlements in BPA's WP-02 rate proceeding.
- BPA believes that the holdings in the *PGE* and *Golden NW* cases, if sustained, as well as pending cases challenging BPA's 2001 Load Reduction Agreements and 2004 Settlement Agreement Amendments, require a review of several aspects of BPA's WP-07 and WP-02 rate proceedings.
- BPA has requested FERC to extend a stay of its review of BPA's WP-07 rate case for 6 months while BPA accounts for the Ninth Circuit opinions.
- A continued stay takes into account BPA's need for final rulings after resolution of requests for rehearing in *PGE* and *Golden NW*, as well as rulings in the related pending cases.
- BPA continues to strongly encourage regional agreement on REP issues. An agreement cannot substitute for formal rates and ASC proceedings. However, agreement can make these proceedings less contentious, less time-consuming, and more likely to yield a result seen in the region as both legal and equitable. An agreement also allows more rapid resumption of exchange payments to IOU customers and rate relief to public utilities.
- The December 3 target for the rate filing is driven by BPA's commitment to offering new REP contracts to IOUs next August at the same time that Regional Dialogue contracts are offered to public utilities and DSIs.



## Reopening the WP-07 Rate Proceeding

- BPA anticipates re-opening the WP-07 rate proceeding for four main purposes:
  - Deal with the issues addressed by the Court in its review of the WP-02 rate case and establish, through a “lookback,” the difference between the amount of REP benefits paid to IOUs and the amount that would have been paid for FY 2002-06 had there been an actual REP in place.
  - Establish the “lookback” amounts for FY 2007-08
  - Address 7(b)(2) rate test issues, including the Legal Interpretation, the Implementation Methodology and other 7(b)(2) implementation issues (in conjunction with the ASC Methodology which is on a parallel and similar schedule)
  - Establish new PF rates for FY 2009 that account for changes in REP costs, as well as other major changes relative to WP-07’s final studies. These “other changes” will be a subject of a workshop.
    - At the moment, the major changes we know of do not include an increase in fish costs because the processes to determine those costs are not completed, and the NFB rate adjustment mechanisms are in place if needed.



## Supplemental WP-07 Schedule

- We expect to hold workshops on relevant topics between now until the end of October. This is the tentative schedule of subjects.
  - Monday, September 17                      Topic: 7(b)(2) Issues and ASCM Construct
  - Friday, October 5                            Topic: ASC issues and the Lookback
  - Monday, October 22                        Topic: Non-REP related changes including fish and wildlife cost changes
  - Tuesday, November 6                      TBD as needed
  - Monday, October 29                        Topic: Final Review of Draft ASCM
  - Monday, November 26                      Topic: Initial Proposal “No Surprises”
- We anticipate having a FRN published on Dec. 3 and a pre-hearing conference on December 17, 2007
- Rate Case Schedule to be developed, draft schedule on next page
- The proposed rates and record would be filed with FERC by August 1, 2008



# Draft Process Schedules

## Supplemental WP-07 Schedule

## Average System Cost Methodology

12/3/07	Federal Register Notice	12/3/07	Federal Register Notice – 1 <sup>st</sup> Public Comments
12/12/07	Informal Scheduling Conference		
12/17/07	Prehearing/BPA Direct Case		
01/07/08-01/11/08	Clarification		
1/11/08	Motions to Strike/ Data Requests		
1/18/08	Answers to Motions to Strike/ Data Responses		
2/1/08	Parties file pre-hearing briefs		
2/1/08	Parties file Direct Case		
2/12/08-2/14/08	Parties Clarification	2/15/08	Close of Comments
2/19/08	Motions to Strike/ Data Requests		
2/26/08	Answers to Motions to Strike/ Data Responses		
3/15/08	Litigants file Rebuttal		
3/15/08	Close of Participant Comments		
3/20/08-3/22/08	Clarification		
3/22/08	Motions to Strike/ Data Requests		
3/29/08	Answers to Motions to Strike/ Data Responses	4/1/08	Publish Revised Draft – 2 <sup>nd</sup> Public Comments
4/09/08-4/13/08	Cross Examination		
4/18/08	Initial Briefs Filed		
4/30/08-5/01/08	Oral Argument	4/30/08-5/01/08	Oral Argument – Close of 2 <sup>nd</sup> Comments
6/4/08	Draft ROD issued	6/4/08	Final ASCM Published
6/16/08	Briefs on Exceptions		
7/16/08	Final ROD – Final Studies		
7/30/08	File at FERC		

