

Irrigation Rate Mitigation Post FY 2011

The following are recommendations from Northwest Irrigation Utilities for an administratively straightforward way for the Agency to implement Irrigation Rate Mitigation in future contracts and rate processes. The rationale for irrigation mitigation is well documented in NIU's Regional Dialogue comments to BPA and is not repeated here. In general the customers and BPA have agreed that "equity" post 2011 is reflected in rates and programs that are in place today.

The BPA Long Term Regional Dialogue Final Policy (page 24) generally describes the nature of the program and the order of magnitude of a discount that BPA will propose in each rate case. This is based on 2002 – 2004 qualifying eligible loads times the reduction in rates caused by the irrigation rate product in the FY 2007 – 2009 rate period. The Regional Dialogue Record of Decision (pages 127 – 131) reaffirms that the Agency will continue irrigation mitigation post 2011.

NIU members have supported other customers' recommendations to adopt a new rate structure for the post 2011 period that does not have an Energy Charge in the form of monthly mills/kWh, as long as the new rate design can accommodate irrigation mitigation. To achieve this, NIU offers the following recommendations:

- The qualifying irrigation loads are contained in new contracts.
- Rather than having an irrigation rate (which is the case through FY 2011), in the new contract for each applicable month, the periodic BPA rate processes establish a reduction in the customer's overall power charges.
- The discount for irrigation mitigation is a reduction from the Customer Charge for May – Sept applied to the qualifying irrigation kWh contained in the contract.
- The seasonal value of the reduction in FY 2012 is equivalent to the value to the customer from the FY 2007 rate case, and then is distributed across the five months based on the irrigation load profile.
- The customer pays the Customer Charge less the Irrigation reduction.
- There would be a true up process at the end of the season to ensure that the customer could demonstrate the full amount of irrigation load, but the credits each month would be assumed for billing purposes.
- In future rate periods, the size of the irrigation reduction would change based on the size of the change in the Customer Charge.
- All other charges and billing determinants would not be impacted.

An example is attached.

Irrigation Mitigation as a Reduction to Customer Charge

Initial Rate Case for FY 2012

	May*	June	July	Aug	Sept**	Total
Shaped HWM in MWh	2,000	2,000	2,500	2,500	1,700	10,700
Customer Charge = \$25 MWh	\$50,000	\$50,000	\$62,500	\$62,500	\$42,500	\$267,500
Irrigation MWh fixed number for FY 07 - 11	1,000	1,000	1,200	1,200	900	5,300
Irrigation Mitigation Reduction	\$9,434	\$9,434	\$11,321	\$11,321	\$8,491	\$50,000

Value from 2007 rate case amount of Irrigation Mitigation Product rolls forward to FY 2012
In this example, results in a 37.7% reduction in Customer Charge for qualifying irrigation load.

Revised Customer Charge	\$40,566	\$40,566	\$51,179	\$51,179	\$34,009	\$217,500
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Revised Customer Charge Subject to LDD if applicable to utility

* Meter reading at beginning of season and ** reading at end of season

True Up does seasonal irrigation read equal or exceed 5,300 kWh?
If > 5,300 MWh, then no payment due to customer because qualifying load is capped
If < 5,300 MWh, then utility pays (shortfall/5,300) times \$50,000

Second Rate Case for FY 2014 (BPA Cost Recovered by Customer Charge Increases by 5%)

Shaped HWM in MWh	2,000	2,000	2,500	2,500	1,700	10,700
Customer Charge = \$26.25 MW	\$52,500	\$52,500	\$65,625	\$65,625	\$44,625	\$280,875
Irrigation MWh fixed number from contract	1,000	1,000	1,200	1,200	900	5,300
Irrigation Mitigation Reduction	\$9,906	\$9,906	\$11,887	\$11,887	\$8,915	\$52,500
Revised Customer Charge	\$42,594	\$42,594	\$53,738	\$53,738	\$35,710	\$228,375

Notes

The amount of qualifying energy for Irrigation Mitigation will be contained in the contract
Mitigation becomes a reduction to Customer Charge rather than an Energy Charge as in FY 02-11

The value of Irrigation Mitigation in the first year post FY 2011 will be the amount from FY 2007 rate case. The value moves proportionately from rate case to rate case with change in the BPA overall system cost.

If a utility's May-Sept measured irrigation load is less than MWh eligible for mitigation, the a true up owed to BPA at end of season. Monthly irrigation amounts are assumed for billing purposes

LDD already built into Irrigation Mitigation Reduction, so LDD should not be applied to Irrigation

Has no impact on Load Shaping, Demand, or Load Following Charges