

**COMMENTS AND QUESTIONS OF THE WESTERN PUBLIC AGENCIES GROUP
REGARDING THE BP-20 RATE CASE WORKSHOP OF APRIL 24, 2018**

Submitted: May 4, 2018

The utilities that comprise the Western Public Agencies Group (“WPAG”) submit these comments and questions regarding the topics discussed at the BP-20 Rate Case Workshop of April 24, 2018. WPAG is still reviewing the Generation Inputs component of the April 24th workshop and may have additional comments and/or questions at a later date.

1. **Request to Update Long-Term Financial and Rates Analysis.** To the extent BPA is not already planning to do so, WPAG respectfully requests that BPA update its Long-Term Financial and Rates Analysis Reference Case Results (the “Reference Case”) and release it with its Integrated Program Review (“IPR”) materials prior to the IPR workshops scheduled for June of 2018. An updated Reference Case will help customers respond to BPA’s IPR proposals and also help customers understand the long-term financial and rate impacts of the new financial policies BPA is currently evaluating and proposing to adopt, including the proposed leverage policy, changes to the financial reserve policy and BPA’s soon to be released access to capital proposals.

2. **Questions Regarding BPA’s Proposed Alternative for Calculating Embedded Costs of Balancing Reserves.** WPAG is still evaluating BPA’s proposed alternative for calculating the embedded costs of balancing and operating reserve capacity. However, a preliminary review prompts the following questions regarding BPA’s proposal:
 - a. Are Residential Exchange Settlement costs among the costs included in the numerator in the proposed alternative embedded cost calculation? If not, why?

 - b. What effect, if any, would the additional spill for fish passage ordered by Judge Simon have on the capacity amount shown on page 16 of BPA’s April 24, 2018 Generation Input presentation?

 - c. If BPA removed the savings achieved by its conservation program, would it affect the 1 Hour Peak Critical Capacity of the FCRPS? If yes, how and by how much?

 - d. Do the savings achieved by BPA’s conservation program reduce what would otherwise be BPA’s obligation to make augmentation and/or Tier 2 purchases? If the answer is yes or that it depends on whether a customer would elect to use a Tier 2 purchase to serve load in lieu of conservation savings, why is conservation not treated the same as augmentation and Tier 2 purchases for purposes of the proposed alternative embedded cost calculation?

3. **Questions Regarding BPA's Alternative Load Balancing Reserves Proposal.** WPAG is still evaluating BPA's alternative proposal to have Transmission Services pay for all load balancing reserves and to recover the costs in new ACS rates rather than in the PF Tier 1 rate. However, a preliminary review of this as well prompts following questions regarding this proposal:
- a. What would be the billing determinates for BPA's new load balancing reserve ACS rate? Would the billing determinates be different for customers depending on whether they are NT (e.g., monthly peak) or PTP (e.g., contract demand) transmission customers?
 - b. It appears that BPA's proposal would apply the new ACS rate against a customer's monthly peak. What is the cost causation connection between a customer's monthly peak and the amount of balancing reserves they need/use to balance their load?
 - c. Did BPA consider or analyze using a load balancing reserve ACS rate based on actual use of balancing reserves rather than a load customer's monthly peak similar to what BPA does for the DERBS rate? If no, why not? If yes, could BPA please share that analysis and its reasoning for not proposing such an approach?
 - d. The Regional Dialogue Guidebook from June of 2010 on BPA's website at https://www.bpa.gov/p/Power-Contracts/Regional-Dialogue/rdi/2010-06-04_RDproductsratesguidebook_Revised.pdf states that the Load Following service includes Energy Imbalance Service (page 10). While Energy Imbalance Service under BPA's transmission tariff is an energy based service, BPA could not promise to provide that service as part of the Load Following product without simultaneously assuming it would set aside sufficient balancing reserves to deliver imbalance energy when called upon to balance load. In other words, Power Services' commitment to include the Energy Imbalance Service in the Load Following product included the implicit promise that Power Services would also provide the capacity necessary to meet that commitment. Does BPA agree with this understanding? If yes, how is BPA's proposal consistent with it? If no, why not?