

May 9, 2014

VIA EMAIL

To: Rebecca Frederickson (refredrickson@bpa.gov)
and BPA Account Executives of each signatory

Re: List of Issues for Discussion at BP-16 Workshops

Avista Corporation, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. submit the following list of issues for discussion at BP-16 workshops and would appreciate the opportunity to explore these issues at those workshops.

- Segmentation of BPA transmission facilities
 - How should BPA segment its system for purposes of developing a segmented transmission revenue requirement for BP-16? BPA and customers are currently discussing this matter and will continue to discuss this matter during the upcoming segmentation workshops.
- ACS reserves-based rates
 - Application of the Power Cost Recovery Adjustment Clause (PCRAC)
 - Should BPA apply PCRAC charges to VERBS and other reserves-based ACS rates?
 - Are revenues from reserves-based ACS rates subject to the same volatility as revenues from BPA's power rates?
- Financial reserves
 - What are the appropriate levels of financial reserves for risk for power and transmission given their respective financial uncertainty?
 - Level of transmission financial reserves available for risk
 - How should BPA determine the amount of transmission financial reserves available for risk that is excess to the amount that is necessary for risk?
 - How should any excess transmission financial reserves available for risk be used in BP-16?

- Calibration adjustment
 - Does uncertainty in forecasted net revenues justify application of a calibration adjustment to power TPP or transmission TPP?
 - Would persistent underforecasting of transmission net revenues justify a calibration adjustment?
 - Transmission Cost Recovery Adjustment Clause (TCRAC)
 - By how much could transmission reserves available for risk be reduced by implementing a Transmission Cost Recovery Adjustment Clause (TCRAC)?
 - How should a TCRAC mechanism be designed? What are the practical implications of implementing a TCRAC?
 - BPA credit support costs
 - What credit rating should BPA seek to maintain?
 - At what level should the financial reserves available for risk be maintained to support BPA's credit rating?
 - To the extent that BPA maintains additional financial reserves available for risk for the purpose of maintaining BPA's credit rating, how much of such additional financial reserves should be carried by power rates and transmission rates, respectively?
 - Should any transmission financial reserves available for risk be used to finance capital additions? If so, how much?
 - If transmission financial reserves available for risk are used to finance transmission capital expenditures, should some amount of power financial reserves available for risk be used to finance power capital expenditures? If so, how should an appropriate amount be determined?
 - Will transmission capital expenditures be financed with lease financing on a basis commensurate with power customer prepaid financing of power capital expenditures?
 - How should PCRAC and TCRAC mechanisms be designed to provide adequate credit support to BPA?

- Allocation of NERC/WECC costs incurred by BPA for other utilities
 - What reliability-related agreements (referred to as “transmission operator agreements” and “delegation agreements”) does BPA have under which BPA performs certain North American Electric Reliability Corporation (“NERC”)/Western Electricity Coordinating Council (“WECC”) compliance activities on behalf of, and on the facilities of, specific, individual customers? BPA should make copies of such agreements available.
 - Is BPA contemplating the development of any new transmission operator agreements or delegation agreements? If so, please describe.
 - What costs has BPA incurred historically under its transmission operator agreements or delegation agreements? What costs will BPA incur during the BP-16 rate period under its transmission operator agreements or delegation agreements?
 - How would BPA propose to allocate the costs (other than penalties or fines) it incurs during the BP-16 rate period under its transmission operator agreements or delegation agreements, and on what basis and rationale?
 - What risks has BPA assumed in connection with the costs of any penalties or fines it incurs during the BP-16 rate period under its transmission operator agreements or delegation agreements?
 - How would BPA propose to allocate the costs of any penalties or fines it incurs during the BP-16 rate period under its transmission operator agreements or delegation agreements, and on what basis and rationale?

- WECC Standard BAL-002-WECC-2 — Contingency Reserve
 - What is the effect of WECC Standard BAL-002-WECC-2 on the contingency reserves that BPA is required to carry?
 - How should BPA allocate the costs of these contingency reserves in BP-16?