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TESTIMONY of

ANNAMARIE E. WEEKLEY, DANIEL H. FISHER, DEBRA J. MALIN,
RANDY B. RUSSELL, PETER B. STIFFLER, and MATTHEW TIDWELL
Witnesses for Bonneville Power Administration

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5
6 **SUBJECT: POWER RATE SCHEDULES AND GENERAL RATE SCHEDULE**
7 **PROVISIONS (GRSPs)**

8 **Section 1: Introduction and Purpose of Testimony**

9 *Q. Please state your names and qualifications.*

10 A. My name is Annamarie E. Weekley, and my qualifications are contained in
11 BP-16-Q-BPA-41.

12 A. My name is Daniel H. Fisher, and my qualifications are contained in BP-16-Q-BPA-12.

13 A. My name is Peter B. Stiffler, and my qualifications are contained in BP-16-Q-BPA-37.

14 A. My name is Debra J. Malin, and my qualifications are contained in BP-16-Q-BPA-28.

15 A. My name is Randy B. Russell, and my qualifications are contained in BP-16-Q-BPA-36.

16 *Q. What is the purpose of your testimony?*

17 A. The purpose of this testimony is to sponsor proposed changes to BPA's Power Rate
18 Schedules and GRSPs, BP-16-E-BPA-09.

19 *Q. Are there changes or updates to the rate schedules and GRSPs that are not addressed in*
20 *this testimony?*

21 A. Yes. Changes and updates to the rate schedules and GRSPs pertaining to Tier 2 products
22 and services, the Load Growth Billing Adjustment, Resource Support Services (including
23 Transmission Scheduling Service), and New Resource products and services are
24 addressed in Stiffler *et al.*, BP-16-E-BPA-17. In addition, a new Slice Billing
25 Adjustment is described in Chalier *et al.*, BP-16-E-BPA-23.

1 **Section 2: Firm Power and Surplus Products and Services (FPS) Rate Schedule**

2 *Q. Are you proposing any changes to the FPS-16 rate schedule?*

3 A. Yes. We are proposing changes to clarify and update the FPS rate schedule. *See Power*
4 *Rate Schedules and GRSPs, BP-16-E-BPA-09.*

5 *Q. Why is it necessary for BPA to update the FPS rate schedule?*

6 A. There have been a number of changes in the wholesale energy and capacity markets in
7 the Western Electricity Coordinating Council (WECC) since the FPS rate schedule was
8 first developed in 1996. As a result, we believe it is necessary to clarify BPA's ability to
9 sell certain products and provide services in those markets. In addition, BPA must update
10 particular aspects of the FPS rate schedule to account for changes in terminology.

11 Finally, we propose to add "surplus" to the title of the FPS rate schedule to help clarify
12 the types of products and services sold under the rate schedule. BPA has always sold
13 firm and surplus products and services under the FPS rate schedule and, given the
14 changes in the wholesale energy and capacity markets, we believe the title change is
15 helpful.

16 *Q. Do the proposed updates substantively change the products and services BPA can offer*
17 *under the FPS rate schedule?*

18 A. No. The proposed updates are not designed to substantively change the FPS rate
19 schedule or BPA's products or services. The proposed updates will make the FPS rate
20 schedule consistent with evolving market products and terminology.

21 *Q. Please explain the proposed clarifications and updates to the FPS rate schedule.*

22 A. The clarifications and updates include the following:

23 (1) In the Availability section, replace the word "purchase" with "sale." This
24 change adds consistency in the FPS rate schedule language and more concisely clarifies
25 that the FPS rate schedule is applicable to BPA's sales of specified products to
26 customers. *See Power Rate Schedules, BP-16-E-BPA-09, FPS-16.*

1 (2) Clarify the definition of “Firm Power” to include both capacity and energy.

2 *Id.*

3 (3) Delete “Supplemental Control Area Services” because it is not a term that is
4 currently used, and because it is now encompassed in the new section 8 of the FPS rate
5 schedule. *Id.*

6 (4) Delete “Adjustments, Charges and Special Rate Provisions” in the individual
7 rate schedule sections because it is redundant. The “Adjustments, Charges and Special
8 Rate Provisions” language is now at the end of the rate schedule and pertains to all
9 sections. *Id.*

10 (5) Add a new section 8 covering “Other Capacity, Energy and Scheduling
11 Products and Services,” which provides for certain types of products and services BPA
12 may offer under the rate schedule. *Id.*

13 *Q. Will these changes impact BPA Transmission’s Ancillary and Control Area Services?*

14 *A.* No. Products and services offered under the FPS rate schedule are surplus to BPA’s
15 requirements load obligations, other firm obligations, and BPA’s balancing authority area
16 ancillary and control area services obligations.

17
18 **Section 3: Large Project Targeted Adjustment Charge**

19 *Q. Are there any new rates associated with the acquisition of conservation?*

20 *A.* Yes. The Large Project Targeted Adjustment Charge (LPTAC) has been added. *See*
21 *Power Rate Schedules, BP-16-E-BPA-09, at 39.* Customers that receive funds through
22 BPA Energy Efficiency’s Large Project Program will be charged the LPTAC rate for the
23 amount of BPA’s borrowing costs needed to fund the customer’s projects.

1 Q. *What is the Large Project Program?*

2 A. In its Post-2011 Energy Efficiency Review public process, BPA and its stakeholders
3 collectively created a Large Project Program (LPP) for the acquisition of conservation.
4 This program will make up to \$10 million available in each rate period for certain 'large
5 project' energy efficiency projects. The costs for these acquisitions will be recovered in a
6 separate rate provision, the LPTAC.

7 Q. *How does this program differ from the traditional Energy Efficiency Investment (EEI)*
8 *program?*

9 A. The LPP is for conservation acquisitions that may contribute to meeting the Northwest
10 Power Planning Council's energy efficiency target, but which are incremental to
11 acquisitions in the EEI program, where costs are collected through the Composite
12 Customer Charge on a TOCA basis.

13 Q. *How does the LPTAC work?*

14 A. The LPTAC will collect acquisition costs, which will be kept separate from conservation
15 programs funded through the Composite Customer Charge. These costs will include any
16 and all financing costs associated with acquisition, as well as any related issuance or
17 administrative costs incurred as a result of the program. Pricing of this formula rate will
18 be determined based upon the underlying financing costs associated with administering
19 the program and acquiring the conservation. Financing for the program is anticipated to
20 be done through third-party non-federal sources.

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1 **Section 4: Tier 2 Rates**

2 *Q. Aside from updating the Tier 2 rates for updated cost information, did you make any*
3 *changes to the Tier 2 rates?*

4 A. Yes. A new Vintage rate was added, specifically, the VR1-2016. This rate is applicable
5 to customers that committed to purchase power at the Tier 2 VR1-2016 Rate. *See* Power
6 Rate Schedules, BP-16-E-BPA-09, PF-16, § 2.2.4.

7 *Q. In the BP-14 Initial Proposal, the Tier 2 rate schedule included formula rates as well as*
8 *estimated Tier 2 rates. Has this changed for the BP-16 Initial Proposal?*

9 A. Yes. We removed the formula rates and included only the estimated Tier 2 rates. We
10 made this change because the power costs used to set the Tier 2 rates will be known prior
11 to the final proposal which allows us to include rate estimates in the Initial Proposal
12 instead of formula rates. This treatment used for Tier 2 is now similar to the treatment of
13 other rates that are also set based on specific rules and formulas, and that are also subject
14 to change for BPA's Final Proposal. *See* Power Rates Study, BP-16-E-BPA-01, §
15 3.1.7.3.

16
17 **Section 5: Provisional Contract High Water Marks**

18 *Q. What are Provisional Contract High Water Marks (CHWM)?*

19 A. Provisional CHWMs were created in revisions to BPA's Tiered Rate Methodology
20 (TRM), BP-12-A-03, in 2009 and were included in CHWM contracts. Under the TRM,
21 CHWMs are based on a customer's Measured FY 2010 Load. Customers that lost loads
22 due to the 2008 economic downturn would have received lower CHWMs than they
23 expected at the time the TRM was developed and, consequently, it was presumed that
24 they would face higher power costs if those loads returned after 2010. Recognizing this
25 predicament led to the development of Provisional CHWMs. A Provisional CHWM

1 Amount was a conditional increase in a customer's CHWM for FY 2012–FY 2013 to
2 account for qualifying load loss due to the economic downturn, with potential for the
3 provisional amounts to become permanent if load returned. Pursuant to the TRM, BPA
4 calculated in 2014 whether a customer retained its Provisional CHWM and made the
5 prescribed billing adjustments during the BP-14 rate period.

6 *Q. Are you proposing any changes to the BP-16 rate schedules and GRSPs with regard to*
7 *Provisional CHWM Amounts?*

8 A. Yes. References to Provisional CHWMs have been removed from the BP-16 rate
9 schedules and GRSPs because the implementation of those provisions of the TRM has
10 been completed. Section 4.1.10 of the TRM states that if a customer's CHWM is
11 adjusted pursuant to section TRM section 4.1.8 for Provisional CHWM amounts, then the
12 monthly bills for FY 2014 and FY 2015 will be adjusted based on the CHWM and the
13 Customer Demand Quantities (CDQ) established pursuant to TRM section 4.1.9.

14
15 **Section 6: Recovery Peak Billing Determinant Adjustment**

16 *Q. Are you proposing any changes to the Recovery Peak Billing Determinant Adjustment?*

17 A. Yes. We propose to revise the GRSPs to clarify when customer loads are considered
18 Recovery Peaks that could qualify for a Recovery Peak Billing Determinant Adjustment.
19 See Power Rate Schedules, BP-16-E-BPA-09, GRSP.II.D.2.

20 *Q. What needed to be clarified?*

21 A. The original GRSP language describing a Recovery Peak was unclear about measurement
22 of Recovery Peaks and how they related to restoration of service. One clarification is that
23 the reduction of the customer's Total Retail Load (TRL) is measured by comparing the
24 TRL during the hour or hours of the outage to the load that occurred in the hour
25 immediately preceding an outage. The second clarification is that monthly Customer

1 System Peaks (CSP) following an outage may or may not be an extraordinary peak, and
2 BPA may consider other evidence that will help that determination.

3 *Q. What evidence might indicate that a CSP following an outage is not an extraordinary*
4 *peak?*

5 A. An orderly restoration of distribution service following an outage, where consumer loads
6 are gradually re-energized, is inconsistent with the concept of a Recovery Peak. If there
7 is evidence of gradual increases in load occurring over several hours or days, any CSP
8 following the last stage of re-energization would not be considered a Recovery Peak.

9 Along with evidence of gradual re-energization, BPA may consider evidence
10 (data) showing that CSPs of similarly situated customers occurred at the same hour as the
11 CSP of the customer experiencing an outage. Such evidence could indicate that weather
12 factors strongly contributed to the CSP of the customer that experienced an outage.

13 Also, if the observed CSP was consistent with load patterns of the customer from
14 prior months or years, or with load patterns of the customer in hours leading up to the
15 outage or following the restoration of service, it could indicate that a CSP was not an
16 extraordinary peak. Such data could instead indicate that the CSP resulted from weather
17 patterns rather than from re-energization following an outage.

18
19 **Section 7: General Transfer Agreement (GTA) Service**

20 *Q. Are you proposing any changes to the General Transfer Agreement Service rate*
21 *schedule?*

22 A. In addition to the GTA Delivery Charge and the Transfer Service Operating Reserve
23 Charge, BPA is proposing to add rates for recovering assessments from Western Electric
24 Coordinating Council (WECC) and Peak Reliability. Also, the GTA Service rate
25 schedule itself has been removed from the Power Rate Schedules and is now included in

1 the GRSPs. *See* Power Rate Schedules, BP-16-E-BPA-09, GRSP.II.J. The application of
2 the GTA rate is unaffected by this change. This move properly distinguishes between a
3 rate schedule, which should be self-supporting, and a GRSP, which is a provision of a
4 particular rate schedule. Transfer service is a provision of service under the Regional
5 Dialogue Power Sales Agreement and cannot be purchased by itself. A detailed
6 description of all aspects of the GTA rate schedule can be found in Yokota *et al.*, BP-16-
7 E-BPA-21.

8
9 **Section 8: Low Density Discount (LDD)**

10 *Q. Are you proposing to make any changes to the LDD?*

11 *A. Yes. Although we are not proposing any substantive changes to the structure or function*
12 *of the LDD, we propose a number of clarifying changes. See Power Rate Schedules,*
13 *BP-16-E-BPA-09, GRSP II.M. First, we have included new language in section 1 to*
14 *clarify necessary information that should be included in the annual reports customers*
15 *provide to BPA.*

16 *Second, we have updated the description of the Consumer/Pole Miles Ratio in*
17 *GRSP II.M section 1(a) in an effort to remove ambiguity customers may have*
18 *experienced when trying to make this calculation previously. Third, we have added*
19 *language in GRSP II.M section 1(b) to address how net metering should be treated when*
20 *counting the number of Consumers. Finally, we deleted language in GRSP II.M*
21 *section 6, which pertained to the Provisional CHWM process given the conclusion of that*
22 *provision.*

1 **Section 9: Resource Support Services**

2 *Q. Are you proposing to add any new PF Resource Support Services to the GRSPs?*

3 A. Yes. We have added a Grandfathered Generation Management Service (GMS) to the
4 Resource Support Services and Transmission Scheduling Service. *See* Power Rate
5 Schedules, BP-16-E-BPA-09, GRSP II.U.5. However, the service is not new; it was
6 omitted from the GRSPs to date, but has been included in the CHWM Contracts since
7 their execution and in the RSS module since BP-12. The omission was inadvertent and
8 largely due to the fact that the service's availability is limited to utilities that took GMS
9 during the Subscription contract period. The revenue collected for the service since
10 FY 2012 has been about \$75,000 per year.

11 *Q. What is GMS?*

12 A. GMS was originally offered in BPA's Subscription Power Catalog. The service
13 supported Dedicated Resources with nameplate ratings between 3 MW and 15 MW.
14 GMS was taken by three Full Requirements customers during Subscription, and the
15 service was grandfathered into the CHWM Contracts for those same three Load
16 Following customers' Existing Resources. GMS allows a customer to run an Existing
17 Resource (that was supported with GMS during Subscription) against its Tier 1 Load.
18 There is a capacity-based reservation fee for the service that is priced at the PF Tier 1
19 Demand rate, similar to the Secondary Crediting Service (SCS) Administration Fee.
20

21 **Section 10: Super Peak Hours**

22 *Q. Do you propose any changes to the Super Peak Hours?*

23 A. Yes. The definition of the Super Peak Period for June through September has shifted one
24 hour, from HE 14 through HE 19, to HE 13 through HE 18. *See* Power Rate Schedules,
25 BP-16-E-BPA-09, GRSP III.B.29.

1 Q. *Why have the Super Peak Hours changed?*

2 A. Pursuant to TRM section 5.3.4, the Super Peak Period will be determined by BPA prior
3 to each section 7(i) rate proceeding. Prior to the start of BP-16, BPA decided to make a
4 small adjustment to the Super Peak Hours given a slight change in the observed value of
5 energy during the June-through-September timeframe. This change to the definition in
6 the GRSPs documents that decision.

7
8 **Section 11: Residential Exchange Program Residential Loads and 7(b)(3) Surcharge**
9 **Adjustment**

10 Q. *Are you proposing any changes to the GRSPs regarding Residential Loads and the*
11 *7(b)(3) Surcharge Adjustment?*

12 A. Yes. Residential Loads were updated using CY 2013 and CY 2014 IOU residential and
13 farm loads. *See* Power Rate Schedules, BP-16-E-BPA-09, GRSP I.I.S. The calculations
14 are described in the Power Rates Study, BP-16-E-BPA-01, ch. 8. The 7(b)(3) Surcharge
15 Adjustment was revised to describe how the Surcharge would be adjusted for a change in
16 a participating utility's average system cost (ASC) during the BPA rate period, regardless
17 of the reason for the change. *See* Power Rate Schedules, BP-16-E-BPA-09, GRSP II.T.

18 Q. *Why was the 7(b)(3) Surcharge Adjustment language revised?*

19 A. Previously, the language was limited to a change in a utility's ASC resulting from new
20 resource additions. However, a utility's ASC may change for other reasons; for example,
21 if a new New Large Single Load occurs during the BPA rate period. The new rate
22 language clarifies that the 7(b)(3) Surcharge Adjustment will be calculated for any
23 change in a utility's ASC, regardless of the reason for the change.

24 Q. *Does this conclude your testimony?*

25 A. Yes.