

August 8, 2014

VIA EMAIL

To: techforum@bpa.gov
Rebecca Frederickson (refredrickson@bpa.gov)

RE: BP-16 Workshop Topics

By July 31, 2014 email from Tech Forum, BPA requested discussion topics for the August 27 Rate Case Panel “of BPA staff to clarify the intersection between BPA’s financial decisions and rate case decisions.” That July 31 email also contained a tentative agenda for BPA’s August 13 workshop:

The next BP-16 Power and Transmission rate case workshop is scheduled for Wednesday, August 13th. The tentative agenda includes the Segmentation Follow-Up, Power and Transmission Revenue Requirements, Cost Allocation, Iberdrola’s presentation on the PDCI, Presentation showing the issue of retaining the value of the intertie to the NW region, Risk and Financial Reserves, market update, and resource forecast.

Avista Corporation (“Avista”), PacifiCorp, Portland General Electric Company (“Portland General”), and Puget Sound Energy, Inc. (“PSE”) believe the following topics should be discussed at BP-16 workshops and would appreciate the opportunity to explore these topics at such workshops.

- Financial reserves. By letter dated July 30, 2014, PSE, Avista, Powerex Corp., Iberdrola Renewables, LLC, PacifiCorp, Idaho Power Company, and Portland General submitted comments and provided stakeholder feedback on BPA financial reserves that included the following recommendations:
 - A. BPA use of financial reserves should not result in cross-subsidization of the BPA power and transmission functions.
 - B. BPA should set rates that result in a TPP in the range of 95% to 96%.
 - C. BPA should explore a transmission cost recovery adjustment clause and a transmission dividend distribution clause.
 - D. BPA should not assume that the treasury facility is available only for power costs in calculating the TPPs for power and transmission rates.
 - E. BPA should not use a “calibration adjustment.”

It appears that discussion of these financial reserves recommendations may be appropriate topics for the August 27 Rate Case workshop.

- Segmentation of BPA transmission facilities. BPA has indicated that there will be segmentation follow-up at the August 13 workshop. Additional discussion may be useful at other workshops.
- Allocation of NERC/WECC costs incurred by BPA for other utilities. Apparently, BPA has previously entered into agreements (referred to as “transmission operator agreements” and “delegation agreements”) 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. It is our understanding, from an earlier BP-16 workshop, that BPA does not intend to enter into any new agreements of this type. It would be helpful for BPA to confirm this understanding and also for BPA to provide additional information regarding the existing delegation agreements, including the number of delegation agreements that currently exist and the dates upon which those existing delegation agreements expire. In any event, BPA should not make any decision to enter into any agreement of this type in the future, without notice and opportunity to comment by BPA stakeholders.
- WECC Standard BAL-002-WECC-2 – Contingency Reserve. We would appreciate an opportunity to discuss in a BP-16 workshop (i) the effect of WECC Standard BAL-002-WECC-2 on the contingency reserves that BPA is required to carry; and (ii) the allocation of the costs of these contingency reserves.

We look forward to discussion of the topics listed above at the August 13 or 27 workshops or at such other workshops as may be appropriate.