

BP-16 Rate Case Kick Off



BP-16 Rate Case Proposed Schedule

- November 5 – Federal Register notice published
- November 12 – Prehearing Conference/BPA Direct Case

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- Nov 19 - 21 – Clarification of BPA's Direct Case
 - Jan 29 – Parties File Direct Cases
 - Mar 12 – Litigants File Rebuttal Cases
 - Apr 6 – Cross-exam
 - May 6 – Initial Briefs
 - May 15 – Oral Argument
 - Jun 17 – Draft ROD
 - Jul 8 – Briefs on Exceptions
 - Jul 28 – Final ROD

Workshops: Tentative Schedule

Date	Topic
May 7	Transmission Rates/Segmentation
May 13	Generation Inputs
May 29	Transmission Rates/Segmentation
June 10	Power Rates
June 11	Transmission Rates/Segmentation
June 25	Transmission Rates/Segmentation
July 9	Transmission Rates
July 23	Transmission Rates
July 24	Power Rates
August 13	Transmission Rates
August 14	Power Rates

Please note: RHW process customer meeting planned for early August.

Other Related Agency Processes

- IPR – kick-off is May 28th
- ACS/Gen Inputs Workshops – next workshop is May 13
- Financial Reserves: Relationship to credit rating
 - BP-14 Final Rates ROD, Issue 4.2.5.5 (p. 142): “While the figure of \$20 million per year [to mitigate transmission rate increase] was chosen in part because it may present lower risk of a credit rating downgrade than use of a greater amount, the potential for a downgrade and increased interest expense is a serious concern that deserves more regional discussion during the upcoming rate period.”
 - Currently, BPA is exploring this issue internally and will likely announce a customer meeting in early summer. Prior to this meeting, the BPA will provide a “Reserves 101” presentation at the next QBR (April 29).

BP-16 Rate Case Topics: Transmission

During the summer workshops, Transmission will provide a process overview of:

- LGIA Credits – BPA will provide a forecast of wind and their associated transmission credits.
- Load Forecast – Develop customer system and transmission system forecasted peaks with updated customer information.
- Risk Analysis
- Revenue Forecast – Update assumptions for the development of transmission sales forecast for Network, Intertie, and Delivery segments. I.E. Updating Network Open Season assumptions for Point-to-Point Long Term, Agency Load Forecast inputs to Network Integration.
- Segmented Revenue Requirement

BP-16 Rate Case Issues: Transmission (Cont.)

- Power Factor Penalty Charge
 - BPA is proposing to eliminate this charge
 - PFP was intended to provide incentive for customers minimize preventable reactive power flows
 - As penalty charges have not decreased appreciably since the charge was implemented, it is clear the penalty has not met the stated objective
 - Administering PFP is problematic at best, for BPA and customers alike
- Unreserved Use Penalty for NT Service
 - The Tariff and FERC Order 890 allows the assessment of penalty charges for unreserved use on the transmission system
 - Currently there is a PTP UIC charge – Should BPA adopt a proposal for a similar NT charge?

BP-16 Rate Case Issues: Transmission (Cont.)

- Use of Facilities Rate Schedule Changes
 - Rate schedule currently says UFT can be charged for “firm transmission” over FCRTS facilities
 - Need to update to allow for using UFT for other types of equipment (e.g. Communications circuits, RAS)
- Transmission Risk Analysis Model (TRAM) Calibration Adjustment
 - Risk model includes a calibration to better simulate variability in revenues; it also reduces TPP. Some customers complained this limited ability to use maximum reserves. BPA did not ever agree to use maximum reserves.

BP-16 Rate Case Topics: Power

Risk

- CRAC and its application to reserves-based ACS rates (spans Power/Transmission/Gen Inputs)

Revenue Requirement

- Reflect outcome of capital financing decisions and debt management strategy.
- Upgraded repayment model
 - Discussed at the October 2013 debt management workshop.
- Conservation cost treatment
 - Rate proposal will reflect outcome of current discussions in EE's Post-2011 Process. Also may need to be accommodated in PF rate design.

BP-16 Rate Case Topics: Power (Cont.)

Market Price Forecast

- AURORA – BPA will work with parties to ensure that model is available to parties
- AURORA modelling updates
- Gas price forecast

Loads & Resources

- Updates of study assumptions
- Load forecast overview

BP-16 Rate Case Topics: Power (Cont.)

Power Rate Study

- Demand Rate
 - Basis for rate
- RSS Model
 - Possible need to adjust RSS methodology to accommodate resources that have not previously received RSS.
- Secondary Energy Revenue Crediting
 - Whether customers want to explore actions that could be undertaken to mitigate the rate volatility arising from setting rates based on average secondary revenues.
- 7(c)(2) Margin
 - Study not being done for BP-16
 - Should margin be adjusted?
- Allocation of South Idaho Load Service (SILS) costs.

BP-16 Rate Case Topics: Power (Cont.)

Power Rate Schedules/GRSPs

- NR rate
 - Load following (ESS capacity rate)
 - Services for non-Federal resources serving NLSLs (RSS)
- Conservation cost treatment
 - Reflect outcome of discussions in EE's Post-2011 Process.
- Unauthorized Decrease Charge
 - May need to revisit the UDC (originally proposed in OS rate case).
- OATI Fee
 - Embed cost in rate
- GTA Delivery Charge rate
 - Possible changes to rate calculation depending on the outcome of the transmission segmentation study.

Next Steps

- To raise issues for future rates workshops:
 - Submit Power issues to Tech Forum
 - Use “Power Rate Case Issues” in the subject heading
 - Submit Transmission issues to your Transmission AE