

# BP-16 Transmission Rate Case Workshop

September 10, 2014



# Agenda

- Direct Assignment
- WECC/PEAK
- B-14 Error Follow up
- Cost Allocation

# BP-16 Rate Case Proposed Schedule

- **November 13** – Federal Register/**BPA Direct Case**
- **November 19** – Prehearing Conference

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- **Dec 2-4** – Clarification of BPA's Direct Case

- Jan 30 – Parties File Direct Cases
- Mar 12 – Litigants File Rebuttal Cases
- Apr 1-3 and 6-7 – Cross-exam
- May 1 – Initial Briefs
- May 8 – Oral Argument
- Jun 12 – Draft ROD
- Jul 1 – Briefs on Exceptions
- Jul 24 – Final ROD

# Direct Assignment Guidelines

- Historically, Direct Assignment Facilities were facilities whose costs were allocated to the customer but that were constructed and owned by BPA.
- In today's environment, customers build and own (at their own expense) those facilities beyond the point of interconnection that would otherwise be Direct Assignment Facilities if built by BPA. It is unlikely that BPA would be asked to construct Direct Assignment Facilities.
- BPA is updating its Direct Assignment Guidelines to not only address Direct Assignment (i.e., facilities constructed by BPA at customer expense), but to more generally identify which facilities are constructed and owned by BPA and which are constructed and owned by the customer.

# Direct Assignment Guidelines

## Review of Redline

# WECC/PEAK Update

## WECC

- Customers will not be directly billed by WECC for WECC costs.
- BPA will bill WECC costs only to load in the BPA BAA either through a special WECC rate or by including the costs in a rate that is only charged to load in the BAA.

## PEAK

- Due to the uncertainty of total costs, the PEAK costs will not be included in the BP-16 revenue requirement and instead will be an assumed risk during the rate period.
- The PEAK costs could be up to \$2M.

# Possible Adjustment for Error

- BPA appreciates all the comments submitted by customers.
- BPA has received comments from Snohomish and a coalition of IOUs, suggesting that BPA fix the error.
- In the BP-16 initial proposal BPA will propose to correct the error by adjusting the revenue requirement for the affected segments.

# BP-14 Error Correction

		A	B	C	D	E	F	G	H
		Total	Gen-Int	Network	So. Tie	East Tie	Util Deliv	DSI Deliv	SCD
<b>BP-14 published</b>									
1	Allocator for Lines	54,952	401	50,991	2,926	621	13	0	0
2	Allocator for Subs	57,752	1,126	44,236	10,242	316	1,300	532	0
3	Total	112,704	1,527	95,227	13,168	937	1,313	532	0
<b>BP-14 corrected</b>									
4	Allocator for Lines	26,559	209	24,687	1,413	246	4	0	0
5	Allocator for Subs	121,222	2,838	94,761	19,194	574	2,475	1,380	0
6	Total	147,781	3,047	119,448	20,607	820	2,479	1,380	0
<b>Requirement Deltas resulting from correction (\$MM):</b>									
7	Rev Req Δ (\$M)	\$0.0	+2.5	-9.3	+6.0	-1.0	+0.9	+1.0	.0
8	Δ after rate design	+0.0	+2.5	-8.5	+6.1	0	0	0	0

# Correcting BP-14 Error in BP-16

	BP-16 Rates (in Aug 13 model)		BP-16 Rates with Adj for BP-14 Error	
	Rate	% Change from BP-14	Rate	% Change from BP-14
FPT	\$ 1.682	6.1%	\$ 1.664	5.0%
IR	\$ 1.842	6.1%	\$ 1.823	5.0%
NT	\$ 1.823	4.7%	\$ 1.800	3.4%
PTP	\$ 1.543	4.3%	\$ 1.524	3.0%
IS	\$ 1.158	2.7%	\$ 1.236	9.6%
IM	\$ 0.598	0.0%	\$ 0.598	0.0%
UD	\$ 1.749	25.0%	\$ 1.749	25.0%
SCD (NT)	\$ 0.351	17.0%	\$ 0.351	17.0%
SCD (PTP)	\$ 0.299	16.3%	\$ 0.299	16.3%

# Cost Allocation

- BPA has received many comments on Tacoma's proposal and we appreciate all the comments submitted.
- We also appreciate Tacoma's proposal and their collaboration.
- After review of the comments, BPA has decided to continue with our current cost (12 NCP) allocation for the initial proposal.
- Customers have not presented any argument that would warrant a change in cost allocation method.
- The sales and allocation factors were presented at the July 23, workshop.
- The rates model was presented at the August 13, workshop.

# Next Steps

- Last BP-16 Rate Case workshop on September 25.
- September 25 workshop.
  - Southern Intertie HNF
  - O & M methodology close out
  - Wrap up