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TESTIMONY OF

ANNAMARIE E. WEEKLEY, DANIEL H. FISHER,

PETER B. STIFFLER, AND EMILY G. TRAETOW

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 BP-18-Q-
11 BPA-41.

12 A. My name is Daniel H. Fisher, and my qualifications are contained in BP-18-Q-BPA-08.

13 A. My name is Peter B. Stiffler, and my qualifications are contained in BP-18-Q-BPA-36.

14 A. My name is Emily G. Traetow, and my qualifications are contained in BP-18-Q-BPA-39.

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

16 A. The purpose of this testimony is to sponsor proposed changes to BPA's Power Rate
17 Schedules and GRSPs, BP-18-E-BPA-10.

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

20 A. Yes. Changes and updates to the rate schedules and GRSPs pertaining to the new
21 Product Conversion Charge are addressed in Fisher & Fredrickson, BP-18-E-BPA-16,
22 section 3, and Stiffler *et al.*, BP-18-E-BPA-22, section 3.4. The Transmission Scheduling
23 Service (TSS) cost cap is addressed in Fisher & Fredrickson, BP-18-E-BPA-16,
24 section 5. Changes to the GRSPs related to risk and the implementation of BPA's
25 Financial Reserves Policy and Power Services risk measures are addressed in Mandell

1 *et al.*, BP-18-E-BPA-15, section 6. Transfer Service charges are addressed in Yokota
2 *et al.*, BP-18-E-BPA-21.

3
4 **Section 2: Firm Power and Surplus Products and Services (FPS) Rate Schedule**

5 *Q. Are you proposing any changes to the FPS-18 rate schedule?*

6 A. We are not proposing any substantive changes, but we are proposing a limited change in
7 the organization of the rate schedule. *See* Power Rate Schedules and GRSPs, BP-18-E-
8 BPA-10, Schedule FPS-18.

9 *Q. Why are you proposing this change?*

10 A. We are proposing this change to consolidate the main energy and capacity products and
11 services available through the FPS rate schedule. To this end, “Other Capacity, Energy,
12 and Scheduling Products and Services” has been moved from the end of the schedule to
13 follow “Reassignment or Remarketing of Surplus Transmission Capacity.”

14 *Q. Does the proposed re-ordering of the FPS rate schedule change the products and
15 services BPA offers under the FPS rate schedule?*

16 A. The proposed order does not change the products or services available under the FPS rate
17 schedule. The proposed order is intended to give the FPS rate schedule a more logical
18 flow and make it easier to read.

19
20 **Section 3: Adjustments, Charges, and Special Provisions**

21 *Q. Are you proposing any changes to the Adjustments, Charges, and Special Provisions
22 section (Section II) of the GRSPs?*

23 A. We are not proposing any substantive changes, but the Adjustments, Charges, and
24 Special Provisions have been grouped so that similar topics are listed together rather than
25 in alphabetical order.

1 Q. *Why do you propose changing the organization of Section II of the GRSPs?*

2 A. We propose changing the organization of the Adjustments, Charges, and Special
3 Provisions section of the GRSPs to make it more user-friendly. The new organization
4 will allow users to read about related topics in a single location rather than in scattered
5 locations, which occurred when the topics were listed in alphabetical order.

6
7 **Section 4: Low Density Discount (LDD)**

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

9 A. Yes. Although we are not proposing any significant changes to the structure or function
10 of the LDD, we propose a number of clarifying changes. *See* Power Rate Schedules,
11 BP-18-E-BPA-10, GRSP II.B. First, we updated Table B, which shows the LDD Eligible
12 Discount percentage, to include an “equal to or less than” (\leq) symbol rather than a “less
13 than” ($<$) symbol for each of the percentage discounts on the table to clarify the range
14 for each ratio.

15 Second, we have updated the LDD Phase-In Adjustment in GRSP II.B.4 to clarify
16 the treatment of customers receiving LDD for the first time and identify when additional
17 discounts will not apply.

18 Third, we have updated GRSP II.B.5 to clarify how to apply the additional one-
19 half percent discount adjustment for very low densities.

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16 the treatment of customers receiving LDD for the first time and identify when additional
17 discounts will not apply.

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19 half percent discount adjustment for very low densities.

1 **Section 5: Tier 2 Rates**

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

4 A. Yes. We have added formula rates to the PF rate schedule for the Tier 2 Short-Term and
5 Load Growth rates. We have also eliminated the Load Growth Rate Customer Charge.
6 *See Power Rate Schedules, BP-18-E-BPA-10, Schedule PF-18 § 2.2.*

7 *Q. Why are you proposing formula Tier 2 Short-Term and Load Growth rates?*

8 A. The formula rates in the BP-18 Initial Proposal are similar to those in the BP-14 Initial
9 Proposal. In the BP-18 Initial Proposal, unlike for the BP-16 rates, BPA's Tier 2
10 obligation is greater than the power purchases BPA has already made for the Tier 2 cost
11 pools. Some of the power costs used to set the Tier 2 rates may not be known prior to the
12 BP-18 Final Proposal, which requires BPA to have flexible rates to recover such costs.
13 Therefore, we are proposing formula rates for Tier 2 service at the Short-Term and Load
14 Growth rates. *See Power Rates Schedules and GRSPs, BP-18-E-BPA-10, Schedule*
15 *PF-18, §§ 2.2.2–3.* We have also provided our current forecast of these rates, assuming
16 the augmentation price as the power cost for both years of the rate period. *See Power*
17 *Rates Study Documentation, BP-18-E-BPA-01A, Tables 3.5–6, line 54.*

18 *Q. Has BPA acquired any power necessary to meet load obligations at the Tier 2 Short-*
19 *Term and Load Growth rates for the FY 2018–2019 rate period?*

20 A. Yes. In December 2011, BPA purchased 5 aMW for FY 2018 and FY 2019, with costs
21 allocated to the Load Growth cost pool. No power has been acquired for service at the
22 Short-Term rate for the BP-18 rate period. *See Power Rates Study Documentation BP-18-*
23 *E-BPA-01A, Table 3.3.*

24 *Q. How will BPA source the remaining Tier 2 obligation?*

25 A. BPA will source the remaining Tier 2 obligation with a combination of surplus Federal
26 system power, remarketing energy, and market purchases. Remarketing energy refers to

1 energy associated with a Tier 2 rate purchase or non-Federal energy that a customer may
2 elect to have BPA remarket; the customer would receive a credit at the Remarketing
3 Value for the remarketed energy. See GRSP II.K. In FY 2018, BPA expects to source
4 the remaining Tier 2 Short-Term and Load Growth obligation with remarketing energy
5 and surplus Federal system power. In FY 2019, BPA expects to source the remainder
6 with remarketing energy and a market purchase made prior to the year of delivery. The
7 rates will be calculated using the formula with either the Remarketing Value if a purchase
8 is not made or the actual purchase cost information. The Remarketing Value would be
9 set at the augmentation price when no power purchases are made. BPA will notify Tier 2
10 Short-Term and Load Growth customers of their specific Tier 2 rate no later than
11 August 31 for the next fiscal year.

12 *Q. Why is the augmentation price used to set Tier 2 rates?*

13 A. BPA's Tier 2 and remarketing rates require that BPA determine the cost (or value in the
14 context of remarketing) of the power being purchased and sold. The same \$/MWh value,
15 the Remarketing Value, is used to set Tier 2 costs and to credit customers that are
16 remarketing their excess non-Federal resources and Tier 2 Vintage amounts. When a
17 market purchase is made to meet BPA's Tier 2 obligation for a fiscal year, the \$/MWh
18 cost of that market purchase is used to set the Tier 2 rate(s) and the Remarketing Value.
19 However, when a purchase will not be made, as will be the case in FY 2018, BPA uses a
20 forecast market price to set the Remarketing Value and, hence, the Tier 2 rates. For
21 calculation of Tier 2 rates when a purchase has not been made BPA has historically used
22 the forecast augmentation price, which is higher than BPA's average market forecast
23 price. The augmentation price is a higher market forecast price because it assumes
24 critical water conditions (a low hydro generation year) instead of average water
25 conditions. The augmentation price is used to approximate the market premium typically

1 charged to lock in the cost of power well in advance of delivery. This premium covers
2 risk to BPA and helps ensure that Tier 2 rates are not subsidized by Tier 1 rates, and it
3 also provides a forward price premium to customers remarketing their excess resources
4 well in advance of delivery. *See Power Rates Study, BP-18-E-BPA-01, § 3.2.2.4.*

5 *Q. Please describe the other elements of the proposed Tier 2 formula rates.*

6 A. The other elements of the Tier 2 formula rates are (1) “overhead,” which includes the
7 Tier 2 Overhead Cost Adder and any Resource Support Service costs related to service at
8 the Tier 2 Short-Term and Load Growth rates, and (2) “Σbilldet” which is the load
9 obligation for each service. *See Power Rates Schedules and GRSPs, BP 18-E-BPA-10,*
10 *PF Rate Schedule §§ 2.2.2–3.* These formula elements are described in the Power Rates
11 Study, BP-18-E-BPA-01, § 3.2.2.

12 *Q. Why do you propose to eliminate the Load Growth Rate Customer Charge for the*
13 *FY 2018–2019 rate period?*

14 A. We propose to eliminate the Load Growth Rate Customer Charge because the need for
15 this charge is not present in the BP-18 rate period. Unlike the BP-14 and BP-16 rate
16 periods, the load obligation in the Tier 2 Load Growth pool exceeds the 5 aMW purchase
17 whose costs were assigned to that rate pool. Therefore, the Load Growth Rate Customer
18 Charge is no longer needed for the BP-18 rates.

19 *Q. Do you anticipate any updates between the Initial Proposal and the Final Proposal?*

20 A. Yes. We expect to update market purchase prices and other cost levels for the Final
21 Proposal. In addition, customers retained the right to change certain elections for Above-
22 RHWL load service within defined contractual parameters until October 31, 2016.
23 Changes to customer elections that occurred after the end of the RHWL Process were not
24 incorporated into the Initial Proposal. Any changes to customer elections received by

1 October 31, 2016, will be incorporated into the Final Proposal. Changes are not
2 anticipated to be material.

3
4 **Section 6: Resource Support Services and Related Services**

5 *Q. Are you proposing any changes to Resource Support Services and related services?*

6 A. Yes. We are proposing changes to the following Resource Support Services: Forced
7 Outage Reserves, the Resource Shaping Charge, Transmission Scheduling Service, and
8 Transmission Curtailment Management Service.

9 *Q. What changes are you proposing for the Forced Outage Reserve Service and the*
10 *Resource Shaping Charge?*

11 A. Forced Outage Reserve Service and Resource Shaping Charge billing determinant
12 descriptions have been updated to clarify the types of planned generation to which they
13 apply and to align the billing determinants more clearly with the Regional Dialogue
14 contracts. *See* Power Rate Schedules and GRSPs, BP-18-E-BPA-10, GRSP II.I.4 and
15 GRSP II.I.2.

16 *Q. What changes are you proposing for the calculation of the Transmission Scheduling*
17 *Service charge?*

18 A. First, the TSS calculation will be revised to reflect the policy changes described in Fisher
19 & Fredrickson, BP-18-E-BPA-16, section 5. Second, the TSS methodology must reflect
20 the reorganization of Power Services' Scheduling Coordination group and the move of
21 several power schedulers to Power Services' Real Time group. The costs associated with
22 the budget for Power Services' Scheduling Coordination group that are used to calculate
23 TSS charges now include 19 percent of the staffing budget from Power Services' Real
24 Time group. *See* Power Rates Study Documentation, BP-18-E-BPA-01A, Table 3.4.

1 Q. *Why is 19 percent of the staffing budget from Power Services' Real Time group included*
2 *in the costs for TSS?*

3 A. Five of the 16 staff in Power Services' Real Time group are schedulers. Four out of those
4 five schedulers in the Real Time group are both traders and schedulers, so we split their
5 time in half for cost allocation purposes. One full-time scheduler plus four half-time
6 schedulers ($4/2 = 2$ full-time equivalents) equals three of the sixteen total staff, or
7 19 percent.

8 Q. *What changes are you proposing for the Transmission Curtailment Management Service*
9 *(TCMS)?*

10 A. We are proposing to modify the requirements for TCMS to allow Load Following
11 customers, which are serving their loads with non-Federal purchases delivered at Mid-C
12 on non-firm NT transmission schedules, to now qualify for this service. Specifically,
13 Mid-C market purchases used to meet a Load Following customer's Total Retail Load
14 (including any power deliveries to serve NLSLs using non-firm transmission) would be
15 eligible for TCMS. This eligibility change will be added to Load Following customers'
16 CHWM contracts and is intended to allow customers access to the market without
17 requiring them to pay for additional services to make the market purchases eligible for
18 firm transmission service. Although eligibility requirements for services would not
19 normally be addressed in a rate case, we are doing so for this limited issue for
20 administrative convenience.

21 Q. *Is there any change to the service provided by TCMS?*

22 A. No. The TCMS service is not new, and we are not proposing changes to the service
23 TCMS provides, only the eligibility requirements. TCMS will remain an optional service
24 available within the Transmission Scheduling Service that BPA's Power Services
25 provides when a customer's non-Federal scheduled resource cannot be delivered to the

1 customer's load as planned due to congestion or a transmission outage (either full or
2 partial). TCMS allows BPA to manage the customer's exposure to Power Services'
3 Unauthorized Increase (UAI) charge for demand and energy, including exposure when
4 using NR Energy Shaping Service as described in the Power Rate Schedules and GRSPs,
5 BP-18-E-BPA-10, GRSP II.J. section 1.2, in situations when a transmission path for a
6 customer's resource experiences an outage or curtailment. Absent TCMS, the customer
7 might face a situation where the timing of a transmission event provides the customer no
8 ability to resolve the problem and avoid the UAI charge. *Id.*, GRSP II.I.5.

9 *Q. Do you propose any changes to the TCMS rate?*

10 A. Yes. We are proposing to change the rate structure of TCMS to mirror Transmission
11 Services' current Energy Imbalance charge (index plus bands, depending on size).
12 *Id.*, GRSP II.I.5(b).

13 *Q. Why are you proposing changes to the TCMS rate?*

14 A. One of the reasons for expanding the eligibility of TCMS was to add flexibility for Load
15 Following customers and treat those customers more like Slice/Block and Block
16 customers. Consistent with that reasoning, we found it difficult to continue to justify the
17 BP-16 rate structure that treated Load Following customers more favorably than
18 Slice/Block and Block customers. Thus, we propose to align the rate structure of the
19 TCMS rate with regional standard practice and apply the same basis for charges to
20 customers' Transmission Scheduling Services as Transmission Services charges for the
21 same curtailment events. This means Slice/Block, Block, and Load Following customers
22 all will have access to the same energy markets and also the same basis for energy
23 charges that result from transmission events.

1 Q. *Do you anticipate changes to the Transmission Scheduling Service and Transmission*
2 *Curtailement Management Service in the future?*

3 A. Yes. We will be working with customers to develop the right service levels of TSS and
4 TCMS for the BP-20 rate period in coordination with the third Purchase Period and the
5 customers' non-Federal resource needs.
6

7 **Section 7: Unanticipated Load Service**

8 Q. *Do you propose any changes to Unanticipated Load Service (ULS)?*

9 A. Yes. For ULS provided under both the PF-18 and the FPS-18 rate schedules we are
10 proposing that the energy rates included in the table in the GRSPs will be the greater of
11 (1) the PF Tier 1 Equivalent energy rates or (2) the PF Load Shaping rates. *See Power*
12 *Rate Schedules and GRSPs, BP-18-E-BPA-10, GRSP II.M.2(a)(1) and 4(a)(1).*

13 Q. *Why are you proposing this change to ULS?*

14 A. We are proposing this change to avoid a pricing incentive for new customer loads to be
15 brought on after the rate case process. This change would also bring these rates into
16 alignment with the Unanticipated Load Service Charge under the NR-18 rate schedule,
17 which uses the NR-18 energy rates. *Id.*, GRSP II.M.3.
18

19 **Section 8: Unauthorized Increase (UAI) Charge**

20 Q. *Do you propose any changes to the Unauthorized Increase (UAI) Charge?*

21 A. Yes. We have updated the charge for Unauthorized Increase in Demand to clarify when
22 the charge applies to customers that purchase a Block-only product or the Block portion
23 of the Slice/Block product and to align the charge with the Regional Dialogue contract
24 terms. *See Power Rate Schedules and GRSPs, BP-18-E-BPA-10, GRSP II.N.*
25

1 **Section 9: Residential Exchange Program**

2 *Q. Are you proposing to revise the Residential Exchange Program 7(b)(3) Surcharge*
3 *Adjustment?*

4 A. Yes. We propose to eliminate section II.T.2 of the BP-16 GRSPs, entitled “Change in
5 Service Territory Due to Annexation or Load Transfer.” *See* Power Rate Schedules,
6 BP-16-A-02-AP02, GRSP II.T.2.

7 *Q. Why are you proposing to eliminate this provision?*

8 A. This provision established a reduction in investor-owned utility (IOU) customers’ total
9 Residential Exchange Program (REP) benefits in the event that an IOU lost retail load to
10 a regional consumer-owned utility (COU). In 2011, however, BPA adopted the REP-12
11 Residential Exchange Program Settlement Agreement. The REP-12 Settlement
12 established fixed amounts of the IOUs’ collective total annual REP benefits through
13 FY 2028 and does not permit the adjustment described in former GRSP II.T.2.

14
15 **Section 10: Super Peak Hours**

16 *Q. Do you propose any changes to the Super Peak Period?*

17 A. Yes. For the BP-16 rates, the Super Peak Period was (1) October through February
18 during hour ending (HE) 8 through HE 10 and HE 19 through HE 20; (2) March through
19 May (HE) 7 through 12; and (3) June through September during HE 13 through HE 18.

20 For BP-18, the Super Peak Period is (1) October through May HE 8 through
21 HE 10 and HE 19 through HE 21; and (2) June through September during HE 13 through
22 HE 19. *See* Power Rate Schedules and GRSPs, BP-18-E-BPA-10, GRSP III.B.30.

23 *Q. Why has the Super Peak Period changed?*

24 A. Pursuant to TRM section 5.3.4, the Super Peak Period will be determined by BPA prior
25 to each section 7(i) rate proceeding. We are proposing a change for the BP-18 rate period

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to align the Super Peak hours with BPA’s highest load hours that occur in heavy load hours.

Q. Does this conclude your testimony?

A. Yes.