September 21, 2016

In reply refer to:  PSS-6

To Parties Interested in the Rate Period High Water Mark (RHWM) Process for the FY 2018-19 rate period:

The Bonneville Power Administration (BPA) is announcing the completion of the Rate Period High Water Mark (RHWM) Process for the FY 2018 – FY 2019 Rate Period. Consistent with the Tiered Rate Methodology (TRM), BPA is posting its determination of values for the upcoming BP-18 Rate Case for: RHWM Tier 1 System Capability, including RHWM Augmentation; each customer’s RHWM; and each customer’s Above-RHWM Load. The link to the final determinations is: https://www.bpa.gov/Finance/RateCases/BP-18/Pages/Rate-Period-High-Water-Mark-Process.aspx.

After the last RHWM Process, BPA noted the need to engage customers earlier in the process and began this year’s process by meeting with customers in the Spring. BPA engaged customers in a public process from May through September 2016, with two public comment periods and three public workshops. BPA received 18 comments during the comment periods, mainly concerning individual customer load forecasts. In general, BPA incorporated individual customer load forecast changes that were uncontested, material, and warranted. This process demonstrated the spirit of regional collaboration and we appreciated the participation of and interaction with customers.

At the workshop in May, BPA presented the preliminary Tier 1 System Firm Critical Output (T1SFCO), RHWM Tier 1 System Capability, customer’s RHWM, and customer’s Above-RHWM Load. BPA’s T1SFCO presentation showed a 31 average megawatt (aMW) decrease from the value for the BP-16 Rate Period. BPA also announced that the City of Idaho Falls (Idaho Falls) and BPA were negotiating to extend BPA’s purchase of the output of Idaho Falls’ Bulb Turbines. It was noted that if BPA did not purchase the output of the Bulb Turbines, the T1SFCO would decrease by an additional 14 aMW. BPA held a two week informal public comment period following the public workshop.

At the June workshop BPA presented the updated preliminary T1SFCO reflecting the 14 aMW decrease to the T1SFCO due to termination of the purchase of the Idaho Falls’ Bulb Turbine output.

BPA held a final workshop in early August followed by a 10-day formal public comment period pursuant to the TRM, section 4.2.2. At the workshop BPA presented the draft final T1SFCO, RHWM Tier 1 System Capability, RHWM, and customers’ Above-RHWM Loads. BPA announced the Kalispel Tribe of Indians requested the Administrator determine the Tribe’s eligibility to become a BPA preference customer under section 5(b) of the Northwest Power Act.
The addition of this potential new BPA customer increased RHWM Augmentation by 1.24 aMW.

Load forecast modification requests were received from: the City of Richland, Salmon River Electric Coop, PNGC, Benton REA, Pend Oreille PUD, Klickitat PUD, Inland Power and Light, DOE Richland, Mason County PUD 3, Lower Valley Energy, United Electric, Pacific PUD, Clatskanie PUD, Snohomish PUD, and Big Bend Electric Coop (Big Bend). BPA also received two comments from Dr. Pace about hydro study assumptions for BP-18.

All customer load forecast change requests other than the one from Big Bend were accepted and incorporated into the final determinations.

Big Bend requested its load forecast to increase by 3.0 aMW. This request was largely due to new Reserve Power requirements for the US Bureau of Reclamation/East Columbia Basin Irrigation District’s East Low 47.5 Pumping Plant. At this point, the timing of the change in the underlying tri-party agreement is too uncertain to be included in the planning process and BPA will not increase Big Bend’s load forecast. However, Big Bend also indicated that its load decreased by 1.0 aMW, and BPA reduced Big Bend’s forecast by that amount.

Dr. Pace requested that BPA consider changing its assumptions in the hydro study given the recent District Court’s remand order of the biological opinion relating to the operation of the Federal Columbia River Power System (FCRPS). BPA, the US Army Corps of Engineers, and the US Bureau of Reclamation are conducting a NEPA process to assess and update their approach for long-term system operations and configuration. The resulting Environment Impact Statement (EIS) will analyze a range of alternatives, including an analysis of breaching one or more dams that provide fish passage. This process is currently envisioned to begin in late 2016 or early 2017 and will culminate with a final EIS and agency Records of Decision in 2021. As such, these analyses, including analyses of potential impacts on system generation, capacity, and reliability, will continue beyond the BP-18 rate process and will not be available to inform FCRPS configuration decisions such as those suggested in the comment from Dr. Pace.

The operational components (flow/spill) of Dr. Pace’s comments will continue to be addressed as the federal agencies develop a new biological opinion in response to the District Court’s remand order. If any potential modifications to spill and/or river flows are necessary, effects to BPA revenue needs will be addressed through BPA’s existing ratemaking process.

BPA thanks our customers for their thoughtful comments and engaged presence during the RHWM Process.

Sincerely,

Garry R. Thompson
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