

Pre-Decisional

WP-07 Power Rate Case Workshop

Date of Workshop:
June 30, 2005

Topics:
Renewables Program

This Agency Financial Information is provided for discussion purposes during this pre-rate case process.

Highlights of Draft Initial Proposal

1. Continues existing rate credit and preserves flexibility and coordination with conservation rate credit.
2. Sets separate rate credit options for conservation and renewables.
3. Replaces back stop rate credit provisions for renewables with budget dollars.
4. Continues Environmentally Preferred Power and Alternative Renewable Energy availability through the FY 07- FY 09 rate period.
5. Adds funding for enabling facilitation of third party development of renewable projects.
6. Adds commitment to reinvest renewable energy premiums.

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Renewables interaction with Conservation Rate Credit program

- A. Sets \$6 million limit on Renewables participation in Rate credit program.
- B. Total renewable facilitation spending capped at \$6.5 million for FY 07 and \$12 million in FY 08. No additional facilitation budgeted for '09.
- C. Each year renewable subscriptions in the rate credit program will determine the organization with the budget.
- D. When renewables participation in rate credit program is high, the \$6 million will be consumed by rate credit claims. If rate credit participation is low, remainder of \$6 million can be used for renewable facilitation.
- E. When renewable participation in the rate credit program is low, bilateral contract funding is low.

Some examples of the proposed interaction between the Conservation Rate Credit and the Renewables program

- 1. Utility declarations of renewable projects that qualify for the rate credit program in FY 07 total 3 million dollars. This triggers a transfer of \$3 million from the renewable budget to conservation for use in acquiring conservation aMW through bilateral contracts.
- 2. Utility declarations of renewable projects that qualify for the rate credit program in FY 08 total \$1 million. This triggers a transfer of \$1 million from the renewable budget to conservation for use in acquiring conservation aMW through bilateral contracts.
- 3. Utility declarations of renewable projects that qualify for the rate credit program in FY 09 total \$6 million. This triggers a transfer of \$6 million from the renewable budget to conservation for use in acquiring conservation aMW through bilateral contracts.

For each example, the total of the renewable portion of the rate credit program and the rate credit portion of the renewable program always total \$6 million.

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(Generation values UPDATED June 27, 2005)

**RENEWABLES PROGRAM COST FORECAST
FY 07-09 Rate Period with FY 05-06 projections**

ASSUMES GEOTHERMAL ACQUISITION IN FY 2009

	FY 2005 (\$)	FY 2006 (\$)	Rate Period Forecasts		
			FY 2007 (\$)	FY 2008 (\$)	FY 2009 (\$)
RENEWABLES PURCHASE COSTS					
<i>Wind</i>	18,022,285	18,328,728	18,650,143	19,061,528	20,161,695
<i>Fourmile Hill 3/</i>					31,678,389
Total Purchase Costs of Power Projects	18,022,285	18,328,728	18,650,143	19,061,528	51,840,084
SUPPORT AND OTHER COSTS					
<i>Solar Data Collection - UO</i>	101,748	104,800	107,944	111,182	114,518
<i>Wind Data Collection - OSU</i>	70,226	72,483	74,657	76,897	79,204
<i>Wind Forecasting Study</i>	100,000	100,000			
<i>EPP/ REC Mktng Support</i>	20,000	20,000			
<i>Wind Data - Maint. Contract</i>	45,000	45,000			
<i>Project Development Costs</i>	163,026	157,717	332,399	342,370	352,642
SUBTOTAL: Base Support Project Costs 4/	500,000	500,000	515,000	530,450	546,364
PLUS:					
<i>BEF MOA 5/</i>	136,000	136,000	389,247	390,073	766,679
<i>Corporate Charges - KEC 6/</i>	132,941	17,614	18,561	19,387	20,256
<i>Corporate Charges - Gen. Counsel 6/</i>	27,169	24,487	25,344	26,231	27,149
<i>Renewable Rate Credit</i>	0	0	6,000,000	6,000,000	6,000,000
<i>Facilitation Costs</i>	0	0	5,500,000	11,000,000	0
<i>Revenue additions to Facilitation (Forecast EPP, ARE & Tag Sales) 7/</i>	1,463,440	1,463,621	1,081,243	1,083,537	0
TOTAL COST OF RENEWABLES PROGRAM	19,068,395	19,006,829	31,097,611	37,027,085	59,200,090
<i>Total Energy, Power Projects (MWh)</i>	450,289	450,345	450,518	451,474	887,360

1/ Transmission and resource integration included in purchases for the Foote Creek wind projects only. Transmission for other in Transmission Cost budget (per PTT staff). All solar costs already incurred in prior years.

2/ No additional wind purchases assumed.

3/ Assumes Fourmile Hill geothermal will be completed under terms of current contract, with commercial operation date of 10/1/08.

4/ AGGREGATE Base Support costs assumed to escalate after FY 2006 at 3% annually (e.g., \$500k x 1.03 for FY 2007).

5/ Assumes MINIMUM BEF MOA payment of \$86k per year + \$140k formula-driven payment through FY 2006; post-2006, BEF assumed to equal 36% of EPP & Green Tag revenues.

6/ KEC & General Counsel charges for FY 2006-11 per budget update information from D. Steele, 12/22/04.

7/ Forecast for FY 2004-06 assumes that completed PLUS future sales will equal 65% of green inventory, at an average green price (PBL share) of \$5.00 per MWh. For post-2006 period, assumes sales equal 60% of inventory @ \$4.00/MWh.

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