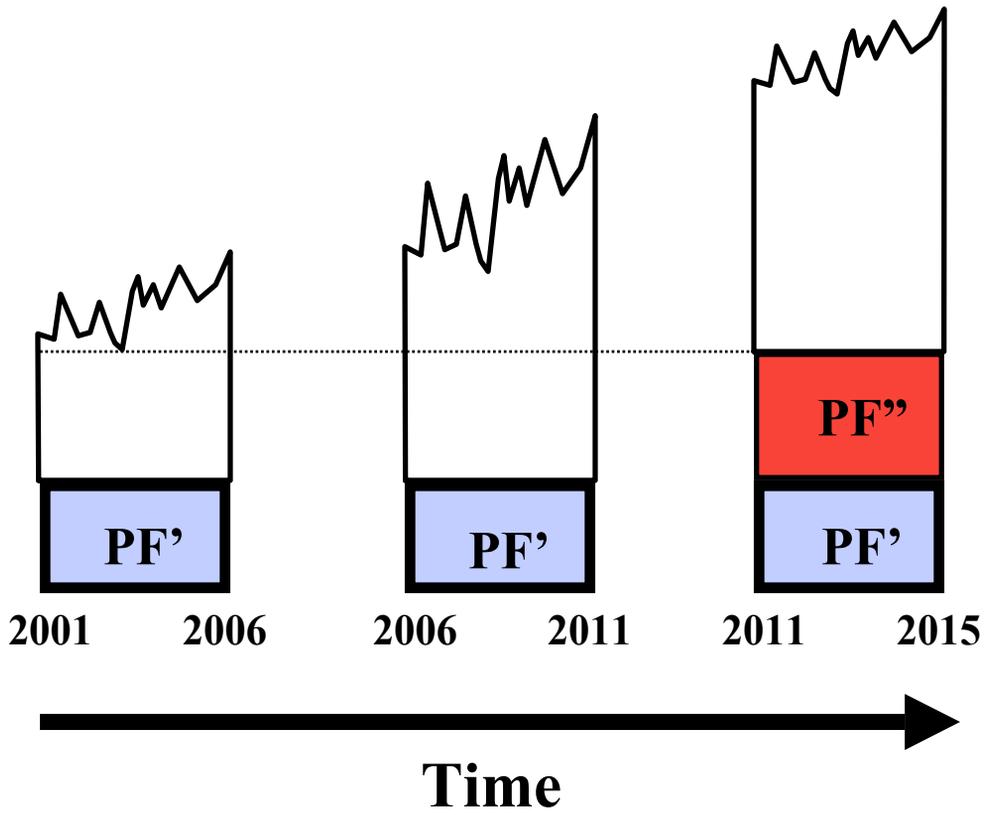


Federal Power Subscription
Work Group Meeting

Rate Differentiation
for
Requirements Service

What administrative ability does BPA have to differentiate the price of requirements service between those who subscribe for such service beginning in 2001 and those who do not subscribe, but ask for such service after 2001?



Rate or Rates

- **Section 7(b) of the Northwest Power Act authorizes BPA to develop a rate or rates for preference customers' requirements loads.**

**PF' = Average embedded cost
of FBS resources.**

**PF'' = (a) If not fully subscribed
then:**

Blended cost of higher cost
FBS resources, but not lower
than PF'

**(b) If fully subscribed
then:**

- 1) Highest cost FBS resource
or
- 2) Cost to acquire power to
serve load, but not lower
than PF'