

2002 Final Power Rate Proposal Targeted Adjustment Charge for Uncommitted Loads Study

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2002 TARGETED ADJUSTMENT CHARGE FOR UNCOMMITTED LOADS

TABLE OF CONTENTS

	Page
Commonly Used Acronyms	ii
STUDY	1

COMMONLY USED ACRONYMS

AANR	Audited Accumulated Net Revenues
AC	Alternating Current
AER	Actual Energy Regulation
Affiliated Tribes	Affiliated Tribes of Northwest Indians
AFUDC	Allowance for Funds Used During Construction
AGC	Automatic Generation Control
Alcoa	Alcoa, Inc.
Alcoa/Vanalco	Joint Alcoa and Vanalco
aMW	Average Megawatt
ANRT	Accumulated Net Revenue Threshold
AOP	Assured Operating Plan
APS	Ancillary Products and Services (rate)
APS-S	Actual Partial Service-Simple
ASC	Average System Cost
Avista	Avista Corp
BASC	BPA Average System Cost
BO	Biological Opinion
BPA	Bonneville Power Administration
BP EIS	Business Plan Environmental Impact Statement
Btu	British Thermal Unit
C&R Discount	Conservation and Renewables Discount
C&R	Cost and Revenue
CalPX	California Power Exchange
CBFWA	Columbia Basin Fish & Wildlife Authority
CBP	Columbia Basin Project
CCCT	Combined-Cycle Combustion Turbine
CEC	California Energy Commission
CFAL	Columbia Falls Aluminum Company
Cfs	cubic feet per second
COB	California-Oregon Border
COE	U.S. Army Corps of Engineers
Con/Mod	Conservation Modernization Program
COSA	Cost of Service Analysis
CP	Coincidental Peak
CRAC	Cost Recovery Adjustment Clause
CRC	Critical Rule Curves
CRITFC	Columbia River Inter-Tribal Fish Commission
CSPE	Columbia Storage Power Exchange
CT	Combustion Turbine
CTPP	Conditional TPP
CWA	Clear Water Act
CY	Calendar Year (Jan-Dec)
DC	Direct Current
DDC	Dividend Distribution Clause

DJ	Dow Jones
DMP	Data Management Procedures
DOE	Department of Energy
DROD	Draft Record of Decision
DSI	DSI (only the DSI represented by Murphy under DS)
DSIs	Direct Service Industrial Customers
ECC	Energy Content Curve
EFB	Excess Federal Power
EIA	Energy Information Administration
EIS	Environmental Impact Statement
Energy Northwest	Formerly Washington Public Power Supply System (Nuclear) Project
Energy Services	Energy Services, Inc.
Enron	Enron Corporation
EPA	Environmental Protection Agency
EPP	Environmentally Preferred Power
ESA	Endangered Species Act
EWEB	Eugene Water & Electric Board
F&O	Financial and Operating Reports
FBS	Federal Base System
FCCF	Fish Cost Contingency Fund
FCRPS	Federal Columbia River Power System
FCRTS	Federal Columbia River Transmission System
FELCC	Firm Energy Load Carrying Capability
FERC	Federal Energy Regulatory Commission
Fourth Power Plan	NWPPC's Fourth Northwest Conservation and Electric Power Plan
FPA	Federal Power Act
FPS	Firm Power Products and Services (rate)
FSEA	Federal Secondary Energy Analysis
F&WCA	Fish and Wildlife Coordination Act
FY	Fiscal Year (Oct-Sep)
GCPs	General Contract Provisions
GEP	Green Energy Premium
GI	Generation Integration
GRI	Gas Research Institute
GRSPs	General Rate Schedule Provisions
GSP	Generation System Peak
GSU	Generator Step-Up Transformers
GTA	General Transfer Agreement
GWh	Gigawatthour
HELM	Hourly Electric Load Model
HLFG	High Load Factor Group
HLH	Heavy Load Hour
HNF	Hourly Non-Firm
HOSS	Hourly Operating and Scheduling Simulator
ICNU	Industrial Customers of Northwest Utilities
ICUA	Idaho Consumer-Owned Utilities Association, Inc.

IPC	Idaho Power Company
IP	Industrial Firm Power (rate)
IPTAC	Industrial Firm Power Targeted Adjustment Charge
IJC	International Joint Commission
IOU	IOU (the joint IOU filings)
IOUs	Investor-Owned Utilities
ISC	Investment Service Coverage
ISO	Independent System Operator
JOA	Joint Operating Agency
Joint DSI	Alcoa, Vanalco, and DSI
KAF	Thousand Acre Feet
kcfs	kilo (thousands) of cubic feet per second
ksfd	thousand second foot day
kV	Kilovolt (1000 volts)
kW	Kilowatt (1000 watts)
kWh	Kilowatthour
LCP	Least-Cost Plan
LDD	Low Density Discount
LLH	Light Load Hour
LME	London Metal Exchange
LOLP	Loss of Load Probability
L/R Balance	Load/Resource Balance
m/kWh	Mills per kilowatthour
MAC	Market Access Coalition Group
MAF	Million Acre Feet
MC	Marginal Cost
MCA	Marginal Cost Analysis
MCS	Model Conservation Standards
Mid-C	Mid-Columbia
MIMA	Market Index Monthly Adjustment
MIP	Minimum Irrigation Pool
MMBTU	Million British Thermal Units
MOA	Memorandum of Agreement
MOP	Minimum Operating Pool
MORC	Minimum Operating Reliability Criteria
MPC	Montana Power Company
MT	Market Transmission (rate)
MW	Megawatt (1 million watts)
MWh	Megawatthour
NCD	Non-coincidental Demand
NEC	Northwest Energy Coalition
NEPA	National Environmental Policy Act
NEPOOL	New England Power Pool
NERC	North American Electric Reliability Council
NF	Nonfirm Energy (rate)
NFRAP	Nonfirm Revenue Analysis Program (model)

NLSL	New Large Single Load
NMFS	National Marine Fisheries Service
NOB	Nevada-Oregon Border
NORM	Non-Operating Risk Model
Northwest Power Act	Pacific Northwest Electric Power Planning and Conservation Act
NPV	Net Present Value
NR	New Resource Firm Power (rate)
NRU	Northwest Requirements Utilities
NT	Network Transmission
NTP	Network Integration Transmission (rate)
NTSA	Non-Treaty Storage Agreement
NUG	Non-Utility Generation
NWPP	Northwest Power Pool
NWPPC C&R	Northwest Power Planning Council Cost and Revenues Analysis
NWPPC	Northwest Power Planning Council
O&M	Operation and Maintenance
OMB	Office of Management and Budget
OPUC	Oregon Public Utility Commission
OURCA	Oregon Utility Resource Coordination Association
OY	Operating Year (Aug-Jul)
PA	Public Agency
PacifiCorp	PacifiCorp
PATH	Plan for Analyzing and Testing Hypotheses
PBL	Power Business Line
PDP	Proportional Draft Points
PDR	Power Discharge Requirement
PF	Priority Firm Power (rate)
PFBC	Pressurized Fluidized Bed Combustion
PGE	Portland General Electric
PGP	Public Generating Pool
PMA	Power Marketing Agencies
PMDAM	Power Marketing Decision Analysis Model
PNCA	Pacific Northwest Coordination Agreement
PNGC	Pacific Northwest Generating Cooperative
PNRR	Planned Net Revenues for Risk
PNUCC	Pacific Northwest Utilities Conference Committee
PNW	Pacific Northwest
POD	Point of Delivery
PPC	Public Power Council
PPLM	PP&L Montana, LLC
Principles	Fish and Wildlife Funding Principles
Project Act	Bonneville Project Act
PSE	Puget Sound Energy
PSW	Pacific Southwest
PTP	Point-to-Point
PUD	Public or People's Utility District

Puget	Puget Sound Energy, Inc.
PURPA	Public Utilities Regulatory Policies Act
RAM	Rate Analysis Model (computer model)
RAS	Remedial Action Scheme
Reclamation	Bureau of Reclamation
Renewable Northwest	Renewable Northwest Project
REP	Residential Exchange Program
RFP	Request for Proposal
RiskMod	Risk Analysis Model (computer model)
RiskSim	Risk Simulation Model
RL	Residential Load (rate)
RMS	Remote Metering System
ROD	Record of Decision
RPSA	Residential Purchase and Sale Agreement
RTF	Regional Technical Forum
RTO	Regional Transmission Organization
SCCT	Single-Cycle Combustion Turbine
Shoshone-Bannock	Shoshone-Bannock Tribes
SOS	Save Our Wild Salmon
SPG	Slice Purchasers Group
SS	Share-the-Savings Energy (rate)
STREAM	Short-Term Evaluation and Analysis Model
SUB	Springfield Utility Board
SUMY	Stepped-Up Multiyear
SWPA	Southwestern Power Administration
TAC	Targeted Adjustment Charge
TACUL	Targeted Adjustment Charge for Uncommitted Loads
TBL	Transmission Business Line
tcf	Trillion Cubic Feet
TCH	Transmission Contract Holder
TDG	Total Dissolved Gas
TPP	Treasury Payment Probability
Transmission System Act	Federal Columbia River Transmission System Act
TRL	Total Retail Load
UAI Charge	Unauthorized Increase Charge
UAMPS	Utah Associated Municipal Power Systems
UCUT	Upper Columbia United Tribes
UDC	Utility Distribution Company
UP&L	Utah Power & Light
URC	Upper Rule Curve
USFWS	U.S. Fish and Wildlife Service
Vanalco	Vanalco, Inc.
VB	Visual Basic
VBA	Visual Basic for Applications
VI	Variable Industrial Power rate
VOR	Value of Reserves

WAPA	Western Area Power Administration
WEFA	WEFA Group (Wharton Econometric Forecasting Associates)
WPAG	Western Public Agencies Group
WPRDS	Wholesale Power Rate Development Study
WSCC	Western Systems Coordinating Council
WSPP	Western System Power Pool
WUTC	Washington Utilities and Transportation Commission
WY	Watt-Year
Yakama	Confederated Tribes and Bands of the Yakama Nation

1 **TARGETED ADJUSTMENT CHARGE FOR UNCOMMITTED LOADS**

2

3 The Targeted Adjustment Charge for Uncommitted Loads (TACUL) applies after December 7,

4 2000, to purchases to serve customer loads that were uncommitted during the 1996 rate case

5 which are returned to the Bonneville Power Administration (BPA) firm power requirements

6 service during a period prior to Fiscal Year (FY) 2002. Customers subject to the TACUL are

7 those that reduced their purchases from BPA by adding firm resources to serve load under:

8 (1) 1981 power sales contracts that expire on or before July 31, 2001, as may be amended; and

9 (2) Amendatory Agreement No. 7 (AA7) to the 1981 power sales contracts or new "1996" power

10 sales contracts where the customer provides BPA notice after December 7, 1998, consistent with

11 the terms of the customer's power sales contract, for requirements service for the period prior to

12 FY 2002. This charge will be in effect through September 30, 2001. Customers who apply after

13 December 7, 2000, for firm requirements load under the New Resources (NR-02) rate will also

14 be subject to the TACUL.

15

16 BPA is obligated under section 5(b) of the Pacific Northwest Electric Power Planning and

17 Conservation Act to provide requirements service to a requesting utility customer. BPA and

18 those customers with the right to return load under AA7 and the 1996 contracts agreed that BPA

19 could establish a rate to apply to the service of any such customer-returned load.

20

21 The baseline for determining which purchases are subject to the TACUL is the amount of load

22 BPA would have served during the corresponding months of Fiscal Year 2000 under the

23 1981 contract or 1996 contract.

24

25 The TACUL is defined as the charge that shall apply to the incremental power acquired by BPA

26 needed to meet the subject load. The cost of additional power to serve customers' uncommitted

1 load is likely to be above BPA's embedded costs. BPA's financial reserves may be impacted by
2 BPA purchases. The TACUL will prevent the erosion of reserves that could occur from
3 additional costs of power purchases that may be required to meet customer-returned load.
4

5 The TACUL will be calculated for an individual customer's request and shall be determined in
6 the following way. BPA will determine availability of inventory to serve each request based on
7 average annual Federal system firm resource capability using critical waterflows as estimated in
8 the 2002 Loads and Resources Study, WP-02-FS-BPA-01, with updates if BPA determines they
9 are necessary. Projections in the 2002 rate case for Operating Year (OY) 2001 and OY 2002,
10 excluding Uncommitted Loads, show an energy deficit of 265 and 136 average megawatts
11 (aMW), respectively. *See* Appendix C of Loads and Resources Study, WP-02-FS-BPA-01. The
12 inclusion of Uncommitted Loads, which customers have notified BPA will be returned to
13 requirements service during this period, results in an energy deficit of 337 and 178 aMWs for
14 OY 2001 and OY 2002, respectively. Thus, BPA is currently facing an energy deficit during this
15 time period (January 2001, to September 2001) and could face even greater deficits should BPA
16 receive additional requests by customers to serve returning uncommitted load.
17

18 Power to serve these incremental loads will be sold at the PF-96 rate, or NR-96 rate, plus an
19 adjustment charge reflecting the difference between the PF-96 rate, or NR-96 rate, and BPA's
20 cost to supply this power. The TACUL does not impact the 1996 Wholesale Power Rate Study
21 BPA was required to perform pursuant to 18 CFS §300.11 and §300.12 because the proposed
22 change will not result in any impact on revenues. The adjustment charge will be based on
23 calculations that are determined on monthly prices. BPA will calculate the cost per month in
24 mills/kWh of the additional power per month for a specific customer's request. The cost of the
25 additional power will be BPA's monthly cost to purchase to serve the incremental load based, at
26 BPA's option, on one of the following methods:

1 1. BPA will establish a price at PF-96, or NR-96, plus an adjustment charge
2 reflecting the difference between PF-96, or NR-96, and BPA's monthly cost to
3 purchase resources at market, plus a handling fee, to serve the incremental load;
4 or the monthly cost of BPA's recallable power contracts, averaged, whichever is
5 less. The average monthly cost which will apply to the contract is, for example,
6 the average August contract prices added to the August PF-96, or NR-96, rate.

7
8 2. BPA will establish a price at PF-96, or NR-96, plus an adjustment charge
9 reflecting the difference between PF-96, or NR-96, and a price index. The price
10 index is based on the Dow Jones Mid-Columbia (DJ Mid-C) and California Power
11 Exchange (CalPX), and to the extent it is available, New York Mercantile
12 Exchange Mid-Columbia (NYMEX Mid-C). If NYMEX Mid-C does not exist,
13 BPA will use a one-half weighting of DJ Mid-C and the CalPX. The TACUL
14 adjustment is applied to the monthly heavy load hour and light load hour energy
15 rates for the applicable month or months as specified in the 1996 rate schedules.
16 The adjustment will not reduce the total price for power below the PF-96 rate, or
17 NR-96, rate.

18
19 BPA will calculate the cost for the TACUL at the time a customer requests power, or requests
20 BPA to price power already purchased, under this schedule. The TACUL will be finalized prior
21 to signing of the final contract, or before initial delivery.