



This Agency financial information is provided for discussion purposes during this pre-rate case process.

Pre-Decisional

WP-07 Power Rate Case Workshop

July 26, 2005

Rate Design



Rate Design

The following products/rates are currently not used by customers or have become no longer viable so BPA is proposing to delete them. This list reflects customer feedback to date.

- Cost-Based Index PF Rate
 - A market-indexed rate, shaped to equal the expected Net Present Value (NPV) revenue of the PF rate.
 - No parties contracted for this product.
- Flexible PF Rate Option
 - Gives customers the option to customize the shape of their payments as long as the expected NPV revenue equals that of the PF rate.
 - Only one party contracted for this product.
- Stepped-Up Multiyear Block
 - Applies to Block purchases if the annual amount increases over multiple years due to increases in net requirements that are not subject to a Targeted Adjustment Clause (TAC)
 - Not applicable for this rate period.
- Rate Melding
 - Combining the customers' rate choices into a single composite set of rates for administrative simplicity.
 - No parties contracted for this product.
- Nonfirm (NF) Rate Schedule
 - This schedule is for the purchase of nonfirm energy.
 - No parties are contracted under this schedule.
- Residential Load (RL) Rate Schedule
 - This schedule is available to investor-owned utilities (IOU) under net requirements contract for resale to the ultimate residential consumers.
 - This schedule is no longer necessary because IOUs will receive financial benefits only instead of physical power.



Rate Design

The methodology of the following products/rates will be updated, but has no proposed changes. This list reflects customer feedback to date.

- **Complex Partial Product**
- **Excess Factoring Charges**
- **Block Product with Excess Factoring**
- **Targeted Adjustment Clause (TAC)**
 - Updates for PF/NR energy rates and inventory will be incorporated
 - Partial year firm surplus will be available to TAC loads
- **Unauthorized Increase Charge (UAI)**
 - Current methods and indices will be continued
- **New Resource (NR) Rate Schedule**
 - Changes to made to the PF rate schedule that are appropriate will also be made to the NR rate schedule, e.g., changes in methodology for pricing load variance or demand



Rate Design

BPA is exploring whether to change the methodology for the following products/definitions. There have been no changes to the list.

- **Demand Charge**
 - This charge recovers the higher cost associated with providing services to peaking load.
 - Currently this charge is priced as an opportunity cost and sends price signals to customers to flatten their loads.
 - PBL is reviewing the methodology for pricing demand charges to reflect to see if the methodology is still appropriate and we'd like customer input on this topic.
- **Load Variance Charge**
 - This charge recovers costs associated with load growth, forecast errors, and economic cycles of load following customers.
 - Currently this charge is priced as an opportunity cost (option pricing).
 - Currently has the cost of shaping energy month-to-month, considering removing that cost from the charge and basing the cost only on the cost of load growth.
 - PBL is looking at changing the methodology for pricing load variance charges to reflect more equitable benefits of the FBS across all rates and products.
- **LLH Definition**
 - Change LLH definitions will be changed to be consistent with WECC definition, (New years, Memorial Day, July 4, Labor Day, Thanksgiving and Christmas), Shaping capacity may need redefinition. Demand charges will apply to some LLH (Holidays and Sundays).