

backgrounder

The fiscal year 2007-2009 rate case process

In early November 2005, BPA officially opened its formal rate setting for fiscal years 2007-2009 wholesale power rates by publishing an initial proposal in the Federal Register.

BPA does not receive appropriations and, by law, must cover all of its costs through the sale of its power and transmission services. "Rates" are set as a way to price these services to recover costs. Essentially, a rate is determined by adding up all the costs anticipated for the coming rate period, then subtracting any credits BPA may receive. To this, a cost must be added to cover potential risk. The sum of that number is divided by BPA's applicable load (the amount of electricity to be delivered) and this equals the rate or "price" of BPA's power.

A rate case is a legal proceeding, and BPA is required to follow a process set out in Section 7(i) of the Northwest Power Act of 1980. This Backgrounder provides information about the process, the schedule and a list of hearings.

Participants/parties

Any group or individual may become a participant in BPA's rate case. A participant provides comments, information and arguments and asks questions either in person at a field hearing or via regular or e-mail during the comment period. There is no need to register as a participant.

Another level of participation is at the "party" level. To be a party, an organization must meet certain criteria. A party generally has legal representation and invests

significantly more time and effort in the process and is responsible for costs required to support this involvement. Parties must file a petition to intervene notifying BPA in writing of their intention. Parties are involved in all phases of the formal hearing. Generally, groups or individuals with limited resources find that the participation level is sufficient. All participant comments submitted during the official proceeding comment period will be included in the record and considered by the administrator in making a final decision.

Record of decision

A record is kept of all proceedings in a rate case, including comment, testimony, exhibits, hearings transcription and other relevant documents. Prior to making a final decision on rates, the administrator reviews this official record and makes a decision on the rates. The record of decision (ROD) includes BPA's evaluation of the parties' submissions and summarizes comments from participants. Publishing the ROD is how a federal agency notifies the public of its decision and the rationale for that decision. All BPA RODs are posted at www.bpa.gov/corporate/pubs/rods/.

FERC filing

Once rates have been decided, BPA submits them to the Federal Energy Regulatory Commission for confirmation and approval. Because that can take time, FERC frequently grants interim approval. FERC's approval is based on whether the proposed rates are sufficient to cover BPA's costs.



Ex parte

Starting with the Federal Register posting on Nov. 7, BPA has entered into an ex parte period. That means that any discussions BPA has about the particulars of the rate case must be fully noticed so that all parties to the rate case can participate if they choose. BPA can answer general questions about what a rate case is, its schedule and other generic information. It cannot, however, discuss or negotiate the terms of the rates except in a noticed public meeting. This keeps all communication on the record and ensures that all parties are made aware of any arguments made regarding proposed rates so that they have an opportunity to review and comment on them.

Schedule

The formal rate case will continue until the final record of decision is released in July 2006. The decision will be sent to the Federal Energy Regulatory Commission by Aug. 1, with interim approval expected in late September. Rates will go into effect on Oct. 1, 2006.

Prior to the final proposal, BPA will conduct six field hearings throughout the region. The public comment period will run through Feb. 13, 2006.

Related Materials

"Highlights of BPA's FY 2007-2009 power rate case" (covers key issues and choices) at www.bpa.gov/corporate/pubs/issue/.

"Risk and rates at the Bonneville Power Administration" (explains the role of risk) at www.bpa.gov/corporate/pubs/background/.

A discussion of liquidity tools proposed by customers and by BPA during an Oct. 13 policy meeting on risk alternatives is available at www.bpa.gov/power/rates/meetings.

For more information

For information on the initial wholesale power rates proposal, call Diane Cherry at (503) 230-5648 or Elizabeth Evans at (503) 230-4284.

Rate Case Field Hearings

Tuesday, Nov. 29, 2005

Springfield City Hall
Council Chambers
225 Fifth Street
Springfield, Ore. 97477
(541) 726-3700

Wednesday, Nov. 30, 2005

West Coast Kalispell Center Hotel
Ballroom A
20 North Main
Kalispell, Mont. 59901
(406) 751-5058

Thursday, Dec. 1, 2005

Red Lion at the Park
303 W. North River Drive
Spokane, Wash. 99201
(509) 328-7361

Monday, Dec. 5, 2005

Red Lion Hotel on the Falls
475 River Parkway
Idaho Falls, Idaho 83402
(208) 528-6332

Tuesday, Dec. 6, 2005

Sheraton, Ballroom
1320 Broadway Plaza
Tacoma, Wash. 98402
(800) 325-3535

Wednesday, Dec. 7, 2005

Doubletree Hotel
Mt. St. Helens Room
1000 N.E. Multnomah St.
Portland, Ore. 97232
(503) 281-6111