

Tiered Rate Methodology  
Supplemental Rate Case

# SUPPLEMENTAL PROPOSAL

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June 2009

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TRM-12S-E-BPA-01



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# **Tiered Rate Methodology**

## **TABLE OF CONTENTS**

|                                                                                 | <b>Page</b> |
|---------------------------------------------------------------------------------|-------------|
| <b>TIERED RATE METHODOLOGY SUPPLEMENTAL PROPOSAL .....</b>                      | <b>1</b>    |
| <b>TIERED RATE METHODOLOGY DEFINITIONS.....</b>                                 | <b>2</b>    |
| <b>1. BACKGROUND AND PURPOSE.....</b>                                           | <b>5</b>    |
| 1.2 SCOPE OF TRM REFERENCES AND DESCRIPTIONS .....                              | 5           |
| <b>4 ELIGIBILITY TO PURCHASE AT TIER 1 RATES.....</b>                           | <b>7</b>    |
| 4.1 CONTRACT HIGH WATER MARK.....                                               | 8           |
| 4.1.1 Step 1: Determine Measured FY 2010 Load .....                             | 8           |
| 4.1.2 Step 2: Determine Existing Resources for CHWMs.....                       | 11          |
| 4.1.3 Step 3: Establish Eligible Load.....                                      | 11          |
| 4.1.4 Step 4: Conservation Adjustment .....                                     | 17          |
| 4.1.5 Step 5: Determine CHWM and Provisional CHWM Amount.....                   | 17          |
| 4.1.6 CHWM for New Publics.....                                                 | 19          |
| 4.1.7 Calculating CHWM for a Joint Operating Entity (JOE).....                  | 19          |
| 4.1.8 Retention of Provisional CHWM Amounts.....                                | 19          |
| 4.1.9 Adjusting CHWMs and CDQs for Removal of Provisional CHWM<br>Amounts ..... | 20          |
| 4.1.10 Billing Adjustments for Reduced CHWMs .....                              | 20          |
| 4.2 RATE PERIOD HIGH WATER MARK .....                                           | 22          |
| 4.2.1 RHWM Calculation .....                                                    | 23          |
| 4.2.2 RHWM Timing and Transparency .....                                        | 23          |
| <b>5 TIER 1 RATE DESIGN .....</b>                                               | <b>24</b>   |
| 5.2 LOAD SHAPING CHARGE.....                                                    | 24          |
| 5.2.1 Load Shaping Billing Determinants.....                                    | 24          |
| 5.2.2 Load Shaping Rates .....                                                  | 25          |
| 5.2.3 Calculating the Load Shaping Charges.....                                 | 26          |
| 5.2.4 Load Shaping Charge True-Up Rate.....                                     | 26          |
| 5.3 DEMAND CHARGE.....                                                          | 30          |
| 5.3.1 Demand Charge Billing Determinant .....                                   | 30          |
| 5.3.2 Customer System Peak .....                                                | 31          |
| 5.3.3 Average Actual Monthly/Diurnal Tier 1 Load in Heavy Load Hours.....       | 31          |
| 5.3.4 Super Peak Credit .....                                                   | 31          |

|                                                         |                                                                           |           |
|---------------------------------------------------------|---------------------------------------------------------------------------|-----------|
| 5.3.5                                                   | Contract Demand Quantity .....                                            | 31        |
| <b>8</b>                                                | <b>RESOURCE SUPPORT SERVICES AND RESOURCE SHAPING CHARGE .....</b>        | <b>34</b> |
| 8.5                                                     | RESOURCE SHAPING CHARGE .....                                             | 34        |
| <b>12</b>                                               | <b>CRITERIA AND CONDITIONS FOR REVISING THE TRM .....</b>                 | <b>36</b> |
| 12.5                                                    | ACTIONS NOT CONSIDERED TO BE A REVISION TO THE TRM .....                  | 36        |
| <b>13</b>                                               | <b>PROCESS FOR TRM REVISIONS .....</b>                                    | <b>38</b> |
| 13.10                                                   | DIPUTE RESOLUTION PROCESS FOR CERTAIN CHWM AND RHW<br>DETERMINATION ..... | 38        |
| <b>ATTACHMENT C: EXSITING RESOURCES FOR CHWMs .....</b> |                                                                           | <b>42</b> |

1                   **TIERED RATE METHODOLOGY SUPPLEMENTAL PROPOSAL**

2   The following Tiered Rate Methodology (TRM) Supplemental Proposal includes redline  
3   sections of the final TRM, TRM-12-A-02, issued on November 10, 2008. These redline  
4   sections incorporate changes proposed during the TRM Clean Up process in the *Final list*  
5   *of clean up items to be proposed in a future 7(i) process*, issued on January 30, 2009.

6   Only those sections with proposed changes are included in this document. All other  
7   sections of the final TRM remain unchanged.

8  
9   At the conclusion of this expedited 7(i) Process, BPA will issue a final record of decision.

10   At that time BPA also will issue a new version of the TRM that incorporates all changes  
11   adopted in this proceeding.

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## TIERED RATE METHODOLOGY DEFINITIONS

**Actual Annual Tier 1 Load** means the sum of a customer's electric loads (measured in kilowatthours) that were served at Tier 1 Rates ~~Actual Tier 1 Loads~~ for all of the Monthly/Diurnal periods during the relevant Fiscal Year.

**Actual Monthly/Diurnal Tier 1 Load** means the amount of a customer's electric load (measured in kilowatthours) that was served at Tier 1 Rates during the relevant Monthly/Diurnal period.

**Adjusted FY 20 Load** means the Existing Customer's Measured FY 20 Load for a specific Fiscal Year as adjusted for accumulated credited conservation achieved through each such Fiscal Year, determined using the techniques specified in section 4.1.4 for each applicable Fiscal Year. (Note: Section 4.1.4 is drafted to apply the techniques to FY 2010.)

**Balancing Power Purchases** means power purchases or resource acquisitions forecast by BPA in a 7(i) Process to be made by BPA during a Rate Period for periods within a year during which the Tier 1 System Capability is insufficient to meet BPA's Forecast Monthly/Diurnal Tier 1 Loads for that period.

**Eligible Load** means the Existing Customer's Measured FY 2010 Load that is used by BPA in the determination of each Existing Customer's CHWM, modified as specified in section 4.1.3.

**Forecast Annual Tier 1 Load** means the sum of a customer's electric loads (measured in kilowatthours) that BPA forecasts in each 7(i) Process to be served at Tier 1 Rates for all of the Monthly/Diurnal periods of a Fiscal Year. ~~means BPA's forecast of each customer's Actual Annual Tier 1 Load that BPA calculates in each 7(i) Process.~~

1 **Forecast Monthly/Diurnal Tier 1 Load** means the amount of a customer's electric load  
2 (measured in kilowatthours) that BPA forecasts in each 7(i) Process to be served at Tier 1  
3 Rates during the relevant Monthly/Diurnal period.

4 **Load Shaping Billing Determinant** is the difference between a customer's System  
5 Shaped Load and its Actual Monthly/Diurnal Tier 1 Load for each Monthly/Diurnal  
6 period.

7 **Measured FY 2010 \_\_ Load** means the Existing Customer's measured load for a specific  
8 Fiscal Year (i.e. FY 2007, FY 2008, FY 2010, FY 2013) as determined and adjusted  
9 using the techniques specified in is calculated in accordance with section 4.1.1.

10 **Net Requirement** means the amount of federal power that a customer is entitled to  
11 purchase from BPA to serve its Total Retail Load minus amounts of its Dedicated  
12 Resources shown in Exhibit A, as determined consistent with section 5(b)(1) of the  
13 Northwest Power Act.

14 **Provisional CHWM Amount** means an additional CHWM amount that is granted on a  
15 provisional basis based on the amount of Provisional Load included in a customer's  
16 Eligible Load, as determined as specified in section 4.1.5.

17 **Provisional Load** means load amount(s) in excess of a customer's Measured FY 2010  
18 Load, as determined as specified in section 4.1.3.1.

19 **RP Augmentation** means the 7(i) Process forecast of the amount of power BPA needs on  
20 an annual basis to purchase for each Rate Period to meet all customers' Forecast Annual  
21 Tier 1 Load.

22 **TOCA Load** means the amount of energy BPA uses to calculate a customer's TOCA.  
23 TOCA Load equals either the Forecast Annual Tier 1 Load or an amount adjusted  
24 pursuant to section 5.1.1.

1 **Total Retail Load (TRL)** means all retail electric power consumption, including electric  
2 system losses, within a customer's electrical system, excluding:

- 3 • those loads BPA and the customer have agreed are nonfirm or interruptible loads
- 4 • transfer loads of other utilities served by such customer
- 5 • any loads not on such customer's electrical system or not within such customer's  
6 service territory, unless specifically agreed to by BPA

7 As used in the TRM, except as used in section 4.1 in the calculation of measured loads,

8 TRL is ~~always~~ BPA's forecast of the customer's TRL.

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# 1 BACKGROUND AND PURPOSE

## 1.2 Scope of TRM References and Descriptions

In general, the provisions of the TRM are limited to the design and implementation of the PF tiered rates. This is not universally the case, however. Throughout the TRM, there are references to BPA's power costs in aggregate, or to elements of BPA's power costs that are not recovered solely through the PF Preference rates. The TRM states that all costs BPA functionalizes to power will be included in the Revenue Requirement Table. See section 2.2. Each line item on the Revenue Requirement Table will be allocated to matching line items on Allocated Cost Tables established for each rate pool. The Cost Pools on the Allocated Cost Table for the PF Preference rate pool will establish the treatment of costs to be recovered through either the various Tier 1 Rates or the various Tier 2 Rates. ~~The Cost Pools on the Allocated Tiered Cost Table, Table 2, into which all line items on the Revenue Requirement Table are divided (allocated), address treatment of costs to be recovered through either Tier 1 Rates or Tier 2 Rates.~~ These Cost Pools on the Allocated Tiered Cost Table do not address BPA power costs on the Revenue Requirement Table that are to be recovered through (allocated to) other rates, such as the New Resources Firm Power (NR) rate or the Industrial Firm Power (IP) rate.

To the extent the TRM makes reference to costs that reach beyond those to be recovered through tiered PF rates, this is not intended to imply that Publics purchasing requirements power from BPA at tiered rates will be responsible for these costs. Rather, these statements should be understood in the context of the sequential process through which BPA will first determine its power costs, and the portions of BPA's power costs to be allocated to the applicable customer rate classes, all in accordance with the rate directives of section 7 of the Northwest Power Act, and then apply the provisions of the TRM to tier the portions of its total power costs to be recovered through the PF Preference rates.

1 Except as described above and in section 10.5, the TRM does not address issues relating  
2 to other BPA rates.

#### 4 ELIGIBILITY TO PURCHASE AT TIER 1 RATES

This section describes the functions of and processes for developing High Water Marks (HWMs), expressed in annual average megawatts. It also describes the Transition Period. If a Public selects BPA to supply any portion of its Above-RHWM Load, then the Public will commit to purchase such power at a Tier 2 Rate(s), pursuant to its CHWM Contract.

BPA will calculate a Transition Period High Water Mark (THWM), Contract High Water Mark (CHWM), and Rate Period High Water Mark (RHWM) for each Public, as described in detail in later subsections. A brief overview of the timing and purpose of these HWMs follows:

- 1) The **THWM** is calculated by BPA in FY 2009 and will be used to establish a Public's Above-RHWM Load for all or part of the Transition Period, depending on the customer's product choice.
- 2) The **CHWM** is calculated by BPA in FY 2011 and sets each Public's initial eligibility to purchase at Tier 1 Rates. For a customer that elects to receive a CHWM including a Provisional CHWM Amount, its CHWM is subject to final adjustment and confirmation in FY 2014 pursuant to section 4.1.8. The CHWM determination process also defines the Augmentation Limit.
- 3) The **RHWM** is set by BPA in the RHWM Process prior to each 7(i) Process and defines a Public's maximum eligibility to purchase at Tier 1 Rates for that Rate Period, limited by the customer's ~~Annual~~ Net Requirement (net of its NLSLs included in the Net Requirement) as determined pursuant to BPA's 5(b)9(c) Policy and the customer's CHWM contract~~for Slice and Block customers and Actual Net Requirement for Load Following customers.~~

## **4.1 Contract High Water Mark**

No edits proposed to this section.

### **4.1.1 Step 1: Determine Measured FY 2010 Load**

No edits proposed to this section.

#### **4.1.1.1 Adjust Measured FY 2010 Load for Faulty Meters and New Large Single Loads**

When meter readings are not available due to meter hardware failure or when data is determined to be invalid due to meter malfunction or calibration/configuration error, BPA will estimate the erroneous readings in accordance with BPA's Metering Services' Editing and Estimating Procedures or its successor. Customers will be required to follow equivalent procedures in cases where meters are not directly available to BPA.

New Large Single Loads (NLSLs) are excluded from the Measured FY 2010 Load. If, after CHWMs are calculated, a load included in a customer's Measured FY 2010 Load is determined to have been an NLSL in FY 2010, then the customer's CHWM will be reduced by the NLSL amount.

#### **4.1.1.2 Adjust Measured FY 2010 Load for Unauthorized or Anomalous IncreasesAnomalies**

BPA reserves the right to reduce a customer's Measured FY 2010 Load to account for a customer's actions or inactions, including both intentional and unintentional acts and omissions, that increase its FY 2010 loads through practices that are outside of accepted, prudent utility standards and practices or actions that are undertaken for the purpose of establishing a larger CHWM than the customer would otherwise have. Such adjustments

1 could result from a customer or third party request or may be initiated by BPA  
2 independently.

#### 3 4 **4.1.1.3 Adjust Measured FY 2010 Load for Atypical Weather (Weather** 5 **Normalization)**

6 Following any adjustments pursuant to sections 4.1.1, ~~and~~ 4.1.1.1, and 4.1.1.2, BPA will  
7 adjust the Measured FY 2010 Load for the cumulative effect on load of atypical weather.  
8 Different normalization methods will be used for non-irrigation loads, such as residential  
9 loads, and for irrigation loads. If the utility has both types of loads, BPA will separate  
10 each customer's Measured FY 2010 Load into non-irrigation load and irrigation load,  
11 weather normalize these loads separately, and then recombine them.

12  
13 Two BPA datasets—FY 2010 customer load data, aggregated to a monthly level, and the  
14 customer's historical monthly load data for FY 2005-2009—will be used to weather  
15 normalize the FY 2010 load. Customers will be required to provide this historical load  
16 data in cases where BPA metering data is not available.

17  
18 For non-irrigation load, BPA will use temperature data obtained from the National  
19 Oceanic and Atmospheric Administration (NOAA) weather station nearest to a utility's  
20 POD(s) to weather normalize the non-irrigation load data for each utility. The  
21 differences between average daily historical and average daily actual temperatures are  
22 used to determine cumulative levels of above- and below-average temperatures,  
23 measured in Heating Degree Days (HDDs) or Cooling Degree Days (CDDs). The HDDs  
24 and CDDs will be multiplied by weather coefficient values to result in an electric load  
25 adjustment value (in average megawatts) associated with the non-average temperature  
26 conditions. Finally, the non-irrigation portion of the ~~anomaly~~-adjusted Measured FY

1 2010 Load and the HDD and CDD adjustment values will be combined to obtain the  
2 weather-normalized load.

3  
4 For irrigation load, BPA will use an adjusted historical load average to weather normalize  
5 the irrigation loads for each utility submitting irrigation load data. BPA will calculate a  
6 five-year historical load average of each customer's irrigation load for years FY 2006  
7 through FY 2010. BPA will adjust the historical load average by the average annual  
8 growth rate, calculated from the difference between the highest recorded annual irrigation  
9 loads in Calendar Year (CY) 2000-2002 and the highest recorded in CY 2008-2010. In  
10 any event, this average annual growth rate cannot be negative. If this average annual  
11 growth rate is unusually high in comparison to the others being adjusted, BPA will  
12 conduct further verification with the customers and either confirm or adjust the growth  
13 rate. Finally, BPA will adjust the customer's actual FY 2010 irrigation load to meet the  
14 growth rate-adjusted historical load average.

15  
16 To allow BPA to determine the historical average irrigation load, customers will be  
17 required to submit monthly irrigation load data based on meter reads for FY 2006 through  
18 FY 2010. For FY 2008, customers must submit their monthly data by January 15, 2009.  
19 Thereafter, customers must provide their data for each year by the following January 15.  
20 For years prior to 2008, BPA will assess the irrigation data it currently has and request  
21 further data from the customer on a case-by-case basis.

22  
23 To allow BPA to determine the growth-rate adjustment factor, customers will be required  
24 to submit monthly irrigation load data based on meter reads for CY 2000 through CY  
25 2010. For CY 2008, the customers must submit the data by January 15, 2009, and  
26 thereafter provide the annual report by January 15 of each year. For years prior to 2008,

1 BPA will assess the irrigation data it currently has and request further data from  
2 customers on a case-by-case basis.

3  
4 In 2011, but prior to completing the weather normalization calculation for irrigation loads  
5 and non-irrigation loads, BPA will determine whether a different weather normalization  
6 technique should be applied in the normalization of irrigation loads.

#### 7 8 **4.1.2 Step 2: Determine Existing Resources for CHWMs**

9 No edits proposed to this section.

#### 10 11 **4.1.3 Step 3: Establish Eligible Load**

12 Each customer will choose one of three alternatives as the basis for the calculation of its  
13 Eligible Load: Measured FY 2010 Load without Provisional Load; Measured FY 2010  
14 Load including Provisional Load based on specific consumer load reduction pursuant to  
15 section 4.1.3.1.1; or Measured FY 2010 Load including Provisional Load based on  
16 general system load reduction pursuant to section 4.1.3.1.2. If a customer does not  
17 specify its choice, BPA will use Measured FY 2010 Load without Provisional Load.

#### 18 19 **4.1.3.1 Establish Provisional Load**

20 Each customer may select one of two options to increase to its Eligible Load.  
21 Adjustment Path 1 (section 4.1.3.1.1), provides a customer an option to increase its  
22 Eligible Load with Provisional Load to account for the loss of a specific consumer  
23 load(s). Adjustment Path 2 (section 4.1.3.1.2), provides a customer an option to increase  
24 its Eligible Load with Provisional Load to account for general system load loss. A  
25 customer that chooses an adjustment for a provisional increase in its Eligible Load shall  
26 notify BPA by no later than 30 days after BPA publishes relevant data regarding

1 provisional load adjustments, whether its Provisional Load amount shall be calculated  
2 using Adjustment Path 1 or Adjustment Path 2. A BPA decision to exercise, or not to  
3 exercise, judgment, where such judgment is granted to it under section 4.1.3 and its  
4 subsections, is not subject to any form of dispute resolution under the TRM or the  
5 Regional Dialogue Contract.

#### 6 7 **4.1.3.1.1 Adjustment Path 1: Specific Consumer Load Reduction**

8 A customer seeking Provisional Load under this Adjustment Path 1 shall provide BPA  
9 with all necessary data as soon as possible after FY 2010, but no later than January 31,  
10 2011. If BPA does not receive all necessary data by January 31, 2011, the customer is  
11 foreclosed from seeking Provisional Load under Adjustment Path 1.

12  
13 To determine a customer's Provisional Load under Adjustment Path 1, BPA will  
14 determine an amount in excess of adjust the Measured FY 2010 Load for load anomalies,  
15 if appropriate, by applying the criteria listed below. This step does not include correcting  
16 All load data considered under Adjustment Path 1 may be adjusted for meter errors;  
17 which is part of the load data gathering step described in section 4.1.1; nor does it include  
18 adjusting for and the effect of atypical weather, which occurs as described in section  
19 4.1.1.2, using the techniques specified in sections 4.1.1.1 and 4.1.1.3.

20  
21 BPA will apply the following threshold criteria to determine whether ~~an event qualifies~~  
22 as a load anomaly a load adjustment qualifies under this path and the magnitude of the  
23 adjustment:

- 24 1) The ~~effect of the event~~ must have a material effect on Measured FY 2010 Load  
25 ~~must be material.~~

1 a) To qualify as material when the event ~~must be~~ is a single discrete event that  
2 affects more than a single consumer load, the discrete event must have that  
3 occurred in FY 2009 or FY 2010 and that affects Measured FY 2010 Load the  
4 single discrete event must have resulted in the smaller of a 10 aMW or 10  
5 percent decrease in the customer's Measured FY 2010 Load. It is recognized  
6 that the load loss associated with a single discrete event, such as a levee  
7 failure, could consist of the loss of many consumer loads; in such event, all  
8 loads affected by the single discrete event will be combined, however, BPA  
9 will not consider requests for load data-adjustments that combine the effects;  
10 negative or positive, of multiple events or non-discrete events, such as  
11 economic conditions, to attain materiality. For example, the consumer load  
12 loss associated with a gas explosion at a mill cannot be combined with the  
13 consumer load loss resulting from an unrelated shopping center fire that  
14 occurred months later in order to reach the materiality threshold. However, it  
15 is recognized that the load loss associated with a single event, such as a levee  
16 failure, could consist of many small loads. Indirect loss of load resulting from  
17 the discrete event, such as load reduction at a supplier to a mill closed due to  
18 an explosion, will not be considered a result of the discrete event.

19 b) To otherwise qualify as material, the event must have caused a change  
20 decrease in a single consumer's load (or interrelated load under common  
21 ownership) data that, had the event not occurred, would result  
22 ed in the smaller of a 5-10 aMW or 10 percent increase or decrease in the customer's CHWM  
23 Measured FY 2010 Load. BPA will not combine multiple consumers to attain  
24 materiality, but all single consumers meeting the threshold will be combined  
25 to calculate the customer's total load reduction.

- 2) ~~The load affected must be a verifiable load for which three previous years of load data is available.~~ If BPA determines that an adjustment to the Measured FY 2010 Load for a customer's historical load amount is appropriate under 1a) or 1b), then the ~~adjusted load~~ amount of such adjustment will generally not exceed the average of the consumer's load(s) upon which the adjustment was based over the previous three years, less the amount of such consumer's load(s) included in Measured FY 2010 Load. BPA may use its judgment to grant a further upward adjustment to a customer's Measured FY 2010 Load for an adjustment under 1a) or 1b) as long as the load determined by such BPA discretionary adjustment does not exceed the highest continuous twelve-month average during FY 2007, 2008 or 2009 for the load (or loads) on which the adjustment is based. Load that does not occur even though it was expected to occur in FY 2010 will not qualify as a reason to adjust Measured FY 2010 Load. Accordingly, ~~for purposes of determining CHWMs, mMeasured FY 2010 Load amounts~~ will not be adjusted to account for a customer's yet-to-be-realized Contracted for/Committed to (CF/CT) loads as defined by section 3(13)(A) of the Northwest Power Act. Requests for Provisional Load adjustments to compensate for lost load that ~~was is~~ not captured in Measured FY 2010 Load will be considered ~~only if unless~~ there is substantial evidence that the lost load will not return during the duration of the CHWM Contract in FY 2011 and is reasonably projected to exist for the duration of the CHWM Contract.
- 3) BPA will not adjust Measured FY 2010 Load under this section 4.1.3.1 as an anomaly to reflect a full year's load in the case of a new consumer load that first comes on line during FY 2010. For such consumers, only the load measured in FY 2010 will be included in Measured FY 2010 Load.

1 ~~4) The anomaly must not have been caused by an action or inaction of the customer.~~

2 ~~This requirement includes intentional and unintentional acts and omissions.~~

3  
4 It will be possible for a customer to qualify for multiple adjustments under this  
5 Adjustment Path 1, including distinct adjustments under both 1a) and 1b). For each  
6 customer that elects Adjustment Path 1 pursuant to this section 4.1.3.1, its Provisional  
7 Load will be the total amount of adjustments to its Measured FY 2010 Load determined  
8 pursuant to this section 4.1.3.1.

9  
10 **4.1.3.1.2 Adjustment Path 2: General System Load Reduction**

11 To determine a customer's Provisional Load under this Adjustment Path 2, BPA will  
12 determine the amount by which the simple arithmetic average of the customer's Adjusted  
13 FY 2007 Load and Adjusted FY 2008 Load exceeds the customer's Adjusted FY 2010  
14 Load. To calculate Adjusted FY 2007 Load and Adjusted FY 2008 Load for the  
15 remaining customers identified in the second paragraph of section 4.1.1, each such  
16 customer will provide all necessary load data to BPA by March 31, 2010 or such  
17 customer will be foreclosed from seeking Provisional Load under Adjustment Path 2.  
18 BPA shall publish each customer's Adjusted FY 2007 Load, Adjusted FY 2008 Load,  
19 and the simple arithmetic average of such Adjusted FY Loads by September 30, 2010.  
20 BPA shall publish Adjusted FY 2010 Load and each customer's available Provisional  
21 Load under this Adjustment Path 2 in FY 2011 as soon as it is available.

22  
23 **4.1.3.2 Step 3: Calculation of Scaled Eligible Load**

24 BPA will determine each customer's Eligible Load by subtracting the customer's  
25 Existing Resources for CHWM from its adjusted Measured FY 2010 Load. If a customer  
26 has elected to include Provisional Load established pursuant to section 4.1.3.1.1 or

1 4.1.3.1.2, such Provisional Load shall be added to and included in the customer's Eligible  
2 Load. ~~Each customer's Eligible Load will then be scaled to Tier 1 System Firm Critical~~  
3 ~~Output supplemented by the Augmentation Limit, as described in the following~~  
4 ~~subsections.~~

5  
6 **4.1.3.3 Determine Augmentation Limit**

7 BPA will compare the sum of Eligible Load for all Existing Customers PF-purchasers to  
8 the Tier 1 System Firm Critical Output for FY 2012-2013 as forecast in FY 2011 (see  
9 section 3.1). If the aggregate Eligible Load is greater than the Tier 1 System Firm  
10 Critical Output, BPA will augment the Tier 1 System pursuant to section 3.2.1.

11  
12 This augmentation amount established in the CHWM Process will be the Augmentation  
13 Limit.

14  
15 **4.1.3.4 Determination of Scaled Eligible Loads**

16 In the following manner, BPA will proportionally scale each customer's Eligible Load  
17 such that the sum of all Eligible Loads is equal to the average of the Tier 1 System Firm  
18 Critical Output plus Augmentation for Initial CHWM determined pursuant to section  
19 4.1.3.3, in the previous step for FY 2012-2013. BPA will multiply each customer's  
20 Eligible Load by the ratio of 1) the average of the Tier 1 Firm Critical Output plus  
21 Augmentation for Initial CHWM determined ~~in the previous step~~pursuant to section  
22 4.1.3.3 to 2) the sum of all Eligible Loads. The result is to scale each customer's Eligible  
23 Load by the same percentage to arrive at each customer's Scaled Eligible Load.

1 **4.1.4 Step 4: Conservation Adjustment**

2 ~~The final step in determining CHWMs is to~~ BPA will adjust each Scaled Eligible Load  
3 for conservation. For BPA to credit conservation toward the Conservation Adjustment,  
4 the conservation must be cost-effective, verified, and achieved from FY 2007 through  
5 FY 2010. The conservation also must have reduced the customer's load in FY 2010  
6 below what that load would have been without such conservation. For calculation  
7 purposes, each utility's Scaled Eligible Load will be credited 100 percent (1 aMW for  
8 each 1 aMW) of customer self-funded conservation achieved and 75 percent (0.75 aMW  
9 for each 1 aMW) of BPA-funded conservation achieved (e.g., through the Conservation  
10 Rate Credit or bilateral contracts).

11  
12 Attachment D describes the implementation of the Conservation Adjustment.

13  
14 **4.1.5 Step 5: Determine CHWM and Provisional CHWM Amount**

15 BPA ~~then~~ will multiply each customer's Scaled Eligible Load, adjusted for conservation  
16 pursuant to section 4.1.4, by the ratio of 1) the sum of all Scaled Eligible Loads to 2) the  
17 sum of all Scaled Eligible Loads adjusted for conservation. The result is each customer's  
18 CHWM. This adjustment redistributes the Scaled Eligible Load amounts among  
19 customers and does not change the total Scaled Eligible Load amount calculated in  
20 section 4.1.3.4-4.1.3.2.

21  
22 If a customer has elected to include Provisional Load in its Eligible Load, a Provisional  
23 CHWM Amount will be calculated by multiplying its CHWM by the ratio of 1) its  
24 Provisional Load to 2) its Eligible Load.

1 **4.1.5.1 Publishing and Finalizing CHWMs and Provisional CHWM Amounts**

2 After calculating each customer's CHWM and any Provisional CHWM Amount, BPA  
3 will conduct a public process consistent with section 13.10. BPA will publish the results  
4 of the CHWM and Provisional CHWM Amount calculations on its website. A two-week  
5 public comment period will follow publication of these CHWMs and Provisional CHWM  
6 Amounts, providing customers an opportunity to reasonably request information  
7 regarding inputs and calculations from BPA and to comment on the individual CHWMs  
8 and Provisional CHWM Amounts and adjustments BPA made to account for weather  
9 normalization, data, unauthorized or anomalous increases or ~~load anomalies~~ Provisional  
10 Load, and the Conservation Adjustment. Prior to the close of the comment period, BPA  
11 will hold a publicly noticed meeting to gather further input. Following the close of the  
12 comment period, BPA will work with customers to resolve any issues raised by the  
13 comments. Within two weeks following the close of the comment period, BPA will  
14 republish the CHWMs and Provisional CHWM Amounts, which will reflect any updates  
15 or changes. Any republished CHWM that is not disputed pursuant to section 13.10 will  
16 be considered final after the tenth calendar day following the republication and will be  
17 incorporated into the customer's CHWM Contract. Any Provisional CHWM Amount  
18 will be identified in the customer's CHWM Contract and each such customer's CHWM  
19 will be subject to reduction if Provisional CHWM Amount retention conditions, specified  
20 in section 4.1.8, are not achieved.

21  
22 If the dispute resolution process set out in section 13.10 is invoked, upon receipt of the  
23 decision of the neutral on all disputed matters, the Administrator will decide whether or  
24 not to adopt the decision of the neutral on each disputed matter. The Administrator's  
25 decisions with regard to all disputed matters will constitute the final adjustments to the

1 disputed individual CHWMs. The finalized CHWM so determined for each customer  
2 will be incorporated into each customer's CHWM Contract.

#### 3 **4.1.6 CHWM for New Publics**

4 No edits proposed to this section.

#### 6 **4.1.7 Calculating CHWM for a Joint Operating Entity (JOE)**

7 No edits proposed to this section.

#### 9 **4.1.8 Retention of Provisional CHWM Amounts**

10 In FY 2014, BPA will determine, for each customer that has a Provisional CHWM  
11 Amount, what part of such customer's Provisional CHWM Amount is retained in its  
12 CHWM effective as of October 1, 2013.

13  
14 Each specific load adjustment included in Provisional Load granted under Adjustment  
15 Path 1 will be compared to each such specific load(s) during FY 2011-2013. The  
16 adjustment amount included in retained Provisional Load will be the amount established  
17 for each specific load in the Measured FY 2010 Load subtracted from the smaller of  
18 1) the amount of each specific load amount included in Provisional Load or 2) the largest  
19 consecutive 12-month average measured amount for each specific load during FY 2011-  
20 2013. Subject to BPA's judgment, BPA may further reduce the retained Provisional  
21 Load amount for such loads if BPA has a substantial basis to conclude that such load(s)  
22 will not operate at the same load level after FY 2013.

23  
24 The amount of the Provisional Load granted under Adjustment Path 2 that is retained  
25 Provisional Load will be the smaller of 1) the Provisional Load or 2) the customer's  
26 Adjusted FY 2013 Load minus the customer's Adjusted FY 2010 Load.

1 The retained Provisional CHWM Amount that becomes a permanent part of the  
2 customer's CHWM will be the customer's retained Provisional Load multiplied by the  
3 ratio of 1) the customer's CHWM (including the Provisional CHWM Amount)  
4 determined pursuant to section 4.1.5, to 2) the customer's Eligible Load. The amount by  
5 which the customer's Provisional CHWM Amount exceeds its retained Provisional  
6 CHWM Amount will be subtracted from its CHWM to calculate the customer's CHWM  
7 effective as of October 1, 2013.

#### 9 **4.1.9 Adjusting CHWMs and CDQs for Removal of Provisional CHWM Amounts**

10 In FY 2014, the CHWM Contracts for customers whose CHWM is reduced pursuant to  
11 section 4.1.8 will be amended to reflect the customer's reduced CHWM. At the same  
12 time, BPA will also adjust the CDQs in the customer's CHWM Contract by multiplying  
13 such CDQs by the ratio of 1) the CHWM after reduction pursuant to section 4.1.8 to  
14 2) the customer's CHWM prior to reduction pursuant to section 4.1.8 minus its  
15 Provisional CHWM Amount. In addition, BPA will recalculate the customer's RHWL,  
16 TOCA, and System Shaped Load pursuant to section 5.2.1.

17  
18 Before finalizing the changes in CHWM, CDQs, RHWL, TOCA, and System Shaped  
19 Load, BPA will conduct a public process comparable to that specified in section 4.1.5.1.  
20 Within two weeks following the close of the comment period, BPA will republish the  
21 CHWMs, CDQs, RHWL, TOCA, and System Shaped Load, which will reflect any  
22 updates or changes.

#### 24 **4.1.10 Billing Adjustments for Reduced CHWMs**

25 If a customer's CHWM was adjusted pursuant to section 4.1.8, then its FY 2014 and  
26 2015 monthly bills will be based on the CHWM and the CDQs established pursuant to

1 section 4.1.9. CHWM and CDQ changes resulting from removal of Provisional CHWM  
2 Amounts will require adjustments to amounts previously billed in those years.

3 1) Each such affected customer will be charged applicable Load Shaping Rates for  
4 the reduced CHWM amount retroactively to October 1, 2013. This billing  
5 adjustment accounts for the amount it was billed by BPA at Tier 1 Rates that, due  
6 to the reduction to its CHWM pursuant to section 4.1.9, should not have been  
7 purchased at Tier 1 Rates. In the billing adjustment process, the customer will be  
8 credited for amount it paid for the reduced CHWM amount at Tier 1 Rates other  
9 than the Demand Rate. Any billing adjustment for a customer purchasing the  
10 Slice/Block Product or Block Product will be applied to its Block Product  
11 purchase.

12 2a) If, pursuant to section 9 of its CHWM Contract, such customer has elected to  
13 provide for all, or the variable portion, of its Above-RHWM Load with Tier 2  
14 service from BPA, it will continue to be billed for any reduction to its CHWM  
15 determined pursuant to section 4.1.9 at applicable Load Shaping Rates in for the  
16 remainder of FY 2014 and all of FY 2015.

17 2b) If, pursuant to section 9 of its CHWM Contract, the customer has elected to  
18 provide for all, or the variable portion, of its Above-RHWM Load with Non-  
19 Federal Resources, it will continue to receive service from BPA for the amount its  
20 CHWM was reduced pursuant to section 4.1.9 for the remainder of FY 2014 at  
21 applicable Load Shaping Rates. For FY 2015, such customer must serve its  
22 CHWM reduction with Non-Federal Resources.

23 3) Each customer subject to the Demand Charge between October 1, 2011, and the  
24 date any adjustment to the customer's CDQ pursuant to section 4.1.9 takes effect  
25 for billing purposes, will be entitled to a credit equal to the product of each  
26 monthly Demand Rate applicable during such period and the difference between

1) the CDQ for such month and 2) the CDQ for such month as adjusted pursuant to section 4.1.9. The credit will be calculated commencing on the first-day of the earliest consecutive 12-month period that would have resulted in retention of the Provisional CHWM Amounts that are retained under section 4.1.8. At BPA's election, the credit may be paid either 1) as a lump sum, or 2) equally over a period of months not greater than the Demand Charge billing adjustment period.

4) BPA will notify each customer of any billing adjustment resulting from application of paragraph 1) including the amount owed and the calculations supporting such amount. If the customer's total amount owed to BPA above exceeds 30 percent of its most recent monthly bill, the customer may request that BPA extend the billing adjustment to more than one month.

5) Any reductions to CHWMs pursuant to section 4.1.9 will not change any other customer's RHW for FY 2014 and FY 2015. Any reductions to CHWMs pursuant to section 4.1.9 will not change the amount of RHW Augmentation power delivered to purchasers under the Slice Product during the FY 2014-2015 Rate Period or the quantity of RHW Augmentation included in the Composite Rate and subject to the Slice True-Up Adjustment for the FY 2014-2015 Rate Period.

#### **4.2 Rate Period High Water Mark**

The RHW sets the maximum planned amount of power that a customer may purchase each year of the Rate Period under Tier 1 Rates, subject to its ~~Annual~~ Net Requirement (net of its NLSLs included in the Net Requirement) as determined pursuant to BPA's 5(b)9(c) Policy and the customer's CHWM contract. BPA will calculate a RHW for each customer with a CHWM Contract in the RHW Process prior to each 7(i) Process,

beginning with the WP-14 7(i) Process. A customer's RHWI will be the same for each year of the Rate Period.

#### **4.2.1 RHWI Calculation**

No edits proposed to this section.

#### **4.2.2 RHWI Timing and Transparency**

The RHWI is an input to the 7(i) Process and will be developed by BPA through the separate RHWI Process prior to each 7(i) Process.

Consistent with section 13.10, BPA will publish the RHWI for each customer on its website, along with the determination of the RHWI Tier 1 System Capability, including the Tier 1 System Firm Critical Output study, for the upcoming Rate Period. A public comment period, at least ten business days in length, and a publicly noticed meeting will follow publication of the RHWIs, during which BPA will respond to reasonable information requests. BPA will then work with customers to resolve any issues raised by the comments. Following the close of comment, BPA will republish the RHWIs, reflecting any updates or changes. The republished RHWIs may be revised pursuant to sections 4.1.9 and 13.10.

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## 5 TIER 1 RATE DESIGN

### 5.2 Load Shaping Charge

The Load Shaping Charge is designed to recover costs associated with shaping the Tier 1 System Capability to the Monthly/Diurnal shape of a customer's Actual Monthly/Diurnal Tier 1 Load. BPA will apply this charge to purchases of Block and Load Following products. BPA will not apply the Load Shaping Charge to purchases of the Slice portion of the Slice/Block product. In the 7(i) Process for each Rate Period, BPA will forecast revenues from the Load Shaping Charge for inclusion as a credit to the Non-Slice Cost Pool.

#### 5.2.1 Load Shaping Billing Determinants

##### 5.2.1.1 7(i) Process Calculation

In the 7(i) Process for each Rate Period, BPA's first step in calculating the Load Shaping Billing Determinants will be to distribute the RHWMTier 1 System Capability determined in the RHWMTier 1 Process to each Heavy Load Hour (HLH) and Light Load Hour (LLH) period in each month of each Fiscal Year of the Rate Period (yielding 24 Monthly/Diurnal energy values for each Fiscal Year). Once established, these 24 Monthly/Diurnal values for each Fiscal Year will not be modified for the duration of the Rate Period.

For the second step, BPA will multiply each customer's annual TOCA by the 24 Monthly/Diurnal values from the first step to calculate each customer's System Shaped Load. The System Shaped Load represents the amount of energy the customer would receive in each Monthly/Diurnal period if its TOCA Load was in the shape of the RHWMTier 1 System Capability. Each customer's System Shaped Load will be calculated as follows:

1            $SystemShapedLoad_i = RT1SC_i \times TOCA$

2           where:

3           *i* = equals a single Monthly/Diurnal period of the Fiscal Year

4            $SystemShapedLoad$  = a customer's Forecast Annual Tier 1 Load

5           distributed to the 24 Monthly/Diurnal periods in the shape of the

6           RHWMTier 1 System Capability for each Fiscal Year of the Rate

7           Period

8            $RT1SC$  = RHWMTier 1 System Capability for each of the 24

9           Monthly/Diurnal periods for each Fiscal Year of the Rate Period,

10          expressed in kilowatthours, as determined in the RHWMTier 1 Process

11           $TOCA$  = a customer's  $TOCA$ , or Non-Slice  $TOCA$  for Slice/Block product

12          purchasers, for each Fiscal Year

13          The Load Shaping Billing Determinants for a JOE will be the aggregate loads of the

14          JOE's member utilities and the aggregated System Shaped Load of these utilities rather

15          than calculating Billing Determinants on an individual utility basis.

16  
17          **5.2.1.2 Calculation of Billing Determinants**

18          In the third step, BPA will calculate the Monthly/Diurnal Load Shaping Billing

19          Determinants by subtracting each customer's System Shaped Load from its Actual

20          Monthly/Diurnal Tier 1 Load for each Monthly/Diurnal period.

21  
22          **5.2.2 Load Shaping Rates**

23          No edits proposed to this section.

### 5.2.3 Calculating the Load Shaping Charges

BPA will calculate Load Shaping Charges for each customer by multiplying the customer's Monthly/Diurnal Load Shaping Billing Determinants by the applicable Load Shaping Rates. If a specific Load Shaping Billing Determinant for the particular Monthly/Diurnal period is greater than zero (Actual Monthly/Diurnal Tier 1 Load minus System Shaped Load > 0), the result will be a charge on the customer's bill. If a specific Load Shaping Billing Determinant for the particular Monthly/Diurnal period is less than zero (Actual Monthly/Diurnal Tier 1 Load minus System Shaped Load < 0), the result will be a credit on the customer's bill.

### 5.2.4 Load Shaping Charge True-up Rate

No edits proposed to this section.

#### 5.2.4.1 Identifying the Need for a Load Shaping Charge True-up and Calculating the Load Shaping Charge True-Up Billing Determinant

No edits proposed to this section.

##### 5.2.4.1.1 Calculating Annual Deviation

No edits proposed to this section.

##### 5.2.4.1.2 Use of Above Forecast Formula

No edits proposed to this section.

##### 5.2.4.1.3 Use of Above-RHWM Load

No edits proposed to this section.

#### 5.2.4.2 Load Shaping Charge True-up Rate

BPA will determine the Load Shaping Charge True-up Rate in each 7(i) Process as the difference between 1) the system weighted average of the Load Shaping Rates (expressed in dollars per megawatthour) for each Fiscal Year of the Rate Period and 2) the Composite Customer Rate plus the Non-Slice Customer Rate, converted to dollars per megawatthour.

Four equations are used to calculate the Load Shaping Charge True-up Rate. The first step (equation *MktR*) calculates a forecast market value of the Forecast Monthly/Diurnal Tier 1 Loads of Load Following and Block purchases for the Rate Period, including the Block portion of the Slice/Block product. The second step (equations *BLFRnDLS* and *BLFRnD*) calculates the forecast Customer Charge and Load Shaping revenue received from Load Following and Block purchases for the Rate Period, including the Block portion of the Slice/Block product. The third step (numerator in equation *LSTUR*) computes the difference between the forecast market value and the forecast Customer Charge plus Load Shaping revenue. The fourth step (denominator in equation *LSTUR*) divides this differential by the sum of the Forecast Annual Tier 1 Load of Load Following and Block purchases for the Rate Period in megawatthours, yielding a dollars-per-megawatthour discount from the market, which is the Load Shaping Charge True-up Rate.

**Step 1.** Equation *MktR* calculates a forecast of revenues received by BPA during the Rate Period assuming the Load Shaping Rates were applied to the corresponding Forecast Monthly/Diurnal Tier 1 Loads for Load Following and Block. The revenue calculated in *MktR* is enough to meet the Forecast Monthly/Diurnal Tier 1 Loads for Load Following, Block, and the Block portion of the Slice/Block product at market rates.

$$MktR = \sum_{i=1}^x (LoadShapingRate_i \times FMDT1L_i)$$

where:

$i$  = equals a single Monthly/Diurnal period of the Fiscal Year

$x$  = number of Load Shaping Rates in the Rate Period

$MktR$  = forecast of revenue received by BPA during the Rate Period

assuming the Load Shaping Rates were applied to the

corresponding Forecast Monthly/Diurnal Tier 1 Loads for Load

Following and Block purchases

$LoadShapingRate$  = Load Shaping Rates (expressed in dollars per

megawatthour); see section 5.2.2

$FMDT1L$  = Forecast Monthly/Diurnal Tier 1 Load for the Rate Period for

Load Following and Block

**Step 2.** Equation  $BLFRnDLS$  calculates a forecast of revenue that BPA will receive during the Rate Period from the Composite and Non-Slice Customer Charges from Load Following and Block purchases. The revenue calculated in  $BLFRnDLS$  is enough to meet the aggregate System Shaped Load for Load Following, Block, and the Block portion of the Slice/Block product under the Composite and Non-Slice Customer Rates.

$$BLFRnDLS = NonSliceCost + [CompositeRate \times \sum NonSliceTOCA]$$

where:

$BLFRnDLS$  = Forecast of revenue that BPA will receive during the Rate

Period from the Composite and Non-Slice Customer Charges from

Load Following and Block purchases

$NonSliceCost$  = Total of the costs and credits that are allocated to the Non-

Slice Cost Pool

1  $CompositeRate$  = Composite Customer Rate, as described in section 5.1.3

2  $\sum NonSliceTOCA$  = sum of TOCAs for Load Following and Block

3 customers plus Non-Slice TOCAs for Slice customers

4  
5 **Step 3.** Equation  $BLFRnD$  adds the forecast of revenues received from the Load Shaping  
6 Charge for the Rate Period to the forecast revenues received from the Customer Charges  
7 of Load Following and Block customers. The revenue calculated in equation  $BLFRnD$  is  
8 enough to meet the aggregate System Shaped Load under the Composite and Non-Slice  
9 Customer Rates (Step 2) as well as the costs associated with shaping the aggregate  
10 System Shaped Load to the Forecast Monthly/Diurnal Tier 1 Loads for Load Following  
11 and Block.

12 
$$BLFRnD = BLFRnDLS + LoadShaping$$

13 where:

14  $BLFRnD$  =  $BLFRnDLS$  plus forecast Load Shaping revenue for the Rate  
15 Period

16  $BLFRnDLS$  = Forecast of revenue that BPA will receive during the Rate  
17 Period through the Composite and Non-Slice Customer Charges  
18 from Load Following and Block purchases

19  $LoadShaping$  = Forecast Load Shaping revenue for the Rate Period

20  
21 **Step 4.** Equation  $LSTUR$  calculates the Load Shaping True-up Rate, which is the dollar  
22 per megawatthour difference between the Tier 1 Rate and the forecast market rates.

$$LSTUR = \frac{[MktR - BLFRnD]}{\sum FAT1L}$$

where:

*LSTUR* = Load Shaping True-up Rate, expressed in dollars per megawatthour

*MktR* = Forecast of revenue that would be received by BPA during the Rate Period if the Load Shaping Rates were applied to the corresponding Forecast Monthly/Diurnal Tier 1 Loads for Load Following and Block purchases

*BLFRnD* = *BLFRnDLS* plus forecast Load Shaping revenue for the Rate Period

*FAT1L* = Forecast Annual Tier 1 Load (expressed in megawatthours) for the Rate Period for Load Following and Block

### 5.3 Demand Charge

No edits proposed to this section.

#### 5.3.1 Demand Charge Billing Determinant

BPA will use four quantities in calculating a customer's Demand Charge Billing Determinant (or billing demand): 1) the Customer's System Peak (CSP), 2) the customer's average Heavy Load Hour energy purchase each month (aHLH), 3) the customer-specific CDQ, and 4) the amount of Super Peak Credit. The following formula will be used to calculate a customer's monthly Demand Charge Billing Determinant:

$$BillingDemand = \max(0, CSP - aHLH - CDQ - SuperPeak)$$

where:

*BillingDemand* = Demand Billing Determinant, expressed in kilowatts

1 *CSP* = Customer System Peak

2 *aHLH* = average Actual Monthly/Diurnal Tier 1 Load (expressed in  
3 average kilowatts) served during the Heavy Load Hours of each  
4 month

5 *CDQ* = Contract Demand Quantity (expressed in kilowatts)

6 *SuperPeak* = Super Peak Credit (expressed in kilowatts)

7 For a JOE, the calculation of the Demand Charge Billing Determinant will use  
8 aggregated data for the individual utility members.

9  
10 **5.3.2 Customer System Peak**

11 No edits proposed to this section.

12  
13 **5.3.3 Average Actual Monthly/Diurnal Tier 1 Load in Heavy Load Hours**

14 The average Actual Monthly/Diurnal Tier 1 Load during Heavy Load Hours (*aHLH*) is  
15 the monthly Actual Monthly/Diurnal Tier 1 Load in Heavy Load Hours, expressed in  
16 kilowatthours, divided by the number of Heavy Load Hours in that particular month. The  
17 resulting *aHLH* amount, expressed in average kilowatts, is subtracted from *CSP* in the  
18 calculation of the Demand Charge Billing Determinant, because the cost of demand  
19 associated with this amount of diurnally flat energy is inherent in a market-priced block  
20 of such energy.

21  
22 **5.3.4 Super Peak Credit**

23 No edits proposed to this section.

24  
25 **5.3.5 Contract Demand Quantity**

26 No edits proposed to this section.

### 5.3.5.1 Calculation of the Historical (FY 2005-2007) Load Factor

No edits proposed to this section.

### 5.3.5.2 Calculating CDQs

To determine each customer's CDQs, BPA will apply the adjusted HLH monthly load factors to the customer's average adjusted Measured FY 2010 Load for monthly HLH less the HLH Existing Resources for CHWM amounts for the corresponding months for Fiscal Year 2012 as set forth in Exhibit A of the customer's CHWM Contract on September 30, 2009. Once calculated, the CDQs will be included in the CHWM Contract and will not be changed during the CHWM Contract term except pursuant to section 4.1.9 and for annexations. The following formula will be used for each month of FY 2010 to calculate the CDQs:

$$CDQ = \frac{aHLH_{2010}}{adjLoadFac} - aHLH_{2010}$$

where:

$CDQ$  = Contract Demand Quantity (expressed in kilowatts)

$aHLH_{2010}$  = average adjusted Measured FY 2010 Load for monthly HLH less the HLH Existing Resources for CHWM amounts for the corresponding months for Fiscal Year 2012 as set forth in Exhibit A of the customer's CHWM Contract on September 30, 2009

$adjLoadFac$  = Adjusted HLH Load Factor for each month, calculated pursuant to section 5.3.5.1

Before the CDQs are finalized, BPA will determine whether the Demand Charge Billing Determinant for any Customer for each month of FY 2010, using the actual CSP for each such month and the monthly CDQ calculated in accordance with this section 5.3.5.2, is equal to zero or will exceed two times the average of all customers' Demand Charge

1 Billing Determinants as a percentage of their CSP for such month. If so, BPA will  
2 determine whether 1) there was a discrete event beyond the control of the customer that  
3 increased the Demand Charge Billing Determinant; 2) the size of the Billing Determinant  
4 is likely to recur in the future; and 3) the recalculation of the adjusted HLH load factor  
5 and CDQ will not materially frustrate BPA's policy objective of having all customers  
6 with HLH load factors that are less than 100 percent face the marginal cost of capacity.

7  
8 If BPA concludes that the calculated Demand Charge Billing Determinant is not an  
9 anomaly and is likely to recur, then BPA will adjust the CDQ for such month as follows.

10 If the initially calculated CDQ produced a calculated Demand Charge Billing  
11 Determinant that exceeds two times the average of all customers' Demand Charge Billing  
12 Determinants as a percentage of their CSPs for such month, then BPA will establish the  
13 CDQ for such month for such Customer so that the calculated Demand Charge Billing  
14 Determinant equals two times the average of all customers' Demand Charge Billing  
15 Determinants as a percentage of their CSPs for such month. If the initially calculated  
16 CDQ produced a calculated Demand Charge Billing Determinant equal to zero percent of  
17 the Customer's CSP for such month, BPA will establish the CDQ for such month at the  
18 highest number that will produce a calculated Demand Charge Billing Determinant of  
19 zero. That is, BPA will remove excess CDQ headroom only, without establishing the  
20 CDQ so as to expose the Customer to a Demand Charge in such month.

## **8 RESOURCE SUPPORT SERVICES AND RESOURCE SHAPING CHARGE**

### **8.5 Resource Shaping Charge**

The Resource Shaping Charge is a charge or credit that adjusts for the difference in value between planned resource energy shapes that are flat within each of the 24 Monthly/Diurnal periods of the year compared to an equivalently sized flat annual block. The Resource Shaping Charge will apply to any resource(s) used to meet a customer's Above-RHWM Load and will be resource-specific and customer-specific.

For a resource for which BPA provides the DFS, BPA will apply the Resource Shaping Charge to the 24 Monthly/Diurnal flat blocks. A resource that is contractually committed to be flat within each Monthly/Diurnal period of the year but not flat between those periods ~~will avoid the DFS charge but~~ will be subject to the Resource Shaping Charge.

A resource that is contractually committed to be flat annually will avoid ~~both the DFS charge and~~ the Resource Shaping Charge. If a customer fails to meet contractual commitments, it may incur additional charges or penalty charges as provided in the Wholesale Power Rate Schedules and GRSPs, including the Unauthorized Increase Charge or its successors.

The Resource Shaping Rate will be equal to the Load Shaping Rate (see section 5.2).

The Billing Determinant for the Resource Shaping Charge will be the difference between a flat annual block and the resource's forecast Monthly/Diurnal firm output (flat annual block minus the resource's forecast firm output). This Resource Shaping Charge Billing Determinant may be a positive or a negative number:

- 1) A resource forecast to produce less energy than the flat annual block during any of the 24 Monthly/Diurnal periods of the year will result in a positive Billing Determinant for that period. When the Billing Determinant is applied to the

1 Resource Shaping Rate, the result is the Resource Shaping Charge. The Resource  
2 Shaping Charge will be BPA's forecast market cost of purchasing power to make  
3 up the difference between the diurnally flat energy amount and an equivalent  
4 diurnal amount that would correspond to the flat annual block, based on the  
5 market price forecast used for the Load Shaping Rates (see section 5.2.2).

6 2) A resource forecast to produce more energy than the flat annual block during any  
7 of the 24 Monthly/Diurnal periods of the year will result in a negative Billing  
8 Determinant for that period. When the Billing Determinant is applied to the  
9 Resource Shaping Rate, the result is the Resource Shaping Charge. The Resource  
10 Shaping Charge will be BPA's forecast market value of selling power to reflect  
11 the difference between the diurnally flat energy amount and an equivalent diurnal  
12 amount that would correspond to the flat annual block, based on the market price  
13 forecast used for the Load Shaping Rates (see section 5.2.2).

14  
15 In each 7(i) Process, BPA will calculate the Resource Shaping Charge for each  
16 resource(s) for the Rate Period and bill it flat across all months during the Rate Period.

## 12 CRITERIA AND CONDITIONS FOR REVISING THE TRM

### 12.5 Actions Not Considered to be a Revision to the TRM

The Administrator reserves the discretion he or she otherwise possesses under law to establish, undertake, or otherwise address the following, including through implementation of the TRM consistent with the terms thereof for those matters governed by the TRM, in appropriate cases:

- 1) Calculation of actual rate levels.
- 2) Any rate issues identified in this TRM that are specifically reserved for determination in a future 7(i) Process. These include, but are not limited to:
  - a) Rate treatment for customers that execute non-CHWM contracts (see section 1)
  - b) Forecast of the Tier 1 System Firm Critical Output (see section 3.1); forecasts of RP Augmentation (see section 3.2); forecasts of Balancing Power Purchases (see section 3.3)
  - c) Allocation of costs consistent with sections 2.1, 2.2 and 2.3 and the Allocated Tiered Cost Table, Table 2
  - d) Risk mitigation (consistent with section 9)
  - e) Development of System Shaped Load for each customer (see section 5.2.1)
  - f) Determination of the Overhead Cost Adder to Tier 2 Cost Pools (see section 6.3.3)
  - g) Design, pricing, and application of the RSS rates (see section 8)
  - h) Irrigation Rate Mitigation true-up (see section 10.3)
  - i) Application of section 7(c) of the Northwest Power Act (see section 10.4)
  - j) Application of sections 7(b)(2) and 7(b)(3) of the Northwest Power Act (see section 10.5)
  - k) Rates for New Publics (see section 4.1.6)

- 1 l) Rates for unanticipated Above-RHWM Load (see section 10.1)
- 2 m) Rates for product switching (see section 5.4)
- 3 n) Rates for transfer between Tier 2 Rate Alternatives or from a Tier 2 Rate
- 4 Alternative to application of Non-Federal Resources to serve Above-RHWM
- 5 Load (see section 6.5)
- 6 o) Adjustments to the size of the base amount on which an interest credit is
- 7 calculated for ratemaking purposes for crediting to the Composite Cost Pool (see
- 8 section 2.5)
- 9 3) TRM Exhibits will be filled in and revised consistent with the terms of the TRM.
- 10
- 11 The actions described in this section 12.5 do not constitute a “revision” to the TRM.

## 13 PROCESS FOR TRM REVISIONS

### 13.10 Dispute Resolution Process for Certain CHWM and RHWL Determinations

One or more third-party neutrals shall be retained by BPA, acting in consultation with Customers, for the purpose of developing an understanding of factual matters determined by BPA in connection with its establishment of CHWMs, RHWLs, and Tier 1 System Firm Critical Output, and if requested pursuant to this section, providing non-binding decisions concerning disputes over such factual matters. The third-party neutral shall have a strong engineering or other technical background and experience sufficient to make an independent assessment of facts in dispute in connection with such CHWM, RHWL and Tier 1 System Firm Critical Output determinations.

In the case of CHWMs, such factual matters could involve matters such as Tier 1 System Firm Critical Output; Non-Federal Resource capability that is different from the final determination of Existing Resources for CHWMs (Attachment C); Measured FY 2010 Load; and any adjustments to those values, such as Weather Normalization data or unauthorized or anomalous increases~~load anomalies~~, and the Conservation Adjustment, pursuant to section 4.1. In the case of RHWL, such factual matters could involve matters such as correct application of the CHWM and the RHWL Tier 1 System Capability in the RHWL calculation, pursuant to section 4.2. In the case of RHWL Tier 1 System Capability determinations, factual matters could include whether the appropriate data source was used to determine RHWL Tier 1 System Capability.

BPA will brief the third-party neutral and answer questions regarding the internal procedures BPA employs to make determinations in the CHWM and RHWL Processes. The neutral will have access to relevant information from both BPA and the Customers, including information necessary to developing an understanding of BPA's conclusions,

1 subject to appropriate confidentiality arrangements. Since the neutral cannot be expected  
2 to be conversant with every matter, BPA and the Customers will collaborate to identify  
3 and communicate to the neutral as early as practicable in the process matters that they  
4 anticipate may result in disputes. Within 3 days of the conclusion of the public meeting  
5 described in (3) below, Customers shall submit to BPA a written statement describing  
6 any issues for which a Customer may request neutral third-party review. Failure to  
7 timely submit such a list by a Customer will constitute a waiver of the right of such  
8 Customer to request neutral third-party review.

9  
10 Consistent with its need to make timely, final decisions on each of the matters, BPA shall  
11 not make final decisions on CHWMs, RHWMs, or RHWMTier 1 System Capability  
12 until after it has 1) posted its determination on its website; 2) provided information  
13 concerning the matter in response to reasonable information requests; 3) held a public  
14 meeting where BPA will explain its determination and Customers and BPA will discuss  
15 and seek to resolve issues; 4) reposted its determinations; and 5) concluded the dispute  
16 resolution process provided for below. BPA shall specify in writing at such public  
17 meeting and shall electronically post the date by which each Customer may express its  
18 support for a non-binding decision on CHWMs, RHWMs, and/or RHWMTier 1 System  
19 Capability and the means for registering its support. BPA will allow 30 calendar days  
20 from the first posting (Step 1) through the reposting of its determination (Step 4).

21  
22 Within ten (10) Calendar days of BPA reposting its determinations, a Customer may seek  
23 a non-binding decision by the neutral on factual matters concerning BPA's initial  
24 determination of 1) a CHWM, 2) a RHWMTier 1 System Capability. A  
25 material factual matter must be one that, if decided in the requesting customer's favor,  
26 would result in an adjustment to the subject CHWM or RHWMTier 1 System Capability of ten (10) percent or

1 more. In the case of RHWMTier 1 System Capability, the materiality requirement is  
2 deemed to be met if the following voting requirement is met. Such request for a non-  
3 binding decision by the third-party neutral regarding BPA’s determination of RHWMTier 1 System Capability will be considered only if the neutral is concurrently provided  
4 with the written votes in support of such request by at least 70 percent of Customers  
5 (utility count), as measured by the individual written vote of each Customer.  
6  
7 The decision standard on BPA’s initial determinations for which the TRM provides  
8 standards is whether the BPA initial determination is reasonably consistent with the  
9 applicable TRM standard. An example of an applicable TRM standard is the  
10 ~~retention threshold~~ criteria for ~~load anomalies~~ Provisional CHWM Amounts. In that case,  
11 the decision standard would be whether BPA’s initial determination of retention or  
12 removal of Provisional CHWM Amounts ~~load anomalies~~ is reasonably consistent with  
13 the threshold criteria for ~~load anomalies~~ such retention; BPA would not revisit the  
14 threshold criteria themselves. The decision standard for BPA’s initial determinations  
15 where the TRM provides no standard is whether BPA’s initial determination is a  
16 reasonable one.  
17  
18 The dispute process will be a single hearing open to all Customers and shall last no  
19 longer than necessary, but in any event no longer than 30 calendar days, to permit the  
20 presentation of relevant information, consistent with BPA’s need to render timely, final  
21 decisions. The dispute process shall be appellate in nature. The neutral’s findings and  
22 conclusions may be summary in nature and shall be based upon all relevant information  
23 known by or previously made available to the neutral, including but not limited to  
24 materials that BPA has made publicly available, materials the parties have previously  
25 provided to BPA and the neutral, new or additional materials submitted with the consent  
26 of the neutral, and written submittals made to the neutral by BPA and the Customers.

1 Written submissions shall not exceed fifty (50) double-spaced pages (12 point font; 26  
2 lines, except for single-spaced quotes), together with exhibits not in excess of one  
3 hundred (100) pages. Testimony, cross examination, and oral argument will occur only  
4 upon request of the neutral. The neutral shall transmit his or her decision in writing to the  
5 Customers and Administrator, who shall make a final decision on each disputed issue  
6 after consideration of the neutral's report.

## Attachment C Existing Resources for CHWMs

This table reflects all known customer resources and associated amounts for use in CHWM determinations (column D), except for dedicated consumer-owned and PURPA resource amounts that will not be known until Regional Dialogue contracts are signed. Notes follow the table.

| Attachment C, continued |                              |                                           |                          |       |
|-------------------------|------------------------------|-------------------------------------------|--------------------------|-------|
| (A)                     | (B)                          | (C)                                       | (D)                      | (E)   |
| Customer Name           | Resource Name                | September 30, 2006 Exhibit C Amount (aMW) | Adjusted Amount (aMW)    | Notes |
| PEND OREILLE            | Boundary hydro (Article 49)  | 42.240                                    | -                        | 10/   |
| PEND OREILLE            | BoxCanyon Dam (serving TRL)  | <del>32.203</del> 24.479                  | <del>32.203</del> 24.479 | 21/   |
| PEND OREILLE            | BoxCanyon Dam (serving NLSL) | 21.421                                    | -                        | 10/   |
| PEND OREILLE            | Calispel Creek               | -                                         | -                        | 3/    |

### Footnotes to Attachment C:

21. The 24.479 aMW amount in column C and D is only an estimate and is based on a 63.661 aMW forecast for the Pend Oreille NLSL load. The actual BoxCanyon resource amount that will be used for the CHWM calculation will depend on the actual measured amount of Pend Oreille's NLSL in FY 2010 and will be calculated using the following formula:  $24.479 \text{ aMW} + (63.661 \text{ aMW} - \text{the FY 2010 measured NLSL})$ , where FY 2010 load is the greater of 42.240 aMW or the actual measured load.

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