Pre-Decisional

WP-07 Power Rate Case Workshop

Date of Workshop:

June 29, 2005

Topic(s):

AURORA and Price Forecasts

PROPOSED USES OF AURORA AND PRICE FORECASTS

- Proposed Uses of AURORA in the rate case
    - Marginal Cost Analysis
    - Demand charge
    - Shaping the Priority Firm rate
    - Net secondary revenue forecast
    - Risk Analysis price forecast

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MARGINAL COST ANALYSIS

- For the Marginal Cost Analysis, AURORA will be run one time in a deterministic mode

- Expected natural gas price forecast will be used

- Average hydroelectric generation conditions will be used

- Expected load forecasts will be used

- The results will be used for:

  – Determining the demand charge

  – Seasonal shaping the Priority Firm rates

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NET SECONDARY REVENUE PRICE FORECAST

- For the net secondary revenue forecast, AURORA will be run 50 times

- Natural gas prices will be held constant

- Regional loads will be held constant

- Each of the 50 water years from HYDSIM will be used to forecast corresponding electricity prices

- After AURORA is run, the prices will be passed on to RiskMod to determine the net secondary revenue for the base rates

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RISK ANALYSIS PRICE FORECAST

- For the Risk Analysis price forecast, AURORA will be run 3,000 times
- Natural gas prices will be varied
- Regional loads will be varied
- Each of the 50 HYDSIM water years will be run through AURORA with 60 different load conditions and natural gas prices per water year
- After AURORA is run, the prices will be passed on to RiskMod to determine the variability in net secondary revenues

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