

Text of May NRU Staff Rate Design Proposal  
(Not formally reviewed or approved by the NRU Board)

1. Each utility would get a HWM calculated as proposed by BPA and stated as a single number in average annual megawatts.
2. The monthly utility loads from 2010 used to establish the annual HWM would also be used to establish each utility's initial Monthly Percentage. The Monthly Percentage for each month would be calculated by dividing the utility's 2010 load for each month by the total of the 2010 preference customer loads in each month.
3. Each utility's Monthly Percentages would be calculated annually in conjunction with the annual net requirement determination. To the extent that the monthly loads are forecast in the net requirement process to change from the 2010 monthly load levels (up or down), these changed monthly loads could be used to calculate the utility's Monthly Percentages, subject to two requirements. First, the changed monthly loads could not exceed in aggregate the utility's annual HWM. If the total of the forecast changes to a utility's monthly loads exceeds the annual HWM, the months that increased will be reduced pro rata until the total equals the annual HWM. Second, there must be unused Tier 1 FBS capability in the month that equals or exceeds the forecast increase to the utility's monthly load. That is, if a utility's load is forecast to shift so its load in August is greater than the 2010 August load but the FBS is already deficit in August, then the utility would not be permitted to change its August load. The amount of Tier 1 power available to a utility in each month (Monthly Tier 1 Limit) will be determined by applying its Monthly Percentage for each month to the forecast FBS output (less the portion reserved for Slice) for that month at one-hundred percent of critical water.
4. The FBS revenue requirement would be collected from Tier 1 load following product purchasers based on a percentage computed by summing the minimum of the Monthly Tier 1 Limits and monthly forecast loads for each utility, and dividing this by the sum of the minimum of the Monthly Tier 1 Limits and the monthly forecast loads for all Tier 1 purchasers. The resulting percentage for each utility would be applied to the FBS revenue requirement to determine the amount of its annual base Tier 1 payment obligation. This dollar amount would be collected by apportioning it to the months of the year based on the minimum of the Monthly Tier 1 Limits and the monthly forecast loads for each utility.
5. Calculation of the Load shaping charge: Determine, for each utility month-by-month, the percent difference the annual average monthly energy from the HWM.
6. Determine, on a prospective basis, the average monthly market price of energy.
7. Use this data to create a shaping charge, for the monthly shape of the particular utility.

For Example:

Example 1: January  
January Load = 55 aMW  
HWM = 50 aMW  
Variation #1 = 10%

Projected January Market Price = \$60/MWh  
Projected Annual Average Market Price = \$50/MWh  
Variation #2 = \$10/MWh

Shaping Charge = Variation #1 \* Variation #2 = 10% \* \$10/MWh = \$1/MWh

Example 2: May

May Load = 40 aMW  
HWM = 50 aMW  
Variation #1 = 20%

Projected May Market Price = \$40/MWh  
Projected Annual Average Market Price = \$50/MWh  
Variation #2 = -\$10/MWh

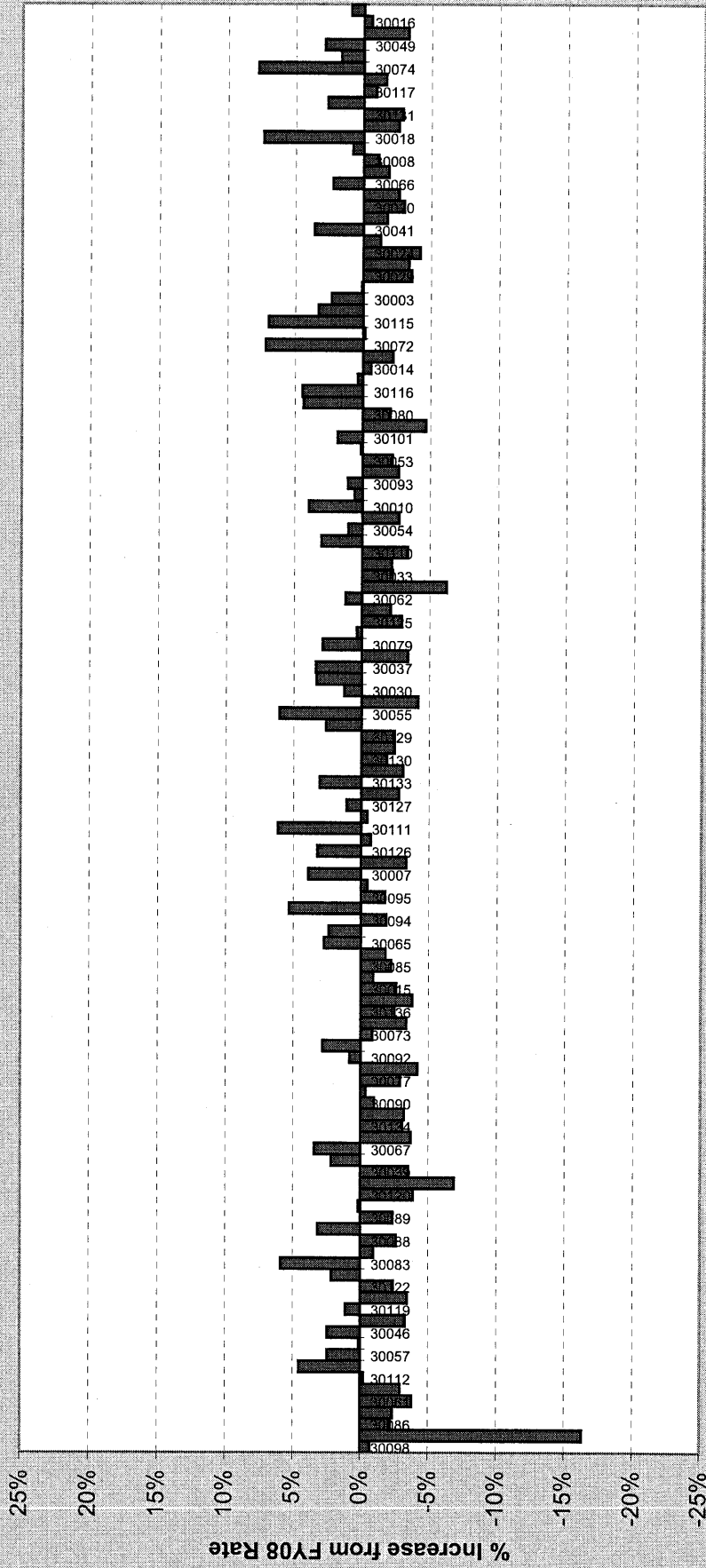
Shaping Charge = Variation #1 \* Variation #2 = 20% \* -\$10/MWh =  
-\$2/MWh

The result is a \$1/MWh shaping charge in January and a \$2/MWh credit in April.

**Critical Water**

- % Share of Total Revenue Requirement**
- % Share of Secondary Revenue Credit**
- Individualized Balancing Purchases**
- Shaping Charges/(Credits)**

\* % Shares based on Minimum of Tier 1 Limit and Forecast Loads on a Monthly/Diurnal Basis



Customer Size in aMW - Smallest to Largest from Left to Right  
 X - Axis Labels are 6 digit customer index number

