

Exhibit N Public Meeting

*Differences between the WP-07 Rate Case Study
and the PNCA Modified Regulation*



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- **The PNCA regulation was prepared by the Northwest Power Pool (NWPP) on behalf of the members of the Pacific Northwest Coordination Agreement (PNCA). The NWPP indicates that they foresee no major changes from the modified to the final regulation. This regulation is based in part on data submitted in February 2006 from the PNCA party members including BPA (for Federal loads and thermal and miscellaneous resources), and Reclamation and the Corps (for hydroelectric project operations and non-power constraints).**
- **The purpose of PNCA is to optimize the firm energy load carrying capability (FELCC) and defines exchanges of power to assure each party the capability to meet power loads equal to its FELCC. The PNCA does not identify the need for long-term resource requirements, nor is it used for long term resource planning.**



Differences Due to Vintage

- **Rate case study FELCC, operating criteria (i.e. minimum and maximum releases and pool elevations), and plant data based are based on the February 2003 data submittals from PNCA members, while the PNCA OY2006-2007 modified regulation (modified regulation) is based on February 2006 data submittals.**



Differences Due to Methodology

- **Continuous vs. Refill Mode:**
 - The rate case study is a continuous 50-year study (1929 to 1978), while the modified regulation is a non-continuous critical period study based on 70 years of flow (1929 to 1998). A continuous study does not reset the initial contents of the storage reservoirs after each operating year.
- **Forecast Mode vs. Observed Mode Flood Control and Variable Energy Content Curves (VECC):**
 - BPA rate case hydro regulation studies simulate flood control operation and VECC with forecast risk while PNCA studies use a ‘perfect foresight’, or observed flood control operation and VECC.
 - In the PNCA hydro regulation, Federal projects are operated to meet the coordinated system FELCC. In the rate case study, Federal projects are operated to meet Federal loads



Differences Due to Methodology (continued)

- **Initial Contents:**
 - Rate case hydro regulation for the Federal storage projects (Dworshak, Coulee, Horse, and Libby) are based on the 50-year average July 31st storage content. Non-Federal storage reservoirs are started at full and Canadian reservoirs start with the contents outlined in the DOP. In PNCA storage reservoirs start full (with a standard list of exceptions).
- **Unit Outages:**
 - Rate case studies for the Federal projects are based on actual average outages from 1999-2001 and non-Federal projects are based on the 2003 data submittals, while the PNCA modified regulation uses forecast outages from the 2006 data submittals from PNCA parties for both Federal and non-Federal projects.



Differences Due to Timing

- **Operating Year versus Fiscal Year reporting.**
- **The PNCA modified regulation results are by operating year (August – July), while rate case studies are fiscal year (October – September). Because operational requirements (spill tests, etc) can change from year to year, a difference in reporting can move generation into or out of the year in question.**



Operational Differences

- **Canadian Operation:**
 - Rate Case hydro regulation uses the Detailed Operating Plan (DOP) for 2007 using flood control and VECC forecast risk while the PNCA modified regulation is based on the operation for 2006 using observed flood control. There is also no 1-million acre feet flow augmentation from Arrow in the modified regulation.
- **Non-Power Constraints:**
 - Due to the different timing of the PNCA data submittal and the BPA rate case study, the staff understanding of how to model non-power constraints (White Sturgeon operation, spill parameters, etc.) are somewhat different.
- **Brownlee operations are different between the models.**
- **Columbia Basin Irrigation Project Pumping has an August operating Criteria while in the modified regulation this pumping is assumed to be fixed.**

