



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

POWER SERVICES

April 7, 2016

In reply refer to: PS-6

To Interested parties and customers:

RE: Tier 2 Load Growth rate “opt-out” proposal

The Bonneville Power Administration (BPA) received six comments during the comment period for the Tier 2 Load Growth rate opt-out proposal, which ended on March 16, 2016. The comments received found no inconsistency with the Tiered Rate Methodology (TRM), identified no cost shift concerns and supported the Tier 2 Load Growth rate opt-out proposal. Comments can be found [here](#).

In response to the comments received, BPA will move forward with Northwest Requirements Utilities’ request to allow Regional Dialogue contract customers a one-time option to terminate their existing contract election to serve Above-Rate Period High Water Mark (RHWM) Loads at the Tier 2 Load Growth rate. BPA finds the required contract modification, allowing termination of the Tier 2 Load Growth rate election, would not cause cost shifts to other customers and is not inconsistent with the TRM. To ensure consistency with the TRM, BPA will propose in the upcoming BP-18 rate case that no penalty be assessed for customers that exercised this option to terminate their Tier 2 Load Growth rate election.

Customers that wish to remain in the Load Growth rate pool do not need to take any action.

Customers that would like to terminate their Tier 2 Load Growth rate election must provide notice in writing to their BPA Power Services account executive by September 30, 2016. The notice must state the customer’s revised election for service to its Above-RHWM Load for the third Purchase Period (FY 2020 through FY 2024). Customers that terminate their Tier 2 Load Growth rate election may elect to serve Above-RHWM Load with the Tier 2 Short-Term rate and/or non-federal resources and will have the same flexibilities and restrictions as other customers that had not elected the Tier 2 Load Growth rate.

Customers that choose to terminate their Tier 2 Load Growth rate election must sign a Regional Dialogue contract revision which will be included in the exhibit revisions BPA will prepare, by March 31, 2017, for all customers’ third Purchase Period elections.

BPA will not make purchases for the Tier 2 Load Growth rate pool until after the September 30, 2016 election deadline for the third Purchase Period. This will ensure that purchases will be made only for customers choosing to remain in the Load Growth rate pool.

As a reminder, the Tier 2 Short-Term rate elections are made for each of the remaining Purchase Periods, FY 2020 through FY 2024 and FY 2025 through FY 2028. Customers with Tier 2 Short-Term rate amounts have the right to reduce their purchase obligation before each Rate Period (see Regional Dialogue contract Exhibit C section 2.4.2 for details). BPA acquires power for the Tier 2 Short-Term rate pool, close to the beginning of the rate period. Due to the nature of the Tier 2 Short-Term rate, customers may be exposed to higher market uncertainty. Tier 2 Short-Term rate elections may be converted, at the customer's choice, to Tier 2 Vintage rates when available. BPA also offers Resource Support Services to customers electing to serve Above-RHWM Load with non-federal resources.

In August, BPA will post the number of customers that have or plan to terminate their Tier 2 Load Growth rate election. This will help inform other Tier 2 Load Growth rate customers as they prepare for their third Purchase Period elections.

If you would like more information about BPA's Tier 2 products and services, or if you have any further questions, please contact your Power Services account executive.

Sincerely,

*/s/ Garry R. Thompson*

Garry R. Thompson  
Vice President of NW Requirements Marketing

cc:

John Saven, Chief Executive Officer, Northwest Requirements Utilities  
Beth Looney, President and CEO, PNGC Power  
Scott Corwin, Executive Director, Public Power Council  
Ryan Neale, Western Public Agency Group  
Joe Lukas, General Manager, Western Montana Electric G&T Cooperative

bcc:

E. Mainzer – A-7

M. Asgharian – DKE-7

H. Helwig – DKE-7

T. Miller – LP-7

M. Gendron – P-6

D. Bloyer – PSE/Bend

C. Schwendiman – PSE/Burley

M. Normandeau – PSE/Mead-GOB

H. Ross – PSE/Mead-GOB

N. Schimmels – PSE/Mead-GOB

L. Felton – PSE/Tri-Cities

D. Fisher – PSR-6

N. Parker – PSR-6

J. Shaughnessy – PSR-6

A. Weekley – PSR-6

E. Adelman – PSS-6

K. Farleigh – PSW-6

C. Hobson – PSW-6

S. Wilson – PSW-6

P. Munz – PSW/Seattle

M. Perry – PSW/Seattle

K. Watts – PSW/Seattle

S. Cooper – PT-5

Official File – PS-6 (PM-14)

G.Thompson:amw:3304:4/6/2016 (S:\PS\POWER\_MARKETING/Correspondence\NRU\Opt out response ltr\_doc)