

The Colville Payment Calculation

There are 6 terms defined and used in calculating the annual Colville payment: They are contained in the 'Settlement Agreement' and the implementing Legislation

1. Section 1.a. of the Settlement Agreement states: "The term 'BPA power sales revenue' means all BPA revenue for the fiscal year from the sale of electric power and transmission of such power. BPA Power Sales Revenue does not include revenue from wheeling (i.e., the transmission of electric power not marketed by BPA) or from miscellaneous services not associated with the sale or delivery of power."
2. Section 1.b. of the Settlement Agreement states: "The term "BPA power sales price" means the ratio of BPA power sales revenue for a fiscal year divided by BPA power sales for such fiscal year measured in megawatt-hours."
3. Section 1.c. of the Settlement Agreement states: "The term "BPA escalator" means the ratio of the BPA power sales price divided by the BPA power sales price for FY95, taken to six decimal places."
4. Section 1.d. of the Settlement Agreement states: "The term "CPI escalator" means the ratio of the Consumer Price Index (for all urban consumers published by the Bureau of Labor Statics) for the September ending the fiscal year to the Consumer Price Index for September FY95, taken to six decimal places."
5. Section 1.e. of the Settlement Agreement states: "The term "combined escalator" means the average of the BPA escalator and the CPI escalator for the fiscal year."
6. Section 1.f. of the Settlement Agreement states: "The term "Grand Coulee generation" means Grand Coulee total generation less generation reserved for use at Grand Coulee Dam."

Section 2.b.1. of the Settlement Agreement sets; the FY95 payment at \$15.25Million, Grand Coulee generation at 20,410,800 MWh, and a 'base price' of 0.747153 mills/kWh. For each fiscal year subsequent to FY95 a 'base annual charge' is calculated as the base price multiplied by the BPA escalator multiplied by the Grand Coulee generation.

Section 2.b.2. of the Settlement Agreement sets the "floor price" at 0.661414 mills/kWh, and the "ceiling price" at 0.0832892 mills/kWh. For each fiscal year subsequent to FY95 two 'charges' are calculated: a 'floor annual charge' is calculated as the floor price multiplied by the combined escalator multiplied by the Grand Coulee generation, and a ceiling annual charge is calculated as the ceiling price multiplied by the combined escalator multiplied by the Grand Coulee generation.

Section 2.b.3. of the Settlement Agreement set the annual payment for a fiscal year to be the base annual charge, except that if the base is less than the floor annual charge then the annual payment will be the floor annual charge, and if the base is greater than the ceiling annual charge then the annual payment will be the ceiling annual charge.

The floor was paid in FY's 96, 97, and 99. The Ceiling was paid in FY01. In all other years the base was paid.

Data Sources:

1. BPA power sales revenue – Corporate Accounting Operations
2. BPA power sales – Power Rates and Analysis
3. CPI - Bureau of Labor website
4. Grand Coulee generation – Grand Coulee Power Office

