

# BP-14 Power Rates Workshop

September 12, 2012

1:00-4:00 PM



# Agenda

- GTA Delivery Charge Rate
- Customer Feedback
  - Tier 2 Rate Issues
  - Rate Schedules and General Rate Schedule Provisions
  - New Large Single Load Issues
  - Proposed Irrigation Rate Discount Language
  - Proposed Low Density Discount Language
- (Following this BP-14 workshop we will continue the discussion on the longer-term question of Secondary Revenue Crediting in Rates.)

## GTA Delivery Charge Rate

### ■ Background

- The GTA Delivery Charge was first applied in 2002.
- The charge is applicable to all transfer customers that take delivery at less than 34.5 kV unless costs are directly assigned to the customer.
- Power Services has mirrored the Transmission Services Utility Delivery (UD) rate since 2002.

	<u>UD Charge/kW-mo</u>	<u>Increase from Prior Period</u>
1996	\$0.750	
2002	\$0.932	24.30%
2004	\$0.946	1.50%
2006	\$1.119	18.30%
2008	\$1.119	0.00%
2010	\$1.119	0.00%
2012	\$1.119	0.00%

- The UD rate has been a settled rate for 10 years; aligning the GTA Delivery Charge rate at the same level has not been contested in Power rate cases.

## Options

- 1. Continue to use the same rate as Transmission Services
  
- 2. Calculate a stand-alone GTA Delivery Charge Rate
  
- 3. Eliminate the GTA Delivery Charge

# Options

- 1. Continue to use the same rate as Transmission Services

Pros	Cons
Continue common treatment of directly connected customers and transfer customers.	Transmission Services objectives distinct from Power Services objectives.
Administratively simple to implement.	Many transfer customers do not have the option to purchase low voltage facilities.
Creates incentive for customers to build or acquire own transformation needs.	Power Services has very little flexibility in determining the design, level, and other features of rate.

# Options

- 2. Calculate a stand-alone GTA Delivery Charge Rate

Pros	Cons
Power and Transmission Services rate would be separate and distinct. Would be a power rates issue only.	May result in divergent rates for directly connected customers and transfer service customers, thus potentially missing goal of treating directly connected customers and transfer customers comparably.
GTA Delivery Charge Rate would more accurately reflect Power Services costs.	Cost data not available for all qualifying transfer delivery points.
More flexibility to determine structure, design, and manner in which GTA Delivery Charge is set.	

## Options

### ■ 3. Eliminate the GTA Delivery Charge

Pros	Cons
Administrative simplification.	Common treatment of directly connected customers and transfer customers is lost.
	Places additional cost pressure on PF rate.

## GTA Delivery Charge Rate Calculation

- Power Services has not previously analyzed costs of equivalent low voltage service provided through transfer arrangements.
  - GTA Delivery Charge rate mirrored the UD rate which has been settled since inception.
- Proposed Method for calculating a GTA Delivery Charge Rate
  - Review records to determine/estimate costs incurred for low voltage delivery using FY11 as test year (in some cases it will be necessary to include partial FY12 data).
    - Note that NorthWestern Energy does not currently charge BPA a separate low voltage delivery charge, but the cost of low voltage facilities are included in NorthWestern's transmission rates. For purpose of analysis, BPA would assume a low voltage charge equivalent to what other transfer service providers charge.
  - Sum costs (numerator) and divide by sum of demand amounts from a test year in which BPA would bill GTA Delivery charge (denominator) and calculate a proposed rate.