

Montana Intertie Workshop

January 19, 2012



Agenda

- Overview
 - Settlement language
 - ROD language
 - Updated rate impact analysis
 - Status

- Next Steps -- Discussion

BP-12 Partial Transmission Settlement Agreement

- **BP-12 Final ROD (BP-12-A-02A), Section 2.b**
 - In addition, during the Rate Period BPA will hold a public process to discuss with all interested parties the future of the IM, IE, and TGT rates. The workshops will include discussion of the then-existing rate treatment and potential alternative rate treatments of the costs of BPA's share of Montana Intertie transmission capacity and the costs of the Eastern Intertie. BPA will include in its initial proposal in the 2014 rate case a proposal for the rate treatment of the above costs, including proposals regarding the existence and level of the IM, IE, and TGT rates.

BP-12 Final ROD

■ **BP-12 Final ROD (BP-12-A-02), Issue 4.3.1.9. Administrator's Decision:**

- *Whether roll-in of BPA's share of the Eastern Intertie costs would be precedential depends on the relevant facts, which have not been adequately developed in this proceeding. Regardless of the other distinguishing features between the Eastern and Southern Interties, a significant, and perhaps deciding, distinguishing factor between the two is that Eastern Intertie roll-in may have a de minimis impact on Network rates, while roll-in of the Southern Intertie would have a much greater impact. However, BPA encourages customers to come to an explicit agreement that they will not argue in future rate cases that rolling in the Eastern Intertie would create a precedent for rolling in the Southern Intertie.*

Updated Rate Impact Analysis

Analysis done on the following:

1. Status Quo (as presented Jan 11)
 - Allocate net costs (or revenue) of Eastern Intertie to other segments.
 - TGT revenue credited to Eastern Intertie costs.
 - IM revenues credited to Eastern Intertie costs.
2. 16 MW “roll-in”
 - Terminate IM rate so no revenue credit to Eastern Intertie costs.
 - No change in TGT revenue.
3. 200 MW “roll-in”
 - Terminate IM rate so no revenue credit to Eastern Intertie costs.
 - BPA share of TGT capacity increased to rated capacity not allocated to Montana Intertie Agreement parties, reducing TGT revenues credited to Eastern Intertie.
4. 1510 MW “roll-in”
 - Terminate IM Rate so no revenue credit to Eastern Intertie Costs.
 - TGT rate only applied to NorthWestern Energy (NWE) 420 MW. BPA share increased to remaining capacity of 1510 MW. Reduction in TGT revenue credited to the Eastern Intertie.

Rate Impact Summary

A	B	C		D		E	
	Alternative #1	Alternative #2		Alternative #3		Alternative #4	
	Separate Segments for						
Long-term Rates	Eastern Intertie and Network (Status Quo)	16 MW roll in to Network		200 MW roll in to Network		1510 MW roll in to Network	
	\$/kW-mo	\$/kW-mo	% Change	\$/kW-mo	% Change	\$/kW-mo	% Change
1 PTP Rate	1.368	1.368	0.00%	1.371	0.22%	1.390	1.61%
2 NT (Base + LS) Rate	1.668	1.668	0.00%	1.672	0.22%	1.695	1.62%
3 IR Rate	1.622	1.622	0.00%	1.625	0.18%	1.644	1.36%
4 IM Rate	0.598	N/A		N/A		N/A	
5 TGT "Rate" /1	0.598	0.598	0.00%	0.541	-9.49%	0.541	-9.49%

/1 Rate is charge divided by allocated capacity; rate schedule does not define a fixed TGT rate.

Notes

Status Quo based on 12/13 "Illustrative" rate model with a 1CP network allocation.

Rate model is used to calculate rates using assumptions of each alternative. This differs from the analyses presented in the BP-12 workshops which calculated a percent change by dividing lost revenue by the Network segment revenue requirement.

Status

- Rolling in rolling in *BPA's share* has *de minimus* rate impact on the Network.
- No new information that impacts the rate discussion.
- BPA is concerned about setting a precedent for rolling in the Southern Intertie.

Next Steps

- Is there any interest in forming a sub-group to discuss Southern Intertie concern?
 - Other issues?
 - Who would like to lead and who would like to be part of the discussion?

- Next BPA transmission rate meeting on Feb 8, 2012.