

Formula Rate Proposal (Including FPT Rate Development Proposal)

I. Reactive Supply and Voltage Control From Generation Sources Service

Parameters

Values specified in formula rate:

t = Transmission cost allocated to Generation-Supplied Reactive (GSR) for FY 2006 and 2007 (\$)

p = FY 2006 PBL Generation Input cost for GSR determined in 2002 Power Rate Case (\$)

bd = Billing determinant for FY 2006 and 2007 (kW)

Variables in formula rate:

P = FY 2007 PBL Generation Input cost for GSR determined in next power rate case (\$)

N = Non-federal GSR cost required to be paid by BPA under a FERC-approved rate for FY 2006 and 2007, determined for each quarter and including payments made in the preceding quarter not included in the effective rate for that preceding quarter. Any refunds would reduce this cost. (\$)

Formula Rate

Rate will be calculated quarterly.

FY2006

$$\frac{t_{06} + t_{07}}{bd_{06} + bd_{07}} + \frac{p}{bd_{06}} + \frac{N_q}{bd_q}$$

FY2007

$$\frac{t_{06} + t_{07}}{bd_{06} + bd_{07}} + \frac{P}{bd_{07}} + \frac{N_q}{bd_q}$$

("q" is the quarter for which the rate is calculated.)

II. Regulation and Frequency Response (RFR) Service

Parameters

Values specified in formula rate:

t = Transmission cost for FY 2006 and 2007 (\$)

p = PBL Generation Input cost for FY 2006 determined in 2002 Power Rate Case (\$)

bd = Billing determinant for FY 2006 and 2007 (kWh)

Variables in formula rate:

P = FY 2007 PBL Generation Input cost for RFR determined in next power rate case

Formula Rate

FY2006 (rate will be known)

$$\frac{t_{06} + t_{07}}{bd_{06} + bd_{07}} + \frac{p}{bd_{06}}$$

FY2007 (rate will be calculated prior to FY2007, following power rate case)

$$\frac{t_{06} + t_{07}}{bd_{06} + bd_{07}} + \frac{P}{bd_{07}}$$

III. Operating Reserves Services (Spinning and Supplemental)

Parameters

Values specified in formula rate:

- t = FY 2006 and 2007 transmission cost (\$)
 bd = FY 2006 and 2007 Operating Reserves billing determinants (kWh)
 p = FY 2006 PBL Generation Input unit cost for reserves determined in 2002 Power Rate Case (\$/kW)
 r = Amount of reserves to be acquired from PBL during FY 2006 and 2007 (kW)

Variables in formula rate:

- P = FY 2007 PBL Generation Input unit cost for reserves determined in next power rate case (\$/kW)

Formula Rate

FY2006 (rate will be known)

$$\frac{t_{06} + t_{07}}{bd_{06} + bd_{07}} + \frac{(p \cdot r_{06})}{bd_{06}}$$

FY2007 (rate will be calculated prior to FY2007, following power rate case)

$$\frac{t_{06} + t_{07}}{bd_{06} + bd_{07}} + \frac{(P \cdot r_{07})}{bd_{07}}$$

IV. IR Rate

IR Rate equals sum of:

- 1) Fixed Component
Network Transmission Component + Scheduling and Dispatch Component; and
- 2) Formula Component
GSR Component, set at the level of the ancillary service GSR formula rate, subject to change quarterly.

V. FPT.01 Rate

No change to 3-year FPT rate (FPT-04.3 for FY2005).

The FPT.1 rate will equal the sum of the Fixed and Formula Components:

- 1) Fixed Component
 - Recovers Network transmission cost and Scheduling & Dispatch costs
 - Determined in Transmission Rate Case
 - Fixed for entire FY 2006 and 2007 rate period
- a) FY 2006/07 network transmission component

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| $\frac{\text{FY2006/07 Network Segment cost}^{1/}}{\text{FY2006/07 Network Segment forecasted revenues from current rates}} * \text{Transmission component of FPT-04.1 rate charges}$ |
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^{1/} Reduced by revenue credits.

- b) Scheduling & Dispatch Component

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| $\text{Scheduling \& Dispatch Rate (\$/kWYr)} * \text{FY 2006/07 FPT Contract Demand (MW)} = \text{Scheduling \& Dispatch \$}$ |
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Develop uniform % increase to recover Scheduling & Dispatch \$ from all FPT rate charges.

- 2) Formula Component to recover GSR cost, subject to change quarterly:

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| $\text{GSR rate}_q (\$/kW) * \text{FPT Contract Demand}_q (\text{MW}) = \text{GSR \$}$ |
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Develop uniform % increase to recover GSR \$ from all FPT rate charges.

ATTACHMENT

ANCILLARY AND CONTROL AREA SERVICES RATES OVERVIEW

- These services are required to maintain reliability within and among the control areas affected by the transmission service.
- The Transmission Provider is required to provide two Ancillary Services (I.A and B, below) and to offer to provide the remaining Ancillary Services.
- Control Area Services are available to meet a party's reliability obligations not provided through a transmission contract or other means.

I. Ancillary Services

A. Scheduling, System Control, and Dispatch

Use: Required to be purchased by a transmission customer for all transmission use

Billing Factor: Same as purchase of transmission (kW per month, day, hour)

Costs: TBL scheduling and control center operation including communications; O&M plus investment in control center and associated communications equipment

Rate: No change in method; Cost divided by billing factors

B. Reactive Supply and Voltage Control From Generation Sources

Use: Required to be purchased by transmission customer for all transmission use

Billing Factor: Same as purchase of transmission (kW per month, day, hour)

Costs: TBL control center and communications cost to control reactive from generators plus charges for reactive supplied by generators from PBL and potentially others

Rate: Proposed formula rate for FY06 and FY07 as the reactive charge from other generators is uncertain and PBL charge for FY07 will not be determined until the next PBL rate case

C. Regulation and Frequency Response

Use: Transmission customers with load in the control area must acquire this service either from the provider, a third party, or self-supply

Billing Factor: Customer total load in the control area

Costs: PBL charge for generating capacity used to supply regulating reserve plus TBL control center and communications cost to send control signal to PBL generators

Rate: Cost divided by use; formula rate proposed for FY07 as the PBL charge for regulating reserves for FY07 will not be determined until the next PBL rate case

D. Energy Imbalance

Use: Transmission customers with load in the control area must acquire this service either from the provider, a third party, or self-supply; PBL full and partial requirements power customers are not subject to this rate

Billing Factor: Energy imbalance is when there is a difference between scheduled and actual power delivered to a load in the control area

Costs: Energy charge is based on an energy index rate with an adjustment depending on the band the deviation falls in

Rate: No change proposed to rate

E. Operating Reserve – Spinning

Use: Transmission customers serving load from generation in the control area must acquire this service either from the provider, a third party, or self-supply

Billing Factor: the customers spinning reserve requirement in kW

Costs: PBL charge for generating capacity used to supply operating reserves plus TBL control center and communications cost to send control signals to PBL generators

Rate: Costs divided by estimated spinning reserve requirement.

Formula rate is proposed for FY07 as the PBL charge for generation supplying operating reserves will not be determined until the next PBL rate case

F. Operating Reserve – Supplemental

Use: Transmission customers serving load from generation in the control area must acquire this service either from the provider, a third party, or self-supply

Billing Factor: the customers supplemental reserve requirement in kW

Costs: PBL charge for generating capacity used to supply operating reserves plus TBL control center and communications cost to send control signals to PBL generators

Rate: Costs divided by estimated supplemental reserve requirement

Formula rate is proposed for FY07 as the PBL charge for generation supplying operating reserves will not be determined until the next PBL rate case

II. Control Area Services

A. Regulation and Frequency Response

Use: Customers without a transmission contract but with load in the control area must acquire this service

Rate: same as for Ancillary Services – C above

B. Generation Imbalance

Use: Customers with generation in the control area must acquire this service

Billing Factor: Generation imbalance is when there is a difference between scheduled and actual power delivered from a generator in the control area

Costs: Energy is charged for based on an energy index rate with an adjustment depending on the band the deviation is in

Rate: No change

C. Operating Reserve – Spinning

Use: Customers serving load from generation in the control area without a transmission contract must acquire this service

Rate: Same as for Ancillary Service rate – see E.

D. Operating Reserve – Supplemental

Use: Customers serving load from generation in the control area without a transmission contract must acquire this service

Rate: Same as for Ancillary Service rate – see F.