

**UNITED STATES DEPARTMENT OF ENERGY
BEFORE THE
BONNEVILLE POWER ADMINISTRATION**

**FY 2012-13
PROPOSED POWER RATE
ADJUSTMENT**

)
)
)
)
)
)

Docket No. BP-12

DIRECT TESTIMONY

OF

PACIFIC NORTHWEST GENERATING COOPERATIVE AND MEMBERS (PN)

WITNESSES:

DOUGLAS R. BRAWLEY

GREG MENDONCA

SUBJECT:

LOW DENSITY DISCOUNT

IRRIGATION RATE DISCOUNT

January 21, 2011

1 SECTION 1: INTRODUCTION AND PURPOSE OF TESTIMONY

2 Q. Please state your names and qualifications.

BP-12-E-PN-01

Page 1

Direct Testimony of Douglas R. Brawley and Greg Mendonca

1 A. My name is Douglas R. Brawley, and my qualifications are contained in BP-12-Q-PN-02.

2 A. My name is Greg Mendonca, and my qualifications are contained in BP-12-Q-PN-03.

3 *Q. What is the purpose of your testimony?*

4 A. The purpose of our testimony is to support BPA's approaches to the Low Density
5 Discount and the Irrigation Rate Discount in the BP-12 initial proposal and to point out
6 discrepancies between BPA's proposals on these programs and language in the draft General
7 Rate Schedule Provisions (GRSPs).

8 **SECTION 2: LOW DENSITY DISCOUNT**

9 *Q. What is the purpose of this section of your testimony?*

10 A. This section of our testimony provides the Pacific Northwest Generating Cooperative's
11 (PNGC's) and PNGC Members' support for the BPA staff's proposal on the Low Density
12 Discount (LDD) as outlined in Section 3 of BP-12-E-BPA-21, and to point out a need for
13 changes to the General Rate Schedule Provisions (GRSPs) needed to accurately reflect BPA
14 staff's LDD proposal.

15 *Q. What is PNGC's and its Members' interest in the LDD?*

16 A. PNGC is a Joint Operating Entity (JOE) customer of the Bonneville Power
17 Administration with a Contract High Water Mark contract (Contract #09PB-13088). PNGC is a
18 Generation and Transmission Cooperative consisting of sixteen distribution cooperative
19 members with service territories throughout the Pacific Northwest. PNGC meets net

1 requirements load responsibility for its members. PNGC and its sixteen members qualify as
2 BPA Preference Customers and the members participate in BPA's Low Density Discount.

3 *Q. Do PNGC and its members support the provision of an LDD in BPA rates, and as*
4 *specifically proposed by BPA staff in BP-12-E-BPA-21 in Section 3?*

5 A. Yes. PNGC and its members have supported the LDD in BPA's rates since the inception
6 of the Regional Act, and we support the LDD approach as set out in BPA's initial proposal. We
7 think that BPA's proposal accurately and appropriately describes the Unintended Consequences
8 modifications of Tiered Rates Methodology (TRM) applicable to the LDD calculation and
9 carries out the intent of the LDD. BPA's proposal also properly describes the LDD calculation
10 for a JOE.

11 *Q. Do you have any observations about the GRSP language related to the calculation of the*
12 *applicable discount for customers with Above-RHWM load?*

13 A. Yes. The GRSP language in Section L of BP-12-E-BPA-09, page 50, attempts to carry
14 forward the language in the Unintended Consequence provisions at BP-12-E-BPA-11,
15 Attachment 1, page 3. However, the language used in these two sections does not match up. For
16 example, the Unintended Consequence provision defines the *applicable LDD* as the "LDD
17 percentage to be applied to a customer's bill" (BP-12-E-BPA-11, Attachment 1, page 3). The
18 GRSPs defines that same term, the *applicable LDD*, as "the discount percentage to be applied to
19 the Tier 1 charges on a Customer's bill" (BP-12-E-BPA-09, page 50). Therefore, we are
20 concerned that these two references are conveying different ideas. Further, we are concerned
21 that the GRSP language does not adequately reflect the treatment of the LDD for a JOE.

1 *Q Why is this a concern?*

2 A. This is an example of GRSP language that has not been vetted by the customers. PNGC
3 thinks that the GRSP language should be reviewed and corrections or modifications made in
4 working sessions with BPA staff. It is important that the GRSP reflect the intention of the
5 extensive work and public input from the Unintended Consequences process and that the GRSPs
6 properly carry forward the details of the TRM.

7

8

9 **SECTION 3: IRRIGATION RATE DISCOUNT**

10 *Q. What is the purpose of this section of your testimony?*

11 A. This section of our testimony provides PNGC's and its members' support for the BPA
12 staff proposal with regard to the Irrigation Rate Discount (IRD) as outlined in Section 4 of BP-
13 12-E-BPA-21 and points to a discrepancy between Section 4.3 of BP-12-E-BPA-21 and the
14 GRSPs.

15 *Q. What is your organization's interest with regard to the IRD?*

16 A. As stated above, PNGC is a JOE customer of the BPA with sixteen distribution
17 cooperative members. Four of PNGC's members under our Contract High Water Mark Contract
18 will receive the IRD during the FY 2012 – FY 2013 rate period.

19 *Q. Do PNGC and its members support the provision of an irrigation discount in general in*
20 *BPA rates, and as specifically proposed by BPA staff in BP-12-E-BPA-21 in Section 4?*

1 A. Yes, PNGC and its members support an irrigation discount and the IRD as BPA has
2 proposed. BPA's BP-12 proposal, the Contract High Water Mark contract provisions, and the
3 TRM's Unintended Consequences modifications for irrigation loads, continue the support for
4 customers that serve agricultural loads and provide direct benefits to farmers in rural
5 communities with agriculturally dominated economies.

6 *Q. Does PNGC support the process for the IDR rate calculation as described in the BPA*
7 *testimony and approved in the TRM change process?*

8 A. Yes. However, PNGC would like to request a review of the calculation described in
9 Section 4.2 of BPA testimony BP-12-E-BPA-21. We recognize that BPA has not yet calculated
10 the final IRD rate or modeled the calculation in RAM 2012 for the Final Proposal. It would be
11 very helpful to see this calculation with all the actual values. We request the opportunity to
12 review this calculation before it becomes final. The GRSPs will need to be corrected to reflect
13 the revised calculation.

14 *Q. Do you have other comments about the IRD?*

15 A. Yes. There seems to be some discrepancy between the testimony in Section 4.3 of BP-
16 12-E-BPA-21 and the GRSPs. The testimony reflects the use of "a customer's forecast Tier 1
17 energy purchase" and the GRSP's refer to a customer's actual energy usage in the month. It
18 should be clear what BPA intends to use as the IDR billing determinants and the effect of the
19 Irrigation Mitigation Benefits True-Up.

20 *Q. Does this conclude your testimony on these topics?*

21 A. Yes, it does.