

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF ENERGY
BEFORE THE
BONNEVILLE POWER ADMINISTRATION

2007 WHOLESALE POWER RATE)
ADJUSTMENT PROCEEDING) BPA Docket WP-07

**BONNEVILLE POWER ADMINISTRATION'S MOTION TO AMEND ORDER
ESTABLISHING SCHEDULE**

At the onset of the 2007 Wholesale Power Rate Adjustment Proceeding (“Rate Case”), the Bonneville Power Administration (BPA) Hearing Officer Allen J. Arlow granted an Order Establishing Schedule dated November 21, 2005. WP-07-O-03. BPA moves the Hearing Officer to revise the schedule to allow BPA to submit supplemental testimony that will modify BPA's initial proposal. This modification is necessary in light of recent FERC cases regarding generation input cost for generation supplied reactive power and voltage control.

In these FERC cases, the Commission has stated that if a transmission provider does not pay its merchant function for inside the band generation supplied reactive, it does not have to pay other generators for inside the band generation supplied reactive. *See Entergy Service, Inc.*, 113 FERC ¶ 61,040 at P. 24 (2005); Order 2003-A, FERC Stats. & Regs. ¶ 31, 160 at P. 416. Currently, BPA’s proposal contemplates revenues for generation inputs paid by BPA’s Transmission Business Line (TBL) for each of the three years of the rate period. The modification will eliminate the inside the band component of the generation input allocation for generation supplied reactive for FYs 2008 and 2009. This proposal is a necessary first step to allow BPA's TBL to file at FERC to avoid paying non-affiliate generators for generation supplied reactive inside the band.

Several entities that are not currently Parties to this proceeding, primarily independent power producers, will likely be concerned with the outcome of this revision to BPA's initial proposal. The proposed scheduling change permits those entities and individuals who were not previously interested or affected by the Rate Case proposal the opportunity to intervene and participate if they determine that due to the supplemental proposal, they desire the opportunity to do so. However, these interveners should be required to take the proceeding as it stands, with no opportunity to file direct testimony on any issues not directly related to the supplemental proposal.

BPA is notifying regional entities, including all BPA's transmission customers, of this Motion and the proposed change by e-mail and posting notices on both its TBL and PBL external web sites. Also, BPA has shared a draft of this Motion with the Rate Case Parties and discussed the Motion with them in the context of settlement discussions. The Rate Case Parties that have commented on the Motion indicated that they are not opposed to the Motion, but requested that a scheduling conference be held on February 16, 2006.

The proposed revised schedule, identified on Exhibit A, denotes those events which BPA is proposing to add as a result of the inclusion of the new generation supplied reactive proposal in "bold" font typeface. The proposed schedule provides for supplemental testimony, clarification, data requests, the Parties' direct case, rebuttal, and cross examination on the new generation supplied reactive proposal to be accomplished prior to the time for initial briefs in the Rate Case schedule. BPA is proposing dates for the first four items on the schedule: BPA's supplemental testimony, the opening of a public comment period on reactive, scheduling conference, and the deadline for new interveners. The next item on the schedule, clarification of the reactive supplemental, is

marked as tentative, and all other dates on the schedule relating to the supplemental proposal will be discussed at the scheduling conference. This schedule will be feasible if all the activities described above are limited to the issues raised in BPA's supplemental filing. Accordingly, BPA requests that the Hearing Officer limit the scope of the supplemental proceeding to issues raised in BPA's supplemental proposal and recognize that BPA TBL's rates, terms and conditions, and future rate proceeding are beyond the scope of this proceeding. BPA also requests that a new participant comment period be instituted which would begin February 13, 2006, and close March 6, 2006, to allow for comments on the supplemental reactive proposal. The schedule for briefing, oral argument and the preparation of the draft and final Record of Decision will not be altered. The proposed schedule will not delay completion of these proceedings.

Accordingly, BPA now moves the Hearing Officer to amend the schedule, as reflected on Exhibit A, order a scheduling conference for 1:00 pm, February 16, 2006, and respectfully requests that its Motion be granted. BPA respectfully requests that the Hearing Officer issue a conditional order on this Motion by 5:00 pm, February 10, 2006, with a final order to follow on or after the proposed date for the scheduling conference.

DATED this 8th day of February, 2006.

Respectfully submitted,

\s\ Todd E. Miller

Todd E. Miller, Attorney
Bonneville Power Administration

Exhibit A

**BPA-Proposed Amended Schedule¹
2007 Wholesale Power Rate Adjustment Proceeding**

I. BPA Docket WP-07

The following procedural schedule is established for BPA's 2007 Wholesale Power Rate Adjustment Proceeding (WP-07) initiated to determine 2007 wholesale power rates:

A. Prehearing Stage

- I. BPA Direct Case/Prehearing Conference: November 21, 2005
- b) Clarification & Settlement Discussions: December 5, 2005 – December 9, 2005
- c) Motions to Strike: December 9, 2005
- d) Data Request Deadline: December 9, 2005
- e) Answers to Motions to Strike: December 15, 2005
- f) Data Response Deadline: December 16, 2005

Field Hearings:

November 29, 2005
Springfield City Hall
225 Fifth Street
Springfield, OR 97477

November 30, 2005
West Coast Kalispell Center Hotel
20 North Main
Kalispell, MT 59901

December 1, 2005
Red Lion at the Park
303 W. North River Drive
Spokane, WA 99201

December 5, 2005
Red Lion Hotel on the Falls
475 River Parkway
Idaho Falls, ID 83402

¹ Modifications to the schedule, that is, the addition of scheduled events and deadlines related to BPA's supplemental proposal, are shown in bolded text. The existing schedule has not been altered by this supplemental proposal.

December 6, 2005
Sheraton, Ballroom
1320 Broadway Plaza
Tacoma, WA 98402

December 7, 2005
Doubletree Hotel
1000 NE Multnomah St.
Portland, OR 97232

2. Parties File Direct Case: January 20, 2006
 - a. *Optional - Parties File Prehearing Briefs: January 25, 2006*
 - b. Clarification: January 30, 2006 – February 2, 2006
 - c. Settlement Discussions: February 3, 2006
 - d. Motions to Strike: February 7, 2006
 - e. Data Request Deadline: February 7, 2006
 - f. Close of Participant Comments: February 13, 2006
 - g. Answers to Motions to Strike: February 14, 2006
 - h. Data Response Deadline: February 14, 2006
3. Supplemental
 - a) **BPA Announces Reactive Proposal. February 13, 2006**
 - b) **Comment Period on Reactive Begins. February 13, 2006**
 - c) **Deadline for Reactive interveners to file Petitions to Intervene. February 16, 2006**
 - d) **Scheduling Conference. 1:00 pm February 16, 2006**
 - e) **Clarification on Reactive Supplemental. February 17, 2006 (tentative)**
 - f) **Motions to Strike (Reactive). TBD**
 - g) **Data Request Deadline (Reactive). TBD**
4. Litigants file Rebuttal: February 27, 2006
 - a) **Answers to Motions to Strike (Reactive). TBD**
 - b) **Data Response Deadline (Reactive). TBD**

- c) Clarification: March 2-3, 2006
- d) Data Request Deadline: March 3, 2006
- e) Motions to Strike: March 3, 2006
- f) **Parties File Direct Case (Reactive). TBD**
- g) **Clarification (Parties Reactive Direct Case). TBD**
- h) **Close of Reactive Participant Comment Period. March 6, 2006**
- i) **Data Request Deadline (Reactive). TBD**
- j) **Motions to Strike (Reactive). TBD**
- k) Answers to Motions to Strike: March 9, 2006
- l) Data Response Deadline. March 9, 2006

B. Hearing Stage

- 1. Cross Examination: March 13 -17, 2006
 - a) **Answers to Motions to Strike (Reactive). TBD**
 - b) **Data Response Deadline (Reactive). TBD**
 - c) Cross Examination: March 20-24, 2006
 - d) **Parties file Rebuttal (Reactive). TBD**
 - e) **Cross Examination (Reactive). TBD**

C. Briefing and Decision Stage

- a) Initial Briefs filed: April 17, 2006
- b) Oral Argument: April 26-27, 2006
- c) Draft ROD Issued: May 26, 2006
- d) Briefs on Exceptions: June 9, 2006
- e) Final ROD – Final Studies: July 7, 2006