

**2007 Wholesale Power Rate Case Initial Proposal**

**REBUTTAL TESTIMONY**

**Introduction of a Partial Resolution  
of Issues with Parties**

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March 2006

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WP-07-E-BPA-31



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REBUTTAL TESTIMONY OF  
**ELIZABETH EVANS, DIANE CHERRY, AND VALERIE LEFLER**  
Witnesses for Bonneville Power Administration

**SUBJECT: INTRODUCTION OF A PARTIAL RESOLUTION OF ISSUES WITH PARTIES**

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1 REBUTTAL TESTIMONY OF  
2 ELIZABETH EVANS, DIANE CHERRY, AND VALERIE LEFLER

3 Witnesses for Bonneville Power Administration  
4

5 **SUBJECT: INTRODUCTION OF A PARTIAL RESOLUTION OF ISSUES WITH**  
6 **PARTIES**

7 **Section 1. Introduction and Purpose of Testimony**

8 *Q. Would you state your names?*

9 A. My name is Elizabeth Evans. My qualifications are contained in WP-07-Q-BPA-57.

10 A. My name is Diane Cherry. My qualifications are contained in WP-07-Q-BPA-56.

11 A. My name is Valerie Lefler. My qualifications are contained in WP-07-Q-BPA-29.

12 *Q. Have you previously submitted testimony in this proceeding?*

13 A. No, we have not previously submitted testimony in this proceeding as a panel.

14 *Q. What is the purpose of this testimony?*

15 A. The purpose of this testimony is to describe and document the results of several  
16 settlement discussions with rate case parties during the month of February that have  
17 resulted in a joint resolution of certain issues presented in BPA's Initial Proposal and the  
18 parties' direct cases. This testimony also has the purpose of recommending that the  
19 Administrator adopt the resolution of issues as presented in Appendix A.

20 **Section 2. Description of Partial Resolution of Issues with Parties**

21 *Q. How many discussions has BPA held with the parties regarding settlement?*

22 A. At the request of parties in the WP-07 rate proceeding, BPA and the parties held four  
23 publicly noticed settlement discussions. These discussions occurred on February 3,  
24 February 8, February 14, and February 22, 2006. The intention was to determine if all  
25 parties could come to agreement on a set of issues, thereby limiting the contested issues  
26

1 in this rate proceeding, as well as limiting the workload associated with the rest of the  
2 rate proceeding.

3 *Q. What was the outcome of these discussions?*

4 A. BPA and the parties were able to resolve a number of issues. Those resolutions are  
5 presented in Attachment A.

6 *Q. Does Attachment A reflect the resolution of all the issues in this rate proceeding?*

7 A. No. There are a number of other issues that remain unresolved that BPA and the parties  
8 will continue to litigate in this rate proceeding.

9 *Q. What issues have BPA and the parties agreed to resolve?*

10 A. BPA and the parties agreed on a resolution of some conditions to the FPS rate schedule,  
11 design of the Low Density Discount, treatment of revenue credits from Operating  
12 Reserves, PF rate design and a few Slice issues involving the treatment of particular  
13 costs. In addition, BPA and the parties reached agreement regarding the non-  
14 precedential nature of the treatment under section 7(b)(2) of the Mid-Columbia  
15 resources, conservation, uncontrollable events and secondary revenues counted as  
16 reserves. Attachment A describes in detail the resolution that BPA and the parties have  
17 reached regarding these issues. We, as members of BPA's negotiating team, support the  
18 resolution of the issues as set forth in Attachment A as a reasonable compromise to the  
19 different points of view presented in the discussions and we recommend that the  
20 Administrator adopt this resolution in the Record of Decision for this rate proceeding.

21 *Q. Were other conditions established between BPA and the parties that are associated with  
22 the resolution of issues that are not set forth in Attachment A?*

23 A. Yes. As part of this agreement BPA and the parties agreed that the WP-07-E-JP6-01  
24 testimony and related exhibits filed by the investor-owned utilities would not be  
25 submitted into evidence. In addition, with regard to the issues included in the joint  
26 resolution, the parties agreed to five conditions. They agreed not to file rebuttal

1 testimony, not to cross-examine witnesses, and not to raise these topics in briefs in this  
2 rate proceeding. In addition, they would not raise these issues with the Federal Energy  
3 Regulatory Commission or in any appeal to the Ninth Circuit Court of the rates  
4 established in this proceeding established consistent with this resolution.

5 BPA also explained during the settlement discussions that it intended to propose  
6 some changes to the NFB Adjustment in light of issues raised in some parties' direct  
7 cases. As part of the resolution of the issues in this proceeding, BPA and the parties  
8 agreed to allow the parties to offer sur-rebuttal testimony on any proposed changes to the  
9 NFB Adjustment. *See, Lovell et al., WP-07-E-BPA-34* for a description of the proposed  
10 changes to the NFB Adjustment.

11 *Q. Does this conclude your testimony?*

12 *A. Yes.*

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**Attachment A**  
**Partial Resolutions of Issues with Parties**

**The following represents the agreed upon terms which the BPA and the parties agreed not to file rebuttal testimony on, cross examine witness on, or address in their respective briefs:**

**1. 7(b)(2)**

BPA will not, in any other proceeding, cite any action taken or not taken in this WP-07 proceeding as evidence of the propriety of (or precedent for) the resolution of any issue with respect to the treatment, under section 7(b)(2), of the Mid-Columbia resources, conservation, uncontrollable events or secondary revenues counted as reserves. To the extent that BPA has addressed and resolved in this WP-07 proceeding any such issues, such BPA actions shall not be considered by BPA to be precedential or binding on BPA in any other proceeding. No action taken or not taken in this WP-07 proceeding with respect to any such issues shall be considered by BPA to either create an adverse inference with respect to any such issues in, or preclude any party from arguing the treatment of any such issues in, any other proceeding (whether before BPA, FERC or a court and whether or not on remand) or in any remand of a rate developed in WP-07 by FERC or a court. BPA recognizes that, in reliance on this BPA approach, the prefiled testimony labeled WP-07-E-JP6-01, WP-07-E-JP6-03, and WP-07-E-JP6-04 were not proffered into evidence in this proceeding when they would otherwise have been proffered.

BPA staff has reviewed the testimony of the Preference Customer Group in WP-07-E-JP1-01 and WP-07-E-JP1-01(E1) section 5 regarding the \$42 million §7(b)(2) trigger due to what they describe as a modeling error. The Preference Customer Group contends that on the issue presented in section 5 of that testimony, the mathematical end result produced for the amount recoverable from preference customers absent BPA's Subscription Step by the BPA approach and that advocated in the Preference Customer Group testimony is identical. Assuming this contention to be true, BPA concludes that it is not necessary to decide in this case whether the alleged modeling error in fact exists.

**2. FPS Rate Schedule**

BPA will agree to post, 30 days after the end of each calendar quarter, on its external web site, reports that contain the same information as contained in the Electric Quarterly Reports filed by utilities with the Federal Energy Regulatory Commission. BPA will begin filing these reports once the software platform has been developed and tested by BPA. BPA does not believe the software will be ready until FY 2008. BPA will make best efforts to have the software ready for posting by that time. BPA will advise parties about the schedule of the software development quarterly.

Section II of the General Rate Schedule Provisions will be modified to include following:

**West-wide Price Cap of FPS Sales**

BPA will voluntarily agree to limit the price of any sales under the FPS rate schedule to the applicable west-wide price cap, if any, established by the Federal Energy Regulatory Commission.

**3. Low Density Discount (LDD)**

For the FY 2007-2009 rate period BPA's General Rate Schedule Provisions (GRSPs) for the Low Density Discount (LDD) shall remain unchanged from BPA's 2002 GRSPs except for the following:

Section II.L.2.c of the LDD Eligibility Criteria will be replaced with the following language:

the Purchaser's average retail rate for the reporting year must exceed BPA's average Priority Firm power rate for the most closely corresponding fiscal year by at least 25 percent.

Section II.L. shall be amended to include the following language:

For Purchasers with Pre-Subscription power sales contracts who are converting to Subscription power sales contracts on October 1, 2006, the "existing discount" shall be calculated by BPA using BPA's 2002 GRSPs and calendar year 2004 data. This "existing discount" will only be used for determining the Purchaser's Phase-In Phase-Out Adjustment for the first year of the rate period. The Purchaser shall provide BPA with such calendar year 2004 data by October 1, 2006.

BPA shall propose, in its Initial Proposal in its next wholesale power rate case for the FY 2010-2011 rate period, GRSPs for the LDD that are not materially different from Sections 1 and 2 of BPA's FY 2007-2009 GRSPs. Customers' current methods of calculating "consumers" prior to or during the FY 2007-2009 and FY 2010-2011 rate period shall remain unchanged, unless both the customer and BPA agree otherwise. BPA shall continue to review LDD data submittals for accuracy.

BPA shall schedule meetings with the Pacific Northwest Generating Cooperative and other interested BPA customers to discuss and attempt to achieve mutual agreement on the proper application of the LDD to the Slice Product. These discussions shall be based on the principle that Slice customers will not be advantaged or disadvantaged in the implementation of the LDD compared to BPA's non-Slice customers receiving the LDD. These meetings shall be scheduled well before the preparation of BPA's initial proposal for its FY 2010-2011 wholesale power rate case. Any successful agreement on the resolution of the Slice LDD issue shall be included in BPA's Initial Proposal for its FY 2010-2011 wholesale power rate case.

#### **4. Operating Reserves Credit**

BPA's initial proposal contained an Operating Reserves Credit (ORC), which would have forecast zero revenues from operating reserves in the base rates as a revenue credit and provided a line item billing credit to firm power requirements customers that elected to purchase operating reserves from TBL rather than self or third party supply. BPA will establish a per unit cost for operating reserves provided to TBL of \$5.63/KW-month, as opposed to the \$6.96 /KW-month per unit cost in the initial proposal. For the final study BPA will apply the \$5.63 /KW-month charge to the adjusted forecast of PBL's share of the control area reserves obligation provided by TBL. BPA will allocate the resulting revenues evenly across all firm power requirements rates. This revenue credit will not be dependent on the transmission customer's choice to buy operating reserves from TBL, self-supply, or third party supply.

#### **5. Rate Design**

##### **a. Demand, Energy, and Load Variance**

Table 1 hereto will be the template for the relationship of the monthly Heavy Load Hour, Light Load Hour, Demand and Load Variance rates for the PF-07 rate schedule. The rates in the PF-07 rate schedule will be as set forth in Table 1, adjusted proportionally (i.e., by an equal percentage applied to each rate) if necessary to recover the revenue requirement in total as determined in the final studies of the WP-07 wholesale power rate case when applied to the billing determinants in the final rate case studies.

##### **b. Application of the CRAC, including the NFB Adjustment**

With the exception of the NFB Adjustment, the CRAC surcharges and DDC dividends will be applied proportionately (i.e., by an equal percentage change for each rate) to the LLH and HLH energy and LV rates of the PF-07, IP-07, and NR-07 rate schedules. If a triggering event due to the NFB Adjustment (see WP-07-E-BPA-07 at 83-84) increases the total amount of revenue to be collected through the CRAC, BPA will recover the revenues in excess of the amounts recoverable from a CRAC without the NFB through an increase to all demand, energy, and LV rates proportionately (i.e., by an equal percentage) in the PF-07, IP-07, and NR-07 rate schedules.

#### **6. Slice**

##### **a. Slice and revenues for reinvestment in BPA's renewable resource facilitation and research and development**

In BPA's initial proposal the Slice Revenue Requirement contained an expense associated with the reinvestment in BPA's renewable resource facilitation and research and development of what was referred to collectively as "Green Tag revenues." These revenues comes from three sources: 1) Green Energy Premium revenues resulting from sales of Renewable Energy Certificates (RECs), 2) Green Tag revenues resulting from sales of Environmentally Preferred Power (EPP), and 3) revenues from sales of Alternative Renewable Energy (ARE) to Pre-Subscription power purchasers. The Slice Revenue Requirement did not include a credit for these revenues. BPA will remove the expense associated with such revenues from Slice Revenue Requirement in BPA's final proposal. In addition, BPA will not include such reinvestment expenses in the Actual Slice Revenue Requirement in the Slice True-Up process. BPA will continue its current proposal and will not include credits in the Slice Revenue Requirement for any revenues from the three sources listed above.

b. Slice/Bad Debt

BPA's initial proposal contained testimony (including data responses) that described how Slice purchasers would pay for bad debt expense through the Actual Slice Revenue Requirement and Slice True-Up process. Under the initial proposal, all Power-related bad debt expense would be included in the Slice True-Up.

Bad debt expense is recognized on the income statement in the current accounting period when the determination is made that all or a portion of outstanding accounts receivable are in question. A reserve account is created for the amount BPA estimates will not be collectible, with the receivables remaining in the accounting records. BPA will identify accounts receivable associated with non-Preference customers that were estimated to be uncollectible, and result in bad debt expense. The Actual Slice Revenue Requirement will not include any bad debt expense associated with the sale of energy to any customer that exclusively purchases under the FPS-07 rate schedule. However, any bad debt expense associated with the sale of energy under both the PF-07 and FPS-07 or just the PF-07 rate schedules will be included in the Actual Slice Revenue Requirement for Slice True-Up purposes.

c. Slice Product Costing and True-Up Table

The Slice Product Costing and True-Up Table will be reformatted to be consistent with the table entitled, "Power Business Line Program Spending Levels" (*see*, Table 3A in WP-07-E-BPA-02A, at 44-46). Table 2 contains a prototype of a reformatted Slice Product Costing and True-Up Table. This table will be included in BPA's rebuttal testimony, as well as BPA's final proposal. The reformatted Slice Product Costing and True-Up Table will contain the following differences from the Power Business Line Program Spending Level table:

- i. The Slice Product Costing and True-Up Table will include a Revenue Credits section that contains estimates of revenue credits that are applicable to the Slice Revenue Requirement;

- ii. The Slice Product Costing and True-Up Table will include estimates of costs associated with programs (such as the Irrigation Rate Mitigation Program and the Low Density Discount program) whose costs are paid for in the base rates of Slice and non-Slice customers;
- iii. The Slice Product Costing and True-Up Table will contain an “Augmentation Cost” box, in which the Net Cost of Augmentation is calculated. These costs will not be subject to the Slice True-Up process, but relevant updates, if any, will be made for BPA’s final proposal;
- iv. The Slice Product Costing and True-Up Table will contain a Minimum Required Net Revenue (MRNR) calculation so that the individual components within the calculation of MRNR can be trued-up in the annual Slice True-Up process;
- v. The Slice Product Costing and True-Up Table will include values for Depreciation, Amortization, and Net Interest Expense;
- vi. The Slice Product Costing and True-Up Table may have lower or no values in some expense line items, if those expense line items have been excluded from the Slice Revenue Requirement as per the Slice Rate Methodology (such exclusions include but are not limited to Hedging/Mitigation expenses but for those associated with augmentation, other power purchases, augmentation purchases, expenses associated with reinvested “Green Tag revenues” referenced above, bad debt expense associated with FPS sales to non-preference customers, etc.);
- vii. The Slice Product Costing and True-Up Table will include estimates of Canadian Entitlement Agreement Transmission expenses and PNCA & NTS Transmission and System Obligation Expenses, even though PBL-Transmission & Ancillary Services expenses in general are excluded as per the Slice Rate Methodology. The Canadian Entitlement Agreement Transmission expenses and PNCA & NTS Transmission and System Obligation Expenses are included in the Slice Revenue Requirement because they are associated with BPA’s system obligations and Slice customers must pay their share of these expenses as per the Slice Rate Methodology.

BPA will include estimates of expenses and revenue credits in the Slice Product Costing and True-Up Table that are exactly equal to values in the Cost of Service Analysis (COSA) tables used as the basis for calculating the PF rate, the Power Business Line Spending Level table, and the Generation Revenue Requirement table for those expenses and revenue credits that should be the same for Slice and non-Slice customers. However, there will be differences for those expenses and revenue credits that are treated differently for the Slice Revenue Requirement. Treatment of the expenses and revenue credits for the Slice Revenue Requirement is contained in the Slice Rate Methodology; the WP-07 initial proposal, and rebuttal testimony, and associated documents; and any settlement agreements that pertain to the Slice product.

If, during the FY 2007-2009 rate period, PBL alters the format of the financial information provided on a regular basis to the Public Power Council, as captured currently in Table 3A in WP-07-E-BPA-02A at 44-46, PBL will meet with Slice customers to develop a crosswalk of such reformatted financial information with the Slice Product Costing and True-Up Table.

**Table 1**

Calculation of PF Preference Rate Components													
Test Period October 2006 - September 2009													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Averages
Initial Proposal Demand Charges	\$ 1.17	\$ 1.25	\$ 1.31	\$ 1.11	\$ 1.13	\$ 1.05	\$ 0.99	\$ 0.82	\$ 0.75	\$ 0.92	\$ 1.08	\$ 1.11	1.06
Demand at \$2 average													
Shaped per Initial Proposal	\$ 2.21	\$ 2.36	\$ 2.48	\$ 2.10	\$ 2.14	\$ 1.99	\$ 1.87	\$ 1.55	\$ 1.42	\$ 1.74	\$ 2.04	\$ 2.10	2.00
Incr. Demand Revenues ('000)	\$ 19,443	\$ 22,664	\$ 25,639	\$ 22,691	\$ 22,456	\$ 18,839	\$ 15,923	\$ 11,969	\$ 10,557	\$ 13,528	\$ 15,814	\$ 16,164	
Total Demand Revenues	\$ 41,258	\$ 48,093	\$ 54,406	\$ 48,151	\$ 47,652	\$ 39,976	\$ 33,788	\$ 25,398	\$ 22,403	\$ 28,708	\$ 33,558	\$ 34,300	
PF billing determinants (GWHs)													
HLH	6,625	7,074	8,129	8,322	7,428	7,469	6,647	5,966	5,497	5,663	5,939	6,149	
LLH	4,327	5,088	5,851	5,841	5,081	5,093	4,399	4,257	3,695	3,907	3,919	4,274	
Demand	18,646	20,343	21,960	22,927	22,297	20,131	18,046	16,377	15,794	16,499	16,430	16,339	
Proposed PF rates													
HLH	\$ 33.77	\$ 36.02	\$ 37.59	\$ 31.91	\$ 32.59	\$ 30.23	\$ 28.37	\$ 23.70	\$ 21.45	\$ 26.42	\$ 30.94	\$ 31.94	
LLH	\$ 29.23	\$ 30.72	\$ 31.96	\$ 26.97	\$ 27.73	\$ 25.86	\$ 24.01	\$ 19.19	\$ 14.25	\$ 22.80	\$ 26.99	\$ 29.41	
Demand	\$ 1.17	\$ 1.25	\$ 1.31	\$ 1.11	\$ 1.13	\$ 1.05	\$ 0.99	\$ 0.82	\$ 0.75	\$ 0.92	\$ 1.08	\$ 1.11	
Load Variance	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	
Revenues at Proposed Rates													Totals
HLH	\$ 223,720	\$ 254,794	\$ 305,573	\$ 265,558	\$ 242,086	\$ 225,781	\$ 188,573	\$ 141,404	\$ 117,905	\$ 149,626	\$ 183,742	\$ 196,410	\$ 2,495,172
LLH	\$ 126,464	\$ 156,310	\$ 187,009	\$ 157,519	\$ 140,900	\$ 131,708	\$ 105,623	\$ 81,685	\$ 52,648	\$ 89,079	\$ 105,770	\$ 125,709	\$ 1,460,422
Demand	\$ 21,815	\$ 25,429	\$ 28,767	\$ 25,460	\$ 25,196	\$ 21,137	\$ 17,866	\$ 13,429	\$ 11,846	\$ 15,179	\$ 17,744	\$ 18,136	\$ 242,004
													LV Revenue
													\$ 52,592
													\$ 4,250,191
Revised LLH Revenues	\$ 107,021	\$ 133,646	\$ 161,370	\$ 134,828	\$ 118,444	\$ 112,869	\$ 89,700	\$ 69,716	\$ 42,091	\$ 75,550	\$ 89,955	\$ 109,545	
Revised LLH Charges	24.74	26.27	27.58	23.08	23.31	22.16	20.39	16.38	11.39	19.34	22.95	25.63	
Compromise Charges													
HLH	33.77	36.02	37.59	31.91	32.59	30.23	28.37	23.70	21.45	26.42	30.94	31.94	
LLH	24.74	26.27	27.58	23.08	23.31	22.16	20.39	16.38	11.39	19.34	22.95	25.63	
Demand	2.21	2.36	2.48	2.10	2.14	1.99	1.87	1.55	1.42	1.74	2.04	2.10	
Load Variance	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	
Revenue Check													Totals
HLH	\$ 223,720	\$ 254,794	\$ 305,573	\$ 265,558	\$ 242,086	\$ 225,781	\$ 188,573	\$ 141,404	\$ 117,905	\$ 149,626	\$ 183,742	\$ 196,410	\$ 2,495,172
LLH	\$ 107,021	\$ 133,646	\$ 161,370	\$ 134,828	\$ 118,444	\$ 112,869	\$ 89,700	\$ 69,716	\$ 42,091	\$ 75,550	\$ 89,955	\$ 109,545	\$ 1,244,736
Demand	\$ 41,258	\$ 48,093	\$ 54,406	\$ 48,151	\$ 47,652	\$ 39,976	\$ 33,788	\$ 25,398	\$ 22,403	\$ 28,708	\$ 33,558	\$ 34,300	\$ 457,691
													LV Revenue
													\$ 52,592
													\$ 4,250,191

Table 2

SLICE PRODUCT COSTING AND TRUE-UP TABLE				
(\$000s)				
	Audited Actual Data	FY 2007 forecast	FY 2008 forecast	FY 2009 forecast
1	<b>Operating Expenses</b>			
2	<b>Power System Generation Resources</b>			
3	<b>Operating Generation</b>			
4	COLUMBIA GENERATING STATION (WNP-2)			
5	BUREAU OF RECLAMATION			
6	CORPS OF ENGINEERS			
7	LONG-TERM CONTRACT GENERATING PROJECTS			
8	<b>Sub-Total</b>			
9	<b>Operating Generation Settlement Payment</b>			
10	COLVILLE GENERATION SETTLEMENT			
11	SPOKANE GENERATION SETTLEMENT			
12	<b>Sub-Total</b>			
13	<b>Non-Operating Generation</b>			
14	TROJAN DECOMMISSIONING			
15	WNP-1&3 DECOMMISSIONING			
16	<b>Sub-Total</b>			
17	<b>Contracted Power Purchases</b>			
18	PNCA HEADWATER BENEFIT			
19	HEDGING/MITIGATION (omit except for those assoc. with inventory solution)			
20	OTHER POWER PURCHASES (short term - omit)			
21	<b>Sub-Total</b>			
22	<b>Augmentation Power Purchases</b>			
23	AUGMENTATION POWER PURCHASES (omit - calculated below)			
24	CONSERVATION AUGMENTATION (omit)			
25	<b>Residential Exchange/IOU Settlement Benefits</b>			
26	<b>Renewable Generation</b>			
27	<b>Generation Conservation</b>			
28	LOW INCOME WEATHERIZATION & TRIBAL			
29	ENERGY EFFICIENCY DEVELOPMENT			
30	ENERGY WEB			
31	LEGACY (Until 11/1/03 this was included with line 72)			
32	MARKET TRANSFORMATION			
33	TECHNOLOGY LEADERSHIP			
34	INFRASTRUCTURE SUPPORT AND EVALUATION			
35	BI-LATERAL CONTRACT ACTIVITY			
36	<b>Sub-Total</b>			
37	CONSERVATION RATE CREDIT			
38	<b>Power System Generation Sub-Total</b>			
39				
40	<b>PBL Transmission Acquisition and Ancillary Services</b>			
41	<b>PBL Transmission Acquisition and Ancillary Services</b>			
42	PBL - TRANSMISSION & ANCILLARY SERVICES			
42a	Canadian Entitlement Agreement Transmission Expenses			
42b	PNCA & NTS Transmission and System Obligation Expenses			
43	3RD PARTY GTA WHEELING			
44	PBL - 3RD PARTY TRANS & ANCILLARY SVCS			
45	RESERVE & OTHER SERVICES			
46	TELEMETERING/EQUIP REPLACENT			
47	<b>PBL Trans Acquisition and Ancillary Services Sub-Total</b>			
48				
49	<b>Power Non-Generation Operations</b>			
50	<b>PBL System Operations</b>			
51	EFFICIENCIES PROGRAM (omit TMS expenses)			
52	INFORMATION TECHNOLOGY			
53	GENERATION PROJECT COORDINATION			
54	SLICE IMPLEMENTATION (omit - calculated separately)			
55	<b>Sub-Total</b>			
56	<b>PBL Scheduling</b>			
57	OPERATIONS SCHEDULING			
58	OPERATIONS PLANNING			
59	<b>Sub-Total</b>			
60	<b>PBL Marketing and Business Support</b>			
61	SALES & SUPPORT			
61a	Contractual exclusion			
62	PUBLIC COMMUNICATION & TRIBAL LIAISON			
63	STRATEGY, FINANCE & RISK MGMT			
64	EXECUTIVE AND ADMINISTRATIVE SERVICES			
65	CONSERVATION SUPPORT (EE staff costs)			
66	<b>Sub-Total</b>			
67	<b>Power Non-Generation Operations Sub-Total</b>			
68				
69	<b>Fish and Wildlife/USF&amp;W/Planning Council</b>			
70	<b>BPA Fish and Wildlife (includes F&amp;W Shared Services)</b>			
71	FISH & WILDLIFE			
72	F&W HIGH PRIORITY ACTION PROJECTS			
73	<b>Sub-Total</b>			
74	<b>PBL-USF&amp;W Lower Snake Hatcheries</b>			

Table 2

82	<b>General and Administrative/Shared Services</b>				
83	<b>CSRS</b>				
84	CIVIL SERVICE RETIREMENT SYSTEM				
85	<b>Corporate Support - G&amp;A (excludes direct project support)</b>				
86	CORPORATE G&A				
87	<b>Corporate Support - Shared Services (excluded direct project support)</b>				
88	SHARED SERVICES				
89	<b>Sub-Total Corporate Support Services</b>				
90	<b>TBL Supply Chain - Shared Services</b>				
91	<b>General and Administrative/Shared Services Sub-Total</b>				
92					
93	<b>Bad Debt Expense</b>				
94	<b>Other Income, Expenses, Adjustments</b>				
95	<b>Non-Federal Debt Service</b>				
96	<b>Energy Northwest Debt Service</b>				
97	COLUMBIA GENERATING STATION DEBT SVC				
98	WNP-1 DEBT SVC				
99	WNP-3 DEBT SVC				
100	EN RETIRED DEBT				
101	EN LIBOR INTEREST RATE SWAP				
102	<b>Sub-Total</b>				
103	<b>Non-Energy Northwest Debt Service</b>				
104	TROJAN DEBT SVC				
105	CONSERVATION DEBT SVC				
106	COWLITZ FALLS DEBT SVC				
107	WASCO DEBT SVC				
108	<b>Sub-Total</b>				
109	<b>Non-Federal Debt Service Sub-Total</b>				
110					
111					
112	<b>Total Operating Expenses</b>				
113					
114	<b>Other Expenses</b>				
115	Depreciation (excl. TMS)				
116	Amortization (excl. ConAug amortiz.)				
117	Net Interest Expense				
118	LDD				
119	Irrigation Rate Mitigation Costs				
120	<b>Sub-Total</b>				
121	<b>Total Expenses</b>				
122					
123	<b>Revenue Credits</b>				
124	Ancillary and Reserve Service Revs. Total				
125	COE & USDR Project Revenues				
126	4(h)(10)(c)				
127	Colville Credit				
128	FCCF				
129	Sup/Ent Cap; Irr. Pump				
130	Energy Efficiency Revenues				
131	Property Trmrs & Misc.				
132	<b>Total Revenue Credits</b>				
133					
134	<b>Augmentation Costs</b>				
135	<b>IOU Reduction of Risk Discount (includes interest)</b>				
136	**Costs in this box are not subject to True-Up**				
137	<b>Forecasted Gross Augmentation Costs</b>				
138	(Gross power purchase cost)				
139	Minus revenues				
140	<b>Net Cost of Augmentation</b>				
141					
142					
143	<b>Minimum Required Net Revenue calculation</b>				
144	Principal Payment of Fed Debt for Power				
145	Irrigation assistance				
146	Depreciation				
147	Amortization				
148	Capitalization Adjustment				
149	Bond Premium Amortization				
150	Principal Payment of Fed Debt exceeds non cash expenses				
151	Minimum Required Net Revenues				
152					
153	<b>SLICE TRUE-UP ADJUSTMENT CALCULATION</b>				<b>3-Year Total Slice Rev. Reqtd.</b>
154	Annual Slice Revenue Requirement (Amounts for each FY)				\$ -
155	TRUE UP AMOUNT (Diff. between actuals and forecast)				
156	AMOUNT BILLED (22.6278 percent)				
157	Slice Implementation Expenses (not incl. in base rate)				
158	TRUE UP ADJUSTMENT				
159					
160					
161	<b>SLICE RATE CALCULATION (\$)</b>				
162	Monthly Slice Revenue Requirement (3-Year total divided by 36 months)				\$ -
163	One Percent of Monthly Requirement (Slice Rate per percent Slice - Monthly Slice Revenue Requirement divided by 100)				\$ -
164					
165	<b>ANNUAL BASE SLICE REVENUES</b>				\$ -
166	<b>Annual Slice Implementation Expenses</b>				\$ -
167	<b>TOTAL ANNUAL SLICE REVENUES</b>				\$ -