

2010-2011 POWER AND TRANSMISSION RATES CASE))))	BPA Docket BPA-10
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WP-10-S-BPA-09
TR-10-S-BPA-09

Asterisks indicates representatives upon whom service should be made.

II. NATURE OF PROCEEDING

BPA has commenced a consolidated power and transmission rate adjustment proceeding for FY 2010-2011, BPA-10, which will have separate sub-dockets for power rates (designated WP-10"), and transmission and ancillary services rates (designated "TR-10"). The BPA-10 rate proceeding will have one hearing officer, one schedule, one record, and one Record of Decision. BPA indicates that the FY 2010-2011 power, transmission, and ancillary services rates will become effective on October 1, 2009.

The power rates sub-docket will address all power rate issues, including the calculation and pricing of capacity reserves for ancillary and control area services (regulating reserves, operating reserves, and wind balancing reserves). In addition, the power rates sub-docket will include other generation inputs and inter-business line topics, including synchronous condensing, generation dropping, redispatch expense, energy and generation imbalance revenue, segmentation of U.S. Army Corps of Engineers and U.S. Bureau of Reclamation transmission facilities, and station service.

Except for the generation input issues identified for the power rates sub-docket, the transmission rates sub-docket will include all transmission rate issues, including rate design and rate schedules for all ancillary and control area services.

In preparation for this rate proceeding, BPA held a number of public rate case workshops from May 2008 through January 2009. These public workshops culminated in a Partial Settlement of the Transmission Sub-Docket between BPA Transmission Services and most of its customers ("Partial Settlement"). The Partial Settlement Agreement requires BPA Transmission Services to submit a settlement proposal that incorporates the provision of the Partial Settlement, which provides for BPA Transmission Services to propose maintaining current FY 2008-2009 rates, with no rate increase for the FY 2010-2011 period, for all transmission

services and two ancillary services: Scheduling, System Control and Dispatch Service and Reactive supply and Voltage Control from Generation Sources Service. The remaining ancillary services and all control area services are not covered by the Partial Settlement.

Additionally, the Partial Settlement Agreement includes changes to the Failure to Comply Penalty Charge, the Unauthorized Increase Charge, and the Network Integration Transmission Rate. Further, the Partial Settlement obligates BPA Transmission Services to hold discussions with all interested parties regarding various ratemaking issues and to develop a business practice for implementing the revised Failure to Comply Penalty Charge. In addition, the Partial Settlement requires BPA to file with the Federal Energy Regulatory Commission ("FERC") a revised Attachment M to BPA's Open Access Transmission Tariff ("OATT"), which cannot be challenged by parties to the Partial Settlement. The Attachment M filing will not be part of the BPA-10 proceeding.

With regard to the transmission rates at issue in sub-docket TR-10, BPA Transmission Services is proposing four different rates for the use of its Integrated Network segment, four different rates for the use of intertie segments, and several other rates for various purposes. It is also proposing a formula for allocating costs of Network Upgrades under incremental cost rates, with the cost allocation itself to take place in a separate public process to be held each time BPA offers service at an incremental rate. BPA Transmission Service has proposed a rate schedule that includes the formula and describes the public process it would use to allocate costs under the incremental rate formula to derive the specific rate for a customer.

BPA also proposes to add conditional firm service to the availability section of the Network Integration Transmission Service ("NT") Rate Schedule to price the conditional firm service that has been added to the NT section of the OATT. Further, BPA proposes to add a new methodology to forecast loads for NT customers and Utility Delivery customers to incorporate more sophisticated analyses.

For Ancillary Services, BPA Transmission Services is proposing rates for the six ancillary services: (i) Scheduling, System Control, and Dispatch Service; (ii) Reactive Supply and Voltage Control from Generation Sources Service; (iii) Regulation and Frequency Response Service; (iv) Energy Imbalance Service; (v) Operating Reserve-Spinning Reserve Service; and (vi) Operating Reserve-Supplemental Reserve Service. In addition to the rates for Ancillary Services, BPA Transmission Services is proposing rates for five Control Area services: (i) Regulation and Frequency Response Service; (ii) Generation Imbalance Service; (iii) Operating Reserve-Spinning Reserve Service; (iv) Operating Reserve-Supplemental Reserve Service; and (iv) Wind Integration-Within-Hour Balancing Service.

With respect to sub-docket WP-10, BPA indicates that cost allocations BPA Power Services is proposing to use to determine the generation input costs and associated units costs to BPA Transmission Services are matters that are included within the scope of this proceeding.

III. **INTEREST OF POWEREX**

Powerex is a corporation organized under the *Business Corporations Act* of British Columbia, with its principal place of business at Vancouver, British Columbia, Canada. As the wholly-owned marketing subsidiary of the British Columbia Hydro and Power Authority ("BC Hydro"), a provincial Crown Corporation owned by the Government of British Columbia, Powerex is an instrumentality of a foreign state under the Foreign Sovereign Immunities Act.¹ Powerex sells power at wholesale in the United States, pursuant to market-based rate authority originally granted by the Commission on September 24, 1997, and renewed effective July 29, 2000, October 30, 2003, and February 27, 2006 after triennial reviews by the Commission.²

¹ 28 U.S.C. §§ 1602, *et seq.* (2006 Supp.).

² See *British Columbia Power Exchange Corp.*, 80 FERC ¶ 61,343 (1997); *British Columbia Power Exchange Corp.*, Docket No. ER97-4024-012 (issued Sept. 12, 2000); *Powerex Corp.*, Docket No. ER01-48-002 (issued Oct. 30, 2003); *Powerex Corp.*, Docket No. ER04-466-000 (issued Feb. 11, 2004); *Powerex Corp.*, Docket No. ER01-48-003 (issued March 29, 2004); *Powerex Corp.*, Docket No. ER01-48-007 (July 26, 2007). Powerex was originally known as the British Columbia Power Exchange Corporation, but changed its name to Powerex Corp. on September 6, 2000.

Powerex sells power from a portfolio of resources, including the Canadian Entitlement resources made available under the Columbia River Treaty, BC Hydro system resources, and various other power resources acquired from other sellers within the United States. Powerex also markets power in Canadian provinces other than British Columbia and in Mexico. Powerex is a customer of BPA and takes service under BPA's OATT.

Powerex contracts with BPA for both firm and non-firm transmission service, and is dependent upon BPA for a significant portion of its transmission access to U.S. wholesale markets. As a large transmission customer of BPA, Powerex has a direct and vital interest in the outcome of this proceeding. Any decision by the Administrator in Docket BPA-10 and the associated sub-dockets, TR-10 and WP-10, could affect the rates and terms and conditions of transmission service that BPA provides to Powerex.

WHEREFORE, Powerex respectfully requests that the Hearing Officer grant Powerex leave to intervene as a party to this rate proceeding.

Respectfully submitted,

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February 13, 2009

DC #251458.01

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

**2010-2011 POWER AND TRANSMISSION
RATES CASE**

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BPA Docket BPA-10

CERTIFICATE OF SERVICE

Pursuant to Section 1010.4(a) of BPA's Rules of Procedures Governing Rate Hearings and BPA's February 10, 2009 Notice, 74 Fed. Reg. 6609, I hereby certify that I have this day served via email a copy of the foregoing on:

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Mr. Barry Bennett, LC-7
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Dated at Washington, D.C. this 13th day of February 2009.

/s/ Tracey L. Bradley
Tracey L. Bradley