

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

Fiscal Year 2016-2017 Proposed)	BPA Docket No. BP-16
Power and Transmission Rate)	
Adjustment Proceeding)	

**JOINT PARTY 15’S MOTION TO STRIKE
PORTIONS OF SURREBUTTAL TESTIMONY
OF RENEWABLE NORTHWEST**

Pursuant to Rule 1010.11(d) of the Bonneville Power Administration’s (“BPA” or “Bonneville”) Rules of Procedure Governing Rate Hearings, and Order Establishing Schedule, BP-16-HOO-13, Joint Party 15 (“JP15”)¹ hereby moves for an order striking certain portions of Renewable Northwest’s (RN) surrebuttal testimony on Montana Intertie Rate (BP-16-E-RN-02), filed in this proceeding on March 30, 2015. The portions of RN’s testimony identified in Attachment A² should be stricken because they exceed the permissible scope of surrebuttal testimony. Specifically, they respond not only to the

¹ Joint Party 15 consists of Public Power Council, Industrial Customers of Northwest Utilities, The City of Seattle, and Northwest Requirements Utilities.

² The RN testimony subject of this motion is marked in Attachment A with ~~striketrough~~, and includes the following excerpts of Attachment A:

- page 3, lines 13-23 (after the first comma on line 13);
- page 4, lines 1-2 (through the period);
- page 4, lines 4-24;
- page 5 – page 12;
- page 13, lines 1-12;
- page 15, lines 10-23;
- page 16, lines 1-5;
- page 16, lines 14-23;
- page 17 – page 21;
- page 22, lines 1-9.

rebuttal testimony of BPA staff, but also to the rebuttal testimony of other rate case parties. The scope of surrebuttal in the BP-16 rate case was expressly limited to testimony responding to certain rebuttal testimony filed by BPA staff, and not the rebuttal testimony of other rate case parties. *See* BPA’s Motion to Amend Procedural Schedule, BP-16-M-BPA-03, at 2.

ARGUMENT

BPA staff’s Initial Proposal in this case included a proposal to retain the three current rates used to collect the costs of the Eastern Intertie: Montana Intertie Rate, the Townsend-Garrison Transmission Rate, and the Eastern Intertie Rate. On December 10, 2014, the Hearing Officer adopted the Order Establishing Procedural Schedule that permitted parties to file direct testimony and rebuttal testimony during the prehearing stage of the proceeding. BP-16-HOO-01. In accordance with the schedule, RN filed direct testimony on February 4, 2015, arguing that the Administrator should “eliminate the Montana Intertie Rate (the ‘IM rate’ or ‘IM-16 rate’) and amend the Townsend-Garrison Transmission Rate (the ‘TGT rate’ or ‘TGT-16 rate’).” Yourkowski, BP-16-E-RN-01, at 1. BPA staff and other rate case parties, including members of JP15, filed rebuttal testimony responding to RN’s direct testimony. *See* Metcalf *et al.*, BP-16-E-BPA-32; Baker *et al.*, BP-16-E-JP07-03; Arthur, BP-16-E-MS-02. Pursuant to the procedural schedule, the filing of rebuttal testimony concluded the prehearing stage of the rate case, which marked the end of the parties’ opportunity to submit testimony.

However, in its rebuttal testimony, BPA staff proposed “significant changes to four aspects of its initial proposal,” including the Montana Intertie Rate. BPA’s Motion to Amend Procedural Schedule, BP-16-M-BPA-03, at 2. In light of these changes, and in

order to “add an opportunity for the parties to file surrebuttal testimony in response to Bonneville’s rebuttal testimony,” on February 27, 2015, BPA filed a motion to amend the procedural schedule. *Id.* at 1. In the motion, BPA clearly explained the scope of the proposed surrebuttal:

In rebuttal testimony Bonneville expects to propose significant changes to . . . the Montana Intertie rate.... Bonneville proposes that the parties have an opportunity to file surrebuttal testimony in response to Bonneville’s rebuttal testimony on these issues. **Surrebuttal testimony** would be limited to these four issues, and also **would be limited to responding to Bonneville’s rebuttal testimony rather than to the parties’ rebuttal testimony.**

Id. at 2 (emphasis added). In other words, BPA staff proposed to give parties the opportunity to respond to its – and only its – rebuttal testimony, and not the rebuttal testimony of any other party. On March 4, 2015, the Hearing Officer granted BPA’s motion and adopted the amended schedule. Order Granting BPA Motion to Amend Procedural Schedule, BPA-16-HOO-13, at 2. Consistent with BPA’s motion, the amended schedule clearly stated that “Parties file Surrebuttal to **BPA Rebuttal** (4 Issues)” on March 30, 2015. Amended Schedule, BPA-16-HOO-13, at 2 (emphasis added).

In accordance with the amended schedule, interested parties, including JP15, filed surrebuttal to BPA’s rebuttal on the Montana Intertie Rate. RN’s surrebuttal, however, responds not only to the rebuttal testimony of BPA staff, but predominantly, to the rebuttal testimony of other parties. In fact, RN plainly described the purpose of its surrebuttal testimony:

We are offering surrebuttal testimony to respond to the rebuttal testimony of BPA staff (Metcalf et al., BP-16-E-BPA-32), Joint Party 7 (“JP07”) (Baker et al., BP-16-E-JP07-03), and M-S-R Public Power Agency (“M-S-R”) (BP-16-E-MS-02) regarding the Montana Intertie Rate....

Yourkowski, BP-16-E-RN-02, at 1. RN's surrebuttal testimony that responds to the testimony of Joint Party 7 and M-S-R Public Power Agency, and that is identified in Attachment A, is outside the permitted scope of surrebuttal and should be stricken from the record of this case. Acceptance of this testimony into the record is not appropriate and is prejudicial to the other rate case parties because it would afford one party greater procedural rights, and an additional opportunity to advocate its position before the Administrator, than afforded to any other party.

Dated: April 1, 2015

s/ Betsy Bridge

Betsy Bridge
Northwest Requirements Utilities
825 NE Multnomah Street, Ste. 1135
Portland, OR 97232
Phone: (503) 233-5823
E-mail: bbridge@nru-nw.com
Attorney for Northwest Requirements Utilities

s/ Sarah Dennison-Leonard

Sarah Dennison-Leonard
Attorney at Law
P.O. Box 19272
Portland, OR 97280
Phone: (503) 219-9649
E-mail: sdleonard@earthlink.net
Attorney for The City of Seattle

s/ Irene A. Scruggs

Irene A. Scruggs
Public Power Council
825 NE Multnomah Street, Ste. 1225
Portland, OR 97232
Phone: (503) 595-9779
E-mail: iscruggs@ppcpdx.org
Attorney for Public Power Council

s/ Joshua D. Weber

Davison Van Cleve PC
333 SW Taylor Street, Suite 400
Portland, OR 97204
Phone: (503) 241-7242
E-mail: jdwe@dvclaw.com
Attorney for Industrial Customers of Northwest Utilities

**ATTACHMENT A
TO JP15's MOTION TO STRIKE**

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

**FY 2016-2017 Proposed Power and
Transmission Rate Adjustments**

BPA Docket No. BP-16

**SURREBUTTAL TESTIMONY OF
RENEWABLE NORTHWEST (RN)**

WITNESSES:

Cameron Yourkowski
and
Megan Decker

SUBJECT OF TESTIMONY:

Montana Intertie Rate

March 30, 2015

BP-16-E-RN-02

**SURREBUTTAL TESTIMONY OF
CAMERON YOURKOWSKI AND MEGAN DECKER**

Witnesses for Renewable Northwest

TABLE OF CONTENTS

SUBJECT: MONTANA INTERTIE RATE

Section 1: Introduction and Purpose of Testimony	1
Section 2: Eliminating the IM Rate in this Proceeding Will Facilitate Clean Power Plan Compliance	2
Section 3: Eliminating the IM Rate Will Encourage Wind Development in Montana.....	6
Section 4: Eliminating the IM Rate Holds All Parties Harmless and Has the Potential to Make All Parties Better Off	12
Section 5: Eliminating the IM Rate Is Consistent With a Business-Oriented Philosophy.	15
Attachment 1 to Surrebuttal Testimony of Renewable Northwest	1

1 **SURREBUTTAL TESTIMONY OF**
2 **CAMERON YOURKOWSKI AND MEGAN DECKER**

3 **Witnesses for Renewable Northwest**
4

5 **SUBJECT: MONTANA INTERTIE RATE**

6 **Section 1: Introduction and Purpose of Testimony**

7 *Q. Please state your name and qualifications.*

8 A. My name is Cameron Yourkowski. My qualifications are contained in Exhibit BP-16-Q-
9 RN-01.

10 A. My name is Megan Decker. My qualifications are contained in Exhibit BP-16-Q-RN-02.

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

12 A. We are offering surrebuttal testimony to respond to the rebuttal testimony of BPA staff
13 (Metcalf et al., BP-16-E-BPA-32), ~~Joint Party 7 (“JP07”) (Baker et al., BP-16-E-JP07-~~
14 ~~03), and M-S-R Public Power Agency (“M-S-R”) (BP-16-E-MS-02) regarding the~~
15 ~~Montana Intertie Rate (the “IM rate” or “IM-16 rate”) and Townsend Garrison~~
16 ~~Transmission Rate (the “TGT rate” or “TGT-16 rate”).~~

17 *Q. Please summarize your testimony.*

18 A. ~~Contrary to the testimony of JP07 and M-S-R, eliminating the IM rate would encourage~~
19 ~~the development of new renewable resources in Montana and facilitate compliance with~~
20 ~~the Environmental Protection Agency’s (“EPA”) Clean Power Plan. Eliminating the IM~~
21 ~~rate and charging Network rates beginning at Townsend holds all parties harmless and~~
22 ~~has the potential to make all parties better off than the status quo. JP07’s concerns about~~
23 ~~precedent are misplaced; unlike roll-in of the Southern Intertie, eliminating the IM rate is~~

1 ~~consistent with a business-oriented philosophy, has negligible rate impacts, and would~~
2 ~~encourage wider use of the transmission system. The Administrator should eliminate the~~
3 ~~IM rate in this proceeding.~~

4 **~~Section 2: Eliminating the IM Rate in this Proceeding Will Facilitate Clean Power Plan~~**
5 **~~Compliance~~**
6

7 *~~Q: JP07's testimony states that no material fact has changed with respect to the~~*
8 *~~segmentation and use of the Eastern Intertie since the Final Record of Decision was~~*
9 *~~issued in the BP-14 proceeding. Baker et al., BP-16-E JP07-03 at 3, lines 20-23. Do~~*
10 *~~you agree?~~*

11 *~~A: No. EPA's issuance of the proposed Clean Power Plan and stated intention to issue a~~*
12 *~~final rule in the Summer of 2015 is a significant development that is relevant to the use of~~*
13 *~~BPA's unsubscribed Eastern Intertie capacity. In addition, as further addressed below~~*
14 *~~and in our direct testimony, our proposal in this rate case and BPA's clarifications in its~~*
15 *~~rebuttal testimony go farther towards ensuring that other BPA customers either benefit~~*
16 *~~from or are held harmless by elimination of the IM rate.~~*

17 *~~Q: JP07 emphasizes that the Clean Power Plan is currently in draft form and argues that~~*
18 *~~"there is no credible evidence beyond speculation to support the consideration of the~~*
19 *~~plan in BPA's rates decisions for the FY 2016-17 rate period." Baker et al., BP-16-E-~~*
20 *~~JP07-03 at 9-10, lines 22-8. Do you agree with their assessment?~~*

21 *~~A: No. While we acknowledge, as we did in our direct testimony, that the Clean Power Plan~~*
22 *~~is currently in draft form, we disagree with JP07's analysis of the evidence and relevant~~*
23 *~~timelines. With respect to the timelines, as BPA staff notes, EPA expects to issue the~~*
24 *~~final rule this summer, and the proposed deadline for individual states to submit~~*

1 compliance plans is June 2016 before the next rate case. Metcalf et al., BP 16 E BPA-
2 32 at 8-9, lines 24-2. As BPA staff correctly observes, “[s]ince the initial individual state
3 plans are proposed under the CPP to be submitted by June 2016, it is timely in the BP 16
4 rate case to consider the impacts of the elimination of the IM rate on CPP compliance so
5 that states can consider this in developing their compliance plans.” BPA Response to
6 Data Request PP BPA 25-38. BPA’s power and transmission rate cases are typically
7 held every two years. This BP 16 rate proceeding commenced in December 2014 and is
8 scheduled to conclude in July 2015. Judging by the timeline of the current proceeding
9 and the past several rate cases, the next BPA power and transmission rate proceeding for
10 the BP 18 rate period would likely not conclude until the summer of 2017, which would
11 likely be too late for purposes of Clean Power Plan compliance. Thus, it is important to
12 eliminate the IM rate in this proceeding so that states can factor the benefits of
13 eliminating this rate pancake into their plans for Clean Power Plan compliance.

14 With respect to JP07’s analysis of the evidence supporting consideration of the
15 Clean Power Plan in BPA’s decisions in this proceeding, we have a different view.
16 JP07’s testimony overlooks evidence regarding the Montana Department of
17 Environmental Quality’s (“DEQ”) five options for the State of Montana’s compliance
18 with the Clean Power Plan. As BPA staff notes, and as explained in our direct testimony,
19 all five of those scenarios for complying with the Clean Power Plan include the
20 development of additional renewable generation. Metcalf et al., BP 16 E BPA 32 at 9,
21 lines 2-6; BPA Response to Data Request PP BPA 25-38; Yourkowski, BP 16 E RN 01
22 at 8, lines 4-12. We would not characterize the State of Montana’s own document
23 describing how it could comply with the Clean Power Plan as evidence that lacks

1 ~~credibility or is mere “speculation.”~~

2 ~~At the same time, we have acknowledged that the final rule could look different~~
3 ~~from the draft Clean Power Plan. In this regard, we have clarified and BPA staff~~
4 ~~agrees that facilitating the development of Montana wind via elimination of the IM rate~~
5 ~~would also be beneficial if the Northwest states were to pursue a regional approach to~~
6 ~~Clean Power Plan compliance. Renewable Northwest Response to Data Request BPA-~~
7 ~~RN-25-4; BPA Response to Data Request PP-BPA-25-38. However, we are not aware of~~
8 ~~any scenarios related to Clean Power Plan compliance where keeping the IM rate in place~~
9 ~~would benefit Northwest ratepayers. Regardless of whether the approach to Clean Power~~
10 ~~Plan compliance is an individual state approach or a regional compliance approach, the~~
11 ~~presence of the IM rate will continue to discourage the development of Montana wind,~~
12 ~~even when such development is a part of what would otherwise be the most cost-effective~~
13 ~~and feasible compliance strategy.~~

14 ~~The only support in JP07’s testimony for the “uncertainty of the content and~~
15 ~~viability of the plan” is a reference to hearings being held by the House of~~
16 ~~Representatives and concerns raised by various industry groups. We have been closely~~
17 ~~following the development of the Clean Power Plan and the EPA has not given any~~
18 ~~indication that it intends to abandon the plan. As for the rule’s final content, it is unlikely~~
19 ~~that the final version of the Clean Power Plan will be so vastly different from the draft~~
20 ~~that it will undercut the value of facilitating Montana wind development through~~
21 ~~elimination of the IM rate. Eliminating the IM rate will help facilitate cost-effective and~~
22 ~~efficient compliance under any final version of the Clean Power Plan that EPA would~~
23 ~~realistically adopt. Renewable Northwest Response to Data Request BPA-RN-25-4; see~~

~~also BPA Response to Data Request PP BPA-25-38.~~

~~Q. JP07 states that neither EPA's Clean Power Plan nor the President's Climate Action Plan obligate BPA to take any actions, and that BPA is instead bound by its organic statutes. Baker et al., BP-16-E-JP07-03 at 10, lines 9-18. How do you respond?~~

~~A. BPA is a federal agency that operates over 75% of the region's high voltage transmission system. Regardless of whether the EPA's Clean Power Plan or the President's Climate Action Plan contains any directive to federal agencies to take actions or expend funds, BPA is well positioned to facilitate the four Northwest states' cost-effective compliance with their obligations under the Clean Power Plan. We agree that BPA is bound by its organic statutes. We also agree with BPA staff that one of the stated purposes in the Northwest Power Act is "to encourage . . . the development of renewable resources within the Pacific Northwest." Metcalf et al, BP-16-E-BPA-32 at 11, lines 11-13 (quoting 16 U.S.C. § 839(1)(B)). We further agree with BPA staff that "[e]limination of the IM rate would advance this statutory objective at little or no cost." Id. at 11, lines 13-14. In addition, BPA staff notes that "under section 9 of the Federal Columbia River Transmission System Act, BPA is obligated to operate with a business-oriented philosophy, including the establishment of rates 'with a view to encouraging the widest possible diversified use of electric power at the lowest rates to consumers consistent with sound business principles.'" Id. at 11, lines 14-21 (quoting 16 U.S.C. § 838g(1)). Eliminating the IM rate would facilitate Northwest utilities' access to the high quality Montana wind, encourage wider and more diversified use of electric power, encourage subscription of unused transmission capacity, and facilitate lower rates to consumers—all of which are consistent with operating under a sound, business-oriented philosophy. Id.~~

at 11, lines 18-21 & Attachment 2.

Section 3: Eliminating the IM Rate Will Encourage Wind Development in Montana

Q. JP07 and M-S-R argue that elimination of the IM rate will not encourage the development of renewable energy in Montana. Baker et al., BP-16-E-JP07-03 at 4-9, lines 1-9; Arthur, BP-16-E-MS-02 at 5-7, lines 8-22. Do you agree?

A. No. As discussed below (and in our direct testimony), our professional experience indicates that elimination of the IM rate could have a material impact on the competitiveness of Montana wind energy and could be a deciding factor in encouraging new wind energy in Montana to utilize BPA's unsubscribed portion of the Eastern Intertie capacity.

Q. JP07 cites to national levelized cost of wind data and argues that because the forecasted range of wind energy costs across the nation is \$19/MWh (\$90/MWh – \$71/MWh = \$19/MWh), it “dwarfs” the \$2/MWh additional transmission charge imposed by the IM rate. Baker et al., BP-16-E-JP07-03 at 6, lines 1-9. How do you respond?

A. A close examination of the data that JP07 cite to justify their argument shows that the range of levelized costs they are referring to is the range across the different regions of the country, with significant variations in capacity factors, capital costs, and construction costs. Energy Information Administration, “Levelized Cost and Levelized Avoided Cost of New Generation Resources in the Annual Energy Outlook 2014” at 7, Table 2 & n. 3 (April 2014), available at http://www.eia.gov/forecasts/aeo/pdf/electricity_generation.pdf.⁺ A range of projected wind costs across other regions of the country has

⁺ In reference to Table 2, titled “Regional variation in levelized cost of electricity (LCOE) for new generation resources, 2019,” footnote 3 states, “[t]he levelized costs for non-dispatchable technologies are calculated based on the capacity factor for the marginal site modeled in each region, which can vary

1 little to no bearing on the actual market dynamic unfolding in the Northwest between
2 competing resource choices. Wind and other resource costs in the Northwest are dictated
3 by the underlying economics and factual circumstances in the region, and utilities and
4 other market participants are constantly evaluating those costs in search of the least-cost
5 resource that meets their compliance obligations under all relevant laws and standards.
6 We disagree that utilities, public utility commissions, and ratepayers in the Northwest
7 will not be interested in a \$2/MWh cost savings.

8 Q. JP07's testimony suggests that the relative levelized costs of a natural gas plant and wind
9 plant are not important components of a utility's resource decision-making process.

10 Baker et al., BP-16-E-JP07-03 at 7, lines 1-10. How do you respond?

11 A. We disagree. We are currently actively engaged in the integrated resource planning
12 processes ("IRPs") of several utilities and the Northwest Power and Conservation
13 Council's ("NWPCC") regional planning process associated with the NWPCC's Seventh
14 Power Plan. Our experience in these forums is that the costs of all resources, including
15 wind energy and natural gas plants, are compared to each other in order to determine how
16 much of each should be included in resource portfolios to be modeled in the IRP process.
17 Varying amounts of different resource types with different costs and performance
18 characteristics are then combined together to form a diverse portfolio of resources that
19 has the potential to collectively meet the unique operating and policy needs of the utility.
20 Those portfolios of different amounts of natural gas, wind, and other resources are then
21 analyzed using production cost models to see which ones perform best under different
22 future scenarios and risks. The preferred portfolio is selected based on its performance in

significantly by region. . . The levelized costs are also affected by regional variations in construction labor rates and capital costs as well as resource availability."

1 ~~meeting customer demand, along with the requirements of state and federal policy, with~~
2 ~~the lowest possible combination of cost and risk over the planning horizon. The~~
3 ~~additional \$2/MWh in transmission charges imposed by the IM rate adds to the cost of~~
4 ~~Montana wind resources and can have a material impact on both whether Montana wind~~
5 ~~is selected for IRP portfolios and on the performance of portfolios that contain Montana~~
6 ~~wind. It therefore can affect the amount of natural gas, Montana wind, and other~~
7 ~~resources that are identified, at the conclusion of the IRP process, as part of a utility's~~
8 ~~plan to meet its resource needs. In all of the planning processes that we are currently~~
9 ~~involved with, resource planning analysis inherently compares the relative costs and~~
10 ~~environmental benefits of wind in diverse locations and natural gas in creating a resource~~
11 ~~portfolio.~~

12 *Q. M-S-R argues that eliminating the IM rate does not disadvantage the competitiveness of*
13 *Montana wind because the higher capacity factor for wind in Montana compared to*
14 *Columbia Gorge wind outweighs the \$2/MWh in additional transmission charges*
15 *imposed by the IM rate. Arthur, BP-16-E-MS-02 at 5-6, lines 10-15; see also Baker et*
16 *al., BP-16-E-JP07-03 at 7, lines 11-19. How do you respond?*

17 *A. We disagree on two counts. First, as discussed above, we disagree that the comparison of*
18 *Montana wind to Columbia Gorge wind is the only relevant comparison in today's*
19 *market. All commercially available resources are considered and comparatively*
20 *evaluated for possible inclusion in resource portfolios. Second, we also disagree with M-*
21 *S-R's analysis because it fails to consider the impact of the cost of additional*
22 *transmission losses on wind coming from Montana. See M-S-R Response to Data*
23 *Request RN-MS-25-1.*

1 ~~As of this filing, the most recent evidence that we are aware of comparing~~
2 ~~Montana wind with Columbia Gorge wind comes from Puget Sound Energy's ("PSE")~~
3 ~~IRP process. PSE's March 25th presentation summarizes the company's analysis, which~~
4 ~~factors in transmission losses and demonstrates the material impact of a \$2/MWh~~
5 ~~transmission rate adder. PSE's summary states that "[t]he 7% higher capacity factor for~~
6 ~~Montana wind as compared to Washington [wind] is offset by higher costs and losses to~~
7 ~~deliver the energy to PSE's system."~~ Puget Sound Energy, IRP Presentation at 74 (Mar.
8 ~~25, 2014). In the lowest cost scenarios that PSE evaluated, PSE estimated that Montana~~
9 ~~wind would cost them \$2 – \$10/MWh more than Washington wind. The PSE IRP~~
10 ~~presentation is a useful data point because this is a utility that has RPS obligations, must~~
11 ~~weigh the different alternatives for complying with federal policies, and must make~~
12 ~~resource decisions with ratepayers' and regulators' interests in mind.~~

13 *Q. JP07 argues that because the Production Tax Credit ("PTC") represents a much larger*
14 *cost component for wind resource development than the IM rate, the IM rate is not a*
15 *significant factor in determining the competitiveness of Montana wind. Baker et al., BP-*
16 *16-E JP07-03 at 8, lines 20-30. How do you respond?*

17 *A.* ~~None of the IRP development processes that we are currently involved in include the~~
18 ~~PTC in their cost of wind calculations. NWPCC's planning process also does not include~~
19 ~~the PTC in its cost of wind analysis. The EIA's cost of wind estimates cited by JP07's~~
20 ~~own testimony also do not include the PTC. Utilities and resource planners are already~~
21 ~~excluding the value of the PTC in their cost of wind calculations that, as discussed above,~~
22 ~~would be materially impacted by the elimination of the IM rate. In addition, JP07 does~~
23 ~~not offer any explanation for why, during the years when the PTC was factored into cost~~

1 ~~of wind calculations, there was significant wind development on both sides of BPA's~~
2 ~~Eastern Intertie capacity, but no wind project made use of that available capacity. See~~
3 ~~Metcalf et al., BP 16-E-BPA 32 at Attachment 3.~~

4 ~~Q: M-S-R argues that because the IM rate only applies to BPA's 200 MW share of Eastern~~
5 ~~Intertie capacity, eliminating this rate would not provide a significant benefit to Montana~~
6 ~~and would only benefit one or two project developers. Arthur, BP 16-E-MS-02 at 7, lines~~
7 ~~7-22. How do you respond?~~

8 ~~A: We disagree. As we stated in our direct testimony, the five scenarios that the Montana~~
9 ~~DEQ outlined for compliance with the Clean Power Plan would require between 303~~
10 ~~MW and 798 MW of new installed wind capacity (or an equivalent amount of renewable~~
11 ~~energy). Yourkowski, BP 16-E-RN-01 at 8, lines 4-12. Thus, eliminating the IM rate~~
12 ~~could facilitate more than half of what the state anticipates needing for compliance.~~
13 ~~Contrary to M-S-R's characterization, this is a significant benefit to the state. With~~
14 ~~respect to M-S-R's assertion that elimination of the IM rate would only benefit one or~~
15 ~~two project developers, based on our experience in the industry, we would anticipate a~~
16 ~~healthy amount of competition from multiple wind developers for use of this capacity.~~

17 ~~Q: How do you summarize your analysis of JP07 and M-S-R's cost analyses?~~

18 ~~A: These analyses get lost in the details of competing assumptions and fail to consider the~~
19 ~~broader context, in which long-term costs and risks, including those related to climate~~
20 ~~change and carbon policy, are part of the analysis surrounding resource acquisitions. The~~
21 ~~IRP processes across the region are currently examining these questions in great detail.~~
22 ~~JP07 and M-S-R also fail to consider the market history over the past 10 years, which~~
23 ~~shows that while wind energy plants have been built on both sides of the Eastern Intertie,~~

~~1 during both good and bad economic times and during times of both high and low RPS~~
~~2 requirements, no new generating resource of any type has been built for delivery over~~
~~3 BPA's share of Eastern Intertie capacity. Metcalf et al., BP-16-E-BPA-32 at Attachment~~
~~4 3. In addition, BPA has received transmission service requests at Garrison over the~~
~~5 Network but has not received any transmission service requests for use of BPA's portion~~
~~6 of the Eastern Intertie capacity since 2006. Id. at 7, lines 1-7. Neither JP07's or M-S-R's~~
~~7 rebuttal testimony explain why the region has seen wind development on both sides of~~
~~8 the Eastern Intertie, but not for delivery over BPA's unsubscribed portion of the Eastern~~
~~9 Intertie capacity. For all of the above reasons, we agree with BPA that elimination of the~~
~~10 IM rate would reduce transmission costs for delivery of Montana wind generation over~~
~~11 existing transmission capacity and would thereby tend to encourage development and~~
~~12 marketing of that wind generation. Id. at 9, lines 10-13.~~

13 *Q. BPA's rebuttal testimony calls into question the ability of parties to move power from*
14 *BPA's 500 kV system at Garrison to the Amps line. Id. at 5, lines 1-18. How do you*
15 *respond?*

16 *A. BPA staff subsequently confirmed in a data response that Northwestern has both access*
17 *to the Amps line and a Use of Facilities Transmission agreement for the 500/230 kV*
18 *transformer at Garrison. BPA Response to Data Request RN-BPA-25-2. There has not*
19 *been any evidence produced in this proceeding—nor are we aware of any—that causes us*
20 *to change our understanding (as described in our direct testimony) that it is currently*
21 *possible for customers to move power from Townsend to Garrison over BPA's share of*
22 *Eastern Intertie capacity and then onto the Amps line without paying a BPA Network*
23 *rate. Our proposal to eliminate the IM rate and extend the Network rate to Townsend*

1 would ensure that all customers pay BPA a Network rate for service over BPA's share of
2 Eastern Intertie capacity.

3 *Q. BPA suggests that Montana wind may have a hard time obtaining transmission West of*
4 *Garrison and West of Hatwai because requests in BPA's transmission queue that would*
5 *use those flowgates exceed the Available Transmission Capacity ("ATC"). Metcalf et al.,*
6 *BP-16-E-BPA-32 at 8, lines 3-5. How do you respond?*

7 A. We would like to point out that BPA's ATC assessment is one screen through which to
8 arrive at the amount of transmission capacity that is "available" in the market place;
9 however, there are also other ways to assess transmission availability. Other buckets of
10 transmission capacity that might be available over these flowgates include Short Term
11 and third-party transfers of existing contracts. *See, e.g., BPA Response to Data Request*
12 *RN-BPA-25-4.*

13 *Q. BPA argues that the characteristics of Montana wind make it an attractive alternative to*
14 *meet RPS requirements. Metcalf et al., BP-16-E-BPA-32 at 9, lines 14-19. How do you*
15 *respond?*

16 A. While Montana's diverse wind regime is an attractive way to comply with increasing
17 state RPS requirements, there are other reasons why utilities and other potential buyers of
18 the output of a renewable energy project may be interested in Montana wind. Such
19 additional reasons include developing generation in connection with voluntary renewable
20 energy programs, replacing the energy from retiring coal plants with diverse renewable
21 resources, and preparing to comply with the Clean Power Plan or other environmental
22 policies.

23 **Section 4: Eliminating the IM Rate Holds All Parties Harmless and Has the Potential to**
24 **Make All Parties Better Off**

1
2 Q. Briefly describe the TGT rate crediting aspect of your original proposal set forth on page
3 9 of your direct testimony.

4 A. In tandem with our proposal to eliminate the IM rate, we proposed to amend the TGT rate
5 to include a credit of \$0.598/kW-mo for every megawatt of BPA's 200 MW of
6 transmission capacity between Townsend and Garrison that is sold. This aspect of our
7 proposal was included to make sure that elimination of the IM rate would not reduce or
8 otherwise negatively affect the credit to the TGT rate that we understand is provided by
9 the Montana Intertie Agreement.

10 Q. ~~JP07 states that under your proposal, BPA's effective rate for transmission from~~
11 ~~Townsend to any point on the BPA Network is \$0.889/kW-mo., and that such a proposal~~
12 ~~would provide preferential treatment to customers taking service over the Eastern~~
13 ~~Intertie. Baker et al., BP-16-E-JP07-03 at 11-12, lines 17-14; see also Arthur, BP-16-E-~~
14 ~~MS-02 at 4, lines 4-6. Do you agree?~~

15 A. ~~No. Under our proposal, the rate that BPA would charge for transmission from all points~~
16 ~~on its Network, including Townsend, is the same (\$1.487/kW-mo based on the current~~
17 ~~Network PTP rate). Our proposal would not give any customer preferential treatment and~~
18 ~~would be a more uniform and equitable rate structure than the status quo because it would~~
19 ~~eliminate a rate pancake and charge customers using this capacity the same Network rates~~
20 ~~than customers using other portions of the Network. Indeed, BPA's analysis shows that~~
21 ~~our proposal would not increase transmission rates and has the potential to earn BPA~~
22 ~~additional transmission revenue and actually lower all Network rates and the TGT rate.~~
23 ~~Metcalf et al., BP-16-E-BPA-32 at Table 1. Moreover, our understanding is that~~

~~provisions of the Montana Intertie Agreement protect BPA from bearing any more costs associated with its share of the Eastern Intertie capacity than it does today until such time that BPA also receives additional revenue from new subscriptions over its share of the Eastern Intertie capacity. These provisions of the Montana Intertie Agreement help to ensure full and timely cost recovery under our proposal.~~

Q. Are there any aspects of this part of your proposal that you would like to amend?

A. Yes. Based on BPA's rebuttal testimony, it appears that even with the elimination of the IM rate, BPA has a mechanism for tracking and accounting for the appropriate TGT rate reduction under the Montana Intertie Agreement that would be associated with any new sales of BPA's portion of the Eastern Intertie capacity. Metcalf et al., BP-16-E-BPA-32 at 12, lines 16-25. Based on this statement from BPA, we are comfortable that all parties would be held harmless even if this part of our proposal is eliminated and thus, we would propose to eliminate the aspect of our proposal that would have amended the TGT rate.

~~*JP07 states that they continue to have concerns that elimination of the IM rate could lead to balancing reserve shortfalls and costs under the Oversupply Management Protocol ("OMP"). Baker et al., BP 16-E-JP07-03 at 14, lines 6-17. How do you respond?*~~

A. ~~We think that these concerns are misplaced because JP07's testimony overlooks the fact that BPA's balancing area ends at Townsend, where there is currently no substation and thus, no ability for a generator to interconnect directly. JP07 Response to Data Request RN-JP07-25-1. Unless a substation is built at Townsend, a generator would have to interconnect to either a different part of BPA's system that is already a part of the Network obviating the argument as it relates to BPA's unsubscribed Eastern Intertie capacity or to another transmission provider's system. If the generator interconnects to~~

1 ~~another transmission provider's system, it would not take balancing service from BPA~~
2 ~~and would not be subject to BPA's OMP. As we understand it, the OMP does not require~~
3 ~~BPA to take actions with respect to generators outside of BPA's balancing authority area;~~
4 ~~therefore, BPA would not incur OMP costs associated with displacing these generators.~~
5 ~~Under the scenario where a substation is built at Townsend, we agree with BPA that there~~
6 ~~is no reason why eliminating the IM rate would affect the treatment of new facilities.~~
7 ~~Metcalf et al., BP 16-E-BPA 32 at 6, lines 1-18.~~

8 **~~Section 5: Eliminating the IM Rate Is Consistent With a Business-Oriented Philosophy~~**

9 *~~Q. JP07 expresses concern that eliminating the IM rate could create a "potential~~*
10 *~~precedent" that could be used to support roll-in of, among other things, the Southern~~*
11 *~~Intertie. Baker et al., BP 16-E-JP07 03 at 14-17. How do you respond?~~*

12 *~~A. First, it isn't clear what exactly JP07 means by "precedent." Our understanding is that~~*
13 *~~there are two possible meanings that should not be conflated. One refers to a persuasive~~*
14 *~~example: a party could use a previous decision as an example in a future rate case,~~*
15 *~~arguing that similarities between the previous and future situations should persuade the~~*
16 *~~Administrator to make a similar policy decision. Alternatively, we understand that the~~*
17 *~~word "precedent" can be used to refer to a prior decision that is legally binding and~~*
18 *~~dictates the outcome of future decisions. In some places, JP07 seems to acknowledge~~*
19 *~~that eliminating the IM rate would not be a legally binding "precedent," stating that~~*
20 *~~"BPA's decisions and findings here cannot bind the decisions of future BPA~~*
21 *~~Administrators." See id. at 16, lines 5-6. If BPA's decisions and findings here cannot~~*
22 *~~bind the decisions of future BPA Administrators, then JP07 must be arguing that a~~*
23 *~~decision to eliminate the IM rate would be persuasive to a future Administrator~~*

1 ~~evaluating a future policy proposal to roll in the Southern Intertie. If indeed JP07 is~~
2 ~~referring to the ability of future rate case parties to argue that the facts and findings in this~~
3 ~~case present persuasive examples to support hypothetical future proposals to roll in the~~
4 ~~Southern Intertie capacity (or the entire Eastern Intertie or generator interconnection~~
5 ~~facilities, as JP07 also suggests), then we think there are a number of distinguishing~~
6 ~~characteristics that address the concerns that eliminating the IM rate would be a~~
7 ~~persuasive example in the future.~~

8 *Q. ~~To the extent that JP07's concerns about precedent have to do with the ability of future~~*
9 *~~rate case parties to make arguments that eliminating the IM rate creates a "precedent"~~*
10 *~~with respect to the Southern Intertie (or some other rate), how would you respond?~~*

11 *A. ~~Given that JP07 does not seem to be suggesting that eliminating the IM rate would dictate~~*
12 *~~a decision with regard to any future proposal, the only question is whether eliminating the~~*
13 *~~IM rate would be a persuasive example to inform a future policy decision. Based on the~~*
14 *~~unique facts associated with the IM rate and BPA's unsubscribed Eastern Intertie~~*
15 *~~capacity, our assessment is that the arguments about "precedent" as they relate to this~~*
16 *~~particular rate and this particular capacity do not have merit. As BPA Staff notes, the~~*
17 *~~Southern Intertie is fully reserved, with pending requests in the queue. Metcalf et al., BP-~~*
18 *~~16 E BPA 32 at 12, lines 6-15. There is no evidence in the record to suggest that rolling~~*
19 *~~in the Southern Intertie is necessary in order to encourage additional requests for use of~~*
20 *~~this capacity. Moreover, BPA earns significant revenue from the Southern Intertie rate~~*
21 *~~and would lose all of this revenue, which would amount to a 12.5% rate increase a~~*
22 *~~significant rate increase. *Id.*; BPA Response to Data Request RN-BPA-25-5. In our~~*
23 *~~opinion, increasing Northwest ratepayers' transmission rates by 12.5% is not consistent~~*

1 ~~with sound business principles. Such a large rate increase could potentially result in rate~~
2 ~~instability and rate shock.~~

3 ~~In contrast, the vast majority of BPA's Eastern Intertie capacity associated with~~
4 ~~the IM rate has been unsubscribed since the 1980's. The capacity that is subscribed only~~
5 ~~earns BPA \$115,000/year in revenue. Metcalf et al., BP 16-E-BPA 32 at 4, lines 5-10.~~
6 ~~Having an asset that goes unused for so many years without taking proactive steps to~~
7 ~~encourage use of that capacity is also, in our opinion, not consistent with a business-~~
8 ~~oriented philosophy. We agree with BPA staff that the long history of BPA's share of~~
9 ~~Eastern Intertie capacity being underutilized is an important characteristic that~~
10 ~~distinguishes this capacity from the Southern Intertie. BPA Response to Data Request~~
11 ~~PS BPA 25-29. The vastly differing rate impact could also be considered one of the~~
12 ~~most significant distinctions between rolling in the Southern Intertie and eliminating the~~
13 ~~IM rate. Unlike the 12.5% rate increase associated with rolling in the Southern Intertie,~~
14 ~~eliminating the IM rate would most likely have a 0% rate increase and could potentially~~
15 ~~decrease NT and PTP rates by 0.3%. Metcalf et al., BP 16-E-BPA 32 at 2-3, lines 6-12.~~
16 ~~At most, BPA stands to lose \$115,000/year in the short term, assuming the 16 MW in~~
17 ~~sales goes away and no additional Eastern Intertie is subscribed. *Id.* at 4, lines 5-13.~~
18 ~~However, as BPA staff explains, "this revenue loss is so small that it does not affect the~~
19 ~~initial proposal Network rates." *Id.* at 4, lines 8-10. As BPA staff notes, "[e]ncouraging~~
20 ~~the use of BPA's unused transmission capacity on the Eastern Intertie and thereby~~
21 ~~reducing the cost of high quality renewable generation needed by Northwest utilities is~~
22 ~~consistent with a business-oriented philosophy and with encouraging low rates to~~
23 ~~consumers." *Id.* at 11, lines 18-21. We agree with BPA staff that eliminating the IM rate~~

1 is a low cost, low risk way to both encourage use of BPA's unsubscribed Eastern Intertie
2 capacity and encourage new renewable energy development in Montana.

3 Another distinguishing characteristic of the circumstances surrounding
4 elimination of the IM rate is the presence of the Montana Intertie Agreement. It is our
5 understanding that this agreement primarily governs the 1730 MW of capacity and the
6 associated costs of the Colstrip Transmission System owners' use of the Eastern Intertie
7 capacity associated with the TGT rate. On the other hand, BPA's OATT and rate
8 schedule primarily governs BPA's 200 MW share of Eastern Intertie capacity subject to
9 the IM rate. This extremely unique circumstance creates a situation where BPA may
10 eliminate the IM rate and encourage increased utilization of its 200 MW share of Eastern
11 Intertie capacity without losing the revenue from the subscribed portion of the line. As
12 shown in BPA staff's analysis, encouraging increased utilization of the unsubscribed
13 capacity associated with the IM rate would benefit the Colstrip Transmission System
14 owners by providing a larger credit to the TGT rate than under the status quo. *Id.* at 2,
15 Table 1. Moreover, our understanding is that provisions in the Montana Intertie
16 Agreement ensure that BPA does not bear any new costs associated with its portion of the
17 Eastern Intertie capacity until BPA also begins to collect additional revenue in connection
18 with this capacity. *See id.* at 4, lines 14-23. Similar circumstances do not exist on the
19 Southern Intertie, where roll-in of the Southern Intertie would be an all-or-nothing
20 proposition that would expose ratepayers to significant costs and risks.

21 In short, for all of the above stated reasons, eliminating the IM rate is good policy
22 that is consistent with a business-oriented philosophy, whereas rolling in the Southern
23 Intertie is not. Following JP07's reasoning regarding "precedent" could result in

~~prioritizing the hypothetical future risk of parties making arguments about precedent over a sound business and policy decision that would lower the extra costs currently imposed by the IM rate pancake and encourage wider, more diversified use of this transmission capacity that has been underutilized for decades. The decisions in this case shouldn't be driven by a potential argument that a potential rate case party may or may not make in the future about a situation involving very different factual and policy circumstances.~~

~~Q. JP07 states that the risk of future rate case parties arguing that the Southern Intertie should be rolled into the Network "exists and is created by Renewable Northwest's proposal." Baker et al., BP 16-E-JP07-03 at 16, lines 1-7. Do you agree?~~

~~A. No. Parties looking for analogous facts or prior decisions need to look no further than BPA's decision in the 1996 rate case to roll in the Northern Intertie. Our direct testimony observed that "there are arguably several similarities between the Southern Intertie and Northern Intertie," and whether or not the IM rate is eliminated, parties in future rate cases could make the argument that rolling in the Northern Intertie serves as a "precedent" for rolling in the Southern Intertie. Yourkowski, BP 16-E-RN-01 at 13, lines 4-7. In rebuttal, M S R agreed that there are similarities between the Southern and Northern Interties, and went on to offer its view of some similarities. Arthur, BP-16-E-MS-02 at 3, lines 3-13. The possibility that future rate case parties will argue that there is "precedent" to support rolling in the Southern Intertie exists regardless of whether the IM rate is eliminated. We think that eliminating the IM rate is good policy and sound from a business perspective. Based on the facts as we understand them, the same cannot be said for rolling in the Southern Intertie.~~

~~Q. M S R raises the possibility of regional discussions regarding this issue and "the~~

~~potential of Montana wind to provide renewable energy to the Northwest.” Arthur, BP-16-E-MS-02 at 8, lines 1-14. How do you respond?~~

~~A. While we appreciate opportunities for constructive dialogue, BPA staff has already provided ample evidence on the positive attributes of Montana wind, both in this proceeding and in the BP-14 proceeding. In addition, the issue of “precedent” as it relates to this issue has been debated over the past several years. There is no shortage of information from which to forge a path forward on the issue of precedent. Waiting to conduct workshops and then addressing the issue in the BP-18 proceeding will be too late for purposes of facilitating cost-effective options for Clean Power Plan compliance.~~

Q. How would you summarize your testimony?

A. Eliminating the IM rate is both good public policy and consistent with a business-oriented philosophy in that it encourages new renewable energy development and encourages wider, more diversified use of transmission capacity that has been underutilized since the 1980’s. In addition, eliminating the IM rate is a small and timely step that BPA can take to facilitate cost-effective compliance with the Clean Power Plan. Eliminating the IM rate also has an exceedingly small risk of transmission customer rate increases, and there is good reason to expect that eliminating the IM rate will actually put downward pressure on all transmission customers’ rates as BPA’s unutilized portion of the Eastern Intertie capacity becomes subscribed. Even if the increased utilization does not materialize immediately, our understanding is that the terms and conditions of the Montana Intertie Agreement protect BPA Network customers from bearing any new costs before there is new use of BPA’s portion of the Eastern Intertie. For these reasons, the benefits of eliminating the IM rate far outweigh the risks, and thus, we encourage the

1 Administrator to eliminate the IM rate in this proceeding.

2 *Q. Does this conclude your testimony?*

3 *A. Yes.*

Attachment 1 to Surrebuttal Testimony of Renewable Northwest

PP-BPA-25-38

RESPONSE BY: Colleen McDonnell - Bonneville Power Administration

ORIGINAL DATA REQUEST:

Assuming without admitting that the CPP might be adopted as a federal regulation, please explain with specificity how considering elimination of the IM rate in the Montana plan, positively affects the state's compliance with the CPP either to produce a compliant plan or to reduce emissions as required by the plan.

EXHIBIT: Rebuttal Testimony on Montana Intertie BP-16-E-BPA-32

PAGE(S): 8-9

LINE(S): 18-6

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

The EPA calculated state emissions goals under the proposed CPP using four building blocks. Building block #3 includes renewable generation. The goal levels of renewable generation used to calculate state emissions goals were based on existing renewable generation in the state and target levels informed by Renewable Portfolio Standards. See the EPA's Goal Computation Technical Support Document at <http://www2.epa.gov/carbon-pollution-standards/clean-power-plan-proposed-rule-technical-documents>. The EPA assigned generation based on the location of the resource rather than the location of the load.

States have the flexibility to determine exactly how they will comply with the CPP's emissions goals. As mentioned in BP-16-E-BPA-32, the Montana DEQ Paper has identified several options for compliance with the CPP. All of these options include additional levels of renewable generation consistent with the EPA's methodology for calculating emission goals. As explained in BP-16-E-BPA-32, a challenge to wind development in Montana is the lack of transmission capacity for export, and elimination of the IM rate would reduce transmission cost for export of Montana wind generation over BPA transmission capacity. This would tend to encourage the development and marketing of wind generation, and therefore could make additional wind generation a more feasible option for Montana to consider for CPP compliance. Similarly, this potential wind generation could also be considered in a multistate/regional compliance approach.

BPA staff acknowledges there is a large degree of uncertainty associated with the CPP. The EPA is currently considering comments and will not release the final CPP until late this summer. The EPA has left considerable flexibility to the states, and state compliance plans (including the potential for multistate approaches) will need to be developed. However, additional levels of renewable generation will likely play a role in any compliance approach. Since the initial individual state plans are proposed under the CPP to be submitted by June 2016, it is timely in the BP-16 rate case to consider the impacts of the elimination of the IM rate on CPP compliance so that states can consider this in developing their compliance plans.

BP-16-E-RN-02

For technical questions about this response please contact Alisa Kaseweter by phone 503-230-4358 and/or email alkaseweter@bpa.gov. For non-technical questions about this response, please contact Chuck Combs by phone 503-230-3560 and/or email chcombs@bpa.gov.

BPA-RN-25-4

RESPONSE BY: Dina Dubson Kelley - Renewable Northwest

ORIGINAL DATA REQUEST:

Would wind developed in Montana that is exported out-of-state over the Eastern Intertie help Montana comply with its Clean Power Plan? Please explain.

For technical questions about this request please contact Rebecca Fredrickson by phone 360.619.6156 and/or email refredrickson@bpa.gov. For non-technical questions about this request, please contact Chuck Combs by phone 503.230.3560 and/or email chcombs@bpa.gov.

EXHIBIT: Direct Testimony of Renewable Northwest on the Montana Intertie BP-16-E-RN-01

PAGE(S): 8

LINE(S): 14-16

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

Yes, it is my understanding that under the options developed by the Montana Department of Environmental Quality for complying with the EPA's Clean Power Plan, wind developed in Montana that is exported out-of-state over the Eastern Intertie would help Montana comply with its Clean Power Plan requirements. Under another potential approach to renewable energy crediting, wind exported from Montana would help other Northwest states comply with their Clean Power Plan requirements. Eliminating the IM rate under this scenario could thus lower Clean Power Plan compliance costs for Oregon and Washington, as well as provide Montana with economic benefits. See Renewable Northwest's response to data request PP-RN-25-15 for more on the potential economic benefits to Montana of eliminating the IM rate. Alternatively, if the Northwest states decide to pursue a regional approach to compliance with the Clean Power Plan, combining all of the regional emissions and clean resources regardless of physical location, wind developed in Montana that is exported out-of-state over the Eastern Intertie would help Montana comply with its Clean Power Plan requirements by helping the region meet its collective requirement. Pursuing the most robust renewable energy resources in the region could enable all states in a regional plan to achieve compliance at lower cost. In other words, there is more than one approach to Clean Power Plan compliance using renewable energy in which in-state renewable generation would help Montana comply with the Clean Power Plan, and eliminating the IM rate would help facilitate cost-effective compliance for one or more Northwest states, including Montana, under all of these scenarios.

For technical questions about this request please contact Cameron Yourkowski by phone (5032234544) or email (cameron@renewableNW.org)

BP-16-E-RN-02

RN-MS-25-1

RESPONSE BY: Peter Scanlon - M-S-R Public Power Agency

ORIGINAL DATA REQUEST:

1. Does your analysis of the costs of Montana wind and Columbia Gorge wind factor in the cost of repaying transmission losses? If so, please explain how this cost is factored into the analysis, and provide all supporting documentation and work papers.
2. Did you perform any analysis of the competitiveness of Montana wind with any resource types or locations other than Columbia Gorge wind? If so, please provide all supporting documentation and work papers.

EXHIBIT: Rebuttal Testimony of David L. Arthur on behalf of the M-S-R Public Power Agency
BP-16-E-MS-02

PAGE(S): 6-7

LINE(S): 5-3

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

1. No.
2. No.

RN-BPA-25-2

RESPONSE BY: Colleen McDonnell - Bonneville Power Administration

ORIGINAL DATA REQUEST:

The testimony states that BPA is a party to the Capacity Management Procedures Agreement and that “[the witnesses’] understanding is that the Amps Agreement . . . does not contain a right to receive energy from or deliver energy to BPA’s system at Garrison, and [the Agreement] also does not provide a right to access the Amps line from BPA’s system at Garrison.”

1. Is it your understanding that the Capacity Management Procedures Agreement prohibits parties with existing transmission rights to and from Garrison from moving power over the 500-kV to 230-kV transformer at Garrison to the Amps line? Please explain why or why not.
2. Are you aware of any limitation—contractual or otherwise—that would prevent the Amps parties from agreeing to operating procedures that would allow for such transfers of power?

EXHIBIT: Rebuttal Testimony on Montana Intertie BP-16-E-BPA-32

PAGE(S): 5

LINE(S): 7-18

BP-16-E-RN-02

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)
--TEXT DESCRIPTION:

This response corrects the response BPA posted on March 24, 2015.

1. BPA objects to this request as requiring a legal analysis, which BPA has not performed. Without waiving that objection, we provide the following partial response: Our understanding is that the Capacity Management Procedures Agreement allocates 1495 MW of rights over the 500 kV line at Garrison substation and does not provide a right to access the AMPS line from Garrison substation for those 1495 MW. The 1495 MW includes the Eastern Intertie rights of the CTS parties, except NWE, and includes 185 MW of BPA's Eastern Intertie rights. We understand the Capacity Management Procedures Agreement to include NWE access to the Amps line from NWE's system, and NWE has a Use of Facilities Transmission agreement with BPA over the Garrison substation 500/230 kV transformer to its system for 420 MW, which corresponds to the amount of its Eastern Intertie capacity rights. BPA transmission customers may also request service from the Garrison substation 500 kV bus to 230 kV points of delivery on BPA's system at Garrison substation or elsewhere. Such customers would be responsible for arranging service over any other connecting system.

2. BPA objects to this request as requiring a legal analysis, which BPA has not performed.

For technical questions about this response please contact Dennis Metcalf by phone 360-619-6445 and/or email demetcalf@bpa.gov. For non-technical questions about this response, please contact Chuck Combs by phone 503-230-3560 and/or email chcombs@bpa.gov.

RN-JP07-25-1

RESPONSE BY: Irene Scruggs - Joint Party 7

ORIGINAL DATA REQUEST:

1. Please provide the complete basis for your testimony regarding the impacts of Montana wind on the cost of the Oversupply Management Protocol and the ability of the Federal Columbia River Power System to balance wind, including any documentation, information, and analysis.

2. Do the circumstances described in the referenced testimony require the construction of a new substation at Townsend or some other point on the Eastern Intertie? If not, please explain how and where a Montana wind generator could directly interconnect to a part of BPA's transmission system that isn't already a part of BPA's network.

3. If the referenced testimony assumed that the Montana wind would interconnect to BPA's system, did your analysis factor in the seasonal profile and diversity benefits of Montana wind as compared with other generation on BPA's system? Please fully explain your answer and provide any supporting documentation, information, and analysis.

4. If the referenced testimony is not referring to the interconnection of Montana wind generation at Townsend, does the testimony assume that a Montana wind generator would interconnect to Northwestern Energy's transmission system before transmitting energy across BPA's portion of the Eastern Intertie capacity?

EXHIBIT: Rebuttal Testimony of JP07 on Eastern Intertie Rates BP-16-E-JP07-03

PAGE(S): 14

LINE(S): 6-17

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

1. JP07's testimony on this matter can be found at BP-16-E-JP07-03 pages 13-14. This represents JP07's complete basis for the above-referenced testimony.
2. JP07 has not evaluated whether BPA would be required to construct a new substation under the circumstances described above.
3. Yes. JP07 considered diversity benefits when developing the referenced testimony.
4. The above-referenced testimony makes no assumption regarding the interconnection point of a wind generator.

For technical questions about this request please contact Nancy Baker by phone (5035959770) or email (nbaker@ppcpdx.org)

RN-BPA-25-5

RESPONSE BY: Colleen McDonnell - Bonneville Power Administration

ORIGINAL DATA REQUEST:

1. In analyzing the issue of precedent, BPA's testimony states that "roll-in of the Southern Intertie would not be consistent with a business-oriented philosophy" as it would "increase Network rates by 12.5 percent without commensurate benefits," whereas eliminating the IM rate would "increase Network rates by 0.2 percent at most." Does BPA staff consider the disparate rate impacts to be a significant factor in evaluating the issue of whether eliminating the IM rate would serve as a precedent for rolling in the Southern Intertie?
2. BPA staff states that roll-in of the Southern Intertie would increase rates by 12.5% without commensurate benefits. Is it BPA's understanding that rolling in the Southern Intertie would require BPA to forego all of the revenue currently collected from the Southern Intertie in both directions? If not, please explain why not.

EXHIBIT: Rebuttal Testimony on Montana Intertie BP-16-E-BPA-32

PAGE(S): 12

LINE(S): 6-15

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

BP-16-E-RN-02

1. Yes. Our testimony explained the reasons, including the disparate rate impacts, why we think elimination of the IM rate would be consistent with a business-oriented philosophy while Southern Intertie roll-in would not be. However, we did not intend to state any particular level of rate disparity as being precedential or not precedential.

2. In calculating the impact of Southern Intertie roll in, we assumed that all the IS revenue would be lost. However, we have not performed a detailed examination of whether there might be some circumstances where not all the revenue would be lost.

For technical questions about this response please contact Rebecca Fredrickson by phone 360-619-6156 and/or email refredrickson@bpa.gov. For non-technical questions about this response, please contact Chuck Combs by phone 503-230-3560 and/or email chcombs@bpa.gov.

PS-BPA-25-29

RESPONSE BY: Colleen McDonnell - Bonneville Power Administration

ORIGINAL DATA REQUEST:

Are BPA's only bases for arguing that rolling in a portion of its Eastern Intertie into the main grid rates would not serve as precedent for rolling in any other intertie facilities the relatively low impact of such roll in of a portion of its Eastern Intertie on the main grid rate and an assertion that elimination of the IM rate could result in use of BPA's unused Eastern Intertie capacity, whereas BPA's Southern Intertie capacity is fully reserved with pending service requests in the queue? If not, please describe any other bases.

EXHIBIT: Rebuttal Testimony on Montana Intertie BP-16-E-BPA-32

PAGE(S): 12

LINE(S): 6-15

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

The testimony addressed important reasons why Staff thinks elimination of the IM rate would not be a precedent for Southern Intertie roll-in, including the two reasons mentioned in your data request. There could be other bases, but since no party has proposed rolling in the Southern Intertie, BPA has not fully analyzed that alternative.

For technical questions about this response please contact Dennis Metcalf by phone 360-619-6445 and/or email demetcalf@bpa.gov. For non-technical questions about this response, please contact Chuck Combs by phone 503-230-3560 and/or email chcombs@bpa.gov.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing Surrebuttal Testimony of Renewable Northwest on the Montana Intertie Rate on Bonneville Power Administration's Office of General Counsel and Hearing Clerk and all litigants in this proceeding by uploading the document to the 2016 Rate Adjustment Proceeding (BP-16) secure website pursuant to BP-16-HOO-02.

DATED: March 30, 2015.

Respectfully submitted,

/s/ Dina Dubson Kelley

Dina Dubson Kelley
Staff Counsel
Renewable Northwest
421 SW Sixth Ave, Suite 1125
Portland, OR 97204
(503) 223-4544
dina@renewableNW.org

Counsel for Renewable Northwest

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing on the Bonneville Power Administration's Office of General Counsel, the Hearing Clerks, and all litigants in this proceeding by uploading it to the BP-16 Rate Case secure website pursuant to BP-16-HOO-02 and BP-16-HOO-05.

DATED: April 1, 2015.

s/ Irene A. Scruggs

Irene A. Scruggs

Public Power Council

825 NE Multnomah, Suite 1225

Portland, OR 97232

Tel. (503) 595-9779

E-mail: iscruggs@ppcpdx.org