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TESTIMONY OF

DANIEL R. YOKOTA, BRIAN T. GALBRAITH,
JEFFREY S. HURT, AND DERRICK L. PLEGER
Witnesses for Bonneville Power Administration

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5
6 **SUBJECT: TRANSFER SERVICE OPERATING RESERVE CHARGE**

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

8 *Q. Please state your names and qualifications.*

9 A. My name is Daniel R. Yokota, and my qualifications are in BP-18-Q-BPA-43.

10 A. My name is Brian T. Galbraith, and my qualifications are in BP-18-Q-BPA-10.

11 A. My name is Jeffrey S. Hurt, and my qualifications are in BP-18-Q-BPA-18.

12 A. My name is Derrick L. Pleger, and my qualifications are in BP-18-Q-BPA-30.

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

14 A. The purpose of this testimony is to address two issues we discovered in the billing
15 determinant language for the Transfer Service Operating Reserve Charge, which is
16 included in General Rate Schedule Provision (GRSP) II.L.2. This testimony sponsors
17 two clarifications to the Transfer Service Operating Reserve Charge (*see also*
18 BP-18-E-BPA-10-E1).

19
20 **Section 2: Clarifications to the Transfer Service Operating Reserve Charge**

21 *Q. What is the first issue you discovered regarding the billing determinant for the Transfer*
22 *Service Operating Reserve Charge?*

23 A. GRSP II.L.2 states that the Transfer Service Operating Reserves billing determinant is the
24 “metered load of the Customer served by transfer (non-BPA Balancing Authority Area
25 load) or a portion thereof (if applicable).” The reference to “metered load” was meant to
26 ensure that the Transfer Service Operating Reserve rate would apply to a transfer

1 customer's Operating Reserve requirement associated with its loads located outside
2 BPA's balancing authority area. A customer's Operating Reserve requirement is set by
3 NERC and WECC standards and is only a small portion of the customer's total load, *i.e.*,
4 1.5 percent for Spinning Reserves and 1.5 percent for Supplemental Reserves. Read out
5 of context, the existing billing determinant language could be viewed as assessing the
6 Transfer Service Operating Reserve charge to the customer's entire metered load, which
7 is inconsistent with the purpose of the rate and how BPA is assessed Operating Reserve
8 charges from the third-party transfer providers.

9 *Q. What clarification are you making to the billing determinant language?*

10 A. The proposed billing determinant language in the Transfer Service Operating Reserve
11 Charge, GRSP I.L.2(b), is changed as follows (added language underlined): "The
12 monthly billing determinant for the Transfer Service [Spinning / Supplemental]
13 Operating Reserve Charge shall be the same as that used for the applicable ACS-18
14 Operating Reserve – [Spinning / Supplemental] Reserve Service rate, except that the load
15 used to calculate the billing determinant for Power Services' charge shall be the metered
16 load of the Customer served by transfer (non-BPA Balancing Authority Area load) or a
17 portion thereof (if applicable)." Referring to the same billing determinant as used in the
18 applicable Transmission Services Operating Reserve rate schedule clarifies that the
19 billing determinant will be a percentage of the customer's metered load, not its entire
20 metered load.

21 *Q: What effect will this billing determinant clarification have on the Transfer Service*
22 *Operating Reserves revenue forecast?*

23 A: This clarification will not affect the revenue forecast we used in the Initial Proposal
24 because we based the Initial Proposal forecasts — \$1.6 million per year for Spinning
25 Reserves and \$1.3 million per year for Supplemental Reserves — on the correct portion

1 of transfer customer load; i.e., 1.5 percent for Spinning Reserves and 1.5 percent for
2 Supplemental Reserves.

3 *Q. What is the second clarification you would like to make to the Transfer Service Operating*
4 *Reserve Charge?*

5 A. Although billing issues are not within the scope of this case, we discovered that
6 Transmission Services assesses network losses of 1.9 percent when billing directly
7 connected customers for Operating Reserves. Power Services does not currently assess
8 losses when billing the Transfer Service Operating Reserves charge. However, the
9 Transfer Service Operating Reserve charge is intended to mirror the charges
10 Transmission Services assesses its customers for Operating Reserves. Therefore, we
11 believe including losses is the correct treatment and therefore intend to begin assessing
12 losses when billing the Transfer Service Operating Reserve charge. This charge is a
13 product of BPA's general policy of placing transfer customers in a comparable position
14 (from a cost perspective) to directly connected customers. Since directly connected
15 customers are assessed losses when charged ACS Operating Reserves rates from
16 Transmission Services, transfer service customers should similarly be assessed network
17 losses of 1.9 percent when paying the Transfer Services Operating Reserve charge.
18 Keeping in line with Transmission Services, the metered load of the customer served by
19 transfer (non-BPA Balancing Authority Area load) or a portion thereof (if applicable)
20 will be increased for network losses of 1.9 percent prior to the application of 1.5 percent
21 for Spinning and Supplemental reserves.

22 *Q: Will this clarification regarding losses have any effect on the Transfer Service rate or the*
23 *revenue forecast?*

24 A: This clarification will not affect the rate and will only slightly change the revenue
25 forecast we used in the Initial Proposal. Including Transmission Services' network losses
26 (1.9 percent) when billing for the Transfer Service Operating Reserve charge will

1 increase the revenue forecast by approximately \$50,000 per year for Spinning and
2 Supplemental Reserves, or just over \$100,000 for the entire rate period.

3 *Q. Will these clarifications affect the BP-16 Transfer Service Operating Reserve Charge*
4 *that is currently in place?*

5 A. While BPA's implementation of the BP-16 GRSPs is not within the scope of this case,
6 we will address this question in order to alleviate any confusion regarding how these
7 changes affect current customers. Although the BP-16 Transfer Service Operating
8 Reserve billing determinant is similar to the initially proposed BP-18 billing determinant
9 (prior to this clarification), BPA has been billing customers under the current BP-16 rate
10 consistent with the intent of the Transfer Service Operating Reserve charge, which is that
11 transfer customers are charged for only a portion of their load and not the total metered
12 amounts. It is our understanding that BPA will add a footnote to the posted BP-16
13 GRSPs explaining that the billing determinant for the Transfer Service Operating Reserve
14 charge is the Operating Reserve requirement associated with the transfer service.

15 The clarification regarding losses is a new issue that we have not previously
16 addressed and is not Power Service's current practice. Billing issues are not within the
17 scope of this case, but it is our understanding that Power Services will make no billing
18 changes at present. Rather, Power Services will begin including losses when assessing
19 the BP-18 Transfer Service Operating Reserve charge beginning October 1, 2017, when
20 the BP-18 rates take effect.

21 *Q. Does this conclude your testimony?*

22 A. Yes.