b. BASC + .30(DEC – BASC) Where:

- BASC=BPA's average system cost, determined by dividing BPA's total system costs by BPA's total system sales. For this rate period BASC has been determined to be 29.41 mills per kilowatt-hour.
- DEC=The Decremental Fuel Cost as determined in accordance with section IV.C.5 of these GRSPs.
- 4. Determination of BASC

For purposes of determining BASC, the following definition shall apply:

a. BPA's total system costs shall be the sum of all BPA's costs forecasted in each general rate case for the applicable rate period, including total transmission costs, Federal base system costs, new resource costs, exchange resource costs, and other costs not specifically allocated to a rate pool, such as section 7(g) costs.

b. BPA's total annual system sales shall be the sum of all BPA's system firm and nonfirm sales forecasted each general rate case for the applicable test period. BASC shall be redetermined in each subsequent general rate case according to the above formula and will be in effect for the entire rate period over which the rates are in effect.

5. Determination of Decremental Fuel Cost

The Decremental Fuel Cost shall be determined monthly by BPA. For purposes of calculating the NF Rate Cap, a weighted average of gas and petroleum prices for California will be used for approximating decremental fuel costs. The monthly decremental fuel cost shall be:

a. the sum of:

(1) The average California price for gas determined by multiplying the monthly gas use (WGU) developed pursuant to section IV.C.8.a times the monthly California gas price (MGP) determined pursuant to section IV.C.6 rounded to the nearest tenth of a mill; and

(2) The average California price for petroleum determined by multiplying the monthly petroleum use (WOU) developed pursuant to section IV.C.8.b times the monthly California petroleum price (MOP) determined pursuant to section IV.C.7 rounded to the nearest tenth of a mill.

b. Divided by the sum of the WGU and WOU developed in sections IV.C.8.a and b, respectively, rounded to the nearest tenth of a mill.

6. California Gas Price

The MGP for purposes of calculating the decremental cost component of the

rate cap shall be based on the following formula:

$$MGP = \frac{AGP * HGP}{10}$$

Where:

- AGP=the average gas price for California electric utility plants expressed in cents per million Btu as reported in the most recent monthly issue of *Electric Power Monthly* (EPM) published by the Energy Information Administration (EIA), U.S. Department of Energy. Prices shall be rounded to the nearest onetenth of a cent.
- HGP=the historical relationship between gas prices in the effective month of the NF Rate Cap (month t) and the month in which the gas prices are reported in EPM (month r) using the following procedures:

a. Summing all California gas prices, expressed in the nearest one-tenth of a cent per million Btu, reported in EPM for month t for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California gas prices shall be divided by the number of years for which MGPs were reported and rounded to the nearest one-tenth of a cent;

b. Summing all California gas prices, expressed in the nearest one-tenth of a cent per million Btu, reported in EPM for month r for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California gas prices shall be divided by the number of years for which MGPs were reported and rounded to the nearest one-tenth of a cent; and

c. Dividing the average monthly California gas price in a. above, by the average monthly California gas price in b. above, and rounding to the nearest one-tenth, or three significant places.

10=the factor for converting gas prices stated in cents per million Btu to mills per kWh. The factor assumes a heat rate of 10,000 Btu per kilowatt-hour.

7. California Petroleum Price

The MOP for purposes of calculating the decremental cost component of the rate cap shall based on the following formula:

$$MOP = \frac{AOP * HOP}{10}$$

Where:

AOP=the last available average oil price for California electric utility plants expressed in cents per million Btu reported in EPM published by the EIA, U.S. Department of Energy. Prices shall be rounded to the nearest one-tenth of a cent.

HOP=the historical relationship between petroleum prices in the effective month of the NF Rate Cap (month t) and the last month in which the petroleum prices are reported in EPM (month r) using the following procedures:

a. Summing all California petroleum prices, expressed in the nearest onetenth of a cent per million Btu, reported in EPM for month t for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California petroleum prices shall be divided by the number of years for which monthly petroleum prices were reported and rounded to the nearest one-tenth of a cent;

b. Summing all California petroleum prices, expressed in the nearest onetenth of a cent per million Btu, reported in EPM for month r for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California petroleum prices shall be divided by the number of years for which monthly petroleum prices were reported and rounded to the nearest one-tenth of a cent; and

c. Dividing the average monthly California petroleum price in a. above, by the average monthly California petroleum price in b. above, and rounding to the nearest one-tenth of a percent, or three significant places.

10=the factor for converting petroleum prices stated in cents per million Btu to mills per kWh. The factor assumes a heat rate of 10,000 Btu per kilowatt-hour.

8. Weighting Factors

For purposes of determining California fuel prices for the month, gas and petroleum prices will be weighted based on California's historical use of these two alternative fuels.

a. Historical Gas Use in California. The following formula shall be used to determine the weighting factor for gas prices (WGU):

Where:

- CGU=the monthly net gas-fired generation, expressed in gigawatthours, for California in the most recent monthly issue of EPM published by the EIA, U.S. Department of Energy.
- HGU=the historical relationship between gas consumptions in the