

## DEPARTMENT OF ENERGY

## Bonneville Power Administration

**1996 Proposed Wholesale Power Rate and Transmission Rate Adjustment, Public Hearing, and Opportunities for Public Review and Comment**

**AGENCY:** Bonneville Power Administration (BPA), DOE.

**ACTION:** Notice of proposed wholesale power rates and transmission rates.

**SUMMARY:** *BPA File No:* WP-96 and TR-96. BPA requests that all comments and documents intended to become part of the Official Record in this process contain the file number designation WP-96/TR-96.

The Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) provides that BPA must establish and periodically review its rates so that they are adequate to recover, in accordance with sound business principles, the costs associated with the acquisition, conservation, and transmission of electric power, and to recover the Federal investment in the Federal Columbia River Power System (FCRPS) and other costs incurred by BPA.

By this notice, BPA announces its proposed 1996 wholesale power rates and transmission rates to be effective on October 1, 1996, including new 2- and 5-year rates. BPA also will publish a separate notice in the **Federal Register** of its new transmission services terms and conditions.

**DATES:** Written comments by participants relating to WP-96/TR-96 must be received by October 2, 1995, to be considered in the Draft Record of Decision (ROD).

**ADDRESSES:** Written comments should be submitted to the Manager, Corporate Communications—CK; Bonneville Power Administration; P.O. Box 12999; Portland, Oregon, 97212.

**FOR FURTHER INFORMATION CONTACT:** Mr. Michael Hansen, Public Involvement and Information Specialist, at the address listed immediately above, (503) 230-4328 or call toll-free 1-800-622-4519. Information also may be obtained from:

Mr. Steve Hickok; Group Vice President, Sales and Customer Service, S-700; P.O. Box 3621; Portland, OR 97232 (503-230-5356).

Mr. George Eskridge; Manager, SE Sales and Customer Service District; 1101 W. River, Suite 250; Boise, ID 83702 (208-334-9137).

Mr. Ken Hustad; Manager, NE Sales and Customer Service District; Crescent

Court, Suite 500; 707 Main; Spokane, WA 99201 (509-353-2518).

Ms. Ruth Bennett; Manager, SW Sales and Customer Service District; 703 Broadway; Vancouver, WA 98660 (360-418-8600).

Ms. Marg Nelson; Manager, NW Sales and Customer Service District; 1601 5th Avenue, Suite 1000; Seattle, WA 98101-1670 (206-216-4272).

*Responsible Official:* Mr. Geoff Moorman, Manager for Pricing, Marginal Cost and Ratemaking, is the official responsible for the development of BPA's rates.

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**I. Introduction and Procedural Background**

Section 7(i) of the Northwest Power Act, 16 U.S.C. 839e(i), requires that BPA's wholesale power and transmission rates be established according to certain procedures. These procedures include, among other things, issuance of a **Federal Register** notice announcing the proposed rates; one or more hearings; the opportunity to submit written views, supporting information, questions, and arguments; and a decision by the Administrator based on the record. As noted above, this rate proceeding to adjust wholesale power rates has been combined with the proceeding for BPA's proposal to adjust transmission rates. This proceeding is governed by BPA's rule for general rate proceedings, § 1010.9 of BPA's Procedures Governing Bonneville Power Administration Rate Hearings, 51 FR 7611 (1986) (hereinafter Procedures). These Procedures implement the statutory section 7(i) requirements. Section 1010.7 of the Procedures prohibits *ex parte* communications.

On December 28, 1994, BPA published a Notice of Intent to Revise Transmission Rates, 59 FR 66946 (1994), and Notice of Intent to Revise Wholesale Power Rates, 59 FR 66947 (1994). Subsequently, BPA published **Federal Register** Notices of Proposed Wholesale Power Rate Adjustment, 60 FR 8496 (1995), Proposed Transmission Rate Adjustment, 60 FR 8505 (1995), and Hearing and Opportunity for Public

Comment Regarding Proposed Comparable Transmission Terms and Conditions, 60 FR 8511 (1995).

BPA's rate proceedings for 1995 and 1996, and the terms and conditions proceeding, began with a Prehearing Conference on February 13, 1995. The proceedings, originally in two dockets, WP-95/TR-95 (wholesale power and transmission rates) and TC-95 (transmission services terms and conditions), subsequently were separated into three different dockets as described below.

At the direction of the Hearing Officers at the February 13, 1995, prehearing conference, an additional prehearing conference was scheduled for March 15, 1995, and additional time was allowed for petitions to intervene.

A **Federal Register** Notice for Additional Prehearing/Settlement Conference for March 15, 1995, 60 FR 11962 (1995), was published on March 3, 1995.

On February 14, 1995, BPA published a preliminary rate proposal in the **Federal Register**, 60 FR 8496. In that proposal, BPA noted that competitive forces are causing a fundamental and significant change in the Pacific Northwest wholesale power market. In light of these competitive forces, BPA determined that its initial proposal should include a 5-year rate as well as a 2-year rate. BPA anticipated that the work necessary to develop such a proposal would take until July 1995.

At the March 15, 1995, prehearing conference, the parties notified the hearing officers that they had been involved in negotiations for a settlement of issues that might affect the hearing schedule and requested additional time to complete the negotiations. The Hearing Officers acted on petitions to intervene received to that date and set a scheduling conference for March 22, 1995.

On March 17, 1995, most parties to the rate case signed a Settlement Agreement agreeing that BPA would propose to surcharge BPA's current rates for a 1-year period, October 1, 1995, through September 30, 1996, and to extend the Variable Industrial Power (VI) rate which was scheduled to expire on June 30, 1996, through September 30, 1996. The parties also agreed to conduct a separate subsequent process to establish a 2-year and a 5-year rate proposal, and a proposal for transmission services terms and conditions. The Settlement Agreement was an attempt to balance a number of interests, including concerns expressed by customer representatives to BPA's Power Sale Contract renegotiations.