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May 24, 2006

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Public Power Council Allocation Proposal

The Board of the Public Power Council (PPC) approved a substantially revised allocation proposal on April 10, 2006. The proposal is simpler than the previous PPC allocation proposals. Evaluation of this new proposal was one of the reasons for Bonneville's delay in developing its Draft Regional Dialogue Policy.

Staff will describe the PPC proposal at the June 13 Power Committee meeting. A few of the key elements of the proposal are:

- Allocations initially based on a forecast of each utility's 2012 loads and resources to be done in 2007, with loads to be adjusted to actual 2010 loads as assessed in 2011;
- A Bonneville forecast of 2012 federal base resource (FBS) capability to be done in 2011;
- A provision for augmenting the FBS by up to 300 average megawatts in the event that the adjusted 2010 loads exceed the FBS capability in 2012;
- Individual utility adjusted loads in 2010 will be increased for any self-funded conservation done by the utility between 2002 and 2010.

The PPC proposal is attached. I have purposely omitted any reference to statements Bonneville made to the Power Committee in confidence during our May meeting. In discussing the PPC proposal, the Power Committee and staff need to be careful not to disclose accidentally what Paul Norman told the Power Committee about their response to the PPC proposal or any other elements of the Bonneville proposal.

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Public Power Council Allocation Proposal

Power Committee
June 13, 2006

PPC Allocation Proposal

In 2007

Preliminary allocation shares based on a 2007 forecast of 2012 utility loads and resource

In 2011

Assess actual 2010 loads:
Adjust actual loads for weather and “force majeure” type events

Calculate adjusted net requirements based on FY 2010 loads less 2012 estimated resources

Bonneville estimates the 2012 capability of the FBS resources

Compare adjusted net requirements and FBS capability. Augment resources up to 300 MW if loads are greater than FBS

Increase utility adjusted loads for self-funded conservation achieved between 2002 and 2010 to determine final allocation shares

Example for a Hypothetical Three Utility System

In 2007				
	Forecast 2012 Load	Forecast 2012 Resource	Net Require- ments	Initial Percent Allocation
Utility A	100	0	100	33 %
Utility B	200	100	100	33 %
Utility C	300	200	100	33 %
Total			300	

Calculating Adjusted Load for 2010

In 2011

	Growth Adjustment	Unusual Event Adjustment
Utility A	0	
Utility B	-10	+20
Utility C	+15	

Example for a Hypothetical Three Utility System

In 2011

	Adjusted 2010 Load	Forecast 2012 Resource	Net Requirements
Utility A	100	0	100
Utility B	210	100	110
Utility C	315	200	115
Total	625		325

Bonneville Forecast of FBS in 2012

In 2011

2012 Federal Base System Capability
= 300 Average Megawatts

FBS Augmentation Required

Sum of Utility Net Requirements	325
Forecast of FBS Capability	300
FBS Augmentation	25

Calculating Adjusted Load for 2010

In 2011

	Net Require- ments	Self- Funded Conser- vation	Revised Net Require- ments	Revised Allocation Shares
Utility A	100	2	102	30 %
Utility B	110	5	115	33 %
Utility C	115	12	127	37 %
	325		344	