

average cost of nonfirm energy, which triggers the Intertie adder charge, and retain the upper limit on its Standard nonfirm energy rate by 4 percent. Given current market conditions, increasing the cap on the NF Standard rate is not expected to result in increased revenues during the rate period. BPA also is proposing to increase the Intertie Charge and the NF Contract rate by 4 percent.

BPA is proposing to extend the Reserve Power (RP) rate, the Share-the-Savings (SS) rate and the Power Shortage (PS) rate unchanged for the 1 year period. These rates normally are not adjusted to reflect changes in BPA's costs. The RP rate is based on BPA's estimate of its long-term marginal cost. This rate has not been adjusted since 1987. The SS rate is an experimental nonfirm energy rate that allows for a mutually agreed-to formula rate. The PS rate is a contractually agreed-to rate and is available for sales under the Shortage Agreement. The parties to the Shortage Agreement recently agreed to extend that agreement for another year.

Unlike its other rates, BPA's current Surplus Power (SP-93) rate does not expire on September 30, 1995. FERC has approved the SP-93 rate through September 30, 1998. 67 FERC ¶ 61351 (June 20, 1994). Therefore, since the SP rate continues to be in effect during the 1-year rate period, BPA proposes to retain its current SP-93 rate and not refile a new SP rate for the 1-year rate period agreed to in the Settlement Agreement. The current SP-93 rate contains a contract rate and a flexible rate. BPA does not expect to make any sales at the contract rate during the rate period. The flexible rate is capped at BPA's highest cost resource, which is significantly above the expected market price during the rate period. As such increasing the SP flexible rate by 4 percent would not advance the settlement's cost recovery objectives.

B. Summary of Rate Schedules

A summary of the proposed 1995 Wholesale Power Rate Schedules is provided below. Each of the rate schedules includes sections specifying the customer class and the service available under the rate schedule, the rates for the sales offered under the schedule, the billing factors, other special provisions for rate adjustments, such discounts or penalties that apply to that rate schedule, and the cost basis of the rates in the schedule (resource contribution). Because the 1995 rates will be effective for a 1-year period, BPA is not proposing an Interim Rate Adjustment for these rates.

1. Priority Firm Power rate: The proposed Priority Firm Power (PF-95)

rate schedule would replace the PF-93 rate schedule. Power is available under the PF-95 rate schedule to public bodies, cooperatives, Federal agencies, and utilities participating in the residential exchange under section 5(c) of the Northwest Power Act. Priority Firm power must be used to meet firm loads within the Pacific Northwest. The PF rate consists of diurnally differentiated demand charges and seasonally differentiated energy charges. Other rate adjustments include an Irrigation Discount, a Low Density Discount, an Energy Return Surcharge, Unauthorized Increase Charge, Conservation Surcharge, Outage Credit and Power Factor Adjustment.

2. New Resource Firm Power rate: The proposed New Resource Firm Power (NR-95) rate schedule would replace the NR-93 rate schedule. The NR-95 rate schedule is available to investor-owned utilities under net requirements contracts for resale to consumers, and to publicly owned utilities for New Large Single Loads. The NR rate consists of diurnally differentiated demand charges and seasonally differentiated energy charges. Other rate adjustments include an Irrigation Discount, a Low Density Discount, an Energy Return Surcharge, Unauthorized Increase Charge, Conservation Surcharge, Outage Credit and Power Factor Adjustment.

3. Industrial Firm Power rate: The proposed Industrial Firm Power Rate (IP-95) rate would replace the IP-93 rate. The IP-95 rate schedule is available to BPA's direct-service industrial customers for firm power to be used in their industrial operations. The IP rate consists of diurnally differentiated demand charges and seasonally differentiated energy charges. Other rate adjustments include a First Quartile Discount, Curtailment Charge, Unauthorized Increase Charge, Outage Credit and Power Factor Adjustment.

4. Variable Industrial Power rate: The Variable Industrial Power (VI-95) rate schedule is available to DSIs purchasing from BPA under the 1986 Variable Rate Contract. The proposed VI-95 rate schedule is unchanged from prior years other than to update the rates and rate parameters based on the rate adjustment criteria established in 1991 and the 1995 rate case. The proposed base rate components of the VI-95 rate include the 4 percent surcharge, as do the First Quartile Discount and the Lower and Upper Rate Limits. The Lower and Upper Pivot Aluminum Prices are those that were effective July 1, 1995, pursuant to the VI-91 rate. They will be adjusted again on July 1, 1996. The VI rate is proposed to be extended three months past its expiration date, June 30,

1996, so that its term will be consistent with the other rates proposed for fiscal year 1996. The term of the proposed VI-95 rate thus would be October 1, 1995, through September 30, 1996.

5. Special Industrial Power rate: The proposed Special Industrial Power (SI-95) rate would replace the SI-93 rate. The SI rate is available to any DSI purchaser which uses a raw mineral indigenous to the region as its primary resource and which qualifies for the special rate under the procedures established in section 7(d)(2) of the Northwest Power Act. The SI rate consists of diurnally differentiated demand charges and seasonally differentiated energy charges. Other rate adjustments include a Curtailment Charge, Unauthorized Increase Charge, Outage Credit, and Power Factor Adjustment.

6. Nonfirm Energy rate: The proposed Nonfirm Energy (NF-95) rate schedule replaces the NF-93 rate. The NF-95 rate schedule is available for purchases of nonfirm energy inside and outside the Pacific Northwest for resale to consumers, direct consumption, and resale under Western Systems Power Pool agreements. The NF-95 rate schedule includes four rate components: A flexible Standard rate, a flexible Market Expansion rate, a flexible Incremental rate, and a fixed Contract rate. Other adjustments include a Guaranteed Surcharge and an Intertie Charge. The NF Rate Cap continues to apply to all sales under the NF-95 rate schedule. The NF Rate Cap defines the maximum nonfirm energy price for general application. The level of the NF Rate Cap is based on a formula tied to BPA's Average System Cost and California fuel costs.

7. The Reserve Power rate: The Reserve Power (RP-95) rate schedule replaces the RP-93 rate schedule. The RP rate is available in cases where a purchaser's power sales contract states that the rate for Reserve Power shall be applied; when BPA determines no other rate schedule is applicable; or to serve a purchaser's firm power load when BPA does not have a power sales contract in force with such a purchaser, and BPA determines that this rate should be applied. The RP rate consists of diurnally differentiated demand charges and a flat energy charge. Other rate adjustments include a Power Factor Adjustment.

8. The Power Shortage rate: The Power Shortage (PS-95) rate schedule is available for sales under the Share-the-Shortage agreement or when BPA arranges for purchased energy at the request of a Northwest customer. BPA is not obligated to make Shortage Power