

objectives include recovery of BPA's revenue requirement, rate and revenue stability, practicality, fairness, comparability, and efficiency. All of the rate design adjustments are functionalized, classified, segmented, and seasonalized where appropriate. After all adjustments are made, the final power rates are calculated.

5. Transmission Rate Design Study (TRDS)

In the TRDS, rates for various transmission services are calculated using the portion of the transmission revenue requirement allocated to non-Federal uses of the transmission system. Wheeling load forecasts are developed in the TRDS in order to calculate rates. The design of individual rate schedules also is accomplished in the TRDS.

B. Transmission Rates

In a process concurrent with the 1995 rate case, BPA is proposing terms and conditions for new and existing services (network integration, point-to-point firm, and nonfirm) that allow comparable access to the Federal transmission system. Two new rate schedules (the Network Integration Transmission rate and the Point-to-Point Firm Transmission rate) are proposed to price the new services. BPA's Energy Transmission rate is proposed to price comparable nonfirm transmission services. These new services ensure that all parties have access to the Federal transmission system under comparable terms, conditions, and rates as BPA. Such comparability allows for a competitive marketplace for power products.

BPA also is proposing the Advance Funding rate to allow BPA to collect the cost of specified BPA-owned transmission facilities through advance payment. In addition to the three new rate schedules, all of BPA's traditional transmission rate schedules are proposed to be confirmed. A charge is included in the firm transmission rates to allow BPA to charge opportunity cost when that is higher than the embedded cost charge for new requests for transmission capacity. BPA also provides notice in the firm rate schedules that requests for new or increased firm transmission service may be subject to incremental cost rates that would be developed pursuant to section 7(i) of the Northwest Power Act. In applying incremental or opportunity cost rates, BPA would be consistent with FERC's "or" pricing—the higher of embedded cost or incremental cost (or, the higher of embedded cost or opportunity cost), but not the sum of the two. Finally, a Reservation Charge for

Transmission Capacity and a Reactive Power Charge are included in the many of the transmission rate schedules.

1. Formula Power Transmission (FPT)

The FPT-95 rate schedule is available for the firm wheeling of power on the network segment of the FCRTS. This rate includes a distance or mileage component for transmission lines and various transformation and terminal charges. The FPT rate form is designed to reflect a wheeling formula that is prescribed by contract provisions.

In calculating the FPT-95 rate, the first step is to quantify costs for the specific types of transmission facilities treated in the rate components. Estimates of the use of these facilities are determined from a simulation of the power flow of the projected peak load during the test period. Unit costs for the FPT rate components are derived by dividing facility cost by facility use as determined in a power flow study.

2. Integration of Resources (IR)

The IR service is a flexible transmission service that may be used to integrate multiple resources and transmit non-Federal power to multiple points of delivery on the FCRTS Integrated Network facilities. The IR-95 rate is structured as a postage-stamp (independent of distance) rate with a demand and energy charge. The proposed IR-95 rate schedule continues to include the Short-Distance Discount, an exception to the postage stamp rate design for contractually specified points of integration.

The IR-95 rate is calculated by dividing the revenue requirement for the class into two equal parts to reflect a 50-50 classification of costs to capacity and energy. The quotient of these costs and the appropriate billing determinant (contract demand for capacity-related costs; total energy usage for energy) yields the rates.

3. Energy Transmission (ET); Southern Intertie (IS), Northern Intertie (IN), and Eastern Intertie (IE) Transmission; and Market Transmission (MT)

The ET-95 rate is designed to approximate the average cost of firm wheeling on the network. It is calculated by dividing the costs allocated to the FPT/IR class of service by all wheeling under firm wheeling contracts. The ET rate applies to use of intra-regional FCRTS facilities excluding the Interties and will provide comparable nonfirm transmission service.

The proposed IS-95 rate consists of two parts: a nonfirm energy-only rate,

and a firm rate with separate demand and energy components.

BPA also is proposing two rates for the IN-95 rate schedule: an energy-only rate for nonfirm wheeling, and a rate with demand and energy components for firm wheeling. The cost of the Northern Intertie is allocated to Federal and non-Federal power; the cost allocated to non-Federal power is the basis for the calculation of the rate.

The IE-95 rate is available for nonfirm transmission on the Eastern Intertie. It is calculated as the ratio of the Eastern Intertie segment cost to the projected wheeling of energy from the Colstrip plant.

BPA is continuing its MT-95 rate unchanged, except for the addition of the Reactive Power Charge. This rate schedule was developed for use among Western Systems Power Pool (WSPP) participants and allows for flexible hourly, daily, weekly, and monthly charges.

4. Use of Facilities Transmission (UFT) and Townsend-Garrison Transmission (TGT)

The UFT-95 and TGT-95 rate schedules are formula rates that are being proposed unchanged from the current 1993 rates. The UFT rate recovers the annual cost of identified facilities over which specific wheeling transactions occur. The TGT rate is a contract rate that recovers the cost of the Montana (Eastern) Intertie.

5. Southern Intertie Annual Costs (AC)

BPA is proposing the AC-95 rate to be applied to owners of AC Intertie capacity. This rate recovers the Capacity Owner's prorata share of actual AC Intertie costs: Operations, maintenance, general plant, and other identified expenses, as well as capital costs of replacements and reinforcements. The proposed AC-95 rate takes the place of the AC-93 rate which was a "bridge" rate until Capacity Ownership contracts were complete.

6. Network Integration Transmission (NT) and Point-to-Point Firm Transmission (PT)

The proposed NT-95 and PT-95 rates, along with the associated terms and conditions of service, are designed to provide customers with transmission service that is comparable to what BPA provides itself in serving its power customers. Network Integration transmission service allows customers to serve their load located in the PNW region. The proposed NT-95 rate is based on a load-ratio share concept. The load-ratio share measures the Network