

**UNITED STATES DEPARTMENT OF ENERGY
BEFORE THE
BONNEVILLE POWER ADMINISTRATION**

**2012 RATE ADJUSTMENT
PROCEEDING**

)
)
) **Docket Number BP-12**
)
)
)

**DIRECT TESTIMONY
OF
NORTHWEST REQUIREMENTS UTILITIES**

WITNESSES:

GEOFFREY H. CARR

JOHN D. SAVEN

SUBJECT:

IRRIGATION DISCOUNT AND LOW DENSITY DISCOUNT

January 21, 2011

BP-12-E-NR-01

1 *Q. Please state your names and qualifications.*

2 A. My name is John D. Saven. My qualifications were previously filed and are contained in BP-12-
3 Q-NR-03.

4 A. My name is Geoffrey H. Carr. My qualifications were previously filed and are contained in BP-
5 12-Q-NR-01-E01.

6 **Irrigation Rate Discount**

7 *Q. What is the purpose of this section of your testimony?*

8 A. Our testimony provides our support for the BPA staff proposal with regard to the
9 Irrigation Rate Discount (IRD) as outlined in Section 4 of BP-12-E-BPA-21.

10 *Q. What is your organization's interest with regard to the IRD?*

11 A. NRU is a trade association and party to BP-12. We provide staff support services to the
12 14 members of Northwest Irrigation Utilities, who are Load Following Customers of BPA and
13 will receive the IRD during the FY 2012 – FY 2013 rate period. NIU members also belong to
14 NRU.

15 *Q. Do the NIU members support the provision of an Irrigation Discount in general in BPA
16 rates, and as specifically proposed by BPA staff in BP-12-E-BPA-21 in Section 4?*

17 A. Yes, the NIU membership is in very strong support of the Irrigation Discount and believe
18 that the BP-12 proposal, in conjunction with the Regional Dialogue contract provisions, as well
19 as the Unintended Consequences modifications of Tiered Rates Methodology applicable to
20 irrigation loads, continue a program of irrigation support that is consistent with BPA's mission
21 and critical to the economy of rural agricultural areas.

1 *Q. Do you have any comments about BPA staff characterization of the IRD?*

2 A. We disagree that the Irrigation Discount “reflects a cost shift only among the PF
3 customer class.” BP-12-E-BPA-21, p. 13, lines 10 to 13. The Irrigation Rate Mitigation
4 Program, preceded by the Summer Seasonal Product, preceded by the Irrigation Discount have
5 provided rate relief to customers with qualifying irrigation loads for over 20 years generally
6 comparable to the FY 2012 – FY 2013 Irrigation Discount. Therefore, by continuing the
7 Irrigation Discount, we see no new cost shift among the Load Following customers.

8 *Q. How should the costs of the IRD be allocated?*

9 A. Regarding the cost shift issue in general, we also note that the Public Power Council
10 testimony proposes that a portion of the costs of this program should be allocated to the DSIs
11 through the IP rate. We support the PPC’s testimony.

12 *Q. Does NIU support the process for calculation of the IRD rate as described in the BPA
13 testimony and approved in the TRM Change Process that occurred in 2010?*

14 A. Yes, in part. We recognize that BPA has not yet calculated the final IRD. We expect
15 BPA to have the updated calculation modeled in RAM 2012 for the Final Proposal. We request
16 the opportunity to review this calculation before it becomes final. We also note that the GRSPs
17 need to be corrected to reflect the revised calculation.

18 *Q. Do you agree with BPA’s proposed use of a 60/40 HLH/LLH split in the calculation of
19 the Tier 1 energy rate for the Irrigation Discount?*

20 A. BPA staff has demonstrated that it is a more accurate representation of irrigation loads.

21 *Q. Do you have other comments regarding the Irrigation Discount?*

1 A. For purposes of determining eligible irrigation load each year, it is important that the
2 “true up” be performed once at the end of the irrigation season, and that it should include the
3 entire May through September period.

4 **Low Density Discount**

5 *Q. What is the purpose of this section of your testimony?*

6 A. Our testimony provides our support for the BPA staff proposal with regard to the Low
7 Density Discount (LDD) as outlined in Section 3 of BP-12-E-BPA-21.

8 *Q. What is your organization’s interest with regard to the LDD?*

9 A. NRU is a trade association and party to BP-12. NRU has a membership of 50 load
10 following customers of BPA and more than half of the membership participate in the LDD
11 program.

12 *Q. Do the NRU members support the provision of an LDD in general in BPA rates, and as
13 specifically proposed by BPA staff in BP-12-E-BPA-21 in Section 3?*

14 A. Yes, the NRU membership is in very strong support of the LDD. We believe that the BP-
15 12 rate proposal, which carries forward the Unintended Consequences modifications of Tiered
16 Rates Methodology applicable to the calculation of the LDD properly carries out the intent of the
17 LDD.

18 *Q. Do you have any observations about the GRSP language related to the calculation of the
19 Applicable Discount for Customers with Above-RHWM load?*

1 A. Yes, while the GRSP language in Section L of BP-12-E-BPA-09, page 50 attempts to
2 carry forward the language in the Unintended Consequence provisions the language used is not
3 the same. For example, the Unintended Consequence provision defines the *applicable LDD* as
4 the “LDD percentage to be applied to a customer’s bill.” BP-12-E-BPA-11, Attachment 1, p. 3.
5 The GRSPs define that same term the *applicable LDD* as “the discount percentage to be applied
6 to the Tier 1 charges on a Customer’s bill.” BP-12-E-BPA-09, p. 50.

7 This is but one example of a change in language that has not been vetted by the
8 customers and would profit from a further discussion with BPA staff in a working session. The
9 reason we mention this is the extensive work and public process that was done to perfect the
10 language in the Unintended Consequence provisions that are now revised again for GRSP
11 purposes without the opportunity for customer discussion with BPA staff.