

# factsheet

September 2008

## WP-07 supplemental rate case

In its Sept. 22 Final Record of Decision, the Bonneville Power Administration responded to three 2007 Ninth Circuit court rulings regarding the 2000 Residential Exchange Program Settlement Agreements and their treatment in the WP-02 rates. BPA's decision is to return past overcharges to the region's consumer-owned utilities and re-establish Residential Exchange Program benefits to most of the region's investor-owned utilities.

BPA officially re-opened its WP-07 wholesale power rate proceeding in early February 2008 to respond to these 2007 court rulings.

### Final record of decision

In the interest of brevity, this fact sheet only addresses outcomes of the significant decisions that impact resolution of overpayments, FY 2009 Residential Exchange Program benefits, and FY 2009 priority firm rates; it does not address the merits of the decisions.

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#### Summary of Final ROD

Average PF rate	\$26.9/MWh
Overpayments to IOUs to be returned to COUs over time	\$767 million
Total cash payments to COUs in FY 2009	\$240 million
FY 2009 REP benefits for IOUs	\$266 million
Applied to Deemer Balance	\$17 million
Applied to Lookback	\$71 million
FY 2009 REP benefits paid to IOUs	\$178 million

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BPA's final Record of Decision document, however, contains the full legal and technical decisions on the issues raised in the WP-07 Supplemental proceeding. The final decisions were made only after the formal administrative hearing process that BPA began in February 2008 with rate case parties. The publication of the Final ROD is the final step for the WP-07 Supplemental rate proceeding.

### Key outcomes of final ROD decisions

- Revised power rates for FY 2009,
- a determination of the overcharges to the preference customers due to the improperly set rates,
- a determination of REP benefits for the IOUs for FY 2009,
- a determination of an amount of REP benefits that the IOUs will forego in FY 2009 that will be returned to the preference customers, and
- a determination of the amounts that will be disbursed to IOUs and preference customers in FY 2009 for REP settlement costs collected in power rates in 2007 and 2008 but not paid out.

### Next steps

BPA will deliver the complete record for this rate case to the Federal Energy Regulatory Commission in late September 2008; BPA will be requesting expedited interim approval in 30 days to allow FY 2009 rates to be effective Oct. 1, 2008.



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BPA has offered new residential exchange program contracts to the investor owned utilities in order to begin the flow of REP benefits in FY 2009. BPA now has all of the pieces in place to implement this program without a settlement for the first time since 1996. These contracts will be “bridge” contracts that will fill the gap between the settlement contracts and the new Regional Dialogue REP contracts that will be effective in FY 2012.

## **Background and helpful links**

Final Record of Decision: [www.bpa.gov/corporate/pubs/RODS/2008/](http://www.bpa.gov/corporate/pubs/RODS/2008/)

History of the Residential Exchange Program:  
[www.bpa.gov/corporate/pubs/fact\\_sheets/07fs/fs061507.pdf](http://www.bpa.gov/corporate/pubs/fact_sheets/07fs/fs061507.pdf)

BPA’s “From our Perspective” Newsroom Site:  
[www.bpa.gov/corporate/BPAnews/Perspective/](http://www.bpa.gov/corporate/BPAnews/Perspective/)

## **Residential Exchange Program**

The agency’s Residential Exchange Program was established by the 1980 Northwest Power Act as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential and small farm customers of the region’s investor-owned utilities. In 2000, BPA reached settlement agreements with investor-owned utilities over exchange benefits. But May 3, 2007, the U.S. Ninth Circuit Court of Appeals ruled that BPA’s settlement agreements with the investor-owned utilities and BPA’s allocation of exchange settlement costs to publicly owned utilities were not in accordance with the Northwest Power Act.