

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF ENERGY
BEFORE THE
BONNEVILLE POWER ADMINISTRATION

2022 Rate Proceeding)))	Docket No. BP-22
----------------------	-------------	------------------

**MOTION OF BONNEVILLE POWER ADMINISTRATION TO
MODIFY PROCEDURAL SCHEDULE AND
ESTABLISH DEADLINE FOR OBJECTIONS TO SETTLEMENT AGREEMENT
EXPEDITED CONSIDERATION REQUESTED**

The Bonneville Power Administration (Bonneville) hereby moves the Hearing Officer for an order establishing a deadline of May 5, 2021, for any party in this BP-22 rate proceeding to state an objection to a proposed settlement of the rates for Bonneville’s power sales and transmission, ancillary, and control area services for fiscal years 2022 and 2023. Bonneville informed parties to the BP-22 proceeding of its intent to file this motion in a settlement conference on April 28, 2021, and no party indicated any objection. Bonneville respectfully requests that the Hearing Officer consider this motion on an expedited basis and issue the requested order no later than May 4, 2021.

BACKGROUND

In early April 2021, multiple parties to the BP-22 proceeding contacted Bonneville regarding the potential for settlement of issues in the proceeding and requested that Bonneville schedule settlement conferences for further discussion of the issues. Bonneville ultimately developed a proposal and a written agreement for a potential settlement of issues in the BP-22 proceeding and held settlement conferences on April 14, 20, and 28, 2021, to discuss the proposal and draft agreement with the parties.

As a result of those discussions, Bonneville has proposed, and most parties have agreed to support or not to object to, terms of a proposed settlement that addresses all rates for Bonneville's power sales and transmission, ancillary, and control area services at issue in the BP-22 proceeding. These terms are reflected in the Settlement Agreement for Rates for Fiscal Years 2022-23 (Settlement Agreement), which is attached as Exhibit 1.

Section 3 of the Settlement Agreement provides that Bonneville will move the Hearing Officer to establish a deadline for any party in the BP-22 proceeding (that has not signed the agreement) to object to the proposed settlement and identify any issue within the scope of the proposed settlement that such party chooses to preserve to contest in the BP-22 proceeding. Any party in the BP-22 proceeding that does not object to the proposed Settlement Agreement in accordance with the Hearing Officer's order would waive its rights to object and be deemed to assent to the agreement. If any party in the BP-22 proceeding objects to the proposed settlement in accordance with the order, Bonneville and any party would have two business days from the date of the objection to withdraw its assent to the proposed settlement. If any party withdraws, Bonneville would promptly schedule a meeting to discuss how to proceed.

In the course of the settlement discussions, Bonneville requested that parties informally notify Bonneville of any objection to the proposed settlement. Only a limited number of parties to the BP-22 proceeding have indicated that they intend to object. Because of the limited nature of the pending objections to the proposed settlement, Bonneville expects to move forward with recommending adoption of the proposed settlement despite the objections. If circumstances change, Bonneville would convene the parties before deciding how to proceed. Bonneville is submitting this motion to

follow the process called for in the Settlement Agreement and to request modifications to the procedural schedule to provide for the completion of that process before the due date for Initial Briefs of any party that objects to the proposed settlement.

MOTIONS

1. Motion to Establish Deadline for Objections to Settlement Agreement

In accordance with the Settlement Agreement, Bonneville moves the Hearing Officer to issue an order: 1) establishing a deadline of May 5, 2021, for any party in BP-22 to submit a written objection to the proposed settlement; 2) requiring that any party that submits a written objection to the proposed settlement identify each issue in the proposed settlement that such party wants to contest in the BP-22 proceeding; and 3) stating that any party that does not submit a written objection in accordance with the order will waive its rights to preserve any objection to the proposed settlement and will be deemed to assent to the Settlement Agreement.

2. Motion to Modify Procedural Schedule

Bonneville also moves the Hearing Officer for an order modifying the procedural schedule for the rest of the proceeding as follows:

Event	Current Date	Modified Date
Deadline for Objections to Settlement Agreement	N/A	May 5
Initial Briefs	May 4	May 11
Objecting parties provide notice of intent to present oral argument	N/A	May 12
Oral Argument	May 4	May 18*
Draft ROD	June 11	June 25
Briefs on Exceptions	June 25	July 9
Final ROD	July 28	July 28

* Oral argument would take place only if requested by an objecting party. It would start at 1 p.m.

REQUEST FOR EXPEDITED CONSIDERATION

As described above, Bonneville has informed parties of its intent to file this motion, the proposed deadline for objections to the Settlement Agreement, and the proposed modifications to the procedural schedule. No party has indicated opposition to this motion. Given the lack of objection to this motion, and the interest in completing the period for any potential withdrawal from the Settlement Agreement as soon as possible, Bonneville respectfully requests expedited consideration of its requests. Section 1010.11(d) of the Rules of Procedure for this proceeding provides four business days for an answer to any motion. Bonneville requests that the Hearing Officer issue an order pending the expiration of the period for submission of an answer, or, in the alternative, shorten the deadline for any answer. *See Order Establishing Deadlines and Process for Objections to Proposed Settlement*, BP-20-HOO-04 (Dec. 12, 2018) (granting a motion to establish a deadline for objections to a proposed settlement pending expiration of the period for submission of an answer). Bonneville requests issuance of the requested order no later than May 4, 2021, the current deadline for Parties' Initial Briefs. A proposed order is attached as Exhibit 2.

WHEREFORE, Bonneville respectfully requests that the Hearing Officer grant this motion.

DATED this 29th day of April, 2021.

Respectfully submitted,

/s/ Matthew Perkins

Matthew Perkins
Attorney for Bonneville Power Administration
Office of General Counsel, LT-7
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621
(503) 230-5904
mwperkins@bpa.gov

EXHIBIT 1
SETTLEMENT AGREEMENT FOR RATES FOR FISCAL YEARS 2022-23

SETTLEMENT AGREEMENT FOR RATES FOR FISCAL YEARS 2022-23

Bonneville Power Administration BP-22 Rate Proceeding

This SETTLEMENT AGREEMENT (“Agreement”) is among the Bonneville Power Administration (“Bonneville”) and parties as provided for in section 3 of this Agreement (such parties in the singular, “Party,” in the plural, “Parties”).

Bonneville and the Parties agree to the following:

1. In the BP-22 Rate Proceeding (BP-22 Proceeding), Bonneville staff will file and recommend that the Administrator adopt a proposal (Settlement Proposal) consistent with this Agreement for rates for power, transmission, ancillary and control area services for Fiscal Years (FY) 2022 and 2023. The Settlement Proposal will include only the terms specified in this Agreement and in Attachment 1.
2. This Agreement settles, in accordance with its terms, all issues within the scope of the Settlement Proposal for purposes of the BP-22 Proceeding.
3. Bonneville will notify the Hearing Officer about this Agreement and move the Hearing Officer to (1) require any party in the BP-22 Proceeding that does not sign the Agreement to state any objection to the Settlement Proposal by a date established by the Hearing Officer; and (2) specify that any party in the proceeding that does not state an objection to the Settlement Proposal by such date will waive its rights to preserve any objections to the Settlement Proposal and will be deemed to assent to this Agreement.
4. If, in response to the Hearing Officer’s order made pursuant to section 3, any party to the BP-22 Proceeding states an objection to the Settlement Proposal, Bonneville and any Party to this Agreement will have two business days from the date of the objection to withdraw its assent to the Settlement Proposal. If Bonneville or any Party to this Agreement withdraws its assent to the Settlement Proposal, Bonneville shall promptly schedule a meeting with the Parties to this Agreement to discuss how to proceed and will provide notice and the opportunity to participate to parties to the BP-22 Proceeding.
5. This Agreement will terminate on September 30, 2023, except that, if the BP-22 Proceeding does not result in the adoption of this Agreement, the Agreement will be void *ab initio*.

6. Preservation of Settlement Proposal

- a. The Parties agree not to contest this Agreement in the BP-22 Proceeding, or other forum, or the implementation of this Agreement pursuant to its terms, through the end of FY 2023.
- b. The Parties agree to waive their rights to briefs and oral argument in the BP-22 Proceeding with respect to any issue within the scope of the Settlement Proposal, except in response to issues raised by any party in the proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section 3.
- c. Bonneville and the Parties agree that this Agreement does not constitute consent or agreement in any future Bonneville proceeding, and that they retain all of their rights to take and argue whatever position they believe appropriate as to such matters in such proceedings.
- d. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to the issues within the scope of the Settlement Proposal, and that acceptance of the settlement does not create or imply any agreement with any position of any other Party. Bonneville and the Parties agree not to assert in any forum that anything in the Settlement Proposal, or that any action taken or not taken with regard to this Agreement by Bonneville or any Party, the Hearing Officer, the Administrator, the Federal Energy Regulatory Commission, or a court, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) any precedent under any contract or otherwise between Bonneville and any Party; or (4) any basis for supporting any Bonneville rate, general rate schedule provision, or term and condition of transmission service for any period after the end of FY 2023.
- e. Bonneville and the Parties agree that this Agreement establishes no precedent and that Bonneville and the Parties will not be prejudiced or bound thereby in any proceeding, except as specifically provided in this Agreement. The Parties will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Agreement.

7. Conduct, statements, and documents disclosed in the negotiation of this Agreement will not be admissible as evidence in the BP-22 Proceeding, any other proceeding, or any other judicial or administrative forum, nor will the fact that the Parties entered into this settlement be cited or used in any future proceedings or Administrator decisions as support for any matters, other than application or enforcement of this Agreement.

8. Reservation of rights

- a. Except as provided in section 6 above, no Party waives any of its rights, under Bonneville's enabling statutes, the Federal Power Act, or other applicable law, to pursue dispute resolution procedures consistent with Bonneville's open access

- transmission tariff or to pursue any claim that a particular charge, methodology, practice, or rate schedule has been improperly implemented.
- b. Bonneville and the Parties reserve the right to respond to any filings, protests, or claims by Bonneville, any Party, or others; however, the Parties will not support a challenge to any rates, terms and conditions, or other matters described in this Agreement.
 - c. No Party agrees or admits that the level of financial reserves resulting from the Transmission Rates, if any, is acceptable or otherwise appropriate, and nothing in this Agreement shall limit, waive, or otherwise alter a Party's right to challenge in future rate proceedings the level of Bonneville's financial reserves.
 - d. No Party agrees or admits that the level of revenue financing included in the Transmission Rates or Power Rates is acceptable or otherwise appropriate, and nothing in this Agreement shall limit, waive, or otherwise alter a Party's right to challenge in future rate proceedings Bonneville's inclusion of revenue financing in rates, the level of any such revenue financing, the application of depreciation to assets funded by revenue financing, or the accounting or other rate treatment of amounts included in rates for revenue financing or debt prepayment.
9. If, because of a ruling issued in response to a legal challenge, Bonneville is required to materially modify or discontinue any of the rates, terms and conditions, or other matters provided in this Agreement, Bonneville may seek, and the other Parties agree to support, or not contest, a stay of enforcement of that ruling until after the end of FY 2023.
 10. Attachment 1, Terms for Rate Issues for FY 2022-2023, is made part of this Agreement.
 11. Nothing in this Agreement is intended in any way to alter the Administrator's authority and responsibility to periodically review and revise the Administrator's rates and terms and conditions of transmission service or the Parties' rights to challenge such revisions.
 12. Notwithstanding section 5 of this Agreement, sections 6, 7, and 8 will survive termination or expiration of this Agreement.
 13. This Agreement may be executed in counterparts each of which is an original and all of which, taken together, constitute one and the same instrument.

Bonneville Power Administration

Signature: SUZANNE COOPER Digitally signed by SUZANNE COOPER
Date: 2021.04.29
08:44:44 -07'00'

Signatory: Suzanne B. Cooper

Title: Senior VP, Power Services

Bonneville Power Administration

Signature: RICHARD SHAHEEN Digitally signed by RICHARD SHAHEEN
Date: 2021.04.29
07:55:24 -07'00'

Signatory: Richard L. Shaheen

Title: Senior VP, Trans. Services

Party Name: _____

Signature: _____

Signatory: _____

Title: _____

ATTACHMENTS

Attachment 1 – Terms for Rate Issues for FY 2022-2023

Attachment 1 - Terms for Rate Issues for FY 2022-2023

1. Revenue Financing

- a. Power Revenue Financing.** The amount of proposed power revenue financing will be limited to \$40 million per year. As described in Staff’s testimony, such revenue financing would occur only to the extent that Power Services liquidity was not expected to be reduced from fiscal year 2022 start-of-year amounts. Planned Net Revenues for Risk would be added if the average PF Tier 1 effective rate as calculated in the final BP-22 studies would otherwise be below negative 2.5% compared to the current average BP-20 PF Tier 1 rate.
- b. Transmission Revenue Financing.** The amount of proposed transmission revenue financing will be limited to \$40 million per year. All else equal, the proposed reduction of revenue financing would have approximately a 0.5% rate decrease from the BP-22 Initial Proposal. As described in Staff’s testimony, such revenue financing would occur only to the extent that Transmission Services liquidity was not expected to be reduced from fiscal year 2022 start-of-year amounts.
- c. Public Process**

 - i. In the fourth quarter of fiscal year 2021, Bonneville plans to commence public workshops as part of a “refresh” of Bonneville’s 2018 Financial Plan. The refresh effort will include consideration of, among other things, Bonneville’s financial health, including access-to-capital issues, sustainable capital funding approaches, long-term debt management, and other financial objectives. As part of the public process for the refresh effort, Bonneville will include discussion and consideration of issues related to Bonneville’s borrowing authority and the use of revenue financing as a source of capital funding.
 - ii. Bonneville will dedicate at least one workshop prior to BP-24 to discuss the accounting and ratemaking treatment of revenue financing.

2. Transmission Losses

- a. Capacity Charge for Delayed Loss Returns.** Bonneville will not adopt a capacity charge for the delayed return of transmission losses.
- b. Financial Loss Returns.** Bonneville will adopt charges for financial returns of transmission losses consistent with Staff’s Initial Proposal.
- c. Financial for Inaccuracy Penalty Charge.** Bonneville will adopt a Financial for Inaccuracy Penalty Charge consistent with Staff’s Initial Proposal, as modified in Staff’s Rebuttal Testimony.

- d. Public Process.** Bonneville will work toward implementing a concurrent loss-return service by the start of the BP-24 rate period or sooner, including development of an implementation plan. The implementation plan will include a timeline for engaging customers through workshops as well as opportunities for customers to provide feedback. The plan will also account for the potential need to make business practice changes according to Bonneville's Business Practice Process. Bonneville will share the implementation plan with customers no later than the end of the first quarter of FY 2022.

3. EIM Costs and Benefits

- a. Allocations.** Bonneville will implement allocations of costs and benefits associated with the Western EIM consistent with Staff's Initial Proposal.
- b. Public Process.** If Bonneville decides to join the Western EIM, Bonneville commits to hold workshops prior to the BP-24 rate case with stakeholders on how Power Services will include EIM benefits in power rates.

4. Balancing Services

- a. Ancillary and Control Area Services Balancing Service Rates - Western EIM Participation.** If Bonneville joins the Western EIM, a discount to balancing services would be provided based on the assumption of a 50% offset in hydro-shift costs and spill costs for non-regulation balancing capacity reserves as calculated through the GARD model.
- b. Dispatchable Energy Resource Balancing Service Rate.** The rate increase will be limited to 50% of the calculated impact in the Final Proposal compared to BP-20, with the excess costs allocated to other ACS rates (VERBS for Wind, VERBS for Solar, and RFR).
- c. Public Process.** Bonneville will dedicate workshops prior to BP-24 to discuss Bonneville's BP-22 balancing services methodology. Such discussion will encompass VER, DER, and load balancing services.

- 5. Transmission Utility Delivery Charge.** The rate increase will be limited to 25%, with the excess costs allocated to the Network segment (NT and PTP rates).

- 6. Eastern Intertie Public Process.** BPA will discuss and address rates and related issues regarding the Eastern Intertie in at least one pre-rate case workshop prior to the BP-24 proceeding, acknowledging the interests of the Montana Intertie parties and BPA transmission customers, and taking into account the projected long-term firm demand for the Eastern Intertie post-2025.

- 7. Other Issues.** All other issues will be addressed consistent with Staff's Initial Proposal, as modified by Staff's rebuttal testimony.

EXHIBIT 2
PROPOSED ORDER

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF ENERGY
BEFORE THE
BONNEVILLE POWER ADMINISTRATION

2022 RATE PROCEEDING

)
)
)

Docket Number BP-22

**[PROPOSED] ORDER MODIFYING PROCEDURAL SCHEDULE AND
ESTABLISHING DEADLINE FOR OBJECTIONS TO SETTLEMENT
AGREEMENT**

On April __, 2021, the Bonneville Power Administration (Bonneville) submitted a motion in this BP-22 Rate Proceeding for an order modifying the procedural schedule and establishing a deadline for objections to the proposed Settlement Agreement for Rates for Fiscal Years 2022-23 (Settlement Agreement). According to Bonneville, the proposed settlement would address all outstanding issues related to the proposed rates for Bonneville's power sales and transmission, ancillary, and control area services in this BP-22 Proceeding. The Settlement Agreement sets forth a process for allowing any party in the BP-22 Proceeding that has not signed the Settlement Agreement to object to the proposed settlement. Bonneville states that it submitted its motion in order to follow the process set forth in the Settlement Agreement and to modify the procedural schedule to accommodate the process.

Bonneville requested expedited consideration of the motion, stating that no party indicated any objection to the motion when Bonneville discussed it during an April 28, 2021 settlement conference. Bonneville also cited the interest in completing the process for objections and the period for any party to withdraw from the proposed settlement as soon as possible. Bonneville requested issuance of an order modifying the procedural schedule and establishing the process for any objections to the proposed settlement no later than May 4, 2021, the current due date for parties' Initial Briefs.

In light of Bonneville's representations about the apparent lack of objection to the motion, Bonneville's motion is granted pending the expiration of the period for submission of an answer. Under section 1010.11(d) of the procedural rules, a party has four business days to submit an answer to the motion. If any party submits a timely answer opposing the motion, the deadline established in this order may be reconsidered.

No later than 4:30 p.m. on May 5, 2021, any party that intends to object to any aspect of the Settlement Agreement must 1) file a written objection to the proposed settlement through the secure website; and 2) identify in such written objection each issue in the proposed settlement that the party wants to preserve to contest in the BP-22

proceeding. Any party that does not submit a written objection in accordance with this order will waive its rights to preserve any objection to the proposed settlement and will be deemed to assent to the Settlement Agreement.

With respect to the procedural schedule for the rest of the proceeding, it is modified as follows:

Event	Date
Deadline for Objections to Settlement Agreement	May 5
Initial Briefs	May 11
Objecting parties provide notice of intent to present oral argument	May 12
Oral Argument	May 18*
Draft ROD	June 25
Briefs on Exceptions	July 9
Final ROD	July 28

* Oral argument would take place only if requested by an objecting party. It would start at 1 p.m.

SO ORDERED, _____.

Donald Brookhyser
BP-22 Hearing Officer