



6450-01-P

DEPARTMENT OF ENERGY

Bonneville Power Administration

[BPA File No.: BP-20E]

Suspension of the Financial Reserves Policy Surcharge for the Remainder of the BP-20

Rate Period; Public Hearing and Opportunities for Public Review and Comment

AGENCY: Bonneville Power Administration (Bonneville), Department of Energy (DOE).

ACTION: Suspension of the Financial Reserves Policy Surcharge for the remainder of the BP-20 rate period.

SUMMARY: Bonneville is holding an expedited rate proceeding pursuant to Section 7(i) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) to suspend the application of the Financial Reserves Policy Surcharge (FRP Surcharge) for the remainder of the BP-20 rate period. The Northwest Power Act requires that Bonneville's rates be established based on the record of a formal hearing. By this notice, Bonneville announces the commencement of an expedited rate proceeding, designated as the "BP-20E" proceeding, for the limited purpose of suspending the FRP Surcharge for the remainder of the BP-20 rate period. As explained in Part IV.C, the effective date would depend on the timing of approval by the Federal Energy Regulatory Commission.

DATES: *Prehearing Conference:* The BP-20E proceeding begins with a prehearing conference at 1:00 p.m. on Thursday, June 25, 2020, which will be held telephonically. Interested parties may obtain the call-in information by accessing Bonneville's BP-20E rate case webpage at

https://www.bpa.gov/goto/BP20E or by contacting the Hearing Clerk at

BP20Eclerk@gmail.com.

Intervention and Notice of Objection: Anyone intending to become a party to the BP-20E expedited proceeding must file a petition to intervene on Bonneville's secure website no later than 4:30 p.m. on June 24, 2020. In addition, any person or entity that intends to object to Bonneville's proposal must include a notice of objection in its petition to intervene. *See Part III in SUPPLEMENTARY INFORMATION* for details on requesting access to the secure website and filing a petition to intervene.

Participant Comments: Written comments by non-party participants must be received by June 26, 2020, to be considered in the Administrator's Record of Decision (ROD). *See Part III in SUPPLEMENTARY INFORMATION* for details on submitting participant comments.

FOR FURTHER INFORMATION CONTACT: Ms. Heidi Helwig, Bonneville Communications, by phone at (503) 230-3458, or by e-mail at *hyhelwig@bpa.gov*.

The Hearing Clerk for this proceeding can be reached via e-mail at *BP20Eclerk@gmail.com*.

Please direct questions regarding Bonneville's secure website to the BP-20E Rate Hearing Coordinator via e-mail at *cwgriffen@bpa.gov* or, if the question is time-sensitive, via telephone at (503) 230-5107.

Responsible Officials: Mr. Daniel H. Fisher, Power Rates Manager, is the official responsible for the development of Bonneville's power rates, and Ms. Rebecca E. Fredrickson,

Deputy Vice President of Transmission Marketing and Sales, is the official responsible for the development of Bonneville's transmission rates.

SUPPLEMENTARY INFORMATION:

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Part I – Introduction and Procedural Matters

A. Introduction and Expedited Process

Bonneville's proposal to suspend the Power and Transmission FRP Surcharge for the remainder of the BP-20 rate period is expected to result in a reduction of Bonneville's current power rates, providing rate relief to millions of Pacific Northwest ratepayers during the COVID-19 pandemic. In FY 2021, this proposal would reduce power rates, as the FRP Surcharge triggered in FY 2020 and is expected to again trigger in FY 2021. The proposal should not impact transmission rates as the FRP Surcharge did not trigger in FY 2020 and is not expected to trigger in FY 2021. In compliance with the procedures for the establishment of Bonneville rates set forth in Section 7(i) of the Northwest Power Act, Bonneville is conducting the hearing process for the review of this proposal on an expedited basis in an effort to provide the opportunity for timely rate relief.

The Rules of Procedure that govern Bonneville’s rate proceedings were published in the *Federal Register*, 83 FR 39993 (Aug. 13, 2018), and posted on Bonneville’s website at <https://www.bpa.gov/Finance/RateCases/RulesProcedure/Pages/default.aspx>. Sections 1010.4(b)(4) and 1010.22 of the Rules of Procedure provide for expedited rate processes such as the BP-20E proceeding. An expedited proceeding is necessary in this case in order to enable prompt implementation of the proposal, which would result in a reduction to power rates and assurance transmission rates would not go up. In order to facilitate the expedited process, pursuant to Section 1010.1(e) of the Rules of Procedure, the Administrator authorizes the Hearing Officer to waive any procedural requirements of the rules for the purpose of developing the record and completing the proceeding on an expedited basis.

B. Proposed Expedited Procedural Schedule

The purpose of this proceeding is narrow, with the suspension of the FRP Surcharge the only issue within its scope. Bonneville publicly announced its proposal to suspend the FRP Surcharge on May 29, 2020, and held a public meeting on June 5, 2020, to discuss its proposal and the use of an expedited process and schedule. The Hearing Officer is directed to use this schedule if no objections to the proposal are submitted with any of the petitions to intervene, as required by Part III.B of this notice.

Initial Proposal released	<i>Federal Register</i> Notice Publication Date
Deadline for Petitions to Intervene and Notices of Objection	June 24, 2020
Prehearing Conference	June 25, 2020
Close of Participant Comments	June 26, 2020
Final Record of Decision	June 29, 2020

If an objection is raised in a petition to intervene, the Hearing Officer is directed to adopt an alternative procedural schedule at the Prehearing Conference to establish an expedited process for the rest of the proceeding. If an objection is raised, Bonneville will hold a telephonic Scheduling Conference with prospective parties on June 25, 2020, at 9:00 am to attempt to develop an alternative procedural schedule to propose to the Hearing Officer at the Prehearing Conference. Any procedural schedule adopted by the Hearing Officer must provide for issuance of the Administrator's Record of Decision no later than 90 days after publication of this *Federal Register* Notice. The Hearing Officer is strongly encouraged to conclude the proceeding in less than 90 days and may circumscribe or reduce the timing or availability of any procedural activities in the case as he or she determines are unnecessary or overly burdensome in consideration of the limited scope and purpose of this case. The Administrator does not intend to hold oral argument or issue a draft Record of Decision in this proceeding, so the Hearing Officer is directed to exclude those steps and any briefs on exception from the procedural schedule.

C. Ex Parte Communications

Section 1010.5 of the Rules of Procedure prohibits *ex parte* communications. *Ex parte* communications include any oral or written communication (1) relevant to the merits of any issue in the proceeding; (2) that is not on the record; and (3) with respect to which reasonable prior notice has not been given. The *ex parte* rule applies to communications with all Bonneville and DOE employees and contractors, the Hearing Officer, and the Hearing Clerk during the proceeding. Except as provided, any communications with persons covered by the rule regarding the merits of any issue in the proceeding by other executive branch agencies, Congress, existing or potential Bonneville customers, nonprofit or public interest groups, or any

other non-DOE parties are prohibited. The rule explicitly excludes and does not prohibit communications (1) relating to matters of procedure; (2) otherwise authorized by law or the Rules of Procedure; (3) from or to the Federal Energy Regulatory Commission (Commission); (4) that all litigants agree may be made on an *ex parte* basis; (5) in the ordinary course of business, about information required to be exchanged under contracts, or in information responding to a Freedom of Information Act request; (6) between the Hearing Officer and Hearing Clerk; (7) in meetings for which prior notice has been given; or (8) as otherwise specified in Section 1010.5(b) of the Rules of Procedure. The prohibition on *ex parte* communications applies from the date of publication of this notice and remains in effect until the Administrator's Record of Decision is issued.

Part II – Scope of BP-20E Rate Proceeding

The scope of the BP-20E rate proceeding is limited to consideration of the proposal to suspend the FRP Surcharge for the remainder of the BP-20 rate period. Bonneville may revise the scope of the proceeding to include new issues that arise as a result of circumstances or events occurring outside the proceeding that are substantially related to the rates under consideration in the proceeding. *See* Rules of Procedure, Section 1010.4(b)(8)(iii), (iv). If Bonneville revises the scope of the proceeding to include new issues, Bonneville will provide public notice on its website, present testimony or other information regarding such issues, and provide a reasonable opportunity to intervene and respond to Bonneville's testimony or other information. *Id.*

Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that challenges the appropriateness or reasonableness of any other matter, issue, topic, or policy that

is not directly related to suspension of the FRP Surcharge for the remainder of the BP-20 rate period.

Part III – Public Participation in BP-20E

A. Distinguishing Between “Participants” and “Parties”

Bonneville distinguishes between “participants in” and “parties to” the hearings. Separate from the formal hearing process, Bonneville will receive written comments, views, opinions, and information from participants who may submit comments without being subject to the duties of, or having the privileges of, parties. Participants do not have the same procedural rights and are not subject to the same procedural requirements as parties. Bonneville customers whose rates are subject to this proceeding, or their affiliated customer groups, may not submit participant comments. Members or employees of organizations that have intervened in the proceeding may submit participant comments as private individuals (that is, not speaking for their organizations) but may not use the comment procedures to address specific issues raised by their intervenor organizations.

Written comments by participants will be included in the record and considered by the Administrator if they are received by June 26, 2020. Participants should submit comments through Bonneville’s website at <https://www.bpa.gov/comment>. All comments should contain the designation “BP-20E” in the subject line.

B. Interventions and Notices of Objections

1. Intervention

Any entity or person intending to become a party to in the BP-20E rate proceeding must file a petition to intervene through Bonneville’s secure website

(<https://www.bpa.gov/secure/Ratecase/>). A first-time user of Bonneville's secure website must create a user account to submit an intervention. Returning users may request access to the BP-20E rate proceeding through their existing accounts, and may submit interventions once their permissions have been updated. The secure website contains a link to the user guide, which provides step-by-step instructions for creating user accounts, generating filing numbers, submitting filings, and uploading interventions. Please contact the Rate Hearing Coordinator via e-mail at cwgriffen@bpa.gov or, if the question is time-sensitive, via telephone at (503) 230-5107 with any questions regarding the submission process. A petition to intervene must conform to the format and content requirements set forth in Sections 1010.6 and 1010.11 of the Rules of Procedure and must be uploaded to the BP-20E rate proceeding secure website by June 24, 2020.

Pursuant to Section 1010.1(e) of the Rules of Procedure, the Administrator is modifying the procedures for objections to petitions to intervene provided under Section 1010.6(d). For the BP-20E proceeding, objections to a petition to intervene must be raised at the Prehearing Conference. All petitions and any objections will be ruled on by the Hearing Officer at the Prehearing Conference. Late interventions are strongly disfavored. Opposition to an untimely petition to intervene must be filed within two business days after service of the petition.

2. Notice of Objections to BP-20E Proposal

A petition to intervene must also affirmatively state whether the entity intends to object to the proposal in this *Federal Register* Notice or the expedited process and schedule. A petition to intervene that does not state a position will be deemed to have made no objection.

C. Developing the Record

The hearing record will include, among other things, the transcripts of the hearing, written evidence and argument entered into the record by Bonneville and the parties, written comments from participants, and other material accepted into the record by the Hearing Officer. The Hearing Officer will review the record and certify the record to the Administrator.

The Administrator will make a final determination on the issue in this proceeding based on the record and such other materials and information as may have been submitted to or developed by the Administrator. The Final ROD will be made available to all parties. Bonneville will submit the Final ROD and the hearing record to the Commission for confirmation and approval after issuance of the Final ROD (see Part IV.C of this notice).

Part IV – Rate Proposal

A. Background on the FRP Surcharge

The FRP Surcharge collects additional revenue through adjustments to rates when Bonneville's financial reserves (cash and cash equivalents) fall below certain identified financial thresholds. The surcharge is a component of the Financial Reserves Policy, which was developed in the BP-18 rate proceeding. The Financial Reserves Policy is designed to support the long-term financial health of the agency by ensuring Bonneville maintains a minimum level of financial reserves for liquidity and risk mitigation. The Financial Reserves Policy provides for each of Bonneville's business units (Power and Transmission) to maintain a minimum balance of financial reserves calculated as the equivalent to 60 days of operating cash. For Power, 60 days cash is approximately \$300 million; for Transmission, 60 days cash is approximately \$100 million. If a business unit's financial reserves falls below the identified

threshold, the FRP Surcharge triggers, increasing that business unit's rates up to a specified amount for the fiscal year. Power and Transmission financial reserves are evaluated each fiscal year, with the application of the FRP Surcharge (if any) beginning with the December billing cycle.

The FRP Surcharge for the FY 2020-2021 rate period was established in the BP-20 rate proceeding. The BP-20 rates received final Commission approval on April 17, 2020. For FY 2020, the FRP Surcharge for the Power business unit triggered, resulting in a \$30 million increase to power rates beginning in December 2019. Based on current end-of-year projections, the FRP Surcharge is expected to again trigger for the Power business unit in FY 2021. The FRP Surcharge for the Transmission business unit did not trigger in FY 2020 and is not expected to trigger in FY 2021.

B. Background on National Emergency

On March 13, 2020, the President declared the outbreak of COVID-19 in the United States a national emergency. Since then, much of the United States has been under stay-at-home orders. The impacts of COVID-19 on the national economy are only beginning to be understood. With near-record unemployment in many regional communities, Bonneville's utility customers have had to lay off staff, rely on cash reserves, and/or use short-term credit to maintain operations. Throughout the pandemic, Bonneville has cooperatively worked with its customers to ensure that they are able to continue to provide essential utility services to regional homes and businesses. As part of these discussions, customers requested Bonneville to consider offering immediate rate relief through the suspension of the FRP Surcharge.

C. Rate Proposal: Suspension of the FRP Surcharge

Bonneville proposes to suspend the FRP Surcharge for the remainder of the BP-20 rate period. Specifically, the General Rate Schedule Provisions for the Power and Transmission FRP Surcharges currently in effect would be replaced by the rate schedules identified at <https://www.bpa.gov/goto/BP20E>.

Bonneville intends to seek Commission approval effective on the first day of the month following the issuance of the Administrator's Final ROD. If the BP-20E proceeding follows the procedural schedule included in Part I.B of this notice, Bonneville would seek Commission approval effective July 1, 2020. If the Commission were to grant approval of this proposal effective on any day other than the first day of the month, then the rate relief would be effective beginning the first day of the following month.

Suspension of the Power FRP Surcharge would also require small changes to the Load Shaping Charge True-Up Rate and PF Melded Equivalent Scalar for Fiscal Year 2020, both of which would be adjusted depending upon the effective date provided by the Commission.

Part V – Proposed Rate Schedules

Bonneville's proposed General Rate Schedule Provisions for the Power and Transmission Financial Reserves Policy Surcharges for the remainder of the BP-20 rate period are a part of this notice and are available for viewing and downloading on Bonneville's website at <https://www.bpa.gov/goto/BP20E>.

Signing Authority

This document of the Department of Energy was signed on June 15, 2020, by Elliot E. Mainzer, Administrator and Chief Executive Officer of the Bonneville Power Administration, pursuant to

delegated authority from the Secretary of Energy. That document with the original signature and date is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on June 16, 2020.

Treana V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

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