

# issuebrief

## Load-Based CRAC10 true-up

December 21, 2006

Except for the final true-up, the Load-Based CRAC ended when the FY 2002-2006 rate period ended Sept. 30, 2006. The tentative final Load-Based CRAC true-up (CRAC10) was announced at a workshop Dec. 13. The final audited numbers were announced in a letter to customers dated Dec. 20, 2006. The letter is available at [www.bpa.gov/power/psp/rates/announcements.shtml](http://www.bpa.gov/power/psp/rates/announcements.shtml)

Local retail utilities will decide whether the true-up warrants a change in retail rates.

### Key facts

- The final Load-Based CRAC true-up affects Slice and non-Slice customers differently. Non-Slice customers will receive a refund from BPA of slightly over \$17 million. Slice customers owe BPA a payment of slightly over \$2 million.
- The Load-Based CRAC true-up process has been remarkably accurate. Over the five years of the CRAC, the net difference between the forecasts of costs of augmentation and the actual cost has netted out to about \$2.5 million out of a total of about \$1.75 billion in augmentation costs.

### Background

The true-up affects customers differently because Slice and non-Slice customers chose to approach risk in different ways. Slice customers wanted protection from the impact of hydro variations and spot market prices when BPA relies on spot purchases to meet its augmentation needs. The Slice true-up methodology is designed to provide Slice purchasers with that protection while non-Slice customers face all the changes in spot market prices. If prices fall, non-Slice customers receive a benefit from the lower costs, and, if market prices rise, non-Slice customers pay an added cost. In this true-up, the spot prices fell and non-Slice customers benefited.

While the three CRACs in the last rate period have expired, current rates have one CRAC that would trigger in the following year depending on the agency's financial condition at the end of the third quarter in the current year. The rates also contain two adjustments linked to fish costs. These are explained in the WP-07 power rate case record of decision talking points dated July 17 and revised July 24.

