

DEPARTMENT OF ENERGY**Bonneville Power Administration****[BPA File No.: BP–26]****Fiscal Year (FY) 2026–2028 Proposed Power and Transmission Rate Adjustments; Public Hearing and Opportunities for Public Review and Comment****AGENCY:** Bonneville Power Administration (Bonneville or BPA), Department of Energy (DOE).**ACTION:** Notice of FY 2026–2028 proposed power and transmission rate adjustments.**SUMMARY:** Bonneville is initiating a rate proceeding under the Northwest Power Planning and Conservation Act (Northwest Power Act) to establish power, transmission, and ancillary and control area services rates for the period from October 1, 2025, through September 30, 2028. Bonneville has designated this proceeding Docket No. BP–26.**DATES:***Prehearing Conference:* The prehearing conference in the BP–26 proceeding will be held on November 15, 2024, immediately following the conclusion of the prehearing conference for Bonneville’s TC–26 tariff proceeding, which begins at 2:00 p.m. The **ADDRESSES** section of this notice provides details on participating in the prehearing conference.*Intervention:* Petitions to intervene in the BP–26 proceeding must be filed on Bonneville’s secure website no later than 4:30 p.m. on December 3, 2024. Part III of this notice, “Public Participation in BP–26,” provides 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 February 7, 2025, to be considered in the Administrator’s Record of Decision (ROD). Part III of this notice, “Public Participation in BP–26,” provides details on submitting participant comments.**ADDRESSES:***Prehearing Conference:* The prehearing conference in the BP–26 proceeding will be held in the Bonneville Rates Hearing Room, 1201 NE Lloyd Boulevard, Suite 200, Portland, Oregon 97232. Interested parties may attend in person or participate virtually via WebEx. The WebEx information will be available on Bonneville’s BP–26 web page at <http://bpa.gov/bp26> or from the Hearing Clerk at BP26clerk@gmail.com.*Intervention:* Anyone intending to become a party to the BP–26 proceeding must file a petition to intervene on Bonneville’s secure website. Petitions to intervene may be filed beginning on the date of publication of this Notice and are due no later than 4:30 p.m. on December 3, 2024. Part III of this notice, “Public Participation in BP–26,” provides details on requesting access to the secure website and filing a petition to intervene.*Participant Comments:* Written comments by non-party participants may be submitted through Bonneville’s website at www.bpa.gov/comment or by hard copy to: BPA Public Involvement, Bonneville Power Administration, P.O. Box 14428, Portland, Oregon 97293. Part III of this notice, “Public Participation in BP–26,” provides details on submitting participant comments.**FOR FURTHER INFORMATION CONTACT:** Ms. Elissa Haley, DKS–7, BPA Communications, Bonneville Power Administration, P.O. Box 14428, Portland, Oregon 97293; by phone toll-free at 1–800–622–4519; or by email to enhaley@bpa.gov.The Hearing Clerk for this proceeding can be reached via email at BP26clerk@gmail.com or via telephone at (503) 479–8506.Please direct questions regarding Bonneville’s secure website to the Hearing Coordinator via email 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 Mr. Brian McConnell, Manager of Transmission Tariff, Rates, and Regulatory Activities, is the official responsible for the development of Bonneville’s transmission, ancillary, and control area services rates.**SUPPLEMENTARY INFORMATION:****Table of Contents**Part I Introduction and Procedural Matters
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Part V Proposed BP–26 Rate Schedules**Part I—Introduction and Procedural Matters***A. Introduction*

The Northwest Power Act provides that Bonneville must establish, and periodically review and revise, its power and transmission rates so that they recover, in accordance with sound business principles, the costs associated with the acquisition, conservation, and

transmission of electric power, including amortization of the Federal investment in the Federal Columbia River Power System (FCRPS) over a reasonable number of years, and Bonneville’s other costs and expenses. Section 7(i) of the Northwest Power Act requires that Bonneville’s rates be established according to certain procedures. Among other things, the procedures include publication of notice of the proposed rates in the **Federal Register** and one or more hearings conducted as expeditiously as practicable by a Hearing Officer to develop a full and complete record for a final decision by the Administrator. Bonneville is conducting the BP–26 proceeding to establish rates for FY 2026–2028.Bonneville’s Rules of Procedure will govern the BP–26 proceeding. The rules are posted on Bonneville’s website at <https://www.bpa.gov/energy-and-services/rate-and-tariff-proceedings/rules-of-procedure-revision-process>.*B. BP–26 Integrated Program Review*Bonneville’s Integrated Program Review (IPR) process is designed to allow the public an opportunity to review and comment on Bonneville’s expense and capital cost forecasts before the forecast costs are used to set rates. Bonneville’s BP–26 IPR process, which addressed the expense and capital program level cost forecasts for FY 2026–2028, began on June 25, 2024, with the publication of the BP–26 IPR Initial Publication. The process concluded on October 24, 2024, with the issuance of the BP–26 IPR Close-Out Report. Comments regarding any new information or changed circumstances arising after the date of this notice that affect BPA’s cost projections should be directed to finance@bpa.gov and be submitted no later than March 3, 2025. At the discretion of the Administrator, Bonneville may hold additional processes to review these forecasts outside of the BP–26 rate proceeding. If Bonneville decides to update any cost information, such updates will be reflected in the final proposed rates.*C. Proposed Settlement of the Generator Interconnection Withdrawal Charge*

As part of a workshop process that preceded the BP–26 proceeding, Bonneville engaged in discussions with customers and other stakeholders about a proposal for a charge in the Transmission rate schedules that would apply to the withdrawal of a request for interconnection services under the Standard Large Generator Interconnection Procedures in Attachment L to Bonneville’s open

access transmission tariff. These discussions have resulted in the BP-26 Partial Rates Settlement Agreement, which includes the terms of the “Generator Interconnection Withdrawal Charge” that Bonneville is proposing to adopt in the BP-26 proceeding. A description of the proposed charge is provided in Part IV of this notice. A link to the BP-26 Partial Rates Settlement Agreement is provided in Part V. The proposed settlement addresses the Generator Interconnection Withdrawal Charge only and no other issues in this proceeding.

The proposed settlement calls for Bonneville to file a motion with the BP-26 Hearing Officer to establish a deadline for parties in the BP-26 proceeding to either object to the proposed settlement or waive the right to contest the settlement. Bonneville intends to file its motion soon after the BP-26 prehearing conference. If no party in the BP-26 proceeding objects to the proposed settlement, Bonneville staff will continue moving forward with the proposal to adopt the settlement. If a party objects, staff will notify all parties and decide how to proceed.

D. Proposed Procedural Schedule

A proposed schedule for the BP-26 proceeding is provided below. The proposed schedule assumes there are no objections to the proposal to adopt the BP-26 Partial Rates Settlement Agreement. The official schedule will be established by the Hearing Officer and may be amended by the Hearing Officer as needed during the proceeding.

Prehearing Conference—November 15, 2024
 BPA Files Initial Proposal—November 22, 2024
 Deadline for Petitions to Intervene—December 3, 2024
 Clarification—December 10, 2024
 Motions to Strike Due—December 17, 2024
 Data Request Deadline for BPA’s Initial Proposal—December 17, 2024
 Parties File Direct Cases—January 23, 2025
 Clarification—January 30, 2025
 Motions to Strike Due—February 6, 2025
 Data Request Deadline for Parties’ Direct Cases—February 6, 2025
 Close of Participant Comments—February 7, 2025
 Litigants File Rebuttal Cases—March 5, 2025
 Clarification—March 12, 2025
 Motions to Strike Due—March 14, 2025
 Data Request Deadline for Litigants’ Rebuttal—March 14, 2025
 Parties Give Notice of Intent to Cross-Examine—March 26, 2025

Cross-Examination—April 9–10, 2025
 Initial Briefs Filed—April 25, 2025
 Oral Argument—May 7, 2025
 Draft Record of Decision Issued—June 6, 2025
 Briefs on Exceptions Filed—June 20, 2025
 Final Record of Decision and Final Studies Issued—July 24, 2025

E. Ex Parte Communications

Section 1010.5 of Bonneville’s 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 Bonneville’s Rules of Procedure. The *ex parte* rule is effective upon publication of this FRN and remains in effect until the Administrator’s Final ROD is issued.

Part II—Scope of BP-26 Rate Proceeding

A. Joint Rate Proceeding

The BP-26 proceeding is a joint proceeding for the adoption of both power and transmission rates for FY 2026–2028 (see Parts IV and V). This section provides guidance to the Hearing Officer regarding the scope of the rate proceeding and identifies specific issues that are outside the scope. In addition to the issues specifically listed below, any other issue that is not a ratemaking issue is outside the scope of this proceeding.

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.*

1. Expense and Capital Cost Forecasts

Bonneville’s forecasts of its expense and capital costs are not determined in rate proceedings. Bonneville develops these forecasts in other processes, such as the IPR process described previously, with input from stakeholders. These forecasts are used in Bonneville’s ratemaking, but do not establish Bonneville’s budgets or spending levels for any program. Adjustments to, and selection of, projects for Bonneville’s actual spending levels for its programmatic spending, including fish and wildlife spending, occur through the yearly budgetary review process, which includes submission of Bonneville’s budget to Congress.

Bonneville also depreciates the capital spending on the Federal power and transmission systems over the service lives of the associated assets. Power’s investments are depreciated over fixed periods. Transmission’s depreciation is based on a depreciation study calculated consistent with industry standards. The service lives of power and transmission assets, as well as the depreciation study and resulting depreciation rates, are not determined in rate proceedings.

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 seek to raise issues with or challenge the appropriateness or reasonableness of: (1) the Administrator’s forecasts of cost and spending levels, (2) the identification of projects used in Bonneville’s cost forecasts, or (3) any decisions on the depreciation rates that are used to calculate depreciation expense. Comments regarding new information or changed circumstances arising after the date of this FRN that affect BPA’s cost projections should be submitted pursuant to section I.B of this notice.

The exclusion does not extend to those portions of the revenue requirement related to the following: (1)

interest rate forecasts, (2) interest expense and credit, (3) Treasury repayment schedules, (4) calculation of depreciation and amortization expense, (5) forecasts of system replacements used in repayment studies, (6) purchased power expenses, (7) transmission cost incurred by Power Services, (8) generation cost incurred by Transmission Services, (9) minimum required net revenue, and (10) the costs of risk mitigation actions resulting from the expense and revenue uncertainties included in the risk analysis.

2. Federal and Non-Federal Debt Service and Debt Management

During the 2026 IPR process and in other forums, Bonneville provided the public with background information on Bonneville's internal Federal and non-Federal debt management policies and practices. While these policies and practices are not decided in the IPR process, these discussions were intended to inform interested parties about these matters so the parties would better understand Bonneville's debt structure. Bonneville's debt management policies and practices remain outside the scope of the rate proceeding.

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 seeks in any way to address the appropriateness or reasonableness of Bonneville's debt management policies and practices. This exclusion does not encompass how debt management actions are reflected in ratemaking.

3. Financial and Accounting Policies and Practices

Bonneville's Financial Plan outlines objectives to sustain the agency's financial strength and resiliency. The Financial Plan focuses on four main areas: cost management; debt utilization; debt capacity; and liquidity. Bonneville has adopted certain financial policies to help further its financial objectives. Bonneville's Financial Reserves Policy establishes lower and upper thresholds for agency and business line financial reserves and parameters for actions to be taken when financial reserves are above or below the thresholds. The Sustainable Capital Financing Policy guides Bonneville's use of debt and revenue financing to finance capital investments. The terms of Bonneville's Financial Plan and Policies, along with Bonneville's internal financial and accounting policies and practices, are outside the scope of the BP-26 proceeding.

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 seeks in any way to visit or revisit the terms of Bonneville's Financial Plan, Financial Reserves Policy, Sustainable Capital Financing Policy, internal financial and accounting policies and practices, and previous decisions regarding the adoption and implementation of the Financial Plan and Policies.

4. Tiered Rate Methodology (TRM)

The TRM restricts Bonneville and its customers with Contract High Water Mark (CHWM) contracts from proposing changes to the TRM's ratemaking guidelines unless certain procedures have been successfully concluded. No proposed changes have been subjected to the required procedures.

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 seeks in any way to propose revisions to the TRM made by Bonneville, customers with CHWM contracts, or their representatives. This exclusion does not extend to a party or customer that does not have a CHWM contract.

5. Rate Period High Water Mark (RHWM) Process

The RHWM Process preceded the start of the BP-26 proceeding. In that process, as directed by the TRM, Bonneville established FY 2026-2028 RHWMs for Public customers that signed contracts for firm requirements power service providing for tiered rates, referred to as CHWM contracts. Bonneville established the maximum planned amount of power a customer is eligible to purchase at Tier 1 rates during the rate period, the Above-RHWM Loads for each customer, the System Shaped Load for each customer, the Tier 1 System Firm Critical Output, RHWM Augmentation, the Rate Period Tier 1 System Capability (RT1SC), and the monthly/diurnal shape of RT1SC. The RHWM Process provided customers an opportunity to review, comment on, and challenge Bonneville's RHWM determinations.

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 seeks in any way to visit or revisit Bonneville's determination of a customer's FY 2026-2028 RHWM or other RHWM Process determinations.

6. 2008 Average System Cost Methodology (2008 ASCM) and Average System Cost Determinations

Section 5(c) of the Northwest Power Act established the Residential Exchange Program, which provides benefits to residential and farm consumers of Pacific Northwest utilities based, in part, on a utility's "average system cost" (ASC) of resources. The 2008 ASCM is not subject to challenge or review in a section 7(i) proceeding. Determinations of the ASCs of participating utilities are made in separate processes conducted pursuant to the ASCM. Those processes began with ASC filings on July 1, 2024, and will conclude in July 2025, with the publication of the Final ASC Reports.

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 seeks in any way to visit or revisit the appropriateness or reasonableness of the 2008 ASCM or of any of the ongoing ASC determinations.

7. 2012 Residential Exchange Program Settlement Agreement (2012 REP Settlement)

On July 26, 2011, the Administrator executed the 2012 REP Settlement, which resolved longstanding litigation over Bonneville's implementation of the Residential Exchange Program (REP) under section 5(c) of the Northwest Power Act, 16 U.S.C. 839c(c). The Administrator's findings regarding the legal, factual, and policy challenges to the 2012 REP Settlement are explained in the REP-12 Record of Decision (REP-12 ROD). The Administrator's decisions regarding the 2012 REP Settlement and REP-12 ROD were upheld by the U.S. Court of Appeals for the Ninth Circuit in *Ass'n of Pub. Agency Customers v. Bonneville Power Admin.*, 733 F.3d 939 (9th Cir. 2013). Challenges to Bonneville's decision to adopt the 2012 REP Settlement and implement its terms in Bonneville's rate proceedings are not within the scope of this proceeding.

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 seeks in any way to visit or revisit in this rate proceeding Bonneville's determination to adopt the 2012 REP Settlement or its terms.

8. Service to the Direct Service Industries (DSIs)

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 seeks in any way to revisit the appropriateness or reasonableness of Bonneville's decisions regarding service to the DSIs, including Bonneville's decision to offer contracts to the DSIs and the method, level of service, or other terms embodied in the existing DSI contracts.

9. Operation and Maintenance of the Power and Transmission Systems

Bonneville operates and maintains the Federal Columbia River Transmission System and, in coordination with other Federal entities, the FCRPS in accordance with good utility practice and with applicable reliability standards and operating requirements. Bonneville's power and transmission systems operation and maintenance practices and protocols, such as dispatcher standing orders, operating instructions, reliability of the system, compliance programs, and other operating requirements are non-rate matters.

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 seeks in any way to address issues regarding operation and maintenance practices and protocols.

10. Terms and Conditions of Transmission Service

Bonneville offers and provides transmission services, including interconnection service and ancillary and control area services, in accordance with the terms and conditions specified in its open access transmission tariff (Tariff), business practices, and applicable contracts. In addition to and concurrent with this rate proceeding, Bonneville is initiating the TC-26 proceeding to modify the terms and conditions of the Tariff. Bonneville's business practices provide implementation details for the Tariff. Bonneville's decisions regarding the business practices are determined in other forums and follow the procedures in Bonneville's Business Practice Process posted on its website. The Tariff terms and conditions, business practices, and the contracts and contract disputes between Bonneville and its customers are outside the scope of the BP-26 rate proceeding.

Pursuant to section 1010.4(b)(8) of the Rules of Procedure, and except as otherwise provided in this section II.A.10, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address issues regarding terms and

conditions of transmission service, including interconnection service, and ancillary and control area services. This includes, but is not limited to, argument, testimony, or other evidence regarding Bonneville's decisions whether to offer particular transmission services, the terms and conditions for participating in the Western Energy Imbalance Market (EIM), the procedures and standards for modifications to Bonneville's Tariff or business practices, and whether to include certain terms and conditions in the Tariff or in business practices.

Bonneville is proposing to adopt a Generator Interconnection Withdrawal Charge in this proceeding in order to implement certain modifications to the Standard Large Generator Interconnection Procedures in the Tariff proposed in the TC-26 proceeding. The exclusion in this section does not extend to testimony or other evidence related to Tariff terms and conditions that may be necessary to provide context for the proposed adoption of the general rate schedule provision for the Generator Interconnection Withdrawal Charge in the BP-26 proceeding.

11. Oversupply Management Protocol

The proposed OS-26 Oversupply rate is a formula rate designed to recover Bonneville's actual oversupply costs incurred during the BP-26 rate period. Bonneville incurs oversupply costs pursuant to the Oversupply Management Protocol, Attachment P of Bonneville's Tariff.

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 seeks in any way to address the terms of the Oversupply Management Protocol; whether the Oversupply Management Protocol complies with orders of the Commission; and whether Bonneville took all actions to avoid using the Oversupply Management Protocol, including the payment of negative prices to generators outside of Bonneville's balancing authority area. This exclusion does not extend to issues concerning the rates for recovering the costs of the Oversupply Management Protocol.

12. Market Initiatives and Regional Carbon Policies

Bonneville is engaged in a number of market initiatives that are outside of the scope of this proceeding. These include (1) the Western EIM, which is an extension of the California Independent System Operator's (CAISO) real-time market; (2) the Western Resource

Adequacy Program (WRAP); (3) regional cap-and-trade policies, and (4) consideration of CAISO's extended day-ahead market proposal and Southwest Power Pool's Markets+ proposal.

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 seeks in any way to raise or revisit Bonneville's decision to join the EIM or the WRAP, or review or address Bonneville's position on regional cap-and-trade policies or Bonneville's consideration of CAISO's extended day-ahead market proposal or Southwest Power Pool's Markets+ proposal. This exclusion does not extend to issues concerning rate incentives and the recovery or distribution of EIM-related, carbon-related, and WRAP-related costs or credits, which are within the scope of the BP-26 proceeding.

13. Potential Environmental Impacts, Biological Constraints, and Related Operations

Environmental impacts are addressed in a National Environmental Policy Act (NEPA) process Bonneville conducts concurrent with the rate proceeding. See section II.B of this notice. In addition, biological constraints on hydropower operations are determined outside of the rate case through processes such as intra-agency consultations under the Endangered Species Act, 16 U.S.C. 1536(a)(2). Finally, implementation of the decision regarding operations, maintenance and configuration (management) of the Columbia River System evaluated in the Columbia River System Operations Environmental Impact Statement (CRSO EIS) and associated joint ROD with the U.S. Army Corps of Engineers and Bureau of Reclamation, and associated biological opinions, court orders, and other agreements, are also not issues to be addressed in this proceeding.

Pursuant to section 1010.4(a)(8) of Bonneville's Procedures, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address the potential environmental impacts of the rates being developed in this rate proceeding, potential biological effects of operations modeled in the proceeding, the appropriate hydroelectric constraints defined in these environmental compliance processes, or the operations, maintenance, configuration, (management) assumptions, studies, decisions, or matters addressed in the CRSO EIS or CRSO EIS joint ROD and

associated biological opinions, court orders, and other agreements.

14. 2029 Public Rate Design Methodology

The 2029 Public Rate Design Methodology is a rate methodology that will apply to the establishment of the Priority Firm Power (PFp) rate beginning in FY 2029 (October 1, 2028). The PRDM will replace the TRM upon the TRM's expiration. Concurrent with the BP-26 rate proceeding, BPA is conducting a section 7(i) process (PRDM-26) to establish the terms and provisions of the PRDM. Arguments, evidence, or issues related to the PRDM are not within the scope of this proceeding.

Pursuant to section 1010.4(a)(8) of Bonneville's Procedures, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address the PRDM.

15. Provider of Choice Contract Policy, Policy Record of Decision, and Contract Negotiations

Under section 5(b) of the Northwest Power Act, Bonneville is required to offer a contract for the sale of firm power to meet the net requirements of eligible customers requesting such a contract. The current form of that agreement, colloquially called the Regional Dialogue Contract, expires on September 30, 2028, which occurs at the end of the BP-26 rate period. For the better part of two years, BPA, its customers, and other interested parties have been discussing the terms, conditions, products, and policies that will form the basis of the follow-on section 5(b) power sales contract, known colloquially as the Provider of Choice Contract. The Provider of Choice Contract will apply to the section 5(b) power sales from Bonneville for the period of October 1, 2028–September 30, 2044. To support the development of the Provider of Choice Contract, on March 21, 2024, Bonneville issued a Policy (Provider of Choice Policy) and Record of Decision (Provider of Choice ROD). The Provider of Choice Policy and ROD describe the policies, primary elements, and key provisions of the new section 5(b) Provider of Choice Contract. Following the publication of the Provider of Choice Policy and ROD, in April 2024, Bonneville commenced a series of public workshops to discuss and negotiate the draft terms and provisions of the Provider of Choice Contract. Those workshops are ongoing.

The Provider of Choice Policy, ROD, contract, and negotiations, and any

issue pertaining to those matters, are outside of the scope of the BP-26 rate proceeding. Pursuant to section 1010.4(a)(8) of Bonneville's Procedures, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to address the Provider of Choice Policy, ROD, contract, and negotiations, as well as any issue or argument pertaining to those matters.

16. Capacity for Ancillary and Control Area Services

Bonneville is forecasting a significant increase in balancing reserve capacity needs to provide certain Ancillary and Control Area Services. These capacity needs are expected to exceed the capability of the FCRPS during the BP-26 rate period. Bonneville is still exploring methods for filling the balancing reserve capacity shortfall outside of the BP-26 rate proceeding.

Pursuant to section 1010.4(a)(8) of Bonneville's Procedures, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that seeks in any way to specify the method or operation Bonneville should adopt in order to address the balancing reserve shortfall, or that seeks to determine the operation or capability of the FCRPS to provide additional balancing reserve capacity.

B. The National Environmental Policy Act

Bonneville is in the process of assessing the potential environmental effects of its proposed power and transmission rate adjustments, consistent with NEPA. The NEPA process is conducted separately from the rate proceeding. As discussed above, all evidence and argument addressing potential environmental impacts of the rate adjustments being developed in the BP-26 rate proceeding are excluded from the rate proceeding record. Instead, comments on environmental effects should be directed to the NEPA process.

Based on its most current assessment of the proposed power and transmission rate adjustments, Bonneville believes this proposal may be the type of action typically excluded from further NEPA review pursuant to U.S. DOE NEPA regulations, which apply to Bonneville. More specifically, the proposal appears to solely involve changes to Bonneville's rates and other cost recovery and management mechanisms to ensure that there are sufficient revenues to meet Bonneville's financial obligations and other costs and expenses, while using existing

generation sources operating within normal limits. As such, it appears this rate proposal falls within Categorical Exclusion B4.3, found at 10 CFR part 1021, subpart D, app. B4.3, which provides for the categorical exclusion from further NEPA review of "[r]ate changes for electric power, power transmission, and other products or services provided by a Power Marketing Administration that are based on a change in revenue requirements if the operations of generation projects would remain within normal operating limits."

Nonetheless, Bonneville is still assessing the proposal, and, depending upon the ongoing environmental review, Bonneville may instead issue another appropriate NEPA document. Comments regarding the potential environmental effects of the proposal may be submitted to Katey Grange, NEPA Compliance Officer, EC-4, Bonneville Power Administration, 905 NE 11th Avenue, Portland, Oregon 97232, and to kcgrange@bpa.gov. Any such comments received by the comment deadline for Participant Comments identified in section III.A of this notice will be considered by Bonneville's NEPA compliance staff in the NEPA process that is being conducted for this proposal.

Part III—Public Participation in BP-26

A. Interventions

Any entity or person intending to become a party in the BP-26 proceeding must file a petition to intervene through Bonneville's secure website, <https://proceedings.bpa.gov/>. Because Bonneville is introducing a new secure website interface, all prospective users must create a new user account to submit an intervention. The secure website contains a link to the user guide, which provides step-by-step instructions for creating user accounts, submitting filings, and uploading interventions. Please contact the Hearing Coordinator via email at cwgriffen@bpa.gov or, if the question is time-sensitive, via telephone at (503) 230-5107, with any questions regarding the registration and submission process.

All petitions to intervene must be submitted through Bonneville's secure website by the deadline in the procedural schedule adopted by the Hearing Officer. Late interventions are strongly disfavored. Petitions to intervene must conform to the format and content requirements in sections 1010.6 and 1010.11 of Bonneville's Rules of Procedure. Petitions must state the name and address of the entity or person requesting party status and the entity or person's interest in the hearing.

The Hearing Officer will rule on all petitions to intervene. Bonneville customers and affiliated customer groups will be granted intervention based on petitions filed in conformance with the Rules of Procedure. Other petitioners must explain their interests in sufficient detail to permit the Hearing Officer to determine whether the petitioners have a relevant interest in the hearing.

Bonneville or any party may oppose a petition to intervene. The deadline for opposing a timely petition to intervene is two business days after the deadline for filing the petition. Opposition to an untimely petition to intervene must be filed within two business days after service of the petition.

B. Participant Comments

Bonneville distinguishes between “participants in” and “parties to” the BP-26 proceeding. Separate from the formal hearing process, Bonneville will accept written comments, views, opinions, and information from participants who have not intervened in the BP-26 proceeding and been granted “party” status by the Hearing Officer. Participants are not entitled to participate in the prehearing conference; may not cross-examine parties’ witnesses, seek discovery, or serve or be served with documents; 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 intervener organizations.

Written comments by participants must be received by February 7, 2025, to be included in the record and considered by the Administrator. Participants should submit comments through Bonneville’s website at www.bpa.gov/comment or by hard copy to: BPA Public Involvement, Bonneville Power Administration, P.O. Box 14428, Portland, Oregon 97293. All comments should contain the designation “BP-26” in the subject line.

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 and certify the record to the Administrator for final decision.

The Administrator will develop final rates 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 file its rates with the Commission for confirmation and approval after issuance of the Final ROD.

Part IV—Summary of Rate Proposals

A. Summary of the Power Rate Proposal

Bonneville is proposing four primary rates for Federal power sales and services, along with general rate schedule provisions to implement such rates.

1. Priority Firm Power Rate (PF-26)

The PF rate schedule applies to sales of firm power to public body, cooperative, and Federal agency customers to meet their “general requirements” pursuant to section 7(b) of the Northwest Power Act. The PF Public rate applies to the general requirements portion of a customer’s Firm Requirements Power under CHWM contracts with customers taking Load Following, Block, or Slice/Block service. Consistent with the TRM, Tier 1 rates include three charges: (1) customer charges, (2) a demand charge, and (3) a load shaping charge. In addition, two Tier 2 Short-Term rates are proposed, the Short-Term and Load Growth rates. These rates would be applicable to customers that have elected to purchase power from Bonneville for service to their Above-RHWM Load.

The proposed average Tier 1 non-Slice product rate impact, which represents the majority of Bonneville’s power sales, is 9.8 percent higher than its BP-24 equivalent rate. Customer-specific results will vary around this average impact, with some customers experiencing higher rate impacts and some lower rate impacts, based on the specific situation of a particular customer. A customer’s overall rate impact—the rate impact that includes the power it purchases from Bonneville at Tier 1 and Tier 2 rates—will also vary based on the specific situation of the particular customer, the amount of Above-RHWM Load the customer has, and how much of that Above-RHWM Load the customer elected Bonneville to serve at Tier 2 rates. With regard to BPA’s Tier 2 rates, Bonneville is proposing new electable Tier 2 rate options—a fixed rate option and a formula rate option.

The Base PF Exchange rate and its associated surcharges apply to sales pursuant to Residential Purchase and Sale Agreements and Residential Exchange Program Settlement Implementation Agreements with regional utilities that participate in the REP established under section 5(c) of the Northwest Power Act, 16 U.S.C. 839c(c). The Base PF Exchange rate establishes the threshold for participation in the REP; only utilities with ASCs above the appropriate Base PF Exchange rate may receive REP benefits. If a utility meets the threshold, a utility-specific PF Exchange rate will be established in this proceeding for each eligible utility. The utility-specific PF Exchange rate is used in calculating the REP benefits each REP participant will receive during FY 2026–2028.

The proposed PF-26 rate schedule also includes resource support services rates for customers with non-Federal resources, and a melded PF rate for Public customers that would have been applicable to customers had any elected power sales contracts other than CHWM contracts for firm requirements service. No PF Public customer has its general requirements power served at anything other than a CHWM contract.

2. New Resource Firm Power Rate (NR-26)

The NR-26 rate applies to firm power sales to investor-owned utilities (IOUs) to meet their net requirements pursuant to section 5(b) of the Northwest Power Act. The NR-26 rate is also applied to sales of firm power to the portion of a Public customer’s Firm Requirements Power that is used to serve new large single loads. In addition, the NR rate schedule includes rates for services to support Public customers serving new large single loads with non-Federal resources. In the BP-26 Initial Proposal, Bonneville is forecasting 18 aMW per year of power sales to one PF Public customer at the NR rate. One of the services Bonneville provides to support Public customers with serving new large single loads with non-Federal resources is the NR Energy Shaping Service (NR ESS). Bonneville provided this service in past rate periods but is proposing to revise this service for the BP-26 rate period. BPA is also proposing to remove the NR Flattening Service from the rate schedule.

3. Industrial Firm Power Rate (IP-26)

The IP rate is applicable to firm power sales to DSI customers authorized by section 5(d)(1)(A) of the Northwest Power Act, 16 U.S.C. 839c(d)(1)(A). In the BP-26 Initial Proposal, Bonneville is

forecasting 11 aMW per year of power sales to one DSI customer at the IP rate.

4. Firm Power and Surplus Products and Services Rate (FPS-26)

The FPS rate schedule is applicable to sales of various surplus power products and surplus transmission capacity for use inside and outside the Pacific Northwest. The rates for these products are negotiated between Bonneville and the purchasers. The FPS-26 rate schedule also includes rates for customers with non-Federal resources; the Unanticipated Load Service rate; rates for other capacity, energy, and scheduling products and services; rates for reserve services for use outside the Bonneville balancing authority area; and real power losses rates for customers that elect financial settlement of real power losses.

5. Power General Rate Schedule Provisions (GRSPs)

The Power GRSPs include general rate schedule terms and conditions applicable to Bonneville's power rates. In addition, the Power GRSPs contain special rate adjustments, charges, credits, and pass-through mechanisms for specific events and customer circumstances. Among other matters covered by the Power GRSPs are provisions related to calculating rates, resource support services, charges associated with transfer service, risk adjustments, Slice True-up, the Residential Exchange Program, conservation, payment options, and other charges. Of particular note for BP-26 is Bonneville's proposal to rework the Unauthorized Increase Charge and proposing to remove the Transfer Service Delivery Charge.

B. Summary of the Transmission Rate Proposal

Bonneville is proposing separate transmission rates for its network segment, intertie segments, ancillary and control area services, and for various specific purposes.

1. Network Rates

The Network Integration Transmission Rate (NT-26) applies to customers taking network integration service, which allows customers to flexibly serve retail load.

The Point-to-Point Rate (PTP-26) is a contract demand rate that applies to customers taking Point-to-Point service on Bonneville's network. Point-to-Point service provides customers with service from identified points of receipt to identified points of delivery. There are separate rates for long-term firm service

and various increments of firm and non-firm short-term service.

2. Intertie Rates

The Southern Intertie Rate (IS-26) is a contract demand rate that applies to customers taking Point-to-Point service on the Southern Intertie.

The Montana Intertie Rate (IM-26) applies to customers taking Point-to-Point service on the Eastern Intertie and that are not parties to the Montana Intertie Agreement.

The Townsend-Garrison Transmission Rate (TGT-26) applies to parties to the Montana Intertie Agreement taking firm service over Bonneville's section of the Montana Intertie.

The Eastern Intertie Rate (IE-26) applies to parties to the Montana Intertie Agreement taking non-firm service on the portion of the Eastern Intertie capacity that exceeds Bonneville's firm transmission rights.

3. Other Transmission Rates and General Rate Schedule Provisions

The Use-of-Facilities Rate (UFT-26) establishes a formula rate for the use of a specific facility based on the annual cost of that facility.

The Advance Funding Rate (AF-26) allows Bonneville to collect the capital and related costs of specific facilities through an advance-funding mechanism.

The Regional Compliance Enforcement and Regional Coordinator rate (RC-26) recovers costs assessed to Bonneville for regional reliability compliance monitoring, enforcement, and reliability coordination services.

The Oversupply Rate (OS-26) recovers the costs Bonneville incurs to displace generation under the Oversupply Management Protocol, Attachment P to Bonneville's Tariff.

Other proposed transmission rates and charges include: a Reservation Fee for customers that postpone the service commencement date of transmission service; incremental cost rates for transmission service requests that require new facilities; a penalty charge for failure to comply with dispatch, curtailment, redispatch, or load shedding orders; an Unauthorized Increase Charge for use of the transmission system in excess of contracted-for demand; and rate adjustment mechanisms consistent with Bonneville's Financial Policies.

Bonneville proposes a new GRSP for a "Generator Interconnection Withdrawal Charge" that applies to the removal of interconnection requests at certain stages of the Large Generator Interconnection Procedures in the Tariff.

Bonneville also proposes to discontinue certain transmission rates and charges in the current (BP-24) rate schedules. The FPT-24.1 rate applies to a "legacy" transmission service agreement that will no longer be in effect in the BP-26 rate period. The FPT rate will no longer be necessary once the FPT agreement expires. The Utility Delivery Charge applies to deliveries over low-voltage facilities on Bonneville's system that have been segmented to the Utility Delivery segment. BPA proposes elimination of the Utility Delivery Charge in conjunction with the proposal to segment the low voltage facilities to the network segment.

4. Ancillary Service and Control Area Service Rates

The BP-26 Transmission Rates Proposal includes rates for Bonneville's Ancillary and Control Area Services, along with certain updates to those rates and new rates. Bonneville is proposing two new rates related to Western EIM participation and modifications to three existing rates.

Bonneville proposes a new rate to account for balancing costs that are not settled by the EIM. At times, there is a discrepancy between the schedules used by the EIM for settlement and schedules submitted to Bonneville. If the schedules do not match, there is an additional use of balancing reserves that the EIM does not account for. The proposed new rate is intended to account for this use of balancing reserves. In addition, Bonneville is proposing a new rate to recover costs related to Bid Cost Recovery charges in the EIM that Bonneville did not previously allocate to customers.

Bonneville also proposes modifications to the Variable Energy Resource Balancing Service (VERBS) rate to allow for the recovery of costs related to balancing reserve purchases. Bonneville is projecting a shortage of the capacity needed to provide VERBS throughout the rate period, as Bonneville is projecting a significant increase in interconnections of Variable Energy Resources during the rate period. As a result, Bonneville will need to obtain capacity to fill the balancing reserve shortfall. As the method for filling the balancing reserves shortfall is currently unknown, Bonneville is proposing a formula rate intended to allow for the recovery of costs related to whatever method by which Bonneville is able to fill the shortfall.

Additionally, Bonneville proposes modifications to the Persistent Deviation Penalty Charge to clarify rate language and to the New Technology

Pilot to expand the scope of the pilot to include additional new technologies.

C. Risk Mitigation Tools

Bonneville is proposing three rate adjustment mechanisms for BP-26 power and transmission rates to mitigate the risk that actual costs and revenues will differ from forecast over the rate period and to protect the agency's solvency and strong credit rating. These mechanisms implement Bonneville's Financial Reserves Policy (FRP) and provide for adjustments to a business line's rates or other action in the event the business line's Financial Reserves fall below or exceed certain thresholds.

The Cost Recovery Adjustment Clause (CRAC) will adjust rates upward to generate additional revenue within the rate period if business line Financial Reserves fall below a defined lower threshold.

The Financial Reserves Policy Surcharge (FRP Surcharge) will also adjust rates upward to generate additional revenue within the rate period if business line Financial Reserves fall below a defined lower threshold.

Finally, the Reserves Distribution Clause (RDC) will trigger if Financial Reserves exceed upper thresholds for the business line and the agency as a whole. If the RDC triggers, Bonneville will consider the amount of Financial Reserves above the threshold for rate relief or investment in high-value, business line-specific purposes such as debt retirement. The process for determining the RDC amounts (which is described in the power and transmission General Rate Schedule Provisions) is also being revised.

Bonneville is proposing to maintain risk-related provisions and proposes to include additional Planned Net Revenues for Risk (PNRR) in power rates if the average effective PF Public Non-Slice Tier 1 rate is no greater than 38.85 mills/kWh. First, for FY 2026, the three Power risk adjustment clauses will not be applicable to the portion of a customer's service at PF Tier 1 rates that has been converted from a Slice product to a non-Slice product beginning October 1, 2025. However, the three risk adjustment clauses will apply to such customer's entire service at PF Tier 1 rates for FY 2026 and 2027. Second, any FY 2026, 2027 or 2028 Power RDC will automatically provide a dividend distribution in an amount equal to the lesser of the RDC amount and the amount of PNRR included in the BP-26 power rates. And third, the caps on the Power and Transmission RDCs are removed for the BP-26 rate period.

Part V—Proposed BP-26 Power Rate Schedules and BP-26 Transmission Rates Schedules

Bonneville's proposed BP-26 Power Rate Schedules and BP-26 Transmission Rate Schedules, which includes Transmission, Ancillary, and Control Area Services Rate Schedules, are a part of this notice and are available on Bonneville's website at <https://www.bpa.gov/BP26>. The BP-26 Partial Rates Settlement Agreement is also posted at this website.

Signing Authority

This document of the Department of Energy was signed on October 31, 2024, by John L. Hairston, Administrator and Chief Executive Officer of the Bonneville Power Administration, pursuant to delegated authority from the Secretary of Energy. This 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 November 7, 2024.

Treena V. Garrett,

Federal Register Liaison Officer, U.S. Department of Energy.

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DEPARTMENT OF ENERGY

Bonneville Power Administration

[BPA File No.: PRDM-26]

Fiscal Year (FY) 2029 Public Rate Design Methodology; Public Hearing and Opportunities for Public Review and Comment

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

ACTION: Notice of FY 2029 public rate design methodology proceeding.

SUMMARY: BPA is proposing to adopt a new tiered rate design for setting its Priority Firm Power (PFp) rates for the period beginning October 1, 2028. The primary feature of the Public Rate Design Methodology (PRDM) is the establishment of two tiers of rates: one rate tier (Tier 1) will be based on

generation output and costs attributed to BPA's current system resources and a second rate tier (Tier 2) will be based on the generation and costs associated with newly acquired resources.

DATES:

Prehearing Conference: The prehearing conference in the PRDM-26 proceeding will be held on November 15, 2024, immediately following the conclusion of the prehearing conferences for Bonneville's TC-26 tariff proceeding and BP-26 rate proceeding, which begin at 2:00 p.m. The **ADDRESSES** section of this notice provides details on participating in the prehearing conference.

Intervention: Petitions to intervene in the PRDM-26 proceeding must be filed on Bonneville's secure website no later than 4:30 p.m. on November 19, 2024. Part III of this notice, "Public Participation in PRDM-26," provides 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 January 30, 2025, to be considered in the Administrator's Record of Decision (ROD). Part III of this notice, "Public Participation in PRDM-26," provides details on submitting participant comments.

ADDRESSES:

Prehearing Conference: The prehearing conference in the PRDM-26 proceeding will be held in the Bonneville Rates Hearing Room, 1201 NE Lloyd Boulevard, Suite 200, Portland, Oregon 97232. Interested parties may attend in person or participate virtually via WebEx. The WebEx information will be available on Bonneville's PRDM web page at <https://www.bpa.gov/prdm2029> or from the Hearing Clerk at PRDM29clerk@gmail.com.

Intervention: Anyone intending to become a party to the PRDM-26 proceeding must file a petition to intervene on BPA's secure website. Petitions to intervene may be filed beginning on the date of publication of this Notice and are due no later than 4:30 p.m. on November 19, 2024. Part III of this notice, "Public Participation in PRDM-26," provides details on requesting access to the secure website and filing a petition to intervene.

Participant Comments: Written comments by non-party participants may be submitted through Bonneville's website at www.bpa.gov/comment or by hard copy to: BPA Public Involvement, Bonneville Power Administration, P.O. Box 14428, Portland, Oregon 97293. Part III of this notice, "Public Participation