

Business Practice for Adjustment Criteria for Open Access Transmission Tariff Charges

Western Area Power Administration
Upper Great Plains (UGP) Region

A. Background

This business practice establishes when adjustments will be made for errors discovered related to a charge present on a bill issued in past months for charges related to the UGP Region Open Access Transmission Tariff (OATT). While every effort is made to assure that all calculations appearing on issued bills are accurate, mistakes may occur. This business practice assures that all such discoveries are treated in a consistent fashion across incidents and OATT customers.

While this business practice covers all OATT-related charges, those charges related to Network Integrated Transmission Service (NITS) present particular challenges due to the nature of that service and its billing methodologies. As the OATT directs, these bills are calculated by determining a transmission system peak, and then billing each NITS customer based on their share of that peak. Calculating the transmission system peak requires gathering data from a large number of sources and properly configuring that data. The process involves hundreds of metered values and other variables that must be processed to arrive at the system peak number. Each month the Power Billing Division determines the transmission system peak and each NITS customer's share of that peak. This process is further complicated by the fact that corrections to one NITS bill usually result in adjustments to all NITS customers' bills.

B. Limits for Adjustments

Adjustments will be made for all billing errors that occur during the current month, and if the error falls within the adjustment threshold, an adjustment will be made for errors within the previous 18 months from the date the error is discovered¹. There will be no adjustments for errors that fall outside of the adjustment thresholds, or occur more than 18 months in the past from the date the error is discovered. The IS peak date and time associated with NITS bills will never be changed for past months because data for other hours of the month is not retained.

C. Thresholds for Adjustments

In the event multiple errors are discovered within the same month, the criteria will be based on the "net error" of all errors discovered in that month for a particular charge type. For example, if there are two errors associated with NITS charges for a customer in the same month, with one error of 2750 kW in the customer's favor and the other error of 2500 kW to the customer's detriment, the "net error" then would be (2750 kW – 2500 kW) or a credit of 250 kW. This 250 kW would be used to determine if the "net error" meets the threshold criteria for adjustment rather than evaluating the individual errors of -2750 kW and +2500 kW separately.

The following thresholds shall be applied when considering billing adjustments. If the "net error" is less than the following thresholds, there will be no billing adjustment.

For all errors discovered that impact bills issued within the previous six months:

- For errors discovered in capacity values, adjustments are made if the "net error" of the IS peak or a customer's share of the peak is greater than 2 MW.
- For errors not involving a capacity value, the "net error" for a particular type of charge must result in a monetary impact that exceeds \$400 for a customer before an adjustment will be made. Errors of less than this amount due to any cause other than capacity errors will not result in corrections being issued.

¹ The discovery date will be defined as the date when Western is formally notified in writing of a possible billing error by a Customer or internally identifies a possible billing error. Review and validation of a billing error can take significant time in some instances; however the earlier discovery date will be used to define the time period for adjustment.

For all errors discovered that impact bills issued greater than six months in the past but less than 12 months in the past:

- For errors discovered in capacity values, adjustments are made if the “net error” of the IS peak or a customer’s share of the peak is greater than 5 MW.
- For errors not involving a capacity value, the “net error” for a particular type of charge must result in a monetary impact that exceeds \$1,000 for a customer before an adjustment will be made. Errors of less than this amount due to any cause other than capacity errors for this period in history will not result in corrections being issued.

For all errors discovered that impact bills issued greater than 12 months in the past but less than 18 months in the past:

- For errors discovered in capacity values, adjustments are made if the “net error” of the IS peak or a customer’s share of the peak is greater than 50 MW.
- For errors not involving a capacity value, the “net error” for a particular charge type must result in a monetary impact that exceeds \$5,000; errors of less than this amount due to any cause for this period in history will not result in corrections being issued.

Example:

An error is discovered in the calendar month of November of 2005. This error is for the same amount each month, started in 2000, and is discovered prior to issuing the bills for service taken in October 2005.

The Monthly IS peaks would be revised, and the affected bills would be recalculated and reflected in the November billing issued in December of 2005, based on the following criteria:

If the error –

- a) Is equal to or greater than 2 MW but less than 5 MW
An adjustment is made for all bills issued within the previous six month period (bills for service taken in the months of May – Oct. 2005).
- b) Is equal to or greater than 5 MW but less than 50 MW
An adjustment is made for all bills issued within the previous 12 month period.
- c) Is equal to or greater than 50 MW
An adjustment is made for all bills that have been issued within the previous 18 month period. Bills older than 18 months (bills for service taken in months prior to May 2004) are not adjusted.

D. Additional Comments

- 1) Network billing is based on the NITS customer’s share of the system peak. Therefore, when an adjustment to the system peak is required due to any particular NITS customer exceeding the thresholds above, all NITS customers’ bills will be adjusted accordingly, for all of the adjustment periods affected.
- 2) Adjustment thresholds may not be exceeded for all months of the adjustment period(s). However, if the “net error” exceeds the threshold for any month within an adjustment period, all subsequent months affected would also be adjusted.
- 3) If circumstances do not allow for a correction to be issued to particular OATT-related charges, Western may make revenue requirement adjustments in future rate calculations to ensure that long term revenue recovery levels remain appropriate.
- 4) The provisions of this business practice also apply to control area service contracts which are executed under terms and conditions that conform to the ancillary services offered under the OATT.
- 5) If the error is discovered too late in the monthly billing cycle to make a correction during the same month, the data will be analyzed under the time limit and monetary thresholds of the month in question, but the correction, if any, will be applied in the following month.