



Fact Sheet

September 2020

History of transfer service

The Bonneville Power Administration delivers federal power to customers across several states. The agency has sometimes chosen to serve customers over transmission systems owned and operated by entities other than Bonneville, rather than build to directly connect those customers to its transmission system. BPA refers to this kind of delivery as “transfer service.”

In 1937, Congress passed the Bonneville Project Act. This act created the Bonneville Project, which included Bonneville Dam and the transmission system necessary to deliver the power generated by it. The act also tasked the Bonneville Power Administration to provide preference and priority in sales of power produced by the Federal Columbia River Power System to Pacific Northwest public bodies and cooperatives, also known as preference customers.

To fulfill its obligation to deliver federal power to its preference customers, the agency had to either build transmission to connect to customers, or contract with third-party transmission owners to use their systems to deliver federal power to the customers’ loads. As more and more public utilities requested power from BPA, the need for additional transmission continued to grow, and the agency had to decide how it would serve the new customer loads.

Reorganization of some federal agencies also contributed to the expansion of BPA’s preference customer base. For example, in 1963, the U.S. Bureau of Reclamation’s power marketing and transmission functions in southern Idaho were transferred to BPA. Reclamation’s former customers became additional BPA preference customers, and the agency again had to decide the best plan of

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service for each of these locationally distant preference customers: build more transmission, or acquire third-party transmission.





BPA determines the best plan of service by evaluating the cost of building transmission as compared to acquiring transfer service. BPA also considers the timing of a customer's request for service as compared to the time it would take to build the necessary facilities versus using existing facilities. In many instances, BPA's evaluation revealed that existing third-party transmission facilities could accommodate preference customers' loads in a more timely and cost-effective manner than building duplicate facilities connecting customers directly to BPA's system. In these instances, BPA decided to use transfer service to meet its obligation to deliver federal power to preference customers. As customer loads have grown over time, new arrangements and improvements have had to be considered and implemented on BPA's transmission system and on third-party provider systems.

As of 2020, 83 of BPA's 134 customers with long-term power sales agreements had at least one transfer point of delivery, and 55 customers were served solely by transfer service. In 2019, BPA's transfer service annual budget was approximately \$90 million.

It is important to note that BPA is not statutorily obligated to provide transfer service; rather, it is an

option available to the administrator. Under the current long-term Regional Dialogue contracts that expire in 2028, BPA has contractually committed to acquire and pay for transfer service for customers' existing points of delivery. Any new requests for transfer service are evaluated on a case-by-case basis to determine if it is the best plan of service.

BPA will continue advocating on behalf of its preference customers through the term of the Regional Dialogue contracts when working with third-party transmission providers.

BPA strives to keep transfer service costs down through:

- Proper contract management and implementation.
- Active involvement in third-party transmission providers' rate cases.
- Engagement with Federal Energy Regulatory Commission on the third-party providers' open access transmission tariff terms and conditions.

Visit the Bonneville Power Administration website to learn more about [transfer service](#).