



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

April 17, 2018

In reply refer to: PS-6

To Regional Customers and Interested Parties:

The Bonneville Power Administration (BPA) held a public review and comment period March 1, 2018 through March 30, 2018, for the following two questions regarding BPA's payment of additional transmission costs for its Transfer Service customers:

- (1) Whether BPA should expand Non-Federal Transfer Service to include transmission over a second wheel of Non-Federal Transmission Service for Southeast Idaho customers.
- (2) Whether BPA should expand Non-Federal Transfer Service to include deliveries of customers' Existing Resources.

Upon customer request, BPA also hosted an informational conference call for interested parties on March 23, 2018, responding to questions about the two issues.

BPA received 29 comments during the comment period. Customer comments unanimously support BPA expanding non-federal transfer service to include transmission over a second wheel of non-federal transmission for six customers (City of Idaho Falls, City of Soda Springs, Lost River Electric Cooperative, Lower Valley Energy, Salmon River Electric Cooperative, and Fall River Rural Electric Cooperative) located in Southeast Idaho. Customer comments also support BPA expanding non-federal transfer service to include the delivery of Idaho Falls Power's Bulb Turbines used to serve Rate Period High Water Mark load. Specifically, customers support Alternative 2, Pay for the Transmission Charges Assessed by the Transfer Provider, as discussed in the March 1, 2018 Letter to the Region.

In response to the comments received, BPA has made the following decisions:

- (1) BPA will expand non-federal transfer service to include transmission over a second wheel of non-federal transmission service for the Southeast Idaho customers. This is an equitable approach that supports customer power sourcing options and will not place a customer at a disadvantage based on geographical location. Expanding transfer service to include the transmission costs associated with delivering a non-federal resource to serve Southeast Idaho customers Above-Rate Period High Water Mark load maintains the balance with the alternative of BPA supplying Federal power at a Tier 2 rate.
- (2) BPA will adopt Alternative 2 and expand non-federal transfer service to Existing Resources by paying the cost of the transfer provider's transmission charge only

for the firm power dedicated by the customer to serve its Total Retail Load as defined in the customer's Power Sales Contract. The transfer customer would continue to pay BPA Transmission's rate for the Existing Resource. In the case of Idaho Falls, BPA would be responsible for PacifiCorp's transmission charge for the use of the Bulbs to serve Idaho Falls' load, while Idaho Falls would continue to pay BPA's Transmission charges.

Except as expressly provided in the decisions described above, all other limitations and conditions for non-federal transfer service remain in effect.

Although supporting the proposals overall, several customers requested that BPA treat the resolution of these questions as a one-off determination and not modify the existing 2007 Long-Term Regional Dialogue Final Policy. Customers further request that BPA treat other similar circumstances in the future on a case-by-case basis. BPA recognizes the concern raised by customers over modifying the existing policy should it exacerbate BPA's financial and competitive position. BPA does not believe it is necessary to modify its existing policy, rather by addressing the above questions BPA is clarifying its policy and believes it reasonably supports the decisions noted herein. In the future, if BPA receives similar requests, BPA will consider and address such requests individually as received.

Additionally, multiple commenters have requested that BPA should seek to re-designate the Bulb Turbines with PacifiCorp under the existing BPA Network Transmission (NT) agreement. BPA will work with Idaho Falls and the Transmission Provider to address the appropriate designation of the Bulb Turbines.

Finally, one comment requested that BPA consider whether transfer service costs are appropriately allocated to the BPA Power rates. This comment is not within the scope of this public review and will not be addressed.

If you have any questions, please contact your BPA Power Account Executive or me at (503) 230-5175.

Sincerely,

/s/ Garry R. Thompson

Garry R. Thompson
Vice President of NW Requirements Marketing