September 18, 2018

In reply refer to: PST-6

To Parties Interested in the Guidelines Regarding Requests for Transfer Service to New Points of Delivery:

The Bonneville Power Administration (Bonneville) has finalized its Guidelines Regarding Requests for Transfer Service to New Points of Delivery (POD). These guidelines are intended to inform Bonneville and customer discussions and a final decision on whether to take on financial or administrative obligations for transfer customers’ new PODs.

Bonneville analyzes requests for transfer service to new PODs on a case-by-case basis. Since expanding transfer service has a direct financial impact on Bonneville's Tier 1 rates, paid by the preference customers, we are cautious on additional costs that could impact Bonneville's competitiveness. While each new transfer service POD request is unique, we intend to treat transfer customers in an equitable fashion. These guidelines clarify and provide notice of the factors that inform Bonneville’s decisions when analyzing such requests.

Bonneville engaged customers in a public process from July through August of 2018, with a comment period that allowed customers to provide input and feedback on the proposed guidelines. We received nine comments during the comment period, proposing modifications and requesting clarification. We appreciate this input and considered these customer comments in finalizing these guidelines.

After reviewing customer comments, we have made the following clarifications and edits to the guidelines:

(1) Customers were concerned that the guidelines could lead Bonneville to deny new transfer PODs outright. We clarify that a customer may choose to add PODs requiring transfer service regardless of Bonneville’s decision on the request. Bonneville has an obligation to serve a transfer customer’s load with Federal power, regardless of whether the POD is new or old, consistent with the terms of the Power Sales Agreement. These guidelines address the separate issue of whether Bonneville will take on the financial or administrative commitment of new transfer service for a new POD.

(2) Customers were concerned that Section 2.4 was too rigid, and that Bonneville should continue to work to serve load that deviates from the 10-year forecast. The 10-year load

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1 The final version can be accessed at the following link: https://www.bpa.gov/p/Power-Contracts/Transfer-Service/Pages/Transfer-Service.aspx
and resource forecast is considered a living document, is updated annually, and at any
time a customer can work with their assigned load forecaster to discuss a new load. If the
new load meets the load forecaster’s criteria, and is added to the 10-year forecast, then
the load is presumed to be identified and not speculative. The 10-year load and resource
forecast referenced in the guidelines is not synonymous with the official Bonneville-
published forecast used to set a customer's Total Retail Load and High Water Mark
amounts.

(3) Customers requested the guidelines allow transfer service to expand to serve a New
Large Single Load (NLSL) at the NR Rate. We clarify that, as a general policy,
Bonneville will not assume financial responsibility for a new transfer POD serving an
NLSL with non-federal power.

(4) Customers requested that, if a new POD shifts load from an existing POD without
increasing Bonneville’s transmission charges, then the customer should not be
responsible for the transmission charges at the new POD. We clarify that shifting load
between an existing POD to a new POD will not always be grounds for denying the
request. For example, if moving the load from an existing POD to a new POD neither
increases nor decreases Bonneville’s existing costs, then we may permit the change.

We thank our customers for their thoughtful comments and believe these guidelines will provide
consistent guidance and support in evaluating the best overall plan of service for a customer's
new POD.

Sincerely,

/s/ Garry Thompson

Garry Thompson