

**COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP  
REGARDING SCHEDULING, SYSTEM CONTROL AND DISPATCH RATE DESIGN  
ALTERNATIVES**

Submitted: September 7, 2018

The utilities that comprise the Western Public Agencies Group (“WPAG”)<sup>1</sup> appreciate this opportunity to submit comments on BPA’s consideration of alternative rate designs for its Scheduling, System Control and Dispatch (“SCD”) service.

The WPAG utilities renew our support for the current SCD rate design. The White Paper recently released by BPA confirms that the current SCD rate methodology conforms with standard industry practice,<sup>2</sup> which is particularly pertinent given BPA’s present ambition to adopt terms and conditions of transmission service that are also consistent with standard industry practice and the FERC pro forma. It is standard industry practice to recognize that there is an inherent linkage between the terms and conditions of transmission service and the rates charged for such services.<sup>3</sup>

In addition, based on BPA’s own analysis, the status quo SCD rate design is the only alternative that BPA evaluated that meets all six of BPA’s rate principles including (i) cost causation; (ii) full and timely recovery; (iii) simplicity, understandability, public acceptance and feasibility of application; (iv) avoidance of rate shock; (v) rate stability; and (vi) equitable cost allocation between Federal and non-federal uses of the transmission system.<sup>4</sup> Indeed, the chief justification for using an alternative rate methodology, i.e., that it would eliminate the perception held by a few of BPA’s customers that it constitutes a rate pancake (which itself is not a rate principle), causes at least one of the alternatives (Alternative No. 1) to lead to “free-rider issues” and fail three of BPA’s six rate principles.<sup>5</sup> That BPA should maintain the status quo over such poorly performing alternatives should be self-evident.

This is particularly true when, as in this case, the other alternatives evaluated by BPA would result in large costs shifts among transmission customers,<sup>6</sup> including at least one

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<sup>1</sup> The utilities comprising WPAG include Eugene Water & Electric Board, Benton Rural Electric Association, the Cities of Port Angeles, Ellensburg and Milton, Washington, the Towns of Eatonville and Steilacoom, Washington, Alder Mutual Light Company, Elmhurst Mutual Power and Light Company, Ohop Mutual Light Company, Parkland Light and Water Company, Public Utility Districts No. 1 of Clallam, Clark, Cowlitz, Grays Harbor, Kittitas, Lewis, Mason and Skamania Counties, Washington, Public Utility District No. 3 of Mason County, Washington and Public Utility District No. 2 of Pacific County, Washington.

<sup>2</sup> White Paper: Scheduling, System Control and Dispatch Rate Design Alternatives (Updated August 31, 2018) (“White Paper”), at 4-5.

<sup>3</sup> Order 888, 61 FR 21540, at 21598 (FERC agreeing that “non-price terms and conditions cannot be designed independent of pricing and cost recovery”).

<sup>4</sup> White Paper, at 11.

<sup>5</sup> *Id.* at 7, 11.

<sup>6</sup> White Paper, at 7 (Alternative #1 to result in network only customers seeing a 1-3% increase in their overall transmission costs ), 8 (Alternative #2 to result in NT customers seeing a 2-7% increase in their overall transmission costs), and 10 (Alternative #5 to create large costs shifts across customers).

alternative where some NT customers could see their overall transmission costs increase by as much as 7% (in addition to the 10% general transmission rate increase BPA is presently forecasting).<sup>7</sup> Why these customers should be expected to shoulder such an increase when the status quo SCD rate design is the superior performer under each of the relevant metrics laid out by BPA is unknown.

Accordingly, for the above reasons and the reasons stated in our previous submittals on this topic, WPAG supports BPA's continued use of the current SCD rate methodology and BPA's rejection of the other alternatives currently under consideration. Thank you for the opportunity to comment.

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<sup>7</sup> *Id.* at 8.