



*Your Community Energy Partner*

June 21, 2018

Submitted via email to: [comment@bpa.gov](mailto:comment@bpa.gov)

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**Re: Comments of Public Utility District No. 1 of Snohomish County on BPA's TC-20 Process and May 31 Workshop Topics**

The Public Utility District No. 1 of Snohomish County (Snohomish) appreciates the opportunity to provide comments on the subjects presented at the TC-20 customer workshop held on May 31, 2018. Snohomish's comments below pertain to the proposed BPA Principles governing deviations from pro forma, the TC-20 Procedural Schedule, and the proposal to remove the loss factor from the tariff.

**BPA Principles for Deviations from Pro Forma**

In its comments dated May 30, 2018, Snohomish advocated that BPA consider an alternate approach when evaluating potential deviations from pro forma. Snohomish understands that BPA staff may not have had time to review these comments prior to the May 31 meeting. However, it appears to Snohomish, based on BPA staff comments at the meeting, that BPA has finalized their principles. It was Snohomish's understanding that BPA was soliciting feedback on its principles both at the meeting, and by way of written comment. To subsequently hear that BPA was not open to customer feedback on the principles is contrary to BPA staff's previous indications.

Snohomish believes the current set of BPA principles do not strike the proper balance for evaluating deviations, and strongly encourages BPA to take the time to review customer comments and consider re-evaluating the Agency's position regarding these principles. Please refer to Snohomish's written comments dated May 30, 2018, for specific recommendations.<sup>1</sup>

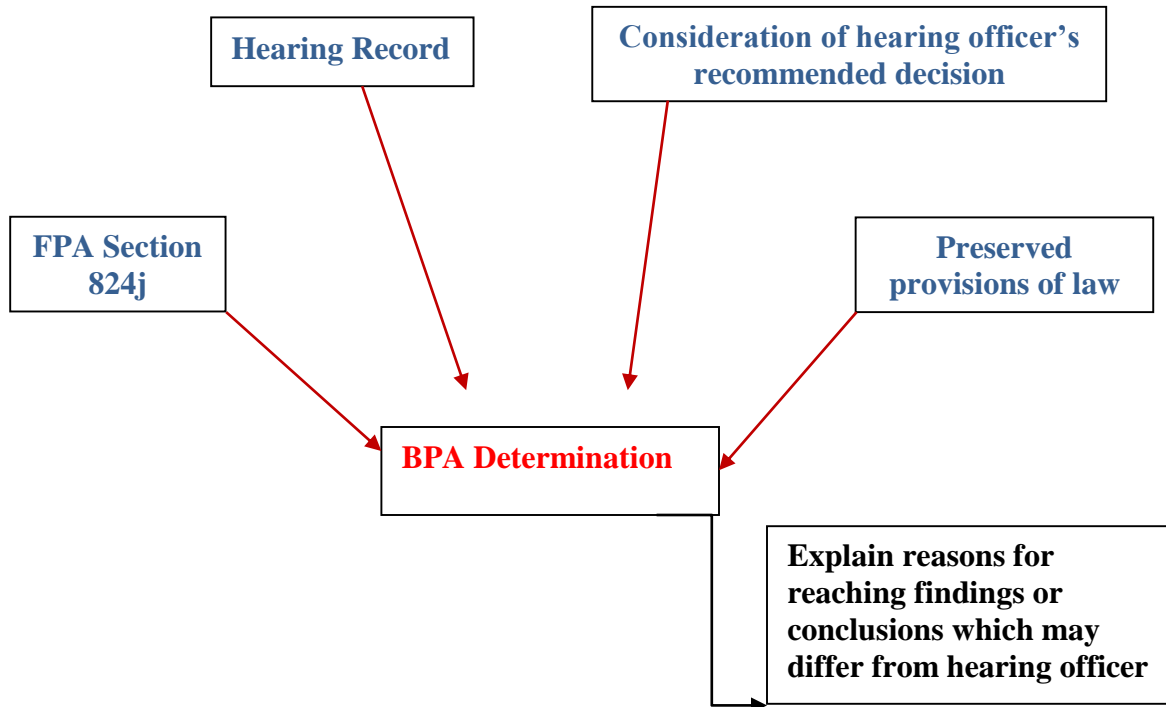
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<sup>1</sup> <https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/TC-20%20Comments/SNPD%20Comments%20to%20BPA%20Apr%2023%20TC-20%20Workshop.pdf>

## Procedural Schedule & Briefs on Exception

Snohomish appreciates BPA staff's presentation of its preferred TC-20 procedural schedule and an alternative schedule during the workshop. We support BPA's alternative procedural schedule, with a slight modification.

Section 212(i)(A)(2)(III) of the Federal Power Act ("FPA") requires the Administrator to make a determination based on four considerations, and to set forth the reasons for reaching any findings and conclusions, which may differ from those of the hearing officer (see illustration below).



Of particular importance to the procedural schedule is the Administrator's consideration of the hearing officer's recommended decision. If the hearing officer were to recommend an acceptance of a tariff provision proposed by BPA staff or an alternative proposed by another litigant, then the Administrator could easily consider this recommendation based on the evidence, direct cases, and initial briefs that were submitted before the hearing officer.

However, in a scenario where the hearing officer recommends a tariff provision that was not proposed by BPA staff or any litigant, and parties are not allowed to submit a brief on exceptions to the recommendation, then the Administrator will be required to consider the recommendation in a vacuum. The Administrator's consideration may materially change based on input from parties; if briefs on exception were allowed, a lack of input from parties would be informative in and of itself.

We acknowledge that BPA may resolve this issue by limiting the hearing officer's scope in the Federal Register notice so that the hearing officer can only accept or reject proposed tariff terms

and conditions. However, it is not clear at this point if such a restriction will be included in the hearing officer's scope. Even if it were, it would not resolve the hearing officer's recommended interpretation of statutes, regulations, or rules. Again, the Administrator would be left to address these types of issues without the benefit of parties' input if the hearing officer's interpretation was not advocated by any litigant.

Snohomish also has concerns regarding what recourse parties might have if there is a blatant error of fact underlying the hearing officer's recommendation. Under BPA staff's preferred procedural schedule, parties would have to rely on the Administrator to identify or address any error in considering the recommendation. Customers may also submit a brief on exceptions after the Draft ROD is issued, but at that point the Administrator may have relied on the error in his preliminary determinations. It would seem to be an unnecessary expenditure of time and resources by the Administrator, BPA staff, and the parties since the Administrator could have been made aware of the error if a brief on exceptions was allowed.

As result, we suggest that BPA allow for a brief on exceptions to the hearing officer's recommendation. In terms of timing, the alternative procedural schedule adds a hearing officer's draft recommended decision and the opportunity for briefs on exception after that, and not after the hearing officer's final recommended decision. Snohomish believes that a draft recommended decision from the hearing officer is unnecessary and that it would be more efficient to have parties submit briefs on exceptions after the hearing officer's recommended decision. We recommend revising the alternative procedural schedule to remove the hearing officer's draft recommended decision, set the hearing officer's recommended decision to be due May 1, and add briefs on exceptions due May 10.

Snohomish acknowledges BPA's concern during the workshop that briefs on exceptions could introduce extraneous arguments that were not considered by the hearing officer. However, it is likely that BPA would address such arguments the same way as if they were introduced in briefs on exceptions to the Draft ROD.

In sum, we believe that allowing briefs on exception after the hearing officer's recommended decision is in the best interest of the Administrator, BPA staff, and all parties.

### **Alternative Approach for Addressing Real Power Loss Factors**

Reviewing the pro forma FERC tariff, Snohomish understands that Sections 15.7 and 28.5 are reference points where the Transmission Provider is to fill in their applicable Real Power Loss Factors. BPA staff has proposed to remove these loss factors from the tariff and into a business practice, in order to avoid having a tariff change in each instance where the loss factor changes. BPA staff have also stated that they are attempting to respond to customer requests to comment on changes to the loss factors.

Snohomish recommends an alternative approach. Because the loss factor itself is an output of a calculation, Snohomish recommends that BPA memorialize their methodology for establishing the factor in the tariff while publishing the result elsewhere.

Snohomish agrees with BPA staff that the loss factor value itself is likely to change based on varying inputs such as aging infrastructure, additional system constraints and new equipment / lines / builds. What should not frequently change is the methodology for calculating the loss factor. Transparency and consistency into how BPA establishes this calculation is important to customers. BPA has stated that they plan to hold public workshops on the methodology component, which would satisfy the need for transparency and customer input. Snohomish's recommendation that BPA incorporate the resulting calculation into the Tariff would satisfy the need for consistency, in that a high bar would be set for making changes to what should be a durable calculation.

Specifically, Snohomish recommends that the tariff include language that would describe the requisite inputs and methodology for calculating the loss factor, and establishing a timeline under which this calculation would take place. This language can be added to Sections 15.7 and 28.5 consistent with the pro forma or in a new attachment. The new language would also describe where the final calculated loss factor would be published for use in the course of business.

### **Hourly Firm Transmission Product**

Snohomish urges BPA to begin holding public workshops as soon as possible to dialogue with the region on how it intends to modify the hourly firm transmission product. The hourly firm product is an important aspect of the region's bilateral wholesale energy market, and Snohomish is eager to engage in collaboration with BPA and the region on how to treat hourly firm moving forward. Snohomish believes collaboration on this issue would best be achieved outside of a formal rate proceeding; the earlier BPA can begin dialogue with the region on this issue, the sooner collaboration can begin to craft solutions.

### **Conclusion**

Snohomish appreciates the opportunity to comment on these issues. If you have any questions about Snohomish's positions or proposals, please feel free to contact me.

Sincerely,



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