



BLACHLY-LANE ELECTRIC COOPERATIVE
P.O. Box 70 Junction City, OR 97448-0070
90680 Highway 99 Eugene, OR 97402-9630
Tel (541) 688-8711 Fax (541) 688-8958

www.blachlylane.coop

Elliot Mainzer, Administrator
Bonneville Power Administration
Via email: techforum@bpa.gov
DATE: January 29, 2014

Dear Administrator Mainzer:

Blachly-Lane Electric Cooperative serves industrial, commercial and rural electric customers north and west of Eugene, Oregon. As you will see below, re-segmentation as is being proposed, will have a significant negative impact on our members.

But first, I want to express my gratitude for your personal involvement in the transmission segmentation kick-off meeting on January 28 and hope you will stay involved in this important policy issue. I cannot overstate the importance of maintaining the current definition of the Network Segment to the member-owners of my cooperative.

Segmentation is a public policy, not a technical issue. Any technical work should be undertaken only after the clear public policy goals are recognized.

We applaud your staff for making an initial effort to draft the Proposed Segmentation Principles to guide agency policy on this issue. These principles should now be revised to make clear that the principle of “encouraging widest possible diversified use at lowest possible rates consistent with sound business principles” is a pre-eminent, screening principle that any proposed segmentation methodology must pass to be considered for further evaluation. That principle is to the embodiment of the Bonneville Power Administration’s (BPA’s) statutory and historical mission and the agency may not compromise on it.

BPA has a long history of extending the transmission system so that all corners of the Pacific Northwest could be electrified. This mission continues as electrification is not just about extending wires but also making electricity affordable for people in both rural and urban areas. As cooperatives, we were born out of the lack of willingness of other utility models to extend service to our homes, farms, and ranches. BPA’s role of bringing wholesale power to our utility at postage stamp rates has allowed our rural communities and business to grow and thrive. The need to continue these policies is just as pressing now as it was when the system was first extended to us.

“Blachly-Lane’s primary objective is to provide safe, cost effective, reliable, and competitive electrical energy and service to its Members”

BPA's current segmentation policy along with postage stamp rates is a vital component in accomplishing the principle of widest possible diversified use at lowest possible rates.

In fact, the only change in segmentation that BPA should consider is rolling in the facilities remaining in the Delivery segment into the Integrated Network. After almost 20 years of substation sales efforts, BPA ought to recognize that the remaining facilities are unsalable. The Delivery Charge rate is becoming a crippling charge to those who experience it and practically double our transmission rates from BPA.

Blachly-Lane serves several thousand rural residential customers in Lane County. Blachly-Lane currently has the third highest residential rates in Oregon due to the low customer density of our distribution system and the high cost of right of way maintenance due to an abundance of vegetation. As a result of our high rates we have seen our residential load decline the last few years. Some of this can be attributed to energy efficiency but end use studies and comments from our members indicate that many of them have reverted to heating with wood to reduce their electric bills. This is not a direction we should be going as it places more of an economic burden on those who continue to heat with electricity and contributes to increased carbon emissions and environmental degradation for those who switch to wood.

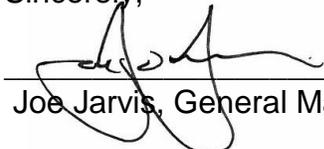
Our membership includes a large number of low and/or fixed income individuals who are unable to absorb more rate increases.

Another aspect to consider is change in segmentation undoes decades of transmission planning northwest electric systems were built based on BPA provision of facilities at postage stamp rates.

Direct assignment is NOT an option for already installed equipment. Direct assignment is only a tool to be used prior to construction of facilities and be mutual contractual agreement of the parties.

Your staff has done an excellent job with the materials researched and presented to date. We will continue to be deeply interested in this issue and are hopeful for an outcome that reflects BPA's mission and maintains the current definition of the Network segment of Bonneville's transmission system and use of postage stamp transmission rates.

Sincerely,



Joe Jarvis, General Manager

Copy to: John Prescott - PNGC