



CENTRAL ELECTRIC COOPERATIVE, INC.

January 31, 2014

Elliot Mainzer, Administrator
Bonneville Power Administration
Via email: techforum@bpa.gov

Dear Administrator Mainzer:

I want to thank you for your involvement in the Transmission Segmentation Kick-Off Discussion on January 28 and hope you will stay involved in this important policy issue. As I mentioned during the discussion it is extremely important to Central Electric Cooperative (CEC) and our member-owners that we maintain the current definition of the Network Segment. Segmentation is a public policy, not a technical issue. Any technical work should be undertaken only after the clear public policy goals are recognized first.

CEC appreciates BPA's 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 fundamental screening principle that any proposed segmentation methodology must pass to be considered for further evaluation. That principle is the essence of BPA's statutory and historical mission and the agency cannot compromise on that principle.

CEC designed its distribution system based on the transmission lines and substations that BPA has provided for decades at a uniform "postage stamp" rate structure. We built our distribution system based on this partnership and on the lines and substations that BPA provided to bring preference power to our distribution utility. If BPA had not provided these facilities at a uniform postage stamp rate, we would have designed our systems differently and it is probable that the economic growth we have experienced in the region would be nowhere near where it is today.

Your staff has done an excellent job with the materials researched and presented to date. I will continue to remain involved in this issue and will participate in future workshops and am 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,

Dave Markham
President/CEO
Central Electric Cooperative, Inc.

Cc: John Prescott, PNGC Power