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Elliot Mainzer, Administrator
Bonneville Power Administration
Via email: techforum@bpa.gov
February 10, 2014

Dear Administrator Mainzer:

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.

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.

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,

A handwritten signature in dark ink, appearing to read "K. D. Hines", is written over a thin, light-colored horizontal line that spans the width of the signature.

General Manager

Copy to:
John Prescott - PNGC