

FALL RIVER RURAL ELECTRIC
COOPERATIVE, INC.
1150 North 3400 East
Ashton, ID 83420

February 11, 2014

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

Dear Administrator Mainzer:

Thank you for your involvement in the transmission segmentation issue and particularly the kick-off meeting on January 28. I sincerely hope you will stay engaged in this important policy issue. I cannot overstate the importance of at least maintaining the current definition of the Network Segment to the member-owners of my cooperative and I would hope you consider rolling in facilities remaining in the Delivery segment into the Integrated Network. I am grateful to you for your attention to this policy issue, even though there are many more pressing concerns which merit our attention. I'm disappointed that we, as public power, seek opportunities to raise divisive issues, which strategically thinking, only diminish the value of BPA and tarnish the treasure we have in the Columbia River Hydro System and its transmission network.

Fall River Rural Electric Cooperative serves in Idaho, Montana, and Wyoming serving 15,535 meters. We serve mostly rural communities impacted by the recent recession and ongoing sluggish recovery. In 2007, Fall River connected 923 new services, while in 2013 Fall River only connected 153 new services. The proposed significant change in BPA's current transmission segmentation policy will have a dramatic increase in Fall River's transmission costs.

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

208-652-7431 • 800-632-5726
208-652-7825 fax
www.fallriverelectric.com



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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 18 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 it practically doubles 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, at a minimum, maintains the current definition of the Network segment of Bonneville's transmission system while continuing the use of postage stamp transmission rates.

Sincerely,



Bryan L. Case
General Manager/CEO
Fall River Rural Electric Cooperative

Copy to:
John Prescott - PNGC
208-652-7431 • 800-632-5726
208-652-7825 fax
www.fallriverelectric.com

