



**GLACIER ELECTRIC**  
COOPERATIVE, INC.

February 11, 2014

Elliot Mainzer, Administrator  
Bonneville Power Administration  
911 NE 11th Ave.  
Portland, Oregon 97232

Re: Transmission Segmentation  
[Submitted Electronically to techforum@bpa.gov]

Dear Elliot:

Glacier Electric Cooperative, Inc. (GEC) appreciates this opportunity to comment on BPA's segmentation process and proposed segmentation principles. The issue of BPA's segmentation policy is very important to GEC and I appreciate your involvement in this issue. GEC urges BPA to make no changes to the current Segmentation policies which appropriately aggregate costs among the seven different classifications.

One of the primary reasons for the creation of BPA was to ensure that the entire Northwest region would have access to affordable electricity. Affordability is extremely important to GEC members. GEC serves a diversified low income area that needs to keep costs under control. BPA's statutes obligate the agency to "promote the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles." BPA meets this objective using postage stamp rates, which allows BPA's preference customers to receive transmission service at the same price regardless of the unique and diverse histories associated with the development of a wide variety of preference utilities throughout the Northwest.

Access to affordable electricity has allowed our community to develop and grow, and it continues to be essential to the viability of our local economy. GEC is served by a General Transfer Agreement (GTA) and has concerns over BPA changing current policy. If each of BPA's preference customers used their own situation to evaluate alternate means for BPA's cost allocation and rate-making policies, GEC feels there would be a vast array of options for shifting costs between and among various customers. The ensuing chaos would create winners and losers of all different types and would place BPA in direct conflict with the laws under which it operates. Unfortunately, we are currently in this situation as a small group of customers are pushing self-serving proposals at the expense of others.

BPA should reject these proposals as the Industry Practices Scan clearly showed that BPA's segmentation policies and voltage splits between transmission and distribution are very consistent with utilities from around the country. GEC agrees with the statement at the January 28 workshop that the test for any proposed changes should be whether or not the alternative is as good or better for the entire region as current policy. We would encourage the addition of this principle to the proposed Segmentation Principles distributed before and at the January 28 workshop. Proposals to increase the definition of transmission voltage to 116 kV and higher are clearly self-serving for a small group of larger utilities and run counter to BPA's statutory mandate. These proposals must be rejected as they fail nearly all common sense rate-making principles and especially those associated with a regional perspective, avoidance of rate shock and widest possible diversified use.

Finally, BPA should recognize the danger of evaluating policy and rate-making changes that impose arbitrary changes based on the unique characteristics of individual utilities. Electric service was developed for the region under a wide variety of circumstances and retroactively changing rate policy for a system configuration that was determined long ago would be a horrible policy precedent that would encourage many new self-serving proposals. This evaluation of Transmission Segmentation should be a very short and focused effort as the available information and BPA's authorizing statutes make it clear that the current arrangement is in compliance with the law and consistent with sound business and rate-making principles. This was also shown by the work of BPA staff to explain the historical and analytical basis for BPA's current segmentation policy.

Thank you for the opportunity to share the views of Glacier Electric's members and we appreciate your attention and involvement in this issue.

Sincerely,



Jasen Bronec  
General Manager

CC: Joe Lukas, Western Montana G&T  
John Saven, Northwest Requirements Utilities