



Elliot Mainzer, Administrator
Bonneville Power Administration
Via email: techforum@bpa.gov
February 11, 2014

Dear Administrator Mainzer:

Idaho Consumer-Owned Utilities Association (ICUA) would like to express our 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. We cannot overstate the importance of maintaining the current Bonneville Power Administration's (BPA) definition of the Network Segment to the member-owners of public power systems in Idaho. Transmission service has always been an important BPA issue that impacted ICUA utilities due to the many solutions that have been used to provide service in past years. It has always been preferential to be directly connected to BPA's high voltage network system but we all know that small remote locations don't always require that type of infrastructure investment.

Many BPA customers in rural areas receive power through transfer service from other utilities. In 2004, ICUA completed and submitted a study to BPA showing the significant savings the region has gained by BPA entering into transfer service arrangements as opposed to building out its transmission system to serve all of its customers. At that time we were concerned about public discussions suggesting that transfer customers be directly charged for those services. As a result of the ICUA study and much discussion in the region, BPA offered its transfer service customers the 2005 Agreement Regarding Transfer Service (ARTS). This contract with BPA transfer service customers provides BPA's legal assurance of adequate transmission service for the next 20 years and at rates equivalent to customers directly connected to BPA's main grid. In fact, paragraph 4 (b) of the ARTS contract calls for BPA to support rolled in treatment of transmission component costs. The recent suggestion of segmenting costs for transmission at 116 KV and below for special treatment seems to be contrary to the spirit of the ARTS agreement.

Segmentation is a public policy, not a technical issue. Under the current policies, BPA has allocated capital where it has provided the greatest return on investment for all of the regions BPA Customers. However, that has been to the detriment of many of ICUA's members in remote areas. The GTA agreements and other BPA non wire solutions at times were sub-standard but we understood and supported the old GTA agreements and exchanges that were put in place to defer building facilities.

Many of our members built facilities during this same timeframe based on the long term policy and principle of “regional service at the lowest possible rates consistent with sound business principles” as a result the facilities were often times at lower voltages because it was the best business decision with current polices. Our members believe this principle is the core of BPA’s statutory and historical mission for the region. Changing this now and making the policy retroactive would be very unfair and disruptive to the entire group of preference customers. Further it would result in additional sacrifice for customers who have never been provided direct BPA delivery.

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 in both rural and urban areas. As cooperatives and small municipalities, 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 affordable wholesale power to our utilities at postage stamp rates has allowed rural communities to economically survive. The need to continue these policies is just as pressing now as it was when the system was first extended to our communities.

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.

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 black ink that reads "Will Hart" with a stylized flourish at the end.

Idaho Consumer-Owned Utilities Association Board of Directors
Will Hart, Executive Director
208-344-3974