



# Public Utility District No. 1 of Klickitat County

Owned By Those It Serves

August 13, 2014

RE: Comments to the Bonneville Power Administration  
BP-16 Transmission and Power Rates Workshop  
Retention of the value of the intertie to the NW Region

The Public Utility District #1 of Klickitat County would like to request that the Bonneville Power Administration actively evaluate the impacts of the current differences in market design between BPA and CAISO that affect the transmission interties to California, and act to re-store the fair price concept on those interties.

We believe that there currently is a mis-allocation in the value between the PNW and CA portion of the interties:

- This mis-allocation impacts the value of the rights that BPA and others hold on the northern segments of these interties.
- In addition, there appears to be a definite undermining of the value of firm transmission rights. Without correction, there would be no reason for utilities to hold and pay for firm service and no price signals to spur additional investment in infrastructure, should it be required. Clearly, a design that does not fund the ongoing operation of such a key part of the west coast electric grid is not a desired outcome from PNW market design.
- The investment in the intertie is significant because of the important role that it plays in sharing the diversity between the PNW and CA to support each other's peak needs. Anything that negatively influences the value and potentially impact the long-term investment of the intertie is of regional importance.

We therefore ask the BPA look at potential solutions in both rate proceeding process, as well as through policy re-design, on a parallel and expedited basis. As BPA holds rights in excess of 50% of the northern segment of the California Oregon Intertie and 100% of the Pacific DC Intertie, the revenue implications on BPA and your customers are potentially very large. Solutions to these issues should be given the appropriate priority and resource allocation.

As a customer of BPA since 1938, we thank BPA for their leadership and efforts on our behalf and we continue to support you on your endeavors in this area to ensure that the value of our power and transmission assets is maximized.

Jim Smith P.E.  
General Manager  
Klickitat P.U.D.