

BPA Transmission Segmentation Discussion Kick-Off Meeting
on January 28, 2014

Los Angeles Department of Water and Power (LADWP) supports BPA's new transmission re-segmentation proposal. As mentioned in the meeting, BPA's 2014 Rate Case is based on this transmission re-segmentation. BPA also proposes to raise rates, 11.0% in 2014-15, and 10.3% in 2016-17 but 6.3% of which is associated with debt service. Although BPA believes the projected rate increase of 10.3% for 2016-17 will actually come down in time, LADWP needs to see more financial and revenue requirement information before supporting the rate increase proposal.

LADWP appreciates BPA's survey of 100+ FERC Jurisdictional utilities and the finding of different levels of segmentation mostly based on voltage levels, 35 kV and below as "Distribution" and everything above that level as "Transmission". This survey and the associated facts found provide a solid foundation for BPA's re-segmentation proposal.

LADWP supports the positions of urban and wholesale customers such as Snohomish and Puget Sound energy who want BPA to take all 34.5kV facilities out of the transmission revenue requirements. We agree that transmission rates should just include transmission equipment only, not distribution lines and transformers.

LADWP understands and sympathizes with the positions of the rural co-operatives and Public Utility Districts who believe Federal Government had created BPA to develop the rural areas, that the present segmentation is good, and that BPA should continue the present "Postage Stamp Rate". LADWP also understands the present economic states of rural poor residential and struggling industrial customers and why they would want BPA to continue its mission of providing low cost power to the wide area in Pacific Northwest. However, LADWP's governing board and ratepayers will have a hard time to justify rates that include the costs of infrastructure which are not used to serve LADWP.