

TO: Bonneville Power Administration

RE: Facility Ownership and Cost Assignment Guidelines Comments

Via email: techforum@bpa.gov

DATE: September 19, 2014

Northwest Requirements Utilities (“NRU”) appreciates this opportunity to comment on the Bonneville Power Administration’s (“BPA”) draft Facility Ownership and Cost Assignment Guidelines. NRU is a non-profit trade association of 54 public utilities that rely upon BPA as their primary or exclusive supplier of wholesale power and transmission services. NRU’s members are all BPA Network Integration Transmission (“NT”) Service customers. On behalf of its membership, NRU submits the following comments and attached red-line draft in response to the materials presented at the Transmission Rates Case Workshop on September 10, 2014.

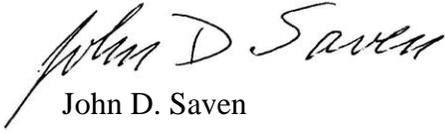
NRU strongly recommends the following substantive modifications, which are reflected in the attached red-line document:

- It is appropriate for BPA to expand existing facilities to account for future load growth, which BPA does not account for in its draft policy. Therefore, NRU strongly recommends that the current language be expanded to clarify that BPA will roll facility expansions with increased capacity into the Network that account for any load growth identified in BPA’s long term planning horizon.
- BPA’s draft policy currently limits Network enhancements that support reliability to facility upgrades only and does not account for new transmission facilities. NRU recommends that BPA should roll any new or expanded facilities that support reliability into the existing Network and not directly assign these facilities to any particular customer.
- BPA’s draft policy is too ambiguous to determine when a customer might be directly assigned costs associated with capacity increases when replacing existing facilities. Therefore, NRU proposes a set of criteria in the attached red-line that identifies when capacity increases would be paid for and constructed by BPA.
- BPA’s draft policy states that it will make any direct assignment determination publicly available. NRU disagrees with the public release of this information given the potentially sensitive facility information that may be contained in the documentation. Therefore, NRU proposes that direct assignment documentation be made available only upon execution of a Non-Disclosure Agreement by a requesting party.

Finally, we appreciate BPA working collaboratively with its customers to bring the Facility Ownership and Cost Assignment Guidelines up to date. That said, NRU does not believe that the Facility Ownership and Cost Assignment Guidelines is an issue that needs to be finalized as part

of the upcoming rates case. Therefore, we encourage BPA to take the time necessary to finalize the guidelines given the possible future ramifications on its customers.

Best Regards,

A handwritten signature in black ink that reads "John D. Saven". The signature is written in a cursive style with a large, sweeping initial "J".

John D. Saven
Chief Executive Officer

Attachment

BPA Transmission Services

Facility Ownership and Cost Assignment Guidelines

DRAFT: September 8, 2014
NRU red-line as of September 19, 2014

The purpose of these Guidelines is to:

1. Aid in determining which facilities are built and paid for by BPA and which facilities are built and paid for by a customer, or built by BPA and the cost of the facilities directly assigned to a customer;
2. Provide consistency with BPA's statutory responsibilities;
3. Provide consistency with FERC guidance to the extent such guidance does not conflict with BPA's statutory responsibilities; and
4. Provide transparency in how BPA makes ownership and cost assignment determinations.

These guidelines apply to both determining the ownership boundary as well as assignment of costs associated with new facilities and replacements.

Currently, newly constructed facilities beyond the point of interconnection that would have historically been directly assigned (built and owned by BPA at the customer's expense) are now being built, paid for, and owned by the customer. BPA generally constructs and owns facilities at the point of interconnection to ensure operational continuity and reliability of its transmission system. Direct assignment of facilities, wherein BPA constructs and owns the facility but assigns the cost to the customer, generally does not occur as a matter of practice.¹

General Ownership/Cost Assignment Guidelines

For new interconnections, BPA will require the customer to build (or directly assign to the customer the cost of) facilities to interconnect to BPA's existing system that are:

1. not integrated with the regional transmission system, or
2. not supporting the reliability or efficiency of the Network for the general benefit of users of such system.

¹ Section 1.11 of BPA's Tariff defines Direct Assignment Facilities as " facilities that have been or are constructed (or caused to be constructed) by Bonneville for the sole use and benefit of a particular Transmission Customer requesting service under this Tariff, the costs of which may be directly assigned to the Transmission Customer in accordance with applicable Commission policy."

Examples where BPA will extend the Network and not assign the costs to the customer include:

1. Extending service to a new customer in a new service territory;
2. Facility upgrades or additions required to meet reliability criteria; or
3. Establishment of a new interconnection point to which customers will interconnect.

Examples of Network upgrades which are normally paid for and constructed by BPA and not directly assigned include:

1. A terminal (primarily power circuit breakers, disconnect switches, and protective relaying) in a BPA substation interconnecting a customer funded line; and
2. Disconnects on either side of a new tap to serve a customer.

Equivalent capacity replacement of rolled-in facilities:

Costs for replacement with a new facility of equal capability will be paid for and constructed by BPA and not be directly assigned to the customer.

Higher capacity replacement of rolled-in facilities:

For a replacement facility which not only replaces an existing rolled-in BPA-owned facility but also adds transmission capacity, the costs of the incremental capacity may be directly assigned to the benefiting customer. ~~If the higher capacity is for BPA's convenience~~ However, ~~the~~ such incremental ~~cost~~ capacity will be paid for and constructed by BPA and not be directly assigned if:

1. The existing rolled-in BPA-owned facility being replaced is integrated with the regional transmission system;
2. The replacement facilities would be integrated with the regional transmission system;
3. The existing rolled-in BPA-owned facility being replaced already supports the reliability or efficiency of the Network for the general benefit of users of such system;
4. The replacement facilities would support, either in whole or in part, the reliability or efficiency of the Network for the general benefit of users of such system;
5. The higher incremental capacity is for BPA's convenience; or
6. The higher incremental capacity is necessary to meet BPA's statutory or tariff obligations for load growth over a prudent planning horizon.

Construction of a new ~~Direct Assignment~~ facility that exceeds the capacity needed to serve the customer:

If BPA installs a facility, such as a transformer, that is larger and more expensive than the size needed over a prudent planning horizon, and the larger size is installed for BPA's convenience, the ~~Direct Assignment~~ cost to the customer shall not exceed the equivalent cost of the appropriate smaller size facility.

Appeal Mechanism:

A customer may appeal a BPA decision about Direct Assignment costs assigned to that customer as provided in the Tariff or contract under which service is provided, or as otherwise provided by law.

If BPA constructs a Direct Assignment Facility:

BPA will require the customer to ~~advance~~ fund the cost of the facility.

BPA Direct Assignment determinations made under these Guidelines:

BPA will make Direct Assignment determinations ~~publicly~~ available upon request subject to execution of any non-disclosure agreements that may be necessary.