

TO: Bonneville Power Administration

RE: BP-16 Transmission Rate Case Comments

Via email: techforum@bpa.gov

DATE: August 20, 2014

Northwest Requirements Utilities (“NRU”) appreciates this opportunity to comment on the Bonneville Power Administration’s (“BPA”) BP-16 Transmission Rate Case Workshop. NRU is a non-profit trade association of 54 consumer-owned 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 comments on the topics of Network Segmentation, BP-14 Segmented Revenue Requirement Error, and the Southern Intertie Long Term Value that were presented at August 13th Workshop.

Network Segmentation

We appreciate the hard work and due diligence that BPA staff applied to the network segmentation process. NRU found the resulting Segmentation White Paper to be a thorough document that appropriately reflects the principles that should be applied when defining the network segment. The Segmentation White Paper also captures the resulting impacts of the various segmentation proposals and how these would have applied to BPA’s transmission customers. In short, we believe the Segmentation White Paper provides a durable foundation for BPA to rely upon for purposes of determining its network segment.

NRU believes BPA was correct in its decision to maintain the status quo for the network segment in the BP-16 Rate Case Initial Proposal and reject the alternative segmentation proposals brought forth by Snohomish PUD, Seattle City Light, and other Point-to-Point (“PTP”) customers. More specifically, BPA correctly applied its network segmentation principles such as maintaining uniform rates on BPA’s network, promoting the wide-spread use of electric power in the Pacific Northwest, rate stability, and a cost causation approach to Network and Delivery service.

NRU supports BPA’s plan to “propose a network segment definition that is consistent with the principles established in the Direct Assignment Guidelines.” NRU believes the Direct Assignment Guidelines have worked well for determining which parties will fund new facilities and should not be modified. Furthermore, NRU recommends that BPA uses the existing Direct Assignment Guidelines as the starting point for defining the existing facilities that comprise network segment. With that in mind, NRU strongly encourages BPA develop a network definition that maintains the principles that were applied in the Segmentation White Paper. We believe that if BPA uses these principles, then the network segment definition will be durable enough to stand the test of time.

Utility Delivery Charge (UDC) Rate Increase

NRU believes that BPA's proposal to increase the UDC by 25% will not only create rate shock for the impacted utilities, but it is simply a flawed approach. For example, the UDC calculation currently overestimates the amount of overhead categories (e.g., marketing, business support) that should be applied to the Utility Delivery segment. We encourage BPA to reconsider the calculations that are used to derive the UDC, and we would point BPA to the NRU Proposal for Utility Delivery Charge that was submitted earlier this year in the Segmentation Workshops.

Southern Intertie Long Term Firm Value

Prior to being able to comment on the issue of Southern Intertie Long Term Firm Value, NRU needs additional background information from BPA. NRU requests that BPA provide additional background and context of this issue, along with potential impacts to different customer classes. Provision of examples will also enhance our understanding of this issue. Upon receiving additional information, NRU would like the opportunity to again submit comments.

NRU thanks the BPA staff for its time and consideration spent on these Transmission Rates issues and for this opportunity to comment on the various proposals.

Best Regards,



John D. Saven
Chief Executive Officer