



Elliot Mainzer, Administrator  
Bonneville Power Administration  
RE: Transmission Segmentation Discussion and Proposed Principles

February 7, 2014

Via email: [techforum@bpa.gov](mailto:techforum@bpa.gov)

Dear Administrator Mainzer:

The Nevada Rural Electric Association (NREA), which represents Public Power in the State of Nevada, appreciates this opportunity to provide comments toward BPA's segmentation process and proposed segmentation principles on behalf of some of the members; Harney Electric Cooperative, Inc., Wells Rural Electric Company, Raft River Electric and Surprise Valley Electrification Corp., who, collectively serve some of the most remote and least populated areas of BPA's territory and have the same types of transmission agreements. The issue of BPA's segmentation policy is of paramount concern to a majority of NREA utility members, and we appreciate your personal attention to this matter. Nevada Rural Electric Association utility members also support the comments of Northwest Requirements Utilities (NRU) and urges BPA to adopt the Segmentation principles as proposed by NRU, which we have also included.

One of the primary reasons Congress created BPA was to ensure that the entire Northwest region would have access to affordable electricity. BPA's statutes obligate the agency to "promote the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles." In order to meet this objective, BPA has always used a postage stamp rate, which allows all of BPA's public preference customers to receive transmission service at the same affordable price without regard to location or size.

This access to affordable electricity allowed NREA's utility members to develop and grow, and continued access for our non-profit public utilities is essential to the viability of the State of Nevada's economy. Moreover, due to the nature of NREA's utility member utilities' service territories, there are fewer customers to whom they can spread costs. For example:

- NREA utility members serve nearly 20% of the state of Nevada's households, ranches, mining and other business operations located in mostly rural communities covering nearly 75% of the State's geography.
- Nevada's unemployment rate in October 2013 was 9.3%, down from over 13% in 2011.
- Higher electricity bills could force the residential sector to cut back on essential items like groceries or school supplies. When businesses can't afford electricity in our rural area, they may have to cut valuable jobs and put off buying equipment. For Nevada's rural schools and hospitals, rising power costs could mean fewer funds available for updated technology or adding teachers, doctors and nurses.

A few of BPA's larger and more urban customers are now advocating that BPA abandon its longstanding segmentation policy for a policy that would slightly benefit those customers proposing alternatives to the extreme detriment of BPA's smallest and most rural customers. However, BPA remains obligated to encourage the widest possible use of power, and the postage stamp rate should be the baseline to determine whether any alternative segmentation proposal meets the widest use obligation. The rate impacts under any alternative proposal must be as good or better *for the entire region* as compared to the current postage stamp rate.



NEVADA RURAL ELECTRIC  
ASSOCIATION

Some of NREA utility members receive transmission service from BPA via transfer service and are therefore not directly impacted by the proposed redefinition of BPAs segmentation policy with regard to low voltage facilities. However, the proposed policy changes to BPA segmentation policy does shift substantial costs from PTP customers to NT customers and therefore has the potential to increase transmission costs to our NREA utility members. Over the years, NREA utility members have relied on BPA's 'one-utility principle' consisting of the BPA network and transfer service via IOU's to provide affordable low cost transmission service to the remote and sparsely populated rural areas of Northern Nevada that otherwise would not have been able to prosper without affordable BPA postage stamp transmission rates. Furthermore, BPA should recognize that utilities throughout the region have planned and built their transmission and distribution systems around BPA's longstanding policy of postage stamp rates. Simply put, certain NREA utility members have developed their utility's plan of service to the people of Nevada with a reliance on BPA's application of its longstanding segmentation policy to existing facilities.

If an alternative proposal would result in rate impacts that would have BPA's more rural and remote customers paying more for transmission service than the rest of the region, and thereby failing the widest use standard, BPA should not consider it, which also means not engaging in time-consuming technical studies. BPA should not spend valuable staff time and resources doing any analytical work that is not supported by a sound legal and policy basis.

Thank you for this opportunity to comment and your continued involvement on this issue. I also appreciate the excellent work by BPA staff to explain the historical and analytical basis for BPA's current segmentation policy.

Sincerely,

Clay R. Fitch  
Executive Director  
Nevada Rural Electric Association

CC: John Saven, Northwest Requirements Utilities