



February 7, 2014

Elliot Mainzer, Administrator
Bonneville Power Administration
RE: Transmission Segmentation Discussion and Proposed Principles
Via email: techforum@bpa.gov

Dear Administrator Mainzer:

Congratulations. Northern Wasco County PUD wishes to congratulate you on being appointed as BPA's Administrator and CEO. We have full confidence in your capabilities and leadership and we look forward to working with you and your capable staff.

Northern Wasco County PUD in The Dalles, Oregon is distressed, and saddened that we are having to engage ourselves in a matter that has such large negative economic consequences to many, particularly small and rural utilities, with seemingly deminimus economic advantage to a few large, urban utility proponents. Simply put, we feel that in these times of deteriorating business integrity and numerous instances of betrayal of public trust and confidence, that it is incumbent upon BPA, more than ever, to continue to be a beacon of honor, consistency and customer excellence. Let us not betray the preference principles that have brought so much prosperity to the Pacific Northwest and to our communities individually. BPA has a long standing history of utility planning and financial decisions based on longstanding segmentation policies. It is disingenuous to build transmission assets under one cost recovery method only to deploy a different cost recovery that runs counter to how the transmission grid was planned and built.

When the Northern Wasco Board of Directors discussed this issue they actually did reflect on the high ideals mentioned in the forward paragraph. Northern Wasco PUD prides itself in making quality decisions based on sound judgment and which are prudent, sustainable, and fair. It is not only what we do, but how we do our business that is important to us. BPA has been, and continues to be an important business partner. For continuation and further enrichment of this business partnership into the future it is imperative that we be able to rely on continuity of the foundation upon which public policy decisions are made. The issue of BPA's segmentation policy is of paramount concern to our utility, and I appreciate your personal attention to this matter.

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 our community to develop and grow, and it continues to be essential to the viability of our local economy.

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, the impact on current jobs, future economic development opportunities is greatly compromised. 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, we developed our utility’s plan of service with a reliance on BPA’s application of its longstanding segmentation policy to existing facilities.

Northern Wasco PUD supports the comments of Northwest Requirements Utilities (NRU) and urges BPA to adopt the Segmentation principles as proposed by NRU.

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,



Dwight Langer
General Manager

CC: John Saven, Northwest Requirements Utilities