



PNGC Comments on Transmission Workshop Topics
September 19, 2014

PNGC offers the following comments on transmission rates workshop issues.

BPA's proposed change to a 7-year historical average O&M Allocation Factor

PNGC supports BPA's proposal to move from a 3-year historical average of O&M costs to a 7-year average. We agree with BPA's logic that a 7-year average would smooth out rates and better capture maintenance that has more than a 2 year cycle.

Direct Assignment Guidelines

PNGC's redline of BPA's Direct Assignment Guidelines is attached. Our revisions are intended primarily to bring additional clarity to the guidelines. However, we also propose certain substantive changes regarding treatment of higher capacity replacement of rolled-in facilities. Our redline proposes circumstances when BPA should construct and pay for a higher capacity replacement. We are concerned that the guidelines in their current form do not provide enough detail around what costs should continue to be rolled-in. We also revised this section to better reflect BPA's statutory and tariff obligations to plan and build transmission to meet the load growth of its Network Integration Transmission Service (NT) customers.

Further, BPA's proposed language in the section concerning higher capacity replacement of facilities does not cover a variety of situations where rolled-in treatment would be appropriate. We believe our suggested changes provide additional detail concerning the treatment of replacement facilities and prevent the unnecessary splintering of ownership and operation of facilities, such as substations. We believe these revisions are consistent with goals that BPA staff has previously expressed and which BPA indicated were important considerations during the last time these guidelines were revised, in 2007.

We are also concerned about wide public dissemination of BPA planning documents which are currently highly restricted. Parties should not object to signing non-disclosure agreements, if necessary, to protect sensitive electric system information.

Powerex Southern Intertie Proposal

The issues raised by Powerex regarding the Southern Intertie are extremely complex. We believe that we should continue to explore the issue to increase our understanding of the underlying problem as well as the upside and downside of various potential solutions, whether those may be rate or non-rate based. However, at this time we are not comfortable endorsing one particular solution over another.

We thank BPA for this opportunity to comment. If you have further questions, please contact Aleka Scott at PNGC.