

Tillamook People's Utility District

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A Customer-Owned Electric Utility

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Raymon D. Sieler
GENERAL MANAGER

Elliot Mainzer
BPA Administrator
BPA, Communications - DK-7
P. O. Box 14428
Portland, OR 97293-4428

Re: Transmission Segmentation

Dear Mr. Mainzer;

I would first like to congratulate you on your recent appointment as the permanent BPA Administrator and wish you well on years to come.

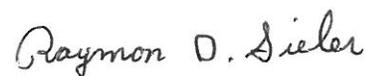
Having attended the Transmission Segmentation Kick-Off discussion on January 28, 2014, I felt it imperative that I present Tillamook PUD's (TPUD) perspective concerning the segmentation issue:

1. Small utilities such as TPUD are more likely to be harmed by the suggested modifications to BPA's segmentation policy.
 - Smaller utilities are often served at lower voltages and over longer transmission lines than their urban counter parts. TPUD has 14.7 customers per mile compared to a Snohomish County PUD that has 100 customers per mile.
 - Unemployment rates are typically higher in rural counties as compared to metropolitan areas. Therefore utility rates are impacted more by economic development and the end use customers. Tillamook County unemployment is 6.6% compared to 5.7% for Snohomish County.
 - Tillamook County personal income (2012) was \$35,863 when the national poverty level indicates \$23,550. I have to believe the Snohomish County personal income is certainly above the \$35,863 level.
2. Congress created BPA to ensure that the most remote or rural areas of the Northwest would have access to affordable electricity. Congress codified their objective in the Bonneville Project Act and in every subsequent Bonneville enabling statute.
 - In order to meet this statutory obligation, BPA has used a postage stamp rate since its beginning 77 years ago. This process ensures that all BPA customers receive transmission service at the same affordable price without regard to location or size.

3. BPA needs to focus on the big picture by looking at its statutory obligations, directives and regional policy and not spend time and money on doing technical studies that have a flawed rationale supporting their assumptions.
4. Rate impacts of directly assigning radial facilities under 116 kV would generally be financially disastrous for rural areas for a nominal reduction for BPA's more urban customers along the I-5 corridor.

In conclusion it is Tillamook People's Utility District's position that BPA should not entertain any segmentation proposal that would violate its Widest Use Standard and change BPA's longstanding policy of postage stamp rates nor penalize BPA's small and rural customers for being remotely located or having sparsely populated service territories. We are in total support of John Saven and Northwest Requirement Utility comments.

Respectfully Submitted,



Raymon D. Sieler
General Manager
Tillamook PUD

CC: TPUD Board
TPUD Staff
John Saven – NRU