



**UNITED ELECTRIC**  
CO-OP, INC.

*“Owned By Those We Serve”*

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February 11, 2014

Mr. Elliot Mainzer, Administrator  
Bonneville Power Administration  
RE: Transmission Segmentation Discussion and Proposed Principles  
Via email: [techforum@bpa.gov](mailto:techforum@bpa.gov)

Dear Administrator Mainzer:

United Electric Co-op, Inc. (United Electric) appreciates the opportunity to provide comment regarding Bonneville Power Administration’s (BPA) segmentation process. Your personal involvement is greatly appreciated and hopefully a demonstration of your continued commitment to this important issue.

As a Transfer Service customer of BPA, transmission service has been a long standing concern for United Electric. Smaller and more rural BPA public preference customers in Idaho have not enjoyed the same opportunity over time as BPA public preference customers directly connected to the main grid. The historic inequity in opportunity has, at times, come at a financial cost. Now, a few of BPA’s larger and more urban customers are advocating that BPA abandon its longstanding segmentation policy for a policy that would slightly benefit those customers, to the extreme financial detriment of BPA’s smaller and more rural customers.

The affordability of electrical power in the Northwest is one of the reasons United Electric has been able to attract and retain businesses, and it continues to be essential to the viability of our local economy. The unemployment rate in Cassia County and Minidoka County is 5% and 5.7% respectively. Moreover, due to the nature of small and rural utilities, there are fewer customers to whom costs can be spread. United Electric, for example, has approximately 7.5 customers per mile of line.

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.

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United Electric is a member of the Northwest Requirements Utilities (NRU) and supports the more detailed comments submitted by NRU, as well as NRU's Proposed Segmentation Principles which are included.

Thank you for the opportunity to comment on this important issue. Additionally, the excellent work by BPA staff on the history and analytical basis for the current segmentation policy is greatly appreciated.

Sincerely,



Jo Elg  
General Manager

cc: John Saven, Northwest Requirements Utilities

### **Northwest Requirements Utilities Proposed Segmentation Principles**

1. Full and timely cost recovery
2. Any segmentation policy must encourage the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles.
  - The baseline for whether a proposal achieves this “Widest Use Standard” is a uniform rate.
3. Equitable cost allocation between federal and non-federal uses of the Transmission system
4. Emphasizes a regional perspective
  - Alternatives must consider how costs are allocated and recovered.
  - Proponents of alternatives must demonstrate how the region benefits from the alternative compared to status quo.
  - Helps facilitate customers working together with BPA on complex matters
5. Honor BPA and utility planning and financial decisions based on longstanding segmentation policies
6. Simplicity, understandability, public acceptance, and feasibility of application
7. Avoidance of rate shock
8. Rate stability from rate period to rate period
9. Cost causation
10. Must align with BPA’s planning and financing policies
11. Is not disruptive or delaying to BPA’s IPR and CIR processes