



# Vigilante Electric Cooperative

A Touchstone Energy® Cooperative 

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[www.vec.coop](http://www.vec.coop)

Elliot Mainzer, Administrator  
Bonneville Power Administration  
RE: Transmission Segmentation Discussion and Proposed Principles  
Via email: [techforum@bpa.gov](mailto:techforum@bpa.gov)  
DATE: Feb. 11, 2014

Dear Administrator Mainzer:

Vigilante Electric Cooperative (VEC) appreciates this opportunity to comment on BPA's segmentation process and proposed segmentation principles. The issue of BPA's segmentation policy is of paramount concern to our utility, and I appreciate your personal attention to this matter. VEC also supports 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 our community to develop and grow, and it continues to be essential to the viability of our local economy. Moreover, due to the nature of our service territory, we have fewer customers to whom we can spread costs. For example: VEC has the following statistics related to our service territory:

- Serve nine counties in Southwestern Montana and one county in northern Idaho
- Low Density of just 3.5 accounts per mile of line.
- 17.1% at or below the poverty level for Beaverhead County, MT.
- Cost of Living Index is 88.6% of national average.
- 25% of all industry is Ag related.

Cropland and specifically irrigated cropland is the largest industry in the area and demands a large amount of energy for irrigation purposes. The farming livelihood relies on low cost electrical energy.

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

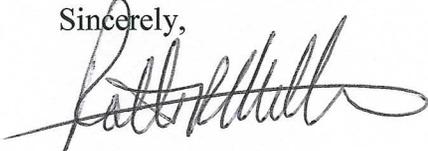
stamp rate should be the baseline to determine whether any alternative segmentation proposal meets the widest use obligation. The rate impacts under any alternative proposal must be as good or better *for the entire region* as compared to the current postage stamp rate.

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.

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. Changing that policy "mid-stream" would dramatically impact the entire approach to building and maintaining powerlines in our service territory.

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,

A handwritten signature in black ink, appearing to read "Rollie R. Miller". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Rollie R. Miller PE  
General Manager

CC: John Saven, Northwest Requirements Utilities