

**COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP
BP-16 TRANSMISSION RATE TOPICS**

Submitted: August 20, 2014

The utilities that comprise the Western Public Agencies Group (“WPAG”) appreciate this opportunity to comment on topics discussed at the Bonneville Power Administration’s (“BPA”) BP-16 Transmission Rates Workshop held on August 13, 2014.

Segmentation

WPAG thanks BPA staff for its comprehensive work in conducting the Segmentation review process and supports BPA’s decision to maintain the status quo for its Network transmission segment for the BP-16 Initial Proposal. The thoughtful Segmentation White Paper prepared by BPA staff and the comments BPA received in response thereto clearly affirm that maintaining the current Network best achieves the principles of uniform rates, promoting the widespread use of electric power at the lowest possible rates, rate stability, and cost causation.

We do, however, still believe that something needs to be done to stabilize the rate death spiral of the Utility Delivery Charge (“UDC”), which it appears will be subject to another 25% increase under the intended BP-16 Initial Proposal. This will likely set the UDC to a level near the NT rate in BP-16, with another similar increase anticipated in BP-18. This trajectory is unsustainable and BPA and its customers need to find an equitable solution to the UDC problem.

We are also cautious of BPA’s stated intent to revisit its Direct Assignment Guidelines. Any changes to those guidelines should be consistent with the same principles that guided the Segmentation Review Process, *i.e.*, the principles of uniform rates, promoting the widespread use of electric power at the lowest possible rates, rate stability, and cost causation. We are looking forward to engaging with BPA and other customers in this process.

Southern Intertie Long Term Firm Value Discussion

BPA should take another run at rolling out the discussion on the value of long term firm transmission on the Southern Intertie. More background information is critical to help customers understand the problem trying to be solved, potential solutions and possible impacts. We are particularly interested in non-rate options and ask that BPA present both non-rate and rate alternative solutions at the August 27th workshop.

Network Cost Allocation – Tacoma Power’s Proposal

WPAG joins the comments of the NT Customer Group regarding Tacoma Power’s proposal to allocate the costs of BPA’s Network segment based upon the sum of the contract demands of Point to Point (“PTP”) customers and the annual non-coincidental peaks (“1 NCP”) of Network Transmission (“NT”) customers.