



TO: Bonneville Power Administration (techforum@bpa.gov)
RE: Comments on BP-16 Transmission Rate Case Workshop
DATE: July 9, 2014

Sent via e-mail to techforum@bpa.gov

PNGC Power (PNGC) appreciates the opportunity to comment on the Bonneville Power Administration (BPA) BP-16 Transmission Rate Case Workshop held on June 25, 2014. PNGC is an electric generation and transmission cooperative owned by fourteen Northwest rural electric distribution cooperative utilities with service territory in seven western states. Our comments on three specific areas follow.

I. NT Unreserved Use Penalty

PNGC is pleased to see BPA staff's recommendation not to create an Unreserved Use Penalty ("UUP") for the BP-16 Initial Proposal. BPA conducted a thorough review of past transmission schedules and did not find any instances of intentional scheduling above reservations by NT customers. This charge is unnecessary and would be administratively burdensome for BPA to administer if instituted. Given the lack of need for such a charge, PNGC supports BPA's proposal not to move forward with a UUP for NT.

II. Power Factor Penalty

PNGC strongly supports staff's recommendation to eliminate the power factor penalty. This charge is extremely burdensome for both BPA and the customer to administer and has outlived its useful life.

III. WECC and PEAK Costs

BPA has asked for input on how to allocate certain costs associated with PEAK Reliability ("PEAK") and WECC. Because PEAK is a new entity, BPA has noted that cost estimates are not fully refined and are subject to revision. Based on that, BPA asked for guidance on whether it should either (i) "develop rates so that each load serving entity with BPA's BA would pay a proportionate share based on each entity's net energy for load within its monthly transmission bill, or (ii) do not assume any costs in the revenue requirement and do not recover those costs until there is more understanding and experience with those costs." (BPA's June 25, 2014 slides)

PNGC suggests that BPA include the estimated \$500,000 of PEAK charges related to BPA's station service load and related items in the revenue requirement to be shared by all Network and intertie transmission segments. With respect to the estimated charges directly attributed to LSE load within the BPA BA, PNGC supports a mechanism to allow BPA to pass through the PEAK charges.

PNGC supports similar treatment for BPA's allocation of the WECC charges. BPA approximates \$400,000 in costs for unscheduled flow charges and \$880,000 for station service and other loads not directly attributable to a load service entity. PNGC supports the continued spread of these costs among all Network and intertie transmission segments, as they apply to the wider base of transmission customers and are most appropriately charged to that broader group.

BPA also inquires whether customers support a switch from past practice where WECC directly bills each load serving entity within the BPA BA. Based on BPA's observations and PNGC's direct experience that WECC direct billing of LSEs has created administrative problems and is generally not efficient, PNGC supports a switch to have WECC bill BPA directly based on its net energy for load. BPA could then allocate and collect these costs to load serving entities in its BA.

IV. Tacoma Power Proposal Related to Network Cost Allocation

Tacoma Power has requested that BPA change its Network allocation methodology to either (i) Peak Usage equivalent allocator for both PTP and NT (e.g., PTP and NT at 2CP), or (ii) Contract Demand equivalent for NT service (e.g., PTP at CD and NT at 1NCP). The information Tacoma presented to support their proposal was limited, but based on what we do know there does not appear to be any merit in advancing this proposal further.

Allocating costs for PTP customers based on peak usage is a drastic change from past practice and is contrary to open access generally and BPA's Open Access Transmission Tariff specifically. In fact, BPA uses Contract Demand throughout its OATT to manage and structure PTP service. System planning, ATC and AFC, reservation priority rights, and queue management all rely on Contract Demand. Deviating from Contract Demand for cost allocation would insert a troubling amount of inconsistency into BPA policies and simply lacks justification.

Further, Tacoma's proposal to allocate network costs to NT customers at 2CP or 1NCP does not have merit. Tacoma attempts to justify this change in cost allocation primarily by noting that the PTP to NT load ratio is higher at BPA than the average IOU in the Northwest. This sole fact is of limited usefulness in choosing a cost allocation methodology. Indeed, BPA considered this argument in the BP-14 rate case, in addition to a variety of other more significant factors, and made the determination not to choose either 2CP or 1NCP as its transmission cost allocation methodology.