

August 6, 2014

Department of Energy  
Bonneville Power Administration

Submitted to: [techforum@BPA.gov](mailto:techforum@BPA.gov)

**Re: Comments of Avista Corporation, PacifiCorp, and Portland General Electric Company, and Puget Sound Energy, Inc. on BPA's Direct Assignment Guidelines**

Dear Ladies and Gentlemen:

By this letter, Avista Corporation ("Avista"), PacifiCorp, Portland General Electric Company ("Portland General"), and Puget Sound Energy, Inc. ("PSE") comment on BPA's Direct Assignment Guidelines<sup>1</sup> and the materials regarding BPA Direct Assignment in the presentation titled "BP-16 Transmission Rate Case Workshop" dated July 23, 2014 (the "July 23 Workshop Presentation").<sup>2</sup>

Avista, PacifiCorp, Portland General, and PSE appreciate the opportunity to submit these comments.

The Guidelines generally define Direct Assignment Facilities as follows:

Direct Assignment Facilities (as defined in Bonneville's Open-Access Transmission Tariff) are: "facilities that have been or are constructed (or caused to be constructed) by Bonneville for the sole use and benefit of a particular Transmission Customer requesting service under this Tariff, the costs of which may be directly assigned to the Transmission Customer in accordance with applicable Commission policy.

The Guidelines indicate that a

customer may elect to construct and own facilities in lieu of BPA construction and ownership, consistent with BPA design and

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<sup>1</sup> The BPA "Transmission Business Line (TBL) Guidelines for Direct Assignment Facilities Effective: January 1, 1999" ("Direct Assignment Guidelines" or "Guidelines") are available at [http://www.bpa.gov/Finance/RateCases/BP-16/Meetings%20Workshops/Guidelines%20for%20Direct%20Assignment%20Facilities\\_02-19-14.pdf](http://www.bpa.gov/Finance/RateCases/BP-16/Meetings%20Workshops/Guidelines%20for%20Direct%20Assignment%20Facilities_02-19-14.pdf).

<sup>2</sup> The July 23 Workshop Presentation is available at [http://www.bpa.gov/Finance/RateCases/BP-16/Meetings%20Workshops/Workshop%20Slides\\_BP-16%20Rates%20\\_07-23-14.pdf](http://www.bpa.gov/Finance/RateCases/BP-16/Meetings%20Workshops/Workshop%20Slides_BP-16%20Rates%20_07-23-14.pdf).

interconnection standards that include, but are not restricted to, prudent utility safety requirements. Generally BPA will perform any work within BPA stations at the customer's expense.

The Guidelines should be revised to indicate that new facilities that would constitute Direct Assignment Facilities if owned by BPA are to be constructed and owned by the customer rather than BPA--unless the new facilities are terminal equipment that must be located in a BPA substation, in which case these new facilities may be Direct Assignment Facilities owned by BPA and paid for by the customer under a BPA Advanced Funding rate.

The July 23 Workshop Presentation contains the following, which is labeled as "Post-1996 Direct Assignment Guidelines":

- Direct Assignment Facilities are defined as either:
  - Not integrated with the Integrated Network
  - Not supporting the reliability or efficiency of the Integrated Network for the general benefit of users [of] such system
- The customer builds to connect to the existing network
- New terminal equipment is:
  - Owned by BPA
  - Financed by customer (unless NT load growth)
  - Customer is eligible for transmission credits

It appears that the above-described "Post-1996 Direct Assignment Guidelines" may in fact be a summary of informal BPA practices that BPA has generally followed in implementing the Direct Assignment Guidelines. Going forward, BPA should clarify the intent by incorporating appropriate modifications into the Direct Assignment Guidelines. In that regard,

- (i) The "definition" of Direct Assignment Facilities in the "Post-1996 Direct Assignment Guidelines" is not necessary because the Guidelines define Direct Assignment Facilities.

- (ii) The provision that the “customer builds to connect to the existing network” should be expressly added to and incorporated into the Direct Assignment Guidelines.
- (iii) The treatment of new terminal equipment in the “Post-1996 Direct Assignment Guidelines” should be eliminated and the treatment of new terminal equipment should be incorporated into the Direct Assignment Guidelines. Specifically, the Direct Assignment Guidelines should be revised to provide that new terminal equipment that would constitute Direct Assignment Facilities if owned by BPA are to be constructed and owned by the customer rather than BPA--unless the new facilities are terminal equipment that must be located in a BPA substation, in which case these new facilities may be Direct Assignment Facilities owned by BPA and paid for by the customer under a BPA Advanced Funding rate.

Further, it is unclear what types of equipment would constitute “new terminal equipment.” BPA should explain this term, and, to the extent that “new terminal equipment” is referenced in the guidelines, the types of equipment that fall within this term should be clarified.

Costs of Direct Assignment Facilities--whether or not they constitute new terminal equipment--should not be rolled into the costs of BPA’s integrated network because such facilities are by definition not part of BPA’s integrated network and are for the sole use or benefit of a particular BPA customer, which should bear the cost of such facilities--presumably through an Advanced Funding rate. This is true regardless of whether or not the new facility is new terminal equipment for NT load growth because, again, by definition, such facility is not part of BPA’s integrated network and is the sole use or benefit of a particular BPA customer. And it should be noted that there is no provision of BPA’s OATT that requires the cost of new terminal equipment for NT load growth to be rolled in into BPA’s integrated network. Rolling the costs of Direct Assignment Facilities, which are not part of BPA’s integrated network and are for the sole use or benefit of a particular BPA customer, into BPA’s integrated network rates would not constitute an equitable allocation of BPA costs.