

BPA Transmission Services

Facility Ownership and Cost Assignment Guidelines

DRAFT: September 22, 2014

The purpose of these Guidelines is to:

1. ~~Aid in determining~~Provide clarity regarding which facilities are built and ~~paid for~~funded by BPA and which facilities are built and ~~paid for~~funded by ~~customers~~a customer, or built by BPA and the cost of the facilities directly assigned to a customer;
2. Provide consistency with BPA's statutory responsibilities;
3. Provide consistency with FERC guidance to the extent such guidance does not conflict with BPA's statutory responsibilities; and
4. Provide transparency in how BPA makes ownership and cost assignment determinations.

These guidelines apply to both determining the ownership boundary as well as the assignment of costs associated with new facilities and replacements.

Currently, newly constructed facilities beyond the point of interconnection that would have historically been directly assigned ~~(and built-and/owned by BPA at the customer's expense)~~, are now being built, paid forfunded, and owned by the customer. BPA generally constructs, funds, and owns facilities at the point of interconnection to ensure operational continuity and reliability of its transmission system. ~~Direct assignment of facilities, wherein BPA constructs and owns the facility but assigns the cost to the customer, BPA construction of directly assigned facilities~~ generally does not occur as a matter of practice.¹

General Ownership/Cost Assignment Guidelines

For new interconnections, BPA will require the customer to build and fund ~~(or directly assign to the customer the cost of)~~ facilities necessary to interconnect to BPA's ~~existing~~ system that are:

1. not integrated with the regional transmission system, or
2. not supporting the reliability or efficiency of the Networktransmission system for the general benefit of users of such system.

¹ Section 1.11 of BPA's Tariff defines Direct Assignment Facilities as "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."

Examples where BPA will ~~extend the Network~~ construct facilities and generally not assign the costs to the customer include:

1. Extending service to a new customer in a new service territory if and to the extent it is not practicable to provide such service using existing facilities owned by BPA or third parties;
2. Facility upgrades or additions required to meet reliability criteria; or
3. Establishment of a new interconnection point to which customers will interconnect if and to the extent it is not practicable to provide such interconnection using existing facilities owned by BPA or third parties.

~~Examples of Network upgrades which are normally not directly assigned include:~~ Where customers interconnect to BPA's system, BPA will not assign to customers the costs for the following (unless the connection point is a point of convenience² constructed at the customer's request):

1. A terminal (primarily power circuit breakers, disconnect switches, and protective relaying) in a BPA substation interconnecting a customer funded line; and
2. Disconnects on either side of a new line tap to serve a customer.

Equivalent capacity replacement of rolled-in facilities: (i.e., facilities rolled in to the Delivery or Network segments):

Costs for replacement with a new facility of equal capability will not be directly assigned to the customer.

Higher capacity replacement of rolled-in facilities:

For a replacement facility which not only replaces an existing rolled-in BPA-owned facility but also adds transmission capacity for the customer's convenience, the costs of the incremental capacity may be directly assigned to the benefiting customer. If the higher capacity is for BPA's convenience or to meet BPA's statutory or tariff obligation for load growth over a prudent planning horizon, the incremental cost will not be directly assigned.

Construction of a new ~~Direct Assignment~~ facility that exceeds the capacity needed to serve the customer:

If BPA installs a facility, such as a transformer, that is larger and more expensive than the size needed over a prudent planning horizon, and the larger size is installed for BPA's

² Convenience refers to the construction of facilities beyond what is needed to provide transmission service to the customer over a prudent planning horizon. Facilities built for the convenience of the customer will be directly assigned. Facilities built for the convenience of BPA will not be directly assigned.

convenience, the ~~Direct Assignment~~ cost to the customer shall not exceed the equivalent cost of the appropriate smaller size facility.

If BPA constructs a ~~D~~irect ~~A~~ssignment ~~F~~acility:

BPA will typically require the customer to advance fund the cost of the facility.

Appeal Mechanism: The Customer's Right to Dispute BPA's decision:

A customer may ~~appeal~~dispute a BPA decision about ~~Direct Assignment~~the assignment of costs ~~assigned~~ to that customer as provided in the Tariff ~~or contract, agreement~~ under which service is provided, or as otherwise provided by law.

Public availability of BPA's decisions made under these Guidelines:

BPA will make ~~Direct Assignment determinations~~its investments to rolled-in facilities made under these guidelines publicly available.