

BPA's Final Segmentation Principles

Date: March 20, 2014

1. Consistent with statutory requirements

- a. Full and timely cost recovery
- b. BPA's rates are based on total system costs
- c. Equitable cost allocation between federal and non-federal uses of the Transmission system
- d. Encourages the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles

2. Consistent with rate making principles

- a. Cost causation
- b. Simplicity, understandability, public acceptance and feasibility of application
- c. Avoidance of rate shock
- d. Rate stability from rate period to rate period

3. Considers a regional perspective

- a. Alternatives include how costs are allocated and recovered
- b. BPA asks that proponents of alternatives explain how the region benefits from the alternative compared to the status quo
- c. Historically BPA has applied uniform rates to achieve widest possible diversified use

