



January 22, 2016

By email: refredrickson@bpa.gov

Rebecca Fredrickson
Manager of Transmission Rates and Revenues
Bonneville Power Administration
911 NE 11th Ave
Portland, OR 97232

Dear Rebecca,

We appreciate BPA's efforts to address the alternatives to Southern Intertie Hourly Non-firm service. Although PNGC does not use the Southern Intertie directly, we are concerned as BPA transmission customers in general, and as BPA power customers in particular. BPA needs to be able to continue to collect the revenue requirement associated with the Southern Intertie on a planned and reliable basis, which means ensuring that the value of long-term firm (LTF) rights is maintained. As power customers, BPA power holds substantial rights on the Southern Intertie and relies on secondary power revenues to keep our preference power rates as low as possible.

The White Paper does an excellent job laying out the issues, the background, the alternatives and analysis of alternatives. Based on BPA's analysis in the White Paper, PNGC supports BPA adopting Alternative 2 -Calculate the Southern Intertie HNF rate based on a different assumption of 'high value' hours. We think that this alternative would be effective in helping to maintain the value of LTF rights on the Southern Intertie. Alternative 2 is consistent with the all of the rate principles outlined in the White Paper. It is also an action that BPA can take independently of the CAISO. BPA should consider using an expedited 7(i) process to put this solution in place.

PNGC also believes that BPA should continue to consider some of the other alternatives to address the issues. For example, Rate Alternative 5 – Eliminate the HNF interruption credit is certainly a common sense idea that should be strongly considered. BPA should also look seriously at the non-rate Alternatives 6 and 9. While these alternatives are rated "somewhat effective" by themselves, in combination with rate Alternatives 2 and 5, the

Pacific Northwest Generating Cooperative

711 NE Halsey • Portland, OR 97232-1268

(503) 288-1234 • Fax (503) 288-2334 • www.pngcpower.com

package could be quite effective in having parties rethink their use of HNF in place of LTF rights on the Southern Intertie.

We appreciate BPA's collaborative approach to this issue. This issue will, no doubt, continue to evolve and rules will continue to change on the southern end of the Intertie. BPA's ability to address changing conditions in a timely manner helps all of its customers.

Sincerely,



Aleka Scott
PNGC's Vice-President of Transmission and Contracts