



*Your Northwest renewables utility*

October 9, 2015

Submitted via email: [refredrickson@bpa.gov](mailto:refredrickson@bpa.gov)

Bonneville Power Administration  
905 NE 11<sup>th</sup> Avenue  
Portland, OR 97232

**Subject: Comments of Snohomish County PUD No. 1 on the BPA  
Southern Intertie Hourly Non-Firm Product**

Dear Ms. Fredrickson;

Snohomish County PUD No. 1 (Snohomish) appreciates the opportunity to comment on the BPA Southern Intertie Hourly Non-Firm issues in response to discussions at the September 29, 2015 workshop. As BPA proceeds with a review of these issues and develops next steps, Snohomish has a number of concerns it would like BPA to address, and thoughts on the rates and non-rates solutions being discussed.

There are two main issues at play in this discussion: the loss of value to Southern Intertie firm rights holders and the equitable distribution of congestion benefits. The former is especially concerning for Snohomish as a Pacific Northwest AC Intertie Capacity Owner. Protecting the investment made in long-term firm Southern Intertie service by many in the region should be of the highest priority. Any loss of value, as current analyses indicate, could result in the Southern Intertie's capacity ultimately being undersubscribed, resulting in lower levels of cost-recovery and BPA facing a reduction in future requests for long-term firm intertie transmission service.

Both issues can be addressed through two general avenues: 1) increase the non-firm rate for the Southern Intertie ("rates solution"); or 2) work with regional stakeholders to effect a change in reservation scheduling practices ("non-rates solution"). BPA also has the authority to take steps to revise its intertie scheduling business practices to address the identified seams issue currently affecting the value of BPA's non-firm hourly intertie transmission sales.

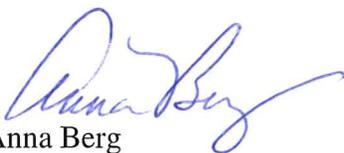
Each solution or path offers its own set of risks and rewards. BPA should not foreclose either solution, but instead take steps to ensure both options remain viable. The timeline for a rates solution is driven by BPA conducting a 7(i) process. Snohomish understands that the timing for conducting a 7(i) process is limited and encourages BPA to consider contracting for consultant services to support this effort, so a new hourly non-firm rate is in place by October 1, 2017. The consulting firm could also assist BPA staff with the drafting of business practices and other negotiations to develop a set of durable and long-term non-rates solutions that will address the known seams issues.

Snohomish also believes that BPA Power Services, as a major customer of BPA Transmission Services, has a vested interest in the disposition of the Southern Intertie hourly non-firm rate. As such it is important that BPA Power Services staff weigh in and participate in the options and solutions being discussed and evaluated.

At this time, Snohomish has no additions to the alternatives under discussion and path forward. We would however request that any successful proposal that gains traction include elements that preserve the long-term investment made by firm rights holders in the Southern Intertie. Additionally, proposals should address the equitable allocation of congestion benefits across all stakeholders (both internal and external), rather than designed such that all benefits end up concentrated in a single region or accruing to one entity.

If there are any questions or thoughts on these comments, please do not hesitate to contact me.

Sincerely,



Anna Berg  
Senior Manager Power Supply