

August 8, 2018

Via Email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

Re: BP-20 - Comments of Avangrid Renewables, LLC, Idaho Power Company, and PacifiCorp regarding July 25, 2018 BP-20 Revenue Requirement Presentation

Avangrid Renewables, LLC, Idaho Power Company, and PacifiCorp (“Commenting Parties”) hereby submit the following comments regarding BPA’s July 25, 2018 BP-20 Rate Case Workshop: Revenue Requirement Presentation (“Revenue Requirement Presentation”).¹ Commenting Parties also join in concurrently-submitted comments from Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. regarding other BP-20 topics but they write separately here to address certain amortization expenses associated with the South of Allston (“SOA”) project, also known as the “I-5 Corridor Reinforcement Project,” which BPA abandoned in May 2017.²

In the Revenue Requirement Presentation, BPA staff stated that approximately \$130 million was spent on the I-5 Corridor Reinforcement Project before its termination, and that “the administrator chose to treat the SOA spending as a regulatory asset and amortize it over five years, beginning in BP-20, at \$26 million/year. The spending had been on planning studies which have a 2-5 year life.”³ Elsewhere, however, BPA has described the I-5 Corridor Reinforcement Project costs as including “preliminary construction and related activities,”⁴ and “\$118.7 million of transmission assets and related facilities.”⁵ In other words, it appears that the costs associated with the now-abandoned I-5 Corridor Reinforcement Project include more than

¹ Bonneville Power Administration, *BP-20 Rate Case Workshop: Revenue Requirement* (July 25, 2018) available at https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/RateCase/2018.07.25_BP20_RevReq.pdf (hereinafter “Revenue Requirement Presentation”)

² Bonneville Power Administration, Letter to the Region Regarding the “I-5 Corridor Reinforcement Project” (May 17, 2017), available at https://www.bpa.gov/Projects/Projects/I-5/Documents/letter_I-5_decision_final_web.pdf.

³ Revenue Requirement Presentation at 11.

⁴ Bonneville Power Administration, *2017 Annual Report*, 62, available at <https://www.bpa.gov/Finance/FinancialInformation/AnnualReports/Documents/AR2017.pdf>.

⁵ Bonneville Power Administration, *2016 Annual Report*, 62, available at <https://www.bpa.gov/Finance/FinancialInformation/AnnualReports/Documents/AR2016.pdf>.

solely planning studies, which means, among other things, that such costs may have an amortization period longer than 2-5 years.

Little is known about the \$130 million in abandoned I-5 Corridor Reinforcement Project costs that BPA seeks to allocate to transmission customers. Commenting Parties therefore request that BPA not only provide more information about these costs, but also consider adopting a longer amortization period, which may help mitigate the combined regional impacts of increased transmission rates and the costs of implementing non-wires solutions.

As part of its July 25 workshop, BPA announced a projected transmission rate increase of ten percent for the BP-20 period—an increase partially attributable to the combined impact of the I-5 Project’s high abandoned costs and short amortization period.⁶ As Commenting Parties and other customers have observed, this projected transmission rate increase does not even take into account the currently undefined level of revenue financing implicit in BPA’s financial plans.⁷

As with BPA’s proposed financial reserves and leverage policies, the costs associated with BPA’s now-abandoned I-5 Corridor Reinforcement Project appear part of a series of processes and proposals that may result in substantial, but as yet undefined, rate impacts to BPA’s Transmission Business Line. In addition to sharing more information about these abandoned costs, BPA should evaluate the potential cumulative rate impacts of all of these processes and proposals before taking determinative action, and should look for other rate reduction opportunities to ease the potential impact on transmission customers.

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Commenting Parties appreciate the opportunity to submit these comments. By return e-mail, please confirm BPA’s receipt of these comments.

⁶ Bonneville Power Admin., *BP-20 Rate Previews* (July 25, 2018), available at https://www.bpa.gov/Finance/RateCases/BP-20/Meetings/RateCase/2018.07.25_BP20_RateImpactPreview.pdf.

⁷ Comments of Avangrid Renewables, LLC, Avista Corporation, Idaho Power Company, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Inc. on (i) 2018 Integrated Program Review; (ii) Extended: Financial Reserves and Leverage Policies; and (iii) BPA Capital Financing submitted to BPA via email on August 2, 2018.