



May 13, 2011

VIA EMAIL

Tech Forum
Bonneville Power Administration
PO Box 491
Vancouver, WA 98666
techforum@bpa.gov

Re: 2010 Network Open Season: Staff Recommendation for Customer Comment

Dear Tech Forum,

PPC submits the following comments on Transmission Services' staff presentation at the Network Open Season and Rates Customer Meeting on April 20, 2011 regarding Recommendations for the 2010 Network Open Season (NOS).¹ While there are a slate of questions that need to be addressed concerning future NOS processes as well as how the NOS processes interrelate, PPC intends these comments to be confined to those recommendations BPA staff made regarding the 2010 Network Open Season. Overall, PPC supports BPA staff's conditional recommendation that: the Northern Intertie project move forward at rolled-in rates; BPA delay making the rolled-in rates determination for CUP West until further technical analyses are completed; and the GASH line not move forward at rolled-in rates.

PPC understands that staff recommendations are contingent on the outcomes of significant future events and analyses. These include the status and cost to BPA of upgrades on adjacent transmission providers' systems, the completion of the I-5 Corridor Reinforcement Project, and the results of further technical studies. PPC believes that BPA should commit to reevaluating whether to move forward with these projects if estimates underlying the 2010 NOS financial or technical analyses materially change and commit to provide detailed information and take comment in that event. PPC's comments are set out below.

BPA staff should agree to re-run financial analyses and reevaluate 2010 NOS projects' feasibility if builds from the 2008 or 2009 NOS processes are delayed or abandoned.

¹ Staff's presentation is at:

[http://transmission.bpa.gov/Customer Forums/open season 2010/2010 nos recommendation_v6.pdf](http://transmission.bpa.gov/Customer%20Forums/open_season_2010/2010_nos_recommendation_v6.pdf)

BPA's analysis has determined that the viability of 2010 NOS projects is dependent on completion of other NOS projects. These other projects include the I-5 Corridor Reinforcement Project, which has been hotly contested and may result in litigation, and the Lower Monumental-Canyon Ferry project. If BPA moves forward with the 2010 NOS projects at rolled-in rates, but other NOS projects are delayed or abandoned, BPA should expressly decide now that it will re-run its financial and technical analyses and revise its determination based on new information. Similarly, the Northern Intertie and CUP West projects are, in part, dependent on upgrades to other transmission providers' systems. For example, CIFA for the 2010 NOS did not include BPA cost estimates for PSAST upgrades or PSE's Portal Way transformer, necessary builds on other transmission providers' systems. To the extent that those upgrades are not completed or require BPA to take on significant additional costs, BPA should commit now to re-run its financial analysis and reconsider its rolled-in rates determination for this project.

When making its rolled-in rates determination regarding the CUP West Project, BPA should weigh more heavily the risk presented by having a single entity's projected future uses support the rationale for construction of a major transmission facility.

In its presentation, BPA staff pointed out that the infrastructure upgrades to support the CUP West project would primarily serve only one customer, and the associated risk of deferral or failure to take service for that project is "potentially more significant than for other NOS projects." PPC agrees that the financial risks of this project are higher than one supported by multiple customers, a financial situation analogous to "single-shaft risk" for taking service from large generators; the failure of a single entity puts the feasibility of the project at risk.

BPA should base its rolled-in rates determination on each expansion project in isolation and only include the rate benefits of other projects to the extent that there are overlapping clusters.

In determining whether to go forward with the CUP West project, BPA has published analyses that combine the financial impact of both the CUP West project and the Northern Intertie reinforcements. Only 50 out of 870 MW, or about 6%, of requests associated with the Northern Intertie project overlap with the CUP West project cluster. BPA should be careful to consider the impacts of the CUP West and Northern Intertie projects individually, and only weigh the combined impact to the extent that there are overlapping requests. In the case of the CUP West project, its individual financial impact is to increase rate pressure by 0.7%. Taking into account the 50 MW of overlapping requests, the increased rate pressure may be slightly offset by 6% of the financial impact of the Northern Intertie upgrade due to the 50 MW of overlapping requests.

Thank you for this opportunity to comment.

Sincerely,

/s/

Kayce Spear

Policy Analyst

Nancy Baker

Senior Policy Analyst