

BPA Facility Ownership and Cost Assignment Guidelines, v.1

January 6, 2015

These guidelines set forth BPA's practices regarding the ownership and cost assignment associated with new or replacement transmission facilities. They describe which facilities BPA will build and fund, the customer will build and fund, or BPA will build and the customer will fund (a/k/a direct assignment facilities). BPA, in collaboration with its customers, developed these guidelines to ensure transparency and consistency regarding facility ownership and cost assignment determinations. These guidelines supersede BPA's Guidelines for Direct Assignment Facilities.

As described in more detail below, BPA generally constructs, funds, and owns facilities at the point where a customer interconnects with BPA's transmission system because those facilities are integrated with or support the reliability of the regional transmission system. BPA construction and ownership of facilities where the costs are assigned to the customer generally does not occur as a matter of practice.¹ The customer typically constructs and owns the facilities in that instance.

General Ownership/Cost Assignment Guidelines

For new interconnections, BPA will require the customer to build and fund, or directly assign to the customer the cost of, facilities necessary to interconnect to BPA's system that are:

1. Not integrated with the regional transmission system; or
2. Not supporting the reliability or efficiency of the transmission system for the general benefit of users of such system.

Examples of when BPA will construct facilities and not assign the costs to the customer:

1. Extending service to a new customer in a new service territory if and to the extent it is not practicable to provide such service using existing facilities owned by BPA or third parties;
2. Facility upgrades or additions to BPA facilities required to meet reliability criteria; or
3. Establishment of a new interconnection point to which customers will interconnect if and to the extent it is not practicable to provide such interconnection using existing facilities owned by BPA or third parties.

¹ Section 1.11 of BPA's Tariff defines Direct Assignment Facilities as "Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff, the costs of which may be directly assigned to the Transmission Customer in accordance with applicable Commission policy."



Where customers interconnect to BPA's system, BPA will not assign to customers the costs for the following (unless the connection point is a point of convenience² constructed at the customer's request):

1. A terminal (primarily power circuit breakers, disconnect switches, and protective relaying) in a BPA substation interconnecting a customer funded line; or
2. Disconnect switches on either side of a new line tap to serve a customer.

Equivalent capacity replacement of rolled-in facilities (i.e., facilities rolled in to the Delivery or Network segments):

Costs for replacement of an existing rolled-in facility that has the equivalent capacity as the existing facility will not be directly assigned to the customer. (Equivalent capacity does not necessarily mean exact capacity. Rather, it means that the capacity provided by a replacement facility is reasonably approximate to the capacity provided by the existing facility.)

Higher capacity replacement of rolled-in facilities:

For a replacement facility which not only replaces an existing rolled-in facility but also adds transmission capacity for the customer's convenience, the costs of the incremental capacity associated with the customer's convenience may be directly assigned to the customer. If the higher capacity is for BPA's convenience or to meet BPA's load growth responsibilities over a prudent planning horizon, the incremental cost will not be directly assigned.

Construction of a new facility that exceeds the capacity needed to serve the customer:

If BPA installs a facility that exceeds the capacity needed to serve the customer over a prudent planning horizon and the facility is installed for BPA's convenience, the cost to the customer shall not exceed the equivalent cost of an appropriate sized facility. That is, the customer will not be required to pay the cost associated with the portion of the facility that exceeds the customer's capacity needs over a prudent planning horizon.

If BPA constructs a direct assignment facility:

BPA will typically require the customer to advance fund the cost of any direct assignment facility that BPA constructs.

The Customer's right to dispute BPA's decision:

A customer may dispute BPA's decision about the assignment of costs to that customer as provided in the Tariff, service agreement or as otherwise provided by law.

Public availability of BPA's decisions made under these Guidelines:

BPA will make its decisions regarding facilities that it constructs under these guidelines publicly available.

² Convenience refers to the construction of facilities beyond what is needed to provide transmission service to the customer over a prudent planning horizon. A facility built by BPA at the request of the customer for the convenience of the customer will be directly assigned. Facilities built for the convenience of BPA will not be directly assigned.