

**Public Meeting Notes**  
Bonneville Power Administration  
Regional Dialogue Policy Proposal  
“Transfer Service,” Public Power Council’s office, Portland, Oregon  
10:00 a.m. – September 21, 2006  
Attendees: approx. 11 (not including BPA)

These notes are intended to summarize discussions at the Bonneville Power Administration’s (BPA) public meeting on Sept. 21, 2006, on the “transfer service” component of its Regional Dialogue Policy Proposal (Proposal). This summary is not a verbatim transcript. It will become part of BPA’s official record.

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### Opening Remarks

**Garry Thompson is the manager of the Eastern Power Business Area (“east hub”) of the Bonneville Power Administration’s (BPA) Power Business Line (PBL).** He opened the meeting at 10:00 a.m. The session was held at the offices of the Public Power Council in Portland, Ore. In attendance were approximately a dozen individuals from utilities and trade organizations, as well as seven BPA representatives. A list of attendees is attached.

Thompson handed out a proposed agenda and stated the purposes of the day’s discussion were to clarify section 9 of BPA’s Proposal regarding general transfer agreement (GTA) service and to explore alternatives to BPA’s proposal to pay certain costs related to non-federal power deliveries.

He said BPA intends to take comments and input on its Proposal, the close of the comment period for which has been extended from Sept. 30, 2006, to Oct. 31, 2006. Today’s meeting, he said, had been publicly noticed, hence the presence of an official notetaker in addition to the complement of BPA transfer-service subject matter experts.

**Margie Schaff of the Affiliated Tribes of Northwest Indians (ATNI)** asked how BPA’s transfer service policies would apply to new facilities (e.g., new facilities at existing substations) – in other words, “when are things ‘new’?”

**Scott Wiley of the PBL’s transmission acquisition services group** responded that BPA’s policy is “targeting new arrangements to meet significant load growth.” He said that “if a transformer blows up, we’d replace it” under BPA’s obligation to provide and continue its normal support for existing transfer service.

**Aleka Scott of PNGC Power** said there ought to be a “parallel obligation on the Power side” to be consistent with policies in effect under BPA’s Transmission Business Line (TBL) Network Transmission (NT) agreement. She asked that BPA “not shove off all costs [of transfer] onto the customer.” If equipment is needed in a transfer line, PBL should pay for it, she said.

Wiley said that the PBL “tries to do something parallel,” hence the development of its “supplemental guidelines.”

**Angela DeClerck, a TBL account executive,** said she would send attendees information via email on NT service and the supplemental guidelines.

**Aleka Scott** raised questions about TBL ownership of facilities in cases where the “best plan of service” would suggest such be the case.

**Margie Schaff** asked about the distinction between ownership of facilities versus payment for the facilities. “My client minds if it pays for something but doesn’t own it.”

BPA attendees cautioned attendees to “be careful what you want,” because there could be unexpected and potentially undesirable consequences in terms of liabilities incurred when ownership of facilities exists in contrast to the mere payment for services rendered.

**Aleka Scott** sought clarification of p. 66 of the Proposal regarding the prospective application for new Points of Delivery.

On the Proposal’s transfer-service subtopic of “quality of service,” **Aleka Scott** urged the PBL to “use its technical expertise to coordinate with customer service engineers” on transfer issues.

Garry Thompson said BPA will “either contract with the TBL or we’ll use our own FTE” to address customer issues that arise.

Regarding the topic of payment for the delivery of non-federal power, Thompson acknowledged the “white paper” prepared by the Idaho Energy Authority (IDEA) but noted the paper’s recommendations were “outside our proposal that requires ‘touching’ the federal system to be eligible for payment for non-federal deliveries.”

**Jo Fikstad of Idaho Falls Power**, who authored the white paper, responded that the arrangement under which six customers are served under the South Idaho Exchange constitutes a “unique” situation that merits BPA’s special consideration.

**Nancy Baker of the Public Power Council (PPC)** added that, especially in consideration that there would be “no increases in cost to BPA,” the white paper’s recommendations should be adopted. She said PPC’s executive committee recently resolved that GTA customers should be permitted to piggyback service onto existing GTAs or Open Access Transmission Tariff (OATT) agreements “so long as additional costs are picked up by the customer.”

Scott Wiley countered that BPA remains “leery of anything that could increase Bonneville’s exposure” to future costs. “Where does it stop?”

**Aleka Scott** said BPA should modify the Regional Dialogue Proposal to reflect a “fairer treatment of GTA customers – a level playing field to encourage the development of resources.”

Scott Wiley responded that BPA needs to “be careful how we expand the scope” of possible service obligations, to which Aleka Scott responded, “If transfer costs are the same, why do you care?”

**BPA attorney-adviser Richard Greene** posed the question whether adopting BPA’s Proposal “gives GTA customers a leg up over non-GTA” connected customers, a question which Scott Wiley said raises the philosophical “but for” argument about whether certain facilities, had they been constructed in the past, would have obviated the need for much of today’s discussion.

Garry Thompson said, “We are interested in further discussion on the concept so long as there are no additional costs, and to start to peel the onion on what are the additional situations” where exceptions to the rule might be made.

**Nancy Baker** said that “comparability is a touchstone. The concept does not advantage GTA customers or disadvantage non-GTA customers – ‘no harm, no foul.’”

**Rick Knori of Lower Valley Energy** asked where BPA will get the resources needed to serve his utility. “It might be cheaper for Lower Valley to acquire resources to meet its load growth” than for BPA to do so and face increased delivery charges.

Garry Thompson responded, “We want to develop a policy to encourage resource development near loads.”

Angela DeClerck noted, “Directly connected customers face this every day if there are constraints. They have a difficult time choosing non-federal resources even on the Bonneville system.”

**Aleka Scott** observed, “The system will be facing needs for upgrades all over. In the future you won’t know what costs are directly attributable [to what loads]. It’s hard to isolate what an incremental cost is. If we can’t get a non-federal resource in, we’ll buy Tier 2 and Bonneville will pay all the [transfer] costs anyway. You don’t need a cap.”

**Rick Knori** wondered whether the caps would apply to service under the SIE. “The [increased] costs could blow it.” Discussion followed as to the cost and nature of service required potentially to move Utah coal plant No. 3’s power to Lower Valley’s system, and who would pay such costs. Some attendees suggested BPA should deem deliveries to other control areas, where such arrangements are required to integrate non-federal resources into utility load service, to meet BPA’s test of “touching” the main grid.

**Joe Rogers of BPA’s industry restructuring group** noted the issue of “incurring costs with no offsetting income,” to which Garry Thompson added an acknowledgement that BPA has no open-access agreement with PacEast in southeast Idaho, while contemplating “but maybe we need one.”

In summation, Aleka Scott stated, “The Regional Dialogue says to develop resources. We have to have the tools from you to develop resources, or else we need to hold the OATTs ourselves.”

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Attendees took a short break at 10:30, and after the meeting was reconvened by Garry Thompson, he summarized the main points he’d heard in the discussion so far: Namely, a customer consensus exists that if a transfer service arrangement for non-federal Tier 2 power doesn’t cause increased costs to BPA in comparison to costs that would be incurred to bring in federal Tier 2 power, BPA should be accommodating of such arrangements. There was additional discussion of what constitutes an “incremental” cost that BPA is or is not obligated to pay.

**Nancy Baker** said that the SIE is “unique and difficult; Bonneville should be taking it into account [because] we’re put in a special situation that has to be taken into consideration on whatever we do.”

**Aleka Scott** added, “You have to give special consideration to these customers.”

Garry Thompson asked for suggestions on how detailed BPA should get in the Record of Decision “versus working things out afterward.”

**Ron Williams of IDEA** commented on BPA’s proposed treatment of new publics in the context of his client, the City of Weiser, Idaho: “Why put restrictions in here that cut against comparability?” he asked. “Why the Oct. 1, 1996, cutoff?”

Garry Thompson explained that to develop the section on payment of non-federal Tier 2 power, staff used TBL’s OATT tariff, section 36, “as the basis for determining what to pay for

and what criteria to use as the basis for a point of discussion. If a customer wanted to move non-federal power over transfer agreements today, the TBL would follow section 36 when addressing a request. I'd expect to hear comments [from attendees]" on these matters as part of the record.

**Aleka Scott** said, "If you're getting Tier 1 power, you should be treated the same as others," a comment to which Richard Greene responded that BPA was motivated by a desire to "foreclose increased transfer service costs."

**Margie Schaff** said the tribes had commented that "new customers shouldn't be treated differently than existing customers. If you're a Bonneville customer, you're a Bonneville customer."

On the subject of transfer service caps, Garry Thompson explained the rationale for the power quantity and dollar limits, prompting **Aleka Scott** to ask, "Why do you need a cap at all?"

Thompson said BPA had been attempting to estimate its risk exposure and the cap construct arose from internal discussions some months back when BPA's mindset was not to pay transfer costs associated with Tier 2 deliveries.

**Aleka Scott** replied, "Caps don't make sense [now] given the recent Regional Dialogue discussions and the bigger public-power policy issues [under consideration]."

**Nancy Baker** noted that the PPC executive committee in Feb. 2006 had opposed the concept of a cap, to which **Aleka Scott** added, "We don't see payment for non-federal [deliveries] as an incremental cost." **Baker** stated, "Don't manage Bonneville's costs on the back of GTA customers."

**Aleka Scott** continued, "Resource development is a hard job. You won't see a big rush of small customers to go out and do it because of the policy. Look at cost control [outcomes] versus the public policy effect. It will be perverse." She continued, "Do you need a cap at all? It gets to the point of absurdity when you're spending as much on GTAs as fish.

**Ron Williams** said, "Bonneville's mindset is still that GTAs are costs – cost causers – not benefits or cost savers, that are saving everybody in the region money." He reminded attendees that his group had hired former BPA employee Pat McRae to quantify cost savings to BPA of pursuing GTA service in lieu of construction.

Garry Thompson pointed out that BPA had in fact changed its view on the federal portion of the equation, but **Williams** replied that BPA's position is "arbitrary," citing its stance on service to Weiser. Thompson encouraged comments on this aspect of BPA's Proposal.

**Margie Schaff** informed the group that "you'll see comments from me, too, for ATNI" on the matter, and Aleka Scott said PNGC Power would also be commenting.

**Geoff Carr of Northwest Requirements Utilities (NRU)** asked about the consequences of a loss of Columbia Generating Station, which could result in "greatly increased Tier 2 need." He also asked where the costs of GTA service are going to reside – "in Tier 2?" He referenced a discussion the week before on BPA's tiered rates methodology and a paper by BPA's Ray Bliven (a document that Garry Thompson clarified has not yet been fully vetted internally at BPA). Carr added, "The GTA cost issue is very important and needs to be discussed" further.

On the subject of transfer service for annexed loads, Garry Thompson explained the \$7 cap on megawatt-hours delivered, a limit that Richard Greene noted was "intended to discourage the piracy – 'annexing' – of IOU loads."

**Aleka Scott** urged BPA to change the wording to "up to \$7."

**Margie Schaff** said, “Don’t treat customers differently – they have the same rights and responsibilities as any other customers, whether [there’s a] friendly [takeover] or not. The Act requires the broadest use of federal power, not [consideration of] how nice you are in the process.”

Richard Greene clarified that BPA would not be able to “sign on the dotted line” for service to new publics “before a matter is finally adjudicated” in cases where an annexation is contested; this remark brought a comment from **Margie Schaff** that BPA’s policy would “discourage new utilities.”

Scott Wiley noted there might be instances where an investor-owned utility might want to “jettison” service territory that is uneconomic to serve. “We don’t want to encourage those [annexed load service] costs to be shifted to Bonneville.”

**Ron Williams** advised that BPA needs to make a clear statement that loads coming in prior to (fiscal) 2012 “don’t count” in the 50-aMW rate-period cap, nor in the 250-aMW, 20-year contract cap. Williams also said he would like the Subscription policy changed to allow new customers to be eligible for transfer service now or at least at the start of the next rate period. He will be submitting comments by the close of comment date.

**Aleka Scott** said BPA’s definition of “annexation” does not meet PNGC Power’s needs, because, technically, only municipalities can “annex” – cooperatives do not *annex*; they buy or *acquire* facilities attendant with new load service territory. She also observed that it is a “weird rule” that BPA insists on holding a transfer contract and suggested rewording the language to make it clear that in some cases, BPA may not want to hold the contract.

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In closing off the meeting, Garry Thompson encouraged attendees to submit jointly prepared proposals where possible and to “be as inclusive as possible so BPA knows what’s been agreed to by all the customers.”

**Aleka Scott** warned about the danger of BPA’s playing the “numbers game” by which a tally of comments might be inadvertently interpreted as the true degree of support.

Thompson promised attendees that he would circulate a summary of the meeting, a document that “captures what was discussed and the common understanding” of the group, “to use in developing our proposal to advance and take to management.”

There being no further comments or questions, the meeting was adjourned at 12:50 p.m.

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*Respectfully submitted,*  
Rodney A. Aho, Notetaker  
Bonneville Power Administration  
(503) 230-3634

**Attendees**  
**BPA Regional Dialogue Public Meeting**  
**“GTA Issues,” Portland, Ore. – Sept. 21, 2006**

- |                        |                                                          |
|------------------------|----------------------------------------------------------|
| 1. Ackerman, Sue       | Northwest Requirements Utilities (NRU)                   |
| 2. Baker, Nancy        | Public Power Council (PPC)                               |
| 3. Carr, Geoff         | Northwest Requirements Utilities (NRU)                   |
| 4. Fikstad, Jo         | Idaho Falls Power (IFP) (via telephone)                  |
| 5. Knori, Rick         | Lower Valley Energy (LVE)                                |
| 6. McCay, Malcomb      | Portland General Electric (PGE)                          |
| 7. Peters, Lon         | Public Generating Pool (PGP)                             |
| 8. Schaff, Margie      | Affiliated Tribes of Northwest Indians<br>(ATNI), Umpqua |
| 9. Scott, Aleka        | PNGC Power                                               |
| 10. Sirvaitis, Ron     | The Energy Authority (via telephone)                     |
| 11. Williams, Ron      | Idaho Energy Authority (IDEA)                            |
| 12. Aho, Rodney        | BPA                                                      |
| 13. DeClerck, Angela   | BPA                                                      |
| 14. Greene, Richard    | BPA                                                      |
| 15. Howard, Connie     | BPA                                                      |
| 16. Pedersen, Margaret | BPA (via telephone)                                      |
| 17. Rogers, Joe        | BPA                                                      |
| 18. Thompson, Garry    | BPA                                                      |
| 19. Wiley, Scott       | BPA                                                      |