



June 27, 2012

**VIA EMAIL**

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

Re: Eastern Intertie Comments

Dear Tech Forum,

In February, PPC submitted on behalf of itself and other public power organizations a list of issues pertinent to the segmentation of Montana Intertie costs that need to be investigated and developed in BP-14 Rate Case workshops.<sup>1</sup> Those issues were drawn directly from the BP-12 Rate Case Final Record of Decision, including issues that BPA identified in BP-12 as requiring further investigation before a decision could be made regarding potential roll-in of the Montana Intertie segment. PPC requested that workshops be arranged to address these issues and that BPA staff participate in the development of the information required to address them. PPC staff noted orally to BPA staff and other parties during the earlier workshops that PPC could not make any assessment of the potential for or advisability of settlement of the segmentation issues, including the precedent issue, without further development of the issues.

At the BP-14 Transmission Pre-Rate Case Workshop on June 13, 2012, BPA staff summarized the issues and their current thinking on them. These summaries were all that BPA staff offered in the way of further development or elucidation of the issues and indicated that no more information would be forthcoming.<sup>2</sup> BPA staff then requested comment on alternatives for settlement that address roll-in of the Eastern Intertie and additional challenges or information that needs to be discussed before settlement discussions may continue.

Although PPC appreciates BPA staffs' acknowledgement of the remaining issues in its

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<sup>1</sup> These issues relate to both discussion of roll-in of the Montana Intertie and also Eastern Intertie segments. A copy of the issues is attached to this document for reference.

<sup>2</sup> In some cases BPA appeared unable to support its current thinking with sufficient technical analysis. When asked for further information, staff expressed that it was unable to develop such analyses, due to lack of data and other problems. If this is the case, BPA should identify what information it needs, and work more closely with parties to develop a better understanding of the impacts of rolling in the Eastern Intertie. BPA should not move forward with roll-in, and customers cannot move forward with settlement discussions, without information and analysis providing the basis for sound decision-making.

June workshop, the summary did not meet our initial request. BPA staff did not address PPC's primary request that responses to these issues be investigated and developed with parties in rate case workshops. This includes further development of analysis regarding the rate impacts from system upgrades due to likely increased usage of the Montana Intertie.<sup>3</sup> Rather, BPA independently came to its own conclusion on the issues, and presented a summary of its current position. In response to the thirteen issues PPC raised,<sup>4</sup> BPA gave only partial responses to those issues it addressed.<sup>5</sup> Given the lack of information developed with customers in public workshops, PPC feels there is an insufficient factual foundation on which to restart settlement discussions or assess the potential precedent created by a BPA decision to roll the costs of the Eastern Intertie into the Network rates.

Sincerely,

/s/

Kayce Spear  
Policy Analyst  
Nancy Baker  
Senior Policy Analyst

cc: PPC Executive Committee  
PPC Rates & Contracts

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<sup>3</sup> See, Issue 4.3.1.3.

<sup>4</sup> BPA did not respond at all to two issues in workshops including:

**Issue 4.3.1.12** Whether roll-in of BPA's share of the costs of the Eastern Intertie would be a disincentive to potential joint participants in BPA transmission projects such as new intertie facilities; and

**Issue 4.3.1.10** Whether NWE's proposal to set the firm long-term and short-term IM rate to \$0 for the FY 2012–2013 rate period would indirectly result in allocation of reduced Eastern Intertie costs to the proposed TGT-12 rate without offsetting revenues from other rates.

<sup>5</sup> For example, PPC requested a response to Issue 4.3.1.2, which asked "whether roll-in of BPA's share of the costs of the Eastern Intertie would result in additional utilization of the Eastern Intertie and therefore additional Network transmission revenues; and if so what would the level of expected incremental revenues?" [sic] BPA indicated that it does believe there could be additional revenues, but does not describe what the level of those expected incremental revenues would be. BP-14 Transmission Pre-Rate Case: June 13, 2012, Slide 14:

"If rolling in the Eastern Intertie would result in additional utilization of the Eastern Intertie and additional Network revenues? BPA believes that lowering the price could result in additional usage."