



To: BPA Tech Forum  
Date: March 30, 2012  
Re: Transmission Cost Allocation Alternatives

PNGC Power is a generation and transmission cooperative serving the net requirements of its 14 rural electric distribution cooperative members<sup>1</sup>. PNGC and its members hold a Network Integration Transmission Service (NT) contract. We have been active participants in the Cost of Service process (COSA) and will continue to participate in the BPA rate proceedings as we have a direct and substantial interest in BPA's transmission rates. We appreciate this opportunity to comment on the cost allocation alternatives as part of the COSA process.

Today, BPA filed its OATT at FERC and asked for approval on a reciprocity basis. We believe BPA's efforts to align its transmission service better with FERC standards should be carried over into the transmission COSA. BPA's system justifies the use of the 12 coincident peak (12 CP) methodology and has for at least a decade. Now is the time for BPA to use the 12 CP cost allocation methodology.

PNGC and other NT customers sponsored the February 29, 2012 letter urging BPA to use the 12 CP methodology in its COSA. We refer BPA to this letter for detailed support of our choice of the 12 CP cost allocation methodology.

The results of any cost of service study are the starting point for rate design, not the final result. It is important that cost of service results be accurately reported so that movements away from them can be made deliberately in the rate design process. We recognize that BPA's rate principles create tension in implementation and may result in a modification of pure cost of service results. The merits of any modifications should be the subject of a rate case in which all competing rate principles can be considered.

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<sup>1</sup> PNGC's members are Blachly Lane Electric Cooperative, Central Electric Cooperative, Clearwater Power Company, Consumers Power Inc., Coos Curry Electric Cooperative, Douglas Electric Cooperative, Fall River Electric Cooperative, Lane Electric Cooperative, Lincoln Electric Cooperative, Northern Lights, Inc., Okanogan Rural Electric Cooperative, Raft River Rural Electric Cooperative, Umatilla Electric Cooperative, and West Oregon Electric Cooperative.