



VIA EMAIL

Rebecca E. Fredrickson
Transmission Rates Manager
Bonneville Power Administration
911 NE 11th Ave.
Portland, Oregon 97232
techforum@bpa.gov

Re: PPC and NRU Comments regarding BPA's Proposals for an Incremental Transmission Rate

Dear Ms. Fredrickson:

Public Power Council (PPC) and Northwest Requirements Utilities (NRU) are responding to your request for comments regarding the development of a generic incremental rate for use in the FY 2014-15 rate period. PPC and NRU understand that at least one project identified in the Network Open Season process and other potential processes may require incremental rates. Although this is the case, we believe that it is premature, and ultimately less productive, to develop a generic incremental rate at this time.

PPC and NRU supported BPA's decisions in the last two rate cases to defer the development of a generic incremental rate. The reasons for doing so still hold. First, development of an incremental rate is difficult at best in the absence of concrete facts regarding a transmission project. For a generic rate BPA would need to establish and define the universe of costs to be included in every incremental rate and do the same for those that might be included under certain circumstances. BPA would also have to develop a generic rate structure that might not fit every circumstance. In the case of a rate specific to a transmission project BPA would have the benefit of specific costs and facts to consider. It would be better for BPA to use a case-by-case approach, at least initially, to develop precedent for how incremental rates should be constructed.

Second, development of a generic incremental rate would introduce a contentious issue in a rate case already potentially filled with them. Given the inherent hypothetical nature of a generic incremental rate, these disputes over costs are likely to be difficult and time-consuming. This would take time and attention away from issues that are not hypothetical and are more important to many customers. Initially taking a case-by-case approach to the development of incremental rates would take pressure off the general rate case and permit fuller development of other issues.

Lastly, BPA has demonstrated that it is feasible for it to conduct a separate rate case for an incremental rate for a transmission project should the need to do so arise during the FY 2014-15 rate period. In the past BPA has conducted cases for a single rate in an expedited fashion. For example, separate rate cases were held for the PNCA rate and the rate for 3d AC

intertie capacity owners. In those cases the pool of interested parties was more limited, the process quicker and the result more focused and deliberate.

PPC and NRU recommend that BPA defer development of a generic incremental rate at this time. Doing so will benefit both BPA and its transmission customers. Thank you very much for the opportunity to comment on this issue. We will be happy to answer any questions you might have about our position on this issue and other issues in the rate case.

Sincerely,

/s/

Nancy Baker
Senior Policy Analyst
Public Power Council

/s/

Geoff Carr
Assistant Director
Northwest Requirements Utilities

cc: Scott Corwin, Exec. Dir., PPC
PPC Executive Committee
PPC Rates & Contracts Committee