

September 12, 2012

Via Electronic Submission
Bonneville Power Administration
techforum@bpa.gov

Re: Comments to August 22, 2012, Transmission Pre-Rate Case Workshop

The Point-to-Point Customers Coalition (“PTP Coalition”) submits these comments to supplement the presentation delivered by Snohomish on August 22, 2012.

The August 22nd Presentation

Snohomish, on behalf of the PTP Coalition, delivered a presentation on BPA’s Integrated Network Segment (“Network Segment”). The presentation demonstrated the PTP Coalition’s finding that the current Network Segment includes non-network facilities, i.e., facilities that do not benefit the integrated network. The analysis used was modeled on FERC’s seven-factor test and the new definition of bulk electric system (“BES”). These two FERC tests are used to distinguish between network (transmission) facilities and non-network (distribution) facilities.

Essentially, the analysis excluded from the Network Segment (i) all radial and open loop lines serving loads; and (ii) all Local Networks and Load Serving Networks serving loads based on powerflow review. In addition, the analysis allocated a percentage of jointly used facilities to the distribution function based on breaker positions or voltage class. Under this approach, we found that approximately \$714 million of the \$4.3 billion of facilities currently in the Network Segment were not network facilities. We also discovered that the excluded facilities were considered non-network or distribution under either the seven-factor test or the BES definition.

In light of the evidence that significant non-network facilities are included in the Network Segment, the presentation proposed that BPA update the Network Segment for the 2014/2015 rate case to include only facilities properly classified as network.

In addition, the presentation noted that allocating distribution (non-network) costs to transmission (network) customers was inconsistent with cost causation principles – which call for the cost of services and facilities to be recovered from the customers who use them. The PTP Coalition has suggested two options to recover the costs of the distribution facilities. The first option, and the option most preferable to the PTP Coalition, is to directly assign those costs to the utilities that are served by those facilities. The second option is to identify facilities as serving a particular PTP or NT customer and assign investment and O&M costs to the PTP and NT rates respectively.

The PTP Coalition

During the August 22nd presentation, several questions were raised regarding the members of the PTP Coalition. In response to these questions, the PTP Coalition clarifies that it is an ad hoc coalition of BPA point-to-point customers. The customers meet regularly to discuss issues that may affect them and to coordinate our advocacy when common ground is reached. When submitting comments to BPA, the PTP Coalition has included the names of the supporting

individual utility members. This is done because not every PTP member may be in a position to support the comments for one reason or another.

The August 22nd presentation on the Network Segment was delivered by Snohomish on behalf of the PTP Coalition. PTP Coalition members who contributed to the August 22nd presentation include:

Avista Corporation
Benton County Public Utility District No. 1
EDP Renewables
Franklin County Public Utility District No. 1
Iberdrola Renewables, Inc.
M-S-R Public Power Agency
Powerex
Seattle City Light
Snohomish County Public Utility District No. 1
Tacoma Power

Sincerely,



Dana Toulson
Assistant General Manager
Power, Rates, and Transmission Management
Snohomish County PUD No. 1

On behalf of: Avista Corporation, Benton County Public Utility District No. 1, EDP Renewables, Franklin County Public Utility District No. 1, Iberdrola Renewables, Inc., M-S-R Public Power Agency, Seattle City Light, Snohomish County Public Utility District No. 1, and Tacoma Power