

8/30/12

Tech Forum  
Bonneville Power Administration  
911 NE 11th Ave  
Portland,OR 97232

Hermiston Energy Services (HES) offers the following comments on the Integrated Network Segmentation Analysis presentation by Snohomish Public Utility District at the Transmission Pre-Rate Case Workshop on August 22, 2012. This proposal was supported by a number of other PTP customer representatives, but the actual list of supporters is still unclear. HES finds the Snohomish proposal completely unacceptable and strongly urges Bonneville to reject it or any similar segmentation concept. The definition Bonneville currently uses for its network segment appropriately and equitably allocates the costs of the Federal transmission system while fulfilling the agency's core mission to encourage the widest possible diversified use of the Federal energy and provide the rural communities and farms of the Northwest with electricity.

Snohomish proposes to redefine the Network Segment and allocate the costs of certain facilities to either (1) individual utilities or (2) the NT customers as a whole. In other words, in option 1, Snohomish proposes to reallocate the cost of certain facilities from the Network Segment. a very large pool, to individual utilities that are Bonneville's smallest and most rural customers. This is completely contrary to Bonneville's mission, organic statues, and the way Bonneville and its Utilities have set up their distribution systems.

### **Bonneville's Mission to Provide Electricity to the Rural Northwest**

The core purpose of Bonneville, to provide electricity to the rural Northwest, is still valid today. Bonneville is the transmission provider. Many of Bonneville's utilities serve in low density and difficult-to-serve geographical areas. If Bonneville adopted the Snohomish segmentation proposal, some utilities would experience a 500% transmission increase. This is more than a rate shock. It would be seriously detrimental to the already struggling economies of the rural communities these utilities serve. Bonneville's is rife with statements about the importance of providing low cost electricity to rural areas. In vivid contrast, Snohomish's proposal is completely contrary to these objectives. In addition, it is our understanding that BPA's approach is the same transmission role provided by all other Power Marketing Administrations around the nation and the TVA, all of whom have postage stamp transmission rates

### **Bonneville's Policy of Uniform Rates**

The development of the facilities, the cost of which Snohomish proposes to directly allocate to utilities, is the outgrowth of policies, contracts and rate design dating back decades. These systems were built based on Bonneville's long standing policies of postage stamp rates for network segment service. Utilities would have built their systems totally different if BPA charged different rates for low voltage facilities as in Snohomish's proposal. It would be inherently unfair to now begin directly assigning costs to customers that would not exist for Bonneville's decade long policy of uniform rates.

### **Conclusion**

In sum, Snohomish's proposal is incompatible with Bonneville's organic statues and primary purpose, which is to encourage the widest possible diversified use and electrify the rural Northwest. Adoption of Snohomish's proposal would flout the primary purpose of Bonneville's creation and seriously harm Bonneville's smallest and most rural customers. The Snohomish proposal simply encourages unnecessary protracted battles between differently situated customers rather than the region working collectively to

maintain and improve the transmission system. For the foregoing reasons HES urges Bonneville to reject the Snohomish proposal.

Thank you for the opportunity to comment on the Snohomish segmentation proposal. Please feel free to contact us with any questions you have about these comments.

Russell Dorrان  
Electric Utility Superintendent  
Hermiston Energy Services  
215 E. Gladys Ave  
Hermiston, OR 97838  
Phone 541- 667- 5035