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Via Electronic Submission  
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### **Inland Power comments in Opposition to the Snohomish County PUD Segmentation Proposal**

Inland Power and Light Company (Inland) as a network transmission customer of BPA has participated in many aspects of the current transmission rate case. We are voicing our opposition to the segmentation proposal advanced by Snohomish County PUD, a proposal we feel is contrary to BPA's role as the major transmission provider in the Pacific Northwest.

We believe the technical approach to segmentation proposed by Snohomish is distorted based on a myopic view of the world and misapplying a narrow definition of transmission designed for bulk grid reliability. The transmission definition used by Snohomish was developed for the sole purpose of defining those transmission elements which are a part of the bulk electric system used to transmit energy across regions and which affect grid stability and reliability by their availability and operating characteristics. Using a definition created for the narrow purpose of regulatory enforcement and applying it to all transmission is contradictory to engineering practice and historical precedent.

The common definition of transmission encompasses the efficient transfer of wholesale electrical energy across long distances and at high voltages; a definition which fully describes the nature of the BPA system. The BPA transmission was built to facilitate the movement of energy from remotely located hydroelectric dams to individual utilities across the Pacific Northwest. Transmission paths and configurations were chosen based on engineering principles of efficiency and reliability (the avoidance of interruptions). This system was planned and built to supply energy to the public power customers and facilitate wholesale transactions between generators and utilities. The topology, voltages and interconnected nature of the BPA transmission system changed to meet the increasing needs of utility customers and sell surplus energy outside of the region. To now call those high voltage portions of the BPA system 'distribution' based solely on a federal definition used in regulatory compliance does not recognize the true nature of BPA's system. The current transmission system fulfills multiple roles serving utility customers of BPA, facilitating wholesale transactions between generators and utilities and supporting the reliability of the entire interconnected western grid; to apply a narrow definition arrived at for the purposes of enforcing federal reliability regulations is inappropriate.

The organic growth of the BPA transmission system in response to increasing loads and wholesale energy transactions has always relied upon integrated planning and interaction of these load flows. If a customer of BPA takes transmission service across a specified path it has always been recognized that this path's capacity and reliability is affected by every other path on the system. Since BPA has always been the transmission owner and operates all elements used for the bulk electric system as well as the local transmission networks it has been possible for BPA to plan and operate the system for the greatest reliability and efficiency. A re-segmented system based on a bright line test does not account for changes in circumstances which could result in transmission elements moving from one cost pool to the other and back, an unnecessary and confusing prospect. After 75 years of successful planning, construction and operation of 80% of the transmission system in the Pacific Northwest it would be unwise to draw an arbitrary line through this system; a line which ignores the historical growth and current nature of the system.

Inland Power is opposed to the segmentation proposal made by Snohomish County PUD since the basis of the proposal too narrowly defines transmission and ignores the very purpose of BPA and the planning and historical growth of the system.

Instead we fully support continuing to use the transmission system as designed, namely to supply energy to public power customers and facilitate wholesale transactions between generators and utilities as consistent with historical practice.