

March 29, 2012

BPA Transmission Services  
Via Email: [techforum@bpa.gov](mailto:techforum@bpa.gov)

RE: Transmission Cost Allocation Alternatives

Central Lincoln People's Utility District ("Central Lincoln") is a consumer owned electric utility serving approximately 39,000 customers on the central Oregon Coast. Central Lincoln has historically served its entire load with BPA power and Network Transmission ("NT") service. Central Lincoln is also a member of Northwest Requirements Utilities ("NRU") and agrees with NRU's comments on BPA's Transmission Cost Allocation Alternatives. Central Lincoln also supports the NT Customer Proposal to use a 12 CP Cost Allocation Methodology for the Transmission Cost of Service Analysis ("NT Customer Proposal") submitted by NRU and others. Central Lincoln appreciates this opportunity to comment on BPA's Transmission Cost Allocation Alternatives and would like to use this opportunity to emphasize Section B of the NT Customer Proposal and add its own comments with Section C.

Central Lincoln agrees that 12CP is the most fair and appropriate cost allocation methodology as stated in the above referenced documents. 12CP is an industry accepted standard and is consistent with FERC policy and peak ratio tests. 12CP is also the best way to reflect the way in which BPA plans its transmission system reliability upgrades and thus, the best way to actually allocate BPA transmission system costs.

12CP is also the most appropriate cost allocation methodology because it will assign more costs to PTP users, which are causing more new transmission costs than NT customers. Future NT customer loads require less transmission system expansion and thus will cause less future transmission costs for BPA than PTP users. As a specific example, Central Lincoln's load has had an average annual decrease over the last 5 years. Accordingly, Central Lincoln expects no load growth for the foreseeable future. Even BPA's load forecast for Central Lincoln, which has proven overly optimistic lately, predicts anemic growth for Central Lincoln. Many NT customers are similarly situated. Central Lincoln in particular and NT customers in general are not causing additional transmission costs, and may even be opening up additional capacity for PTP use due to decreased loads.

Despite mostly flat or even decreased NT use, BPA is planning transmission expansions. These transmission expansions are largely to accommodate: (1) increased load in urban/suburban areas along the I-5 corridor largely served by IOUs; or (2) new generation interconnections which will not be serving NT load. Both of these expansion needs are required for PTP use and do not benefit NT customers. BPA will recover costs of these transmission expansions through both NT and PTP rates, not through direct assignment to those requiring the expansions. Even though Central Lincoln will be using very little of the expanded transmission network, it will nonetheless be paying a comparatively larger portion of it. Central Lincoln's argument is not that this is unfair, since there are parts of the system that Central Lincoln uses and is help paid for by others. However, continuing to use a 1CP cost allocation will put a larger portion of these "new" costs on NT customers which does not benefit them as much as PTP customers. Not only is 12CP cost allocation appropriate under each FERC test and an accepted industry standard, but it is inappropriate to place added costs on NT customers through continued use of 1CP cost allocation, when they are not causing these additional costs.

Again, Central Lincoln agrees with NRU's comments, supports the NT Customer Proposal, and appreciates the opportunity to offer its own comments to stand with others in support of a 12CP cost allocation for BPA transmission rates.

Sincerely,

A handwritten signature in black ink, appearing to read "Brandon Hignite".

Brandon Hignite  
Power Analyst  
Central Lincoln PUD