

1 **UNITED STATES OF AMERICA**
2 **DEPARTMENT OF ENERGY**
3 **BEFORE THE**
4 **BONNEVILLE POWER ADMINISTRATION**

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7 **Fiscal Year 2014-2015 Proposed)** **BPA Docket No. BP-14**
8 **Power and Transmission Rate)**
9 **Adjustment Proceeding)**

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13 **DIRECT TESTIMONY OF:**
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15 **JOINT PARTY 10**

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17
18 **SUBJECT:**
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20 **RATES FOR TRANSMISSION SERVICE OVER**
21 **THE EASTERN INTERTIE**

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24
25 **WITNESSES:**
26 Nancy Baker
27 Geoffrey H. Carr
28 Michael Deen
29 Joe Lukas
30 Kevin O'Meara

31
32 January 28, 2013

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TESTIMONY OF:

Nancy Baker
Geoffrey H. Carr
Michael Deen
Joe Lukas
Kevin O'Meara

SUBJECT: RATES FOR TRANSMISSION SERVICE OVER THE EASTERN
INTERTIE

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1 **SUBJECT: JOINT PARTY 10’S TESTIMONY REGARDING RATES FOR**
2 **TRANSMISSION SERVICE OVER THE EASTERN INTERTIE**

3 **SECTION 1: Introduction and Purpose of Testimony**

4 *Q: Please state your names and qualifications.*

5 A: My name is Nancy Baker. My qualifications are shown at BP-14-Q-PP-02.

6 A: My name is Geoffrey H. Carr. My qualifications are shown at BP-14-Q-NR-01.

7 A: My name is Michael Deen. My qualifications are shown at BP-14-Q-IN-01.

8 A: My name is Joe Lukas. My qualifications are shown at BP-14-Q-WM-01.

9 A: My name is Kevin P. O’Meara. My qualifications are shown at BP-14-Q-PP-01.

10 *Q: What is the purpose of your testimony?*

11 A: We are offering testimony on behalf of Joint Party 10 (JP10) on BPA’s initial
12 proposals in the BP-14 Rate Case regarding BPA’s proposal with regard to the
13 TGT-14, IE-14 and IM-14 rate and its commentary on the risks and purported
14 benefits of recovering the costs now recovered in the IM rate through the Network
15 rates as set out in Metcalf, *et al.*, BP-14-E-BPA-35.

16 *Q: Please briefly summarize your principal conclusions regarding these rates.*

17 A: JP10 supports BPA’s Initial Proposal to establish the TGT-14, IM-14 and IE-14
18 rates using the methodologies used in the BP-12 general transmission rate case.
19 The Initial Proposal properly implements cost-causation principles of ratemaking
20 and is otherwise appropriate. In considering the issues raised in the BP-12 rate
21 case regarding elimination of the IM-14 rate, however, BPA does not demonstrate
22 that eliminating the IM-14 rate and recovering Eastern Intertie costs through the
23 Network rates would benefit Northwest utilities or consumers, nor does BPA take

1 account of all of the costs or risks that would accompany that action. Lastly, we
2 conclude that BPA is incorrect that the elimination of the IM-14 rate and recovery
3 of Eastern Intertie costs through the Network rates does not create a significant
4 risk that a precedent could be created that could be used in the future by parties
5 arguing for similar rate treatment for other current transmission segments.

6 *Q: What is JP10's interest in these rates and charges?*

7 A: JP10 a group of member organizations and a cooperative, each of which represent
8 the common interests of their member consumer-owned electric utilities. All
9 members of Public Power Council, Northwest Requirements Utilities and Western
10 Montana G&T are preference customers of BPA and all purchase requirements
11 power from BPA. These preference customers also purchase energy and power
12 products from generators located both inside and outside BPA's Balancing
13 Authority Area and more are expected to do so in the future, including during the
14 FY 2014-15 rate period. All of these preference customers purchase BPA
15 Network transmission services to deliver federal and non-federal energy to their
16 loads under the rates, terms and conditions set forth in BPA's rate schedules and
17 transmission tariff. Industrial Customers of Northwest Utilities is a non-profit
18 organization comprised of industrial companies in the Northwest, many of which
19 are end use consumers of BPA power. Most ICNU members are affected by
20 BPA's rates, terms and conditions. Increases in Network rates impact
21 residential, small farm, commercial, and industrial end-use consumers throughout
22 the Pacific Northwest, including those in Montana. The utilities and industries

1 represented in JP10 have a significant interest in BPA's proposed and future
2 transmission rates and in the equitable allocation of costs.

3 *Q: How is your testimony organized?*

4 A: Section 1 is this introduction. Section 2 concerns JP10's support for BPA's Initial
5 Proposal regarding the TGT-14, IM-14 and IE-14 rates. Section 3 addresses
6 issues regarding BPA's discussion of purported benefits to the Northwest and
7 eastern Montana wind generation of elimination of the IM-14 rate and the risk of
8 cost-shifts to Network customers. Section 4 concerns the risk that elimination of
9 the IM-14 rate could create a precedent that could be used to argue for elimination
10 of the rates that recover the costs of transmission segments.

11 **Section 2: JP10 Supports BPA's Initial Proposal to Retain Unchanged the**
12 **Methodologies Used in the BP-12 Rate Case to Calculate Rates for**
13 **Transmission Services over the Eastern Intertie.**

14 *Q: For the TGT-14, IM-14, and IE-14 rates BPA proposes "to make no changes to*
15 *the methodologies used to calculate the rates." Metcalf, et al., BP-14-E-BPA-35,*
16 *p. 2, lines 17-18. Do you support BPA's proposal?*

17 A: We support BPA's Initial Proposal to continue to charge these rates to those
18 customers taking service over these Eastern Intertie facilities and, through these
19 rates, to continue to recover all of the costs of those facilities. We do not at this
20 time specifically endorse or object to the use of the specific methodologies used
21 in the past. The Initial Proposal is consistent with the nature and function of the
22 Eastern Intertie. The Eastern Intertie itself is connected to, but does not function
23 as a part of, the Network and the costs of the Eastern Intertie should not be

1 allocated to Network customers as they do not use or benefit from those facilities.
2 The recovery of the costs of the Eastern Intertie through these rates is consistent
3 with cost-causation principles and rate policy.

4 **Section 3: JP10 Disagrees with BPA's Assertions that Benefits Might Accrue to**
5 **Utilities and Consumers in the Pacific Northwest as a Result of**
6 **Eliminating the IM Rate.**

7 *Q: What is the IM-14 rate and what prior proposal is BPA discussing in Metcalf, et*
8 *al., BP-14-E-BPA-35?*

9 *A:* The IM-14 rate is the rate that BPA charges for long-term, firm transmission
10 service over BPA's share of Eastern Intertie capacity. The Eastern Intertie
11 consists of transmission facilities owned by BPA from Townsend to the Garrison
12 substation and certain equipment in that substation. *Id.*, p. 2, lines 2-7. In the BP-
13 12 general transmission rate case a few parties proposed that BPA should
14 eliminate the IM-12 rate and recover the costs currently recovered by the IM-12
15 rate by including those costs in the Network segment revenue requirement so that
16 they would be recovered by an increase to the Network transmission rates. This is
17 colloquially referred to as rolling those costs into the Network rates.

18 *Q: What reasoning does BPA use to suggest that rolling the Eastern Intertie costs*
19 *into the Network segment may be appropriate in this or a future rate case?*

20 *A:* BPA states that "roll-in would help meet the needs of Pacific Northwest utilities
21 that wish to acquire renewable generation and would not adversely affect
22 transmission rates for existing transmission service." Metcalf, *et al.*, BP-14-E-
23 BPA-35, p. 3, lines 22-24.

1 *Q: What generation does BPA indicate would benefit from the elimination of the IM*
2 *rate and recovery of those costs from Network transmission customers?*

3 A: BPA’s testimony indicates that the intended recipients of the benefit would be
4 eastern Montana wind generation that is planned or projected to be built at some
5 point in the future. *Id.*, p. 3, lines 14-20. We do not expect that potential eastern
6 Montana wind generation that would utilize Eastern Intertie transmission service
7 would be located within the Pacific Northwest as that term is defined by statute.

8 *Q: Does it appear that there is a demand for long-term, firm transmission service*
9 *using that Eastern Intertie transmission that would be subject to the IM-14 rate?*

10 A: BPA states that, currently, there are no requests for new long-term, firm
11 transmission service across the Eastern Intertie. BPA response to PP-BPA-10
12 (appended to this testimony as Attachment 1). BPA notes that it has received
13 transmission service requests for firm transmission service on the Network,
14 Metcalf, et al., BP-14-E-BPA-35, p. 3, lines 14-15, but this may not indicate a
15 demand for use of Eastern Intertie transmission services.

16 *Q: Is eastern Montana wind generation currently competitive with wind generation*
17 *located in the Columbia Gorge area of Washington and Oregon?*

18 A: BPA acknowledges in response to a data request that bus bar costs of Montana
19 and Columbia Gorge wind generation indicate that, “without considering new
20 transmission, costs of Montana wind generation are competitive with Columbia
21 Gorge wind generation.” BPA response to PP-BPA-12 (appended to this
22 testimony as Attachment 2).

1 *Q: Does this mean that eliminating the Montana Intertie charge for eastern Montana*
2 *wind generation will make that generation competitive with generation in the*
3 *Pacific Northwest?*

4 A: We do not think this has been demonstrated. As noted above, BPA believes that
5 eastern Montana wind is already competitive with Columbia Gorge wind on a cost
6 basis, leaving aside transmission cost. Assuming, without agreeing, that BPA is
7 correct, not having to pay the Eastern Intertie charge might make eastern Montana
8 wind generation *more* competitive than it currently is, but this is not
9 determinative. BPA witnesses were asked to provide the basis for their statement
10 that

11 wind generation in eastern Montana would be competitive with
12 wind generation near the Columbia Gorge in meeting any unmet
13 Oregon and Washington renewable portfolio standard (RPS)
14 requirements, assuming roll-in of BPA's share of Eastern Intertie
15 costs and no new capital costs for transmission on BPA's system
16 resulting in significant rate increases.

17
18 *Id.* BPA responded, in part, that "[t]here are no studies that show that Montana
19 wind would be cost-competitive given only the roll-in of BPA's share of Eastern
20 Intertie costs. The cost-competitiveness refers to both the conditions, especially
21 the 'no new capital costs for transmission' part." *Id.* Thus, whether BPA charges
22 eastern Montana wind generation the Montana Intertie rate is far less important to
23 its "competitiveness" than the need to pay for new transmission upgrades to
24 deliver it to markets in the Pacific Northwest. *Id.*

25 *Q: Does BPA demonstrate that rolling the Eastern Intertie costs into the Network*
26 *segment would create a benefit to Pacific Northwest utilities or consumers?*

1 A: In our opinion it does not. BPA acknowledges that Pacific Northwest utilities
2 have already met their current state RPS requirements. BPA stated in response to
3 a data request that “[u]tilities may fall short of expectations if there are delays in
4 resource development, mechanical failure, contract delivery risk, or unanticipated
5 changes in load growth expectations. BPA response to PP-BPA-27 (appended to
6 this testimony as Attachment 3). BPA’s testimony states that utilities ‘may’ fall
7 short, but no specific risk analysis has been conducted quantifying the likelihood
8 of falling short of RPS requirements.” *Id.* Also, BPA implicitly assumes that
9 utilities would want to purchase wind generation to fill those needs, rather than
10 conservation or other renewable resources that are more predictable and lower-
11 cost. BPA does not take account of the distinct possibility that utilities might not
12 purchase wind generation to meet their future RPS requirements. While wind
13 generation is currently the primary resource to meet RPS requirements, both the
14 market and energy policy may change significantly by 2025.

15 Moreover, there is no indication that eliminating the IM rate would lower
16 the market price for energy or the offer price for eastern Montana wind generation
17 in any way that might benefit Northwest utilities or consumers. Cost savings
18 accruing to sellers often do not find their way into lower prices for purchasers.
19 Additionally, over the last few years approximately 70-80% of wind energy
20 generated in BPA’s balancing authority was exported. BPA response to PP-BPA-
21 30 (appended to this testimony as Attachment 4) and PP-BPA-030A1 (appended
22 to this testimony as Attachment 5). Interconnected markets with higher prices
23 will always attract energy sellers and we expect that California will continue to

1 pay higher prices than the Northwest for renewable energy for the foreseeable
2 future. Wind generation that finds its way into the Northwest will have as much
3 incentive to sell in a higher-priced, Southwest market as any other generation.

4 *Q: Does BPA consider other, additional costs that might outweigh any asserted*
5 *benefit?*

6 *A:* No, BPA does not consider other costs to Northwest utilities and consumers that
7 might attend the importation of eastern Montana wind generation. BPA does not
8 take into account the impact of additional wind generation from eastern Montana
9 on oversupply conditions in the Pacific Northwest. BPA cites the potential for
10 9,000 MW of wind development in Montana. Metcalf, *et al.*, BP-14-E-BPA-35,
11 p. 4, lines 10-13. If even a substantial fraction of that amount were to be imported
12 into the Pacific Northwest, oversupply conditions in the Northwest would be
13 significantly increased. Under BPA's current Attachment P, BPA has undertaken
14 to compensate wind generation that is displaced during oversupply events and the
15 method for allocating those oversupply compensation costs to BPA customers
16 through rates has yet to be determined. Whatever method for allocation is
17 ultimately chosen, the costs of oversupply are detrimental to Northwest
18 consumers and their supplying utilities. Overall, we do not believe that BPA has
19 demonstrated any benefit to Northwest utilities.

20 *Q: Do you agree with BPA's assertions that "[t]he only issue that could result in a*
21 *significant network rate increase is the issue of whether roll-in of Eastern Intertie*
22 *costs would be a precedent that could result in roll-in of Southern Intertie costs?"*
23 *Metcalf, et al., BP-14-E-BPA-35, p. 6, lines 20-22.*

1 A: BPA relies on current Network Open Season policy to explain away objections
2 that substantial Network upgrade costs might be allocated to Network customers
3 to permit greater wind importation from eastern Montana. *Id.*, p. 7, lines 10-25.
4 Assuming without necessarily agreeing that this is the case, we note that if
5 Network customers are protected from having to pay these upgrade costs, then the
6 customers seeking transmission service that requires those upgrades, in this case
7 eastern Montana wind generation, will have to bear them through payment of an
8 incremental rate. In that case, the “competitiveness” of eastern Montana wind, by
9 BPA’s analysis, would be lost and the point to rolling in the Eastern Intertie along
10 with it.

11 The assignment of such Network upgrade costs to the Network segment
12 revenue requirement, however, is not the only source of potential cost for
13 Network customers. Even if we assume, without agreeing, that Network
14 customers would not see those upgrade costs rolled into the Network segment,
15 there remains a substantial risk that wind developers causing the facilities to be
16 built would default on their obligations and leave BPA’s transmission customers
17 with the burden of underutilized transmission facilities whose costs would be
18 ultimately be paid by all transmission customers. Recent contract terminations
19 and modifications and threats of defaults demonstrate that the risk of this
20 occurrence is significant.

21 /////

22 /////

23 /////

Section 4: JP10 Remains Concerned that Roll-In of Eastern Intertie Costs Could Create a Precedent Regarding Roll-In of the Southern Intertie or Other Segments.

Q: BPA concludes that it “do[es] not believe there are any other comparable non-network segments for which roll-in of the Eastern Intertie would be a precedent. Id., p. 7, line 25, - p. 8, line 3. Do you believe that there is little risk that a roll-in of the Eastern Intertie would be used as precedent by those wishing to roll the costs of the Southern Intertie into the Network segment?”

A: We believe that BPA’s analysis does not adequately assess the risk or take other relevant facts into account. BPA views the Eastern Intertie as predominantly a generation interconnection facility. BPA response to PP-BPA-33 (appended to this testimony as Attachment 6). Although relevant, this fact does not encompass all of the points of similarity and difference between the Eastern and Southern Interties that other parties might argue in the future create a precedent.

*In fact, BPA’s reliance on the Eastern Interconnection’s status as “essentially” a generation interconnection facility, id., creates additional potential risk of creating precedent. As BPA points out in its response to PP-BPA-33, BPA’s policy is to directly assign the costs of generation interconnection facilities and not to include them in the Network segment. See BPA, *Definitions of Transmission Services (TS), Cost of Service Segments, for May 23 Rates Workshop*, p. 1, stating that “[f]acilities that integrate non-federal generation are directly assigned to those generators and are not included in BPA’s plant investment.” (Appended to this testimony as Attachment 7). Assuming BPA is*

1 correct about the nature of the Eastern Intertie, rolling in the facility would violate
2 the basis for the direct assignment of generation interconnection costs: that these
3 are sole use facilities for the purpose of interconnecting generation to the
4 Network. Were BPA to take actions that are arguably inconsistent with that
5 policy, by rolling the Eastern Intertie costs into the Network, BPA could open the
6 door for arguments of undue discrimination. Allegations could be made that
7 BPA's action to relieve one set of generators from the obligation to pay their
8 share of an interconnection facility, used in common with other generators who
9 pay those costs, unduly discriminates against other generators who bear the costs
10 of their interconnection facilities, whether those facilities are encompassed within
11 the Eastern Intertie or as simply interconnected with the BPA Network at other
12 points.

13 *Q: Does this conclude your testimony?*

14 *A: Yes.*

From: ratecase@bpa.gov

Date: 12 December, 2012 3:19:36 PM PST

To: lmdimitman@bpa.gov, r.blair.strong@painehamblen.com, pmurphy@mbllp.com, lwolv@tds.net, ghcarr@pacifier.com, DKari@perkinscoie.com, JKallstrom@SNOPUD.com, jkuzma@perkinscoie.com, pjburger@bpa.gov, ragreene@bpa.gov, jawelch@bpa.gov, gcgustafson@bpa.gov, alennox@bpa.gov, tcmisley@bpa.gov, belovell@bpa.gov, aeingram1@bpa.gov, dlgilman@bpa.gov, srkerns@bpa.gov, jrklippstein@bpa.gov, rbrussell@bpa.gov, alwagner@bpa.gov, dhfisher@bpa.gov, rdbliven@bpa.gov, johncameron@dwt.com, Karen.mcdonald@powerex.com, ccopat@e-z.net, sdleonard@earthlink.net, stefan.brown@pgn.com, mhchongtim@bpa.gov, falcon@eesconsulting.com, klbeale@bpa.gov, majackson@bpa.gov, rspettinger@bpa.gov, bamcmanus@bpa.gov, ccaldwell@mbllp.com, lekitchen@bpa.gov, nparker@bpa.gov, cindy.wright@seattle.gov, deb@a-klaw.com, jxjohnson@bpa.gov, engel.lee@seattle.gov, janna.leasy@pacificorp.com, phil.obenchain@pacificorp.com, lara.skidmore@troutmansanders.com, karen.kruse@troutmansanders.com, nbaker@ppcpdx.org, cameron@rnp.org, jamitchell@bpa.gov, ztowner@pngcpower.com, robert.cahail@pse.com, cwgriffen@bpa.gov, tracey.bradley@bgllp.com, jrussell@cityoftacoma.org, lafinley@snopud.com, rkindley@cablehouston.com, mwperkins@bpa.gov, rzmandell@bpa.gov, rcdavis@bpa.gov, dtill@martenlaw.com, lnprado@bpa.gov, laura.beane@iberdrolaren.com, steve_lincoln@transalta.com, efalatko@bpa.gov, chcombs@bpa.gov, ryann@millcreeklaw.com, ekloebach@bpa.gov, bpanotices@dvclaw.com, pbstiffler@bpa.gov, ann@annfisherlaw.com, frpuyleart@bpa.gov, dkdernovsek@bpa.gov, kafodrea@bpa.gov, aechalier@bpa.gov, klblack@bpa.gov, garussell@bpa.gov, rateclerk@bpa.gov, Case.Admin@sce.com, egtraetow@bpa.gov, gsbooth@bpa.gov, fng@snopud.com, nyquinata@bpa.gov, DLCHEN@bpa.gov, megan.capper@eweb.org, tracy.davis@bgllp.com, Cathy.Karlstad@sce.com, mdotten@martenlaw.com, r.schneider@flathead.coop, betsy@betsybridge.com, craiggannett@dwt.com, refredrickson@bpa.gov, bbennett@bpa.gov, jackspeer1@mac.com, demetcalf@bpa.gov, bdaltman@bpa.gov, Ray.Brush@NorthWestern.com, tdcoatney@bpa.gov, jasmine.hites@troutmansanders.com, iscruggs@ppcpdx.org, ampalacios@bpa.gov, jkivey@bpa.gov, dina@rnp.org, mjames@ghpud.org, bmoore@clarkpud.com, molly.suda@klgates.com, stephen.t.greenleaf@jpmorgan.com, awalker@ppcpdx.org, theresa.burch@pse.com, kpom@well.com, Rbunday@martenlaw.com, bickford@bentonpud.org, shawn.davis@pgn.com, sxbruso@bpa.gov, p.watson@flathead.coop, wendy@nwenergy.org, paul_wcb@comcast.net, mbkayim@bpa.gov, gфина@snopud.com, scorwin@ppcpdx.org, John.Ollis@pgn.com, cjgilbert@bpa.gov, letenney@bpa.gov, evking@bpa.gov, rmsigurdson@bpa.gov, dryokota@bpa.gov, ptwilliams@bpa.gov,

nlwilliams@bpa.gov, maryellen.stefanou@troutmansanders.com,
tlsalazar@bpa.gov, lafurumasu@bpa.gov, srbellcoff@bpa.gov, mrlinn@bpa.gov,
mhmorrison@snopud.com, tyler.johnson@bgllp.com, tedavis@bpa.gov,
crlarson@bpa.gov, Eric.Espenhorst@Seattle.gov, cachristen@bpa.gov,
mntruong@bpa.gov, sawwhite@bpa.gov, dwbogdon@bpa.gov, MKelly@bpa.gov,
ljscott3@bpa.gov, remessinger@bpa.gov, rapplegate@cityoftacoma.org,
rddavis@bpa.gov, amb@duncanallen.com, saadams@bpa.gov,
kari.vanderstoep@klgates.com, amber.wyatt@sce.com, mdeen@r-c-s-inc.com,
jd@williamsjohnsonlaw.com, lee.gresham@brattle.com, aleka@pngc.com,
ektaylor@bpa.gov, pafiedler@bpa.gov, david.white@pgn.com

**Subject: 2014 Power and Transmission Rate Proceeding - Response to
Data Request PP-BPA-10**

This is an automated message from the Bonneville 2014 Power and
Transmission Rate Proceeding Website:
<https://www.bpa.gov/secure/RateCase>

PLEASE DO NOT RESPOND TO THIS EMAIL.

The Following DATA RESPONSE Has Been Issued:

DATA REQUEST NUMBER TO REFERENCE:
PP-BPA-10

RESPONSE BY:
Scott Bruso - Bonneville Power Administration

ORIGINAL DATA REQUEST:
Please provide a list of each request for BPA transmission service over the
Montana Intertie facilities owned by BPA and for each such request provide the
requesting party, the requested reservation in MW, the POR and POD, the wind
plant associated with the energy to be transmitted on that requested reservation
and indicate to the best of your knowledge whether or not that plant has started
construction on its interconnection facilities.

EXHIBIT: Testimony on Montana Intertie BP-14-E-BPA-35

PAGE(S): 3
LINE(S): 14-15

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any
documents)

--TEXT DESCRIPTION:

Attachment 1 to BP-JP10-01

There are no transmission service requests over the Montana Intertie in BPA's queue.

For technical questions about this request please contact Dennis Metcalf by phone (3606196445) or email (demetcalf@bpa.gov)

From: ratecase@bpa.gov

Date: 17 December, 2012 3:03:57 PM PST

To: lmdimitman@bpa.gov, r.blair.strong@painehamblen.com, pmurphy@mbllp.com, lwolv@tds.net, ghcarr@pacifier.com, DKari@perkinscoie.com, JKallstrom@SNOPUD.com, jkuzma@perkinscoie.com, pjburger@bpa.gov, ragreene@bpa.gov, jawelch@bpa.gov, gcgustafson@bpa.gov, alennox@bpa.gov, tcmisley@bpa.gov, belovell@bpa.gov, aeingram1@bpa.gov, dlgilman@bpa.gov, srkerns@bpa.gov, jrklippstein@bpa.gov, rbrussell@bpa.gov, alwagner@bpa.gov, dhfisher@bpa.gov, rdbliven@bpa.gov, johncameron@dwt.com, Karen.mcdonald@powerex.com, ccopat@e-z.net, sdleonard@earthlink.net, stefan.brown@pgn.com, mhchongtim@bpa.gov, falcon@eesconsulting.com, klbeale@bpa.gov, majackson@bpa.gov, rspettinger@bpa.gov, bamcmanus@bpa.gov, ccaldwell@mbllp.com, lekitchen@bpa.gov, nparker@bpa.gov, cindy.wright@seattle.gov, deb@a-klaw.com, jxjohnson@bpa.gov, engel.lee@seattle.gov, janna.leasy@pacificorp.com, phil.obenchain@pacificorp.com, lara.skidmore@troutmansanders.com, karen.kruse@troutmansanders.com, nbaker@ppcpdx.org, cameron@rnp.org, jamitchell@bpa.gov, ztowner@pngcpower.com, robert.cahail@pse.com, cwgriffen@bpa.gov, tracey.bradley@bgllp.com, jrussell@cityoftacoma.org, lafinley@snopud.com, rkindley@cablehouston.com, mwperkins@bpa.gov, rzmandell@bpa.gov, rcdavis@bpa.gov, dtill@martenlaw.com, lnprado@bpa.gov, laura.beane@iberdrolaren.com, steve_lincoln@transalta.com, efalatko@bpa.gov, chcombs@bpa.gov, ryann@millcreeklaw.com, ekloebach@bpa.gov, bpanotices@dvclaw.com, pbstiffler@bpa.gov, ann@annfisherlaw.com, frpuyleart@bpa.gov, dkdernovsek@bpa.gov, kafodrea@bpa.gov, aechalier@bpa.gov, klblack@bpa.gov, garussell@bpa.gov, rateclerk@bpa.gov, Case.Admin@sce.com, egtraetow@bpa.gov, orcapoint@hotmail.com, gsbooth@bpa.gov, fng@snopud.com, nyquinata@bpa.gov, DLCHEN@bpa.gov, megan.capper@eweb.org, tracy.davis@bgllp.com, Cathy.Karlstad@sce.com, mdotten@martenlaw.com, r.schneider@flathead.coop, betsy@betsybridge.com, craiggannett@dwt.com, refredrickson@bpa.gov, bbennett@bpa.gov, jackspeer1@mac.com, demetcalf@bpa.gov, bdaltman@bpa.gov, Ray.Brush@NorthWestern.com, tdcoatney@bpa.gov, jasmine.hites@troutmansanders.com, iscruggs@ppcpdx.org, ampalacios@bpa.gov, achartz@bpa.gov, jkivey@bpa.gov, dina@rnp.org, mjames@ghpud.org, bmoore@clarkpud.com, molly.suda@klgates.com, stephen.t.greenleaf@jpmorgan.com, awalker@ppcpdx.org, theresa.burch@pse.com, kpom@well.com, Rbunday@martenlaw.com, bickford@bentonpud.org, shawn.davis@pgn.com, sxbruso@bpa.gov, p.watson@flathead.coop, wendy@nwenergy.org, paul_wcb@comcast.net, mbkayim@bpa.gov, gfina@snopud.com, scorwin@ppcpdx.org, John.Ollis@pgn.com, cjgilbert@bpa.gov, letenney@bpa.gov, evking@bpa.gov, rmsigurdson@bpa.gov,

dryokota@bpa.gov, ptwilliams@bpa.gov, nlwilliams@bpa.gov,
maryellen.stefanou@troutmansanders.com, tlsalazar@bpa.gov,
lafurumasu@bpa.gov, srbelcoff@bpa.gov, mrlinn@bpa.gov,
mhmorrison@snopud.com, tyler.johnson@bgllp.com, tedavis@bpa.gov,
crlarson@bpa.gov, Eric.Espenhorst@Seattle.gov, cachristen@bpa.gov,
mntruong@bpa.gov, sawwhite@bpa.gov, dwbogdon@bpa.gov, MKelly@bpa.gov,
ljscott3@bpa.gov, remessinger@bpa.gov, rapplegate@cityoftacoma.org,
rddavis@bpa.gov, amb@duncanallen.com, saadams@bpa.gov,
kari.vanderstoep@klgates.com, amber.wyatt@sce.com, mdeen@r-c-s-inc.com,
jd@williamsjohnsonlaw.com, lee.gresham@brattle.com, aleka@pngc.com,
ektaylor@bpa.gov, pafiedler@bpa.gov, david.white@pgn.com,
nibleygn@teainc.org, BP14Admin@bpa.gov, dafitzsimmons@bpa.gov,
matt.rarity@pse.com

**Subject: 2014 Power and Transmission Rate Proceeding - Response to
Data Request PP-BPA-12**

This is an automated message from the Bonneville 2014 Power and
Transmission Rate Proceeding Website:
<https://www.bpa.gov/secure/RateCase>

PLEASE DO NOT RESPOND TO THIS EMAIL.

The Following DATA RESPONSE Has Been Issued:

DATA REQUEST NUMBER TO REFERENCE:
PP-BPA-12

RESPONSE BY:
Scott Bruso - Bonneville Power Administration

ORIGINAL DATA REQUEST:

You state that: "We believe that wind generation in eastern Montana would be competitive with wind generation near the Columbia Gorge in meeting any unmet Oregon and Washington renewable portfolio standard (RPS) requirements, assuming roll-in of BPA's share of Eastern Intertie costs and no new capital costs for transmission on BPA's system resulting in significant rate increases."

Please provide all studies and other analyses supporting your conclusion that wind generation in eastern Montana would be competitive with wind generation near the Columbia Gorge, given roll-in of BPA's share of Eastern Intertie costs.

EXHIBIT: Testimony on Montana Intertie BP-14-E-BPA-35

PAGE(S): 3

LINE(S): 1-24

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

Costs used in the testimony come from the tab labeled "Resources" in the WREZ model. Specifically, the busbar costs show that without considering new transmission, costs of Montana wind generation are competitive with Columbia Gorge wind generation.

http://www.westgov.org/component/joomdoc/doc_download/1475-wrez-generation-and-transmission-model-

The language in the testimony states that "We believe that wind generation in eastern Montana would be competitive with wind generation near the Columbia Gorge in meeting any unmet Oregon and Washington renewable portfolio standard (RPS) requirements, assuming roll-in of BPA's share of Eastern Intertie costs and no new capital costs for transmission..." There are no studies that show that Montana wind would be cost competitive given only the roll-in of BPA's share of Eastern Intertie costs. The cost competitiveness refers to both the conditions, especially the "no new capital costs for transmission" part.

For technical questions about this request please contact Rebecca Fredrickson by phone (3606196156) or email (refredrickson@bp.gov)

From: ratecase@bpa.gov

Date: 17 December, 2012 3:48:46 PM PST

To: lmdimitman@bpa.gov, r.blair.strong@painehamblen.com, pmurphy@mbllp.com, lwolv@tds.net, ghcarr@pacifier.com, DKari@perkinscoie.com, JKallstrom@SNOPUD.com, jkuzma@perkinscoie.com, pjburger@bpa.gov, ragreene@bpa.gov, jawelch@bpa.gov, gcgustafson@bpa.gov, alennox@bpa.gov, tcmisley@bpa.gov, belovell@bpa.gov, aeingram1@bpa.gov, dlgilman@bpa.gov, srkerns@bpa.gov, jrklippstein@bpa.gov, rbrussell@bpa.gov, alwagner@bpa.gov, dhfisher@bpa.gov, rdbliven@bpa.gov, johncameron@dwt.com, Karen.mcdonald@powerex.com, ccopat@e-z.net, sdleonard@earthlink.net, stefan.brown@pgn.com, mhchongtim@bpa.gov, falcon@eesconsulting.com, klbeale@bpa.gov, majackson@bpa.gov, rspettinger@bpa.gov, bamcmanus@bpa.gov, ccaldwell@mbllp.com, lekitchen@bpa.gov, nparker@bpa.gov, cindy.wright@seattle.gov, deb@a-klaw.com, jxjohnson@bpa.gov, engel.lee@seattle.gov, janna.leasy@pacificorp.com, phil.obenchain@pacificorp.com, lara.skidmore@troutmansanders.com, karen.kruse@troutmansanders.com, nbaker@ppcpdx.org, cameron@rnp.org, jamitchell@bpa.gov, ztowner@pngcpower.com, robert.cahail@pse.com, cwgriffen@bpa.gov, tracey.bradley@bgllp.com, jrussell@cityoftacoma.org, lafinley@snopud.com, rkindley@cablehouston.com, mwperkins@bpa.gov, rzmandell@bpa.gov, rcdavis@bpa.gov, dtill@martenlaw.com, lnprado@bpa.gov, laura.beane@iberdrolaren.com, steve_lincoln@transalta.com, efalatko@bpa.gov, chcombs@bpa.gov, ryann@millcreeklaw.com, ekloebach@bpa.gov, bpanotices@dvclaw.com, pbstiffler@bpa.gov, ann@annfisherlaw.com, frpuyleart@bpa.gov, dkdernovsek@bpa.gov, kafodrea@bpa.gov, aechalier@bpa.gov, klblack@bpa.gov, garussell@bpa.gov, rateclerk@bpa.gov, Case.Admin@sce.com, egtraetow@bpa.gov, orcapoint@hotmail.com, gsbooth@bpa.gov, fng@snopud.com, nyquinata@bpa.gov, DLCHEN@bpa.gov, megan.capper@eweb.org, tracy.davis@bgllp.com, Cathy.Karlstad@sce.com, mdotten@martenlaw.com, r.schneider@flathead.coop, betsy@betsybridge.com, craiggannett@dwt.com, refredrickson@bpa.gov, bbennett@bpa.gov, jackspeer1@mac.com, demetcalf@bpa.gov, bdaltman@bpa.gov, Ray.Brush@NorthWestern.com, tdcoatney@bpa.gov, jasmine.hites@troutmansanders.com, iscruggs@ppcpdx.org, ampalacios@bpa.gov, achartz@bpa.gov, jkivey@bpa.gov, dina@rnp.org, mjames@ghpud.org, bmoore@clarkpud.com, molly.suda@klgates.com, stephen.t.greenleaf@jpmorgan.com, awalker@ppcpdx.org, theresa.burch@pse.com, kpom@well.com, Rbunday@martenlaw.com, bickford@bentonpud.org, shawn.davis@pgn.com, sxbruso@bpa.gov, p.watson@flathead.coop, wendy@nwenergy.org, paul_wcb@comcast.net, mbkayim@bpa.gov, gfina@snopud.com, scorwin@ppcpdx.org, John.Ollis@pgn.com, cjgilbert@bpa.gov, letenney@bpa.gov, evking@bpa.gov, rmsigurdson@bpa.gov,

dryokota@bpa.gov, ptwilliams@bpa.gov, nlwilliams@bpa.gov,
maryellen.stefanou@troutmansanders.com, tlsalazar@bpa.gov,
lafurumasu@bpa.gov, srbelcoff@bpa.gov, mrlinn@bpa.gov,
mhmorrison@snopud.com, tyler.johnson@bgllp.com, tedavis@bpa.gov,
crlarson@bpa.gov, Eric.Espenhorst@Seattle.gov, cachristen@bpa.gov,
mntruong@bpa.gov, sawwhite@bpa.gov, dwbogdon@bpa.gov, MKelly@bpa.gov,
ljscott3@bpa.gov, remessinger@bpa.gov, rapplegate@cityoftacoma.org,
rddavis@bpa.gov, amb@duncanallen.com, saadams@bpa.gov,
kari.vanderstoep@klgates.com, amber.wyatt@sce.com, mdeen@r-c-s-inc.com,
jd@williamsjohnsonlaw.com, lee.gresham@brattle.com, aleka@pngc.com,
ektaylor@bpa.gov, pafiedler@bpa.gov, david.white@pgn.com,
nibleygn@teainc.org, BP14Admin@bpa.gov, dafitzsimmons@bpa.gov,
matt.rarity@pse.com

**Subject: 2014 Power and Transmission Rate Proceeding - Response to
Data Request PP-BPA-27**

This is an automated message from the Bonneville 2014 Power and
Transmission Rate Proceeding Website:
<https://www.bpa.gov/secure/RateCase>

PLEASE DO NOT RESPOND TO THIS EMAIL.

The Following DATA RESPONSE Has Been Issued:

DATA REQUEST NUMBER TO REFERENCE:
PP-BPA-27

RESPONSE BY:
Scott Bruso - Bonneville Power Administration

ORIGINAL DATA REQUEST:
Please provide all analyses and documents that you rely on to support your
statement that “utilities subject to the RPS requirements may not have acquired
renewable generation to meet all the increases in those years.” Please include
any analyses and documentation that indicate the MW of renewable generation
or Renewable Energy Credits that must be purchased to meet those
requirements and how many of those MWs remain to be purchased.

EXHIBIT: Testimony on Montana Intertie BP-14-E-BPA-35

PAGE(S): 5
LINE(S): 22-23

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--TEXT DESCRIPTION:

Specific RPS requirements are based on expected future loads. Utilities may fall short of expectations if there are delays in resource development, mechanical failure, contract delivery risk, or unanticipated changes in load growth expectations. BPA's testimony states that utilities "may" fall short, but no specific risk analysis has been conducted quantifying the likelihood of falling short of RPS requirements.

For technical questions about this request please contact Stephen White by phone (5032304691) or email (sawwhite@bpa.gov)

From: ratecase@bpa.gov

Date: 17 December, 2012 4:10:45 PM PST

To: lmdimitman@bpa.gov, r.blair.strong@painehamblen.com, pmurphy@mbllp.com, lwolv@tds.net, ghcarr@pacifier.com, DKari@perkinscoie.com, JKallstrom@SNOPUD.com, jkuzma@perkinscoie.com, pjburger@bpa.gov, ragreene@bpa.gov, jawelch@bpa.gov, gcgustafson@bpa.gov, alennox@bpa.gov, tcmisley@bpa.gov, belovell@bpa.gov, aeingram1@bpa.gov, dlgilman@bpa.gov, srkerns@bpa.gov, jrklippstein@bpa.gov, rbrussell@bpa.gov, alwagner@bpa.gov, dhfisher@bpa.gov, rdbliven@bpa.gov, johncameron@dwt.com, Karen.mcdonald@powerex.com, ccopat@e-z.net, sdleonard@earthlink.net, stefan.brown@pgn.com, mhchongtim@bpa.gov, falcon@eesconsulting.com, klbeale@bpa.gov, majackson@bpa.gov, rspettinger@bpa.gov, bamcmanus@bpa.gov, ccaldwell@mbllp.com, lekitchen@bpa.gov, nparker@bpa.gov, cindy.wright@seattle.gov, deb@a-klaw.com, jxjohnson@bpa.gov, engel.lee@seattle.gov, janna.leasy@pacificorp.com, phil.obenchain@pacificorp.com, lara.skidmore@troutmansanders.com, karen.kruse@troutmansanders.com, nbaker@ppcpdx.org, cameron@rnp.org, jamitchell@bpa.gov, ztowner@pngcpower.com, robert.cahail@pse.com, cwgriffen@bpa.gov, tracey.bradley@bgllp.com, jrussell@cityoftacoma.org, lafinley@snopud.com, rkindley@cablehouston.com, mwperkins@bpa.gov, rzmandell@bpa.gov, rcdavis@bpa.gov, dtill@martenlaw.com, lnprado@bpa.gov, laura.beane@iberdrolaren.com, steve_lincoln@transalta.com, efalatko@bpa.gov, chcombs@bpa.gov, ryann@millcreeklaw.com, ekloebach@bpa.gov, bpanotices@dvclaw.com, pbstiffler@bpa.gov, ann@annfisherlaw.com, frpuyleart@bpa.gov, dkdernovsek@bpa.gov, kafodrea@bpa.gov, aechalier@bpa.gov, klblack@bpa.gov, garussell@bpa.gov, rateclerk@bpa.gov, Case.Admin@sce.com, egtraetow@bpa.gov, orcapoint@hotmail.com, gsbooth@bpa.gov, fng@snopud.com, nyquinata@bpa.gov, DLCHEN@bpa.gov, megan.capper@eweb.org, tracy.davis@bgllp.com, Cathy.Karlstad@sce.com, mdotten@martenlaw.com, r.schneider@flathead.coop, betsy@betsybridge.com, craiggannett@dwt.com, refredrickson@bpa.gov, bbennett@bpa.gov, jackspeer1@mac.com, demetcalf@bpa.gov, bdaltman@bpa.gov, Ray.Brush@NorthWestern.com, tdcoatney@bpa.gov, jasmine.hites@troutmansanders.com, iscruggs@ppcpdx.org, ampalacios@bpa.gov, achartz@bpa.gov, jkivey@bpa.gov, dina@rnp.org, mjames@ghpud.org, bmoore@clarkpud.com, molly.suda@klgates.com, stephen.t.greenleaf@jpmorgan.com, awalker@ppcpdx.org, theresa.burch@pse.com, kpom@well.com, Rbunday@martenlaw.com, bickford@bentonpud.org, shawn.davis@pgn.com, sxbruso@bpa.gov, p.watson@flathead.coop, wendy@nwenergy.org, paul_wcb@comcast.net, mbkayim@bpa.gov, gfina@snopud.com, scorwin@ppcpdx.org, John.Ollis@pgn.com, cjgilbert@bpa.gov, letenney@bpa.gov, evking@bpa.gov, rmsigurdson@bpa.gov,

dryokota@bpa.gov, ptwilliams@bpa.gov, nlwilliams@bpa.gov, maryellen.stefanou@troutmansanders.com, tlsalazar@bpa.gov, lafurumasu@bpa.gov, srbelcoff@bpa.gov, mrlinn@bpa.gov, mhmorrison@snopud.com, tyler.johnson@bgllp.com, tedavis@bpa.gov, crlarson@bpa.gov, Eric.Espenhorst@Seattle.gov, cachristen@bpa.gov, mntruong@bpa.gov, sawwhite@bpa.gov, dwbogdon@bpa.gov, MKelly@bpa.gov, ljscott3@bpa.gov, remessinger@bpa.gov, rapplegate@cityoftacoma.org, rddavis@bpa.gov, amb@duncanallen.com, saadams@bpa.gov, kari.vanderstoep@klgates.com, amber.wyatt@sce.com, mdeen@r-c-s-inc.com, jd@williamsjohnsonlaw.com, lee.gresham@brattle.com, aleka@pngc.com, etkaylor@bpa.gov, pafiedler@bpa.gov, david.white@pgn.com, nibleygn@teainc.org, BP14Admin@bpa.gov, dafitzsimmons@bpa.gov, matt.rarity@pse.com

Subject: 2014 Power and Transmission Rate Proceeding - Response to Data Request PP-BPA-30

This is an automated message from the Bonneville 2014 Power and Transmission Rate Proceeding Website:
<https://www.bpa.gov/secure/RateCase>

PLEASE DO NOT RESPOND TO THIS EMAIL.

The Following DATA RESPONSE Has Been Issued:

DATA REQUEST NUMBER TO REFERENCE:
PP-BPA-30

RESPONSE BY:
Christian Griffen - Bonneville Power Administration

ORIGINAL DATA REQUEST:

- Please state how much wind generation was exported out of the BPA balancing authority area in each of the years FY 2008-2012 on average and as a percentage of the total wind generation fleet located in the BPA balancing authority area in each corresponding year.
- Please state how much wind generation you forecast will be exported out of the BPA balancing authority area in each of FY 2014 and FY 2015 on average and as a percentage of the total wind generation fleet located in the BPA balancing authority area in each corresponding year.
- Please state how much wind generation was exported out of the Pacific Northwest (as defined in the in the Northwest Power Act) in each of the years FY 2008-2012 on average and as a percentage of the total wind generation fleet located in the BPA balancing authority area in each corresponding year.

- Please state how much wind generation will be exported out of the Pacific Northwest (as defined in the Northwest Power Act) in each of FY 2014 and FY 2015 on average and as a percentage of the total wind generation fleet located in the BPA balancing authority area in each corresponding year.
- For each of the above, please describe how you make each calculation and provide the information that you relied on in making it.

EXHIBIT: Testimony on Generation Inputs Policy BP-14-E-BPA-21

PAGE(S): 2

LINE(S): 14-16

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any documents)

--UPLOADED DOCUMENTS:

<https://www.bpa.gov/secure/RateCase/openfile.aspx?fileName=PP-BPA-30+Wind+Export+Data.pdf&contentType=application%2fpdf>

--TEXT DESCRIPTION:

BPA objects to this request because it calls for speculation. BPA cannot determine the quantities of wind generation that is expected to be exported in future years. BPA also objects to this request because it requests analysis not performed for the Initial Proposal. BPA is not required to perform new analyses in response to data requests. In addition, BPA objects to this request because it seeks confidential customer information and is administratively burdensome. Without waiving these objections, BPA provides the following:

For the amount of wind generation that was exported out of the BPA Balancing Authority Area and the amount of wind generation that was exported out of the Pacific Northwest in each of the years FY 2008-2012 please see the tables provided.

For both calculations BPA searched its e-tag data base and used the Energy profile on all e-tags that met the following requirements:

- 1) GCA (Generator Control Area) on the e-tag was equal to BPAT
- 2) The source on the e-tag was in BPA's list of Wind Generators
- 3) The e-tag was approved and implemented

To be considered an export from BPA's Balancing Authority Area, the following rule was used:

-the LCA (Load Control Area) on the e-tag was not BPAT

To be consider as an e-tag exported out of the Pacific Northwest, the following rule was used:

- the adjacent downstream balancing authority was one of the following: SMUD, CISO, LDWP, BANC or SPPC.

For both calculations, BPA took the sum of the exports divided by total wind schedules.

These calculations do not take into account wind generation that is delivered to a BA within the Pacific Northwest that may eventually be delivered to a non-BPA customer outside the Pacific Northwest. BPA has no way of tracking this type of transaction.

For technical questions about this request please contact Larry Kitchen by phone 503.230.5458 and/or email lekitchen@bpa.gov. For other questions about this request, please contact Ethan Falatko by phone 503.230.3136 and/or email efalatko@bpa.gov.

Percent of wind exported out of BPA BA - Year: 2008	
Total Wind MWHs	4036854
Export	2850257
Percent Exported	71%

Year: 2009	
Total Wind	5194628
Export	3473442
Percent Exported	67%

Year: 2010	
Total Wind	6792345
Export	4994953
Percent Exported	74%

Year: 2011	
Total Wind	8873361
Export	6899452
Percent Exported	78%

Year: 2012 (Through December 13, 2012)	
Total Wind	8550192
Export	6834745
Percent Exported	80%

Percent of wind exported out of Pacific Northwest - Year: 2008	
Total Wind MWHs	4036854
Export	629139
Percent Exported	15.58%

Year: 2009	
Total Wind	5194628
Export	653707
Percent Exported	12.58%

Year: 2010	
Total Wind	6792345
Export	1273768
Percent Exported	18.75%

Year: 2011	
Total Wind	8873361
Export	2360901
Percent Exported	26.61%

Year: 2012 (Through December 17, 2012)	
Total Wind	8550192
Export	2415003
Percent Exported	28.00%

From: ratecase@bpa.gov

Date: 17 December, 2012 4:09:40 PM PST

To: lmdimitman@bpa.gov, r.blair.strong@painehamblen.com, pmurphy@mbllp.com, lwolv@tds.net, ghcarr@pacifier.com, DKari@perkinscoie.com, JKallstrom@SNOPUD.com, jkuzma@perkinscoie.com, pjburger@bpa.gov, ragreene@bpa.gov, jawelch@bpa.gov, gcgustafson@bpa.gov, alennox@bpa.gov, tcmisley@bpa.gov, belovell@bpa.gov, aeingram1@bpa.gov, dlgilman@bpa.gov, srkerns@bpa.gov, jrklippstein@bpa.gov, rbrussell@bpa.gov, alwagner@bpa.gov, dhfisher@bpa.gov, rdbliven@bpa.gov, johncameron@dwt.com, Karen.mcdonald@powerex.com, ccopat@e-z.net, sdleonard@earthlink.net, stefan.brown@pgn.com, mhchongtim@bpa.gov, falcon@eesconsulting.com, klbeale@bpa.gov, majackson@bpa.gov, rspettinger@bpa.gov, bamcmanus@bpa.gov, ccaldwell@mbllp.com, lekitchen@bpa.gov, nparker@bpa.gov, cindy.wright@seattle.gov, deb@a-klaw.com, jxjohnson@bpa.gov, engel.lee@seattle.gov, janna.leasy@pacificorp.com, phil.obenchain@pacificorp.com, lara.skidmore@troutmansanders.com, karen.kruse@troutmansanders.com, nbaker@ppcpdx.org, cameron@rnp.org, jamitchell@bpa.gov, ztowner@pngcpower.com, robert.cahail@pse.com, cwgriffen@bpa.gov, tracey.bradley@bgllp.com, jrussell@cityoftacoma.org, lafinley@snopud.com, rkindley@cablehouston.com, mwperkins@bpa.gov, rzmandell@bpa.gov, rcdavis@bpa.gov, dtill@martenlaw.com, lnprado@bpa.gov, laura.beane@iberdrolaren.com, steve_lincoln@transalta.com, efalatko@bpa.gov, chcombs@bpa.gov, ryann@millcreeklaw.com, ekloebach@bpa.gov, bpanotices@dvclaw.com, pbstiffler@bpa.gov, ann@annfisherlaw.com, frpuyleart@bpa.gov, dkdernovsek@bpa.gov, kafodrea@bpa.gov, aechalier@bpa.gov, klblack@bpa.gov, garussell@bpa.gov, rateclerk@bpa.gov, Case.Admin@sce.com, egtraetow@bpa.gov, orcapoint@hotmail.com, gsbooth@bpa.gov, fng@snopud.com, nyquinata@bpa.gov, DLCHEN@bpa.gov, megan.capper@eweb.org, tracy.davis@bgllp.com, Cathy.Karlstad@sce.com, mdotten@martenlaw.com, r.schneider@flathead.coop, betsy@betsybridge.com, craiggannett@dwt.com, refredrickson@bpa.gov, bbennett@bpa.gov, jackspeer1@mac.com, demetcalf@bpa.gov, bdaltman@bpa.gov, Ray.Brush@NorthWestern.com, tdcoatney@bpa.gov, jasmine.hites@troutmansanders.com, iscruggs@ppcpdx.org, ampalacios@bpa.gov, achartz@bpa.gov, jkivey@bpa.gov, dina@rnp.org, mjames@ghpud.org, bmoore@clarkpud.com, molly.suda@klgates.com, stephen.t.greenleaf@jpmorgan.com, awalker@ppcpdx.org, theresa.burch@pse.com, kpom@well.com, Rbunday@martenlaw.com, bickford@bentonpud.org, shawn.davis@pgn.com, sxbruso@bpa.gov, p.watson@flathead.coop, wendy@nwenergy.org, paul_wcb@comcast.net, mbkayim@bpa.gov, gфина@snopud.com, scorwin@ppcpdx.org, John.Ollis@pgn.com, cjgilbert@bpa.gov, letenney@bpa.gov, evking@bpa.gov, rmsigurdson@bpa.gov,

dryokota@bpa.gov, ptwilliams@bpa.gov, nlwilliams@bpa.gov,
maryellen.stefanou@troutmansanders.com, tlasalazar@bpa.gov,
lafurumasu@bpa.gov, srbelcoff@bpa.gov, mrlinn@bpa.gov,
mhmorrison@snopud.com, tyler.johnson@bgllp.com, tedavis@bpa.gov,
crlarson@bpa.gov, Eric.Espenhorst@Seattle.gov, cachristen@bpa.gov,
mntruong@bpa.gov, sawwhite@bpa.gov, dwbogdon@bpa.gov, MKelly@bpa.gov,
ljscott3@bpa.gov, remessinger@bpa.gov, rapplegate@cityoftacoma.org,
rddavis@bpa.gov, amb@duncanallen.com, saadams@bpa.gov,
kari.vanderstoep@klgates.com, amber.wyatt@sce.com, mdeen@r-c-s-inc.com,
jd@williamsjohnsonlaw.com, lee.gresham@brattle.com, aleka@pngc.com,
ektaylor@bpa.gov, pafiedler@bpa.gov, david.white@pgn.com,
nibleygn@teainc.org, BP14Admin@bpa.gov, dafitzsimmons@bpa.gov,
matt.rarity@pse.com

**Subject: 2014 Power and Transmission Rate Proceeding - Response to
Data Request PP-BPA-33**

This is an automated message from the Bonneville 2014 Power and
Transmission Rate Proceeding Website:
<https://www.bpa.gov/secure/RateCase>

PLEASE DO NOT RESPOND TO THIS EMAIL.

The Following DATA RESPONSE Has Been Issued:

DATA REQUEST NUMBER TO REFERENCE:
PP-BPA-33

RESPONSE BY:
Scott Bruso - Bonneville Power Administration

ORIGINAL DATA REQUEST:
Please state the basis for your opinion and provide all analyses and underlying
documentation that you relied on in testifying to that opinion.

EXHIBIT: Testimony on Montana Intertie BP-14-E-BPA-35

PAGE(S): 8
LINE(S): 1-3

DATA RESPONSE: (NOTE: You MUST log in to the site in order to view any
documents)

--TEXT DESCRIPTION:

The basis for the opinion referred to in the cited exhibit (“Regarding the issue of Eastern Intertie roll-in as precedent for roll-in of non-network facilities other than the Southern Intertie, we do not believe there are any other comparable non-network segments for which roll-in of the Eastern Intertie would be a precedent.”) is BPA experience with and understanding of the other BPA transmission system segments. The Eastern Intertie is essentially a generator interconnection facility, providing for transfer of energy from the Colstip facility westward to the BPA Integrated Network. There are no other segments that can be viewed as BPA-owned generator interconnection facilities that are separately segmented, i.e., that have their own distinct revenue requirement.

In forming this opinion, and on the advice of BPA counsel, we relied in part on:

Excerpts from Attachment L of BPA’s Open Access Transmission Tariff, “Standard Large Generator Interconnection Procedures,” relating to the definition of interconnection facilities, which read as follows:

Interconnection Customer’s Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider’s Transmission System. Interconnection Customer’s Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider’s Interconnection Facilities and the Interconnection Customer’s Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modifications, additions, or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider’s Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades, or Network Upgrades.

Transmission Provider’s Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider’s Interconnection Facilities are sole use

facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades, or Network Upgrades.

For technical questions about this request please contact Dave Bogdon by phone (3606196412) or email (dwbogdon@bpa.gov)

Definitions of Transmission Services (TS) Cost of Service Segments for May 23 Rates Workshop

Generation Integration Segment

The Generation Integration segment consists of facilities that connect Federal generating plants or resources to the integrated transmission network. This segment includes:

- Transmission lines and equipment between the generator and the first Transmission Services (TS) substation at which the power enters the BPA transmission system;
- Substation terminal equipment integrating the Federal generation such as disconnect switches, circuit breakers, lightning arresters, and a proportionate share of station general equipment; and
- Generator step-up transformers, which transform the Federal generation from the voltage at which it is generated to the voltage at which it is integrated into the BPA transmission system.

Federal generating plants are owned and operated by the U.S. Army Corps of Engineers (USACE) or U.S. Bureau of Reclamation (USBR). The Columbia Generating Station (CGS) is owned by Energy Northwest (ENW). The costs allocated in the Revenue Requirement Study to the Generation Integration segment are wholly assigned to BPA's Power Services and recovered through power rates.

Facilities that integrate non-federal generation are directly assigned to those generators and are not included in BPA's plant investment.

Integrated Network Segment

The Integrated Network segment consists of TS facilities that transfer bulk power between utility service areas in the Pacific Northwest and between the other transmission segments. The redundant transmission pathways of the Integrated Network segment also provide voltage regulation and reliability. The Integrated Network segment consists of lines and substation equipment at voltages ranging from 34.5 kV to 500 kV including a proportionate share of station general equipment. In addition, the costs for USACE and USBR facilities that function as part of the Integrated Network segment are included in TS's revenue requirement (though not in the segmented plant investment), even though these facilities do not belong to BPA.

Pacific Northwest-Southwest (Southern) Intertie Segment

The Southern Intertie segment consists of all or part of transmission lines and substations that enable power to flow between the Pacific Northwest and California. This segment consists primarily of:

- A 1,000 kV direct-current (DC) line originating near The Dalles, Oregon, and extending to the Los Angeles area, along with the Celilo Converter Station, and
- Three parallel 500 kV alternating-current (AC) lines that originate near John Day Dam in North Central Oregon and extends to Northern California.

TS operates the intertie facilities north of the California-Oregon and Nevada-Oregon borders. TS does not own the following major intertie facilities:

- One of the 500 kV AC lines from Grizzly substation to Malin substation in central Oregon and associated terminals, which are owned by Portland General Electric Company (PGE); and
- The Meridian-Captain Jack-Malin line and Summer Lake-Malin line, which are owned by PacifiCorp.

Also, some equipment at various intertie substations are jointly owned or wholly owned by others. Contractual relationships for the identified transmission capacity determine which BPA facilities are considered part of this segment.

Eastern Intertie Segment

The Eastern Intertie segment consists of the double circuit Garrison-Townsend 500 kV line and the associated substation facilities at Garrison. These facilities connect near Townsend, Montana, with a double circuit 500 kV line owned by Avista, NorthWestern Energy, PacifiCorp, PGE, and Puget Sound Energy and extends to the BPA Integrated Network at Garrison substation.

Utility Delivery Segment

The Utility Delivery segment consists primarily of substation facilities required to "step down" (reduce) transmission voltages (typically 115 kV) to delivery voltages below 34.5 kV for distribution to utility customers. Step-down transformers and associated switching and protection equipment constitute the majority of facilities included in this segment. In addition to substation equipment, two short transmission lines at 12.5 kV are included in this segment. Facilities that deliver power to utility customers at voltages of 34.5 kV and above are considered part of the Integrated Network.

Direct Service Industry (DSI) Segment

This segment consists of facilities required to deliver power to BPA's Direct-Service Industrial (DSI) customers. The facilities consist of step-down transformers and associated switching and protection equipment that step down transmission voltages to delivery voltages 34.5 kV and below. Only facilities associated with actively operating customers are included. Facilities associated with customers no longer operating are considered general overhead (stranded costs).

Ancillary Services Segment

This segment consists of the control and communication equipment necessary for TS to control and operate the entire BPA transmission system. The equipment that comprises this segment does not transmit power. TS allocates all of the costs associated with this segment to the Scheduling, System Control, and Dispatch ancillary service.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing testimony on Bonneville Power Administration's Office of General Counsel and Hearing Clerk and all litigants in this proceeding by uploading the document to the 2014 Rate Adjustment Proceeding (BP-14) secure websites pursuant to BP-14-HOO-02.

DATED: January 28, 2013.

Alex Walker
Public Power Council
825 NE Multnomah St., Suite 1225
Portland, Oregon 97232
503 595 9770