



July 29, 2004

Vickie Van Zant, Vice President
Bonneville Power Administration
Transmission Business Line
PO Box 491
Vancouver, WA 98666

Re: Snohomish County PUDs' Request for Information Related to 2004 Programs in Review and the 2006 Transmission Rate Case.

Dear Vickie,

At the Programs in Review meeting on June 24th in Tacoma, BPA afforded the opportunity to submit questions as well as workshop requests on TBL issues of interest. In response to that opportunity, Snohomish County PUD submits the attached list of questions and workshop requests.

While we appreciate the information that was provided at the Programs In Review meetings we would like more detail to more fully understand what is involved in TBL's proposed programs and program levels to assist in the development of meaningful comments.

Finally, we believe the entire process by which TBL's revenue requirement is established needs to be explored. Traditional rate setting practices enable a full and transparent examination by all parties of all costs incorporated into the revenue requirement used to establish rates. The ability to examine and contest the costs used to establish a utility's revenue requirement is a fundamental precept of utility regulation that is designed to protect utility service consumers from paying inappropriate charges.

We would request that your responses to the enclosed requests include an explanation as to why the current TBL rate setting effort does not provide for a rigorous examination of the proposed revenue requirement and the opportunity to contest the cost items that comprise it.

Thank you for your effort in addressing these requests.

Sincerely,

Steven Marshall
Assistant General Manager
Power & Transmission Services

Snohomish County PUD

Request for Information Related to 2004 Programs in Review and the 2006 Transmission Rate Case.

- 1) Has BPA done any studies, evaluations, analyses or assessment of the feasibility and/or costs of BPA performing some or all of the functions that would be the responsibility of a regional transmission organization, such as establishing and operating a single OASIS, performing regional transmission planning and expansion, and maintaining a single queue for long-term transmission service? If so, please provide a copy of any such study, evaluation, analysis or assessment.
- 2) Has BPA done any transmission expansion project studies, plans, analysis, or reports using non-wires solutions?
- 3) Has BPA successfully implemented any transmission expansion projects using non-wires solutions?
- 4) Has BPA done any studies, assessments, evaluations or analysis that would identify how deficient the existing transmission system is relative to the system being based upon the strict implementation of existing reliability standards, and what would be required to bring the existing system into compliance? If so, please provide a copy of any such study, evaluation, analysis or assessment.
- 5) Has BPA done any studies, assessments, evaluations or analysis on the cost to BPA to implement existing regional transmission system reliability standards based upon the strict interpretation of those standards? If so, please provide a copy of any such study, evaluation, analysis or assessment.
- 6) Has BPA done any studies, assessments, evaluations or analysis on the cost to BPA to implement new enhancements to system reliability standards that are presently under consideration by NERC and/or WECC? If so, please provide a copy of any such study, evaluation, analysis or assessment.
- 7) Has BPA done any studies, assessments, evaluations or analysis that would identify how deficient the existing transmission system is relative to the new enhancements to system reliability standards that are presently under consideration, and what would be required to bring the existing system into compliance with those enhanced standards? If so, please provide a copy of any such study, evaluation, analysis or assessment.
- 8) TBL indicated that it was pursuing a variety of new initiatives to realize efficiency gains, control costs, and reduce costs. What new initiatives have been implemented to date?

- 9) TBL indicated that it was pursuing a variety of new initiatives to realize efficiency gains, control costs, and reduce costs. What efficiency gains, controls, or cost reductions in expenses have been assumed in the development of the cost of TBL's program levels?
- 10) TBL indicated that it was pursuing a variety of new initiatives to realize efficiency gains, control costs, and reduce costs. When can we expect to see these efficiencies, controls and cost reductions reflected in TBL program levels?
- 11) How many Transmission Projects and to what dollar amounts has BPA committed to and/or plans to finance through the use of 3rd Party Financing in addition to the Schultz – Wautoma transmission project?
- 12) For all transmission projects that BPA has committed to finance through use of 3rd Party Financing in addition to the Schultz – Wautoma transmission project, provide information on the terms and conditions and interest rates of the commitments.
- 13) For all G-20 projects, provide an updated construction schedule that indicates the current project status, including timeline for completion and current cost estimate. Explain any differences in project status, including timelines and cost estimates from the proposed TBL capital plan.
- 14) What transmission availability is projected for the BPA Northern Intertie ("NI") transmission customers?
- 15) How many hours of transmission curtailments will Puget Sound Utilities be exposed to as a result of NI Operating Transfer Capability ("OTC") reductions? If there are curtailments, what magnitude in MW should Puget Sound electric utilities expect?
- 16) Does BPA have a standard or benchmark for transmission availability limits for firm transmission service?
- 17) With respect to spending on Grid West development, identify
 - a. How much has been spent by BPA to date and over what period of time
 - b. How much funding has been committed to by BPA in this regard
 - c. How much funding is included in TBL's upcoming rate case revenue requirement

Include in these figures, a breakdown between direct cost and indirect adders and indicate who, between PBL & TBL, is paying for what and in what amounts.

In addition to responding to these questions, we would like to request Workshop content that addresses in depth:

- 1) Current Debt Optimization activities and both their short and long term impacts on TBL program levels
- 2) The Canadian Entitlement situation including but not limited to BPA's efforts to address a long term solution, recognition of cost impacts to West of Cascade utilities affected by BPA's commitments in this regard and measures considered by BPA to mitigate those impacts on West of Cascade utilities.
- 3) TBL Revenue Requirement development detailing expected cost increases and the reason for them, that contribute to the projected TBL rate increase.