

Long Term Transfer Services (GTA)

BPA provides transmission service to more than 120 public power utilities. Of those, approximately 80 are served, in whole or in part, over transmission facilities of other utilities. BPA has traditionally made the arrangements for the use of third party systems to deliver federal power to customers not interconnected to the contiguous FCRTS. As the prospect for new 20 year power sales contracts moves closer to reality, and in order to provide a measure of certainty for federal power customers historically served by transfer over non-federal facilities, BPA is considering a proposed agreement developed pursuant to discussions between representatives of public power and senior BPA staff. This proposal would establish a clearer division of responsibility, in the manner described, between BPA and its transfer customers regarding the following issues:

- Through 2024, BPA will continue to pay for transmission services over third party systems for the delivery of federal power sold under firm power supply contracts. Either BPA or the utility could be the contracting entity for the service.
- BPA shall initially propose rolled-in cost treatment of GTA expenses in each rate case during the term of the agreement. This commitment can be met by proposing rolled-in treatment in either power or transmission rates. BPA is not obligated to adopt rates incorporating this proposal. The Administrator retains full discretion to adopt other proposals for cost recovery and rate design, based on the 7(i) record.
- Customers shall cooperate with BPA's efforts to minimize and manage GTA-related costs.
- If BPA incurs long-term obligations, in reliance on a power sales relationship that ends unexpectedly due to customer action, then BPA may seek stranded cost recovery from the customer.
- Transmission system losses on third party systems will be absorbed by BPA in a manner that represents similar consideration of losses for directly connected customers.
- BPA agrees to address other issues pertaining to transfer services not addressed in the agreement, i.e. ancillary services, quality of service, service to annexed load, delivery segment-equivalent costs, etc. in a separate proceeding.

On or about Sept. 1, 2004, BPA is planning to initiate a public comment process to seek input on the merits of the proposed agreement. The comment period is expected to last through the month of September. A notice letter with additional information will be issued at the time the comment period commences.

Transmission Rate Case Proposal

The cost of federal power deliveries over third party transmission facilities will not be included in transmission rates.

TBL will continue to offer to pay for non-federal power deliveries over third party transmission facilities.

- The OATT, Section 36 (attached below), provides that TBL will acquire and pay for the use of third party transmission service and losses for the transmission of non-Federal power. The total annual payment for all such third party transmission service shall not exceed \$6.5 million.

TBL is considering what level of expense to include in the revenue requirement.

Attachment: Open Access Transmission Tariff

36 Transmission Provider Payment for the Use of Third Party Facilities

The Transmission Provider shall acquire and pay for (or reimburse the Transmission Customer for its costs for the acquisition of) the use of third party transmission service and Real Power Losses needed in order to serve the Receiving Party's native loads under the following terms and conditions:

(a) The Receiving Party has historically been served under a general transfer agreement between the Transmission Provider and third party transferor;

(b) The Transmission Customer utilizes the Transmission Provider's Integrated Network Transmission System in combination with third-party transmission service;

(c) The third-party transmission service is for non-Federal power;

(d) The third-party transmission service is from the Transmission Provider's Integrated Network Transmission System to the Receiving Party's native loads;

(e) The third-party transmission service delivers power only to Points of Delivery serving the Receiving Party's service territory as it existed as of October 1, 1996;

(f) The third-party transmission service is over facilities equivalent in function and voltage level to the Transmission Provider's Integrated Network Transmission System;

(g) The total annual payment for all such third party transmission service shall not exceed \$6,500,000. If the total payment would exceed this limit, the Transmission Provider shall establish and apply a uniform percentage load limit to each Receiving Party's load served by third party transmission service sufficient to limit the Transmission Provider's costs to \$6,500,000; and

(h) The Transmission Customer shall reimburse the Transmission Provider for any charges incurred by the Transmission Provider for Ancillary Services or facility expansion or modifications associated with such third party transmission service.