



15 September 2004

VIA E-MAIL

Madonna Radcliff
Senior Financial Analyst
Programs in Review - T-Ditt2
Bonneville Power Administration
PO Box 491
Vancouver, Washington 98666
tblfeedback@bpa.gov

Re: Joint Customer Comments on TBL's 2004 Programs In Review

Dear Ms. Radcliff:

PPC endorses and joins in the Joint Customer Group's comments on TBL's proposed program levels for FY2006 and FY2007. Independently, PPC offers the following brief, supplemental comments on those program levels.

One BPA

The report that BPA commissioned entitled, *Bonneville Power Administration Process Improvement and Benchmarking Prioritization*, July 13, 2004 (the KEMA Report), identifies a number of efficiencies that BPA can gain by eliminating the artificial division between its transmission and power businesses. This division has resulted in "multiple, redundant organizational units" which increase BPA's costs. KEMA Report at 5. This appears to be the case in the business planning and budgeting area, *id.* at 10, shared services, *id.*, rates, *id.*, marketing and sales, *id.* at 11, human resources, *id.*, finance and accounting, *id.*, and scheduling. *id.*

While we understand that reassembling the agency may not be accomplished before FY2006-07, BPA should make a policy choice to do this and should start to make decisions based on that policy. For example, in deciding whether to build a new office building at Dittmer

for TBL, BPA should make its assessment of that option with the assumption that BPA will be one organization. BPA ought to reassess its forecasted FY06-07 program levels in light of the goal to reassemble the agency.

VERA and VSI Authority

In their comments, the Joint Customers ask BPA to reduce the number of its full-time employees (FTE). PPC agrees with this request which is also supported by the KEMA report. See KEMA Report at 6. An important tool for meeting the objective of FTE reduction is authority to offer Voluntary Early Retirement (VERA) and Voluntary Separation Incentives (VSIs) to BPA employees. VERA and VSIs were used with great success in the 1990s to reduce staffing levels without resorting to a reduction-in-force.

We urge BPA to work with the Northwest Congressional delegation to obtain this authority. Some members the Senate have already taken steps to obtain VERA and VSI authority for the agency, and we hope BPA will work with them.

Maintenance of the Sub-115 kV Transmission Facilities

Over the course of the summer, PPC repeatedly requested information from TBL regarding expenditures forecast to be made on the sub-115 kV transmission system. Some information was made available on September 10th, and is incomplete. As a result, PPC asked for a seven-day extension of the comment period solely for the purpose of exploring this issue further and providing comments. You said via e-mail that the requested extension would not be granted. PPC objects as our ability to comment on this matter has been fundamentally denied and the process rendered inadequate from a due process and Administrative Procedures Act standpoint.

The information we have received to date causes us some concern. TBL's forecasted spending for preventive maintenance of these facilities is about \$81,000, plus an additional amount for inflation, for lines; and approximately \$76,000, plus an additional amount for inflation, for substations. Without more information about the maintenance projects this covers and the existing and forecast backlog of maintenance work, we cannot make an informed judgment about the adequacy of these forecasted amounts. We do note, however, that TBL's forecasted

maintenance budget is approximately \$19.4 million, and the sub-115 kV system accounts for 1.6% of the transmission lines. One-point-six percent of the maintenance budget would be about \$310,000. This amount far exceeds that which TBL forecasts to spend on line maintenance for these facilities. This leaves us with the impression that BPA plans to allow the sub-115 kV system to fall into disrepair. We intend to follow up on this matter as soon as that can be arranged.

If you have any questions, please feel free to contact me.

Sincerely,

/s/

C. Clark Leone
Manager

cc: PPC Executive Committee