

March 24, 2021

John Hairston
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Portland, OR 97232

Submitted Electronically

RE: BP-22 Integrated Program Review 2

The Public Power Council (PPC) appreciates this opportunity to comment on BPA's updated proposals regarding certain Transmission capital and facilities spending levels as well as spending related to the Fish and Wildlife program. PPC is the umbrella trade association representing the non-profit, public power utilities that are preference customers of BPA. PPC members rely on wholesale power and transmission services from BPA to provide the residents and businesses in their communities with affordable, reliable, and environmentally responsible electricity at cost. PPC's members span the full range of municipal, public or people's utility districts, and electric cooperatives across the Pacific Northwest from large to small and rural to urban.

In addition to these comments, PPC's comments on the original IPR proposal remain highly relevant. Beyond the scope of budgets for the upcoming BP-22 rate period, PPC also looks forward to working closely with BPA on advancing transparency, execution, and prioritization in asset management in the coming months. PPC offers the following specific comments regarding the IPR-2 proposal for BP-22.

Transmission Capital and Facilities

PPC appreciates the need for significant investment in the transmission system both to sustain existing capability and to meet emerging customer needs. However, PPC is not convinced that the proposed investment levels are optimally prioritized or achievable. The additional information provided at the IPR-2 workshop regarding the "Criticality, Health, and Risk" (CHR) framework for prioritization and the "Secondary Capacity Model" (SCM) to enhance execution appears promising. Establishment of clear metrics will be essential going forward to measure the success of these initiatives.

Assuming these and other initiatives start to have impacts, there is still a substantial gap in historical execution. Leaving COVID-19 impacts aside, execution of the program averaged 81% from 2016 to 2019 based on the information provided in the IPR-2 workshop materials. Even if the CHR and SCM approaches are successful, full execution seems difficult for the BP-22 rate period. PPC recommends that BPA assume at least a 10% lapse factor for rate setting purposes. This would still represent a significant step forward on historical execution and would pose little financial risk to the agency while also setting rates at a fair level. Additionally, given the level of historical underspend it is appropriate to remove or reduce contingency amounts from capital budgets until execution is much closer to 100%.

BPA's proposal to delay decisions and implementation of the proposed Vancouver Control Center project is encouraging, but PPC also remains deeply concerned regarding the fundamentals of the project. Recognizing there is a business need for a high-functioning control center, PPC does not believe there has been adequate justification for over \$550 million in spending. Thorough, transparent vetting of alternatives is required, including benchmarking of costs to other facilities.

Fish and Wildlife Issues

PPC commends BPA for managing new priorities identified in the Columbia River System Operations (CRSO) Environmental Impact Statement (EIS) within the existing budget or through other cost management actions. We look forward to working with BPA to further identify opportunities for prioritization within the program to ensure that the mitigation efforts funded by public power are scientific, cost-effective, and have a clear nexus to the operations of the FCRPS.

Regarding the financing treatment of Columbia River Fish Mitigation (CRFM) studies, PPC has no issue with BPA's proposal to expense costs in the upcoming rate period. However, if the cost level changes significantly in future rate periods this could be an issue that warrants re-examination.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Deen", with a stylized flourish at the end.

Michael Deen

Policy Director, Public Power Council