

November 30, 2022

John Hairston
Administrator
Bonneville Power Administration

Submitted electronically

RE: Reserves Distribution Clause Proposal

Dear Administrator Hairston:

The Public Power Council (PPC) appreciates this opportunity to comment on the proposed use of Reserves Distribution Clause (RDC) funds. PPC is the overall trade association for the non-profit, locally-governed utilities in the Pacific Northwest that have the priority right to purchase wholesale power from BPA at cost. PPC's members rely on BPA power and transmission products to provide their communities and businesses with reliable, affordable, and environmentally responsible power supply.

PPC and its members are also committed to scientific, cost-effective efforts to mitigate for the operations of Columbia River System Operations on fish and wildlife. The interest of PPC's members in environmental conservation is twofold. First, preference customers bear responsibility for the costs of mitigation, which represent one quarter to one third of the power rates and typically amounting to over \$600 million per year. This mitigation program today is one of the largest of its kind in the world. Second, as locally-governed, non-profit utilities, PPC members reflect the values of their Northwest communities, including conservation.

PPC supports BPA's proposed distribution of RDC funds for Power in the context of the overall proposed settlement, including BP-24 rates. This includes \$350 million for rate relief, \$100 million of additional long-term debt repayment, and \$50 million for accelerated spending on certain existing fish and wildlife mitigation efforts, subject to the condition identified in the proposed settlement agreement.

The RDC funds in question were accrued as a result of customers paying higher rates than necessary to recover BPA's costs given hydrological and market conditions. Conversely,

when financial results have been poor for BPA, customers face higher rates and surcharges as a result. This dynamic has played out many times over BPA's history and customers must receive the benefits of rare good years in order to truly achieve BPA's statutory construct of delivering power at cost for non-profit preference customers.

- It is essential for BPA to follow through on its settlement proposal to maintain the faith and trust of their customers.
- PPC cannot support any additional funds being diverted away from relief to customers.
- Utilities are facing unprecedented cost challenges from inflation and supply chain disruptions.
- BPA cannot be the only funding source for fish recovery efforts with broad regional and national value.
- Single-issue advocates are asking BPA customers to accept a "lose – lose" dynamic on the inherently variable output of the hydro system.
- When market conditions leave BPA short of cash, legal and contractual provisions require power customers to pay more. We cannot accept a lopsided arrangement that denies power customers the benefits when BPA has a rare "good" financial year
- Fish expenditures already comprise upwards of a quarter to a third of every ratepayer dollar paid to BPA.
- BPA ratepayers already cover our fish and wildlife mitigation responsibilities. Any additional funds must come from other sources.
- It must be acknowledged that current mitigation efforts are working – this includes strong (in some case records) returns this year that allowed for increased harvest.
- Juvenile survival through the hydro system is already at extremely high levels comparable with undammed rivers.
- When ocean and other conditions allow, the federal hydro system can support robust returns of adult salmon.

PPC appreciates your consideration of these comments.

Sincerely,



Scott Simms

Executive Director, Public Power Council