

April 15, 2022

Submitted electronically

RE: Financial Plan Refresh Process

The Public Power Council (PPC) appreciates this opportunity to provide input into the Financial Plan Refresh (FPR) process. Although BPA has not released its formal policy proposals, we believe this is an important juncture to comment on the potential use of long-term revenue financing as a financial tool.

PPC's members are non-profit, locally governed utilities that rely on BPA for a reliable, economic, and environmentally responsible power supply to meet the needs of the communities and businesses they serve. PPC members also pay the majority of BPA's costs through wholesale power and transmission rates, enabling the agency to reliably meet its mandate to recover its costs and repay the federal investment in the FCRPS. The strategic relationship between public power and BPA has extended many decades and we anticipate that to continue into the future.

Because of this long-term partnership, public power is committed to BPA's financial health along with a balanced consideration of near and long-term rate impacts. While not fundamentally opposed to revenue financing as a tool, its use must be part of a strategic approach that has clear benefits to customers.

PPC has considered the BPA staff "initial approach for discussion" regarding revenue financing. Although considerable additional work is required, PPC is prepared to conditionally accept the general framework for 10-20% revenue financing (subject to a 1% per rate period incremental rate pressure cap). This acceptance will require BPA to adopt certain modifications and sideboards to the initial staff approach:

- Prioritize liquidity – additional debt payments only made when financial conditions are positive and it would not reduce BPA's reserves for risk.
- Revenue financing should be based on actual spending rather than forecasts.
- Policy must be revisited ahead of post-2028 contract period.
- No net use of borrowing authority over a ten-year period is a reasonable general guideline, but should not be a hard constraint.
- Increased asset management transparency along the lines of the PPC and Snohomish presentation on March 9 must be concurrently adopted.

This represents an initial position based on information available in the FPR process to date. We look forward to working closely with BPA and other stakeholders as policy proposals evolve. PPC has additional questions and concerns we hope to address, including whether 60% is the correct long-term goal for the agency's leverage and how to ensure that the amount of revenue financing included in rates is stable and predictable.

Thank you for your consideration of these initial comments. As always, PPC is open to further dialogue and providing any additional information or clarification that would be helpful.

Sincerely,

A handwritten signature in blue ink that reads "Michael Deen". The signature is fluid and cursive, with a large initial "M" and "D".

Michael Deen
Policy Director, Public Power Council