

June 10, 2020

Kim Thompson
Acting Vice President, Northwest Requirements Marketing
Bonneville Power Administration
Portland, OR 97232

Submitted electronically

RE: BP-22 RHW Process

Dear Ms. Thompson:

The Public Power Council (PPC) provides the following comments on the BP-22 Rate Period High Water Mark (RHW) process and associated issues. PPC is a trade association representing the full spectrum of non-profit electric utilities that are preference customers of BPA.

First, PPC is disappointed to see the ongoing degradation of the firm output of the federal hydro system. This clean, renewable energy is a loss in meeting the needs of the Northwest as the region moves towards a cleaner energy future. As spill operations have evolved in recent years, a variety of assumptions have been made at various stages of the RHW and rate case process. BPA's presentation materials provided some information on those changes regarding the firm federal system. PPC would appreciate a more comprehensive accounting of these changes for both firm critical and average output of the system and associated financial impacts. We would be happy to work with BPA staff to determine the most productive approach and venue to obtain this information.

Second, PPC would like to address the May 19 letter to the region proposing to extend the treatment in Section 4.1.6.4 of the Tiered Rate Methodology (TRM) for New Tribal Utilities through FY 2028. This provision currently allows New Tribal Utilities to augment their Contract High Water Marks through FY 2021, subject to a 40 aMW cap and an overall 250 aMW cap for all new publics.

From a substantive policy perspective, PPC believes that this proposal could have positive impacts for BPA and other customers, as well as for New Tribal Utilities. If this load materializes it would be an additional source of revenues from firm sales at the Tier

1 rate. Because of the limited size, particularly relative to the currently projected RHWM headroom, it is extremely unlikely BPA would have to incur any significant risk of market purchases to serve the load.

There is no question that BPA's proposal would require a revision to, at least, Section 4.1.6.4 of the TRM. Unfortunately, the May 19 letter neglected to address how BPA planned to go about making that revision in light of the criteria, conditions, and processes prescribed in Sections 12 and 13 of the TRM. Although possible reconsideration of the current sunset date appears to have been contemplated in the Long-Term Regional Dialogue Policy ROD (RD Policy), it was not memorialized in the TRM itself, with Section 4.1.6.4 plainly stating that the "exception for New Tribal Utilities will expire at the earliest of 1) the end of FY2021; ..." In addition, while the RD Policy discussions informed BPA's decisions, BPA's contractual documents are the actual source of the parties' rights and obligations. Indeed, the RD Policy ROD notes: "The [RD] Policy makes clear that while it informs contract negotiations, it is not a contract and does not create contractual rights and obligations. The same is true of this Record of Decision."¹

PPC is supportive of the policy objective behind the proposal. But we are concerned about BPA's lack of explanation on how it plans to make the TRM revision and any attempts to modify contractual documents without following the proper procedures. PPC is prepared to explore acceptable avenues for carrying out BPA's proposal, but a two-week notice and comment opportunity is not sufficient. We look forward to working with BPA to identify a path towards a positive outcome that benefits New Tribal Utilities, other power customers, and BPA while fully addressing the appropriate contractual requirements.

Thank you for your consideration of these comments. As always, please do not hesitate to reach out with any questions.

Sincerely,



Michael Deen
Policy Director, Public Power Council

¹ Bonneville Power Administration Long-Term Regional Dialogue Record of Decision (July 19, 2007), at 6.