

July 17, 2018 - Submitted to BPA via email to [BPAFinance@BPA.GOV](mailto:BPAFinance@BPA.GOV)

## **Preliminary Considerations Regarding Access to Capital**

As detailed in our letter to BPA of July 2, PPC is keenly focused on the closely interrelated budgeting and financial policy areas that will set the trajectory for BPA's rates and ongoing competitiveness efforts. Decisions today will have effects not only for the upcoming BP-20 rate period, but also going forward in the years to come.

We appreciate BPA's delay of comments on Access to Capital to coincide with the August 2 deadline for Integrated Program Review issues. Although the BPA staff's "Preferred Scenario" is undergoing development and potential changes, we have four considerations that are applicable now, particularly regarding the use of Energy Northwest debt refinancing as a source of capital. We will be submitting more comprehensive comments on Access to Capital policy issues as proposals develop. For now, we appreciate your attention to these considerations regarding access to capital:

- It is important that BPA continue to demonstrate a real commitment in the IPR process to scrubbing and controlling its capital numbers, which could reduce the overall need for Energy Northwest refinancing.
- BPA's authorized Treasury Borrowing Authority is generally the preferred source of capital. BPA should not plan to maintain Treasury borrowing authority above the \$1.5 billion planning minimum by over-relying on third party sources of capital financing.
- BPA should seek Energy Northwest approval for up to a specific amount, and should commit to go back to the Energy Northwest governing bodies for approval of any increase in the amount of refinancing. We would be concerned about an open-ended commitment of funding capacity from Energy Northwest refinancing.
- If Energy Northwest agrees to provide financing capacity, BPA should agree that it would not propose revenue financing of capital investments for Power Services during the ten-year time horizon supported by the refinancing unless there is broad agreement from power customers. Power customers have already taken significant rate actions to place the business line on a deleveraging trajectory.

Please do not hesitate to be in touch with any questions or concerns. PPC looks forward to working closely with BPA staff in the coming weeks on these important issues.