

July 2, 2018

Elliot Mainzer
Administrator, Bonneville Power Administration
Portland, OR 97232
Submitted via email

Re: BPA Integrated Program Review (IPR) and Rate Concerns

Dear Elliot:

We appreciate that during Focus 2028, the BPA Five Year Strategic Plan, and the current Integrated Program Review the Public Power Council (PPC) has been able to work constructively with BPA leaders and staff regarding cost and rate control. This is very important for residents and businesses impacted by power and transmission rates, and for the ability of BPA, as an economic engine of the region, to offer competitive power products well ahead of when contracts expire in 2028.

In this IPR process, the initial proposals show real movement by you and your team to take steps that start to turn the corner on what had been an alarming cost trajectory. PPC called for a sense of urgency, and BPA's responsiveness to some of our prior suggestions on targets, tools, performance, and accountability is helpful. Consistent implementation will be critical. As you know, there is a clear need to maintain this progress at BPA and the other operational agencies to avoid disastrous future impacts not only to power customers, but also to others who benefit from BPA funding.

Despite this progress, we think it important at this early point of the IPR process to note our serious concerns that this initial set of proposals may not be enough to meet our mutual goal of avoiding another damaging power rate increase. We are very aware that, *even if IPR costs are held flat*, several cost and revenue elements (that are not included in the IPR) could push power rates upward in the next rate period toward a mid-single digit percentage increase or higher. While we continue to work together on these non-IPR cost and revenue factors, they are not easily or quickly solved.

We are currently evaluating what other steps could be taken to address this threat, and will reach out to you soon to discuss *options for creating a clear plan to offset this foreseeable rate hit*. Separately, we have also requested more detail in the IPR, and will continue to work in other policy areas impacting costs and rates. Thank you for your efforts to date; we look forward to working with you and your team on these critical issues.

Sincerely,



Scott Corwin
Executive Director