

Dear Post-2028,

Slide 13 Product Design Questions – The current Slice product works well and we look forward to discussing fairly minor issues around Slice (RSO test, etc). We do have great concern about PNR restrictions that may be placed on Planned Products and request BPA allow a customer to change products any time PNR implementation degrades a particular product. We look forward to what BPA is proposing with regard to planned products in consideration of the Slice Customer's August 4th 2021 presentation.

Slide 26 – Transfer Service Discussion – We agree with BPA's intent of Transfer Service "to insulating customers from other customers' load and resourcing decisions." We were a bit surprised to hear that Transfer Service associated with Tier 2 service has been included in the Tier 1 Composite Cost Pool. We believe this violates the intent of Tiered Rates. Tier 2 Transfer Service (BPA provided T2 or Non-Federal) should be rolled into the Tier 2 rate or functionalized to the Network Segment in order to prevent cross-subsidies with Tier 1 Service (i.e. not into the Tier 1 rate cost pool). We look forward to discussing how Transfer Service costs may be constrained/re-functionalized in order to minimize costs to BPA's Tier 1 Power customers.

Concerns with NRU's global proposal:

- NRU's proposal to increase the load growth add-back to 50% while leaving the conservation add-back at 50% is very concerning. Some may think that setting each dial at 50% is "equitable", but it is not because only 20% of all Regional Dialog conservation is included in the conservation bucket (FY12-23 BPA approved self-funded) while 100% of load growth is included in the load growth bucket. Setting the conservation dial to 50% results in only 10% of conservation added back (i.e. not 50%). So effectively, under BPA's base proposal, only 10% of conservation is added back and 25% of load growth is added back. If the dials on conservation and load growth are increased they should increase proportionally in a 2:1 ratio (i.e. BPA proposed 50%/25% ratio).
- Firm Tier 1 firm surplus sold to Tier 2 at Tier 1 rates: We believe this violates the intent of the Tiered Rates methodology and is identified as "Cost Shift #1 (melding Tier 1 and Tier 2 PF rate impact)" in the Puget Sound Utility December 14th presentation (Slide 7). We do recognize that the cost shift going into the POC contract associated with this element of NRU's proposal depends on how much firm surplus is available and the Tier 2 rate at the end of the Regional Dialog contract term. BPA and Public Power should monitor and be cognizant of this potential cost shift as we approach the end of the RD contract term.
- Augmentation MWh should be spread on a prorata basis because augmentation costs are shared on a prorata basis.
- There are other elements of concern under NRU's comprehensive proposal made at the February 9th workshop that we look forward to discussing further.

Finally, we support BPA's proposal to use FY23 as the measurement year, with certain adjustments to be discussed in future workshops. Thank you for consideration of these comments.

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