

March 17, 2023

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Celeste, please accept our comments, which will also be submitted to [post2028@bpa.gov](mailto:post2028@bpa.gov).

## **Overview**

Wells Rural Electric Company (WREC) recognizes the challenge of developing a comprehensive contract that Bonneville Power Administration (BPA)'s customers are willing to execute, and that produces an equitable balance of benefits for all of Bonneville's preference customers. WREC was encouraged by more recent discussions in the POC process, specifically in the presentation made by Paul Garrett as it relates to transfer. However, WREC remains concerned that discussions have been insufficient to address concerns regarding policy positions on the terms of Tier 2 service, non-federal resource integration, and transfer service treatment. These specific policies are extremely important to WREC but may appear as 'fringe issues' for some preference customers.

WREC was concerned by statements made by BPA that suggested public power is not on the same page as it relates to the key issues stated above. It was also suggested that positions and leadership of NRU and PPC are not in agreement or on the same page. WREC is a member of both associations and would disagree with that assessment. The leadership of both of those association have worked hard to convince their member utilities to work together and create a compromise that a large majority of BPA's customers would support. WREC strongly encourages BPA to take a step back and re-evaluate this perception and to listen to their customers expressing a willingness to work with each other and with BPA.

The efforts made by PPC through the Executive Sponsor team represents the monumental task of finding a compromise from utilities that have wide ranging and differing needs. After many meetings, the Executive Sponsor Team developed a list of principles, which PPC presented to Administrator Hairston and other officials from the agency on February 2, 2023. Cooperation is

demonstrated through the Northwest Requirements Utilities system size, allocation, and augmentation proposal (the “NRU Proposal”), which NRU submitted to the Bonneville Power Administration on February 8, 2023. As a result, the NRU Proposal is consistent with the Public Power Council’s Framework and Considerations.

WREC does not have the expertise to specifically address other policy positions that were submitted to BPA, but we do have a lot of experience building relationships. As you review our comments, we will not have many specific policy suggestions or proposals, but WREC does have a long history of working with BPA to meet the challenges of serving our unique territory and atypical loads. Throughout our long partnership, BPA also has demonstrated commitment to working with WREC to meet these challenges. I am confident if we continue to communicate and listen to each other, a balanced and fair contract will be achieved.

### **Specific Feedback**

WREC would like to provide specific feedback in our support of the broader NRU Proposal framework.

WREC acknowledges the implications the NRU policy objective will have on Tier 1 pricing, but we believe it strikes a balance to avoid big winners and losers. Difficult discussions were held around the NRU board table and all parties made concessions to create the submitted proposal. As one of the growing utilities moving off the principle of a complete reset or requesting 8,000 aMW was not easy for WREC’s board to accept. But in the spirit of collaboration, WREC urges BPA to consider augmentation, as part of the POC policy framework, necessary to produce a Tier 1 system size of 7,500 aMW. Around the table were slow growing utilities and some utilities that are experiencing load loss who also engaged in the spirit of collaboration and moved off their strongly held positions of retaining headroom or credit for conservation and voted to support the NRU proposal.

### **Transfer Service**

Transfer service continues to be essential for WREC today and will continue to be well into the future. BPA’s existing implementation of transfer service has been a foundational policy throughout BPA’s history and conforms to the very essence of a ‘delivered product’. WREC fully supports the key points contained within the Transfer Service Proposal letter that was submitted by Northwest Requirements Utilities, Pacific Northwest Generating Cooperative, and Idaho Falls Power on February 24<sup>th</sup>, 2023. It is critical that BPA continues to provide transfer service for all its customers on a non-discriminatory basis. As stated above, WREC was encourage by the Transfer Presentation at the last workshop. Paul Garrett’s comments clearly demonstrated a shift away from the initial policies. WREC looks forward to working with BPA to

preserve and enhance the value of transfer while managing its costs. Additionally, WREC appreciates the recognition by many in BPA that customers taking transfer have provided considerable benefits to the region and that continuing the existing implementation of transfer service will provide benefits to the region well into the future.

WREC would encourage BPA to separate resource decisions and policy objectives from the transfer discussion. One of the graphs in the most recent presentation illustrated the amount of non-specified market purchases made by BPA and transfer customers. It has been asserted that market purchases by transfer customers are difficult for BPA and that the law provides for BPA to make these purchases. WREC believes these impacts are the same and it would be more productive to move this topic to a resource forum and establish criteria for these types of market purchases for BPA, direct connect customers and transfer customers. In WREC's circumstances, a short-term market purchase by either WREC or BPA that is closer to our loads would reduce WREC's risk to providing service and reduce transmission costs to BPA. This is a win/win for both the customer and the region. Conditions for only transfer customers would create obstacles to good decision making. Additionally, if it is BPA's intent to encourage preference customers to develop their own non-federal resources, then it makes sense for BPA to facilitate non-federal resource development through comparable non-federal transfer service provisions. Absent this commitment, AHWM load obligations become virtually impossible for utilities to manage on an economic or reasonable basis, and once again BPA would be biasing AHWM purchases toward BPA-provided generation.

### **Summary**

In closing, WREC appreciates BPA's commitment to finding an equitable and meaningful outcome to the Provider of Choice process. WREC is also committed to compromise. We do not want to see big winners or losers in this process because we do not see this as a sustainable path forward for public power and BPA.

WREC recognizes the timeline is quickly closing, but we continue to stress the need for timely collaboration and open-minded exploration of solutions to define the policy issues raised in the POC process. We appreciate BPA's dedication to holding workshops and to solicit customer feedback on many complicated issues. We hope BPA will take a step back and reflect on comments and proposals that will lead to a comprehensive policy record of decision that adds substantial value through certainty and equity.

Sincerely,

Clay R. Fitch, CEO  
Wells Rural Electric Company