



August 10, 2022

Bonneville Power Administration
905 NE 11th Ave.
Portland, OR 97232

RE: Provider of Choice Concept Paper Comments

Bonneville Power Administration,

Lost River Electric Cooperative, Inc. (LREC) recognizes and is grateful for the effort that the Bonneville Power Administration has provided in compiling the Provider of Choice Concept Paper (POC). The document is straight forward, comprehensive and overall, well written. The POC describes Bonneville efforts to “bend the cost curve.” I acknowledge these efforts as well and see evidence that these efforts are materializing by way of our Combined Bill charges.

By in large, several practices embodied in the current Regional Dialogue Contract construct have served LREC well and I support the preliminary recommendation in the Provider of Choice contracts for their continued application. Among these are:

Load Following Product: LREC has benefited from the straight forward nature of the full requirements Load Following Contract currently providing wholesale power to its membership. The indication of the continuance of this contract option in the post-2028 Provider of Choice offering is heartening.

Tiered Rate Methodology: Applied in an equitable fashion, I support utilizing the Tiered Rate Methodology in the Provider of Choice Contract term.

Irrigation Rate Mitigation Product (IRMP): LREC supports continued offering of the IRMP at discount levels similar to the Regional Dialogue Contract.

Low Density Discount (LDD): The LDD serves to offset the elevated per consumer charges involved with delivering power to rural areas. This product serves as a leveling mechanism for rural utilities in the Pacific Northwest and provides parity amongst all ratepayers, regardless of economies of scale that benefit more densely populated service areas.

Contract/Rate Period Terms: I feel that Bonneville present good justification in advancing the 20-year contract period and 2-year rate period construct into the Provider of Choice Contract term.

Areas where I have concern and input for potential variance or adjustment from the Regional Dialogue Contract standards are as follows:

Transfer Service: Utilization of transfer service makes logistical and economical sense for Bonneville as it serves its disconnected customer load. The mechanisms for assuring reliable and long-term delivery of NT service should be paramount for Bonneville. Direct charges for NT service should not be directly assessed to customers for who NT service is required any more than transmission service to direct connect customers should be assessed only to direct connect customers. These cost ought to be socialized amongst the customer group as a whole. LREC supports this criterion for both Federal and Non-federal deliveries to BPA customers.

To bring further certainty to the long-term NT issue, LREC supports the exploration of a Regional Transmission Organization both within the Bonneville Balancing Authority area and the Bonneville service area as a whole.

System Size: LREC supports the recommendation of utilizing the *Fixed System* approach while assuring to the extent possible that Federal Resources are leveraged to provide the lowest Tier I and Tier II cost to customers. Significant effort ought to be committed to acquiring base-load resources to grow the system size to greater than 7,000 aMW. “Additional energy” in the *Fixed Amount* scenario is both nebulous and uncertain.

Augmentation: With projections of future deficit power supplies within the Bonneville service area, LREC encourages the acquisition of Non-federal resource allowance, and increasing allowances to 5 megawatts or 50% of a customer respective CHWMs. Growing base-load power capacity if deficits are projected makes the utmost sense.

Contract High Water Mark: Bonneville ought to use the most up-to-date utility energy usage data for calculating CHWM.

LREC supports the practice of utilizing a 5-year weather normalization schema for accounting for variations in irrigation loads. Large variations in irrigation load in the recalculation year have a potential to swing HWM levels to advantage or disadvantage utilities with a high proportion of irrigation load—such as LREC. If such normalization provides equitable treatment to other utilities with extreme variation, then LREC supports this normalization approach amongst other non-irrigation customer groups.

CHWM/RHWM Headroom: LREC supports management of CHWM/RHWM headroom as an aggregate of the total system allocation—meaning that the collective aggregation of the headroom of those Bonneville customers utilizing less than HWMs ought to be first available to customers utilizing above HWM on a pro rata basis. Bonneville could manage this process independently to provide fairness and avoid the risk of inter-utility “arbitrage.”

Developing areas of concern:

100% Carbon Free Power Product: Premiums for a Carbon Free Power Product ought to be borne by those utilities that glean from the carbon free attribute. Likewise, if carbon-based power acquisition is convenient and economical to serving to be utilized by another customer subset,

Sincerely,
Brad J. Gamett



General Manager
Lost River Electric Cooperative, Inc.