



"owned by those we serve"

Your Touchstone Energy® Cooperative 

WELLS RURAL ELECTRIC COMPANY

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August 10, 2022

Celeste M. Schwendiman
Power Account Executive
Bonneville Power Administration
950 West Bannock Street, Suite 805
Boise, Idaho 83702

Via Email to: cmschwendiman@bpa.gov

RE: Bonneville Power Administration Provider of Choice Concept Paper

Dear Celeste,

The members of Wells Rural Electric Company (WREC) appreciate our relationship with Bonneville Power Administration (BPA). The wholesale supply of safe, clean, renewable and affordable electricity is critical to our way of life in Northeastern Nevada and Western Utah.

We appreciate BPA's efforts to communicate with its customers well in advance of contract expiration. The collaboration with the regional organizations that represent public power has been engaging, educational and encouraging. We support the positions expressed in the Public Power Concept Paper and appreciate BPA's alignment on many key issues and commend BPA for working with utility associations to address the remaining differences. We also commend BPA for extraordinary efforts to provide stable rates by controlling costs. We recognize that BPA is under continual pressure for additional funding for current programs and to provide funding for new programs. Because of BPA's engagement and efforts to control costs, we are optimistic that BPA will be WREC's Provider of Choice in 2028 and beyond as it has been for more than five decades.

WREC was incorporated in 1958 as a not-for-profit rural electric cooperative to provide electricity to consumers in the ranching valleys surrounding Wells, Nevada. WREC has since grown to serve 6,254 accounts held by 4,161 members spanning 10,552 square miles of service territory in Elko, Eureka and Lander Counties in Nevada and in Tooele County, Utah. In addition to relying on Transfer Service to connect our system to the larger Pacific Northwest and Nevada power grids, WREC owns and operates 111 miles of overhead transmission voltage powerline, 102 miles of underground distribution voltage powerline and 1,204 miles of overhead distribution voltage powerline, totaling 1,417 miles, to serve its members.

There are several issues that are of special importance to WREC.

WREC appreciates the support for Transfer Service that has been expressed in the concept paper and in comments in public forums by BPA executives. BPA has also expressed openness to removing barriers to opportunities to add non-federal resources to a Load-Following utility's portfolio, however, the BPA-

recommended approach to individually assigning transfer costs for non-federal resources directly to utilities would serve as a significant barrier to non-federal resource development. This is especially concerning to WREC because of the multiple transfers necessary to serve our members. BPA's customers in the "Burley Bubble" would like to have further conversations to explore this issue and find a way to provide transfer service to non-federal resources without individually assigning the costs to the transfer customer.

In addition to transfer of non-federal power over Transfer Service, the customers in the Burley Bubble would like to have further conversations to explore ways to provide Transfer Service of federal resources to all Burley Bubble customers by combining all of the Burley Bubble customers into one forecast to be used in transmission planning for these customers' forecasted load growth.

Discussions are necessary to meet the load growth of all BPA customers served in the Burley Bubble. These customers desire that load forecast for current loads and load growth be combined and a plan of service be established to serve all customers load growth in the Burley Bubble.

The continuity of Transfer Service is critical. Preference customers have an entitlement to federal power. When BPA was faced with the decision of how best to provide its customers with access to the electricity produced by the Federal Columbia River Power System (FCRPS), they made an economic decision to rely on the transmission assets of others. This offered a savings to BPA that has benefitted all customers. The rates WREC has paid for Transfer Service for decades has subsidized the construction of transmission assets to serve other utilities. Telling your customers that we must now pay extra for access to transmission that BPA does not own is a non-starter, myopic and in opposition to the path that brought us here.

WREC appreciates BPA's measured involvement in the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM). We are also aware of regional discussion with the Southwest Power Pool (SWPP). While we have significant concerns about CAISO's governance model, we believe that a Regional Transmission Organization (RTO) could provide solutions to our long-term concerns about the availability and cost of Transfer Service. BPA is uniquely positioned to represent the interests of its transmission dependent customers as discussions surrounding the development of an RTO proceed.

The size of the FCRPS is also of great concern. Discussions around the region suggest that many utilities share that concern but do not share a consensus on the methodology for making that calculation. WREC believes that the largest Tier 1 pool, consistent with reasonable estimates of generation capacity, provides the greatest financial benefits both to BPA and its customers. We are encouraged by the investigation of statistical models which evaluate alternatives to 1937 critical water. While work to validate and evaluate those models is needed, WREC supports significant increases in the size of the Tier 1 pool.

Lastly, WREC appreciates the continued support expressed for the Irrigation Rate Discount (IRD) and the Low Density Discount. These programs are vital to subsets of our membership.

We would welcome an opportunity to discuss or clarify any of the information provided. Please feel free to contact WREC by sending email to tballard@wrec.coop or by calling 775-752-1523.

Respectfully submitted,



Thad S. Ballard

Director of Administration and Power Supply