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Sent: Tuesday, August 23, 2022 9:31 AM

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Subject: [EXTERNAL] PNR comments

Mr. Hairston,

I appreciate your efforts to continuously make yourself available to your customers by providing opportunities to receive updates, have an open dialogue, and answer our many questions. It is extremely important as we journey down the road towards vital decisions we need to make regarding our future power supply, that we keep an open dialogue. I also want to express my gratitude for your accepting our invitation to speak at the Oregon People's Utility District Association (OPUDA) annual meeting next month.

After reviewing the BPA Peak Net Requirements discussed in the Post-2028 Concept Paper I have some initial concerns on what I hope are unintended consequences of the proposal, especially as it relates to the Slice product. As General Manager of Clatskanie PUD, we have successfully used the Slice product for decades now and built our rate structures, budgets, and power supply decisions based upon the continued availability in its current form. The proposed changes would have a negative impact on our utility and its customers.

While my main focus is our own utility and customers, there are also potential negative impacts for BPA. For Clatskanie PUD as a utility going forward, we need the continued flexibility to re-shape the federal system to meet our load obligations and integrate any non-federal resources.

It is especially disconcerting that the negative impacts we would incur do not ultimately seem to provide BPA with any appreciable gains to justify changing the current offering. In fact, the opposite seems to be true. For example, by disadvantaging Slice compared to other products in an attempt to persuade us to switch to Load Following product brings with it unintended negative consequences to BPA. Currently BPA has adequate capabilities to meet its peak demands to its customers. Since Slice customers do not negatively impact peak under our current contract, by pushing us to load following would have the consequence of increasing BPA's peak requirements, thus creating a problem that doesn't exist presently. This seems contrary to the intended goal of creating more peak power availability.

Another example of creating a new problem for BPA, is the fact that the Peak Net Requirements proposal in the Concept Paper to artificially limit Slice customers right to power significantly undermines the stated BPA goal of maintaining equity across its product offerings. It will fundamentally disrupt the balance across BPA's products that is essential to maintaining product equity among its customers. Slice customers will be uniquely disadvantaged as it will remove an appropriate rate mechanism to compensate Slice customers which will result in a significant loss of value relative to other BPA products, and us facing higher net cost of power than customers who elect other products.

Keeping the Slice product as currently offered is important because it allows for the capability to meet multiple utility objectives including service of preference, integration of non-federal resources, and other regulatory requirements. I hope that BPA will consider all of these points as you further develop a

Peak Net Requirements methodology for the Provider of Choice contracts. We are actively participating in the PNR Task Force as we choose to be part of the solution, not part of the problem. Thank you for your consideration.

Respectfully,
W. Marc Farmer
General Manager
Clatskanie PUD