



February 17, 2023

Bonneville Power Administration

Attention: John Hairston, Administrator, Suzanne Cooper, SVP Power Services, Kim Thompson, VP Northwest Requirements Marketing

RE: United Electric Co-op, Inc. – Comments to Bonneville Power Administration

United Electric Co-op, Inc. (“United Electric”) appreciates this opportunity to comment on Bonneville Power Administration’s (“BPA”) Provider of Choice workshop process. United Electric is a preference customer of BPA with service area located in Minidoka and Cassia Counties of southern Idaho.

United Electric supports the comments of the Public Power Council (“PPC”) submitted on February 9, 2023. PPC’s comments provide a general framework based on consensus of varied public power interests and demonstrates areas of alignment that United Electric believes BPA should consider as post 2028 contract policies are developed.

In addition to its support of PPC’s comments and outline, United Electric supports the comments and proposal submitted by Northwest Requirements Utilities (“NRU”) on February 8, 2023. United Electric believes that NRU has prepared a proposal, including an overall base Tier 1 system size of 7,500 aMW, that equitably considers a fair determination of system size, allocation, and augmentation that will best position BPA’s preference customers for a long-term and stable future. The NRU proposal is consistent and aligns with the consensus framework presented by PPC and is based on a careful compromise of needs that would benefit all preference customers of BPA. United Electric requests that BPA consider the NRU proposal as a basis for developing post-2028 contracts.

United Electric thanks BPA for its continued commitment to serve its customers in southern Idaho and neighboring states through transfer service. With no direct connection to BPA’s transmission assets, United Electric is dependent on transfer service provided by BPA over Idaho Power’s transmission system.

However, United Electric has significant concern regarding BPA’s continued efforts to alter transfer service as it currently exists in its post-2028 contract concepts. United Electric understands the challenges associated with providing transfer customers “comparability” to utilities directly connected to BPA’s system, but comparable treatment has been essential to the principles of transfer service since its inception when BPA assumed the power marketing function from other northwest federal agencies approximately 60 years ago. It was at this time that BPA elected to provide services to southern Idaho utilities through transfer service rather

than developing transmission resources. It is through comparable treatment of transfer service that utilities like United Electric are able to operate in an equitable manner, and with the same rights and access to the federal system as all of BPA's preference customers.

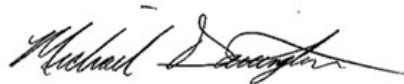
The economic value to BPA from transfer service has proven out over time. Studies indicate that transfer service results in upward of \$350 million in annual savings to BPA and its customers. In addition, BPA's Boardman to Hemingway proposal, including transfer service, is estimated to save approximately \$720 million over 30 years.

BPA has proposed that transfer costs associated with non-federal resources and market purchases should be directly assigned to utilities. This concept would be detrimental to local resource development that would provide system benefits including, but not limited to, increased resource adequacy, reliability, and access to cost-effective resources. Should direct assignment of non-federal transfer service and ancillary services occur, utilities situated like United Electric would necessarily be required to rely on BPA to serve all of its above high water mark load. While United Electric has a demonstrated history of utilizing BPA's Tier 2 products and services, it is necessary that cost-effective resources that would benefit the entirety of BPA's system are accessible through transfer service. As discussed during the February 9, 2023, workshop, the cost of non-federal transfer service is approximately \$2 million per year. When compared to the cost savings and potential system benefits associated with transfer service, United Electric believes the benefits to the region outweigh the relatively small cost.

United Electric respectfully requests that BPA reconsider its positions as currently proposed relating to transfer service comparability and direct assignment of costs applicable to non-federal power.

United Electric appreciates and commends BPA's public process for developing its post-2028 Provider of Choice power supply contracts. We look forward to continued dialogue as policies and agreements are developed for the long-term success of power deliverability throughout the region. United Electric welcomes any opportunity to further discuss these policy concepts and principles and appreciates BPA's consideration on these important matters.

Thank you,



Michael Darrington
General Manager
United Electric Co-op, Inc.