



March 13, 2023

Suzanne Cooper
Senior Vice President of Power Services

Kim Thompson
Vice President of Northwest Requirements Marketing

Submitted via email to post2028@bpa.gov

Dear Ms. Cooper and Ms. Thompson:

Kootenai Electric Cooperative (KEC) is a load following customer of BPA served entirely by transfer. We provide electric service to approximately 35,000 customers in North Idaho with the majority of our load (about 70%) being residential in nature. KEC is also one of the fastest growing systems served by BPA. By FY24, our AHWM requirements will represent nearly 30% of our total retail load. This load growth stems from residential in-migration and small commercial development sprouting up in support of it. By Idaho statute, we have an obligation to serve this load and have few tools to effectively control it. At the same time, the residential nature of our load limits our ability to aggressively and economically pursue conservation investments. Even so, KEC has historically met its BPA EEI conservation targets and helped other systems unable to fully meet their own.

KEC submits these comments in response to the Provider of Choice (PoC) policy development workshop facilitated by BPA on March 9, 2023. The comments we offer are general in nature. While related to the information presented to the region at that meeting, these comments are also more broadly applicable to the process of developing the draft PoC Policy BPA intends to present to the region in July of this year.

It goes without saying that the PoC contract that results from this process is of vital importance to BPA, KEC, and the region as a whole. KEC is committed to a process that ensures all preference customers have equitable access to federal and non-federal power, that the contract which results is statutorily sound and enforceable, that it provides necessary certainty and risk mitigation for BPA, and is as administratively efficient as possible. These are not easy outcomes to achieve. They can only be achieved through a collaborative process where all parties listen to each other and are willing to make compromises. KEC appreciates BPA's outward acknowledgement of the importance of this.

KEC is also committed to collaboration and compromise. It is in this spirit that we have participated in BPA's PoC workshops, were a member of the PPC Executive Sponsors Committee, joined the AHWM Group, and collaborated with NRU on the development of its PoC Equity Proposal submitted to BPA for consideration. This represents a considerable investment of time for a utility of our size and proximity to Portland. Others have made similar investments. We have all done so because of the importance of the matters at hand to our respective utilities.

The interests of public power are diverse and complicated. On any given policy matter, not all preference customers, or BPA for that matter, will be in full agreement. Rest assured, there are a great number of policy positions BPA has proffered with which KEC fundamentally disagrees. I'm sure other preference customers likewise have their own disagreements with various policy positions taken by BPA, KEC, or the trade groups.

In the spirit of landing on a policy framework that could meet the objectives set forth above, PPC presented a general framework that resulted from the recommendations of the Executive Sponsors Committee. NRU then presented a proposal that relied on that framework. The NRU proposal had the support of its many members, PNGC, and the AHWM Group. Admittedly, there are elements of it that other preference customers disagree with. There are also elements of it that KEC disagrees with. While we would prefer more recognition for the considerable growth our system is experiencing, a later test year than proposed, and other related considerations, KEC accepted that it represented as fair, equitable, and balanced of an outcome as could be hoped for. We compromised and expect that others have as well.

Unfortunately, and frustratingly, BPA has thus far shown little interest in genuine collaboration and compromise through the PoC process. While making outward claims of the importance of doing so, the positions it has taken on a great number of matters demonstrates otherwise. This was evident during the March 9, 2023, PoC workshop. Issue by issue, BPA acknowledged the feedback it received from its preference customers and then proceeded to categorically reject them on the basis that not all customers were in agreement. In turn, BPA asserted that its original position on each matter was preferential and in the region's best interest.

Bluntly stated, BPA's unwavering preference for its own positions on PoC policy matters where disagreement among preference customers exists is not the exercising or evidence of collaboration. Rather, BPA is seemingly relying on the disagreement among its customers and stakeholders to embrace policy which serves it quite well. Taking this approach and considering the diversity of interests which exists among the various stakeholders in this process, BPA has latitude to do what it wants... and perhaps has intended all along.

This is historically uncharacteristic of BPA. It is our hope and expectation that the balance of the PoC contract development process resumes a more collaborative tenor on BPA's part. KEC recognizes that this won't necessarily be evidenced by BPA agreeing on every (or any) position we proffer. It will be evidenced by the adoption of policy positions that strike a balance between those that are of interest to BPA and those of the greatest number of its preference customers possible.

To reiterate, the NRU Equity Proposal represents just such a compromise. There are elements of it which every stakeholder will like and dislike. As a whole, it reflects a compromise that is likely the most equitable an outcome as the region can hope for. The policy BPA is instead supporting serves it well but few others.

KEC offers these comments as constructive criticism and in the spirit of resuming a more collaborative tone. Absent this, the tone of future workshops risks becoming increasingly divisive and the positions taken by stakeholders less interest based. It would also call into question the value of further engagement.

Thank you for your consideration of these matters.

Respectfully submitted,

Douglas A. Elliott
General Manager / CEO