

COMMENTS REGARDING BPA'S SEPTEMBER 11, 2025, RESIDENTIAL EXCHANGE PROGRAM: RPSA WORKSHOP

September 17, 2025

The undersigned public power organizations and utilities (Public Power) appreciate the opportunity to submit these comments in response to the Bonneville Power Administration's (BPA) September 11, 2025, Residential Exchange Program: RPSA Workshop.

Public Power Supports Residential Exchange Program Implementation as a Financial Transaction

BPA's proposal to implement the Residential Exchange Program (REP) through a financial settlement rather than physical delivery of power is consistent with BPA's statutory obligations and authorities. Also, the practical constraints with implementing the REP through physical deliveries appear daunting, if not impossible to overcome.

One area Public Power would like to further emphasize is the preference rights of consumer-owned utilities (COUs). The region's consumer-owned utilities have legal and historic first right to federally generated power at cost through the Reclamation Project Act of 1939, Flood Control Act of 1944, Bonneville Project Act, Pacific Northwest Consumer Power Preference Act, and Pacific Northwest Power Planning and Conservation Act. BPA's proposal to implement REP through a financial settlement ensures that the statutory preference rights of the COU's are preserved notwithstanding the purchase and exchange sales authorized under section 5(c) of the Northwest Power Planning and Conservation Act, as intended by Congress when the Act was passed in 1980.

Duration, Activation, Termination and Suspension Issues

The September 11, 2025, workshop included an informative discussion on duration, activation, termination, and suspension issues. For Public Power, consideration of these issues hinges on their alignment with rate periods and Average System Cost (ASC) submittals. Accordingly, at this time, Public Power is unable to take a position without a better understanding of how important aspects of BPA's financial policies will be implicated, as well as potential linkages to the 'In-Lieu' provisions in the Residential Purchase and Sale Agreement (RPSA).

In particular, if the Cost Recovery Adjustment Clause (CRAC), Financial Reserve Policy Surcharge, or Reserves Distribution Clause (RDC) are triggered, a significant shift in benefits could occur. We would like to better understand the impact of these tools on the REP as it relates to duration, activation, termination and suspension issues, including whether investor-owned utilities will share in the costs and benefits of BPA's risk mitigation tools for Power Services.

We also note that BPA's proposal does not include a balancing (or deemer) account upon suspension of the RPSA. This is a departure from BPA's historic implementation of the REP, and from BPA's long-standing interpretation of the REP as a 'two-way street'. Public Power

continues to evaluate the impacts of BPA's financial policies on the proposals addressing duration, activation, termination and suspension.

We reserve the right to comment on the issues of duration, activation, termination and suspension until after the connection with other policy aspects are better understood.

Exchange Load Billing Determinant Issues

BPA presented two options for how to handle exchange load billing determinant issues. We appreciate BPA staff's presentation of the two options and diligent responses to our questions. We have a few outstanding questions that must be answered before we can provide meaningful feedback on the options presented. Similar to our comments on 'duration, activation, termination and suspension issues,' we would like to better understand how CRAC, Financial Reserve Policy Surcharge, and RDC may or may not be implicated. Additionally, a better understanding of how ASC submissions (which are yet to be determined) will play in to either option is essential.

As such, we reserve the right to offer our comments on BPA's proposed options until more information is available.

We appreciate BPA's statute-driven and practical approach to implementing the REP – it continues to be centrally important to Public Power. Thank you for the opportunity to provide feedback and we look forward to the future engagement opportunities in this important process.

Sincerely,

Public Power Council

Western Public Agencies Group

Northwest Requirements Utilities

PNGC Power

Northern Wasco County PUD

**City of Tacoma, Department of Public
Utilities, Light Division**

Eugene Water & Electric Board