STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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August 7, 2026

Post-2028 Residential Exchange Program (REP)
Bonneville Power Administration (BPA)
To: Communications@bpa.gov

Re: Washington Utilities and Transportation Commission comments regarding July 31, 2026, Average System Cost Methodology workshop proposals.

The Washington Utilities and Transportation Commission (UTC or Commission) regulates three Washington electric investor-owned-utilities (IOUs): Avista Corporation, Pacific Power and Light, and Puget Sound Energy. Together, these three utilities provide service to approximately 45 percent of the electric customers in the state. The Commission serves as the economic regulator of these utilities, and our mission is to ensure the services provided by regulated utilities are safe, equitable, available, reliable, clean, and fairly-priced for consumers. As the economic regulator charged with ensuring rates remain affordable for consumers, the Commission remains engaged in the conversations and eventual implementation of the Residential Exchange Program (REP) after the expiration of the current agreement in 2028 (Post-2028 REP).[1]

The Commission appreciates BPA's engagement regarding the Average System Cost Methodology (ASCM), beginning in October 2025 through July 2026, and submits these comments in response to BPA's proposals offered at the July 31, 2026, ASCM workshop. The Commission reserves its right to revise or supplement these comments in formal comments in the Draft Record of Decision scheduled to be released September 11, 2026.

Account 925 Threshold

During the July 31, 2026, ASCM workshop, BPA summarized the parties' positions on this issue by noting all parties oppose the one percent cap as initially proposed by BPA. BPA is requesting information and data related to other materiality thresholds imposed in statute or regulatory commission policies. Although the Commission continues to question BPA's rationale to limit injury and damages to only one percent, the Commission provides the following citations and references in Washington state law to provide a sense of similar thresholds applicable to

[1] *See* Joint Oregon Public Utilities Commission and Washington Utilities and Transportation Comments dated February 26, 2025.

Washington utilities:

- RCW 80.28.425(6): If the annual commission basis report for a gas or electrical company demonstrates that the reported rate of return on rate base of the company for the 12-month period ending as of the end of the period for which the annual commission basis report is filed is more than .5 percent higher than the rate of return authorized by the commission in the multiyear rate plan for such a company, the company shall defer all revenues that are in excess of .5 percent higher than the rate of return authorized by the commission for refunds to customers or another determination by the commission in a subsequent adjudicative proceeding. If a multistate electrical company with fewer than 250,000 customers in Washington files a multiyear rate plan that provides for no increases in base rates in consecutive years beyond the initial rate year, the commission shall waive the requirements of this subsection provided that such a waiver results in just and reasonable rates.

- RCW 19.405.060(3)(a): (3)(a) An investor-owned utility must be considered to be in compliance with the standards under RCW 19.405.040(1) and 19.405.050(1) if, over the four-year compliance period, the average annual incremental cost of meeting the standards or the interim targets established under subsection (1) of this section equals a two percent increase of the investor-owned utility's weather-adjusted sales revenue to customers for electric operations above the previous year, as reported by the investor-owned utility in its most recent commission basis report. All costs included in the determination of cost impact must be directly attributable to actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050.

While these Washington thresholds are not directly comparable to the deferred costs threshold as specified in Oregon statute[2] and referenced during the July 31, workshop, we provide these references as examples in Washington state law to aid BPA through the ASCM process. The Commission continues to advocate for removing the one percent threshold on FERC Account 925 costs as proposed by BPA and reflected in the Commission's previous comments submitted April 1, 2026. The Commission contends BPA's one percent threshold as proposed is unsupported and unfounded. Therefore, the Commission continues to oppose the one percent threshold as proposed.

Market Price Calculation/Escalation

During the July 31, 2026, workshop, BPA proposed two options to determine market price forecasts for short-term purchases and sales in Section 301.5(b)(2). These two options are as follows:

- Option A (Status-Quo): This option appears to forecast short-term market prices based on actual results in the base period and scaled up or down in accordance with the forecast.

[2] ORS 757.259(6): Except as provided in subsections (7), (8) and (10) of this section, the overall average rate impact of the amortizations authorized under this section in any one year may not exceed three percent of the utility's gross revenues for the preceding calendar year.

- Option B (Firm and Spot-Market Forecasts): This option appears to use values derived from BPA's current rate case and represents fixed values throughout the forecast horizon.

The Commission appreciates the Market Price Calculator[3] provided by BPA and allowing parties an opportunity to manipulate the inputs to better understand the outputs. After reviewing the ASCM workshop redlines and the calculator, the Commission leans towards Option A at this time, however we reserve the right to revise this position as we learn more information and gain understanding with the escalation factors outlined in BP-26.

Return on Equity

During the July 31, 2026, BPA highlighted its considerations related to Return on Equity (ROE) based on comments from public power interest groups. Slide 11 from the July 31, 2026, workshop indicates the "draft ASCM allowed state commission-approved ROE into ASCs consistent with the 2008 ASCM."[4] Furthermore, the presentation indicates BPA Staff is considering the interaction between risk and return on equity for different functions.

In accordance with BPA's draft ASCM proposal, the Commission supports BPA's initial proposal to include state commission-approved ROE into the ASCM. As the economic regulator of Washington's IOUs assessing the "…interaction between risk and return on equity for different functions" is one of the primary issues the Commission considers during a general rate case. During general rate cases, the Commission reviews expert testimony and exhibits from numerous witnesses, advocates, and regulatory staff to arrive at a final ROE percentage. This review process allows the Commission approve an ROE percentage commensurate with a utility's operations.

The Commission thanks BPA for the opportunity to comment on the July 31, 2026, ASCM workshop. We look forward to continued engagement throughout future Post-2028 workshops.

With regards,

Brian J. Rybarik Chair	Ann E. Rendahl Commissioner	Milt H. Doumit Commissioner

[3] *See* https://www.bpa.gov/-/media/Aep/power/residential-exchange-program/post-2028-rep/market-price-simplified-calculator.xlsx

[4] *See* Post-2028 Residential Exchange Program ASCM Workshop Friday, July 31, 2026 (Slide 11)