

August 30, 2018

Re: NRU Comments on Power Risk Issues from 8/8/18 Workshop

Northwest Requirements Utilities (NRU) offers the following comments on certain topics raised during the 8/8/18 Power Risk Workshop. We appreciate BPA Power rates staff for bringing these issues forward for customer consideration and comment.

Timing and Metric for Triggering CRAC, RDC and FRP Annual Rate Actions

NRU supports using actual figures instead of forecasts. Because the CRAC, RDC and FRP are intended to respond to the relative level of financial reserves available for risk, it appears to be most appropriate to use **actual financial reserves available for risk** as the metric for determining whether a CRAC, RDC or FRP triggers. Using actual reserves available for risk removes forecasting inaccuracy and is the actual metric upon which the CRAC/RDC/FRP is intended to respond to – a shortfall of financial reserves.

Given historic issues in BPA's accounting of reserves available for risk, we ask that BPA consider ways for reserves for risk to be audited. Inaccuracies, such as the miscategorized \$70M described during the 8/1/18 QBR, could be hugely detrimental to customers and the agency if they result in erroneous collection or redistribution of reserves due to improper accounting of reserves. Actions, such as an audit, need to be taken to prevent such mistakes.

We also ask that BPA provide the option for customers to pay the CRAC or FRP over 9 months (January to September) instead of 11 months (November to September). This would provide more budgeting flexibility for customers that set budgets on a calendar year basis. The default should be collection over 11 months.

FRP Via Surcharge

To the extent a Financial Reserves Policy rate action is enacted, NRU supports the **money being collected via a Surcharge** instead of PNRR. The Surcharge approach provides better transparency about the reason for collection and reduces the risk of over-collecting reserves, compared to doing so on a forecast basis during the rate case.

Under a Surcharge approach, it is imperative that BPA provides the all-in, overall rate impact when it publishes such information. BPA should clearly state the "base" Tier 1 rate impact plus the presumed Surcharge to demonstrate the overall, effective rate increase.

Sincerely,
Megan Stratman
Rates and Policy Director