



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

May 29, 2020

Dear BPA customers:

The COVID-19 pandemic has created significant challenges and uncertainties for utilities across the Pacific Northwest. In recent months, daily life has changed significantly to combat the spread of the virus, and communities are facing unprecedented economic impacts. Since the outbreak of COVID-19, the Bonneville Power Administration has been assessing the flexibilities it can extend to customers to help alleviate the economic challenges. After discussing these challenges with customers and considering our options for providing rate relief, Bonneville is proposing to suspend its Financial Reserves Policy Surcharge (FRP Surcharge) for the remainder of the current rate period.

To do so, we are initiating an expedited rate proceeding in June, conducted under Section 7(i) of the Northwest Power Act. In addition, if the FRP Surcharge is suspended in the final decision, we would also seek expedited approval from the Federal Energy Regulatory Commission. The effective date of the suspension would depend on several factors, including the timing of the Commission's approval. The suspension of the surcharge would provide power customers rate relief of about \$3 million per month for the remainder of FY 2020 and \$30 million for all of FY 2021.

We can also take immediate advantage of contractual flexibilities and provide support through extended payment agreements, which are available to power and transmission customers on a case-by-case basis. In addition, Regional Dialogue customers have access to the Flexible Priority Firm program to shape FY 2020 power charges into FY 2021. Bonneville believes that the proposal to suspend the FRP Surcharge, coupled with extended payment options, will provide meaningful relief to our customers.

I am grateful for the partnership with our customers and their recognition of the importance of Bonneville's long-term financial standing. But we can also all agree that this extraordinary situation requires extraordinary measures. The proposal Bonneville intends to make in the expedited section 7(i) proceeding, if accepted in the record of decision, would provide the region's utilities some much needed financial relief. Bonneville will host a customer workshop on Friday, June 5, to discuss the proposed changes to the FRP Surcharge along with a proposed schedule for the expedited rate proceeding.

While it is going to take some time to understand the full impact of the COVID-19 pandemic on the region's utilities and Bonneville, I am confident that we can work together to find a path forward through these unprecedented events.

Sincerely,



Elliot Mainzer
Administrator and CEO