

*M-S-R submits the following comments regarding BPA's proposal to change its risk assessment.*

*BPA indicated that it would apply the Treasury Probability Payment (TPP) test only at the agency level for BP-22, rather than continue its long-standing practice of analyzing each business line's risk and liquidity under the TPP test. BPA indicated its proposal is based on the Financial Reserves Policy ensuring each business line has financial liquidity, and as long as the Agency meets the TPP test BPA asserted it is not necessary to determine if one business line does not meet the test.*

*M-S-R has concerns with the proposal.*

*First, the proposal reduces transparency, eliminating customers' visibility into the financial sufficiency of rates until after the rates are implemented and reserves either decline or grow. While the test is reported to FERC at the Agency level, historically the record presented to FERC included an analysis of each business line's liquidity, and the sufficiency of each business line's rates to meet the TPP liquidity test.*

*Second, the proposal would allow one business line to lean on the other business line's liquidity to meet the TPP test.*

*Third, while the proposal is based on the liquidity support provided by the Financial Reserves Policy, that policy is currently suspended, and BPA Staff proposes to continue that suspension into BP-22. As such, there is no effective policy on which to base the proposed change to the TPP assessment.*

*For these reasons M-S-R urges BPA to continue analyzing the rates and revenues requirements of each business line separately.*

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