

November 22, 2024

John Hairston, Administrator
Bonneville Power Administration

RE: FY 2024 Transmission Reserves Distribution Clause

The Public Power Council (PPC) appreciates this opportunity to comment on BPA's proposal for use of Transmission Reserves Distribution Clause (RDC) funds based on financial results from FY 2024.

As a first matter, PPC commends BPA for its strong financial performance in FY 2025 under difficult operating conditions. PPC is encouraged by higher levels of capital program execution and urges BPA to continue collaborative work with customers to enhance transparency and accountability. This includes demonstrating regional value of transmission investments and improvements in meeting project timelines.

At the same time, it is problematic that there has been a substantial RDC trigger for Transmission services in each of the last three fiscal years. This is indicative of systematic over-recovery of costs in customer rates. On a forward-looking basis, the root causes of this issue must be addressed in the BP-26 rate case.

Given the challenges faced by the agency (and particularly Transmission services) with long-term leverage, PPC is not opposed in principle to the identified RDC amounts resulting from FY 2024 operations being used for debt repayment. However, this decision must be made on a holistic basis that balances long-term debt management with manageable rates for customers, consistent with BPA's statutory obligation to provide the lowest possible cost-based rates consistent with sound business principles.

Given the extraordinary level of proposed rate increase in BP-26, PPC recommends that BPA not make a final commitment of RDC funds so that all possible tools are available as part of that proceeding to reach a reasonable outcome considering both customer rate impacts and BPA's long-term financial health.

Thank you for your consideration of these comments.