

November 22, 2024

RE: Bonneville's FY2024 Transmission Reserves Distribution Clause

Powerex appreciates the opportunity to provide comments on Bonneville's proposed distribution of financial reserves realized during FY 2024. These comments are focused exclusively on the Transmission Reserves Distribution Clause ("RDC").

Powerex understands from the Quarterly Business Review Q4 presentation on November 12th that Bonneville intends to apply \$82.8 million of the Transmission RDC amount for "flexible debt reduction". Bonneville explained that it projects the Transmission business unit to be at a debt-to-asset ratio of ~74% in 2040 with the inclusion of Evolving Grid 1.0 projects, and this projection is higher than its goal of 60% in 2040. Bonneville also projects that the Evolving Grid 2.0 projects will be an additional ~\$3B in costs. Bonneville's reasoning for the allocation of RDC to flexible debt reduction is based on the increased capital expenditures (over the next 16 years) and its goal of lowering of interest rate expenses.

Powerex understands that the proposed RDC distribution will help lower the debt-to-asset ratio, however Bonneville should also take into consideration the potential magnitude and impact to its customers of the potential rate increases. Accordingly, Powerex suggests that Bonneville re-evaluate the proposed RDC distribution and instead allocate a portion of the \$82.8 million to reducing transmission rate increases. Bonneville took similar action in 2022 when it allocated a portion of the Transmission RDC to keep its transmission rates flat in the BP-24 rate period. The direct rate relief for transmission customers would be prudent given the magnitude of future rate increases absent such allocation. This proposal would balance the needs articulated by Bonneville staff while allowing Transmission Customers to receive direct rate relief from the RDC.

Thank you again for seeking input from your customers.

Sincerely,



Raj Hundal
Director Market Policy and Practices