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**MANAGER**  
ANNETTE CREEKPAUM

October 8, 2024

John Hairston  
Administrator  
Bonneville Power Administration

*Submitted online*

RE: BP-26 Power Rates – Comments on September 25 and 26, 2024 workshops

Dear Administrator Hairston:

Mason PUD 3 appreciates this opportunity to comment on Bonneville Power Administration's (Bonneville's) rate case workshops on September 25 and 26, 2024. Mason 3 is a non-profit, locally governed utility at the base of the Olympic Peninsula that provides electric service to approximately 35,000 customers. As a preference customer, Mason 3 has a priority right to purchase wholesale power from Bonneville at cost. Doing so supports its mission to connect its community with safe, reliable, economical, and sustainable services, 24/7.

The following comments pertain to a few areas of significance for Mason 3 relating to the pre-Initial Proposal customer engagement discussions on tier 2, risk, and the utility delivery segment charge.

### **Tier 2**

It is agreed that the use of marginal prices for Tier 2 rates should not undermine the cost-shift principle in Tiered Rates Methodology. As BPA staff recently recognized Aurora is a time tested and widely adopted method for forecasting marginal market prices. However, it does inherently have a certain amount of lag from the market. So, it has made sense to consider it as one input into the calculation to provide the best approach of the cost of serving power at Tier 2. When introducing a capacity element, as proposed by BPA staff in the presentation on September 25, 2024, it appears the ultimate fixed option pricing could result in amounts higher than the ICE daily index. Instead of offering customers a choice, Mason 3 asks BPA to consider combining the two options so that it reflects the lesser of the fixed option and the ICE daily index.

### **Risk**

Mason 3 does not support the addition of Planned Net Revenues for Risk to BP-26 rates as outlined by BPA staff in the presentation provided September 25, 2024. Instead, Mason 3 prefers to keep the PF

effective non-slice Tier 1 rate low with the understanding that doing so means a higher probability that a Cost Recovery Adjustment Clause (CRAC) could trigger. Mason 3 has policies in place to mitigate any such risk. PF customers should not have to agree to inflating the PF rate to guarantee a certain portion of Reserves Distribution Clause (RDC) amounts (if triggered) would automatically be returned through a Dividend Distribution (DD). Clearly, any CRAC triggered is paid in whole by PF customers through a surcharge and, likewise, any RDC triggering should automatically be returned to PF customers through a DD.

### **Utility Delivery Segment Charge**

Mason 3 supports the BPA staff proposal to roll Utility Delivery into the network segment as outlined in the presentation provided September 26, 2024.

Thank you for your consideration of these comments. Mason 3 looks forward to continued work with Bonneville on this important issue.

Sincerely,



[Annette Creekpaum \(Oct 8, 2024 12:34 PDT\)](#)

Annette Creekpaum

CEO

[AC/mp]