

January 21, 2022

Submitted to: communications@bpa.gov

Re: Financial Plan Refresh

In addition to our planned presentation at the January 26 workshop, Northwest Requirements Utilities (“NRU”) submits these comments to inform BPA’s Financial Plan Refresh process. NRU represents the interests of 56 Load-Following customers located in 7 states across the region that hold Network Transmission contracts with Bonneville Power Administration (“BPA”). NRU’s members contract with BPA for almost 30% of BPA’s Tier 1 load. Of primary importance to NRU members is BPA’s ability to offer affordable and reliable power supply and transmission that maximizes the value of the Federal system for the benefit of preference customers.

NRU appreciates BPA’s efforts to update its Financial Plan, as our members have a significant stake in BPA’s financial health. The NRU Board of Directors has formed a committee solely to work on the Financial Plan Refresh issues, and that committee has crafted four principles establishing NRU’s overarching approach on key issues. The NRU Board has approved these principles, which are as follows.

1. **Revenue Financing – Targeted** utilization of revenue financing to maintain or increase the long-term value of the Federal Columbia River Power System is appropriate. We offer the following criteria to define these circumstances:
 - a. Utilized for a clearly defined purpose and **NOT** on an ad-hoc basis when revenues would have supported a rate decrease.
 - b. Limited to assets with a shorter life span to ensure capital is procured from customers in the period(s) where assets are providing value.
 - c. Simplification of the multiple Cost Recovery Adjustment Clauses should be a part of any revenue financing strategy with the increased financial flexibility created through an improved debt-to-asset ratio.
2. **Separation of Financials by Business Line** – NRU recommends separating the financial reporting, measurement, and planning for each business line to assess the contribution of each business line to the overall financial health of the agency.
3. **Trajectory or Pace for Improvement in Debt-to-Asset Ratio** – Capital management and associated financial decisions should aim to improve financial health between 1% and 2% annually until debt-to-

asset goals are reached. This does not preclude utilization of debt to smooth rate impacts on an exception basis.

4. **Record of Decision for Financial Plan Refresh Process** – Decisions associated with the financial refresh plan process should be formalized through a record of decision (ROD) to ensure proper consideration of customer input, consistent future decision making by the agency, and certainty of outcomes, expectations, and rationale for customers.

We hope that BPA will carefully consider these principles as the agency works on the updated Financial Plan. We look forward to continuing to work with you throughout the Financial Refresh process.

Sincerely,

/s/ Tashiana Wangler

Tashiana Wangler
Rates and Policies Director

Cc: Marcus Harris, Executive Vice President and CFO