

**COMMENTS OF THE WESTERN PUBLIC AGENCIES GROUP
REGARDING TRANSMISSION RESERVES DISTRIBUTION CLAUSE**

The utilities comprising the Western Public Agencies Group (“WPAG”) appreciate this opportunity to submit comments regarding the Bonneville Power Administration’s (“BPA”) proposal to use the entire Transmission Reserves Distribution Clause (“RDC”) amount of \$79.7 million toward debt reduction. As a general principle, when the RDC triggers for either business line, BPA should look first to use the RDC amount to provide rate relief to the subject business line on the basis that it would result in the lowest possible rate. We believe that BPA’s proposal largely meets this principle for the reasons discussed below.

BPA projects that it will need to include \$400+ million in revenue financing in transmission rates over the course of the BP-22 and BP-24 rate periods in order to mitigate the transmission business line’s rapid consumption of treasury borrowing authority. This extraordinary amount of proposed revenue financing is a significant driver behind what is currently expected to be a double-digit transmission rate increase in BP-22.

Although BPA’s proposal to use the full amount of Transmission RDC of \$79.7 million toward debt reduction would provide no rate relief to transmission customers in FY 2021, it is our understanding that it would provide rate relief in the BP-22 rate period because it would essentially act as a down payment towards the above mentioned \$400+ million revenue financing target. Indeed, at BPA’s recent Quarterly Business Review (“QBR”) Technical Workshop, BPA staff indicated that its proposed use of the transmission RDC amount would reduce the amount of revenue financing that BPA would include in the BP-22 initial proposal for transmission rates by at least \$30 million/year or \$60 million for the rate period.

Because BPA’s transmission RDC proposal will reduce the amount of revenue financing assumed in setting transmission rates for the BP-22 rate period, we believe that it largely satisfies the rate relief first principle articulated above. We likely would have reached a different conclusion absent the revenue financing target/need BPA has identified for the transmission business line for the BP-22 and BP-24 rate periods. However, that is not the case here. Accordingly, WPAG supports BPA’s proposal.