

From: Jim Webb
Sent: Monday, February 13, 2023 9:52 AM
To: Schwendiman,Celeste M (BPA) - PSE-BOISE
Subject: [EXTERNAL] Transfer Service

Hi Celeste,

I appreciate the opportunity I had to participate in the BPA workshop on post 2028 transfer service last Thursday. The discussion was open and I had a chance to voice several concerns. As you know, transfer service to Lower Valley Energy is critical and BPA has done a great job of serving our needs over the years.

I would like to formally comment and reiterate some of the points I made during the workshop.

The Regional Dialogue (RD) contracts were designed to encourage customers to develop non-federal resources. To facilitate resource development, the cost for transfer service is currently rolled into power costs and socialized among all customers. Lower Valley took the initiative to develop resources under the RD contract and now under the current Post 2028 BPA proposal, will be directly charged for transfer service for these resources. Our non-federal, renewable resources are already expensive compared to BPA Tier 1 rates and now BPA is proposing to penalize us for doing what they encouraged us to do.

I understand the current cost of transfer service of non-federal resources for all BPA customers is about \$2 million per year. That seems pretty small overall especially considering the cost of other socialized programs such as the Low Density Discount and Irrigation Rate Discount. In my opinion, rolling in the cost of transfer service for non-federal power is as important as these other two programs.

Historically, funding for a transmission line to Southeast Idaho was appropriated by Congress which would have directly connected the utilities in that area, including Lower Valley, to BPA. Because of political pressure from Utah Power and Idaho Power the line was not built. A compromise and less expensive option was developed and was known as the South Idaho Exchange. I heard a comment during the workshop from a fellow customer supporting the principle of cost-causation. In my mind, the cause of transfer service costs to Southeast Idaho was BPA bowing to political pressure and not building the line which would have directly connected the area to BPA.

Finally, I was involved in the development of the Agreement Regarding Transfer Services (ARTS) which said that customers served by transfer service would have comparable service to those customers directly connected to BPA. There now seems to be some confusion on what was meant by comparable service. Having been there and can tell you it meant both quality of service and comparable treatment of cost. The ARTS agreement is set to expire in 2024. Hoping to extend the agreement, the utilities in Idaho had several meetings in Boise with BPA's top staff. We were told that a new agreement is not needed, that BPA is totally supportive of continued treatment of transfer service as it is now. Basically, we were told not to worry, that a new contract is not needed, that BPA has our back on this issue. Now it seems that BPA is

proposing to turn their back on us and directly charge us for transfer service for the delivery of non-federal power.

I urge BPA to change its proposal to start charging customers for transfer costs for delivery of non-federal power in the Post 2028 Provider of Choice contracts.

I appreciate the opportunity to comment on the topic and I appreciate the great service that BPA has always provided to Lower Valley.

Thank you,
Jim