

November 30, 2021

**Re: Bonneville Power Administration (BPA) Financial Plan Refresh**

Powerex appreciates BPA's workshop sessions and the broader financial plan refresh process. The grounding sessions that BPA has conducted to lay the groundwork for the Financial Plan Refresh have been worthwhile and helpful.

BPA initiated the Financial Plan Refresh process as a result of commitments it made in the BP-22 rate proceeding. Powerex believes that many of the financial plan areas have direct and significant implications for BPA's rates and hopes that these workshop sessions will consider the broader consequences of its financial plan refresh on rates and rate-related policies. Powerex would appreciate if BPA could elaborate in the upcoming workshops its plans to meet the statutory obligations in the recently enacted Infrastructure Improvement and Jobs Act.

Powerex participated in the grounding sessions and has following questions:

- Powerex would find it beneficial if BPA could provide additional context surrounding the "higher of" methodology, specifically its origins and rationale for adopting it.
- Could BPA expand upon how elimination of the "higher of" methodology would affect rate-setting? It would be helpful to understand how setting rates based exclusively on a cash accounting methodology—in lieu of the "higher of" methodology—would impact BPA's rate-setting.
- Could BPA please explain generally how it addresses depreciation of Power assets owned by other federal agencies, like the Corps and Bureau of Reclamation?
- Could BPA please further elaborate or explain if BPA uses PFIA funding for federal assets, and if so, does BPA include depreciation for these assets in rates, and how does BPA treat the salvage value for these assets?
- Could BPA please address whether eliminating hardwiring would result in a build-up of financial reserves?
- Please clarify what the interest rate and the adder are for BPA's Treasury Borrowing.
- Could BPA please identify its inflation assumption (and source for such assumption) that was relied upon to calculate the forecast debt-to-asset ratio (through 2043/2044)?
- Powerex would appreciate further discussion as to why BPA changed the repayment term from 45 to 35 years for Transmission. Could BPA return to a repayment period of 40-45 years? If not, would BPA please elaborate?

Again, Powerex appreciates BPA's efforts to educate customers in these grounding sessions and looks forward to the continuing process for BPA's Financial Plan refresh.

Sincerely,

Raj Hundal  
Director, Market Policy and Practices