

COMMENTS OF THE M-S-R PUBLIC POWER AGENCY

March 3, 2025

Pursuant to the November 13, 2024, notice posted in the Federal Register, regarding the Bonneville Power Administration's ("BPA") Proposed Power and Transmission Rate Adjustments, 89 Fed. Reg. 219 at 89,626 (2024) the M-S-R Public Power Agency ("M-S-R") submits its comments regarding matters concerning new information or changed circumstances arising after BPA's November 13, 2024 Federal Register notice.¹

I. PRELIMINARY STATEMENT

M-S-R submitted comments in the Integrated Program Review ("IPR") process, which raised concerns with the proposed spending levels, and included concerns regarding the ability of BPA to hire sufficient additional staff to be capable of achieving BPA's aggressive spending goals. The comments also questioned the load growth assumptions behind the spending plans. Because this e-mail comment process, and the IPR itself, is not part of the BP-26 rate case hearing record, M-S-R's testimony also addressed its concerns with BPA's forecasted spending and addressed some of the changed circumstances as of the date of M-S-R's testimony.

The BP-26 rate proceeding will establish BPA's power, transmission, and ancillary and control area services rates for the three year period of October 1, 2025, through September 30, 2028. BPA's Initial Proposal would impose a staggering 24% rate increase, a substantial portion of which is driven by labor intensive capital expansion, as well as by \$375 million in revenue

¹ Department of Energy, Bonneville Power Administration, Fiscal Year (FY) 2026-2028 Proposed Power and Transmission Rate Adjustments; Public Hearing and Opportunities for Public Review and Comment, 89 Fed. Reg. 89626, 89626 (Nov. 13, 2024) ("BP-26 Federal Register notice")("Comments regarding any new information or changed circumstances arising after the date of this notice that affect BPA's cost projections should be directed to finance@bpa.gov and be submitted no later than March 3, 2025."). available at <https://www.bpa.gov/-/media/Aep/rates-tariff/bp-26/FRN/BP-26/20241113BP26-FRN.pdf>.

financing for those projects. BPA is required to establish the BP-26 rates through hearings and develop a full record.² The Administrator's decision based on that record must include a full and complete justification for BPA's BP-26 rates.³

Neither this e-mail comment process set forth in the Federal Register Notice, nor the IPR process, create a record for the Administrator to rely on when setting rates. BPA's BP-26 rates cannot be fully and completely justified by the record set forth in the Initial Proposal.

M-S-R submits these comments in the interest of assisting the Administrator in establishing rates that reflect a fair assessment of costs that are possible to be incurred under the current circumstances.

M-S-R reserves all rights, whether procedural or substantive, to address the issues set forth in these comments in any forum.

II. COMMENTS

A. Recent Developments Affecting BPA Staffing

M-S-R's IPR comments noted that the IPR workshop discussions were replete with references to increased hiring. In past rate case cycles, when questioned about actual spending being substantially, and consistently below forecasts, BPA often cited a common reason provided by being its inability to hire sufficient workforce. Recent events have, unfortunately, made it more difficult for BPA to hire, increasing the likelihood that BPA's operating and capital costs forecasts are too high because the projects assumed to be funded will not be able to proceed within the expected time. There have been a number of challenges to some of the orders and initiatives, with many continuing to work their way through the courts. Nonetheless, the actions

² 16 U.S.C. § 839e(i)(2).

³ 16 U.S.C. § 839e(i)(5).

to date have significantly disrupted BPA's hiring plans and will create uncertainty for the foreseeable future.

Recent changed circumstances include:

1. On January 20, 2025, the White House announced a hiring freeze, which would prevent any Federal hiring during a 90 day period during which the "Director of the Office of Management and Budget (OMB), in consultation with the Director of OPM and the Administrator of the United States DOGE Service (USDS), shall submit a plan to reduce the size of the Federal Government's workforce through efficiency improvements and attrition." <https://www.whitehouse.gov/presidential-actions/2025/01/hiring-freeze/>
2. On January 20, 2025, the Whitehouse announced an Executive Order that rescinded certain protections for Federal workers. <https://www.whitehouse.gov/presidential-actions/2025/01/restoring-accountability-to-policy-influencing-positions-within-the-federal-workforce/>
3. On January 28, 2025, the Office of Personnel Management reportedly sent an e-mail to all Federal Employees, offering them a deferred resignation opportunity. <https://www.opm.gov/fork/original-email-to-employees/>
4. On February 11, 2025, the White House announced an Executive Order – "Workforce Optimization Initiative" – that requires OMB to submit a plan to reduce the Federal Workforce, requires Agency Heads to establish a data-driven hiring plan, imposes a ratio limiting agencies to one hiring for each four departures, requires new career appointment hiring decisions to be reviewed by DOGE, and requires monthly hiring reports. The Executive Order also directs all Agency Heads to prepare for large scale reductions in workforce and directs Agency Heads to terminate temporary employees and reemployed

annuitants. <https://www.whitehouse.gov/presidential-actions/2025/02/implementing-the-presidents-department-of-government-efficiency-workforce-optimization-initiative/>

5. On February 13, 2025, it was reported that Federal Agencies were directed to terminate all probationary employees. *See* Trump Administration Tells Federal Agencies to Fire Probationary Employees, NBC News (Feb. 13, 2025), <https://www.nbcnews.com/politics/white-house/trump-administration-federal-agencies-fire-probationary-employees-rcna192149>.
6. During the February 13, 2025, Quarterly Business Review BPA Administrator John Hariston reported that due to the hiring freeze all open positions are on hold, ninety (90) job offers were rescinded, and approximately 200 BPA employees accepted the Deferred Resignation offered in the January 28, 2025 OPM e-mail.
7. On February 14, 2025, a letter from Senators Wyden and Merkley raised concerns about the impact of the new orders and initiatives on BPA and noted they “resulted in the resignation of approximately 200 employees, the rescinding of 90 new job offers, and the looming layoff of up to 400 probationary employees.”
8. There have been a number of news reports about the number of employees BPA has lost or will lose as a result of the various Executive Orders and initiatives, with the number of employees ranging from 400 to 600, with some reports of 30 employees being re-hired. Of course, BPA itself knows the actual numbers better than the public, but the published information is what is available outside of BPA.
<https://www.oregonlive.com/environment/2025/02/at-least-600-workers-to-leave-bpa-spurring-concerns-about-transmission-grid.html>
<https://www.opb.org/article/2025/02/20/bonneville-job-cuts-immediate-risks/>

<https://www.opb.org/article/2025/02/19/bonneville-power-administration-reverses-30-job-cuts-continues-with-plans-to-eliminate-430-positions/>

B. Recent Events Affecting Load and Resource Growth

M-S-R's IPR comments and testimony raised concerns about the growth projections leading to projections on transmission capital spending in the next three years. The projected near-term need for transmission includes interconnecting planned renewable generation, as well as anticipated new large loads, primarily in the form of data centers, as well as from electrification of transportation.

Changed circumstances relating to those drivers include:

1. China announced its Deep-Seek AI technology, which purportedly will reduce the amount of energy required for AI searches.

<https://www.reuters.com/business/energy/us-power-stocks-plummet-deepseek-raises-data-center-demand-doubts-2025-01-27/>

2. The White House announced a number of policy shifts, moving away from support for solar and wind projects, and emphasizing increased production of natural gas, oil, coal, nuclear and geothermal resources. The “Unleashing American Energy” Executive Order revokes existing Executive Orders promoting the development of renewable resources, electric vehicles and electric vehicle charging infrastructure. Those policy shifts may stifle many of the planned renewable generation projects that are in the queue to connect to BPA's transmission grid.

<https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>

3. Chevron and GE, on the heels of energy security priorities announced by the Hite House, announced plans to co-locate natural gas generation with data centers, by-passing the distribution grid. If the distribution grid is by-passed to serve load there will not be a need to expand the transmission grid to serve the data centers.

<https://www.chevron.com/newsroom/2025/q1/power-solutions-for-us-data-centers>

III. CONCLUSION

M-S-R respectfully submits the above comments regarding changed circumstances and urges BPA to take into account the likelihood that BPA will not be able to meet its hiring plans during the BP-26 rate period, and that project execution capabilities will be diminished over the three-year rate period. In addition, BPA should consider the impact of recent policy shifts and technology advancements and adjust its forecasted costs accordingly.