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December 22, 2022

John Hairston
Administrator
Bonneville Power Administration

Submitted electronically via post2028@bpa.gov

RE: BPA Provider of Choice Workshop

Dear Administrator Hairston:

Mason PUD 3 appreciates this opportunity to comment on BPA's Provider of Choice workshops held on December 8 and 14. Mason 3 is a non-profit, locally governed utility at the base of the Olympic Peninsula that provides electric service to approximately 35,000 customers. As a preference customer, Mason 3 has a priority right to purchase wholesale power from BPA at cost. Doing so supports its mission to connect its community with safe, reliable, economical, and sustainable services, 24/7.

The remarks made by Suzanne Cooper and Kim Thompson on December 8 were appreciated and warrant further emphasis. Mason 3 offers this emphasis with its own views on some of the issues:

BPA's ability to adapt to the increasingly changing energy landscape is imperative. Anticipated load growth from economic development and electrification efforts continues to be a theme. While policy decisions around renewable and non-emitting resources and reliability are incredibly relevant in today's world. Mason 3 agrees the product offering under the Tiered Rates Methodology (TRM) needs to change to meet future needs while continuing to meet its intent. The cost allocation aspect of the TRM is important to ensure the principle that "Growth Pays for Growth" is maintained. Keeping the Tier 1 and Tier 2 rates low is essential, however achieving a no-carbon mix is equally important given increased regulatory pressure. Although it is understood that long term planning can lead to lower costs it is not reasonable to expect customers to make a one-time election at the start of the contract for its Tier 2 decision, especially given how fast the industry is changing. Mason 3 is also interested in more than one T2 rate option. As a utility located in Washington State foremost on our mind is how to get its resource mix to 100% renewable and non-emitting. To keep BPA as the "Provider of Choice" that option is necessary.

Mason 3 agrees that when considering an overall Provider of Choice package for its public power customers it needs to contain equitable options that are broadly acceptable. The piece on equity is significant as there could be dramatic cost shifts between customers. Jim Russell of Tacoma Power outlined this very well in his presentation (slide 7) at the December 8 meeting. In it he showed that just one change could have an \$11M swing between two customers and it is only exacerbated when layering on multiple changes that are slanted toward one customer type.

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Having a fixed system size as a cornerstone feature would be very helpful for planning purposes. Making sure to continue to shield utilities from the cost of resource augmentation and integration driven by other utilities load changes...to a certain extent. Mason 3 thinks there is a sweet spot between the strict TRM of today and a hybrid version in the future contract. This TRM 2.0, would allow for a small amount of augmentation from reasonably, low cost, renewable or non-emitting resources.

It is a good practice to continue allowing the option of rounding down the Above-High Watermark Load to the next whole average-megawatt.

Mason 3 no longer qualifies for BPA's low-density discount (LDD). This was a 4% impact to purchased power costs. After learning more about LDD in the December 14 workshop Mason 3 is interested in having the eligibility provisions re-visited. Many questions have come to mind:

- 1) Why is the customers-per-mile ratio set at less than 12? (The Washington State Department of Revenue is set at less than 17.)
- 2) Why does a customer have to meet both the kilowatt-hour-to-investment ratio and customers-per-mile ratio to receive the discount? Could a customer receive a partial discount for meeting one ratio?
- 3) Upon no longer qualifying for the discount, could the customer receive a partial discount in that first year so that it is not as big of a hit to its financials?

Thank you for your consideration of these comments. Mason 3 looks forward to continuing to work with BPA and public power on these very complex issues.

Sincerely,

Annette Creekpaum
[Annette Creekpaum \(Dec 22, 2022 14:56 PST\)](#)

Annette Creekpaum
General Manager

AC/mp