

**From:** Russell, James <  
**Sent:** Thursday, December 22, 2022 1:41 PM  
**To:** Tech Forum <  
**Cc:** Perry, Marcus I (BPA) - PSW-6 <  
**Subject:** [EXTERNAL] Comments on Dec 14th POC workshop

We have all learned a lot from the ongoing workshops, dialogue and work going on behind the scenes since both PPC and BPA's concept papers were issued. We can fully understand now BPA's threshold question couple months ago of whether public power is advocating for melded rates or continuation of Tiered rates after the concept papers were issued. A full reset of CHWM, putting everyone's load under Tier 1 is essentially a complete undoing of the Regional Dialogue Tiered Rates construct (effectively resulting in "melded rates" on day 1 of POC contracts) and forces those with little or no net load growth (i.e. load growth net of conservation achievements) during the Regional Dialogue contract period to now pay for the substantial load growth of others (i.e. the resulting "melded rates" issue). This complete undoing of the TRM under a strict re-set of CHWM's on day 1 of the POC contracts is certainly not what Tacoma Power envisioned and the very reason for our request for consideration of conservation achievements during the RD contract period. We also recognize BPA's fall-back position, if public power does not agree on a CHWM re-set method, of only including 50% of RD load growth that is another means to uphold (partially) the original intent of the TRM.

We only recently began to understand the potential substantial cost shifts that would result from those advocating for a full CHWM re-set, of which we presented at the December 14<sup>th</sup> workshop. In addition to these 4 cost shifts identified if CHWM's are re-set, there are 3 other program cost (subsidies) that Tacoma Power customers incur, but receive no benefit. These three issues were teed up by BPA at the December 14<sup>th</sup> workshop:

1. Transfer Service
2. Irrigation Rate Discount (IRD), and
3. Low Density Discount (LDD)

While we have not opposed continuation of these subsidies to date under an assumed fair treatment on the CHWM issue, we reserve the right to propose minimizing these cross subsidies under POC contracts in future discussions. We are especially concerned with the growing and unconstrained transfer service transmission cost being functionalized to BPA Power. We look forward to further discussion and exploring alternative solutions on these critical issues.

Thank you for your consideration of these comments.

**Jim Russell**  
Tacoma Power  
Manager Power & Tx Contracts  
Cell: 360-561-3640