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February 20, 2023

John Hairston  
Administrator and CEO

Suzanne Cooper  
Senior Vice President of Power Services

Kim Thompson  
Vice President of Northwest Requirements Marketing

*Submitted via email to [post2028@bpa.gov](mailto:post2028@bpa.gov)*

Dear Administrator Hairston, Ms. Cooper, and Ms. Thompson:

Flathead Electric Cooperative (Flathead) is a member of PNGC Power, Northwest Requirements Utilities (NRU), and the Public Power Council (PPC). We have committed to work with our member organizations on the development of the Bonneville Power Administration's (BPA) post-2028 policy. Our hope has always been to create a durable contract that promotes a fair and reasonable outcome by maximizing the value of the federal system for the benefit of all of BPA's preference customers.

Flathead submits these comments to express support for the NRU system size, allocation, and augmentation proposal (the NRU Proposal), which NRU submitted to BPA on February 8, 2023. The NRU Proposal is consistent with PPC's Framework and Considerations, which PPC presented to Administrator Hairston and other officials from the agency on February 2, 2023. However, the NRU Proposal provides more specific guidance on several issues that will be critical to public power in the post-2028 era.

The NRU Proposal will provide benefits to all preference customers, whether those customers are experiencing load growth, have had a decrease in load, maintain relatively flat loads or have invested significantly in conservation during the Regional Dialogue contract. Further, current modeling shows that all preference customers would benefit more under the NRU Proposal than under any of the other models under consideration in the region.

The NRU Proposal represents a careful compromise between its members and strikes an intentional, equitable balance of benefits for all of BPA's preference customers. Although Flathead would prefer and might benefit from a larger Tier 1 system size, a later test year against which load growth



is measured, and a full reset of CHWM's resulting from those loads, we recognize and respect that such deviations would adversely affect other preference customers and upset the balance that the NRU Proposal strikes.

For these reasons, Flathead appreciates the delicate balance that the NRU Proposal achieves and urges BPA to incorporate it into its Provider of Choice policy as a basis for post-2028 power supply contracts that will be offered to the region.

Flathead continues to see incredible growth in our service territory from people moving to our area from other parts of the country, including many people moving from other areas where BPA currently serves. We added over 2,000 new services in 2021 and just over 1,900 new services in 2022 and have had AHWL load almost since the inception of the Regional Dialogue contract.

Because of this continued growth, we are concerned with how BPA treats preference customers like Flathead who are reliant on Tier 2 and/or non-federal resources to serve load. It continues to be our belief that BPA's statutes require it to serve Flathead and other similarly situated preference customers' net requirements at cost, especially in relation to BPA's available firm surplus power.

We support the AHWL reforms advocated for by NRU and the AHWL Group. When considering how to treat preference customers with AHWL load, Flathead encourages BPA to remember the people, businesses, and communities that are economically impacted by the contract decisions BPA makes. All preference customers and those individuals they serve need a fair and equitable post-2028 contract that creates a win-win for all, not a Tier 1/Tier 2 contract design that creates winners and losers on the first day the new BPA contract starts.

In conclusion, Flathead reiterates its support for the NRU Proposal. While not providing all of what BPA customers desire, it strikes a just and unbiased balance for the largest majority of BPA preference customers. The NRU Proposal provides a carefully negotiated compromise position that we, our NRU peers, and many other preference customers can amicably accept.

Thank you for your consideration of Flathead's comments.

Regards,



Mark Johnson  
General Manager

