Response to Customer Comments – B2H with Transfer Service Term Sheet

BPA February 8, 2022 Workshop

Final

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Response to Customer Comments – [B2H with Transfer Service]

This document contains customer comments and BPA's response to the **materials presented at the customer workshop on the B2H with Transfer Service Term Sheet & Business Case**, presented on **February 8, 2022**.

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A. Salmon River Electric Cooperative, Inc. (SREC)

SREC appreciates the work BPA continues to do to ensure safe, reliable, and cost effective transmission service to central and southeast Idaho. BPA's plan as presented in the term sheet looks good and an improvement over the current method of serving our utilities. I do want to make sure that each of our utilities understands the operational requirements that come with this plan. For example, how will RAS be implemented and other special curtailments? We also want to make sure that the proper investments continue to be made in the transmission segments that will serve our individual utilities. Thank you.

BPA Response

Thank you for your comments.

BPA intends to facilitate discussions between individual customers and PacifiCorp and Idaho Power to ensure a smooth transition of service territories. BPA will ensure RAS is part of that discussion and transition. BPA will contact your utility with additional information.

With regard to proper investments, BPA agrees that proper investments in the system are important. Specifically, if BPA decides to proceed with the NITSA with Idaho Power, we would take steps to ensure that SILS customers are included in Idaho Power's long-term transmission planning.

B. Renewable Northwest (RNW)

RNW appreciates the opportunity to submit comments on BPA's non-binding term sheet agreement to exit ownership and acquire transmission ownership on Boardman to Hemingway ("B2H").

RNW supports efforts by BPA to acquire new transmission in the region. As states implement their clean energy policies, BPA is seeing an increasing backlog of renewable projects trying to interconnect to its system in the TSR Study and Expansion Process ("TSEP"). We encourage BPA to provide more information surrounding the anticipated online date of B2H and when the transfer capacity will be included in TSEP. We also suggest that BPA think creatively about how the added transfer capacity can be used to alleviate the backlog in the queue of renewable generators seeking long-term firm capacity.

We note that there is currently 400 MW of unallocated capacity on B2H. We strongly encourage BPA to work with Idaho Power and PacifiCorp to acquire the unallocated capacity to use for making long-term firm transmission available to renewable generators in BPA's interconnection queue.

BPA Response

Thank you for your comments.

While there are elements of the B2H project that could change existing plans, the anticipated online date of B2H is 2026.

RNW encourages BPA to acquire the 400 MW of unallocated capacity in the B2H project and requests when the transfer capacity from B2H will be made available in the TSR Study and Expansion Process (TSEP). As noted in the B2H Regional Letter, BPA will not be a owner in B2H project. Customers seeking long-term firm capacity over B2H will need to need to request service from Idaho Power or PacifCorp pursuant to their respective OATTs.

C. Utah Associated Municipal Power Systems (UAMPS)

While UAMPS is generally in support of the proposed B2H project we have many questions as to how each of the transactions under the Term Sheet will be effectuated and believe early coordination between affected parties is critical. UAMPS and its members respectfully request full participation in future discussions between BPA, PacifiCorp and Idaho Power as it relates to the UAMPS business.

The BPA customers in Southeast Idaho and Southwestern Wyoming (Southeast Idaho Load Service) have relationships outside of their BPA relationship. How were these relationships (contractual, resource and transmission) evaluated in the Term Sheet between BPA, Idaho Power and PacifiCorp? What input, if any, came from these customers?

BPA seems to be assuming the Southeast Idaho Load Service will be moved from the PacifiCorp Balancing Authority to the Idaho Power Balancing Authority when the transmission capacity that is being transferred from PacifiCorp to Idaho Power is completed. If this assumption is true what is the process to make this happen?

The Term Sheet implies that a fixed amount of transmission capacity will be transferred from PacifiCorp to Idaho Power thus providing the ability for Idaho Power to provide transmission service to BPA for the Southeast Idaho Load Service. How will load growth be handled under this arrangement? Will the Southeast Idaho Load Service require additional transmission service from Idaho Power?

How will Balance Authority services and charges under Schedules 1 through 6 and Schedules 9, 10 and 11 in the PacifiCorp and Idaho Power OATT's be handled between BPA, Idaho Power and PacifiCorp? How will these charges be passed to Southeast Idaho Load Service Customers?

Will the power flow and study analyses performed by BPA, PAC & Idaho Power be provided to Southeast Idaho Load Service for review and comment?

Bonneville needs to reconsider the reduced optionality from this proposed transaction for two reasons.

First, in evaluating the mix of bidirectional and unidirectional rights that PAC and Idaho Power appear to be securing in the transaction, BPA's unidirectional transfer service out of Boardman looks asymmetric by comparison. The other counterparties appear to be

structuring their rights to preserve the long-term optionality of the paths with bidirectional rights, but BPA is only expanding its west to east capabilities, which may prove disadvantageous over the long term given the potential for new eastern resources near the Southeast Idaho Load Service customers. The lack of an available business case at this stage of the discussions makes it difficult for external parties to understand the full value of assets, construction rights and obligations and transfer service being exchanged.

Second, Bonneville explained that it utilizes three paths today to meet its Southeast Idaho Load Service obligations, but after this proposed transaction culminates, it would only utilize two paths (eliminating transfers out of Mona to the south) because of the expanded NITS rights from Boardman. As Bonneville noted when asked on the call regarding the potential impact of the CFPP, it would provide a useful capacity resource for meeting its SILS obligations which arguably should decrease the amount of transfer service required from Boardman over the long term. However, with only unidirectional rights on the Boardman path and the loss of the southern path which appears to be going to Idaho Power, BPA may be overcommitting to a predominantly west-to-east transmission strategy for its SILS customers without recognizing the potential disruption from new eastern capacity resources like the CFPP. That value includes the operational and financial benefit of being able to move eastern capacity back towards Boardman to BPA's non-SILS customers as well as using it locally for meeting SILS customer obligations. However, if the Boardman to Goshen area transmission rights can be structured now as bidirectional, BPA would be positioned to capture that value for all of BPA's customers and regain 3 separate options for meeting its SILS obligations, albeit no longer with the southern path.

To the extent that Bonneville values preserving optionality for serving its SILS customers and being positioned to benefit from viable eastern resources like the CFPP, it should reevaluate whether structuring bidirectional rights along the Boardman to Goshen path would be possible in this transaction.

Recognizing that a business case has not been provided to stakeholders, it is difficult to determine the net benefit to Bonneville and its customers of the proposed transaction. Bonneville explained the current transaction in the context of a longstanding set of discussions and ideas with PAC and IPC. It sounds as though the discussions have been focused on the 3 parties but have not included other transmission customers or entities that may value the rights being negotiated. To the extent that is true, it also raises concerns that the exchange of assets and service rights has not considered other entities that may have interests and needs along the routes being considered in the announced term sheet. Bonneville should provide an opportunity for other entities, particularly its own transmission customers, to identify their needs and how that should factor into Bonneville's decisions for this transaction. Further, it would be helpful for stakeholders to understand if Bonneville considered whether other parties may place a higher financial value on the rights being exchanged with PAC and IPC, including its decision to step out of the B2H development and partial ownership.

How were existing requests in the generation interconnection & transmission service queues incorporated into the initial discussions and negotiation of capacity/asset swap? How will the Term Sheet impact current deliveries of power & energy from the Horse Butte Wind project to eligible Southeast Idaho Load Service? How will the Term Sheet impact the potential for future expansion of the Horse Butte Wind project?

We would request that a centralized location be provided for dissemination of information that has been approved by BPA, PacifiCorp & Idaho Power. This would help affected systems tremendously in providing a one-stop location for updates as discussions move forward.

BPA Response

Thank you for your comments. As your comments directly pertain to UAMPS, BPA intends to discuss your specific concerns in a future discussion.

If BPA decides to proceed with B2H with Transfer Service, BPA intends to facilitate discussions between individual customers and PacifiCorp and Idaho Power to ensure a smooth transition of service territories. BPA will contact your utility with additional information.

BPA would like to further note that, prior to the current process, engaging customers on a broader basis was difficult because of restrictions associated with a Non-Disclosure Agreement between the parties.

BPA will endeavor to locate all information related to BPA's involvement in B2H with Transfer Service on its website Southeast Idaho Load Service - Bonneville Power Administration. Information on the construction, permitting, and planning of B2H is available on Idaho Power's website, Idaho Power.

D. Lower Valley Energy

Lower Valley is a participant in the Horse Butte Wind project. How will the Term Sheet impact current deliveries from the Horse Butte Wind project to Lower Valley? How will the Term Sheet impact the potential for future expansion of the Horse Butte Wind project?

New resources such as the CFPP small modular reactor (SMR) may be located in the Southeast Idaho region. How will new resources be impacted by the Term Sheet and the ability to move power in both directions (east and west)?

Once Idaho Power provides BPA with a direct path to the Goshen Substation, will our service territory remain in the PacifiCorp Balancing Authority Area or will it be moved to the Idaho Power Balancing Authority Area? If the Balancing Authority changes, how will that impact our deliveries over the Hooper Springs Transmission Line? Does the Term Sheet change BPA's cost structure for Hooper Springs deliveries? In other words, will BPA still deal with PacifiCorp for those deliveries or was that part of the asset swap?

BPA Response

Thank you for your comments. As your comments directly pertain to Lower Valley Energy, BPA intends to discuss your specific concerns in a future discussion. BPA intends to facilitate discussions between individual customers and PacifiCorp and Idaho Power to ensure a smooth transition of service territories if BPA decides to proceed with B2H with Transfer Service. BPA will contact your utility with additional information.

Under B2H with Transfer Service, BPA would not be an owner of the B2H Project and would have no capacity rights. Customers seeking service over B2H for other resources should contact Idaho Power and PacifiCorp.

To the extent generation in the Goshen area becomes available, transmission access to or from this resource would be obtained from either PacifiCorp or Idaho Power.

E. Public Power Council (PPC)

While we appreciate the hard work to operative within BPA's current limitations, we encourage BPA to continue to identify and address barriers that prevent the agency from providing direct transmission service to its customers. PPC looks forward to further discussion on those issues more broadly in the future.

Regarding BPA's new proposed approach to meeting its load service obligations in Southeast Idaho, PPC observes multiple benefits in this proposal compared to the status quo. First, PPC supports a solution that facilitate the construction of the Boardman to Hemingway project. Construction of this project should improve services to BPA's customers and improve trade opportunities across the region. Second, we appreciate BPA's effort to develop an alternative that will improve and streamline transfer service. The proposed agreement should provide more reliable service at lower costs compared to the status quo. The agency's efforts to reduce the costs of transfer service, who are borne by all power customers, are important and we should acknowledge the progress on those efforts in this proposal.

Based on these benefits, PPC supports BPA's proposed alternative as an improvement over the status quo. As BPA works to implement this planned approach, it must ensure that it improves the outcome for all of its preference customers as intended. To that end, the agency should commit that this planned approach will not negatively impact the current or planned load service to its preference customers.

What is the source of the limitation on BPA's ability to co-own facilities? I couldn't remember the specifics of this constraint.

Is BPA prevented from constructing facilities in this part of Idaho? A member was recalling there was some legal constraint that prevented BPA from constructing its own facilities in Southeast Idaho, is that correct?

BPA Response

Thank you for your comments.

If BPA decides to proceed with B2H with Transfer Service, BPA would work with Idaho Power, PacifiCorp, and individual utilities affected by the asset transfer to ensure that transmission service can be provided on a continuous, firm, and reliable basis.

There were many complex challenges associated with potential co-ownership of the B2H Project. For example, there were complexities with the federal government owning property as "tenants in common" with private entities in a manner that is similar to how PacifiCorp and

Idaho Power jointly own assets. Also, the contemplated asset exchange included strategic risks associated with the Federal transmission system, such as upgrades of key assets under a joint ownership structure, lease financing considerations, and others. In the end, BPA decided that pursuing joint ownership was too complicated and problematic. Additionally, under the B2H ownership option, BPA would have obtained a set amount of capacity rights, which becomes problematic if additional capacity is needed to serve Southeast Idaho customer load growth.

The Transmission System Act requires BPA to obtain Congressional approval to construct major transmission facilities outside the Pacific Northwest region. BPA received the necessary Congressional approvals to build the B2H Project (if BPA made the decision to do so) as part of the omnibus budget signed into law on January 17, 2014 (see Public Law 113-76).

F. Northwest Requirements Utilities (NRU)

Northwest Requirements Utilities ("NRU") submits these comments in response to BPA's February 4 workshop reviewing the proposed modifications to the Boardman to Hemingway Project. NRU represents the interests of 56 Load-Following customers located in 7 states across the region that hold Network Transmission contracts with Bonneville Power Administration ("BPA").

NRU has 34 members utilizing transfer service provided by BPA, including three members located in southeastern Idaho served by transfer service that are identified as Southeast Idaho Load Service (SILS) customers. And, along with all other preference customers, NRU's members benefit from cost savings due to BPA's transfer service program. Accordingly, we have a strong interest in the Boardman to Hemingway project and its potential to improve transfer service in southeastern Idaho and improve the financial benefits of transfer service. NRU appreciates the information shared at the February 4 workshop. In general, NRU views the proposal as a positive step toward relieving congestion in the region and better serving transfer customers in southeastern Idaho. The proposal may also have a number of benefits for all preference customers across the region. NRU looks forward to continuing to participate in future discussions and learn more about the proposal.

There are a few particular areas for which NRU has an interest in learning more about the proposal, as follows:

• First, the proposal includes streamlined transfer service agreements eliminating a wheeled transmission segment and providing firm transmission service which should provide benefits to the "SILS Customers" in the region. NRU has a particular interest in understanding the impacts of the proposed modifications to those preference customers in terms of rates and any changed processes that these customers should be aware of, among other things.

• Second, NRU also has a number of members that utilize transfer service offered by BPA, both in southeastern Idaho and across the region. NRU is interested in understanding the impact of the new proposal on the overall budget associated with providing transfer service.

We understand streamlining the transfer service for SILS customers may result in net benefits and hope to further understand those benefits at the appropriate time.

• Last, NRU is interested in seeing analysis regarding whether and how the project may impact BPA's resource mix, due to the potential to access new resources in the area.
Thank you for your attention to these questions. We look forward to continuing to work with you and supporting your efforts on this project.

* *

From Email:

Wells gets transfer service both through Nevada Power and through Idaho Power. They have a firm, one-wheel agreement – so I think nothing will change as a result of this proposed deal, but they have had questions about that aspect. You had sort of mentioned something about the Nevada utilities, and I wasn't sure I caught on to what that reference was and if there's anything to know about their transfer service. And then it seemed like possibly their points of delivery might be something that maybe wasn't top of mind…(it turns out that is causing some issues with finalizing our transfer service study, by the way, since the Wells PODs don't include the Idaho Power PODs – although they might be included in the Idaho load service study that we quickly discussed on the phone…)

Anyway, I just wanted to follow up to make sure I confirm Wells won't see any changes in their transfer service, in response to questions that've had.

BPA Response

Thank you for your comments.

In regards to the impacts of the proposal on BPA's rates and transfer budget, BPA anticipates presenting a more detailed overview of its business case at a later workshop. While specific rate impacts will not be addressed in the business case, relative savings BPA expects to achieve will be discussed. Those benefits will generally show an overall net reduction to BPA's transfer service budget.

In response to the NRU's comments on the resource mix, the B2H with Transfer Service will increase access of SILS customers to power generated from the Federal Columbia Power System. Purchases from other non-federal resources, such as the market purchases used under the current plan of service, will likely not be needed. Because the B2H with Transfer Service supports firm load service from the Federal System to SILS customers through the NITSA with Idaho Power, BPA at this time does not anticipate needing to acquire additional transmission service over the B2H project to gain access to "new resources in the area."

NRU also asked some additional questions in a separate email. BPA responds as follows: All existing BPA customers in Idaho Power's and NVEnergy's BAA would see increased access to the FCRPS under B2H with Transfer Service. For BPA customers in NVEnergy's BAA, BPA would have an additional alternate path from the FCRPS to serve BPA's load when BPA's primary path (RATS) is out of service. For BPA customers in Idaho Power's BAA, BPA would have an additional designated path to serve BPA's load from the FCRPS. This B2H path would also be an additional option when the primary path is out of service for any reason.

G. Pacific Northwest Generating Cooperative (PNGC)

PNGC would like to submit the following comments and questions regarding the non-binding term sheet updating BPA's role in the Boardman to Hemmingway transmission project signed Jan. 19, 2022.

PNGC values this project and the benefits it will bring to the region as a whole. We are encouraged to see BPA evaluate the options and take action to exit the ownership role and lock in long term network transmission rights while eliminating transfer load across the PacifiCorp system. The transfer service benefits along with the needed investment in the NW transmission grid expansion will be a net positive for BPA and BPA customers.

As part of this ongoing process, PNGC would like to ensure we understand how this will affect transfer customers, future and existing encumbrances for transfer load service, and how this effects existing requests/studies for encumbrance needs. Of particular concern are the implications this arrangement will have on encumbrances for the Central Oregon region.

Central Oregon Ramifications

Part of the agreement is for BPA to provide additional transmission service to PacifiCorp to meet their growing Central Oregon loads. PNGC has been entrenched in the Central Oregon transmission limitations for some time and we were under the working assumption that all Transmission import capacity was exhausted for the Central Oregon region. PNGC is looking for additional details and clarity on what this portion of agreement entails, and how it interacts with the crowded interconnection Queue for Central Oregon. Some specific questions are below:

- How will this arrangement effect existing transmission capacity levels in the area? Will there be a net increase in import capacity, or no change in the import capacity to Central Oregon?
- Does BPA need to develop further assets to provide service to PacifiCorp?
- What sort of Queue priority does this provide to PacifiCorp? PNGC assumes the PacifiCorp request will be entered into the interconnection process and enter the queue.
- Does this provide an opportunity to share costs for needed upgrades in the area?

Asset Swap and Transfer Service and Congestion relief

- Does the asset swap with PacifiCorp and Idaho Power, altering BAAs, affect BPA transfer service to that area?
- If so what sort of adjustments does BPA and/potentially customers need to make?
- What is the cost benefit from being a transmission customer vs. a project owner?
- How does this support the continuing of transfer service?
- Once energized what effect does this line have on BPAs other flow gates?
- Does this open up added capacity for other encumbrance requests?

Thank you for your time, look forward to more conversations around this issue.

BPA Response

Thank you for your comments. Where your comments directly pertain to PNGC, BPA intends to discuss your specific concerns in a future discussion. BPA will follow our OATT and business practices and our honor obligations to our existing customers in our evaluation to convert existing PAC service to OATT service.

Under the B2H with Transfer Service, BPA would evaluate how to provide PAC with PTP service pursuant to the Tariff, applicable business practices, and rate schedules. The evaluation would consider existing transmission encumbrances, including NT load commitments in the area and queued requests. The PTP service evaluation would include conversion of legacy scheduling rights to PTP service and redirects of PAC's existing PTP services. Additionally, the PTP service would be conditioned upon energization of B2H and the B2H Midline Series Capacitor Project. BPA may identify other conditions including additional assets as part of the evaluation. In regards to queue prioritization, PacifiCorp would submit TSRs for transmission service described in the term sheet which would be evaluated in queue order.

B2H with Transfer Service does not contemplate cost sharing for potential upgrades in the Central Oregon area. BPA would not own or build the B2H project.

With respect to central Oregon, the Goshen area asset swap between PacifiCorp and Idaho Power and resulting BA adjustment in Idaho does not affect transfer service to customers in central Oregon. Existing transmission rights and obligations for customers in central Oregon will be unaffected.

With respect to loads in SE Idaho, the Goshen asset swap will place all of BPA's Idaho loads that are currently in the PacifiCorp East BAA within Idaho Power's BAA. For transfer customers moving into Idaho Power's system, we don't anticipate there being any significant adjustments for the customer to make. We are still evaluating what operational and coordination agreements PacifiCorp and the customers had. If there are any such agreements or arrangements, BPA intends to work with the customer, Idaho Power, and PacifiCorp to ensure a smooth transition.

BPA will present a more detailed business case on this issue at a subsequent workshop which will be held this summer.

B2H with Transfer service establishes a firm, one-leg transmission solution for BPA's SE Idaho load customers. This is a significant improvement over the current arrangement which uses a combination of conditional firm PTP, market purchases, and local generation.

B2H offers wire in the air benefits for operating and maintenance flexibility of the NW transmission system. BPA, IPC, and PAC engaged in tri-party studies that determined that the B2H Project, as reflected in the B2H term sheet, does not result in additional congestion on the BPA transmission system, including the central Oregon area. Central Oregon constraints will be addressed per tariff and business practices.

H. Raft Rural Electric Co-Op

Thank you for the opportunity to provide comments regarding B2H with transfer service. I believe this to be an essential project to ensure the continued delivery of firm, affordable, and reliable electrical energy to southeast Idaho customers by BPA under current Transfer Service agreements. The idea of eliminating a wheel over PacifiCorp not only removes a layer of complication but removes a layer of risk. I strongly support the current course of action that BPA allows it's permitting and portion of ownership to Idaho Power. This will not only benefit southeastern Idaho, but other parts of the region. Thanks again for the opportunity to provide comments.

BPA Response

Thank you for your comments.

We look forward to having more discussion this summer following the workshop.

I. United Electric Co-Op (UEC)

United Electric Co-op, Inc. ("UEC") appreciates this opportunity to comment on Bonneville Power Administration's ("BPA") Southeast Idaho Loads and B2H Transfer Service Proposal ("Proposal"). UEC thanks BPA, Idaho Power Company ("IPC") and PacifiCorp ("PAC") for their combined efforts to improve the transmission system and to propose creative solutions to move the Boardman to Hemingway ("B2H") transmission project forward.

UEC supports the concepts described in the non-binding term sheet that updates BPA's involvement in the B2H project. UEC believes the terms described therein are important to securing long-term, firm transmission service for UEC's system load located in southern Idaho, and that development of the B2H project will provide overall improvement to the transmission system for the region and southern Idaho utilities.

UEC is supportive of BPA securing long-term firm transfer service for its southern Idaho preference customers through a Network Integration Transmission Service ("NITS") agreement. However, UEC requests that BPA clarify and make certain that any proposed NITS agreement contains assurance that it will accommodate load growth of BPA's customers' systems in a cost-effective manner, and that the operational and administrative processes of identifying and including new loads is clearly defined. UEC also believes that BPA should further refine its bi-directional transfer capabilities associated with the Proposal to manage future development of resources that may occur within, or outside of the IPC and PAC balancing areas.

While it is not possible to determine the net financial benefits from the Proposal without an understanding of BPA's business case, UEC believes it is important to continue the process of developing the B2H resource and the Proposal appears to be a significant step in the right direction. To that end, UEC requests that BPA quantify and describe the net benefits to its customers. UEC also recommends that BPA continue to evaluate opportunities to develop transmission facilities that would directly serve its customers in southern Idaho.

BPA Response

Thank you for your comment.

BPA continues to work with Idaho Power to make sure they are fulfilling all of their OATT obligation, including the obligation to plan for future network load growth. The proposed project supports Idaho Power's ability to meet future load growth for the coming years ahead.

We will have another workshop this summer to go over the business case.

J. Idaho Falls Power (IFP)

Idaho Falls Power (IFP) appreciates the opportunity to comment and hopefully engage on the proposed load service to southeast Idaho over the Boardman to Hemingway project. I know BPA staff and specifically the southeast Idaho load service team have been working hard to find a durable load service option to meet BPA and preference customers' needs/obligations. IFP is excited about any solution that involves building transmission capacity within our transmission constrained region. Transmission capacity is a critical asset in the movement to decarbonize the power sector and integrate resources.

The term sheet that was released provides a concrete example that work is being done by BPA to secure transmission service and access. It is unfortunate that BPA is no longer able to be a construction partner and owner in the physical project. The concept outlined broadly in the term sheet could be a second-best option though, but this term sheet is light in details. Perhaps, this is by design and the more detailed work is forthcoming. Idaho Falls has concerns that what meets our continued needs and obligations might not align with what BPA views as their needs.

As you are aware, Idaho Falls Power is one of the more unique south east Idaho utilities in that we are a slice/block customer of BPA along with own and operate a number of our own resources. Some of these resources are behind the meter while others are not and located in the general PacifiCorp BA. The treatment of these resources and the potential future development of additional generating resources is of key concern to our utility. Transferring federal preference power from the federal system to Idaho Falls is only one part of what transmission services our utility requires. Idaho is the fastest growing, per capita, state in the country and Idaho Falls Power's loads are following this same trend. IFP is developing new resources of all types and having transmission service is key to the integration of these resources. The need to move surplus energy to market along with access to additional resources in important. IFP is concerned that we are not going to have transmission service that is compatible to integrate generation resources.

Idaho Falls has also had a long relationship with the Utah Association of Municipal Power Systems (UAMPS) where they have provided load balancing services and resource integration. These agreements and services are also interwoven into services that Idaho Falls provides to PacifiCorp, including high voltage transmission transfer across our system for reliability. These might appear at first thought to be minor details to be worked out later, but they are items of complexity and magnitude. Direct engagement and being at the table are needed if there is hope to work out these issues because they have the potential to change the direction of the larger concept.

I applaud the work and appreciate the regional collaboration between Idaho Power, BPA and PacifiCorp. I request that we have larger tent discussions where the affected parties are in the room with BPA, Idaho Power and PacifiCorp working through the issues. I also request that

thought be put into the broader issue of integration of new resources, behind the meter existing resources and how other contracts are going to be handled. I believe we all want to pursue a transmission system and agreements that are durable to future market transformations and network transmission customer needs.

BPA Response

Thank you for your comments.

BPA appreciates Idaho Falls Power's unique power and transmission situation. This was a consideration in developing the Term Sheet and service to Idaho Falls is an identified issue to be addressed in the formal, binding agreements. BPA also agrees that additional coordination among Idaho Falls, UAMPS, BPA, Idaho Power and PacifiCorp is warranted. To that end, BPA intends to begin facilitating such meetings and will work with Idaho Falls Power to find solutions that accommodate the parties' respective rights and interests.

K. Idaho Consumer Owned Utilities Association (ICUA)

The Idaho Consumer-Owned Utility Association (ICUA) represents 21 rural electric cooperatives and municipal power companies serving over 140,000 member-owners/customers across the State of Idaho. We are pleased with the progress that BPA has made to this point in attempting to secure a long-term, durable, reasonable cost solution to the SILS problem and for transfer service in general across the region.

A guaranteed access rights solution is of the highest priority for our members. While we appreciate BPA's communication with us during the lead-up to the comment period, it is crucial that continued communication and transparency are an even higher priority in the coming days.

A centralized location for all public documents accessible to our members is highly encouraged.

Regardless of any changes to BPA's future, our members must have secure access and rights at the conclusion of this formation process.

Consumer-owned utilities in Idaho also commend the collaborative working relationship BPA has established with the region's investor-owned utilities. We hope to maintain this relationship as our members look to working with them in the future on other forward-looking proposals such as a region wide transmission organization.

The devil is in the details and there is still much to be worked out with all parties regarding the SILS and B2H Transfer Service Proposal.

We urge BPA to stay in constant communication with ICUA and continue to seek our input as the process moves forward.

In addition, we encourage you to look closely at the comments submitted by ICUA utilities and the more technical comments submitted by UAMPS, as many of our members are seeking the same clarifications they posed.

BPA Response

Thank you for your comments.

BPA will endeavor to locate all information related to BPA's involvement in B2H with Transfer Service on its website Southeast Idaho Load Service - Bonneville Power Administration. Information on the construction, permitting, and planning of B2H is available on Idaho Power's website, Idaho Power.

Additionally, BPA intends to continue to meet with ICUA and its members as appropriate to discuss the progress on the various matters discussed in the Term Sheet. Individual meetings with impacted customers are also being scheduled.