

**Response to Customer
Comments – B2H with
Transfer Service Term Sheet**

BPA January 23, 2023 Workshop

Final
3/23/2023

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 **January 23, 2023**.

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A. Raft River Electric Cooperative

Thank you for the opportunity to provide comments in support of the Boardman to Hemingway Transmission build. This project is essential to providing clean, affordable and reliable energy to numerous customers in the entire South Idaho region, including parts of Northern Nevada and Northern Utah. This project must happen to effectuate long term transfer service without relying on conditional firm point to point transfer.

This project will also eliminate the reliance of interim service provided by market purchases, projecting savings upwards of 700 million dollars over the next 30 years. With these savings, eliminating the transmission constraints will also provide vast economic development opportunities, from food processing to mining loads. This will only be possible with access to firm, reliable electrical energy.

Understanding there are still many details to work through, I am strongly in support of this project. I also support Bonneville Power not owning a portion of the line but allowing Idaho to retain its ownership to expedite and simplify the build out process, encouraging Bonneville to retain the appropriate reservation on this line to supply current and future load growth needs.

Thank You for the opportunity to provide these comments in favor of moving forward with the Boardman to Hemingway transmission line build out.

BPA Response

Thank you for your supportive comments.

BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

B. Raft River Electric Cooperative

I wish to share my support and the support of the members of Raft River Electric Cooperative (whom I represent as the chairmen of the Board of Directors) for the construction and implementation of the B2H transmission line. As a small rural electric coop in Southern Idaho we have been greatly benefited by our relationship to BPA. Securing transmission through B2H into southern Idaho will ensure our communities success for years into the future, and help maintain a stable and predictable transmission cost to our members.

Please help see B2H become a reality.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

C. Charles Pace (Private Citizen)

Salmon River Electric is my service provider for my residence and place of business in Challis, Idaho. As a result, I have an economic interest in this proposal.

To facilitate review I am numbering them in text:

1. Goshen substation is not a bubble. To call it that is misleading and buries the fact that there are points of receipt and points of demand. These details are important to determine whether it is feasible for BPA to supply SREC with power generated at the Palisades and Minidoka projects, delivered to us at Spar Canyon.
2. The prospect that SE Idaho loads for BPA's preference customers will be filtered through the Federal Energy Regulatory Commission makes me--like BPA--nervous [REDACTED].
3. I'm especially concerned that the connection to Spar Canyon is a radial line that will be treated as a [REDACTED], i.e., neglected. This is because the entities responsible for providing our service will receive compensation from BPA without any support by BPA for line maintenance, providing headroom (capacity) for load growth, etc.
4. I do not understand why serving SE Idaho loads must be linked directly with the decision to build Boardman to Hemingway transmission capacity. It makes me feel a bit like a fly on an [REDACTED].

That's all of my comments. Thanks for your consideration.

BPA Response

Thank you for your comments.

With regard to your first comment, Goshen bubble refers to all six BPA preference customers served over the PacifiCorp transmission system in eastern Idaho. We recognized that there are multiple points of delivery for these customers and ensuring service to all those points of delivery is an important aspect of this plan. For purposes of our public workshop, we needed to strike a balance between presenting sufficient details without being overly simplistic or complex. Salmon River Electric Coop (SREC) is in the Goshen bubble; however, contractually SREC's load is at the point of delivery behind the Antelope substation. BPA supplies Federal Columbia River Power System (FCRPS) power to multiple points of receipt on PacifiCorp's system that is then delivered to the contractually specified Points of Delivery (POD) that interconnect with Salmon River Electric

Regarding your second comment, under the B2H with Transfer Service arrangement, BPA would take network service from Idaho Power pursuant to two Network Integrated Transmission Service Agreements (NITSA). Pursuant to the Federal Power Act, Idaho Power is required to file the NITSAs with the Federal Energy Regulatory Commission (FERC). FERC's filing requirements helps to ensure that Transmission Providers are providing service on a nondiscriminatory basis. These filing requirements are not unique to the NITSAs BPA will take from Idaho Power under B2H with Transfer Service. The existing service to Salmon River is pursuant to a NITSA with PacifiCorp and was similarly filed by PacifiCorp with the FERC (this existing NITSA would be terminated upon the commencement of the NITSAs with Idaho Power under B2H with Transfer Service).

Regarding your third comment, Idaho Power will have the obligation under its Tariff to plan its system to deliver designated and forecasted resources to the SREC load. BPA will work with Idaho Power to ensure they are following their Tariff and honoring their NITSA commitments. BPA will also work with the SILS customers. BPA annually reviews and submits 10-year load forecasts for each of SILS customers. Idaho Power uses the forecasts for system planning. The SILS customers, including SREC, will remain responsible for making deliveries from the NITSA POD to their end users through their distribution systems.

Regarding your fourth comment, over a decade ago, BPA began exploring becoming a partial, joint owner of the B2H Project as the preferred option to provide long-term, reliable, and cost effective service for the SE Idaho loads in part because of increasing congestion on the transmission system in Idaho. This option included asset exchanges that were too complex to effectuate. BPA then transitioned evaluation to B2H with Transfer Service, which involves BPA selling its permitting interest and potential future ownership stake in the B2H Project to Idaho Power and purchasing Network Integrated Transmission Service (NITS) from Idaho Power. Idaho Power and PacifiCorp's construction of the B2H Project is a key requirement for B2H with Transfer Service. The B2H Project will increase the transmission capacity on Idaho Power's system, which is necessary for Idaho Power to be able to provide BPA with the NITS, as opposed to conditional firm service under the interim plan of service (a type of service that can be curtailed before NITS and firm PTP service). B2H with Transfer Service would provide more reliable, cost effective service to the SE Idaho Loads and enable BPA to serve SREC load on firm transmission all hours. More details are in the January 18, 2022 and January 9, 2023 Letters to the Region, available at [Southeast Idaho Load Service - Bonneville Power Administration \(bpa.gov\)](https://www.bpa.gov/SE-Idaho-Load-Service)

D. Wells Rural Electric Company (WREC)

On behalf of Wells Rural Electric Company (WREC), thank you for the opportunity to submit the following comments in response to Bonneville Power Administration's ("BPA") proposed terms for the agreements governing Boardman to Hemingway ("B2H") with Transfer Service. WREC appreciates the information shared in BPA's January 9, 2023 "Letter to the Region" and the materials and discussion during its January 23, 2023 Workshop.

WREC was incorporated in 1958 as a not-for-profit rural electric cooperative to provide electricity to consumers in the ranching valleys surrounding Wells, Nevada. WREC has since grown to serve 6,254 accounts held by 4,161 members spanning 10,552 square miles of service territory in Elko, Eureka and Lander Counties in Nevada and in Tooele County, Utah. In addition to relying on Transfer Service to connect our system to the larger Pacific Northwest and Nevada power grids, WREC owns and operates 111 miles of overhead transmission voltage power line, 102 miles of underground distribution voltage power line and 1,204 miles of overhead distribution voltage power line, totaling 1,417 miles, to serve its members. As a low-density transfer customer located in Northeast Nevada, WREC's members depend on transfer service from BPA. In agreement with Northwest Requirements Utilities (NRU) submitted comments, WREC supports the B2H with Transfer Service proposal as an alternative plan of service. WREC looks forward to the many improvements to regional transmission service that are expected to follow completion of the B2H line including increased reliability at a reduced cost. Moving forward, WREC would appreciate additional

detail with respect to BPA's plans for improving its ability to accommodate the forecasted load growth of preference customers like WREC who are directly impacted by the B2H Transfer Service proposal. Additionally, WREC would appreciate information from BPA with respect to the following:

- Clarification from BPA that continued OATT service over Idaho Power's system will not limit BPA customers' ability to access additional transmission capacity to serve load growth, as needed, and on what terms additional capacity is expected to be made available.
- Confirmation that OATT service will in no way limit preference customers' ability to engage in future market opportunities and/or organized market participation, should such opportunities arise.
- Affirmative confirmation that there will be no change to the billing treatment of transfer customers impacted by the planned removal of a segment of BPA's Boardman -to-lone transmission line.

We continue to appreciate the public process and open dialogue provided by BPA and look forward to continuing to work with you to secure reliable and cost-effective transfer service.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

As with existing network transmission service purchased from third-party Transmission Providers (i.e., transfer service), access to additional transmission capacity to serve load growth and the terms for serving that load growth are pursuant to the third party Transmission Provider's open access transmission tariff ("OATT" or "tariff"). For the NITS BPA will take from Idaho Power, this means that access to capacity for load growth will be pursuant to Idaho Power's OATT. BPA, as the NITS customer, is not in a position to make future commitments or provide assurances on behalf of Idaho Power. That said, the B2H project would increase capacity on Idaho Power's system, which could be available for load growth pursuant to Idaho Power's OATT. Consistent with the obligations of the NITS customer under Idaho Power's OATT, BPA will work with the SILS customers and other transfer customers connected to the Idaho Power system to submit 10 year load forecasts (which includes forecasted load growth) for each customer and will submit them to Idaho Power. Consistent with Idaho Power's NITS tariff obligations, Idaho Power would use these forecasts for system planning. BPA will work with Idaho Power to ensure Idaho Power follows its OATT and honors its NITSA commitments.

With regard to your question about future markets, there are many Transmission Providers in the Pacific Northwest and there are multiple future markets that are being developed and may be considered by the various Transmission Providers. Ultimately, any public utility Transmission Provider (including Idaho Power) that joins an organized market will need to file tariff changes with FERC to accommodate participation in such market. BPA and other interested parties can participate in the market development process and intervene in the FERC tariff proceeding to evaluate the tariff changes and identify concerns. BPA cannot provide assurances about an unknown future state.

Regarding the transfer service billing comment, BPA will need to acquire transfer service from Umatilla due to the removal of a segment of BPA's Boardman-to-lone transmission line. This transfer service will be treated as a transfer service cost during the rate period in which the costs are incurred and handled through the 7(i) rate case process consistent with other transfer service costs. Customers and stakeholders will have opportunities to submit comments and questions about billing treatment to BPA during rate case pre-proceeding workshops and can participate in the 7(i) rate case process.

E. Pacific Northwest Generating Cooperative (PNGC)

PNGC submits these comments regarding B2H project as a whole and the recent discussion held January 23, 2023. PNGC wants to reiterate the value from the B2H project for the region as a whole. Transmission development needs to continue, and this project is in the best interest of the region and public power overall. We continue to see the need for this project and support it moving forward.

The direction BPA is heading regarding the agreement with Idaho Power and PacifiCorp seems to make good economic and physical sense. Renewable and other generation is being developed and transmission like B2H is needed to integrate this generation and to maintain regionally reliability. The nature of the transmission system reliability is independent of ownership. B2H will benefit the region regardless of ownership. There is a need in the region for resource development to meet reliability concerns and state-mandated programs.

Next, we want to spend some time discussion the areas that are of critical impact and importance. Starting with transmission access and nondiscriminatory transfer service. The principle of "Comparability" between BPA's transfer and non-transfer (direct connect) transmission customers must be maintained. We are concerned about the initial direction BPA headed on this issue of comparability. We think it is important that all power (BPA and non-federal) that relies on the BPA system including a line like B2H that is obtained as a contractual right must be treated comparably. The scenario where customers are only able to utilize transfer service for federal power does not meet the "Comparability" requirement.

A large part of the value to this B2H decision is around the impact to transfer service. The benefit of creating two transmission wheels vs three to reach Southern ID loads cannot be negated by other transfer decisions. There is value in the proposed LT agreements, but that value diminishes if we cannot utilize the full set of resources the region is developing. We think BPA's direction on B2H is supported by a clear need for the line, but also can build on an important track-record of BPA building or buying transmission as it makes sense to the region and its customers. Treatment of all power flowing over that line fairly will help assure that we see development of renewable resources.

Another area of critical importance that still needs to be answered is around the proposed asset swaps and redirects between the three parties as a part of the nonbinding term sheet. Better understanding on the impact to Central Oregon is needed.

We look forward to continued dialogue and engagement throughout this process.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

With regard to your comment about non-federal transfer service and comparability, BPA understands PNGC's comment and primary comparability concern to center on the post-2028 period following the expiration of the Regional Dialogue contracts. This is an issue that is being discussed in the Provider of Choice process for power sales post-2028 and is outside the scope of the B2H with Transfer Service decision to execute the NITSA's with Idaho Power. BPA encourages PNGC to provide non-federal transfer service and comparability comments in the Provider of Choice forum. Information about Provider of Choice public workshops and how to submit comments is available at [Provider of Choice - Bonneville Power Administration \(bpa.gov\)](https://www.bpa.gov).

Regarding your last question, you can find more information regarding the asset swaps, redirects, and the PTP service BPA will provide to PacifiCorp in Central Oregon in the [January 9, 2023 Letter to Region](#). If you have specific questions that are not addressed by the Letter to Region, please contact your Power and Transmission Account Executives.

F. Public Power Council (PPC)

The Public Power Council (PPC) appreciates the opportunity to comment on BPA's proposal for serving its preference customers in Southeast Idaho which BPA has referred to as the "B2H with transfer" approach. In developing plans of service for its transfer customers BPA should be striving to achieve two important objectives: 1) improving and enhancing the quality of service received by those transfer customers, and 2) reducing the costs of providing that service, which are borne by all of BPA's power customers. We acknowledge that these two objectives can sometimes require tradeoffs and would like to commend BPA staff's efforts to identify a creative solution which will achieve both of these results. This is a successful outcome, and we appreciate BPA staff's commitment to achieving these objectives with regards its Southeast Idaho plan of service.

We look forward to additional opportunities for BPA to apply these types of creative solutions to continue to enhance transfer service. BPA's transfer customers continue to struggle with transmission constraints into and across their territories. These constraints impact the service they can provide to their customers, as well as their options for developing and accessing non-federal resources, which could help ease the burden that preference customers put on the federal system post-2028. PPC looks forward to further discussion and will be looking for BPA to make some specific commitments in its decision letter regarding how it will partner with its customers to address these challenges and continue building on the successes of this proposal.

Regarding BPA's "B2H with Transfer Service" approach, PPC observes multiple benefits in this proposal compared to the status quo. First, PPC supports a solution that facilitates the construction of the Boardman to Hemmingway project. Construction of this project should improve service 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 to its Southeast Idaho load customers, as well as improve service for its

transfer customers in Northern Nevada. 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, which are borne by all power customers, are important and we 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.

As part of that commitment, PPC is seeking confirmation that the proposed Open Access Transmission Tariff (OATT) agreement with Idaho Power will not limit potential opportunities for BPA or its customers under future organized market outcomes. BPA should confirm with Idaho Power that it will facilitate the use of the transmission contract for delivery to BPA's transfer customers through any market construct that BPA may participate in the future – much like how the agency facilitated use of transmission on BPA's system in the Western Energy Imbalance Market (WEIM) for other entities prior to becoming an WEIM participant itself.

Ensuring that Idaho Power will facilitate deliveries over the transmission through a market that BPA chooses to participate in is critical for providing "comparable" service with that provided to directly connected customers. It is particularly important to get this clarity given the unknowns surrounding future organized markets including which organized market opportunities BPA may pursue and the potential that Idaho Power could participate in the same organized market, a different organized market or no organized market at all. Confirmation of Idaho Power's willingness to facilitate such participation would ensure that BPA is not foreclosing or limiting future options for service to its transfer customers through its proposed approach.

Thank you for the opportunity to comment and again we commend and thank BPA staff for their thoughtful and creative approach to this important matter.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

With regard to your general comment about BPA partnering with its customers to apply creative solutions to enhance transfer service for the post-2028 period, including the addressing the use of non-federal resources and system constraints on third party Transmission Provider's transmission systems, BPA will continue to collaborate with its customers to address the various challenges faced by individual customers. BPA is holding Provider of Choice public workshops to discuss post-2028 power sales, including transfer service. BPA encourages PPC and its members to participate in the Provider of Choice forum. Information about Provider of Choice public workshops and how to submit comments is available at [Provider of Choice - Bonneville Power Administration \(bpa.gov\)](https://www.bpa.gov).

For B2H with Transfer Service, access to additional capacity for designation of non-federal resources and load growth will be pursuant to Idaho Power's OATT. BPA, as the NITS customer, is not in a position to make commitments about future load service on behalf of Idaho Power. That said, BPA will work with the SILS customers to submit 10 year forecasts (which includes forecasted load growth and planned new network resources) for each customer to Idaho Power. Consistent with Idaho Power's NITS tariff obligations, Idaho Power would use these forecasts for system planning to serve BPA's SILS customers' load and load growth. BPA will work with Idaho Power to ensure Idaho Power follows its OATT and honors its NITSA commitments.

In addition, BPA will continue to work with its NITS customers to address their service needs across the Federal Columbia River Transmission System, including planning for forecasted load growth and forecasted network resources. BPA encourages its NITS customers to participate in the NT Annual Load and Resource Forecasting Process and to contact their Transmission Account Executive with specific questions.

Regarding your comment about future market opportunities, there are many Transmission Providers in the Pacific Northwest and there are multiple future markets that are being developed and may be considered by the various Transmission Providers. Ultimately, any public utility Transmission Provider that joins an organized market will need to make tariff changes with FERC to accommodate participation in such market. BPA and other interested parties can participate in the market development process and intervene in the tariff proceeding to evaluate the tariff changes and identify concerns. In the event BPA or Idaho Power join an organized market, BPA will continue to work with Idaho Power to ensure that Idaho Power is following its tariff and honoring its NITSAs. As you note, when Transmission Providers transitioned to the Western Energy Imbalance Market (EIM), BPA participated in multiple Transmission Provider customer engagements and FERC proceedings to track and identify issues related to BPA's transfer service under the EIM. BPA will continue to make sure that rights are enforced and will use the appropriate forum for market participation to track issues and advocate.

G. Liberty Gold

Liberty Gold, through its US entity Pilot Gold USA Inc., for the past 6 years has been exploring the viability of re-opening the historic Black Pine gold mine (operational in the 90's), located within Raft River Electric's service territory. One of the most basic needs of any mining operation is access to sufficient, affordable and reliable electrical power. We have been in discussions with Raft River Electric since the beginning of this exploration period and as we have worked together to come up with solutions for our power needs, it has become obvious that the transmission system that Raft River Electric relies upon is severely restricted.

It is our opinion that the B2H transmission project ("Project") is essential to sustaining reliable power supply in the service area, as demand increases. The Project needs to be taken extremely seriously and all possibilities explored to execute this in the shortest practical timeframe. Reliable power is an essential enabler of growth and development in the region and we offer our full corporate support for this very necessary initiative.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

H. Northwest Requirements Utilities (NRU)

Northwest Requirements Utilities (“NRU”) submits the following comments in response to Bonneville Power Administration’s (“BPA”) proposed terms for the agreements governing Boardman to Hemingway (“B2H”) with Transfer Service. NRU represents the interests of its 57 member utilities located in 7 states throughout the region, all of which are BPA Load Following and Network Transmission (“NT”) transmission customers.

NRU has 37 members utilizing transfer service provided by BPA, including three members located in southeastern Idaho that are identified as Southeast Idaho Load Service (SILS) customers. Along with all of BPA’s preference customers, NRU members benefit from the cost savings of BPA’s transfer service program. Accordingly, we maintain a strong interest in the B2H with Transfer Service project and its potential to cost-effectively improve the reliability of transfer service throughout the region, and to enhance the financial benefits of transfer service overall.

NRU appreciates the information shared in BPA’s January 9, 2023 “Letter to the Region” and the materials and discussion during its January 23 Workshop. NRU supports the B2H with Transfer Service proposal as an alternative plan of service that is both more cost effective than the status quo and that is expected to help facilitate construction of B2H in time for 2026 energization. Additionally, our members continue to look forward to the many improvements to regional transmission service that are expected to follow completion of the B2H line. NRU supports BPA’s proposed plan to no longer own or participate in the construction of the B2H project. We recognize the complexity associated with joint ownership, including the asset swaps and permitting hurdles that BPA’s continued ownership would have entailed, and appreciate the improved efficiency of the proposed alternative.

Further, NRU believes that the proposed plan of service will benefit impacted customers through continued facilitation of the construction of B2H, expected improvements to reliability and reduced transmission constraints, along with considerable benefits to preference customers outside of the southeast Idaho and southwest Wyoming region resulting from improved integration capabilities with generation east of Boardman. Additionally, NRU understands that the elimination of the need for an additional wheel of transmission over PacifiCorp’s system represents a significant improvement from both a cost and efficiency perspective, and the conversion of the affected customers from conditional firm point-to-point (“PTP”) transmission to two Network Transmission Service (NITS) contracts represents an improvement to expected reliability as well. Finally, NRU looks forward to working with BPA to leverage the new NITS agreements to serve the considerable load growth that BPA’s preference customers in the region are experiencing, and that is forecast to continue, which is considerably more difficult under the current PTP arrangements.

With respect to the financial impacts of BPA's B2H with Transfer Service proposal, NRU appreciates the financial analysis that BPA shared, representing an expected gross savings of roughly \$720 million over the next 30 years, assuming continued OATT service from both Idaho Power and PacifiCorp. The improved energy cost assumptions stemming from BPA's reduced reliance on market purchases was particularly interesting, given the fact that BPA has not updated those financials to include the potential impacts of recent increased market volatility. While we would appreciate an updated financial analysis using 2022 market data, in the interim the combination of the quantitative and qualitative expected benefits remains compelling, and NRU looks forward to working with BPA and other stakeholders to continue to improve regional reliability and ensure resilient and cost-effective transfer service for all preference customers.

Moving forward, NRU would appreciate additional detail with respect to BPA's plans for improving its ability to accommodate the forecast load growth of preference customers; both for those customers who are directly impacted by the B2H Transfer Service proposal, and those who are otherwise impacted by the related asset swaps, rights conversions, and line removals that are anticipated as part of the service plan. Additionally, NRU would appreciate additional information from BPA with respect to the following:

- Clarification from BPA that continued OATT service over Idaho Power's system will not limit BPA customers' ability to access additional transmission capacity to serve load growth, as needed, and on what terms additional capacity is expected to be made available.
- Confirmation that OATT service will in no way limit preference customers' ability to engage in future market opportunities and/or organized market participation, should such opportunities arise.
- Given the potential for significant generation development in the area, the results of any analysis BPA has conducted or plans to conduct in the near future on the expected impact to BPA's ability to meet its SILS load service obligations, and the potential added value that bidirectional transmission rights may bring over a uniformly west-to-east strategy, going forward.
- The results of any analysis BPA has conducted or plans to conduct in the near future regarding potential impacts to the carbon content of BPA's "single system mix", given the potential for an exchange of and/or access to new resources in the region.
- Affirmative confirmation that there will be no change to the billing treatment of transfer customers impacted by the planned removal of a segment of BPA's Boardman-to-lone transmission line.

We continue to appreciate the public process and open dialogue provided by BPA and look forward to continuing to work with you to secure reliable and cost-effective transfer service for BPA's preference customers.

Thank you for considering these comments and questions.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

Thank you for NRU's comment regarding future plans around forecast load growth of preference customers. Access to additional transmission capacity to serve load growth and the terms for that service are pursuant to Idaho Power's OATT. The B2H project would increase capacity on Idaho Power's system and could be available for load growth pursuant to Idaho Power's OATT. Idaho Power will have the obligation to plan for delivering resources to the SILS load and load growth according to its Tariff. Under Idaho Power's OATT, BPA would annually submit 10 year forecasts on behalf of its SILS customers, which Idaho Power would use to plan its system to accommodate future load growth. As such, it is incumbent on BPA's SILS customers to ensure the forecast information the SILS customers provide to BPA is accurate so that BPA in turn is providing accurate information to Idaho Power to use for system planning. Through the planning process, if constraints or builds are identified as being necessary for future loads, BPA will work with Idaho Power to ensure they are following their Tariff and honoring their NITSA commitments. BPA will continue to work with the affected customers to communicate plans related to accommodating future load growth.

Regarding your comment about participation in future market opportunities, there are many Transmission Providers in the Pacific Northwest and there are multiple future markets that are being developed and may be considered by the various Transmission Providers. Ultimately, any public utility Transmission Provider that joins an organized market will need to make tariff changes with FERC to accommodate participation in such market. BPA and other interested parties can participate in the tariff development process and intervene in the FERC proceeding to evaluate the tariff changes and identify concerns. BPA cannot provide assurances about an unknown future state. In the event BPA or Idaho Power join an organized market, BPA will continue to work with Idaho Power to ensure that Idaho Power is following its tariff and honoring its NITSA's. As you note, when Transmission Providers transitioned to the Western EIM, BPA participated in multiple Transmission Provider customer engagements and FERC proceedings to track and identify issues related to BPA's transfer service under the EIM. BPA will continue to make sure that rights are enforced and will use the appropriate forum for market participation to track issues and advocate.

Regarding your questions about BPA evaluation of generation development in Idaho, potential impacts of that development on SILS load service, and potential added value of bidirectional rights, BPA considered partial, joint ownership of the B2H Project without the accompanying asset exchanges. Under this approach, BPA would obtain bidirectional capacity over the B2H Project and make this capacity available pursuant to BPA's OATT. While this option may have benefited some generation developers and BPA customers, this option did not meet BPA's core objectives for serving the SILS load because it was not cost-effective. Without accompanying asset exchanges, BPA would have had to purchase two wheels of transfer service (one from Idaho Power and one from PacifiCorp) to serve the SILS loads, in addition to incurring costs to construct the B2H Project. B2H with Transfer Service best achieves BPA's core objectives for serving the SILS loads. The NITSA BPA will take from Idaho Power includes obligations on Idaho Power pursuant to Idaho Power's OATT to plan for the SILS customers' forecasted load growth and forecasted network resources (including non-federal resources). As noted throughout these responses to comments, BPA will work with the SILS customers to submit annual load and resource forecasts to Idaho Power, which

Idaho Power would use for system planning. BPA will also work with Idaho Power to ensure Idaho Power is following its OATT and meeting the NITS obligations.

Regarding your question about potential impacts to carbon content for BPA “single system mix,” BPA does not anticipate analyzing the impact of new resources in the region and their impact to the carbon content of BPA’s system related to its decision whether to execute contracts for B2H with Transfer Service.

Regarding the transfer service billing comment, BPA will need to acquire transfer service from Umatilla due to the removal of a segment of BPA’s Boardman-to-lone transmission line. This transfer service will be treated as a transfer service cost during the rate period in which the costs are incurred and handled through the 7(i) rate case process consistent with other transfer service costs. Customers and stakeholders will have opportunities to submit comments and questions about billing treatment to BPA during rate case pre-proceeding workshops and can participate in the 7(i) rate case process.

I. United Electric Co-Op (UEC)

United Electric Co-op, Inc. (“United Electric”) appreciates this opportunity to comment on Bonneville Power Administration’s (“BPA”) Boardman to Hemingway Transmission Line (“B2H”) with Transfer Service proposal. United Electric is a preference customer of BPA with service area located in Minidoka and Cassia Counties of southern Idaho. United Electric commends BPA for its efforts in working with Idaho Power and PacifiCorp to develop long-term and cost-effective solutions to relieve existing transmission constraints through the development of B2H and its continued commitment to serve its customers in southern Idaho and neighboring states through transfer service. With no direct connection to BPA’s transmission assets, United Electric is dependent on transfer service provided by BPA over Idaho Power’s transmission system.

United Electric supports the comments provided by Northwest Requirements Utilities and the Public Power Council on this topic and recommends that BPA consider the comments from these organizations applicable to the proposed plan of service associated with B2H. As outlined in BPA’s January 9, 2023, Letter to the Region, United Electric recognizes and appreciates the expected savings to be approximately \$720 million over 30 years, assuming continued open access service across parties’ systems. In addition, United Electric specifically appreciates that construction and energization of the B2H project will increase capacity across Idaho Power’s system to serve future load growth in accordance with Network Integration Transmission Service Agreements (“NITSAs”) applicable to United Electric and neighboring preference customers.

Based on the benefits described in BPA’s Letter to the Region, United Electric supports BPA’s efforts to facilitate construction of the B2H project as added transmission capacity is greatly needed throughout the region. Moving forward, United Electric would appreciate further information and details regarding BPA’s commitment to transfer service customers as the agency will have a necessary and important role in proper NITSA contract management and implementation, active involvement in third-party transmission providers’ rate cases, and engagement with Federal Energy Regulatory Commission on the applicable open access transmission tariff terms and conditions.

United Electric appreciates and commends BPA's commitment to developing creative and cost-effective solutions to transmission projects and looks forward to the transfer service benefits the B2H project will provide.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

BPA actively participates in Idaho Power's annual rate updates in addition to submitting annual load forecast information that Idaho Power uses to plan its system. BPA also tracks changes to Idaho Power's business practices and tracks tariff changes that Idaho Power may propose. When necessary, BPA participates in FERC proceedings related to tariff issues and changes. BPA will continue to interface with Idaho Power to ensure Idaho Power follows its Tariff and honors its NITSA's.

J. Utah Associated Municipal Power Systems (UAMPS)

Utah Associated Municipal Power Systems (UAMPS) appreciates the opportunity to comment on Bonneville Power Administration's (BPA) proposed binding contracts between BPA, PacifiCorp, and Idaho Power related to the Boardman to Hemmingway transmission line (B2H) and transfer of assets within the Southeast Idaho Load Service (SILS) area. UAMPS is a full-service inter-local agency that provides wholesale electric energy services to community-owned power systems throughout the Intermountain West and Pacific Northwest, including 6 members in the SILS and Southern Idaho service territories. UAMPS also owns a designated network resource (Horse Butte Wind) in the area and has a large generator interconnection application with PacifiCorp for a new generator (CFPP) that would move power through the area. The proposed binding contracts between BPA, PacifiCorp, and Idaho Power will have a direct business impact on UAMPS and its members, currently and in the future.

As stated in our earlier comments, UAMPS remains generally supportive of the proposed B2H project and the potential transfer of assets. However, as explained in prior comments and meetings and reiterated in these comments, UAMPS is concerned about the impact the proposed transfer has on it and its Southeastern members. Although the January 9, 2023, Letter to the Region (Letter) acknowledges the impact on UAMPS and its Southeastern members and proposes to require a separate NITSA for Idaho Falls Power, the Letter does not fully summarize UAMPS's current understanding of the transfer plan or the need to further discuss certain operational details.

First, UAMPS requests confirmation that BPA, Idaho Power, and PacifiCorp agree that Horse Butte Wind will remain in the PACE BA and that any costs to effectuate Horse Butte Wind remaining in the PACE BA will be borne by BPA, Idaho Power, and/or PacifiCorp, not UAMPS. Furthermore, BPA, Idaho Power, and PacifiCorp agree that scheduled transactions from Horse Butte Wind to Lower Valley Energy and to the PACE BA will not be impacted by the movement of BPA transmission and Lower Valley Energy LSE from the PACE BA to the Idaho Power BA.

Second, UAMPS requests confirmation that BPA, Idaho Power, and PacifiCorp agree that only that part of the Idaho Falls Power loads served by BPA will be dynamically moved to the Idaho Power BA on an hourly basis and that the remaining load and load following function provided by UAMPS to Idaho Falls Power will remain in the PACE BA.

Thank you again for this opportunity to comment on this effort and we look forward to additional discussions and resolution to our remaining concerns.

BPA Response

Thank you for your supportive comments. BPA looks forward to moving into the implementation phase for this plan of service to provide long-term, reliable, and cost-effective service for our customers in the future.

Due to the unique service arrangements of BPA's customer, Idaho Falls, as you note, BPA will have a separate NITSA with Idaho Power. As explained in the January 9, 2023, Letter to the Region, Idaho Falls currently purchases BPA's slice/block product and utilizes Utah Associated Municipal Power Services (UAMPS) for managing hourly balancing needs pursuant to a legacy transmission service agreement with PacifiCorp. Due to this unique arrangement and after discussion with Idaho Falls and UAMPS, BPA determined that it was reasonable to negotiate a separate NITSA for service to Idaho Falls. One of BPA's objectives in negotiating the Idaho Falls NITSA was to ensure that there was no impact to the existing relationship between Idaho Falls and UAMPS, or the legacy agreement between UAMPS and PacifiCorp.

Thank you for your questions about particular details related to Horse Butte Wind and scheduling. BPA will continue to work with Idaho Falls, UAMPS, PacifiCorp and Idaho Power to address these implementation details.
