

September 11th, 2024

BONNEVILLE POWER ADMINISTRATION
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PORTLAND OR 97232

Submitted via email: techforum@bpa.gov

Comments on August 26,27 BP-26 TC-26 Workshop

Seattle City Light (City Light) appreciates BPA's efforts to actively engage, facilitate Customer-led workshops, and be responsive to customers regarding BP-26 Rate Case and TC-26 Workshop topics. City Light would like to offer the following comments for BPA's consideration.

General Comments

City Light, like BPA is experiencing upward rate pressure for a multitude of reasons. City Light suggests that BPA continue prudent investment in maintaining federal generation, expanding federal transmission system to meet customer needs, and growing personnel resources to better serve customers. These increased investments should be tied with accountability for timely execution and performance.

City Light additionally suggests that BPA limit the rate shock of the multiple areas driving higher rates by stepping rate increases in most areas across the rate period in yearly steps. This methodology provides revenue for needed investment and appropriate price signals while limiting single year customer impacts.

City Light requests BPA provide additional details regarding the drivers of power and transmission rates at the last scheduled pre proceeding workshop on September 25th. Informed customer engagement regarding balancing rate level with risk mitigation is more robust and less constrained in the informal workshop environment.

Generation Inputs Capacity Costs

City Light requests BPA provide greater detail regarding increase in financing costs, increase in fish and wildlife costs, and increase in forecast power purchases that are driving the 29% projected increase in the embedded cost of capacity.

Power and Transmission Risk

City Light supports BPA evaluating and mitigating risk associated with Treasury Payment Policy. This includes changing how much of the Treasury Note Facility is set aside for with-in year liquidity. City Light requests that BPA consider instituting a policy that the value of Planned Net

Revenue for Risk (PNRR) must be fully returned to customers if a Rate Distribution Clause is triggered.

BPA Response to 8/15/2024 Customer Presentation

City Light appreciates BPA being responsive to substantive customer requests and recommendations. City Light thanks BPA for the detailed explanation of the “higher-of” two-tiered revenue requirement test.

Increased Transmission Revenue Financing

City Light supports BPA’s Sustainable Capital Financing Policy and BPA’s plans to adopt revenue financing for the rate period that are greater than the default amount in response to regional transmission expansion needs. City Light additionally supports BPA’s proposal to return to a base of approximately 10% revenue financing for Transmission capital needs.

City Light requests that BPA take steps to ensure effective and efficient use of these capitol funds. City Light suggests setting a minimum goal of 95% execution on capitol transmission projects should be part of those steps.

Power Rates – Transfer Service Delivery Charge

City Light asks BPA to reevaluate the estimated TSDC. City Light suggests it is highly unlikely that the related costs inputs will not greatly increase more than 4% in the BP-26 rate period over the current TSDC amount.

ACS Design for Energy Storage Devices

City Light suggest that the volume of Energy Storage Devices placed into service during the BP-26 rate period is high enough that BPA should implement an ACS rate for ESDs in BP-26.

Preliminary Generation Inputs Rates

City Light supports BPA applying cost causation principles regarding regulation and frequency response reserves, operating reserves, DERBS, and VERBS rates. Providing timely price signals to customers regarding the necessary resources to maintain expected reliability levels is transparent and prudent management.

City Light requests BPA outline the specific impact on transmission rates from Generation Inputs at the September 25th workshop.

City Light thanks BPA for consideration of these comments.

Sincerely,

Michael Watkins
Strategic Advisor
Seattle City Light