



Feb. 16, 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:

Inland Power and Light (IPL) submits these comments to express support for the Northwest Requirements Utilities system size, allocation, and augmentation proposal (the “NRU Proposal”), which NRU submitted to the Bonneville Power Administration on Feb. 8, 2023. The NRU Proposal is consistent with the Public Power Council’s (PPC’s) Framework and Considerations, which PPC presented to Administrator Hairston and other officials from the agency on Feb. 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 would provide benefits to all preference utilities, whether those utilities 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 my utility 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. In short, the NRU Proposal provides a carefully negotiated compromise position that we, our NRU peers and many other preference customers can amicably accept.

For these reasons, IPL 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.

For some context regarding our views on these matters, IPL provides electric service to approximately 46,000 meters in 13 counties in eastern Washington and a small portion of northern Idaho. Approximately 75 percent of our load is residential in nature. Many of our members reside in very rural areas and are living on fixed incomes. Many meet the criteria for being Asset Limited, Income Constrained and Employed (ALICE). By definition, these are households who earn incomes marginally above the US poverty level but face financial obstacles, which make it impossible to consistently cover the basic costs of living. In turn, they have no financial reserves and are one unplanned financial expenditure away from poverty. Yet, they do not qualify for financial assistance.

Since the inception of the regional dialog contract, the Inland Northwest, and our service territory around Spokane Washington in particular, has experienced robust growth primarily attributable to residential in-migration. By 2025, this growth in load will result in 24 aMW of AHWM requirements which will account for 21 percent of our net requirements. Under current proposals only three other preference customers of BPA will have a greater requirement of Tier-2 resources. Notably, none of this load growth is attributable to New Large Single Loads (NLSL).

While IPL recognizes that one of the foundational intents of the regional dialog contract was to insulate utilities from rate pressures resulting from the growth of others, we also believe it has produced inequitable, harmful and untenable outcomes for some. One example of this, which seemed to resonate with the agency in recent Provider of Choice (PoC) workshops, is the treatment of small utilities that have experienced modest load growth. The same cost pressures that impact these small utilities also hold true for medium-sized utilities facing non-NLSL load growth, which they have little control over.

We further recognize that the Contract High Water Mark (CHWM)'s established at its onset of the regional dialog contracts reflected a fair allocation of the Tier-1 system at that time. They were not envisioned to endure in perpetuity. A periodic reset is needed to preserve the best, highest and most equitable access to the Tier-1 system. While the NRU Proposal, like all others being considered, has elements that leave something to be desired for all utilities considering them, it strikes the right balance for most.

In conclusion, IPL makes three requests for consideration related to Tier-2 product offerings.

1. Consider impacts on retail rates for utilities experiencing load growth due to increased residential load growth.
2. Develop a cost-based priority Tier-2 product to assist residential customers.
3. Offer Tier-2 products that qualify as "carbon free" to meet the state of Washington's regulatory mandates.

Thank you for your consideration of our requests and making BPA the provider of choice.

Sincerely,



Jasen Bronec  
CEO – Inland Power and Light