MAY 23RD WORKSHOP FOLLOW UP

1. **Request:** COU stakeholders have requested a change to the assumptions in the COU Scenario for the Subphase 2 Post 2028 REP analysis. They requested to replace the assumption "uses inflation rate to discount rate streams" with "does not apply discounting to rate streams."

   Response: BPA staff have updated the assumptions used in the COU Scenario that will be used in the Subphase 2 Post 2028 REP analysis to reflect their request. The COU Scenario will now include the following assumptions:

   1. Modeled without conservation adjustment to 7(b)(2) Case loads.
   2. Uses Program Case repayment study in 7(b)(2) COSA.
   3. Includes Mid-C resources in 7(b)(2) stack that are not dedicated to 5(b) preference loads (i.e., Mid-C resources being sold to IOUs and other non-preference loads would be included in the resource stack).
   4. Does not apply the 7(b)(3) allocation to surplus sales.
   5. Does not apply discounting to rate streams.

2. **Request:** The PPC identified the potential need to further consider how interest rate volatility could impact the Subphase 2 Post 2028 REP analysis – the PPC staff did not have a particular action item for BPA.

   Response: BPA staff understand the significant impact of assumed interest rates - and resulting discounting rates - on net REP benefits. We also agree that this is a variable worth particular attention given all the macroeconomic actions being taken presently. The current scenario list for the Subphase 2 Post 2028 REP analysis provides three different assumed discount rate assumptions: no discount applied, discount rate is equal the forecasted rate of inflation, and discount rate is equal to BPA's 30yr Tax Exempt Borrowing Rate. While none of these scenarios provide dynamic visibility into a context of interest rate volatility, staff believe the range of scenarios provide insights into a variety of potential interest-rate future outcomes and the impact those interest-rate assumptions have on the level of REP benefits.