



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

In reply refer to: A-7

To Regional Customers, Stakeholders and other Interested Parties,

This letter announces that, after careful consideration, BPA will adopt a 3-year rate period for BP-26 (from FY26 through FY28) for both Power and Transmission rates.

Background

With BPA's long-term power sale Regional Dialogue contracts expiring on September 30, 2028, BPA faced the decision of either closing out the contract with a single 3-year rate period or having a combined 2-year rate period with a single 1-year rate period, at least for Power Services, to align with the contract expiration. While Transmission rates do not need to be set at the same time as Power rates, BPA recognizes the benefits of running the rate cases at the same time, such as keeping costs and debt assumptions consistent, and more efficient use of BPA and stakeholder staff resources. Maintaining common timing between Power and Transmission rates ensures BPA's Integrated Program Review is aligned between Power and Transmission, showing total agency costs over that period. Additionally, if BPA was to have different rate periods for Power and Transmission, customers would experience an extended period of continuous rate case work, with the risk that they may not have enough bandwidth for other higher priority initiatives in the region.

BPA also recognized that running two rate cases in three years could potentially increase procedural risk as it takes more than a year to set rates when you consider pre-rate case workshops, the 7(i) process, and necessary FERC approval.

In response to these considerations, BPA determined that aligning Power and Transmission to a single, 3-year rate period for BP-26 was the most efficient and appropriate course of action.

We want to recognize and thank customers who provided input to BPA as we explored alternatives, especially those that expressed concerns, many of which centered around a slower rate setting cadence in a time of perceived accelerating industry change. Ultimately, the decision came down to one of practicality and rate-setting synergy. BPA maintains the ability, if warranted, to conduct an expedited 7(i) process to adopt rates in response to significant unforeseen industry change.

Next Steps

BPA will begin BP-26 pre-rate case workshops in April 2024.

Again, we appreciate everyone's feedback and did not make this decision lightly. We believe this decision aligns with BPA's strategy for providing value for products and services and look forward to partnering with you on this unique opportunity.

Thank you,

Kim Thompson
Vice President of Requirements Marketing

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Vice President for Transmission Marketing
and Sales