



Department of Energy

Official File

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

EXECUTIVE OFFICE

December 15, 2022

In reply refer to: F-2

Subject: Fiscal Year 2022 Transmission Reserves Distribution Clause Final Decision

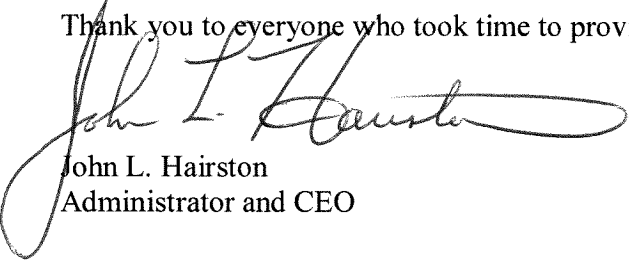
Bonneville has concluded its decision process on the application of the fiscal year 2022 Transmission Reserves Distribution Clause. After carefully considering the feedback received through our comment period, I am adopting staff's recommendation, released on Nov. 16, to apply the amount of \$63.1 million toward a combination of rate relief and to offset forecast cost pressures.

Based on the final calculations, Bonneville will apply \$12.9 million as a dividend distribution to reduce FY 2023 transmission rates, \$16.4 million to support the proposal to hold FY 2024-2025 transmission rates at the levels adopted in the BP-22 rate proceeding, and \$33.8 million to cover forecast cost increases in FY 2023. More information about the final Transmission RDC is available on the rate adjustments page on Bonneville's website.

I believe this decision appropriately balances providing meaningful rate relief to customers with helping to maintain Bonneville's financial strength in the face of rising costs. In addition, repurposing financial reserves in this manner is consistent with Bonneville's statutory rate directives and the RDC provisions in the Transmission rate schedules.

I acknowledge the customer comments requesting Bonneville apply the entire Transmission RDC amount to rate relief. As staff explained in the Quarterly Business Review technical workshop, Transmission forecasts that certain categories of FY 2023 costs will exceed the levels assumed in current rates. Bonneville has been keenly focused on disciplined cost management in recent years, but is currently experiencing inflationary cost pressures in areas over which it has limited control. Contrary to the comments characterizing staff's proposal as a one-sided true up, dividing the RDC between rate relief and other high value purposes strikes an appropriate balance given the current circumstances. It is prudent for Bonneville to retain financial reserves when costs are expected to exceed forecasts in the immediate future. This decision will not deter Bonneville's commitment to cost management, and, if revenues exceed actual costs, BPA may be poised to trigger the Transmission RDC again in the future.

Thank you to everyone who took time to provide feedback on staff's proposal.



John L. Hairston
Administrator and CEO