



FOR IMMEDIATE RELEASE
May 23, 2017

Contact: Scott Corwin
Phone: (503) 595-9775
Email: scorwin@ppcpdx.org

PUBLIC POWER COUNCIL OPPOSES ADMINISTRATION BUDGET PROPOSAL TO DIVEST BPA TRANSMISSION SYSTEM

PORTLAND, OR — The Public Power Council stated its opposition to a proposal in the Administration’s Budget released today that would divest the electricity transmission system of the Bonneville Power Administration (BPA). BPA is a power marketing agency created to sell and deliver electricity from the federal Columbia River power system “at cost” to citizens of the Northwest. It operates 15,000 miles of transmission lines, all of the costs of which are paid for through the rates charged to its customers.

“We’ll want the details, but the effect appears to be a transfer of value from the people of the Northwest to the U.S. Treasury,” said PPC Executive Director, Scott Corwin. “Electricity consumers in the West have paid to construct and maintain a system that would be sold off to fund the federal government.”

PPC staff will be analyzing specifics of the proposal if and when they become available. Today’s budget summary documents show almost \$5 billion attributed to divesting the BPA transmission assets between 2018 and 2027, with almost \$1.8 billion of that amount collected in fiscal year 2019.

“Electric utilities here are already working with BPA toward evolution and modernization of the transmission system,” Corwin said. “These efforts are best handled in-region where the expertise lies with the parties who pay for the system.”

At first look, the proposal raises several potential concerns including: (1) loss of regional control and value; (2) risk of increased costs to consumers; (3) potential for remote areas of the system to be neglected, harming rural communities; and, (4) impacts to reliability of what is currently a complex and integrated system.

###

About PPC—The Public Power Council is a not for profit association that represents about 100 consumer-owned electric utilities in the Pacific Northwest on issues regarding the Federal Columbia River Power System, and is a forum to discuss and build consensus around energy and utility issues. For more information, please see: www.ppcpdx.org



Proposal to Divest Transmission of Power Marketing Administrations

PPC Briefing Points May 2017

The Public Power Council is opposed to a proposal in the Administration's Budget that would divest the electricity transmission system of the Bonneville Power Administration (BPA) and two other power marketing agencies. BPA was created to sell and deliver electricity from the federal Columbia River power system "at cost" to citizens of the Northwest. It operates 15,000 miles of transmission lines, all of the costs of which are paid for through the rates charged to its customers.

PPC will analyze specifics of the proposal if and when they become available. Budget summary documents show almost \$5 billion attributed to divesting the BPA transmission assets between 2018 and 2027, with almost \$1.8 billion of that amount collected in fiscal year 2019. The proposal raises several concerns and many questions about how it would impact Northwest residents and businesses, including:

Loss of Regional Control and Value

Electric utilities are already working with BPA toward evolution and modernization of the transmission system. These efforts are best handled in-region where the expertise lies, with the parties who pay for the system.

The effect of the proposal appears to be a transfer of value from the people of the Northwest to the U.S. Treasury. Electricity consumers in the West have paid to construct and maintain a system that would be sold off to fund the federal government.

Risk of Increased Costs to Consumers

BPA and its customers are diligently working to restore the agency's cost competitiveness. Divesting the transmission needed to deliver electricity from the Columbia River power system will add more uncertainty and likely higher costs as new rates are imposed.

Even if the purchase somehow doesn't increase the cost of the assets for ratemaking purposes, the purchasers would expect a return on investment. This will necessitate a rate increase since BPA currently sets transmission rates to recover the initial investment plus interest to the Treasury.

Impact to Remote Areas

With new ownership wishing to maximize investment, there is a question of whether more remote areas of the system would receive adequate maintenance or stable rates. This has the potential of harming rural communities across the Northwest.

Reliability in an Integrated System

The BPA system is highly integrated – both between power sales and transmission, and within the operation of the Northwest transmission grid that balances many demands. Privatizing BPA’s transmission system threatens this important system integration, and potentially the level of reliability of the system. It may also bring up questions regarding access to federal rights of way to maintain the system.

Historic Relationship and Equity

BPA’s customers have paid for the construction and upkeep of the BPA transmission system. If sold to a private party, these payments—and the presumed equity—could be lost. At a minimum, there are many questions and challenges to how this could be done in an equitable manner.

PPC will continue to analyze the proposal as any other details emerge, and will be ready to provide input into the federal budget process as appropriate.