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PUBLIC POWER COUNCIL COMMENTS ON ADMINISTRATION BUDGET PROPOSALS ON BONNEVILLE POWER ADMINISTRATION (BPA)

PORTLAND, OR — The Public Power Council stated its opposition to proposals in the Administration’s Budget released today that would divest the electricity transmission system of the Bonneville Power Administration (BPA), and would also have BPA change the way it sets its power rates. BPA is a power marketing administration (PMA) 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, and collects all of the costs of the transmission and power it provides in rates BPA charges its customers.

“We are looking to the future, and are already working with BPA to modernize its transmission system and to take concerted action to address its cost of power,” said PPC Executive Director, Scott Corwin. “The bottom line is this budget proposes to raise an extra \$5 billion to \$7 billion on the backs of Northwest electricity customers over the next ten years without any added benefit.”

The transmission asset proposal would help fund the federal government by selling off a critical system that electricity consumers in the West have paid to construct and maintain. And, the proposal to have the PMAs charge market rates raises several implementation problems, including a conflict with BPA’s statutes and with its current power contracts with utilities that continue through 2028.

PPC staff will be analyzing specifics of the proposals if and when they become available. Reading from the Budget Summary, the proposals raise several concerns including: (1) significant increased costs to local residents and businesses; (2) loss of regional control and value; (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.

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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

OPINION

Trump's budget on BPA goes from bad to worse: Guest opinion

Posted February 19, 2018 at 6:00 AM



A view of the Bonneville Dam, one of the 31 used by the Bonneville Power Administration to generate carbon-free power for customers across the Northwest.(Bruce Ely/2011)

Comment

By [Guest Columnist](#)

By **Scott Corwin**

After facing rejection by Congress in last year's budget process, [President Trump doubled down last week](#) with another attempt to sell off the electricity transmission assets of the Bonneville Power Administration and other power marketing agencies. Not only is the asset sale back again, but the president's fiscal year 2019 budget adds the equally harmful notion of raising money for the federal budget by changing the power rates charged by the Bonneville Power Administration.

The response from Congress to these misguided notions should be no and no.

While wrapped in the veneer of privatization, the president's budget proposals would have the ironic effect of harming private enterprise in the Northwest by raising costs. It is difficult to view these proposals as anything but a selective regional tax that would transfer wealth from businesses and residents in the Northwest to feed the unquenchable federal budget.

Northwest businesses operate in highly competitive global markets. Any increase in major inputs, such as power costs, directly pressures profitability and employment. Raising energy costs for business and industry is not the path to economic prosperity. And, raising electricity rates on families simply reduces disposable income and stifles consumer spending, savings and investment.

To be clear, rejecting these proposals should not mean that Bonneville can avoid some change. The Bonneville Power Administration doesn't receive any taxpayer support, and is funded completely by revenue from customers. There may be further potential for customer-financing of Bonneville projects in the future. The power agency serves an important role marketing mostly carbon-free power from 31 dams and one nuclear plant, and operating the 300 substations and 15,000 miles of transmission lines that form the backbone of the Northwest electricity system. It is a utility in transition that needs to work with the agencies that own the generation projects (the Army Corps of Engineers and the Bureau of Reclamation and Energy Northwest) to bring additional efficiency, stability and value for its customers if it is to compete in a quickly evolving industry.

The federal budget proposal to grab \$5 billion from the Northwest by selling Bonneville's electricity transmission system to private investors would create a loss of regional control and value, would increase costs to consumers and could harm service to remote areas in the region that might be a lower priority to an outside interest. It's estimated that transmission rates would need to increase by more than 40 percent when a new owner seeks to recover the costs of purchasing a system that already has been largely paid for by citizens of the region.

The proposal to artificially raise Bonneville's wholesale power rates is similarly harmful. Northwest customers already pay all of the costs associated with generating and delivering the power from federal generation. By law, Bonneville Power Administration rates are set to fully recover any government investment (principal and interest) and to provide the region with reliable, renewable electricity. Increases in the agency's rates to fund the federal budget would directly affect the pocketbooks of residents and the vitality of businesses without any benefit in return.

There's even some question as to whether the proposals would actually raise the intended revenue or would merely lead to endless time and money spent on litigation. Changes to Bonneville's rate-setting standard require a change in law and would still be subject to legal challenge since the agency's current power contracts expressly provide for rates based on the actual costs of the power. And, the mere act of exploring divestiture of Bonneville Power Administration assets is illegal under a law passed in 1986. Then Chairman of the Senate Appropriations Committee Mark O. Hatfield included this provision to try to save the region from just these kinds of endlessly repeating budget threats.

To their credit, a bipartisan group of 13 Northwest members of the House of Representatives sent a letter to the White House Office of Management and Budget to ask them to desist - even before the proposals came out this year. Northwest Senators have opposed these proposals as well. This broadly bipartisan opposition has been very effective in getting past proposals stopped in their tracks. Still, there is always a concern that strange things can happen in the dead of night when budget deals come together behind closed doors.

Selling off the Bonneville Power Administration transmission system and imposing a new rate structure to feed the federal budget would harm the private businesses and residents who have paid to create and maintain this incredible Columbia River hydropower system. Here's to hoping these proposals are hastened to a timely demise once again.

-- Scott Corwin is executive director of the Public Power Council representing consumer-owned utilities throughout the northwest. He lives in Southwest Portland.

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