

SENATE BILL REPORT

EHJM 4033

As of February 17, 1998

Brief Description: Urging Congress not to sell the Bonneville Power Administration.

Sponsors: Representatives Grant, Mastin, Linville, Chandler, Hatfield, Schoesler, Kessler, Hankins, Regala, McMorris, Poulsen, Sheahan, Mulliken, Wood, Cooper, Morris, Delvin, Butler, Murray, Cooke, Costa, Constantine, Ogden, D. Schmidt, Gardner, Cody, Chopp, Mitchell, Fisher, Doumit, Tokuda, O'Brien, Dickerson, Conway and Cole.

Brief History:

Committee Activity: Energy & Utilities: 2/24/98.

SENATE COMMITTEE ON ENERGY & UTILITIES

Staff: Andrea McNamara (786-7483)

Background: The Bonneville Power Administration (BPA) is one of five power marketing agencies in the United States Department of Energy. Congress created the BPA in 1937, initially to market and transmit power produced at the Bonneville Dam.

The BPA currently markets power from 29 federal dams that are owned and operated by the Army Corp of Engineers or Bureau of Reclamation. The BPA also purchases and resells power from two generation projects operated by the Washington Public Power Supply System, the nuclear reactor on the Hanford Reservation and the Packwood Lake Hydroelectric Project. The BPA supplies about half of all the electricity used in the Pacific Northwest, and owns 75 percent of the region's transmission capacity. The BPA's service area includes Washington, Oregon, Idaho, western Montana, and small parts of Wyoming, Nevada, Utah, California, and eastern Montana.

Many consumer-owned utilities are "full requirements customers" of the BPA, meaning they purchase all of their electricity from the BPA. Federal law gives consumer-owned utilities, such as public utility districts and rural electric cooperatives, and other Northwest entities priority rights to the electricity produced at the region's federal dams.

The region enjoys among the lowest power costs in the nation. However, BPA electricity costs are higher than they otherwise would be due to the bonds issued to finance nuclear power plants that were never completed and to costs to mitigate the adverse impacts of the hydroelectric system on fish and wildlife (primarily fish). Under the "fish cap" that went into effect in 1996, the BPA is required to spend up to \$435 million a year for the fish and wildlife mitigation efforts.

Numerous proposals to sell the BPA have been made during this and other recent presidential administrations. However, the Clinton administration recently announced it is not contemplating selling the BPA this year.

Summary of Bill: The Legislature represents that: the BPA was created to provide low-cost power in rural areas; the Pacific Northwest enjoys low electricity rates in large part due to the BPA and the power generated by the federal dams; the sale of the BPA, and the sale of the federal dams or the right market the power generated by those dams, would jeopardize the BPA's relationship with public utility districts and rural electric associations; and there is no guarantee the salmon restoration funds currently contributed by the BPA would be available if the BPA were sold.

The Legislature petitions the President and Congress to not sell the BPA, or the federal dams or the right to market the power generated by those dams, but rather to allow the BPA to continue fulfilling its mission of providing low-cost power to the Pacific Northwest.

Appropriation: None.

Fiscal Note: Not requested.