

HOUSE BILL REPORT

HJM 4016

As Passed House:

January 23, 2002

Brief Description: Requesting increased borrowing authority for the Bonneville Power Administration.

Sponsors: By Representatives Morris, Crouse, Ogden, Linville and Jackley.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 1/18/02 [DP].

Floor Activity:

Passed House: 1/23/02, 95-0.

Brief Summary of Bill

- Requests that Congress and the President approve a \$2 billion increase in the spending authority for the Bonneville Power Administration.
- Requests that Congress require the Federal Energy Regulatory Commission to defer to state and regional transmission siting processes.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass. Signed by 13 members: Representatives Morris, Chair; Ruderman, Vice Chair; Berkey, Crouse; Delvin, Esser, Hunt, Lysen, Nixon, Reardon, Romero, Sullivan and Wood.

Staff: Pam Madson (786-7166).

Background:

The Bonneville Power Administration (BPA) owns and operates more than 75 percent of the region's high-voltage transmission system with over 15,000 miles of line covering 300,000 square miles. The area includes primarily Washington, Oregon, Idaho and Western Montana and portions of contiguous states.

The BPA and other Northwest transmission owners are experiencing increasing limitations on their ability to move power from where it is generated to where it is

needed. In particular, BPA has identified significant limitations in its ability to move power from eastern Montana to the Seattle area, from the John Day Dam area on the Columbia River to the Seattle area, and from the McNary Dam area on the Columbia River to the Portland area.

In addition to existing constraints, integrating the new generation projects being proposed in the region will require BPA to undertake major work to install new equipment and reinforce existing transmission lines to carry the power.

Financing for BPA's transmission infrastructure has historically come in the form of loans from the Federal Treasury, which are paid back through the rates BPA charges its customers. BPA's borrowing authority for this and other capital improvements is currently capped by Congress at \$3.75 billion. This cap has been in place since the early 1980s.

BPA has requested that its borrowing authority be increased by \$2 billion to accommodate the long-term demand for necessary improvements and upgrades to the system including over \$700 million for new transmission lines and facilities.

The Governors in several western states are currently developing a plan to streamline and coordinate interstate transmission siting and have signed a Memorandum of Understanding with five federal agencies hoping to create a framework for these agencies to cooperate with the states in the review of any proposed transmission lines.

Summary of Bill:

The Legislature requests that Congress and the President approve an additional \$2 billion in Federal Treasury borrowing authority needed by the Bonneville Power Administration (BPA) for capital improvements to the Federal Columbia River Power System, principally for the purpose of making critical transmission infrastructure investments.

The Legislature also requests that Congress require the Federal Energy Regulatory Commission to defer to state and regional interstate transmission siting processes and to not preempt state authority in this area.

Appropriation: None.

Fiscal Note: Not Requested.

Testimony For: New transmission is supported where it is the least cost option available. We must make sure that nontransmission alternatives are investigated and that when public money is spent, it is spent on the most cost effective alternatives. Some

examples include demand side management, energy efficiency, load curtailment, distributive generation, and siting generation closer to load. The memorial could be amended to reflect these concerns.

In addition, an amendment could be included that recognizes that salmon were critically harmed during last year's energy crisis. The BPA has indicated that its borrowing authority won't have a problem until 2003 or so. Congress or the General Accounting Office could conduct a study or assessment to make sure that Bonneville is complying with treaties and laws to protect salmon. It could be accomplished within the year and not delay Bonneville's ability to move forward on transmission.

Increasing BPA borrowing authority is one of the most important issues in the Northwest. The Governor's office is working with the congressional delegation and federal officials to support this effort. It will help to have the added support in the form of this memorial.

Testimony Against: None.

Testified: (In support) Danielle Dixon, Northwest Energy Coalition; and Dave Danner, Governor's Office.