

HOUSE BILL REPORT

HJM 4003

As Reported by House Committee On:
Technology, Telecommunications & Energy

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

Sponsors: Representatives Wallace, Morris, Kenney and Conway.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 1/14/03, 1/15/03 [DPS].

Brief Summary of Substitute 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: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Morris, Chair; Ruderman, Vice Chair; Sullivan, Vice Chair; Crouse, Ranking Minority Member; Nixon, Assistant Ranking Minority Member; Anderson, Blake, Bush, DeBolt, Delvin, Hudgins, Kirby, McMahan, Romero, Tom, Wallace 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, the 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 the BPA to undertake major work to install new equipment and reinforce existing transmission lines to carry the power.

Financing for the BPA's transmission infrastructure has historically come in the form of loans from the Federal Treasury, which are paid back through the rates the BPA charges its customers. The 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.

The 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 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 Substitute Bill:

The Legislature requests that Congress and the President approve an additional \$2 billion in Federal Treasury borrowing authority needed by the 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 that the Federal Energy Regulatory Commission defer to state and regional interstate transmission siting processes and not preempt state authority in this area.

Substitute Bill Compared to Original Bill:

Technical corrections are made to the format of the memorial.

Appropriation: None.

Fiscal Note: Not Requested.

Testimony For: It is very important that we be prepared on a statewide level to handle the growth in this region. This is an important infrastructure investment for this region. The system is deficient in its ability to move power. Reliability of the system is at issue as well in case of failure on the system. Bonneville needs the authority to borrow to meet the needs of the transmission system. The proposal by the Federal Energy Regulatory Commission to manage congestion through market price is not the right answer. Bonneville borrowing is not a subsidy to the northwest because borrowing rates are market rates and the money is paid back to the U.S. Treasury. The transmission system in the northwest is a publicly owned system that is cost based.

Testimony Against: None.

Testified: Representative Wallace, prime sponsor; Steve Johnson, Washington Public Utility District Association; and Marc Anderson, International Brotherhood of Electrical Workers Local 125.