

SENATE BILL REPORT

SHJM 4003

As Reported By Senate Committee On:
Natural Resources, Energy & Water, February 6, 2003

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

Sponsors: House Committee on Technology, Telecommunications & Energy (originally sponsored by Representatives Wallace, Morris, Kenney, Conway, Eickmeyer, Linville and Wood).

Brief History:

Committee Activity: Natural Resources, Energy & Water: 2/6/03 [DP].

SENATE COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER

Majority Report: Do pass.

Signed by Senators Morton, Chair; Hewitt, Vice Chair; Doumit, Fraser, Hale, Hargrove, Honeyford, Oke and Regala.

Staff: Richard Rodger (786-7461)

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 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.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: BPA's transmission reliability and capacity is a very important concern facing our region. BPA handles more than 75 percent of our region's transmission. We must be prepared on a statewide level to handle the growth in this region. Bonneville needs the authority to borrow additional funds from the U.S. Treasury to meet the needs of the transmission system. Increasing BPA's borrowing authority will ensure the region has an adequate and reliable transmission system for the future. The proposal by the Federal Energy Regulatory Commission to manage congestion through market price is not the right answer and the state should be able to deal with its issues without federal mandates.

Testimony Against: None.

Testified: Representative Deb Wallace, prime sponsor.