

# HOUSE BILL REPORT

## SSJM 8018

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**As Reported by House Committee On:**  
Technology, Energy & Communications

**Brief Description:** Requesting that the proposal to transition the Bonneville Power Administration from cost-based rates to market-based rates be rejected.

**Sponsors:** Senate Committee on Water, Energy & Environment (originally sponsored by Senators Fraser, Parlette, Poulsen, Hewitt, Berkey, Zarelli, Prentice, Doumit, Rockefeller, Fairley, Rasmussen, Kohl-Welles, Schoesler, Brandland, Schmidt, Shin, Pridemore, Mulliken, Honeyford, Brown, Kline and Regala).

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 3/17/05 [DP].

**Brief Summary of Substitute Bill**

- Requests that the President of the United States abandon his proposal to increase the Northwest's electricity rates and that Congress refuse to approve it.

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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** Do pass. Signed by 9 members: Representatives Morris, Chair; Kilmer, Vice Chair; Halpern, Assistant Ranking Member; Ericks, Hudgins, Nixon, P. Sullivan, Takko and Wallace.

**Staff:** Sarah Dylag (786-7109).

**Background:**

Created in 1937, the Bonneville Power Administration (BPA) is a federal agency under the United States Department of Energy. The BPA provides about half the electricity used in the Northwest. The BPA owns and operates more than three-fourths 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 markets wholesale electrical power at cost from federal dams, one non-federal nuclear plant, and other non-federal hydroelectric and wind energy generation facilities.

The BPA is not tax supported. Instead, the BPA recovers all of its costs through the sales of electricity and transmission and repays the United States Treasury in full with interest for any money it borrows.

On February 7, 2005, the President of the United States sent his 2006 budget to the United States Congress. Included in that budget is a proposal that would require the BPA to set rates based on market prices instead of the actual cost of producing electricity. The proposal also seeks to increase the types of transactions that would count against the BPA's borrowing authority debt limit.

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**Summary of Bill:**

The Legislature requests that the proposal to transition the BPA from cost-based rates to market-based rates be rejected. The Legislature also requests that the proposal to add additional transactions for inclusion into the BPA's authorized debt limit be rejected.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Testimony For:** This proposal to switch to market-based rates is something the region has heard before. This is not the right thing to do for the Northwest or for the country.

Electricity is necessary and beneficial to the economy and people. The BPA makes electricity available to everyone. Accessibility to electricity also helps provide jobs for people. However, this is more than just a jobs issue because having jobs benefits families and an entire way of life. The BPA provides a way of life for families and is a steward of resources to continue that way of life.

This joint memorial is necessary for the state's economy. A transition to market-based rates would unfairly increase the already significant rates that the region's ratepayers pay, including cooperatives, farmers, irrigators, residential customers, and small and local businesses.

**Testimony Against:** None.

**Persons Testifying:** Senator Fraser, prime sponsor; Robert Hemsley, Association of Western Pulp and Paper Workers Union; and Sean McCliment, Washington Rural Electric Cooperative Association.

**Persons Signed In To Testify But Not Testifying:** None.