
**Technology, Energy &
Communications Committee**

SSJM 8018

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 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.

Hearing Date: 3/17/05

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.

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.

Appropriation: None.

Fiscal Note: Not requested.