

# HOUSE BILL REPORT

## HJM 4008

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**As Reported by House Committee On:**  
Technology & Economic Development

**Brief Description:** Requesting that the Bonneville Power Administration consider a rate design for the eastern intertie that eliminates or reduces the transmission rate associated with that part of the eastern intertie known as the Montana intertie.

**Sponsors:** Representative Morris.

**Brief History:**

**Committee Activity:**

Technology & Economic Development: 2/2/17, 2/7/17 [DPS].

**Brief Summary of Substitute Bill**

- Petitions the Bonneville Power Administration to consider a rate design for the Eastern Intertie that eliminates or reduces the Montana Intertie Rate.

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### HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Doglio, Fey, Harmsworth, Hudgins, Manweller, Santos and Slatter.

**Minority Report:** Do not pass. Signed by 3 members: Representatives McDonald, Nealey and Steele.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Young.

**Staff:** Nikkole Hughes (786-7156).

**Background:**

The Bonneville Power Administration (BPA) is a federal nonprofit agency that markets wholesale electrical power from 31 federal hydroelectric projects in the Columbia River Basin, one nonfederal nuclear plant, and several other small nonfederal power plants. The

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United States Army Corps of Engineers and the Bureau of Reclamation operate the dams. About one-third of the electric power used in the Northwest comes from the BPA. The BPA also operates and maintains approximately three-fourths of the high-voltage transmission in its service territory, which includes the states of Washington, Oregon, and Idaho, as well as parts of Montana, California, Nevada, Utah, and Wyoming.

The Montana Intertie is a 224-mile radial transmission line that was built to connect generation in Colstrip, Montana, to the Pacific Northwest power grid. Of the 224 miles, the BPA owns and operates the Eastern Intertie, a 91-mile segment of transmission line between Townsend and Garrison, Montana. The transmission rate set by the BPA for this segment is called the "Montana Intertie Rate."

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### **Summary of Substitute Bill:**

The Legislature declares several points, including that:

- the Montana Intertie Rate charged by the BPA is a barrier to new investment in energy generation resources in Montana; and
- the reduction or elimination of transmission costs will promote the development of new energy and capacity resources in an area of Montana that is experiencing losses in these resources.

The Legislature therefore petitions the BPA to consider a rate design for the Eastern Intertie that eliminates or reduces the Montana Intertie Rate.

### **Substitute Bill Compared to Original Bill:**

The substitute bill:

- clarifies that the transmission intertie in question is the Eastern Intertie;
- provides a legislative declaration that encouraging the full subscription of the Eastern Intertie will reduce the transmission rates paid by Washington utilities and their ratepayers;
- petitions the BPA to consider a rate design for the Eastern Intertie that eliminates or reduces the Montana Intertie Rate; and
- makes technical corrections.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

### **Staff Summary of Public Testimony:**

(In support) This bill distills a transmission rate problem into a policy issue. The Montana Intertie Rate is outdated and currently serves no useful purpose. Eliminating the Montana Intertie Rate will have an exceedingly small impact on the rest of the BPA's transmission

rates. Elimination of the Montana Intertie Rate offers a zero-cost, zero-risk option in diversifying the source of electricity coming to Washington. In the history of this transmission line, only 16 megawatts have ever been utilized. The Colstrip transmission partners pick up the costs of the remaining unsubscribed capacity of the intertie. If eliminating the Montana Intertie Rate encourages additional capacity subscription, then other BPA transmission customers' costs will decrease. The Montana Public Service Commission sent a letter to the BPA also asking for the elimination of the Montana Intertie Rate. The cost of wind power has decreased and the capacity value of Montana wind power has been proved. This bill would ensure that Washington utilities have access to the lowest-cost resources for serving retail load in the state.

(Opposed) None.

**Persons Testifying:** Representative Morris, prime sponsor; Cameron Yourkowski, Renewable Northwest; Doug Howell, The Sierra Club; and Joni Bosh, Northwest Energy Coalition.

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