

HOUSE BILL ANALYSIS

HJM 4033

Title: An act urging Congress not to sell the Bonneville Power Administration.

Brief Description: Urging Congress not to sell the Bonneville Power Administration.

Sponsors: Representatives Grant, Mastin, Linville, Chandler, Hatfield, Schoesler, Kessler, Hankins, Regala, McMorris, Poulsen, Sheahan, Mulliken, Wood, Cooper, Morris, Delvin, Butler, Murray, Cooke, Costa, Constantine, Ogden, D. Schmidt, Gardner, Cody, Chopp, Mitchell, Fisher, Doumit, Tokuda, O'Brien, Dickerson, Conway and Cole.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Meeting Date: February 3, 1998

Bill Analysis Prepared by: Margaret Allen (786-7110)

Background: The Bonneville Power Administration (BPA) is one of five power marketing agencies in the United States Department of Energy. Congress created the BPA in 1937, initially to market and transmit power produced at the Bonneville Dam.

The BPA currently markets power from 29 federal dams, and purchases and resells power from two generation projects operated by the Washington Public Power Supply System, the nuclear reactor on the Hanford Reservation and the Packwood Lake Hydroelectric Project. The BPA supplies about half of all the electricity used in the Pacific Northwest, and owns 75 percent of the region's transmission capacity. The BPA's service area includes Washington, Oregon, Idaho, western Montana, and small parts of Wyoming, Nevada, Utah, California, and eastern Montana.

Many consumer-owned utilities are full requirements customers— of the BPA (meaning they purchase all of their electricity from the BPA). Federal law gives consumer-owned utilities, such as public utility districts and rural electric cooperatives, and other Northwest entities priority rights to the electricity produced at the region's federal dams.

The region enjoys among the lowest power costs in the nation. However, BPA electricity costs are higher than they otherwise would be due to the bonds issued to finance nuclear power plants that were never completed and to costs to mitigate the

adverse impacts of the hydroelectric system on fish and wildlife (primarily fish). Under the fish cap– that went into effect in 1996, the BPA is required to spend up to \$435 million a year for the fish and wildlife mitigation efforts.

Numerous proposals to sell the BPA have been made during this and other recent presidential administrations. However, the Clinton Administration recently announced it is not contemplating selling the BPA this year.

Summary of Bill: The Legislature represents that: the BPA was created to provide low-cost power in rural areas; the Pacific Northwest enjoys low electricity rates in large part due to the BPA; the sale of the BPA would jeopardize its relationship with public utility districts and rural electric associations; and there is no guarantee the salmon restoration funds currently contributed by the BPA would be available if the BPA were sold.

The Legislature petitions the President and Congress not to sell the BPA, but rather to allow the BPA to continue fulfilling its mission of providing low-cost power to the Pacific Northwest.

Appropriation: None

Fiscal Note: None requested.