



DOE Achieves Balanced BPA Contracts - Northwest Ratepayers are the Winners

U.S. Department of Energy

September 28, 1995

Deputy Secretary of Energy Charles Curtis and Bonneville Power Administrator Randy Hardy announced today, after carefully weighing all factors, that Bonneville representatives were directed to return to the negotiating table to attempt to develop a more balanced contractual arrangement with their large industrial customers.

In the course of the ensuing discussions, it was determined in the circumstances that the capacity for negotiating was severely restricted and that the threat of a precipitous load loss would imperil the Bonneville system. Consequently, the Department and Bonneville have decided to accept the contracts of those customers who have made firm load commitments above 80% of their current electricity usage.

These contracts represent a difficult but acceptable compromise of interests between the direct service industries and Bonneville's other customers. The decision to accept the contracts of these customers, who have made prior revenue commitments of 80% or more will help ensure the long-term viability of BPA by allowing these important customers to continue to purchase power from the system. BPA will continue to negotiate with the other customers to reach similar agreements.

"Our conclusion was a very difficult one," Curtis said, "because in the case of contracts proposed at less than 80% commitment the amount of stranded cost protection does not appear proportionate to the degree of load commitments made by some of the industry's customers. We have asked the direct service industry customers, whose contracts BPA did not accept, to continue to negotiate on specific contract provisions to balance the costs equitably across all customer classes."

Hardy said, "We hope our negotiations with the remaining companies will be fruitful. If we are not successful in negotiating more acceptable contracts, we will then proceed to redefine our relationship with those industrial customers in a more comprehensive fashion. Our goal remains to enhance revenues so that we can ensure that BPA provides the Northwest with maximum benefits."

DOE is also calling for a regional forum of all interested parties to make recommendations on BPA's future to ensure it continues to provide economic and environmental benefits to the Northwest into the 21st century

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