



BPA Pays U.S. Treasury Almost \$1 Billion

Bonneville Power Administration

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PORTLAND, Ore. - The Bonneville Power Administration paid the U.S. Treasury \$998 million this week, by far the largest annual payment in the power agency's 58-year history.

"Regular Treasury payments for the region's federal hydroelectric system are among the primary benefits and responsibilities of the Bonneville Power Administration," BPA Administrator Randy Hardy said. "Through BPA, the residents and businesses of the Pacific Northwest pay most of the taxpayer investment in building and maintaining the region's 29 federal dams. They also pay for the world's largest fish and wildlife restoration program, and work for energy conservation and renewable energy. The challenge to BPA is to retain these benefits to the region and the nation as the electric power industry is restructured."

BPA's payment is the return on the federal government's investment in Columbia River Basin hydroelectric projects. Of the total payment, \$478 million applied to the payment of principal, \$396 million went to interest and \$124 million went to operations and maintenance on the federal dams operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. The payment marks the twelfth consecutive year BPA has met its end-of-the-year obligation on time and in full.

"The Treasury payment is a good indication of BPA's value to the region and the nation," Hardy said. "As we begin to re-examine BPA's role in the region in an upcoming public process, one of the questions we'll need to address is, if BPA doesn't pay for the dams and the transmission lines and energy conservation and fish and wildlife protection, who will?" Last week, both BPA and the U.S. Department of Energy called for a public re-examination of BPA's role in the Northwest power system.

In addition to the Treasury payment, Hardy said, BPA's benefits to the Pacific Northwest in fiscal year 1995 include:

- Approximately \$400 million for fish and wildlife protection, including direct costs to help fish and indirect expenses of purchase of replacement power and lost power revenues.

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- Roughly \$200 million to reduce power rates to homes and small farms served by the region's investor-owned utilities.
- Addition of 51 average megawatts to the region's power supply through energy conservation, exceeding the 1995 conservation target set in the Northwest Power Planning Council's regional

power plan. This is enough power to serve a city of 26,000 people.

This year's Treasury payment is up sharply from the previous year due to an increase in pay-off of bonds and a lump-sum payment of \$156 million from a consortium of utilities for capacity purchased on the AC intertie. The AC intertie is an "energy highway" connecting northern and southern portions of the West Coast.

"Even absent the bulk payment for the AC intertie, this year's payment would still be more than \$100 million higher than we've ever paid the Treasury before in a single year," Hardy said. "Our ability to make this payment is due to stringent cost cutting, staff reduction and aggressive marketing of our power products."

BPA has cut \$500 million a year in its expected costs for the next five years, and is reducing its staffing by 1,000 employees and contractors. To retain large industrial power sales, the agency has signed new contracts which are expected to bring in \$250 million in annual revenues. BPA also has proposed reducing power rates to its publicly-owned utility customers in order to compete in a declining-cost wholesale power market.

For the second year, BPA used a provision of the Northwest Power Act to pay for non-power related fish protection measures required by the National Marine Fisheries Service and the Northwest Power Planning Council, which resulted in a \$56.3 million credit toward BPA's Treasury payment. This contribution, supported by the Clinton administration, offsets costs incurred by Northwest ratepayers for measures to help mitigate the impacts on salmon of non-power uses of the dams, such as irrigation, navigation, flood control and recreation.

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