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## Unique funding agreement cuts red tape between BPA and Reclamation

**Joint News Release  
Bonneville Power Administration  
U.S. Bureau of Reclamation**

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**PORTLAND, Ore. — The U.S. Bureau of Reclamation and the Bonneville Power Administration signed a unique agreement today aimed at reducing red tape and clearing the way for operational efficiency of hydroelectric power facilities in the Pacific Northwest.**

The idea is simple. BPA will directly fund the repair and maintenance costs at Reclamation-owned hydroelectric powerplants. Prior to this agreement, such costs were funded through the federal budget process and then repaid a year later from BPA revenues.

This agreement is designed to enable Reclamation to make powerplant repairs that otherwise would have been delayed to budgetary limits on appropriations.

These changes serve the best interest of taxpayers and BPA ratepayers alike by shortening the time necessary to secure funding for repair and maintenance. This will ensure the operation of generators and remove maintenance as a funding item, thereby eliminating competition with other federal budget priorities.

The agreement will cover a 10-year period beginning October 1, 1996. Under the terms of this funding agreement, Reclamation will secure funding for the budget period and BPA will achieve greater budget certainty. This agreement also establishes a better business relationship between both agencies.

“This is a smarter way of doing business,” said John Keys, Reclamation Regional Director. “Reclamation is committed to providing the highest degree of customer service possible. And it is our objective to do exactly that under the terms of this agreement.”

The initial agreement, which is one-of-a-kind in the federal government, can be renewed indefinitely. A joint operating committee composed of representatives from each agency will review budgets and program expenditures as well as coordinate operation and maintenance activities on the power system.

“This agreement is a big improvement,” said Randy Hardy, BPA’s Administrator. “Before now, delays and uncertainty in funding maintenance on turbines and other power-related facilities hamstrung operations to generate the revenues needed to pay for it. Now, this agreement between BPA and Reclamation ensures that the funds will be there when they are needed.”

Each month, BPA will transfer funds to a Treasury account so that Reclamation can disburse the money as needed. The funds will be used to cover the power portion of operation and maintenance costs and small capital replacement items that are directly related to power. The agreement does not cover multipurpose capital replacement items nor does it include large capital improvements or additions.

Reclamation operates several hydroelectric powerplants in the Pacific Northwest. Aside from hydropower production, Reclamation projects serve multiple purposes such as irrigation, flood control, recreation, and fish and wildlife enhancement. The Bonneville Power Administration markets electricity generated at federal hydro projects located in the Columbia Basin.

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