



MEDIA ADVISORY
Tri-City public hearing scheduled on BPA cost cutting recommendations

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FOR MORE INFORMATION, CONTACT: [Perry Gruber](#), BPA, 503-230-5359

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What: Cost management committee is holding a public hearing on recommendations identifying \$159 million in annual cost savings from operating the Federal Columbia River Power System (FCRPS)

Who: Representatives of the cost management committee and the Bonneville Power Administration

When: 6 p.m. – 9 p.m., Feb. 11, 1998

Where: Double Tree Hanford House, 802 George Washington Way, Richland, Wash.

Why: Tri-City residents are invited to comment on the cost management committee's draft recommendations which identified \$159 million in costs savings in the operation of the FCRPS. The committee's recommendations included significant changes in the way power from WNP-2 would be sold. Public comments on the draft recommendations will be used to refine the draft into a final document that will be presented to the BPA administrator, the four Northwest governors and the Northwest congressional delegation on March 16.

Background:

On Jan. 20, the blue-ribbon committee of experts in corporate finance and energy recommended \$159 million in annual cost savings for the Bonneville Power Administration and other agencies responsible for managing operations of the Federal Columbia River Power System. Working since June 1997, the 11-member cost management committee developed specific cost-cutting measures that could allow BPA to sell electricity at a price significantly below current market prices.

The recommendations included:

- The future of Washington Nuclear Plant 2 at Hanford;
- Reducing or eliminating historic public purposes like energy conservation and renewable resource development that do not contribute to BPA's core power marketing functions;
- Reducing BPA's corporate and business line overhead costs;
- Creating incentives for the US Army Corps of Engineers and the Bureau of Reclamation to cut costs and improve performance; and,

- Cutting certain costs immediately in order to permit greater investment in productivity improvements to reduce future costs.

BPA is the federal agency that sells electricity from 29 federal dams and one nuclear plant in the Northwest. The cost review is an outgrowth of the Comprehensive Review of the Northwest Energy System, a year-long effort in 1996 conducted by a 20-member committee appointed by the governors of Washington, Oregon, Idaho and Montana. The purpose of the Comprehensive Review was to develop recommendations for our state and federal lawmakers on how to take advantage of increasing competition in the electricity industry while also preserving the benefits of our unique Columbia River hydropower system for citizens of the Northwest.

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