

[in the news](#)[home](#) [site search](#) [org chart](#) [contact us](#) [web comments](#)

Pacific Northwest to benefit from administration bill

Northwest chapter shapes region's energy future

[Click here for other BPA news releases](#)

Bonneville Power Administration
FOR IMMEDIATE RELEASE:
THURSDAY, April 15, 1999
PR 28 99

CONTACT: [Ed Mosey](#), BPA, 503-230-5131

[a summary of key provisions of the legislation](#)
[the Comprehensive Electricity Competition Plan itself](#)

WASHINGTON, D.C. — U.S. Secretary of Energy Bill Richardson today announced the Clinton administration [Comprehensive Electricity Competition Plan](#) which reinforces regional control of the Federal Columbia River Power System and promotes competition in the Northwest's wholesale electric utility business.

Most important is the fact that the bill contains no requirement that BPA charge market rates nor does it seek to eliminate regional preference. Under existing laws, BPA gives preference in power sales to Northwest utilities first and charges cost-based rates. Because the costs of the federal hydropower system are relatively low, the region enjoys rates that are among the lowest in the nation. BPA provides half the electric power and three-quarters of the transmission in the region.

Key provisions of the Northwest chapter of the Comprehensive Electricity Competition Act are:

- It assures the federal government that the Northwest can cover all of BPA's costs, including obligations to the U.S. Treasury. This provision provides a shield against arguments that BPA's rates are subsidized.
- It applies the Federal Power Act to BPA, ensuring that BPA will operate its transmission system as a common carrier network. This will stimulate competition and bring lower rates to consumers.
- It opens the door for BPA to participate in a region-wide integrated transmission system operation when one is formed.

The administration's proposal opens discussions on national and regional utility deregulation. Interest groups from Northeast and Midwest states have been urging Congress to privatize all federal power marketing agencies, including BPA, or at least eliminate their cost-based rates and require them to sell power at market rates. The Northwest and Midwest representatives have alleged that the federal government subsidizes federal power marketing agencies.

In fact, BPA receives no federal appropriations and covers all of its costs through revenues raised by

sales of its power and transmission. Northwest ratepayers also are fully repaying with interest the federal investment in the Northwest hydropower dams. By 2006, the federal Columbia River hydro system could be worth as much as \$2 billion per year. At question is whether that \$2 billion annual value will stay in the Northwest, driving the region's robust economy and providing jobs, or be funneled outside the region.

"The region's challenge is to ensure that, as the value of the Columbia River increases both economically and environmentally, Northwest residents continue to receive the benefit," BPA Administrator [Judi Johansen](#) said.

###
