

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

New BPA rates push benefits to all corners of the Northwest

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

Bonneville Power Administration

FOR IMMEDIATE RELEASE: MONDAY, May 15, 2000

PR 58 00

CONTACTS: [Perry Gruber](#) or [Ed Mosey](#), BPA at (503) 230-5131

PORTLAND, Ore. – Public and private utilities, big industries, Northwest residents and the environment will benefit from the Bonneville Power Administration's new power rates, BPA Administrator Judi Johansen announced today.

"We have met our goals," said Johansen. "We are keeping rates stable, we're meeting our fish obligations, and we're keeping our commitments to renewable energy and conservation, all while maintaining our ability to make our Treasury payments on time and in full for the next five years."

The rates, issued today, reflect groundbreaking policy decisions, while offering benefits for all BPA's customer classes, constituents and interest groups.

The final rates package includes an average priority firm power rate that is about the same as BPA's 1996 rate. Keeping power rates stable was a prime objective of the rates process. However, each BPA customer selects different power products and services and uses its power purchases at different times of the year, so actual rates will vary by customer.

Public power customers will continue to receive substantial benefit through their preference rights to cost-based priority firm federal power. These customers are forecast to buy the majority of BPA's power.

Residential and small farm consumers of private utilities are big winners in the new rates. BPA is planning to offer its Northwest private utility customers a total of 1,900 average megawatts in power and financial benefits at a price equal to priority firm power. If they accept the offer, private utilities will pass along to their residential and small farm customers total rate benefits of about \$147 million per year, double the benefits they have received in the last five years.

BPA's direct-service industrial customers will be eligible to purchase 1,440 average megawatts of power at a cost-based industrial rate. They will also have the option to select a variable rate tied to the price of aluminum, which will help them survive in a competitive, worldwide aluminum industry.

Conservation and renewable resource incentives are included for both industrial and utility customers.

The final rates package includes a cost recovery adjustment clause that raises rates temporarily to shore

up financial reserves if reserves decline, and other risk mitigation tools designed to ensure BPA can meet its obligations, including debt payments to the U.S. Treasury. In the deregulated utility industry, managing risk is critical to the health of the federal system and to making sure the value of its hydropower continues to serve the people of the Northwest.

In the event of good water and favorable market prices, reserves may climb beyond what is needed to ensure costs will be covered. BPA is adopting a "Dividend Distribution Clause" to rebate, or otherwise return excess reserves to customers and perhaps other stakeholders.

Crafting a package that provides something for everyone while preserving the federal system's financial integrity was a balancing act, Johansen said. "Completely satisfying everyone is impossible," she said. "But these rates spread the benefits broadly and fairly."

BPA's rates still have to be reviewed by the Federal Energy Regulatory Commission, which looks at BPA's rates to ensure they will adequately recover the agency's costs. In the meantime, BPA and more than 100 utility customers will begin in earnest to negotiate new power sales agreements. The subscription window to sign new contracts closes on Sept. 30. The term of the contracts will range from three to ten years. When approved, the rates will take effect October 1, 2001. A separate rate proceeding is underway to establish BPA's transmission services rates.

Today's announcement is included in the 1,000-page Record of Decision, which will be posted at BPA's power rate case website: www.bpa.gov/power/ratecase

###
