

Continued from page 4

I would have been more comfortable if I could have expected that "Lessons Learned" might be as sensitized to BPA's core mission as this statement taken from the agency's Web site: "Because BPA markets energy and transmission at cost, rather than at market prices, it has traditionally provided some of the lowest cost electricity in the nation. This low-cost power has been a cornerstone of the Northwest economy, stimulating growth and new jobs."

What is happening to a Northwest economy cornerstone? I have had much to do with BPA over the years, and have high professional and personal regard for people who work and have worked for the agency. But I have to be candid here and say that the agency in its collective and institutional sense most often becomes self-focused and defensive. This situation compromises its primary public role of power service at a cost to the region via wholesale utility and direct service customers.

This defensive situation also means that BPA cannot reduce its own costs because that action is at such odds with protecting institutional BPA as a good-place-to-work establishment. For most of its existence, being in the power business was stable enough and did not threaten business as usual and job security all that much. But the power business is not business as usual any more.

Regional utilities and private businesses know that the economic situation is not business as usual and have cut costs and employees. But Bonneville won't bleed; the agency seems incapable of taking tough

reduction-in-force action no matter what public economic interests might require. Its failure in that regard has (to be blunt about it) damaged BPA's credibility with many of its customers and with regional power-sensitive businesses.

Once industries shut up shop because they can't make a bottom line, there may never be motivation or capital for restart. The jobs they provided will be gone for good. And in many cases, gone offshore. That damage can persist for years. But at this juncture, BPA does not seem inclined to work at rolling back power rate increases and helping reduce job losses.

What to do? Despite BPA's protracted processes to collect "input" from all quarters, BPA still wants to make final policy decisions in an internal closet, as it has for decades. That guarantees that the agency's sense of its own interests will end up controlling the process. But there are other and more open decision models that can be put in place. These could get BPA interests and those involved in working on hard economic problems onto the same vector.

It would be hard to engineer the combination of financial strategies such as Treasury payment flexibility and cost cutting that could make it possible to hold the line on rate increases. Hard, but not impossible. So the controlling "lessons learned" question should not be, "What should Bonneville do?" It must be, "Who should Bonneville work with to plan joint actions to make the best consensus deals for everyone in these very bad times?" I have a list of whom to work with, and I'd be happy to share the list with Steve Wright [*Cyrus Noël*].