

Congress of the United States

Washington, DC 20515

February 15, 2023

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Dear Secretary Granholm:

We write to you about our concerns for the Administration's handling of issues that may impact a pending Bonneville Power Administration (BPA) rate case.

As you know, 31 clean, renewable hydropower projects operated by the U.S. Army Corps of Engineers and Bureau of Reclamation make up the Federal Columbia River System (FCRS). The BPA markets the power from the river system and one non-federal nuclear power plant to support more than a third of the region's electricity needs in a typical year.

Despite the limited jurisdiction, BPA has spent significant rate-payer resources in the past decade to help restore impacted fish within the FCRS. Fish mitigation responsibilities, as primarily established through the Northwest Power Act, gave BPA the obligation of mitigating fish and wildlife to the extent they are affected by the construction and operation of the federal dams. In practical terms, this means BPA's responsibilities fall into two general categories (1) system operations and management that aids fish and wildlife and (2) funding of mitigation projects that protect and enhance fish and wildlife.¹ These mitigation actions help BPA fulfill its responsibilities under the Northwest Power Act, the Endangered Species Act, and other environmental laws, as well as fulfill trust and treaty responsibilities to affected Native American Tribes.

The BPA power and transmission rates that its distribution utilities pay and pass down to their end-use customers are set through rate cases that are designed to meet BPA's statutory obligations. These obligations include fully recovering the costs of generating and supplying BPA power and providing rates at the lowest possible cost consistent with sound business practices. In FY 2021, BPA reported total fish and wildlife costs of \$744.5 million, representing about one third of the Tier 1 power rate.

The BPA is now attempting to set power rates (BP-24) for the next rate period, starting on October 1, 2023. Although most regional parties have agreed to settle that rate proceeding, BPA's recent decision to distribute reserve funds through rate credits as part of the settlement is being challenged by parties who argue the rates do not provide for equitable treatment of fish and wildlife. It appears the intent of these parties is to impose overly broad fish and wildlife mitigation on BPA, inconsistent with statutory authorities and at a steep cost to Pacific Northwest ratepayers.

¹ See e.g., Section 839(h) – Congressional declaration of purposes; Section 839(h)(10)(A); Section 839b(h)(11)(A)(i)

At the same time BPA is working through its BP-24 proceedings, the Council on Environmental Quality (CEQ) has engaged the Federal Mediation and Conciliation Service to bring parties interested in the future of the FCRS together to develop a path forward for hydropower operations and pacific salmon recovery on the river system. Some of the parties who have agreed to “lay down their litigation arms” and engage in constructive regional discussions are now arguing that the BP-24 rates should include funding for unspecified, undeveloped, and non-consensus mitigation projects, which would amount to a blank check of ratepayer funds that exceed the scope of BPA’s statutory obligations under the Northwest Power Act.

We trust that you are committed to upholding the statutory obligations of the Northwest Power Act. The BP-24 settlement has received broad support, and therefore it is critical that the Department of Energy and BPA remain committed to defending the settlement during the upcoming rate case proceedings. Further, any additional funding that is needed to support fish and wildlife mitigation projects cannot be placed on the backs of Pacific Northwest ratepayers. At a time of rising costs for food, housing, and other basic needs, keeping electricity costs low is more important than ever.

Thank you for your time and attention to this important matter.

Sincerely,



Cathy McMorris Rodgers
Member of Congress



Cliff Bentz
Member of Congress

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