

***Guest Opinion from Congressman Greg Walden
“Budget’s Bonneville Proposals Would Negatively Impact Northwest Ratepayers”***

Political observers know that the Northwest congressional delegation spans the political spectrum. Our votes often split like the Cascades split our states. Yet, the Bush administration proposals to drive up power rates in the Northwest have united us like never before.

The Administration’s 2006 federal budget contains two provisions that would lead to costly electricity rate increases in the Pacific Northwest, reduce reliability of the electrical grid, and potentially threaten the continued viability of the Bonneville Power Administration.

The first provision would require federal power marketing administrations, including Bonneville, to sell power at market-based rates, instead of at the rate it costs to produce the power.

What does that mean?

It would mean a 50 percent rate increase over the next three years – a total of \$2.5 billion coming straight from ratepayers’ pockets. And it would mean a devastating blow to our region’s economy.

This increase, coupled with the 50 percent increase we saw a few years ago, means that northwestern ratepayers would see a 100 percent increase in just seven years. Increases like that would snuff out the economic recovery that is only now starting to take hold.

We saw how well the energy market “worked” when Enron not only defrauded its investors but also destroyed the market by deceptively manipulating energy rates. So is it really the policy of the government to see how high we can raise power rates? I hope not. Just as gasoline is cheaper in some parts of the country because they are closer to oil refineries, power in the Northwest is less expensive because we are closer to low-cost, renewable hydropower. The real question for the government should be: Do we as ratepayers cover the costs of the power? And the answer is yes.

Bonneville and the region’s ratepayers pay all costs associated with the production of power in the Northwest. Other costs attributable to fish and wildlife management, flood control and transportation associated with managing the river are initially paid for by ratepayers and then reimbursed by the Treasury.

The second misguided proposal would require Bonneville to count third-party financing, primarily directed toward building out transmission capacity, against Bonneville’s borrowing authority from the U.S. Treasury. That would take away from Bonneville’s ability to make sure the transmission system is able to get power to where it’s needed.

The hundreds of megawatts of wind and gas-fired electricity production being built in the region can't get to your light switch if the power grid lacks the capacity to transport it. Bonneville is leading the nation in construction of new, high voltage transmission, but even then there is a waiting line to gain access to the system. The administration's proposal would diminish Bonneville's authority to build out the power grid at the time when we can afford it the least.

The irony is that Bonneville, unlike private entities, actually has a statutory responsibility to make the large-scale infrastructure improvements necessary to maintain reliable operation of the grid. Yet, this proposal asks us to pass a new law making that requirement much more difficult to achieve.

The Administration argues that it wants to accelerate Bonneville's debt repayment to the Treasury, but Bonneville has already done so even while selling power at-cost and through difficult economic times. Over the last several years, Bonneville has paid back over \$1.1 billion to retire some of its federal debt early, and BPA has made full, on-time payments to the Treasury for the last 21 years.

All 17 members of the bipartisan House Northwest Energy Caucus, which I co-chair with Representatives Doc Hastings, R-WA, and Peter DeFazio, D-OR, have sent a letter to the Office of Management and Budget Director Josh Bolten expressing our strong opposition to these proposals and our firm resolve to fight them.

When Energy Secretary Samuel Bodman testified before the Committee on Energy and Commerce, of which I'm a member, I explained the seriousness of this issue.

But while the Northwest delegation in Congress is united, we face a renewed challenge by members of Congress from the Northeast and the Midwest who want to grab our lower cost electricity. The fight is on. The future of the region's economy is at stake.

Congressman Greg Walden has represented the Second District of Oregon since 1999. He is a member of the House Energy & Commerce Committee as well as the Committee on Resources where he serves on the Energy & Air Quality and Water & Power subcommittees. He is also vice chairman of the House Renewable Energy Caucus.

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