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## ***NEWS RELEASE:*** ***Spreading federal power benefits***

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FOR MORE INFORMATION CONTACT: [Ed Mosey, BPA 503-230-5359](#)

There are several other Web pages related to this publication:

- the Power Subscription Strategy Proposal in either [HTML format](#) or [PDF format](#)
- a *keeping Current* on the proposal in both [HTML format](#) and [PDF format](#)
- the [Subscription home page](#)

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**PORTLAND, Ore.** – The Bonneville Power Administration today unveiled its proposed long-term strategy for making the benefits of the Columbia River power system available to the people of the Pacific Northwest. [BPA's "subscription proposal"](#) lays out how much low-cost power BPA will sell, and how.

"BPA aims to hold rates at cost and below competitive market levels between 2001 and 2006, and still satisfy fish and wildlife obligations and other public purposes," said Judi Johansen, BPA administrator. "This proposal strikes a balance in favor of all who rely on the Columbia River, not just for energy but for the other environmental and cultural values that define our Northwest way of life."

Johansen said the subscription plan follows more than a year of discussions with customers and other interested parties. It has four major goals:

- Spread the benefits of the Federal Columbia River Power System as broadly as possible, with special attention given to the residential and rural customers of the region;
- Provide market incentives for the development of conservation and renewables;
- Avoid rate increases through a creative and businesslike response to markets and additional cost reductions of at least \$130 million a year; and
- Allow BPA to fulfill its fish and wildlife obligations while assuring a high probability of Treasury payment.

The federal power system has a total inventory available for subscription of 6,300 average megawatts (MW). Of this amount, BPA estimates publicly owned utilities and cooperatives – designated by federal law as preference customers – will take as much as 5,500 MW.

Residential and small farm customers of investor-owned utilities will be eligible to receive 1,500 average megawatts. If the inventory of power is insufficient, BPA proposes to purchase additional supplies or provide the financial equivalent. The utilities must pass the benefits through to their customers without a markup. Depending on how much power the preference customers purchase, BPA will deliver to these consumers either power or an equivalent combination of power and money.

BPA will continue to sell power to direct-service industries (DSIs), its aluminum and chemical producing customers. The amount would depend on how much is purchased by the first two groups. BPA will also offer them interruptible power that could be as much as 1,000 MW on a priority basis, which they could firm up with their own purchases.

The subscription proposal addresses BPA's customers' unique needs. BPA intends to continue a discount offsetting the higher cost of delivering power to rural addresses. Where rural customers are severely affected by rate designs and market shifts, BPA proposes to mitigate them.

To provide flexibility and reduce risk arising from future changes in market conditions, BPA is offering contracts of different types and lengths. There will be a three-year product. A five-year product includes a fixed price for the first three years and an increased rate for the final two. Customers may also purchase for periods of between five and 10 years. BPA has built into its products and pricing the revenues necessary to cover a realistic range of costs associated with efforts to save Columbia River salmon.

"We are trying to address in a balanced way the dynamic social, economic and environmental interests in the Columbia River System," Johansen said. "By staggering the lengths of the contracts, we gain the flexibility to adjust to changing conditions."

Some other components of the proposal are:

- **Incentives for conservation and renewables.** Growing demand may soon require the region to develop new power resources. BPA will encourage customers to opt for efficiency and renewable resources by offering a rate discount.
- **Cost recovery mechanisms.** If costs or revenues should change in unanticipated ways, BPA would temporarily increase its preference rate. As a last resort, BPA would be able to levy a limited surcharge on transmission, but it would have to be repaid by purchasers of federal power.
- **General Transfer Agreements.** BPA will continue to pay the costs of wheeling federal power over other (non-BPA) transmission systems to BPA customers.

BPA will hold a [conference](#) on the proposal on Sept. 29 in Portland, and will receive public comment until Oct. 23. BPA is scheduled to make a final decision on its products and policies in November, and commence contract negotiations with customers.

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