

BPA

Committed to Northwest Values

The Columbia River has been called the “crown jewel” of the Pacific Northwest. There is no question it is among the region’s greatest assets — supplying low-cost clean hydropower, making deserts bloom thanks to irrigation and providing navigation, recreation and a home for many species of fish and wildlife.

The Bonneville Power Administration is proud to be a steward of this great resource. Our mission is to serve the people and environment of the Pacific Northwest. We sell wholesale power from Grand Coulee Dam and 30 other Northwest federal dams to Northwest utilities, including public utility districts, rural electric cooperatives and municipal utility departments, as well as investor-owned utilities. We operate three-fourths of the region’s high-voltage transmission system that delivers that power.

But, as a federal agency, we are not just a power marketer. We have public responsibilities that include, among many, promoting energy efficiency, facilitating development of renewable power, protecting fish and wildlife affected by hydro development, honoring treaty obligations to tribes and promoting a reliable energy future through collaboration and partnerships. This document describes our responsibilities to citizens in the Pacific Northwest.

WHO WE ARE

Fulfilling a unique mission

We are the U.S. Department of Energy’s power administration for the Northwest, responsible for

bringing the benefits of the Columbia River power system to the region’s consumers, taxpayers and the environment. We are a self-financed agency and a not-for-profit utility. Ratepayers, not taxpayers, cover our costs through revenues from our power sales and transmission services. The people of the Northwest pay for their Columbia River power system in their electric bills.

We are committed to serving you well. Our job is to:

- provide an adequate, efficient, economical and reliable power supply,
- build and maintain a reliable transmission system,
- mitigate the impacts of the Northwest’s federal power system, including those on fish and wildlife.

BPA programs bring value to the Pacific Northwest, value that is determined with input from Northwest citizens.

LOW RATES

Providing low-cost power

We sell power to Northwest utilities at the cost of generating and transmitting that power. There are no shareholders and no profit motive. Power at cost stimulates the region’s economy. BPA’s cost-based hydropower ensures that the Northwest has among the lowest electricity rates in the nation.





Co-managing the nation's largest renewable resource

Federal hydropower from the dams of the Columbia River System is the nation's largest renewable energy resource. The U.S. Army Corps of Engineers and the Bureau of Reclamation own and operate the federal dams; BPA sells the wholesale electricity they generate.

These three agencies coordinate with other public and private utilities that own dams and power plants in the Northwest, operating the entire system as if it had a single owner. This makes optimum use of Columbia River water and storage capacity, producing additional generation worth millions of dollars annually.

RELIABILITY

Providing a dependable transmission highway

BPA's huge transmission network gives the region tremendous flexibility to deliver electricity to where it's needed. Other utilities often rely on BPA's system rather than building their own lines.

BPA is working with other Northwest utilities to develop the same one-utility approach to transmission planning and operation that has worked so well for the region's hydropower supply.

BPA operates the Northwest portions of large "intertie" transmission lines to other regions. The interties allow utilities to buy power from outside the region or sell any surplus power. Surplus power sales help offset costs and keep Northwest rates lower.

Taking the long view

As a federal enterprise, BPA takes a long-term perspective to ensure adequate infrastructure for the future. Working with regional utilities, BPA and the Northwest Power and Conservation Council have

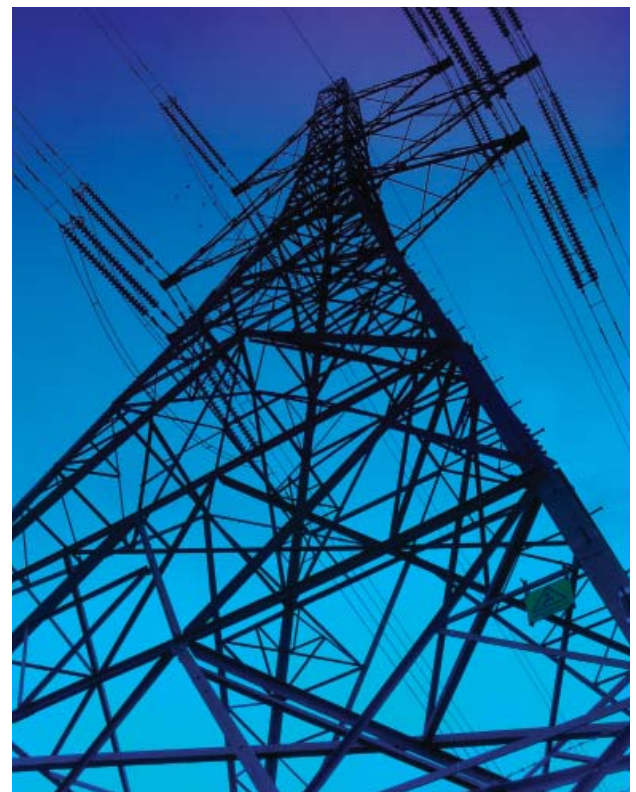
developed a standard measure to signal when the region needs to acquire new power sources.

BPA also has underwritten large-scale, long-term projects that will provide lasting benefits to future generations. These investments, such as transmission lines that connect regions and energy efficient building codes, are critical to assuring the healthy reliability of the Northwest power system.

Building Northwest infrastructure

BPA invests in needed Northwest infrastructure, including new transmission lines, energy efficiency programs and fish and wildlife projects.

BPA primarily uses its borrowing authority with the U.S. Treasury to finance needed new investments. All costs are repaid with revenues from BPA power sales and transmission services. BPA directly funds capital projects to maintain and enhance U.S. Army Corps of Engineers and Bureau of Reclamation



Committed to Northwest Values

dams in the Columbia River system, including major investments in improved fish passage.

Today, BPA is making the most extensive improvements in the Northwest transmission system in decades and is planning or building major additions that, together, would add more than 200 miles of lines to the Northwest transmission grid. These projects will improve reliability and deliver thousands of megawatts of additional renewable energy in the Northwest. BPA regularly holds an open season for new transmission requests then develops the most efficient plan of service to meet all needs and proposes plans to finance cost-effective projects.

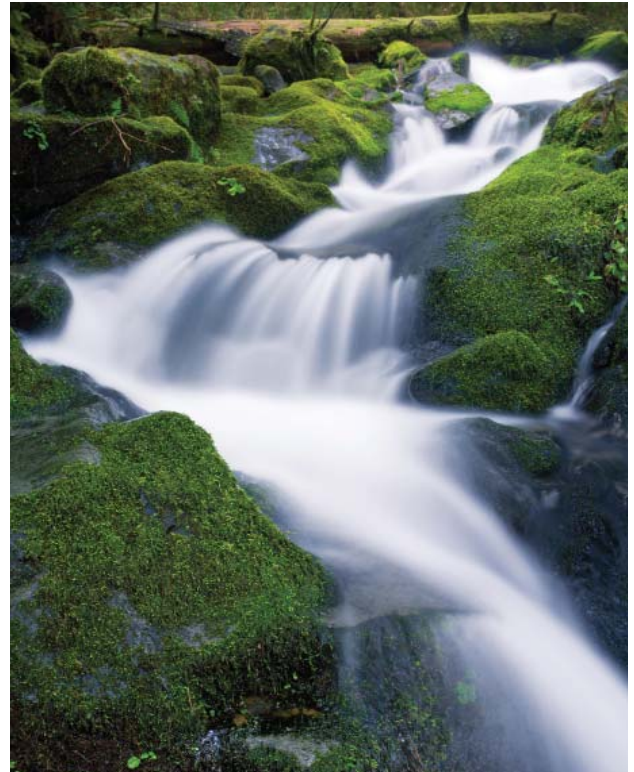
Protecting the region's investments

Northwest federal hydropower dams and transmission lines were built primarily between the 1930s and 1970s. The technology and assets are extremely valuable, but they are aging.

BPA engineers, hydrologists and technicians care for the region's substantial investment in the federal hydropower system. Working with the Corps, Reclamation, utilities and the public, BPA works to maintain reliability and increase the value of the assets for Northwest citizens. For example, we are replacing rotting wood transmission poles with steel poles. The Corps, Reclamation and BPA are replacing worn hydro turbines with more efficient models that are safer for migrating fish.

Responding in emergencies

Keeping the lights on is vital for public health and safety. BPA crews traverse rugged terrain and brave inclement weather to repair transmission lines damaged by ice, wind, lightning and fire. During Arctic cold fronts, BPA works with other agencies to pull down reservoirs quickly to produce more hydropower to keep the lights and heat on.



During floods, BPA foregoes generating hydropower to hold back water behind dams and buys replacement electricity to meet power needs.

ENVIRONMENTAL STEWARDSHIP

Considering environmental consequences

As a federal agency, BPA is subject to stronger environmental review requirements than a private entity. Under the National Environmental Policy Act, BPA must evaluate the potential environmental consequences of all its prospective decisions and provide opportunities for the public to influence decisions that could have significant impacts. Prospective decisions are evaluated for effects on endangered and threatened species, water quality, cultural resources and other factors.



Building smart

BPA has used energy efficiency and high-tech investments to avoid building hundreds of miles of transmission lines across the Northwest and delay the need for others. BPA routinely considers these non-wires alternatives in addressing transmission problems because it's cheaper and more environmentally friendly.

Where new lines must be built, BPA keeps impacts as low as possible. For example, to avoid disturbing delicate terrain, we fly transmission towers over sensitive areas. We emphasize non-chemical right-of-way maintenance tools to maintain safe clearance for power wires. We work with local communities to provide compatible activities on rights-of-way such as dog parks and wildlife grazing areas.

Protecting fish

BPA manages the nation's largest fish and wildlife program, investing more than \$700 million every year to protect fish and wildlife affected by the federal power system.

In the last 15 years, the federal dams have been overhauled to make passage safer for fish, particularly migrating salmon. Today, juvenile fish arriving at each dam successfully pass *downstream* at survival rates as good as or better than before the four lower Snake River dams were built. Adult fish swimming *upstream* through Columbia system fish ladders survive at rates as good as or better than a free-flowing river.

BPA has invested more than \$11 billion in the last 30 years to protect fish in the Columbia River system. This figure includes costs of buying power to replace hydro production, and funding for fish hatcheries, habitat improvement projects, and research and monitoring. It also includes foregone revenues that occur when water is passed over



dams' spillways to help young fish migrate rather than through generators to produce electricity.

BPA fish projects meet Endangered Species Act requirements and measures called for in the Northwest Power and Conservation Council's Columbia River Basin Fish and Wildlife Program and under Columbia Basin Fish Accords.

Protecting wildlife

BPA also compensates for wildlife habitat lost or disturbed as a result of hydropower development. To date, we have funded protection of hundreds of thousands of acres of habitat for wildlife. We turn over ownership and management of the protected habitat to tribes, state and federal agencies and non-governmental conservation organizations. In some cases, we purchase conservation easements and grazing leases, which give wildlife managers control of the habitat. BPA has also set up state wildlife trusts.

Promoting energy efficiency

Energy efficiency is the cleanest and cheapest new energy source available in the Northwest. Investing in energy efficiency helps preserve and stretch the value of Columbia River hydropower. Following targets set by the Northwest Power and Conservation Council, BPA has funded more than 1,000 average megawatts of conservation

Committed to Northwest Values

since 1980 — enough power to serve a city the size of Seattle — at an investment of more than \$2.3 billion. The Council's latest targets call for achieving at least another 1,200 megawatts of conservation savings by 2015. BPA is working with its utility customers to achieve public power's portion of this regional target, 40 percent of the total.

BPA encourages regional conservation through discounts on its power rates, technical and marketing assistance to utilities and support for the Northwest Energy Efficiency Alliance, a nonprofit that brings energy efficient products and services into the marketplace. BPA also funds low-income weatherization programs in Idaho, Montana, Oregon, Washington and with Northwest tribes.



Facilitating new renewable energy

Wind power has come of age in the Pacific Northwest. BPA now has several thousand megawatts of wind power flowing through its transmission system and expects to have up to 6,000 megawatts in its grid by 2013. Major transmission line projects enable this expansion.

Bringing wind, a variable energy resource, into the power grid in large amounts is a great engineering and economic challenge. Intermittent wind energy must be coupled with other resources that can provide power when the wind is not blowing. BPA has provided this service from the hydro system so far and is working with regional partners to develop new tools to manage large-scale wind power reliably and cost-effectively.

BPA also has added about 250 megawatts of wind energy to its own power supply, plus almost 100 megawatts of new hydropower and a small amount of photovoltaic solar. BPA further supports renewable resources through the independent, nonprofit Bonneville Environmental Foundation. (See www.b-e-f.org.)

Enhancing our green advantage

Concerns about climate change are placing a new premium on clean energy sources. Because it's fueled by water, the Northwest's hydro base does not produce air pollution, avoiding the equivalent greenhouse gas emissions of more than 10 million cars on the road. The region's commitment to energy efficiency has bolstered this advantage, helping to maintain high air quality and low emissions. BPA also markets power from one nuclear plant owned by Energy Northwest, which is also emission-free.

We are further reducing our own carbon footprint and identifying cost-effective ways we can help meet regional climate change goals in our Sustainability Action Plan.



Pioneering research and development

BPA funds research, development and demonstration in technologies that can increase the value of the federal power system and improve its efficiency.

For example, BPA has long promoted smart grid technologies to improve energy efficiency by letting consumers participate interactively in the power system. BPA is part of a Northwest smart grid demonstration project that will link participating consumers served by 12 utilities in five states to the latest smart grid technologies.



The agency is also participating in a test to apply BPA-invented smart grid technology to improve transmission monitoring and controls across the Western states.

A number of BPA developments that improve system performance or reduce system costs have been adopted by other utility systems nationally and internationally.

ACCOUNTABILITY Involving the public in decisions

Decisions made by BPA affect the economy and the ecosystem of the entire region. Important trade-offs are constantly being made. River operations affect fish, electricity rates, the regional economy, other river users and the operation of other resources that affect air quality.

BPA provides extensive opportunities for public participation on its proposed programs, policies and projects such as new transmission lines, power sales contracts and fish passage projects. We are committed to transparency in our decision making and performance and to working collaboratively with others in relationships based on mutual respect.

Practicing fiscal prudence

BPA sets its rates to recoup all costs, including its direct costs and more than 80 percent of the costs of Reclamation and Corps hydro facilities in the Northwest.

Because Northwest electric ratepayers pay all the agency's costs, the region's utilities, congressional delegation and citizenry keep close watch on BPA's spending and financing. The agency's budget is approved through the administration and submitted to Congress. Our rates are reviewed for adequacy by the Federal Energy Regulatory Commission.

Committed to Northwest Values

BPA repays the U.S. Treasury with interest for earlier taxpayer investments in Northwest federal hydropower and transmission projects and for appropriated investments to other agencies related to the federal hydropower system. We have maintained excellent credit ratings on our obligations to private bondholders for projects financed through sources other than the Treasury.

Providing regional and public preference

BPA is required by law to give preference in its power sales to utilities that are owned and operated by the people they serve – public utility districts, municipal electricity departments, rural electric cooperatives and other public bodies.

We sell power outside the Northwest only after the power has been offered within the region and is surplus to regional needs. Surplus power sales benefit the Northwest because they bring in revenues that help keep Northwest rates down.

Sharing benefits among consumers

All Northwest residents share in the benefits of the region's federal hydropower system, whether they are served by public or private power. Through a program called the residential exchange, BPA spreads the benefits of its low-cost hydropower to consumers and small-farm owners served by Northwest electric utilities that have higher power costs. In addition, BPA provides discounts for rural customers who are widely dispersed and have higher costs of service.

Working with Northwest states

BPA funds operation of and works closely with the Northwest Power and Conservation Council, an interstate compact whose members are appointed by the governors of the four Northwest states. The Council develops and maintains a regional power plan and fish and wildlife program. BPA takes the



Council's regional power plan and fish and wildlife program into careful account so that our actions are consistent with the Council's measures. BPA also works closely with the region's congressional offices, state public utility commissions, governors' offices and other state agencies on issues ranging from energy efficiency programs to emergency planning.

Working with the federal government

Together, BPA, the Corps and Reclamation continually balance competing river uses for protection of fish and wildlife, flood control, power production, navigation to inland ports, irrigation and recreation. The Corps and Reclamation generate power within constraints for other river uses; BPA buys power from other producers to cover any deficits.

BPA also works closely with NOAA Fisheries, the U.S. Department of Fish and Wildlife, U.S. Forest Service and other federal partners in protecting natural resources. BPA activities fall under the jurisdiction of the Senate Committee on Energy and Natural Resources, House committees on Energy and Conservation and Natural Resources and other committees of Congress.

Committed to Northwest Values

Working with tribal governments

BPA recognizes its federal trust responsibility and government-to-government relationship with federally recognized Northwest tribes as sovereign entities. BPA was the first federal agency in the Northwest to consult with tribes to formulate its Tribal Policy. BPA works collaboratively with the tribes on energy, environmental and cultural issues in business and resource management relationships and government-to-government consultations.

BPA funds numerous fish and wildlife projects managed by tribes. In 2008, BPA, five Northwest tribes and two Northwest states signed Columbia Basin Fish Accords to fund projects such as habitat restoration and hatchery improvements to benefit both ESA-listed and non-listed species. Federal agencies guaranteed more than \$900 million in funding over 10 years. Most of the money will come from BPA. The accords reflect the region's move away from litigation to collaboration to recover the Columbia River system's treasured fish and wildlife resources.

BPA is working with Northwest tribes interested in developing their own utility districts. Two tribes have established tribal utilities. BPA works with tribes to protect tribal cultural resources at the major federal reservoirs and on transmission rights-of-way.



Working with Canada

A third of the Columbia River's length and half its reservoir storage lie in British Columbia. The United States and Canada jointly developed the upper reaches of the river for flood control and power production under the 1964 Columbia River Treaty. BPA and the Corps administer this Treaty for the United States. This and other agreements with B.C. Hydro provide additional water storage, enhanced flood control, greater operational flexibility and access to additional water for fish and other needs.

For more information

For more information about BPA, go to www.bpa.gov. To request additional copies of this publication, call 503-230-INFO (4636) or toll free 1-800-622-4520.

Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621