



Department of Energy

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

PUBLIC AFFAIRS

July 31, 2012

In reply refer to: DK-7

Dan Seligman, Attorney at Law
Columbia Research Corporation
P.O. Box 99249
Seattle, WA 98139

FOIA #BPA-2012-01628-F

Dear Mr. Seligman:

This is a final response to your request for information that you made to the Bonneville Power Administration (BPA) under the Freedom of Information Act (FOIA), 5 U.S.C. 552.

You have requested:

All communications between BPA and Congress concerning the memorandum dated March 16, 2012, from Energy Secretary Chu to the administrators of the power marketing agencies.

Response:

All communications, emails and their attachments are enclosed. The email addresses of individuals outside of BPA are redacted, and cell phone numbers, under Exemption 6 of the FOIA. Release of this information could subject these individuals to unwanted intrusions of privacy. There is no public interest in the disclosure of this information because it does not shed any light on how BPA has performed its statutory duties.

Pursuant to 10 CFR 1004.8, if you are dissatisfied with this determination, or the adequacy of the search, you may appeal in writing within 30 calendar days of receipt of a final response letter. The appeal should be made to the Director, Office of Hearings and Appeals, HG-1, Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585-1615. The written appeal, including the envelope, must clearly indicate that a FOIA Appeal is being made.

Fees for this request total \$99.07. You have agreed to pay fees of \$50. You will be billed separately.

I appreciate the opportunity to assist you. Please contact Kim Winn, Communications Specialist, at 503-230-5273 with any questions about this letter.

Sincerely,

/s/Christina J. Munro

Christina J. Munro

Freedom of Information/Privacy Act Officer

Miller,Lori E (CONTR) - DKR-7

From: Baskerville,Sonya L (BPA) - DKN-WASH
Sent: Friday, March 16, 2012 12:44 PM
To: 'Calimlim, Camille'
Subject: RE: Markey Praises Regional Approach to Building America's Renewable Backbone

Thanks!

Sonya Baskerville
Manager, National Relations Office
Bonneville Power Administration
1000 Independence Ave., SW, 8G-061
Washington, DC 20585
202-586-5640 (o)

Ex 6

From: Calimlim, Camille Ex 6
Sent: Friday, March 16, 2012 3:41 PM
To: Baskerville,Sonya L (BPA) - DKN-WASH
Subject: FW: Markey Praises Regional Approach to Building America's Renewable Backbone

From: Barry, Giselle
Sent: Friday, March 16, 2012
To: Barry, Giselle
Subject: Markey Praises Regional Approach to Building America's Renewable Backbone

Contact: Eben Burnham-Snyder, Rep. Ed Markey, 202-225-6065

Markey Praises Regional Approach to Building America's Renewable Backbone

Congressman commends Energy Secretary Chu's call for use of Power Marketing Administration (PMAs)

WASHINGTON (March 16, 2012) – Today, Department of Energy Secretary Steven Chu sent a memorandum to the administrators of the nation's four regional Power Marketing Administrations (PMAs) that lays the foundation to use federally-owned electrical systems to lead in modernizing America's power system.

“When it comes to modernizing our nation's electric grid, our nation's Power Marketing Administrations can play an important role in moving our nation towards a cleaner, smarter, and more efficient electrical generation, transmission, and distribution system. Today, Secretary Chu

7/26/2012

announced a new process for moving the PMAs forward to meet this challenge, and I commend him for taking this initiative,” said Rep. Ed Markey (D-Mass.), top Democrat on the House Natural Resources Committee, which has jurisdiction over the PMAs.

A link to the memo from Secretary Chu can be found [HERE](#).

Rep. Markey added, “The Secretary’s initiative sets a laudable goal for the role of the PMAs into the future and in supporting renewable energy and efficiency. However, the devil is in the details, and I look forward to seeing how the Department implements these strategies while still meeting the PMA’s existing missions.”

The Power Marketing Administrations are federal agencies within the Department of Energy, consisting of the Bonneville Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, and the Western Area Power Administration. Collectively, they control 38,437 megawatts of installed capacity and 33,730 miles of electrical transmission lines in 34 states.

Rep. Markey has previously called on Secretary Chu to focus the PMAs on challenges the electricity system is facing as renewable energy becomes cheaper, distributed generation more common, and energy efficiency and demand response reduce the need to build much new capacity ([May 3rd letter](#) and [December 7th letter](#)). Increasing the flexibility of the grid will be critical to adapting these new models, and the nation’s PMAs are uniquely positioned to lead in developing the solutions.

###

Miller,Lori E (CONTR) - DKR-7

From: Shimek, Jaime (Murray) Ex 6
Sent: Wednesday, April 11, 2012 1:28 PM
To: Baskerville,Sonya L (BPA) - DKN-WASH
Subject: FW: PacNW Response Letter to Chu's March 16th Memo to BPA
Attachments: 04-11-12 PacNW Delegation Response to March 16th DOE Memo.pdf

FYI

Please share with Steve et al.

Congress of the United States
Washington, DC 20510

April 11, 2012

The Honorable Steven Chu
Secretary of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Chu:

We write with deep concern regarding your March 16, 2012 Memorandum to the Power Market Administrators. While many of the Memorandum's goals may have merit, these directives – and the manner in which your Department has relayed them – have created considerable consternation and confusion in the Pacific Northwest and amongst some of our constituents.

Since the Bonneville Power Administration (BPA) was established 75 years ago, Congress has expanded and refined the Administration's governing statutes, each time providing specific responsibilities and directions. We are concerned that the March 16th Memorandum suggests that the Department appears to be considering a role for BPA that disregards Congressional intent and exceeds BPA's current statutory authority.

We are similarly concerned that the Department of Energy (DOE) may have predetermined what it considers to be the best solution before evaluating all of the evidence, cooperating with stakeholders, or exploring alternatives sufficiently. Further, we are concerned that DOE's solutions will produce high-cost, low-benefit outcomes for some of our constituents.

We are confident that the Pacific Northwest can and will find solutions because our region has a long tradition of working together to resolve difficult challenges. Acting under existing law and direction, the region has already developed policies and programs that have produced impressive results that, in our view, already meets or exceeds the goals stated in the March 16th Memorandum:

- BPA, working together with regional electricity ratepayers, has achieved about 5,000 average megawatts of conservation since 1980.
- BPA has integrated over 4,400 megawatts of wind and other renewable sources of power, a significant feat since the level was only 250 megawatts just seven years ago. Today, wind resources in the BPA balancing authority represent 42 percent of peak load, among the highest penetration rates in the nation.
- BPA has added more new transmission in the last ten years than any other region.
- BPA, in concert with regional utilities, is leading efforts to test and deploy smart grid technology.
- BPA and other utilities in the Northwest Power Pool are implementing various tools to manage energy imbalances, including exploration of feasibility of a regional energy imbalance market.

- BPA (through Columbia Grid) is working with regional utilities to plan transmission that meets the needs of all load serving entities and generators.
- BPA provides the cleanest, most affordable electricity in our nation.

Unfortunately, DOE's Memorandum and subsequent discussions with DOE staff have raised more questions than they answered. While we have been told by your staff that the Memorandum should serve as a "vision statement," the undeniable fact is that this document issues directives to PMAs.

We strongly believe that no actions with respect to this Memorandum should move forward until the Department can demonstrate that it has worked within a robust, transparent, public process with stakeholders, including Members of Congress and ratepayers. In order to best understand these initiatives and their implications for some of our constituents, we ask for clarification on these specific concerns:

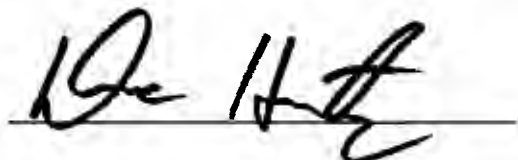
- Does DOE intend to provide a clear and public explanation of the relevant legal authorities before issuing any new directives or policies that impact BPA?
- Does DOE agree that for any initiative, a strong preference should be given to whichever approach accomplishes the stated policy goal at the least cost to consumers, and how will that be determined?
- Is DOE committed to upholding BPA's requirement for cost-based rates?
- Does DOE believe it is appropriate for BPA ratepayers to bear greater costs to facilitate new generation that will primarily be used outside of its balancing authority?
- Will DOE defer to regionally derived solutions, such as those under consideration by the Northwest Power Pool, as well as undertake and wait for a full cost-benefit analysis of alternatives before pushing the formation of a West-wide Energy Imbalance Market (EIM)?
- Has DOE categorically ruled out the formation of an RTO or RTO-like structure for the Pacific Northwest (or a West-wide RTO), especially given the region's historic, strong opposition to one?
- Has DOE categorically ruled out efforts to increase FERC's jurisdiction over BPA and its ratepayers?
- Will DOE clarify the process associated with implementing the goals articulated in the Memorandum, including the specific resources, level of funding and staffing dedicated to this effort as well as a timeline for implementation?
- Will DOE commit to consulting with the Pacific Northwest delegation, Congressional Committees of jurisdiction, and BPA ratepayers before issuing any subsequent memorandums, directives, or initiatives associated with BPA?

We look forward to hearing from you on this important issue.

Sincerely,



Maria Conner



De Hoff

Patty Murray

Doug Wakelin

Ron Wyden

Pat Roberts

Jan E. Rinal

Coch. The Hon. Rodger

Mike Crapo

Norm Dicks

Alan Smith

D. Berts

Jaime Herrera Beutler

Pick Lauer

Jenny Reberg

Raúl R. Labrador

Mike Simpson

Jim McDermott

Pat Roberts

Miller,Lori E (CONTR) - DKR-7

From: Baskerville,Sonya L (BPA) - DKN-WASH
Sent: Tuesday, March 20, 2012 10:38 AM
To: 'Camille.Calimlim@mail.house.gov'
Subject: Re: Questions

Thanks!

Sonya Baskerville
Manager, BPA National Relations

Ex 6

----- Original Message -----

From: Calimlim, Camille Ex 6
Sent: Tuesday, March 20, 2012 10:33 AM
To: Baskerville,Sonya L (BPA) - DKN-WASH
Subject: Questions

Q's for Tim (and others) FYI.

1. (Panel) Aging infrastructure. President Obama proposed the creation of a National Infrastructure Bank. How would a water and program like this help to solve our aging infrastructure issues?
2. (PMA Administrators) Concerned w/escalated costs of aging infrastructure. The less money you have borrow from treasury means less interest our constituents would have to pay.
 - a. Rate increase to create self financing for aging infrastructure?
 - b. Do the rates reflect the upgrades necessary to solve the issue of aging infrastructure? If not why not?
3. (To the PMA Administrators) The March 16th DOE memorandum by Secretary Chu, outlines a number of new initiatives for the PMAs. Supportive of clean energy/energy independence, also very aware new initiatives may impact my constituents.
 - Will you be soliciting public comment from stakeholders prior to implementation of these initiatives and will it consider the purview of the state regulatory commissions?
 - Does DOE have existing authority to make these changes?

Miller, Lori E (CONTR) - DKR-7

From: Baskerville, Sonya L (BPA) - DKN-WASH
Sent: Thursday, April 05, 2012 9:03 AM
To: Ex 6
Subject: Re: Committee on Natural Resources - Ovr Hrg Notice 4.26.12

Thanks!

Sonya Baskerville
Manager, BPA National Relations
Ex 6

From: Calimlim, Camille
Sent: Thursday, April 05, 2012 08:38 AM
To: Baskerville, Sonya L (BPA) - DKN-WASH
Subject: FW: Committee on Natural Resources - Ovr Hrg Notice 4.26.12

From: Locke, Nancy
Sent: Thursday, April 05, 2012 11:33 AM
To: All Staff - Natural Resources Cmte; Natural Resources Repub All Schedulers; Natural Resources Repubs All LAs; Natural Resources Dem All Schedulers; Natural Resources Dems All LAs; Digest, Committee; Hall, Dan; Taft, Tammy; Cox, William; Strickland, Joe
Subject: Committee on Natural Resources - Ovr Hrg Notice 4.26.12

April 5, 2012

□ □ □ Hearing Notice □ □ □

MEMORANDUM

To: Members, House Committee on Natural Resources
From: The Honorable Doc Hastings, Chairman
Subject: House Committee on Natural Resources Oversight Hearing on *“Increased Electricity Costs for American Families and Small Businesses: The Potential Impacts of the Chu Memorandum.”*

The Committee on Natural Resources will hold an oversight hearing on **Thursday, April 26, 2012 at 10:00 a.m., in room 1324 Longworth House Office Building** entitled, *“Increased Electricity Costs for American Families and Small Businesses: The Potential Impacts of the Chu Memorandum.”*

Secretary of Energy Steven Chu has been invited to testify. Other witnesses will be by invitation only.

7/26/2012

If you need further information, please contact Kiel Weaver (Staff Director), Nancy Locke (Chief Legislative Clerk) or Matt Gall (Clerk) at 202-225-8331.

The use of cellular telephones is prohibited on the Committee dais or in the Committee hearing rooms during the meeting of the Committee pursuant to Rule 3(m) of the Committee Rules. Accommodations for individuals with disabilities, including assistive listening systems, interpreters, and materials in alternate formats, may be arranged by contacting the Committee in advance of the scheduled event (4 business days notice is requested) at voice (202) 225-2761; fax (202) 225-5929; online at <http://naturalresources.house.gov/contact/>; or at 1324 Longworth House Office Building (HOB), Washington, D.C. 20515-6201

Nancy Locke
Chief Legislative Clerk
Committee on Natural Resources
1324 Longworth HOB
202-225-2761

Miller, Lori E (CONTR) - DKR-7

From: Calimlim, Camille EX 6
Sent: Friday, March 16, 2012 12:41 PM
To: Baskerville, Sonya L (BPA) - DKN-WASH
Subject: FW: Markey Praises Regional Approach to Building America's Renewable Backbone

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Contact: Eben Burnham-Snyder, Rep. Ed Markey, 202-225-6065

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"When it comes to modernizing our nation's electric grid, our nation's Power Marketing Administrations can play an important role in moving our nation towards a cleaner, smarter, and more efficient electrical generation, transmission, and distribution system. Today, Secretary Chu announced a new process for moving the PMAs forward to meet this challenge, and I commend him for taking this initiative," said Rep. Ed Markey (D-Mass.), top Democrat on the House Natural Resources Committee, which has jurisdiction over the PMAs.

A link to the memo from Secretary Chu can be found [HERE](#).

Rep. Markey added, **"The Secretary's initiative sets a laudable goal for the role of the PMAs into the future and in supporting renewable energy and efficiency. However, the devil is in the details, and I look forward to seeing how the Department implements these strategies while still meeting the PMA's existing missions."**

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Rep. Markey has previously called on Secretary Chu to focus the PMAs on challenges the electricity system is facing as renewable energy becomes cheaper, distributed generation more common, and energy efficiency and demand response reduce the need to build much new capacity ([May 3rd letter](#) and [December 7th letter](#)). Increasing the flexibility of the grid will be critical to adapting these new models, and the nation's PMAs are uniquely positioned to lead in developing the solutions.

###

Miller, Lori E (CONTR) - DKR-7

From: Miller, Brianne (Risch) EX 6
Sent: Monday, March 19, 2012 8:09 AM
To: Baskerville, Sonya L (BPA) - DKN-WASH
Subject: FW: DOE memo on PMAs
Attachments: 3-16-12 Memorandum from Secretary Chu.pdf

Hey Sonya,
Did y'all send something out about this?
B



The Secretary of Energy
Washington, DC 20585
March 16, 2012

MEMORANDUM FOR THE POWER MARKETING ADMINISTRATORS
KENNETH LEGG, SEPA
JAMES MCDONALD, SWPA (ACTING)
TIMOTHY MEEKS, WAPA
STEPHEN WRIGHT, BPA

FROM:

STEVEN CHU

SUBJECT:

Power Marketing Administrations' Role

BACKGROUND:

Our Nation has unprecedented opportunities to build a more secure and sustainable electric sector, one that:

- stimulates job creation along with local and regional economic development;
- accelerates introduction of new technologies ranging from cyber-security to alternative energy generation;
- takes greater advantage of our indigenous and inexhaustible resources;
- improves public health;
- reduces strategic vulnerabilities, price and supply risk, and environmental liabilities;
- and
- advances our competitiveness in international markets.

Taking greater advantage of energy efficiency, demand resources and clean energy – while at the same time reducing costs to consumers – requires a transition to a more flexible and resilient electric grid and much greater coordination among system operators. This can only be accomplished by upgrading our infrastructure to take advantage of modern communications and control technologies and bringing the benefits of increased connectivity to more Americans. As the Department of Energy's (DOE) own Power Marketing Administrations (PMAs) have historically played a valuable role in the electric sector, they can and should help lead this evolution.

As owners and operators of a significant portion of the infrastructure that is vital to this Nation's prosperity, the PMAs have the tools to take a leadership role in transforming our Nation's electric sector, to the extent allowable under their enabling statutes. In the weeks and months to come, I will be calling on the hard-working and dedicated employees of the PMAs. While the PMAs have been doing an admirable job in implementing the DOE's goals and are leaders in some areas, we can all do better. To that end, I will identify specific



goals intended to strengthen each PMA's ability to modernize the grid through leadership roles in their regions. Because of their uniqueness, I will provide individualized direction to each of the PMAs. This memorandum is intended to describe my foundational goals for the PMAs, thereby establishing a framework on which subsequent memoranda will build.

THE FOUR POWER MARKETING ADMINISTRATIONS:

The DOE's four PMAs have been reliably delivering electricity from federal hydroelectric dams for over 75 years. The federal hydropower system produces prodigious amounts of carbon free, low-cost electricity. The PMAs' transmission systems overlay the transmission and distribution systems of utilities in 20 states, which represent about 42% of the continental United States.¹

Over the years, the rights and responsibilities of three PMAs have expanded beyond simply selling energy from federal dams:

- BPA and WAPA purchase energy from non-federal generators on behalf of their customers;
- BPA has the authority to acquire the output of resources, including conservation, to meet load requirements;
- BPA, SWPA, and WAPA collectively own and operate 33,700 miles of transmission lines and 594 substations;
- BPA and WAPA have revolving loan funds for expanding this Nation's transmission grid;
- BPA is the primary transmission operator over two states; and
- SWPA and WAPA are empowered to facilitate private-sector development of transmission through use of the federal eminent domain authorities.

Each PMA has a different enabling statute. Within a PMA, each system of dams may have a different statute, and sometimes, even a single dam within the system has its own statute. All of this makes the administration of the PMAs extremely complex.

IMPROVING PMA EXISTING INFRASTRUCTURE:

The following summarizes the existing infrastructure owned and operated by the PMAs:

¹ The PMAs market power in 30 states, but only have transmission assets in 20 states.

FY 2011 PMA Statistics

	Transmission lines (miles)	Substations (all voltages)	Powerplants ¹	Installed capacity (MW)	Customers ²	Total Power & Transmission Rev (millions of dollars)	Sales (billions of kWh)	Percent of sales in marketing area
Bonneville	15,215	263	31	22,363 ³	276	\$3,285 ⁴	83.1 ⁵	30% ⁶
Southeastern	N/A	N/A	22	3,382	489	\$288	8.2	2%
Southwestern	1,380	25	24	2,174	183	\$171 ⁴	4.1	9% ⁶
Western	17,135	321	57 ⁴	10,508	867	\$1,202	42.4	6%
Total	33,730	609	134	38,437	1,555	\$4,823	139.8	N/A

- | | | | |
|----|--|---|--|
| 1. | Plants are primarily owned by the Federal government and operated primarily by the U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation. Production is marketed by the power marketing administrations. | 4 | Total operation revenue, as reflected on page 1 of BPA's 2011 Annual Report. |
| 2. | Includes firm and nonfirm power customers and project use customers. | 5 | Not an audited number. |
| 3. | Nameplate rating for federally owned generation from BPA's 2010 "White Book" on loads and resources. | 6 | FY 2010 number from 2012 BPA Rate Case Wholesale Power Rate Final Proposal, Statements A-F, July 2011. |
| | | 7 | Approximate percentage from page 22 of BPA's 2011 Annual Report. |
| | | 8 | Calculated from 2010 data. |
| | | 9 | Includes 56 hydropower plants and 1 coal-fired plant |

Rev: 2/27/2012

As with much of the Nation's infrastructure, the PMAs' infrastructure is aging and some of it needs to be upgraded or replaced. The federal hydropower system needs investment just to maintain capability as well as capture additional incremental capability. As referenced above, the PMA's transmission lines overlap the transmission grid in more than 40% of the continental United States, the vast majority of which is alternating current (AC). Its AC nature means that the PMAs' equipment is integrally intertwined with the underlying system; therefore, the PMAs' equipment must be resilient.

I will be directing² that each of the PMA's strategic plans and capital improvement plans recognize the changing nature of the electric sector, including but not limited to complying with NERC reliability standards, integrating variable resources, scheduling on an intra-hour basis, centralizing dispatch, responding to solar flares and minimizing cyber-security vulnerabilities. As the grid becomes smarter, it is also imperative to address its vulnerabilities and to protect critical infrastructure. The PMAs are uniquely positioned to serve as test beds for innovative cyber-security technologies, and we should take advantage of that opportunity.

² I recognize that, in some cases, one or more of the PMAs may already be accomplishing the directive.

I recognize that the current economic environment is creating pressure on many of the PMAs' customers. Capital improvements, therefore, must be staged to ensure the costs are appropriately managed.

1. IMPLEMENTING THE PMA's NEW TRANSMISSION AUTHORITIES:

In the 2005 Energy Policy Act (EPAct 05) and in the 2009 American Reinvestment and Recovery Act (ARRA), Congress gave new powers to two of the PMAs. These PMAs have been administering and must continue to administer their new authorities distinctly from their historic mission of delivering power from federal hydro dams.

a. Section § 1222:

While EPAct 05 enabled both WAPA and SWPA to partner with third parties to develop needed transmission, the §1222 Program has not yet been used. Both WAPA and SWPA are actively evaluating applications under this authority.

DOE will continue to work with WAPA and SWPA to evaluate these applications, with a critical eye toward achieving the transmission development goals that Congress intended.

b. Borrowing Authority Program:

The Deputy Secretary has been working and will continue to work with WAPA and other Department entities to implement reforms necessary to ensure the borrowing authority programs are building the infrastructure this Nation needs while protecting and providing value to the taxpayer. Subsequent memoranda will provide specific directives on the borrowing authority program.

2. IMPROVING THE PMAs' RATE DESIGNS:

With the changing needs for and uses of the electric grid, rate design will also change. While continuing to market and deliver federal hydropower at cost-based rates, to the extent allowed by their enabling statutes and existing contractual arrangements, I am directing the PMAs to create rate structures that incentivize the following:

- energy efficiency programs,
- demand response programs,
- integration of variable resources, and
- preparation for electric-vehicle deployment.

I am also directing the PMAs, if applicable, to take actions that will minimize rate pancaking in their service territories.³ Further instructions will be provided by subsequent memoranda to implement the partnership between DOE headquarters and the PMAs to achieve this end.

³ Rate pancaking inhibits the transport of electricity over large distances. Advocating for the elimination of rate pancaking should not be viewed as a call for the creation of a regional transmission organization. My goal is to make the transport of electricity more economic.

3. IMPROVING COLLABORATION WITH OTHER OWNERS AND OPERATORS OF THE GRID:

The reliability of the grid depends on cooperation and collaboration among all owners and operators of the grid. I direct the PMAs to continue to look for ways to strengthen relations with other owners and operators of the grid and grid components, which should include, but not be limited to, the following:

- coordinating operations with neighboring balancing authorities;
- increasing cooperation between public and private power; and
- participating more effectively in regional planning.

I am also directing the PMAs to capture economies through partnering with others in planning, building, and operating the grid. I have been informed that WAPA is working with the WECC and other critical stakeholders, including the Public Utility Commission driven Energy Imbalance Market (PUCeim), National Renewable Energy Lab (NREL), and its customers, on the Energy Imbalance Market (EIM) proposal. WAPA has made a decision to assume that the EIM will go forward and that it will be a market participant. I applaud this decision, as it will capture many of the potential efficiencies that remain untapped in the Western Interconnection. While WAPA may incur costs during the initial transition to an EIM, ultimately the move should reduce the overall costs for WAPA's customers.

4. WORKING WITH CONGRESS TO MODERNIZE OVERSIGHT OF THE PMAS:

As discussed above, the statutes governing the PMAs are extremely complex. There are hundreds of different statutes--the earliest dating back to 1902--that affect how and to whom the PMAs market Federal power. Of course, there are also a plethora of statutes that apply to all entities in the electric sector including the PMAs, such as reliability standards and environmental laws. The maze of statutes can divert the PMAs' attention away from building and maintaining the infrastructure needed to compete in the global economy.

One of the PMAs, BPA, has a revolving fund that allows it to fund capital improvements. However, two PMAs--WAPA and SWPA⁴--must obtain Congressional approval to invest in even modest capital improvement, which could inadvertently limit the PMA's ability to maintain the reliability of the transmission grid.⁵ The PMAs should be given the financial rights and responsibilities to go along with their existing responsibilities for keeping the lights on.

⁴ While SEPA must also get Congressional approval for capital improvements, it does not own or operate transmission lines. Therefore, its ability to finance capital improvements does not directly affect grid reliability.

⁵ Historically, the PMA customers have recognized the difficulties created by this model and have worked with the PMAs either to fund directly capital projects or to pre-pay some of their utility bills allowing the PMA to use these customer advances towards capital improvements.

DOE will be asking Congress to provide both WAPA and SWPA with a revolving fund similar to BPA.

CONCLUSION:

The PMAs have done an admirable job delivering federal hydropower over the last century. However, while continuing a commitment to cost-based rates, the PMAs must now rise to the challenges of the 21st century. Just as DOE is calling on the private sector to help our Nation win the future, DOE and the PMAs must do the same. The federal government should be leading the way for a modern, secure and reliable electric transmission grid.

Miller, Lori E (CONTR) - DKR-7

From: Calimlim, Camille EX 6
Sent: Tuesday, March 20, 2012 10:33 AM
To: Baskerville, Sonya L (BPA) - DKN-WASH
Subject: Questions

Q's for Tim (and others) FYI.

1. (Panel) Aging infrastructure. President Obama proposed the creation of a National Infrastructure Bank. How would a water and program like this help to solve our aging infrastructure issues?
2. (PMA Administrators) Concerned w/escalated costs of aging infrastructure. The less money you have borrow from treasury means less interest our constituents would have to pay.
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 - Will you be soliciting public comment from stakeholders prior to implementation of these initiatives and will it consider the purview of the state regulatory commissions?
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Miller, Lori E (CONTR) - DKR-7

From: Clapp, Doug (Appropriations) Ex 6
Sent: Tuesday, March 20, 2012 12:53 PM
To: Baskerville, Sonya L (BPA) - DKN-WASH
Subject: ?

Attachments: image001.gif



image001.gif
(107 B)

Power administrations must lead in grid upgrades -- Chu

Hannah Northey, E&E reporter

Published: Friday, March 16, 2012

http://adserver.eenews.net/www/delivery/lg.php?bannerid=1249&campaignid=521&zoneid=73&source=click_to&loc=http%3A%2F%2Fwww.eenews.net%2Ffeednewspm%2F2012%2F03%2F16%2F2%27&cb=118a6513be

The Obama administration announced plans today to use federal power marketing administrations to lead the way in upgrading the transmission grid, bolster renewables and serve as "test beds" for new cybersecurity technologies.

Energy Secretary Steven Chu outlined the strategy in a memo <http://www.eenews.net/assets/2012/03/16/document_pm_02.pdf> on how the organizations can leverage partnerships, rate-making power and financing to upgrade transmission and install new technologies to make the system more reliable, secure and accessible for renewable power generators.

"As the grid becomes smarter, it is also imperative to address its vulnerabilities and protect critical infrastructure," Chu wrote. "The PMAs are uniquely positioned to serve as test beds for innovative cybersecurity technologies, and we should take advantage of that opportunity."

The PMAs -- the Bonneville, Western Area, Southeastern and Southwestern power administrations -- are independent companies within the Energy Department that market wholesale electricity, mainly from federal hydropower projects. The entities are critical to the administration's clean-power efforts because their electric systems overlay thousands of miles of transmission and distribution lines in 20 states and cover about 42 percent of the land area of the continental United States.

Chu outlined four main avenues through which the administrations can meet these goals.

First, Western Area and Southwestern should use their authority under the Energy Policy Act of 2005 -- which has never been used -- to join with third parties to develop needed transmission. That provision would allow the Energy secretary to act through the federal marketing administration to build and operate new transmission projects if the project meets certain criteria, including reducing congestion or meeting electricity demand.

Second, Chu directed the administrations to craft rate structures that provide incentives for energy efficiency, demand response, integration of renewables and preparing the grid for electric vehicle deployment.

Third, he said, administrations should begin partnering with neighboring grid operators and owners and private companies to plan, build and operate the grid going forward.

Lastly, the administrations should work with Congress to help streamline a complex regulatory system that includes "hundreds of different statutes" that date back to 1902 and affect power sales, reliability and environmental laws, Chu said. The "maze of statutes," he added, diverts attention from building the grid and competing in the global economy.

Chu also pointed out that only Bonneville has a revolving fund to pay for its capital improvements, while other administrations must obtain congressional approval to "invest in even modest capital improvement." That situation can limit reliability of the transmission grid and should be changed, he said.

Chu's memo is getting heat from House Natural Resources Chairman Doc Hastings (R-Wash.).

Hastings said in a statement that DOE's strategy will increase energy costs for millions of American families and small businesses and possibly violate the administration's traditional mission of providing the lowest-cost energy possible to customers.

"While some of the secretary's goals may be laudable, the statutory basis of some of these proposed actions is at best unclear and the impact on consumers potentially significant," Hastings said. "At a time of economic malaise, the last thing we need is another Obama Administration mandate that could only serve to increase energy rates and shift costs to consumers that receive no benefit."

Hastings said the memo is sure to be a topic of conversation next week when the power administrations appear before his committee to discuss the Obama administration's fiscal 2013 budget request.

Miller,Lori E (CONTR) - DKR-7

From: Calimlim, Camille EX 6
Sent: Thursday, April 05, 2012 8:38 AM
To: Baskerville,Sonya L (BPA) - DKN-WASH
Subject: FW: Committee on Natural Resources - Ovr Hrg Notice 4.26.12
Attachments: FC Hrg Notice 4.26.12.doc

From: Locke, Nancy
Sent: Thursday, April 05, 2012 11:33 AM
To: All Staff - Natural Resources Cmte; Natural Resources Repub All Schedulers; Natural Resources Repubs All LAs; Natural Resources Dem All Schedulers; Natural Resources Dems All LAs; Digest, Committee; Hall, Dan; Taft, Tammy; Cox, William; Strickland, Joe
Subject: Committee on Natural Resources - Ovr Hrg Notice 4.26.12

April 5, 2012

□ □ □ Hearing Notice □ □ □

MEMORANDUM

To: Members, House Committee on Natural Resources
From: The Honorable Doc Hastings, Chairman
Subject: House Committee on Natural Resources Oversight Hearing on *“Increased Electricity Costs for American Families and Small Businesses: The Potential Impacts of the Chu Memorandum.”*

The Committee on Natural Resources will hold an oversight hearing on **Thursday, April 26, 2012 at 10:00 a.m., in room 1324 Longworth House Office Building** entitled, *“Increased Electricity Costs for American Families and Small Businesses: The Potential Impacts of the Chu Memorandum.”*

Secretary of Energy Steven Chu has been invited to testify. Other witnesses will be by invitation only.

If you need further information, please contact Kiel Weaver (Staff Director), Nancy Locke (Chief Legislative Clerk) or Matt Gall (Clerk) at 202-225-8331.

The use of cellular telephones is prohibited on the Committee dais or in the Committee hearing rooms during the meeting of the Committee pursuant to Rule 3(m) of the Committee Rules. Accommodations for individuals with disabilities, including assistive listening systems, interpreters, and materials in alternate formats, may be arranged by contacting the Committee in advance of the scheduled event (4 business days notice is requested) at voice (202) 225-2761; fax (202) 225-5929; online at <http://naturalresources.house.gov/contact/>; or at 1324 Longworth House Office Building (HOB), Washington, D.C. 20515-6201

7/26/2012

Nancy Locke
Chief Legislative Clerk
Committee on Natural Resources
1324 Longworth HOB
202-225-2761

Miller,Lori E (CONTR) - DKR-7

From: Gall, Matt Ex 6
Sent: Thursday, April 05, 2012 8:39 AM
To: Baskerville,Sonya L (BPA) - DKN-WASH
Subject: FW: Committee on Natural Resources - Ovr Hrg Notice 4.26.12
Attachments: FC Hrg Notice 4.26.12.doc

From: Locke, Nancy
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Nancy Locke
Chief Legislative Clerk
Committee on Natural Resources
1324 Longworth HOB
202-225-2761

Miller, Lori E (CONTR) - DKR-7

From: Congressman Doc Hastings EX 6

Sent: Thursday, April 05, 2012 9:52 AM

To: Baskerville, Sonya L (BPA) - DKN-WASH

Subject: Chairman Hastings: Dept. of Energy Directive to BPA and other PMAs Could Increase Energy Rates for Millions of American Families



Thank you for subscribing to my e-newsletter. I'm pleased to provide this Dams, BPA and Northwest Power e-newsletter as an additional way for me to keep in touch with those interested in energy issues facing our region. I hope you find it informative and I encourage you to forward it to any co-workers or friends who might be interested in [signing up themselves](#) to receive periodic updates in the future.

Sincerely,

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TOP NEWS

Hastings Invites Secretary Chu to Testify on PMA Memorandum that Could Increase Energy Rates for Northwest Families

WASHINGTON, D.C. – Today, House Natural Resources Committee Chairman Doc Hastings (WA-04) sent a letter to Department of Energy (DOE) Secretary Steven Chu inviting him to testify at a Full Committee [oversight hearing](#) on Thursday, April 26th regarding concerns raised by Secretary Chu's recent [Memorandum](#) to the Power Marketing Administrations (PMAs). The hearing will be an opportunity for Members of the Natural Resources Committee, which has jurisdiction over the PMAs, to question Secretary Chu on the potential energy cost increases that could result from his Memorandum. The letter also asks for DOE to delay implementation of the Memorandum until proper Congressional oversight and public input occur.

Hastings [initially raised concerns](#) that Secretary Chu's Memorandum would raise energy costs on March 16th as well as in a Subcommittee on Water and Power [budget oversight hearing](#) on March 20th with the Administrators of all four PMAs in attendance as witnesses.

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The four Power Marketing Administrations are: Bonneville Power Administration; Western Area Power Administration; Southwestern Power Administration; and Southeastern Power Administration.

Click [here](#) for a full copy of the letter.

"This oversight hearing is highly necessary in light of numerous concerns over the Memorandum and the impact it could have on increased energy prices. Many consider the Memorandum to change the core mission of the Power Marketing Administrations (PMAs) from agencies providing low-cost hydropower within sound business principles to agencies that will be used to impose experimental schemes designed to pick winners and losers in the energy market while raising energy costs," wrote Chairman Hastings.

"Your Memorandum seeks to dramatically change the PMAs and bluntly implement what seems to be a 'Washington, DC knows best' philosophy on ratepayer-financed regional entities that usually work well with their customers. It is troubling that your Memorandum appears to implement a top-down approach that could most certainly impose greater costs and risks that outweigh benefits and could force national directives that would supersede or conflict with existing PMA statutory authority..."

WHAT: Full Committee Oversight Hearing on:

"Increased Electricity Costs for American Families and Small Businesses: The Potential Impacts of the Chu Memorandum"

Witnesses: Secretary of Energy Steven Chu, invited. Other witnesses to be announced.

WHEN: Thursday, April 26, 2012
10:00 A.M.

WHERE: 1324 Hearing Room in the Longworth House Office Building

Visit the [Committee Calendar](#) for testimony and additional information, once it is made available. The hearing is open to the public and a live video stream will be broadcast at <http://naturalresources.house.gov/live>.

###

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Miller, Lori E (CONTR) - DKR-7

From: Congressman Doc Hastings EX 6

Sent: Thursday, April 05, 2012 9:56 AM

To: Baskerville, Sonya L (BPA) - DKN-WASH

Subject: Hastings Invites Secretary Chu to Testify on PMA Memorandum that Could Increase Energy Rates for Northwest Families



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