

BPA announces new wholesale rates

New rates support power system improvements

Portland, Ore. – The Bonneville Power Administration today adopted a 7.1 percent average wholesale power rate increase and a 4.4 percent average transmission rate increase for fiscal years 2016 and 2017. The rate increases support investments in the federal hydropower system and expansion of BPA’s high-voltage transmission system to meet regional needs. The new rates will take effect Oct. 1.

“BPA has spent the past two years working with our customers and other regional partners to meet the collective needs of the Northwest in the most reliable, cost-effective and environmentally sustainable way possible,” said BPA Administrator and CEO Elliot Mainzer. “The rates in the final record of decision reflect that collaborative effort.”

Power rates

The increase in power rates is due to the expiration of debt management actions that reduced capital costs in the current BP-14 rate case; other capital-related costs; and expense increases for hydroelectric system operations and maintenance. Additional drivers behind the increase are: expected cost increases for fish and wildlife programs; an automatic cost escalation under the long-term [2012 Residential Exchange Program](#) settlement, which provides benefits from the low-cost federal power system to eligible Northwest residential and small farm customers; an increase in BPA’s cost of acquiring energy and transmission services to meet obligations to deliver power to off-system customers; and a reduction in BPA’s long-term firm power sale to Alcoa.

To avoid a greater increase, BPA significantly cut its controllable costs through additional debt management actions, interest savings on expensing energy efficiency, reductions in undistributed internal expense and a decrease in operations and maintenance expenses for the Columbia Generating Station.

Transmission rates

The transmission rate increase stems mainly from the need for new construction and replacement of existing assets that will help maintain reliability; the facilitation of renewable resource integration; and the costs of requirements for reliability, cyber and security compliance.

With his [final record of decision](#) today, the administrator also adopted the [settlement agreement](#) that customers and BPA staff reached last September on most of the rates for ancillary and control area services.

The new rates will affect local retail utilities differently depending on the amount of power and type of services they purchase from BPA. Local utilities ultimately determine the retail impact of BPA rates on businesses and residents they serve.

Rate-setting process

BPA is a self-funded federal power marketing agency under the U.S. Department of Energy. It receives no congressional appropriations and sets its rates to ensure full recovery of its costs, including obligations to repay its debt to the U.S. Treasury. BPA reviews its wholesale power and transmission rates every two years through several public processes.

In January 2014, BPA, its utility customers and other stakeholders began an extensive nine-month review of Bonneville's programs, budgets and costs. This process, called the [Integrated Program Review](#), provided parties an opportunity to review, challenge and comment on BPA's program spending levels. Following the IPR, BPA began the formal rate case in December by presenting its proposed rates for fiscal years 2016-2017 and supporting analysis.

In June, the administrator issued a draft decision on the rates. The formal rates process concluded today with the administrator's final record of decision. BPA's final rates will be filed with the Federal Energy Regulatory Commission by the end of July to provide the required 60 days for review and interim approval. Final approval usually takes about a year. For more information about BPA's rate case process, visit: www.bpa.gov/goto/ratecase.

The decisions in this rate case set the stage for continuing regional discussions on issues that would benefit from further collaboration, including BPA's capital investments in the hydropower and transmission systems and BPA's program delivery models, including energy efficiency. It is expected that these discussions will begin this fall.

About BPA

The Bonneville Power Administration, headquartered in Portland, Ore., is a nonprofit federal power marketer that sells wholesale electricity from 31 federal dams and one nuclear plant to 142 Northwest electric utilities serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA delivers power via more than 15,000 circuit miles of lines and 259 substations to 490 transmission customers. In all, BPA markets about a third of the electricity consumed in the Northwest and operates three-quarters of the region's high-voltage transmission grid. BPA also funds one of the largest fish and wildlife programs in the world, and, with its partners, pursues cost-effective energy savings and operational solutions that help maintain affordable, reliable and carbon-free electric power for the Northwest. www.bpa.gov

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