

BPA NEWS

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BONNEVILLE POWER ADMINISTRATION
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BPA cuts costs in proposed rates for 2020 and 2021

Proposal focuses on competitiveness and modernization

Portland, Ore. – The Bonneville Power Administration today released its initial wholesale power and transmission rates proposal for fiscal years 2020 and 2021. The rates proposal includes significant program cost reductions and supports a multi-year grid modernization initiative to maximize the capacity of the federal power and transmission systems and improve grid efficiency.

The proposed average wholesale power rate increase is 2.9 percent for the two-year rate period and the average transmission rate increase is 3.6 percent. The initial proposal kicks off the rate-setting process, which will end with final decisions in July 2019. The new rates will take effect on Oct. 1, 2019.

“This rates proposal demonstrates BPA’s commitment to disciplined cost-management while investing in the most valuable work, including grid modernization and strengthening our financial health,” said Administrator Elliot Mainzer. “The proposal is a result of the focus and determination of the BPA workforce, the hard work of our federal and nonfederal generation partners, and an effective collaboration with our customers, states, tribes and other constituents throughout the region.”

BPA worked diligently to lower program spending through the 2018 Integrated Program Review, where it found \$66 million in annual program spending reductions compared to the current rate period.

“Our customers have clearly articulated their concerns about our cost structure and long-term competitiveness,” said Mainzer. “By fully absorbing inflation and further reducing costs, we have made real progress in bending the cost curve. But we are not stopping here. We must continue to lean in to find additional savings and new sources of revenues as we execute on our 2018-2023 Strategic Plan.”

The program cost reductions helped to offset significant upward power rate pressures from a continued decline in surplus power sales revenues, lower customer and direct-service industry



loads, and the financial result of a 2015 decision to fund energy efficiency through expense instead of capital.

The power rate proposal also supports investments in BPA's financial health by ensuring adequate liquidity in the form of financial reserves during the next rate period. Additional savings from debt-management actions and lower transmission costs that are tied to a proposed transmission rates settlement contributed to BPA's ability to offset most of the upward power rate pressure.

BPA has offered and expects to reach a settlement on transmission rates, as well as the associated ancillary and control area services rates, as part of its efforts to reach an agreement with customers about the terms and conditions of a new transmission tariff. BPA is proposing the new tariff in a separate proceeding called TC-20. This settlement includes a 3.6 percent average transmission rate increase.

BPA is a nonprofit federal wholesale utility that receives no congressional appropriations and must recover its costs through rates. 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 impact of BPA's rates on individual businesses and residents.

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale electricity from 31 federal dams and one nuclear plant to 143 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 260 substations to 511 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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