



Department of Energy

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

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

September 4, 2019

In reply refer to: FOIA #BPA-2019-01053-F

Mike Baker
The New York Times
(no address provided)
Email: mike.baker@nytimes.com

Dear Mr. Baker:

This communication is the Bonneville Power Administration's (BPA) final response to your request for agency records made under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA). Your records request was received on June 26, 2019, and was formally acknowledged on July 12, 2019.

Request

“Copies of all messages from members of Congress requesting a discounted or renegotiated rate for a BPA customer since January 2015.”

Response

BPA has searched for and gathered 5 pages of responsive records from the agency's Regional Relations Office. BPA is releasing 5 pages in full, with no redactions.

Fee

There are no FOIA fees applicable to the fulfillment of your request for BPA records.

Certification

Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the records release and determinations described above. Your FOIA request BPA-2019-01053-F is now closed with all available agency records provided.

Appeal

The adequacy of the search may be appealed within 90 calendar days from your receipt of this letter pursuant to 10 C.F.R. § 1004.8. Appeals should be addressed to:

Director, Office of Hearings and Appeals
HG-1, L'Enfant Plaza
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585-1615

The written appeal, including the envelope, must clearly indicate that a FOIA appeal is being made. You may also submit your appeal by e-mail to OHA.filings@hq.doe.gov, including the phrase "Freedom of Information Appeal" in the subject line. (The Office of Hearings and Appeals prefers to receive appeals by email.) The appeal must contain all the elements required by 10 C.F.R. § 1004.8, including a copy of the determination letter. Thereafter, judicial review will be available to you in the Federal District Court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where DOE's records are situated, or (4) in the District of Columbia.

You may contact BPA's FOIA Public Liaison, Jason Taylor, at the address on this letter header for any further assistance and to discuss any aspect of your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road-OGIS
College Park, Maryland 20740-6001
E-mail: ogis@nara.gov
Phone: 202-741-5770
Toll-free: 1-877-684-6448
Fax: 202-741-5769

Questions about this communication may be directed to Thanh Knudson, Flux Resources, LLC, at etknudson@bpa.gov or 503.230.5221

Sincerely,



Candice D. Palen
Freedom of Information/Privacy Act Officer

Responsive records attached

United States Senate

WASHINGTON, DC 20510

June 12, 2017

Mr. Elliot Mainzer
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Dear Administrator Mainzer:

We write to you with respect to an issue in Bonneville Power Administration's 2018 power and transmission rate case: the elimination of the Montana Intertie (IM) rate.

As you know, the nation's electric power sector is in the midst of a major transition. Historically low natural gas prices and declining costs of wind and solar power have combined with new consumer demands and technological innovation to disrupt the status quo. These factors are affecting the Northwest and BPA as well.

We are keenly aware of the dual budgetary pressures BPA faces from rising costs and low wholesale power prices. The current rate case is an important near-term opportunity to keep BPA's rates competitive while focusing on long-term regional needs. In that context, we support making incremental changes to BPA's transmission policies in order to facilitate economic dispatch of renewable energy in the region while avoiding any significant rate pressure on consumers. Greater availability of renewables will benefit consumers in Oregon, Washington, Idaho, and Montana.

Given the shifting generation resource mix in the region, it may be unusual to discover agreement between the Washington and Montana legislatures. But we are in agreement with them that the IM rate should be eliminated for service on BPA's 200-MW share of the Eastern Intertie (i.e., the share not subscribed under the Montana Intertie Agreement) and, instead, BPA should charge Network rates beginning at Townsend.

We offer several comments in support of this position.

First, we believe that eliminating the segmented rate would be consistent with BPA's statutory obligations, including the requirement under the Federal Columbia River Transmission System Act to establish rate schedules "with a view to encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles."

A decision about whether to retain a segmented rate should not hinge on whether the IM rate is the decisive factor in the development (or lack of development) of new renewable resources. It may well be one of several of impediments that materially impact a development decision. Other potential impediments are not at issue in this rate case and should not bear on your decision.

Second, it is important to understand the early history of the Eastern Intertie. Our purpose is not to propose a precedent for any particular allocation of costs for future transmission service (this history precedes modern open access policies) but rather to establish a broader context around the line's original purposes. This context suggests a historical basis for emphasizing the value to BPA and the region of fully utilizing BPA's share of the intertie.

As you know, the line originated with plans by a group of investor-owned utilities to deliver coal-generated power to customers across the Northwest. Since its construction, it has largely served this purpose. But it had broader public purposes than a radial line wholly dedicated to transmitting coal-fired power from a single privately-owned plant. Prior to and after construction, BPA conceived of and effectuated agreements to use the intertie to improve the operational efficiency of the Federal Columbia River Power System (FCRPS) and to serve federal preference customers.

BPA's original 1981 contract with the owners of the Colstrip plant contemplated wheeling power from the Western Area Power Administration (WAPA) across the intertie to preference customers in California. BPA and WAPA signed a memorandum of understanding to that effect in 1984 that ran through late 1990.

In comments to Congress throughout the 1980s, BPA Administrators Johnson and Jura described the benefits to the FCRPS of this arrangement with WAPA. For example, in congressional hearings in 1982, Administrator Johnson described how the 200 megawatts "available for exchange" will "provide purchasing flexibility and benefit WAPA customers by making surplus secondary power from the Columbia River power system available to them. Both hydro systems [the Columbia and the Missouri] will become more efficient. River operations will be improved."

This early history of wheeling across the intertie is not determinative of the current rate case, but it does illustrate BPA's early efforts to optimize usage of the intertie. It also highlights the underutilization of the intertie in the intervening decades.

Third, our comments here do not extend beyond the transmission capacity currently covered by the IM rate. They should not be read to imply anything about the Townsend-Garrison Transmission or Eastern Intertie rates. Nor do we view eliminating the IM rate, given the Eastern Intertie's unique fact pattern and contractual constraints, as establishing any precedent with respect to the Southern Intertie, any more than the 1996 rate case settlement with respect to rolling in the costs of the Northern Intertie established a precedent for BPA's other interties. To the extent a settlement in the current rate case would similarly offer a nonprecedential resolution to this issue, we would support that outcome this year.

Finally, we expect that BPA will consider the costs of any proposed new facilities, upgrades, or reinforcements related to requests for service across the intertie consistent with the procedures and methodologies in your Open Access Transmission Tariff. As BPA staff stated in the last rate case, “[w]e know of no reason why roll-in of BPA’s existing 200 MW of Eastern Intertie capacity would affect the treatment of new facilities, because the tariff procedures would remain unchanged.” In your final decision, we urge you to provide clarification and further direction to staff, as needed, with respect to the application of these procedures, including distinctions between direct cost assignment and inclusion in Network rates on an embedded or incremental basis. Such direction should seek to minimize any long-term cost risks.

To the extent you identify other barriers to diversifying the region’s renewable portfolio and optimizing use of BPA’s transmission network, we also encourage you to join us and others in facilitating a broader set of solutions moving forward.

Thank you for your consideration and for your hard work to keep BPA a competitive and reliable platform for the economy and communities of the Northwest.

Sincerely,



Maria Cantwell
United States Senator



Jeffrey A. Merkley
United States Senator

Congress of the United States
Washington, DC 20510

March 1, 2016

Mr. Elliot Mainzer
Administrator
Bonneville Power Administration
905 NE 11th Avenue
Portland, Oregon 97232

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 2016-0012
RECEIPT DATE: 3/2/16
DUE DATE: 3/22/16 ★assigned★

Dear Administrator Mainzer:

We write regarding the power contract between the Bonneville Power Administration (BPA) and Alcoa, Inc., and its impact on the Intalco Works plant in Ferndale, Washington.

BPA and Alcoa have a long history dating back to the 1940s when Direct Service Industry customers were first attracted to the Northwest by the promise of low-cost power. Large power purchasers like Alcoa in turn provided BPA with predictable and consistent energy demands which helped build out the federal power system, benefiting the entire Northwest. Intalco Works began operations in Ferndale in 1966, and is one of the largest employers in Whatcom County.

On November 2, 2015, Alcoa announced a significant reduction in its aluminum smelting capacity and its intentions to idle aluminum smelting operations at Intalco Works by March 2016 and at Wenatchee Works by the end of 2015. A combination of factors from aluminum prices at six-year lows to high energy costs to unabated Chinese dumping to imports from Canada and Mexico led to adverse market conditions and Alcoa's decision to idle these two aluminum smelting facilities. In January 2016, Alcoa delayed idling Intalco Works until June 2016.

Intalco Works has been a key employer in Ferndale for decades, providing good paying, middle class jobs for 583 employees and their families and supporting the local economy and communities in Whatcom County. Over the years, we have worked with BPA, the Department of Energy, and Alcoa to help ensure the unique power needs of Intalco Works are taken into account. In order to compete in difficult global market conditions and make it through hard times like these, Alcoa needs a flexible, competitive power contract.

We appreciate the steps BPA has taken to date, including revisions to Alcoa's power contract that helped make it possible for Alcoa to extend production at Intalco Works through June 2016. BPA has also benefitted by selling additional power at a higher rate. We understand discussions between BPA and Alcoa continue on additional changes to Alcoa's contract, which could keep Intalco Works operating for a longer period of time, keeping these family wage jobs in Whatcom County.

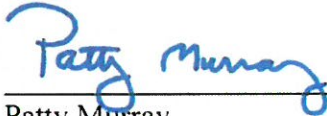
We respectfully request that you work to find resolution to this issue in short order to provide certainty to the hundreds of employees who are in a state of limbo. We know that BPA's action alone cannot prevent a curtailment from going into effect. Alcoa must also invest in the facility

in a way that will preserve and enhance employment opportunities, and needs to make good use of a valuable regional resource.

We understand the significant impacts idling Intalco Works will have on our constituents and the community from financial insecurity for hundreds of families to slower economic growth. We have also worked for many years to protect the value of our low-cost federal power system for everyone in the Northwest and to distribute those benefits as widely as possible. Given the current economic outlook, we appreciate your efforts to quickly find a solution that helps maintain family wage jobs while not placing a significant economic impact on other customers in the Northwest.

We look forward to hearing from you soon on this important matter.

Sincerely,



Patty Murray
United States Senator



Maria Cantwell
United States Senator



Suzan DelBene
Member of Congress



Rick Larsen
Member of Congress