

Stenehjem, Carlene R - DKC-7

From: on behalf of BPA Public Involvement

Subject: FW: Comments of NW Energy Coalition regarding BPA funding for the NW Power and Conservation Council

From: Steve Weiss [mailto:weiss.steve@comcast.net]

Sent: Friday, June 23, 2006 11:18 AM

To: BPA Public Involvement

Subject: Comments of NW Energy Coalition regarding BPA funding for the NW Power and Conservation Council

June 23, 2006

NW Energy Coalition comments regarding BPA funding for the NW Power and Conservation Council

The NW Energy Coalition ("Coalition") is a private, non-profit alliance of more than 100 consumer and good-government groups, low-income agencies and advocacy organizations, environmental organizations and progressive utilities. The Coalition's membership is from the four Northwest states, California and British Columbia.

In the WP-07 ratecase, some utilities and others challenged Bonneville's funding levels for the Council on the grounds that it exceeds the 0.1 mill per firm kwh statutory limit. The Coalition strongly disagrees with both the legal and policy rationales for their arguments.

Legal and Policy Concerns

1. The Coalition concurs with Bonneville's legal interpretation provided in the Notice that : (a) forecast firm power sales associated with the Residential Exchange be included in the funding determination; and, (b) REP Settlement Agreements should not be construed so as to frustrate the clear intent of Congress to adequately fund the Council. Clearly it was Congress' intent to provide adequate funding to the Council, and a settlement of the Exchange should not have the obviously unintended consequence of affecting that intent.

2. Bonneville should include in its calculation of firm load the conservation savings it has acquired in the utilities' service areas since the inception of the Regional Act. To not do so would be to treat conservation differently than supply-side resources. We do not believe it was the intent of Congress to slowly starve the Council's budget over time through the natural attrition of inflation, given the important roles it was given in the Regional Act. Congress could have explicitly included an inflation adjuster for the funding level, but did not do so, because it was expected that BPA's customers' need for power would grow through the years. But it is also clear that Congress expected the law to spur BPA's conservation efforts considerably. Therefore, only by treating conservation acquisitions on an equal basis with supply-side investments can the Council's inflation-adjusted budget be maintained.

3. Looking forward to the paradigm shift of the Regional Dialogue, this issue of inflation-erosion of the Council's funding is even more critical. We are concerned that the Act's assumptions regarding BPA's role may be overturned. While that may be a prudent outcome for other reasons, surely it should not have the unintended consequence of slowly starving the

Council. Including conservation in the firm load calculation will help delay this problem, but not eliminate it. We urge BPA and the region to proactively fix this problem, perhaps as part of new utility contracts; an amendment to the Regional Act; or other means.

Finally, it should not be left unsaid what this debate is really about. The size of the Council's budget is so small in comparison to Bonneville's budget, that it is "in the noise" of ratemaking. It is not credible to believe that this is solely, or even mainly about money. It is instead an attack on the Council, its independence, and its role in the region. The Coalition does not always agree with Council decisions. However, its role is critical in the region as oversight to BPA; as independent analyst in fish, power issues; as representing regional, rather than parochial interests; as conduit for states' interests; and representing the long view over short-term concerns. The Coalition strongly supports the Council's presence and work, and urges Bonneville to continue to provide it adequate funding to maintain its important role.

The Coalition also endorses the comments of Ralph Cavanagh of NRDC and Jim Lazar on this matter.

Thank you.

Steve Weiss
Sr. Policy Associate
NW Energy Coalition
503-851-4054