

October 18, 1995

Introduced By: Hague, Fimia,
Laing, Miller,
Vance, von
Reichbauer

October 30, 1995 clerk
residexch/jk

Proposed No.: 95-674

MOTION NO. **9703**

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2
3 A MOTION in opposition to a rate proposal
4 by the Bonneville Power Administration,
5 requesting action by the Northwest
6 congressional delegation and the U.S.
7 Department of Energy that would preserve
8 the intent of the Northwest Power Act of
9 1980 by freezing BPA's residential
10 exchange rate at its current level until
11 such time as a comprehensive amendment of
12 the act may be adopted, and expressing
13 appreciation for action taken by the U.S.
14 House and Senate Conference Committee on
15 Energy and Water Development
16 Appropriations.

17 WHEREAS, the residential exchange benefit program was
18 created by Congress in the Northwest Power Act of 1980 to
19 provide equity for residential and small farm customers of
20 all utilities, so that they could share in the benefits from
21 power generated by publicly funded hydroelectric projects,
22 and

23 WHEREAS, the residential exchange program has
24 successfully worked to balance the price of power for
25 customers of private and public utilities, and

26 WHEREAS, the Northwest Power Act of 1980 also recognized
27 that BPA is subsidized in its ability to provide power and
28 offer lower rates to all taxpayers, regardless of whether
29 they are served by a public or private utility, and

1 WHEREAS, the credits created by the exchange are passed
2 on directly to the consumer and the utilities themselves do
3 not profit from the program, and

4 WHEREAS, the residential exchange is providing
5 residential and small farm credits for almost 2 million
6 Northwest homes and small farms, some 500,000 of which are in
7 King County and nearly 1 million of which are in Washington
8 state, and

9 WHEREAS, the Bonneville Power Administration proposes to
10 sharply reduce the residential exchange credit in 1996 in
11 order to accommodate a rate cut to BPA's Direct Service
12 Industrial customers and government owned utilities, and

13 WHEREAS, the reduction of this credit would re-create
14 the basic inequality between customers of public and private
15 utilities that Congress had eliminated with the Northwest
16 Power Act, and

17 WHEREAS, the proposed reduction in the residential
18 exchange credit could cause nearly 1 million residential and
19 small farm customers in Washington state to pay as much as an
20 additional \$100 or more per year for electricity, and

21 WHEREAS, BPA claims that the reduction in the credit is
22 required under Section 7(b)(2) of the Northwest Power Act,
23 but this claim is based on questionable assumptions that the
24 agency has made regarding the marginal cost of serving Direct
25 Service Industrial customers, power reserves supplied by
26 these customers and the cash and power reserves required of
27 BPA by the Act, and

1 WHEREAS, the Federal Energy Regulatory Commission is not
2 allowed to consider whether BPA's different power rates
3 correctly or fairly allocate costs among different customers,
4 and only the Northwest congressional delegation can play the
5 practical role of overseeing how BPA addresses this critical
6 issue, and

7 WHEREAS, the U.S. Department of Energy and BPA have
8 called for a regional and comprehensive review of BPA's role
9 and structure in the Pacific Northwest, which could provide
10 the basis for a comprehensive amendment to the Northwest
11 Power Act, if there proves a need to revise how different
12 classes of BPA customers are treated;

13 NOW, THEREFORE, BE IT MOVED by the Council of King
14 County:

15 The Metropolitan King County Council opposes the
16 Bonneville Power Administration's proposal to increase its
17 residential exchange rate by 31.7% while reducing its rates
18 to Direct Service Industries and government-owned utilities
19 by 12.7% and 8.2%, respectively. The council believes this
20 proposal to be an administrative undermining of the Northwest
21 Power Act of 1980, which was designed to share the benefits
22 of taxpayer-funded hydroelectric projects equitably. The
23 council requests that the Northwest congressional delegation
24 and the U.S. Department of Energy examine the basis for BPA's
25 claim that Section 7(b)(2) of the Act requires this
26 significant rate increase. The council also requests that
27 the Northwest congressional delegation and the U.S.
28 Department of Energy intervene to freeze BPA's current
29 residential exchange rate for residential and small farm

1 customers of private utilities until such time as a
2 comprehensive amendment of the Northwest Power Act may be
3 adopted to revise how different classes of BPA customers are
4 to be treated. The council appreciates the action taken on
5 October 25, 1995, by the U.S. House and Senate Conference
6 Committee on Energy and Water Development Appropriations that
7 would direct BPA to make \$145 million available for
8 residential exchange credits in Fiscal Year 1997.

9 PASSED by a vote of 13 to 0 this 30th day of
10 October, 1995.

11 KING COUNTY COUNCIL
12 KING COUNTY, WASHINGTON

13 Kent Pullen
14 Chair

15 ATTEST:

16 Gerald A. Peterson
17 Clerk of the Council

18 Attachments:

19 None