

The Honorable Patty Murray  
Co-Chair, Joint Select Committee on Deficit Reduction  
448 Russell Senate Office Building  
Washington, DC 20510

The Honorable Jeb Hensarling  
Co-chair, Joint Select Committee on Deficit Reduction  
129 Cannon House Office Building  
Washington, DC 20515

September 9, 2011

**Re: Select Committee on Deficit Reduction - PMA Rate Policies**

Dear Members of the Select Committee on Deficit Reduction:

As organizations representing the customers of the Bonneville Power Administration (BPA), we are writing to urge you to reject any change to the rate setting policies of the federal Power Marketing Administrations (PMAs) as part of the “super-committee” efforts to craft a plan to reduce the federal deficit by \$1.5 trillion over the next 10 years. We recognize the important and difficult task you and the Joint Select Committee members face. Nonetheless, for the reasons outlined below, we believe any change to BPA’s rate policies would create significant economic harm and should be rejected.

Ratepayers in the Northwest pay all of the costs associated with generating and delivering the hydroelectric energy of the Federal Columbia River Power System. BPA rates recover the entire federal investment in the FCRPS – principal and interest, operation and maintenance, and significant environmental mitigation and restoration expenditures. This is one of the few federal programs that is fully repaid.

Maintaining BPA’s cost-based rates is one of the fundamental pillars of recently executed long-term contracts between BPA and its customers. Any effort to change BPA’s pricing policy would violate those contracts and prompt legal challenges that call into serious question whether any Congressionally-required change in BPA rates would actually generate additional revenue. In fact, the government risks significant litigation expenses as well as any court-ordered damages.

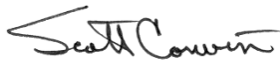
Regardless, if BPA was ordered to implement such a proposal, the increase in BPA rates would hurt the economy. Moderate electricity rates historically have been an engine for the Northwest economy, counteracting higher transportation costs and other factors. Arbitrarily raising rates will stifle economic activity that is already struggling to recover from the recession. Raising energy costs for business and industry is not the path to economic recovery.

In addition, increased BPA rates would cause residential consumers significant harm. Energy is a key expenditure for people on fixed incomes. Even with the Northwest’s continued aggressive energy conservation efforts, increased BPA rates are passed on to consumers who can ill-afford the added financial burden. Raising electricity rates simply reduces disposable income and stifles consumer spending, savings and investment.

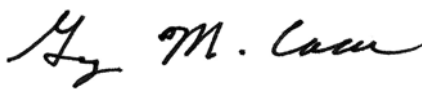
Increasing BPA rates is essentially a selective tax imposed unfairly on one region of the nation. The Northwest is home to pulp and paper factories, high-tech industries, large scale and family farming operations, and numerous other businesses both large and small. Taxing these businesses will harm both the regional and national economy.

We hope you agree that changing BPA rates is an option that will neither generate revenue for the Treasury nor improve our economic outlook and, therefore, should be rejected.

Sincerely,



Scott Corwin  
Executive Director  
Public Power Council



George Caan  
Executive Director  
Washington PUD Association



William K. Drummond  
Manager  
Western Montana Electric  
G&T Cooperative, Inc.



Kent Lopez  
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