BPA

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Power Boom Over

The Cheers Have Stopped for BPA

Few people know what it does, but the Bonneville Power Administration supplies a great deal of the Northwest's electricity — and determines what people pay for it.

This article concludes a series on the federal agency and its influential boss, Bonneville Power Administrator Sterling Munro.

By Joel Connelly

The Bonneville Power Administration was an agency with a populist mission when it was created by Congress in 1937.

Its task was to distribute — indeed, to find a market for — the abundant hydroelectric power from federal dams then being built on the Columbia River.

For many years, the BPA was part booster and part Santa Claus. It promoted dams and helped establish public utilities — doing battle with private power companies — and campaigned to bring the aluminum industry to the Northwest.

Nowadays, however, the cheering has stopped. Power is no longer abundant. Its price is soaring. And the BPA, as the key supply agency, is under fire.

"It has an impossible responsibility. The BPA is physically hooked up to everyone using power in the Northwest, which makes it politically responsible to everyone," said Jim Boldt, executive director of the Washington Public Utility Districts Association.

The old days of building dams and providing cheap power to eager consumers are over

Under federal law, some of the BPA's customers are entitled to get power before others — but everyone is hurting.

In 1973, the BPA cut off firm power supplies to private utilities such as Puget Power. The private utilities now get only surplus power, when it is available.

But Bonneville has also told public utilities — its preference customers — that the agency can no longer meet growth in their electrical demands after 1983.

The aluminum industry, which uses 25 percent of the BPA's power, has received the worst tidings. Bonneville has said it cannot renew the industry's long-term power contracts, which expire between 1984 and 1988.

The BPA is also raising its rates. It increased wholesale power charges an average 88 percent last December. Seattle City Light, which generates part of its own power, saw rates go up a whopping 112 percent.

The BPA plans four more rate increases during the next five years, which are expected to total an additional 45 percent over pre-December rates.

The rate increases which come out of the BPA's computers in Portland are felt in the electrical bills paid by every household in the Northwest.

The BPA's wholesale increase is expected to account for at least half of the 30 percent-plus rate boost that Seattle City Light customers will probably be paying this fall.

Recently, the Snohomish County Public Utility District — which gets all its power from the BPA — raised rates 39 percent for residential customers and 75 percent for business and industry.

The reason behind the BPA's steep rate increase is something known in utility jargon as "net billing." It translates into the high cost of nuclear power.

In 1971 and 1973, after authorization by Congress, the BPA agreed to purchase the full output of two nuclear plants and 70 percent of a third — regardless of what the electricity would eventually cost.

The estimated cost of those three nuclear plants has since zoomed from $1.55 billion to $7.8 billion. The trouble-plagued plants are being built at Hanford and Satsop by the Washington Public Power Supply System.

The BPA's Munro is understandably defensive about the nuclear deal. Congressional authorization for purchase of the nuclear plants' power was backed by Sen. Henry Jackson and was passed while Munro was Jackson's administrative assistant.

"The BPA purchased the capabilities of these nuclear plants because those plants were the least costly resources available to meet the region's increasing demand for power," Munro said in a recent

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speech.

The BPA has recently engaged in a year-long fight with WPPSS staff over how closely the federal agency could oversee construction of the nuclear plants.

A settlement was reached, but it left some bruises. WPPSS officials took "an extremely defensive, bomb shelter mentality" toward the negotiations, according to Munro.

There is no indication that closer supervision by the BPA can control WPPSS' soaring costs. A U.S. General Accounting Office report last September said that Bonneville was "not adequately prepared" to oversee nuclear construction.

"There has been a tremendous institutional friction between the BPA and WPPSS," said Seattle's Deputy Mayor Bob Royer, who oversees the city's participation in WPPSS.

The reason, according to Royer, is that WPPSS — which is building a total of five nuclear plants — once had ambitions to supplant the BPA as the Northwest's power marketing agency.

"It was like two big bureaucratic monsters confronting each other out in the field, with the earth shaking, to determine who would be master of the power lines," said Royer.

WPPSS is no longer so ambitious. Its nuclear program has nearly quadrupled in cost; the nuclear plants are running five to six years behind schedule; and the Supply System is the target of legislative probes.

Such battles demonstrate how agencies can develop minds and goals of their own. In the opinion of some critics, that has happened to the BPA.

"The BPA was set up to help the consumer, but when they speak of 'our customers,' they mean utilities," said Sierra Club Northwest representative Jim Blomquist. "From talking to them, you get the impression that the Bonneville Project Act was written for the aluminum companies."

The criticism is echoed by PUD spokesman Boldt. "A couple people who work for Bonneville have been very close to the aluminum producers and the private utility sector," he said.

It would appear to be an unfair charge, since the BPA has said it cannot supply power to aluminum plants in the future. But the agency has made some controversial moves to make sure aluminum producers keep getting power at present.

Last year, the BPA loaned 800 million kilowatts of power to aluminum plants — at a time when Oregon's Trojan Nuclear Plant was shut down, and BPA officials were warning of a serious electrical shortage in the Northwest.

The BPA's power loans "show that Bonneville has been and still is an operating arm of private industry . . . The agency is simply not serving the public in the Northwest," charged Oregon's U.S. Rep. Jim Weaver, a frequent agency critic.

Earlier this month, the BPA restored a large chunk of its interruptible power supply to aluminum producers, even though a below-normal water year is forecast for the Northwest.

(About 25 percent of the industry's power supply is interruptible, meaning it can be cut off in low-water years when the Northwest is short of power.)

The strongest protests against the BPA have come from California, which gets about 7 percent of its power from the Northwest. But Californians stand last in line, and do not get power if this region's utilities or industries need it.

California doesn't like its last-in-line position. Its utilities must burn oil — at enormous cost, and contrary to national energy policy — when surplus supplies from the Northwest are cut off.

"They've been telling us energy is in short supply and then turning around and giving it to the aluminum industry," said Dan Richard, special adviser to the chairman of the California Energy Commission. In response, Munro points to the BPA's legal obligation to give preference to aluminum producers. "We're kind of fussy," he said. "We have to obey the law."

California has also been forced to pay much higher price increases than the BPA's customers in the Northwest. The BPA is charging Golden State customers as much as 500 percent more for power. California has appealed the new rates to the Federal Energy Regulatory Commission.

But anger to the south has not fazed Munro, who argues that the BPA exists first and foremost to serve the Northwest. "Regionalism has been a valid and important component in resource development," he said.

The BPA is not shrinking from criticism. In fact, the agency is promoting a vastly expanded role for itself in the Northwest's energy future.

The agency currently supplies about 50 percent of the Northwest's power, its prime customers being public utilities and aluminum plants.

But under regional power legislation — currently pending in Congress — that percentage would go up. The BPA would provide power to homes and farms served by private utilities. It would also underwrite construction of whatever additional nuclear and coal-fired power plants are needed in the Northwest.

The BPA has seemed to recognize that its actions — whatever they are — are bound to stir up controversy. The old days of building dams and providing cheap power to eager consumers are over.

In a recent talk, Munro commented: "Once people cheered when ground was broken for a new power plant of any kind — be it a hydro plant in the Northwest, an oil-fired plant in Manhattan, a coal-fired plant in Pittsburgh, a nuclear project on the outskirts of Chicago — whatever, and wherever. Today the common thread is conflict . . ."