

SENATE COMMITTEE ON
AGRICULTURE AND NATURAL RESOURCES

March 21, 2003
10:00 AM

Hearing Room B
Tapes 44-45

MEMBERS PRESENT: **Sen. Frank Shields, Chair**
 Sen. Roger Beyer, Vice-Chair
 Sen. Bill Fisher

MEMBERS VISITING: **Sen. Rick Metsger**
 Sen. David Nelson
 Sen. Ryan Deckert
 Sen. Ferrioli, Chair
 Sen. Ken Messerle

MEMBERS ABSENT: **Sen. Tony Corcoran**

STAFF PRESENT: **Judith Callens, Committee Administrator**
 Megan Jensen, Committee Assistant

MEASURE/ISSUES HEARD: **Informational Meeting**
 Energy Issues – Steve Wright, Bonneville Power Administration

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 44, A		
005	Chair Shields	Calls Senate Agriculture and Natural Resources meeting to order at 10:06 a.m.
013	Co-Chair Ferrioli	Opens Senate Water and Land Use subcommittee meeting.
015	Co-Chair Metsger	Opens Senate Transportation and Economic Development subcommittee meeting.
018	Chair Shields	Opens information meeting.
<u>INFORMATIONAL MEETING</u>		
<u>ENERGY ISSUES – STEVE WRIGHT, BONNEVILLE POWER ADMINISTRATION</u>		
020	Steve Wright	Bonneville Power Administration (BPA). Discusses financial issues surrounding the BPA (EXHIBIT A). <ul style="list-style-type: none">● Ways to continue operations despite financial shortfalls● Revenue and equity issues● Importance of preserving the value of the energy system for the long run
198	Sen. Nelson	Asks about changes in weather patterns affecting available energy resources for 2003.
201	Wright	Explains that the weather has improved energy levels but not enough to bring available energy to normal levels.
216	Nelson	Asks about high voltage transmission regions.
220	Wright	Talks about problems surrounding high voltage transmission region projects.
256	Nelson	Inquires about BPA debts.
262	Wright	Discusses the debt levels of BPA.
275	Co-Chair Ferrioli	Asks about BPA's salmon restoration budget.

280	Wright	Explains the budget for salmon restoration projects.
305	Co-Chair Ferrioli	Asks about company agreements with BPA for guaranteed power to restart.
318	Wright	Talks about Golden Northwest financial problems.
347	Chair Ferrioli	Expresses concern over the issue and asks about current preference power purchasers.
370	Wright	Explains how preference power purchasing affects the BPA income stream.
403	Chair Ferrioli	Comments on cost shifts to current preference power purchasers.
409	Wright	Talks about existing resources if load requirements increase.
415	Chair Ferrioli	Expresses concerns regarding BPA's changing role in the energy market

TAPE 45, A

012	Wright	Addresses energy issues regarding BPA's role.
038	Chair Ferrioli	Reiterates question regarding the changing role of BPA.
040	Wright	Explains the shift to buying and selling power and discusses processes for good stewardship of resources.
059	Sen. Shields	Asks about who participates in the process of deciding how to serve energy needs.
062	Wright	Replies that it is an open process.
071	Chair Shields	Asks who manages the regional transmission system.
077	Wright	Explains how BPA operates under federal regulatory rules.
119	Sen. Beyer	Inquires about regionalization of BPA.
123	Wright	Discusses regional buyouts and long term contractual mechanisms.
144	Chair Shields	Asks about long term contracts.
153	Wright	Explains that long term contracts are not as secure but avoid legislative tangles.
165	Sen. Nelson	Asks about the dangers of a federal buyout.
167	Wright	Describes threats to the Northwest power system.
193	Sen. Messerle	Asks about long range capacity and power needs in the Northwest.
198	Wright	Discusses Northwest power needs and infrastructure.
252	Chair Shields	Asks about energy situations in other states.
263	Wright	Responds that all states are suffering from the 2001 West Coast energy crisis.
283	Chair Ferrioli	Comments that policies made now are important for the future.
323	Sen. Nelson	Talks about energy capacity.
337	Wright	Explains the Grand Cooley powerhouse dams.
350	Sen. Nelson	Asks about the amount of water in the Columbia River.
352	Wright	Explains.
357	Chair Shields	Asks about how capacity is affected if 1% of water is removed from the base.
370	Wright	Replies that tens of millions of dollars is removed from the marketplace.
390	Chair Shields	Asks about generated capacity.
391	Wright	Explains generated capacity.
405	Sen. Shields	Expresses appreciation of the open relationship with BPA.

TAPE 44, B

010	Scott Corwin	Pacific Northwest Generating Cooperative. Discusses rural electric cooperatives.
060	Tom O'Connor	Oregon Municipal Electric Utilities. Discusses the federal Columbia River hydrosystem as it relates to the economic viability of the state.

096	Sen. Nelson	Asks about aggregation of power.
104	Corwin	Explains aggregation of power loads.
125	Sen. Nelson	Asks about the futures market in electricity.
128	Corwin	Talks about electricity as a commodity.
146	Chair Shields	Asks about the impact of Portland General Electric (PGE) entering the market as a large preference power purchaser.
160	Corwin	Discusses the impact PGE would have on preference power purchasing.
185	O'Connor	Discusses potential BPA contracts with PGE.
226	Chair Ferrioli	Comments that the main issue is confidence in energy providers.
228	O'Connor	Agrees.
230	Chair Ferrioli	Adjourns the Senate Water and Land Use subcommittee.
232	Corwin	Comments on power agreements.
246	Sen. Fisher	Asks about anticipated increases in contracts.
256	Corwin	States that progress should be made quickly.
271	Sen. Fisher	Asks about a return to the production of aluminum in the Northwest.
277	O'Connor	Talks about the production and market prices of aluminum.
301	Corwin	Believes some aluminum producers will continue and some will declare bankruptcy.
312	Chair Shields	Closes informational meeting and adjourns meeting at 11:25 a.m.

EXHIBIT SUMMARY

A – BPA, energy issues, written testimony, Scott Corwin, 1 p.