

*Summary*  
**Protection for Rural Consumers and Federal Assets**  
May 2009

**1) Rehabilitation of Hydropower Facilities -**

Benton REA is asking Congress to fully fund the rehabilitation of hydropower facilities producing clean renewable emissions-free electricity in the federal power system. (08-H-2)

**2) Rural Utilities Service “Rural” Re-qualification -**

Benton REA does not support the “rural” re-qualification of electric cooperatives as part of any new RUS loan qualification requirements. (O4-D-4)

**3) Rural Utilities Service Funding -**

Benton REA supports increase federal funding for the Rural Utilities Service (RUS), and urges congress to lift the ban on RUS funding for base load coal and nuclear generation. (09-G-1)

**4) Protection for Electric Cooperative Assets Involved in Municipal Annexation -**

Benton REA believes that it is appropriate for Congress to take action to protect electrical infrastructure assets that have been pledged as security for Rural Utilities Service (RUS) Loans from loss through municipal annexation. (92-D-11)

**5) Re-Authorization of the Federal Telecommunication Act -**

Benton REA argues that any changes to the Federal Telecommunication Act should not include provisions that override state rights to establish the statutory authority for entities within their jurisdiction. (05-K-2)

**6) Global Climate Change -**

Benton REA supports efforts to reduce greenhouse gas emissions. We urge Congress as part of any national legislation addressing climate change to:

- 1) To provide adequate funding for development of technology to address carbon sequestration. (09-D-7)
- 2) Establish an off ramp or safety valve to recognize significant financial impacts that could occur given that proven commercial technology for carbon sequestration has not been developed or successfully tested.(08-G-3)
- 3) Include a small utility exemption (25,000 consumers or less) in any renewable portfolio legislation that may be considered.

**7) Strict Liability on Federal Lands Rights-of-Way (Forest Service No Fault Liability) -**

Benton REA requests that Congress urge the Secretaries of Agriculture and the Interior to waive the strict liability clause for fire suppression in utility easement agreements issued by their respective agencies, and further that Congress enact legislation to change the current strict liability standard on electric utility easements crossing federal lands to one of ordinary negligence. Given that forest fires contribute significantly to green house gasses, we urge Congress to instruct the Forest Service to more aggressively manage the public interest, and allow adequate clearing of all utility right-of-ways. (02-H-3)

**8) Budget Deficit Reduction Taxes -**

Benton REA Opposes any new federal taxes on energy or energy sources that unfairly burdens rural electric consumers or negatively impacts national economic growth. (09-D-4)

*Summary*  
**Role of Bonneville Power Administration in 2009-2011**  
May 2009

**1) Additional Borrowing Authority for the Bonneville Power Administration –**

Benton REA does not support any proposal that would accelerate debt repayment or utilize revenues from the sale of surplus energy as mechanisms to increase BPA borrowing authority. (09-H-1)

**2) Utilization of Stimulus Money for the Bonneville Power Administration Transmission -**

Benton REA urges congress to provide necessary oversight of the stimulus money targeted for the expansion of BPA transmission facilities to ensure that the utilization of the stimulus money is prioritized first to reduce existing transmission constraints and then to integrate new renewable generation.

*Summary*  
**The future role of the BPA post 2011**  
May 2009

**1) BPA Service to Direct Service Industries (DSIs) -**

Benton REA believes that BPA should terminate support to the DSIs (Aluminum companies) at the end of the current contract period. BPA has no statutory responsibility to continue to subsidize the operations of DSIs at the expense of ratepayers throughout the northwest.

**2) Dilution of Preference Power Benefits Post 2011 -**

Benton REA opposes changes in the allocation or sale of federal preference power (BPA power) including capacity, energy, and flexibility from the federal hydro-system that would expand rights to the power to non-traditional customers. (09-H-2)

**3) Fish and Wildlife Programs Costs -**

Benton REA strongly supports the precept that Investor Owned Utility (IOU) customers that receive benefits from the BPA residential exchange program offered pursuant to the 1980 Regional Power Act need to also share in the cost of all regional fish and wildlife programs.

**4) BPA Conservation and Renewable Discount -**

Benton REA urges BPA to maintain the current BPA Conservation and Renewable Discount Program as the primary driver for conservation implementation by BPA customers.

# Protection for Rural Consumers and Federal Assets

May 2009

- 1) **Rehabilitation of Hydropower Facilities** - The costs associated with rehabilitation or efficiency improvement in the federal hydro system will be fully recovered through revenues collected from BPA electricity sales. The federal hydropower projects are aging, and in many cases have not been upgraded with new efficiency improvements. As such, they are not operating at their optimum generating capacity. As the country struggles to reduce carbon emissions and integrate intermittent renewable resources, the generation efficiency of federal hydropower projects is paramount. The National Rural Electric Cooperative Association (NRECA) has a resolution No. 08-H-2 regarding this issue

*Benton REA is asking Congress to fully fund the rehabilitation of hydropower facilities producing clean renewable emissions-free electricity in the federal power system.*

- 2) **Rural Utilities Service “Rural” Re-qualification** - Benton REA supports the “once rural always rural” proposition. Electric cooperatives provide a valuable service to rural communities. In some cases traditionally rural areas served by electric cooperatives have transformed into urban areas. However, we do not support administrative or legislative efforts to eliminate an electric cooperative’s ability to access the RUS funding to maintain or expand the electrical infrastructure because these rural areas have now become urban areas. Electric co-operatives maintain nearly half of the nation’s electricity distribution lines in order to serve 12 percent of our nation’s electric consumers. These distribution lines span 75 percent of the nation’s land mass. Installing, maintaining and replacing electrical infrastructure to some of the most remote areas in this country is a difficult and expensive job that is made possible through Rural Utilities Service (RUS) loans to the electric cooperatives through the U.S. Department of Agriculture (USDA). The urban areas served by cooperatives provide the economic base to allow the cooperative to maintain affordable rates in the sparsely populated areas of the cooperative. Re-qualification of electric cooperatives could prevent electric cooperatives from securing loan funds from RUS to maintain or expand the electrical infrastructure in more urban areas. This would result in higher and unstable electric rates for all cooperative members including consumers in the more sparsely populated parts of the country. The NRECA has a continuing resolution No. 04-D-4 regarding this issue.

*Benton REA does not support the “rural” re-qualification of electric cooperatives as part of any new RUS loan qualification requirements.*

- 3) **Rural Utilities Service (RUS) Funding** - Given the increasing demand for new generation and aging power systems, the financial needs of electric cooperatives will not be met with current levels of RUS loan appropriations. As such, additional funding will need to be available. We support the agency’s core mission for the building of essential electric infrastructure through financing of generating resources, electric transmission and distribution lines and other facilities needed to furnish affordable and safe electric service. The RUS’s core mission for financing new and maintaining existing electric infrastructure in rural America must be maintained. It is this long-term partnership between the RUS and the electric cooperatives that has built electric infrastructure that includes 2.3 million miles, or 43 percent, of the nation’s electric distribution lines, spanning 75 percent of the nation’s land mass in 47 states. The NRECA resolution No. 09-G-1 addresses this issue.

*The Benton REA supports increased federal funding for the Rural Utilities Service (RUS).*

- 4) **Protection for Electric Cooperative Assets Involved in Municipal Annexation** - All electric cooperative assets financed through the Rural Utilities Service (RUS) program are included in the lien for federal loan security. Subsequent loss of cooperative assets through municipal annexation impacts the security of these federal loans. Benton REA urges Congress to consider legislation that recognizes that any electrical infrastructure pledged for security of federal loans which are subsequently lost through municipal annexation threatens loan security. Benton REA urges the passage of Federal legislation that will protect electrical infrastructure that is pledged as security for federal loans from loss through municipal annexation. The NRECA resolution No. 92-D-1 addresses this issue.

*Benton REA believes that it is appropriate for Congress to take action to protect electrical infrastructure assets that have been pledged as security for Rural Utilities Service (RUS) Loans from loss through municipal annexation.*

- 5) **Re-Authorization of the Federal Telecommunication Act** - The provisions of the Federal Act should not be used to provide entities flexibility to embark on telecommunications activities that they have otherwise not been able to secure or are precluded from through appropriate state authority. The NRECA has a continuing resolution No. 05-K-2 regarding this issue.

*Benton REA argues that any changes to the Federal Telecommunication Act should not include provisions that override state rights to establish the statutory authority for entities within their jurisdiction.*

- 6) **Global Climate Change** - Benton REA is willing to work with other utilities to reduce the carbon footprint of utility operations. Benton REA is a member of the National Rural Electric Cooperative Association (NRECA) that has established a National Renewable Energy Cooperative. The National Renewable Energy Cooperative will develop renewable generating resources throughout the U.S., and in so doing enable cooperatives with little or no renewable resource options in their geographic location to participate and meet Renewable Portfolio Standards (RPS) requirements in their respective state.

*Benton REA supports efforts to reduce greenhouse gas emissions. We urge Congress, as part of any national legislation addressing climate change, to establish an off ramp or safety valve in the legislation to recognize significant financial impacts that could occur given that proven commercial technology for carbon sequestration has not been developed or successfully tested. Benton REA also supports a small utility exemption provision (25,000 consumers) and legislation regarding RPS.*

**7) Strict Liability on Federal Lands Rights-of-Way (Forest Service No Fault Liability) -**

To serve the needs of rural America, electric cooperatives construct, operate and maintain power lines across vast distances of federal lands including those of the U.S. Forest Service. Benton REA provides electrical service to remote areas on the Wenatchee National Forest Service. The U.S. Forest Service has included a “strict liability” feature in the special use permits pertaining to the electrical facilities that address fire suppression cost recovery. This means that fires on the utility rights of way can subject the cooperative membership to fire suppression costs of up to \$1 million without recourse. We feel that the inclusion of this feature is unfair, particularly where the providing of electricity is a public service not unlike the services provided by the U.S. Forest Service. We also urge the Forest Service to more aggressively manage the nation’s forests from a fire prevention perspective by allowing clearing of utility rights-of-ways. The huge increase in wildfires on national forest land has significantly added to the level of green house gases. The NRECA has a continuing resolution No. 02-H-3 regarding this issue.

*Benton REA requests that Congress urge the Secretaries of Agriculture and the Interior to waive the strict liability clause for fire suppression in utility easement agreements issued by their respective agencies, and further that Congress enact legislation to change the current strict liability standard on electric utility easements crossing federal lands to one of ordinary negligence. Given that forest fires contribute significantly to green house gasses, we urge Congress to instruct the Forest Service to more aggressively manage the public interest, and allow adequate clearing of all utility right-of-ways.*

**8) Budget Deficit Reduction Taxes -** Given the magnitude of the national deficit and the apparent depression that we are currently in, Benton REA is concerned that utilities will be looked upon as the vehicle to overtly collect taxes without voter recognition or approval. The NRECA has a resolution No. 09-D-4 regarding this issue.

*Benton REA opposes any new federal taxes on energy or energy sources that unfairly burdens rural electric consumers or negatively impacts national economic growth.*

# **Role of Bonneville Power Administration in 2009-2011**

May 2009

- 1) **Additional Borrowing Authority for the Bonneville Power Administration** - If the need for additional BPA borrowing authority is justified, it should be sought through the normal congressional appropriations process and not through an increase to power rates to benefit the transmission system users. The National Rural Electric Cooperative Association (NRECA) has a resolution No. 07-H-1 regarding this issue.

*Benton REA does not support any proposal that would accelerate debt repayment or utilize revenues from the sale of surplus energy as mechanisms to increase BPA borrowing authority.*

- 2) **Utilization of Stimulus Money for the Bonneville Power Administration Transmission** - Billions of dollars of taxpayer funds are being targeted to programs to provide jobs and stimulate the failing economy. While Benton REA does not have a position regarding the stimulus package overall, it does urge congress to ensure that the taxpayer funds are administered and utilized in a manner that is prudent and offers the best chance of accomplishing the objective of recovery.

*Benton REA urges congress to provide necessary oversight of the stimulus money targeted for the expansion of BPA transmission facilities to ensure that the utilization of the stimulus money is prioritized first to reduce existing transmission constraints and then to integrate new renewable generation*

# The future role of the BPA post 2011

May 2009

- 1) **BPA Service to Direct Service Industries (DSIs)** - There is no statutory obligation for BPA to provide low-cost power to any Direct Service Industries. Continuing benefits to the DSIs, while preference utilities are facing the tiered rate construct, is counter intuitive.

*Benton REA believes that BPA should terminate support to the DSIs (Aluminum companies) at the end of the current contract period. BPA has no statutory responsibility to continue to subsidize the operations of DSIs at the expense of ratepayers throughout the Northwest.*

- 2) **Dilution of Preference Power Benefits Post 2011** - With the current national efforts to reduce green house gasses and CO-2, Benton REA is concerned that existing federal resources such as the generation and transmission provided by the Power Marketing Agencies (PMA) will be pirated to support and promote development of intermittent and nuisance renewable generation such as wind and solar. Such uses of the energy and transmission of Power Marketing Agencies will likely violate the historical and statutory “preference” enjoyed by PMA customers including those of the Bonneville Power Administration. Unless such uses of the generation and transmission of the PMAs are adequately and accurately compensated for, many rural customers will be disproportionately disadvantaged. NRECA has adopted resolution No 09-H-2 regarding this matter.

*Benton REA opposes changes in the allocation or sale of federal preference power (BPA power) including capacity, energy, and flexibility from the federal hydro-system that would expand rights to the power to non-traditional customers.*

- 3) **Fish and Wildlife Programs Costs** - Benton REA recognizes that the 1980 Regional Power Act (Act) provides Bonneville Power Administration federal system benefits to qualifying customers of the investor owned utilities (IOUs) through the Residential Purchase and Sales Agreement. However, while these benefits are provided through the Act, Benton REA also believes that the IOUs should participate in the obligation regarding fish and wildlife restoration that is also mandated under the Act. Benton REA does not believe benefits of the BPA system should be enjoyed without proportional participation in corresponding obligations.

*Benton REA strongly supports the precept that IOU customers that are participating in the BPA residential exchange benefits need to share in the cost of all regional fish and wildlife programs.*

- 4) **BPA Conservation and Renewable Discount** - Benton REA supports cost-effective conservation measures. Benton REA has spent on average \$250,000 per year for the last five years to achieve conservation measures to benefit its 10,000 members. These conservation measures have been implemented in conjunction with the Bonneville Power Administration (BPA).

*Benton REA urges BPA to maintain the current BPA Conservation and Renewable Discount Program as the primary driver for conservation implementation by BPA customers.*