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Regional power settlement nears completion

Parties reach Agreement in Principle for settling long-standing issue involving the economic benefits of the federal power system

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Consumer and investor-owned utilities, representatives of three state utility commissions and the Citizens' Utility Board of Oregon have reached an Agreement in Principle on a long-standing issue involving how the Residential Exchange Program will be administered by the Bonneville Power Administration.

The Residential Exchange Program was created as part of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) in 1980. It is a mechanism designed to reduce disparities in wholesale power costs for the region's residential and small farm customers of investor-owned and consumer-owned utilities.

The Agreement in Principle creates a path forward for a final agreement later this year and is supported by CUB and representatives of state utility commissions in Oregon, Washington and Idaho, representatives of five investor-owned utilities and numerous consumer-owned utilities that, combined, serve most of the utility customers in the region.

In May 2007, the federal Ninth Circuit Court of Appeals issued legal opinions that directed the Bonneville Power Administration to rework its approach to administering the Residential Exchange Program from 2002 to 2007. Since then, there have been additional administrative proceedings and litigation, as well as extensive discussions among all entities involved concerning how to proceed. Those discussions have resulted in this Agreement in Principle.

Under the Agreement in Principle, all parties are bound by a confidentiality agreement meant to enable continued productive discussions as negotiations are finalized. Within the bounds of that confidentiality agreement, the parties wanted to share the news of the Agreement in Principle with all Pacific Northwest electricity customers. The next step is to have each entity involved support a final settlement that provides an enduring solution to this lengthy dispute and provides more certainty to electricity consumers in the future.

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