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Programs in Review
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Bonneville Power Administration
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Ladies and Gentlemen:

I attended the regional workshop for the Bonneville Power Administration's Transmission Business Line on Friday, June 25, 2004 in Portland. I was unable to stay for the entire comment period, so wish to submit my comments in writing herewith:

First, there must be no deregulation of the electric power industry. The efforts so far are a failure and the public is not well served by deregulation. It is imperative that investor-owned facilities, whether generation, transmission or distribution be tightly regulated with assurance of honesty and integrity in management. The Enron fiasco underscores the importance of this point.

Second, The Bonneville Power Administration (BPA) must meet its debt repayment obligations annually. This especially means the full payment required to the U.S. Treasury. We cannot afford a repeat of the situation which existed between 1976 and 1979, which led to the 100 percent rate increase in 1979, followed by further increases in 1981, 1982, 1983 and 1985.

Third, BPA must maintain total reliability of high quality in the construction, operation, and maintenance of its transmission system to serve the Pacific Northwest region. To accomplish this point I must add some additional points:

Fourth, the Congressional delegation from the Pacific Northwest should be enlisted to support increasing BPA's borrowing authority to at least \$15 billion so that the construction of essential new lines can take place on a timely basis, but also so that aging lines can be replaced as needed.

Fifth, although the efforts to increase efficiency and to reduce costs ^{are} greatly appreciated especially by the preference customers, I feel that there may have been too

much curtailment especially in eliminating employment training and employee financial incentives. With 600 employees out of 2,000 eligible to retire in the next four years, BPA's transmission system will require a major training input to get that many new employees up to speed. I strongly suggest that BPA restore both training and incentive programs.

Sixth, although the region would like to keep BPA transmission rates as low as possible, BPA should be willing to increase rates modestly if that is necessary to cover the costs of maintaining a quality transmission system. The cost of transmission is a small fraction of the total retail cost of power to the ultimate consumer and should not be a major barrier to sound fiscal management of the transmission system. It is better to have minor increases in rates every year or two than to have a major jump in rates after a period of five or more years. Retain the ability to adjust rates annually if necessary.

Seventh, deferring or canceling new construction to bring in generation which has been cancelled is of course the sensible thing to do. But prudence suggests that postponing construction of lines where constraints are acknowledged may jeopardize reliability and may therefore be short-term wise and long-term foolish. Curtailing investment now may prove more costly in the long run.

I was pleased to hear the presentation at the workshop and wish you success in your continuing service to the people of our region.

Sincerely,



Daniel M. Ogden, Jr.