



**TESTIMONY OF BETH VARGAS DUNCAN**  
**OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION**  
**HOUSE COMMITTEE ON REVENUE ~ MAY 15, 2013**

**OMEU SUPPORTS SB 261, BPA'S ECONOMIC DEVELOPMENT LEGISLATION**

The Oregon Municipal Electric Utilities Association (OMEU) supports SB 261, which promotes economic development through expanded energy infrastructure in the Pacific Northwest.

- BPA is the major developer of energy infrastructure for economic development in the Pacific Northwest.
  - BPA is relied upon to maintain highly reliable power and transmission service and to meet increased demand for electricity.
  - From 2009 to 2011, BPA spent over \$1 billion to expand and reinforce its transmission system. Much of that activity has been in Oregon.
  
- BPA's power and transmission system has been and will continue to be a major economic driver for the region.
  - BPA's low-cost, reliable power and power transmission has supported the growth of Oregon's economy by attracting new industries to the state.
  - Traditionally, BPA has relied on its ability to borrow from the U.S. Treasury to finance energy infrastructure investments, but borrowing authority is capped by law and could soon be exhausted. However, BPA's transmission maintenance and upgrading must continue in order to provide the extremely reliable power business and industrial customers require.
  - Instead, BPA has been using a third-party financing program to finance investments in energy transmission infrastructure.
  - Taxing the transmission facilities that BPA finances through a third-party would increase BPA's costs and impact BPA's ratepayers.
  
- BPA is a federal agency that does not receive federal appropriations.
  - BPA markets electricity and covers all costs in the rates set for its products and services.
  - Increases in BPA's costs must be recovered from BPA ratepayers.
  
- BPA's lease-financed transmission facilities are exempt from property tax in Washington and Idaho. Those states recognize BPA as the beneficial owner of the facilities.
  - Oregon, a strict title state, has declared that the transmission facilities are subject to property tax because the third-party holds legal title.
  
- BPA's leased-financing program is used for building energy transmission infrastructure.
  - Transmission assets leased to BPA should be treated as property of the United States.
  - Once the lease is paid in full, BPA has the option to purchase these transmission assets for a nominal price.

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