



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

6-7028

John F. I.

May 23, 1994

MEMORANDUM FOR: DISTRIBUTION
FROM: Leon Panetta
T.J. Glauthier
SUBJECT: Meeting regarding Bonneville Power Administration (BPA)

There will be a meeting this Wednesday, May 25th, at 11:00am in the Roosevelt Room of the White House. The purpose of this meeting will be to determine our policy on Federal assistance to help cover BPA's increased costs and lost revenues resulting from the increased spills at several dams (in order to aid the salmon recovery program).

We will cover three topics:

- o A brief review of the current status of the increased spills policy;
- o Discussion of the major options for covering the expenses and lost revenues of the Bonneville Power System;
- o Decision on what proportion of those expenses should be covered by federal funds, with the remainder passed on to the ratepayers of the Bonneville Power System.

A brief summary of the major options is attached. Please RSVP to Courtney Manning at 395-4596.

Attachment

Distribution:

Roger Altman	Treasury
Pat Griffin	WH Legislative Affairs
Doug Hall	NOAA
Harold Ickes	Chief of Staff's Office
Katie McGinty	OEP
Carol Rasco	DPC
Bob Rubin	NEC
Bill White	DOE
John Zirschky	Army Corps

B. Brucke
Collected

BONNEVILLE POWER ADMINISTRATION
Salmon Mitigation Funding Vehicles through end of FY 1994
(\$ in Millions)

Assumes FY 1994 costs total \$90 million.

OPTION 1. Northwest region covers all costs:

- BPA refinances \$90 million of bonds due at end of FY994.....\$90
 - . New loan established for 20 to 30 year term.
 - . Debt repayments accrue immediately and begin October 1, 1995.
 - . Rate Impact: 1/3 of one percent, \$8 million annually.
 - . BPA asks Treasury to certify that new loan results from emergency need to increase spills. There is no penalty unless BPA actually misses a planned payment on any of its debt (1% of the \$400 million in bonds borrowed during FY 1994).
 - . No legislation required, no PAYGO impact.

OPTION 2. Northwest region shares cost with taxpayer 50/50:

- BPA refinances \$90 million of bonds due at end of FY 1994..... 90
 - . Loan term, 20 to 30 years, BPA pays debt service for 8 years, BPA debt then forgiven, taxpayer assumes obligation.
 - . Rate impact: as in option 1; but, drops after 8 years, on balance taxpayer splits NPV 50/50 with ratepayer.
 - . BPA debt forgiven.....45
 - . Legislation required, PAYGO impact unclear, BRD & CBO staff say forgiveness beyond planning period would not score, still checking and need specifics.

OPTION 3. Taxpayer assumes all cost of mitigation through end of FY 1994:

- Provide appropriations or debt forgiveness..... 90
 - . Appropriations option would be in FY 1995 appropriations bill.
 - . Forgive debt associated with bonds due on Sept 30, 1994.
 - . Forgiveness could be part of debt buyout.
 - . In either case, legislation required.
 - . Has PAYGO impact, offsets required.

OTHER FACTORS

- FY 1995 may require similar mitigation action and financing.
- Concern for precedent, i.e., other Endangered Species Act issues, nationwide, as well as recovery plans (Northwest in particular).



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 10, 1994

MEMORANDUM FOR: DISTRIBUTION

FROM: Leon Panetta
T.J. Glauthier

SUBJECT: Bonneville Power Administration (BPA)

There will be a decision meeting to follow-up last month's Bonneville meeting on Wednesday, June 15th, at 2:00pm in the Roosevelt Room of the White House. The meeting will be to finalize our policy for assisting with the financing of BPA's FY 1994 salmon recovery program costs.

We will distribute an agenda and a draft decision memo for your review prior to the meeting. Please confirm your attendance with Courtney Manning at (202) 395-4561.

Distribution:

Roger Altman	Treasury
Pat Griffin	WH Legislative Affairs
Doug Hall	NOAA
Harold Ickes	Chief of Staff's Office
Katie McGinty	OEP
Carol Rasco	DPC
Bob Rubin	NEC
Joe Stiglitz	CEA
Bill White	DOE
John Zirschky	Army Corps