
BIG BEND ELECTRIC COOPERATIVE, INC. COOPERATIVE PRINCIPLES

Big Bend Electric Cooperative supports, defends, and follows the seven guiding principles of the cooperative form of business.

Cooperative businesses are unique because they are owned by the consumers they serve and because they are guided by a set of seven principles that reflect the best interests of those consumers. Cooperatives enable consumers to secure a wide array of goods and services such as health care, insurance, housing, food, heating fuel, hardware, credit unions, child care or utility service.

Big Bend Electric Cooperative supports, defends, and follows the following seven guiding principles of the cooperative form of business:

1. **Voluntary and Open Membership** — Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
2. **Democratic Member Control** — Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.
3. **Members' Economic Participation** — Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
4. **Autonomy and Independence** — Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
5. **Education, Training, and Information** — Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.
6. **Cooperation Among Cooperatives** — Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.
7. **Concern for Community** — While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

BIG BEND ELECTRIC COOPERATIVE, INC.
LOCAL CONTROL

Big Bend Electric Cooperative supports the authority of locally elected boards from the service area of the cooperative to govern, regulate and administer the functions of their cooperative.

One of the key principles of consumer-owned electric cooperatives is the advantage of local control. Electric cooperatives are governed, regulated and administered by local boards elected from the service area of the cooperative. Locally elected officials are responsible for the proper functions of their cooperative and are directly accountable to the ratepayers. The local public accountability for electric cooperatives has always existed. Since electric cooperatives are consumer-owned, there is no conflict between shareholders and customers requiring governmental economic regulation.

Through the efforts of local control, electric cooperatives in the Pacific Northwest have established themselves as leaders in providing equitable retail rates and in developing conservation programs and power supply portfolios to meet the needs of their consumers. Legislative or regulatory initiatives that interfere with the cooperative principle of local control (such as mandates for rate design, conservation standards, renewable energy portfolios, or distributed generation interconnection) could increase rates, degrade reliability, degrade safety, conflict with power supply or other contractual relationships, or impose other undue economic costs on electric cooperatives.

Big Bend Electric Cooperative is strongly opposed to any effort, nationally, regionally or by states that would change the regulation of electric cooperatives from traditional and historical local control including efforts to subject electric cooperatives to the jurisdiction of the Federal Energy Regulatory Commission.

**BIG BEND ELECTRIC COOPERATIVE, INC.
MEETING CONSUMER NEEDS**

Big Bend Electric Cooperative supports the right to pursue any business enterprise that will assist consumers in meeting their needs.

In many rural areas, consumer needs or community needs may not be met because of lack of services or lack of a competitive service provider. It is important, therefore, that electric cooperatives have the flexibility to voluntarily provide consumers with varied customer services.

Big Bend Electric Cooperative opposes any legislation or regulation that would limit an electric cooperative's ability to enter into a specific business enterprise that might add value for the benefit of consumers. Electric cooperatives should have the right to pursue any business enterprise that will assist consumers in meeting their needs including, energy, telecommunications, propane, natural gas, internet service, or any other desired service.

**BIG BEND ELECTRIC COOPERATIVE, INC.
TERRITORIAL INTEGRITY**

Big Bend Electric Cooperative supports the right of rural electric cooperatives to continue to serve those areas in which it initiated service.

Rural electric systems have historically undertaken the obligations of the Rural Electrification Act to provide electricity to rural America. Condemnation or taking of portions of an electric cooperative's system decreases its ability to accomplish this purpose and to repay debt.

Big Bend Electric Cooperative objects to the acquisition of rural electric territory or consumers through the exercise of municipal annexation, condemnation, or other powers, except by mutual agreement. Big Bend Electric Cooperative also opposes the hostile takeover or sale of any rural electric system.

**BIG BEND ELECTRIC COOPERATIVE, INC.
NORTHWEST IRRIGATED AGRICULTURE**

Big Bend Electric Cooperative supports efforts to maintain the economic viability of the irrigated agriculture industry in the Pacific Northwest.

Irrigated agriculture is an important and significant economic base for communities and utilities within the Bonneville Power Administration (BPA) service area. Irrigated crop production accounts for billions in cash receipts and supports numerous jobs in the Pacific Northwest.

Recognizing the importance of the regional rural economies and summer loads to the operation of its hydroelectric system, BPA has historically designed rates and programs to maintain irrigation, and the region's utilities have worked cooperatively to keep the electric rates paid by irrigators stable and at their lowest possible level. Big Bend Electric Cooperative, therefore, supports the continuation of the BPA Irrigation Rate Mitigation Product and urges BPA to maintain the current product benefit levels.

Energy and water efficiency improvement programs have also been offered to irrigators involving education and cost sharing of hardware retrofits. Big Bend Electric Cooperative has participated in, and continues to participate in, efforts to assist irrigated agriculture consumers in conserving water and electricity. Big Bend Electric Cooperative encourages the agriculture industry to pursue and implement such measures in an effort to strengthen the economic viability of the industry.

Big Bend Electric Cooperative supports and encourages efforts by BPA, the region's other utilities, and others to maintain the economic viability of this important industry.

**BIG BEND ELECTRIC COOPERATIVE, INC.
COLUMBIA BASIN PROJECT**

Big Bend Electric Cooperative supports continued development of the Columbia Basin Project.

The U.S. Bureau of Reclamation's Columbia Basin Project (CBP) is a multi-purpose development authorized by Congress in 1935 that includes power production, flood control, recreation, and irrigation. Water delivery to irrigate CBP farms began in 1952 with irrigated acreages added primarily in the 1950s and 1960s. The CBP is located in central Washington and currently serves approximately 671,000 acres in four counties. CBP water is the lifeblood of farms and families in this semi-arid region and has also transformed much of the basin into a prime area for recreation and fish and wildlife habitat.

In recent years, the depletion of the Odessa Sub Area Aquifer has resulted in mounting problems for area irrigators and communities that rely on groundwater from the aquifer. One solution to the depletion is the continued development of the CBP. The US Bureau of Reclamation has identified various development alternatives that would replace groundwater use within the Odessa Sub Area Aquifer with surface water from the Columbia Basin Project.

Additional water delivery infrastructure to convey CBP water to current groundwater-irrigated lands would help maintain the viability of irrigated agriculture in the Columbia Basin, thereby saving jobs. Recent studies conducted by the Washington State Potato Commission and Adams County conclude that loss of deep well irrigation would result in the loss of nearly one-third of the total jobs in Adams and Lincoln Counties.

Although expansion of the CBP would result in loss of load to Big Bend Electric Cooperative, sustaining jobs and a strong economy in the Columbia Basin would be good for the Cooperative. Big Bend Electric Cooperative, therefore, strongly supports the continued development of the Columbia Basin Project.

**BIG BEND ELECTRIC COOPERATIVE, INC.
PREFERENCE PRINCIPLE**

Big Bend Electric Cooperative firmly endorses the federal power policy established by Congress to provide preference to public bodies and cooperatives in the purchase of federal cost-based power produced with resources owned by the public.

Big Bend Electric Cooperative affirms that such preference applies to all classes of electric energy and capacity of federal power systems from existing facilities, from future acquired resources and from those created by additions to federal facilities.

Consumer-owned utilities should not be deprived of the direct benefits of resources by any diversion of those benefits. In addition, we strongly support and further reaffirm the Northwest regional and public preference provisions referenced in the 1980 Northwest Power Act (PL 96-501). *

We oppose any sale of electric power resources by federal agencies through arrangements that do not recognize the right of consumer-owned or publicly owned utilities to exercise preference and priority to federal power, pursuant to appropriate federal statutes.

We also assert that federal power produced by these facilities is to be sold at cost and not at market rates. We urge Congress to oppose proposals to require federal power to be sold at market rates or through competitive bid, without regard for regional and public preference and the principles of cost-based pricing.

** Note that the Northwest Power Act defines consumer-owned utilities (such as Big Bend Electric Cooperative) as a class of BPA customer qualified to purchase power on a first preference basis and at a cost-based Priority Firm (PF) rate. The Act also provides for rate tests that, in some cases, reallocate costs from Priority Firm customers to other BPA customers.*

**BIG BEND ELECTRIC COOPERATIVE, INC.
HYDROPOWER**

Big Bend Electric Cooperative supports hydropower as a renewable, clean, economically beneficial, cost-effective and safe resource.

Our water resources belong to the people and should be used for the greater common good of the people and the environment. Hydropower serves our nation's economy and people by controlling floods, developing navigation systems, irrigating our farms, supporting fish hatcheries, and developing recreational opportunities.

As a renewable energy resource, hydropower generation reduces the need to burn fossil fuel, keeping our air, water, and surrounding environment clean by reducing the contamination from fossil fuel combustion. Hydropower is also a cost-effective resource because it eliminates the need to buy fuel of any kind.

Big Bend Electric Cooperative urges Congress to appropriate the funds necessary to complete the planning, environmental and feasibility studies, and to authorize and appropriate funds to construct all feasible multi-purpose hydropower projects and to upgrade, operate, maintain, to prudent industry standards, hydropower generation in all existing projects. All such studies and subsequent development and marketing should be consistent with federal preference laws.

Big Bend Electric Cooperative also supports appropriate education and information programs to increase awareness and support for hydropower generation as an essential component of our nation's future energy supply.

On issues involving renewable energy, both the State of Washington and federal rules and legislation tend to be written to arbitrarily define "green power" in such a way that excludes large hydropower generation projects. Big Bend Electric Cooperative urges State legislators, Congress, and the Administration to take action to classify hydropower generation from projects, both large and small, existing and future, as a renewable resource treated equal to other forms of renewable energy such as that produced from wind or solar.

BIG BEND ELECTRIC COOPERATIVE, INC.
FISH & WILDLIFE MITIGATION

Big Bend Electric Cooperative supports cost effective fish and wildlife mitigation programs.

Fish and wildlife are important natural resources to the Northwest. Big Bend Electric Cooperative acknowledges the responsibility of the users of multi-purpose dams to help protect fish and wildlife and mitigate the impact upon them resulting from the construction and operation of multi-purpose water projects. At the same time, we are deeply concerned about the impact of these costs and the effect on providing an adequate, environmentally sound, economical, and reliable power supply.

Accordingly, Big Bend Electric Cooperative supports the following points:

- Mitigation plans should be scientifically based and cost effective.
- Costs of mitigation should be fairly and equitably apportioned among the responsible parties of the individual multi-purpose projects.
- Bonneville Power Administration (BPA) ratepayers should pay for only the hydroelectric power related impacts of federal projects constructed within the Bonneville service area.
- BPA ratepayers should have a direct voice in determining the scope, cost and implementation of mitigation and enhancement within the BPA service area.
- Mitigation plans should place major emphasis on publicly owned lands, rather than the purchase of private lands.
- BPA's obligation for wildlife mitigation must take into account lands that were previously set aside for wildlife mitigation as a result of construction of the dams.
- The aim of mitigation should be pursued while minimizing the cost to regional customers. Program accountability measures and evaluation of the effectiveness of the program within reasonable time limits should be included to ensure that ratepayer funds are being used in the most cost effective manner.
- Any mitigation analysis must include provisions for crediting wildlife enhancement resulting from the construction and operation of dams and reservoirs targeted for mitigation or enhancement.
- BPA should provide each wholesale customer a list of direct and indirect cost estimates associated with Endangered Species Act compliance so that information regarding those costs can be provided to end use electric consumers.

BIG BEND ELECTRIC COOPERATIVE, INC.
DAM BREACHING

Big Bend Electric Cooperative opposes breaching dams on the main stem of the Columbia or Snake Rivers or drawing down the reservoirs behind the dams as an option to enhance salmon populations.

Breaching of the lower Snake River dams or reservoir draw down is often considered as a way to help rebuild the declining salmon populations. Adoption of a draw down or breaching strategy is not warranted.

There is no credible biological evidence that draw down or breaching would help the salmon population. In fact, draw down or breaching could produce several impediments to salmon survival (e.g. gas super-saturation).

In addition to depriving the Northwest of clean, renewable hydropower generation, the breaching of multi-purpose dams would wreak havoc on commerce dependent on barges and other waterway navigation, threaten the potable water supplies of towns and cities, unravel decades of wildlife mitigation efforts, and with regard to farmland irrigation, render large sections of the Northwest dependent upon dams barren and unproductive.

At a time when the nation's electric utility industry is undergoing massive changes and concerns about reliability are paramount, dam-breaching not only endangers the reliability of power supply, breaching dams could add millions of dollars to the power bills of consumers in the region.

Finally, removing clean, renewable hydropower generation from the Northwest's inventory of electric power resources, especially at a time when the demand for high quality electricity is rising, would require the replacement of that electricity with less environmentally friendly generation.

Big Bend Electric Cooperative opposes breaching dams on the main stem of the Columbia or Snake Rivers or drawing down the reservoirs behind the dams as an option to enhance salmon populations. Furthermore, Big Bend Electric Cooperative urges the U.S. Congress and the federal government to acknowledge that breaching dams and draw downs would not be more effective than other options for enhancing salmon populations and that these other options can be implemented without the staggering costs to the region caused by dam breaching or draw down options.

BIG BEND ELECTRIC COOPERATIVE, INC.
FEDERAL HYDRO PROJECT OPERATIONS – FLOW AND SPILL

Big Bend Electric Cooperative supports the reduction of spring and summer flow augmentation and the elimination of summer spill on the Columbia and Snake Rivers.

Big Bend Electric Cooperative relies heavily on generation from the Columbia River System for its power supply. The availability of power generation and consequently cost of output is dramatically affected by the operation of the river system. Current federal hydro project operations on the Columbia River System concerning flow augmentation and summer spill are under evaluation for optimal and cost-effective fish passage and survival.

Columbia River federal hydro system operation agencies (including the Northwest Power Conservation and Planning Council and NOAA Fisheries), other resource management agencies, and university researchers have reviewed scientific data regarding flow augmentation and summer spill. Much of this technical review has called into question the efficacy and cost-effectiveness of the flow augmentation and summer spill programs. Big Bend Electric Cooperative, therefore, urges members of Congress to put into place legislative or other measures that will direct federal system hydro project operators, the Northwest Power Conservation and Planning Council, and NOAA Fisheries to immediately take all actions necessary to reduce or cease spring flow augmentation operations, reduce summer flow augmentation operations and eliminate summer spill operations unless such activities are supported by technical analyses that demonstrate substantial fish benefits and cost-effectiveness.

Big Bend Electric Cooperative supports cost-effective offsets to flow augmentation and summer spill including, but not limited to, expansion of predator management programs and springtime protection programs because we believe these and other actions will result in a net benefit to fish at less cost.

BIG BEND ELECTRIC COOPERATIVE, INC.
SALE OF POWER MARKETING ADMINISTRATIONS
MOVING TOWARD MARKET RATES

Big Bend Electric Cooperative opposes the sale, transfer, or other disposal of federal power marketing administrations (PMAs) including the Bonneville Power Administration. Big Bend Electric Cooperative also opposes efforts to move PMA rates towards “market” rates or to require that secondary sales revenues be applied toward PMA debt repayment.

Capital costs of federal hydroelectric power facilities whose output is marketed by PMAs are being repaid to the Treasury with interest. Customers of PMAs also pay the operations and maintenance costs of these projects. These projects therefore are valuable revenue producing assets, and in the long run their sale would not contribute to the reduction of the federal deficit, but in fact, may cause the deficit to increase. Furthermore, the sale of these facilities would result in increased electric rates, which would seriously disrupt the economies of certain regions. The loss of this power would deprive many consumer-owned utilities of an economical wholesale power supply, thereby reducing competition in the electric industry. Big Bend Electric Cooperative, therefore, opposes the sale of PMAs as not being in the best long-term interests of the U.S. Government or PMA customers.

Additionally, recent federal budgets have included requirements that PMA power must be increased toward “market” rates and that secondary sales revenue must be used for PMA debt repayment. Budget documents base the requirement on the assertion that PMAs are subsidized by taxpayers, which is untrue for the reasons stated above. Big Bend Electric Cooperative opposes efforts to move PMA rates towards “market” rates or to require that secondary sales revenues be applied toward PMA debt repayment.

Although the U.S. Government and PMA customers would not benefit from the sale of PMAs, improvements can be made in the management of these agencies, especially with regard to operation, maintenance and replacements. Big Bend Electric Cooperative urges continued improvements in the management and operation of the federal power production facilities.

Finally, Big Bend Electric Cooperative believes that if the federal hydroelectric power projects are to be sold or transferred, they should be sold or transferred to existing preference customers or to entities owned and controlled by existing preference customers at a price based on net present value and under terms and conditions that will not increase electric rates.

**BIG BEND ELECTRIC COOPERATIVE, INC.
ENERGY EFFICIENCY**

Big Bend Electric Cooperative supports cost effective energy efficiency.

In the near future, Big Bend Electric Cooperative will not receive all of its power needs from low-cost, federal power provided by the Bonneville Power Administration (BPA) because of lack of availability. We will need to secure a portion of our power needs from a source based upon market price.

Big Bend Electric Cooperative desires to reduce the need for power acquired from the energy market. Promotion of cost effective energy efficiency can help meet this goal.

Promoting cost effective energy efficiency also helps consumers avoid unnecessary use and helps America in general become more energy independent. Cost effective energy efficiency is an environmentally friendly resource and technological improvements are constantly increasing efficiencies while decreasing costs.

Big Bend Electric Cooperative encourages and supports cost effective energy efficiency; however, we do not support the imposition of mandates upon the Cooperative as a means to achieve certain minimum conservation targets.

BIG BEND ELECTRIC COOPERATIVE, INC.
ADDRESSING GLOBAL CLIMATE CHANGE

Big Bend Electric Cooperative believes any state, regional, or federal greenhouse gas reduction proposal must incorporate specific principles (set forth below).

Policymakers, industries, and environmental groups continue to work on policies intended to mitigate human contribution of greenhouse gases to the atmosphere in order to address climate change concerns. With this on-going work, there is growing uncertainty over what the future of state and national climate change policy will be and how that future will affect the ability of Big Bend Electric Cooperative to provide safe, reliable, and affordable electric power to consumers.

Policies to address climate change can have substantial negative impacts on consumers if they are poorly crafted, have not considered all solutions, and have not considered potential results of implementation. Only thoughtfully constructed, publicly debated greenhouse gas reduction policies should be considered for implementation. Big Bend Electric Cooperative believes that any state, regional, or federal greenhouse gas reduction proposal must:

- Be economy-wide and apply to all industry sectors in proportion to their emissions of greenhouse gases;
- Consider the financial impact on and the ability of consumers to afford the plan;
- Protect the ability of U.S. industries to compete in world markets and carefully consider the international competitive impact on U.S. jobs;
- Provide for continued reliable and safe operation of regional and national electric systems including compliance with federal reliability requirements and standards;
- Provide reliability and national security by avoiding over-reliance on any single electricity generation fuel and preserving a diverse mix of electricity generation fuels;
- Preserve local decision-making and local flexibility;
- Consider all policy options to determine the most fair, efficient mechanism to achieve reduction at the least cost to electric consumers;
- Include provisions such as an economic safety valve to protect the U.S economy from significant negative impacts;
- Ensure that mechanisms are in place to monitor, enforce, and mitigate illegal or fraudulent manipulation of rules or markets;
- Ensure that reduction targets are achievable;
- Ensure that any generation portfolio requirements allow all low-emission and renewable technologies as eligible offsets;
- Be enacted by Congress and not by EPA regulation under the Clean Air Act; and
- Ensure that any state or federal revenues that accrue from such proposal be dedicated to advance greenhouse gas reduction goals.