Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

September 1, 2026

INTRODUCTION

On January 23, 2026, the President signed the "Commerce, Justice, Science; Energy and Water Development; and Interior and Environment Appropriations Act, 2026," Public Law No. 119-74, (Appropriations Act of 2026). Section 312 of the Appropriations Act of 2026 amended Section 4(c)(10)(B) of the Northwest Power Act, 16 U.S.C. § 839b(c)(10)(B). Section 4(c)(10)(B) establishes the Bonneville Power Administration's funding limit for the activities of the Northwest Power and Conservation Council (Council). This document sets forth the Bonneville Power Administration's (BPA) draft interpretation of the newly amended language of Section 4(c)(10)(B).

I. BACKGROUND

The Council is an interstate compact agency created by Congress through the Northwest Power Act. *See* 16 U.S.C. § 839b(a)(2)(A). The principal functions of the Council are the development of (1) a regional power plan to assure the Northwest an adequate, efficient, economical and reliable power supply; and (2) a fish and wildlife program to protect, mitigate and enhance fish and wildlife affected by hydroelectric development in the Columbia River Basin. *See generally* 16 U.S.C. §§ 839b(d) – 839b(k).

Section 4(c)(10) of the Northwest Power Act directs BPA to financially support and pay the expenses of the Council for its statutory purposes within certain limits. Specifically, Section 4(c)(10)(A) provides that, upon request of the Council, the Administrator shall make funds available to the Council for the purposes stated above, but not in excess of 0.02 mill multiplied by BPA's firm kilowatt hours forecasted to be sold in the year to be funded. 16 U.S.C. § 839b(c)(10)(A). This limit may be increased by the Administrator up to 0.10 mill upon an annual showing by the Council that the 0.02 mill limitation "will not permit the Council to carry out its functions and responsibilities." 16 U.S.C. § 839b(c)(10)(B). Neither of these values have been adjusted for inflation since their enactment in December 1980.

In the Appropriations Act of 2026, Congress amended the final sentence in section 4(c)(10)(B) by adding the words "adjusted for inflation." Section 4(c)(10)(B) now reads:

> Notwithstanding the limitation contained in the fourth sentence of subparagraph (A) of this paragraph, upon an annual showing by the Council that such limitation will not permit the Council to carry out its functions and responsibilities under this chapter the Administrator may raise such limit up to any amount not in excess of 0.10 mill multiplied by the kilowatt hours of

> firm power forecast to be sold by the Administrator during the year to be funded, **adjusted for inflation**.

There is no legislative history or other direction on how the term "adjusted for inflation" should be viewed or otherwise interpreted. As the entity tasked with administering section 4(c)(10)(A) and (B) to fund the Council's activities, BPA provides its interpretation of the new language in its context.

II. DRAFT INTERPRETATION

BPA addresses three interpretive issues with the new statutory language. First, BPA interprets the term "adjusted for inflation" as applying to the 0.10 mill. Given the placement of "adjusted for inflation" at the end of the sentence, BPA views this as the most logical reading.

Second, BPA will use Gross Domestic Product Deflator (GDP Deflator) as the measure of "inflation." The GDP Deflator is a common measure of inflation used not only by BPA but also by the utility industry.

Third, BPA interprets the inflation measure to commence with the passage of the Appropriation Act of 2026, specifically January 23, 2026. BPA considers this a technical amendment to existing language, and sees no indication that Congress intended this term to apply to an earlier date.

BPA intends to recalculate inflation annually, coinciding with the Council's required showing under Section 4(c)(10)(B), which typically occurs around May. While Council funding is determined on a fiscal year basis (aligned with BPA's fiscal year), the actual funding limit is calculated once the Council makes its proper showing. At that point, BPA will update the 0.10 mill rate by adjusting it for both actual inflation (using the latest available data) and forecasted inflation leading up to the midpoint of the applicable fiscal year.

III. PUBLIC COMMENT

BPA is accepting public comments on this interpretation until September 30, 2026. Please submit your comments at https://publiccomments.bpa.gov/.

Sincerely,

Suzanne B Cooper

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Suzanne B. Cooper
Deputy Administrator and
Chief Operating Officer