

Weekly Energy Status Report

1. Northwest Power Pool Status (WA, OR, ID, MT, WY, UT, No. NV, BC, AB)

- Power Pool peak load (Tuesday, 10/28): 43,641 MW
- Reserve margins were within comfortable ranges for Northwest Power Pool utilities.

2. Electricity, Petroleum and Natural Gas Prices

- Weekly Range at Mid-C: \$29.5-38.3 per MWh, Ave. = \$35.5
- Approximate change from previous week \$-5 per MWh
- "Normal" price range, before 5/00 \$20-\$40 per MWh
- Petroleum, West Texas Intermediate: \$29.92 per barrel (year ago: \$27.10)
- Seattle gasoline price (10/28) \$1.62 per gallon (year ago \$1.38),
- Natural gas, Sumas Hub: \$4.03 per million British Thermal Units (year ago \$3.34)
- Approximate change from last week. Oil: -0.63 per barrel; Nat. gas: -0.37MMBtu

3. California Electricity Situation

- CA ISO Alert Status
 - A stage 1 alert (7% reserve margin) was declared on May 28, 2003.
 - A stage 2 alert (5% reserve margin) was declared on July 10, 2002.
 - Most recent rotating blackouts: Tuesday, May 8, 2001
- Energy News Headlines from California and the Nation
 - BPA reports a deal in lawsuit (Seattle PI, Oct.)
 - Puget Sound Energy seeks rate hike. (Seattle PI, Oct. 24)
 - Ethanol dispute threatens energy bill. (Seattle PI, Oct. 27)

4. River and Snowpack Information (Updated Oct. 14, 2003)

- Observed September stream flow at The Dalles: 63.4% of average
- Observed September precipitation above the Dalles: 88% of average

5. Energy Conservation Achievement (Updated Aug. 19, 2003)

- **State Agencies:** From April to June 2003 electrical usage was 15.3 % less and natural gas usage was 10.9% less compared to the same period in 2000.

6. Power Exchanged: (Oct. 28, 2003)

- Average flow of power during the last 30 days
 - California (exported to) 1,976 MW
 - Canada (exported from) 544 MW
 - Net power export: 2,520 MW

Wednesday October 29, 2003

BPA Reports Deal in Utilities Lawsuit.

The Bonneville Power Administration said yesterday it has reached a tentative lawsuit settlement that, if approved by all involved, could lead to a reduction in what the electrical wholesaler charges its utility customers.

That cut could also mean a break for residential and business ratepayers around the Northwest, although how much of one will depend on their particular utility and how much power it buys from the BPA.

The suits were sparked by what's known as residential and small- farm credits. Those are payments the BPA makes to for-profit utilities such as Puget Sound Energy and Avista as a way of sharing the benefits of the low-cost Northwest hydropower system.

The credits have been in place since 1980, but until recently had been made as cash payments. In the most recent rate case, the BPA proposed a change to a mix of power and cash. BPA spokesman Mike Hansen said 72 public utilities then filed suit, challenging whether the for-profit utilities were even entitled to actual electricity.

Under the agreement, the BPA will stretch out its delivery of credit payments from three years to eight years. That will save it \$269 million over the course of the current rate period, which runs until Sept. 30, 2006 (although that amount has simply been deferred to the 2007-11 rate period).

The BPA will save an additional \$200 million through an agreement in which Bonneville will pay a lower rate for buying back power from the for-profit utilities during the West Coast energy crisis.

The combination of those two savings will allow Bonneville to scrub a 2.2 percent increase in wholesale rates that took effect Oct. 1 and to reduce rates about 7.4 percent below the average for 2003. The BPA would make refunds starting in March to reflect the reduced rates.

But the BPA said that depends on everyone's signing off on the settlement, which they have to do in the next 120 days. The BPA said the Northwest's four governors and congressional delegation have endorsed the deal.

Tacoma Power Superintendent Steve Klein also endorsed the settlement, the BPA said. But Seattle City Light spokesman Dan Williams said the utility hasn't decided yet whether to support it.

The Snohomish County Public Utility District, which has been a vocal critic of the BPA and has argued that it should be cutting rates even without a settlement, said it is reviewing the proposal.

Puget Sound Energy spokeswoman Dorothy Bracken said the effect on that utility's ratepayers isn't known yet and won't be for a while; once the settlement is approved, the state Utilities and Transportation Commission would have to review any changes in rates.

Puget Sound Energy seeks rate hike

Seeking to offset increased power costs and recoup its planned investment in a new power plant, Puget Sound Energy on Friday asked state regulators for a 4.7 percent electrical rate increase.

The company announced Wednesday that it plans to spend about \$80 million to buy nearly half of a new 249-megawatt gas-fired power plant near Frederickson in Pierce County.

Wednesday October 29, 2003

"Puget has continued to experience above-average customer growth, even during this economic downturn," said Grant Ringel, a company spokesman. "It's a very good time to be in the market for power plants."

The increase, which also would offset other increased costs of power production, such as natural gas prices, would boost a typical monthly residential bill by about \$3.40, to \$62.25.

If the Washington Utilities and Transportation Commission approves, the increase would take effect April 1.

"Our utilities do have an obligation to serve, so they do need to meet that obligation when their territory is growing," said Marilyn Meehan, the commission's spokeswoman.

Puget Sound Energy generates only 25 percent of the power its customers use, Ringel said. Another 50 percent comes from long-term contracts, some set to expire soon. Buying generating capacity tends to decrease the risk that the company would be forced to buy expensive power on the short-term wholesale market.

At the company's winter peak, it estimates the output from the Frederickson plant would cover about 2 percent of its customers' demand.

The commission will conduct a lengthy review of the proposal, Meehan said. However, it will be limited to the cost of the plant and other power costs, and won't delve into the overall books of the company.

The company provides electricity to 972,000 residential and business customers, mostly in Western Washington.

Ethanol dispute threatens energy bill

By H. JOSEF HEBERT

Senate Republicans warned Monday that an impasse over ethanol taxes could scuttle the massive energy bill that Congress has struggled over for three years. Some participants in the talks fretted privately that the White House was not exerting enough pressure to resolve the dispute.

The standoff over ethanol between Sen. Charles Grassley, R-Iowa, and Rep. William Thomas, R-Calif., Congress' principal tax writers, showed no sign of being resolved, GOP Senate sources involved in the closed discussions said.

Meanwhile, Republicans in both the House and Senate have abandoned proposals to inventory oil and gas resources in off-limits coastal waters as part of the energy package. They also have become resigned that opening an Alaska wildlife refuge to oil drilling will not be part of an energy bill, other GOP sources said.

It has become clear that the two proposals, if left in the bill, could jeopardize its final approval in the Senate, the sources said.

And so could the conflict over ethanol taxes, congressional sources said Monday, speaking on condition of anonymity.

The carefully crafted ethanol package "is the glue that that keeps the big pieces (of the legislation) together. It falls apart without the glue," said a Senate Republican participant in the negotiations with the House over the final details of a broad blueprint for national energy policy.

Wednesday October 29, 2003

Lawmakers are considering a provision that would double the use of corn-based ethanol as a gasoline additive to 5 billion gallons a year by 2012. The measure has widespread political appeal and is the main reason many farm-state senators are expected to vote for the energy legislation.

Senate negotiators say, however, that a dispute between Grassley and Thomas over a tax proposal that would ensure the federal highway trust fund would be protected when more ethanol is produced has threatened to derail the entire energy legislation.

Grassley, who is leading the Senate side in the energy tax discussions, has insisted that the ethanol package include a provision that essentially would shift general revenue funds into the highway fund to make up for lost tax revenue from the increased use of ethanol, which is not taxed as high as gasoline. The federal highway trust fund, used for construction of roads, now is financed solely by gasoline tax.

Grassley has urged the White House to put more pressure on the House Republicans on an issue that is jeopardizing the energy legislation, a GOP tax negotiator said.

Senate GOP staffers released an analysis by the Congressional Budget Office on Tuesday that said if the Grassley proposal were not included in energy legislation, the highway trust fund would lose about \$4 billion over 10 years.

Thomas, chief tax negotiator on the House side, has refused to budge in his opposition to the Grassley proposal. He has argued that the issue should be taken up during debate on renewal of the highway fund in February.

Other senators have argued they want assurances now that the highway money will be protected as part of the ethanol proposal. There's no guarantee Thomas, whose opposition to ethanol has been demonstrated, will go along with the tax changes in February, they argue. If the safeguards on highway funding were not included, many senators might walk away from the legislation, one GOP staffer involved in the talks said.

Wednesday October 29, 2003

Fuel prices continue to decline: WA state gasoline and diesel prices continue to decline from the record price levels reached this summer. Typically prices decline in the fall as people travel less and demand for fuel eases significantly. The rate of the price decline has slowed recently, but prices should decrease for several more weeks

