



Puget Sound Energy and BPA reach federal hydropower accord

Agreement helps keep rates stable for PSE customers

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Bonneville Power Administration

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BELLEVUE, Wash. – Puget Sound Energy and the Bonneville Power Administration announced an agreement June 14 in which PSE will reduce the amount of power it plans to buy from BPA. PSE's agreement to forego its purchase of federal power is expected to help BPA significantly reduce a general rate increase planned for October.

For five years starting in October 2001, PSE will exchange 368 average megawatts a year for monetary benefits for 820,000 PSE customers. The Washington Utilities and Transportation Commission approved the agreement this week.

By reducing the amount of expensive, open market electricity BPA must buy – and substituting that power with less costly, negotiated cash payments – the agency can lower power prices for all its Northwest customers.

BPA Acting Administrator Steve Wright praised PSE, saying, "Puget Sound Energy has taken a very important step toward reducing the regional rate increase planned for Oct. 1 and is helping ensure economic stability in the region. PSE is doing its part, and we hope that other utilities will do the same within the next eight days."

"Everyone must step forward to help the Northwest cope with the ongoing energy crunch," said Tim Hogan, PSE's vice president of external affairs. "This agreement helps Bonneville reduce energy costs to all its customers. And I'm pleased to say it locks in a dependable benefit for Puget Sound Energy customers. Everyone comes out ahead."

Last week BPA announced the price of wholesale electricity from the Northwest's federal power generating system could rise by 150 percent or more this fall unless BPA customers reduce their energy demands on the agency by June 22. The region's federal

power system can generate approximately 8,300 megawatts of electricity, but contracts with Northwest utilities and large industries committed BPA to providing more than 11,000 megawatts, beginning Oct.

1. To meet its commitment, customers must reduce their load on BPA or the agency must purchase power in today's extremely expensive market.

PSE's residential and small-farm customers have received federal power benefits from BPA since 1981 in the form of a consumption-based credit on their monthly bills. The benefits for PSE and other BPA customers have increased, Hogan noted, because Northwest federal power has become more valuable as open market electricity prices have increased and become more volatile.

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