

Sliding Towards Home

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Sliding Towards Home

The game isn't won yet, but the score is good. Five years from now we may have a home run and be able to walk the bases. Today, we still need to slide under the ball as it streaks towards the catcher's mitt.

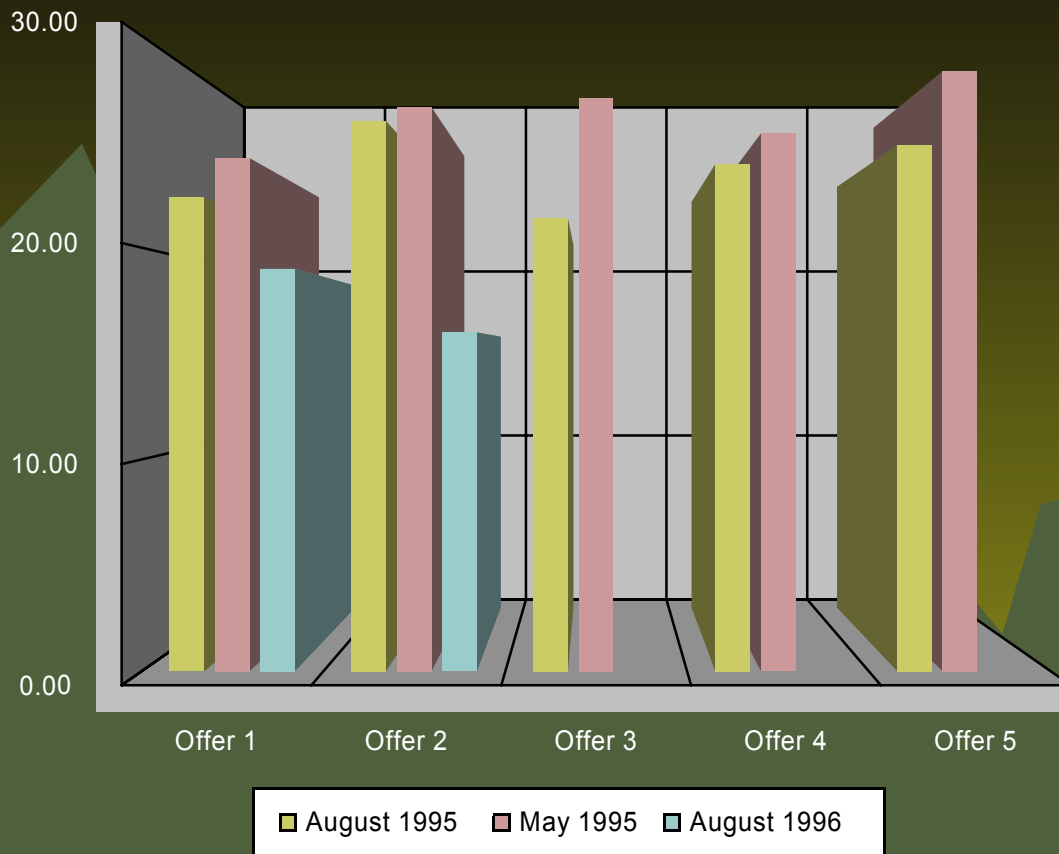
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- Stranded costs according to the marketplace

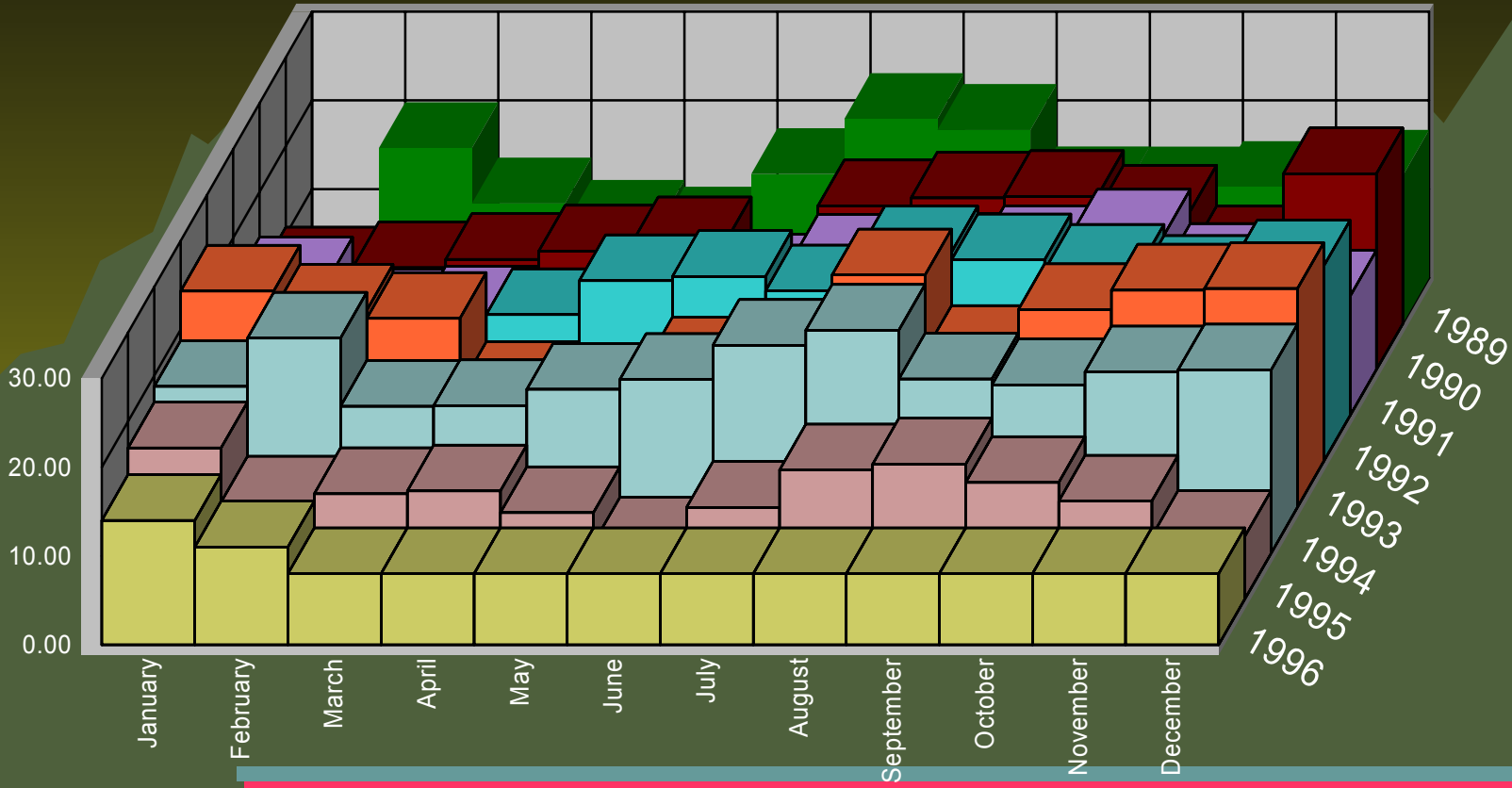
WSCC Bulk Power Report

WSCC 3A Reported Load Resource Balance				
MW	1994		1995	
	SUMMER	WINTER	SUMMER	WINTER
Internal Demand	113596	110452	116357	112922
Standby Demand	0	0	0	0
Total Internal	113596	110452	116357	112922
Direct Control	1795	4	1804	4
Interruptible	2239	2337	2645	2735
Net Internal	109562	108111	111908	110183
Total Capacity	138200	141097	139542	142252
Inoperable	104	855	104	855
Net Operable	138096	140242	139438	141397
NUGs	9865	9912	10488	10340
Scheduled Imports	256	236	366	346
Full Responsibility Imports	256	236	366	346
Scheduled Exports	205	172	205	172
Full Responsibility Exports	205	172	205	172
Adjustment	0	0	0	0
Net Capacity	148012	150218	150087	151911
Planned Outage	6850	7700	5927	7131
Net Capacity	141162	142518	144160	144780
Balance: Net Capacity Less Net Internal	31600	34407	32252	34597

Typical West Coast Prices



General Spot Prices By Month

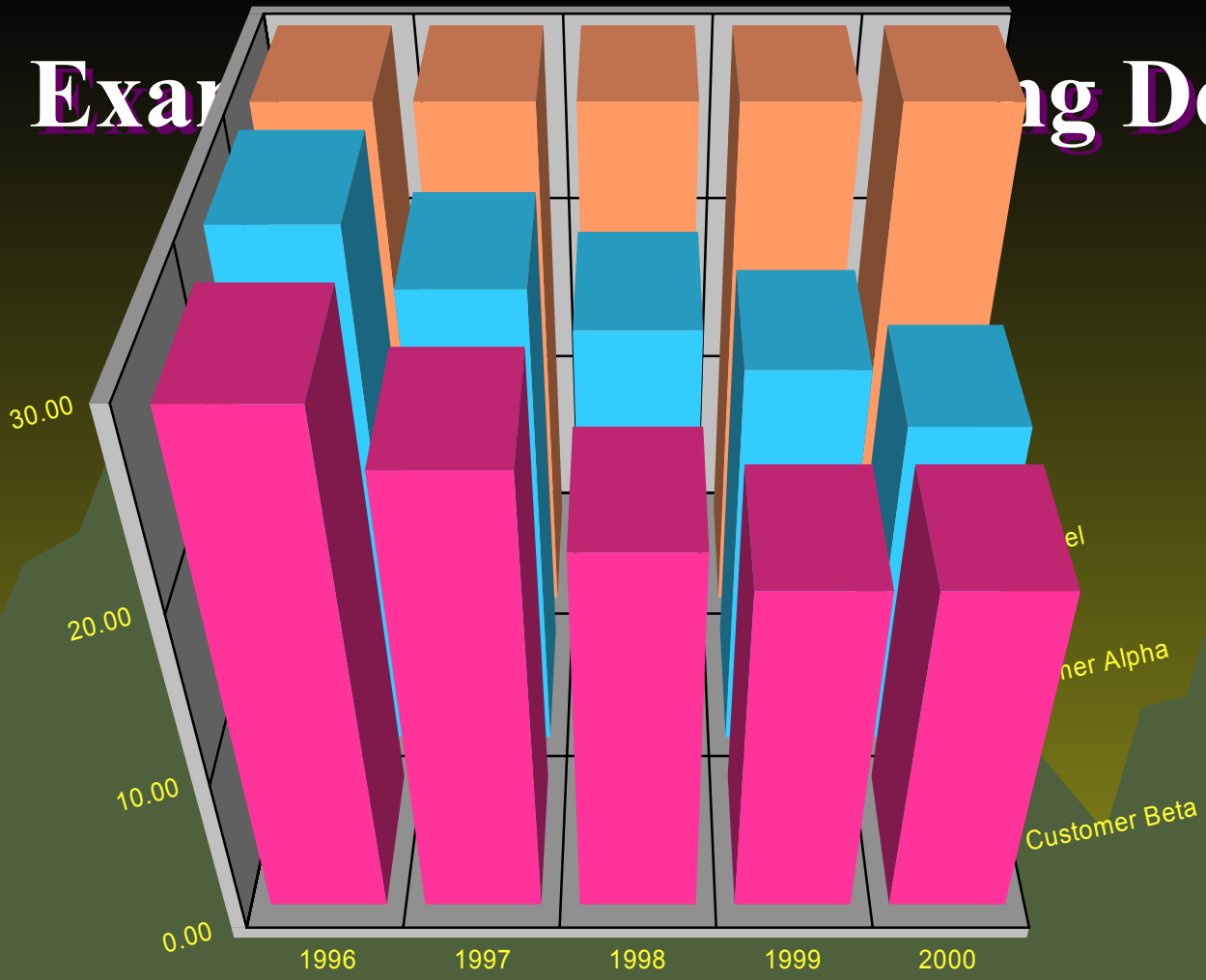


Current Developments

- GP and Bellingham Cold Storage have closed low "bypass" rates
- Puget's other industrial customers have been offered comparable (though somewhat higher) rates
- Pacific and Washington Water Power are offering pricey spot plus offers
- Tacoma, Clark, and Snohomish have offered direct market access

Exam

ing Deals



Local Regulatory Issues

- Realigning BPA to its original role
- Eliminating the "zero sum" orientation of state regulators
- Making the choice

The Egypt Model

Nice buildings
Great Pharaoh
**Many "somewhat
blind" functionaries**
**Gradually
decreasing
relevance to events**



Eliminating Zero Sum Thinking

- Current shifts in electric tariffs will double industrial electric loads by 2000
- Regulators believe there is no relationship between prices and sales
- Markets believe fundamental shifts in economics create markets -- not problems

The Bottom Line

We are making the difference. The new markets (and the new rates) will be made by the people in this room -- not by theoreticians or regulators. The significant transactions have reflected application and initiative.



Here's Johnny . . .



Stranded Costs

- **Who Gets What**

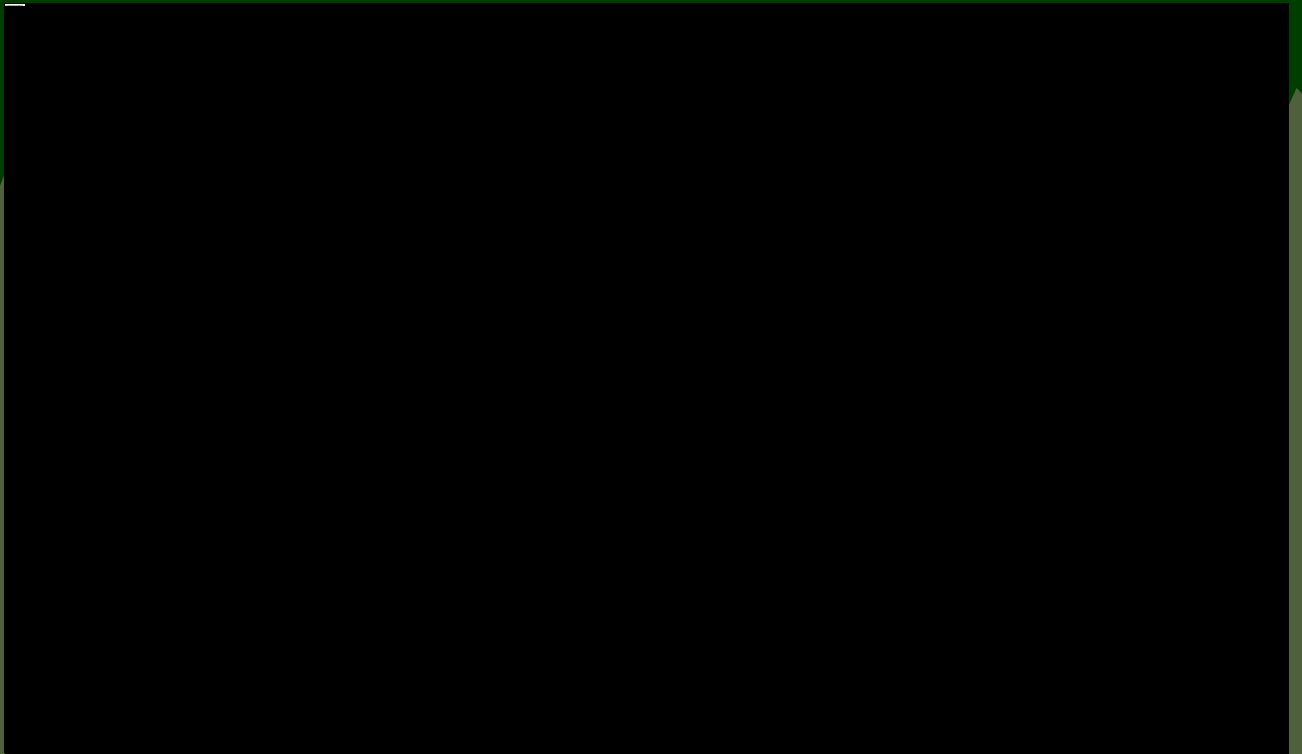
Final Rule

Wholesale Transmission Only, Open Access by June 24

Would Not Abrogate Existing Contracts

Stranded Costs Do Not Apply Where There is no Residual Requirement for Transmission Service, ie does not apply to self-generation or by pass.

Opportunity



PV of SCO = (RSE - CMVE) L



Implementation

30/30/Resolve/File



The Market Compromise

H PV of (PR-APS)=TC

Leaving the Starting Line

