Power play: Straub's energy authority proposal forces region's utilities to negotiate

By MIKE McLAIN
Of the Emerald

Editor's note: This is the last segment in a three-part article about the future of the Northwest's energy system. Today's article examines the "energy pooling" plan being developed by Congress. The use of the abbreviation PUC in this story refers to all public utility commissions and is not intended to refer to any specific commission.

SALEM — With a little help from Gov. Bob Straub, the Pacific Northwest may junk the present system of energy pricing and allocation in favor of a new regional energy policy.

For the past year, representatives of the region's public utility commissions (PUCs), investor-owned utilities (IOUs) and the Bonneville Power Administration (BPA) have been sitting down periodically for half-hearted discussions. The subject has been how to finance necessary future energy generating facilities without strapping consumers with astronomical electricity bills.

Ivan Gold, Oregon's deputy public utilities commissioner, said the PUCs aren't much interested in the subject matter. They had good reason not to be. Under the present BPA preference clause, the PUCs are guaranteed priority access to cheap BPA hydro power.

The IOUs, however, as their BPA power contracts dating from the energy-plentiful 1950s expire, are being left to their own expensive devices: coal and nuclear steam generators.

So the PUCs have been lacking a certain financial motivation. The negotiations stalled.

Until Gov. Bob Straub entered the picture.

As reported in Tuesday's Emerald, Straub has proposed that the state become a BPA preference customer by establishing the Domestic and Rural Power Authority (DRPA). As a public agency, DRPA would buy expensive IOU power and then sell it to BPA which would "meld" the energy — and its price — with its hydro power. The BPA would then resell this power to the DRPA to retail to the old IOU customers.

DRPA would accomplish the desired goal of lowering the price of electricity for 80 per cent of the state's residents served by IOUs, but it would be at the expense of the PUCs in Washington and Oregon. Since 60 per cent of Washington is served by PUCs — who are looking at a 20 to 30 per cent price increase under DRPA — Straub is providing them with the necessary motivation to negotiate more earnestly.

However, some people don't call it motivation — they call it blackmail.

Straub calls it "an instrument to bring fairness and equity to the rate payers in Oregon."

Straub's staff admits that if an equitable solution is reached through regional negotiation and cooperation the DRPA would not be needed.

Since any regional proposal will require congressional approval, a prediction of the outcome of the negotiations is highly speculative.

But Gold provides the following scenario:

The BPA will receive congressional approval to guarantee the purchase of energy produced by new nuclear or coal-powered plants. Gold says this won't put "the full weight of the federal government" behind the projects since the BPA could buy only what the region could use. But it would put the full weight of the BPA behind them, thus providing access to low-risk, lower interest loans to both IOUs and PUCs when it is determined that load-growth demands new facilities.

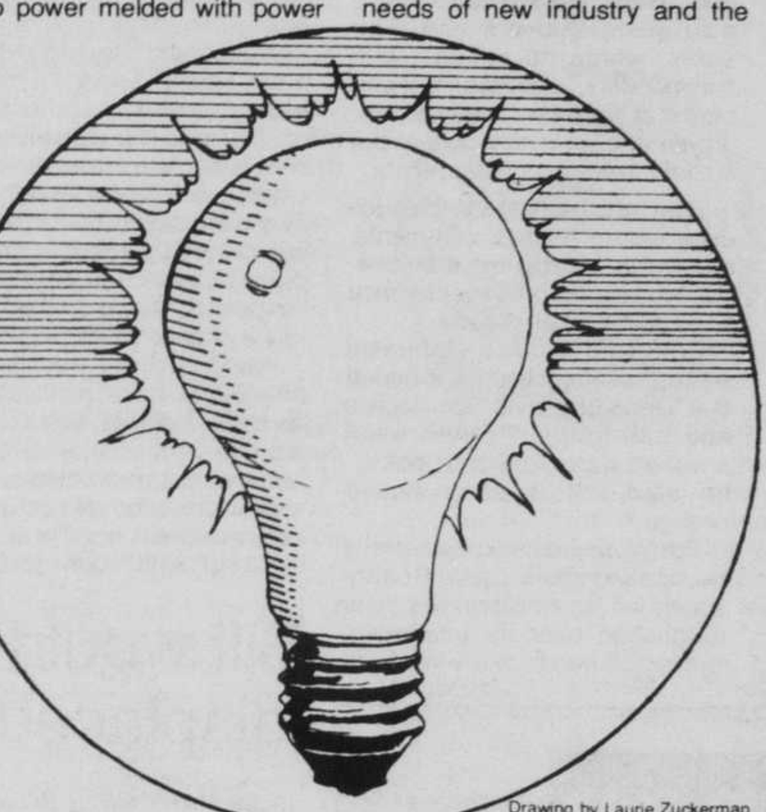
As to who would determine load-growth demands, Gold envisions a regional power planning authority. Presently regional forecasting is done by a large number of different groups with no central cooperation. Gold predicts the formation of a non-profit corporation with a board of directors composed of PUC, IOU and BPA representatives which would use central forecasting to determine which new facilities should be constructed. He says the BPA could be given veto power.

To satisfy demands for more equitable pricing and yet retain the effect of the BPA preference clause, Gold's scenario contains three "power pools" with varying energy costs for BPA's projected 1983 energy supply of 13,000 megawatts.

The first and largest pool, 5,700 megawatts, would also be the cheapest. This energy would be available to existing preference customers and would include BPA hydro power melded with power produced by PUC-constructed thermal facilities. Gold terms this a "net billing" concept.

The second would be a more expensive pool, approximately 4,000 megawatts, which is now being provided to direct service industries and IOUs. But the cost would be lowered from the present level by melding thermal power produced presently by IOUs with some BPA hydro power.

The third pool, approximately 3,000 megawatts, would be essentially a load growth pool and contain the highest cost power. This pool would consist almost entirely of thermal power and would be made available to meet the needs of new industry and the load growth of both PUCs and IOUs.



Drawing by Laurie Zuckerman

The growth pool power would be provided by the thermal facilities which receive BPA backing and were approved by the regional corporation.

Without the regional cooperation, this astronomically priced power would have been targeted to the needs of only the utility which constructed it without the cost being shared by other groups. But with this system the power will be considerably cheaper, and Gold gave four reasons.

First is the access to cheaper low-risk loans because of the BPA purchase guarantee. Second, additional facilities need not be tailored to a particular area's needs, but will instead serve the whole region with everyone sharing the cost. Third, the entire region would share the cost of what Gold terms the "dry hole" project: one that for some reason or other fails to produce electricity. And fourth, the cost of this power would be partially meldeo with other BPA sources.

"If we don't get some kind of regional power policy," Gold warns, "then it's going to be everybody for themselves, and everything is going to fall apart."

Straub's DRPA proposal could be considered one of the "everybody for themselves" moves and Gold says it is "definitely a threat' that is pushing the regional negotiations.

Another motivation is suggested by Gil Johnson of congressman Jim Weaver's office. Johnson warns that demand from other regions for access to cheap BPA hydro power could result in a federal power plan that would rob some of the cheap energy unless a regional plan is formed and fortified — soon.

So the times they are a changing, as the saying goes, and regardless of which plan goes into effect, DRPA or the regional plan, EWEB customers had better begin to brace themselves for higher and higher electricity bills.

No snow? Try skiing on grass

TACOMA, Wash. (AP) — George Atz dreams of the day when a perfect ski forecast reads: "Sixty-eight degrees, bright sunny skies, and four new inches of grass."

A new sport catching on here is proof positive that the answer to any problem lies in your own back yard. The bare slopes of the Cascade Mountains have meant financial disaster for Northwest ski resort operators, but avid skiers still can find "excellent" skiing conditions on the grassy slopes of home.

All they need is a moderate-sized hill with a 15-degree slope.

"It's kind of a cross between roller skating and downhill skiing," says Atz, owner of a Tacoma ski shop which sells the grass skiing equipment.

Atz says the skis originated in Germany and have been available for several years. They are still a rarity on the West Coast.

Grass skis are about 18 inches long and three inches high. A pair weighs about ten pounds. Built on a stainless steel foundation, the skis are designed like tank treads, with nylon webbing and hard plastic cups.

There is even a 24-inch competition model for expert grass skiers who want to test their prowess on the green slopes.