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HOUSE JOINT MEMORIAL 4006

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State of Washington

57th Legislature

2001 Regular Session

By Representatives Pennington, Casada, Pearson, Bush, Roach, Buck, Mulliken, Delvin, Boldt, Woods, Talcott, Anderson and Campbell

Read first time 02/05/2001. Referred to Committee on Technology, Telecommunications & Energy.

1 TO THE HONORABLE GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES,  
2 AND TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF  
3 REPRESENTATIVES, AND TO THE SENATE AND HOUSE OF REPRESENTATIVES OF THE  
4 UNITED STATES, IN CONGRESS ASSEMBLED:

5 We, your Memorialists, the Senate and House of Representatives of  
6 the State of Washington, in legislative session assembled, respectfully  
7 represent and petition as follows:

8 WHEREAS, Reservoirs powering electricity generation dams throughout  
9 the Northwest are at historically low levels averaging seventy percent  
10 of previous year levels. Reservoir levels are sufficiently low to  
11 generate alarm from industry watchers who warn there may not be  
12 sufficient water available to meet the region's future electricity  
13 needs; and

14 WHEREAS, Reduced output from Northwest generating dams has forced  
15 several regional utilities to purchase a greater percentage of their  
16 load from the spot market. This is occurring in tandem with a  
17 reduction in power traditionally available from California suppliers,  
18 thus adding to spot market price pressures. The wholesale price of  
19 electricity jumped from less than five cents per kilowatt hour in  
20 January 2000 to nearly forty cents per kilowatt hour last December; and

1       WHEREAS, California has failed to responsibly meet its increasing  
2 demand for power with sufficient generation development. Demand in  
3 that state has grown nearly twenty-five percent since 1995, far in  
4 excess of small additions to capacity; and

5       WHEREAS, California's local and state governments have allowed foes  
6 of development to stop any significant capacity growth in that state  
7 for reasons as slight as unsightliness in the case of the six hundred  
8 MW project at Coyote Valley; and

9       WHEREAS, Some forty percent of California's capacity comes from  
10 facilities built more than thirty years ago, making them prone to  
11 equipment problems; and

12       WHEREAS, It has been normal business practice for Northwest  
13 utilities to generate hydroelectric power for California consumption  
14 during the summer with the expectation that California's utilities  
15 would produce sufficient additional power for Northwest consumption  
16 during winter months; and

17       WHEREAS, California's generating utilities have abandoned their  
18 traditional business relationship with Northwest utilities by bringing  
19 power plants off line for both maintenance and air emission credit  
20 reasons during months when Northwest demand is high; and

21       WHEREAS, California has failed to take responsible action to limit  
22 the effects of restrictive air emission control standards that  
23 encourage plants to remain idle. In the Los Angeles basin, air  
24 emission credit prices increased ten times in the past year to as much  
25 as forty-five thousand dollars per ton; and

26       WHEREAS, California's Governor and local governments have failed to  
27 fully exercise their authority to lift regulations restricting full  
28 capacity electricity generation by that state's utilities; and

29       WHEREAS, Two of California's largest utilities, Southern California  
30 Edison and Pacific Gas and Electric, have accumulated approximately  
31 twelve billion dollars in debt and do not possess assets or cash flow  
32 sufficient to cover these debts. State laws obligating the delivery of  
33 service and capping retail prices brought about this credit crisis; and

34       WHEREAS, California's credit crises has been exacerbated by  
35 California's Governor who refuses to allow an increase in retail rates  
36 sufficient to provide cash for power purchases; and

37       WHEREAS, Industry experts such as Daniel Yergin, chairman of  
38 Cambridge Energy Research Associates, have called California's

1 management of its electricity industry virtually a crisis by design;  
2 and

3 WHEREAS, California participates with Washington on a connected  
4 transmission grid that relies on prudent and responsible actions by  
5 participants to ensure system reliability. Blackouts, rolling or  
6 otherwise, place a strain on the entire transmission system and system  
7 participants have an obligation to avoid such breakdowns. The  
8 California Governor's refusal to allow reasonable retail price  
9 increases has created a less reliable transmission grid for all  
10 participants; and

11 WHEREAS, California utilities, operating through the California  
12 ISO, have pressured the Bonneville Power Administration to transfer  
13 electricity to the ISO through sales or electricity exchanges. This  
14 latter procedure involves the transfer of electricity generated during  
15 peak market periods and returned at a later, lower priced, time. The  
16 Bonneville Power Administration receives more power in return from  
17 California utilities than was transferred, but less power than could  
18 have been purchased with income received from a market sale of the same  
19 power; and

20 WHEREAS, California's Governor pressured the Federal Energy  
21 Regulatory Commission to force surplus power sales from Northwest  
22 utilities when these utilities would not willingly loan power to  
23 California's financially insecure utilities; and

24 WHEREAS, Though willing to pressure federal agencies to conduct  
25 forced or preferential transfers of power from the Bonneville Power  
26 Administration and other Northwest utilities, the Governor of  
27 California is unwilling to raise retail prices in that state to a  
28 fraction of the percentage increase imposed on Northwest utility  
29 customers, thereby exposing the present California credit crisis as an  
30 event planned and managed by the Governor of California; and

31 WHEREAS, The Bonneville Power Administration, which must make debt  
32 payments to the United States Treasury on rates charged to Northwest  
33 utilities and their customers, is presently owed approximately one  
34 hundred thirty-five million dollars by California utilities for power  
35 sold on credit. These same California utilities, operating through the  
36 California ISO, have missed repayment schedules on electricity exchange  
37 agreements; and

38 WHEREAS, The Pacific Northwest Consumer Power Preference Act of  
39 1964, 16 U.S.C.A. 832(c), provides that the Bonneville Power

1 Administration is to be operated for the benefit of public bodies and  
2 cooperatives in the Pacific Northwest. California utilities are not  
3 preference customers and are not entitled to any preferential treatment  
4 by the Bonneville Power Administration. Any activity by the Bonneville  
5 Power Administration that grants California utilities preferential  
6 treatment not afforded Northwest utilities or other Bonneville Power  
7 Administration preference customers runs counter to the statutory  
8 mission of the Bonneville Power Administration; and

9 WHEREAS, Peak market electricity exchanges provide California  
10 utilities a preferential benefit not made available to the Bonneville  
11 Power Administration's preference customers including Washington  
12 utilities and direct service industries; and

13 WHEREAS, Any Bonneville Power Administration power exchanged or  
14 sold to California utilities without adequate security will place  
15 Washington ratepayers at substantial financial risk in the event of  
16 default by these entities. Failure by California utilities to pay  
17 obligations owed to the Bonneville Power Administration would result in  
18 rate increases for Washington ratepayers; and

19 WHEREAS, The Governor of California has acted negligently to  
20 permit, plan, and manage an electricity resource, transmission, and  
21 credit crises that places Washington utilities, their customers, and  
22 the natural resources of Washington at great risk; and

23 WHEREAS, Congress and the President have been asked to order the  
24 removal of power generating dams located on Pacific Northwest rivers;  
25 and

26 WHEREAS, Removal of any power generating dam in the Pacific  
27 Northwest would jeopardize the economy of the region and the health and  
28 safety of Washington's citizens;

29 NOW, THEREFORE, Your Memorialists respectfully pray that President  
30 Bush and the Congress of the United States direct all federal agencies  
31 to cease facilitating the preferential transfer of electricity  
32 generated in the Pacific Northwest to California utilities and cease  
33 expenditures related to investigating or preparing for the removal of  
34 power generating dams located on Pacific Northwest rivers.

35 BE IT RESOLVED, That copies of this Memorial be immediately  
36 transmitted to the Honorable George W. Bush, President of the United  
37 States, the President of the United States Senate, the Speaker of the  
38 House of Representatives, each member of Congress from the State of  
39 Washington, the Secretary of the United States Department of Energy,

1 the Chairman and Commissioners of the Federal Energy Regulatory  
2 Commission, the Administrator of the Bonneville Power Administration,  
3 the Chair and Members of the Northwest Power Planning Council, the  
4 Honorable Gary Locke, Governor of the State of Washington, the  
5 Honorable Christine O. Gregoire, Attorney General for the State of  
6 Washington, the Honorable Dirk Kempthorne, Governor of the State of  
7 Idaho, the President Pro Tem of the Idaho Senate, the Speaker of the  
8 Idaho House of Representatives, the Honorable John Kitzhaber, Governor  
9 of the State of Oregon, the President of the Oregon Senate, the Speaker  
10 of the Oregon House of Representatives, the Honorable Judy Martz,  
11 Governor of the State of Montana, the President of the Montana Senate,  
12 the Speaker of the Montana House of Representatives, the Honorable Gray  
13 Davis, Governor of the State of California, the President Pro Tem of  
14 the California State Senate, and the Speaker of the California  
15 Assembly.

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