Seattle P.I.

10-23-79

PI 10-23

BPA Rate Hike Plan Gets a Jolt

By Joel Connelly

The California congressional delegation, in a letter to the U.S. Department of Energy, has blasted a proposed Bonneville Power Administration rate increase as "unjustified" and "excessive."

The increase is expected to raise Seattle's electric rates as much as 15 percent nd hike rates for other Northwest utilities, too.

The California congressmen urged energy Secretary Charles Duncan to reject BPA's attempt to increase by more than double the icost of surplus Northwest hydroelectric power shipped south each year to California.

The California Energy Commission, in a recent study, said BPA's rate increase would cost California consumers $59 million a year — or a little less than $20 per household.

The rare show of unanimity by California congressmen could have an impact on Northwest energy planning legislation currently before the House of Representatives.

Four California congressmen sit on a House subcommittee that must approve the Northwest power bill. The legislation would give BPA a pivotal role in regional power planning.

An aide to Rep. Gege Miller, D - Cal., said yesterday there are no plans to hold up the Northwest power bill, but added that the BPA rate increase "would certainly be a factor" when the legislation is considered.

House action on the power bill has been put off until early next year while the legislation's impact is studied by Northwest public utilities.

California receives an average of 7 percent of its power each year from the Northwest. It can go up to 13 - 14 percent in years when the Northwest has a heavy spring snow melt.

The Northwest ships surplus electricity to California — via a $1 billion transmission line intertie — during heavy runoff months, usually May through July.

The Northwest's peak runoff coincides with warm weather in California, when air - conditioning use raises the state's energy demand.

The Northwest often gets power back from alifornia over the intertie during low water months of late fall and early winter

Surplus power from this region has been important to California, whose utilities are heavily dependent on burning oil for power. The intertie saved California an estimated $360 million in oil bills during 1976, according to BPA.

The price of Northwest power expots has been computed by a formula which boils down to California getting electricity at one - half of what it would cost to generate using oil.

In the wake of skyrocketing oil prices, BPA has proposed to hike the price California pays for power.

The California Energy Commission's staff estimated yesterday that the BPA increase would mean a 4 to 5 percent increase in home electrical bills.

California congressmen said that is too much.

In their letter to the Energy Department, they accused BPA of departing from a "cost of service" pricing formula in favor of a billing system based on the soaring cost of oil.

Pacific Gas & Electric, a major California utility, has also blasted the BPA rate increase — and threatened a lawsuit if the Energy Department approves it.

PG & E, in a recent letter to BPA, described the proposed rate hike as "nothing more than an attempt to shift a disproportionate share of (BPA's) revenue requirements to California."

PG & E also accused BPA of a "what - the - market will bear" attitude, and said the federal power marketing agency was attempting "to capitalize on the rise in oil costs."

The rate hike to California is part of an overall price increase by BPA. The agency's power rates to Northwest public utilities will go up next year by an average of 88 percent, with another smaller increase likely in 98.

The increase is expected to translate into a 12 to 15 percent increase in Seattle's electric rates, with increases of up to 50 percent for utilities dependent on BPA for all of their power.

BPA's price hike for shipments of surplus power to California will be much higher than the increase here, officials at the California Energy Commission said yesterday.

They said the initial increase could go as high as 500 percent — with prices likely to keep going up with each increase in the cost of oil.

One Energy Commission official said BPA was attempting to "keep down its rate increase to Northwest customers at the expense of California."

Energy Utilities