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March 6, 2009

Mark Walker
Director of Public Affairs
Northwest Power & Conservation Council
851 SW 6th Avenue, Suite 1100
Portland, Oregon 97204-1348

**Re: Snohomish County PUD No. 1 Comments on the
Economic and Demand Draft Forecasts for the Sixth Power Plan**

Dear Mr. Walker:

We appreciate the opportunity to provide comments on the economic and demand draft forecasts for the Sixth Power Plan. These components are the foundation for assessing the region's resource needs and we applaud your having solicited input from Northwest utilities and stakeholders alike who will be impacted by the decisions outlined in the final Plan.

Economic Forecast

Projected Inflation Rate

The projected 1.9% rate of inflation through 2030 seems low. In comparison, we are projecting inflation at an annual rate of 2.4%. While the Consumer Price Index may be lower in the near term as a result of the economic slowdown, the unprecedented levels of government borrowing and spending is likely to propel inflation to levels much higher than 1.9%.

RPS Related Rate Increases

The draft cites the average rate increase as a result of Washington State's renewable portfolio standard to be \$3.25/MWh, or a 20-year average of \$1.96/MWh. Our understanding is that such projections are strictly for *new* renewable resources. How will *existing* renewable resources be represented in their overall cost to utilities? Customers need to assess the overall cost of RPS on their rates, not only the cost of new resources. Please keep in mind the average rate increase will be quoted throughout the region and serve as a benchmark well into the future. This has already occurred in a Seattle Times article from Monday, March 2, 2009. It states,

"The region's renewable-energy quotas would add an average of \$3 per megawatt hour to rates for Washington utility customers by 2030 — roughly 3.5 percent more than power rates without the quotas, according to estimates by the Northwest Power and Conservation Council, a federal agency."

In the article, we appreciate Mr. Jourabchi providing the modifier that, “...*the impact could vary a lot by utility, depending partly on how much renewable power they already have*” (emphasis added). Again, it is the \$3.00 per MWh that the public will remember. This amount is not reflective of the additional cost for qualifying renewables.

Demand Forecast

Growth Rate

Because the forecast was developed in the third quarter of 2008, the impact of the recession and the federal economic stimulus package were not incorporated into the model’s framework. However, with the current economic climate and what appears to be an arduous recovery period, the underlying assumptions resulting in a 2.0% rate of growth from 2010 to 2020, followed by a residential growth increase of 2.2% from 2010 to 2030 must be reassessed.

Peak Forecast

The peak load forecast seems modest. In the past, utilities have used a one-hour peak methodology and load factors, and peak loads have received lesser attention. However, as the region’s resource stack becomes filled with larger quantities of non-dispatchable resources, the flexibility of the region’s hydro system to serve peak loads will become even more constrained. This makes peak forecasting a timely and vital issue. Our suggestion is to compare the Council’s studies on monthly peaks and load factors with the utility forecasts compiled by PNUCC.

Plug-in Hybrid

The assumption that 95 percent of plug-in hybrid cars would be charged between the hours of 7:00 p.m. and 7:00 a.m., with the remaining 5 percent being charged between 8 a.m. and 6 p.m., is unrealistic. We would encourage reevaluating the assumption that so few plug-ins will be charged during daylight hours, and consider the EPRI charge profile, that indicates a 70% off-peak charging assumption.

Thank you for the opportunity to comment on the draft forecasts for the Sixth Power Plan. If you have questions, we will be happy to discuss.

Sincerely,



Mitzi Bennett
Senior Utility Analyst

cc: Dana Toulson, Assistant General Manager Power, Rates and Transmission Management
Mike McMahon, Senior Manager Rates, Economics and Energy Risk Management