

**Bruce A. Measure**  
Chair  
Montana

**Rhonda Whiting**  
Montana

**W. Bill Booth**  
Idaho

**James A. Yost**  
Idaho



**Dick Wallace**  
Vice-Chair  
Washington

**Tom Karier**  
Washington

**Melinda S. Eden**  
Oregon

**Joan M. Duker**  
Oregon

April 29, 2010

## MEMORANDUM

**TO:** Power Committee

**FROM:** Massoud Jourabchi

**SUBJECT:** Report of 2009 sales and outlook for 2010

As a regular part of our monitoring of the power plan's assumptions and implementation, staff reviews data when it becomes available and compares conditions to the assumptions used in the plan. New data is available on actual 2009 electricity sales, and new forecasts of economic conditions have also become available. Economic indicators suggest that the states of Idaho and Montana were impacted more severely and earlier on by the current recession, while the state of Oregon seems to have entered the recessionary period later and is recovering more quickly. The state of Washington seems to be bottoming out from the recession.

Staff has reviewed the reported 2009 electricity sales for each state. The analysis shows that regional electricity sales declined significantly in 2009. Between 2008 and 2009, regional sales of electricity, adjusted for weather conditions, declined 4 percent or about 800 MWa. This decline was not uniform across the states and sectors. The residential and commercial sector growth rates declined slightly, while the industrial sector's decline was significant and most pronounced in Montana.

Staff has also reviewed the outlook for 2010 as the regional economy continues recovery from the recession. In developing the outlook for 2010, staff used the Council's two load forecasting tools. The long-term forecasting tool develops weather normalized forecasts of energy and single-hour peak loads for the next 20 years. Using the long-term model, under normal weather conditions, in 2010 regional loads are expected to grow about 1.8 percent after their sharp drop in 2009. The short-term forecasting tool takes into account the variability of load due to the weather conditions, using actual daily temperatures for the past 82 years. The summer 2010 peak load is forecast to be in the 27,000-28,000 MW range and the winter peak load is forecast to be in the 30,000-43,000 MW range.



# **Review of 2009 Electricity Sales and Outlook for 2010**

**May 11-12**

**Massoud Jourabchi**

# Today's Discussion Covers

- Preliminary Review of 2009 sales
- Economic Forecast for 2010
- Load Forecast for 2010
- Summer Outlook

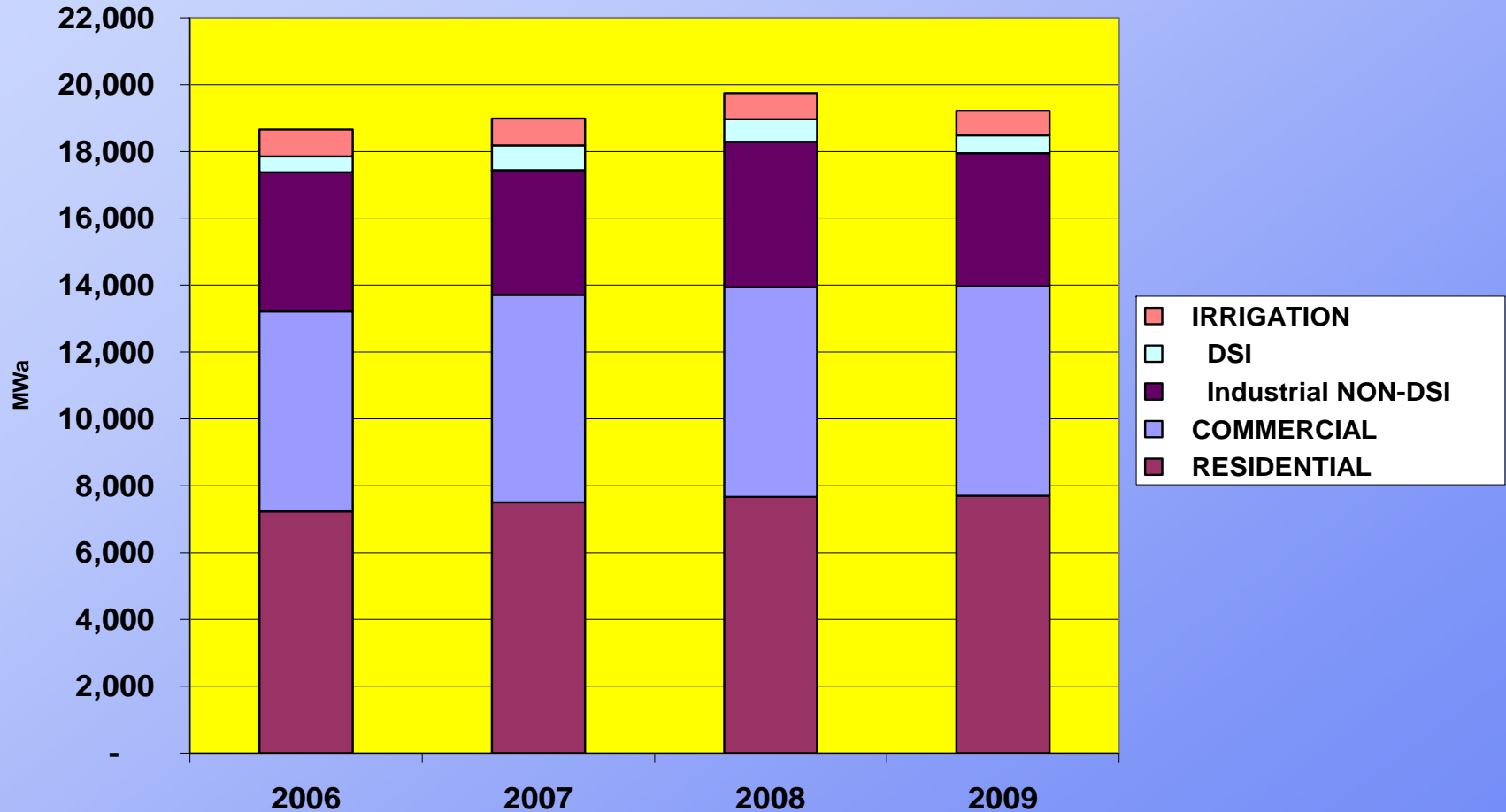
# 2009 Conditions

- Economic slowdown
  - Residential new homes
  - Commercial employment
  - Industrial employment
- Temperature conditions
  - Cooling requirements 5% above normal
  - Heating requirements 14% above normal

Temperature conditions would suggest increase in sales

# However 2009 was a Year of Declining Sales

Regional Electricity Sales by Sector  
prior to normalization for impact of weather

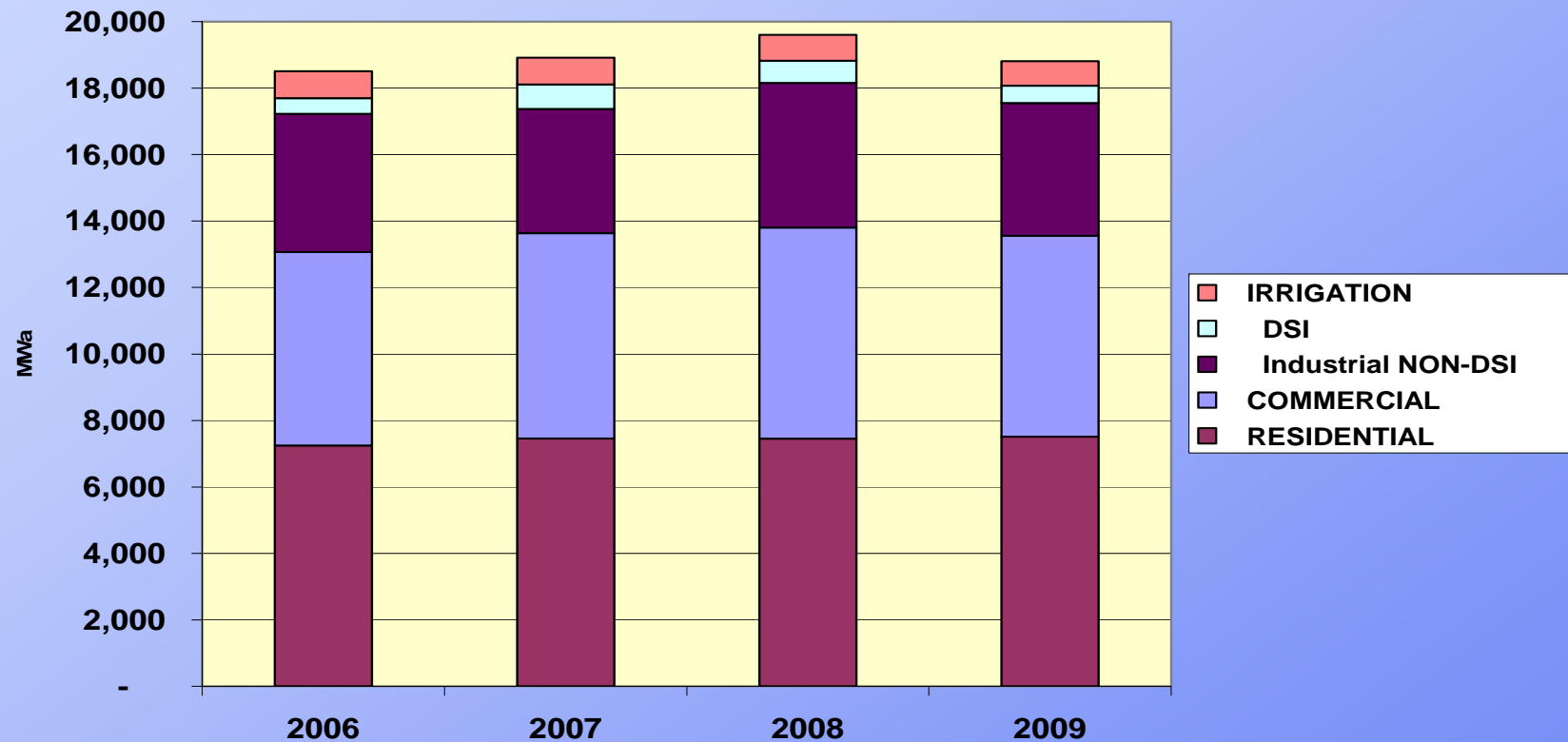


Roughly 2.7% decline over 2008.

# Decline was Even More Pronounced When Sales are Normalized for Temperature

## Regional Electricity Sales by Sector

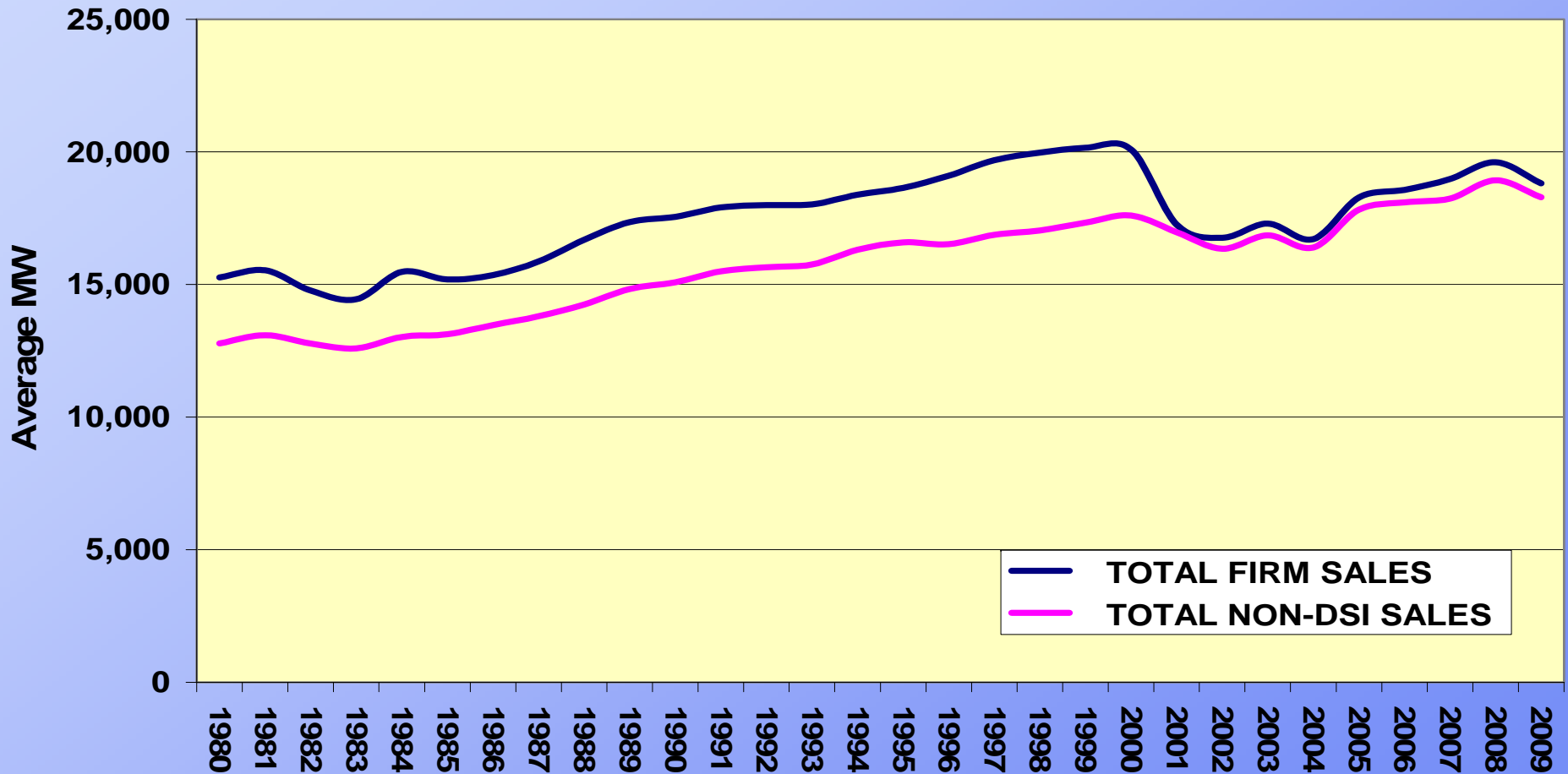
Normalized for impact of Temperature



**Weather Normalized Loads went down by a 4.0 % decline over 2008.  
Roughly 800 MWh drop in normalized sales.**

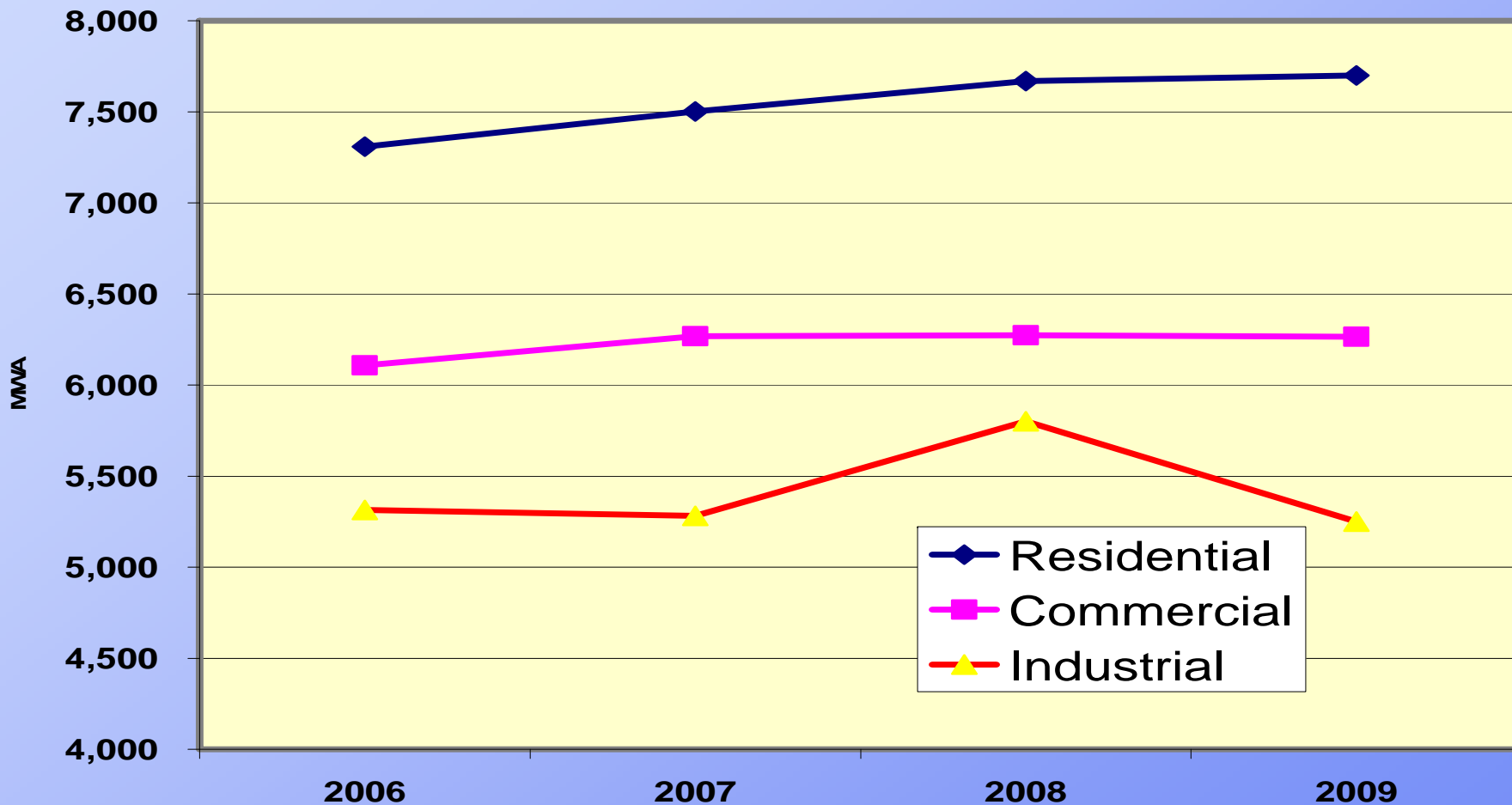
# 2009 Sales Eroded 2 Years of Sales Growth

Historic Sales in Northwest  
(Weather Normalized)



# Recession Slowed Down the Load Growth Across All Sectors

Sectoral Sales 2006-2009



Industrial sales had the highest level of decrease



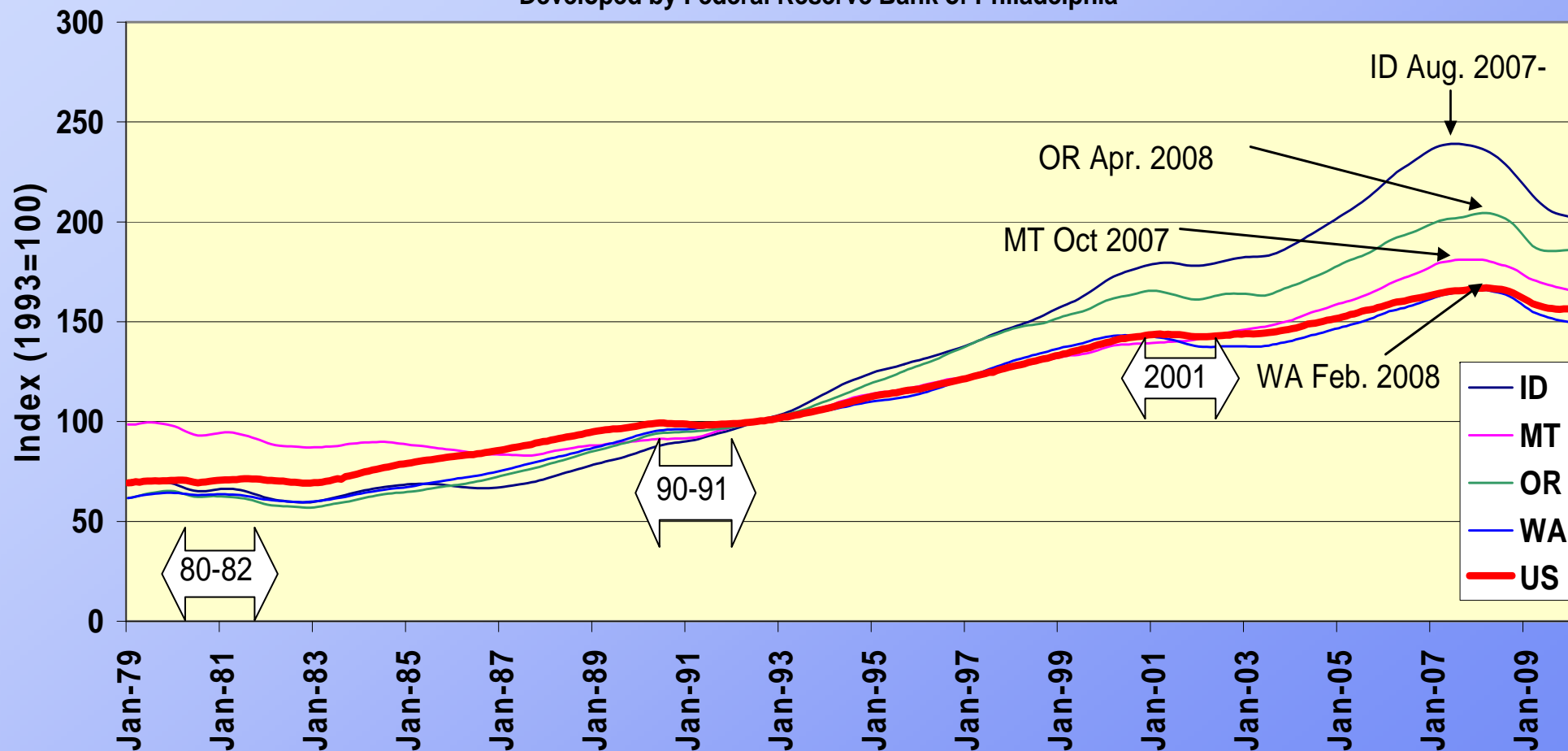
# Decline was not Uniform Across the Region

<b>2008-2009</b>	<b>Change in Sales* (MWA)</b>	<b>% decline</b>
<b>Idaho</b>	<b>(134)</b>	<b>5%</b>
<b>Montana West</b>	<b>(122)</b>	<b>11%</b>
<b>Oregon</b>	<b>(174)</b>	<b>3%</b>
<b>Washington</b>	<b>(107)</b>	<b>1%</b>
<b>Region</b>	<b>(537)</b>	<b>3%</b>

\*- not normalized for temperature

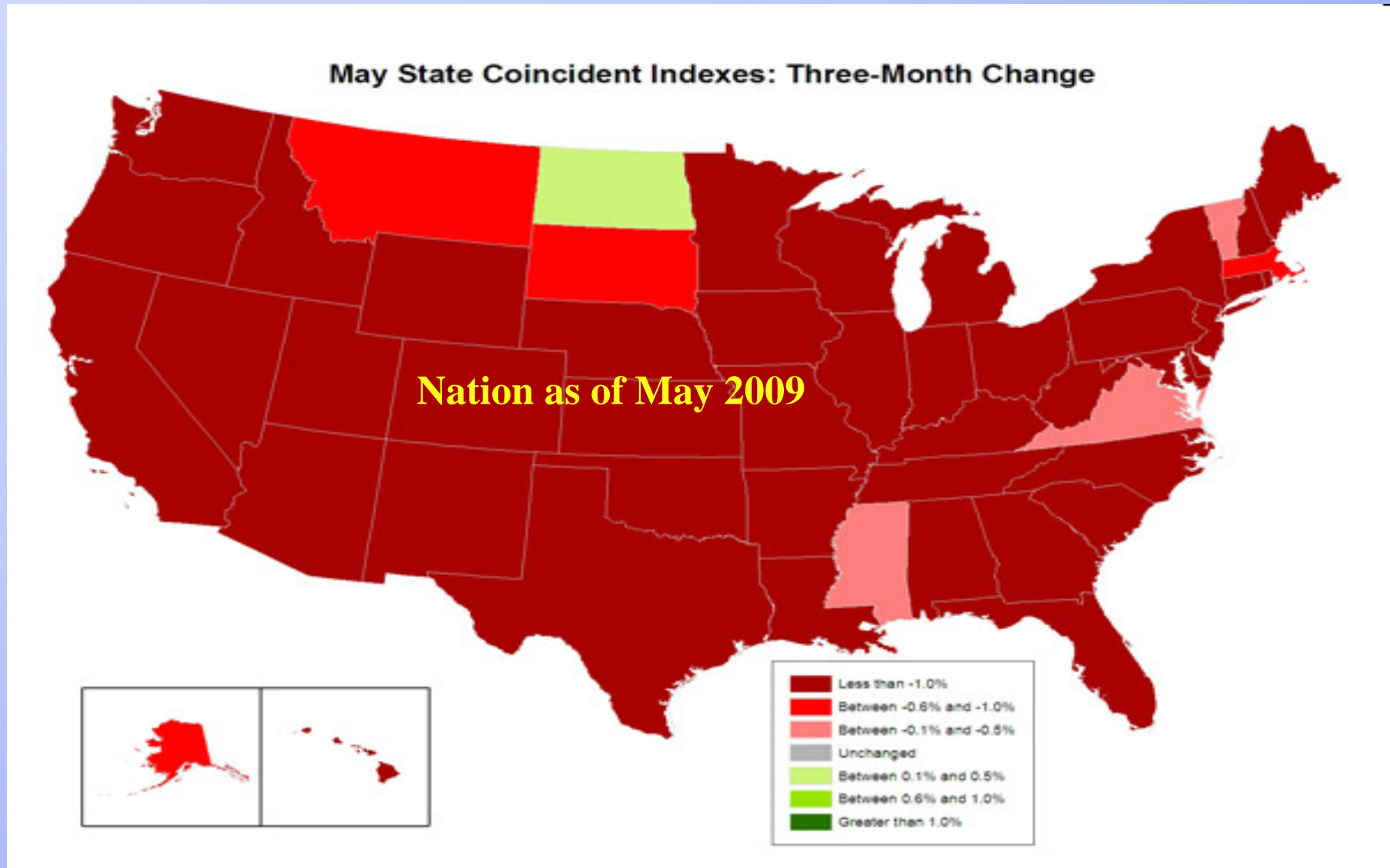
# States do not Experience Same Timing

Business Cycle Expansion and Contractions  
Monthly State Coincident Indexes  
Developed by Federal Reserve Bank of Philadelphia



- Idaho entered the current recession in July 2007, two quarters ahead of the nation. Washington lagged the nation.
- Oregon seem to be slowly coming out of recession

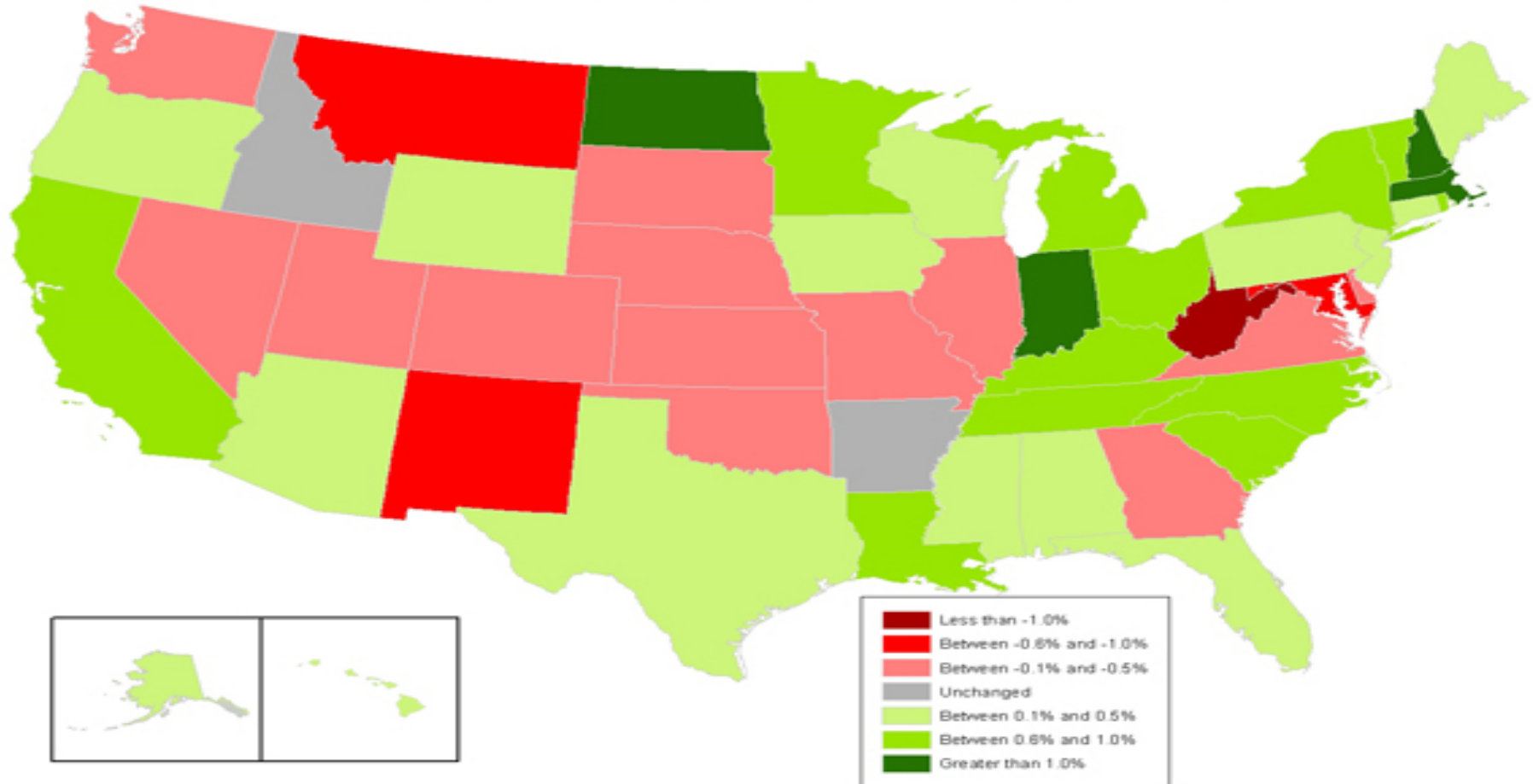
# A Year Ago All Indexes Were Declining



Indicators for almost all states showed decline.

# As of March 2010 Economic Indicators Show Improvement

March State Coincident Indexes: Three-Month Change



# 2010 Economic Outlook

- Continued slow recovery
- Slightly better condition in Oregon
- Industrial sector hit hard in Montana
- Housing prices and stock adjusting
- Commercial office vacancy
  - Portland metro areas shows improvement
  - Seattle seems to be in a plateau

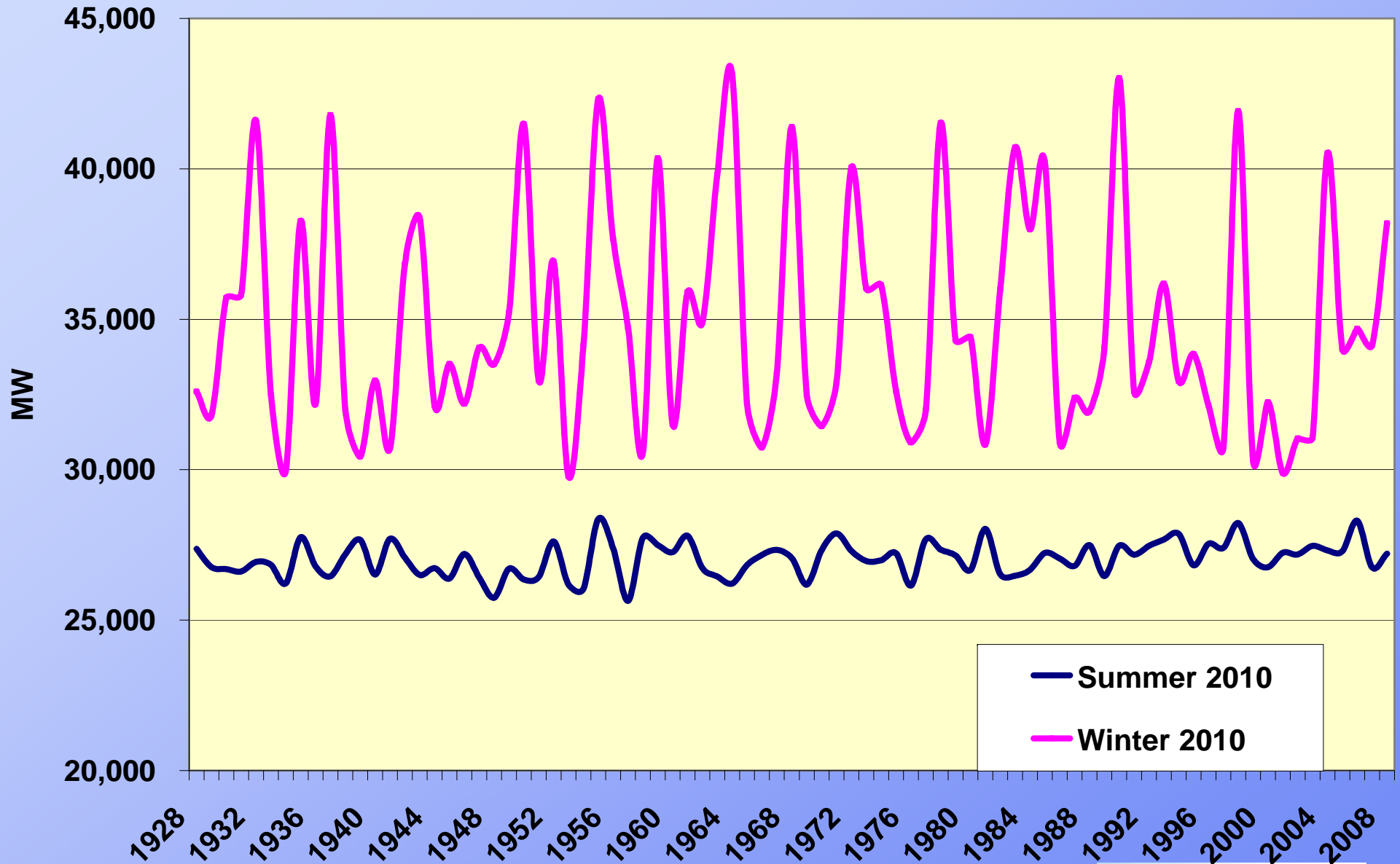
# 2009 Actual and Outlook for 2010

- Council's forecast for 2009 projected a 4% decline in sales.
- Actual normalized sales showed a 4.2% decline, ~800 MWa.
  
- For 2010 forecast \*
  - Average Load increase by 1.8% ~ 21,750 MWa
  - Summer peak load forecast ~ 27,000-28,000 MW
  - Winter Peak load forecast ~ 30,000-43,000 MW

\* Load net of DSI and conservation achieved in 2008 & 2009



# Range of 2010 Summer and Winter Peaks



With Temperature Conditions in



