

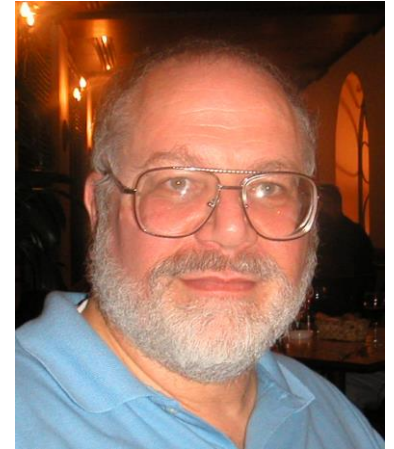
The Pathway to Public Power

Jim Lazar

Olympia, Washington

Author: Electricity Regulation in the US: A Guide

About Jim Lazar

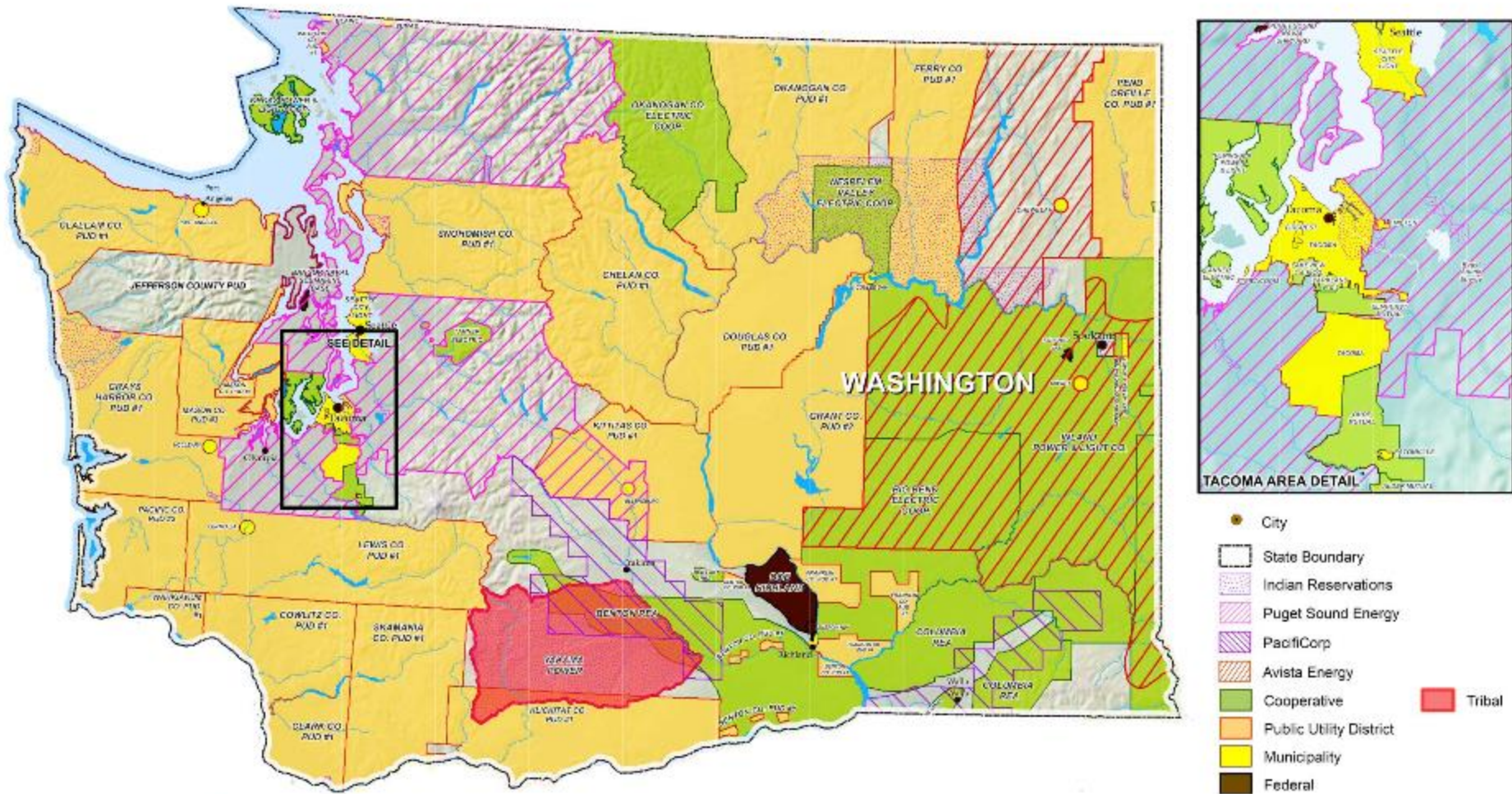


- Economist, based in Olympia
- 46 years experience in electric utility rate making and resource planning
- 1974 WWU Economics graduate
- Consultant to state and federal agencies and to public interest groups
- Advisor to utility regulators
- Involved in formation of four new public power utilities.

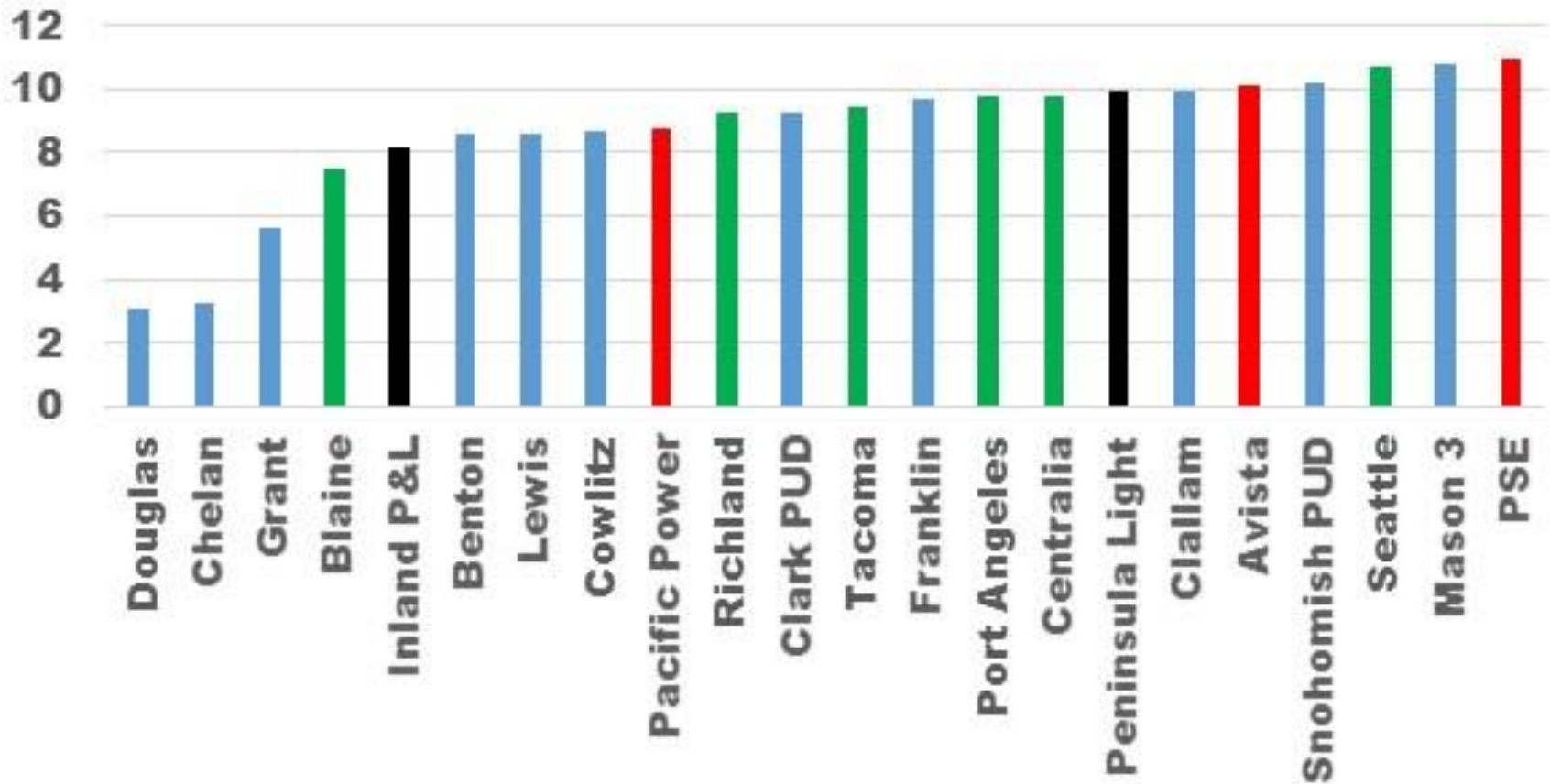
Alternative Utility Options for Whatcom County

- Continued Service from PSE
- Municipal Electric (and Gas) Utilities
- Electric Cooperatives
- Public Utility District

54 Electric Utilities in WA



2018: Average Price (cents/kWh)



PUD's
Cooperatives

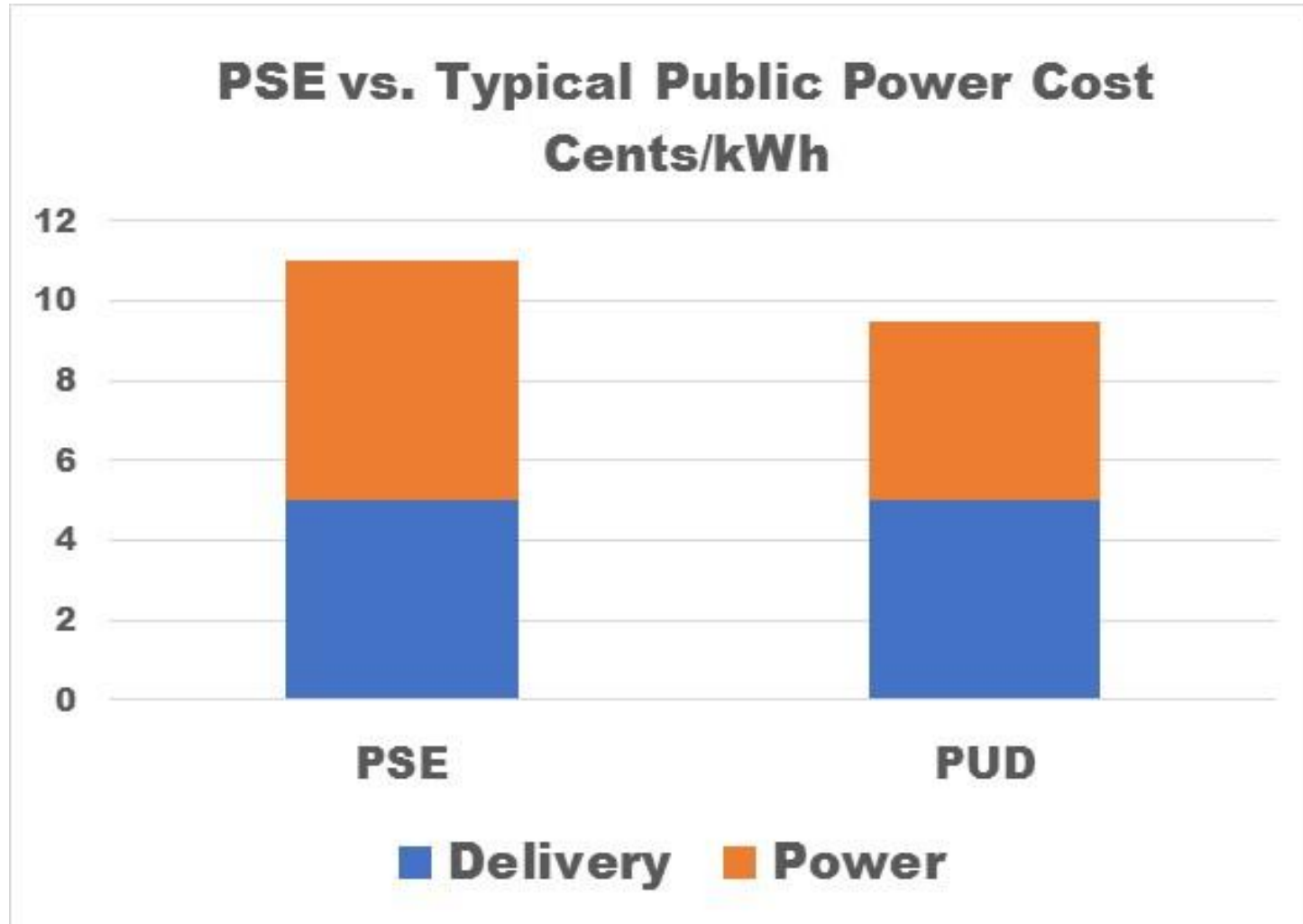
Municipals
Investor-Owned

BPA Power: Cleaner and Cheaper



BPA vs. PUD

Average Cost of Power



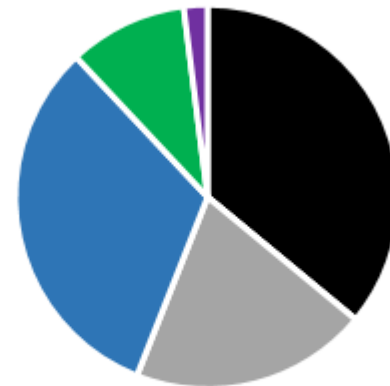
BPA vs. PSE Fuel Mix (2018)

BPA



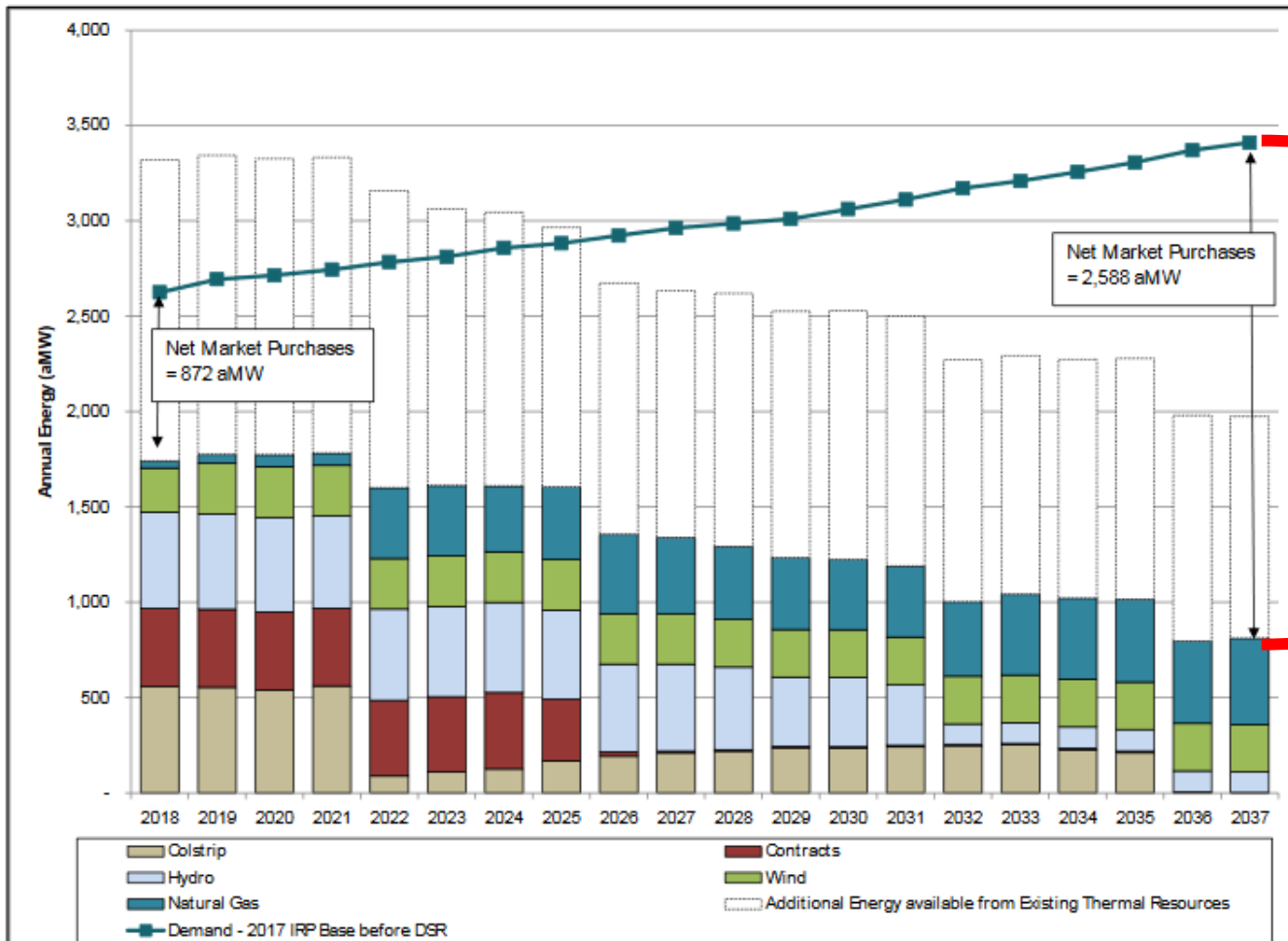
- Coal
- Nuclear
- Gas
- Hydro
- Wind/Solar
- Other

PSE



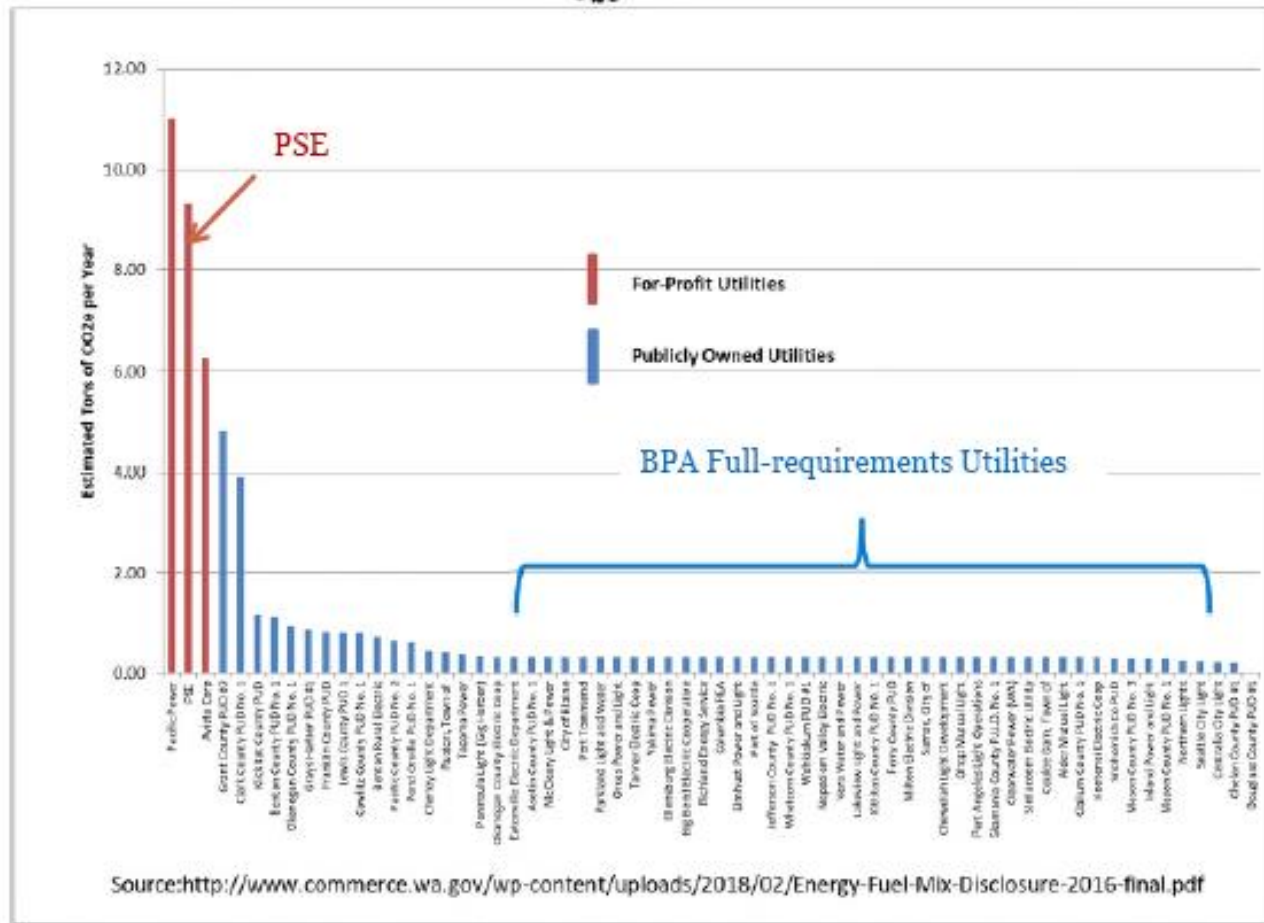
- Coal
- Nuclear
- Gas
- Hydro
- Wind/Solar
- Other

Significant Need for Resources



**PSE
has
a
big
gap
to
fill!**

PSE produced 15 times more carbon pollution on a per-customer basis than BPA full-requirements utilities in 2016.



Continued Service from PSE

- Franchises expire: govern relationship between cities and PSE
- Could require different resource mix in future franchise
- Could require undergrounding of lines in future franchise
- PSE has no plan for how to meet the state zero-carbon standard; is considering seeking an exemption.

Municipalization



- Cities can provide electricity and natural gas service.
- Vote of City Council and public needed
- Can access BPA (gradually)
- Advantages: Non-Profit; No Federal Income Tax; Tax-Exempt bonds.
- Helps spread city overhead costs
- Can also provide natural gas, telephone, internet, cable TV, water, sewer, solid waste, stormwater
- Disadvantages: Fewer economies of scale; possible wage scale differentials.

Forming a Municipal Utility

- Vote of City Council
- Vote of public (to authorize service)
- Appraisal
- Offer
- **Eminent Domain Action**
- Secure power (from BPA or other suppliers)
- “Cutover” from PSE to Municipal

Example Municipal Utilities

- Seattle
- Tacoma
- Ellensburg (gas and electric)
- Richland
- Centralia
- McCleary
- Sumas
- Blaine
- Enumclaw (gas only)

Cooperatives / Mutuals

- Electric Cooperatives can provide electric service in any area.
- Can access wholesale power from Bonneville Power Administration
- Several in Pierce County: Elmhurst, Lakeview, Ohop, Parkland.
- Orcas Power and Light

OPALCO
Orcas Power & Light Co-op



**Elmhurst Mutual
Power & Light**

Forming a Cooperative Utility

- Form a non-profit corporation
- Solicit Customers
- Build an initial distribution system
 - Example: WWU and Samish Way
- Acquire power from BPA
 - PSE is **required** to provide transmission service.
- Offer to PSE for PSE System
 - **NO** power of eminent domain

Whatcom PUD

- Countywide Public Utility District
 - Began electric service in 1952
 - 1 Electric customer (refinery)
 - Multiple water customers
-
- Because it already serves electric power, it can expand without a vote of the public.

Activating PUD To Serve Electricity More Broadly

- Vote of Commissioners
- Appraisal
- Offer
- **Eminent Domain Action**
- Secure power supply from BPA or other suppliers
- Cutover from PSE to PUD
- Does NOT need to take over entire system all at once.

Discussion

For Additional Information:

PUDs: Washington PUD Association

Cooperatives: National Rural Electric
Cooperatives Association

Municipals: American Public Power
Association