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June 27, 2007

MEMORANDUM

TO: Power Committee

FROM: Massoud Jourabchi

SUBJECT: Report on Recent Electricity Consumption

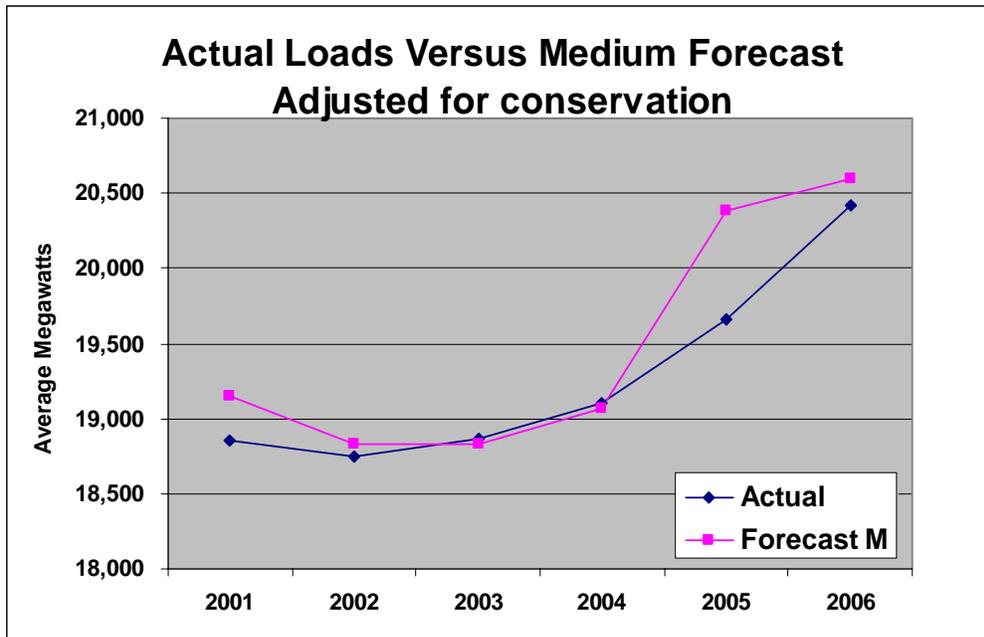
In the 2006 Biennial monitoring report, we found that for the 2003-2005 period the regional economy, measured in Gross State Product, had grown at a significant rate of 4.5%, surpassing the national economy average by more than one full percentage point. Recent data from Bureau of Economic Analysis confirms the continuation of this faster than national growth for the region. In 2006, the regional economy grew at an annual rate of 5.5%. The table below shows the annual growth rates of the economy from 2000 through 2006. Since 2002, the regional economy has grown at an average annual rate of 3.7%. A similar growth picture is evident in the employment figures for the region. By 2006, regional employment had increased by almost half a million people from the 2002 level.

GSP Annual Growth Rate	2000	2001	2002	2003	2004	2005	2006
Regional (Four States)	3.50%	-0.80%	1.70%	2.20%	4.60%	4.50%	5.50%
US	3.70%	0.90%	1.50%	2.40%	3.70%	3.00%	3.40%
Regional (Four State) Employment (millions)	5.69	5.67	5.68	5.73	5.88	6.04	6.16

Although the retail sales of electricity have been increasing since 2002, they had not yet recaptured their 2000 levels by 2006. A number of factors contribute to slow recovery of electricity sales; structural change in manufacturing away from energy intensive sectors, increase in less-energy intensive service industry employment, and gains in energy efficiency. The table below, based on monthly data from the Energy Information Administration, shows an annual increase of about 500 Average Megawatts since 2002, but sales by the end of 2006 are still about 1500 MWa below 2000 sales levels. In 2006, sales growth surpassed 800 MWa with sales to the residential and commercial sector increasing by 439 and 433 MWa, respectively, while industrial sales continued their decline with a loss of 64 MWa.

	2000	2001	2002	2003	2004	2005	2006
Electricity Sales for Region ¹	20,292	17,152	16,893	17,211	17,465	18,013	18,821
Annual Change in Sales		(3,140)	(259)	317	255	548	808
Sales Gap from 2000 (MWa)		(3,140)	(3,399)	(3,081)	(2,826)	(2,279)	(1,471)

Comparison of actual loads in 2006 with the forecasts in the Fifth Power Plan shows that, although in 2006 the regional load grew more aggressively, the overall load is consistent with the medium forecast for 2006, and we see a slow-down in the trend.

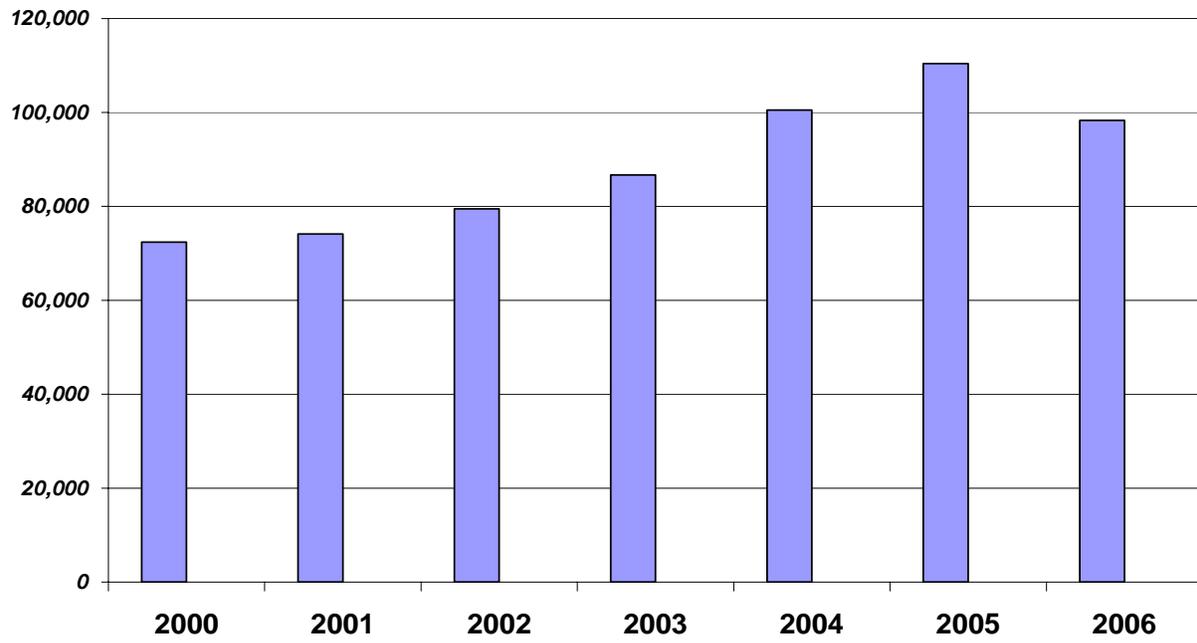


Population and the number of households in the region were increasing at an average annual rate of 1.3% between 2000 and 2005. The preliminary estimate for 2005 shows that electricity sales to the residential sector kept up with population growth, at about 1.5% per year, while the electricity consumption per household was consistent with declining long-term trends. Our forecast of residential electricity sales for 2005 was 7262 MWa, and preliminary estimates put actual sales in 2005 at 7252 MWa. This suggests residential forecast is on track with the actual.

Sales of electricity to the aluminum companies increased by about 300 MWa to about 600 MWa in the first 5 months of 2007, due to an additional pot-line at the Ferndale plant being put into service. Early indications for 2007, based on January and February data, are that strong electricity sales are continuing but the rate of growth is slowing down. The table below shows the growth rates of electricity sales for the first two months of each year in the past 7 years. We see a slowdown from 2.14% for 2005-2006 to 1.73% for 2006-2007. Another indication of slowdown is reduction in residential new construction. The following graph shows a decline in number of housing unit additions since their 2005 levels.

	2000	2001	2002	2003	2004	2005	2006	2007
Four States Totals	4.31%	-5.11%	-11.34%	-3.94%	7.18%	1.59%	2.14%	1.73%

New Private Residential Construction Units in the 4 states

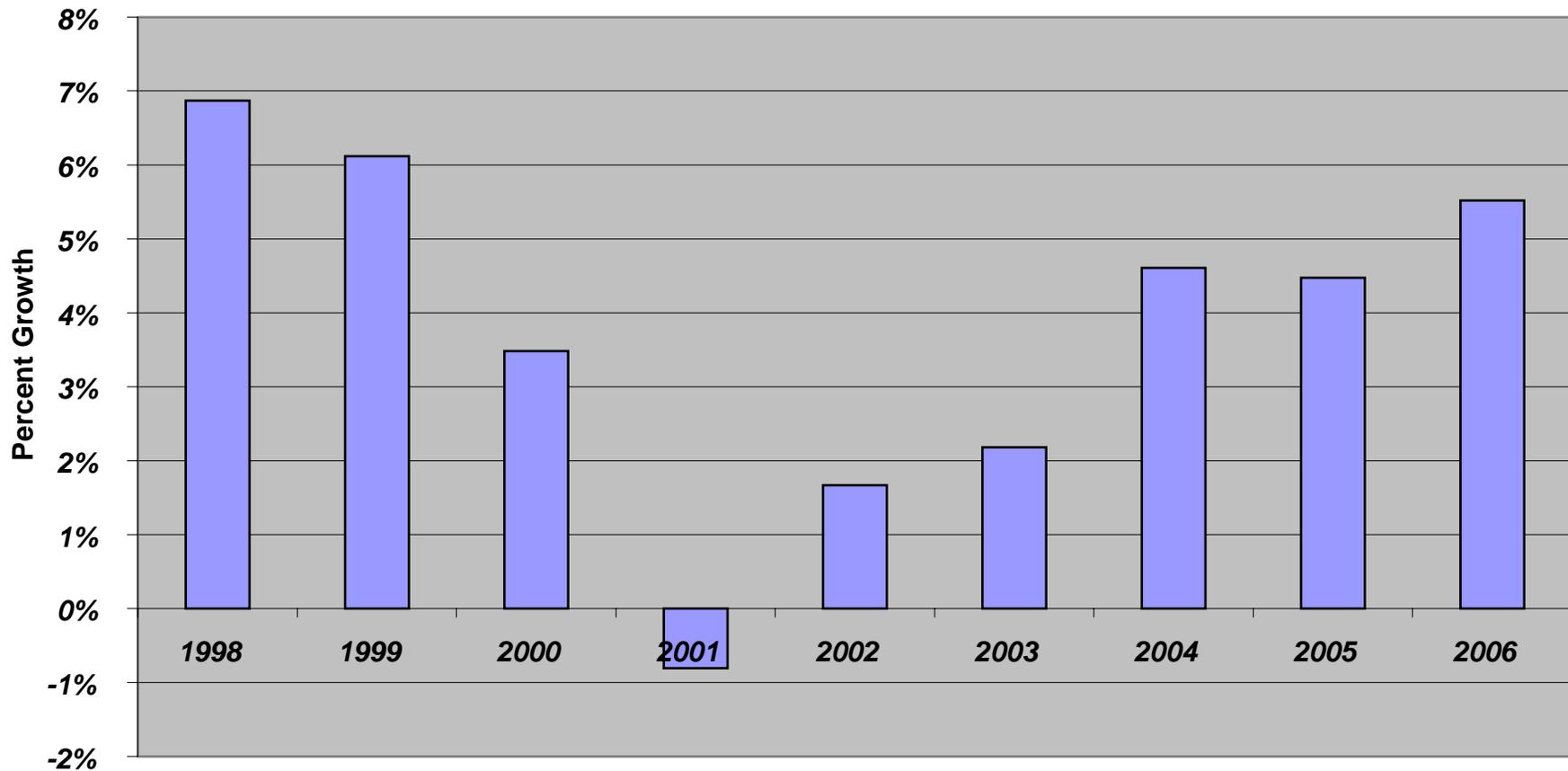


Report on Recent Electricity Consumption

July 11-12, 2007
Portland, Oregon

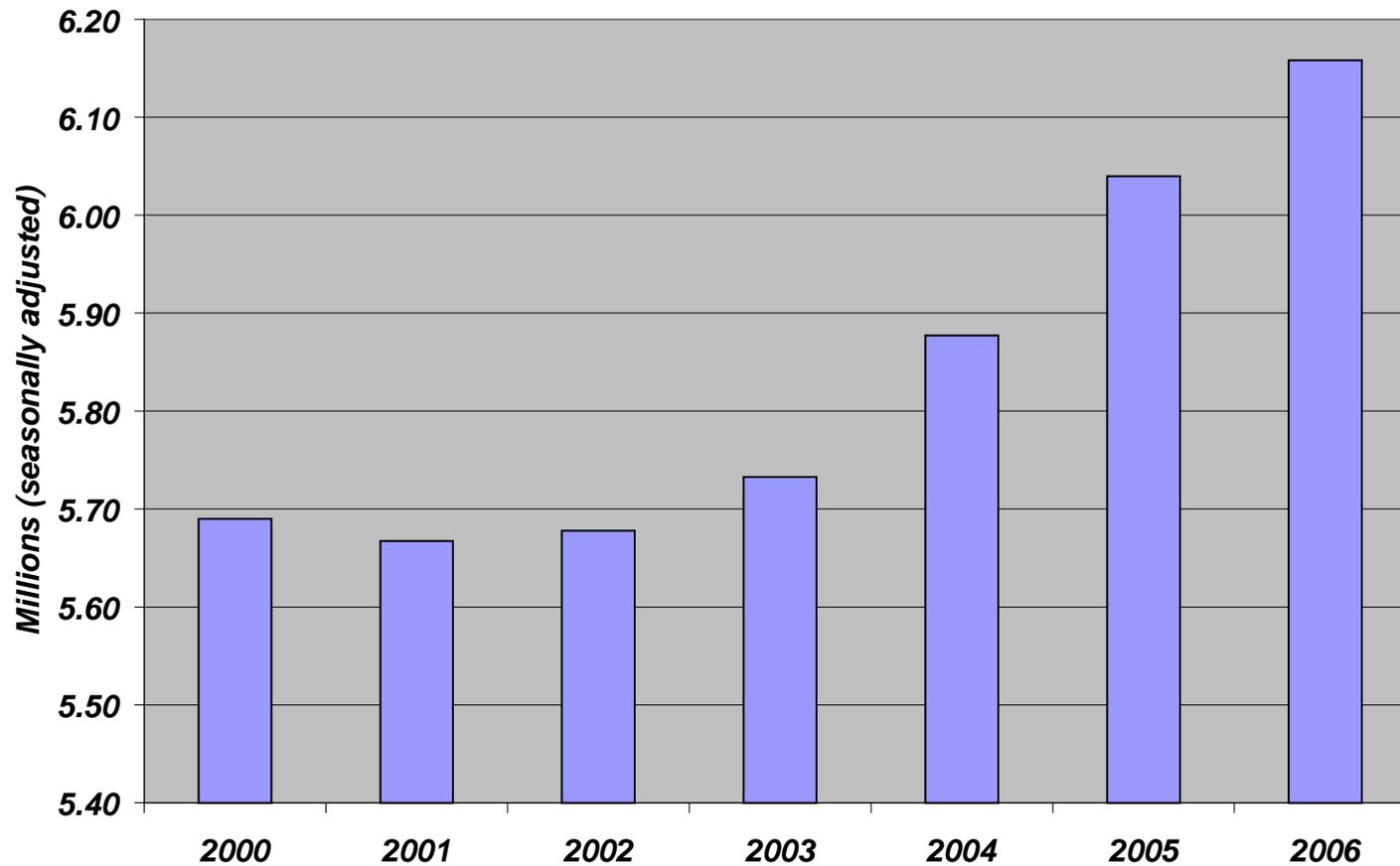
Economic Recovery Continuing

Annual Growth Rate in Regional Economy (constant 2000 dollars)



Employment Growth Continues

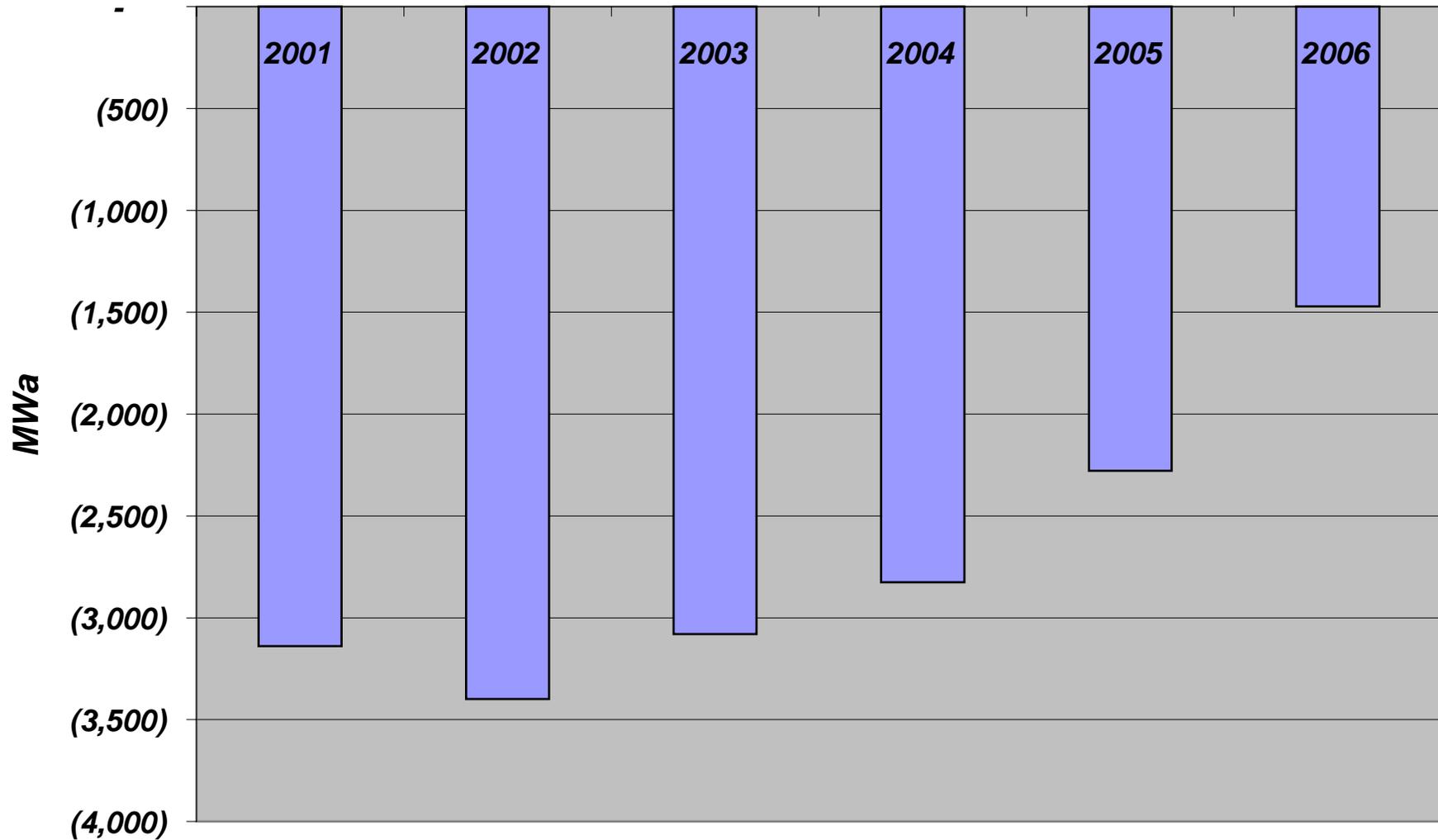
Four States Regional Employment



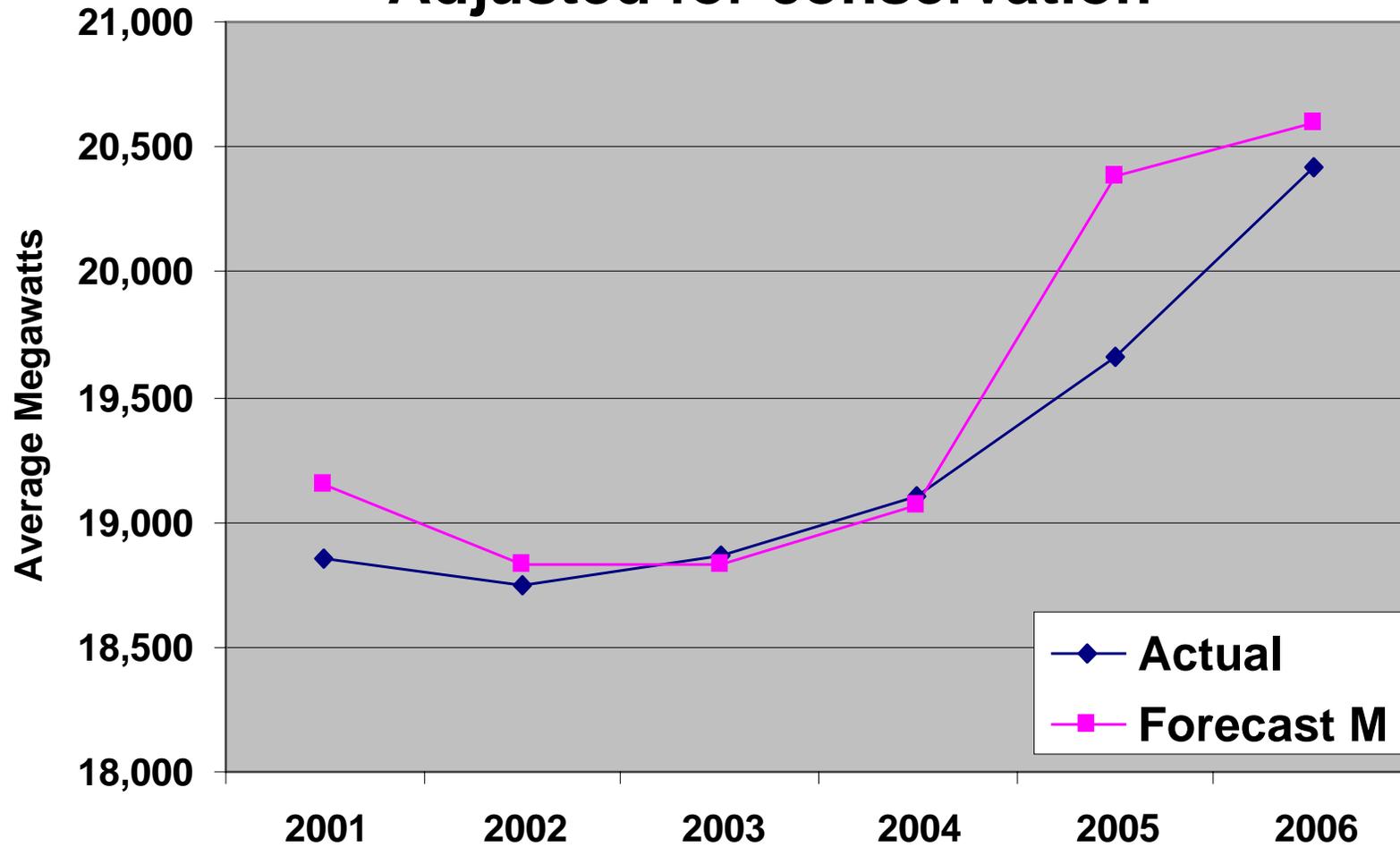
Electricity Sales Recovering

- Sales (not weather adjusted)
 - 20292 MWa in 2000
 - 18013 MWa in 2005
 - 18821 MWa in 2006
- 2006 sales growth was over 800 MWa
- Residential and commercial sectors growth continues
- Industrial sales slip further
- DSI load has increased to about 600 MWa
- In the first 2 month of 2007 sales growth has slowed.

Electricity Sales Gap Compared to 2000 Levels

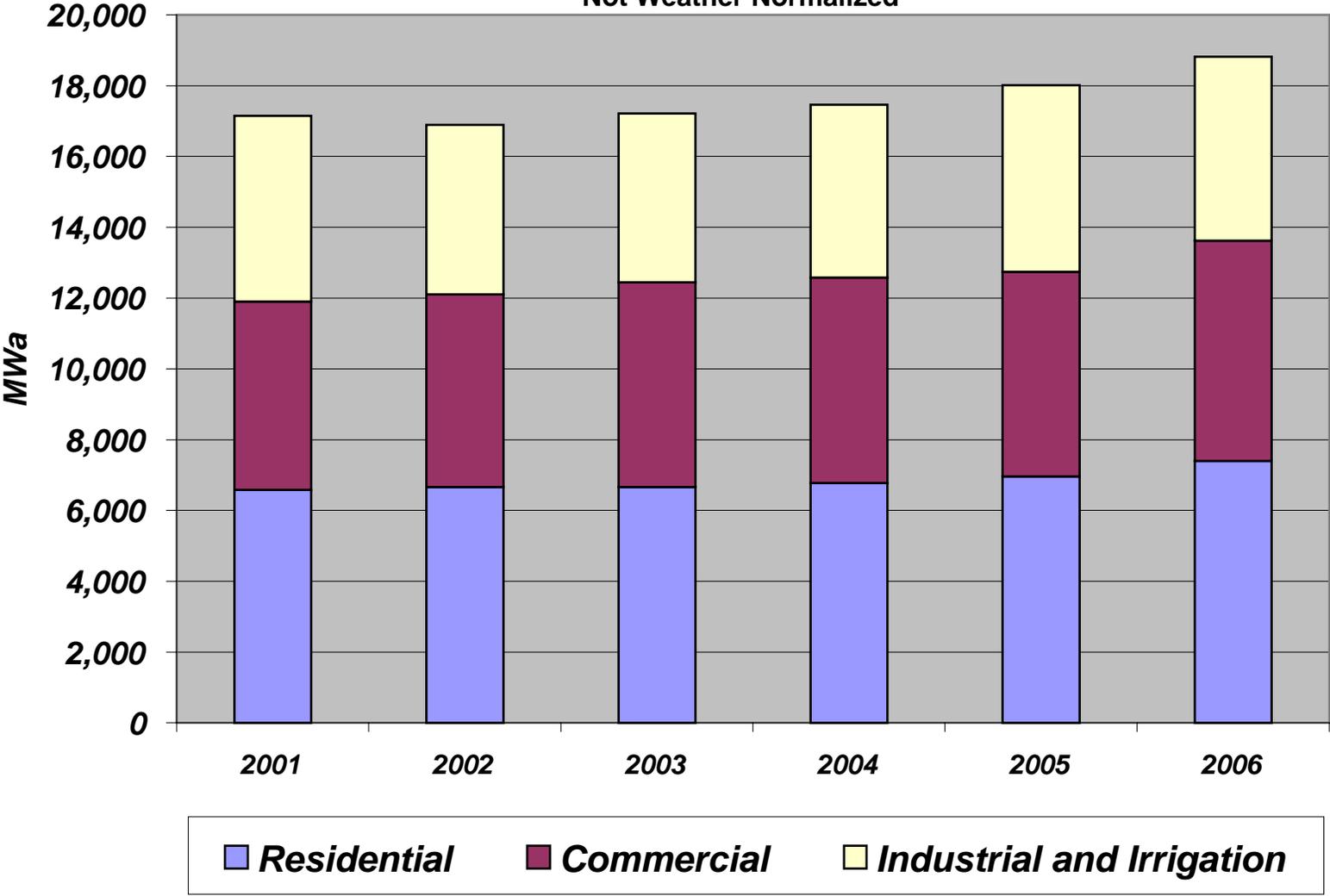


Actual Loads Versus Medium Forecast Adjusted for conservation



Regional Electricity Sales (MWa)

Not Weather Normalized



New Private Residential Construction Units in the 4 states

