

WASHINGTON STATE POWER COMMISSION

1923 Smith Tower - 506 2d Avenue

Seattle 4, Washington

Commissioners

Walter S. Gordon, Chairman
Roy H. Skill, Vice-chairman
Tom Quast, Secretary
W. Otto Warn
Bob Jones

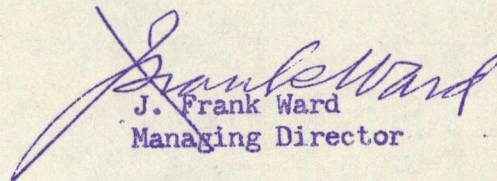
J. Frank Ward
Managing Director

Telephone
Seneca 5922

Herewith, for the information of Public Agencies in the Northwest and especially those concerned with the formation of Operating Agency No. 1, are copies of the Program of the Washington State Power Commission, except for those who have received copies at the meeting March 26.

Also enclosed is a statement of the Commission regarding the formation of the Operating Agency No. 1 which the Commission presented by unanimous agreement at the meeting of March 26, 1954.

Yours very truly,


J. Frank Ward
Managing Director

JFW:mt
Encl.

STATE OF WASHINGTON
ARTHUR B. LANGLEIE, GOVERNOR

COMMISSIONERS
WALTER S. GORDON, CHAIRMAN
ROY H. SKILL, VICE-CHAIRMAN
TOM QUAST, SECRETARY
W. OTTO WARN
BOB JONES



ADDRESS ALL COMMUNICATIONS TO
J. FRANK WARD
MANAGING DIRECTOR

TELEPHONE
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WASHINGTON STATE POWER COMMISSION
1923 SMITH TOWER • 506 SECOND AVENUE
SEATTLE 4, WASHINGTON

GENERAL PROGRAM

As Adopted by Action of the Commission

March 26, 1954

In conformity with authorizing legislation, the following are the objectives of the Washington State Power Commission:

- (a) To encourage the development of hydro resources of the State in the best public interest.
- (b) To investigate other energy producing sources which will add to the supply of electric energy in the State.
- (c) To determine whether any combination of present and prospective system resources and operations can produce additional firm power supply, and minimum amount of construction necessary to produce the desired result.

To carry out these objectives the following GENERAL PROGRAM is proposed:

I Discussion with Bonneville Power Administration.

- (a) Their previous analysis and proposal with regard to Federal construction of steam plants.
- (b) Modification of rates for sale of secondary and dump energy, to implement the development and production of additional amounts of firm power.
- (c) Arrangements for sale to Washington State Power Commission of various forms of energy.

II Discussion with the aluminum industry:

- (a) The desirability of additional firm power supply in place of interruptible and the quantity desired at specified price.
- (b) Relation between prim energy and possible firm substituted for interruptible, which companies need and can use.

III Discussion with private and public agencies their proposed projects, costs, surplus energy and possible re-purchase of firm energy substituted for interruptible, considering,

- (a) Presently constructed authorized and in process projects.
- (b) Additional hydro construction which may be possible under Washington State Power Commission and Operating Agency programs.

IV Discuss and develop possibility of partnership operation with Federal Government regarding:

- (a) Purchase of Federal output.
- (b) Use or lease-purchase of Federal transmission.
- (c) Participation in Federal projects for generator installation by the Washington State Power Commission where installation of these units might otherwise be delayed.
- (d) Participation of Federal agencies in new construction to carry cost of non-reimbursables.

V Discuss with Congressional Delegation and Legislative bodies.

- (a) Project authorizations.
- (b) Construction appropriations.
- (c) Lease and operation arrangements.
- (d) Participation in non-reimbursables.
- (e) Rates and surplus net revenues.
- (f) Refinancing of present projects by Washington State Power Commission.

VI Discuss with Federal Power Commission its policy on licensing regarding ability of agencies, to:

- (a) Construct
- (b) Operate
- (c) Finance
- (d) Pay off
- (e) Render service
- (f) Conform to requirements as a preferred agency.

VII Discuss with financial houses:

- (a) Revenue finance.
- (b) General financing problems.
- (c) Need for declaratory judgments and/or opinions regarding Bond validity.

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Statement with regard to application for formation of
Operating Agency No. 1

The Commission finds itself unable at this time to arrive at a final conclusion as to the granting of its consent to the formation of Operating Agency No. 1 as a division of this Commission. For the present, final action must be deferred.

At the morning meeting, the Commission adopted a program for its own operation. This program spells out the initial avenues to be explored by ourselves in order to determine how we can best carry out the intent of Section 20 of the Act (Ch. 281, Laws of 1953). This section provides that the Commission shall represent the people of the State of Washington to the end that its water resources and other resources shall be properly developed for the best public interest insofar as they affect electric power.

There has been insufficient time so far for the Commission to obtain the necessary technical data prerequisite to the formulation of specific plans to effectuate this intent. We have only recently engaged our Managing Director and other engineering personnel. They are at this time undertaking certain specific engineering studies that we deem necessary to carry out the intent of the Act which created this Commission.

The Legislature has provided that an Operating Agency may not be formed without the consent of the Commission. It is therefore apparent to us that such consent is not to be given automatically upon application. We believe each application should be carefully considered, not only as to the form, but also in the light of the intent of the Act and the role to be played by such Agency as a division of this Commission within that intent.

In deferring final action, we intend to take only such time in considering this application as may be necessary to inform ourselves properly as to all phases of an overall program.