(note to public involvement workshop participants: This material is provided in response to a question in Workshop #1 about City Light's resource portfolio and in particular about our long-term contract sources of power.)

Long-Term Purchased Power Contracts

City Light, under expected water conditions, derives about 55 percent of its total energy from long-term contracts, 5 or 6 percent from purchases from the power market and the rest from its own resources. The long-term contracts in effect in 2005 are with the following suppliers

Bonneville Power Administration (BPA)
British Columbia Hydro (High Ross Contract)
City of Klamath Falls (Klamath Falls Cogeneration Project)
Pend Oreille County PUD (Box Canyon Hydroelectric Project)
Grand Coulee Project Hydroelectric Authority (GCPHA)
Pacific Power Marketing Inc. (State Line Wind Project)
Grant County PUD (Priest Rapids Project)
Boise-Kuna Irrigation District (Lucky Peak Project)
Northern California Power Agency (NCPA)

A short description of these contracts is presented below, followed by a table showing the energy received in 2004 from all the sources of energy for City Light and a forecast through 2016. The table indicates that some energy was received in 2004 from generators located at the King County Metro Sewage plant. The contract with Metro ended in 2004. Following the table is a figure presenting the forecast data along with twenty years of history to put the forecast into perspective.

Bonneville Power Administration (BPA)

Bonneville markets power from 30 federal hydroelectric projects, from several non-federally-owned hydroelectric and thermal projects in the Pacific Northwest and from various contractual rights with installed peak generating capacity of 24,080 MW and a firm energy capability of approximately 8,500 average MW (the "Federal System"). These projects are built and operated by the United States Bureau of Reclamation (the "Bureau") and the United States Army Corps of Engineers (the "Corps") and are located primarily in the Columbia River basin. The Federal System currently produces approximately 45 percent of the region's energy requirements. Bonneville's transmission system includes over 15,000 circuit miles of transmission lines, provides about 75 percent of the Pacific Northwest's high-voltage bulk transmission capacity and serves as the main power grid for the Pacific Northwest. Its service area covers over 300,000 square miles and has a population of about ten million. Bonneville sells electric power at cost-based wholesale rates to more than 130 utility, industrial and governmental customers in the Pacific Northwest. Bonneville also sells power directly to eight industrial customers in the region. Bonneville is required by law to give preference to government-owned utilities and to customers in the Northwest region in its wholesale power sales.

A Block and Slice Power Sales Agreement with Bonneville provides for purchases of power by City Light over the ten-year period beginning October 1, 2001. Under the contract, power is delivered in two forms: a shaped block (the "Block") and a Slice. Through the Block product, power is delivered to the Department in stipulated monthly amounts. The original contract provided for delivery of 163.8 average MW annually as a Block for the period from October 1, 2001, through September 30, 2006, and 278.2 average MW from October 1, 2006, through September 30, 2011. The amount of Block power available to the Department has been reduced by 41.5 average MW since the inception of the contract, pursuant to agreements with Bonneville through which Bonneville purchases energy savings realized by the Department's conservation programs. The Department's entitlement to Block power is reduced by the amount of savings purchased. Through November 30, 2004, the Department had received $35.1 million in payments from Bonneville for conservation savings and expects to receive an additional $16.4 million through June 30, 2006.

Under the Slice product, the Department receives a fixed 4.6676 percent of the actual output of the Federal System and pays the same percentage of the actual costs of the system. Payments for the Slice product are subject to an annual true-up adjustment to reflect actual costs. Power available under the Slice product varies with water conditions, federal generating capabilities and fish and wildlife restoration requirements. Under the most recent estimates of the capability of the Federal System, energy available to the Department through the Slice product is expected to average 443 average MW over all water conditions. Under critical water conditions, the Slice product provides 334 average MW of energy.

Pend Oreille County PUD (Box Canyon Hydroelectric Project)

City Light purchases power from the Box Canyon Hydroelectric Plant ("Box Canyon") owned and operated by Pend Oreille PUD. The purchase contract, which extends until August 1, 2005, provided the Department with 40,721 MWh of energy in 2004.

Grant County PUD (Priest Rapids Project)

Under an agreement effective through October 31, 2005, City Light receives eight percent of the output of the Priest Rapids Development ("Priest Rapids") which, together with the Wanapum Development, constitutes the Priest Rapids Project and is owned and operated by Public Utility District No. 2 of Grant County ("Grant PUD"). The Priest Rapids Development has an installed capacity of 855 MW. City Light's share of Priest Rapids generation in 2004 was 310,596 MWh.

In 1995, certain Idaho and Snake River cooperatives filed a complaint with FERC in which they sought entitlement to allocation of power from Priest Rapids under any new license. FERC ruled in 1998 that, effective November 1, 2005, 70 percent of the Priest Rapids Project's output would be allocated to the licensee. The remaining 30 percent would be available for sale pursuant to market-based principles to entities in the broad seven-state Northwest region, while giving certain Idaho cooperatives and the current power purchasers a priority right. FERC also issued an order permitting any entity, not just Grant PUD or another Washington public agency, to file a competing license

application. These proceedings could impact the amount of power generated at Priest Rapids and City Light's allocation of power upon expiration of the current contract.

Contracts executed in 2002 with Grant PUD provide for the allocation of power and other benefits from the Priest Rapids and Wanapum Developments to City Light over the period from November 1, 2005, through the end of the new FERC license period. Under the terms of these contracts the Department expects to purchase a share of the firm and nonfirm power allocated to Grant PUD that is surplus to the PUD's load requirements. The amount of power available from Grant PUD under these provisions will decline over time as the PUD's load, and therefore its claim on the 70 percent of the Priest Rapids Project's output that is allocable to the PUD, increases. In addition, the Department has contracted to receive a share of the net revenue derived from the sale of the 30 percent share of the Priest Rapids Project's output that will be sold pursuant to market-based principles in the seven-state Northwest region under the terms of the FERC order. The Yakama Indian Nation has filed a petition with FERC challenging the new contracts signed by Grant PUD.

British Columbia Hydro (High Ross Contract)

In 1984, an agreement was reached between the Province of British Columbia and the City under which British Columbia will provide City Light with power equivalent to that which woud result from an addition to the height of Ross Dam. The agreement was ratified through a treaty between Canada and the United States in the same year. The power is to be received for 80 years, and delivery of power begn in 1986. City Light will make annual payments to British Columbia of $21,8 million through 2020, which represents the estimated debt service costs City Light would have incurred had the addition been constructed. The payments are charged to expense over a period of 50 years through 2035.

Grand Coulee Project Hydroelectric Authority (GCPHA)

City Light, in conjunction with the City of Tacoma, Department of Public Utilities, Light Division ("Tacoma"), has power purchase agreements with three Columbia Basin irrigation districts for acquisition of power from five hydroelectric plants under 40-year contracts expiring between 2022 and 2027. These plants, which utilize water released during the irrigation season, are located along irrigation canals in eastern Washington and have a total installed capacity of approximately 129 MW. The plants generate power only in the summer and thus have no winter peak capability. Plant output and costs are shared equally between the Department and Tacoma. In 2004 the Department received 245,755 MWh from the project

.

Boise-Kuna Irrigation District (Lucky Peak Project)

The Lucky Peak Hydroelectric Power Plant ("Lucky Peak") was developed by three Idaho irrigation districts and one Oregon irrigation district (the "Districts") and began operation in 1988. Its FERC license expires in 2030. The plant is located on the Boise River, approximately ten miles southeast of Boise, Idaho, at the Lucky Peak Dam and Reservoir. The rated capability of the three generating units at the plant is 101 MW.

Energy generation in 2004 was 292,986 MWh. Since generation is concentrated in the summer months, the plant has no peak capability during City Light's winter peak period.

City Light entered into a 50-year power purchase and sales contract in 1984 with the Districts under which City Light will purchase all energy generated by Lucky Peak, in exchange for payment of costs associated with the plant and royalty payments to the Districts. City Light also signed a transmission services agreement with Idaho Power Company ("Idaho Power") to provide for transmission of power from Lucky Peak to a point of interconnection with the Bonneville system. City Light sold the actual net output of the plant for the period from May 1, 2003, through November 30, 2004, at a price equal to the Dow Jones Mid-Columbia Index plus $3.25 per MWh and has contracted to sell the actual output of the plant in calendar year 2005 at a price of $52 per MWh.

City of Klamath Falls (Klamath Falls Cogeneration Project)

An agreement with the City of Klamath Falls, Oregon, provides for the purchase of energy and capacity from the Klamath Falls Cogeneration Project, a 500 MW cogeneration facility consisting of a combined-cycle combustion turbine fueled by natural gas. Under the contractCity Light will receive 100 MW of capacity from the project for the five-year period ending in July 2006. Energy generation in 2004 was 768,900 MWH. City Light has decided not to renew this contract because anticipated costs of output exceed expected market prices.

Pacific Power Marketing Inc. (State Line Wind Project)

An October 2001 agreement with PPM provides for City Light's purchase of wind-generated energy and associated environmental attributes (such as offsets or emission reduction credits) primarily from the State Line Wind Project in eastern Washington and Oregon. Under the agreement, City Light received wind energy with an aggregate maximum delivery rate of 50 MW per hour from January 1, 2002, through July 31, 2002, 100 MW per hour from August 1, 2002, through December 31, 2003, and 125 MW per hour from January 1, 2004, through June 30, 2004. From July 1, 2004, through the end of the contract on December 31, 2021, the maximum delivery rate will be 175 MW per hour. Energy delivered under the contract is expected to average about 30 percent of the maximum delivery rate. City Light also entered into a ten-year agreement to purchase integration and exchange services from PacifiCorp and a 20-year agreement to sell integration and exchange services to PPM. City Light received 312,648 MWh of wind energy under the PPM contract in 2004.

Northern California Power Agency (NCPA)

In addition to its firm power contracts, City Light has had seasonal exchange contracts with three other utilities, which allow it to shape its resources to fit the demand from its customers. City Light usually has surplus energy during the summer while its heaviest load is in the winter. Other utilities (especially those in the Southwest) have load or resource profiles that are the reverse of City Light's, with peak demand in the summer. Therefore, exchange agreements with these utilities are beneficial to both parties. At this time, only one seasonal exchange remains in effect. This is with the Northern California

Power Authority (effective 1995). The seasonal exchange contracts usually result in exchange of energy and no cash payments, but they provide for cash payments if a utility cannot deliver energy at the times specified in the agreements.

Sources of Power, MWH

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Energy Available	13,976,743	14,547,348	14,900,048	15,274,154	15,331,479	15,292,869	15,300,486	15,302,443	15,342,174	15,320,399	15,283,795	15,222,400	15,263,464
SCL Generation,Total	5,580,593	6,466,241	6,854,030	6,968,955	6,992,006	6,970,094	6,974,573	6,972,565	6,982,969	6,974,116	6,970,946	6,970,094	6,993,626
Total Purchases	8,396,150	8,081,107	8,046,018	8,305,199	8,339,473	8,322,775	8,325,913	8,329,878	8,359,205	8,346,283	8,312,849	8,252,306	8,269,838
Long Term Contracts	7,096,150	7,170,395	7,169,603	7,417,606	7,439,458	7,415,547	7,417,462	7,416,718	7,433,938	7,417,743	7,377,185	7,307,589	7,330,745
BPA	4,696,127	4,609,403	5,315,736	5,959,636	5,978,856	5,958,901	5,959,931	5,959,419	5,974,034	5,961,426	5,959,544	5,958,901	5,978,730
Box Canyon	40,721	45,783	0	0	0	0	0	0	0	0	0	0	0
Priest Rapids	310,596	277,945	46,188	46,241	46,416	46,264	46,031	46,025	46,375	46,216	46,247	46,264	46,193
High Ross Contract	309,963	310,246	308,961	310,842	311,736	310,092	310,472	310,246	311,001	309,671	309,851	310,092	312,130
Grand Coulee	245,755	220,262	234,322	234,322	234,322	234,322	234,322	234,322	234,322	234,322	234,322	234,322	234,322
Lucky Peak	292,986	302,490	302,490	302,490	302,602	302,490	302,490	302,490	302,602	302,490	302,490	302,490	302,602
Metro Cogen	9,590	0	0	0	0	0	0	0	0	0	0	0	0
Klamath Falls	768,900	840,050	398,350	0	0	0	0	0	0	0	0	0	0
Wind Resources	312,648	455,520	455,520	455,520	456,768	455,520	455,520	455,520	456,768	455,520	455,520	455,520	456,768
Seasonal Exchange Received	108,864	108,696	108,036	108,555	108,758	107,958	108,696	108,696	108,836	108,098	69,211	0	0
Purchases from Power Market	1,300,000	910,712	876,415	887,593	900,015	907,228	908,451	913,160	925,267	928,540	935,664	944,717	939,093

Sources of Power, MWH