



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

PUBLIC AFFAIRS

November 17, 2009

In reply refer to: DK-7

Mr. Dan Seligman
Columbia Research Corporation
PO Box 99249
Seattle, WA 98139

BPA-2010-00201-F

Dear Mr. Seligman:

This is your final response to your request for information that you made to the Bonneville Power Administration (BPA), under the Freedom of Information Act (FOIA), 5 U.S.C. 552.

You had requested the following:

A copy of all "30-60-90 Day Reports" (Memoranda to the Secretary) submitted by the Bonneville Power Administration to the U.S. Department of Energy between January 1, 2000, and December 31, 2007.

Response:

BPA has provided you with all responsive documents in their entirety. There is no charge for your request.

If you are dissatisfied with this determination, you may make an appeal within thirty (30) days of receipt of this letter to the Director of Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue SW, Washington, DC 20585. Both the envelope and the letter must be clearly marked "Freedom of Information Act Appeal."

I appreciate the opportunity to assist you in this matter. If you have any questions, please contact Laura M. Atterbury, FOIA/Privacy Act Specialist, at 503-230-7305.

Sincerely,

/s/

Christina J. Brannon
Freedom of Information/Privacy Act Officer

Enclosures: Responsive documents

Due to the size of the responsive documents we are unable to post them electronically. If you would like a copy please contact the BPA FOIA Office at 503-230-7305.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

In reply refer to: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen
SUBJECT: 30-60-90 Day Report

January
Next 30 Days

Bonneville Prepares for Transmission Rate Case

Bonneville will release preliminary rate estimates in its 2002-2006 transmission rate case this month (January 12). Bonneville expects to propose a significant transmission rate increase due to changes in cost allocations between the power and transmission business lines, increased capital expenditures to ensure reliability, and increased labor costs. Customers had asked to see preliminary rates in order to be better able to discuss and comment on proposed transmission program levels. Bonneville rescheduled public meetings on program levels that were set for December to January in order to allow time for the numbers to be prepared. The Transmission Rate Case Initial Proposal is scheduled to be released in March 2000.

No Secretarial action request

Public Meetings on Important Fish Decisions

This month (January) the Federal action agencies--Bonneville, National Marine Fisheries Service (NMFS), the U.S. Fish and Wildlife Service (USFWS), the U.S. Army Corps of Engineers (Corps), the Bureau of Reclamation (Reclamation), the Forest Service, the Bureau of Land Management, the Bureau of Indian Affairs, and the Environmental Protection Agency--will jointly hold meetings throughout the region on key decision documents released last month. These include the All-H Paper, the Corps' Draft Environmental Impact Statement on the Lower Snake Dams, and the Biological Assessment on River Operations released by the Corps, Reclamation, and Bonneville. All are related to the NMFS Biological Opinion on listed salmon, which is expected in the spring of 2000.

No Secretarial action requested.

Bonneville to Purchase More Wind Power

Bonneville expects to sign a power purchase agreement with SeaWest WindPower, Inc. of San Diego, California, to purchase 16.8 megawatts of output from 28 new wind turbines to be installed at the Foote Creek Rim wind project near Arlington, Wyoming. Bonneville is planning to use the occasion of signing the new agreement to announce its plans for acquiring conservation and renewable resources in the next rate period (2002-2006) to help “augment” its existing power inventory.

Bonneville is willing to reserve approximately 150 average megawatts of the needed augmentation for conservation efforts that meet cost and availability requirements.

No Secretarial action requested.

Power Rate Case Activities

Cross-examination begins this month (January 24) and is scheduled to continue to early February in Bonneville’s 2002-2006 power rates case formal hearings.

No Secretarial action requested.

Arbitration and Appeal on Fiber Optic Contract

Arbitration and ruling on one of two contract issues related to the Electric Light, Inc. (ELI) suit against Bonneville in the Ninth Circuit Court of Appeals are scheduled for this month (January.) ELI claims that Bonneville has breached the contract; Bonneville claims ELI has not met minimum performance standards in the contract.

No Secretarial action requested.

February
Next 60 Days

Record of Decision Expected on Determining Customer's Net Requirements

Following two public comment periods and subsequent revisions, Bonneville will issue its Record of Decision this month (February) on revisions to its policies for determining the amount of power a utility is eligible to purchase from Bonneville. The policy changes have been of significant regional interest because of their effect on how utilities deploy their generating resources, particularly in the States of Oregon and Montana where electricity deregulation laws have been enacted.

No Secretarial action requested.

Conference Planned on Distributed Resources

Bonneville will co-sponsor a conference on distributed resources in Portland, Oregon, February 2. Nationally known experts in the field will discuss new products and technologies and their environmental benefits.

No Secretarial action requested.

Conference on Reliability Planned

Bonneville will sponsor a regional conference on electric power reliability Monday, February 28, 2000, at the DoubleTree Jantzen Beach in Portland. The conference will encompass both the transmission and power generation aspects of the issue.

No Secretarial action requested.

March Next 90 Days

Draft Record of Decision (ROD) on 2002-2006 Power Rates

The draft (ROD) outlining the Administrator's decision on Bonneville's 2002-2006 power rates is scheduled to be released on March 27. The parties to the rate case will have two weeks to file their briefs on exceptions to the draft ROD. The Administrator is expected to make a final decision on the power rates in late spring.

No Secretarial action requested.

Ongoing

Bonneville Pursues "Energy Web" to Help Meet Public Responsibilities

A key strategic thrust for Bonneville's business lines in the upcoming year is to integrate an energy web concept into plans and strategies and to foster its development. Bonneville envisions a Pacific Northwest energy web model operating by the year 2010 that makes use of new technologies such as distributed generation, telecommunications, metering and data networks, and renewable resources. Bonneville believes this will lead to an electricity market with many buyers and sellers, where consumers are active managers of their own energy production and use. Ultimately, the energy web will reduce costs, help integrate renewable resources, increase electrical system reliability and reduce environmental impacts of load growth. Examples of energy web activities already underway at Bonneville include green power marketing, ancillary services that help support renewable resources,

residential fuel cell technology, and investing in an increasingly environmentally friendly power supply.

No Secretarial action requested.

Bonneville to Revise Request for Changes in Personnel Authorities

In response to employee concerns and the Department's indication that it would be more supportive of a narrower request, the Administrator has decided not to seek broad authority to overhaul the agency's overall personnel system. Instead, Bonneville will abandon the former Administrative Efficiencies Project in favor of a more narrow targeted set of changes. The proposed changes will address specific procurement, property management, and critical staffing issues that cannot be resolved within existing authorities. The Administrator has asked Bonneville managers to review the needs in this light in preparation for making a proposal to the Department.

No Secretarial action requested.



Department of Energy

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EXECUTIVE OFFICE

In reply refer to: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen
SUBJECT: 30-60-90 Day Report

February
Next 30 Days

Public Meetings on Fish Decisions Continue. The Federal action agencies – Bonneville Power Administration (Bonneville), National Marine Fisheries Service (NMFS), the U.S. Fish and Wildlife Service (USFWS), the U.S. Army Corps of Engineers (Corps), the Bureau of Reclamation (Reclamation), the Forest Service, the Bureau of Land Management, the Bureau of Indian Affairs, and the Environmental Protection Agency--continue public meetings in February throughout the region on key decision documents released in December. These documents include the All-H paper, the Corps' draft Environmental Impact Statement on the lower Snake River dams, and the Biological Assessment on river operations released by the Corps, Reclamation, and Bonneville. All are related to the NMFS Biological Opinion on listed salmon, which is expected in the spring of 2000.

No Secretarial action requested.

Record of Decision Expected on Determining Customers' Net Requirements. Following two public comment periods and subsequent revisions, Bonneville will issue its Record of Decision (ROD) this month (February) on revisions to its policies for determining the amount of power a utility is eligible to purchase from Bonneville. The policy changes have been of significant regional interest because of their effect on how utilities deploy their generating resources, particularly in the States of Oregon and Montana where electricity deregulation laws have been enacted.

No Secretarial action requested.

Distributed Resources, Renewables and the Environment

Conference Set. Bonneville and a host of energy and environmental co-sponsor the Distributed Resources, Renewables and the Environment conference in Portland on February 2. Nationally known experts in the field will discuss new products and technologies and their environmental benefits.

No Secretarial action requested.

Keep the Lights on Conference Slated. Bonneville will sponsor a regional conference on electric power reliability in Portland on February 28. The Keep the Lights on Conference will focus on reliability, power supply, market forces, regional transmission organizations, and other power and transmission issues affecting reliability in the Northwest. Kevin Kelly, Deputy Director for the Office of Electric Power Regulation at the Federal Regulatory Commission, will discuss regional transmission organizations.

No Secretarial action requested.

Arbitration Set on Transmission Dispute. An arbitration hearing is scheduled this month (February 28) in Powerex's dispute with Bonneville over Bonneville's application of the deferred service provision of its Open Access Transmission Tariff. Powerex is seeking a refund for transmission capacity it was required to purchase under the reservation system established in Bonneville's tariff, plus a reinstatement of its original request for 16 months of shaped transmission service on the Southern (DC) Intertie starting spring of 2001. PacifiCorp Power Marketing Inc. has intervened as the assignee of a transmission service agreement with the City of Klamath Falls.

No Secretarial action requested.

March
Next 60 Days

Bonneville to Issue Supplemental ROD on Subscription. This month (March) Bonneville will publish a Supplemental ROD on its Subscription Strategy. The ROD will address the Administrator's decisions on a variety of Subscription issues, including the proposed Good Corporate Citizenship clause, that have involved public processes since the original Subscription ROD was issued in December of 1998.

No Secretarial action requested.

Draft ROD on 2002-2006 Power Rates. The draft ROD outlining the Administrator's decision on Bonneville's 2002-2006 power rates is scheduled for release on March 27. The parties to the rate case will have two weeks to file their briefs on exceptions to the draft ROD. The Administrator is expected to make a final decision on the power rates in late spring.

No Secretarial action requested.

Initial Proposal for 2002-2003 Transmission Rates. Bonneville is scheduled to publish its initial proposal for 2002-2003 transmission rates in the Federal Register March 8, 2000. The Administrator is expected to make a final decision on the transmission rates in September.

No Secretarial action requested.

General Accounting Office (GAO) To Release Study of PMA Ratesetting. The GAO expects to issue a draft of its report on the power marketing administrations' (PMA) ratesetting practices this month (March). GAO is comparing PMA ratesetting to those of investor-owned and publicly owned utilities in an era of restructuring and increasing competition in the electricity industry. Congressman John T. Doolittle requested the report. The final is planned for late March.

No Secretarial action requested.

April
Next 90 Days

Transmission Studies Support Wind Site. Bonneville's Transmission Business Line expects to complete a study this month (April) on the amount and cost of transmission upgrades needed on the Bonneville system in order to integrate up to 200 megawatts (MW) of wind turbines at the Stateline Wind Project in Eastern Oregon/Washington. FPL Energy of Florida plans to begin construction on the first phase of the project in spring 2001. Bonneville is considering purchasing at least 25 MW of output from the project and will make a decision after it completes an Environmental Impact Statement.

No Secretarial action requested.

Ongoing**Bonneville Pursues “Energy Web” to Help Meet Public**

Responsibilities. A key strategic thrust for Bonneville’s business lines in the upcoming year is to integrate an energy web concept into plans and strategies and to foster its development. Bonneville envisions a Pacific Northwest energy web model operating by the year 2010 that makes use of new technologies such as distributed generation, telecommunications, metering and data networks, and renewable resources. Ultimately, the energy web will reduce costs, help integrate renewable resources, increase electrical system reliability and reduce environmental impacts of load growth. Examples of energy web activities already underway at BPA include green power marketing, ancillary services that help support renewable resources, residential fuel cell technology, and investing in an increasingly environmentally friendly power supply.

No Secretarial action requested.

Bonneville to Revise Request for Changes in Personnel Authorities.

In response to employee concerns and the Department’s indication it would be more supportive of a narrower request, the Bonneville Administrator has decided not to seek the broad authority to overhaul the agency’s overall personnel system. Instead, Bonneville will abandon the former Administrative Efficiencies Project (AEP) in favor of more narrowly targeted set of changes. The Administrator has asked Bonneville managers to review the needs in this light in preparation for making a proposal to the Department.

No Secretarial action requested.



Department of Energy

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MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen

SUBJECT: 30-60-90 Day Report

March

Next 30 Days

Senate Subcommittee Schedules PMA Hearing. Bonneville Power Administration (Bonneville) is scheduled to testify before the Senate Subcommittee on Water and Power on the President's proposed fiscal year 2001 budget. The March 7 hearing will focus on Power Marketing Administrations.

No Secretarial action requested.

Draft ROD on 2002-2006 Power Rates. The Administrator expects to issue a draft Record of Decision (ROD) March 27 outlining Bonneville's 2002-2006 power rates. Rate case parties will have two weeks to file briefs on exceptions to the draft ROD. The Administrator's final decision is expected in late spring.

No Secretarial action requested.

Public Meetings on Important Fish Decisions. Public meetings continue this month (March) on key decision documents for salmon recovery actions.

No Secretarial action requested.

Bonneville to Issue Supplemental ROD on Subscription. This month (March) Bonneville will publish a Supplemental ROD on its Subscription Strategy. The ROD will address the proposed Good Corporate Citizenship clause, which has involved public processes since the original ROD was issued in December 1998.

No Secretarial action requested.

Initial Proposal for 2002-2003 Transmission Rates. Bonneville is scheduled to publish its initial proposal for 2002-2003 transmission rates in the Federal Register this month (March 15). A pre-hearing conference is set for March 29; at that time the hearings officer will finalize the preliminary schedule. The Administrator is expected to make a final decision on the transmission rates in early November.

No Secretarial action requested.

Administration to Seek Settlement with Tribes. The Administrator expects Executive Branch approval to send a letter this month (March) to Senators Patty Murray (D-WA) and Daniel Inouye (D-HI) about seeking a settlement with the Spokane Tribe of Indians. The letter will explain the Administration's policy and the plan to seek an agreement over a long-standing claim regarding tribal lands used to impound water for the production of power at Grand Coulee Dam. The letter will set the stage for discussions with the Tribe about Bonneville making annual payments to the Tribe for the use of their land. If an agreement is reached, legislation will be needed to authorize payment since no actual legal claim is pending and Bonneville has no present authority to pay the Tribes. Last year, Senator Murray introduced other legislation to compensate the Tribe, though no hearings have been scheduled. If enacted, Murray's legislation would impose higher costs on Bonneville than the agreement the Administrator is seeking to pursue.

No Secretarial action requested.

General Accounting Office (GAO) To Release Study of Power Marketing Administration (PMA) Ratesetting. The GAO expects to issue its report on the PMA ratesetting practices this month (March). GAO is comparing PMA ratesetting to those of investor-owned and publicly owned utilities. Congressman John T. Doolittle requested the report.

No Secretarial action requested.

DOE Art Exhibit at Bonneville This Month. The Department of Energy Power Art exhibit will be on display at Bonneville headquarters building in Portland, Oregon, March 6-10.

No Secretarial action requested.

AprilNext 60 Days

Events Planned to Honor Earth Day. Bonneville will partner with several state and local environmental concerns to sponsor several events the week of April 17 honoring the first Earth Day of the new millennium (April 22). In addition, the Administrator will join Washington Governor Gary Locke, Denis Hayes of the Bullitt Foundation, and other notables at a symposium on clean energy April 3-5 in Seattle.

No Secretarial action requested.

States Pursue Discussions on Regional Self-Determination.

Representatives from Oregon, Idaho, and Montana will meet April 7-9 to discuss regional river governance. Oregon Governor John Kitzhaber, who wants more regional control over hydropower and salmon recovery, formed the group, which is expected to propose national legislation.

No Secretarial action requested.

Decisions Expected on Geothermal Projects. The U.S. Forest Service and the Bureau of Land Management may issue records of decision on the Fourmile Hill geothermal project late this month (April). The agencies completed consultations with the tribes in February, which fulfill their obligation to consult. It is highly likely that the agencies' decisions will be challenged. If so, the developer probably would be prevented from doing any exploration drilling in 2000 and the project would not be online until 2003.

No Secretarial action requested

GAO Audit Report on Preference Expected. The GAO report on the history and purpose of public utility preference is expected this month (April). GAO is not convinced that rural economic development remains a valid policy objective and believes that there may be other federal allocation schemes that could be used to distribute power. Testimony will probably reflect this bias and encourage Congress to address the issue.

No Secretarial action requested.

Transmission Studies Support Wind Site. Bonneville expects to complete a study this month (April) on the amount and cost of transmission upgrades needed to integrate up to 200 megawatts of wind power from the proposed Stateline Wind Project. Bonneville is considering purchasing at least 25 megawatts from the project.

No Secretarial action requested.

May

Next 90 Days

Transmission Rate Case Schedule. This month (May 22) the parties are scheduled to file their direct cases in response to Bonneville's initial proposal in the transmission rate case.

No Secretarial action requested.



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EXECUTIVE OFFICE

In reply refer to: BPA-A

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

April
Next 30 Days

Record of Decision (ROD) on 2002-2006 Power Rates. Administrator Judi Johansen expects to issue a draft ROD April 10 outlining Bonneville Power Administration (Bonneville) 2002-2006 power rates. Bonneville requested a two-week delay in the original March 27 schedule to allow more time to review the extensive arguments presented by the parties to the case. The Administrator's final decision is expected in late spring. BPA expects that the slight delay in the final filing should not affect the customers' ability to sign Subscription contracts by late April, even though final schedules are not available until the final ROD is completed.

No Secretarial action requested.

Bonneville to Issue Supplemental ROD on Subscription. This month (April) Bonneville will publish a Supplemental ROD on its Subscription Strategy. The ROD will address the proposed Good Corporate Citizenship clause and other decisions made in public processes held since the original ROD was issued in December 1998.

No Secretarial action requested.

General Accounting Office (GAO) Completes Study of Power Marketing Administration (PMA) Ratesetting. Congressman John T. Doolittle is expected to release a GAO report on the PMA ratesetting practices this month (April). GAO submitted the report to Doolittle late last month (March). Bonneville's comments were included in the final report. GAO is comparing PMA ratesetting to those of

investor-owned and publicly owned utilities. If Doolittle does not release the report himself, GAO will make it public after 30 days (late April).

No Secretarial action requested.

Events Planned to Honor Earth Day. Bonneville will partner with state and local environmental concerns to sponsor several events the week of April 17 honoring the first Earth Day of the new millennium (April 22). The Bonneville executive team will spend April 22 working on a stream restoration project as part of a community service project agreed to during Bonneville's Combined Federal Campaign.

No Secretarial action requested.

States Pursue Discussions on Regional Self-Determination.

Representatives from Oregon, Idaho, and Montana will meet April 7-9 to discuss regional river governance. The group was formed at the behest of Oregon Governor John Kitzhaber, who wants more regional control over hydropower and salmon recovery. The group is expected to propose national legislation.

No Secretarial action requested.

Decisions Expected on Geothermal Projects. The U.S. Forest Service and the Bureau of Land Management may issue records of decision on the Fourmile Hill geothermal project late this month (April). It is highly likely that the agencies' decisions will be challenged. If so, the developer probably would be prevented from doing any exploration drilling in 2000 and the project would not be online until 2003.

No Secretarial action requested

GAO Audit Report on Preference Expected. GAO has just provided the PMAs with a draft GAO report on the history and purpose of public utility preference. The final report is due to requestor Representative John Doolittle (R-CA) this month (April).

No Secretarial action requested.

Transmission Studies Support Wind Site. Bonneville expects to complete a study this month (April) on the amount and cost of transmission upgrades needed to integrate up to 200 megawatts of wind

power from the proposed Stateline Wind Project. Bonneville is considering purchasing at least 25 megawatts from the project.

No Secretarial action requested.

May
Next 60 Days

Transmission Rate Case Schedule. This month (May 22) the parties are scheduled to file their direct cases in response to Bonneville's initial proposal in the transmission rate case.

No Secretarial action requested.

Nuclear Plant Down for Refueling. The WNP-2 nuclear plant will be down for refueling outage from April 15 to May 15, one month later than originally planned. Bonneville requested the outage be pushed back one month to provide more generation than originally planned in late winter and early spring of 2001.

No Secretarial action requested.

Major Salmon Recovery Decisions Expected. The National Marine Fisheries Service has scheduled a draft Biological Opinion for release in mid-May. Nearly 9,000 citizens attended 15 public meetings on salmon recovery options in January and February. The public submitted more than 35,000 comments on the All-H paper, Biological Opinion, and options for lower Snake River dams.

No Secretarial action requested.

June
Next 90 days

Tribe to Dedicate Wildlife Ranch Purchased by Bonneville. The Burns Paiute Tribe will hold a dedication ceremony this month (June) at the 1,760-acre Logan Valley Ranch, located in the Malheur National Forest in eastern Oregon. Bonneville funded the purchase of the Ranch from the Nature Conservancy for \$2 million. The Burns Paiute Tribe will hold title and manage the property, enhancing it as habitat for fish and wildlife, including ESA listed species and species proposed for ESA listing.

No Secretarial action requested.

Ongoing

Fuel Cells Installed and Tested. Beginning late March and continuing through early summer 2000, Northwest Power Systems will deliver ten "alpha" unit fuel cells to homeowners in remote areas as an alternative to

diesel generators or costly power line extensions. Bonneville and its customers will buy and install up to 110 residential fuel cell systems over the next three years to test the technology and help assist with the development of a commercial market.

No Secretarial action requested.

Bonneville to Acquire More Conservation Resources. Bonneville is holding public meetings over the next few months to identify ways to augment its power supply in the 2002-2006 rate period with up to 150 average megawatts (aMW) of conservation. Bonneville expects to augment its power supply by at least 1,000 aMW in the next rate period due to expected Subscription contract loads in excess of its currently available resources. Bonneville has reserved at least 150 aMW of the augmentation portfolio for conservation purchases that can meet criteria for resource availability and cost.

No Secretarial action requested.



Department of Energy

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EXECUTIVE OFFICE

In reply refer to: BPA-A

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

May
Next 30 Days

Record of Decision (ROD) on 2002-2006 Power Rates. Administrator Judi Johansen expects to issue a final ROD this month (May) outlining the Bonneville Power Administration's (Bonneville) 2002-2006 power rates.

No Secretarial action requested.

Key Salmon Recovery Decisions this Month. Later this month (May), the National Marine Fisheries Service and the U.S. Fish and Wildlife Service are set to issue a draft Biological Opinions on operations and modifications on the Federal Columbia River Power System needed to avoid jeopardy to listed salmon and steelhead stocks. Bonneville has consulted with other Federal agencies to develop costs, biological benefits, and contributions toward meeting performance standards of various management actions which will be used in the draft Biological Opinions.

No Secretarial action requested.

Bonneville to Purchase More Wind Energy. This month (May), Bonneville expects to sign a power purchase agreement with wind developer SeaWest WindPower, Inc., of San Diego, California, to purchase the energy from 28 new wind turbines to be installed at the Foote Creek Rim wind project near Arlington, Wyoming. The turbines will add 16.8 megawatts of wind energy to Bonneville's existing inventory of renewable resources.

No Secretarial action requested.

ROD Expected on Determining Customer's Net Requirements.

Following two public comment periods and subsequent revisions, Bonneville expects to issue its ROD this month (May) on revisions to its policies for determining the amount of power a utility is eligible to purchase from Bonneville. The policy changes have been of significant regional interest because of their effect on how utilities deploy their generating resources, particularly in the states of Oregon and Montana where electricity deregulation laws have been enacted.

No Secretarial action requested.

Decisions Expected on Geothermal Projects. Bonneville staff estimate the ROD on the Fourmile Hill geothermal project is now expected from the U.S. Forest Service and the Bureau of Land Management in May or June. Bonneville has not yet seen the draft ROD. The decision has been delayed several times while the agencies discussed the project with the Pit River Indian Tribe, which has expressed concerns about geothermal development in the Medicine Lake Highlands.

No Secretarial action requested.

June
Next 60 days

More Wind Sites to be Developed. Environmental studies begin this month at two separate wind sites, one in Condon, Oregon, to be developed by SeaWest, and one on the eastern Oregon-Washington border with FPL Energy. Bonneville plans to sign agreements with the developers with options to purchase up to 50 megawatts and 250 megawatts, respectively, pending results of the environmental studies, planned for February 2001. Both projects need to be complete by the end of 2001 in order to qualify for federal renewable energy tax credits.

No Secretarial action requested.

Tribe to Dedicate Wildlife Ranch Purchased by Bonneville. The Burns Paiute Tribe will hold a dedication ceremony this month (June) at the 1,760-acre Logan Valley Ranch, located in the Malheur National Forest in eastern Oregon. Bonneville funded the purchase of the Ranch from the Nature Conservancy for \$2 million. The Burns Paiute Tribe will hold title and manage the property, enhancing it as habitat for fish and wildlife, including Endangered Species Act (ESA) listed species and species proposed for ESA listing.

No Secretarial action requested.

Power Sales Contracts Available for Direct Service Industries (DSI).

Following a second round of public comment on the Good Corporate Citizenship Clause and resolution of implementation details, Bonneville expects to offer five-year power sales contracts to its DSI customers in June.

No Secretarial action requested

July

Next 90 days

Power Sales Contracts Available for Slice Product. Following a three-year development process and public comment, Bonneville expects to offer contracts for its innovative Slice of the System power product this month (July).

No Secretarial action requested.

Ongoing

Fuel Cells Installed and Tested. Continuing through early summer 2000, Northwest Power Systems will deliver ten "alpha" unit fuel cells to utilities in remote areas. Bonneville and its customers will buy and install up to 110 residential fuel cell systems over the next three years to test the technology and help develop a commercial market.

No Secretarial action requested.

Bonneville to Acquire More Conservation Resources. Bonneville is holding public meetings over the next few months to identify ways to augment its power supply in the 2002-2006 rate period with up to 150 average megawatts (aMW) of conservation. Bonneville expects to augment its power supply by at least 1,000 aMW in the next rate period due to expected Subscription contract loads in excess of its currently available resources. Bonneville has worked with the Northwest Power Planning Council to target at least 166 aMW of cost-effective conservation as part of the augmentation portfolio.

No Secretarial action requested.

Regional Transmission Organization (RTO). Bonneville will meet weekly with regional transmission owners throughout the spring and summer in preparation for filing a proposal for a Northwest RTO with the Federal Energy Regulatory Commission. The region's investor-owned

utilities and Bonneville have developed a consensus proposal for an RTO and will continue to negotiate and flesh out specifics of the filing, as well as consult with interest groups in a public process.

No Secretarial action requested.



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FROM: Judith A. Johansen
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June
Next 30 Days

More Wind Sites to be Developed. Environmental studies begin this month at two separate wind sites, one in Condon, Oregon, to be developed by SeaWest, and one on the eastern Oregon-Washington border with FPL Energy. Bonneville Power Administration (Bonneville) plans to sign agreements with the developers with options to purchase up to 50 megawatts and 250 megawatts, respectively, pending results of the environmental studies, planned for February 2001. Both projects need to be completed by the end of 2001 in order to qualify for federal renewables tax credits.

No Secretarial action requested.

Bonneville to Make Decision on Geothermal Power Purchase. Bonneville expects to complete its own record of decision by the end of this month (June) on whether to buy power from the Fourmile Hill geothermal project. The U.S. Forest Service and Bureau of Land Management approved the Fourmile Hill project last month (May).

Secretarial coordination requested.

Endangered Species Act Decisions Due This Month. The National Marine Fisheries Service (NMFS) expects to release its draft Biological Opinion (BiOp) on hydro operations to recover endangered salmon late this month (June). The Federal action agencies have been working closely with NMFS and the White House Council on environmental quality to get alignment on goals and actions in the BiOp since NMFS circulated the draft for interagency review in late May.

No Secretarial action requested

Tribe to Dedicate Wildlife Ranch Purchased by Bonneville. The Burns Paiute Tribe will hold a dedication ceremony this month (June) at the 1,760-acre Logan Valley Ranch, located in the Malheur National Forest in eastern Oregon. Bonneville funded the purchase of the Ranch from the Nature Conservancy for \$2 million. The Burns Paiute Tribe will hold title and manage the property, enhancing it as habitat for fish and wildlife, including Endangered Species Act (ESA) listed species and species proposed for ESA listing.

No Secretarial action requested.

Power Sales Contracts Available for Direct Service Industries (DSIs). Following a second round of public comment on the Good Corporate Citizenship Clause and resolution of implementation details, Bonneville expects to offer five-year power sales contracts to its DSI customers this month (June).

No Secretarial action requested.

Inspection Focuses on Bonneville's Property Control for Computer Equipment. The Department's Office of Inspections is working with Bonneville's internal audit staff and program offices beginning this month (June) to review Bonneville computer hardware and software property control issues. The inspection is in response to a hotline complaint alleging theft and misuse of Bonneville computer property. Following the fieldwork, the Office of Inspections will provide a draft report to Bonneville for review.

No Secretarial action requested.

July

Next 60 Days

Power Sales Contracts Available for Slice Product. Following a three-year development process and public comment, Bonneville expects to offer contracts for its Slice of the System power product this month (July). Bonneville will cap the amount of the product that it offers to something less than 2000 average megawatts (aMW).

No Secretarial action requested.

General Accounting Office (GAO) Report on Dam Breaching Due. The GAO expects to issue a final report late this month (July) on the impacts of breaching the four Lower Snake dams. The audit,

requested by Senators Slade Gorton and Gordon Smith, will look at the U.S. Army Corps of Engineers' Draft Environmental Impact Statement, particularly its analysis of the effect of dam breaching on electricity costs, transportation, and air quality. GAO has asked Bonneville for its analysis of the power supply costs of dam breaching, but says there will be no recommendations for Bonneville in the final report.

No Secretarial action requested.

August

Next 90 Days

States Pursue Discussions on Regional Self-Determination.

Representatives from Oregon, Idaho, and Montana plan to meet this month (August—date to be determined) to discuss regional river governance. The group was formed last fall at the behest of Oregon Governor John Kitzhaber, who wants more regional control over hydropower and salmon recovery. It is expected to propose national legislation.

No Secretarial action requested.

Ongoing

Bonneville Purchases Wind Power for Energizing Headquarters.

Bonneville will purchase 46,000 kilowatt-hours a month of PacifiCorp's "Blue Sky" green wind power. This represents 5 percent of the power consumed at the Bonneville headquarters building. In addition, regional managers will be directed to buy green power for at least 5 percent of their energy where serving utilities offer a green power product. Bonneville and PacifiCorp are planning a joint media event to announce the purchase within the next few months.

Secretarial action requested

Work Continues Toward Regional Transmission Organization (RTO) Filing.

Workshops will continue through the summer toward developing an RTO filing at the Federal Energy Regulatory Commission on October 15, 2000. Individual workgroups have convened on the issues of congestion management, ancillary services, transmission planning, transmission pricing, market monitoring, seams, and legal issues. The Regional Representatives Group, with representatives from eight transmission owning private utilities, Bonneville, interest groups, and stakeholders, will meet to review workgroup products. The group has incorporated under Washington

State law and has developed a joint funding agreement for startup costs.

No Secretarial action requested.

Fuel Cells Installed and Tested. Beginning in late March and continuing through early summer 2000, Northwest power systems will deliver ten "alpha" unit fuel cells to homeowners in remote areas as an alternative to diesel generators or costly power-line extensions. Bonneville and its customers will buy and install up to 110 residential fuel cell systems over the next 3 years to test the technology and develop a commercial market.

No Secretarial action requested.

Electric Reliability the Goal of New Systems at Hydro Plants. Bonneville will install the first of five automated control systems at McNary Dam this month (June). Created jointly by Bonneville and the U.S. Army Corps of Engineers (Corps), the Generic Data Acquisition and Control System enhances reliability by using state-of-the-art systems to automatically control and operate large hydrogenerators. After it tests out at McNary, the new control system will be installed at John Day, The Dalles, Bonneville, and Chief Joseph dams. Bonneville will fund the \$24.5 million cost for all five plants. Direct funding Federal Columbia River Power System improvements helps the Corps, Bonneville, and the Bureau of Reclamation direct capital where it is needed most to improve system performance.

Bonneville to Acquire More Conservation Resources. Bonneville is holding public meetings over the next few months to identify ways to augment its power supply in the 2002-2006 rate period with up to 150 average megawatts (aMW) of conservation. Bonneville expects to augment its total power supply by at least 1,000 average megawatts in the next rate period due to expected subscription contract loads in excess of its currently available resources. Bonneville has reserved at least 150 aMW of the augmentation portfolio for conservation purchases that can meet criteria for resource availability and cost.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

July 3, 2000

In reply refer to: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen
SUBJECT: 30-60-90 Day Report

July
Next 30 Days

Endangered Species Act Decisions Due This Month. Release of the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) draft Biological Opinions (BiOps) on hydro operations to recover endangered salmon has been delayed. Late July or early August is now the earliest the agencies expect to release the draft BiOps. The federal action agencies have been working closely with NMFS and the White House Council on Environmental Quality to get alignment on goals and actions in the BiOp since NMFS circulated the draft for interagency review in late May.

No Secretarial action requested.

Power Sales Contracts Available for Direct Service Industry (DSI). Bonneville Power Administration's (Bonneville) offer of five-year power sales contracts to its DSI customers has been delayed to July while implementation for the Good Corporate Citizenship Clause and other implementation details continue to be developed.

No Secretarial action requested.

Event Recognizes Oregon Solar Project. An event to celebrate the City of Ashland's (Oregon) solar project will take place July 28. The City of Ashland is installing 30-kilowatts of solar photovoltaic panels at three public buildings and the nationally-recognized Oregon Shakespeare Festival theater. Bonneville will get a share of the output in proportion to its funding for the project. The project was sponsored in part by the Bonneville Environmental Foundation.

No Secretarial action requested.

Power Sales Contracts Available for Slice Product. Following a three-year development process and public comment, Bonneville expects to offer contracts for its Slice of the System power product this month (July). Bonneville will cap the amount of the product that it offers to something less than 2000 average megawatts.

No Secretarial action requested.

General Accounting Office (GAO) Report on Dam Breaching Due. The GAO expects to issue a final report late this month (July) on the impacts of breaching the four lower Snake River dams. The audit, requested by Senators Slade Gorton and Gordon Smith, will look at the U.S. Army Corps of Engineers Draft Environmental Impact Statement (EIS), particularly its analysis of the effect of dam breaching on electricity costs, transportation, and air quality. GAO has asked Bonneville for its analysis of the power supply costs of dam breaching, but says there will be no recommendations for Bonneville in the final report.

No Secretarial action requested.

August
Next 60 Days

Event Recognizes Bonneville's Substantial Green Power Purchase. Bonneville will formally announce its purchase of 460 shares (46,000 kilowatt-hours per month) of PacifiCorp's "Blue Sky" green power product at a public event this month (August) in downtown Portland. Bonneville requests the Secretary of Energy participate in the event. The Bonneville purchase meets the Secretary's directive for all department facilities to buy green power. The event is being planned to focus public attention on Bonneville's leadership and the green power programs being offered by local utilities, both PacifiCorp and Portland General Electric (Salmon Friendly Power).

Secretarial action requested.

Bonneville Sponsors Electric Revolution II Conference. Curtis Framel of the Department of Energy will join Bonneville Administrator Judi Johansen and numerous other noted speakers at Bonneville's second Electric Revolution conference in Portland, Oregon, August 3 and 4. The conference addresses emerging technologies such as fuel cells and distributed generation and how

these technologies can help address growing concerns about power system reliability.

No Secretarial action requested.

Issue Papers to be Produced Toward Regional Transmission Organization (RTO) Filing. This month (August), individual workgroups involved in the RTO West effort will produce white papers on issues such as congestion management, ancillary services, transmission planning, and transmission pricing. The Regional Representatives Group, with representatives from eight transmission owning private utilities and Bonneville, interest groups and stakeholders will use the papers to develop an RTO filing at the Federal Energy Regulatory Commission (FERC) by October 15, 2000.

No Secretarial action requested.

States Pursue Discussions on Regional Self-Determination. Representatives from Oregon, Idaho, and Montana plan to meet this month (August) to discuss regional river governance. The group was formed last fall at the behest of Oregon Governor John Kitzhaber, who wants more regional control over hydropower and salmon recovery. It is expected to propose national legislation.

No Secretarial action requested.

September
Next 90 Days

Public Workshop on Economic Study of Aluminum Companies. Bonneville will co-sponsor a public workshop this month (September) to take public comment on a study of Northwest aluminum plants. The first phase of a study, designed to look at the value of the plants to the Northwest power system and the region and the cause of their current financial problems, will be available at that time. If necessary, a second phase of the study would be completed by the end of the calendar year.

No Secretarial action requested.

Public Comment Period on New Large Single Load Policy. Bonneville will open a 30-day public comment period this month (September) on a proposed policy for customers that purchase power from Bonneville for new large single loads. The existing policy allows for a utility to add an industrial or commercial end user and place up to 9.9 megawatts of that requirement on Bonneville. In December of last

year, Klickitat County Public Utility District notified Bonneville that it would add 9.9 megawatts of load from one of Bonneville's Direct Service Industry (DSI) customers in its service area. Because the DSIs are getting less cost-based federal power in the upcoming rate period, other utilities could follow Klickitat's lead, resulting in unforeseen demands on the federal system.

No Secretarial action requested.

Ongoing

Bonneville to Acquire More Conservation Resources. Bonneville is holding public meetings over the next few months to identify ways to augment its power supply in the 2002-2006 rate period with up to 150 average megawatts (aMW) of conservation. Bonneville expects to augment its power supply by at least 1,000 aMW in the next rate period due to expected Subscription contract loads in excess of its currently available resources. Bonneville has reserved at least 150 aMW of the augmentation portfolio for conservation purchases that can meet criteria for resource availability and cost.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

In reply refer to: BPA-A

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen
SUBJECT: 30-60-90 Day Report

August
Next 30 Days

Event Recognizes Bonneville Power Administration (Bonneville) Green Power Purchase. Bonneville will formally announce its purchase of 460 shares (46,000 kilowatt-hours per month) of PacifiCorp's "Blue Sky" green power product at a public event this month (August) in downtown Portland, Oregon. The Bonneville purchase meets the Secretary's directive for department facilities to buy green power. The event is being planned to focus public attention on Bonneville's leadership and the green power programs being offered by local utilities, both PacifiCorp and Portland General Electric (Salmon Friendly Power). The Secretary is invited to attend.

Secretarial action requested.

Bonneville Sponsors Electric Revolution II Conference. Bonneville Administrator Judi Johansen and numerous other noted speakers will participate in Bonneville's second Electric Revolution Conference in Portland, Oregon, August 3 and 4. The conference addresses emerging technologies such as fuel cells and distributed generation and how these technologies can help address growing concerns about power system reliability.

Secretarial action requested.

Public Comment Requested on Regional Transmission Organization (RTO) Proposal. As part of a public process on formation of a RTO, Bonneville will take public comments August 7 through September 8 on the major issues associated with the development of the RTO as they relate to Bonneville and whether all issues have been captured. Bonneville will host two public meetings, one in Spokane on August 22 and the second in Portland on August 25.

No Secretarial action requested.

Bonneville Schedules Workshop to Discuss Third-Party Ownership of Fiber Optic. Bonneville will hold a public workshop August 9 to discuss options for third-party and joint ownership of the fiber optic routes it plans to build to upgrade its communications and transmission control systems. The agency first

announced the possibility that third parties would be able to participate in “limited competitions” for new fiber routes in a May 24 report to Congress. The meeting will be held from 1:00 to 3:00 p.m. at Bonneville’s Ross Complex in Vancouver, Washington.

No Secretarial action requested.

September
Next 60 Days

Geothermal Project Decision Expected. Bonneville expects to complete a Record of Decision (ROD) and Power Purchase Agreement on the Fourmile Hill geothermal project this month (September.) Bonneville is considering purchasing up to the entire output (48 megawatts) of the facility. The May decisions of the Forest Service and the Bureau of Land Management to approve the project have been appealed. Developer Calpine still hopes to do exploration drilling this year.

Secretarial action requested.

Wind Project To Begin Generating Power. Commercial operation is expected to begin this month (September) at Foote Creek IV, an 16.8 megawatt wind project in Wyoming. Bonneville is purchasing the output of the facility and selling it at a special “green power” rate.

No Secretarial action requested.

Environmental ROD on RTO Anticipated. Bonneville plans to produce an Environmental Impact Statement (EIS) ROD on the RTO by the end of this month (September.) The EIS is needed to support the RTO filing at the Federal Energy Regulatory Commission in October. It will use Bonneville’s 1995 Business Plan EIS as a foundation and include analysis specific to the RTO.

No Secretarial action requested.

Public Workshop on Economic Study of Aluminum Companies. Bonneville will co-sponsor a public workshop this month (September) to take public comment on a study of Northwest aluminum plants. The first phase of a study, designed to look at the value of the plants to the Northwest power system and the region and the cause of their current financial problems, will be available at that time. If necessary, a second phase of the study would be completed by the end of the calendar year.

No Secretarial action requested.

Public Comment Period on New Large Single Load Policy. Bonneville will open a 30-day public comment period this month (September) on a proposed policy for customers that purchase power from Bonneville for new large single loads. The existing policy allows for a utility to add an industrial or commercial end user and place up to 9.9 megawatts of that requirement on Bonneville. In

December of last year, Klickitat County Public Utility District notified Bonneville that it would add 9.9 megawatts of load from one of Bonneville's Direct Service Industry (DSI) customers in its service area. Because the DSIs are getting less cost-based federal power in the upcoming rate period, other utilities could follow Klickitat's lead, resulting in unforeseen demands on the federal system.

No Secretarial action requested.

States Pursue Discussions on Regional Self-Determination. Representatives from Oregon, Idaho, and Montana will meet this month (September 13-15) in Seattle, Washington, to continue their discussions about regional river governance. The group was formed last fall at the behest of Oregon Governor John Kitzhaber, who wants more regional control over hydropower and salmon recovery. The group expects to propose national legislation.

No Secretarial action requested.

October
Next 90 Days

Bonneville, Utilities File RTO Proposal. Bonneville and eight Northwest utilities plan to file an RTO proposal with the Federal Energy Regulatory Commission by October 15. The filing utilities have formed RTO West, a Washington State non-profit corporation to fund and develop an RTO proposal. Over time, with amended articles, this entity may become the RTO for the region. RTO West has determined the RTO structure will be an independent system operator (ISO) that will not own "wires and poles" and shall be governed by an independent board of directors or trustees with a stakeholder advisory board to give recommendations to the board of directors. Bonneville will turn over control of its transmission system to the ISO, but Bonneville will continue to own and maintain the system.

No Secretarial action requested.

Northwest Power Planning Council (Council) to Issue New Fish and Wildlife Program. The Council expects to adopt its final Fish and Wildlife Program amendment this month (October). The amendment will guide Bonneville's program spending over the next five years. The funding agreement now in place allots the program \$127 million per year in Bonneville revenues to mitigate for fish and wildlife impacts caused by development of the federal hydro system.

No Secretarial action requested.

EIS on Fish Program Planned. This month (October), Bonneville plans to produce a draft EIS on its fish and wildlife implementation plan. The EIS will address procedures for carrying out elements of the region's plan for recovery of endangered species, including the National Marine Fisheries Service (NMFS) Biological Opinion, the All-H paper, and the Northwest Power Planning Council's Fish and Wildlife Program amendment. The EIS will use Bonneville's

1995 Business Plan EIS as the foundation and may provide analysis and support for other Federal agencies investments to recover endangered Northwest fish and wildlife.

No Secretarial action requested.

Ongoing

Bonneville National Leader in Renewables Development. With the startup of Foote Creek 4 in September, Bonneville will have almost 34 megawatts of capacity from renewables (wind and solar) in its resource portfolio. The agency has plans to add as much as 370 additional megawatts from wind and geothermal in the next 5 years. Bonneville is now a leader in the nation's development of renewables and green power marketing, with a goal to sell 150 average megawatts of non-hydro new renewable resources by 2006. This leadership is recognized by the National Energy Renewable Laboratory, which wants to feature Bonneville's renewables pursuits in its national newsletter in the near future.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

September 6, 2000

IN REPLY REFER TO: BPA-A

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen

SUBJECT: 30-60-90 Day Report

September
Next 30 Days

Bonneville Power Administration (Bonneville) To Re-Open Case. On September 15, Bonneville will submit its initial proposal to re-open the fiscal year (FY) 2002-2006 power rate case. Bonneville's goal is to include new provisions in its Cost Recovery Adjustment Clause that will increase its Treasury Payment Probability (TPP) for the next rate period. The dramatic recent upward trend in wholesale electricity prices and the corresponding increase in customers' desire to place load on Bonneville caused the TPP to fall below acceptable levels.

No Secretarial action requested.

Wind Project To Begin Generating Power. Commercial operation is expected to begin this month (September) at Foote Creek IV, a 16.8 megawatt wind project in Wyoming. Bonneville is purchasing the output of the facility and selling it at a special "green power" rate.

No Secretarial action requested.

Environmental Record of Decision (ROD) on Regional Transmission Organization (RTO) Anticipated. Bonneville plans to produce an Environmental Impact Statement (EIS) ROD on the RTO by the end of this month (September). The EIS is needed to support the RTO filing at FERC in October. It will use Bonneville's 1995 Business Plan EIS as a foundation and include analysis specific to the RTO.

No Secretarial action requested.

ROD on Conservation and Renewables Discount Due. Bonneville expects to publish a draft ROD on its Conservation and Renewables Discount this month (September). Bonneville customers will receive a discount on their 2002-2006 power rates for implementing conservation and renewables in their service areas.

No Secretarial action requested.

Public Comment Period on New Large Single Load Policy. The public process on this policy, originally scheduled for September, has been postponed due to the competing demands of the modified rate case. (See first item above.)

No Secretarial action requested.

October
Next 60 Days

Bonneville to Join with Others in Filing RTO Plan at FERC. Bonneville and other transmission owners in the Pacific Northwest will jointly file an RTO proposal at FERC this month (October). The group expects that the new RTO would be operational by the end of calendar year 2001, as specified in FERC Order 2000.

No Secretarial action requested.

Bonneville to File Supplemental Rate Proposal. Bonneville plans to conduct a limited rate case and file its supplemental rate proposal late this month modifying the FY 2002-2006 power rates that were submitted to FERC in July. (See Bonneville to Re-Open Rate Case, above.)

No Secretarial action requested.

Subscription Window Closes This Month. The window for signing Subscription contracts for the FY 2002-2006 rate period closes this month (October 31.) With the close of the Subscription window, all contracts for the next rate period will be signed, and Bonneville will have a much clearer picture of its load obligations. At that point, the agency will be better able to begin planning for power purchases needed to meet additional load in the next rate period.

No Secretarial action requested.

Public Workshop on Economic Study of Aluminum Companies. Bonneville will co-sponsor a public workshop late this month (October) to take public comment on a study of Northwest aluminum plants. The first phase of a study, designed to look at the value of the plants to the Northwest

power system and the region and the cause of their current financial problems, will be available at that time. The second phase of the study, if needed, is expected to be completed at the end of the calendar year.

No Secretarial action requested.

Northwest Power Planning Council (Council) to Issue New Fish and Wildlife Program. The Council expects to adopt its final Fish and Wildlife Program amendment this month (October.) The amendment will guide Bonneville's program spending over the next five years. The funding agreement now in place allots the program \$127 million per year in Bonneville revenues to mitigate for fish and wildlife impacts caused by development of the federal hydro power system.

No Secretarial action requested.

EIS on Fish Program Planned. This month (October), Bonneville plans to produce a draft EIS on its fish and wildlife implementation plan. The EIS will address procedures for carrying out elements of the region's plan for recovery of endangered species, including the National Marine Fisheries Service (NMFS) Biological Opinion, the All-H paper, and the Northwest Power Planning Council's Fish and Wildlife Program amendment. The EIS will use Bonneville's 1995 Business Plan EIS as the foundation and may provide analysis and support for other federal agencies investments to recover endangered Northwest fish and wildlife.

No Secretarial action requested.

November
Next 90 Days

Flows Regulated for Salmon Spawning. Bonneville and other hydro power operators will hold back flows in November in the mid-Columbia River to provide spawning habitat for fall chinook salmon in the Vernita Bar. The flow regulation will keep the salmon eggs wet to protect them until they hatch in the spring. The area below Priest Rapids Dam represents nearly 40 percent of all the salmon spawning in the Hanford Reach, one of the last free-flowing stretches of the Columbia River. Bonneville has provided the flow regulation since 1988 according to an agreement with the states, tribes, and mid-Columbia public utilities that own dams on that stretch of the river.

No Secretarial action requested.

Ongoing

Bonneville National Leader in Renewables Development. With the startup of Foote Creek IV in September, Bonneville will have almost 34 megawatts of capacity from renewables (wind and solar) in its resource portfolio. The agency has plans to add as much as 370 additional megawatts from wind and

geothermal in the next 5 years. Bonneville is a leader in the nation's development of renewables and green power marketing, with a goal to sell 150 average megawatt of non-hydro new renewable resources by 2006.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-A

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen

SUBJECT: 30-60-90 Day Report

October
Next 30 Days

Bonneville Power Administration (Bonneville) To Re-Open Rate Case.

Bonneville expects to announce a limited re-opening of its fiscal year (FY) 2002-2006 power rate case this month (October) to assure a high probability of paying the Treasury each year in an increasingly volatile and expensive power market. Even though discussions with customers have been going on for almost two months and have involved dozens of staff from Bonneville, investor-owned utilities, publicly owned utilities, public utility commissions, tribes, and public interest groups, Bonneville and its customers have not been able to reach agreement on the proposal.

No Secretarial action requested.

Subscription Window Closes This Month. The window for signing Subscription contracts for the FY 2002-2006 rate period closes this month (October 31). With the close of the Subscription window, all contracts for the next rate period will be signed, and Bonneville will have a much clearer picture of its load obligations. At that point, the agency will be better able to begin planning for power purchases needed to meet load in the next rate period.

No Secretarial action requested.

Bonneville, Filing Utilities Submit Regional Transmission Organization (RTO) Proposal. Bonneville and nine other transmission owners will jointly file an RTO proposal with the Federal Energy Regulatory Commission this month (October 16).

No Secretarial action requested.

Public Workshop on Economic Study of Aluminum Companies.

Bonneville will co-sponsor a public workshop late this month (October) to take public comment on a study of Northwest aluminum plants. The first phase of a study, designed to look at the value of the plants to the Northwest power system and the region and the cause of their current financial problems, will be available at that time. The second phase of the study, if needed, is expected to be completed at the end of the calendar year.

No Secretarial action requested.

Northwest Power Planning Council (Council) to Issue New Fish and Wildlife Program. The Council expects to adopt its final Fish and Wildlife Program amendment this month (October). The amendment will guide Bonneville's program spending over the next five years. The funding agreement now in place allots the program \$127 million per year in Bonneville revenues to mitigate for fish and wildlife impacts caused by development of the federal hydro system.

No Secretarial action requested.

Bonneville Sponsors Virtual Trade Show on Internet. Bonneville and worldWEBexpo.com will roll out Energy Expo 2000 this month (October). Energy Expo 2000 uses the Internet to match consumers who want to cut their energy costs with energy efficiency service providers. Energy services providers can use Energy Expo 2000 to display products and services 24 hours a day, seven days a week, 365 days a year. The site is at: <http://www.worldwebexpo.com>.

No Secretarial action requested.

Environmental Impact Statement (EIS) on Fish Program Planned. This month (October), Bonneville plans to produce a draft EIS on its fish and wildlife implementation plan. The EIS will address procedures for carrying out elements of the region's plan for recovery of endangered species, including the National Marine Fisheries Service Biological Opinion, the All-H paper, and the Northwest Power Planning Council's Fish and Wildlife Program amendment. The EIS will use Bonneville's 1995 Business Plan EIS as the foundation and may provide analysis and support for other Federal agencies investments to recover endangered Northwest fish and wildlife.

No Secretarial action requested.

November
Next 60 Days

Bonneville Publishes Amended Rate Case Proposal. Bonneville plans to publish its amended power rate case proposal this month (November) in the *Federal Register*. The proposal will modify the FY 2002-2006 power rates that were already submitted to the Federal Energy Regulatory Commission. (See Bonneville to Re-Open Rate Case, above.)

No Secretarial action requested.

Bonneville Regulates Flows for Salmon Spawning. Bonneville and other hydro operators will hold back flows in November in the mid-Columbia River to provide spawning habitat for fall chinook salmon in the Vernita Bar. The flow regulation will keep the salmon eggs wet to protect them until they hatch in the spring. The area below Priest Rapids Dam represents nearly 40 percent of all the salmon spawning in the Hanford Reach, one of the last free-flowing stretches of the Columbia River. Bonneville has provided the flow regulation since 1988 according to an agreement with the states, tribes, and mid-Columbia public utilities that own dams on that stretch of the river.

No Secretarial action requested.

Public Process to Review Proposal on Intertie Improvements. The public comment period closes this month (November) on a proposal to upgrade equipment at Celilo, the north end of the direct-current (DC) intertie to California. The project would maintain the DC Intertie's current 3,100-megawatt rating for the next 30 years. The southern partners of the Intertie, Southern California Edison and the Los Angeles Department of Water and Power, have asked Bonneville to make improvements at Celilo on the same time line as they are pursuing on the southern end, from January 2001 to December 2003. Bonneville had not planned to make those improvements so soon and did not include them in the recently approved 2002-03 transmission rate case.

December
Next 90 Days

Northwest Legislators Continue to Discuss Future of Federal Columbia River Power System (FCRPS). The group of Northwest state legislators that is pursuing ideas to secure greater regional control of the Columbia River meets this month (December) in Boise, Idaho. The group's leader has said his goal is to propose national legislation, though Bonneville senior officials have told the group that the time is probably not mature for legislative initiatives to increase regional control of the FCRPS.

No Secretarial action requested.

Ongoing

Bonneville National Leader in Renewables Development. With the startup

of Foote Creek 4 in September, Bonneville will have almost 34 megawatts of capacity from renewables (wind and solar) in its resource portfolio. Bonneville is a leader in the nation's development of renewables and green power marketing, with a goal to sell 150 average megawatts of non-hydro new renewable resources by 2006.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-A

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen

SUBJECT: 30-60-90 Day Report

November
Next 30 Days

Bonneville Power Administration (Bonneville) Publishes Amended Rate Case Proposal: Bonneville plans to publish its amended power rate case proposal this month (November) in the *Federal Register*. The proposal will amend the fiscal year 2002-2006 power rates that were already submitted to the Federal Energy Regulatory Commission (FERC) in order to ensure a high probability of Treasury repayment in times of escalating and volatile wholesale power prices.

No Secretarial action requested.

Public Workshop on Economic Study of Aluminum Companies:

Bonneville will co-sponsor a public workshop this month (November--originally scheduled for October and postponed) to take public comment on a study of Northwest aluminum plants. The first phase of a study, designed to look at the value of the plants to the Northwest power system and the region and the cause of their current financial problems, will be available at that time. The second phase of the study, if needed, is expected to be completed at the end of the calendar year.

No Secretarial action requested.

Bonneville Regulates Flows for Salmon Spawning: Bonneville and other hydro operators will hold back flows in November in the mid-Columbia River to provide spawning habitat for fall chinook salmon in the Vernita Bar. The flow regulation will keep the salmon eggs wet to protect them until they hatch in the spring. The area below Priest Rapids Dam represents nearly 40 percent of all the salmon spawning in the Hanford Reach, one of the last free-flowing stretches of the Columbia River. Bonneville has provided the flow regulation

since 1988 according to an agreement with the states, tribes, and mid-Columbia public utilities that own dams on that stretch of the river.

No Secretarial action requested.

December
Next 60 Days

Federal Agencies to Finalize Biological Opinions (BiOp) on Salmon

Recovery: The National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service are expected to issue final BiOps on hydro operations to recover endangered salmon this month (December). The Federal action agencies have been working closely with NMFS and the White House Council on Environmental Quality to get alignment on goals and actions in the BiOp.

No Secretarial action requested.

Decision on Equipment Replacement at Celilo Expected: After conducting a public comment process and completing two studies of the project's benefits, Bonneville will decide this month (December) whether to replace equipment at Celilo, the northern end of the direct-current (DC) Intertie to California. The cost estimates range from \$25 million to as much as \$85 million, depending on the amount of equipment replaced. The southern partners of the Intertie, Southern California Edison and the Los Angeles Department of Water and Power, need to replace part of the Sylmar converter station at the southern end of the Intertie by December 2003. They have asked Bonneville to make the same commitment at Celilo and to do it on the same time line as the Sylmar project, from January 2001 to December 2003, in order to maintain the DC Intertie at its current 3,100-megawatt rating for the next 30 years.

No Secretarial action requested.

Northwest Legislators Continue to Discuss Future of Federal Columbia

River Power System (FCRPS): The group of Northwest state legislators that is pursuing ideas to secure greater regional control of the output of the FCRPS plans to meet again this month (December). The Northwest governors have been invited. In addition, Governor John Kitzhaber of Oregon and Governor Mark Racicot of Montana plan to hold a hearing November 20 in Portland and propose legislation to give more authority to the Northwest Power Planning Council and perhaps introduce other approaches to increase regional control of FCRPS.

No Secretarial action requested.

January
Next 90 Days

Policy for New Large Single Loads Considered: Bonneville will open a 30-day public comment period this month (January) on a proposed policy under which customers could add new large single loads to their load requirements on Bonneville. The existing policy allows for a utility to add an industrial or commercial end user and place up to 9.9 megawatts of that requirement on Bonneville. The public process, originally scheduled to begin in September, is now expected to conclude with a Record of Decision (ROD) in early summer 2001.

No Secretarial action requested.

ROD on Details of Conservation Discount: Following a public comment process in October and November, Bonneville expects to issue a ROD this month (January) on the implementation details of its Conservation and Renewables Discount. Under the program, Bonneville customers will receive a half-mill discount on their power rates from Bonneville for development of approved conservation and renewables projects.

No Secretarial action requested.

Ongoing

Bonneville and Filing Utilities Continue to Develop Regional Transmission Organization (RTO) Proposal: After completing a compliance filing at FERC for RTO West, Bonneville and the other Pacific Northwest transmission owners continue to work with the region's stakeholders to develop the details of the proposal. Public workshops are being held and workgroups developing products throughout the next several months in preparation for a Stage 2 filing at FERC in the spring.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

In reply refer to: BPA-A

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Acting Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

December
Next 30 Days

Final Biological Opinions to be Released. The National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) plan to release on December 15 their final biological opinions on hydro operations for recovering endangered salmon. The Federal action agencies are planning a press conference to announce the release of a basin-wide recovery plan, which will address the four lower Snake River dams.

No Secretarial action requested.

Fiscal Year (FY) 2002-2006 Rate Case Modification Proceedings Kicks Off. A pre-hearing conference will be held this month (December 12) to review Bonneville Power Administration's (Bonneville) proposed schedule for the rates proceeding on the FY 2002-2006 rate case modification. At the hearing, Bonneville will present its direct case, and the parties and Bonneville will review and agree to a schedule for the proceeding. The modification to Bonneville's FY 2002-2006 rates, which were filed at Federal Energy Regulatory Commission (FERC) in July, is necessary to help preserve Bonneville's ability to make its annual Treasury payment in an increasingly volatile wholesale energy market.

No Secretarial action requested.

Decision on Equipment Replacement at Celilo Expected. After conducting a public comment process and completing two studies of the project's benefits, Bonneville will decide this month (December) whether to replace equipment at Celilo, at the northern end of the direct-current (DC) intertie to California. The cost estimates range from \$25 million to as much as \$85 million, depending on the amount of equipment replaced. The southern partners of the Intertie, Southern California Edison and the Los Angeles

Department of Water and Power, need to replace part of the Sylmar converter station at the southern end of the Intertie by December 2003. They have asked Bonneville to make the same commitment at Celilo and to do it on the same timeline as the Sylmar project, from January 2001 to December 2003, in order to maintain the DC Intertie at its 3,100-megawatt rating for the next 30 years.

No Secretarial action requested.

January
Next 60 days

Events Planned for 2002-2006 Rates Modification Proceeding. According to Bonneville's proposed schedule (to be agreed upon by the parties December 12), a field hearing will be held in the FY 2002-2006 rates modification proceedings this month (January 12).

No Secretarial action requested.

Northwest Legislators Continue to Discuss Future of Federal Columbia River Power System. The group of Northwest state legislators that is pursuing ideas to secure greater regional control of the Columbia River plans to meet January 5-6 in Boise, Idaho.

No Secretarial action requested.

Policy for New Large Single Loads (NLSL) Considered. Bonneville will publish a *Federal Register Notice* this month (January) announcing a 30-day public comment period on a proposed NLSL policy. The policy outlines the provisions for public customers to place new large single loads on Bonneville. The policy is of particular interest among Bonneville's DSI customers, who are getting less than half their load met by Bonneville in the next rate period and want to have access to more low-cost power via public utilities. The public process, which has been postponed several times due to conflicting demands of the rate case modification and other issues, is now expected to conclude with a Record of Decision (ROD) in early summer 2001.

No Secretarial action requested.

Aluminum Study Group to Meet. A third meeting of the Aluminum Study Group that is looking at the future of Northwest aluminum plants is planned for this month (January). Initial studies assessing the magnitude of the problem are being revised and reviewed in a peer review process. The group is developing criteria to assess whether the region or Bonneville should provide assistance to the plants, which are in trouble due to rapidly rising wholesale energy prices.

No Secretarial action requested.

ROD on Details of Conservation Discount. Following a public comment process in October and November, Bonneville expects to issue a ROD this month (January) on the implementation details of its Conservation and Renewables Discount. Under the program, Bonneville customers will receive a half-mill discount on their power rates from Bonneville for development of approved conservation and renewables projects.

No Secretarial action requested.

February
Next 90 days

Events Planned for 2002-2006 Rates Modification Proceeding. According to Bonneville's proposed schedule (to be agreed upon by the parties December 12), parties will file their direct case in the FY 2002-2006 rates modification proceedings this month (February 1).

No Secretarial action requested.

Ongoing

Bonneville National Leader in Renewables Development. Bonneville recently signed an agreement to purchase up to 49.9 megawatts of geothermal power from Calpine. The geothermal plant is expected to be on line by late 2004. Bonneville is a leader in the nation's development of renewables and green power marketing, with a goal to sell 150 average megawatts of non-hydro new renewable resources by 2006.

No Secretarial action requested.

Bonneville and Filing Utilities Continue to Develop Regional Transmission Organization (RTO) Proposal. After completing a compliance filing at FERC for RTO West, Bonneville and the other Pacific Northwest transmission owners (filing utilities) continue to work with the region's stakeholders to develop the details of the proposal. Public workshops are being held and workgroups developing products throughout the next several months in preparation for a stage-two filing at FERC in late spring.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

In reply refer to: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Judith A. Johansen
SUBJECT: 30-60-90 Day Report

January
Next 30 Days

Bonneville Prepares for Transmission Rate Case

Bonneville will release preliminary rate estimates in its 2002-2006 transmission rate case this month (January 12). Bonneville expects to propose a significant transmission rate increase due to changes in cost allocations between the power and transmission business lines, increased capital expenditures to ensure reliability, and increased labor costs. Customers had asked to see preliminary rates in order to be better able to discuss and comment on proposed transmission program levels. Bonneville rescheduled public meetings on program levels that were set for December to January in order to allow time for the numbers to be prepared. The Transmission Rate Case Initial Proposal is scheduled to be released in March 2000.

No Secretarial action request

Public Meetings on Important Fish Decisions

This month (January) the Federal action agencies--Bonneville, National Marine Fisheries Service (NMFS), the U.S. Fish and Wildlife Service (USFWS), the U.S. Army Corps of Engineers (Corps), the Bureau of Reclamation (Reclamation), the Forest Service, the Bureau of Land Management, the Bureau of Indian Affairs, and the Environmental Protection Agency--will jointly hold meetings throughout the region on key decision documents released last month. These include the All-H Paper, the Corps' Draft Environmental Impact Statement on the Lower Snake Dams, and the Biological Assessment on River Operations released by the Corps, Reclamation, and Bonneville. All are related to the NMFS Biological Opinion on listed salmon, which is expected in the spring of 2000.

No Secretarial action requested.

Bonneville to Purchase More Wind Power

Bonneville expects to sign a power purchase agreement with SeaWest WindPower, Inc. of San Diego, California, to purchase 16.8 megawatts of output from 28 new wind turbines to be installed at the Foote Creek Rim wind project near Arlington, Wyoming. Bonneville is planning to use the occasion of signing the new agreement to announce its plans for acquiring conservation and renewable resources in the next rate period (2002-2006) to help “augment” its existing power inventory. Bonneville is willing to reserve approximately 150 average megawatts of the needed augmentation for conservation efforts that meet cost and availability requirements.

No Secretarial action requested.

Power Rate Case Activities

Cross-examination begins this month (January 24) and is scheduled to continue to early February in Bonneville’s 2002-2006 power rates case formal hearings.

No Secretarial action requested.

Arbitration and Appeal on Fiber Optic Contract

Arbitration and ruling on one of two contract issues related to the Electric Light, Inc. (ELI) suit against Bonneville in the Ninth Circuit Court of Appeals are scheduled for this month (January.) ELI claims that Bonneville has breached the contract; Bonneville claims ELI has not met minimum performance standards in the contract.

No Secretarial action requested.

February
Next 60 Days

Record of Decision Expected on Determining Customer's Net Requirements

Following two public comment periods and subsequent revisions, Bonneville will issue its Record of Decision this month (February) on revisions to its policies for determining the amount of power a utility is eligible to purchase from Bonneville. The policy changes have been of significant regional interest because of their effect on how utilities deploy their generating resources, particularly in the States of Oregon and Montana where electricity deregulation laws have been enacted.

No Secretarial action requested.

Conference Planned on Distributed Resources

Bonneville will co-sponsor a conference on distributed resources in Portland, Oregon, February 2. Nationally known experts in the field will discuss new products and technologies and their environmental benefits.

No Secretarial action requested.

Conference on Reliability Planned

Bonneville will sponsor a regional conference on electric power reliability Monday, February 28, 2000, at the DoubleTree Jantzen Beach in Portland. The conference will encompass both the transmission and power generation aspects of the issue.

No Secretarial action requested.

March Next 90 Days

Draft Record of Decision (ROD) on 2002-2006 Power Rates

The draft (ROD) outlining the Administrator's decision on Bonneville's 2002-2006 power rates is scheduled to be released on March 27. The parties to the rate case will have two weeks to file their briefs on exceptions to the draft ROD. The Administrator is expected to make a final decision on the power rates in late spring.

No Secretarial action requested.

Ongoing

Bonneville Pursues "Energy Web" to Help Meet Public Responsibilities

A key strategic thrust for Bonneville's business lines in the upcoming year is to integrate an energy web concept into plans and strategies and to foster its development. Bonneville envisions a Pacific Northwest energy web model operating by the year 2010 that makes use of new technologies such as distributed generation, telecommunications, metering and data networks, and renewable resources. Bonneville believes this will lead to an electricity market with many buyers and sellers, where consumers are active managers of their own energy production and use. Ultimately, the energy web will reduce costs, help integrate renewable resources, increase electrical system reliability and reduce environmental impacts of load growth. Examples of energy web activities already underway at Bonneville include green power marketing, ancillary services that help support renewable resources,

residential fuel cell technology, and investing in an increasingly environmentally friendly power supply.

No Secretarial action requested.

Bonneville to Revise Request for Changes in Personnel Authorities

In response to employee concerns and the Department's indication that it would be more supportive of a narrower request, the Administrator has decided not to seek broad authority to overhaul the agency's overall personnel system. Instead, Bonneville will abandon the former Administrative Efficiencies Project in favor of a more narrow targeted set of changes. The proposed changes will address specific procurement, property management, and critical staffing issues that cannot be resolved within existing authorities. The Administrator has asked Bonneville managers to review the needs in this light in preparation for making a proposal to the Department.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

February 7, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

January
Next 30 days

Events Planned for 2002-2006 Rates Amendment Proceeding: The revised schedule for the fiscal year (FY) 2002-2006 amended power rates proposal proceedings calls for Bonneville Power Administration (Bonneville) to file a supplement to the amended proposal this month (February). In January, the hearing officer approved a revised schedule when continually changing market conditions and ongoing settlement discussions with the parties created a need to update Bonneville's amended proposal of December 2000. The amendment to Bonneville's FY 2002-2006 rates is necessary to help preserve Bonneville's ability to make its annual Treasury payment in an increasingly volatile wholesale energy market.

No Secretarial action requested.

Bonneville Requests Proposals for Wind Power Development: Bonneville plans to issue a Request for Proposals in February to acquire about 1,000 megawatts of wind power. Skyrocketing electricity prices have made wind power prices more competitive. Bonneville is already a leader in the nation's development of renewables and green power marketing, with a goal to acquire and sell 500 average megawatts of green resources by 2006. The agency has signed contracts for 84 megawatts of renewables.

No Secretarial action requested.

General Accounting Office (GAO) to Release Report on Preference: The GAO will release its report on preference laws by mid-February by posting the document on its Web site. The report was requested in the last Congress by the House Subcommittee on Water and Resources, but was never released. Bonneville reviewed a draft of the report last year, and our comments will be included. The report is essentially a history of the development of laws that give public agencies preference to federal power. The Committee is not expected to take further action on the report at this time.

No Secretarial action requested.

Policy for New Large Single Loads (NLSL) Considered: Bonneville plans to publish a NLSL proposal this month (February) and announce a 30-day public comment period. The policy outlines the provisions for public customers who provide power for new large single loads. The policy is of particular interest among Bonneville's Direct Service Industry customers, who want to have access to more low-cost federal power via public utilities. The public process, which has been postponed several times due to conflicting demands of the rate case modification and other issues, is now expected to conclude with a Record of Decision in early summer 2001.

No Secretarial action requested.

March
Next 90 days

Northwest Power Planning Council (Council) to Recommend Fish Measures for Bonneville Funding: The Council plans to make its recommendations to Bonneville this month (March) for "early actions" in habitat, harvest, and hatcheries to be funded for fish and wildlife recovery. The Council initiated a process last fall to identify urgent, high-priority actions that required start up before the implementation plans required in the recent Biological Opinion are undertaken. Implementation of the selected actions is expected to begin in April.

No Secretarial action requested.

Bonneville to Co-Sponsor Conference: Bonneville, the Northwest Public Power Association and Portland State University are co-sponsoring a conference March 12-14 on preserving the benefits of the Columbia River for the Pacific Northwest. The forum, to be held in Wilsonville, Oregon, near Portland, will invite regional leaders to contribute to propose a strategic plan for the region and will include a facilitated group brainstorming to stimulate ideas.

No Secretarial action requested.

Schedule for 2002-2006 Rates Amendment Proceeding: This month (March) in the FY 2002-2006 rates amendment proceedings, parties will file their direct case.

No Secretarial action requested.

Construction Begins to Modernize Equipment on Intertie to California: Bonneville will begin construction this month to modernize equipment at its Celilo converter station on the northern end of the direct-current Intertie. The replacements will enable maintaining the transmission line that runs from the Northwest to southern California at its 3,100-megawatt rating for the next 30 years. At the same time, the two southern partners on the Intertie, Southern California Edison and the Los Angeles Department of Water and Power, will replace part of the Sylmar converter station at their end of the Intertie. The project is expected to be completed by December 2003 at an estimated cost of \$30 million to Bonneville.

No Secretarial action requested.

April
Next 90 days

Schedule for 2002-2006 Rates Modification Proceeding: Cross-examination is scheduled for this month (April) in the FY 2002-2006 rates modification proceedings.

No Secretarial action requested.

Ongoing

Federal Energy Regulatory Commission (FERC) Review of Regional Transmission Organization (RTO) Proposal Expected: FERC is expected to complete review of the Stage One RTO West filing this Spring under Order 2000. In this submittal, Bonneville and the other filing utilities in the Pacific Northwest (including AVISTA Corp., Idaho Power Co., Montana Power Co., Nevada Power Co., PacifiCorp, Portland General Electric, Puget Sound Energy, and Sierra Pacific) requested preliminary guidance from FERC on scope and geography, governance, pricing, a liability agreement, a suspension agreement, and a preliminary transmission operating agreement. The filing utilities are currently conducting an extensive public participation process toward completing the final Stage Two filing, planned to be filed with FERC in July 2001. After FERC and State Public Utilities Commission's approval of the entire package, the filing utilities can proceed to form RTO West.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

March 7, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

March
Next 30 Days

Events Planned for Fiscal Year (FY) 2002-2006 Rates Amendment

Proceeding: The revised schedule for the FY 2002-2006 amended power rates proposal proceedings calls for the parties to file their direct case this month (March). In February, the Bonneville Power Administration (Bonneville) agreed to a settlement of the rate case with the utility customers, so the direct case filings will be primarily from the direct service industries and any other rate case parties who did not sign on to the settlement along with the utilities. The amendment to Bonneville's FY 2002-2006 rates, which were filed at Federal Energy Regulatory Commission (FERC) in July 2000, is necessary to help preserve Bonneville's ability to make its annual Treasury payment in an increasingly volatile wholesale energy market.

No Secretarial action requested.

Northwest Power Planning Council (Council) to Recommend Fish Measures for Bonneville Funding:

The Council plans to make its recommendations to Bonneville this month (March) for "early actions" in habitat, harvest, and hatcheries to be funded for fish and wildlife recovery. The Council initiated a process last fall to identify urgent, high priority actions that required start-up before the implementation plans required in the recent Biological Opinion (BiOp) are undertaken. Implementation of the selected actions is expected to begin in April.

No Secretarial action requested.

Bonneville to Co-Sponsor Conference: Bonneville, the Northwest Public

Power Association and Portland State University are co-sponsoring a conference March 12-14 on “Preserving the Benefits of the Columbia River for the Pacific Northwest.” The forum, to be held in Wilsonville, Oregon, near Portland, will invite regional leaders to contribute to propose a strategic plan for the region and will include a facilitated group brainstorming to stimulate ideas.

No Secretarial action requested.

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No Secretarial action requested.

April
Next 60 Days

FERC Review of Regional Transmission Organization (RTO) Proposal Expected: FERC is expected to complete review of the RTO West filing this month under Order 2000. With FERC approval, Bonneville and the other transmission owners (filing utilities) in the Pacific Northwest (including Avista Corp., Idaho Power Co., Montana Power Co., Nevada Power Co., PacifiCorp, Portland General Electric, Puget Sound Energy, and Sierra Pacific) can proceed with start-up and funding activities. Public workshops are being held and workgroups developing products throughout the next several months in preparation for a Stage 2 filing at FERC in late Spring.

No Secretarial action requested.

Schedule for FY 2002-2006 Rates Modification Proceeding: Cross-examination is scheduled for this month (April) in the FY 2002-2006 rates modification proceedings.

No Secretarial action requested.

Spring Salmon Operations Begin: This month (April) begins the start of a new fish migration year and with it, the first implementation of the 2000 BiOp for salmon recovery. The BiOp requires certain levels of flow and spill in the Federal Columbia River Power System (FCRPS) to assist migration of

juvenile salmon. Bonneville has worked with the other federal agencies involved in hydro operations and salmon recovery on FCRPS to develop guidelines for balancing fish and power operations this year, given the very poor water conditions in FCRPS. These guidelines are within the scope of the BiOp, which allows for fish operations to be revised in an emergency situation.

No Secretarial action requested.

Draft Environmental Impact Statement (EIS) Due on Condon Wind

Project: The draft EIS on the Condon Wind Project is scheduled for release on April 23, about two months later than originally planned. The EIS process had been suspended because developer SeaWest's projected costs for power from the 24.8-MW project in Eastern Oregon exceeded Bonneville's desired price range. SeaWest is pursuing several avenues in an effort to reduce the energy cost from the project. The odds in favor of success seem great enough to warrant restarting the EIS process. The project would still come online by the end of 2001.

No Secretarial action requested.

Policy for New Large Single Loads (NLSL) Considered: Bonneville expects to announce a 30-day public comment period beginning this month (April) on a proposed new NLSL policy. The policy outlines the provisions for public customers to place NLSL on Bonneville. The public process, which has been postponed several times due to conflicting demands of the rate case modification and other issues, is now expected to conclude with a Record of Decision in June 2001.

No Secretarial action requested.

May
Next 90 Days

Nuclear Plant Plans Outage for Refueling: The Columbia Generating Station, the Northwest's only operating nuclear plant, is scheduled to shut down for 30 days for refueling beginning May 18. Bonneville markets the power from the nuclear plant that is owned by Energy Northwest. Energy Northwest has cut the refueling outage to half the usual time, given the region's power shortage.

No Secretarial action requested.

Inspector General (IG) to Report on Bonneville's Fiber Installations: A final report from the IG Richland Audit Group on Bonneville's fiber optics installation is expected late this month (May). The objective of the audit is to determine if the power marketing agencies are acquiring fiber optic systems in

excess of mission requirements. Bonneville believes IG may report that Bonneville's decision to install 72 fibers is in excess of that needed to ensure system reliability and meet Bonneville's operational requirements. An exit conference in March and a draft report in late April will provide opportunities for Bonneville to give input regarding the findings and to correct factual errors.

No Secretarial action requested.

Ongoing

Requests Coming in for New Generation to be Connected to Bonneville Transmission: Bonneville has received requests for transmission integration studies for more than 14,000 MW of new generating capacity at sites around the Northwest. In addition to large combustion turbines, Bonneville has also received numerous requests to integrate smaller generation projects of 5 to 50 MW in the next 6 to twelve months. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete the required studies.

No Secretarial action requested.

Bonneville Expands Conservation Public Awareness Efforts: Bonneville is continuing and expanding its public awareness campaigns to encourage consumers to conserve energy and give consumers information on how to do it. In addition to the newspaper advertising campaign Bonneville has sponsored since January, the agency is coordinating with environmental groups to co-sponsor ads that emphasize long-term conservation measures such as weatherization. Bonneville is also partnering with a Portland television station, a retailer, and an investor-owned utility on a four-month campaign promoting use of compact fluorescent light bulbs, including rebates.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

April 4, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

April
Next 30 Days

Events Planned for Fiscal Year (FY) 2002-2006 Rates Amendment

Proceeding: The revised schedule for the FY 2002-2006 amended power rates proposal proceedings calls for the parties to conduct cross-examination this month (April). In February, the Bonneville Power Administration (Bonneville) agreed to a settlement of the rate case with the utility customers, so the cross-examination will be primarily from the direct service industries and any other rate case parties who did not sign on to the settlement along with the utilities. The amendment to Bonneville's FY 2002-2006 rates, which were filed at Federal Energy Regulatory Commission (FERC) in July 2000, is necessary to help preserve Bonneville's ability to make its annual Treasury payment in an increasingly volatile wholesale energy market.

No Secretarial action requested.

FERC Review of Regional Transmission Organization (RTO) Proposal

Expected: FERC is expected to complete review of the RTO West filing this month. With FERC approval, Bonneville and the other transmission owners (filing utilities) in the Pacific Northwest (including Avista Corp., Idaho Power Co., Montana Power Co., Nevada Power Co., PacifiCorp, Portland General Electric, Puget Sound Energy, and Sierra Pacific) could proceed with startup and funding activities. Public workshops are being held and workgroups developing products throughout the next several months in preparation for a Stage-2 filing at FERC in late spring.

No Secretarial action requested.

Spring Salmon Operations Begin: This month (April) begins the start of a

new fish migration year and with it, the first implementation of the 2000 Biological Opinion (BiOp) for salmon recovery on the Federal Columbia River Power System (FCRPS). The ongoing historic low water year and west coast power supply uncertainties will make it very difficult to provide the spill and flows identified in the BiOp. Federal agencies are currently evaluating these unprecedented circumstances.

No Secretarial action requested.

Draft Environmental Impact Statement (EIS) Due on Condon Wind

Project: The draft EIS on the Condon Wind Project is scheduled for release on April 23, about two months later than originally planned. The EIS process had been suspended because developer SeaWest's projected costs for power from the 24.8-megawatt project in Eastern Oregon exceeded Bonneville's desired price range. SeaWest is pursuing several avenues in an effort to reduce the energy cost from the project. The odds in favor of success seem great enough to warrant restarting the EIS process. The project would still come online by the end of 2001.

No Secretarial action requested.

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May
Next 60 Days

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in excess of mission requirements. Bonneville believes the IG may report that Bonneville's decision to install 72 fibers is in excess of that needed to ensure system reliability and meet Bonneville's operational requirements. An exit conference in March and a draft report in late April will provide opportunities for Bonneville to give input regarding the findings and to correct factual errors.

No Secretarial action requested.

Schedule for FY 2002-2006 Rates Modification Proceeding: Oral argument and the draft Record of Decision are scheduled for this month (May) in the FY 2002-2006 rates modification proceedings.

No Secretarial action requested.

June
Next 90 Days

Schedule for FY 2002-2006 Rates Modification Proceeding: The schedule for the FY 2002-2006 rates modification proceedings calls for the Administrator to sign the final Record of Decision this month (June).

No Secretarial action requested.

Ongoing

Requests Coming in for New Generation to be Connected to Bonneville Transmission: Bonneville has received requests for transmission integration studies for more than 14,000 megawatts (MW) of new generating capacity at sites around the Northwest. In addition to large combustion turbines, Bonneville has also received numerous requests to integrate smaller generation projects of 5 to 50 MW in the next 6 to 12 months. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete the required studies.

No Secretarial action requested.

New Transmission Needed Soon: Bonneville will soon need to build new transmission lines. Since 1987, little transmission has been built. Instead, Bonneville has boosted transmission capacity on the existing system through adding shunt capacitors and new controls. But forecasts are for Northwest winter peak loads to grow by 12 percent by 2008, and thousands of megawatts of new generation are planned. (See item above, "Requests Coming in for New Generation to be Connected to Bonneville Transmission.") In addition, electricity deregulation has dramatically increased the number of transmission transactions as many marketers enter the wholesale power arena. The grid cannot be expected to handle these new demands without new transmission being built. Bonneville will need increased borrowing authority from the U.S. Treasury to meet these needs as well as to fund initiatives in conservation and

improvements at the federal dams.

No Secretarial action requested.

Bonneville Expands Conservation Public Awareness Efforts: Bonneville is continuing and expanding its public awareness campaigns to encourage consumers to conserve energy and give consumers information on how to do it. In addition to the newspaper advertising campaign Bonneville has sponsored since January, the agency is coordinating with environmental groups to co-sponsor ads that emphasize long-term conservation measures such as weatherization. Bonneville is also partnering with a Portland television station, a retailer, and an investor-owned utility on a four-month campaign promoting use of compact fluorescent light bulbs, including rebates.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

April 4, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

April
Next 30 Days

Events Planned for Fiscal Year (FY) 2002-2006 Rates Amendment

Proceeding: The revised schedule for the FY 2002-2006 amended power rates proposal proceedings calls for the parties to conduct cross-examination this month (April). In February, the Bonneville Power Administration (Bonneville) agreed to a settlement of the rate case with the utility customers, so the cross-examination will be primarily from the direct service industries and any other rate case parties who did not sign on to the settlement along with the utilities. The amendment to Bonneville's FY 2002-2006 rates, which were filed at Federal Energy Regulatory Commission (FERC) in July 2000, is necessary to help preserve Bonneville's ability to make its annual Treasury payment in an increasingly volatile wholesale energy market.

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May
Next 60 Days

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No Secretarial action requested.

Inspector General (IG) to Report on Bonneville's Fiber Installations: A final report from the IG Richland Audit Group on Bonneville's fiber optics installation is expected late this month (May). The objective of the audit is to determine if the power marketing agencies are acquiring fiber-optic systems

in excess of mission requirements. Bonneville believes the IG may report that Bonneville's decision to install 72 fibers is in excess of that needed to ensure system reliability and meet Bonneville's operational requirements. An exit conference in March and a draft report in late April will provide opportunities for Bonneville to give input regarding the findings and to correct factual errors.

No Secretarial action requested.

Schedule for FY 2002-2006 Rates Modification Proceeding: Oral argument and the draft Record of Decision are scheduled for this month (May) in the FY 2002-2006 rates modification proceedings.

No Secretarial action requested.

June
Next 90 Days

Schedule for FY 2002-2006 Rates Modification Proceeding: The schedule for the FY 2002-2006 rates modification proceedings calls for the Administrator to sign the final Record of Decision this month (June).

No Secretarial action requested.

Ongoing

Requests Coming in for New Generation to be Connected to Bonneville Transmission: Bonneville has received requests for transmission integration studies for more than 14,000 megawatts (MW) of new generating capacity at sites around the Northwest. In addition to large combustion turbines, Bonneville has also received numerous requests to integrate smaller generation projects of 5 to 50 MW in the next 6 to 12 months. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete the required studies.

No Secretarial action requested.

New Transmission Needed Soon: Bonneville will soon need to build new transmission lines. Since 1987, little transmission has been built. Instead, Bonneville has boosted transmission capacity on the existing system through adding shunt capacitors and new controls. But forecasts are for Northwest winter peak loads to grow by 12 percent by 2008, and thousands of megawatts of new generation are planned. (See item above, "Requests Coming in for New Generation to be Connected to Bonneville Transmission.") In addition, electricity deregulation has dramatically increased the number of transmission transactions as many marketers enter the wholesale power arena. The grid cannot be expected to handle these new demands without new transmission being built. Bonneville will need increased borrowing authority from the U.S. Treasury to meet these needs as well as to fund initiatives in conservation and

improvements at the federal dams.

No Secretarial action requested.

Bonneville Expands Conservation Public Awareness Efforts: Bonneville is continuing and expanding its public awareness campaigns to encourage consumers to conserve energy and give consumers information on how to do it. In addition to the newspaper advertising campaign Bonneville has sponsored since January, the agency is coordinating with environmental groups to co-sponsor ads that emphasize long-term conservation measures such as weatherization. Bonneville is also partnering with a Portland television station, a retailer, and an investor-owned utility on a four-month campaign promoting use of compact fluorescent light bulbs, including rebates.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

May 2, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

May
Next 30 Days

Nuclear Plant Plans Outage for Refueling: The Columbia Generating Station, the Northwest's only operating nuclear plant, is scheduled to shutdown for 30 days for refueling beginning May 18. Bonneville Power Administration (Bonneville) markets the power from the nuclear plant that is owned by Energy Northwest. Energy Northwest has cut the refueling outage to half the usual time, given the region's power shortage.

No Secretarial action requested.

Inspector General (IG) to Report on Bonneville's Fiber Installations: A final report from the IG Richland Audit Group on Bonneville's fiber optics installation is expected late this month (May). The objective of the audit is to determine if the power marketing agencies are acquiring fiber-optic systems in excess of mission requirements. Bonneville believes the IG may report that Bonneville's decision to install 72 fibers is in excess of that needed to ensure system reliability and meet Bonneville's operational requirements.

No Secretarial action requested.

Implementation Plans for Salmon Recovery Due: This month (May) Bonneville and the other federal hydro operators expect to issue an operating plan and a water management plan for 2001 and an initial five-year implementation plan as required by the National Marine Fisheries Service 2000 Biological Opinion. Implementation plans describe the actions to carry out the objectives and meet the performance standards in the Biological Opinion.

No Secretarial action requested.

June

Schedule for Fiscal Year (FY) 2002-2006 Rates Modification Proceeding:

Next 60 Days

The Acting Administrator is scheduled to issue the final Record of Decision on the FY 2002-2006 rates modification this month (June). Bonneville rates staff will announce the rate for the first six months of FY 2002 (October 2001 through March 2002) at a rates workshop in early June. Under a settlement Bonneville staff reached with most of Bonneville's customers in February, Bonneville will revise its rates every six months to reflect changes in wholesale power prices, where the market has been extremely volatile since late last summer.

No Secretarial action requested.

Policy for New Large Single Loads (NLSL) Considered: Bonneville will ask for public comment in mid-June. The policy outlines the provisions for public customers to place NLSL on Bonneville. The public comment will close at the end of July. Bonneville expects to issue a Record of Decision in early September.

No Secretarial action requested.

Bonneville Acts on Wind Energy Proposals: Bonneville expects to select wind energy proposals by the end of May and then begin contract negotiations with developers. In February, Bonneville issued a Request for Proposals for as much as 1,000 megawatts (MW) of wind power. By April 20, Bonneville had received 25 proposals that added up to about 2,600 MW. Most of the proposed sites are in Oregon (10) and Washington (8). The rest are distributed among Idaho, Montana, Wyoming and even Canada. "The response blew us away," said Bonneville's program manager.

No Secretarial action requested.

July

Next 90 Days

Stage-2 Filing at the Federal Energy Regulatory Commission (FERC):

The Pacific Northwest Regional Transmission Organization (RTO) filing group, RTO West, could submit its Stage-2 filing at FERC as early as this month (July). Bonneville and the other transmission owners in the Pacific Northwest (including Avista Corp., Idaho Power Co., Montana Power Co., Nevada Power Co., PacifiCorp, Portland General Electric, Puget Sound Energy, and Sierra Pacific) scheduled public workshops and workgroups throughout the spring in preparation for the filing. FERC approved the RTO West initial filing in late April, with modifications.

No Secretarial action requested.

Ongoing

Requests Coming in for New Generation to be Connected to Bonneville

Transmission: Bonneville has received requests for transmission integration studies for more than 26,000 MW of new generating capacity at sites around the Northwest. In addition to large combustion turbines, Bonneville has also received numerous requests to integrate smaller generation projects of 5 to 50 MW in the next 6 to 12 months. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete required studies for large (>50 MW) projects.

No Secretarial action requested.

Cumulative Air Quality Impacts of Proposed New Generation to be

Considered: Bonneville is doing an environmental study of the cumulative air quality impacts of more than 30 natural-gas-fired combustion turbines that have been proposed for integration to the Bonneville transmission grid. The cumulative impact of numerous proposals could be more significant than the impact of any one project, particularly where several proposed plants are clustered in one airshed. The study will assist Bonneville's National Environmental Policy Act process and Records of Decision on individual transmission and integration requests. The first, overview regional phase of the cumulative air quality impact study will be complete by July.

No Secretarial action requested.

New Transmission Needed Soon: Bonneville needs to build new transmission lines. Since 1987, little transmission has been built. Instead, Bonneville has boosted transmission capacity on the existing system through adding shunt capacitors and new controls. But forecasts are for Northwest winter peak loads to grow by 12 percent by 2008 and thousands of MW of new generation are planned. (See item above, "Requests Coming in for New Generation to be Connected to Bonneville Transmission.") In addition, electricity deregulation has dramatically increased the number of transmission transactions as many marketers enter the wholesale power arena. Bonneville estimates the additional lines and substations will increase its capital program by \$775 million in the FY 2002-2006 timeframe.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

June 6, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

June
Rates:
Next 30 Days

Technical Workshop to Release Preliminary Adjustments to Base

Bonneville Power Administration (Bonneville) will hold a technical rates workshop on June 6 where it will release the preliminary results of Bonneville's efforts to reduce the expected rate increase through its load reduction effort. This presentation will provide customers and the public with an estimate of the percentage amount of rate increase that will be expected to go into effect on October 1. Bonneville staff will also discuss application of the Financial Based Cost Recovery Adjustment Clause. Acting Administrator Steve Wright will hold a press conference prior to the workshop, which will likely receive substantial press coverage.

No Secretarial action requested.

Load Reduction Efforts to be Complete: June 20 is the announced deadline to complete all agreements to reduce load. At that time, Bonneville rates staff will announce the percentage increase in power rates for the first six months of fiscal year (FY) 2002, based on the current projections of market prices and Bonneville's loads for that period. The Acting Administrator has asked all of Bonneville's customers to reduce their loads on Bonneville in the first part of the next five-year rate period (FY 2002 through 2006) in order to reduce

the amount of power that Bonneville must purchase in the high-priced wholesale power market to meet loads in excess of its resources.

No Secretarial action requested.

Finalization of FY 2002-2006 Supplemental Wholesale Power

Rates: The Acting Administrator is scheduled to issue the final Record of Decision (ROD) on the FY 2002-2006 rates Supplemental Wholesale Power Rates by the end of this month (June). Under a partial stipulation and settlement between Bonneville staff, the four Northwest state utility commissions, and most of the agency's utility customers, Bonneville will revise its rates every six months to reflect changes in wholesale power prices. The West Coast power market has been extremely volatile since late last summer, requiring Bonneville to supplement its initial Wholesale Power Rate filing at the Federal Energy Regulatory Commission (FERC) in order to address the increasing wholesale market prices and extreme volatility. These rates must be filed with FERC in time to receive a 60-day interim approval by October 1, 2001, when the agency's current power rates expire.

No Secretarial action requested.

Nuclear Plant to be Up Again After Refueling Outage: The Columbia Generating Station, the Northwest's only operating nuclear plant, is scheduled to be back on line June 18 after a 30-day refueling outage that began last month (May). Bonneville markets the power from the nuclear plant that is owned by Energy Northwest. The plant supplies almost 10 percent of the federal base power system in the Northwest. Energy Northwest has cut the refueling outage to half the usual time, given the region's power shortage.

No Secretarial action requested.

Inspector General (IG) to Report on Bonneville's Fiber

Installations: The IG Richland Audit Group has pushed back the anticipated date for issuing its draft report on Bonneville's fiber-optics installation from May to late June. Bonneville believes the IG may report that Bonneville's decision to install 72 fibers is in excess of that needed to ensure system reliability and meet Bonneville's operational requirements. At the request of Congress, Bonneville, along with Western Area and Southwestern Power Administrations, submitted a

report to Congress on its fiber-optics program on May 26, 2000. That report included a discussion of short-, intermediate-, and long-term planning horizons.

No Secretarial action requested.

Implementation Plans for Salmon Recovery Due: This month (June) Bonneville and the other federal hydro operators expect to issue an operating plan and a water management plan for 2002, as well as a draft Endangered Species Act Implementation Plan with action plans for 2002-2006 as required under the National Marine Fisheries Service 2000 Biological Opinion for the Federal Columbia River Power System. Implementation plans describe the actions Bonneville and the other federal hydro operators will take to carry out the objectives and meet the performance standards in the Biological Opinion.

No Secretarial action requested.

July
Next 60 Days

Status Filing at FERC. The Pacific Northwest Regional Transmission Organization (RTO) filing group, RTO West, may submit a status report to the FERC as early as this month (July). Bonneville and the other transmission owners in the Pacific Northwest (including Avista Corp., Idaho Power Co., Montana Power Co., Nevada Power Co., PacifiCorp, Portland General Electric, Puget Sound Energy, and Sierra Pacific) have held public workshops and workgroups on pending issues regarding development of RTO West. In April, FERC approved the RTO West initial filing, with modifications.

No Secretarial action requested.

Cumulative Air Quality Impacts of Proposed New Generation to be Considered: Bonneville will complete the regional overview phase this month (July) of a study of the cumulative air quality impacts of the natural-gas-fired combustion turbines that have been proposed for integration to the Bonneville transmission grid. More than 30 units have been proposed, and the cumulative effects of several units could be more significant than any one project, particularly where several proposed plants are clustered in one airshed. A second phase of the air quality study will look in more detail at potential problem areas identified by the regional overview.

By law, Bonneville must consider cumulative impacts of projects it

enables. This study is an efficient, effective means of fulfilling this requirement for the proposed new generation projects. Bonneville will work closely with other State and Federal agencies and will make the study model available to developers and their consultants. The study will assist Bonneville's National Environmental Policy Act process and ROD on individual transmission and integration requests.

No Secretarial action requested.

Policy for New Large Single Loads (NLSL) Considered: The public comment period on Bonneville's proposed NLSL policy closes at the end of July. The policy outlines the provisions for public customers to place NLSL on Bonneville. Bonneville expects to issue a ROD in early September.

No Secretarial action requested.

August
to
Next 90 Days

Bonneville Acts on Wind Energy Proposals: Bonneville expects to complete development agreements with wind energy developers late this month (August), setting the stage for environmental work, permitting, and construction. In February, Bonneville issued a Request for Proposals for as much as 1,000 megawatts (MW) of wind power. The agency received 25 proposals that added up to about 2,600 MW. Most of the proposed sites are in Oregon (10) and Washington (8). The rest are distributed among Idaho, Montana, Wyoming, and even Canada.

No Secretarial action requested.

Ongoing

Requests Coming in for New Generation to be Connected to Bonneville Transmission: Bonneville has received requests for transmission integration studies from investors for more than 26,000 MW of new generating capacity at sites around the Northwest. In addition to large combustion turbines, Bonneville has also received numerous requests to integrate smaller generation projects of 5 to 50 MW in the next 6 to 12 months. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete required studies for large (>50 MW) projects.

No Secretarial action requested.

New Transmission Needed Soon: Bonneville needs to build new transmission lines and other facilities. Since 1987, little transmission has been built. Instead, Bonneville has boosted transmission capacity on the existing system through adding shunt capacitors and new controls. But forecasts indicate that Northwest winter peak loads will increase 12 percent by 2008 and thousands of MW of new generation are planned. In addition, electricity deregulation has dramatically increased the number of transmission transactions as many marketers enter the wholesale power arena. Bonneville's existing system cannot manage the increased load growth, new generating capacity and the increase in transactions without additional capacity and facilities. Bonneville estimates the additional lines and substations will increase its capital program by \$775 million in the FY 2002-2006 timeframe.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

July 5, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

July
Next 30 Days

Cumulative Air Quality Impacts of Proposed New Generation to be Considered: Bonneville will complete the regional overview phase this month (July) of an air quality study, which will look at the cumulative air quality impacts of proposed natural gas-fired combustion turbines. More than 30 units have been proposed for integration to the Bonneville transmission grid. The cumulative effects of several units could be greater than individual installations, particularly where several proposed plants are clustered in one airshed. A second phase of the air quality study will look in more detail at potential problem areas identified by the regional overview.

By law, Bonneville must consider cumulative impacts of projects it enables. The study will assist Bonneville's National Environmental Policy Act process and Records of Decision on individual transmission and integration requests. Bonneville will work closely with other State and Federal agencies and will make the study model available to developers and their consultants.

No Secretarial action requested.

Policy for New Large Single Loads (NLSL) Considered: The public comment period on Bonneville's proposed NLSL policy is scheduled to close at the end of July. (See "Policy for NLSL Released" under 'September, Next 90 Days' below.)

No Secretarial action requested.

August

Bonneville Acts on Wind Energy Proposals: Bonneville expects to

Next 60 Days

complete pre-development agreements with wind energy developers late this month (August), setting the stage for environmental work, permitting, and construction. In February, Bonneville issued a Request for Proposals for as much as 1,000 megawatts (MW) of wind power. The agency received 25 proposals that added up to about 2,600 MW. In June, the Energy Secretary announced Bonneville had selected seven projects for a total of 830 MW.

No Secretarial action requested.

Stage II Federal Energy Regulatory Commission (FERC) Filing.

Representatives of utilities participating in development of Regional Transmission Organization (RTO) West have set a goal to submit an interim filing to FERC August 31. The remaining portions of the RTO West proposal would be filed at FERC by December 1. The utilities, which include Bonneville and other transmission owners in the Pacific Northwest (Avista Corp., Idaho Power Co., Montana Power Co., PacifiCorp, Portland General Electric, Puget Sound Energy, and Sierra/Nevada Power Co.), are developing remaining portions of the RTO West proposal through a public collaborative process with stakeholders. Bonneville continues to supplement the public process with various briefings and meetings.

FERC approved much of the RTO West proposals submitted last October 23 and December 1, with minor modifications. FERC did not accept the RTO West proposal for a Liability Agreement, and RTO West representatives have since filed for rehearing on those issues. FERC released an Order Granting Rehearing for Further Consideration on June 21.

No Secretarial action requested.

Final Inspector General (IG) Report Expected on Bonneville's Fiber Optics Program: Bonneville expects the final report from the Richland Office of the IG on the Power Marketing Administrations' installation of fiber optic cable to be issued in late August or September. In June, Bonneville commented extensively on the draft report, which asserted that Bonneville is installing fiber optic cable in excess of operational needs, and that the agency's rationale for doing so is "questionable." Bonneville is unaware of what the final IG report will conclude. Bonneville's fiber optics installations are designed to meet expanding communication capacity, achieve high safety and reliability of the transmission system, and offer critical future flexibility, expansion and reliability options.

No Secretarial action requested.

September
Next 90 Days

Implementation Plans for Salmon Recovery Due: This month (September) Bonneville and the other federal hydro operators expect to finalize an operating plan and a water management plan for 2002, as well as a draft Endangered Species Act Implementation Plan with action plans for 2002-2006. The plans are required under the National Marine Fisheries Service 2000 Biological Opinion for the Federal Columbia River Power System. Implementation plans describe the actions Bonneville and the other federal hydro operators will take to carry out the objectives and meet the performance standards in the Biological Opinion.

No Secretarial action requested.

Power Sales Contracts Due to Expire. Bonneville's 20-year power sales contracts expire September 30, 2001. New contracts and rates go into place October 1, 2001, concluding a process of more than 3 years to design, offer, and sign contracts with more than 130 customers and conduct 2 rates proceedings.

No Secretarial action requested.

New Solar Generation to be Online: By this month (September), Bonneville expects to have a 50-kilowatt solar photovoltaic array installed and online at the site of the terminated WNP-1 nuclear plant. The project is a joint partnership with the Bonneville Environmental Foundation, the Department of Energy, Energy Northwest, Washington State, and private investors.

No Secretarial action requested.

Policy for NLSL Released: Bonneville expects to issue a Record of Decision on its proposed NLSL policy this month (September), following a public comment period in June and July. The policy outlines the provisions for public customers to place NLSL on Bonneville.

No Secretarial action requested.

Ongoing

Requests Coming in for New Generation to be Connected to Bonneville Transmission: Bonneville has received requests for transmission integration studies from investors for more than 26,000 MW of new generating capacity at sites around the Northwest. In addition to large combustion turbines, Bonneville has also received numerous requests to integrate smaller generation projects of 5 to 50 MW in the next 6 to 12 months. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete required studies for large (>50 MW) projects.

No Secretarial action requested.

New Transmission Needed Soon: Bonneville needs to build new transmission lines and other facilities. Since 1987, little transmission has been built. Instead, Bonneville has boosted transmission capacity on the existing system through adding shunt capacitors and new controls. But forecasts indicate that Northwest winter peak loads will increase 12 percent by 2008 and thousands of megawatts of new generation are planned. In addition, electricity deregulation has dramatically increased the number of transmission transactions as many marketers enter the wholesale power arena. Bonneville's existing system cannot manage these changes without additional capacity and facilities. Bonneville estimates the additional lines and substations will increase its capital program by \$775 million in the fiscal year 2002-2006 timeframe.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

August 1, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

August **Bonneville Power Administration (Bonneville) Acts on Wind Energy**

Next 30 Days **Proposals:** Bonneville expects to complete pre-development agreements with wind energy developers late in August, setting the stage for environmental work, permitting, and construction. In February, Bonneville issued a Request for Proposals for wind power up to 1,000 megawatts (MW). Bonneville received 25 proposals that added up to about 2,600 MW. In June, the Energy Secretary announced Bonneville had selected 7 projects for a total of 830 MW.

No Secretarial action requested.

Policy for New Large Single Loads (NLSL) Considered: In response to customer and constituent requests, Bonneville has extended the deadline for public comment period on its proposed NLSL policy to August 6. The policy outlines the conditions under which public customers could place NLSLs on Bonneville, an issue of particular concern with public utilities wanting to sell power to Bonneville's aluminum smelter customers. (See "Policy for NLSL Released" under September below.)

No Secretarial action requested.

Final Inspector General (IG) Report Expected on Bonneville's Fiber Optics Program: Bonneville expects the final report from the Richland Office of the IG on the Power Marketing Administrations' installation of fiber optic cable to be issued in late August or September. The audit has been included in the Department's listing of sensitive audits. In June, Bonneville commented extensively on the draft report, which asserted that Bonneville is installing fiber

optic cable in excess of operational needs, and that the agency's rationale for doing so is "questionable." Bonneville is unaware of what the final IG report will conclude. Bonneville's fiber optic installations are designed to meet expanding communication capacity, achieve high safety and reliability of the transmission system, and offer critical future flexibility, expansion and reliability options.

No Secretarial action requested.

Promotional Campaign to Net Conservation Savings: In August, Bonneville will launch the Community Conservation Challenge. The Challenge is designed to support its public utilities that have pledged to reduce their loads on Bonneville through changes in consumer behavior. The goal is to persuade businesses and individuals in the Northwest to take immediate actions to reduce electrical use. Contests and other promotional activities will be held to generate participation. Rollout is planned for early August.

No Secretarial action requested.

September
Next 60 Days

Implementation Plans for Salmon Recovery Due: In September, Bonneville and the other federal hydro operators expect to finalize an operating plan and a water management plan for 2002, as well as a draft Endangered Species Act Implementation Plan with action plans for 2002-2006. The plans are required under the National Marine Fisheries Service 2000 Biological Opinion for the Federal Columbia River Power System. Implementation plans describe the actions Bonneville and the other federal hydro operators will take to carry out the objectives and meet the performance standards in the Biological Opinion.

No Secretarial action requested.

Power Sales Contracts Due to Expire: Bonneville's 20-year power sales contracts expire September 30, 2001. New contracts and rates go into place October 1, 2001, concluding a process of more than 3 years to design, offer, and sign contracts with more than 130 customers and conduct 2 rates proceedings.

No Secretarial action requested.

New Solar Generation to be Online: By September, Bonneville expects to have a 50-kilowatt solar photovoltaic array installed and online at the site of the terminated WNP-1 nuclear plant. The project is a joint partnership with the Bonneville Environmental Foundation, the Department of Energy, Energy Northwest, Washington State, and private investors.

No Secretarial action requested.

Policy for NLSL Released: Bonneville expects to issue a Record of Decision on its proposed NLSL policy in September, following a public comment period in June and July.

No Secretarial action requested.

Conference to Focus on Conservation Opportunities: Bonneville will co-sponsor a conference, “Conservation or Crisis: a Northwest Choice”, in Portland, Oregon, September 24-26. The conference will address ways that energy efficiency can help solve the West Coast energy crisis and avert future problems. Energy experts from throughout the Northwest, as well as manufacturers of energy efficient products, and representatives from the Department, are on the agenda.

No Secretarial action requested.

October **Bonneville to Add More Wind Power:** In October, Bonneville will
Next 90 Days begin to phase in over a 2-year period a 90-MW wind purchase from Pacific Power Marketing. The wind energy is generated at the 285 MW Stateline Wind Project in eastern Washington, which is scheduled to be fully operational by the end of December. A Bonneville substation is scheduled to be completed at the site by mid-October. Bonneville is purchasing the wind energy for 20 years.

No Secretarial action requested.

Ongoing **Requests Coming in for New Generation to be Connected to Bonneville Transmission:** Bonneville has received requests for transmission integration studies from investors for more than 26,000 MW of new generating capacity at sites around the Northwest. In addition to large combustion turbines, Bonneville has also received numerous requests to integrate smaller generation projects of 5 to 50 MW in the next 6 to 12 months. Bonneville’s transmission business line is now informing developers that it will take at least 9 to 12 months to complete required studies for large (>50 MW) projects.

No Secretarial action requested.

New Investments in Transmission and Power Infrastructure Needed Soon: Bonneville needs to make investments in new transmission lines and other facilities, in federally owned hydroelectric facilities, and in conservation. The agency estimates that the needed transmission investments would be about \$1.3 billion, the federal hydro investment about \$500 million and the conservation investment about \$500 million beyond current budgets.

At this time, forecasts indicate that Northwest winter peak loads will increase 12 percent by 2008 and thousands of megawatts of new generation are planned, and electricity deregulation has dramatically increased the number of transmission transactions as many marketers enter the wholesale power arena. Bonneville's existing system cannot handle these increases without additional capacity and facilities.

Bonneville is also planning improvements in the federal hydropower system. The U.S. Army Corps of Engineer and Bureau of Reclamation dams that produce the power Bonneville sells are an average of 45 years old. With improvements in generation reliability and efficiency, the dams could produce 200 average megawatts more in the fiscal year 2002-2006 time period.

In addition, the 1980 Pacific Northwest Electric Power Planning and Conservation Act requires Bonneville to consider cost-effective conservation before any other power resource. Bonneville's current program to augment its power needs through conservation makes the link between conservation and power generation explicit—power saved is equivalent to power generated. Bonneville anticipates acquiring 100 average MWs of conservation through its augmentation strategy by fiscal year 2006. The agency expects to capture more conservation through its “energy web” program that integrates demand-side management, distributed generation and other new technologies.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

September 5, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

September **Inspector General (IG) to Issue Final Report on Fiber Optics Program:** In
Next 30 Days September, the IG will post on its Internet Web site its final report on the Power Marketing Administrations' (PMAs) installation of fiber optic cable. The audit has been included in the Department's listing of sensitive audits. The report will recommend that the PMAs limit the acquisition of fiber to the size needed to satisfy its operational needs. The Bonneville Power Administration (Bonneville) will concur with the recommendation. However, the IG continues to assert that the PMAs it studied "were installing cable with excess fibers primarily so they could lease the excess commercially." Bonneville strongly disagrees with this assertion. Bonneville's fiber optic installations are designed to meet expanding communication capacity, achieve high safety and reliability of the transmission system, and offer critical future flexibility, expansion, and reliability options.

No Secretarial action requested.

Power Sales Contracts Due to Expire: Bonneville's 20-year power sales contracts expire September 30, 2001. New contracts and rates go into place October 1, 2001, concluding a process of more than three years to design, offer, and sign contracts with more than 130 customers and conduct 2 rates proceedings.

No Secretarial action requested.

New Solar Generation Coming Online: In September, Bonneville expects to have a 50-kilowatt solar photovoltaic array installed and online at the site of the terminated WNP-1 nuclear plant. The project is a joint partnership with the

Bonneville Environmental Foundation, the Department of Energy, Energy Northwest, Washington State, and private investors.

No Secretarial action requested.

Policy for New Large Single Load (NLSL) Released: Bonneville expects to issue a Record of Decision (ROD) on its proposed NLSL policy in September or October, following the public comment period held in June and July.

No Secretarial action requested.

Conference to Focus on Conservation Opportunities: Bonneville will co-sponsor a conference, “Conservation or Crisis: a Northwest Choice,” in Portland, Oregon, September 24-26. The conference will address ways that energy efficiency can help solve the West Coast energy crisis and avert future problems. Energy experts from throughout the Northwest, as well as manufacturers of energy efficient products, and representatives from the Department, are on the agenda.

No Secretarial action requested.

October

Next 60 Days

Bonneville to Add More Wind Power: In October, Bonneville expects to phase in over a 2-year period a 90-megawatt (MW) wind purchase from Pacific Power Marketing. The wind energy is generated at the 285-MW Stateline Wind Project in eastern Washington, which is scheduled to be fully operational by the end of December. A Bonneville substation is scheduled to be completed at the site by mid-October. Bonneville would purchase the wind energy for 20 years.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: In October, Bonneville expects to issue a ROD on integrating four new major generating plants into the Bonneville transmission system. TransAlta’s 248-MW Big Hanaford in Lewis County, Washington, is expected to be completed June 2002. Mirant’s 286-MW Mint Farm in Clark County, Washington is planned for completion in July 2003. Both are combined cycle gas combustion turbines. GNA Energy’s GNA Cliffs in Klickitat, Washington, is a 180-MW simple cycle gas combustion turbine, expected to be completed in February 2002.

The ROD on Duke Energy’s 630-MW Satsop Development Park may be delayed pending decisions at the Federal Energy Regulatory Commission regarding a gas pipeline route that would serve the combined cycle combustion turbine. The

Satsop project, located in Grays Harbor County, Washington, is expected to be in operation in October 2004.

No Secretarial action requested.

November
Next 90 Days

U.S. Army Corp of Engineers (Corps) Expects to Release Environmental Impact Statement (EIS) on Lower Snake River dams: The Corps says it expects to release by November a final EIS on whether to breach the four lower Snake River dams. The final EIS will include a preferred alternative. Following at least 30 days of final public comment, the Corps expects to release the ROD sometime in 2002.

The draft Lower Snake River Juvenile Salmon Migration Feasibility Report/EIS, released in December 1999, drew 230,000 comments from the public. More than 8,700 people attended the public meetings that the Corps held to take comment on the study.

No Secretarial action requested.

Ongoing

Requests Coming in for New Generation to be Connected to Bonneville Transmission: Bonneville has received requests for transmission integration studies from investors for more than 26,000 MW of new generating capacity at sites around the Northwest. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete required studies for large (>50 MW) projects.

No Secretarial action requested.

Implementation Plans for Salmon Recovery Due: Sometime this fall, Bonneville and the other federal hydro operators expect to finalize an annual Implementation Plan for 2002 as well as the 2002-2006 Implementation Plan that was released July 31, 2000. The draft Implementation Plans, released July 31, 2001, are required under the National Marine Fisheries Service and Fish and Wildlife Service 2000 Biological Opinions for the Federal Columbia River Power System. Bonneville and other federal hydro operators are working with states, Tribes and others to find common areas for leveraging partnerships to carry out the Plans.

No Secretarial action requested.

New Investments in Transmission and Power Infrastructure Needed Soon: Bonneville needs to make investments in new transmission lines and other facilities, in federally owned hydroelectric facilities, and in conservation. The agency estimates that the needed transmission investments would be about

\$1.3 billion, the federal hydro investment about \$500 million, and the conservation investment about \$500 million beyond current budgets.

At this time, forecasts indicate that Northwest winter peak loads will increase 12 percent by 2008 and thousands of MW of new generation are planned. Plus, electricity deregulation has dramatically increased the number of transmission transactions as many marketers enter the wholesale power arena. Bonneville's existing system cannot handle these increases without additional capacity and facilities.

Bonneville is also planning improvements in the federal hydropower system. The Corps and the Bureau of Reclamation dams that produce the power Bonneville sells are an average of 45 years old. With improvements in generation reliability and efficiency, the dams could produce 200 average megawatts (aMW) more in the fiscal year 2002-2006 time period.

In addition, the 1980 Pacific Northwest Electric Power Planning and Conservation Act require Bonneville to consider cost-effective conservation before any other power resource. Bonneville's current program to augment its power needs through conservation makes the link between conservation and power generation explicit-power saved is equivalent to power generated. Bonneville anticipates acquiring 100 aMW of conservation through its augmentation strategy by fiscal year 2006. The agency expects to capture more conservation through its "energy web" program that integrates demand-side management, distributed generation and other new technologies.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

October 3, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

October **Decisions Due on Connecting New Generation Plants to Bonneville**
Next 30 Days **Power Administration (Bonneville) Transmission Grid:** In October, Bonneville expects to issue a Record of Decision (ROD) on integrating four new major generating plants into the Bonneville transmission system. TransAlta's 248-megawatts (MW) Big Hanaford in Lewis County, Washington, is expected to be completed June 2002. Mirant's 286-MW Mint Farm in Clark County, Washington, is planned for completion in July 2003. Both are combined cycle gas combustion turbines. GNA Energy's GNA Cliffs in Klickitat, Washington, is a 180-MW simple cycle gas combustion turbine, expected to be completed in February 2002.

The ROD on Duke Energy's 630-MW Satsop Development Park may be delayed pending decisions at the Federal Energy Regulatory Commission regarding a gas pipeline route that would serve the combined cycle combustion turbine. The Satsop project, located in Grays Harbor County, Washington, is expected to be in operation in October 2004.

No Secretarial action requested.

Wind Project Decision Due: The Administrator will issue a ROD in October whether to purchase the entire output from the 49.8-MW Condon Wind project in Gilliam County, Oregon. Bonneville completed an Environmental Impact Statement (EIS) on the project in September. The first phase of the project (24.6 MW) is expected to be on line by December 2001; the remainder by June 2002.

No Secretarial action requested.

November

U.S. Army Corps of Engineers (Corps) Expects to Release EIS on Lower

Next 60 Days

Snake River dams: The Corps says it expects to release a final EIS by November on whether to breach the four lower Snake River dams. The final EIS will include a preferred alternative. Following at least 30 days of final public comment, the Corps expects to release the ROD sometime in 2002.

The draft Lower Snake River Juvenile Salmon Migration Feasibility Report/EIS, released in December 1999, drew 230,000 comments from the public. More than 8,700 people attended the public meetings that the Corps held to take comment on the study.

No Secretarial action requested.

December

New Hybrid Car to be Awarded in Conservation Campaign: In December,

Next 90 Days

the Community Conservation Challenge pledge-a-thon will culminate with a drawing for a new hybrid (hydrogen and gasoline powered) car. Since September, Bonneville full requirements utilities have been distributing pledge cards in their customer bills through the Bonneville-funded program. Customers pledge to take immediate action to save electricity, such as installing compact fluorescents, turning off computers when not in use, and using the air-dry feature on dishwashers. Pledges received by September were estimated to save 1.5 million kilowatt hours annually. The program reduces Bonneville's need to buy additional power and helps protect system reliability for the region.

No Secretarial action requested.

Bonneville to Add More Wind Power: By December, Bonneville expects to have completed negotiations to purchase 90 MW of wind energy from Pacific Power Marketing. The wind energy will be generated at the 285-MW Stateline Wind Project in eastern Washington, which is scheduled to be fully operational by the end of December. A Bonneville substation is scheduled to be completed at the site by mid-October. Bonneville would purchase the wind energy for 20 years.

No Secretarial action requested.

Final EIS Due on Transmission Upgrade: Bonneville plans to issue a final EIS on the Kangley-Echo Lake transmission upgrade in December. The project has been extremely controversial because of the difficulty of finding a suitable path for a transmission line through the congested central King County area, home to the City of Seattle. Within two to three years, Bonneville

forecasts show that electricity demand in King County will be so great that even minor power line outages during a cold snap, or during peak use periods, could cause a loss of power in the area. If the project is approved, it is planned to be energized by December 2002.

No Secretarial action requested.

Ongoing

Federal Power System Prepared Against Terrorist Attacks: Well before September's tragic events, federal dam and transmission grid operators had already taken major steps toward countering terrorist attacks on the federal power system. Bonneville and an interagency workgroup completed and pilot tested a security assessment methodology, and the methodology will now be applied to all the projects in the Federal Columbia River Power System. A method to handle transmission lines, substations, and control facilities is not far behind. Bonneville has offered support to other Northwest dam and transmission owners who wish to make such assessments. Both the Federal Energy Regulatory Commission and the North American Electric Reliability Council have expressed interest in the methodology as well.

No Secretarial action requested.

Requests Coming in for New Generation to be Connected to Bonneville Transmission: Bonneville has received requests for transmission integration studies from investors for more than 28,000 MW of new generating capacity at sites around the Northwest. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete required studies for large (>50 MW) projects.

No Secretarial action requested.

Implementation Plans for Salmon Recovery Due: Sometime this fall, Bonneville and the other federal hydro operators expect to finalize an annual Implementation Plan for 2002 as well as a five-year Implementation Plan for 2002-2006. Drafts of these plans were released for public comment on July 31, 2001. The plans are required under the National Marine Fisheries Service and Fish and Wildlife Service 2000 Biological Opinions for the Federal Columbia River Power System. Bonneville and other federal hydro operators are working with states, tribes, and others to find common areas for leveraging partnerships to carry out the plans.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

November 7, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

October

Next 30 Days

Bonneville Power Administration (Bonneville) to Add More Wind Power:

Bonneville may sign a wind power purchase agreement this month that would phase in a 90-megawatt (MW) wind purchase from Pacific Power Marketing over a 2-year period. The negotiations have extended longer than expected due to the costs of penalties for "generation imbalance." Wind power is susceptible to the penalties because it is an intermittent resource. The wind energy will be generated at the 285-MW Stateline Wind Project located on the Washington/ Oregon boarder. The project is scheduled to be fully operational by the end of December. A new Bonneville substation is scheduled to be completed at the site by mid-November.

No Secretarial action requested.

Implementation Plans for Salmon Recovery Due: This month, Bonneville and the other federal hydro operators expect to finalize an annual Implementation Plan for 2002, as required under the National Marine Fisheries Service and Fish and Wildlife Service 2000 Biological Opinions for the Federal Columbia River Power System (FCRPS). Bonneville and other federal hydro operators are working with states, tribes, and others to find common areas for leveraging partnerships to carry out the plans.

No Secretarial action requested.

Decision Due on Connecting New Generation Plant to Bonneville

Transmission Grid: Bonneville expects to issue a Record of Decision (ROD) this month on integrating a major new combined cycle combustion turbine into the Bonneville transmission system. Mirant's 286-MW Mint Farm in Clark County, Washington, is planned for completion in July 2003.

No Secretarial action requested.

U.S. Army Corp of Engineers (Corps) Expects to Release Environmental Impact Statement (EIS) on Lower Snake River Dams: The Corps says it expects to release by November a final EIS on whether to breach the four lower Snake River dams. The final EIS will include a preferred alternative. Following at least 30 days of final public comment, the Corps expects to release the ROD sometime in 2002. The four lower Snake River dams contribute approximately 1,150 MW of generation to the 8,000 average MW FCRPS in an average water year.

No Secretarial action requested.

December **New Hybrid Car to be Awarded in Conservation Campaign:** In December, Next 60 Days Bonneville's Community Conservation Challenge pledge-a-thon will culminate with a drawing for a new hybrid (hydrogen and gasoline powered) car. Since September, utilities that buy power from Bonneville have distributed pledge cards in their customer bills. Consumers pledged to take immediate action to save electricity, such as installing compact fluorescents, turning off computers when not in use, and using the air-dry feature on dishwashers. Pledges received by September were estimated to save 1.5 million kilowatt hours annually. The program reduces Bonneville's need to buy additional power and helps protect system reliability for the region.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: In December, Bonneville expects to issue a ROD on integrating two new combined cycle combustion turbines into the Bonneville transmission system. TransAlta's 248-MW Big Hanaford in Lewis County, Washington, is expected to be completed June 2002. Duke Energy's 630-MW Satsop Development Park, located in Grays Harbor County, Washington, is expected to be in operation in October 2004.

No Secretarial action requested.

Yearend Review of Hydro Operations Decisions: Bonneville and the other federal hydro operators (the Corps and the Bureau of Reclamation) will publish an annual progress report in early December detailing actions under the 2000 Biological Opinion. Of particular interest during this drought year will be hydro operations and how the agencies made decisions in light of information available on the financial, reliability, and biological impacts of various hydro operations. The report will also include an analysis of survival rates of juvenile salmon that migrated through the hydro system this year. It will be widely distributed among

key stakeholders.
No Secretarial action requested.

Final EIS Due on Transmission Upgrade: Bonneville plans to issue a final EIS on the Kangley-Echo Lake transmission upgrade in December. The project is controversial because of the difficulty of finding a suitable path for a transmission line through King County, Washington, which is home to the City of Seattle. Within two to three years, Bonneville forecasts show that electricity demand in King County will be so great that even minor power line outages during a cold snap, or during peak use periods, could cause a loss of power in the area. If the Acting Administrator decides to move forward with construction, the project is planning to be energized by December 2002.

No Secretarial action requested.

January

Next 90 Days

Decisions Due on Connecting New Generation Plants to Bonneville

Transmission Grid: In January, Bonneville expects to issue a ROD on integrating a 180-MW power project owned by GNA Energy. The Cliffs project located in Klickitat, Washington, should be finished by February 2002.

No Secretarial action requested.

Ongoing

Federal Power System Prepared Against Terrorist Attacks: Well before September's tragic events, federal dam and transmission grid operators had already taken major steps toward countering terrorist attacks on the federal power system. In response to Presidential Order PDD-63, Bonneville and an interagency work group completed and pilot tested a security assessment methodology. The methodology will now be applied to all the projects in the Federal Columbia River Power System. A method to handle transmission lines, substations and control facilities is not far behind. Bonneville has offered support to other Northwest dam and transmission owners who wish to make such assessments. Both the Federal Energy Regulatory Commission and the North American Electric Reliability Council have expressed interest in the methodology as well.

No Secretarial action requested.

Requests Coming in for New Generation to be Connected to Bonneville

Transmission: Bonneville has received requests for transmission integration studies from generation developers for more than 26,000 MW of new generating capacity at sites around the Northwest. Bonneville's transmission business line is now informing developers that it will take at least 9 to 12 months to complete required studies for power project greater than 50 MW.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

December 5, 2001

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

December **Bonneville Power Administration (Bonneville) to Add More Wind Power:**
Next 30 Days Bonneville may purchase 90 megawatts (MW) of wind power from Pacific Power Marketing beginning December 29. The wind energy will be generated at the 263-MW Stateline Wind Project located on the Washington/Oregon border. The project is scheduled to be operational by the end of December. Bonneville expects to sign a Record of Decision (ROD) and a power purchase agreement this month.

No Secretarial action requested.

New Hybrid Car to be Awarded in Conservation Campaign: In December, Bonneville's Community Conservation Challenge pledge-a-thon will culminate with a drawing for a new hybrid (hydrogen and gasoline powered) car. Since September, utilities that buy power from Bonneville have distributed pledge cards in their customer bills. Consumers pledged to take immediate action to save electricity, such as installing compact fluorescent lights, turning off computers when not in use, and using the air-dry feature on dishwashers. Pledges received by September were estimated to save 1.5 million kilowatt hours annually. The program reduces Bonneville's need to buy additional power and helps protect system reliability for the region.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: Bonneville expects to issue RODs this month on integrating two combined cycle combustion turbines into the Bonneville transmission grid: Duke Energy's 630-MW Satsop Development Park, located in Grays Harbor County,

Washington; and the 620-MW Umatilla Generation Project, to be built in Umatilla County, Oregon.

No Secretarial action requested.

Year-end Review of Hydro Operations Decisions: Bonneville and the other federal hydro operators (the U.S. Army Corp of Engineers (Corps) and the Bureau of Reclamation) will publish an annual progress report this month detailing actions under the 2000 Biological Opinion. Of particular interest during this drought year will be hydro operations and how the agencies made decisions in light of information available on the financial, reliability, and biological impacts of various hydro operations. The report will also include an analysis of survival rates of juvenile salmon that migrated through the hydro system this year. The report will be widely distributed among key stakeholders.

No Secretarial action requested.

Final Environmental Impact Statement (EIS) Due on Transmission Upgrade:

Bonneville plans to issue a final EIS on the Kangley-Echo Lake transmission upgrade this month. The project is controversial because of the difficulty of finding a suitable path for a transmission line through King County, Washington, which is home to the City of Seattle. Within two to three years, Bonneville forecasts show that electricity demand in King County will be so great that even minor power line outages during a cold snap, or during peak use periods, could cause a loss of power in the area. If the Acting Administrator decides to move forward with construction, the project is planned to be energized by December 2002.

No Secretarial action requested.

January

Next 60 Days

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: In January, Bonneville expects to issue draft EISs on connecting two more combined cycle combustion turbines to the Bonneville transmission grid. The 1,300-MW Wallulla Power Project in Walla Walla County, Washington; and the 1200-MW Starbuck Generating Project, in Columbia County, Washington. Also this month (January), Bonneville plans to issue a ROD on integrating a 180-MW power project owned by GNA Energy. The Cliffs project, located in Klickitat, Washington, should be finished by February 2002.

No Secretarial action requested.

Workshops Will Address Power Rate Adjustments: Bonneville will conduct public workshops in January and February to discuss the calculations to determine the next load-based increase to power rates. Bonneville and its customers agreed

to three adjustment clauses in their rate case settlement for 2002-2006. This approach allowed Bonneville to maintain a low base rate, while providing flexibility to respond to extremely volatile conditions. In October, Bonneville applied a 46 percent Load-Based Cost Recovery Adjustment Clause (LB CRAC) adjustment to its base rates.

No Secretarial action requested.

Corps Expects to Release Environmental Impact Statement (EIS) on Lower Snake River Dams: The Corps says it expects to release in January a final EIS on whether to breach the four lower Snake River dams. The final EIS will include a preferred alternative. Following a period of public comment, the Corps expects to sign a ROD in May 2002. The four lower Snake River dams contribute approximately 1,150 MW of generation compared to the 8,000 average MW generated by the Federal Columbia River Power System in an average water year.

No Secretarial action requested.

February
Next 90 Days **Rate Increase to be Announced:** In February, Bonneville will establish the LB CRAC for the period of April 2002 through September 2002. Bonneville expects the CRAC level to change little from its current 46 percent. Also in February, the current LB CRAC will be trued-up based on actual market prices for the October 2001 through December 2001 time period and a debit or credit will be applied to customer bills to adjust for over- or under-charges.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: In February, Bonneville expects to issue a draft EIS on integrating the 760-MW Mercer Ranch combustion turbine, to be sited in Benton County, Washington, into the Bonneville transmission grid.

No Secretarial action requested.

Ongoing **Federal Power System Prepared Against Terrorist Attacks:** Well before September's tragic events, federal dam and transmission grid operators had already taken major steps toward countering terrorist attacks on the federal power system. In response to Presidential Order PDD-63, Bonneville and an interagency workgroup completed and pilot-tested a security assessment methodology. The methodology will now be applied to all the projects in the Federal Columbia River Power System. Bonneville has offered support to other northwest dam and transmission owners who wish to make such assessments. Both the Federal Energy Regulatory Commission and the North American Electric Reliability

Council have expressed interest in making broader use of the methodology as well.

No Secretarial action requested.

Agreement Sought on Bonneville Obligations Post-2006: Bonneville customers over the next several months are holding discussions on the topic of Bonneville's obligation to serve. The contractual demand for Bonneville's cost-based power exceeds the resources in the Federal Columbia River Power System. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities, and direct service industries) must agree on which loads Bonneville will serve in time for affected customers to build or acquire other resources before the current contract term expires in 2006. The groups plan to open up the discussions to a more general public involvement process early next year.

No Secretarial action requested.

Studies Being Conducted for New Generation to be Connected to Bonneville Transmission: Bonneville has requests for transmission integration studies in the queue from generation developers of more than 26,000 MW of new generating capacity at sites around the Northwest. Bonneville's transmission business line is now informing developers of any additional projects of greater than 50 MW that it will take at least 9 to 12 months to complete required studies.

No Secretarial action requested.

DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

January 4, 2002

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright

SUBJECT: 30-60-90 Day Report

January **Workshops Will Address Power Rate Adjustments:** Bonneville Power
Next 30 Days Administration (Bonneville) will conduct public workshops in January and February to discuss calculations to determine the next load-based adjustment to power rates. Bonneville and its customers agreed to three adjustment clauses in their rate case settlement for 2002-2006. This approach allowed Bonneville to maintain a low-base rate, while providing flexibility to respond to extremely volatile conditions. In October, Bonneville applied a 46 percent Load-Based Cost Recovery Adjustment Clause (LB CRAC) adjustment to its base rates.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville's Transmission Grid: This month, Bonneville expects to issue a draft Environmental Impact Statement (EIS) on connecting two more combined-cycle combustion turbines to the Bonneville transmission grid: the 1,300 megawatts (MW) Wallulla Power Project in Walla Walla County, Washington; and the 1,200 MW Starbuck Generating Project, in Columbia County, Washington. Also this month, Bonneville plans to issue a Record of Decision (ROD) on integrating the 180-MW Cliffs power project owned by GNA Energy. The Cliffs project, located in Klickitat, Washington (about 84 miles east of Portland, OR), should be finished by February 2002.

No Secretarial action requested.

Final EIS Due on Transmission Upgrade: The final EIS on the Kangley-Echo Lake transmission upgrade, originally scheduled for January, has been delayed

until May 1. The delay was necessary in order to incorporate extensive comments and information collected during review of the draft EIS. City of Seattle officials and environmental groups raised concerns about the proposed path for the transmission line because it runs through an existing Bonneville right-of-way, in a watershed that supplies water for the City of Seattle. Within two to three years, Bonneville forecasts show that electricity demand in King County will be so great that even minor power line outages during a cold snap, or during peak use periods, could cause a loss of power in the area. If the Acting Administrator decides to move forward with construction, the project is planned to be energized by December 2002.

No Secretarial action requested.

U.S. Army Corp of Engineers (Corps) Expects to Release EIS on Lower Snake River Dams: The Corps says it expects to release in January a final EIS on whether to breach the four lower Snake River dams. The final EIS will include a preferred alternative. Following a period of public comment, the Corps expects to sign a ROD in May 2002. The four lower Snake River dams produce approximately 1,150 average megawatts of power.

No Secretarial action requested.

February **Rate Adjustments to be Announced:** This month, Bonneville will establish
Next 60 Days the LB CRAC for the period of April 2002 through September 2002. An LB CRAC adjustment will continue to be necessary if the average cost for Bonneville to purchase additional power to meet loads is greater than the revenues collected from the May 2000 rates. Bonneville expects that will continue to be the case throughout this rate period. Also in February, the current LB CRAC will be trued up based on actual market prices for the October 2001 through December 2001 time period and a debit or credit will be applied to customer bills in March, April and May to adjust for over- or under-charges.

No Secretarial action requested.

Year End Review of Hydro Operations Decisions: Bonneville and the other federal operators' (the Corps and the Bureau of Reclamation) year-end progress report detailing actions under the 2000 Biological Opinion has been delayed until February 2002. Of particular interest during this drought year will be hydro operations and how the agencies made decisions in light of information available on the financial, reliability, and biological impacts of various hydro operations. The report will also include an analysis of survival rates of juvenile salmon that migrated through the hydro system this year. It will be widely distributed among key stakeholders.

No Secretarial action requested.

Study to Project Benefits and Costs of Regional Transmission Organization (RTO): This month, RTO West expects to release a final benefit-cost study on the RTO. The report, to be produced by an independent consulting group, will look at the benefits and costs of the proposed RTO West organizational structure and its impacts on the region. The study has been widely distributed among customers and other stakeholders, as well as the Northwest Congressional delegation, as a critical step in gaining regional consensus to move forward with the proposed RTO.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: This month, Bonneville expects to issue a draft EIS on integrating the 760 MW Mercer Ranch combustion turbine, to be sited in Benton County, Washington, into the Bonneville transmission grid.

No Secretarial action requested.

March

Next 90 Days

Regional Transmission Organization Filing Due: This month, Northwest transmission owners plan to submit a Stage 2 filing to the Federal Energy Regulatory Commission (FERC) providing remaining details and contractual concepts for RTO West. Among the issues addressed in the filing will be congestion management, ancillary services, planning, scheduling coordinator terms, security coordination, and an analysis of the benefits and costs of the proposed RTO West. The filing is being developed through a collaborative public process involving all stakeholders in the region. RTO West has made several filings with FERC under Order 2000. The Stage 2 filing is expected to be the most comprehensive and address most of the remaining issues with RTO formation in this region.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: This month, Bonneville expects to issue a ROD on integrating the 520 MW Summit Westward combined cycle combustion turbine generating plant in Columbia County, Oregon, into the Bonneville transmission grid.

No Secretarial action requested.

Ongoing

Federal Power System Prepared Against Terrorist Attacks: Well before September's tragic events, federal dam and transmission grid operators had already taken major steps toward countering terrorist attacks on the federal power system. In response to Presidential Order PDD-63, Bonneville and an interagency work group completed and pilot-tested a security assessment methodology. The methodology is now being applied to all the projects in the Federal Columbia River Power System. A method to handle transmission lines, substations and control facilities is not far behind. Bonneville has offered support to other Northwest dam and transmission owners who wish to make such assessments. Both FERC and the North American Electric Reliability Council have expressed interest in the methodology as well.

No Secretarial action requested.

Agreement Sought on Bonneville Obligations Post-2006: Bonneville customer discussions regarding Bonneville's obligation to serve after 2006 are stalled following the inclusion of a legislative provision about Bonneville's direct service industrial (DSI) customers in Rep. Joe Barton's electricity bill (H.R. 3406). The provision, if enacted, would require Bonneville to continue to sell power to the DSIs after the current contracts expire in 2006. Public power representatives believe the DSIs' legislative effort violates an agreement customers had to find a regional consensus. They have said they are willing to resume discussions when the DSIs ask that the provision be removed from the bill. The contractual demand for Bonneville's cost-based power exceeds the resources in the Federal Columbia River Power System. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities, and direct-service industries) must agree on the loads Bonneville will serve soon, so that affected customers will have time to build or acquire other resources before the current contract term expires. Before the delay, customers were planning to open up the discussions to a more general public involvement process in the early spring of 2002.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

February 6, 2002

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

February **Workshops Will Address Power Rate Adjustments:** Bonneville Power
Next 30 Days Administration (Bonneville) will announce the next load-based adjustment to power rates in February, following a series of public workshops. The adjustment would be in effect April-September of 2002. In October 2001, Bonneville applied a 46 percent Load-Based Cost Recovery Adjustment Clause (LB CRAC) adjustment to its base rates for the six-month period of October 2001- March 2002. In January, Bonneville announced a preliminary LB CRAC of 42 percent for the April-September period. The LB CRAC triggers when the average cost for Bonneville to purchase additional power to meet loads is greater than the revenues collected from the May 2000 rates. We expect this to continue to be the case throughout the five-year rate period. Bonneville and its customers agreed to three adjustment clauses in their rate case settlement for 2002-2006. This approach allowed Bonneville to maintain a low base rate, while providing flexibility to respond to extremely volatile conditions.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville

Transmission Grid: Originally scheduled for January, the Draft Environmental Impact Statement (DEIS) on connecting the 1,300 megawatts (MW) Wallulla Power Project in Walla Walla County, Washington, to the Bonneville transmission grid has been delayed to February. The DEIS to connect the 1,200 MW Starbuck Generating Project, in Columbia County, Washington, may be postponed longer as the developer's plans are uncertain. Also this month,

Bonneville plans to issue a Record of Decision (ROD) on integrating a 180-MW power project owned by GNA Energy.

No Secretarial action requested.

Report on Endangered Species Act (ESA) Actions Due: In February, the Federal action agencies will release their first annual report on implementation under the National Marine Fisheries Service 2000 Biological Opinion (BiOp). The report is required in the BiOp as a way of tracking progress and outlining actions taken toward recovery goals. The BiOp includes three-year and five-year checkpoints to assess the region's progress toward recovery goals and allows opportunities for changes in the Reasonable and Prudent Actions recommended, depending on the progress.

No Secretarial action requested.

Draft Environmental Impact Statement (DEIS) Due on Transmission Projects: In February, Bonneville plans to issue two DEISs on constructing new transmission lines. The Shultz-Hanford Area Transmission Project would construct approximately 96 kilometers (km) of new 500 kilovolt transmission line from Schultz Substation to a new or existing substation near Hanford Nuclear Reservation. The project is needed to relieve constraints on several lines, to provide more operational flexibility to meet endangered salmon obligations and maintain transmission capacity to import and export energy. The McNary-John Day Transmission System Reinforcement would construct approximately 110 km of 500 kilovolt transmission line parallel to existing Bonneville lines from McNary Substation to the John Day Substation along the Columbia River. The proposed line is needed to integrate some of the many new generation projects considered for this area, and to reinforce transmission reliability.

No Secretarial action requested.

Projected Benefits and Costs of Regional Transmission Organization (RTO): RTO West expects to release a final benefit-cost study Feb. 28 on the proposed RTO. An independent consultant is producing the report, which will look at the benefits and costs of the proposed RTO West organizational structure and its impacts on the region. Preliminary results were released Feb. 4 and widely distributed among customers and other stakeholders, as well as the Northwest congressional delegation, as a critical step in gaining regional consensus to move forward with the proposed RTO West.

No Secretarial action requested.

March
Next 60 Days **Regional Transmission Organization (RTO) Filing Due:** In March, Northwest transmission owners plan to submit a Stage Two filing to the Federal Energy Regulatory Commission (FERC) providing remaining details and contractual concepts for RTO West. Among the issues addressed in the filing will be congestion management, ancillary services, planning, scheduling coordinator terms, security coordination, and an analysis of the benefits and costs of the proposed RTO West. The filing is being developed through a collaborative public process involving all stakeholders in the region. RTO West has made several filings with FERC under Order 2000. The Stage Two filing is expected to be the most comprehensive and address most of the remaining issues with RTO formation in this region.

No Secretarial action requested.

Bonneville to Sponsor Conference for Nuclear Plant Owners: Bonneville will host the spring 2002 Nuclear Non-operating Owners' Group Conference (NNOG), to be held in Portland, Oregon, April 9-12. NNOG is comprised of non-operating owners of nuclear plants across the country. Plant operators are also invited.

No Secretarial action requested.

Decisions Due on Connecting New Generation Plants to Bonneville Transmission Grid: This month (March), Bonneville expects to issue a Record of Decision (ROD) on integrating the 520 MW Summit Westward generating plant in Columbia County, Oregon, into the Bonneville transmission grid.

No Secretarial action requested.

April
Next 90 Days **Environmental Assessment Out on Controversial Fish Project:** This month (April) Bonneville expects to issue an Environmental Assessment (EA) on the Flathead Watershed Westslope Cutthroat Conservation Program. The project was included in the Northwest Power Planning Council's fish and wildlife program and is funded by Bonneville. It has been controversial because it involves poisoning mountain lakes to eliminate non-native species that are threatening the endangered cutthroat.

No Secretarial action requested.

Ongoing **Federal Power System Prepared Against Terrorist Attacks:** Well before September's tragic events, Federal dam and transmission grid operators had already taken major steps toward countering terrorist attacks on the Federal Power System. In response to Presidential Order PDD-63, Bonneville and an interagency work group completed and pilot tested a security assessment

methodology. The methodology is now being applied to all the projects in the Federal Columbia River Power System. A method to handle transmission lines, substations and control facilities is not far behind. Bonneville has offered support to other northwest dam and transmission owners who wish to make such assessments. Both the Federal Energy Regulatory Commission and the North American Electric Reliability Council have expressed interest in the methodology as well.

No Secretarial action requested.

Agreement Sought on Bonneville Obligations Post-2006: Bonneville customer discussions regarding Bonneville's obligation to serve after 2006 are stalled following the inclusion of a legislative provision about Bonneville's Direct Service Industrial (DSI) customers in Rep. Joe Barton's Electricity Bill (H.R. 3406). The provision requires Bonneville continue to sell power to the DSIs after the current contracts expire in 2006. Public power representatives believe the DSIs' legislative effort violates an agreement customers had to find a regional consensus. They have said they are willing to resume discussions when the DSIs ask that the provision be removed from the Bill. The contractual demand for Bonneville's cost-based power exceeds the resources in the Federal Columbia River Power System. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities, and direct-service industries) must agree soon on the loads Bonneville will serve, so that affected customers will have time to build or acquire other resources before the current contract term expires. Before the delay, customers were planning to open up the discussions to a more general public involvement process in the early spring of 2002.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

IN REPLY REFER TO: BPA-KR

March 6, 2002

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

March **Regional Transmission Organization (RTO) Filing Date:** The Northwest
Next 30 Days Energy Caucus has scheduled an informal hearing March 13, 2002, in Washington, D.C. on RTO West. In late March, the Bonneville Power Administration (Bonneville) and Pacific Northwest investor owned utilities plan to submit a Stage Two filing to the Federal Energy Regulatory Commission (FERC) providing remaining details and contractual concepts for RTO West. Among the issues addressed in the filing will be congestion management, ancillary services, planning, scheduling coordinator terms, security coordination, and an analysis of the benefits and costs of the proposed RTO West. The filing is being developed through a collaborative public process involving regional stakeholders. RTO West has made several filings with FERC under Order 2000. The Stage Two filing is expected to be the most comprehensive and address most of the remaining issues with RTO formation in this region.

No Secretarial action requested.

Customers to Get Information Supporting Bonneville Rate Proposals: In March, Bonneville will hold customer workshops on Bonneville's financial situation. At the first workshop March 7, 2002, Bonneville will provide a summary of general categories of power purchases made to augment the Federal system in support of the Load-Based Cost Recovery Adjustment Clause (LB CRAC). The LB CRAC is based on Bonneville's cost to serve loads in excess of the resources it can produce off of the Federal system. On March 21, 2002, Bonneville is planning to provide documentation of surplus power sales revenues

assumptions from the fiscal year 2002-2006 rate case. Due to extremely low market prices, these revenues are running significantly lower than forecast in the power rate case.

No Secretarial action requested.

Buy downs Expire this Month; Aluminum Companies Look at Options: Two of Bonneville's direct service industrial customers must decide this month whether to restart operations. Their load buy down agreements with Bonneville expire April 1, and the companies have take-or-pay obligations under the contract. Most aluminum production in the Northwest has been curtailed under load buy down contracts that Bonneville negotiated last year in order to avoid the expensive power purchases required to serve them.

No Secretarial action requested.

Draft Environmental Impact Statement (DEIS) Due on Transmission

Project: The DEIS on the McNary-John Day Transmission System Reinforcement, originally planned for February, has been delayed to March. Two public meetings on the project are scheduled for April. The project would construct approximately 110 kilometers of 500-kilovolt transmission line parallel to existing Bonneville lines from the McNary Substation to the John Day Substation along the Columbia River.

No Secretarial action requested.

Decisions Due on Connecting New Generating Plants to the Grid: Bonneville expects to issue a Record of Decision (ROD) this month (March) on connecting the 620-megawatt (MW) Umatilla Generation plant in Northeastern Oregon to the Bonneville transmission grid. Developers of the 1,200 MW Starbuck Generating Project in Columbia County, Washington, have put the project on hold. A DEIS on connecting Starbuck to the grid was originally scheduled for February.

No Secretarial action requested.

April
Next 60 Days

Rates Adjustment Takes Effect: In April, the second LB CRAC to Bonneville's FY 2002-2006 power rates goes into effect. The rate adjustment from 46 percent to 40.77 percent reflects lower prices for power needed to supply Bonneville's customer needs over the next six months. The LB CRAC is one of three rate adjustment clauses Bonneville and its customers agreed to in their FY 2002-2006 rate case settlement. The CRAC approach allows Bonneville to maintain a low base rate, while providing flexibility to respond to extremely volatile conditions. Bonneville expects that an LB CRAC will be in place throughout the five-year rate period, though it is adjusted every six months.

No Secretarial action requested.

Cost Management Report Planned: In the April 2002 time frame, Bonneville is planning to release a cost management report. The purpose of this information is to provide customers and constituents information on ways Bonneville intends to cut costs in order to manage through the current financial situation. The deteriorating financial situation at Bonneville has increased the possibility of an October 2002 rate increase as a result of the Financial Based Cost Recovery Adjustment Clause (FB CRAC). The FB CRAC is a rate adjustment that triggers when Bonneville's Power Business Line accumulates net revenues that fall below specified levels, putting the agency's financial stability in jeopardy.

No Secretarial action requested.

Transmission Rate Change Proposed in Support of Wind Development: In April 2002, Bonneville's Transmission Business Line (TBL) plans to publish a Federal Register Notice of its plans to conduct a rate process on a proposed change to the Generation Imbalance charge in its 2002 transmission rates. TBL is proposing to eliminate the charge for wind projects. The charge is designed to prevent operators from deviating frequently or significantly from their transmission preschedules—generally in order to take advantage of market conditions. The TBL believes that wind resources are not able to control the output of their resources during the delivery hour, and that charging the 100 mill rate may have deleterious effects on the development of wind resources in the Bonneville control area.

No Secretarial action requested.

Environmental Assessment Out on Controversial Fish Project: This month (April), Bonneville expects to issue an Environmental Assessment (EA) on the Flathead Watershed Westslope Cutthroat Conservation Program. The project was included in the Northwest Power Planning Council's fish and wildlife program and is funded by Bonneville. It has been controversial because it involves poisoning mountain lakes to eliminate non-native species that are threatening the endangered cutthroat.

No Secretarial action requested.

Media Event Planned at Northwest Wind Farm: Elected officials, the media and the Bonneville Administrator are invited to an event April 2, 2002, to celebrate the Stateline Wind Project located in Walla Walla and Umatilla counties on the Washington-Oregon border. The event will promote Northwest partnerships in wind power and renewable energy. Bonneville has acquired 90

MW of the project's output from PacifiCorp Power Marketing, Inc. Once fully completed, the 263-MW wind project, operated by FPL Energy Vansycle, will be one of the largest wind projects in the nation.

No Secretarial action requested.

Bonneville to Participate in Earth Day Event: Miss America Katie Harman, an Oregon native, will be on hand for the Earth Day Expo on April 28, 2002, sponsored by Bonneville. The one-day event will also feature earth-friendly displays and exhibits, presentations by experts, entertainment by local and public television personalities, food, and games for kids. Several corporate sponsors are participating.

No Secretarial action requested.

Bonneville to Sponsor Conference for Nuclear Plant Owners: Bonneville will host the spring 2002 Nuclear Non-operating Owners' Group Conference (NNOG), to be held in Portland, Oregon, April 9-12, 2002. NNOG is comprised of non-operating owners of nuclear plants across the country. Plant operators are also invited.

No Secretarial action requested.

Environmental Review on Request to Connect New Generation to the Bonneville Grid: A project partner, the Confederated Tribes of the Umatilla Indian Reservation, has requested to connect the 1300 MW Wanapa Energy Center in Umatilla County, Oregon, to the Bonneville transmission grid. Bonneville is working with the Bureau of Indian Affairs and others to prepare a DEIS on the project, due for publication in April.

No Secretarial action requested.

May

Next 90 Days

Decisions Due on Connecting New Generation Plants to the Bonneville Grid:

The ROD on integrating the Goldendale Northwest Aluminum Cliffs project in Klickitat County into the Bonneville transmission grid, originally planned for February, has been rescheduled to May. Market conditions prompted developer GNA Energy to change the original 185 MW simple cycle combustion turbine design to a 306 MW combined cycle combustion turbine. Also rescheduled from February, this month Bonneville expects to issue a DEIS on integrating the 760 MW Mercer Ranch combustion turbine, to be sited in Benton County, Washington, into the Bonneville transmission grid.

No Secretarial action requested.

Ongoing

Agreement Sought on Bonneville Obligations Post-2006: Bonneville's customers are developing proposals that address Bonneville's load obligations after the current contract period expires in 2006. The Northwest Power Planning Council will also conduct field hearings and invite proposals from the public on the issue. The contractual demand for Bonneville's cost-based power exceeds the resources of the Federal Columbia River Power System. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities, and direct-service industries) must agree soon on the loads Bonneville will serve, so that affected customers will have time to build or acquire other resources before the current contract term expires. Bonneville's Direct Service Industrial (DSI) customers are not currently part of the discussions due to a disagreement about a legislative provision in Rep. Joe Barton's Electricity Bill (H.R. 3406) that requires Bonneville to continue to sell power to the DSIs post-2006. Utility customers have said they are willing to resume discussions when the DSIs ask that the provision be removed from the bill.

No Secretarial action requested.

Mediation Continues on Lawsuit Regarding Salmon Recovery Plan: Ongoing mediation talks will continue through at least March 7 on a lawsuit filed by the National Wildlife Federation and other groups last year against the National Marine Fisheries Service (NMFS) challenging the 2000 Biological Opinion. Bonneville, along with other Federal action agencies, is participating in the mediation. The court delayed proceedings for approximately one month to allow for mediation. Should Department of Justice (DOJ) recommend to the court to continue the mediation, court proceedings will be further delayed. If the recommendation is to proceed with the lawsuit, the schedule will proceed with briefs being filed sometime in April.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

April 3, 2002

IN REPLY REFER TO: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

April **Rates Adjustment Takes Effect:** In April, the Load-Based Cost Recovery
Next 30 Days Adjustment Clause (LB CRAC) to Bonneville Power Administration's
(Bonneville) FY 2002-2006 power rates will be reduced from 46 percent to 40.77
percent. This reflects the lower cost of power needed to supply Bonneville's
customer needs over the next six months. The LB CRAC is one of three rate
adjustment clauses Bonneville and its customers agreed to in their FY 2002-2006
rate case settlement. The CRAC approach allows Bonneville to maintain a low
base rate, while providing flexibility to respond to volatile conditions. Bonneville
expects that an LB CRAC will be in place throughout the five-year rate period. It
is adjusted every six months.

No Secretarial action requested.

Cost Management Report Planned: This month (April), Bonneville expects to
release a cost management report. Its purpose is to provide customers and
constituents information on Bonneville's deteriorating financial situation and
ways the agency plans to cut costs to reduce pressure on its power rates. Lower
than average water and low market prices for Bonneville's non-firm energy have
increased the possibility of an October 2002 rate adjustment as a result of the
Financial-Based Cost Recovery Adjustment Clause (FB CRAC). The FB CRAC
is a rate adjustment that triggers when the Power Business Line's accumulated net
revenues fall below specified levels.

No Secretarial action requested.

Transmission Rate Change Proposed in Support of Wind Development: This month (April), Bonneville's Transmission Business Line (TBL) plans to publish a Federal Register Notice of its plans to conduct a rate process on a proposed change to the Generation Imbalance charge in its 2002 transmission rates. TBL is proposing to eliminate the charge for wind projects. The charge is designed to prevent operators from deviating frequently or significantly from their transmission preschedules. The TBL believes that the output of wind resources cannot be controlled during the delivery hour, and that imposing the imbalance charge for wind may have an unintended negative effect on the development of wind resources in the Pacific Northwest.

No Secretarial action requested.

Environmental Assessment Out on Controversial Fish Project: This month (April), Bonneville expects to issue an Environmental Assessment (EA) on the Flathead Watershed Westslope Cutthroat Conservation Program. The project was included in the Northwest Power Planning Council's fish and wildlife program and is funded by Bonneville. It has been controversial because it involves poisoning mountain lakes to eliminate non-native species that are threatening the endangered cutthroat.

No Secretarial action requested.

Bonneville to Participate in Earth Day Event: Oregon's Miss America, Katie Harman, will be present for the Bonneville-sponsored Earth Day Expo on April 28, 2002, at the Oregon Zoo located in Portland, Oregon. The one-day event will also feature earth-friendly displays and exhibits, presentations by experts, entertainment by local and public television personalities, food, and games for kids. Several corporate sponsors are participating.

No Secretarial action requested.

Bonneville to Sponsor Conference for Nuclear Plant Owners: Bonneville will host the spring 2002 Nuclear Non-operating Owners' Group Conference (NNOG), to be held in Portland, Oregon, April 9-12, 2002. NNOG is comprised of non-operating owners of nuclear plants across the country. Plant operators are also invited.

No Secretarial action requested.

Environmental Review on Request to Connect New Generation to the Bonneville Grid: Bonneville is working with the Bureau of Indian Affairs and others to prepare a Draft Environmental Impact Statement on the Wanapa Energy Center in Umatilla County, Oregon, which is due for publication in April. The

Confederated Tribes of the Umatilla Indian Reservation, requested to connect the 1,300 megawatts (MW) project to the Bonneville transmission grid.

No Secretarial action requested

Draft Environmental Impact Statement (DEIS) Due on Transmission

Project: Two public meetings are scheduled for April on the McNary-John Day Transmission System Reinforcement. The project would construct approximately 79 miles of 500-kilovolt transmission line parallel to existing Bonneville lines from the McNary Substation to the John Day Substation along the Columbia River.

No Secretarial action requested.

May

Next 60 Days

Decisions Due on Connecting New Generation Plants to the Bonneville Grid:

The Record of Decision (ROD) on integrating the Goldendale Northwest Aluminum (GNA) Cliffs project in Klickitat County into the Bonneville transmission grid is scheduled to be released in May. Developer GNA Energy is planning to build a 306 MW combined cycle combustion turbine. Also, originally planned for March, the ROD integrating the 520 MW Summit Westward generating plant in Columbia County, Oregon, into the Bonneville transmission grid, has been delayed to May.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plants to Bonneville Transmission Grid:

Bonneville expects this month to issue DEISs on integrating the 1,100 MW Grizzly combustion turbine and the 306 MW Plymouth Generating Facility into the Bonneville transmission grid. The power plants are located in Jefferson County, Oregon, and Benton County, Washington, respectively. A DEIS on integrating the 760 MW Mercer Ranch combustion turbine, originally scheduled for this month, is not proceeding because the plant is on hold.

No Secretarial action requested.

U.S. Army Corp of Engineers (Corps) Expects to Release ROD on Lower Snake River Dams:

The Corps says it expects to release in May or June the ROD on whether to breach the four lower Snake River dams. The DEIS, released in January, included a preferred alternative to delay breaching, allowing more time for planning and implementing other methods to recovery endangered salmon. The four lower Snake River dams contribute approximately 1,150 MW of generation to the 8,000 average MW Federal Columbia River Power System (FCRPS) in an average water year.

No Secretarial action requested.

June

Next 90 Days

Next Rate Adjustment to be Announced: This month (June), Bonneville expects to announce the LB CRAC to power rates that will go into effect October 1, 2002, through March 2003. In addition, at a workshop scheduled for June 27, 2002, Bonneville plans to provide an estimate of end of year financial results, which will affect whether the FB CRAC will trigger beginning October 1, 2002.

No Secretarial action requested.

Ongoing

Agreement Sought on Bonneville Obligations Post-2006: Bonneville's customers are developing proposals that address Bonneville's load obligations post 2006. The Northwest Power Planning Council will also conduct field hearings and invite proposals from the public on the issue. The contractual demand for Bonneville's cost-based power exceeds the resources of the FCRPS. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities, and Direct-Service Industries (DSI)) must agree on the loads Bonneville will serve, so that affected customers will have time to build or acquire other resources before the current contract term expires. Bonneville's DSI customers are not currently part of the discussions due to utility reaction to a legislative provision the DSIs sought in Rep. Joe Barton's ®-TX) electricity bill (H.R. 3406). The provision would require Bonneville to continue to sell power to the DSIs post-2006, and at rates that will assure the economic viability of the companies' operations. Utility customers have said they will be willing to resume discussions with the DSIs the provision is removed from the bill.

No Secretarial action requested.

Mediation Continues on Lawsuit Regarding Salmon Recovery Plan:

Mediation talks continue on a lawsuit filed by the National Wildlife Federation and other groups last year against the National Marine Fisheries Service (NMFS) challenging the 2000 Biological Opinion. Bonneville, along with other Federal action agencies, is participating in the mediation. The court delayed proceedings to allow for mediation. Depending on the progress of the talks, the Department of Justice (DOJ) will advise the court on whether to continue the mediation or initiate court proceedings.

No Secretarial action requested.

Work Progresses on Regional Transmission Organization (RTO): Bonneville and Pacific Northwest investor owned utilities are continuing to work collaboratively with regional stakeholders to develop specifics of RTO West for future filings at the Federal Energy Regulatory Commission (FERC). In March 2002, the filing utilities submitted the Stage 2 filing with FERC. The utilities

have asked FERC for a declaratory order finding that the RTO West proposal satisfies the minimum characteristics and functions of an RTO per FERC's Order 2000, pending subsequent filings refining RTO West concepts and details. Significant unresolved issues remain to be addressed with future filings.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

May 1, 2002

IN REPLY REFER TO: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

May **Decisions Due on Connecting New Generation Plants to the Bonneville Power Administration (Bonneville) Grid:** Bonneville expects to release a Record of Decision (ROD) this month (May) authorizing interconnection of the 650-megawatt (MW) Satsop I Combustion Turbine Project located in Grays Harbor County, Washington.

Next 30 Days

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plants to Bonneville Transmission Grid: Bonneville expects to issue this month (May) its Draft Environmental Impact Statements (DEISs) on integrating the 1,100-MW Grizzly combustion turbine and the 306-MW Plymouth Generating Facility into the Bonneville transmission grid. The power plants are located in Jefferson County, Oregon, and Benton County, Washington, respectively.

No Secretarial action requested.

U.S. Army Corp of Engineers (Corps) Expects to Release Record Of Decision (ROD) on Lower Snake River Dams: The Corps says it expects to release its ROD in May or June on whether to breach the four lower Snake River dams. The DEIS, released in February, included a preferred alternative to install more major system improvements – such as “fish friendly” turbines and spillways – at the dams in order to assist juvenile salmon migration. The four lower Snake River

dams contribute approximately 1,150 MW of generation to the 8,000 average MW Federal Columbia River Power System (FCRPS) in an average water year.

No Secretarial action requested.

Environmental Review Delayed on Request to Connect New Generation to the Bonneville Grid: A DEIS on the Wanapa Energy Center in Umatilla County, Oregon, originally scheduled for publication in April, has been delayed. The Bureau of Indian Affairs pushed the date out to December 2002. The Confederated Tribes of the Umatilla Indian Reservation requested to connect the 1,300-MW project to the Bonneville transmission grid.

No Secretarial action requested.

June

Next 60 Days

Next Rate Adjustment to be Announced: This month (June), Bonneville expects to announce the Load-Based Cost Recovery Adjustment Clause (LB CRAC) to power rates that will go into effect October 1, 2002, through March 2003. Bonneville expects that an LB CRAC will be in place throughout the five-year rate period. It is adjusted every six months. In addition, at a workshop scheduled for June 27, 2002, Bonneville plans to provide an estimate of end of year financial results, which will affect whether the Financial Based (FB CRAC) will trigger beginning October 1, 2002. Bonneville and its customers agreed to three rate adjustment clauses in their FY 2002-2006 rate case settlement. The CRAC approach allows Bonneville to maintain a low base rate, while providing flexibility to respond to volatile conditions.

No Secretarial action requested.

Funding for Fish and Wildlife Projects to be Announced: Bonneville plans to announce funding decisions for fish and wildlife mitigation projects in the Blue Mountain (\$30 million) and Mountain Snake (\$75 million) Provinces this month (June). These projects, based on recommendations from the Northwest Power Planning Council's Rolling Provincial Review Process, are funded in order to meet Bonneville's obligations under the U.S. Fish and Wildlife Service 2000 Biological Opinion and the goals of the Council's Fish and Wildlife Program.

No Secretarial action requested.

Decisions Delayed on Connecting New Generation Plants to the Bonneville Grid: The ROD on integrating the Goldendale Northwest Aluminum (GNA) Cliffs project in Klickitat County into the Bonneville transmission grid, previously scheduled for release in May, is now scheduled for June. Developer GNA Energy is planning to build a 306-MW combined cycle combustion turbine. Also, originally planned for March, the ROD interconnecting the 520-MW

Summit Westward generating plant in Columbia County, Oregon, to the Bonneville transmission grid is now delayed to June. The typical reason for this type of delay is to keep pace with the State and local decision processes.

No Secretarial action requested.

July

Next 90 Days

ROD on Transmission Rate Change Expected: This month (July), the Administrator is expected to sign a ROD on a proposed change to the Generation Imbalance charge in the Transmission Business Line's (TBL) 2002 transmission rates. TBL is proposing to eliminate the charge for wind projects. The charge is designed to prevent operators from deviating frequently or significantly from their transmission preschedules. The TBL believes that the output of wind resources cannot be controlled during the delivery hour, and that imposing the imbalance charge for wind may have an unintended negative effect on the development of wind resources in the Pacific Northwest.

No Secretarial action requested.

Wind Farm to Add Capacity: Phase 2 of the Condon wind farm is expected to be on line this month (July). The second phase will add 225.2 MW to the 49.8 MW-project in Gillam County, Washington, being built by SeaWest. Bonneville is purchasing the output of the facility under a 20-year power purchase agreement.

No Secretarial action requested.

Ongoing

Agreement Sought on Bonneville Obligations Post-2006: Bonneville and the Northwest Power Planning Council will conduct field hearings and invite proposals from the public on the subject of Bonneville's load obligations post 2006. Bonneville is reviewing a proposal, which utility customers submitted in April addressing these issues. The contractual demand for Bonneville's cost-based power exceeds the resources of the FCRPS. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities, and Direct-Service Industries (DSI)) must agree on the loads Bonneville will serve, so that affected customers will have time to build or acquire other resources before the current contract term expires.

No Secretarial action requested.

Cost Management Report Planned: Bonneville is developing a five-year plan to meet the challenge of holding rates down while maintaining a reasonably high Treasury Payment Probability (TPP) for 2002. The safety-net CRAC in Bonneville's power rates will trigger if projections show the agency's end of year financial reserves dipping below \$150 million or otherwise imply a TPP of less

than 50 percent. Bonneville plans to develop viable alternatives to meeting these objectives and discuss them with customers in a public process this summer.

No Secretarial action requested.

Mediation Continues on Lawsuit Regarding Salmon Recovery Plan:

Mediation talks continue on a lawsuit filed by the National Wildlife Federation and other groups last year against the National Marine Fisheries Service (NMFS) challenging the 2000 Biological Opinion. Bonneville, along with other Federal action agencies, is participating in the mediation. The court delayed proceedings to allow for mediation. Depending on the progress of the talks, the Department of Justice (DOJ) will advise the court on whether to continue the mediation or initiate court proceedings.

No Secretarial action requested.

Work Progresses on Regional Transmission Organization (RTO): Bonneville and Pacific Northwest investor owned utilities are continuing to work collaboratively with regional stakeholders to develop specifics of RTO West. In March 2002, the filing utilities submitted the Stage-2 filing with Federal Energy Regulatory Commission. The utilities have asked FERC for a declaratory order finding that the RTO West proposal satisfies the minimum characteristics and functions of an RTO per FERC's Order 2000, pending subsequent filings refining RTO West concepts and details. Significant unresolved issues remain to be addressed.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 5, 2002

IN REPLY REFER TO: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

June **Next Rate Adjustment to be Announced:** At a customer workshop scheduled
Next 30 Days for June 27, the Bonneville Power Administration (Bonneville) expects to announce the specific adjustment to the Load-Based Cost Recovery Adjustment Clause (LB CRAC) that will be effective on October 1, 2002. The LB CRAC is in place for the five-year rate period, and reflects the actual cost of Bonneville's augmentation of its power supply base to serve its customers whose requests for power exceeded the firm power output of the existing federal generation. It is adjusted every six months. Also at this workshop, Bonneville plans to provide a preliminary forecast of the Financial-Based (FB) CRAC that would also be effective October 1. The FB CRAC triggers when the Power Business Line's accumulated net revenues fall below specified levels. Bonneville and its customers agreed to three rate adjustment clauses in the FY 2002-2006 rate case settlement. The CRAC approach allows Bonneville to maintain a low base rate while providing flexibility to respond to volatile conditions.

No Secretarial action requested.

Assessment of Progress to Recover Endangered Salmon Due: This month, the National Marine Fisheries Service (NMFS) expects to issue its assessment of federal hydro operators' progress in the first year of implementing the 2000 Biological Opinion (BiOp) for endangered salmon and steelhead recovery. Bonneville, the U.S. Army Corps of Engineers, and the Bureau of Reclamation issued their own assessment last month, which showed that the agencies were on track to meet 2003 benchmarks. The BiOp requires one, three, and eight-year

check-in points to assess the region's progress toward achieving biological objectives.

No Secretarial action requested.

Funding for Fish and Wildlife Projects to be Announced: Bonneville plans to announce funding decisions for fish and wildlife mitigation projects in the Blue Mountain (\$30 million) and Mountain Snake (\$75 million) Provinces this month. The Blue Mountain Province is in Northeastern Oregon, and encompasses the Snake River and all its tributaries from Lewiston to the Hells Canyon Dam. The Mountain Snake Province is in central Idaho. These projects, based on recommendations from the Northwest Power Planning Council's Rolling Provincial Review Process, are funded in order to meet Bonneville's obligations under the U.S. Fish and Wildlife Service 2000 Biological Opinion and the goals of the Council's Fish and Wildlife Program.

No Secretarial action requested.

Decision Due on Connecting New Generation Plant to the Bonneville Grid: The Record of Decision (ROD) on interconnecting the 520-megawatt (MW) Summit Westward generating plant in Columbia County, Oregon, to the Bonneville transmission grid is planned for June. State and local decision processes have delayed the project.

No Secretarial action requested.

July
Next 60 Days

ROD on Transmission Rate Change Expected: The Administrator is expected to sign a ROD on a proposed change to the Generation Imbalance charge in the Transmission Business Line's (TBL) 2002 transmission rates. TBL is proposing to eliminate the charge for wind projects. The charge is designed to prevent operators from deviating from their transmission pre-schedules. The TBL believes that the output of wind resources cannot be controlled during the delivery hour, and that imposing the imbalance charge for wind may have an unintended negative effect on the development of wind resources in the Pacific Northwest.

No Secretarial action requested.

Wind Farm to Add Capacity: Phase 2 of the Condon Wind Farm is expected to be on line this month. The second phase, being built by SeaWest, will add 225.2 MW to the 49.8-MW project in Gillam County, Washington. Bonneville is purchasing the output of the facility under a 20-year power purchase agreement.

No Secretarial action requested.

Decision Due on Connecting New Generation Plant to the Bonneville Grid:

The ROD on integrating the Goldendale Northwest Aluminum (GNA) Cliffs project into the Bonneville transmission grid has been delayed from June to July. Developer, GNA Energy, is planning to build the 306-MW combined cycle combustion turbine in Klickitat County.

No Secretarial action requested.

AugustNext 90 Days

Transmission Programs to be Reviewed with Customers: In August, preparation for its 2004 rate case, the TBL plans to conduct workshops with customers and constituents to get input on TBL programs and their costs.

No Secretarial action requested.

Environmental Analysis Due on Transmission Projects: Bonneville expects to issue a Draft Environmental Impact Statement on the Grand Coulee-Bell transmission project (Eastern Washington Reinforcement). The purpose of the project is to replace about 84 miles of existing 115-kilovolt (kV) wood pole transmission line with a new, 500-kV line on steel towers between Bonneville's Bell Substation in Spokane and the switchyard at Grand Coulee Dam. Also this month, Bonneville expects to issue a Final Environmental Impact Statement (FEIS) on the McNary-John Day transmission project. This line is needed to integrate some of the many new generation projects considered for this area, and to reinforce transmission reliability. Finally, an FEIS is also planned for this month on the Wallula-McNary transmission project. This project will enable the delivery of energy from a new 1300-MW combustion turbine being built in Walla Walla County, Washington.

No Secretarial action requested.

Ongoing

Agreement Sought on Bonneville Obligations Post-2006: Bonneville and the Northwest Power Planning Council will conduct field hearings and invite proposals from the public on the subject of Bonneville's load-serving obligations post-2006. The contractual demand for Bonneville's cost-based power exceeds the resources of the Federal Columbia River Power System. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities and direct-service industries) must agree on the loads Bonneville will serve, so that either Bonneville or its customers will have time to acquire appropriate power resources before the current contract term expires. Bonneville is reviewing a proposal that utility customers submitted in April addressing these issues.

No Secretarial action requested.

Cost Management Report Planned: Bonneville is developing a five-year plan to meet the challenge of holding rates down while maintaining high reliability and financial solvency. The safety net CRAC in Bonneville's power rates will trigger if projections show the agency's end-of-year financial reserves dipping below \$150 million or otherwise imply a Treasury Payment Probability (TPP) of less than 50 percent. Bonneville plans to develop viable options for meeting these objectives and discuss them with customers in a public process this summer.

No Secretarial action requested.

Mediation Continues on Lawsuit Regarding Salmon Recovery Plan:

Mediation talks continue on a lawsuit filed by the National Wildlife Federation and other groups last year against the National Marine Fisheries Service challenging the 2000 BiOp. Bonneville, along with other Federal action agencies, is participating in the mediation. The court delayed proceedings to allow for mediation. Depending on the progress of the talks, the Department of Justice will advise the court on whether to continue the mediation or initiate court proceedings.

No Secretarial action requested.

Work Progresses on Regional Transmission Organization (RTO): Bonneville and Pacific Northwest investor-owned utilities are continuing to work collaboratively with regional stakeholders to develop specifics of RTO West. In March 2002, the filing utilities submitted the Stage-2 filing with Federal Energy Regulatory Commission (FERC). The filing utilities are working on an implementation plan that they expect to give to FERC by the end of June.

No Secretarial action requested.

Alternatives Considered for Northwest's Only Nuclear Plant: Bonneville Deputy Administrator Steve Hickok will represent Bonneville on an Energy Northwest (ENW) study team formed to recommend alternatives for operation or sale of its nuclear Columbia Generating Station (CGS). A recent feasibility study recommended against completing the unfinished ENW nuclear plant known as WNP-1, but suggested that alternatives be explored for better operation of the Northwest's only operating nuclear plant, given interest expressed by other nuclear utilities in operating or owning that plant. Energy Northwest has said factors in any decision will include the potential for lower costs, increased reliability, reduced financial risk or improved career opportunities for employees. Energy Northwest also told its employees that Bonneville would be a "dominant party" in any decision-making, as Bonneville owns the entire power output of the plant.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

July 3, 2002

IN REPLY REFER TO: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

July **Public Process Opens on Financial Choices:** This month, Bonneville Power
Next 30 Days Administration (Bonneville) opens a 90-day public comment period to discuss
options for managing the Power Business Line's (PBL) deteriorating financial
situation. Originally Bonneville had planned to develop a five-year cost
management plan for public comment, but decided later that presenting options
would be most helpful in eliciting public comment. The basic choices - all of
them tough - are to cut programs, raise rates, push costs out in time through debt,
or defer Treasury payments. The public comment period, including regional
meetings, closes September 30, 2002.

No Secretarial action requested.

Record of Decision (ROD) on Transmission Rate Change Expected: This
month the Administrator is expected to sign a ROD on a proposed change to the
Generation Imbalance charge in the Transmission Business Line's (TBL) 2002
transmission rates. TBL is proposing to eliminate the charge for wind projects.
The charge is designed to prevent operators from deviating from their
transmission pre-schedules. The TBL believes that the output of wind resources
cannot be controlled during the delivery hour, and that imposing the imbalance
charge for wind may have an unintended negative effect on the development of
wind resources in the Pacific Northwest.

No Secretarial action requested.

Wind Farm to Add Capacity: Phase 2 of the Condon Wind Farm is expected to be on line this month. The second phase, being built by SeaWest, will add 225.2 MW to the 49.8-MW project in Gillam County, Washington. Bonneville is purchasing the output of the facility under a 20-year power purchase agreement.

No Secretarial action requested.

Federal Energy Regulatory Commission (FERC) Decision Due: FERC is expected to rule on the Stage 2 Regional Transmission Organization (RTO) West Stage 2 filing that Bonneville and the filing utilities submitted in March under Order 2000. Bonneville and Pacific Northwest investor-owned utilities are continuing to work collaboratively with regional stakeholders to develop specifics of RTO West. The implementation plan to develop future filings will be developed following FERC's ruling on the Stage 2 filing.

No Secretarial action requested.

Decision Due on Connecting New Generation Plant to the Bonneville Grid: RODs on integrating three new generation plants into the Bonneville transmission grid are expected this month: GNA Energy's GNA Cliffs, a 306-MW combined cycle combustion turbine in Klickitat County; Summit Westward, a 520 MW combustion turbine in Clatskanie County, Oregon; and Umatilla Generation Project, a 620 MW combustion turbine in Umatilla County, Oregon. A draft Environmental Impact Statement (DEIS) on integrating the 306 MW Plymouth Generating Facility in Benton County, Washington, into the Bonneville transmission grid is also planned for this month.

No Secretarial action requested.

August

Next 60 Days

Transmission Programs to be Reviewed with Customers: In August, in preparation for its 2004 rate case, the TBL plans to conduct workshops with customers and constituents to get input on TBL programs and their costs.

No Secretarial action requested.

Environmental Analysis Due on Transmission Projects: Bonneville expects to issue a DEIS on the Grand Coulee-Bell transmission project (Eastern Washington Reinforcement). The purpose of the project is to replace about 84 miles of existing 115-kilovolt (kV) wood pole transmission line with a new, 500-kV line on steel towers between Bonneville's Bell Substation in Spokane and the switchyard at Grand Coulee Dam. Also this month, Bonneville expects to issue a Final Environmental Impact Statement (FEIS) on the McNary-John Day transmission project. This line is needed to integrate some of the many new generation projects considered for this area, and to reinforce transmission reliability. Finally, an FEIS is also planned for this month on the

Wallula-McNary transmission project. This project will enable the delivery of energy from a new 1300-MW combustion turbine being built in Walla Walla County, Washington.

No Secretarial action requested.

September
Next 90 Days

Agreement Sought on Bonneville Obligations Post-2006: Bonneville and the Northwest Power Planning Council will conduct field hearings this month to discuss and invite proposals from the public on the subject of Bonneville's load-serving obligations post-2006. In April, Bonneville's utility customers submitted a proposed approach and Bonneville has provided comments on the proposal. The public process is an opportunity for more ideas to be put on the table. The contractual demand for Bonneville's cost-based power exceeds the resources of the Federal Columbia River Power System. Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities and direct-service industries) must agree on the loads Bonneville will serve, so that either Bonneville or its customers will have time to acquire appropriate power resources before the current contract term expires.

No Secretarial action requested.

Environmental Analysis, Decision Due on Connecting New Generation Plants to the Bonneville Grid: A ROD on integrating the 1300 MW Wallula combustion turbine in Walla Walla County, Washington, into the Bonneville transmission grid is expected this month. Also in September, Bonneville expects to issue a DEIS on interconnecting the 1200 MW COB Energy Facility in Klamath Falls, Oregon, into the Bonneville transmission grid.

No Secretarial action requested.

Ongoing

Mediation Continues on Lawsuit Regarding Salmon Recovery Plan: Mediation talks continue on a lawsuit filed by the National Wildlife Federation and other groups last year against the National Marine Fisheries Service challenging the 2000 BiOp. Bonneville, along with other Federal action agencies, is participating in the mediation. The court delayed proceedings to allow for mediation. Depending on the progress of the talks, the Department of Justice will advise the court on whether to continue the mediation or initiate court proceedings.

No Secretarial action requested.

Alternatives Considered for Northwest's Only Nuclear Plant: Bonneville Deputy Administrator Steve Hickok is representing Bonneville on an Energy Northwest (ENW) study team formed to recommend alternatives for operation or

sale of its nuclear Columbia Generating Station (CGS). A recent feasibility study recommended against completing the unfinished ENW nuclear plant known as WNP-1, but suggested that alternatives be explored for better operation of the Northwest's only operating nuclear plant, given interest expressed by other nuclear utilities in operating or owning that plant. Energy Northwest has said factors in any decision will include the potential for lower costs, increased reliability, reduced financial risk or improved career opportunities for employees. Energy Northwest also told its employees that Bonneville would be a "dominant party" in any decision-making, as Bonneville owns the entire power output of the plant.

No Secretarial action requested.

Nationwide Education Program Underway to Stop Spread of Wildlife Pest: Bonneville has joined a nationwide partnership of state and federal agencies, private industries and user groups to help prevent the westward spread of zebra mussels. The 100th Meridian Initiative is an extensive information campaign, including a 24-hour hotline, to educate boat owners to watch for, report, and eliminate signs of the tiny pests on their marine craft. Boats following the Lewis and Clark Trail will be traveling from midwestern rivers where the mussels already live. Without careful inspection, these boats could easily bring the mussels to the West and the Columbia River Basin. The zebra mussel preys on microscopic marine life, multiplies quickly, and upsets the ecology of lakes and streams that are home to endangered fish.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

August 7, 2002

IN REPLY REFER TO: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

August **Rates Announcement Expected Following Net Revenues Forecast:** On
Next 30 Days August 30, 2002, Bonneville Power Administration (Bonneville) will post third quarter review end of year forecasts, which are expected to trigger a Financial-Based Cost Recovery Adjustment Clause (FB CRAC) that would go into effect October 1. The FB CRAC triggers when the Power Business Line's (PBL) accumulated net revenues fall below specified levels. Bonneville and its customers agreed to three rate adjustment clauses in the FY 2002-2006 rate case settlement. The CRAC approach allows Bonneville to maintain a low base rate while providing flexibility to respond to volatile market conditions.

No Secretarial action requested.

Public Meetings Planned to Discuss Financial Choices: In August, Bonneville will conduct public meetings in several cities in the region to discuss options for managing the PBL's deteriorating financial situation. The meetings are part of a 90-day public comment period that opened in July. The basic choices—all of them tough—are to cut programs, raise rates, push costs out in time through debt, or defer Treasury payments.

No Secretarial action requested.

Environmental Analysis Due on Transmission Projects: Bonneville expects to issue a Draft Environmental Impact Statement (DEIS) in August on the Grand Coulee-Bell transmission project (Eastern Washington Reinforcement). The

purpose of the project is to replace about 84 miles of an existing 115-kilovolt (kV) wood pole transmission line with a new, 500-kV line on steel towers between Bonneville's Bell Substation in Spokane and the switchyard at Grand Coulee Dam. Also this month, Bonneville expects to issue a Final Environmental Impact Statement (FEIS) on the McNary-John Day transmission project. This line is needed to integrate some of the many new generation projects considered for this area, and to reinforce transmission reliability.

No Secretarial action requested.

Environmental Analysis Due on Interconnecting Generation to the Bonneville Grid: In August, Bonneville plans to issue a DEIS on interconnecting the Plymouth Generation Facility to the Bonneville transmission grid. The facility is a 306-megawatt (MW) combustion turbine, to be located in central Washington approximately two miles west of the town of Plymouth. In addition, an FEIS is also planned for this month on the Wallula-McNary transmission project. This project will enable the delivery of energy from a new 1300-MW combustion turbine being built in Walla Walla County, Washington.

No Secretarial action requested.

Customer Meetings Planned for Transmission Business Line (TBL) Rate Case: The TBL is planning to hold customer meetings in August and September to discuss technical issues preparatory to the 2004 TBL rate case. A Federal Register Notice to kick off the rates proceedings is planned for November.

No Secretarial action requested.

September **Public Meetings Planned on Bonneville Obligations Post-2006:** Bonneville and the Northwest Power Planning Council (Council) will conduct field hearings this month to discuss and invite proposals from the public on the subject of Bonneville's obligations post-2006. The contractual demand for Bonneville's cost-based power exceeds the resources of the Federal Columbia River Power System (FCRPS). Bonneville and its major Pacific Northwest customer groups (public agencies, investor-owned utilities and direct-service industries) must agree on the amount Bonneville will serve, so that either Bonneville or its customers will have time to acquire appropriate power resources before the current contract term expires.

Next 60 Days

No Secretarial action requested.

Implementation Plans for Salmon Recovery Due: In late September, Bonneville and the other federal hydro operators expect to finalize the 2003 implementation plan as required under the National Marine Fisheries Service and

Fish and Wildlife Service 2000 Biological Opinions (BiOps) for the FCRPS BiOps. The implementation plan is the basis for assessing the agencies' accomplishments and progress toward performance standards in the BiOps.

No Secretarial action requested.

Environmental Analysis Decision Due on Connecting New Generation Plants to the Bonneville Grid: A Record of Decision (ROD) on integrating the 1300-MW Wallula combustion turbine in Walla Walla County, Washington, into the Bonneville transmission grid is expected this month (August). Also this month, Bonneville expects to issue a DEIS on interconnecting the 1200-MW COB Energy Facility in Klamath Falls, Oregon, into the Bonneville transmission grid.

No Secretarial action requested.

Decision Planned on New Transmission Project: The Administrator is scheduled in September to sign a ROD on the McNary-John Day transmission project.

No Secretarial action requested.

October
Next 90 Days **New Rates Go Into Effect:** On October 1, the next six-month adjustment to the Load-Based Cost Recovery Adjustment Clause (LB CRAC) goes into effect. The LB CRAC is currently 41 percent (March-September 2002) and will go to 32.9 percent in October. It reflects the actual cost of Bonneville's augmentation of its power supply base to serve its customers whose requests for power exceeded the firm power output of the existing federal generation. It is adjusted every six months. At the same time, Bonneville expects that an FB CRAC, in an amount up to 11 percent, will trigger based on financial forecasts. (See Rates Announcement Expected Following Net Revenues Forecast, above.) Total Bonneville power rates on October 1, 2002, will be slightly lower than they were on October 1, 2001, when the Agency imposed its first CRAC adjustment under the new rate structures.

No Secretarial action requested.

Study of Demand Side Management Alternatives to Controversial Transmission Project Released: In October, Bonneville plans to publish a study of non-transmission alternatives to construction of the controversial Kangley-Echo Lake project. In August, Bonneville plans to hire a contractor to complete the study on a very short timeline. Environmental groups and the City of Seattle have opposed Bonneville's preferred alternative to site the Kangley-Echo Lake transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed. In addition to agreeing to explore other routes and

environmental mitigation for the current preferred alternative in a Supplemental EIS, Bonneville agreed to investigate demand side management alternatives. Within two to three years, Bonneville forecasts show that electricity demand in the King County, Washington, region will be so great that even minor power line outages could cause power losses in the area.

No Secretarial action requested.

Funding for Fish and Wildlife Projects to be Announced: In October, Bonneville plans to announce funding decisions for a new set of fish and wildlife mitigation projects. These projects are based on recommendations from the Council's Rolling Provincial Review Process, which integrates Bonneville's fish and wildlife obligations under the 2000 BiOps and the Northwest Power Act (the Council's Fish and Wildlife Program). The projects will be carried out in five Provinces (three west of the Cascades and two in the state of Idaho).

No Secretarial action requested.

Ongoing

Mediation Continues on Lawsuit Regarding Salmon Recovery Plan:

Mediation talks continue on a lawsuit filed by the National Wildlife Federation and other groups last year against the National Marine Fisheries Service challenging the 2000 Biological Opinion. Bonneville, along with other Federal action agencies, is participating in the mediation. The court delayed proceedings to allow for mediation. Depending on the progress of the talks, the Department of Justice will advise the court on whether to continue the mediation or initiate court proceedings.

No Secretarial action requested.

Alternatives Considered for Northwest's Only Nuclear Plant: Bonneville Deputy Administrator Steve Hickok is representing Bonneville on an Energy Northwest (ENW) study team formed to recommend alternatives for operation or sale of its nuclear Columbia Generating Station. A recent feasibility study recommended against completing the unfinished ENW nuclear plant known as WNP-1, but suggested that alternatives be explored for better operation of the Northwest's only operating nuclear plant, given interest expressed by other nuclear utilities in operating or owning that plant. Energy Northwest has said factors in any decision will include the potential for lower costs, increased reliability, reduced financial risk and improved ability to retain key employees. Energy Northwest also told its employees that Bonneville would be a "dominant party" in any decision-making, as Bonneville owns the entire power output of the plant.

No Secretarial action requested.



DEPARTMENT OF ENERGY

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

September 4, 2002

IN REPLY REFER TO: BPA-KR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

September Next 30 Days **Rates to be Adjusted for next Six-Month Period:** This month, Bonneville Power Administration (Bonneville) will announce the amount of the Financial-Based Cost Recovery Adjustment Clause (FB CRAC) that would go into effect October 1, 2002. The FB CRAC triggers when the Power Business Line's (PBL) accumulated net revenues fall below specified levels. With the Load-Based CRAC (LB CRAC), that also adjusts on October 1, 2002, Bonneville's total power rates will be slightly above current rates (by two percent) and slightly below the rates that were in effect on October 1, 2001, (also by two percent). Bonneville and its customers agreed to three rate adjustment clauses in the FY 2002-2006 rate case settlement. The CRAC approach allows Bonneville to maintain a low base rate while providing flexibility to respond to volatile market conditions.

No Secretarial action requested.

Close of Public Comment Period on Financial Choices: The comment period closes September 30, 2002, on Bonneville's public process to discuss options for managing the PBL's deteriorating financial situation.

No Secretarial action requested.

Customer Meetings Planned for Transmission Business Line (TBL) Rate Case: The TBL is planning to hold customer meetings in September to discuss technical issues preparatory to the 2004 TBL rate case. Among the issues being

considered is a settlement of the rate case that would involve a uniform surcharge to existing rates (see TBL to File Federal Register Notice (FRN) on 2004 Rate Case, below.)

No Secretarial action requested.

Decision Planned on New Transmission Project: The Administrator is scheduled in September to sign a Record of Decision (ROD) on the McNary-John Day transmission project. This line is needed to integrate some of the many new generation projects considered for southeast Washington and northeast Oregon, and to reinforce transmission reliability.

No Secretarial action requested.

Decisions Due on Interconnecting Generation to the Bonneville Grid:

Bonneville expects to issue a ROD this month on the Wallula-McNary transmission project. This project will enable the delivery of energy from a new 1300-MW combustion turbine being built in Walla Walla County, Washington.

No Secretarial action requested.

October
Next 60 days

New Rates Go Into Effect: On October 1, 2002, the next six-month adjustment to the LB CRAC goes into effect. In addition, Bonneville expects that an FB CRAC will trigger based on financial forecasts. (See Rates to be Set for Next Six-month Period, above)

No Secretarial action requested.

Decision on Safety Net Cost Recovery Adjustment (SN CRAC) Expected: In October, Bonneville expects to determine, based on Fiscal Year 2003 financial forecasts, whether it needs to consider triggering the SN CRAC. The SN CRAC triggers when Bonneville forecasts a 50 percent probability that it will miss a payment to the U.S. Treasury or other creditor, or if it actually misses a payment to Treasury or other creditor. If an SN CRAC is needed, it requires an expedited ratemaking process. This process could kick off as early as November.

No Secretarial action requested.

Comment Period Closes on Public Process to Discuss Bonneville Obligations Post-2006: On October 18, the comment period closes on the public process that Bonneville and the Northwest Power Planning Council (Council) are conducting to discuss and invite proposals on the subject of Bonneville's power sales obligations post-2006. Proposals are expected from a wide range of customers and interest groups, addressing conservation and renewables, allocation of power

among the public utilities, fish operations and funding, and the Direct Service Industries (DSI), among others. Bonneville and its public agency, investor-owned utility and DSI customers must agree on Bonneville's load obligations, so that either Bonneville or its customers will have time to acquire appropriate power resources before the current contract term expires in 2006.

No Secretarial action requested.

Study of Demand Side Management Alternatives to Environmentally Sensitive Transmission Project Released: In October, Bonneville plans to publish a study of non-transmission alternatives to construction of the environmentally sensitive Kangley-Echo Lake project. Bonneville agreed to look at demand side management alternatives as well as alternate routes when environmental groups and the City of Seattle opposed its proposal to site the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed. Within two to three years, Bonneville forecasts show that electricity demand in the King County, Washington, region will be so great that even minor power line outages could cause power losses in the area without this reinforcement project.

No Secretarial action requested.

FEIS Due on Fish and Wildlife Plan: Bonneville plans to issue the FEIS on its Fish and Wildlife Implementation Plan in October. The Administrator is expected to sign the ROD approximately 30 days afterward. The FEIS summarizes and inter-relates the many regional plans and actions for fish and wildlife mitigation and recovery. By providing broad policy direction for site-specific actions, it allows decisions on specific projects to be more consistent, focused, and timely, while allowing full compliance with the National Environmental Policy Act. Bonneville plans to periodically review the status of the recovery efforts and to determine if the policy direction in the ROD should be updated or otherwise modified.

No Secretarial action requested.

Funding for Fish and Wildlife Projects to be Announced: In October, Bonneville plans to announce funding decisions for a new set of fish and wildlife mitigation projects. These projects are based on recommendations from the Council's Rolling Provincial Review Process, which integrates Bonneville's fish and wildlife obligations under the 2000 BiOps and the Northwest Power Act (the Council's Fish and Wildlife Program). The projects will be carried out in five Provinces (three west of the Cascades and two in the state of Idaho).

No Secretarial action requested.

November
Next 90 Days

Strategy Developed to Address Bonneville Financial Condition: This month, Bonneville will finalize recommendations on the mix of strategies—cutting programs, raising rates, pushing costs out in time through debt, or deferring Treasury payments—it will use to resolve its weakened financial position. Following discussion with the Administration and the Northwest Congressional delegation, the Administrator will make a decision in December.

No Secretarial action requested.

TBL to File Federal Register Notice (FRN) on 2004 Rate Case: The TBL will file an FRN this month outlining its initial proposal in the 2004 rate case. Depending on the outcome of TBL studies and discussions with customers, the proposal may reflect a potential settlement between TBL and its customers. Given the continuing state of flux in the industry and the anticipation of a regional transmission organization being in place by 2006, TBL might be able to extend its existing rates or increase rates by a uniform surcharge. A pre-hearing conference in December would either attempt to complete a settlement or kick off the full-blown rate case proceeding.

Deleted: full blown

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plant to the Bonneville Grid: This month, Bonneville expects to issue a DEIS on interconnecting the 1200-MW COB Energy Facility in Klamath Falls, Oregon, into the Bonneville transmission grid. The DEIS has been delayed in order to align with state decision-making processes on siting the generation plant.

No Secretarial action requested.

Ongoing

Alternatives Considered for Northwest's Only Nuclear Plant: Bonneville Deputy Administrator Steve Hickok is representing Bonneville on an Energy Northwest (ENW) study team formed to recommend alternatives for more cost-effective operation of its nuclear Columbia Generating Station. ENW has said that Bonneville would be a “dominant party” in any decision-making.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

October 2, 2002

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

October **New Rates Go Into Effect:** On October 1, 2002, Bonneville Power
Next 30 days Administration's (Bonneville) power rates will go up 3 percent, reflecting lower than expected revenues from surplus power sales for fiscal year 2002. This includes a Load Based Cost Recovery Adjustment Clause (LB CRAC) of 31.88 percent and a Financial Based Cost Recovery Adjustment Clause (FB CRAC) of 10.97 percent, for a total increase over Bonneville base rates of 42.85 percent. The net effect of the change is that rates should remain at about this year's average for another six months. Bonneville and its customers agreed to three-rate adjustment clauses in the FY 2002-2006 rate case settlement. This approach allows Bonneville to maintain a low base rate while providing flexibility to respond to volatile market conditions.

No Secretarial action requested.

Decision on Safety Net CRAC Expected: In October, Bonneville expects to determine, based on fiscal year 2003 financial forecasts, whether it needs to consider triggering the Safety Net Cost Recovery Adjustment Clause (SN CRAC). The SN CRAC triggers when Bonneville forecasts a 50 percent probability that it will miss a payment to the U.S. Treasury or other creditor, or if it actually misses a payment to Treasury or other creditor. If an SN CRAC is needed, it requires an expedited ratemaking process. This process could kick off as early as November.

No Secretarial action requested.

Comment Period Closes on Regional Dialogue on Bonneville Obligations Post-2006: On October 18, 2002, the comment period closes on the Regional Dialogue conducted by Bonneville and the Northwest Power Planning Council (Council) to discuss and invite proposals for Bonneville's power sales

obligations post-2006. Proposals have been received from a wide range of customers and interest groups, addressing conservation and renewables, allocation of power among the public utilities, fish operations and funding, and the Direct Service Industries (DSI), among others. Bonneville and its public agency, investor-owned utility and DSI customers must agree on Bonneville's load obligations, so that either Bonneville or its customers will have time to acquire appropriate power resources before the current contract term expires in 2006.

No Secretarial action requested.

Study of Demand Side Management Alternatives to Environmentally Sensitive Transmission Project Released: In October, Bonneville plans to publish a study of non-transmission alternatives to construction of the environmentally sensitive Kangley-Echo Lake project. Bonneville agreed to look at demand side management alternatives as well as alternate routes when environmental groups and the City of Seattle opposed its proposal to site the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed. Within two to three years, Bonneville forecasts show that electricity demand in the King County, Washington, region will be so great that even minor power line outages could cause power losses in the area without this reinforcement project.

No Secretarial action requested.

FEIS Due on Fish and Wildlife Plan: Bonneville plans to issue the Final Environmental Impact Statement (FEIS) on its Fish and Wildlife Implementation Plan in October. The Administrator is expected to sign the Record of Decision (ROD) approximately 30 days afterward. The FEIS summarizes and inter-relates the many regional plans and actions for fish and wildlife mitigation and recovery. With the FEIS, decisions on specific projects can be more consistent, focused, and timely, while allowing full compliance with the National Environmental Policy Act. Bonneville plans to periodically review the status of the recovery efforts to determine if the ROD should be updated or modified.

No Secretarial action requested.

Funding for Fish and Wildlife Projects to be Announced: In October, Bonneville plans to announce funding decisions for fish and wildlife mitigation projects in five provinces (three west of the Cascades and two in the state of Idaho). The projects are based on recommendations from the Council's Rolling Provincial Review Process, which integrates Bonneville's fish and wildlife obligations under the 2000 BiOps and the Northwest Power Act (the Council's Fish and Wildlife Program).

No Secretarial action requested.

November
Next 60 Days **Strategy Developed to Address Bonneville Financial Condition:** This month, Bonneville will finalize recommendations on the mix of strategies—cutting programs, raising rates, pushing costs out in time through debt, or deferring Treasury payments— it will use to resolve its weakened financial position. Following discussion with the Administration and the Northwest Congressional delegation, the Administrator will make a decision in December.

No Secretarial action requested.

Transmission Business Line (TBL) to File Federal Register Notice (FRN) on 2004 Rate Case: The TBL will file an FRN this month outlining its initial proposal in the 2004 rate case. Given the continuing state of flux in the industry and the anticipation of a regional transmission organization being in place by 2006, TBL may be able to extend existing rates or increase rates by a uniform surcharge.

No Secretarial action requested.

Decisions Due on Interconnecting Generation to the Bonneville Grid: Due to uncertainty about developers' plans and delays in state siting processes, the ROD on the Wallula-McNary transmission project, originally planned for September, has been delayed until at least November. The project will enable the delivery of energy from a new 1300-MW combustion turbine being built in Walla Walla County, Washington.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plant to the Bonneville Grid: This month, Bonneville expects to issue a Draft Environmental Impact Statement (DEIS) on interconnecting the 1200-MW COB Energy Facility in Klamath Falls, Oregon, into the Bonneville transmission grid.

No Secretarial action requested.

December
Next 90 Days **Transmission Rate Case Conference Planned:** A pre-hearing conference is scheduled in December to kick off the TBL 2004 rate case (see TBL to File Federal Register Notice on 2004 Rate Case, above.) Depending on the outcome of TBL studies and discussions with customers, the conference may be used to work out details of the settlement or to set the schedule for the full rate case proceedings.

No Secretarial action requested.

Bonneville to Present Proposal for Post-2006 Obligations: In December or early January, Bonneville plans to issue its draft proposal for load obligations after 2006. Bonneville intends to present its own proposal after considering the many ideas and discussions generated during the Regional Dialogue process (see story above, Comment Period Closes on Regional Dialogue on Bonneville Obligations Post-2006.) The proposal will kick off a final public discussion of the issues. The current schedule calls for the Administrator to make a decision in late April of 2003.

No Secretarial action requested.

FEIS Planned on Transmission Reinforcement: Bonneville expects to issue an FEIS on the Grand Coulee Bell Transmission Project this month. The project would replace approximately 84 miles of existing 115-kilovolt (kV) wood-pole transmission line with a new, higher capacity 500-kV steel lattice line, connecting Bonneville's existing Bell Substation in Spokane to the Bureau of Reclamation's existing Grand Coulee Switchyard at Grand Coulee Dam. The existing transmission lines can no longer efficiently move power from generation sources east of Spokane to areas west of Spokane.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plant to the Bonneville Grid: In December Bonneville expects to issue two DEISs, in cooperation with other federal and state agencies. They include interconnection of Wanapa Energy Center, a 1300 MW combined cycle combustion turbine (CCCT) in Umatilla County, Oregon (jointly with the Bureau of Indian Affairs) and the BP Cherry Point Cogeneration Project, a 720 MW CCCT in Whatcom County, Washington (jointly with the Washington Energy Facility Site Evaluation Council.)

No Secretarial action requested.

Ongoing **Alternatives Considered for Northwest's Only Nuclear Plant:** Bonneville Deputy Administrator Steve Hickok is representing Bonneville on an Energy Northwest (ENW) study team formed to recommend alternatives for more cost-effective operation of its nuclear Columbia Generating Station. ENW has said that Bonneville would be a "dominant party" in any decision-making.

No Secretarial action requested.

Developers' Plans Uncertain; Affect Transmission Reinforcements: Low electricity prices and difficulty obtaining financing have stalled many developers' plans for building new generating plants in the Northwest. Two Bonneville transmission projects in different stages of development are affected by the uncertainty. Environmental analysis is nearly complete for the McNary-John 500 kV line from near Umatilla, Oregon to the Rufus-John Day area. After an environmental decision, Bonneville will require developers to sign contracts and fund the construction before proceeding. In addition, Bonneville is preparing to start the environmental work on the Southwest Washington/ Northwest Oregon Reinforcement. The process will not start until study funding is received from developers.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

November 6, 2002

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

November **Strategy Developed to Address Bonneville Financial Condition:** In
Next 30 Days November, Bonneville Power Administration (Bonneville) will finalize recommendations on the mix of strategies-- cutting programs, raising rates, pushing costs out in time through debt, or reducing Treasury payment probability – it will use to resolve its weakened financial position. Following consultation with the Administration and the Northwest Congressional delegation, the Administrator will send a letter to customers closing out the Financial Choices public process.

No Secretarial action requested.

Funding for Fish and Wildlife Projects to be Announced: Bonneville's plans to announce funding decisions for fish and wildlife mitigation projects in five Provinces (three west of the Cascades and two in the state of Idaho) have been pushed out from October to November or later. The projects are based on recommendations from the Council's Rolling Provincial Review Process, which integrates Bonneville's fish and wildlife obligations under the 2000 Biological Opinions and the Northwest Power Planning Council's (Council) Fish and Wildlife Program.

No Secretarial action requested.

Decisions Due on Interconnecting Generation to the Bonneville Grid: Bonneville expects to issue a Record of Decision (ROD) on the Wallula-McNary transmission project in November. The project is intended to enable the delivery of energy from a new 1300-MW combustion turbine being built in Walla Walla County, Washington. The developer has notified Bonneville it is not able to finance the project, and the project is on hold pending resolution of need and financing issues.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plant to the Bonneville Grid: This month, Bonneville expects to issue a Draft Environmental Impact Statement (DEIS) on interconnecting the 1200-MW COB Energy Facility in Klamath Falls, Oregon, into the Bonneville transmission grid.

No Secretarial action requested.

December **Transmission Business Line (TBL) to File Federal Register Notice (FRN) on**
Next 60 Days **2004 Rate Case:** The TBL will file an FRN in December outlining its initial proposal in the 2004 rate case. A pre-hearing conference is tentatively scheduled in December. In late October, the TBL finished negotiating a settlement of the rate case with customer representatives. Assuming customers sign the settlement agreement by mid-November, Bonneville's initial proposal in the FRN will reflect the terms of that settlement. In addition, Bonneville may be able to proceed without conducting a full-blown rate case.

No Secretarial action requested.

Bonneville to Announce Amount Slice Customers Owe: At the end of the year, Bonneville will calculate and announce the "true up adjustment charge" for the 25 utilities that bought a "Slice of the System" from Bonneville. Customers agreed to the Slice true up in the 2002 PBL rate case as a way to reconcile the actual costs of generation each year with forecasts on which the Slice rate was based. Slice customers are not subject to Financial Based and Safety Net Cost Rate Adjustment Clause (CRAC)s, which serve a similar function for collections from Bonneville's other customers.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plants to the Bonneville Grid: In December Bonneville expects to issue two DEISs, in cooperation with other federal and state agencies. They include interconnection of Wanapa Energy Center, a 1300 MW combined cycle combustion turbine (CCCT) in Umatilla County, Oregon (jointly with the Bureau of Indian Affairs) and the BP Cherry Point Cogeneration Project, a 720 MW CCCT in Whatcom County, Washington (jointly with the Washington Energy Facility Site Evaluation Council).

No Secretarial action requested.

JanuaryNext 90 Days

Bonneville to Release Draft Proposal in Regional Dialogue: By the end of January, Bonneville expects to issue its draft proposal for the agency's power sales obligations post-2006. Bonneville will present the proposal for a round of public comment in the Regional Dialogue. In the initial public process concluded in October of this year, Bonneville and the Council received proposals from a wide range of customers and interest groups. The agency is evaluating proposals and comments in the light of five overarching principles it adopted a year ago. Bonneville's goal is to craft an arrangement that satisfies the needs of the region and leads to signed 20-year contracts that preserve the benefits of the Federal system for the Northwest.

No Secretarial action requested.

Draft Supplemental EIS to be Released on Controversial Transmission

Project: In January, Bonneville plans to issue a draft supplemental Environmental Impact Statement (EIS) on the Kangley-Echo Lake Transmission Project. Bonneville agreed to look at demand side management alternatives as well as alternate routes when environmental groups and the City of Seattle opposed its proposal to site the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed. Within two to three years, Bonneville forecasts show that electricity demand in the King County, Washington, region will be so great that even minor power line outages could cause power losses in the area without this reinforcement project.

No Secretarial action requested.

ROD Planned on Transmission Reinforcement: Bonneville expects to issue a ROD on the Grand Coulee-Bell Transmission Project in January. The project would replace approximately 84 miles of existing 115-kilovolt (kV) wood-pole transmission line with a new, higher capacity 500-kV steel lattice line, connecting Bonneville's existing Bell Substation in Spokane to the Bureau of Reclamation's existing Grand Coulee Switchyard at Grand Coulee Dam. The existing transmission lines can no longer efficiently move power from generation sources east of Spokane to areas west of Spokane.

No Secretarial action requested.

ROD Planned on Transmission Reinforcement: Bonneville expects to issue a ROD on the Shultz Hanford Transmission Project in January. This 500-kV line would be about 63 miles long and would add 6,000 megawatts of transfer capacity to the heart of Bonneville's grid in central Washington. It would ease electricity flows in the I-5 corridor and over the Intertie line to California and increase transmission capacity north of Hanford.

No Secretarial action requested.

ROD Due on Fish and Wildlife Plan: Bonneville plans to issue the ROD on its Fish and Wildlife Implementation Plan EIS in January. The FEIS summarizes and inter-relates the many regional plans and actions for fish and wildlife mitigation and recovery. With the FEIS, decisions on specific projects can be more consistent, focused, and timely, while allowing full compliance with the National Environmental Policy Act. Bonneville plans to periodically review the status of the recovery efforts to determine if the ROD should be updated or modified.

No Secretarial action requested.

Ongoing

Developers' Plans Uncertain; Affect Transmission Reinforcements: Low electricity prices and difficulty obtaining financing have stalled many developers' plans for building new generating plants in the Northwest. Two Bonneville transmission projects in different stages of development are affected by the uncertainty. Environmental analysis is nearly complete for the McNary-John 500 kV line from near Umatilla, Oregon to the Rufus-John Day area. After an environmental decision, Bonneville will require developers to sign contracts and fund the construction before proceeding. In addition, Bonneville is preparing to start the environmental work on the Southwest Washington/ Northwest Oregon Reinforcement. The process will not start until study funding is received from developers.

No Secretarial action requested.

Modifications to BiOp Hydro Operations Considered: Ongoing research and evaluations continue to reveal new information about BiOp implementation and performance results. Bonneville, the U.S. Army Corps of Engineers, and the Bureau of Reclamation are discussing potential hydrosystem operations that would provide equivalent or improved survival for endangered fish while reducing costs by lowering spill levels and/or modifying seasonal flows. Alternative actions, if implemented, would address the necessary spill/operational requirements of meeting BiOp performance objectives. The agencies are discussing these actions through the National Marine Fisheries Service Regional Forum teams in November and December. Consultations with tribes and constituents will be arranged on request. Decisions are planned for early in 2003. The actions may supplement or modify the actions already presented in the 2003-2007 Implementation Plan.

No Secretarial action requested.

Alternatives Considered for Northwest's Only Nuclear Plant: Bonneville Deputy Administrator Steve Hickok is representing Bonneville on an Energy Northwest (ENW) study team formed to recommend alternatives for more cost-effective operation of its nuclear Columbia Generating Station. ENW has said that Bonneville would be a "dominant party" in any decision-making.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

December 4, 2002

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

December **Transmission Rate Case Conference Planned:** A pre-hearing conference is
Next 30 Days scheduled in December to kick off the Transmission Business Line (TBL) 2004 rate case. Due to the settlement reached with most TBL customers last month, the rate case is expected to be brief, used mainly to finalize details of the settlement.

No Secretarial action requested.

Bonneville Power Administration (Bonneville) to Announce Amount Slice Customers Owe: At the end of the year, Bonneville will calculate and announce the "true up adjustment charge" for the 25 utilities that bought a "Slice of the System" from Bonneville. In November, Bonneville estimated the charge at \$55 million. Slice customers will have three months to pay off their share of the true up, beginning in February 2003. Customers agreed to the Slice true up in the 2002 rate case as a way to reconcile the actual costs of generation each year with forecasts on which the Slice rate was based. Slice customers are not subject to Financial Based and Safety Net Cost Recovery Adjustment Clauses (CRACs), which serve a similar function for collections from Bonneville's other customers.

No Secretarial action requested.

January **Bonneville to Release Draft Proposal in Regional Dialogue:** By the end of
Next 90 Days January, Bonneville expects to issue its draft proposal for the agency's power sales obligations post-2006. Bonneville will present the proposal for a round of public comment in the Regional Dialogue. In the initial public process concluded in October of this year, Bonneville and the Council received proposals from a wide range of customers and interest groups. The agency is evaluating proposals and comments in the light of five overarching principles it adopted a year ago. Bonneville's goal is to craft an arrangement that satisfies the needs of the region and leads to signed 20-year contracts that preserve the benefits of the Federal system for the Northwest.

No Secretarial action requested.

Draft Supplemental Environmental Impact Statement (DEIS) to be Released on Transmission Project: In January, Bonneville plans to issue supplemental information on the Kangley-Echo Lake Transmission Project. Bonneville agreed to look at demand side management alternatives, as well as alternate routes, when environmental groups and the City of Seattle opposed its proposal to site the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed. Within two to three years, Bonneville forecasts show that electricity demand in King County, Washington, will be so great that even minor power line outages could cause power losses in the area without this reinforcement project.

No Secretarial action requested.

Need for Rate Increase Considered: The Administrator will be looking at Bonneville's projected financial situation and the early volume forecast for the hydrosystem, to determine the need for triggering a rate increase. Bonneville can decide to trigger the Safety Net CRAC if it forecasts a greater than 50 percent probability of missing a Treasury payment in the current fiscal year.

No Secretarial action requested.

Record of Decision (ROD) Planned on Transmission Reinforcements: Bonneville expects to issue RODs this month on two transmission projects, the Grand Coulee Bell Transmission Project and the Shultz Hanford Transmission Project. Grand Coulee Bell would replace approximately 84 miles of existing 115-kilovolt (kV) wood-pole transmission line with a new, higher capacity 500-kV steel lattice line, connecting Bonneville's existing Bell Substation in Spokane to the Bureau of Reclamation's existing Grand Coulee Switchyard at Grand Coulee Dam. The existing transmission lines can no longer efficiently move power from generation sources east of Spokane to areas west of Spokane. The 500-kV line Shultz Hanford Transmission Project would be about 63 miles long and would add 6,000 megawatts (MW) of transfer capacity to the heart of Bonneville's grid in central Washington. It would ease electricity flows in the I-5 corridor and over the Intertie line to California and increase transmission capacity north of Hanford.

No Secretarial action requested.

ROD Due on Fish and Wildlife Plan: Bonneville plans to issue the ROD on its Fish and Wildlife Implementation Plan Final EIS in January. The FEIS summarizes and inter-relates the many regional plans and actions for fish and

wildlife mitigation and recovery. With the FEIS, decisions on specific projects can be more consistent, focused, and timely, while allowing full compliance with the National Environmental Policy Act. Bonneville plans to periodically review the status of the recovery efforts to determine if the ROD should be updated or modified.

No Secretarial action requested.

Advisory Group to Look at Alternatives to Building Transmission: The “Non Construction Alternatives Sounding Board” will meet for the first time this month in Portland. Bonneville has convened the group of 15 to 20 knowledgeable stakeholders to find the most cost-effective solutions – including energy efficiency programs, demand reduction initiatives, pricing strategies, and distributed generation – to the Northwest’s transmission needs. The group will meet quarterly for two to three years, and its findings and recommendations will be integrated into Bonneville’s transmission planning process.

No Secretarial action requested.

Environmental Assessment (EA) Due on Transmission Line Rebuild: In January, Bonneville expects to issue a Preliminary EA on the Raymond Cosmopolis Rebuild Project for public review. This proposed project would rebuild the 18-mile long Raymond-Cosmopolis 115 kV transmission line, located between the towns of Raymond and Cosmopolis in Pacific County and Grays Harbor County, Washington. The towers and conductor have suffered structural damage from fallen trees and normal deterioration, and erosion and unstable soils have undermined the structure bases in some areas. Bonneville hopes to energize the rebuilt line by fall of 2003.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plants to the Bonneville Grid: Originally planned for December, two DEISs are now pushed out to January. Both are cooperative projects between Bonneville and other federal and state agencies. They include interconnection of Wanapa Energy Center, a 1300 MW combined cycle combustion turbine (CCCT) in Umatilla County, Oregon (jointly with the Bureau of Indian Affairs) and the BP Cherry Point Cogeneration Project, a 720 MW CCCT in Whatcom County, Washington (jointly with the Washington Energy Facility Site Evaluation Council.)

No Secretarial action requested.

February **Oral Arguments Scheduled in Lawsuit Regarding Salmon Recovery Plan:** In
Next 90 Days February, Bonneville and other Federal action agencies are scheduled to present oral arguments in the lawsuit filed by the National Wildlife Federation and other groups challenging the National Marine Fisheries Service Biological Opinion (BiOp). When the months-long mediation talks stalled late last summer, the Department of Justice advised the court to initiate court proceedings.

No Secretarial action requested.

Ongoing **Developers' Plans Uncertain; Affect Transmission Reinforcements:** Low electricity prices and difficulty obtaining financing have stalled many developers' plans for building new generating plants in the Northwest. Two Bonneville transmission projects in different stages of development are affected by the uncertainty. Bonneville is requiring developers to sign contracts and fund the construction before it will proceed.

No Secretarial action requested.

Modifications to BiOp Hydro Operations Considered: Bonneville, the U.S. Army Corps of Engineers, and the Bureau of Reclamation are discussing potential hydrosystem operations that would provide equivalent or improved survival for endangered fish while reducing costs by lowering spill levels and/or modifying seasonal flows. Alternative actions, if implemented, would address the necessary spill/operational requirements of meeting BiOp performance objectives. The actions may supplement or modify the actions already presented in the 2003-2007 Implementation Plan. Decisions are planned for early in 2003.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

January 2003

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

January **Need for Rate Increase Considered:** This month, after new reports are in on
Next 30 Days Bonneville Power Administration's (Bonneville) projected financial situation and the early volume forecast for the hydrosystem, the Administrator expects to announce whether Bonneville will act to increase rates through the Safety Net Cost Recovery Adjustment Clause (SN CRAC). Bonneville is required to initiate a 7(i) rates process in order to set the SN CRAC rates adjustment. The rate case would begin immediately following the Administrator's decision and would lead to a rate adjustment on October 1, 2003.

No Secretarial action requested.

Bonneville to Release Draft Proposal in Regional Dialogue: By the end of January, Bonneville expects to issue its draft proposal for the agency's power sales obligations post-2006. Bonneville will present the proposal for a round of public comment in the Regional Dialogue. In the initial public process concluded in October of this year, Bonneville and the Council received proposals from a wide range of customers and interest groups. The agency is evaluating proposals and comments, including one from the Council, in the light of five overarching principles it adopted a year ago. Bonneville's goal is to craft an arrangement that satisfies the needs of the region and leads to signed 20-year contracts that preserve the benefits of the Federal system for the Northwest.

No Secretarial action requested.

Transmission Rate Case Conference Planned: A pre-hearing conference is scheduled for January 13, 2003, to initiate the Transmission Business Line (TBL) 2004 rate case. TBL published a Federal Register Notice on December 23, 2002, containing specifics of a Settlement Agreement, reached with customers, as its initial proposal for the rate case. Most TBL customers signed the Settlement Agreement, in which they agreed not to object to rates if established consistent

with this proposal. Thus, the rate case is expected to be brief, and used mainly to finalize details of the Settlement. The Settlement and proposal call for an average increase in BPA transmission rates of 1.5 percent.

No Secretarial action requested.

Draft Supplemental Environmental Impact Statement (DEIS) to be Released on Transmission Project: In January, Bonneville plans to issue supplemental information on the Kangley-Echo Lake Transmission Project. Bonneville agreed to look at demand side management alternatives, as well as alternate routes, when environmental groups and the City of Seattle opposed its proposal to site the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed. Within two to three years, Bonneville forecasts show that electricity demand in King County, Washington, will be so great that even minor power line outages could cause power losses in the area without this reinforcement project.

No Secretarial action requested.

Decision Expected on New Transmission Line: Bonneville expects to decide this month whether to build the Grand Coulee-Bell Transmission Project. Grand Coulee-Bell would replace approximately 84 miles of existing 115-kilovolt (kV) wood-pole transmission line with a new, higher capacity 500-kV steel lattice line, connecting Bonneville's existing Bell Substation in Spokane, Washington to the Bureau of Reclamation's existing Grand Coulee Switchyard at Grand Coulee Dam. The existing transmission lines can no longer efficiently move power from generation sources east of Spokane to areas west of Spokane. If the Administrator decides to proceed with the project, construction could begin by the end of the month.

No Secretarial action requested.

Final Environmental Impact Statement (FEIS) Planned on Transmission Reinforcement: Bonneville expects to issue an FEIS this month on the Shultz-Hanford Transmission Project. This 500-kV line would be about 63 miles long and would add 6,000 megawatts (MW) of transfer capacity to the heart of Bonneville's grid in central Washington, relieving a north-south bottleneck in the system.

No Secretarial action requested.

Record of Decision (ROD) Due on Fish and Wildlife Plan: Bonneville plans to issue the ROD on its Fish and Wildlife Implementation Plan Final EIS (FEIS) in

January. The FEIS summarizes and inter-relates the many regional plans and actions for fish and wildlife mitigation and recovery. With the ROD in place, decisions on specific projects can be more consistent, focused, and timely, while allowing full compliance with the National Environmental Policy Act. Bonneville plans to periodically review the status of the recovery efforts to determine if the ROD should be updated or modified.

No Secretarial action requested.

Advisory Group to Look at Alternatives to Building Transmission: The “Non Construction Alternatives Round Table” will meet for the first time January 22, 2003, in Portland. Bonneville has convened the group of 15 to 20 knowledgeable stakeholders to find the most cost-effective solutions – including energy efficiency programs, demand reduction initiatives, pricing strategies, and distributed generation – to the Northwest’s transmission needs. The group will meet quarterly for two to three years, and its findings and recommendations will be integrated into Bonneville’s transmission planning process.

No Secretarial action requested.

Environmental Assessment (EA) Due on Transmission Line Rebuild: In January, Bonneville expects to issue a Preliminary EA on the Raymond-Cosmopolis Rebuild Project for public review. This proposed project would rebuild the 18-mile long Raymond-Cosmopolis 115 kV transmission line, located between the towns of Raymond and Cosmopolis in Pacific County and Grays Harbor County, Washington. The towers and conductor have suffered structural damage from fallen trees and normal deterioration, and erosion and unstable soils have undermined the structure bases in some areas. Bonneville hopes to energize the rebuilt line by fall of 2003.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plants to the Bonneville Grid: Originally planned for December 2002, two DEISs are now pushed out to January 2003. Both are cooperative projects between Bonneville and other federal and state agencies. They include interconnection of Wanapum Energy Center, a 1300 MW combined cycle combustion turbine (CCCT) in Umatilla County, Oregon (jointly with the Bureau of Indian Affairs) and the BP Cherry Point Cogeneration Project, a 720 MW CCCT in Whatcom County, Washington, (jointly with the Washington Energy Facility Site Evaluation Council.)

No Secretarial action requested.

February **Oral Arguments Scheduled in Lawsuit Regarding Salmon Recovery Plan:** In
Next 60 Days Bonneville and other Federal action agencies are scheduled to present oral arguments in the lawsuit filed by the National Wildlife Federation and other groups challenging the National Marine Fisheries Service Biological Opinion (BiOp). When the months-long mediation talks stalled late last summer, the Department of Justice advised the court to initiate court proceedings.

No Secretarial action requested.

Public Meetings Planned on Kangley-Echo Lake Supplemental EIS: Bonneville will hold public meetings in the Seattle/King County area February 3-6, 2003, on the information in the Kangley-Echo Lake Supplemental EIS and Bonneville's consideration of the alternative routes for the transmission project.

No Secretarial action requested.

March **ROD Planned on Transmission Reinforcement:** In March, Bonneville expects
90 Days Out to issue a ROD on the Shultz-Hanford Transmission Project. If the project is approved, construction could begin as early as May 2003.

No Secretarial action requested.

Ongoing **Developers' Plans Uncertain; Affect Transmission Reinforcements:** Low electricity prices and difficulty obtaining financing have stalled many developers' plans for building new generating plants in the Northwest. Two Bonneville transmission projects in different stages of development are affected by the uncertainty. Bonneville is requiring developers to sign contracts and fund the construction before it will proceed.

No Secretarial action requested.

Modifications to BiOp Hydro Operations Considered: Bonneville, the U.S. Army Corps of Engineers, and the Bureau of Reclamation are discussing potential hydrosystem operations that would provide equivalent or improved survival for endangered fish while reducing costs by lowering spill levels and/or modifying seasonal flows. Alternative actions, if implemented, would address the necessary spill/operational requirements of meeting BiOp performance objectives. The actions may supplement or modify the actions already presented in the 2003-2007 Implementation Plan. Decisions are planned for early in 2003.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

February 5, 2003

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

February **Bonneville to Release Draft Proposal in Regional Dialogue:** By the end of
Next 30 Days February, Bonneville Power Administration (Bonneville) expects to begin developing a proposed framework for how it would distribute the power and benefits of the Federal Columbia River Power System (FCRPS) post-2006. (The proposal has been delayed from its earlier planned release date of January to allow for further discussions of issues with customers and stakeholders.) The agency expects to develop a Record of Decision (ROD) in a public process that will be conducted over the course of this year. Bonneville's goal is to craft an arrangement that satisfies the needs of the Region and leads to new long-term contracts that create stability and certainty for the region and ensure that the full costs of the system are paid by the users.

No Secretarial action requested.

Public Meetings on Supplemental Draft Environmental Impact Statement (SDEIS) for Transmission Project: This month, Bonneville will hold public meetings in the Seattle and King County area on the SDEIS on the Kangley-Echo Lake Transmission Project. The SDEIS, released January 14, 2003, identified the preferred alternative for siting the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed. Bonneville looked at demand side management alternatives as well as alternate routes in the SDEIS. It determined that the watershed route was the least costly, easiest to build, and, with appropriate mitigation, had the least environmental impact. Within two to three years, Bonneville forecasts show that electricity demand in King County, Washington, will be so great that even minor power line outages could cause power losses in the area without this reinforcement project.

No Secretarial action requested.

Public Meetings Scheduled to Discuss Transmission Line Rebuild: In February, Bonneville will hold two public meetings in the Raymond-Cosmopolis area to discuss the Preliminary Environmental Assessment on the Raymond-Cosmopolis Rebuild Project. This proposed project would rebuild the 18-mile long 115 kV transmission line located between the towns of Raymond and Cosmopolis in Pacific County and Grays Harbor County, Washington. The towers and conductor have suffered structural damage from fallen trees and normal deterioration, and erosion and unstable soils have undermined the structure bases in some areas. Bonneville hopes to energize the rebuilt line by fall of 2003.

No Secretarial action requested.

Final Inspector General (IG) Report on Bonneville Information Technology (IT) Management Expected: In February, Bonneville expects the IG to issue its final report containing observations from its audit of Bonneville and Western Area Power Administration's IT systems. The IG report will be critical of the agencies' project planning, monitoring and control, and will suggest that better practices in these areas could have prevented or ameliorated \$11 million in cost overruns. The two power marketing agencies will concur in the IG recommendations that they employ a standard IT project management method with better cost accounting and that they proceed to improve communication with the Chief Information Officer to ensure consistent monitoring, oversight and evaluation. Bonneville is moving aggressively to implement these recommendations.

No Secretarial action requested.

Northwest Power and Conservation Council (Council) Expected to Submit Project Prioritization: The Council has said it expects to complete its task of re-prioritizing fish and wildlife spending by February 21, 2003. In December, the Administrator asked the Council to help Bonneville manage its 2003 fish and wildlife spending level to \$139 million or less through reprioritizing existing and proposed projects. Bonneville spending for the Council's fish and wildlife program was on a path to exceed \$180 million.

No Secretarial action requested.

Oral Arguments Scheduled in Lawsuit Regarding Salmon Recovery Plan: In February, Bonneville and other Federal action agencies are scheduled to present oral arguments in the lawsuit filed by the National Wildlife Federation and other groups challenging the National Marine Fisheries Service Biological Opinion (BiOp). When the months-long mediation talks stalled late last summer, the

Department of Justice advised the court to initiate court proceedings.

No Secretarial action requested.

March

Next 60 Days

Schedule for Power Business Line (PBL) Rate Case to be Set: In March or early April, a hearings officer will set the schedule for the PBL rate case to establish the level and design of the Safety Net Cost Recovery Adjustment Clause (SN CRAC). Bonneville announced in early February that it would trigger the SN CRAC based on a 50 percent or less probability of making its payment to the U.S. Treasury this year. Bonneville is required to initiate a Section 7(i) rates process in order to set the SN CRAC rates adjustment. The 40-day rate case schedule is planned to lead to a rate adjustment on October 1, 2003.

No Secretarial action requested.

Transmission Rates ROD Planned: In March, the Transmission Business Line (TBL) plans to publish its final studies and submit a ROD for the Administrator's signature on TBL's 2004 rate case. TBL reached a settlement agreement with customers late last year. On December 23, 2002, it published a Federal Register Notice containing specifics of the agreement as its initial proposal for the rate case. TBL held a prehearing conference in January, and there were no objections to the initial proposal. The settlement agreement means TBL can forego the normal rates hearing process of discovery, testimony, cross-examination and rebuttal and go directly to final studies and ROD. The settlement and proposal call for an average increase in Bonneville transmission rates of 1.5 percent.

No Secretarial action requested.

April

Next 90 Days

Transmission Rates to be Submitted to Federal Energy Regulatory Commission (FERC): In April, the TBL plans to submit its proposed 2004 transmission rates to FERC for approval. The rates are to be effective October 1, 2003.

No Secretarial action requested.

Rates Will Go Up Slightly in April: Power Business Line (PBL) rates are expected to increase by about 6 percent in April due to the Load Based Cost Recovery Adjustment Clause (LB CRAC). Under this provision in PBL rate schedules, customers pay a surcharge on rates according to Bonneville's costs to augment the Federal Columbia River Power System with power purchases to serve loads in excess of Bonneville's resources.

No Secretarial action requested.

Deputy Secretary to Participate in Transmission Project Kick-off:

The Deputy Secretary of Energy has been invited to participate in the kickoff celebration for construction of the Grand Coulee-Bell Transmission Project this month. Construction has begun on the \$152 million project to replace approximately 84 miles of existing 115-kilovolt (kV) wood-pole transmission line with a high capacity 500-kV steel lattice line. The line will connect Bonneville's existing Bell Substation in Spokane, Washington to the Bureau of Reclamation's existing Grand Coulee Switchyard at Grand Coulee Dam. The existing transmission lines can no longer efficiently move power from generation sources east of Spokane to areas west of Spokane.

No Secretarial action requested.

Ongoing

Developers' Plans Uncertain; Affect Transmission Reinforcements: Low electricity prices and difficulty obtaining financing have stalled many developers' plans for building new generating plants in the Northwest. Two Bonneville transmission projects in different stages of development are affected by the uncertainty. Bonneville is requiring developers to sign contracts and fund the construction before it will proceed.

No Secretarial action requested.

Project Looks for Efficiencies, Cost Savings: In light of the proposed rate increase and Bonneville's weakened financial state, the agency is looking for all possible efficiencies. Bonneville teams are investigating savings that could be captured through process improvements or restructuring. Areas under review are public affairs/communications, training, financial analysis, security, power and transmission scheduling, billing, and purchasing and contracting support. Efficiencies are already being put into place in information technology, where an earlier review was done. The teams' recommendations are expected in March or April. Bonneville has already identified about \$350 million in savings through 2006 and committed to holding all power-related costs to 2001 levels-absorbing inflation.

No Secretarial action requested



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

March 4, 2003

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

March **Schedule for Power Business Line (PBL) Rate Case:** In March or early
Next 30 Days April 2003, a hearings officer will set the schedule for the PBL rate case to establish the level and design of the Safety Net Cost Recovery Adjustment Clause (SN CRAC). Bonneville Power Administration (Bonneville) announced in early February that it would trigger the SN CRAC based on less than a 50-percent probability of making its payment to the U.S. Treasury this year. Bonneville is required to initiate a Section 7(i) rates process in order to set the SN CRAC rates adjustment. The 40-day rate case schedule is planned to lead to a rate adjustment on October 1, 2003.

No Secretarial action requested.

Transmission Rates ROD Planned: In March 2003, the Transmission Business Line (TBL) plans to publish its final studies and submit a Record of Decision (ROD) for the Administrator's signature on TBL's 2004 rate case. TBL reached a settlement agreement with customers late last year that calls for an average increase in Bonneville transmission rates of 1.5 percent.

No Secretarial action requested.

ROD Planned on Transmission Reinforcement: In March 2003, Bonneville expects to issue a ROD on the Shultz-Hanford Transmission Project. The 500-kilovolt (kV) line would be about 63 miles long and would add 6,000 megawatts (MW) of transfer capacity to the heart of Bonneville's grid in central Washington, relieving a north-south bottleneck in the system. If the decision is to proceed, substation construction could proceed this month.

No Secretarial action requested.

Environmental Assessment Due on Transmission Line Rebuild: In March 2003, Bonneville expects to issue a Final Environmental Assessment (FEA) on the Raymond-Cosmopolis Rebuild Project. This proposed project would rebuild the 18-mile, 115-kV transmission line located between the towns of Raymond and Cosmopolis in Pacific County and Grays Harbor County, Washington. The towers and conductor have suffered structural damage from fallen trees and normal deterioration, and erosion and unstable soils have undermined the structure bases in some areas.

No Secretarial action requested.

Environmental Analysis Due on Connecting New Generation Plant to Bonneville Transmission Grid: Bonneville expects this month to issue a Final Environmental Impact Statement (FEIS) on integrating the 307-MW Plymouth Generating Facility into the Bonneville transmission grid. The combined cycle combustion turbine is planned to be built in Benton County, Washington.

No Secretarial action requested

April
Next 60 Days

Transmission Rates to be Submitted to Federal Energy Regulatory Commission (FERC): In April 2003, the TBL plans to submit its proposed 2004 transmission rates to FERC for approval. The rates are to be effective October 1, 2003.

No Secretarial action requested.

Parties to File Direct Case: The hearings officer for the PBL SN CRAC rate case is expected to schedule the parties to file their direct case in April 2003.

No Secretarial action requested.

Rates Will Go Up Slightly in April: PBL rates are expected to increase by about 6 percent in April 2003, due to the Load Based Cost Recovery Adjustment Clause (LB CRAC). Under this provision in PBL rate schedules, customers pay a surcharge on rates according to Bonneville's costs to augment the Federal Columbia River Power System with power purchases to serve loads in excess of Bonneville's resources.

No Secretarial action requested.

Deputy Secretary Invited to Participate in Transmission Project Groundbreaking: The Deputy Secretary of Energy has been invited to participate in the groundbreaking celebration April 14, 2003, for construction of

the Grand Coulee-Bell Transmission Project. The \$152 million project replaces approximately 84 miles of existing 115-kV wood-pole transmission line with a high capacity 500-kV line. The line will connect Bonneville's existing Bell Substation in Spokane, Washington to the Bureau of Reclamation's existing Grand Coulee Switchyard at Grand Coulee Dam. The new line will relieve congestion on the current transmission corridor that is hampering Bonneville's ability to meet its service obligations under existing contracts.

No Secretarial action requested.

Oral Arguments Scheduled in Lawsuit Regarding Salmon Recovery Plan:

Oral arguments in the lawsuit filed by the National Wildlife Federation and other groups challenging the National Marine Fisheries Service Biological Opinion (BiOp), originally scheduled for February 2003, are now tentatively planned for April 2003. Bonneville and other Federal action agencies will participate. When the months-long mediation talks stalled late last summer, the Department of Justice advised the court to initiate court proceedings.

No Secretarial action requested.

May

Next 90 Days

Actions in the PBL Rate Case: The hearings officer for the PBL SN CRAC rate case is expected to schedule rebuttal, cross examination, and oral argument for the month of May 2003.

No Secretarial action requested.

Nuclear Plant to be Refueled: Columbia Generating Station will be down for a 34-day refueling outage and maintenance beginning in May 2003. CGS is on a 24-month refueling cycle. The 970-aMW nuclear plant, operated by Energy Northwest, supplies about 10 percent of the Federal Columbia River Power System's firm energy.

No Secretarial action requested.

Ongoing

Project Looks for Efficiencies, Cost Savings: Bonneville teams are investigating savings that could be captured through process improvements or restructuring. Areas under review are, public affairs/communications, training, financial analysis, security, power and transmission scheduling, billing, and purchasing and contracting support. Efficiencies are already being put into place in information technology, where an earlier review was done. The teams' recommendations are expected in March or April 2003. Bonneville has already identified about \$350 million in savings through 2006 and committed to holding all power-related internal costs to 2001 levels for this period.

No Secretarial action requested.

Talks Progress on Mitigation for Environmental Impacts of Kangley-Echo Lake Transmission Project: Bonneville continues to work with Seattle Public Utilities, the City of Seattle, and interest groups to complete a Memorandum of Agreement, mitigation package, and insurance policy for the Kangley-Echo Lake Transmission Project in King County. The Supplemental Draft Environmental Impact Statement determined that siting the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed was the least costly, easiest to build, and, with appropriate mitigation, had the least environmental impact. A ROD is expected in August 2003. Bonneville forecasts show that electricity demand in King County, Washington, will soon be such that minor power line outages can cause power losses in the area without this reinforcement project.

No Secretarial action requested.

Deputy Secretary Invited to Participate in Transmission Project

Groundbreaking: The Deputy Secretary of Energy has been invited to participate in the groundbreaking celebration April 14, 2003, for construction of the Grand Coulee-Bell Transmission Project. The \$152 million project replaces approximately 84 miles of existing 115-kV wood-pole transmission line with a high capacity 500-kV line. The line will connect Bonneville's existing Bell Substation in Spokane, Washington to the Bureau of Reclamation's existing Grand Coulee Switchyard at Grand Coulee Dam. The new line will relieve congestion on the current transmission corridor that is hampering Bonneville's ability to meet its service obligations under existing contracts.

No Secretarial action requested.

Oral Arguments Scheduled in Lawsuit Regarding Salmon Recovery Plan:

Oral arguments in the lawsuit filed by the National Wildlife Federation and other groups challenging the National Marine Fisheries Service Biological Opinion (BiOp), originally scheduled for February 2003, are now tentatively planned for April 2003. Bonneville and other Federal action agencies will participate. When the months-long mediation talks stalled late last summer, the Department of Justice advised the court to initiate court proceedings.

No Secretarial action requested.

May
Next 60 Days

Actions in the PBL Rate Case: The hearings officer for the PBL SN CRAC rate case is expected to schedule rebuttal, cross examination, and oral argument for the month of May 2003.

No Secretarial action requested.

Nuclear Plant to be Refueled: Columbia Generating Station will be down for a 34-day refueling outage and maintenance beginning in May 2003. CGS is on a 24-month refueling cycle. The 970-aMW nuclear plant, operated by Energy Northwest, supplies about 10 percent of the Federal Columbia River Power System's firm energy.

No Secretarial action requested.

June
Next 90 Days

Record of Decision (ROD) Expected on SN CRAC Rates Adjustment: In June, the Administrator is expected to sign the ROD on Bonneville's SN CRAC rates adjustment.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

April 2, 2003

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

April

Next 30 Days

Transmission Rates to be Submitted to Federal Energy Regulatory

Commission (FERC): In April 2003, the Transmission Business Line plans to submit its proposed 2004 transmission rates to FERC for approval. TBL reached a settlement agreement with customers late last year that calls for an average increase in Bonneville transmission rates of 1.5 percent. The rates are to be effective October 1, 2003.

No Secretarial action requested.

Parties to File Direct Case: In April, the parties in the Power Business Line Safety Net Cost Recovery Adjustment Clause (SN CRAC) will file their direct case. Bonneville Power Administration (Bonneville) announced in early February that it would trigger the SN CRAC based on less than a 50-percent probability of making its payment to the U.S. Treasury this year. Bonneville is required to initiate a Section 7(i) rates process in order to set the SN CRAC rates adjustment. The 40-day rate case schedule is planned to lead to a rate adjustment on October 1, 2003.

No Secretarial action requested.

Rates Will Go Up Slightly in April: PBL rates are expected to increase by about 6 percent in April 2003, due to the Load Based Cost Recovery Adjustment Clause (LB CRAC). Under this provision in PBL rate schedules, customers pay a surcharge on rates according to Bonneville's costs to augment the Federal Columbia River Power System with power purchases to serve loads in excess of Bonneville's resources.

No Secretarial action requested.

Regional Dialogue Process to Gear Up Again: In June, Bonneville will return to a more aggressive schedule for development of a plan for Bonneville's role in Northwest power supply after 2006. In February, Bonneville announced a slow-down period on the Regional Dialogue with customers and stakeholders in order to allow the agency to focus more fully on the SN CRAC rate case. The new schedule that starts in June contemplates Bonneville issuing its proposal sometime in late summer, followed by a period of public comment.

No Secretarial action requested.

Ongoing

Project Looks for Efficiencies, Cost Savings: Bonneville teams are investigating savings that could be captured through process improvements or restructuring. Areas under review are, public affairs/communications, training, financial analysis, security, power and transmission scheduling, billing, and purchasing and contracting support. Efficiencies are already being put into place in information technology, where an earlier review was done. The teams will make recommendations in March and April 2003. Following appropriate negotiations with unions, Bonneville management will decide which changes to implement. Bonneville has already identified about \$350 million in savings through 2006 and committed to holding all power-related internal costs to 2001 levels for this period.

No Secretarial action requested.

Talks Progress on Mitigation for Environmental Impacts of Kangley-Echo Lake Transmission Project: Bonneville continues to work with Seattle Public Utilities, the City of Seattle, and interest groups to complete a Memorandum of Agreement, mitigation package, and insurance policy for the Kangley-Echo Lake Transmission Project in King County. The Supplemental Draft Environmental Impact Statement determined that siting the transmission line along an existing Bonneville right-of-way that runs through the Cedar River Watershed was the least costly, easiest to build, and, with appropriate mitigation, had the least environmental impact. A ROD is expected in August 2003. Bonneville forecasts show that electricity demand in King County, Washington, will soon be such that minor power line outages can cause power losses in the area without this reinforcement project.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

May 7, 2003

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

May **Schedule for Safety Net Cost Recovery Adjustment Clause (SN CRAC) Rates**
Next 30 Days **Proceeding:** In May, rebuttal, cross examination and oral arguments are scheduled in the SN CRAC rates proceeding. The Bonneville Power Administration (Bonneville) announced in early February 2003, that it would trigger the SN CRAC based on less than a 50-percent probability of making its payment to the U.S. Treasury this year. Bonneville is required to initiate a Section 7(i) rate process in order to set the SN CRAC rate adjustment. The 40-day rate case schedule is planned to lead to a rate adjustment on October 1, 2003.

No Secretarial action requested.

Nuclear Plant to be Refueled: Columbia Generating Station (CGS) will be down for a 34-day refueling outage and maintenance beginning in May 2003. CGS is on a 24-month refueling cycle. The 970-MW nuclear plant, operated by Energy Northwest, supplies about 10 percent of the Federal Columbia River Power System's (FCRPS) firm energy.

No Secretarial action requested.

General Accounting Office (GAO) to Report on Bonneville Financial Issues: In May or early June 2003, the GAO is expected to report to the House Appropriations Subcommittee on Energy and Water Development on a total of seven subjects related to Bonneville's financial condition. The report was requested by the chair and ranking member of the subcommittee.

No Secretarial action requested.

Report on Endangered Species Act (ESA) Actions Due: In May 2003, the Federal action agencies expect to release their second annual report on

implementation under the NOAA Fisheries Service 2000 Biological Opinion (BiOp). The report is required in the BiOp as a way of tracking progress and outlining actions taken toward recovery goals. The BiOp includes three, five, and eight-year checkpoints to assess the region's progress toward recovery goals and allows opportunities for changes in the Reasonable and Prudent Actions recommended, depending on the progress. The first checkpoint is planned for this fall.

No Secretarial action requested.

June
Next 60 Days **Record of Decision (ROD) Expected on SN CRAC Rates Adjustment:** In June 2003, the Administrator is expected to sign the ROD on Bonneville's SN CRAC rates adjustment.

No Secretarial action requested.

Regional Dialogue Process to Gear Up Again: In June 2003, Bonneville will return to a more aggressive schedule for development of a plan for Bonneville's role in Northwest power supply after 2006. In February 2003, Bonneville announced a slow-down period on the Regional Dialogue with customers and stakeholders in order to allow the agency to focus more fully on the SN CRAC rate case. The new schedule that starts in June 2003, contemplates Bonneville issuing its proposal sometime in late summer, followed by a period of public comment.

No Secretarial action requested.

July
Next 90 Days **Final Environmental Impact Statement (EIS) Planned for Kangley-Echo Lake Transmission Project:** In July 2003, Bonneville expects to release the final EIS for the Kangley-Echo Lake Transmission Project in King County, Washington. A ROD is expected in August 2003, with construction to begin soon after. Bonneville forecasts show that electricity demand in King County, Washington, will soon be such that minor power line outages can cause power losses in the area without this reinforcement project.

No Secretarial action requested.

Ongoing **Project Looks for Efficiencies, Cost Savings:** Bonneville teams have made recommendations on cost savings that could be captured through process improvements or restructuring in the areas of public affairs/communications, training, financial analysis, security, power and transmission scheduling, billing, and purchasing and contracting support. Efficiencies are already being put into place in information technology, where an earlier review was done. Following

appropriate negotiations with unions, Bonneville management will decide which changes to implement. The agency has already identified about \$350 million in savings through 2006 and committed to holding all power-related internal costs to 2001 levels for this period.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

June 4, 2003

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

June **Schedule for Safety Net Cost Recovery Adjustment Clause (SN CRAC) Rates**
Next 30 Days **Proceeding:** The draft Record of Decision (ROD) on Bonneville Power Administration's (Bonneville) proposal to adjust power rates through the SN CRAC is expected to be issued mid-June. The Administrator is expected to sign the final at the end of June.

No Secretarial action requested.

Nuclear Plant to Start Up: Columbia Generating Station (CGS) is expected to be back on-line this month (June) following a 34-day refueling outage and maintenance beginning in May 2003. CGS is on a 24-month refueling cycle. The 970-aMW nuclear plant, operated by Energy Northwest, supplies about ten percent of the Federal Columbia River Power System's firm energy.

No Secretarial action requested.

General Accounting Office (GAO) to Report on Bonneville Financial Issues: This month (June) the General Accounting Office (GAO) will provide a written version of an interim report provided last month to the House Appropriations Subcommittee on Energy and Water Development on Bonneville's financial condition. Following that, the GAO expects to receive more guidance from the Subcommittee regarding next steps on its investigation of a total of seven subjects related to Bonneville's financial condition. The report was requested by the chair and ranking member of the subcommittee.

No Secretarial action requested.

Load-Based Cost Recovery Adjustment Clause (LB CRAC) Announced: Bonneville expects to announce this month the amount of LB CRAC adjustment to power rates that will go into effect in October 2003. Under the LB CRAC

provision in Power Business Line (PBL) rate schedules, customers pay a surcharge on rates according to Bonneville's costs to augment the Federal Columbia River Power System (FCRPS) with power purchases to serve loads in excess of Bonneville's resources. It is adjusted every six months. Currently, the LB CRAC reflects an increase of 38.5 percent over base rates and is expected to decrease for the next six-month period.

No Secretarial action requested.

July

Next 60 Days

Fish and Wildlife Workshops Target Improved Contract Management:

Bonneville will hold workshops this month with fish and wildlife project managers from tribes, states and other entities that have Bonneville contracts or grants with Bonneville to operate fish and wildlife projects. The purpose of the workshops is to discuss proposed revisions in contract administration in areas such as budgeting and reporting procedures. Bonneville is seeking to improve the cost effectiveness and performance of its fish and wildlife program through, among other things, improved contract management.

No Secretarial action requested.

August

Next 90 Days

Final EIS Planned for Kangley-Echo Lake Transmission Project: In August, Bonneville expects to release the ROD for the Kangley-Echo Lake Transmission Project in King County, Washington. Construction will begin soon after the ROD is signed. Bonneville forecasts show that electricity demand in King County, Washington, will soon be such that minor power line outages can cause power losses in the area without this reinforcement project.

No Secretarial action requested.

Ongoing

Project Looks for Efficiencies, Cost Savings: Bonneville teams have made recommendations on cost savings that could be captured through process improvements or restructuring in the areas of public affairs/communications, training, financial analysis, security, power and transmission scheduling, billing, and purchasing and contracting support. Efficiencies are already being put into place in information technology, where an earlier review was done. Following appropriate negotiations with unions, Bonneville management will decide which changes to implement. The agency has already identified about \$350 million in savings through 2006 and committed to holding all power-related internal costs to 2001 levels for this period.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

July 2, 2003

In reply refer to:

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report
Addendum

August **Workshop Planned to Explain Power Rates Adjustments:** Bonneville
Next 60 Days Power Administration (Bonneville) will hold a customer workshop in August, 2003, to describe details of the Administrator's July 1, 2003, Record of Decision (ROD) on the Safety Net Cost Recovery Adjustment Clause (SN CRAC). Staff will outline the methodology established in the ROD for setting the level, thresholds and caps for the SN CRAC and walk through information on the current levels of the three cost recovery adjustments created in the 2002 rate case, based on current Bonneville revenues and expenses.

No Secretarial action requested.

September **Rate Level to be Announced:** In September 2003, Bonneville will announce the
Next 90 days level of the SN CRAC rate adjustment for FY03. The SN CRAC has been designed to trigger through the remainder of this rate period depending upon pre-determined thresholds in each year. In July 2003, Bonneville estimated that rates would increase by about five percent over the remainder of the rate period due to the SN CRAC decision. The agency projected that rates would stay flat or even be lower with a settlement of the litigation between the public and the investor-owned utilities, which, should it occur, could still be figured into the rates as late as September 15, 2003.

No Secretarial action requested.

Smelter to Decide Whether to Remain in Operation: Alcoa, the Northwest's only operating aluminum smelter, must decide by the end of September 2003, whether it will continue operating after October 1, 2003. Under a buyout agreement executed during the 2001 West Coast electricity crisis, Bonneville payments have kept plant workers at full pay for the past eighteen months. Plant workers have been highly visible with elected officials and in the news media in

recent months, saying the plant cannot afford to remain open with a further Bonneville rate increase. Given the economic slump in the aluminum market, the smelter most likely would not be operating now without those payments, even with much lower power rates. The payments and the buyout agreement extend through September 2003, after which Alcoa's Bonneville power sales contract for 438 average megawatts (aMW) of power again goes into effect. If Alcoa does not purchase that power, and the market price for power is higher than Bonneville's industrial power rate, the company is liable for liquidated damages. The plant is currently two of its three potlines using power from another supplier.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

August 6, 2003

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

August
Next 30 Days **Workshop Planned to Explain Power Rates Adjustments:** Bonneville Power Administration (Bonneville) will hold a customer workshop in August to describe details of the Administrator's July 1, 2003, Record of Decision (ROD) on the Safety Net Cost Recovery Adjustment Clause (SN CRAC). Staff will outline the methodology established in the ROD for setting the level, thresholds and caps for the SN CRAC and walk through information on the current levels of the three cost recovery adjustments created in the 2002 rate case, based on current Bonneville revenues and expenses. No Secretarial action requested.

Transmission Line Rebuild Begins: Construction begins this month on the first phase of the Albany-Eugene transmission line rebuild. The 115-kilovolt transmission line in Lane County, Oregon, is being upgraded for the first time since it was first built in 1939. The upgrade will preserve reliability and provide for service to a new industrial load in the area. The fiber optic cable currently serving BPA and other customers will be exchanged for new, better-suited fiber for the entire nine miles of the project. The project will be constructed in three phases, with final energization planned for fall 2004.

No Secretarial action requested.

September
Next 60 Days **Rate Level to be Announced:** In September, Bonneville will announce the level of the SN CRAC rate adjustment for FY04. The SN CRAC has been designed to trigger through the remainder of this rate period depending upon pre-determined thresholds in each year. In July, Bonneville estimated that rates would increase by about five percent over the remainder of the rate period due to the SN CRAC decision. The Agency projected that rates would stay flat or even be lower with a settlement of the litigation between the public and the investor-owned utilities. If that occurs prior to September 15, 2003, it could still be figured into the rates.

No Secretarial action requested.

October

Next 90 Days

Updates, Check-ins, Due on Federal Agencies' Progress on Fish Recovery

Plans: This month the Federal agencies are to submit their first quarterly report to Judge James Redden regarding their efforts to bring the NOAA Fisheries 2000 Biological Opinion (BiOp) into compliance with the Endangered Species Act. In May 2003, Judge Redden ruled the BiOp inadequate and gave Federal agencies one year to revise the plan. He asked for quarterly updates on progress. Redden also asked that the Federal agencies' 2003 "check-in" report, required in the BiOp as a way to assess progress, be submitted to the court at the same time.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

September 3, 2003

In reply refer to: BPA-DR

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

September **Rate Level to be Announced:** In September, Bonneville will announce the
Next 60 Days level of the SN CRAC rate adjustment for FY04. The SN CRAC has been designed to trigger through the remainder of this rate period depending upon pre-determined thresholds in each year. In July, Bonneville estimated that rates would increase by about five percent over the remainder of the rate period due to the SN CRAC decision. The Agency projected that rates would stay flat or even be lower with a settlement of the litigation between the public and the investor-owned utilities. If that occurs prior to September 15, 2003, it could still be figured into the rates.

No Secretarial action requested.

Bonneville Meets with Stakeholders to Discuss Re-Opening the Regional Dialogue: Bonneville staff will hold a number of small meetings with customers and other stakeholders this month to discuss re-opening the Regional Dialogue. The process was put on hold last spring due to the demands of the SN CRAC rate case. The four Northwest Governors, in a report to the President in June, recommended that Bonneville re-start the discussions in order to resolve key issues regarding Bonneville's role in power supply in the region post-2006. While many customers have power sales contracts with Bonneville through 2011, the agency does need to address what its cost structure and rates will be after 2006. This month's stakeholder meetings will help to further define the scope of this next phase of the Regional Dialogue.

No Secretarial action requested.

Workshops with Transmission Stakeholders Planned: This month, Bonneville's Transmission Business Line (TBL) will hold public workshops with transmission customers and meet with resource developers and others to discuss TBL's proposal for a common methodology for calculating Available

Transmission Capacity (ATC). (See story below, “Bonneville Proposes Standard Method to Calculate Transmission Capacity.”)

No Secretarial action requested.

October

Updates, Check-ins, Due on Federal Agencies’ Progress on Fish Recovery

Next 90 Days

Plans: This month the Federal agencies are to submit their first quarterly report to Judge James Redden regarding their efforts to bring the NOAA Fisheries 2000 Biological Opinion (BiOp) into compliance with the Endangered Species Act. In May 2003, Judge Redden ruled the BiOp inadequate and gave Federal agencies one year to revise the plan. He asked for quarterly updates on progress. Redden also asked that the Federal agencies’ 2003 “check-in” report, required in the BiOp as a way to assess progress, be submitted to the court at the same time.

No Secretarial action requested.

Workshops Planned to Discuss Existing Customers’ Transmission Rights: In October and November, TBL will meet with existing network transmission (NT) customers to discuss the impact of the proposed ATC methodology (see story below, “Bonneville Proposes Standard Method to Calculate Transmission Capacity”) on their NT transmission rights. NT customers are public utilities who buy their transmission to serve network loads as part of a power/transmission package through Bonneville’s Power Business Line. Historically, NT customers have not closely forecast their transmission use. With TBL’s increased focus on transmission available, the ATC calculation must take NT transmission rights into account.

No Secretarial action requested.

Ongoing

Bonneville Proposes Standard Method to Calculate Transmission Capacity:

TBL is proposing a common methodology for calculating ATC across the Federal system. ATC, as the name implies, is the measure of the amount of transmission available for use on a specific transmission path. While TBL already manages ATC and constraints on the interties that connect adjoining systems, the new methodology would manage ATC over internal flow gates. (A flow gate is an aggregation of major transmission facilities where the potential for congestion exists.) The new proposal measures total transmission capacity available for these flow gates and forecasts use of the transmission system by existing contract holders for 20 years. The process is critical to reliability and efficiency of the federal system. It will help TBL understand whether or not it has excess capacity to sell to new resource providers. It will also help TBL to prioritize transmission investments – given the very limited capital available – based on reliability and commercial needs. Some resource developers believe that TBL has been far too

conservative in its determinations of transmission availability. Once ATC calculations and management tools are in place, all TBL transmission customers eventually could be affected by changes in the way that TBL manages curtailments and redispatch across flow gates.

No Secretarial action requested.

Bonneville Foresees Reliability Issues, Reinforces Grid: Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has broken ground on six major transmission construction projects within the past year. The projects are top priority, and the biggest building program for the agency in more than two decades. Financing has been made available by congressional addition of \$700 million to BPA's credit line with the U. S. Treasury and existing borrowing authority freed up by nuclear debt refinancing. The projects include: Kangley-Echo Lake (King County near Seattle, Washington); Schultz-Wautoma (central Washington); Schultz series capacitors addition (Puget Sound area); Columbia, Bell, Garrison and Dworshak series capacitor additions; Coulee-Bell 500-kV line (near Spokane, Washington); and Celilo Modernization (northern end of the DC Intertie to California). For more information, BPA is posting progress reports -- and pictures -- regularly on its website at http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

October 1, 2003

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

October **Fiscal Year 2003 Power Rate Adjustment Goes into Effect:** On
Next 30 Days October 1, 2003, Bonneville Power Administration's (Bonneville) FY 2004 power rate adjustment goes into effect. The adjustment results in an average increase of 2.2 percent over FY 2003 rates. Major Bonneville cost reductions and debt refinancings have helped reduce the adjustment from the initial estimate, made one year ago, of 15 percent. Power rates could be reduced by over 7 percent from FY2003 levels if litigation over Bonneville benefits to IOU residential and small farm consumers is settled. Settlement discussions are currently productive.

No Secretarial action requested.

Updates, Check-ins, Due on Federal Agencies' Progress on Fish Recovery Plans: This month the Federal agencies are to submit their first quarterly report to Judge James Redden regarding their efforts to bring the NOAA Fisheries 2000 Biological Opinion for Federal Columbia River Power System (FCRPS) Operations (BiOp) into compliance with the Endangered Species Act. In May 2003, Judge Redden ruled the BiOp inadequate and gave Federal agencies one year to revise the plan. He asked for quarterly updates on progress. Redden also asked that the Federal agencies' 2003 "check-in" report, required in the BiOp as a way to assess progress, be submitted to the court at the same time.

No Secretarial action requested.

Bonneville to Chart Course for Next Phase of Regional Dialogue: In October, Bonneville will announce a proposed schedule for the next phase of the Regional Dialogue on Bonneville's power supply role after 2006. Among the key issues customers identified in a series of small meetings in September were how Bonneville will accommodate loads above the capability of the federal system,

define the benefits to investor owned utilities, how customers can have some control over Bonneville costs, and Bonneville's role in new resource development. Key for Bonneville will be to define its cost structure and rates post-2006. Bonneville expects to conclude the Regional Dialogue and make decisions in time to put contracts and rates into place for 2006.

No Secretarial action requested.

Workshops Planned to Discuss Existing Customers' Transmission Rights: In October and November, the Transmission Business Line (TBL) will meet with existing network transmission (NT) customers to discuss the impact of the proposed Available Transmission Capacity (ATC) methodology on their NT transmission rights. (ATC is the measure of the amount of transmission available for use on a specific transmission path.) NT customers are public utilities who buy transmission to serve network loads as part of a power/transmission package through Bonneville's Power Business Line. Once ATC calculations and management tools are in place, all TBL transmission customers eventually could be affected by changes in the way that TBL manages curtailments and redispatch.

No Secretarial action requested.

November **Strategic Planning Responds to Needs Identified in Internal Review:**
Next 60 Days Bonneville is putting a new strategic plan into place using a balanced scorecard approach. Agency-level targets and strategy maps are expected to be completed by November. While the agency has done strategic planning for years, this is the first use of strategy maps (one feature of the balanced scorecard approach) to identify objectives that must be met over time in order for the agency to deliver on its key responsibilities. The long-term targets will help meet a deficiency identified in Bonneville's 2004 Program Assessment Rating Tool (PART). The balanced scorecard will clarify direction, improve processes, and get results – all key issues identified in last April's "lessons learned" report. The staff report, commissioned by the Administrator, examined why Bonneville went from financial health to financial crisis over the past three years. Bonneville is applying the learning's to improve management of the agency and of the FCRPS.

No Secretarial action requested.

December **Major Transmission Project Expected to be Complete:** Construction is
Next 90 Days scheduled to be complete late this month on the Kangley-Echo Lake Transmission Project. Energization is scheduled to occur immediately afterward, and a press event will likely be planned in conjunction. The nine-mile-long, 500 kilovolt transmission line is needed to improve system reliability in the King County area and enhance the return of power to Canada as required by the Columbia River Treaty. Kangley-Echo Lake is the first major new transmission line to be

completed in a package of transmission projects Bonneville has underway in order to reinforce reliability on its aging transmission grid.

No Secretarial action requested.

Second Check-in Report Due to Judge: On January 1, 2003 the Federal Agencies are due to submit their second quarterly report to Judge Redden regarding their efforts to bring the BiOp into compliance with the Endangered Species Act. The Judge gave NOAA until May 2004 to make the revisions.

No Secretarial action requested.

Ongoing

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. NOAA must base its analysis on the best science available. Since the 2000 BiOp was issued, additional information has become available in areas such as habitat improvement, increased juvenile passage survival, and the effectiveness of particular measures. In addition, for the past three years, record numbers of adult salmon have been returning to the Bonneville Dam. The additional information and updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system.

No Secretarial action requested.

Bonneville Foresees Reliability Issues, Reinforces Grid: Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has broken ground on six major transmission construction projects within the past year. The projects are top priority, and the biggest building program for the agency in more than two decades. Financing has been made available by congressional addition of \$700 million to Bonneville's credit line with the U. S. Treasury and existing borrowing authority freed up by nuclear debt refinancing. The projects include: Kangley-Echo Lake (King County near Seattle, Washington); Schultz-Wautoma (central Washington); Schultz series capacitors addition (Puget Sound area); Columbia, Bell, Garrison and Dworshak series capacitor additions; Coulee-Bell 500-kV line (near Spokane, Washington); and Celilo Modernization (northern end of the DC Intertie to California). For more information, BPA is posting progress reports -- and pictures -- regularly on its website at http://www2.transmission.bpa.gov/PlanProj/Transmission_Protects/

No Secretarial action requested.

Efficiency Review Leads to Re-engineered Supply Chain Process: Bonneville is instituting changes in its contracting and purchasing operations as a result of

efficiency reviews earlier this year. The new supply chain organization will consolidate key supply chain functions into one organization and create a process manager responsible for developing and overseeing an agency-wide standard contracting procedure. Expected savings are \$16 million over the remainder of the rate period (through FY2006).

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
Washington, D.C. 20585

November 5, 2003

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

November **Inspector General (IG) Report Expected to Find Problems with Bonneville**
Next 30 Days **Software Development:** The IG will release a draft report this month describing its findings and conclusions regarding Bonneville's development of the Electronic Transmission Management System (ETMS). This software and information technology (IT) platform will replace an old system that is reaching the limit of its capacity to handle the new world of transmission operation in a competitive merchant power marketing environment. The report finds that project costs have increased significantly, the project is behind schedule, and Bonneville has concerns about lack of desired functionality. The IG attributes the findings to Bonneville's lack of policies and standard procedures for acquiring or developing computer software. Bonneville provided formal comments, included with the report, saying that the Agency has reengineered the IT development process and that the new process is reducing costs and ensuring that IT projects stay within the established scope and schedule.

No Secretarial action requested.

Strategic Planning Responds to Needs Identified in Internal Review: Agency-level targets and strategy maps are expected to be completed this month for Bonneville's new strategic plan and the related balanced scorecard approach. While the agency has done strategic planning for years, this is the first use of strategy maps (one feature of the balanced scorecard) to identify objectives that must be met over time in order for the agency to deliver on its key responsibilities. The long-term targets will help meet a deficiency identified in Bonneville's 2004 Program Assessment Rating Tool (PART). The balanced scorecard will clarify direction, improve processes, and get results – all key issues identified in last April's "lessons learned" report. Bonneville is applying the learning's to improve management of the agency and of the Federal Columbia River Power System (FCRPS).

No Secretarial action requested.

December
Next 60 Days **Major Transmission Project Expected to be Complete:** The Secretary of Energy, White House staff, and Seattle public utilities will be invited to a project celebration event tentatively planned for this month as the new Kangley-Echo Lake Transmission Project is energized. Bonneville began construction on the nine-mile-long, 500-kilovolt transmission line in late July and expedited construction so that it would be in service this winter. The line is needed to improve system reliability in the King County area and enhance the return of power to Canada as required by the Columbia River Treaty. Kangley-Echo Lake is the first major new transmission line to be completed in a package of transmission projects Bonneville has underway in order to reinforce reliability on its aging transmission grid.

No Secretarial action requested.

Second Check-in Report Due to Judge: In early January 2004 the Federal Agencies are due to submit their second quarterly report to Judge Redden regarding their efforts to bring the BiOp into compliance with the Endangered Species Act (ESA). The Judge gave National Oceanic Atmospheric Administration (NOAA) Fisheries until May 2004 to make the revisions.

No Secretarial action requested.

January
Next 90 Days **Deadline for Settlement Agreement:** January 20, 2004 is the deadline for all public litigants to sign the Stipulation and Agreement of Settlement on the litigation challenging Bonneville's Residential Exchange Program settlement agreements. Failure of all public litigants to sign results in automatic termination of the settlement. If settlement is concluded, Bonneville will reduce rates by 7.4 percent below 2003 levels and rebate any safety-net cost recovery adjustment clause revenues collected between October 1, 2003, and the date the settlement becomes final.

No Secretarial action requested.

Ongoing **Updated Analysis Planned for BiOp Remand:** As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. NOAA must base its analysis on the best science available. Since the 2000 BiOp was issued, additional information has become available in areas such as habitat improvement, increased juvenile passage survival, and the effectiveness of particular measures. In addition, for the past three years, record numbers of adult salmon have been returning to the Bonneville Dam. The additional information and updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system.

No Secretarial action requested.

Bonneville Foresees Reliability Issues, Reinforces Grid: Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has broken ground on six major transmission construction projects within the past year. The projects are top priority, and the biggest building program for the agency in more than two decades. Congress has added \$700 million to Bonneville's credit line with the U. S. Treasury; additional financing for the projects will come from existing borrowing authority freed up by nuclear debt refinancing. The projects include: Kangley-Echo Lake (King County near Seattle, Washington); Schultz-Wautoma (central Washington); Schultz series capacitors addition (Puget Sound area); Columbia, Bell, Garrison and Dworshak series capacitor additions; Coulee-Bell 500-kV line (near Spokane, Washington); and Celilo Modernization (northern end of the DC Intertie to California). For more information, Bonneville is posting progress reports -- and pictures -- regularly on its website at:

http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

December 3, 2003

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

December
Next 30 Days

Major Transmission Project Expected to be Complete: The new Kangley-Echo Lake Transmission Project is scheduled to be complete this month. Kangley-Echo Lake is the first major new transmission line to be completed in a package of transmission projects Bonneville has underway in order to reinforce reliability on its aging transmission grid. Bonneville began construction on the nine-mile-long, 500-kilovolt transmission line in late July and expedited construction so that it would be in service this winter. The line is needed to improve system reliability in the King County area and enhance the return of power to Canada as required by the Columbia River Treaty.

No Secretarial action requested.

Findings Due on Federal Agencies' Progress Under Biological Opinion (BiOp): In mid-December, National Oceanic and Atmospheric Administration (NOAA) Fisheries is scheduled to issue its findings letter on the Federal agencies' progress in meeting the benchmarks in the BiOp. The BiOp specifies three checkpoints – in 2003, 2005, and 2008 – as ways to determine whether additional actions are necessary to achieve recovery, including breaching the four lower Snake River dams. The Federal agencies reported to NOAA Fisheries in October that 95 percent of the benchmarks were on track or underway. Interest groups and tribes, however, are urging NOAA Fisheries to issue a "failure report." They estimate accomplishments at 25 to 30 percent of the BiOp benchmarks, and say that needed Federal funding has not been secured.

No Secretarial action requested.

January
Next 60 Days

Deadline for Settlement Agreement: January 21, 2004, is the deadline for all public litigants to sign the Stipulation and Agreement of Settlement on the litigation challenging Bonneville's Residential Exchange Program settlement agreements. Failure of all public litigants to sign results in automatic termination of the settlement. If settlement is concluded, Bonneville will reduce rates by 7.4 percent below 2003 levels and rebate any safety-net cost recovery adjustment clause revenues collected between October 1, 2003, and the date the settlement becomes final.

No Secretarial action requested.

Event Planned to Celebrate Completion of Transmission Project: The Secretary of Energy, White House staff, and Seattle public utilities will be invited to a project celebration event planned for late January or February to mark completion of the new Kangley-Echo Lake Transmission Project.

No Secretarial action requested.

Second Check-in Report Due to Judge: In early January 2004 the Federal Agencies are due to submit their second quarterly report to Judge Redden regarding their efforts to bring the BiOp into compliance with the Endangered Species Act (ESA). The Judge gave NOAA Fisheries until May 2004 to make the revisions.

No Secretarial action requested.

February
Next 90 days

Northwest Power and Conservation Council (Council) Initiates Workgroups to Discuss Future Role of Bonneville: In February, the Council will begin to convene workgroups to discuss issues related to Bonneville's future role in regional power supply. The Council hopes to finalize some consensus recommendations to Bonneville by about April. Bonneville expects to conclude the Regional Dialogue and make decisions in time to put contracts and rates into place for 2006.

No Secretarial action requested.

Ongoing

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. NOAA must base its analysis on the best science available. Since the 2000 BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New information is available on the effectiveness of particular measures. The updated jeopardy analysis could have

implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system.

No Secretarial action requested.

Stakeholder Group to Looked at Savings, Revenue Enhancements:

As part of the proposed settlement of the litigation over the Residential Exchange agreements, Bonneville committed to seek aggregate cost reductions and revenue enhancements of approximately \$100 million over fiscal years 2004 and 2005. The ultimate goal is to reach a zero Safety Net Cost Recovery Adjustment Clause (CRAC) adjustment for fiscal 2005. Bonneville has convened a Power Net Revenue Improvement Sounding Board that will offer its suggestions no later than June 2004. Bonneville will consider the suggestions, along with all other net revenue changes, at Safety Net CRAC workshops in June and August 2004.

No Secretarial action requested.

Bonneville Foresees Reliability Issues, Reinforces Grid: Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has broken ground on six major transmission construction projects within the past year. The projects are top priority, and the biggest building program for the agency in more than two decades. Congress and the President have enacted an addition of \$700 million to Bonneville's credit line with the U. S. Treasury; additional financing for the projects will come from existing borrowing authority freed up by nuclear debt refinancing. The projects include: Kangley-Echo Lake (King County near Seattle, Washington); Schultz-Wautoma (Central Washington); Schultz series capacitors addition (Puget Sound area); Columbia, Bell, Garrison and Dworshak series capacitor additions; Coulee-Bell 500-kV line (near Spokane, Washington); and Celilo Modernization (northern end of the DC Intertie to California). Bonneville is posting progress reports and pictures regularly on its website at:
http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

January 7, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

January
Next 30 Days

Deadline for Settlement Agreement: January 21, 2004, is the deadline for all public litigants to sign the Stipulation and Agreement of Settlement on the litigation challenging Bonneville Power Administration's (Bonneville) Residential Exchange Program settlement agreements. All public litigants must sign or the settlement is automatically terminated. If settlement is concluded, Bonneville will reduce rates by 7.4 percent below 2003 levels and rebate any Safety Net Cost Recovery Adjustment Clause (SN CRAC) revenues collected between October 1, 2003, and the date the settlement becomes final.

No Secretarial action requested.

Second Check-in Report Due to Judge: In early January 2004 the Federal Agencies are due to submit their second quarterly report to Judge Redden regarding their efforts to bring the National Oceanic and Atmospheric Association (NOAA) Fisheries Biological Opinion (BiOp) into compliance with the Endangered Species Act (ESA). The Judge gave NOAA Fisheries until May 2004 to make the revisions.

No Secretarial action requested.

General Accounting Office (GAO) Expected to Issue Draft Report to Senate Indian Affairs: In January, GAO has said it expects to issue its draft findings on an audit of Bonneville's fish and wildlife efforts that was requested by the Senate Indian Affairs Committee. GAO has been asked to identify the legal requirements with which Bonneville and other Federal agencies must comply in their fish and wildlife efforts, and evaluate the agencies' plans and implementation to help fish and wildlife, including the impact of any funding cuts.

No Secretarial action requested.

Environmental Impact Statement (EIS) to Outline Transmission Policy: Bonneville's Transmission Business Line (TBL) will hold scoping meetings in January preparatory to developing a Draft EIS to guide its transmission activities. TBL has a number of critical decisions ahead as it reinforces the transmission infrastructure with the biggest building program in 20 years. The DEIS, to be available in June, will outline a comprehensive policy to help support future transmission planning, construction, operation, marketing and maintenance decisions, including non-wires alternatives.

No Secretarial action requested.

February
Next 60 Days

Event Planned to Celebrate Completion of Transmission Project: The Secretary of Energy, White House staff, and Seattle public utilities will be invited to a project celebration event planned for late January or February to mark completion of the new Kangley-Echo Lake Transmission Project.

No Secretarial action requested.

Construction to Begin on Another Major Transmission Project: Construction is scheduled to begin in February on a 63-mile 500-kilovolt line that will add 600 megawatts of transfer capacity to the heart of Bonneville's grid in central Washington. The Shultz-Wautoma line will help ease electricity flows in the I-5 corridor and over the intertie to California, and allow additional power to move through the area north of Hanford during the spring and summer months. Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has broken ground on six major transmission construction projects within the past year. The projects are top priority, and the biggest building program for the agency in more than two decades. Bonneville is posting progress reports on its infrastructure program regularly on its website at: http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ Shultz-Wautoma is scheduled to be energized in November 2005.

No Secretarial action requested.

Northwest Power and Conservation Council (Council) Initiates Workgroups to Discuss Future Role of Bonneville: In February, the Council will begin to convene workgroups to discuss issues related to Bonneville's future role in regional power supply. The Council hopes

to finalize some consensus recommendations to Bonneville by about April. Bonneville expects to conclude the Regional Dialogue and make decisions in time to put contracts and rates into place for 2006.

No Secretarial action requested.

March
Next 90 Days

EIS Planned on Interconnecting Tribes' Generation Project: In March, Bonneville, in cooperation with the Bureau of Indian Affairs, expects to complete a Final EIS on interconnecting the Wanapa Energy Center, in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300-megawatt gas-fired combined-cycle combustion turbine is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on tribal trust land. The Record of Decision is expected in April 2004.

Ongoing

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, National Oceanic and Atmospheric Association (NOAA) Fisheries is updating the BiOp's jeopardy analysis. NOAA must base its analysis on the best science available. Since the 2000 BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New information is available on the effectiveness of particular measures. The updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system.

No Secretarial action requested.

Stakeholder Group to Look at Savings, Revenue Enhancements: As part of the proposed settlement of the litigation over the Residential Exchange agreements, Bonneville committed to seek aggregate cost reductions and revenue enhancements of approximately \$100 million over fiscal years 2004 and 2005. The ultimate goal is to reach a zero SN CRAC adjustment for fiscal 2005. Bonneville has convened a Power Net Revenue Improvement Sounding Board that will offer its suggestions no later than June 2004. Bonneville will consider the suggestions, along with all other net revenue changes, at SN CRAC workshops in June and August 2004.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

February 4, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

February
Next 30 Day

Event Planned to Celebrate Completion of Transmission Project:

The Secretary of Energy, White House staff, and Seattle public utilities have been invited to a project celebration event planned for February 23, 2004, in King County, Washington, to mark completion of the new Kangley-Echo Lake Transmission Project. Kangley-Echo Lake will improve transmission reliability in the King County area and support deliveries of power north under existing Canadian-U.S. treaties. The project is the first of six major transmission projects Bonneville Power Administration (Bonneville) has broken ground on in the past year, foreseeing the need to reinforce its aging transmission grid to preserve reliability. The projects are top priority, and the biggest building program for the Agency in more than two decades. Bonneville is posting progress reports on its infrastructure program regularly on its website at:

http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/

No Secretarial action requested.

Construction to Begin on Another Major Transmission Project:

Construction is scheduled to begin in February, 2004, on a 63-mile 500-kilovolt line that will add 600 megawatts of transfer capacity to the heart of Bonneville's grid in central Washington. The Shultz-Wautoma line will help ease electricity flows in the I-5 corridor and over the intertie to California, and allow additional power to move through the area north of Hanford during the spring and summer months. Shultz-Wautoma is scheduled to be energized in November, 2005.

No Secretarial action requested.

Northwest Power and Conservation Council (Council) Initiates Workgroups to Discuss Future Role of Bonneville: In

February, 2004, the Council will begin to convene workgroups to discuss issues related to Bonneville's future role in regional power supply. The Council hopes to finalize some consensus recommendations to Bonneville by about April. Bonneville expects to conclude the Regional Dialogue and make decisions in time to put contracts and rates into place for 2006.

No Secretarial action requested.

March
Next 60 Days

Environmental Impact Statement (EIS) Planned on

Interconnecting Tribes' Generation Project: In March, Bonneville, in cooperation with the Bureau of Indian Affairs, expects to complete a Final EIS on interconnecting the Wanapa Energy Center, in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300-megawatt gas-fired Combined-Cycle Combustion Turbine (CCCT) is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on tribal trust land.

No Secretarial action requested.

EIS Planned on Interconnecting CCCT: In March, Bonneville expects to issue a joint EIS with the Washington Energy Facility Site Evaluation Council (EFSEC) to interconnect a proposed new generation plant near Birch Bay, Washington, to the Bonneville transmission grid. The 720-MW CCCT is proposed by BP West Coast Products, LLC, and is planned for completion in 2006.

No Secretarial action requested.

April
Next 90 Days

Council to Provide Recommendations to Bonneville: In April, following a series of workshops on key issues, the Council plans to present recommendations to Bonneville on its future role in regional power supply.

No Secretarial action requested.

Record of Decision (ROD) Expected: The Administrator is expected to sign the ROD on the Wanapa Energy Center interconnection (see March, above) in April.

No Secretarial action requested.

Ongoing

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, National Oceanic and Atmospheric Association (NOAA) Fisheries is updating the BiOp's jeopardy analysis. NOAA must base its analysis on the best science available. Since the 2000 BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New information is available on the effectiveness of particular measures. The updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system.

No Secretarial action requested.

Stakeholder Group to Look at Savings, Revenue Enhancements: Despite the failure of the settlement proposal on the Residential Exchange agreements, Bonneville is committed to seek aggregate cost reductions and revenue enhancements of approximately \$100 million over fiscal years 2004 and 2005. The ultimate goal is to reach a zero SN CRAC adjustment for fiscal 2005. The Power Net Revenue Improvement Sounding Board will offer its suggestions no later than June 2004.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

March 3, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

March
Next 30 Days

Environmental Impact Statement (EIS) Planned on Interconnecting Tribes' Generation Project: In March, Bonneville Power Administration (Bonneville), in cooperation with the Bureau of Indian Affairs, expects to complete a Final EIS on interconnecting the Wanapa Energy Center, in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300-megawatt gas-fired Combined-Cycle Combustion Turbine (CCCT) is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on Tribal trust land.

No Secretarial action requested.

April
Next 60 Days

Northwest Power and Conservation Council (Council) to Provide Recommendations to Bonneville: In April, following a series of workshops on key issues, the Council plans to present recommendations to Bonneville on the future role of Bonneville in regional power supply.

No Secretarial action requested.

Record of Decision (ROD) Expected: In April, the Administrator is expected to sign the ROD on the Wanapa Energy Center (see above).

No Secretarial action requested.

EIS Planned on Interconnecting CCCT: In April, Bonneville expects to issue a joint EIS with the Washington Energy Facility Site Evaluation Council (EFSEC) to interconnect a proposed new generation near Birch Bay, Washington, to the Bonneville transmission grid. The 720-MW CCCT is planned for completion in 2006.

information is available on the effectiveness of particular measures. NOAA must base its analysis on the best science available.

No Secretarial action requested.

Stakeholder Group to Look at Savings, Revenue Enhancements:

Bonneville is seeking aggregate cost reductions and revenue enhancements of approximately \$100 million over fiscal years 2004 and 2005. The ultimate goal is to reach a zero SN CRAC adjustment for fiscal 2005. The Power Net Revenue Improvement Sounding Board will offer its suggestions no later than June 2004.

No Secretarial action requested.

No Secretarial action requested.

June
Next 90 Days

Biological Opinion Revision Slated: June 2, 2004, the National Oceanic and Atmospheric Administration (NOAA) Fisheries was scheduled to issue a final Biological Opinion for Federal Columbia River Power System Operations (BiOp) revising the 2000 BiOp that was remanded by Oregon Federal District Court Judge James Redden. (This date is expected to be delayed due to the Judge's request that the Parties engage in collaboration on the science that will underlie the revised BiOp.) In May 2003, Judge Redden ruled the BiOp inadequate and gave Federal agencies one year to revise the plan. The revised BiOp could have implications for Federal actions on the hydropower system that Bonneville funds.

No Secretarial action requested.

Fish and Wildlife Plans Due: May is the deadline for submittal of plans being developed for fish and wildlife recovery in 62 sub-basins. Bonneville provided \$15.2 million to fund the Columbia-basinwide, two-year effort to assist local entities with plan development. The sub-basin plans will be the source of specific actions and projects recommended by the Council for Bonneville funding and implementation. The Council seeks to adopt plans by the end of 2004.

No Secretarial action requested.

Summer Spill Decision Slated: This spring, Bonneville and the other Federal operating agencies, in coordination with states and Tribes, will be making decisions on summer spill to help juvenile fish get past the dams. Last August, the operations reduced Bonneville revenues by about \$1 million per day, while biological benefits were extremely small. Research is being designed to determine whether there is a more cost effective approach to meet the same objectives.

No Secretarial action requested.

Ongoing

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system. Since the BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

April 7, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

April
Next 30 Days

Actions Being Taken to Avoid Rate Increase: This month, Bonneville Power Administration (Bonneville) is taking significant actions to avoid a rate increase October 1, 2004, including seeking cost reductions, seeking reductions in summer spill, and seeking settlement of outstanding litigation. Each of these actions will generate press attention in and of themselves. In addition, Columbia River streamflow forecasts have dropped significantly, which will reduce Bonneville's revenues this year and increase pressure on rates. Bonneville will release its second quarter financial review around May 7, 2004, and the review will attract attention regarding the implications for the October rate decision.

No Secretarial action requested.

Summer Spill Decision Slated: This month, Bonneville and the other Federal operating agencies, in coordination with states and Tribes, will be making decisions on summer spill to help juvenile fish get past the dams. Last August, the operations reduced Bonneville revenues by about \$1 million per day, while biological benefits were extremely small. If they decide to reduce summer spill, the agencies will undertake additional actions to offset the estimated impacts on salmon, so that overall benefits are similar or greater than the estimated benefit of the current summer spill program.

No Secretarial action requested.

Decline in Water Supply Forecast Has Significant Implications for Revenue, Fish: The projected water supply across the Columbia Basin has deteriorated significantly since the first forecast in early January. The forecasted fiscal year runoff began at 98 percent in early January

and dropped to only 82 percent as of the most recent forecast made at the end of March, a total decline in the forecast of 21.5 million acre feet. A decline of this magnitude will have implications ranging from the reduction of projected net revenue for FY 2004, which will impact FY 2005, to decisions regarding the management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.

Alternative to Settlement Under Discussion: Bonneville is holding discussions with PacifiCorp and Puget on an agreement that would reduce Bonneville payments by \$100 million in 2005 and 2006 while also deferring an additional \$100 million in payments to post FY 2006. This new agreement would not settle the ongoing litigation. Bonneville expects to put the proposal out for public comment in mid-April and would look to sign the agreements by early June.

No Secretarial action requested.

Northwest Power and Conservation Council (Council) to Provide Recommendations to Bonneville: In April, following a series of workshops on key issues, the Council plans to present recommendations to Bonneville on the future role of Bonneville in regional power supply.

No Secretarial action requested.

May
Next 60 Days

Fish and Wildlife Plans Due: May is the deadline for submittal of plans being developed for fish and wildlife recovery in 62 sub-basins. Bonneville provided \$15.2 million to fund the Columbia basin-wide, two-year effort to assist local entities with plan development. The sub-basin plans will be the source of specific actions and projects recommended by the Council for Bonneville funding and implementation. The Council seeks to adopt plans by the end of 2004.

No Secretarial action requested.

Record of Decision (ROD) Expected: The ROD on the Wanapa Energy Center has been delayed until at least May. Bonneville, in cooperation with the Bureau of Indian Affairs, is preparing a Final EIS on interconnecting the Wanapa Energy Center, in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300-megawatt

gas-fired Combined-Cycle Combustion Turbine (CCCT) is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on Tribal trust land.

No Secretarial action requested.

EIS Planned on Interconnecting CCCT: A joint Environmental Impact Statement (EIS) with the Washington Energy Facility Site Evaluation Council (EFSEC) and Bonneville to interconnect a proposed new generation near Birch Bay, Washington, to the Bonneville transmission grid has been delayed until at least May. The 720-MW CCCT is planned for completion in 2006.

No Secretarial action requested.

June
Next 90 Days

Power Rates: In June, Bonneville will begin releasing information regarding the likely FY 2005 rates.

No Secretarial action requested.

General Accounting Office (GAO) to Release Findings on Bonneville's Financial Situation: In June, GAO expects to release its report on the causes of Bonneville's current financial crisis, Bonneville's management of risk, and the implications of Bonneville's financial policies on its ability to maintain its obligations to repay its annual debt to the U.S. Treasury. The House Appropriations Committee ordered the report in 2003.

No Secretarial action requested.

Biological Opinion Revision Slated: June 2, 2004, the National Oceanic and Atmospheric Administration's National Marine Fisheries Service (NOAA Fisheries) was scheduled to issue a final Biological Opinion for Federal Columbia River Power System Operations (BiOp) revising the 2000 BiOp that was remanded by Oregon Federal District Court Judge James Redden. (This date is expected to be delayed due to the Judge's request that the Parties engage in collaboration on the science that will underlie the revised BiOp.) In May 2003, Judge Redden ruled the BiOp inadequate and gave Federal agencies one year to revise the plan. The revised BiOp could have implications for Federal actions on the hydropower system that Bonneville funds.

No Secretarial action requested.

Transmission Line Rebuilds Underway: Construction begins this month on two major transmission rebuilds. Both are expected to be complete this fall. The Albany-Eugene project is needed due to new loads and to eliminate sagging voltages in the area. Phase 1 of the project was energized in October. Phase 2 will convert a section of the 115-kilovolt (kV) transmission line to a double circuit. The line has not been upgraded since it was built in 1939. The 115 kV Raymond Cosmopolis transmission line was built in the 1930's. Today, the structures and conductor show signs of structural damage from trees falling on the line and normal deterioration. Erosion and unstable soils have undermined the structure bases in some areas. Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has undertaken the biggest building program for the agency in more than two decades. Financing has been made available by congressional addition of \$700 million to Bonneville's credit line with the U. S. Treasury and existing borrowing authority freed up by nuclear debt refinancing.

No Secretarial action requested.

Public Meetings Begin in Preparation for Rate Case: This month, the Transmission Business Line (TBL) begins its Programs in Review, a series of public meetings to review programs and program levels preparatory to inclusion in the upcoming transmission rate case. TBL's current rates extend through September 30, 2005.

No Secretarial action requested.

Ongoing

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system. Since the BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New information is available on the effectiveness of particular measures. NOAA Fisheries must base its analysis on the best science available.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

May 5, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

May
Next 30 Days

Decline in Water Supply Forecast Has Significant Implications for Revenue, Fish: The projected water supply across the Columbia Basin has deteriorated significantly since the first forecast in early January 2004. The forecasted fiscal year runoff began at 96 percent in early January 2004 and dropped to only 77 percent as of the middle of April 2004, a total decline in the forecast of 21.2 million acre feet. A decline of this magnitude will have implications ranging from the reduction of projected net revenue for FY 2004, which will impact FY 2005, to decisions regarding the management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.

Summer Spill Decision Slated: This month, Bonneville Power Administration (Bonneville) and the other Federal operating agencies, in coordination with states and Tribes, will be making decisions on summer spill to help juvenile fish get past the dams. The decision has been delayed due to the challenges of developing a workable package of actions to offset the estimated impact on salmon. If they decide to reduce summer spill, the agencies will undertake additional actions, so that overall benefits are similar or greater than the estimated benefit of the current summer spill program. Last August, the operations reduced Bonneville revenues by about \$1 million per day, while biological benefits were extremely small.

No Secretarial action requested.

Fish and Wildlife Plans Due: May is the deadline for submittal of plans being developed for fish and wildlife recovery in 62 sub-basins. Bonneville provided \$15.2 million to fund the Columbia basin-wide,

two-year effort to assist local entities with plan development. The sub-basin plans will be the source of specific actions and projects recommended by the Northwest Power and Conservation Council (Council) for Bonneville funding and implementation. The Council seeks to adopt plans by the end of 2004.

No Secretarial action requested.

June
Next 60 Days

Power Rates: In June 2004, Bonneville will begin releasing information regarding the likely FY 2005 rates.

No Secretarial action requested.

Bonneville to Release Proposal for Power Supply Role: As part of an ongoing Regional Dialogue process, Bonneville plans to release a draft proposal for satisfying its load-serving obligation in its next rates/contracts period beginning in FY 2007.

No Secretarial action requested.

Alternative to Settlement Planned: This month, Bonneville expects to sign an agreement with PacifiCorp and Puget that would reduce Bonneville payments by \$100 million in 2005 and 2006, while also deferring an additional \$100 million in payments to post FY 2006. The agreement, which would not settle the ongoing litigation, will help to reduce a rate increase now projected for FY 2005.

No Secretarial action requested.

General Accounting Office (GAO) to Release Findings on Bonneville's Financial Situation: In June 2004, GAO expects to release its report on the causes of Bonneville's current financial condition, Bonneville's management of risk, and the implications of Bonneville's financial policies on its ability to maintain its obligations to repay its annual debt to the U.S. Treasury. The House Appropriations Committee ordered the report in 2003.

No Secretarial action requested.

Revised Biological Opinion (BiOp) Likely to be Delayed: NOAA Fisheries has requested an extension, to late August 2004, on the June 2004 date that had been contemplated for the draft revised Biological

Opinion for Federal Columbia River Power System operations. The court, which remanded the BiOp in May 2003, hasn't yet ruled on the request, but appears favorable to it. The new date for the final BiOp would be late November 2004.

No Secretarial action requested.

Cost Reductions Recommendations Due: In June 2004, Bonneville will complete work with its "Sounding Board" group on recommendations for up to \$100 million in Bonneville cost reductions and revenue enhancements over FY 2004-2005. Bonneville committed to seek these cost reductions and revenue enhancements through an open process. The Administrator will use the recommendations as input to Bonneville decisions about FY 2004 and 2005 power rate adjustments.

No Secretarial action requested.

Transmission Draft Environmental Impact Statement (DEIS) Due: This month, Bonneville expects to issue a DEIS outlining a comprehensive policy to help support future transmission planning, construction, operation, marketing and maintenance decisions, including non-wires alternatives. The Agency has a number of critical decisions as it reinforces the transmission infrastructure with the biggest building program in 20 years.

No Secretarial action requested.

Transmission Line Rebuilds Underway: Construction begins this month on two major transmission rebuilds. Both are expected to be complete this fall. Phase 2 of the Albany-Eugene project will convert a section of the 115-kilovolt (kV) transmission line to a double circuit. The line has not been upgraded since it was built in 1939. The 115 kV Raymond Cosmopolis transmission line was built in the 1930's and is in need of rebuilding. Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has undertaken the biggest building program for the agency in more than two decades. Financing has been made available by Congressional addition of \$700 million to Bonneville's credit line with the U. S. Treasury and existing borrowing authority freed up by nuclear debt refinancing.

No Secretarial action requested.

Environmental Impact Statement (EIS) Due on Interconnecting Generation Plant: In June 2004, Bonneville expects to issue a final EIS on interconnecting the proposed COB Energy Facility to the Bonneville transmission grid. The 1160 Megawatt (MW) combustion turbine project would be constructed in two 600 MW phases at a site near Bonanza, Oregon. Phase 1 is scheduled to energize in June 2004.

No Secretarial action requested.

July
Next 90 Days

Workshops Begin in Preparation for Rate Case: This month, the Transmission Business Line (TBL) begins its 2006 rates case with a series of technical workshops, set to conclude in September 2004. Ex parte is scheduled to begin in October 2004.

No Secretarial action requested.

Ongoing

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system. Since the BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New information is available on the effectiveness of particular measures. NOAA Fisheries must base its analysis on the best science available.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 2, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

June
Next 30 Days

Summer Spill Decision Slated: This month, Bonneville Power Administration (Bonneville) and the other Federal operating agencies, in coordination with states and Tribes, will be making decisions on Federal Columbia River Power System (FCRPS) operations in July and August to help juvenile fish get past the dams. The decision has been delayed due to the challenges of developing a workable package of actions to offset the estimated impact on salmon. If they decide to reduce summer spill, the agencies will undertake additional actions, so that overall benefits are similar or greater than the estimated benefit of the current summer spill program. Last August, the operations reduced Bonneville revenues by about \$1 million per day, while biological benefits were extremely small.

No Secretarial action requested.

Bonneville to Release Proposal for Power Supply Role: As part of an ongoing Regional Dialogue process, Bonneville plans to release a draft proposal this month for satisfying its load-serving obligation in its next rates/contracts period beginning in FY 2007.

No Secretarial action requested.

Power Rates: In June 2004, Bonneville will begin releasing information regarding the likely FY 2005 rates, beginning with workshops on the final calculations for the Load Based Cost Recovery Adjustment Clause to go into effect for the six months beginning October 1, 2004.

No Secretarial action requested.

Cost Reductions Recommendations Due: In June 2004, Bonneville will complete work with its “Sounding Board” group on recommendations for up to \$100 million in Bonneville cost reductions and revenue enhancements over FY 2004-2005. Bonneville committed to seek these cost reductions and revenue enhancements through an open process. The Administrator will use the recommendations as input to Bonneville decisions about FY 2004 and 2005 power rate adjustments.

No Secretarial action requested.

Transmission Draft Environmental Impact Statement (DEIS) on Hold: A DEIS outlining a comprehensive policy to help support future transmission business decisions, originally scheduled for this month, is now on hold while the agency considers how and whether to update the 1995 Business Plan EIS. If that EIS is updated, it could encompass a number of business line issues agency wide, including industry restructuring and power business as well as transmission. Staff is reviewing the needs and developing a recommendation on how to proceed.

No Secretarial action requested.

Transmission Line Rebuilds Underway: Construction begins this month on two major transmission rebuilds. Both are expected to be complete this fall. Phase 2 of the Albany-Eugene project will convert a section of the 115-kilovolt (kV) transmission line to a double circuit. The line has not been upgraded since it was built in 1939. The 115 kV Raymond Cosmopolis transmission line was built in the 1930’s and is in need of rebuilding. Foreseeing the need to reinforce its aging transmission grid to preserve reliability, Bonneville has undertaken the biggest building program for the Agency in more than two decades. Financing has been made available by Congressional addition of \$700 million to Bonneville’s credit line with the U. S. Treasury and existing borrowing authority freed up by nuclear debt refinancing.

No Secretarial action requested.

Environmental Impact Statement (EIS) Due on Interconnecting Generation Plant: In June 2004, Bonneville expects to issue a final EIS on interconnecting the proposed COB Energy Facility to the Bonneville transmission grid. The 1160 Megawatt (MW) combustion

turbine project would be constructed in two 600 MW phases at a site near Bonanza, Oregon. Phase 1 is scheduled to energize in June 2004.

No Secretarial action requested.

July
Next 60 Days

Workshops Begin in Preparation for Rate Case: This month, the Transmission Business Line (TBL) begins its 2006 rate case with a series of technical workshops, set to conclude in September 2004. Ex parte is scheduled to begin in October 2004.

No Secretarial action requested.

General Accounting Office (GAO) to Release Findings on Bonneville's Financial Situation: We would now expect GAO to release its report on the causes of Bonneville's current financial condition, Bonneville's management of risk, and the implications of Bonneville's financial policies on its ability to maintain its obligations to repay its annual debt to the U.S. Treasury sometime in July. The House Appropriations Committee requested the report in 2003.

No Secretarial action requested.

August
Next 90 Days

Draft Biological Opinion (BiOp) Revision Expected: In late August, NOAA Fisheries expects to release its draft revised BiOp for FCRPS operations. The court remanded the BiOp in May 2003. It is due to be finalized in late November 2004.

No Secretarial action requested.

Ongoing

Decline in Water Supply Forecast Has Significant Implications for Revenue, Fish: The projected water supply for this year across the Columbia Basin has deteriorated significantly since the first forecast in early January 2004. The forecasted fiscal year runoff began at 96 percent in early January 2004 and dropped to only 74 percent as of the middle of May 2004, a total decline in the forecast of 24.3 million acre feet. A decline of this magnitude will have implications ranging from the reduction of projected net revenue for FY 2004, which will impact FY 2005, to decisions regarding the management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. The updated jeopardy analysis could

have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system. Since the BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New information is available on the effectiveness of particular measures. NOAA Fisheries must base its analysis on the best science available.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

July 7, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

July
Next 30 Days

Bonneville Power Administration (Bonneville) to Release Proposal for Power Supply Role: As part of an ongoing Regional Dialogue process, Bonneville plans to publish a Federal Register notice this month describing its draft proposal for satisfying its load-serving obligation in its next rates/contracts period beginning in Fiscal Year (FY) 2007.

No Secretarial action requested.

Workshops Begin in Preparation for Rate Case: This month, the Transmission Business Line (TBL) begins its 2006 rate case with a series of technical workshops. Technical workshops continue through September 2004.

No Secretarial action requested.

General Accounting Office (GAO) to Release Findings on Bonneville's Financial Situation: In July 2004, GAO is expected to release its report on the causes of Bonneville's current financial condition, Bonneville's management of risk, and the implications of Bonneville's financial policies on its ability to maintain its obligations to repay its annual debt to the U.S. Treasury sometime in July 2004. In May 2004, Bonneville reviewed and commented on the draft; generally, we concurred with GAO's recommendations and are implementing many of them. The House Appropriations Committee requested the report in 2003.

No Secretarial action requested.

Customer Surveys Underway: This month, Bonneville is surveying some 260 transmission, power, and energy efficiency customers to get

feedback on its performance. Bonneville has conducted a customer, constituent, and tribal survey annually since 1996. (No survey was done in 2003 due to budget considerations). Bonneville uses the survey results to assess performance against annual targets for customer satisfaction and to make improvements in business processes and product delivery. Results of the tribal and constituent survey will be available in late August 2004; results of the customer survey will be out in September 2004.

No Secretarial action requested.

August
Next 60 Days

Adjustments to Power Rates to be Proposed: In August 2004, Bonneville will hold a customer workshop to announce its proposed adjustments to the FY 2005 power rates to go into effect October 1, 2004. The announcement will be followed by a public comment period.

No Secretarial action requested.

Summer Spill Operations Changed: Pending a Record of Decision (ROD) from the U.S. Army Corps of Engineers, Bonneville expects to eliminate summer spill on the Federal Columbia River Power System (FCRPS) during the month of August 2004, at The Dalles and Bonneville Dams and after August 26, 2004, at John Day and Ice Harbor Dams. Bonneville will undertake additional actions so that overall benefits are similar or greater than the estimated benefit of the current summer spill program. This decision will be tested in the courts during the month of July 2004, which will generate extensive press coverage.

No Secretarial action requested.

Draft Biological Opinion (BiOp) Revision Expected: In late August 2004, National Marine Fisheries Service (NOAA Fisheries) expects to release its draft revised Biological Opinion for FCRPS operations (BiOp). The court remanded the BiOp in May 2003. It is due to be finalized in late November 2004.

No Secretarial action requested.

Administrator Decision on TBL Programs Planned: This month, the Administrator will release his decision letter on programs proposed for the upcoming TBL rate case. Ex parte is scheduled to begin in

October 2004. The new FY 2006-2007 transmission rates are scheduled to go into effect on October 1, 2005.

No Secretarial action requested.

September
Next 90 Days

Decision on Power Rates: In mid-September 2004, the Administrator will make a final decision on the FY 2005 power rate adjustments under the Financial Based Cost Recovery Adjustment Clause and the Safety Net Cost Recovery Adjustment Clause. The new rates will go into effect October 1, 2004.

No Secretarial action requested.

Decision Document Expected on Bonneville's Power Supply Role: This month, Bonneville plans to release a final ROD on its long-term power supply role after 2006.

No Secretarial action requested.

Symposium to Feature Energy Efficiency and Transmission Alternatives: Bonneville will sponsor a symposium, "Energizing the Northwest, Today and Tomorrow" September 28-29, 2004, in Portland, Oregon. Experts from around the region and the nation will explore ways that energy efficiency and transmission adequacy can help maintain the reliability of the electric system and the quality of the environment.

No Secretarial action requested.

Power Plan Expected: The Northwest Power and Conservation Council (Council) is planning to release its Fifth Power Plan in September 2004. As described in the Northwest Power Act of 1980, the plan forecasts loads and resources in the Pacific Northwest and provides guidance to Bonneville's power planning and acquisitions, including conservation.

No Secretarial action requested.

Plan for Implementing Biological Opinion Expected: In September 2004, Bonneville and the other Federal hydro operators expect to finalize the 2005 implementation plan as required under the current BiOp. The implementation plan is the basis for assessing the agencies' progress toward performance standards in the BiOp.

No Secretarial action requested.

Environmental Impact Statement (EIS) Planned on Interconnecting Generation Plant: A joint EIS with the Washington Energy Facility Site Evaluation Council (EFSEC) and Bonneville to interconnect a proposed new generation near Birch Bay, Washington, to the Bonneville transmission grid has been delayed until at least September 2004. The 720-megawatt Combined Cycle Combustion Turbine is planned for completion in 2006.

No Secretarial action requested.

Ongoing

Decline in Water Supply Forecast Has Significant Implications for Revenue, Fish: The projected water supply for this year across the Columbia Basin has deteriorated significantly since the first forecast in early January 2004. The forecasted fiscal year runoff began at 96 percent in early January 2004, and dropped to 79 percent as of the middle of June 2004, a total decline in the forecast of 18.2 million acre feet. A decline of this magnitude will have implications ranging from the reduction of projected net revenue for FY 2004, which will impact FY 2005, to decisions regarding the management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system. Since the BiOp was issued, the region has achieved significant improvements in habitat restoration, juvenile passage survival, and adult returns. New information is available on the effectiveness of particular measures. NOAA Fisheries must base its analysis on the best science available.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

August 4, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

August
Next 30 Days

Adjustments to Power Rates to be Proposed: In August 2004, Bonneville Power Administration (Bonneville) will hold a customer workshop to announce its proposed adjustments to the Fiscal Year (FY) 2005 power rates to go into effect October 1, 2004. The announcement will be followed by a public comment period.

No Secretarial action requested.

Bonneville to Hold Public Meetings on its Power Supply Role: As part of an ongoing Regional Dialogue process, Bonneville will hold public meetings throughout the region this month and next to discuss its draft proposal for satisfying its load-serving obligation in its next rates/contracts period beginning in FY 2007.

No Secretarial action requested.

Workshops Continue in Preparation for Rate Case: Technical workshops continue through October 2004 preparatory to the Transmission Business Line (TBL) 2006 rate case.

No Secretarial action requested.

Tribal and Constituent Survey Results Reported: This month (August 2004), Bonneville will release results of its constituent and Tribal surveys. The Agency surveyed some 140 constituents and 40 Tribal representatives to get feedback on its performance. Bonneville has conducted a customer, constituent, and Tribal survey annually since 1996. (No survey was done in 2003 due to budget considerations). Bonneville uses the survey results to assess performance against annual targets and to make improvements in processes and product delivery.

No Secretarial action requested.

Draft Biological Opinion (BiOp) Revision Expected: In late August 2004, National Marine Fisheries Service (NOAA Fisheries) expects to release its draft revised BiOp for Federal Columbia River Power Systems operations. The court remanded the BiOp in May 2003. It is due to be finalized in late November 2004.

No Secretarial action requested.

September
Next 90 Days

Decision on Power Rates: In mid-September 2004, the Administrator will make a final decision on the FY 2005 power rate adjustments under the Financial Based Cost Recovery Adjustment Clause and the Safety Net Cost Recovery Adjustment Clause. The new rates will go into effect October 1, 2004.

No Secretarial action requested.

Customer Survey Results Reported: This month, Bonneville expects to release results of its customer survey. The Agency surveyed some 260 Transmission, Power, and Energy Efficiency customers to get feedback on its performance. (See August, above, Tribal and Constituent Survey Results Reported.)

No Secretarial action requested.

Symposium to Feature Energy Efficiency and Transmission Alternatives: Bonneville will sponsor a symposium, "Energizing the Northwest, Today and Tomorrow" September 28-29, 2004, in Portland, Oregon. Experts from around the region and the nation will explore ways that Energy Efficiency and Transmission adequacy can help maintain the reliability of the electric system and the quality of the environment.

No Secretarial action requested.

Power Plan Expected: The Northwest Power and Conservation Council (Council) is planning to release its Fifth Power Plan in September 2004. As described in the Northwest Power Act of 1980, the plan forecasts loads and resources in the Pacific Northwest and provides guidance to Bonneville's power planning and acquisitions, including conservation.

No Secretarial action requested.

Plan for Implementing BiOp Expected: In September 2004, Bonneville and the other Federal hydro operators expect to finalize the 2005 implementation plan as required under the current BiOp. The implementation plan is the basis for assessing the Agencies' progress toward performance standards in the BiOp.

No Secretarial action requested.

Environmental Impact Statement (EIS) Planned on Interconnecting Generation Plant: In September 2004, Bonneville expects to complete a joint EIS with the Washington Energy Facility Site Evaluation Council (EFSEC) to interconnect a proposed new generation near Birch Bay, Washington, to the Bonneville Transmission grid. The BP Cherry Point 720-megawatt Combined Cycle Combustion Turbine is planned for completion in 2006.

No Secretarial action requested.

October
Next 90 Days

Administrator Decision on TBL Programs Planned: This month (October 2004), the Administrator will release his decision letter on programs proposed for the upcoming TBL rate case. Ex parte is scheduled to begin in early November 2004. The new FY 2006-2007 transmission rates are scheduled to go into effect on October 1, 2005.

No Secretarial action requested.

Power Business Line (PBL) Holds Workshops Preparatory to Rate Case: Beginning in October, PBL will conduct a formal process to get public input on PBL program levels for FY 2007-2011. In workshops and individual meetings, customers and constituents will have the opportunity to review program budgets that go into development of the revenue requirement for the upcoming rate case. (Program levels are not part of a formal rate case proceeding.) Workshops for the rate case begin in February 2005.

No Secretarial action requested.

Ongoing

Decline in Water Supply Forecast Has Significant Implications for Revenue, Fish: The projected water supply for this year across the Columbia Basin has deteriorated significantly since the first forecast in early January 2004. The forecasted fiscal year runoff began at 96 percent in early January 2004, and dropped to 78 percent as of the final July 2004 forecast, a total decline in the forecast of 19.3 million acre feet. A decline of this magnitude will have implications ranging

from the reduction of projected net revenue for FY 2004, which will impact FY 2005, to decisions regarding the management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.

Updated Analysis Planned for BiOp Remand: As part of its response to the court remand of the BiOp, NOAA Fisheries is updating the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for the array of actions identified in the BiOp, including Federal actions on the hydropower system.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

September 1, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

September
Next 30 Days

Adjustments to Power Rates to be Announced: In early September 2004, Bonneville Power Administration (Bonneville) will announce its adjustments to the Fiscal Year (FY) 2005 power rates. In August 2004, Bonneville announced it expects to reduce wholesale power rates by 5 to 7.5 percent starting October 1, 2004, due largely to cost reductions. The forecast was tentative, and factors such as continued poor water conditions and/or lower-than-expected prices for surplus electricity could materially affect financial results.

No Secretarial action requested.

Bonneville to Hold Public Meetings on its Power Supply Role: As part of an ongoing Regional Dialogue process, Bonneville will continue to hold public meetings this month to discuss its draft proposal for satisfying its load-serving obligation in the rates/contracts period that begins in FY 2007.

No Secretarial action requested.

Workshops Continue in Preparation for Rate Case: Technical workshops continue through October 2004 preparatory to the Transmission Business Line (TBL) 2006 rate case.

No Secretarial action requested.

Customer Survey Results Reported: This month, Bonneville expects to release results of its customer survey. The Agency surveyed some 260 transmission, power, and energy efficiency customers to get feedback on its performance.

No Secretarial action requested.

Symposium to Feature Energy Efficiency and Transmission

Alternatives: Bonneville will sponsor a symposium, “Energizing the Northwest, Today and Tomorrow” September 28-29, 2004, in Portland, Oregon. Experts from around the region and the nation will explore ways that energy efficiency and transmission adequacy can help maintain the reliability of the electric system and the quality of the environment.

No Secretarial action requested.

Power Plan Expected: The Northwest Power and Conservation Council (Council) is planning to release its draft Fifth Power Plan in September 2004. As described in the Northwest Power Act of 1980, the plan forecasts loads and resources in the Pacific Northwest and provides guidance to Bonneville’s power planning and acquisitions, including conservation. The final plan is expected in December 2004 or January 2005.

No Secretarial action requested.

October
Next 60 Days

Administrator Decision on TBL Programs Planned: This month (October 2004), the Administrator will release his decision letter on programs proposed for the upcoming TBL rate case. The new FY 2006-2007 transmission rates are scheduled to go into effect on October 1, 2005.

No Secretarial action requested.

Decision Expected on Proposed Transmission Project: By the end of October 2004, TBL expects to make a decision on next steps for the proposed McNary-John Day transmission project. The line would add about 1,250 megawatts (MW) of transfer capacity along the Columbia River in central Washington and Oregon, in an area where transmission paths are currently constrained. Sixty-three gas and wind power plant sponsors submitted transmission requests during an “open season” in July 2004. TBL is evaluating those requests. The idea is to attract the highest level of customers possible to contribute to the project costs, protecting other Bonneville ratepayers and providing that individual contributors bear less of the cost.

No Secretarial action requested.

Power Business Line (PBL) Holds Workshops Preparatory to Rate Case: Beginning in October 2004, PBL will conduct a formal process

to get public input on PBL program levels for FY 2007-2011. In workshops and individual meetings, customers and constituents will have the opportunity to review program budgets that go into development of the revenue requirement for the upcoming rate case. (Program levels are not part of a formal rate case proceeding.)

No Secretarial action requested.

Record of Decision (ROD) Planned on Interconnecting Generation Plant: In October 2004, a final ROD is expected on the joint Bonneville/Washington Energy Facility Site Evaluation Council Environmental Impact Statement (EIS) to interconnect a proposed new generation near Birch Bay, Washington, to the Bonneville transmission grid. The BP Cherry Point 720 MW combined cycle combustion turbine (CCCT) is planned for completion in 2006.

No Secretarial action requested.

November
Next 90 Days

Draft Biological Opinion (BiOp) Revision Expected: In late November 2004, National Marine Fisheries Service (NOAA Fisheries) expects to release its final revised BiOp for Federal Columbia River Power Systems operations. The court remanded the BiOp in May 2003. As part of its response to the court remand, NOAA Fisheries is updating the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for Federal actions on the hydropower system.

No Secretarial action requested.

Transmission Rate Case Begins: Ex parte is scheduled to begin in November 2004 for the FY 2006 transmission rate proceeding.

No Secretarial action requested.

Final Environmental Impact Statement (EIS) Expected: In November 2004, Bonneville, in cooperation with the Bureau of Indian Affairs, expects to issue a final EIS on interconnecting the Wanapa Energy Center in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300 MW gas-fired CCCT is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on Tribal trust land.

No Secretarial action requested.

Ongoing

Decline in Water Supply Forecast Has Significant Implications

for Revenue, Fish: The projected water supply for this year across the Columbia Basin has deteriorated significantly since the first forecast in early January 2004. The forecasted FY runoff began at 96 percent in early January 2004, and dropped to 78 percent as of the final July 2004 forecast, a total decline in the forecast of 19.3 million acre feet. A decline of this magnitude will have implications ranging from the reduction of projected net revenue for FY 2004, which will impact FY 2005, to decisions regarding the management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

October 6, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

October
Next 30 Days

Administrator's Decision on Transmission Business Line (TBL)

Programs Planned: This month (October 2004), the Administrator will release his decision letter on program levels that will be the basis for the revenue requirement of the next TBL rate period, covering Fiscal Years (FY) 2006 and 2007. The Administrator will initiate a transmission rate case with an initial rate proposal in November 2004. The new transmission rates would go into effect on October 1, 2005.

No Secretarial action requested.

Decision Expected on Proposed Transmission Project:

In October 2004, TBL expects to offer financial agreements to potential participants in the proposed McNary-John Day transmission project. The line would add about 1,200 megawatts (MW) of transfer capacity along the Columbia River in central Washington and Oregon, in an area where transmission paths are currently constrained. Sixty-three transmission requests were submitted during an "open season" in July and September of 2004. Those that required solely the use of the proposed McNary-John Day line were identified as obligated to participate in the financing of the project. It is still uncertain how many of the requestors will make the necessary financial commitment, and how many will step out of the queue for transmission service on this path.

No Secretarial action requested.

Record of Decision (ROD) Planned on Interconnecting Generation

Plant: In October 2004, a final ROD is expected on the joint Bonneville/Washington Energy Facility Site Evaluation Council Environmental Impact Statement (EIS) to interconnect proposed new

generation near Birch Bay, Washington, to the Bonneville transmission grid. A 720 MW combined cycle combustion turbine (CCCT) is planned for completion in 2006 at BP's Cherry Point air refinery, about 120 miles north of Seattle, Washington.

No Secretarial action requested.

November
Next 60 Days

Draft Biological Opinion (BiOp) Revision Expected: In late November 2004, NOAA Fisheries expects to release its final revised BiOp for Federal Columbia River Power System operations that affect listed populations of salmon and steelhead under the Endangered Species Act. Federal District Court Judge James Redden remanded the previous BiOp in May 2003. As part of its response to the court remand, NOAA Fisheries has updated the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for Federal actions on the hydropower system.

No Secretarial action requested.

Major Transmission Construction Project to be Completed: Construction is scheduled to be completed this month on the Grand Coulee-Bell transmission project, a rebuild of 84 miles of existing 115-kilovolt (kV) wood-pole transmission line with new, higher capacity 500-kV steel tower line. The project will improve reliability in moving power from existing generation sources east of Spokane to the west. The project is one of eight major transmission projects that Bonneville is pursuing or has completed since 2002 to reinforce its transmission grid to preserve reliability and relieve congestion. Financing was made available by Congressional and Executive Branch addition of \$700 million to Bonneville's credit line with the U.S. Treasury.

No Secretarial action requested.

Decision Point on Regional Transmission Organization (RTO) Scheduled: In early November 2004, the Regional Representatives Group, including Bonneville, is scheduled to vote on whether to support adoption of bylaws for Grid West, the proposed RTO for the Pacific Northwest. The decision is an important step because of the deep interest in the region concerning an appropriate governance structure for Grid West. The region must get over the hurdle of governance structure before further development of the regional proposal can proceed.

No Secretarial action requested.

Transmission Rate Case Begins: A prohibition of ex parte communications is scheduled to begin in November 2004 for Bonneville's FY 2006 transmission rate case. The ex parte prohibition precludes communications between Bonneville employees and outside parties regarding the merits of any substantive issue in the rate case unless public notice has been provided prior to such communications. The ex parte prohibition remains in effect until the Administrator publishes his proposed rates in a final ROD.

No Secretarial action requested.

Final EIS Expected: In November 2004, Bonneville, in cooperation with the Bureau of Indian Affairs, expects to issue a final EIS on interconnecting the Wanapa Energy Center in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300 MW gas-fired CCCT is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on Tribal trust land.

No Secretarial action requested.

Independent Study of Bonneville Due to Department: On November 15, 2004, Jupiter Corporation expects to submit to the Department an independent assessment of Bonneville's readiness and ability to respond to the findings and recommendations of the August 2004 report of the Government Accountability Office. The Department study was requested by the House Appropriations Committee.

No Secretarial action requested.

December
Next 90 Days

Bonneville to Release ROD on Post-2006 Contracts and Rates: In late December, Bonneville plans to release the Administrator's ROD on issues for post-2006 power sales contracts and rates. Longer-term issues (post-2011) addressing Bonneville's load-serving obligation will be resolved in a subsequent process, to commence in summer of 2005.

No Secretarial action requested.

Commitments to Help Fund McNary-John Day Transmission Project Due: In late December 2004, initial deposits will be due from requesting parties wishing to participate in the proposed McNary-John Day transmission project. (See October, "Decision Expected on Proposed Transmission Project," above.) Based on the total MW capacity of the transmission requests from those that have made a financial commitment,

Bonneville will decide in January 2005 whether to proceed with the project.

No Secretarial action requested.

Rates Proposal Planned: This month, Bonneville is scheduled to publish its initial proposal in the rate case to establish FY 2006 transmission rates.

No Secretarial action requested.

Power Plan Expected: The Northwest Power and Conservation Council is planning to release its final Fifth Power Plan in December 2004. As described in the Northwest Power Act of 1980, the plan forecasts electric loads and resources in the Pacific Northwest and provides guidance to Bonneville's power planning and acquisitions, including conservation.

No Secretarial action requested.

Ongoing

Efficiency Projects Planned to Yield Significant Results: Bonneville is launching projects in seven Agency functions to develop and implement specific changes in how the Agency conducts business. The projects are an outgrowth of a high-level process study completed in July 2004 by KEMA Incorporated. Bonneville has already progressed significantly in some of the areas and expects to move quickly to achieve significant results in months rather than years. Consistent with agency strategic direction for "Cost Management" and "One BPA," KEMA also called out two broad characteristics of Bonneville that impede efficiency across the entire organization. First, Bonneville's current organizational structure (two separate business lines for transmission and power) does not fit its business environment and could prevent the Agency from achieving parts of its long-range strategy. While Bonneville intends to continue to fully comply with Federal Energy Regulatory Commission's (FERC) Standards of Conduct, some of the redundancy of the separated business lines may be more than needed under the FERC order. Second, KEMA found that Bonneville focuses on broad outcomes and results at the expense of uniform systems and processes. These findings will be incorporated as the efficiency projects move forward.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

November 3, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

November
Next 30 Days

Administrator's Decision on Transmission Business Line (TBL)

Programs Planned: Late this month (November 2004), the Administrator expects to release his decision letter on TBL program levels. The release was delayed from October 2004, in order to consider the extensive and diverse comments received during the Programs in Review (PIR). The decisions will be the basis for the revenue requirement of the next TBL rate period, covering Fiscal Years (FY) 2006 and 2007. The new transmission rates would go into effect on October 1, 2005.

No Secretarial action requested.

Agreements Offered for Participation in Proposed Transmission

Project: Originally planned for October 2004, TBL now expects to offer financial agreements in November 2004 to potential participants in the proposed McNary-John Day transmission project. The line would add about 1,200 megawatts (MW) of transfer capacity along the Columbia River in central Washington and Oregon to serve new gas-fired and wind energy generation in an area where transmission paths are currently constrained. It is unknown how many of the requestors will make the necessary financial commitment, and how many will step out of the queue for transmission service on this path.

No Secretarial action requested.

Draft Biological Opinion (BiOp) Revision Expected: In late November 2004, NOAA Fisheries (NMFS) expects to release its final revised BiOp for Federal Columbia River Power System operations that affect listed populations of salmon and steelhead under the Endangered Species Act. Federal District Court Judge James Redden remanded the

previous BiOp in May 2003. As part of its response to the court remand, NOAA Fisheries (NMFS) has updated the BiOp's jeopardy analysis. The updated jeopardy analysis could have implications for Federal actions on the hydropower system.

No Secretarial action requested.

Major Transmission Construction Project to be Completed:

Construction is scheduled to be completed this month on the Grand Coulee-Bell transmission project, a rebuild of 84 miles of existing 115-kilovolt (kV) wood-pole transmission line with new, higher capacity 500-kV steel tower line. The project will improve reliability in moving power from existing generation sources east of Spokane, Washington to the west. The project is one of eight major transmission projects that Bonneville is pursuing or has completed since 2002 to reinforce its transmission grid to preserve reliability and relieve congestion. Financing was made available by Congressional and Executive Branch addition of \$700 million to Bonneville Power Administration's (Bonneville) credit line with the U.S. Treasury.

We have asked if there is interest on the part of DOE to attend a celebration of the completions of this project in December 2004 or January 2005.

Final Environmental Impact Statement (EIS) Expected: In November 2004, Bonneville, in cooperation with the Bureau of Indian Affairs, expects to issue a final EIS on interconnecting the Wanapa Energy Center in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300 MW gas-fired power plant is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on Tribal trust land.

No Secretarial action requested.

Independent Study of Bonneville Due to Department: On November 15, 2004, Jupiter Corporation expects to submit to the Department an independent assessment of Bonneville's readiness and ability to respond to the findings and recommendations of the August 2004 report of the Government Accountability Office. The Department study was requested by the House Subcommittee on Energy and Water Development.

No Secretarial action requested.

EIS Planned for Hatchery Construction: In November 2004, Bonneville plans to issue a Record of Decision (ROD) on final planning, design, and land acquisition for a Spring Chinook hatchery project in Northeast Oregon. Bonneville has funded planning and design for the hatchery through the Northwest Power and Conservation Council's (Council) Fish and Wildlife Program. The Council is evaluating a proposal to construct the hatchery, which would use innovative breeding and rearing techniques to address issues identified with artificial supplementation on Endangered Species Act listed fish. Estimated construction cost is \$16 million.

No Secretarial action requested.

December
Next 60 Days

Bonneville to Release ROD on Post-2006 Contracts and Rates: In late December 2004, Bonneville plans to release the Administrator's ROD on issues for post-2006 power sales contracts and rates. Longer-term issues (post-2011) addressing Bonneville's load-serving obligation will be resolved in a subsequent process, to commence in summer of 2005.

No Secretarial action requested.

Transmission Rate Case Begins: The Administrator will initiate Bonneville's FY 2006 transmission rate case with an initial rate proposal in the Federal Register in December 2004. Also this month, a prohibition of ex parte communications is scheduled to begin, precluding communications between Bonneville employees and outside parties regarding the merits of any substantive issue in the rate case unless public notice has been provided in advance. The ex parte prohibition remains in effect until the Administrator publishes his proposed rates in a final ROD.

No Secretarial action requested.

Decision Point on Regional Transmission Organization (RTO) Scheduled: In early December 2004, the Regional Representatives Group, including Bonneville, is scheduled to vote on whether to support adoption of bylaws for Grid West, the proposed RTO for the Pacific Northwest. The vote was delayed from November 2004 to allow time for consideration of some proposed revisions to the bylaws. The decision is an important step because of the deep interest in the region concerning an appropriate governance structure for Grid West. The region must get over the hurdle of governance structure before further development of the regional proposal can proceed.

No Secretarial action requested.

Power Plan Expected: The Council is planning to release its final Fifth Power Plan in December 2004. As described in the Northwest Power Act of 1980, the plan forecasts electric loads and resources in the Pacific Northwest and provides guidance to Bonneville's power planning and acquisitions, including conservation.

No Secretarial action requested.

Annual Report Available: On December 1, 2004, Bonneville will post its 2004 Annual Report on the web, with results of its annual commercial audit of FY financial performance. <http://webip1/corporate/kc/home/ar/#annual>

No Secretarial action requested.

January
Next 90 Days

Power Business Line (PBL) Begins Scoping Programs for Rate Case: In January 2005, the PBL will begin a three-month formal process to get public input on PBL program levels for FY 2007-2011 that will go into development of the revenue requirement for the upcoming rate case.

No Secretarial action requested.

Ongoing

Efficiency Projects Planned to Yield Significant Results: Bonneville has hired a contractor to recommend specific changes in how the Agency conducts business in seven Agency functions, which the Agency would then implement. The projects are an outgrowth of a high-level process study completed in July 2004 by KEMA Incorporated. KEMA's findings will be incorporated as the efficiency projects move forward.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

December 1, 2004

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

December
Next 30 Days

Annual Report Available: On December 1, 2004, Bonneville Power Administration (Bonneville) will post its 2004 Annual Report on the web, with results of its annual commercial audit of Fiscal Year (FY) financial performance. <http://webip1/corporate/kc/home/ar/#annual>

No Secretarial action requested.

Dedication of Major New Transmission Line: On December 6, 2004, Bonneville will dedicate the newly completed 84-mile Grand Coulee-Bell 500-kilovolt transmission line in Eastern Washington. Associate Deputy Secretary Bruce Carnes is attending the event in Spokane on behalf of the Department Of Energy. This is Bonneville's largest transmission project in nearly 20 years and was completed ahead of schedule and under budget.

No Secretarial action requested.

Bonneville to Release Policy and Record of Decision (ROD) on Power Supply Role for FY 2007-2011. In late December 2004, Bonneville plans to release a policy and Administrator's ROD on issues for post-2006 power supply role. Longer-term issues (post-2011) addressing Bonneville's load-serving obligation will be resolved in a subsequent process, to commence in summer of 2005.

No Secretarial action requested.

Decision Point on Regional Transmission Organization (RTO) Scheduled: In early December 2004, the Regional Representatives Group, including Bonneville, is scheduled to vote on whether to support adoption of operational and functional bylaws for Grid West, the proposed RTO for the Pacific Northwest. The vote was delayed

from November 2004 to allow time for consideration of some proposed revisions to the bylaws. The decision is an important step because of the deep interest in the region concerning an appropriate governance structure for Grid West. The region must get over the hurdle of governance structure before further development of the regional proposal can proceed.

No Secretarial action requested.

Agreements Offered for Participation in Proposed Transmission Project: Originally planned for October 2004, Transmission Business Line (TBL) now expects to offer financial agreements in December 2004 to potential participants in the proposed McNary-John Day transmission project. The line would add about 1,200 megawatts (MW) of transfer capacity along the Columbia River in central Washington and Oregon to serve new gas-fired and wind energy generation in an area where transmission paths are currently constrained. It is unknown how many of the requestors will make the necessary financial commitment, and how many will step out of the queue for transmission service on this path.

No Secretarial action requested.

Final Environmental Impact Statement (EIS) Expected: Initially planned for November 2004, Bonneville, in cooperation with the Bureau of Indian Affairs, now expects to issue a final EIS in December 2004 on interconnecting the Wanapa Energy Center in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300 MW gas-fired power plant is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on Tribal trust land.

No Secretarial action requested.

Power Plan Expected: The Northwest Power and Conservation Council is planning to release its final Fifth Power Plan in December 2004. As described in the Northwest Power Act of 1980, the plan forecasts electric loads and resources in the Pacific Northwest and provides guidance to Bonneville's power planning and acquisitions, including conservation.

No Secretarial action requested.

January
Next 60 Days

Power Business Line (PBL) Begins Scoping Programs for Rate Case: In January 2005, the PBL will begin a three-month formal

process to get public input on PBL program levels for FY 2007-2011 that will go into development of the revenue requirement for the upcoming rate case.

No Secretarial action requested.

Settlement Offered on Transmission Rate Case: In January 2005, TBL customers are expected to return signed Settlement Agreements concurring with a settlement offer on the TBL's 2006-2007 transmission rate case. TBL and customers came to a tentative agreement in November 2004 after several weeks of discussions, settling issues that would have otherwise been addressed in a rates proceeding. While the changes to specific rates vary widely, overall the settlement has transmission rates for 2006-2007 increasing by about 12.5 percent. If all customers return agreements by January 7, 2005, TBL will then decide whether to sign by January 11, 2005.

No Secretarial action requested.

February
Next 90 Days

Decision Due on Developer-Financed Transmission Project: In February 2005, based on the financial commitment received from developers (see December 2004, above), Bonneville expects to make a decision on whether to proceed with design and construction of the McNary-John Day transmission project.

No Secretarial action requested.

Ongoing

Efficiency Projects Planned to Yield Significant Results: Bonneville has retained KEMA Incorporated to conduct studies of seven Agency functions and recommend specific changes in how the Agency conducts business, which Bonneville would then implement. The projects are an outgrowth of a high-level process study KEMA completed in July 2004.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

January 5, 2005

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

January
Next 30 Days

Bonneville Power Administration (Bonneville) to Release Policy and Record of Decision (ROD) on Power Supply Role for Fiscal Year (FY) 2007-2011. In mid-January 2005, Bonneville plans to release a policy and Administrator's ROD on issues for post-2006 power supply role. Longer-term issues (post-2011) addressing Bonneville's load-serving obligation will be resolved in a subsequent process, to commence in the summer of 2005.

No Secretarial action requested.

Power Business Line (PBL) Begins Scoping Programs for Rate Case: In January 2005, PBL will begin a three-month formal process to get public input on PBL program levels for FY 2007-2011 that will go into development of the revenue requirement for the rate case.

No Secretarial action requested.

Settlement Offered on Transmission Rate Case: By January 7, 2005, Transmission Business Line (TBL) customers are expected to return signed Settlement Agreements concurring with a settlement offer on the TBL's 2006-2007 transmission rate case. If all customers return agreements by that date, TBL will then decide whether to sign by January 9, 2005. TBL and customers came to a tentative agreement in November 2004 after several weeks of discussions, settling issues that would have otherwise been addressed in a rates proceeding. While the changes to specific rates vary widely, overall the settlement has transmission rates for 2006-2007 increasing by about 12.5 percent.

No Secretarial action requested.

ROD on Transmission Interconnection Expected: In January 2005, Bonneville, in cooperation with the Bureau of Indian Affairs, expects to issue a ROD on interconnecting the Wanapa Energy Center in Umatilla County, Oregon, to the Bonneville transmission grid. The 1,300-megawatt (MW) gas-fired power plant is a project of the Confederated Tribes of the Umatilla Indian Reservation, to be located on Tribal trust land.

No Secretarial action requested.

Decision Planned on Wind Energy Interconnection: Bonneville must make a decision by January 2005, on whether to integrate up to 63 MW of wind energy from the Combine Hills wind project in eastern Oregon. The schedule allows the wind developer to qualify for Federal production tax credits due to sunset at the end of 2005. The interconnection involves rebuilding 5.8 miles of Bonneville's Walla Walla-Pendleton line from 69 kilovolts (kV) to 115 kV. A Categorical Exclusion is being prepared for the project. If the decision is to proceed, line construction could start as early as June 2005.

No Secretarial action requested.

Decision Planned on Wind Energy Interconnection: In January, Bonneville will issue a ROD on whether to integrate up to 200 MW of wind energy from a proposed Columbia Energy Partners (CEP) wind farm near Arlington, Oregon. The power would be delivered from a substation that CEP would construct and own on the wind project site. Bonneville would build a substation adjacent to the CEP substation.

No Secretarial action requested.

February
Next 60 Days

Decision Planned on Wind Energy Interconnection: In February, Bonneville will issue a ROD on whether to integrate up to 200 MW of wind energy from the Pacific Power Marketing (PPM) wind project in Gilliam County, Oregon to the federal transmission grid. In initial studies, Bonneville has determined that Arlington PPM would interconnect at the same Bonneville substation as proposed for the Arlington CEP Wind Project interconnection and tap into the Santiam-McNary 230-kV transmission line.

No Secretarial action requested.

March
Next 90 Days

Bonneville to Investigate Non-Wires Alternatives: In March 2005, Bonneville will publish a Notice of Intent to proceed with exploring alternatives to meeting load growth in the Olympic Peninsula. Bonneville is considering constructing a 14-mile double circuit 230-kV line and two new 230-kV line terminals at Shelton Substation. The Agency will also explore several non-wires options. Pilot projects in the Olympic Peninsula indicate that demand-side management during peak periods can save an average of 22 MW. If Bonneville does decide to build, construction would begin August 2006.

No Secretarial action requested.

General Transfer Agreements (GTA) Due: March is the deadline for Bonneville power customers to sign GTAs to receive Federal power over facilities owned and operated by third parties. Based on how many of the 79 eligible power customers have signed, Bonneville will then decide whether to sign the agreements. The 20-year agreement provides for Bonneville to continue to pay, through 2024, transmission costs for delivery of firm Federal power to existing power customers not directly connected to the Federal transmission grid. During that time, Bonneville's initial rate proposals will spread these costs across all customers (rather than GTA customers only). For over 50 years, Bonneville has provided GTA service as an economical and practical alternative to constructing new Federal transmission facilities. The cost of this service, approximately \$50 million annually in recent years, has been rolled into Bonneville power rates. In order to clarify long-term issues as the region considers a regional transmission operator and Bonneville's long-term power supply role, Bonneville offered the new GTAs in December 2004.

No Secretarial action requested.

Construction Begins to Interconnect Wind Energy to Federal Transmission Grid: Construction will begin in March 2005, on a new substation needed to interconnect output from the Hopkins Ridge wind project in Columbia County, Washington, to the Bonneville transmission grid. The project, an enterprise of Blue Sky Wind, LLC, will generate up to 350 MW of electricity. Bonneville will interconnect 150 MW of the output and the remainder will be interconnected through utility transmission providers. Interconnection is scheduled for the fall of 2005. A ROD was issued in December of 2004.

No Secretarial action requested.

Ongoing

Projects Planned to Yield Operating Efficiencies: Bonneville has retained KEMA Incorporated to support agency studies of seven functions and recommend specific changes in how the Agency conducts business, which Bonneville would then implement. The projects were identified in a high-level KEMA process study in July 2004.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

February 2, 2005

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

February
Next 30 Days

Decision Planned on Wind Energy Interconnection: In late February 2005, Bonneville Power Administration (Bonneville) will issue a Record Of Decision (ROD) on whether to integrate up to 200 megawatt (MW) of wind energy from the Pacific Power Marketing (PPM) wind project in Gilliam County, Oregon to the Federal transmission grid. In initial studies, the Bonneville has determined that the Leaning Juniper Wind Project (formerly known as the Arlington PPM Wind Project) would interconnect at the Jones Canyon Substation and tap into the McNary-Santiam #2 230 kilovolt (kV) transmission line.

No Secretarial action requested.

Scoping Begins for Proposed Interconnection of Klondike III Wind: In February 2005, Bonneville will open a 30-day scoping period for an Environmental Impact Statement (EIS) on interconnecting up to 300 MW of wind energy to the Bonneville transmission grid. In order to interconnect the Klondike III Wind Project at Bonneville's existing John Day Substation, Bonneville would build and operate an approximately 12-mile long 230-kV transmission line and two substations. Construction would commence in winter 2006.

No Secretarial action requested.

Draft EIS Collaboration with Bureau of Indian Affairs (BIA): In February 2005, Bonneville plans to issue a draft EIS, in cooperation with the BIA, on the Coyote Business Park, a development project of the Umatilla tribes. Bonneville will rebuild about one mile of transmission line with taller structures to increase span lengths.

No Secretarial action requested.

Power Function Review (PFR) Workshops Continue: Technical workshops and management discussions continue in February under the PFR. The PFR includes technical workshops, management discussions, and regional public meetings where interested parties can examine, understand and provide input on the cost projections that will form the basis for Bonneville's fiscal year (FY) 2007 wholesale power rate case.

No Secretarial action requested.

March
Next 60 Days

Federal Energy Regulatory Commission (FERC) to Sponsor Workshop on Bonneville Proposal: March 16-17, 2005, FERC will sponsor a technical workshop in Portland, Oregon, on a new conditional firm transmission product proposed by Renewables Northwest Project through Bonneville Transmission Business Line's (TBL) new products process. The product is expected to be especially attractive to wind developers. The objective of the workshop is to develop a clear definition of the conditional firm product and pro forma language that will allow all transmission providers to implement the product under the FERC tariff. The conference will be promoted to a national audience.

No Secretarial action requested.

Workshop Will Address Service Options for Direct Service Industries (DSI): On March 1, 2005, Bonneville will hold a public workshop in Portland, Oregon, to consider options for Federal power service to the DSIs post-2006.

No Secretarial action requested.

General Transfer Agreements (GTA) Due: March 2005 is the deadline for Bonneville power customers to sign 20-year agreements to receive Federal power over facilities owned and operated by third parties. Based on how many of the 79 eligible power customers have signed, Bonneville will then decide whether to sign the agreements. For over 50 years, Bonneville has provided GTA service as an economical and practical alternative to constructing new Federal transmission facilities. The cost of this service, approximately \$50 million annually in recent years, has been rolled into Bonneville power rates. In order to clarify long-term issues as the region considers a regional transmission operator and Bonneville's long-term power supply role, Bonneville offered the new GTAs in December 2004.

No Secretarial action requested.

Construction Begins to Interconnect Wind Energy to Federal Transmission Grid: Construction will begin in March 2005 on a new substation needed to interconnect output from the Hopkins Ridge wind project in Columbia County, Washington, to the Bonneville transmission grid. The project, an enterprise of Blue Sky Wind, LLC, will generate up to 350 MW of electricity. Bonneville will interconnect 150 MW of the output and the remainder will be interconnected through utility transmission providers. Interconnection is scheduled for the fall of 2005. A ROD was issued in December of 2004.

No Secretarial action requested.

EIS Underway on New Transmission Line: In March 2005, Bonneville plans to issue a Notice of Intent (NOI) to prepare an EIS on the proposed rebuild of the 115 kV Libby-Troy Transmission Line in Lincoln County, Montana. Scoping meetings are planned for April 2005.

No Secretarial action requested.

PFR Workshops Continue: Technical workshops and management discussions continue in March under the PFR.

No Secretarial action requested.

NOI Postponed: The NOI to proceed with exploring alternatives to meeting load growth in the Olympic Peninsula, originally planned for March 2005, has been postponed pending completion of a regional process to develop transmission adequacy standards. The outcome of that process will help to determine whether projected reliability needs in the area can potentially be met with non-wires alternatives. Bonneville expects to complete the transmission adequacy standards process by January 2006.

No Secretarial action requested.

April
Next 90 Days

Decision Due on Developer-Financed Transmission Project: Originally planned for February 2005, Bonneville's decision whether to proceed with design and construction of the McNary-John Day transmission project has now been moved to April 2005. In December 2004, Bonneville sent offers to developers and asked for financial commitment by March 2005. Bonneville will decide whether

to proceed based on the level of financial commitment received. The new McNary-John Day line would add about 1,200 MW of transfer capacity along the Columbia River in central Washington and Oregon to serve new gas-fired and wind energy generation in an area where transmission paths are currently constrained.

No Secretarial action requested.

PFR Close of Comment: April 29, 2005, is the PFR close of comment. An April 27 management workgroup will summarize key issues in a discussion with the Administrator. Bonneville's decision on program costs for the FY 2007 rate case is planned for late May 2005.

No Secretarial action requested.

Proposal on Bonneville Conservation Program Due: In late April 2005, Bonneville plans to release its decision on the Bonneville conservation program to meet goals of the Northwest Power and Conservation Council's Fifth Power Plan (adopted in December 2004). A workgroup of Bonneville customers and others have been meeting since October 2004 to develop the program, laying the groundwork for a May 2005 Bonneville decision on conservation budgets for the FY 2007 power rate case. A second phase of the workgroup effort, beginning in May 2005, will flesh out implementation and technical details.

No Secretarial action requested.

ROD Due on DSI Benefits: By the end of April 2005, the Administrator is expected to sign a Supplemental ROD to the February 2005 Regional Dialogue Policy and ROD, deciding on the magnitude of benefits that Bonneville will provide to the DSIs post-2006 and the criteria for eligibility.

No Secretarial action requested.

Final EIS on Trout Removal Scheduled: Bonneville plans to release the final EIS on the South Fork Flathead Watershed Conservation Project in April 2005. The project proposes to remove non-native trout species from selected lakes in the South Fork of the Flathead drainage and replace them with genetically pure westslope cutthroat trout.

No Secretarial action requested.

Ongoing

Projects Planned to Yield Operating Efficiencies: Bonneville has retained KEMA Incorporated to support agency studies of seven functions and recommend specific changes in how the Agency conducts business, which Bonneville would then implement. The projects were identified in a high-level KEMA process study in July 2004.

No Secretarial action requested.

Wind Power Interconnections Could Triple by Year's End: Federal tax incentives and Bonneville initiatives to support wind using the flexibility of the hydro system have led to an exponential increase in demand for transmission access for wind-based generation in the Northwest. While at least one wind generator has removed its request for interconnection in 2005 until it has more certainty of a market for the power, Bonneville estimates that the amount of wind power generation currently connected to the Bonneville transmission grid (325 MW) could more than double by year's end. Bonneville is completing interconnection studies for several proposed projects. Many of the projects are along the Columbia River in central Washington and Oregon, where transmission is currently constrained. Bonneville is working with wind developers and others, including FERC, to find ways to optimize use of the transmission grid and address transmission bottlenecks.

No Secretarial action requested.

Northwest industrial companies – primarily aluminum smelters – that Bonneville serves directly, i.e., not through its customer utilities, at a level that has been as high as 3,000 MW but is currently closer to 300 MW. Most aluminum companies in the region have shut down because they are not profitable under current electricity costs and worldwide aluminum prices. Bonneville has proposed providing Federal power service benefits to the DSIs in the 2007-2011 period at a known and capped cost.

No Secretarial action requested.

Power Function Review (PFR) Workshops Continue: Technical workshops and management discussions continue in March 2005, under the PFR. The PFR includes technical workshops, management discussions, and regional public meetings where interested parties can examine and provide input on the cost projections that will form the basis for Bonneville's Fiscal Year (FY) 2007 power rate case.

No Secretarial action requested.

General Transfer Agreements (GTA) Due: March 2005 is the deadline for 79 Bonneville power customers to sign 20-year agreements to receive Federal power over facilities owned and operated by third parties. Bonneville offered these new GTAs in December 2004. For over 50 years, Bonneville has provided GTA service as an economical and practical alternative to constructing new Federal transmission facilities. The new agreements clarify and settle a number of transmission issues that were provoking opposition to establishment of a Regional Transmission Operator in the Pacific Northwest.

No Secretarial action requested.

Environmental Impact Statement (EIS) Underway on New Transmission Line: In March 2005, Bonneville plans to issue a Notice of Intent (NOI) to prepare an EIS on the proposed rebuild of the 115 kilovolt (kV) Libby-Troy Transmission Line in Lincoln County, Montana. Scoping meetings are planned for April 2005.

No Secretarial action requested.

Scoping Concludes on Wind EIS: The scoping period on Klondike Wind III concludes March 17, 2005. Bonneville is preparing an EIS on interconnecting up to 300 MW of wind energy to the Bonneville transmission grid. Interconnection at Bonneville's existing John Day

Substation calls for Bonneville to build and operate an approximately 12-mile long 230-kV transmission line and two substations. Construction would commence in winter 2006.

No Secretarial action requested.

ROD on Wind Project Interconnection Due: In March 2005, the Administrator is expected to sign a ROD on interconnecting the Big Horn Wind Project in Klickitat County, Oregon, to the Federal transmission system. Interconnecting the 200 MW wind project would require Bonneville to construct a switching substation of approximately five acres adjacent to an existing Bonneville transmission line. Construction would commence immediately.

No Secretarial action requested.

April
Next 60 Days

ROD Due on DSI Benefits: By the end of April 2005, the Administrator is expected to sign a Supplemental ROD to the February 2005 Regional Dialogue Policy and ROD, deciding on the magnitude of benefits that Bonneville will provide to the DSIs post-2006 and the criteria for eligibility.

No Secretarial action requested.

PFR Close of Comment: Technical workshops and management discussions continue in April 2005, under the PFR. An April 27, 2005, management workgroup will summarize key issues in a discussion with the Administrator. April 29, 2005, is the PFR close of comment.

No Secretarial action requested.

Proposal on Bonneville Conservation Program Due: In late April 2005, Bonneville plans to release its decision on the Bonneville conservation program, laying the groundwork for a May 2005 Bonneville decision on conservation budgets for the FY 2007 power rate case. A second phase of the workgroup effort, beginning in May 2005, will flesh out implementation and technical details.

No Secretarial action requested.

Final EIS on Trout Removal Scheduled: Bonneville plans to release the final EIS on the South Fork Flathead Watershed Conservation Project in April 2005. The project proposes to remove non-native trout

species from selected lakes in the South Fork of the Flathead drainage and replace them with genetically pure westslope cutthroat trout.

No Secretarial action requested.

May
Next 90 Days

PFR Closeout Letter Planned: In late May 2005, Bonneville expects to issue a closeout letter on the PFR, detailing its review of public comment and its decisions on program costs for the FY 2007 rate case.

No Secretarial action requested.

Decision Due on Developer-Financed Transmission Project: On May 1, 2005, based on the level of financial commitment received from developers, Bonneville plans a decision whether to proceed with design and construction of the McNary-John Day transmission project. The new line would add about 1,200 MW of transfer capacity along the Columbia River in central Washington and Oregon to serve new gas-fired and wind energy generation in an area where transmission paths are currently constrained. Bonneville has informed obligated participants that they have until April 15, 2005, to return signed copies of the Advanced Payment Agreement.

No Secretarial action requested.

Draft EIS Expected for Proposed Interconnection of Klondike III Wind: In late spring, Bonneville expects to release for public review a draft EIS on interconnecting up to 300 MW of wind from the Klondike III Wind Project energy to the Bonneville transmission grid.

No Secretarial action requested.

Ongoing

Litigation Continues on National Wildlife Federation (NWF) Challenge to NOAA Fisheries' Service 2004 Biological Opinion (BiOp): In 2003, Judge Redden, a Federal Judge in the Federal District Court of Oregon, remanded the 2000 BiOp to NOAA Fisheries following a lawsuit brought by NWF and other parties. In response, in November 2004, NOAA Fisheries issued a new BiOp. Now environmental groups, Oregon, and Treaty Tribes allege the 2004 BiOp is legally flawed. Some parties to the litigation may also seek motions for preliminary injunction to affect operation of hydroelectric projects in 2005. A hearing before the Judge is expected in April 2005 or May 2005.

No Secretarial action requested.

Northwest Pursues Independent Transmission Operator: Work continues to develop Grid West, the proposed Pacific Northwest RTO. Bylaws were adopted in November 2004. Transmission owners, customers and stakeholders may now apply for membership. Members formally vote on key developmental issues, including whether Grid West goes forward as an operational entity. A cost benefit analysis will be completed by June 2005, and seminars on market design, pricing and costs and benefits will be conducted May 2005 through July 2005. The next vote, scheduled for September 2005, will be on seating a developmental board.

No Secretarial action requested.

Projects Planned to Yield Operating Efficiencies: Bonneville has retained KEMA Incorporated to support agency studies of seven functions and recommend specific process changes, which Bonneville would then implement. Based on current circumstances, Bonneville set a target of 15-40 percent savings in each of the areas.

No Secretarial action requested.

Wind Power Interconnections Could Double by Year's End: Federal tax incentives and Bonneville initiatives to support wind using the flexibility of the hydro system have led to an exponential increase in demand for transmission access for wind generation in the Northwest. Bonneville estimates that the amount of wind power currently connected to the Bonneville transmission grid (325 MW) could more than double by the end of 2005. More projects are proposed for 2006. Bonneville is working with wind developers and others, including FERC, to find ways to optimize use of the transmission grid and address transmission bottlenecks.

No Secretarial action requested.

Water Supply Forecast Continues to Decline: The projected water supply for this year across the Columbia Basin has deteriorated significantly since the first forecast in early January 2005, from a forecasted runoff of 87 percent of normal down to 66 percent by late February 2005. A decline of this magnitude will have implications ranging from the reduction of projected net revenue for FY 2005, which may impact the cost recovery adjustment clause in power rates for FY 2006, to decisions on management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

March 2, 2005

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

March
Next 30 Days

Federal Energy Regulatory Commission (FERC) to Sponsor Workshop on Bonneville Power Administration (Bonneville)

Proposal: March 16-17, 2005, FERC will sponsor a technical workshop in Portland, Oregon, on a new conditional firm transmission product proposed by Renewables Northwest Project through the Bonneville Transmission Business Line's (TBL) new products process. The product is expected to be especially attractive to wind developers. The objective of the workshop is to develop a clear definition of the conditional firm product and pro forma language that will allow all transmission providers to implement the product under the FERC tariff. The conference will be promoted to a national audience.

No Secretarial action requested.

Construction Begins to Interconnect Wind Energy to Federal

Transmission Grid: Construction will begin in March 2005 on a new substation needed to interconnect output from the Hopkins Ridge wind project in Columbia County, Washington, to the Bonneville transmission grid. The project, an enterprise of Blue Sky Wind, LLC, will generate up to 350 megawatts (MW) of electricity to the Bonneville transmission grid. Bonneville will interconnect 150 MW of the output. The remainder will be interconnected through utility transmission providers. Interconnection is scheduled for fall of 2005. A Record Of Decision (ROD) was issued in December of 2004.

No Secretarial action requested.

Public Process on Service Options for Direct Service Industries

(DSI): The close of comment for the public process to consider Federal power service benefits to the DSIs is March 11, 2005. DSIs are



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

April 6, 2005

In reply refer to: BPA-DC

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

April
Next 30 Days

Record of Decision (ROD) Due on Direct Service Industries (DSI) Benefits: By the end of April 2005, the Administrator is expected to sign a Supplemental ROD deciding on the magnitude of benefits that Bonneville Power Administration (Bonneville) will provide to the DSI post-2006 and the criteria for eligibility. DSIs are Northwest industrial companies – primarily aluminum smelters – that Bonneville serves directly, i.e., not through its customer utilities, at a level that has been as high as 3,000 megawatts (MW) but is currently closer to 300 MW. Most DSIs have shut down because they are not profitable under current electricity costs and worldwide aluminum prices. Bonneville has proposed providing Federal power service benefits to the DSIs in the 2007-2011 periods at a known and capped cost.

No Secretarial action requested.

Power Function Review (PFR) Continues: Technical workshops, management discussions, and regional public meetings continue through April under the PFR. The PFR is an opportunity for interested parties to examine and provide input on the cost projections that will form the basis for Bonneville's Fiscal Year (FY) 2006 power rate case for rates that go into effect 2007.

No Secretarial action requested.

Final Environmental Impact Statement (EIS) on Trout Removal Scheduled: Bonneville plans to release the final EIS on the South Fork Flathead Watershed Conservation Project in April 2005. The project proposes to remove non-native trout species from selected lakes in the South Fork of the Flathead drainage and replace them with genetically pure westslope cutthroat trout.

No Secretarial action requested.

EIS Underway on New Transmission Line: Scoping meetings are planned for April for an EIS on the proposed rebuild of the 115 kilovolt (kV) Libby-Troy Transmission Line in Lincoln County, Montana. The 18-mile line rebuild is needed to improve reliability and meet future load growth. Preliminary designs for rebuilding the line will examine either rebuilding as is or upgrading to 230-kV. The line was built in the 1950s.

No Secretarial action requested.

May
Next 60 Days

PFR Draft Closeout Letter Planned: On May 2, 2005, Bonneville expects to issue a draft closeout letter on the PFR, detailing its decisions on program costs for the rate case that will establish rates going into effect FY 2007. A technical workshop and management discussion on the details of the closeout letter will follow on May 9 and May 16, 2005, respectively. The close of comment is May 20, 2005.

No Secretarial action requested.

Litigation Continues on National Wildlife Federation (NWF) Challenge to NOAA Fisheries' Service 2004 Biological Opinion (BiOp): Mid-to-late May is the earliest possible date for hearings on all motions in the NWF challenges to the BiOp. Plaintiffs have filed a motion for summary judgment on the BiOp, and treaty tribes have joined them in a request for preliminary injunction to increase the BiOp's spill and flow regimes in spring and summer of 2005.

No Secretarial action requested.

New Methodology Could Eliminate Need for Transmission Line: In May 2005, the Transmission Business Line (TBL) expects to post modifications to its Available Transmission Capacity (ATC) methodology that would make available additional firm transmission capacity on key constrained network flowgates, potentially reducing or eliminating the need for the proposed McNary-John Day transmission project.

No Secretarial action requested.

Draft EIS Expected for Proposed Interconnection of Klondike III Wind: In late spring, Bonneville expects to release for public review

a draft EIS on interconnecting up to 300 MW of wind energy from the Klondike III Wind Project in Sherman County, Oregon, to the Bonneville transmission grid.

No Secretarial action requested.

June
Next 90 Days

Cost-Benefit Analysis Due on Regional Transmission Organization:

In June 2005, Grid West expects to release a cost-benefit analysis on the proposed independent transmission provider for the Northwest. Findings will be a factor in Bonneville's decision this September as to whether to continue participation in the development of Grid West.

No Secretarial action requested.

Final PFR Closeout Letter Issued: On June 15, 2005, Bonneville plans to issue the final PFR closeout letter, detailing its decisions on program costs for the FY2007 rate case.

No Secretarial action requested.

Discussions Begin in FY 2007 Wholesale Power Rate Case: In June, Bonneville expects to begin technical workshops preparatory to its FY 2007 power rates proceeding, leading up to an initial proposal in October 2005.

No Secretarial action requested.

Ongoing

Northwest Pursues Independent Transmission Operator: Work continues to develop Grid West, the proposed Pacific Northwest RTO. Transmission owners, customers, and stakeholders may apply for membership through April, and a cost benefit study is targeted for June. Meanwhile, Bonneville has agreed to provide 25 percent of the funding for a Transmission Issues Group (TIG), so long as other public and investor-owned utilities join as well. TIG will develop proposals for improving the planning, oversight, and operation of the Northwest's electricity transmission system through existing institutions. Several public and investor-owned utilities have paid for a seat on the board, viewing the TIG effort as an alternative to Grid West. TIG's study should be finished in August. The next Grid West vote, scheduled for September, will be on seating a developmental board.

No Secretarial action requested.

Water Supply Forecast Continues to Decline: The projected water supply for this year across the Columbia Basin has deteriorated since the first forecast in early January 2005, from a forecasted runoff of 87 percent of normal down to 70 percent in early April. A decline of this magnitude will have implications ranging from the reduction of projected net revenue for FY 2005, which may impact the cost recovery adjustment clause in power rates for FY 2006, to decisions on management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.

Wind Power Interconnections Could Double by Year's End: Federal tax incentives and Bonneville initiatives to support wind using the flexibility of the hydro system have led to an exponential increase in demand for transmission access for wind generation in the Northwest. Bonneville estimates that the amount of wind power currently connected to the Bonneville transmission grid (325 MW) could more than double by the end of 2005. More projects are proposed for 2006.

No Secretarial action requested.

Projects Planned to Yield Operating Efficiencies: Bonneville has retained KEMA Incorporated to support agency studies of seven functions and recommend specific process changes, which Bonneville would then implement. Based on current circumstances, Bonneville set a target of 15-40 percent savings in each of the areas.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

In reply refer to: DR-7C

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

May
Next 30 Days

Record of Decision (ROD) Due on Direct Service Industries (DSIs)

Benefits: In early May 2005, the Administrator is expected to sign a Supplemental ROD deciding on the magnitude of benefits that Bonneville Power Administration (Bonneville) will provide to the DSIs post-2006 and the criteria for eligibility. The issue has generated considerable regional attention and controversy. DSIs are Northwest industrial companies – primarily aluminum smelters – that Bonneville serves directly, i.e., not through its customer utilities, at a level that has been as high as 3,000 megawatts (MW) but is currently closer to 300 MW. Most DSIs have shut down because they are not profitable under current electricity costs and worldwide aluminum prices. Bonneville has proposed providing Federal power service benefits to the DSIs in the 2007-2011 periods at a known and capped cost.

No Secretarial action requested.

Litigation Continues on National Wildlife Federation (NWF)

Challenge to NOAA Fisheries' Service 2004 Biological Opinion

(BiOp): Judge James Redden expects to issue an opinion in May on the plaintiffs' motion for summary judgment in the NWF versus NOAA Fisheries lawsuit on NOAA Fisheries' 2004 BiOp. If the judge rules for the plaintiffs, a subsequent hearing will consider their request for injunctive relief for 2005 hydro operations. Plaintiffs have asked the judge to require Federal hydro operators to release more water from Federal Columbia River Power System (FCRPS) reservoirs this spring and summer, an action that Bonneville estimates would cost \$100 million this year.

No Secretarial action requested.

Power Function Review (PFR) Continues: On May 2, 2005, Bonneville issued a draft closeout letter on the PFR, detailing its decisions on program costs for the rate case that will establish rates going into effect FY 2007. A technical workshop and management discussion on the details of the closeout letter follow on May 9 and May 16, 2005, respectively. The close of comment is May 20, 2005.

No Secretarial action requested.

New Methodology Could Eliminate Need for Transmission Line: In May 2005, the Transmission Business Line (TBL) expects to post modifications to its Available Transmission Capacity (ATC) methodology that would make available additional firm transmission capacity on key constrained network flow gates, potentially reducing or eliminating the need for the proposed McNary-John Day transmission project.

No Secretarial action requested.

June
Next 60 Days

Cost-Benefit Analysis Due on Northwest Independent Transmission Operator: In June 2005, Grid West expects to release a cost-benefit analysis on its proposed operations. Grid West would be an independent entity, providing transmission service using the transmission assets of voluntary participants and planning for regional grid expansion. Findings of the study will be a factor in Bonneville's decision this September as to whether to continue participation in the development of Grid West.

No Secretarial action requested.

Final PFR Closeout Letter Issued: On June 15, 2005, Bonneville plans to issue the final PFR closeout letter, detailing its decisions on program costs for the FY2007 rate case.

No Secretarial action requested.

Federal Register Notice (FRN) on Transmission Adequacy Standards: In June, Bonneville expects to file an FRN describing its participation in a regional effort to develop transmission adequacy standards. Bonneville's Transmission Business Line has initiated the effort in order to find a better way to determine how much transmission it needs, the solutions to be deployed, and the criteria to be applied to guide prudent investment decisions consistent with its obligations. The

guidelines would be voluntarily adopted by Northwest utilities by January 2006.

No Secretarial action requested.

Discussions Begin in FY 2007 Wholesale Power Rate Case: In June, Bonneville expects to begin technical workshops preparatory to its FY 2007 power rates proceeding, leading up to an initial proposal in October 2005.

No Secretarial action requested.

July
Next 90 Days

Draft Policy on Long-Term Power Supply Role to be Released:

In July, Bonneville plans to issue for public comment a draft policy on long-term issues related to its power supply role in the region, also referred to as the Regional Dialogue policy proposal, ahead of offering long-term power sales contracts in December 2006. A public comment period, including public meetings and workshops, will be open through September.

No Secretarial action requested.

Draft Environmental Impact Statement (EIS) Expected for Proposed Interconnection of Klondike III Wind: In July, Bonneville expects to release for public review a draft EIS on interconnecting up to 300 MW of wind energy from the Klondike III Wind Project in Sherman County, Oregon, to the Bonneville transmission grid. The interconnection would require Bonneville to build and operate an approximately 12-mile long 230-kV transmission line and two substations on privately owned land, mainly used for agriculture.

No Secretarial action requested.

Ongoing

Northwest Pursues Independent Transmission Operator: Work continues to develop Grid West. In April, Bonneville and two investor owned utilities submitted a Federal Energy Regulatory Commission (FERC) filing for a declaratory order. Thirty-one transmission owners, customers, and stakeholders have applied for active membership and thirty-five applied for declaratory membership in Grid West. More requests are expected to come in before the initial membership closing date of April 29, 2005. Work is continuing on the market design and a preliminary cost benefit study is targeted for June. Meanwhile, utilities and utility associations have contributed \$600,000 toward

funding for a Transmission Improvements Group (TIG) that will develop proposals for improving the planning, oversight, and operation of the Northwest's electricity transmission system through existing institutions. Bonneville has agreed to provide 25 percent of the funding for TIG, which many are viewing as an alternative to Grid West. TIG's proposals should be more fully developed by August 1, 2005. The next Grid West vote, scheduled for September, will be on seating a developmental board.

No Secretarial action requested.

Water Supply Forecast Continues to Decline: 2005 is shaping up to be the sixth straight year of below-average water conditions in the Pacific Northwest. The April runoff forecast is for 70 percent of normal. This will have implications ranging from the reduction of projected net revenue for FY 2005, which may impact the cost recovery adjustment clause in power rates for FY 2006, to decisions on management of the river for both power and non-power uses, particularly for fish.

No Secretarial action requested.

Wind Power Interconnections Could Double by Year's End: Federal tax incentives and Bonneville initiatives to support wind using the flexibility of the hydro system have led to an exponential increase in demand for transmission access for wind generation in the Northwest. Bonneville estimates that the amount of wind power currently connected to the Bonneville transmission grid (325 MW) could more than double by the end of 2005. More projects are proposed for 2006.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 1, 2005

In reply refer to: DR-7C

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

June
Next 30 Days

Cost-Benefit Analysis to be Released on Northwest Independent Transmission Operator: In June 2005, Grid West expects to release a cost-benefit analysis on its proposed operations. Grid West is a proposed Northwest independent operator, providing transmission service using the transmission assets of voluntary participants and planning for regional grid expansion. Findings of the study will be a factor in Bonneville Power Administration's (Bonneville's) decision this September as to whether to continue participation in the development of Grid West.

No Secretarial action requested.

Final Power Function Review (PFR) Closeout Letter to be Issued: On June 15, Bonneville plans to issue the final PFR closeout letter, detailing its decisions on program costs for the Fiscal Year (FY) 2007 rate case.

No Secretarial action requested.

Federal Register Notice (FRN) to be Filed on Transmission Adequacy Standards: In June, Bonneville expects to file an FRN describing its participation in a regional effort to develop transmission adequacy standards. Bonneville's Transmission Business Line has initiated the effort in order to find a better way to determine how much transmission it needs, the solutions to be deployed, and the criteria to be applied to guide prudent investment decisions consistent with its obligations. The guidelines would be voluntarily adopted by Northwest utilities by January 2006.

No Secretarial action requested.

Discussions Begin in FY 2007 Wholesale Power Rate Case: In June, Bonneville expects to begin technical workshops preparatory to its FY 2007 power rates proceeding, leading up to an initial proposal in October 2005.

No Secretarial action requested.

July
Next 60 Days

Draft Policy on Long-Term Power Supply Role to be Released: In July, Bonneville plans to issue for public comment a draft policy on long-term issues related to its power supply role in the region, also referred to as the Regional Dialogue policy proposal, ahead of offering long-term power sales contracts in December 2006. A public comment period, including public meetings and workshops, will be open through September.

No Secretarial action requested.

August
Next 90 Days

Workshop to Review October Rate Adjustment: Bonneville will hold a workshop this month to present the calculations for the FY 2006 rate adjustments that would go into effect October 1, 2005. Lower-than-expected net secondary revenue this year and the outcome of ongoing litigation on the 2004 NOAA Fisheries Federal Columbia River Power System (FCRPS) Biological Opinion could lead to a need for a rate increase in FY 2006.

No Secretarial action requested.

Draft Environmental Impact Statement (EIS) Expected for Proposed Interconnection of Klondike III Wind: In August, Bonneville expects to release for public review a draft EIS on interconnecting up to 300 MW of wind energy from the Klondike III Wind Project in Sherman County, Oregon, to the Bonneville transmission grid. The interconnection would require Bonneville to build and operate an approximately 12-mile long 230-kV transmission line and two substations on privately owned land, mainly used for agriculture.

No Secretarial action requested.

Ongoing

Northwest Pursues Independent Transmission Operator: Work continues to develop Grid West. A Federal Energy Regulatory Commission (FERC) declaratory order is expected this summer and

a preliminary cost benefit study is targeted for June. The next vote, scheduled for September, will be on seating a developmental board. Meanwhile, utilities and utility associations have contributed \$600,000 toward funding for a Transmission Improvements Group (TIG), which many are viewing as an alternative to Grid West. Bonneville has agreed to provide 25 percent of the funding. TIG is developing proposals for improving the planning, oversight, and operation of the Northwest's transmission system through existing institutions. It expects to have a more fully developed proposal by August.

No Secretarial action requested.

Water Supply Forecast Improved: Continued unseasonably wet weather in the Pacific Northwest has led to a welcome increase in the 2005 water supply forecast. The most recent forecast is for 80.2 million acre feet at The Dalles Dam, or 75 percent of normal. At its low point in March, the forecast was at 63 percent of normal. At the same time, 2005 continues to be a below-average water year, which will have implications for FY2006 power rates.

No Secretarial action requested.

Wind Power Interconnections Could Double by Year's End: Federal tax incentives and Bonneville initiatives to support wind using the flexibility of the hydro system have led to an exponential increase in demand for transmission access for wind generation in the Northwest. Bonneville estimates that the amount of wind power currently connected to the Bonneville transmission grid (325 MW) could more than double by the end of 2005. More projects are proposed for 2006.

No Secretarial action requested.

Asset Management Review Launched: Bonneville has launched an agency-wide review of its asset management functions. The goal is to establish a systematic approach to acquiring, developing, allocating and disposing of resources in ways that are consistent with agency priorities and strategic objectives. The review, in tandem with an already-initiated review of Bonneville's capital planning process, holds significant potential for process improvements and improvements in Bonneville's capital investment decisions. A draft report is expected sometime in the fall of 2005.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
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Portland, Oregon 97208-3621

EXECUTIVE OFFICE

July 6, 2005

In reply refer to: DR-7C

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

July
Next 30 Days

Senators Host Meeting About Bonneville Power Administration Long-Term Contracts: Senators Gordon Smith (R-OR) and Maria Cantwell (D-WA) will host a meeting in Portland, Oregon, July 6, 2005, to discuss and seek comments on Bonneville's Regional Dialogue process. The Senators have invited Bonneville officials and Bonneville customers to participate in the meeting.

No Secretarial action requested.

Concept Paper on Long-Term Power Supply Role to be Released: In July, Bonneville plans to issue a concept paper on long-term issues related to its power supply role in the region. This will be followed by three months of workshops with regional stakeholders to build understanding and consensus. A policy proposal for public comment will follow in December 2005.

No Secretarial action requested.

August
Next 60 Days

Workshop to Review October Rate Adjustment: Bonneville will hold a workshop this month to present the calculations for the Fiscal Year (FY) 2006 power rate adjustments that would go into effect October 1, 2005. Bonneville uses rate adjustments in order to maintain a low base power rate while allowing response to changes in market prices and hydro conditions.

No Secretarial action requested.

Draft Environmental Impact Statement (EIS) Expected for Proposed Interconnection of Klondike III Wind: In August, Bonneville expects to release for public review a draft EIS on

interconnecting up to 300 MW of wind energy from the Klondike III Wind Project in Sherman County, Oregon, to the Bonneville transmission grid. The interconnection would require Bonneville to build and operate an approximately 12-mile long 230 kV transmission line and two substations on privately owned land, mainly used for agriculture.

No Secretarial action requested.

September
Next 90 Days

Judge to Hear from Parties in Federal Columbia River Power System (FCRPS) Litigation: On September 7, Judge James Redden has scheduled a conference with parties in the National Wildlife Federation v. NOAA Fisheries lawsuit on the NOAA Fisheries 2004 Biological Opinion (BiOp) for FCRPS Operations. Bonneville and the other Federal Agencies are meeting with the four Northwest States and Tribal representatives over the summer in an effort to come up with an agreement to present to the Judge. In May, Redden ruled that the 2004 BiOp was illegal. In June, he granted plaintiffs' request for injunctive relief, and Federal hydro operators are currently spilling water at all four Lower Snake River dams for juvenile fish migration. The Ninth Circuit Court of Appeals will hear the Federal Agencies' request for a stay of the injunction in mid-July.

No Secretarial action requested.

Decision Point Scheduled for Grid West: The next decision point for Grid West is scheduled for September, when Bonneville and other transmission owners will vote on seating a developmental board. A recent Federal Energy Regulatory Commission (FERC) declaratory order and a cost benefit study, expected in July, will help inform Bonneville's decision. Meanwhile, a Transmission Improvements Group (TIG), which many see as an alternative to Grid West, is developing proposals for improving the planning, oversight, and operation of the Northwest's transmission system through existing institutions. TIG expects to have developed a proposal by August.

No Secretarial action requested.

Rate Adjustments for Fiscal Year 2006 Announced: In September, Bonneville will announce power rate adjustments for FY 2006. Rulings in ongoing litigation on the 2004 NOAA Fisheries FCRPS BiOp could lead to a need for a rate increase in FY 2006. The new rates will take effect on October 1, 2005.

No Secretarial action requested.

Ongoing

Wholesale Power Rate Case Underway: Bonneville is preparing for the FY 2007 power rate proceeding. The Power Function Review, concluded in June, was a public process to identify program levels for the three-year rate period. Bonneville is holding workshops through the summer and fall on technical aspects of the rates calculations, and expects to publish the initial proposal for the 2007-2009 rates in the Federal Register sometime this fall. This will initiate the formal rates proceeding.

No Secretarial action requested.

Wind Power Interconnections Could Double by Year's End: Federal tax incentives and Bonneville initiatives to support wind using the flexibility of the hydro system have led to an exponential increase in demand for transmission access for wind generation in the Northwest. Bonneville estimates that the amount of wind power currently connected to the Bonneville transmission grid (325 MW) could more than double by the end of 2005. More projects are proposed for 2006.

No Secretarial action requested.

Asset Management Review Launched: Bonneville has launched an agency-wide review of its asset management functions. The goal is to establish a systematic approach to acquiring, developing, allocating and disposing of resources in ways that is consistent with agency priorities and strategic objectives. The review, in tandem with an already-initiated review of Bonneville's capital planning process, holds significant potential for process improvements and improvements in Bonneville's capital investment decisions. A draft report is expected sometime in the fall of 2005.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

August 3, 2005

In reply refer to: DR-7C

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

August
Next 30 Days

Concept Paper on Long-Term Power Supply Role to be Released:

Bonneville now plans to issue a concept paper on long-term issues related to its power supply role in the region in mid-August. Following the release of this concept paper, Bonneville will sponsor a series of public workshops from August through November on Bonneville's future role in power supply. Bonneville plans to issue a formal policy proposal in December.

No Secretarial action requested.

Fiscal Year 2006 Power Rate Workshops: Bonneville will hold a rates workshop on August 9, 2005, to present initial calculations for wholesale power rate adjustments for Fiscal Year (FY) 2006. This workshop begins a public comment period that closes on August 19, 2005. Bonneville expects to announce the final rate adjustments for FY 2006 at a workshop tentatively scheduled on August 23, 2005. Bonneville uses the rate adjustments to assure sufficient revenue to pay power-related costs while keeping rates as low as possible. A string of below-average water years and other factors have required use of all three of the rate adjustments during the last three years.

No Secretarial action requested.

Public Comment Requested on Alternatives for Developing an Independent Transmission Operator: In August, Bonneville will launch a public comment period and ask the region to comment on which of two alternatives it should pursue further to improve the Northwest's transmission operation and planning. Bonneville must decide whether to pursue Grid West or commit to further development

of an alternative plan being developed by the Transmission Improvements Group (TIG) by September. Proposals for Grid West and TIG have been developed and both are similar in many ways. The primary difference is how they're governed. Grid West would be a specific entity operating under Federal Energy Regulatory Commission (FERC) jurisdiction. TIG proposes contractual agreements among the existing transmission owners and would not create a FERC jurisdictional entity.

No Secretarial action requested.

New Fish Hatchery at Chief Joseph Dam: The Notice of Intent for the Environmental Impact Statement (EIS) on the proposed fish hatchery at Chief Joseph will be published in the Federal Register on August 12, 2005. The open comment period for this project is August 12 through September 19, 2005. The scoping meetings have been set for August 24 and 25, 2005.

No Secretarial action requested.

Draft EIS Expected for Proposed Interconnection of Klondike III Wind: In August, Bonneville expects to release for public review a Draft EIS on interconnecting up to 300 MW of wind energy from the Klondike III Wind Project in Sherman County, Oregon, to the Bonneville transmission grid. The interconnection would require Bonneville to build and operate an approximately 12-mile-long 230-kV transmission line and two substations on privately owned land, mainly used for agriculture.

No Secretarial action requested.

September
Next 60 Days

Judge to Hear from Parties in Federal Columbia River Power System (FCRPS) Litigation: On September 7, 2005, Judge James Redden has scheduled a conference with parties in the National Wildlife Federation v. NOAA Fisheries lawsuit on the NOAA Fisheries 2004 Biological Opinion (BiOp) for FCRPS Operations. Bonneville and the other Federal Agencies are meeting with the four Northwest states and Tribal representatives over the summer in an effort to come up with an agreement to present to the Judge. In May, Redden ruled that the 2004 BiOp was illegal. In June, he granted plaintiffs' request for injunctive relief, and ordered Federal hydro operators to spill maximum water at all four Lower Snake River dams. This operation is expected to cost Northwest ratepayers an estimated \$67 million without

providing a significant net benefit to migrating salmon, in the opinion of NOAA Fisheries, and may do net harm. The Ninth Circuit Court of Appeals denied the Federal government's urgent appeal of the injunction on July 26, 2005. The Federal appeal of Judge Redden's decision on the 2004 BiOp is pending before the Ninth Circuit.

No Secretarial action requested.

Decision Point Scheduled for Grid West: As indicated above, Bonneville must decide whether to pursue Grid West or commit to further development of an alternative plan being developed by the TIG by September. The next decision point for Grid West is scheduled for September 30, 2005, when Bonneville and other transmission owners will vote on seating a developmental board. Proposals for Grid West and TIG have been developed and are being reviewed.

No Secretarial action requested.

Fiscal Year 2006 Power Rate Decision: In September, Bonneville will announce power rate adjustments for FY 2006. The new rates will take effect on October 1, 2005.

No Secretarial action requested.

October
Next 90 Days

Fiscal Year 2007-2009 Power Rate Decision: Bonneville's current power rates expire at the end of FY 2006. Bonneville plans to release an initial proposal for the 2007 Rate Case as early as October.

No Secretarial action requested.

Fiscal Year 2006 Transmission Rate Increase: Bonneville's transmission and ancillary services rates will increase an average of 12.5 percent beginning October 1, 2005, for a two-year rate period. Actual rate increases vary depending on what type of transmission service customers purchase. Bonneville filed its rate case determinations with the Federal Energy Regulatory Commission (FERC) on June 30, 2005, after a year-long public process. The primary reasons for the rate increase are lower than expected revenues during the current (FY 2004-2005) rate period, and increased costs associated with the completion of major infrastructure projects to improve system reliability.

No Secretarial action requested.

Ongoing**Wind Power Interconnections Could Double by Year's End:**

Federal tax incentives and Bonneville initiatives to support wind using the flexibility of the Federal hydro system have led to an exponential increase in demand for transmission access for wind generation in the Northwest. Bonneville estimates that the amount of wind power currently connected to the Bonneville transmission grid (325 MW) could more than double by the end of 2005. More projects are proposed for 2006.

No Secretarial action requested.

EPIP: The Enterprise Process Improvement Project (EPIP) was created to help Bonneville achieve one of its strategic objectives: industry-best-practice performance levels for its internal systems and processes. The project's goal is to reduce Bonneville costs while making it more effective in delivering on its mission. Phase one overhauled conservation program management, agency public affairs and communications, human resources and administrative services, and the transmission facility plan-design-build process. Bonneville kicked off phase two of the project in July. It will focus on asset management, the materials supply chain and transmission field operations & maintenance. A third phase will include review of Bonneville's financial management functions, scheduled to begin in early FY 2006.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

September 7, 2005

In reply refer to: DR-7C

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

September
Next 30 Days

Regional Dialogue Begins Next Phase: The Bonneville Power Administration (Bonneville) expects to release a “concept paper” on the Regional Dialogue in early September. The concept paper will address key long-term contractual issues, such as service to public utilities and benefits to investor-owned utilities. Following the release of this concept paper, Bonneville will sponsor a series of public workshops. Bonneville plans to issue a policy proposal in December 2005.

No Secretarial action requested.

Fiscal Year (FY) 2006 Wholesale Power Rates: Bonneville plans to announce adjustments to its wholesale power rates for FY 2006 on September 8, 2005. Bonneville anticipates it will be able to reduce rates by at least 1 percent under its cost recovery adjustment clauses. The adjustments will take effect October 1, 2005.

No Secretarial action requested.

Public Comment on Alternatives for Developing an Independent Transmission Operator: The public comment period on alternatives for developing a regional independent transmission operator will close on September 9, 2005. In August, Bonneville asked the region to comment on which alternatives it should pursue further to improve the Northwest’s transmission operation and planning. Bonneville must decide whether to pursue Grid West by September 29, 2005, or commit to further development of an alternative plan being developed by the Transmission Improvements Group (TIG). Proposals for Grid West and TIG have been developed and are similar in many ways. The primary difference is how they are governed. Grid West would be

an independent entity operating under Federal Energy Regulatory Commission (FERC) jurisdiction. TIG proposes contractual agreements among the existing transmission owners and would not create an independent entity that is FERC jurisdictional.

No Secretarial action requested.

Judge to Hear from Parties in Federal Columbia River Power System (FCRPS) Litigation: On September 14, 2005, Judge James Redden has scheduled a conference with parties in the National Wildlife Federation v. NOAA Fisheries lawsuit on the NOAA Fisheries 2004 Biological Opinion (BiOp) for FCRPS Operations. In May, Redden ruled that the 2004 BiOp was illegal. In June, he granted plaintiffs' request for injunctive relief, and ordered Federal hydro operators to spill maximum water at all four Lower Snake River dams. This operation is expected to cost Northwest ratepayers an estimated \$57 million to \$81 million without providing a significant net benefit to migrating salmon, in the opinion of NOAA Fisheries, and may do net harm. The Ninth Circuit Court of Appeals denied the Federal government's urgent appeal of the injunction on July 26, 2005.

No Secretarial action requested.

October
Next 60 Days

FY 2007-2009 Wholesale Power Rates: Bonneville's current power rates schedules expire at the end of FY 2006. Bonneville plans to release an initial proposal for 2007-09 rates as early as October, 2005.

No Secretarial action requested.

FY 2006 Transmission Rate Increase: Bonneville's transmission and ancillary services rates will increase an average of 12.5 percent beginning October 1, 2005, under a settlement agreement that Bonneville reached with its customers and filed with FERC. Actual rate increases vary depending on what type of transmission service customers purchase. The new rates will be in effect for two years.

No Secretarial action requested.

Klondike II Wind Interconnection Celebration: Bonneville, Pacific Power Marketing, Portland General Electric and Renewable Northwest Project are planning an event in October to celebrate the completion of

an Oregon wind project. The partners are inviting dignitaries to participate in the event.

The Secretary's participation in the event will be requested.

November
Next 90 Days

FY 2007-2009 Wholesale Power Rate Case Field Hearings: Bonneville will begin holding a number of field hearings in November to provide the general public with an opportunity to comment on Bonneville's initial proposal for the FY 2007-2009 Wholesale Power Rate Period. Field hearings will take place in Boise, Idaho; Kalispell, Montana, Springfield, Oregon, Spokane, Washington; Tacoma, Washington; and Portland, Oregon.

No Secretarial action requested.

Ongoing

The Enterprise Process Improvement Project (EPIP): EPIP was created to help Bonneville achieve one of its strategic objectives: industry-best-practice performance levels for its internal systems and processes. The project's goal is to reduce Bonneville costs while making it more effective in delivering on its mission. Phase one overhauled conservation program management, agency public affairs and communications, human resources and administrative services, and the transmission facility plan-design-build process. Bonneville kicked off phase two of the project in July. It will focus on asset management, the materials supply chain and transmission field operations and maintenance. A third phase will include review of Bonneville's financial management functions, scheduled to begin in early FY 2006.

No Secretarial action requested.

Resource Adequacy Steering Committee: The Northwest Power and Conservation Council (Council) and Bonneville are convening a Resource Adequacy Steering Committee to help guide the region's efforts to develop a consensus-based resource adequacy framework. The Council and Bonneville have initiated this process because we are concerned that without an effective resource adequacy framework, the Northwest risks a repeat of the West Coast energy crisis in the future. The Steering Committee will be made up of representatives from publicly owned utilities, investor owned utility and the four state public utility commissions and/or state energy offices. The committee will consider whether and how to apply a resource adequacy standard at the utility level.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

October 5, 2005

In reply refer to: DKR-7C

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

October
Next 30 Days

Fiscal Year (FY) 2006 Wholesale Power Rates: The Bonneville Power Administration's (Bonneville) FY 2006 power rates schedules took effect October 1, 2005. Bonneville reduced its power rates by 1.6 percent compared to FY 2005 under its cost recovery adjustment clauses. The new rate will be in effect for one year.

No Secretarial action requested.

FY 2006-2007 Transmission Rates: Bonneville's FY 2006-2007 transmission and ancillary services rates took effect October 1, 2005. Transmission rates increased an average of 12.5 percent compared to FY 2004-2005. Actual rate increases vary depending on what type of transmission service customers purchase. The new rates will be in effect for two years.

No Secretarial action requested.

Fiscal Year 2007-2009 Wholesale Power Rates: Bonneville is in the process of determining power rates schedules for FY 2007-2009. A rates workshop is tentatively planned for late October. Bonneville expects to issue its initial rate proposal in early November 2005.

No Secretarial action requested.

Willow Creek Wind Interconnection: Bonneville is considering a request to interconnect up to 180-megawatts (MW) of power that could be generated from the proposed Willow Creek Wind Project that would be located in Gilliam and Morrow Counties, Oregon. Bonneville will accept public comments on its environmental analysis from

October 3 through November 1, 2005. A public scoping meeting will be held on October 18, 2005, in Arlington, Oregon.

No Secretarial action requested.

Klondike II Wind Interconnection Celebration: Bonneville, Pacific Power Marketing (PPM), Portland General Electric (PGE) and Renewable Northwest Project are hosting an event October 28, 2005, to celebrate the completion of an Oregon wind project. The partners have invited dignitaries to participate in the event. Bonneville is interconnecting to its grid the 75 megawatts of new wind power from the wind project, located just outside Wasco, Oregon, in Sherman County. The facility has 50 new wind turbines. PPM is the developer of the project and PGE will be purchasing all of the output from Klondike II beginning in December.

The Secretary has been invited to participate.

Independent Transmission Operator: Bonneville's decision to choose either the Grid West or TIG system approach for improving Northwest transmission grid operations and planning has been delayed for a few weeks. Bonneville was to decide September 29, 2005, between Grid West and the Transmission Improvements Group (TIG) proposals. At this time, Bonneville is taking the additional time to support the development of a hybrid of the two proposals, with the intent of having a plan for a clearly defined hybrid structure at the end of that time. The hybrid is a byproduct of the work of 13 public and private utilities, along with Bonneville. A straw proposal was shared with the Regional Representatives Group (RRG) to gain more support for the plan. The decision on how to move forward, either with the hybrid or one of the two original choices, will likely be rescheduled in late October or early November 2005.

No Secretarial action requested.

November
Next 60 Days

FY 2007-2009 Wholesale Power Rate Case Field Hearings: Bonneville will begin holding a number of field hearings in November to provide the general public with an opportunity to comment on Bonneville's initial proposal for the FY 2007-2009 Wholesale Power Rate Period. Field hearings will take place in Kalispell, Montana; Springfield, Oregon; Spokane, Washington; Tacoma, Washington; and Portland, Oregon.

No Secretarial action requested.

Regional Transmission Adequacy Guidelines: Bonneville has been participating in regional efforts to develop transmission adequacy guidelines to plan the regional system as defined in the Northwest Power Pool footprint. The goal is to produce one or more documents to supplement existing Western Electricity Coordinating Council, North American Electric Reliability Council and utility reliability criteria. The first set of guidelines is set for regional review in early November.

No Secretarial action requested.

Schultz-Wautoma Transmission Line Completion: Bonneville is constructing a 63-mile 500-kilovolt transmission line that will add 600 megawatts of transfer capacity to the heart of Bonneville's grid in central Washington. Construction on the Wautoma Substation began in May 2003. The transmission line is scheduled to be complete and energized in late November 2005.

No Secretarial action requested at this time.

December
Next 90 Days

Nothing to Report.

Ongoing

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue. A series of public workshops on Bonneville's long-term power supply role, including service to public utilities and benefits to investor-owned utilities, began in September and will continue in October and November 2005. At the conclusion of the public workshops, Bonneville will issue a policy proposal and open a formal public comment period. The target date to release the policy proposal for comment is early 2006.

No Secretarial action requested.

The Enterprise Process Improvement Project (EPIP): EPIP was created to help Bonneville achieve one of its strategic objectives: industry-best-practice performance levels for its internal systems and processes. The project's goal is to reduce Bonneville costs while making it more effective in delivering on its mission. Phase one overhauled conservation program management, agency public affairs and communications, human resources and administrative services, and the transmission facility plan-design-build process. Bonneville kicked

off phase two of the project in July. It focuses on asset management, marketing and sales, the materials supply chain and transmission field operations and maintenance. A third phase will include review of Bonneville's financial management functions, scheduled to begin in early FY 2006.

No Secretarial action requested.

Resource Adequacy Steering Committee: The Northwest Power and Conservation Council (Council) and Bonneville are convening a Resource Adequacy Steering Committee to help guide the region's efforts to develop a consensus-based resource adequacy framework. The Council and Bonneville have initiated this process because of concerns that without an effective resource adequacy framework, the Northwest risks in the future a repeat of the West Coast energy crisis. The Steering Committee will be made up of representatives from publicly owned utilities, investor owned utility, and the four state public utility commissions and/or state energy offices. The committee will consider whether and how to apply a resource adequacy standard at the utility level.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

November 2, 2005

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

November
Next 30 Days

Fiscal Year (FY) 2007-2009 Wholesale Power Rates: The Bonneville Power Administration's (Bonneville) current power rates schedules expire at the end of FY 2006. New rates will need to be determined. A rates workshop is planned for November 1, 2005. Bonneville expects to publish its initial proposal for FY 2007-2009 wholesale power rates in the Federal Register on November 7, 2005. Actual rates for FY 2007 and beyond will be arrived at through the nine-month-long public process that will begin in November.

No Secretarial action requested.

FY 2007-2009 Wholesale Power Rate Case Field Hearings: Bonneville will begin holding a number of field hearings in late November 2005 to provide the general public with an opportunity to comment on Bonneville's initial proposal for the FY 2007-2009 wholesale power rate period. Field hearings will take place in Kalispell, Montana; Springfield, Oregon; Spokane, Washington; Tacoma, Washington; and Portland, Oregon.

No Secretarial action requested.

Independent Transmission Operator: Bonneville has worked with regional utilities and stakeholders to develop convergence of the Grid West and Transmission Improvements Group (TIG) proposals for Northwest grid management by the end of October 2005. At a meeting of the convergence regional forum, workgroups laid out details for an approach that would quickly implement TIG-like early services that would provide, in the near term, for regional:

- Transmission expansion planning (including non-wires approaches)
- Market monitoring
- Reliability and security
- Flow-based Available Transfer Capacity (ATC) calculation
- A common Open Access Same-Time Information Systems (OASIS) for transmission reservations.

The final proposal will consist of a description of the near-term services to be implemented prior to Decision Point 4 (the final decision on Grid West), an estimate of the costs, and bylaws changes to require the corporation to provide the near term functions and to strengthen regional accountability. The Regional Representatives Group considered the final proposal at a meeting on October 28, 2005. Bonneville will announce its decision on which course to take on November 1, 2005.

No Secretarial action requested.

Regional Transmission Adequacy Guidelines: Bonneville has been participating in regional efforts to develop transmission adequacy guidelines to plan the regional system as defined in the Northwest Power Pool footprint. The goal is to produce one or more documents to supplement existing Western Electricity Coordinating Council, North American Electric Reliability Council and utility reliability criteria. The first set of guidelines is set for regional review in early November 2005.

No Secretarial action requested.

Federal District Court Sets Deadlines: U.S. District Court Judge James Redden recently ordered plaintiffs to file motions that affect 2006 Columbia River system operations by November 1, 2005. All parties' responses to the motions must be filed by December 2, 2005.

No Secretarial action required at this time.

December
Next 60 Days

Schultz-Wautoma Transmission Line Completion: Bonneville is planning an event to celebrate the construction of a new 63-mile 500-kilovolt transmission line that will add 600 megawatts of transfer capacity to the heart of Bonneville's transmission grid in central Washington. The celebration will take place December 7, 2005, at the

Wautoma Substation located near Richland, Washington. Construction began in May 2003. The construction is scheduled to be completed on time and the new transmission line will be energized in late November 2005.

No Secretarial action requested at this time.

Nisqually Transmission Line Relocation Completion: Bonneville is planning an event to celebrate the relocation of two transmission lines off the Nisqually Indian Reservation and onto Fort Lewis. The removal of the lines will provide opportunities for economic development for the Nisqually Tribe and will help them develop a portion of their ancestral lands. The celebration is being planned for December 2005 on the Nisqually Indian Reservation, south of Tacoma, Washington. The project is scheduled to be completed November 15, 2005.

No Secretarial action requested at this time.

Chip Conveyor System Upgrade at Simpson Timber: Bonneville is planning an event to celebrate the completion of a project that will replace nearly 900 horse power in existing and potentially new blower equipment that will move wood chips long distances between various locations at the mill site. Estimated energy efficiency savings are in the three million kilowatt per-year range. The project is scheduled for completion in late November.

No Secretarial action required at this time.

Energy Efficiency Lighting Retrofit at McChord Air Force Base: Bonneville is planning an event at McChord Air Force Base to celebrate a lighting project that represents the first million dollars of completed projects in Bonneville's multi-year \$6,000,000 energy conservation program for the air force base. The project is scheduled for completion in early November 2005.

No Secretarial action required at this time.

Federal District Calls Hearing on Spill, Flow: U.S. District Court Judge James Redden will hold an evidentiary hearing on December 12 and 13, 2005, to consider motions that affect 2006 Columbia River system operations. The court will limit the hearing topics to the science and efficacy of spill/transportation and flow augmentation to assist

juvenile salmon pass through the dams during the spring and summer runs.

No Secretarial action required at this time.

January
Next 90 Days

Bonneville Hosts Science Bowls: Bonneville will sponsor a Middle School Science bowl on January 21, 2006, and a High School Science Bowl on January 28, 2006, at the University of Portland. Last year over 300 high school students represented 64 teams from Oregon and Washington. High schools challenged each other for the right to compete at the national championships in Washington, D.C.

No Secretarial action requested at this time.

Ongoing

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue. A series of public workshops on Bonneville's long-term power supply role, including service to public utilities and benefits to investor-owned utilities, began in September 2005 and will continue in October and November 2005. At the conclusion of the public workshops, Bonneville will issue a policy proposal and open a formal public comment period. The target date to release the policy proposal for comment is early 2006.

No Secretarial action requested.

The Enterprise Process Improvement Project (EPIP): EPIP was created to help Bonneville achieve one of its strategic objectives: industry-best-practice performance levels for its internal systems and processes. The project's goal is to reduce Bonneville costs while making it more effective in delivering on its mission. Phase one overhauled conservation program management, agency public affairs and communications, human resources and administrative services, and the transmission facility plan-design-build process. Bonneville kicked off phase two of the project in July 2005. It focuses on asset management, marketing and sales, the materials supply chain and transmission field operations and maintenance.

No Secretarial action requested.

Resource Adequacy Steering Committee: The Northwest Power and Conservation Council (Council) and Bonneville are convening a Resource Adequacy Steering Committee to help guide the region's efforts to develop a consensus-based resource adequacy framework. The Council and Bonneville have initiated this process because of

concerns that, without an effective resource adequacy framework, the Northwest risks in the future a repeat of the West Coast energy crisis. The Steering Committee will be made up of representatives from publicly owned utilities, an investor-owned utility, and the four state public utility commissions and/or state energy offices. The committee will consider whether and how to apply a resource adequacy standard at the utility level.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

December 7, 2005

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

December
Next 30 Days

Schultz-Wautoma Transmission Line Completion: Bonneville Power Administration (Bonneville) will celebrate the construction of a new 63-mile 500-kilovolt transmission line in December. The new transmission line will add 600 megawatts of transfer capacity to the heart of Bonneville's transmission grid in central Washington. The celebration will take place at the Wautoma Substation located near Richland, Washington. Construction on the line began in May 2003. DOE's Director of the Office of Electricity Delivery and Energy Reliability, Kevin Kolevar, will participate in the event.

No Secretarial action requested at this time.

Public Meetings on Proposed Adjustable Wholesale Power Rates for FY 2007-2009: Bonneville's current power rates schedules expire at the end of FY 2006. On November 8, Bonneville proposed to adopt adjustable rates for FY 2007-2009, rather than collecting revenues up front to protect against risk. By choosing this approach, Bonneville's rates should be lower on average through the three-year period. Bonneville is hosting public meetings in the four Northwest states through December 7 on its proposed wholesale power rates. Bonneville is scheduled to adopt a new rate structure next July 2006. The new rates will take effect October 1, 2006, and remain in effect until September 30, 2009.

No Secretarial action requested at this time.

U.S. District Court Hearing on Salmon Recovery: U.S. District Court Judge James Redden will hold a hearing December 15 on 2006 Columbia River system operations. Federal agencies responsible for operating Columbia River dams submitted to the court on

November 22 improved plans for increasing adult salmon returns. The filing responded to a proposal from plaintiffs in their request for an injunction regarding dam operations. The merits of both plans will be argued at the hearing in Portland, Oregon.

No Secretarial action required at this time.

Public Review of Direct Service Industrial (DSI) Contracts:

Bonneville is engaging the public in a review of its proposed new contracts with DSI customers during the month of December. The prototype will be available for public comment through January 4, 2006. As part of the June 2005 Record of Decision (ROD) that established a certain level of benefits to its DSI customers during the Fiscal Year (FY) 2007-2011 period, Bonneville stated it would allow for public review of the contracts before they were signed. At least one DSI has asked to renegotiate certain aspects of the deal described in the ROD. Bonneville has asked for public comment on whether Bonneville should allow the DSIs more operational flexibility to gain the benefits. Bonneville's DSI customers include Alcoa, Columbia Falls Aluminum Company, Golden Northwest Aluminum, and Port Townsend Paper Company. The contract with Port Townsend will be different from the others and will be available for public review in mid-December. Bonneville currently intends to finalize and offer these contracts in mid-February 2006.

No Secretarial action required at this time.

January
Next 60 Days

Bonneville Hosts Science Bowls: Bonneville will sponsor a Middle School Science bowl on January 21, and a High School Science Bowl on January 28, at the University of Portland. Last year over 300 high school students represented 64 teams from Oregon and Washington. High schools challenged each other for the right to compete at the national championships in Washington, D.C.

No Secretarial action requested at this time.

Bonneville Cost Review: Bonneville has committed to revisiting portions of its power function cost structure in response to customer and constituent requests to follow up to the June 2005 Power Function Review closeout report. In January 2006, Bonneville plans to announce the details of this public review that will likely take place in February through April 2006.

No Secretarial action requested at this time.

Chip Conveyor System Upgrade at Simpson Timber: Bonneville is planning an event to celebrate the completion of a Bonneville funded project that will replace nearly 900 horsepower in existing and potentially new blower equipment that will move wood chips long distances between various locations at the mill site. Estimated energy efficiency savings are in the three million kilowatt per year range. The project was completed in November.

No Secretarial action required at this time.

Energy Efficiency Lighting Retrofit at McChord Air Force Base: Bonneville is planning an event at McChord Air Force Base to celebrate a lighting project that represents the first million dollars of completed projects in Bonneville's multi-year \$6,000,000 energy conservation program for the air force base. The project was completed in November.

No Secretarial action required at this time.

February
Next 90 Days

Nothing to report.

Ongoing

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue. A series of public workshops on Bonneville's long-term power supply role, including service to public utilities and benefits to investor-owned utilities, began in September 2005 and has continued in October and November 2005. At the conclusion of the public workshops, Bonneville will issue a policy proposal and open a formal public comment period. The target date to release the policy proposal for comment is early 2006.

No Secretarial action requested.

The Enterprise Process Improvement Program (EPIP): EPIP was created to help Bonneville achieve one of its strategic objectives: industry-best-practice performance levels for its internal systems and processes. The project's goal is to reduce Bonneville's costs while making it more effective in delivering on its mission. Phase one overhauled conservation program management, agency public affairs and communications, human resources and administrative services, and the transmission facility plan-design-build process. Bonneville kicked

off phase two of the project in July 2005. It focuses on asset management, marketing and sales, the materials supply chain and transmission field operations and maintenance.

No Secretarial action requested.

Resource Adequacy Steering Committee: The Northwest Power and Conservation Council (Council) and Bonneville are convening a Resource Adequacy Steering Committee to help guide the region's efforts to develop a consensus-based resource adequacy framework. The Council and Bonneville have initiated this process because of concerns that, without an effective resource adequacy framework, the Northwest risks in the future a repeat of the West Coast energy crisis. The Steering Committee will be made up of representatives from publicly owned utilities, an investor-owned utility, and the four state public utility commissions and/or state energy offices. The committee will consider whether and how to apply a resource adequacy standard at the utility level.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

January 4, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

January
Next 30 Days

Biological Opinion (BiOp) Litigation Reports Due in January:

The Bonneville Power Administration (Bonneville) in collaboration with the other Federal, State, and tribal parties involved in the legal challenge involving the 2004 BiOp will submit a progress report to U.S. District Court Judge Redden January 3, 2006. The judge remanded the 2004 BiOp to NOAA in September 2005 and gave the Federal agencies 12 months to collaborate with the sovereign parties to come up with a plan that was acceptable to the court. The collaboration has been progressing well, though time tables are extremely aggressive, and has produced several key documents for the January court submittal. A status conference with the judge is set for January 20, 2006.

No Secretarial action requested at this time.

Public Review of Direct Service Industrial (DSI) Contracts:

Bonneville will conclude a public review of its proposed new contracts with DSI customers in January. As part of the June 2005 Record of Decision (ROD) that established a certain level of benefits to its DSI customers during the Fiscal Year (FY) 2007-2011 period, Bonneville committed to providing for public review of the contracts before they were signed. Bonneville's DSI customers include Alcoa, Columbia Falls Aluminum Company, Golden Northwest Aluminum, and Port Townsend Paper Company. The contracts with the aluminum companies were made available November 28, 2005. The contract with Port Townsend is different from the others and was made available for public review on December 22, 2005. Bonneville currently intends to finalize and offer these contracts in mid-February 2006.

No Secretarial action required at this time.

Public Review of Settlement with Utility Customer over Exchange

Claim: Bonneville and the Public Utility District No. 1 of Clark County (Clark) have reached an agreement on a proposed settlement of the utility's residential exchange benefit claim. As part of the proposed settlement, Bonneville would pay Clark a total of \$15 million in exchange benefits beginning October 2006. Bonneville is providing interested parties an opportunity to review the proposed settlement agreement and is accepting comments through January 16, 2006.

No Secretarial action required at this time.

Bonneville Cost Review: Bonneville is revisiting portions of its power function cost structure in response to customer and constituent requests to re-examine costs prior to establishing the final power rate levels. In June 2005, Bonneville concluded an extensive six-month public review process known as the Power Function Review (PFR) that culminated in \$96 million in annual cost reductions for fiscal years 2007-2009. On January 23, Bonneville will hold a workshop to begin a follow-up process. Issues to be discussed at that time include program expenses, PFR results used in the FY 2007-2009 wholesale power rate initial proposal, status of specific PFR follow-up areas, cost scenarios and priority focus areas for PFR follow-up and next steps. Topics and timing for additional workshops in February and March will also be discussed. The follow-up process will conclude at the end of April to meet deadlines for the FY 2007-2009 wholesale power rate case.

No Secretarial action requested at this time.

Bonneville Hosts Science Bowls: Bonneville will sponsor a Middle School Science Bowl on January 21 and a High School Science Bowl on January 28 at the University of Portland. Last year over 300 high school students represented 64 teams from Oregon and Washington. High schools challenged each other for the right to compete at the national championships in Washington, D.C.

No Secretarial action requested at this time.

Energy Efficiency Improvements at Sysco Corporation: Bonneville is planning an event January 26 to celebrate the completion of a Bonneville-funded energy efficiency project at the Sysco food distribution center in Post Falls, Idaho. Sysco's new food distribution center incorporates energy efficiency measures in refrigeration and lighting systems resulting in decreased electric power consumption. The project has a verified energy savings of 1.3 million kilowatt hours for the first year. Bonneville helped fund the project through its utility

customer, Kootenai Electric Cooperative, Inc., providing about \$152,000 for the energy efficiency improvements.

Secretarial participation in event requested.

Chip Conveyor System Upgrade at Simpson Timber: Bonneville is planning an event January 24 to celebrate the completion of a Bonneville-funded energy efficiency project. Bonneville worked with its utility customer, Mason County PUD #3, and Simpson Timber to replace nearly 900 horsepower in existing and potentially new blower equipment that will move wood chips long distances between various locations at the mill site. Estimated energy efficiency savings are in the 3-million-kilowatt-per-year range.

No Secretarial action requested at this time.

February
Next 60 Days

Energy Efficiency Lighting Retrofit at McChord Air Force Base: Bonneville is planning an event at McChord Air Force Base to celebrate a lighting project that represents the first million dollars of completed projects in Bonneville's multi-year \$6-million energy conservation program for the air force base.

No Secretarial action required at this time.

March
Next 90 Days

Transmission Line Relocation: Bonneville is relocating a segment of its Thurston-Willakenzie 115-kV transmission line located in the city of Springfield, OR. The Oregon Department of Transportation (ODOT) has asked Bonneville to move two transmission structures adjacent to Interstate 5 and the existing transmission line away from buildings and proposed development in the Gateway Industrial Park. Bonneville is constructing approximately one mile of new single-circuit 115-kV transmission line. Construction should be completed by early March 2006 to meet ODOT's construction schedule.

No Secretarial action required at this time.

Ongoing

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue. A series of public workshops on Bonneville's long-term power supply role, including service to public utilities and benefits to investor-owned utilities, began in September 2005. At the conclusion of the public workshops, Bonneville will issue a policy proposal and open a formal public comment period. The target date to release the policy proposal for comment is spring 2006.

No Secretarial action requested.

The Enterprise Process Improvement Program (EPIP): EPIP was created to help Bonneville achieve one of its strategic objectives: industry-best-practice performance levels for its internal systems and processes. The program's goal is to reduce Bonneville's costs while making it more effective in delivering on its mission. Phase one overhauled conservation program management, agency public affairs and communications, human resources and administrative services, and the transmission facility plan-design-build process. Bonneville kicked off phase two of the program in July 2005. It focuses on asset management, marketing and sales, the materials supply chain and transmission field operations and maintenance.

No Secretarial action requested.

Resource Adequacy Steering Committee: The Northwest Power and Conservation Council (Council) and Bonneville are convening a Resource Adequacy Steering Committee to help guide the region's efforts to develop a consensus-based resource adequacy framework. The Council and Bonneville have initiated this process because of concerns that, without an effective resource adequacy framework, the Northwest risks in the future a repeat of the West Coast energy crisis. The Steering Committee will be made up of representatives from publicly owned utilities, an investor-owned utility, and the four state public utility commissions and/or state energy offices. The committee will consider whether and how to apply a resource adequacy standard at the utility level.

No Secretarial action requested.

Transmission Line Interconnection: Olympic Converter LP has requested interconnection to Bonneville's transmission system of a 550-megawatt transmission cable across the Strait of Juan de Fuca from Vancouver Island, BC, to Port Angeles, WA, on the Olympic Peninsula. The line would interconnect at Bonneville's existing Port Angeles Substation. Bonneville is leading the environmental studies and coordinating efforts with the Department of Energy. The draft environmental impact statement (EIS) is scheduled for release in winter 2006.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

February 1, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

February
Next 30 Days

Biological Opinion (BiOp) Litigation:

The Bonneville Power Administration (Bonneville) will continue to work through a collaboration process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 Federal Columbia River Power System Biological Opinion. The collaboration has been progressing well, though time tables are extremely aggressive. The parties did submit a quarterly progress report to U.S. District Court Judge Redden January 3, 2006. The next quarterly submission to the court will include an update on the hydro portion of the proposed action on April 3 and, on April 10, the Federal agencies' proposal for initiation of spill to assist migration of juvenile salmon this spring.

No Secretarial action requested at this time.

Public Review of Direct Service Industrial (DSI) Contracts: As part of the June 2005 Record of Decision (ROD) that established a certain level of benefits to its DSI customers during the Fiscal Year (FY) 2007-2011 period, Bonneville committed to providing for public review of the contracts implementing the ROD before they were signed. However, during a comment period that closed January 4, 2006, Bonneville received several requests to include discussion of benefit levels to aluminum smelter DSIs in its Power Function Review 2 (PFR-2). Bonneville has agreed to the request. PFR2 began January 23, 2006, and will conclude in April 2006. Subject to the outcome of this additional review, Bonneville now expects to sign the contracts at the end of April; however, Bonneville is reserving the right to accelerate the timeline for signing if power prices drop to a level at which certainty about their benefits will allow the smelters to make power purchase decisions.

No Secretarial action required at this time.

Bonneville PFR2: Bonneville is revisiting portions of its power function cost structure in response to customer and constituent requests to re-examine costs prior to establishing the final power rate levels. In June 2005, Bonneville concluded an extensive six-month public review process known as the Power Function Review (PFR) that culminated in \$96 million in annual cost reductions for fiscal years 2007-2009. On January 23, Bonneville held a workshop to begin a follow-up process and has now scheduled the next two PFR-2 meetings for February 8 and 13, 2006. The follow-up process will conclude at the end of April to meet deadlines for the FY 2007-2009 wholesale power rate case.

No Secretarial action requested at this time.

Bonneville to Host Clean Energy Conference: Bonneville will sponsor a “Harvesting Clean Energy VI” conference in Spokane, WA, on February 27 and 28, 2006. The annual Harvesting Clean Energy Conference is the Pacific Northwest’s premier event bringing together the agriculture and energy industries. Rural landowners, business leaders, agency staff and researchers will gather to advance opportunities for agricultural producers and rural communities to profitably diversify into clean energy production and other bio-product markets.

No Secretarial action requested at this time.

Regional Transmission Approach: On January 27, Bonneville participated with Seattle City Light, Puget Sound Energy, Grant County Public Utility District and Chelan County Public Utility District in an initial public meeting to discuss moving forward with an integrated approach for operation of that portion of the Pacific Northwest transmission grid under their control. Work will be based on elements of Bonneville’s October 2005 integration proposal. The integration proposal attempted to combine the best elements of the Grid West and Transmission Integration Group (TIG) proposals for forming a coordinated scheme for developing and operating transmission facilities throughout the Pacific Northwest.

No Secretarial action required at this time.

March
Next 60 Days

Celebration of Bonneville/U.S. Navy Partnership: Bonneville is working with the U.S. Navy to plan a celebration honoring a very powerful partnership the Navy and Bonneville have forged around energy efficiency projects at the two large bases that Bonneville serves directly. Bonneville currently has under contract approximately

\$15,000,000 in engineering and construction projects, with another \$6,000,000 to be procured within the next year. Congressmen Jay Insley and Norm Dicks have indicated an interest in participating in this activity. The celebration is currently targeted for sometime in March.

No Secretarial action required at this time.

Transmission Adequacy Guidelines: Bonneville has been participating in a joint committee to develop regional transmission adequacy guidelines. The Transmission Adequacy Steering Committee was launched in 2005 under the Northwest Power Pool to develop guidelines that help the region address transmission adequacy challenges that current reliability criteria do not address. The group is preparing to release its first set of approved guidelines. Bonneville will launch its own public review and comment period prior to adopting the guidelines as standards.

April
Next 90 Days

Transmission Line Relocation: Bonneville is relocating a segment of its Thurston-Willakenzie 115-kV transmission line located in the city of Springfield, OR. The Oregon Department of Transportation (ODOT) has asked Bonneville to move two transmission structures adjacent to Interstate 5 and the existing transmission line away from buildings and proposed development in the Gateway Industrial Park. Bonneville is constructing approximately one mile of new single-circuit 115-kV transmission line. Construction should be completed by early March 2006 to meet ODOT's construction schedule.

No Secretarial action required at this time.

Constraint Schedule Management Project: Bonneville's Transmission Business Line has released a proposal for improving how it manages congestion on its increasingly constrained transmission system. The Constraint Schedule Management (CSM) Project has been under development for some time now and the team released its conceptual design for implementing CSM on the Bonneville grid at its January 25 Business Practices Technical Forum. Comments on the impact of CSM will be solicited from customers and others March through early May. The final decision to implement CSM is currently planned for June 2006.

No Secretarial action required at this time.

Ongoing

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue. A series of public workshops on Bonneville's long-term power supply role, including service to public utilities and benefits to investor-owned utilities, began in September 2005. At the conclusion of the public workshops, Bonneville will issue a policy proposal and open a formal public comment period. The target date to release the policy proposal for comment is late March 2006.

No Secretarial action requested.

The Enterprise Process Improvement Program (EPIP): EPIP was created to help Bonneville achieve one of its strategic objectives: industry-best-practice performance levels for its internal systems and processes. The program's goal is to reduce Bonneville's costs while making it more effective in delivering on its mission. Phase one overhauled conservation program management, agency public affairs and communications, human resources and administrative services, and the transmission facility plan-design-build process. Bonneville kicked off phase two of the program in July 2005. It focuses on asset management, marketing and sales, the materials supply chain and transmission field operations and maintenance.

No Secretarial action requested.

Resource Adequacy Steering Committee: The Northwest Power and Conservation Council (Council) and Bonneville are convening a Resource Adequacy Steering Committee to help guide the region's efforts to develop a consensus-based resource adequacy framework. The Council and Bonneville have initiated this process because of concerns that, without an effective resource adequacy framework, the Northwest risks in the future a repeat of the West Coast energy crisis. The Steering Committee will be made up of representatives from publicly owned utilities, an investor-owned utility, and the four state public utility commissions and/or state energy offices. The committee will consider whether and how to apply a resource adequacy standard at the utility level.

No Secretarial action requested.

Transmission Line Interconnection: Olympic Converter LP has requested interconnection to Bonneville's transmission system of a 550-megawatt transmission cable across the Strait of Juan de Fuca from Vancouver Island, BC, to Port Angeles, WA, on the Olympic Peninsula. The line would interconnect at Bonneville's existing

Port Angeles Substation. Bonneville is leading the environmental studies and coordinating efforts with the Department of Energy. The Draft Environmental Impact Statement is scheduled for release in winter 2006.

No Secretarial action requested.

Smart Grid Experiment: Bonneville's GridWise project on the Olympic Peninsula drew highly favorable worldwide press following its initiation in mid-January. The program will continue for one year and is designed to test the feasibility of using internet technology to enable utilities to control the operation of appliances and lighting in the homes of 300 participating volunteers. The program enables Bonneville's Dittmer Control Center in Vancouver, WA, to issue signals controlling the appliance and lighting loads. The goal is to see if internet technology can reduce peak power loads and thereby delay the need for new transmission lines.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

March 1, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

March
Next 30 Days

Biological Opinion (BiOp) Litigation: Bonneville is continuing to work through a collaboration process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 Federal Columbia River Power System BiOp. Plaintiffs intend to request a 5-month extension of the remand period to March 1, 2007. The request is based on the plaintiffs' contention that an extension is necessary to allow sufficient time to address, discuss, and potentially resolve a number of divisive issues. The other parties to the case have indicated to plaintiffs that they do not oppose the motion for extension.

No Secretarial action requested at this time.

Budget Hearing: Bonneville, as well as the other Federal Power Marketing Administrations, and its customers will participate in a March 1 hearing before the House Committee on Resources' Subcommittee on Water and Power. The Administrator will discuss how Bonneville is implementing the Energy Policy Act of 2005. He also will address Bonneville's significant successes over the past year and the challenges it is facing for the upcoming year, followed by an overview of the Fiscal Year (FY) 2007 budget and Bonneville's financial condition. Regarding Energy Policy Act of 2005 implementation, the Administrator will highlight especially the work Bonneville is undertaking regarding Section 1211, dealing with reliability, and Section 1232, which authorizes Bonneville to join a regional transmission entity. A number of Bonneville's customers are also expected to participate in the hearing.

No Secretarial action requested at this time.

Power Function Review 2 (PFR2): As part of its continuing PFR2 Process, Bonneville will hold a workshop on March 6 to discuss the following: the budget for the Northwest Power and Conservation Council (Council); the fish and wildlife research, monitoring and evaluation process; credits for reactive power and next steps. Bonneville is revisiting portions of its power function cost structure in response to customer and constituent requests to re-examine costs prior to establishing the final power rate levels. In June 2005, Bonneville concluded an extensive six-month public review process known as the Power Function Review (PFR) that culminated in \$96 million in annual cost reductions for FY 2007-2009. On January 23, Bonneville held a workshop to begin a follow-up process. Additional meetings were held in February. The follow-up process will conclude at the end of April to meet deadlines for the FY 2007-2009 wholesale power rate case.

No Secretarial action requested at this time.

Transmission Line Relocation: Bonneville has completed relocating a segment of its Thurston-Willakenzie 115-kV transmission line located in the city of Springfield, OR. The Oregon Department of Transportation (ODOT) had asked Bonneville to move two transmission structures adjacent to Interstate 5 and the existing transmission line away from buildings and proposed development in the Gateway Industrial Park. Bonneville constructed approximately one mile of new single-circuit 115-kV transmission line. The project was completed in late February, ahead of the early March 2006 deadline needed to meet ODOT's construction schedule.

No Secretarial action required at this time.

ColumbiaGrid: On January 27, Bonneville participated with Seattle City Light, Puget Sound Energy, Grant County Public Utility District and Chelan County Public Utility District in an initial public meeting to discuss moving forward with an integrated approach for operation of that portion of the Pacific Northwest transmission grid under their control. The group recently agreed to sponsor what is now being called "ColumbiaGrid." Work to develop the entity is being based on elements of Bonneville's October 2005 integration proposal. The integration proposal attempted to combine the best elements of the Grid West and Transmission Integration Group (TIG) proposals for forming a coordinated scheme for developing and operating transmission facilities throughout the Pacific Northwest. During a meeting on February 22, the sponsors, all of whom are control area operators, agreed to develop and file bylaws in the State of Washington by the end

of March to incorporate and formally authorize creation of a board of directors. The principles guiding development of the bylaws include seeking an optimal planning and expansion process, providing a single OASIS for transmission acquisition to sponsor facilities, employing a common methodology for determining available transmission capacity and, as a much lower priority, creating market-monitoring mechanisms. The responsibilities of the board will be determined by the funding sponsors; however, the board will have independent control over how they accomplish the directives of the sponsors. Stakeholders are expected to have a strong advisory role. A stakeholder meeting is scheduled for March 22, 2006.

No Secretarial action required at this time.

April
Next 60 Days

Celebration of Bonneville/U.S. Navy Partnership: Bonneville is working with the U.S. Navy (Rear Admiral French) to plan a celebration honoring a very powerful partnership the Navy and Bonneville have forged around energy efficiency projects at the two large bases that Bonneville serves directly. Bonneville is currently implementing approximately \$20,000,000 (fully reimbursable to Bonneville by the Navy) in energy conservation projects for the Navy, with another \$6,000,000 to be started during 2006. In addition, Bonneville is providing \$2,000,000 in conservation incentives for Navy projects. Congressmen Jay Inslee and Norm Dicks have indicated an interest in participating in this activity. The celebration is currently targeted for sometime in March.

No Secretarial action required at this time.

Public Review of Direct Service Industrial (DSI) Contracts: As part of the June 2005 Record of Decision (ROD) that established a certain level of benefits to its DSI customers during the FY 2007-2011 period, Bonneville committed to providing for public review of the contracts implementing the ROD before they were signed. However, during a comment period that closed January 4, 2006, Bonneville received several requests to include discussion of benefit levels to aluminum smelter DSIs in its PFR2. Bonneville agreed to the request. PFR2 began January 23, 2006, and will conclude in April 2006. Both Alcoa and Columbia Falls Aluminum Company are requesting some added flexibility in the proposed contracts. Bonneville is considering their proposals, as well as all other comments. Subject to the outcome of this additional review, Bonneville now expects to sign the contracts at the end of April; however, Bonneville is reserving the right to accelerate the timeline for signing if power prices drop to a level at which

certainty about their benefits will allow the smelters to make power purchase decisions.

No Secretarial action required at this time.

BiOp Litigation: The next quarterly submission to the court will include an update on the hydro portion of the proposed action on April 3 and, on April 10, the Federal Agencies' proposal for initiation of spill to assist migration of juvenile salmon this spring.

No Secretarial action required at this time.

May
Next 90 Days

Constraint Schedule Management Project: Bonneville's Transmission Business Line has released a proposal for improving how it manages congestion on its increasingly constrained transmission system. The Constraint Schedule Management (CSM) Project has been under development for some time now and the team released its conceptual design for implementing CSM on the Bonneville grid at its January 25 Business Practices Technical Forum. Comments on the impact of CSM will be solicited from customers and others March through early May. The final decision to implement CSM is currently planned for June 2006.

No Secretarial action required at this time.

Ongoing

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue. A series of public workshops on Bonneville's long-term power supply role, including service to public utilities and benefits to the residential and small farm consumers of investor-owned utilities, began in September 2005. At the conclusion of the public workshops, Bonneville will issue a policy proposal and open a formal public comment period. The target date to release the policy proposal for comment is March 31, 2006. A 60-day comment period will follow. A final policy and Record of Decision will be issued in June or July 2006.

No Secretarial action requested.

Transmission Line Interconnection: Olympic Converter LP has requested interconnection to Bonneville's transmission system of a 550-megawatt transmission cable across the Strait of Juan de Fuca from Vancouver Island, BC, to Port Angeles, WA, on the Olympic Peninsula. The line would interconnect at Bonneville's existing Port Angeles Substation. Bonneville is leading the environmental studies

and coordinating efforts with the Department of Energy. The Draft Environmental Impact Statement is scheduled for release in late winter or spring 2006.

No Secretarial action requested.

Smart Grid Experiment: GridWise is a Pacific Northwest National Laboratory project, funded mostly by the Department of Energy, in which Bonneville is a participant. The project, located on the Olympic Peninsula, drew highly favorable worldwide press following its initiation in mid-January. The program will continue for one year. It is a market experiment using the Internet and a feasibility test of the under frequency card in appliances to control the operation of appliances in the homes of 300 participating volunteers, 200 of which are located in Bonneville's service territory. Portland General Electric and PacifiCorp are also participants and have 50 homes each participating in the under frequency responsive appliances portion of the project. The program enables consumers to respond to market price signals sent from a project computer when choosing whether or not to operate their appliances. The goal is to see if market responsiveness can reduce peak power loads and thereby delay the need for new transmission lines.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

April 5, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

April
Next 30 Days

Biological Opinion (BiOp) Litigation: Bonneville Power Administration (Bonneville) is continuing to work through a collaboration process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 Federal Columbia River Power System BiOp. Although plaintiffs requested a 5-month extension of the remand period to March 1, 2007, Judge Redden has indicated he is not inclined to grant the request. The Federal agencies submitted their quarterly progress report on the BiOp collaboration process to the court on April 3, 2006. Spring spill to facilitate juvenile fish migration began on the Snake River April 2 and will begin on the Columbia River April 10 under the terms of the 2004 BiOp.

No Secretarial action requested at this time.

Constraint Schedule Management Project: During early April, Bonneville's Transmission Business Line plans to release for public review and comment a white paper titled "Challenge for the Northwest: Protecting and Managing an Increasingly Congested Transmission System." Bonneville will conduct a meeting for customers, stakeholders and the general public April 18 to walk through the paper and discuss how Bonneville might begin implementation of congestion management in the near term. The committee has agreed to develop principles for congestion management by September 30 with the intent that Bonneville would begin to implement them beginning in October 2006.

Celebration of Bonneville/U.S. Navy Partnership: Bonneville and the U.S. Navy (Rear Admiral French) are planning an April 28 celebration for energy efficiency projects at the two large bases that Bonneville serves directly. Bonneville is currently

implementing approximately \$20 million (fully reimbursable to Bonneville by the Navy) in energy conservation projects for the Navy, with another \$6 million in energy conservation projects to be started during 2006. In addition, Bonneville is providing \$2 million in conservation incentives for Navy projects.

No Secretarial action required at this time.

Power Function Review 2 (PFR2): Bonneville is revisiting portions of its power function cost structure in response to customer and constituent requests to re-examine costs prior to establishing the final power rate levels. In June 2005, Bonneville concluded an extensive six-month public review process known as the Power Function Review (PFR) that culminated in \$96 million in annual cost reductions for Fiscal Year (FY) 2007-2009. On January 23, Bonneville held a workshop to begin a follow-up process. Additional meetings were held in February and March. A draft close out report will be issued for comment in early April. The comment period will be open through April 21, 2006. The process will conclude at the end of April to meet deadlines for the FY 2007-2009 wholesale power rate case.

No Secretarial action requested at this time.

Public Review of Direct Service Industrial (DSI) Contracts: Bonneville expects to sign contracts for the FY 2007-2011 period with its DSI customers at the end of April. In the meantime, Bonneville is working with Alcoa and Columbia Falls Aluminum Company to address some added flexibility requested by these customers in the proposed contracts.

No Secretarial action required at this time.

Columbia Grid/Grid West: Bonneville and the other members of Columbia Grid have filed articles of incorporation in the State of Washington and are proceeding with developing a coordinated scheme for planning and operating transmission facilities in their control areas. Avista Corp. has announced it is now joining the group. Regarding the region's other collaborative transmission group, Sierra Pacific has announced its intent to withdraw from Grid West, leaving the group with the following members: Portland General Electric, PacifiCorp, Idaho Power, and NorthWestern Energy. Sierra Pacific took the action after receiving approval from the Nevada Public Utilities Commission. Sierra Pacific plans to join the WestConnect RTO Group, along with Nevada Power Company. British Columbia Transmission Corp. had left the group earlier this year indicating that it was not financially

feasible for them to continue participating following Bonneville's withdrawal.

No Secretarial action required at this time.

May
Next 60 Days

Economic Impact of DSI Service: As part of its preparation for making a decision on whether or not to provide benefits to DSI customers post-FY 2011, Bonneville is establishing a process to acquire information on the potential costs and benefits to the region of continuing service to the DSIs beyond September 30, 2011. Bonneville has notified customers and other interested stakeholders that it is inviting regional parties to submit empirically based papers and studies that will help the agency better understand the positive and negative impacts to the Pacific Northwest economy that may result from Bonneville providing benefits to its aluminum smelting direct service industrial customers beyond September 30, 2011. Bonneville is interested in studies and papers that evaluate benefit levels that range from offering no benefit to providing up to 560 average megawatts of power at a rate equivalent to the Priority Firm Power Rate. Such studies and papers must be submitted by May 31 and will be evaluated by a panel of independent experts. The panel will be hired by the Northwest Power and Conservation Council and will submit a report to Bonneville, based on their review of submitted papers and studies, by late June. The report will be considered by Bonneville as it makes its final decision on post-2011 service to the smelters. The decision will be included in the Long-Term Regional Dialogue Record of Decision (ROD) set to be issued in July or August 2006.

No Secretarial action required at this time.

June
Next 90 Days

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue, a process to help Bonneville determine its long-term power supply role. Once the discussion phase is concluded, Bonneville will issue a policy proposal and open a formal 60-day public comment period later this spring. A final policy and ROD will be issued later this fiscal year.

No Secretarial action requested at this time.

Ongoing

Tax Credit Produces Interconnection Pressure: Wind developers are continuing to press Bonneville to have their wind farms operational and connected to the Federal transmission system by the end of 2007. Bonneville is expecting to interconnect three wind projects this year and has been working closely with developers to accommodate their needs. Construction is beginning this spring on Bonneville's Rock

Creek Substation in Klickitat County, Washington, in order to enable energization in time to accommodate up to 600 megawatts of new wind generation coming from three separate developments.

No Secretarial action requested.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

May 3, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

May
Next 30 Days

Post-2011 Service to Direct Service Industrials (DSI): As part of its preparation for making a decision on whether or not to provide benefits to DSI customers post-Fiscal Year (FY) 2011, Bonneville Power Administration (Bonneville) has requested that interested parties submit to Bonneville by May 31 empirically based papers and studies that will help the agency better understand the positive and negative impacts to the Pacific Northwest economy that may result from Bonneville providing benefits to its aluminum smelting DSI customers beyond September 30, 2011. (Please see further detail on longer range aspects of this process in the "Ongoing" section below.)

No Secretarial action required at this time.

Congestion Management Project: Bonneville is conducting a public process to educate the region on its congested system and solicit solution ideas from the region. In April, Bonneville released a paper titled "Challenge for the Northwest: Protecting and Managing an Increasingly Congested Transmission System." Bonneville conducted public meetings on April 18 and May 1 to walk through the paper and discuss how Bonneville might begin implementation of congestion management in the near term. Comment on the paper is being accepted through May 12, 2006. A short-term stakeholder group is meeting weekly through May 12 to discuss potential congestion management solutions for Summer 2006 and a second group is expected to begin meeting after May 12 to discuss potential solutions for Summer 2007 and beyond. Bonneville is putting in place curtailment calculators, effective May 1, that will be used in the event emergency conditions require targeted load-dropping to maintain system stability.

Power Function Review 2 (PFR2): A final PFR2 closeout report will be issued by Bonneville in early May. The report is the product of Bonneville's efforts to involve customers and stakeholders in helping it to re-examine costs prior to establishing power rate levels for the FY 2007-2009 rate period. A draft report was issued on April 4, and comment on the draft was accepted through April 26, 2006. The information will be used as Bonneville develops its final rate proposal.

No Secretarial action requested at this time.

ColumbiaGrid/Grid West: The sponsors of ColumbiaGrid formally approved bylaws on April 14, 2006, and continue to move forward with their efforts to develop a coordinated scheme for planning and operating transmission facilities in their control areas. The group now includes Avista Corp., Bonneville, Chelan and Grant County Public Utility Districts, Puget Sound Energy and Seattle City Light. Next important steps are to elect persons to the 3-member independent Board and negotiate a funding agreement for the members to support ColumbiaGrid start-up and initial operations. The region's other collaborative transmission group, Grid West, announced on April 11 that it would disband.

No Secretarial action required at this time.

June
Next 60 Days

DSI Contracts: Bonneville expects to conclude its development of contracts for the FY 2007-2011 period for its DSI customers during early May. Contracts will likely be made available to the customers in June.

No Secretarial action required at this time.

July
Next 90 Days

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue, a process to help Bonneville determine its long-term power supply role. Bonneville is currently nearing release of its policy proposal. Once the proposal is issued, the Agency will conduct a formal 60-day public comment period. A final policy and Record of Decision (ROD) will be issued this fall.

No Secretarial action requested at this time.

Ongoing

Congestion Management: A Congestion Management Steering Committee, comprised of high level management representatives from transmission-owning utilities throughout the region has agreed to develop principles for congestion management by September 30 with the intent that Bonneville would begin to implement them beginning in

October 2006. The next Steering Committee meeting is scheduled for May 5, 2006. Another meeting will be scheduled for early fall 2006. Please see additional information in the “Next 30 Days” section above.

No Secretarial action requested.

Economic Impact Study of DSI Service: Bonneville has requested that parties submitting studies and papers evaluating the economic impact of continuing service to its DSI loads consider benefit levels that range from offering no benefit to providing up to 560 average megawatts of power at a rate equivalent to the Priority Firm Power Rate. Such studies and papers will be evaluated by a panel of independent experts. The panel will be hired by the Northwest Power and Conservation Council and will submit a report to Bonneville, based on their review of submitted papers and studies, by late June. The report will be considered by Bonneville as it makes its final decision on post-2011 service to the smelters. The decision will be included in the Long-Term Regional Dialogue ROD set to be issued later this year.

No Secretarial action required at this time.

Celebration of Bonneville/U.S. Navy Partnership: The celebration Bonneville and the U.S. Navy were planning to hold on April 28 regarding energy efficiency projects at the two large bases that Bonneville serves directly has been temporarily postponed—probably until Fall 2006. Bonneville is currently implementing approximately \$20 million (fully reimbursable to Bonneville by the Navy) in energy conservation projects for the Navy, with another \$6 million in energy conservation projects to be started during 2006. In addition, Bonneville is providing \$2 million in conservation incentives for Navy projects.

No Secretarial action required at this time.

Biological Opinion (BiOp) Litigation: Bonneville is continuing to work through a collaboration process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 Federal Columbia River Power System BiOp. Although plaintiffs requested a 10-month extension of the remand period to August 1, 2007, Judge Redden on April 21, 2006, granted a five-month extension to February 1, 2007, at this time and indicated he will re-evaluate the need for a further extension as the process proceeds.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 7, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

June
Next 30 Days

Draft Rates Record of Decision (ROD): Bonneville Power Administration (Bonneville) released its Draft Rates ROD for the Fiscal Year 2007-2009 rate period to rate case parties on June 2, 2006. The Draft ROD is posted on Bonneville's website. Briefs on exceptions are due from rate case parties by June 16, 2006, and the Final ROD, rate levels and supporting studies are scheduled for publication in mid-July, 2006. The proposed rates will be filed on August 1, 2006, with the Federal Energy Regulatory Commission for review and approval and will take effect October 1, 2006.

No Secretarial action required at this time.

Hydro Operations Draft Proposed Action: Bonneville is working with other Federal agencies to complete a draft proposed hydrosystem operation plan as part of the effort to develop a new Biological Opinion (BiOp) for the operation of the Federal Columbia River Power System (FCRPS). The 2004 BiOp was remanded to the National Marine Fisheries Service because of a flawed jeopardy analysis. The draft proposed action is scheduled to be completed by June 30, 2006. (See additional BiOp information in the "Ongoing" section of this report.)

No Secretarial action required at this time.

Bonneville/Southern California Settlement Agreement: Bonneville and Southern California Edison (SCE) have reached a proposed agreement to settle claims stemming from contract disputes. The proposed settlement agreement was signed by SCE in late May and the U.S. Department of Justice (DOJ) signed the agreement June 5, 2006. Bonneville will issue a press release on the agreement on June 9, 2006.

The dispute is a result of Bonneville's decision to convert an existing power exchange with SCE to a power sale. Bonneville claimed it had a right under the contract to make such a conversion; SCE claimed it did not have the right and refused to pay for a portion of the power it received. Following SCE's refusal to pay, Bonneville terminated the contract. SCE believed Bonneville did not have a right to terminate the contract under these circumstances.

No secretarial action requested at this time.

Direct Service Industrial (DSI) Contracts: Bonneville expects to offer contracts to its DSI customers in early June. The contracts will cover Fiscal Years 2007-2011 and are designed to enhance the probability that the DSIs will be able to successfully operate during that period. Bonneville will issue a press release at the time the contracts are offered. If the DSIs choose to sign the contracts, Bonneville would subsequently sign the contracts. The contracts would provide benefits of up to \$59 million annually to the DSIs.

No secretarial action requested at this time.

July
Next 60 Days

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue, a process to help Bonneville determine its long-term power supply role. Bonneville provided the policy proposal to the Department of Energy (DOE) for review and has now forwarded it to the Office of Management and Budget (OMB). Once OMB has had an opportunity to review the proposal, Bonneville will send a letter to the region announcing a formal 60-day public comment period. The letter will also contain a link to the proposal which will be posted on the Web. A final policy and ROD will be issued this fall.

No Secretarial action requested at this time.

August
Next 90 Days

Congestion Management Project: A technical working group began weekly meetings on Wednesday, May 31, 2006, that are planned to run through August, 2006. The purpose of the group is to work toward implementing customer suggestions this summer that may relieve congestion on the Federal Columbia River Transmission System. The group is comprised of customer and other stakeholder representatives and will be developing solutions that are consistent with guiding principles previously developed by the Congestion Management Steering Committee Bonneville convened earlier in 2006. Bonneville put in place curtailment calculators, effective May 1, 2006, that will be

used in the event emergency conditions require targeted load-dropping to maintain system stability.

No Secretarial action requested at this time.

Ongoing

BiOp Litigation: Bonneville is continuing to work through a collaboration process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 FCRPS BiOp. Judge James Redden, who is presiding over the process, recently ruled that he would not require, as requested by American Rivers, that the FCRPS BiOp be combined with a separate BiOp on the operation of non-Federal hydroelectric facilities on the Upper Snake River. However, he did find that the jeopardy analysis for the Upper Snake River BiOp was flawed in the same way as that for the FCRPS BiOp. He also indicated that the Federal agencies could prepare separate BiOps; however, they should be prepared simultaneously to ensure a full consideration of potential cumulative impacts. It is possible that the need for such simultaneous preparation may delay completion of the FCRPS BiOp which is currently targeted for February 1, 2007.

No Secretarial action requested at this time.

Economic Impact Study of DSI Service: Bonneville has requested that parties submitting studies and papers evaluating the economic impact of continuing service to its DSI loads consider benefit levels that range from offering no benefit to providing up to 560 average megawatts of power at a rate equivalent to the Priority Firm Power Rate. The papers and studies were due to Bonneville by May 31, 2006, and will be evaluated by a panel of independent experts hired by the Northwest Power and Conservation Council. The panel will submit a report to Bonneville, based on their review of submitted papers and studies, by late June. The report will be considered by Bonneville as it makes its final decision on post-2011 service to the smelters. The decision will be included in the Long-Term Regional Dialogue ROD set to be issued later this year.

No Secretarial action required at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 7, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

June
Next 30 Days

Draft Rates Record of Decision (ROD): Bonneville Power Administration (Bonneville) released its Draft Rates ROD for the Fiscal Year 2007-2009 rate period to rate case parties on June 2, 2006. The Draft ROD is posted on Bonneville's website. Briefs on exceptions are due from rate case parties by June 16, 2006, and the Final ROD, rate levels and supporting studies are scheduled for publication in mid-July, 2006. The proposed rates will be filed on August 1, 2006, with the Federal Energy Regulatory Commission for review and approval and will take effect October 1, 2006.

No Secretarial action required at this time.

Hydro Operations Draft Proposed Action: Bonneville is working with other Federal agencies to complete a draft proposed hydrosystem operation plan as part of the effort to develop a new Biological Opinion (BiOp) for the operation of the Federal Columbia River Power System (FCRPS). The 2004 BiOp was remanded to the National Marine Fisheries Service because of a flawed jeopardy analysis. The draft proposed action is scheduled to be completed by June 30, 2006. (See additional BiOp information in the "Ongoing" section of this report.)

No Secretarial action required at this time.

Bonneville/Southern California Settlement Agreement: Bonneville and Southern California Edison (SCE) have reached a proposed agreement to settle claims stemming from contract disputes. The proposed settlement agreement was signed by SCE in late May and the U.S. Department of Justice (DOJ) signed the agreement June 5, 2006. Bonneville will issue a press release on the agreement on June 9, 2006.

The dispute is a result of Bonneville's decision to convert an existing power exchange with SCE to a power sale. Bonneville claimed it had a right under the contract to make such a conversion; SCE claimed it did not have the right and refused to pay for a portion of the power it received. Following SCE's refusal to pay, Bonneville terminated the contract. SCE believed Bonneville did not have a right to terminate the contract under these circumstances.

No secretarial action requested at this time.

Direct Service Industrial (DSI) Contracts: Bonneville expects to offer contracts to its DSI customers in early June. The contracts will cover Fiscal Years 2007-2011 and are designed to enhance the probability that the DSIs will be able to successfully operate during that period. Bonneville will issue a press release at the time the contracts are offered. If the DSIs choose to sign the contracts, Bonneville would subsequently sign the contracts. The contracts would provide benefits of up to \$59 million annually to the DSIs.

No secretarial action requested at this time.

July
Next 60 Days

Regional Dialogue Continues: Bonneville continues to work on the second phase of the Regional Dialogue, a process to help Bonneville determine its long-term power supply role. Bonneville provided the policy proposal to the Department of Energy (DOE) for review and has now forwarded it to the Office of Management and Budget (OMB). Once OMB has had an opportunity to review the proposal, Bonneville will send a letter to the region announcing a formal 60-day public comment period. The letter will also contain a link to the proposal which will be posted on the Web. A final policy and ROD will be issued this fall.

No Secretarial action requested at this time.

August
Next 90 Days

Congestion Management Project: A technical working group began weekly meetings on Wednesday, May 31, 2006, that are planned to run through August, 2006. The purpose of the group is to work toward implementing customer suggestions this summer that may relieve congestion on the Federal Columbia River Transmission System. The group is comprised of customer and other stakeholder representatives and will be developing solutions that are consistent with guiding principles previously developed by the Congestion Management Steering Committee Bonneville convened earlier in 2006. Bonneville put in place curtailment calculators, effective May 1, 2006, that will be

used in the event emergency conditions require targeted load-dropping to maintain system stability.

No Secretarial action requested at this time.

Ongoing

BiOp Litigation: Bonneville is continuing to work through a collaboration process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 FCRPS BiOp. Judge James Redden, who is presiding over the process, recently ruled that he would not require, as requested by American Rivers, that the FCRPS BiOp be combined with a separate BiOp on the operation of non-Federal hydroelectric facilities on the Upper Snake River. However, he did find that the jeopardy analysis for the Upper Snake River BiOp was flawed in the same way as that for the FCRPS BiOp. He also indicated that the Federal agencies could prepare separate BiOps; however, they should be prepared simultaneously to ensure a full consideration of potential cumulative impacts. It is possible that the need for such simultaneous preparation may delay completion of the FCRPS BiOp which is currently targeted for February 1, 2007.

No Secretarial action requested at this time.

Economic Impact Study of DSI Service: Bonneville has requested that parties submitting studies and papers evaluating the economic impact of continuing service to its DSI loads consider benefit levels that range from offering no benefit to providing up to 560 average megawatts of power at a rate equivalent to the Priority Firm Power Rate. The papers and studies were due to Bonneville by May 31, 2006, and will be evaluated by a panel of independent experts hired by the Northwest Power and Conservation Council. The panel will submit a report to Bonneville, based on their review of submitted papers and studies, by late June. The report will be considered by Bonneville as it makes its final decision on post-2011 service to the smelters. The decision will be included in the Long-Term Regional Dialogue ROD set to be issued later this year.

No Secretarial action required at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

July 5, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

July
Next 30 Days

Draft Rates Record of Decision (ROD): Bonneville Power Administration (Bonneville) expects to publish its final ROD for Fiscal Year (FY) 2007-2009 power rates, the rate levels and supporting studies by mid-July 2006. The proposed rates will take effect October 1, 2006.

No Secretarial action required at this time.

Status Report on Endangered Species Act (ESA) Collaboration Due to Judge: On July 3, the Federal agencies, States and Tribes collaborating to develop a new Biological Opinion (BiOp) for the Federal Columbia River Power System (FCRPS) submitted their quarterly status report to Judge James Redden in the US District Court of Oregon. (See ongoing item below, BiOp Litigation.) A status conference with the Judge will be set for approximately two weeks later.

No Secretarial action required at this time.

August
Next 60 Days

Power Rates to be Filed with Federal Energy Regulatory Commission (FERC): On August 1, 2006, Bonneville expects to file its FY 2007-2009 power rates with FERC for review and approval. The new power rates will take effect October 1, 2006.

No Secretarial action requested at this time.

September
Next 90 Days

Congestion Management Project: A steering committee comprised of high level management representatives from transmission-owning utilities throughout the region has agreed to develop principles to relieve congestion on the Federal Columbia River Transmission System by September 30, 2006. The group is looking at customer suggestions

developed this summer and guiding principles developed by a steering committee that Bonneville convened earlier this year. Bonneville would then begin to implement the congestion management principles beginning in October 2006.

No Secretarial action requested at this time.

Ongoing

BiOp Litigation: Bonneville is continuing to work through a collaborative process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 FCRPS BiOp. Judge James Redden, who is presiding over the process, recently ruled that he would not require, as requested by American Rivers, that the FCRPS BiOp be combined with a separate BiOp on the operation of non-Federal hydroelectric facilities on the Upper Snake River. However, he did find that the jeopardy analysis for the Upper Snake River BiOp was flawed in the same way as that for the FCRPS BiOp. He also indicated that the Federal agencies could prepare separate BiOps; however, they should be prepared simultaneously to ensure a full consideration of potential cumulative impacts. It is possible that the need for such simultaneous preparation may delay completion of the FCRPS BiOp which is currently targeted for February 1, 2007.

No Secretarial action requested at this time.

Economic Impact Study of Direct-Service Industrial Customers (DSI) Service: Bonneville is evaluating the economic impact of continuing service to its DSI loads, considering benefit levels ranging from zero to up to 560 average megawatts of power at a rate equivalent to the Priority Firm Power Rate. A panel of independent experts hired by the Northwest Power and Conservation Council was set to submit a report to Bonneville in late June based on its review of papers and studies submitted in response to an earlier Bonneville request. The report will be considered by Bonneville as it makes its final decision on post-2011 service to the smelters. The decision will be included in the Long-Term Regional Dialogue ROD set to be issued later this year.

No Secretarial action required at this time.

Regional Dialogue Process on Bonneville's Long-Term Power Supply Role: Bonneville provided the Regional Dialogue policy proposal to the Department of Energy and the Office of Management and Budget (OMB) for review. Once these reviews are concluded, Bonneville will send a letter to the region announcing a formal 60-day public comment period. The letter will also contain a link to the proposal which will be posted on the Web. A final policy and ROD will be issued this fall.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

August 2, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

August
Next 30 Days

Power Rates to be Filed with Federal Energy Regulatory Commission (FERC): On August 1, 2006, the Bonneville Power Administration (Bonneville) expects to file its Fiscal Year (FY) 2007-2009 power rates with FERC for review and approval. The new power rates will take effect October 1, 2006.

No Secretarial action requested at this time.

Public Review of Regional Dialogue Proposal: Bonneville will hold five public meetings in August to discuss and take comment on its Regional Dialogue Policy Proposal. The meetings will take place August 1 – 23, 2006, in Seattle; Pasco, WA; Portland; Idaho Falls, ID; and Missoula, MT. The public comment period will run through September 29, 2006, after which Bonneville will review comments and issue a final Record of Decision (ROD) in January 2007.

No Secretarial action requested at this time.

Transmission Rate Case: As part of the process for developing proposed transmission rates for FY 2008-2009, Bonneville will hold workshops in August and October to discuss rate issues and rate-setting methodology with customers and interested parties. Rate levels discussed in the workshops may change based on capital and expense programs currently being reviewed with customers. Bonneville's proposed transmission expense program levels are about 2 percent higher than its 2004 program levels. New rates will not take effect until October 1, 2007.

No Secretarial action requested at this time.

Northwest Wind Integration Action Plan: Bonneville and the Northwest Power and Conservation Council (Council) are spearheading an effort to look for cost-effective ways to manage the challenges associated with the current pace and scale of wind development in the Northwest. A Policy Steering Committee comprised of the leaders of major organizations involved in renewable energy development in the Northwest has been formed and will oversee this work. The steering committee's first official meeting will take place August 24, 2006, in Portland.

No Secretarial action required at this time.

September
Next 60 Days

Congestion Management Project: A steering committee comprised of high level management representatives from transmission-owning utilities throughout the region has agreed to develop principles to relieve congestion on the Federal Columbia River Transmission System by September 30, 2006. The group is looking at customer suggestions developed this summer and guiding principles developed by a steering committee that Bonneville convened earlier this year. Bonneville would then begin to implement the congestion management principles beginning in October 2006.

No Secretarial action requested at this time.

Yakama Basin Phase II Fish Screening Celebration: Bonneville is planning an event to celebrate the effectiveness of fish passage improvements in the Yakama Basin. The event will recognize the partnerships that made the on-the-ground work happen. The event will take place in Ellensburg, WA. Project partners include the Yakama Nation, Washington Department of Fish & Wildlife and the US Bureau of Reclamation.

No Secretarial action requested at this time.

Energy Efficiency Event with US Navy: Bonneville is planning an event to celebrate its partnership with the US Navy Northwest Region and bring attention to the \$35 million that has been invested in energy efficiency projects over the past seven years.

No Secretarial action requested at this time.

October
Next 90 Days

New Power Rates Take Effect: Bonneville's new wholesale power rates will take effect October 1, 2006. The new rate is expected to be about \$27.30 per megawatt-hour or approximately 3 percent lower than the previous year's average rate.

No Secretarial action requested at this time.

Low Income Weatherization Contracts: Bonneville is planning an event in October to bring attention to its low income weatherization program and its partnerships with Northwest States and the Tribes. Over the next three Fiscal Years (2007-2009), Bonneville plans to spend about \$13.5 million on low income weatherization. The four Pacific Northwest states – Oregon, Washington, Idaho and Montana – will receive \$4.5 million per year from Bonneville and the Tribes will get one-half million to spend on low income weatherization. Bonneville distributes weatherization funds to the states to be used in conjunction with their existing Department of Energy programs to weatherize low-income housing.

No Secretarial action requested at this time.

Wind Power Celebration: Bonneville will participate in an event in October to celebrate the completion of the Leaning Juniper Wind Project in Gilliam County, OR. Bonneville built a new 230-kilovolt substation to integrate the 100 megawatts of energy that will be produced by the new wind plant. PMM Energy owns the project.

No Secretarial action requested at this time.

Chip Conveyor System Upgrade at Simpson Timber: Bonneville is planning an event in October to celebrate the completion of a Bonneville-funded energy efficiency project. Bonneville worked with its utility customer, Mason County Public Utility District #3, and Simpson Timber to replace nearly 900 horsepower in existing and potentially new blower equipment that will move wood chips long distances between various locations at the mill site. Estimated energy efficiency savings are in the 3-million-kilowatt-per-year range.

No Secretarial action requested at this time.

Ongoing

Biological Opinion (BiOp) Litigation: Bonneville is continuing to work through a collaborative process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 Federal Columbia River Power System (FCRPS) BiOp. Federal agencies and plaintiffs participated in a quarterly status conference with the Judge July 21, 2006. National Oceanic and Atmospheric Administration (NOAA) Fisheries has provided the parties in the collaboration a memorandum on its intended approach for the jeopardy analysis. The proposed jeopardy standard is consistent with Judge

Redden's ruling on the FCRPS BiOp that listed fish be on an upward trend towards recovery. Following an opportunity for discussion, NOAA will make the memorandum available publicly. The agencies expect to produce a proposed action by September, and the Judge has asked NOAA to produce a final BiOp in February 2007.

No Secretarial action requested at this time.

Economic Impact Study of Direct-Service Industrial (DSI)

Customers' Service: Bonneville is evaluating the economic impact of continuing service to its DSI loads, considering benefit levels ranging from zero to up to 560 average megawatts of power at a rate equivalent to the Priority Firm Power Rate. A panel of independent experts hired by the Council was set to submit a report to Bonneville in late June based on its review of papers and studies submitted in response to an earlier Bonneville request. The report will be considered by Bonneville as it makes its final decision on post-2011 service to the smelters. The decision will be included in the Long-Term Regional Dialogue ROD set to be issued early 2007.

No Secretarial action required at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

September 6, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

September
Next 30 Days

Recommendations Address Transmission Congestion: Bonneville will hold a public workshop on September 7 to provide an overview of proposed approaches dealing with transmission congestion. For several months, Bonneville and the region's utilities have been discussing approaches to addressing growing congestion on the Northwest transmission system. In April, Bonneville published a white paper, *Challenge for the Northwest*, which provided history of the problem and outlined some possible approaches for the region to look at and discuss. Following that, Bonneville participated with the region in workgroups to come up with potential solutions. The workgroup came up with recommendations in August that are designed for implementation in Fiscal Year (FY) 2007. Public comments about these recommendations will be accepted through September 15, 2006. At the conclusion of this process, Bonneville will make a policy decision about the direction it will take.

No Secretarial action requested at this time.

Options for Serving Direct-Service Industry (DSI) Customers: Bonneville will host a public meeting September 8 to discuss the various options for service to DSI customers in the Long-Term Regional Dialogue and the impacts after 2011. During this meeting parties will also discuss the recently completed economic impact study regarding Bonneville providing benefits to DSIs. The independent study focuses on how various levels of benefits Bonneville provides to DSIs could impact regional jobs and the Pacific Northwest economy. Public comments will be accepted through September 29, 2006. Bonneville will consider a variety of information when evaluating the level of benefits provided to the DSIs after 2011, including potential

augmentation impacts, costs to Bonneville's other customers, the study's conclusions and related public comments.

No Secretarial action requested at this time.

Regional Dialogue Public Comment Period: Bonneville plans to complete the Long-Term Regional Dialogue public comment period by the end of September 2006. Following review of public comments, Bonneville plans on issuing a final policy and a Record of Decision in January 2007.

No Secretarial action requested at this time.

Settlement of Outstanding Slice Product Litigation: After nearly two years of mediation on issues associated with litigation involving Slice True-Up Adjustment Charges for the Slice product, Bonneville and its customers have reached a potential settlement of the outstanding litigation and threatened litigation. Bonneville released the proposed settlement for public review and comment on August 30, 2006. Public comments will be accepted on this proposed settlement through September 21, 2006. The Settlement Agreement resolves all true-up disputes for Calendar Years 2002-2005. It is subject to review by the US Department of Justice and Bonneville's customers will review it with their governing boards.

No Secretarial action requested at this time.

Yakama Basin Phase II Fish Screening Celebration: Bonneville is planning an event on September 22 to celebrate the effectiveness of fish passage improvements in the Yakama Basin. The event will recognize the partnerships that made the on-the-ground work happen. The event will take place in Yakima, Washington. Project partners include the Yakama Nation, Washington Department of Fish & Wildlife and the US Bureau of Reclamation.

No Secretarial action requested at this time.

Energy Efficiency Event with US Navy: Bonneville is planning an event in October to celebrate its partnership with the US Navy Northwest Region and bring attention to the \$35 million that has been invested in energy efficiency projects over the past seven years.

No Secretarial action requested at this time.

October
Next 60 Days

New Power Rates Take Effect: Bonneville's new wholesale power rates will take effect October 1, 2006. The new rate is expected to be about \$27.30 per megawatt-hour or approximately 3 percent lower than the previous FY's average rate.

No Secretarial action requested at this time.

Biological Opinion (BiOp) Litigation: The fourth quarterly report to Oregon District Court Judge James Redden on the Federal Columbia River Power System (FCRPS) BiOp remand is due on or about October 3, 2006. A status conference with the Judge will be held approximately two weeks later.

Transmission Rate Case: As part of the process for developing proposed transmission rates for FY 2008-2009, Bonneville will hold a public workshop October 3 to discuss rate issues and rate-setting methodology with customers and interested parties. Rate levels discussed in the workshops may change based on capital and expense programs currently being reviewed with customers. Bonneville's proposed transmission expense program levels are about 2 percent higher than its 2004 program levels. New rates will not take effect until October 1, 2007.

No Secretarial action requested at this time.

Low Income Weatherization Contracts: Bonneville is planning a number of events in October to bring attention to its low income weatherization program and its partnerships with Pacific Northwest States and the Tribes. Over the next three FYs (2007-2009), Bonneville plans to spend about \$13.5 million on low income weatherization. The four Pacific Northwest States – Oregon, Washington, Idaho and Montana – will receive \$4.5 million per year from Bonneville and the Tribes will get \$1.5 million to spend on low income weatherization. Bonneville distributes weatherization funds to the states to be used in conjunction with their existing Department of Energy programs to weatherize low-income housing.

No Secretarial action requested at this time.

Wind Power Celebration: Bonneville will participate in an event with Pacific Power Marketing (PPM) in October to celebrate the completion of the Leaning Juniper Wind Project in Gilliam County, Oregon. Bonneville built a new 230-kilovolt substation to integrate the

100 megawatts of energy that will be produced by the new wind plant. PMM Energy owns the project.

No Secretarial action requested at this time.

Chip Conveyor System Upgrade at Simpson Timber: Bonneville is planning an event in October to celebrate the completion of a Bonneville-funded energy efficiency project. Bonneville worked with its utility customer, Mason County Public Utility District #3, and Simpson Timber to replace nearly 900 horsepower in existing blower equipment that will move wood chips long distances between various locations at the mill site. Estimated energy efficiency savings are in the three-million-kilowatt-per-year range.

No Secretarial action requested at this time.

November
Next 90 Days

Nothing to report

Ongoing

BiOp Litigation: Bonneville is continuing to work through a collaborative process with the other Federal, State, and Tribal parties involved in the legal challenge concerning the 2004 Federal Columbia River Power System (FCRPS) BiOp. During September and October, the intense schedule of workgroup meetings with the sovereigns on technical and policy aspects of the BiOp revision will abate while Federal Action Agencies work together to develop a draft proposed action. The court has asked NOAA to produce a final BiOp by February 2007.

No Secretarial action requested at this time.

Northwest Wind Integration Action Plan: Bonneville and the Northwest Power and Conservation Council are spearheading an effort to look for cost-effective ways to manage the challenges associated with the current pace and scale of wind development in the Northwest. A Policy Steering Committee comprised of the leaders of major organizations involved in renewable energy development in the Northwest has been formed and will oversee this work. Technical workshops are scheduled throughout the fall to explore further specific challenges, ultimately resulting in an action plan for Northwest wind integration.

No Secretarial action required at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

October 4, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

October
Next 30 Days

New Power Rates Take Effect: Bonneville's new wholesale power rates will take effect October 1, 2006. The new power rate will be about \$27.3 per megawatt-hour or approximately 3 percent lower than the Fiscal Year (FY) 2006 average power rate. The Federal Energy Regulatory Commission (FERC) reviews Bonneville's rates, and it has granted Bonneville interim approval for the new power rates. Bonneville expects final approval from FERC in a few months.

No Secretarial action requested at this time.

Transmission Congestion: Bonneville plans to adopt regional recommendations for dealing with transmission congestion in the new Fiscal Year. The Congestion Management Mid-Term Work Group and Steering Committee recommended three congestion management tools in September 2006. The tools include limiting non-firm transmission schedules, a within-hour reliability dispatch pilot project and an hourly network non-firm transmission capacity tool for network flowgates that will allow Bonneville to manage non-firm transmission sales and avoid over-scheduling internal network flowgates.

No Secretarial action requested at this time.

Transmission Rate Case: As part of the process for developing proposed transmission rates for FY 2008-2009, Bonneville will hold a public workshop October 3, 2006, to discuss transmission rate issues and rate-setting methodology with customers and interested parties. Transmission rate levels discussed in the workshops may change based on capital and expense programs currently being reviewed with customers. Bonneville's proposed transmission expense program levels are about 2 percent higher than its 2004 program levels. New transmission rates will not take effect until October 1, 2007.

No Secretarial action requested at this time.

Federal Agencies Submit Report to Court: Federal agencies, States and Tribes participating in the collaboration to develop a new Biological Opinion (BiOp) for the Federal Columbia River Power System (FCRPS) plan to submit a quarterly report to the U.S. District Court October 3, 2006. A status conference with U.S. District Court Judge James Redden will be scheduled approximately two weeks later. The report will describe the status of the remand collaboration process and actions taken by NOAA Fisheries and the FCRPS Action Agencies (Bonneville, the U.S. Army Corps of Engineers, and the U.S. Bureau of Reclamation) and participating sovereigns to develop hydro, habitat, hatchery, and harvest actions for Columbia Basin listed fish. When he remanded the 2004 FCRPS BiOp to NOAA Fisheries last year, Judge Redden ordered the sovereign parties to work together to clarify policy issues and reach agreement or narrow the areas of disagreement on scientific and technical information that underlies the FCRPS BiOp.

No Secretarial action requested at this time.

Long-Term Regional Dialogue Public Comment Period Extended: Bonneville extended the public comment period on the Long-Term Regional Dialogue policy proposal by one month, from September 29, 2006, to October 31, 2006. Representatives of public power and the investor-owned utilities requested the extension. The utilities are attempting to reach agreement on future Residential Exchange Program (REP) benefits for residential and small farm consumers of investor-owned utilities and public agencies. Utility representatives met with the Administrator and reported that they are making progress but need more time.

No Secretarial action requested at this time.

November
Next 60 Days

Energy Efficiency Event with US Navy: Bonneville is planning an event in November to celebrate its partnership with the U.S. Navy Northwest Region and bring attention to the \$35 million that has been invested in energy efficiency projects over the past seven years.

No Secretarial action requested at this time.

December
Next 90 Days

Nothing to report

Ongoing

Northwest Wind Integration Action Plan: Bonneville and the Northwest Power and Conservation Council are spearheading an effort

to look for cost-effective ways to manage the challenges associated with the current pace and scale of wind development in the Northwest. A Policy Steering Committee comprised of the leaders of major organizations involved in renewable energy development in the Northwest has been formed and will oversee this work. Technical workshops are scheduled throughout the fall to explore further specific challenges, ultimately resulting in an action plan for Northwest wind integration.

No Secretarial action required at this time.

Klondike III/Bigelow Canyon Wind Integration Project: Bonneville has completed the final Environmental Impact Statement (EIS) considering impacts of requests by Pacific Power Marketing Energy Inc. and Orion Energy LLC. A Record of Decision (ROD) is expected in October to determine if Bonneville will interconnect the wind projects. If Bonneville decides to interconnect the projects, construction could start this fall.

No Secretarial action required at this time.

Port Angeles/Juan de Fuca Transmission Project: Olympic Converter LP has requested interconnection to the Federal Columbia River Transmission System of a 550 MW transmission cable across the Strait of Juan de Fuca from Vancouver Island, British Columbia, to Port Angeles, Washington. The draft EIS is expected to be released this fall.

No Secretarial action required at this time.

Shepherds Flat Wind Farm Interconnection Project: Lifeline Renewable Energy, Inc. requested interconnection of up to 750 MW of power generated from the proposed Shepherds Flat Wind Farm that would be located in Gilliam and Morrow Counties, Oregon. Bonneville proposes to interconnect up to 750 MW by expanding the existing Slatt Substation in Gilliam County. A public meeting is scheduled for October 25, 2006, in Arlington, Oregon, and public comments will be accepted through November 10, 2006. Bonneville will analyze project impacts in a tiered ROD scheduled to be completed in 2007.

No Secretarial action required at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

November 1, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

November
Next 30 Days

Transmission Congestion: Bonneville plans to conduct a regional celebration on successful completion of its Transmission Congestion process on Nov. 14 in Portland. In October, Bonneville adopted three congestion management tools that were recommended by the regional Congestion Management Mid-Term Work Group and Steering Committee. These tools now allow Bonneville to manage non-firm transmission sales and avoid over-scheduling internal network flowgates.

No Secretarial action requested at this time.

Fuel Cell Event: Bonneville is holding a press event Nov. 1 at the Ronler Fire Station in Hillsboro, OR. Bonneville is leasing a six-kilowatt hydrogen fuel cell for two years from ClearEdge Power, and the City of Hillsboro is hosting the fuel cell and will use it for outreach and education activities. The fuel cell will provide backup power for the fire station's crisis communications center. This project is being cost-shared with the Department of Defense Climate Change Fuel Cell Rebate Program.

No Secretarial action requested at this time.

Klondike III/Bigelow Canyon Wind Integration Project: Bonneville will begin construction in November on a 230-kilovolt expansion of its John Day Substation, part of a project to integrate up to 900 megawatts of wind power from three projects in Sherman County, OR, into the Bonneville transmission grid. Construction will begin next spring on a 12-mile, double circuit 230-kilovolt (kV) transmission line, which is also part of this project. Bonneville issued a Record of Decision authorizing the project on Oct. 26, 2006.

No Secretarial action requested at this time.

Olympic Peninsula Transmission Line Rebuild: Bonneville will request public comments in late November on a proposed 14.5-mile rebuild of an existing single-circuit 115-kilovolt transmission line to 230-kV double circuit to improve voltage stability and maintain transmission system reliability on Washington's Olympic Peninsula. The line runs from Olympia to Shelton, WA.

No Secretarial action requested at this time.

December
Next 60 Days

Libby-Troy Transmission Project: Bonneville will request public comments on a proposal to rebuild an aging 115-kilovolt transmission line at the same voltage to provide continued transmission reliability. A thorough risk analysis led Bonneville to propose rebuilding at the existing voltage rather than at a higher voltage or double-circuit, reducing costs of the project proposal by \$13 million.

No Secretarial action requested at this time.

Council-Recommended Fish and Wildlife Projects: Bonneville will make final decisions in mid-December on funding projects recommended by the Northwest Power and Conservation Council (Council) for its Fiscal Year (FY) 2007-2009 fish and wildlife program. Bonneville has commended the Council on its work to stay within Bonneville's established fish and wildlife budget of \$143 million expense and \$36 million capital annually. Bonneville noted that there would likely be additional Endangered Species Act (ESA) needs once the new Federal Columbia River Power System Biological Opinion (BiOp) is complete and that it will be important to be ready to address those needs. The Council's recommendations maintain an unallocated balance of about \$2 million per year for ESA-listed fish under the new BiOp, expected early next year.

No Secretarial action requested at this time.

Northwest Power Act 25-Year Celebration: On December 14 in Portland, Bonneville and the Northwest Power and Conservation Council will celebrate enactment 25 years ago of the Northwest Power Act. Numerous Bonneville customers, Federal and state officials and other constituents will be invited to attend.

No Secretarial action requested at this time.

January
Next 90 Days

Northwest Wind Integration Action Plan: In January, Bonneville and the Northwest Power and Conservation Council plan to release a proposed Northwest Wind Integration Action Plan for public review. The plan will

outline cost-effective ways to manage the challenges associated with the current pace and scale of wind development in the Northwest. A Policy Steering Committee comprised of the leaders of major organizations involved in renewable energy development in the Northwest is overseeing this work. A Technical Work Group including representatives of publicly owned and investor-owned utilities, public utility commissions, public interest groups and resource developers is working to prepare the specific action items.

No Secretarial action requested at this time.

Trade Union Contract Negotiations: Negotiations between Bonneville and the Columbia Power Trades Council (CPTC) are expected to begin January 22, 2007, and run at least through early March. The CPTC is composed of eight unions representing Bonneville's various trades and crafts employees, the largest of group of which are represented by IBEW Local No. 125. Bonneville and the Council have exchanged initial proposals.

No Secretarial action requested at this time.

Ongoing

Transmission Rate Case: Bonneville's transmission customers are discussing potential settlement of the agency's transmission rates for FY 2008-2009. Preliminary estimates show Bonneville's proposed transmission expense program levels are expected to be about 2 percent higher than its 2004 program levels. The initial proposal for the transmission rate case is scheduled to be published in the Federal Register in mid-December. New transmission rates will not take effect until October 1, 2007.

No Secretarial action requested at this time.

Long-Term Regional Dialogue: Bonneville received hundreds of comments on its proposed Long-Term Regional Dialogue policy; the comment period closed October 31, 2006. Northwest utilities, public utility commissions and governors are fully engaged in the dialogue on several key issues, most notably settlement of Residential Exchange benefits to Northwest investor-owned utilities.

No Secretarial action requested at this time

Biological Opinion Litigation: Federal agencies, States and Tribes continue to collaborate on development of a new Biological Opinion (BiOp) for the Federal Columbia River Power System (FCRPS) plan.

NOAA Fisheries and the FCRPS Action Agencies (Bonneville, the U.S. Army Corps of Engineers, and the U.S. Bureau of Reclamation) and participating sovereigns are working to clarify scientific issues and narrow areas of disagreement on hydro, habitat, hatchery, and harvest actions for Columbia Basin listed fish. Federal Action Agencies will then develop a draft proposed action. The court has asked NOAA to produce a final BiOp by February 2007.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

December 6, 2006

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

December
Next 30 Days

DOE Officials to Hear Regional Dialogue Comments: On December 6, 2006, Deputy Secretary of Energy Clay Sell; DOE General Counsel David Hill; Director of the Office of Electricity Delivery and Energy Reliability Kevin Kolevar; and Bonneville Power Administrator Steve Wright are expected to attend a public hearing on the Bonneville's Long-Term Regional Dialogue Policy Proposal. Witnesses will testify on behalf of Northwest publicly owned and investor-owned utilities, aluminum companies, Northwest states, Indian Tribes, the Northwest Power and Conservation Council (Council), and public interest groups. The Long-Term Regional Dialogue Policy addresses how Bonneville will market federal power in the Pacific Northwest after 2011. A Record of Decision is expected early in 2007.

No Secretarial action requested at this time.

Federal Agencies in Litigation to Propose 2007 Hydro Operations: On December 8, the Department of Justice (DOJ) and environmental plaintiffs will appear before U.S. District Court Judge James Redden to discuss proposed operations on the Federal Columbia River Power System (FCRPS) for salmon and steelhead migration in 2007. Redden remanded the FCRPS Biological Opinion (BiOp) to the federal agencies in 2005, and the new BiOp will not be complete before the spring 2007 operations decisions need to be made. The 2006 FCRPS fish operations were set by the Court after the plaintiffs filed a motion for injunctive relief and the federal agencies responded with their proposal and declarations.

No Secretarial action requested at this time.

Northwest Power Act 25-Year Celebration: On December 13, 2006, in Portland, Bonneville and the Council will celebrate enactment 25 years ago of the Northwest Power Act. Numerous Bonneville customers,

Federal and state officials and other constituents have been invited to attend.

No Secretarial action requested at this time.

Council-Recommended Fish and Wildlife Projects: Bonneville will make final decisions by December 22, 2006, on funding projects recommended by the Council for its Fiscal Year (FY) 2007-2009 fish and wildlife program. A letter and a white paper will document the rationale for the decisions. Bonneville also will issue a Record of Decision documenting the Program's compliance with National Environmental Policy Act (NEPA). Bonneville has commended the Council on its work to stay within Bonneville's established fish and wildlife budget of \$143 million expense and \$36 million capital annually. Bonneville noted that there would likely be additional Endangered Species Act (ESA) needs once the new FCRPS BiOp is complete and that it will be important to be ready to address those needs. The Council's recommendations maintain an unallocated balance of about \$2 million per year for ESA-listed fish under the new BiOp, expected early in 2007.

No Secretarial action requested at this time.

Transmission Programs in Review: Bonneville is accepting public comments through December 8, 2006, on the draft final closeout of its Programs in Review discussion of expected transmission program costs for Fiscal Years 2008 and 2009. The Draft Programs in Review close-out letter describes cost increases and decreases compared to the May draft due to analysis and customer comments. Net proposed program costs are within 1 percent of those proposed in May, approximately 3.8 percent higher than transmission costs in the previous transmission rate case.

No Secretarial action requested at this time.

Transmission Rate Case Settlement Expected: Bonneville will publish the initial proposal for its FY 2008-2009 transmission rates in mid-December. Bonneville's transmission customers are expected to propose a settlement of the transmission rates in early December. In case of settlement, Bonneville will conduct an expedited transmission rate case. New transmission rates will take effect on October 1, 2007.

No Secretarial action requested at this time.

January
Next 60 Days

Northwest Wind Integration Action Plan: In January, Bonneville and the Council plan to release a proposed Northwest Wind Integration Action Plan for public review. The plan will outline cost-effective ways to manage the challenges associated with the current pace and scale of wind development in the Northwest. A Technical Work Group including representatives of publicly owned and investor-owned utilities, public utility commissions, public interest groups and resource developers is working to prepare the specific action items.

No Secretarial action requested at this time.

Trade Union Contract Negotiations: Negotiations between Bonneville and the Columbia Power Trades Council (CPTC) are expected to begin January 22, 2007, and run at least through early March. The CPTC is composed of eight unions representing Bonneville's various trades and crafts employees, the largest of group of which are represented by IBEW Local No. 125. Bonneville and the Council have exchanged initial proposals.

No Secretarial action requested at this time.

February
Next 90 Days

Biological Opinion Litigation: Federal agencies, States and Tribes continue to collaborate on development of a new BiOp for FCRPS operation. NOAA Fisheries and the FCRPS Action Agencies (Bonneville, the U.S. Army Corps of Engineers, and the U.S. Bureau of Reclamation) and participating sovereigns are working to clarify scientific issues and narrow areas of disagreement on hydro, habitat, hatchery, and harvest actions for Columbia Basin listed fish. Federal Action Agencies will then develop a draft proposed action. The court has asked NOAA to produce a final BiOp by February 2007. However, this may be pushed back to allow for coordination of the FCRPS and Upper Snake River BiOps.

No Secretarial action requested at this time.

Ongoing

Libby-Troy 115-kilovolt Line Rebuild: Bonneville proposes to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnors Ferry line in Lincoln County in western Montana to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit is expected to meet load service requirements for the next 40-plus years. This reduces environmental impacts and costs an estimated \$13 million compared to other alternatives. Bonneville will receive public comments on a draft Environmental Impact Statement this winter.

No Secretarial action requested at this time.

ColumbiaGrid Planning and Expansion Functional Agreement: This winter, Bonneville will consider whether to sign and support a final Planning and Expansion Functional Agreement, which ColumbiaGrid intends to offer to regional parties in mid-December. By November 29, Bonneville had received eight public comments on its potential participation in the agreement; all generally supported participation. While Bonneville has not yet decided whether it will sign any proposed ColumbiaGrid functional agreements, the agency is fully engaged in drafting these agreements. ColumbiaGrid, a non-profit membership Washington corporation, was formed on March 31, 2006, to improve the operational efficiency, reliability, and planned expansion of the Northwest transmission grid. Bonneville and six other utilities supporting ColumbiaGrid are funding the new organization's development.

No Secretarial action requested at this time.

Southern California Edison (SCE) Settlement: Bonneville and SCE have agreed to a proposed settlement of the sole remaining claim in a long-running contractual dispute. The claim, filed following the West Coast power crisis of 2000, involves administration of a long-term Bonneville power and capacity sale to SCE signed in the late 1980s. Other aspects of the original dispute have been settled. Settlement of the remaining claim would allow all parties to move forward constructively in their business relationship. The Department of Justice (DOJ) is reviewing the settlement proposal. Upon DOJ approval, Bonneville will circulate the proposed settlement to its customers and interested parties for two weeks of public review.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

January 3, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

January
Next 30 Days

Fish and Wildlife Project Funding Decision: In mid-January, Bonneville Power Administration (Bonneville) expects to issue its funding decisions on fish and wildlife projects for Fiscal Year (FY) 2007 with implications through FY 2009. In making its final funding decisions, Bonneville will strive to simultaneously remain within a \$143 million annual budget, reflect substantial deference to funding recommendations from the Northwest Power and Conservation Council (Council), and shift funding to on-the-ground activities that provide direct and immediate benefits to fish and wildlife. A letter and a white paper will document the rationale for the decisions. Bonneville also will issue a Record of Decision (ROD) documenting the Program's compliance with National Environmental Policy Act (NEPA).

No Secretarial action requested at this time.

Bonneville, Tribal 2007 Hydro Operations Agreement: Five Northwest Indian Tribes are expected to sign agreements concurring with Bonneville on Federal Columbia River Power System (FCRPS) operations for fish passage in 2007. Participating Tribes include the Nez Perce Tribe, Confederated Tribes of the Warm Springs Reservation, Confederated Tribes of the Umatilla Reservation, the Yakama Nation, and the Confederated Tribes and Bands of the Colville Reservation. The agreement adds fish passage measures to those used in recent years, such as diminished use of barging and increased spill at specific dams. It also provides bridge funding through September 2007 for specific fish and wildlife projects in addition to those recommended by the Council. This is the first hydro operation agreement reached with the Tribes in the litigation challenging the 2004 Biological Opinion (BiOp) on FCRPS

operations to protect Columbia River salmon listed under the Endangered Species Act (ESA). Bonneville anticipates that the agreement will lay the groundwork for a long-term agreement on hydro operations for fish, with negotiation expected to begin in January.

No Secretarial action requested at this time.

Bonneville Renewable Resource R&D Request for Proposals: On January 19, Bonneville will close a Request for Proposals (RFP) for Northwest research and development projects on integration of intermittent renewable power resources – such as wind – into the Northwest transmission grid, as well as advance research on ocean wave or in-stream and tidal generation technologies. Bonneville expects to award more than \$1 million in FY 2007 to projects under the RFP. Bonneville identified strategic research areas to target in a Renewable Energy Technology Roadmap issued in September 2006.

No Secretarial action requested at this time.

ColumbiaGrid Planning and Expansion Functional Agreement: Bonneville expects to sign a Functional Agreement for Transmission Planning and Expansion with ColumbiaGrid when the agreement is offered by that organization, expected in January. ColumbiaGrid, a non-profit membership Washington corporation, was formed on March 31, 2006, to improve the operational efficiency, reliability, and planned expansion of the Northwest transmission grid. Bonneville and six other utilities are funding the new organization's development.

No Secretarial action requested at this time.

Bond Rating Agencies Visit: Bond rating agencies are expected to make their annual visit to Bonneville. Standard and Poors will visit the agency on **in March**, Moodys on February 6, and Fitch on February 7. The rating agencies follow Bonneville's financial condition closely in order to rate bonds issued by Energy Northwest that are backed by Bonneville revenues.

No Secretarial action requested at this time.

Northwest Wind Integration Action Plan: On January 22, Bonneville and the Council expect to release a proposed Northwest Wind Integration Action Plan for public review. The plan will outline cost-effective ways to manage the challenges associated with the current pace and scale of wind development in the Northwest. A Technical Work Group including

representatives of publicly owned and investor-owned utilities, public utility commissions, public interest groups and resource developers is working to prepare the specific action items.

No Secretarial action requested at this time.

Trade Union Contract Negotiations: Negotiations between Bonneville and the Columbia Power Trades Council (CPTC) are expected to begin January 22, 2007, and run at least through early March. The CPTC is composed of eight unions representing Bonneville's various trades and crafts employees, the largest of group of which are represented by IBEW Local No. 125. Bonneville and the Council have exchanged initial proposals.

No Secretarial action requested at this time.

February
Next 60 Days

BiOp Deadlines: U.S. District Court Judge James Redden has delayed to February 2, 2007, the next status report on collaboration on Federal Columbia River Power operation for salmon and steelhead listed under the ESA. Collaboration was ordered by the Judge under his remand of the 2004 FCRPS BiOp to NOAA Fisheries. NOAA Fisheries, the FCRPS Action Agencies (Bonneville, the U.S. Army Corps of Engineers, and the U.S. Bureau of Reclamation), and participating state and tribal sovereigns are working to clarify scientific issues and narrow areas of disagreement on hydro, habitat, hatchery, and harvest actions for Columbia Basin listed fish. Federal Action Agencies will then develop a draft proposed action. Judge Redden also extended the due date for the remanded BiOp from February to July 2007 to allow more time for regional collaboration, review and comment on the draft BiOp by regional fish and wildlife managers, and to incorporate results of a parallel BiOp on the Upper Snake River.

No Secretarial action requested at this time.

Columbia River Treaty Permanent Engineering Board: On February 15, the Bonneville Administrator will attend the annual meeting of the Permanent Engineering Board (PEB) of the 1964 Columbia River Treaty between the United States and Canada. The treaty doubled the storage capacity of Columbia River System, brought added power benefits to both countries and secured flood control benefits for the United States. The PEB reports annual performance under the treaty to the United States and Canada. This year's annual meeting will take place in Vancouver, British Columbia.

No Secretarial action requested at this time.

March
Next 90 Days

Nothing to report.

Ongoing

Long-Term Regional Dialogue Policy: In early 2007, Bonneville expects to issue a final Long-term Regional Dialogue Policy and accompanying ROD. The Long-Term Regional Dialogue Policy addresses how Bonneville will market Federal power in the Pacific Northwest after 2011. Bonneville is now reviewing detailed comments received on its policy proposal. Parties continue to discuss potential settlement of one Regional Dialogue issue, benefits under the Residential Exchange Program after 2011. The REP extends benefits of the FCRPS to residential and small-farm consumers served by Northwest investor-owned utilities.

No Secretarial action requested at this time.

Libby-Troy 115-kilovolt Line Rebuild: Bonneville proposes to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnors Ferry line in Lincoln County in western Montana to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit is expected to meet load service requirements for the next 40-plus years. This reduces environmental impacts and costs an estimated \$13 million compared to other alternatives. Bonneville will receive public comments on a draft Environmental Impact Statement this winter.

No Secretarial action requested at this time.

Southern California Edison (SCE) Settlement: Bonneville and SCE have agreed to a proposed settlement of the sole remaining claim in a long-running contractual dispute. The claim, filed following the West Coast power crisis of 2000, involves administration of a long-term Bonneville power and capacity sale to SCE signed in the late 1980s. Other aspects of the original dispute have been settled. Settlement of the remaining claim would allow all parties to move forward constructively in their business relationship. The Department of Justice (DOJ) is reviewing the settlement proposal. Upon DOJ approval, Bonneville will circulate the proposed settlement to its customers and interested parties for two weeks of public review.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

February 7, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

February
Next 30 Days

Biological Opinion (BiOp) Collaboration: On February 2, 2007, Federal agencies presented to U.S. District Court Judge James Redden a status report on collaboration on Federal Columbia River Power System (FCRPS) operation for salmon and steelhead listed under the Endangered Species Act. Collaboration was ordered by the Judge under his remand of the 2004 FCRPS BiOp to NOAA Fisheries. NOAA Fisheries, the FCRPS Action Agencies [Bonneville Power Administration (BPA), the U.S. Army Corps of Engineers, and the U.S. Bureau of Reclamation], and participating State and Tribal sovereigns are working to clarify scientific issues and narrow areas of disagreement on hydro, habitat, hatchery, and harvest actions for Columbia Basin listed fish.

No Secretarial action requested at this time.

BPA Refutes "Revenue Stream:" In early February, BPA expects to release a response to "Revenue Stream," a widely publicized report by environmental and sport fishing interests that claims removing four Lower Snake dams would benefit the Northwest economy. After thorough review, BPA believes the Revenue Stream analysis is seriously flawed, and that its conclusions are simply wrong. Leaving everything else in the Revenue Stream analysis unchanged, using more accurate power numbers would alter the conclusion to show that removing the dams would make ratepayers and taxpayers worse off by \$1.6 billion to \$3.9 billion over 10 years.

No Secretarial action requested at this time.

Transmission Rate Case: On February 14, BPA will convene a pre-hearing conference for its 2008-2009 Transmission Rate Case. BPA plans to conduct the rate case on a 90-day, expedited basis because BPA and most of its transmission customers have executed a Settlement Agreement.

The Settlement Agreement will form the basis for the rates and terms of BPA's Initial Rate Proposal. BPA does not expect objections to its rates proposal.

No Secretarial action requested at this time.

Columbia River Treaty Permanent Engineering Board: On February 15, the BPA Administrator will attend the annual meeting of the Permanent Engineering Board (PEB) of the Columbia River Treaty between the United States and Canada. Hydroelectric projects authorized by the treaty doubled the storage capacity of the Columbia River System and brought added power and flood control benefits to both countries. The PEB reports annual performance under the treaty to the United States and Canada. This year's annual meeting will take place in Vancouver, British Columbia.

No Secretarial action requested at this time.

Northwest Wind Integration Action Plan: On February 22, BPA and the Northwest Power and Conservation Council expect to release their final Northwest Wind Integration Action Plan. A draft Action Plan presented to the regional Steering Committee on January 22 is now undergoing peer review. The draft finds no technical obstacles to implementing 6,000 megawatts of wind energy in the Pacific Northwest. It identifies a number of actions to integrate large amounts of wind power cost-effectively and to manage the challenges associated with the current pace and scale of wind development. The draft Action Plan was prepared by a Technical Work Group including representatives of publicly owned and investor-owned utilities, public utility commissions, public interest groups and resource developers.

No Secretarial action requested at this time.

March
Next 60 Days

BPA to Award Renewables R&D Contracts: On or about March 7, BPA expects to award contracts in response to its recent Request for Proposals (RFP) for Northwest research and development projects on integration of intermittent renewable power resources and advance research on ocean wave, in-stream and tidal generation. BPA received 25 responses to the RFP, and expects to award more than \$1 million in resulting contracts in FY 2007.

No Secretarial action requested at this time.

BPA to Sign ColumbiaGrid Agreement: By March 19, BPA expects to sign a Functional Agreement for Transmission Planning and Expansion offered by ColumbiaGrid on January 17 to Northwest utilities and other regional parties. This agreement sets up ColumbiaGrid's first service. BPA has announced that it intends to sign within the 60-day offer period and to begin using ColumbiaGrid in 2007 as the regional venue for planning and achieving needed expansion of the Northwest's transmission grid.

No Secretarial action requested at this time.

April
Next 90 Days

Federal Columbia River Power System (FCRPS) Fish Operations: In early April, BPA and the U.S. Army Corps of Engineers will begin FCRPS operations for juvenile salmon and steelhead migration. This year's regimen will closely resemble that ordered by the court in 2006, and reflects agreements reached earlier this year with five Northwest Indian tribes. Like 2006, the 2007 regimen involves spilling water at Lower Snake and Columbia River dams from April through August in addition to providing augmented streamflows. As in 2006, a higher proportion of migrating salmon and steelhead will travel in-river, and fewer will be transported past the dams than in 2005 and earlier years.

No Secretarial action requested at this time.

Ongoing

Libby-Troy 115-kilovolt Line Rebuild: BPA proposes to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnors Ferry line in Lincoln County in western Montana to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit is expected to meet load service requirements for the next 40-plus years. Bonneville will receive public comments on a draft Environmental Impact Statement later this winter.

No Secretarial action requested at this time.

Southern California Edison (SCE) Settlement: BPA and SCE have agreed to a proposed settlement of the sole remaining claim in a long-running contractual dispute. The claim, filed following the West Coast power crisis of 2000, involves administration of a long-term BPA power and capacity sale to SCE signed in the late 1980s. Other aspects of the original dispute have been settled. Settlement of the remaining claim would allow all parties to move forward constructively in their business relationship. The Department of Justice (DOJ) is reviewing the settlement proposal. Upon DOJ approval, DOJ and SCE will execute the settlement,

and then BPA will circulate the proposed settlement to its customers and interested parties for two weeks of public review.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

March 7, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

March
Next 30 Days

BPA to Sign ColumbiaGrid Planning and Expansion Agreement: On or about March 2, Bonneville Power Administration (BPA) is expected to sign the transmission Planning and Expansion Agreement offered by the ColumbiaGrid regional transmission organization. Under the agreement, BPA will collaborate with other participating Northwest transmission providers to develop the Northwest's first biennial 10-year regional transmission plan.

No Secretarial action requested at this time.

Biological Opinion (BiOp) Collaboration: On March 9, 2007, U.S. District Court Judge James Redden will conduct a status conference with all parties to the remand of the 2004 NOAA BiOp on Federal Columbia River Power System (FCRPS) operation for salmonoids listed under the Endangered Species Act (ESA).

No Secretarial action requested at this time.

BPA to Award Renewables R&D Contracts: On or about March 15, BPA expects to award more than \$1 million in contracts for Northwest research and development projects on integration of intermittent renewable power resources and advance research on ocean wave, in-stream and tidal generation. BPA received 25 responses to a Request for Proposals that closed January 19 and has selected 11 projects for further negotiation. Also in March, BPA expects to begin its RD&D solicitation process for Fiscal Year 2008. Areas of interest for 2008 include transmission, hydropower efficiency, energy efficiency, and security and information technology as well as renewable resources.

No Secretarial action requested at this time.

Northwest Wind Integration Action Plan: BPA and the Northwest Power and Conservation Council (Council) have submitted the final Northwest Wind Integration Action Plan to the regional Steering Committee. The action plan finds no fundamental technical barriers to operating 6,000 megawatts of wind generation in the Pacific Northwest, but notes that the region will still need other resources to meet peak loads, and that additional transmission capacity will be needed to open new areas for wind development and to diversify wind power production.

No Secretarial action requested at this time.

April
Next 60 Days

FCRPS Fish Operations: On April 1, BPA and the U.S. Army Corps of Engineers (Corps) will begin FCRPS operations for juvenile salmon and steelhead migration. This year's regimen will closely resemble that ordered by the court in 2006, and reflects agreements reached earlier this year with five Northwest Indian Tribes. Like 2006, the 2007 regimen involves spilling water at Lower Snake and Columbia River dams from April through August in addition to providing augmented streamflows. As in 2006, a higher proportion of migrating salmon and steelhead will travel in-river, and fewer will be transported past the dams than in 2005 and earlier years.

No Secretarial action requested at this time.

Long-Term Regional Dialogue Policy: In April, BPA expects to issue its final Long-Term Regional Dialogue Policy, which defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals. Immediately following release of the final policy, BPA will work with its customers to implement the policy by developing power products and rates, power sales contracts and attendant methodologies.

No Secretarial action requested at this time.

May
Next 90 Days

Nothing to report.

Ongoing

Libby-Troy 115-kilovolt Line Rebuild: BPA proposes to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnars Ferry line in Lincoln County in western Montana to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit would meet expected load service requirements for the next 40-plus years. BPA will receive comments on a draft Environmental Impact Statement this spring.

No Secretarial action requested at this time.

Olympic Peninsula Reliability Project: BPA needs to upgrade about 14.5 miles of an existing 115-kilovolt transmission line between its Olympia and Shelton substations on the Olympic Peninsula. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line. The double-circuit 230-kV line would be on metal structures that would be taller than the existing 115-kV wood poles. The new line would connect with an existing BPA 230-kV line that runs between Olympia Substation and Satsop. A draft Environmental Assessment is scheduled for public review in summer 2007.

No Secretarial action requested at this time.

Southern California Edison (SCE) Settlement: BPA and SCE have agreed to a proposed settlement of the sole remaining claim in a long-running contractual dispute. The claim, filed following the West Coast power crisis of 2000, involves administration of a long-term BPA power and capacity sale to SCE signed in the late 1980s. Other aspects of the original dispute have been settled. Settlement of the remaining claim would allow all parties to move forward constructively in their business relationship. The Department of Justice (DOJ) is reviewing the settlement proposal. Upon DOJ approval, DOJ and SCE will execute the settlement, and then BPA will circulate the proposed settlement to its customers and interested parties for two weeks of public review.

No Secretarial action requested at this time.

BiOp Remand Collaboration: BPA is continuing to work in collaboration with the NOAA Fisheries, the U.S. Army Corps of Engineers, Bureau of Reclamation, Northwest States and Indian Tribal sovereigns to clarify scientific issues and narrow areas of disagreement on hydro, habitat, hatchery, and harvest actions for Columbia Basin fish listed under the ESA. Judge James Redden ordered the collaboration in his remand of the 2004 FCRPS BiOp to NOAA Fisheries. BPA, the Corps and Reclamation are preparing Biological Assessments of their FCRPS Proposed Action for submission to NOAA Fisheries. The court-set schedule calls for NOAA Fisheries to review the Federal Proposed Action and issue a new BiOp by July 31.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

April 4, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

April
Next 30 Days

BPA to Award Renewables R&D Contracts: During the first week of April, Bonneville Power Administration (BPA) expects to award more than \$1 million in contracts for Northwest research and development projects on integration of intermittent renewable power resources and advance research on ocean wave, in-stream and tidal generation. BPA received 25 responses to a Request for Proposals that closed January 19 and selected 11 projects for further negotiation.

No Secretarial action requested at this time.

Federal Columbia River Power System Fish Operations (FCRPS): On April 3, BPA and the U.S. Army Corps of Engineers (Corps) will begin FCRPS operations for juvenile salmon and steelhead migration. This year's regime will closely resemble that ordered by the court in 2006, and reflects agreements reached earlier this year with five Northwest Indian Tribes. Like 2006, the 2007 regime involves spilling water at Lower Snake and Columbia River dams from April through August in addition to providing augmented streamflows. As in 2006, a higher proportion of migrating salmon and steelhead will travel in-river, and fewer will be transported past the dams than in 2005 and earlier years.

No Secretarial action requested at this time.

Port Angeles-Juan de Fuca Transmission Project: The Department is hosting and BPA has invited interested parties to attend a public meeting April 10 on the Department's draft Environmental Impact Statement for the Port Angeles-Juan de Fuca Transmission project. Sea Breeze Olympic Converter LP, a private developer, proposes to build a 500-megawatt direct-current transmission cable from Victoria, British Columbia to Port Angeles, Washington. Sea Breeze applied to the Department's Office of

Electricity Delivery and Energy Reliability for a presidential permit for the international crossing of the cable, and to BPA for interconnection to the Federal transmission system.

No Secretarial action requested at this time.

Long-Term Regional Dialogue Policy: BPA has sent its completed Long-Term Regional Dialogue Policy and a transmittal letter to the department for review. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals. Immediately following release of the final policy, BPA will work with its customers to implement the policy by developing power products and rates, power sales contracts, and attendant methodologies.

No Secretarial action requested at this time.

Transmission Rate Case Completion: In April, BPA expects to issue a final Record of Decision on its 2008-2009 transmission rates. The agency has been conducting an expedited rate case proceeding following successful negotiation of a settlement agreement with most of BPA transmission customers. Customers should see no change in the aggregate rates they pay BPA for transmission service, with the exception of a handful of customers who are currently self-supplying reactive supply and voltage control from generation resources, who will see a modest decrease in rates.

No Secretarial action requested at this time.

May
Next 60 Days

Northern Pikeminnow Season: On May 14, BPA will begin its 17th northern pikeminnow sport-reward fishery. Since 1990, BPA has paid anglers to remove 2.7 million large predatory northern pikeminnow from the Columbia and Snake Rivers. BPA estimates that pikeminnow predation on young salmon and steelhead has been cut by 20 percent, saving 2 to 4 million juvenile salmon a year. This year's program will include family fishing days on June 9 in Oregon and Washington to bring greater attention and more anglers to the program.

No Secretarial action requested at this time.

Coburg Hills Wildlife Habitat: On May 24, BPA expects to celebrate acquisition of a conservation easement on 1,244 acres of wildlife habitat in the lower foothills of Oregon's McKenzie watershed. The habitat conservation will provide BPA with credits for partial mitigation of wildlife habitat losses due to the construction and operation of Federal hydroelectric dams on the Willamette River.

No Secretarial action requested at this time.

Willamette River Operations: The Corps and BPA are in consultation on a supplemental Biological Assessment (BA) of Federal Willamette River system hydro project operations, and are scheduled to complete the BA and submit it to the National Oceanic and Atmospheric Administration Fisheries by the end of May. The Corps owns 13 Willamette River projects. Eight of these have power generation, with a combined power capacity of about 400 megawatts. The Supplemental BA will address threatened Upper Willamette River chinook, steelhead, and bull trout.

No Secretarial action requested at this time.

BiOp Remand Collaboration: By mid-May, BPA, the Corps and the Bureau of Reclamation have committed to complete a new FCRPS Proposed Action on operations for fish. The Proposed Action and accompanying Biological Assessment will be submitted to NOAA Fisheries for its review and Biological Opinion (BiOp). This work responds to a district court remand of the 2004 FCRPS BiOp. The court-set schedule called for NOAA Fisheries to review the Federal Proposed Action and issue a new BiOp by July 31, however, Judge James Redden has asked Federal defendants to submit a new schedule in June. BPA continues to work in collaboration with NOAA Fisheries, the Corps, Reclamation, Northwest States, and Indian Tribal sovereigns to clarify scientific issues and narrow areas of disagreement on hydro, habitat, hatchery, and harvest actions.

No Secretarial action requested at this time.

June
Next 90 Days

Congestion Management Pilot Project: BPA will conduct a pilot project June 26 to October 1 to test three approaches to managing transmission system congestion. The pilot will run on four transmission paths on the BPA grid. No load will be curtailed; no current transmission reservations will be affected. The methods to be tested include:

- Refusing new hourly transmission reservations on a congested path for two hours after that path exceeds its posted operating transfer capability;

- Alleviating congestion by directing specific generators to adjust their output based on voluntary bids,
- Developing better network flow forecast tools to allow BPA to refuse nonfirm and hourly firm transmission schedules that would cause the system to exceed the operating transfer capability of specific transmission paths.

No Secretarial action requested at this time.

Ongoing

Libby-Troy 115-kilovolt Line Rebuild: BPA proposes to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnars Ferry line in Lincoln County in western Montana to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit would meet expected load service requirements for the next 40-plus years. BPA will receive comments on a draft Environmental Impact Statement this spring.

No Secretarial action requested at this time.

Olympic Peninsula Reliability Project: BPA needs to upgrade about 14.5 miles of an existing 115-kilovolt transmission line between its Olympia and Shelton substations on the Olympic Peninsula. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line. The double-circuit 230-kV line would be on metal structures that would be taller than the existing 115-kV wood poles. The new line would connect with an existing BPA 230-kV line that runs between Olympia Substation and Satsop. A draft Environmental Assessment is scheduled for public review in summer 2007.

No Secretarial action requested at this time.

Southern California Edison (SCE) Settlement: BPA and SCE have agreed to a proposed settlement of the sole remaining claim in a long-running contractual dispute. The claim, filed following the West Coast power crisis of 2000, involves administration of a long-term BPA power and capacity sale to SCE signed in the late 1980s. Other aspects of the original dispute have been settled. Settlement of the remaining claim would allow all parties to move forward constructively in their business relationship. The Department of Justice (DOJ) is reviewing the settlement proposal. Upon DOJ approval, DOJ and SCE will execute the settlement, and then BPA will circulate the proposed settlement to its customers and interested parties for two weeks of public review.

No Secretarial action requested at this time.

BPA 70th Anniversary: August 2007 marks the 70th anniversary of enactment of the Bonneville Project Act. The agency is marking the occasion by emphasizing the economic and environmental value of the FCRPS to the Pacific Northwest and the nation.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

May 2, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

May
Next 30 Days

BPA to Award FY 2007 Renewables R&D Contracts: In early May, the Bonneville Power Administration (BPA) expects to award more than \$2 million in contracts for Northwest research and development projects on integration of intermittent renewable power resources and advance research on ocean wave, in-stream, and tidal generation. BPA received 25 responses to a Request for Proposals that closed January 19, and selected 11 projects for further negotiation.

No Secretarial action requested at this time.

Southern California Edison (SCE) Settlement: BPA and SCE have agreed to and the Department of Justice has approved a proposed settlement of the sole remaining claim in a long-running contractual dispute. The claim, filed following the West Coast power crisis of 2000, involves administration of a long-term BPA power and capacity sale to SCE signed in the late 1980s. Other aspects of the original dispute have been settled. Settlement of the remaining claim would allow all parties to move forward constructively in their business relationship. BPA is taking public comments on the proposed settlement through May 10.

No Secretarial action requested at this time.

Chief Joseph Hatchery Program: BPA will take public comments from May 4 through June 18 on a draft Environmental Impact Statement on a proposed program to assist in conservation and recovery of summer/fall Chinook salmon in the Okanogan subbasin and in the Columbia River below Chief Joseph Dam. This program would include a new fish hatchery near the base of Chief Joseph Dam and acclimation ponds

throughout the Okanogan River subbasin. The program includes production to augment the ceremonial and subsistence harvest of salmon for the Confederated Tribes of the Colville Reservation.

No Secretarial action requested at this time.

Northern Pikeminnow Season: On May 14, BPA will begin its 17th northern pikeminnow sport-reward fishery. Since 1990, BPA has paid anglers to remove 2.7 million large predatory northern pikeminnow from the Columbia and Snake rivers. BPA estimates that pikeminnow predation on young salmon and steelhead has been cut by 20 percent, saving 2 to 4 million juvenile salmon a year. This year's program will include family fishing days on June 9 in Oregon and Washington to bring greater attention and more anglers to the program.

No Secretarial action requested at this time.

Order 890 Implementation Public Process: In response to Federal Energy Regulatory Commission (FERC) Order 890, issued Feb. 15, 2007, BPA intends to file a new open access tariff, modify its current Open Access Same-Time Information system (OASIS), and implement a variety of changes to its business practices and processes. While BPA is not subject to the same rules that apply to a regulated public utility, BPA has chosen to adopt and comply with FERC rules for open access transmission service. BPA intends to adopt the new pro forma OATT and meet the requirements of Order 890 except when the new OATT or Order 890 conflicts with applicable statutes or impairs the efficient and reliable operation of the Federal power and transmission system. BPA will work with its customers through a public process to review the new requirements and determine the impact of Order 890 on the region, including the implementation of BPA's Regional Dialogue. BPA will kick off its public process for Order 890 on Tuesday, May 15.

No Secretarial action requested at this time.

BiOp Remand: By May 21, BPA, the U.S. Army Corps of Engineers (Corps), and the Bureau of Reclamation (Reclamation) have committed to submit to Federal District Court a new Federal Columbia River Power System (FCRPS) plan on operations for fish. The plan and accompanying Biological Assessment will be submitted to the National Oceanic and Atmospheric Administration (NOAA) Fisheries for its review and Biological Opinion (BiOp). This work responds to a district court remand of the 2004 FCRPS BiOp. The court-set schedule called for NOAA Fisheries to review the Federal plan and issue a new BiOp by July 31;

however, Judge James Redden has asked Federal defendants to submit a new schedule in June. BPA continues to work in collaboration with NOAA Fisheries, the Corps, Reclamation, Northwest States, and Indian Tribal sovereigns to clarify scientific issues and narrow areas of disagreement on hydro, habitat, hatchery, and harvest actions.

No Secretarial action requested at this time.

Coburg Hills Wildlife Habitat: On May 24, BPA expects to celebrate acquisition of a conservation easement on 1,244 acres of wildlife habitat in the lower foothills of Oregon's McKenzie River watershed. The habitat conservation will provide BPA with credits for partial mitigation of wildlife habitat losses due to the construction and operation of Federal hydroelectric dams on the Willamette River.

No Secretarial action requested at this time.

Willamette River Operations: The Corps and BPA are in consultation on a supplemental Biological Assessment (BA) of Federal Willamette River system hydro project operations, and are scheduled to complete the BA and submit it to the NOAA Fisheries by the end of May. The Corps owns 13 Willamette River projects. Eight of these have power generation, with a combined power capacity of about 400 megawatts. The supplemental BA will address threatened upper Willamette River chinook, steelhead, and bull trout.

No Secretarial action requested at this time.

Long-Term Regional Dialogue Policy: BPA has sent its completed Long-Term Regional Dialogue Policy and a transmittal letter to the department for review. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals. Immediately following release of the final policy, BPA will work with its customers to implement the policy by developing power products and rates, power sales contracts, and attendant methodologies.

No Secretarial action requested at this time.

Wind Integration Transmission Line: BPA will begin construction in May on a 12-mile, 230-kilovolt (kV) double-circuit transmission line to integrate two wind farms into the Northwest transmission grid. BPA has agreements with PPM Energy to integrate up to 300 megawatts from its Klondike III wind project and with Portland General Electric to integrate up to 400 MW from the Biglow Canyon Wind Farm. Both wind farms are

in Sherman County, Oregon. A new 230-kV yard is already under construction at BPA's existing John Day 500-kV substation as part of the wind integration project. The project is expected to be completed this fall.

No Secretarial action requested at this time.

June
Next 60 Days

Congestion Management Pilot Project: BPA will conduct a pilot project June 26 to October 1 to test three approaches to managing transmission system congestion. The pilot will run on four transmission paths on the BPA grid. No load will be curtailed; no current transmission reservations will be affected. The methods to be tested include:

- Refusing new hourly transmission reservations on a congested path for two hours after that path exceeds its posted operating transfer capability;
- Alleviating congestion by directing specific generators to adjust their output based on voluntary bids,
- Developing better network flow forecast tools to allow BPA to refuse nonfirm and hourly firm transmission schedules that would cause the system to exceed the operating transfer capability of specific transmission paths.

No Secretarial action requested at this time.

July
Next 90 Days

FY 2008 R&D Contract Awards: Beginning in July, BPA expects to begin awarding contracts for Fiscal Year 2008 research and development projects in the areas of renewable energy, transmission services, energy efficiency, hydro generation, and physical security. The effort supports BPA's strategic business objective to be a leader in the application of technologies that increase the value of agency mission deliverables.

No Secretarial action requested at this time.

Ongoing

Libby-Troy 115-kilovolt Line Rebuild: BPA proposes to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnars Ferry line in Lincoln County in western Montana to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit would meet expected load service requirements for the next 40-plus years. BPA will receive comments on a draft Environmental Impact Statement this summer.

No Secretarial action requested at this time.

Olympic Peninsula Reliability Project: BPA needs to upgrade about 14.5 miles of an existing 115-kilovolt transmission line between its Olympia and Shelton substations on the Olympic Peninsula. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line. The double-circuit 230-kV line would be on metal structures that would be taller than the existing 115-kV wood poles. The new line would connect with an existing BPA 230-kV line that runs between Olympia Substation and Satsop. A draft Environmental Assessment is scheduled for public review in summer 2007.

No Secretarial action requested at this time.

BPA 70th Anniversary: August 2007 marks the 70th anniversary of enactment of the Bonneville Project Act. The agency is marking the occasion by emphasizing the economic and environmental value of the FCRPS to the Pacific Northwest and the nation.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 6, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

June
Next 30 Days

Residential Exchange Settlement Rehearing Request: By late June, the Bonneville Power Administration (BPA) will know whether the Department of Justice will support a petition for rehearing of a Ninth Circuit Court of Appeals' finding that Residential Exchange Program settlement agreements with Northwest investor-owned utilities were inconsistent with the Pacific Northwest Electric Power Planning and Conservation Act. BPA has suspended settlement payments of approximately \$28 million a month pending outcome of this effort, because the court's decision calls into question the legality of the settlement payments. BPA certifying officials are required to certify the legality of payments or become personally liable for them. BPA is working with leaders of Northwest publicly owned and investor-owned utilities to develop a legally sustainable solution that fulfills the goals of the Northwest Power Act.

No Secretarial action requested at this time.

BiOp Remand: On June 12, BPA, the U.S. Army Corps of Engineers (Corps), and the Bureau of Reclamation (Reclamation) will respond to parties' comments on their new Federal Columbia River Power System (FCRPS) plan on operations for fish, which was submitted to District Court on May 21. The new plan is designed to put the fish on a path to recovery. It calls for a 10 year program of major new funding commitments for habitat improvements, additional hydro operations for fish, hatchery reform, and increased control of predators. For the first time, it would establish performance standards of 95 percent or better survival for spring migrants passing through each dam and 93 percent for summer migrants. This work responds to District Court remand of the 2004 FCRPS Biological Opinion (BiOp). At a June 20 court hearing, the

National Oceanic and Atmospheric Administration Fisheries (NOAA) will submit a new schedule for completing a BiOp on this plan, as requested by Judge James Redden. The previous deadline was July 31.

No Secretarial action requested at this time.

Master Lease Agreement for Transmission Capital Equipment: On June 11, BPA expects to sign a master lease agreement with the Northwest Infrastructure Financing Corporation II (NIFC II), for third-party financing of transmission capital investments. The administration has approved general BPA use of third-party financing for transmission assets. This ability is expected to preserve \$100 million to \$150 million a year in low-cost capital for needed transmission work on BPA's network throughout the Northwest, without affecting BPA's Treasury borrowing authority. Three of four Northwest public utility commissions have issued declaratory orders disclaiming jurisdiction over NIFC II transactions, and the fourth is expected to rule within the next few weeks. BPA will not enter into a transaction in a given state before its Public Utility Commission (PUC) has disclaimed jurisdiction on NIFC II transactions.

No Secretarial action requested at this time.

Strawman Proposal for FERC Technical Conference: BPA will participate in a Federal Energy Regulatory Commission (FERC) Technical Conference on June 13 in Park City, Utah, on the "strawman proposals" that BPA and other Western utilities have submitted to FERC showing how they will comply with nine transmission planning principles FERC included in its recent Order No. 890. While not jurisdictional for this purpose, BPA is complying voluntarily with FERC's direction, and submitted its proposal to FERC on May 29. The BPA proposal was developed in consultation and coordination with BPA customers, ColumbiaGrid (which will provide planning services to BPA and other Northwest utilities), and the Western Electricity Coordinating Council (WECC).

No Secretarial action requested at this time.

Palisades-Goshen Transmission Line Rebuild: BPA is taking public comments through June 15 on a proposal to rebuild the Palisades-Goshen 115-kilovolt (kV) transmission line in southeastern Idaho.

The 52-mile line was originally constructed in 1949. BPA needs to rebuild the line due to aging wood poles.

No Secretarial action requested at this time.

Chief Joseph Hatchery Program: BPA is taking public comments through June 18 on a draft Environmental Impact Statement on a proposed program to assist recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River below Chief Joseph Dam. This program would include a new fish hatchery near the base of Chief Joseph Dam and acclimation ponds throughout the Okanogan subbasin. The program will produce salmon for ceremonial use and subsistence harvest by the Confederated Tribes of the Colville Reservation.

No Secretarial action requested at this time.

Congestion Management Pilot Project: BPA will conduct a pilot project June 26 to October 1 to test three approaches to managing transmission system congestion. The pilot will run on four transmission paths on the BPA grid. No load will be curtailed; no current transmission reservations will be affected. The methods to be tested include:

- Refusing new hourly transmission reservations on a congested path for two hours after that path exceeds its posted operating transfer capability.
- Alleviating congestion by directing specific generators to adjust their output based on voluntary bids.
- Developing better network flow forecast tools to allow BPA to refuse nonfirm and hourly firm transmission schedules that would cause the system to exceed the operating transfer capability of specific transmission paths.

No Secretarial action requested at this time.

July
Next 60 Days

Fiscal Year 2008 R&D Contract Awards: Beginning in July, BPA expects to begin awarding contracts for Fiscal Year (FY) 2008 research and development projects in the areas of renewable energy, transmission services, energy efficiency, hydro generation, and physical security. BPA received 69 internal and 31 external project proposals in response to a Request for Offers that closed May 23. The effort supports BPA's strategic business objective to be a leader in the application of technologies that increase the value of agency mission deliverables.

No Secretarial action requested at this time.

August
Next 90 Days

BPA 70th Anniversary: August 2007 marks the 70th anniversary of enactment of the Bonneville Project Act. The agency is marking the occasion by emphasizing the economic and environmental value of the FCRPS to the Pacific Northwest and the nation.

No Secretarial action requested at this time.

Lyle Falls Fish Passage Project: BPA expects to release a draft Environmental Impact Statement in August 2007 on the proposed Lyle Falls Fish Passage Project, located near Lyle, Washington. BPA proposes to modify an existing fish passageway next to a steep, cascading waterfall to more effectively allow adult fish to move into spawning areas in the upper Klickitat River. The project is also intended to improve facilities for fish monitoring, fish data collection, and broodstock collection.

No Secretarial action requested at this time.

Ongoing

Long-Term Regional Dialogue Policy: BPA's Long-Term Regional Dialogue Policy (policy) is undergoing Administration review absent the portion pertaining to the Residential Exchange Program, which has been removed pending resolution of legal proceedings. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals. Immediately following release of the final policy, BPA will work with its customers to develop power products and rates, power sales contracts, and attendant methodologies.

Rock Creek Substation Project: BPA is building a new 500/230-kV Rock Creek Substation in south-central Washington. The substation will integrate up to 150 Megawatt (MW) of wind power from Windtricity Ventures Inc. and White Creek LLC and up to 200 MW of power from the White Creek wind project into the BPA transmission grid. The substation would also interconnect a third proposed wind project called Windy Point. Completion is scheduled for September 2007.

No Secretarial action requested at this time.

Klondike III/Biglow Canyon Wind Integration Project: BPA is building a 12-mile, double-circuit 230-kV transmission line, expanding its existing John Day Substation and building a new 230-kV substation to integrate up to 900 MW of wind power from PPM Energy and Orion Energy LLC in Sherman County, Oregon. The wind power will be

generated by the Klondike III Wind Project (300 MW), Biglow Canyon Wind Farm Project (400 MW) and a future 200 MW project for Orion. Construct. Construction is expected to be completed later this year.

No Secretarial action is requested at this time.

Libby-Troy 115-kilovolt Line Rebuild: BPA proposes to rebuild a 17-mile-long section of the 115-kV Libby-Bonnars Ferry line in Lincoln County, western Montana, to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit would meet expected load service requirements for the next 40-plus years. BPA will receive comments on a draft Environmental Impact Statement this summer.

No Secretarial action requested at this time.

Olympic Peninsula Reliability Project: BPA needs to upgrade about 14.5 miles of an existing 115-kV transmission line between its Olympia and Shelton substations on the Olympic Peninsula in Washington. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line. A draft Environmental Assessment is scheduled for public review in summer 2007.

No Secretarial action requested at this time.

Commercial Infrastructure Policy: BPA continues to work with its customers and interested parties to develop a new approach for allocating transmission expansion costs and financing commercial infrastructure for transmission network upgrades. For BPA owned facilities solely within BPA's footprint, BPA proposes to explicitly consider benefits to all transmission ratepayers of a proposed facility's contributions to reliability, expected future system uses, and other economic benefits. Costs associated with these benefits would be allocated to all transmission ratepayers. New revenues from the facility would cover carrying costs of the remaining portion of each project to avoid incremental rate increases to all transmission customers. This approach is believed to be consistent with FERC Order 890. Customers and state public utility commissions responded positively to a draft policy issued for comment earlier this year and to a more detailed proposal presented to BPA's Transmission Issues Policy Steering Committee in May. BPA is now working out details and quantification methods before issuing a final policy.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

July 3, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

July
Next 30 Days

Residential Exchange Settlement Rehearing Request: By late July, the Bonneville Power Administration (BPA) will know whether the Department of Justice will support a petition for rehearing of a Ninth Circuit Court of Appeals' finding that Residential Exchange Program settlement agreements with Northwest investor-owned utilities were inconsistent with the Pacific Northwest Electric Power Planning and Conservation Act. BPA is working with leaders of Northwest publicly owned and investor-owned utilities to develop a legally sustainable solution that fulfills the goals of the Northwest Power Act.

No Secretarial action requested at this time.

Fiscal Year 2008 R&D Contract Awards: Beginning in July, BPA expects to begin awarding contracts for Fiscal Year (FY) 2008 research and development projects in the areas of renewable energy, transmission services, energy efficiency, hydro generation, and physical security. BPA received 69 internal and 31 external project proposals in response to a Request for Offers that closed May 23. The effort supports BPA's strategic business objective to be a leader in the application of technologies that increase the value of agency mission deliverables.

No Secretarial action requested at this time.

Yakima Fisheries Project: BPA is taking public comments through July 9 on a joint BPA/Yakama Nation proposal to begin a second phase of a coho reintroduction feasibility study in the Yakima Basin. In this study, juvenile and adult coho would be planted in certain tributaries of the upper Yakima and Naches river watersheds, testing the feasibility of reintroducing coho for natural propagation in the watersheds. The study is

part of a decade-long project to improve fisheries in the Yakima and Klickitat river basins. BPA expects to issue a Supplement Analysis on the coho reintroduction study in late July.

No Secretarial action requested at this time.

August
Next 60 Days

BPA 70th Anniversary: August 2007 marks the 70th anniversary of enactment of the Bonneville Project Act. The agency is marking the occasion by emphasizing the economic and environmental value of the Federal Columbia River Power System (FCRPS) to the Pacific Northwest and the nation.

No Secretarial action requested at this time.

Lyle Falls Fish Passage Project: BPA expects to release a draft Environmental Impact Statement in August 2007 on the proposed Lyle Falls Fish Passage Project, located near Lyle, Washington. BPA proposes to modify an existing fish passageway next to a steep, cascading waterfall to more effectively allow adult fish to move into spawning areas in the upper Klickitat River. The project is also intended to improve facilities for fish monitoring, fish data collection, and broodstock collection.

No Secretarial action requested at this time.

Libby-Troy 115-Kilovolt Line Rebuild: BPA expects to release a draft Environmental Impact Statement by the end of July and will hold a public meeting on August 15, 2007 in Libby, Montana, on its proposal to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnars Ferry line in Lincoln County, western Montana. The project is needed to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit would meet expected load service requirements for the next 40-plus years.

No Secretarial action requested at this time

Albeni Falls-Sand Creek Pole Replacement: BPA plans to replace approximately 340 aging wood poles on 25 miles of the existing Albeni Falls-Sand Creek 115-kV transmission line in northern Idaho and to reconductor 17 miles of the line. While construction would not begin until 2008 or 2009, BPA is surveying for cultural resources, noxious weeds, and danger trees this summer, and will hold an open house on the project in August.

No Secretarial action requested at this time.

September
Next 90 Days

Rock Creek Substation Project: BPA is building a new 500/230-kV Rock Creek Substation in south-central Washington. The substation, scheduled for completion in September, will integrate up to 150 megawatts (MW) of wind power from Windtricity Ventures Inc. and White Creek LLC and up to 200 MW of power from the White Creek wind project into the BPA transmission grid. The substation would also interconnect a third proposed wind project called Windy Point.

No Secretarial action requested at this time.

Ongoing

Long-Term Regional Dialogue Policy: BPA's Long-Term Regional Dialogue Policy (policy) is undergoing Administration review absent the portion pertaining to the Residential Exchange Program, which has been removed pending resolution of legal proceedings. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals. Immediately following release of the final policy, BPA will work with its customers to develop power products and rates, power sales contracts, and attendant methodologies. The policy and its Record of Decision are the framework for BPA's long-term power business. The major contracts for long-term power sales for publicly owned utility customers, the residential exchange program, and benefits to direct-service industries will be offered at the same time.

No Secretarial action requested at this time.

Congestion Management Pilot Project: On October 1, BPA will conclude a pilot project of three approaches to managing transmission system congestion. The pilot is currently running on four transmission paths on the BPA grid. No load will be curtailed; no current transmission reservations will be affected.

No Secretarial action requested at this time.

BiOp Remand: On October 31, the National Oceanic and Atmospheric Administration (NOAA Fisheries) is due to release its draft Biological Opinion (BiOp) of Federal agencies' FCRPS plan on operations for fish, which was submitted to District Court on May 21. Judge James Redden set the new BiOp due date at a status hearing on June 20. The judge said he expects to call a status report in November on the draft BiOp ongoing litigation on FCRPS operations for fish.

No Secretarial action requested at this time.

Klondike III/Biglow Canyon Wind Integration Project: BPA is building a 12-mile, double-circuit 230-kV transmission line, expanding its existing John Day Substation and building a new 230-kV substation to integrate up to 900 MW of wind power from PPM Energy and Orion Energy LLC in Sherman County, Oregon. The wind power will be generated by the Klondike III Wind Project (300 MW), Biglow Canyon Wind Farm Project (400 MW) and a future 200 MW project for Orion. Construction is expected to be completed later this year.

No Secretarial action is requested at this time.

Olympic Peninsula Reliability Project: BPA needs to upgrade about 14.5 miles of an existing 115-kV transmission line between its Olympia and Shelton substations on the Olympic Peninsula in Washington. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line. A draft Environmental Assessment is scheduled for public review in summer 2007.

No Secretarial action requested at this time.

Caribou-Lower Valley Project: BPA proposes to build and operate a new 138/115-kV Hooper Springs substation near a proposed PacifiCorp substation near Soda Springs, Idaho. BPA would connect to PacifiCorp's new substation to improve service to Lower Valley Energy, a BPA customer utility based in Afton, Wyoming. Lower Valley Energy would build, own and operate a new 20-mile, double-circuit 115-kV line from BPA's new substation to its distribution system. BPA proposes to help fund this transmission line with a third-party financing arrangement. Lower Valley is working to acquire all rights-of-way for its line. BPA expects to release a draft Environmental Assessment this fall.

No Secretarial action requested at this time.

Commercial Infrastructure Policy: BPA continues to work with its customers and interested parties to develop a new approach for allocating transmission expansion costs and financing commercial infrastructure for transmission network upgrades. For BPA owned facilities solely within BPA's footprint, BPA proposes to explicitly consider benefits to all transmission ratepayers of a proposed facility's contributions to reliability, expected future system uses, and other economic benefits. Costs associated with these benefits would be allocated to all transmission ratepayers. New revenues from the facility would cover carrying costs of

the remaining portion of each project to avoid incremental rate increases to all transmission customers. This approach is believed to be consistent with FERC Order 890. Customers and state public utility commissions responded positively to a draft policy issued for comment earlier this year and to a more detailed proposal presented to BPA's Transmission Issues Policy Steering Committee in May. BPA is now working out details and quantification methods before issuing a final policy.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

August 1, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

August
Next 30 Days

Bonneville Power Administration (BPA) 70th Anniversary: August 2007 is the 70th anniversary of enactment of the Bonneville Project Act. The agency is marking the occasion by emphasizing the economic and environmental value of the Federal Columbia River Power System (FCRPS) to the Pacific Northwest and the nation and with employee celebrations.

No Secretarial action requested at this time.

Regional Dialogue Policy Implementation: BPA is now conducting workshops with its customers on power products, rate methodologies, power sales contracts, and other aspects of BPA's Long-Term Regional Dialogue Policy implementation. Workshops are expected to continue through November. BPA issued its Long-Term Regional Dialogue Policy and Record of Decision on July 19. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals, and provides the framework for BPA's long-term power business, particularly as it applies to publicly owned utility customers. BPA's goal is to offer contracts for long-term power sales to publicly owned utility customers, the residential exchange program, and benefits to direct-service industries at the same time in 2008.

No Secretarial action requested at this time.

Residential Exchange Processes: On August 1, BPA is holding its first general public meeting on Residential Exchange benefits. The meeting will outline the process BPA proposes to take to resolve how to provide the region with Residential Exchange Program benefits that are both

equitable and consistent with law. The Residential Exchange is designed to spread the benefits of low-cost Federal hydropower to Northwest residential and small-farm consumers served by investor-owned utilities. BPA, the investor-owned utilities and the region's publicly owned utilities have been meeting to explore approaches to resolve Residential Exchange issues, consistent with the law.

No Secretarial action requested at this time.

Wind Balancing Services Rate Case: BPA will begin public workshops on August 16 preparatory to launching a rate case to price within-hour balancing services for wind resources in the BPA control area. The need for these services and rate was identified in the Northwest Wind Integration Action Plan, a regional process completed by BPA and the Northwest Power and Conservation Council earlier this year. As identified in the Action Plan, the effective integration of increasingly large amounts of wind power into the Northwest power system requires increasing amounts of within-hour balancing services. In the BPA control area, these services are supplied by Federal system resources. BPA intends to develop a rate that equitably recovers the costs of providing this service. Following customer workshops to identify and address issues, BPA expects to issue an initial proposal for the rate in February 2008 and conclude the rate case in May 2008. The rate is expected to be effective on October 1, 2008.

No Secretarial action requested at this time

Libby-Troy Line Rebuild: BPA will hold a public meeting on August 15 in Libby, Montana, on a draft Environmental Impact Statement (EIS) on its proposal to rebuild a 17-mile-long section of the 115-kilovolt (kV) Libby-Bonnors Ferry line in Lincoln County. The project is needed to improve reliability and meet future load growth in the area. Extensive analysis determined that rebuilding the aging line at its existing 115-kV single circuit would meet expected load service requirements for the next 40-plus years. BPA is taking public comments on the draft EIS through September 4.

No Secretarial action requested at this time

Cascade Wind Interconnection Project: BPA is taking public comments through August 10 on a proposed switchyard and tap line to interconnect up to 50 megawatts of electricity from the proposed Cascade Wind Project into BPA's 115-kilovolt Hood River-The Dalles line in

north-central Oregon. The wind farm is sponsored by UPC Oregon Wind, LLC, which has requested interconnection. The wind project is subject to approval by the Oregon Energy Facility Siting Council.

No Secretarial action requested at this time.

September
Next 60 Days

Rock Creek Substation Project: BPA is building a new 500/230-kV Rock Creek Substation in south-central Washington. The substation, scheduled for completion in September, will integrate up to 150 megawatts (MW) of wind power from Windtricity Ventures Inc. and White Creek LLC and up to 200 MW of power from the White Creek wind project into the BPA transmission grid. The substation would also interconnect a third proposed wind project called Windy Point.

No Secretarial action requested at this time.

Commercial Infrastructure Policy: BPA is now working out details and quantification methods before issuing a final Commercial Infrastructure Policy in September. BPA has worked with customers and interested parties to develop this new approach for allocating transmission expansion costs and financing commercial infrastructure for transmission network upgrades. For BPA owned facilities solely within BPA's footprint, BPA proposes to explicitly consider benefits to all transmission ratepayers of a proposed facility's contributions to reliability, expected future system uses, and other economic benefits. Costs associated with these benefits would be allocated to all transmission ratepayers. New revenues from the facility would cover carrying costs of the remaining portion of each project to avoid incremental rate increases to all transmission customers. This approach is believed to be consistent with FERC Order 890. Customers and state public utility commissions responded positively to a draft policy issued for comment earlier this year and to a more detailed proposal presented to BPA's Transmission Issues Policy Steering Committee in May.

No Secretarial action requested at this time.

Fiscal Year 2008 R&D Contract Awards: In late September, BPA expects to begin awarding contracts for Fiscal Year (FY) 2008 research and development projects in the areas of renewable energy, transmission services, energy efficiency, hydro generation, and physical security. BPA received 69 internal and 31 external project proposals in response to

a Request for Offers that closed May 23. The effort supports BPA's strategic business objective to be a leader in the application of technologies that increase the value of agency mission deliverables.

No Secretarial action requested at this time.

Lyle Falls Fish Passage Project: BPA expects to release a draft Environmental Impact Statement in September 2007 on the proposed Lyle Falls Fish Passage Project, located near Lyle, Washington. BPA proposes to modify an existing fish passageway next to a steep, cascading waterfall to more effectively allow adult fish to move into spawning areas in the upper Klickitat River. The project is also intended to improve facilities for fish monitoring, fish data collection, and broodstock collection.

No Secretarial action requested at this time

October
Next 90 Days

Congestion Management Pilot Project: On October 1, BPA will conclude a pilot project of three approaches to managing transmission system congestion. The pilot is currently running on four transmission paths on the BPA grid. No load will be curtailed; no current transmission reservations will be affected.

No Secretarial action requested at this time.

BiOp Remand: On October 31, the National Oceanic and Atmospheric Administration (NOAA Fisheries) will file with District Court its draft Biological Opinion (BiOp) of Federal agencies' FCRPS plan on operations for fish. Judge James Redden set the new BiOp due date at a status hearing on June 20. The judge said he expects to hold a status conference in November on the draft BiOp ongoing litigation on FCRPS operations for fish.

No Secretarial action requested at this time.

Ongoing

Olympic Peninsula Reliability Project: A draft Environmental Assessment is scheduled for public review in summer 2007 on BPA's proposal to upgrade about 14.5 miles of an existing 115-kV transmission line between its Olympia and Shelton substations on the Olympic Peninsula in Washington. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line.

No Secretarial action requested at this time.

Caribou-Lower Valley Project: BPA expects to release a draft Environmental Assessment this fall on BPA's proposal to build and operate a new 138/115-kV Hooper Springs substation near a proposed PacifiCorp substation near Soda Springs, Idaho. BPA would connect to PacifiCorp's new substation to improve service to Lower Valley Energy, a BPA customer utility based in Afton, Wyoming. Lower Valley Energy would build, own and operate a new 20-mile, double-circuit 115-kV line from BPA's new substation to its distribution system. BPA proposes to help fund this transmission line with a third-party financing arrangement. Lower Valley is working to acquire all rights-of-way for its line.

No Secretarial action requested at this time.

West Coast Utilities Developing Intertie Protocols: BPA is partnering with other capacity owners and users of the Pacific Northwest-Pacific Southwest Intertie transmission line to develop collaborative messages and protocols to address press and public inquiries in the event of problems. This began as an initiative to respond to summer heat in Southern California and potential wildfires, the initiative has now been expanded to cover extreme weather in winter as well. Energy conservation will be a major theme of the messages. BPA's partners in this effort include the Western Area Power Administration, California Independent System Operator; Sacramento Municipal Utility District and the Los Angeles Department of Water and Power.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

September 5, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

September
Next 30 Days

Federal Agencies to Publicly Release Biological Assessments for Listed Fish: On or about September 6, the Bonneville Power Administration (BPA), the U.S. Army Corps of Engineers, and the Bureau of Reclamation will publicly release Biological Assessments and a comprehensive analysis of the impacts of operations of Federal Columbia River Power System (FCRPS) and Reclamation projects in the Upper Snake on listed salmon and steelhead. These documents were submitted to National Oceanic and Atmospheric Administration (NOAA Fisheries) as scheduled on August 21. NOAA Fisheries will use the documents to prepare its Biological Opinion (BiOp) on whether operation of the projects jeopardizes the survival of Columbia Basin fish listed under the Endangered Species Act (ESA). The draft BiOps are due to be submitted to U.S. District Court on October 31. Judge James Redden ruled that the 2004 FCRPS BiOp and the 2005 Upper Snake BiOp be remanded to NOAA Fisheries to correct legal deficiencies.

No Secretarial action requested at this time.

Wind Balancing Services Rate Case: BPA will begin public workshops on September 11 preparatory to launching a rate case to price within-hour balancing services for wind resources in the BPA control area. The need for these services and rate was identified in the Northwest Wind Integration Action Plan, a regional process completed by BPA and the Northwest Power and Conservation Council earlier this year. As identified in the Action Plan, the effective integration of increasingly large amounts of wind power into the Northwest power system requires increasing amounts of within-hour balancing services. In the BPA control area, these services are supplied by Federal system resources. BPA intends to develop a rate that equitably recovers the costs of providing this service. Following customer workshops to identify and address issues,

BPA expects to issue an initial proposal for the rate in February 2008 and conclude the rate case in May 2008. The rate is expected to be effective on October 1, 2008. This is among the first such rate cases in the nation and may draw attention from other regions.

No Secretarial action requested at this time

Commercial Infrastructure Policy: BPA expects to issue a final Commercial Infrastructure Policy in September. BPA has worked with customers and interested parties to develop this new approach for allocating transmission expansion costs and financing commercial infrastructure for transmission network upgrades. For BPA owned facilities solely within BPA's footprint, BPA proposes to explicitly consider benefits to all transmission ratepayers of a proposed facility's contributions to reliability, expected future system uses, and other economic benefits. Costs associated with these benefits would be allocated to all transmission ratepayers. New revenues from the facility would cover carrying costs of the remaining portion of each project to avoid incremental rate increases to all transmission customers. This approach is believed to be consistent with FERC Order 890. Customers and state public utility commissions responded positively to a draft policy issued for comment earlier this year and to a more detailed proposal presented to BPA's Transmission Issues Policy Steering Committee in May.

No Secretarial action requested at this time.

Fiscal Year 2008 R&D Contract Awards: In late September, BPA expects to begin awarding contracts for Fiscal Year (FY) 2008 research and development projects in the areas of renewable energy, transmission services, and energy efficiency. BPA received 69 internal and 31 external project proposals in response to a Request for Offers that closed May 23. The effort supports BPA's strategic business objective to be a leader in the application of technologies that increase the value of agency mission deliverables.

No Secretarial action requested at this time.

Integrated Business Review Process Design: BPA will conduct focus groups on September 7 in Spokane, Washington and September 14 in Portland, Oregon on a proposed Integrated Business Review (IBR) public process for use beginning in FY 2008. The IBR is designed to provide public and customer review of the agency's strategic direction and spending plans prior to development of rates. The IBR combines and

builds on the success of a previous Power Function Review for power-related costs and Programs in Review for transmission related costs. The IBR is a key element in BPA's commitment to decision-making transparency.

No Secretarial action requested at this time.

Rock Creek Substation Project: BPA is scheduled to complete a new 500/230-kilovolt (kV) Rock Creek Substation in south-central Washington in September. The substation will integrate up to 150 megawatts (MW) of wind power from Windtricity Ventures Inc. and White Creek LLC and up to 200 MW of power from the White Creek wind project into the BPA transmission grid. The substation would also interconnect a third proposed wind project called Windy Point.

No Secretarial action requested at this time.

Ross-Woodland Tap Upgrade: Construction is scheduled to begin in mid-September on an upgrade of its 230-kV transmission line from BPA's Ross Substation in Vancouver, Washington to the Woodland Tap at Longview, Washington. Mint Farm Energy Center requested that BPA interconnect up to 300 MW of power generated from its natural gas fired combined cycle power plant into BPA's transmission system. The interconnection will require the line to operate at higher capacity. Construction will include replacing switches at both substations and installing shunts over about 120 existing compression fittings along the 20 miles of transmission line. Construction is expected to be complete in mid-October.

No Secretarial action requested at this time.

October
Next 60 Days

Congestion Management Pilot Project: On October 1, BPA will conclude a pilot project of three approaches to managing transmission system congestion. The pilot is currently running on four transmission paths on the BPA grid. No load will be curtailed; no current transmission reservations will be affected. In August, BPA twice used the piloted techniques to relieve congestion on transmission paths without curtailing transmission schedules, with good results.

No Secretarial action requested at this time.

Salmon BiOp Due: On October 31, NOAA Fisheries will file with District Court its draft Biological Opinion (BiOp) of Federal agencies' FCRPS plan on operations for fish.

No Secretarial action requested at this time.

Lyle Falls Fish Passage Project: BPA expects to release a draft Environmental Impact Statement and conduct public meetings in October 2007 on the proposed Lyle Falls Fish Passage Project, located near Lyle, Washington. BPA proposes to modify an existing fish passageway next to a steep, cascading waterfall to more effectively allow adult fish to move into spawning areas in the upper Klickitat River. The project is also intended to improve facilities for fish monitoring, fish data collection, and broodstock collection.

No Secretarial action requested at this time

Olympic Peninsula Reliability Project: A draft Environmental Assessment is scheduled for public review in October 2007 on BPA's proposal to upgrade about 14.5 miles of an existing 115-kV transmission line between its Olympia and Shelton substations on the Olympic Peninsula in Washington. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line.

No Secretarial action requested at this time.

November
Next 90 Days

2007 Annual Report: BPA will post the 2007 Annual Report for the FCRPS in November. The agency expects it will end FY 2007 in good financial condition.

No Secretarial action requested at this time.

BiOp Remand Status Conference: Judge James Redden has said he expects to hold a status conference in November on the draft BiOp and ongoing litigation, following release of the NOAA Fisheries BiOp on FCRPS fish operations on October 31.

No Secretarial action requested at this time.

Ongoing

Regional Dialogue Policy Implementation: BPA is conducting workshops with its customers on power products, rate methodologies, power sales contracts, and other aspects of BPA's Long-Term Regional Dialogue Policy implementation. Workshops are expected to continue

through November. BPA issued its Long-Term Regional Dialogue Policy and Record of Decision on July 19. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals, and provides the framework for BPA's long-term power business, particularly as it applies to publicly owned utility customers. BPA's goal is to offer contracts for long-term power sales to publicly owned utility customers, the residential exchange program, and benefits to direct-service industries at the same time in 2008.

No Secretarial action requested at this time.

Residential Exchange Processes: BPA continues facilitating discussions between Northwest investor-owned and publicly owned utilities to seek resolution to residential exchange benefits issues. In August, the agency also began proceedings to implement a new Residential Exchange Program (REP). This entails a revised Average System Cost and rate test methodologies and conducting a formal rate-setting process. Accordingly, the new REP would begin in October 2008. Any agreement the parties reach would inform these processes and would likely speed rate relief. Following a court ruling against existing Residential Exchange benefits settlements in May, BPA suspended residential exchange benefit payments.

No Secretarial action requested at this time.

Caribou-Lower Valley Project: BPA expects to release a draft Environmental Assessment this fall on BPA's proposal to build and operate a new 138/115-kV Hooper Springs substation near a proposed PacifiCorp substation near Soda Springs, Idaho. BPA would connect to PacifiCorp's new substation to improve service to Lower Valley Energy, a BPA customer utility based in Afton, Wyoming. Lower Valley Energy would build, own and operate a new 20 mile, double-circuit 115-kV line from BPA's new substation to its distribution system. BPA proposes to help fund this transmission line with a third-party financing arrangement. Lower Valley is working to acquire all rights-of-way for its line.

No Secretarial action requested at this time.

West Coast Utilities Developing Intertie Protocols: BPA is partnering with other capacity owners and users of the Pacific Northwest-Pacific Southwest Intertie transmission line to develop collaborative messages and protocols to address press and public inquiries in the event of problems. This began as an initiative to respond to summer heat in Southern

California and potential wildfires, the initiative has now been expanded to cover extreme weather in winter as well. Energy conservation will be a major theme of the messages. BPA's partners in this effort include the Western Area Power Administration, California Independent System Operator; Sacramento Municipal Utility District and the Los Angeles Department of Water and Power.

No Secretarial action requested at this time.

McNary-Badger Canyon Line Rebuild: BPA is conducting environmental review this fall on a proposal to rebuild its 18.3 mile McNary-Badger Canyon 115-kV line outside Kennewick, Washington. The line was built in 1949; wood poles now need replacement. In addition, Energy Northwest has asked BPA to interconnect 32 MW from its Nine Canyon wind farm; BPA will need to upgrade the McNary-Badger Canyon line to provide adequate transmission capacity. If the project is approved, construction could begin in early spring 2008.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

October 3, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

October
Next 30 Days

Congestion Management Pilot Project: On October 16, the Bonneville Power Administration (BPA) will hold a public meeting in Portland to review results of a pilot of new approaches to managing transmission system congestion. The pilot has been running on four transmission paths on the BPA grid. No load will be curtailed; no current transmission reservations will be affected. In August, BPA twice used the piloted techniques to relieve congestion on transmission paths without curtailing transmission schedules, with good results.

No Secretarial action requested at this time.

Wind Power Purchase: In the first week of October, BPA expects to execute a contract for and announce a purchase of 50 megawatts (MWs) of capacity from PPM Energy's Klondike Wind Power III project in Sherman County, Oregon. The project is expected to begin commercial operations in late 2007. This 20 year purchase adds to BPA's firm power supply to serve its existing power supply obligations.

No Secretarial action requested at this time.

Klondike III/Biglow Canyon Wind Integration Project: Construction is complete and energization is expected in October on a 12 mile, double circuit 230 kilovolt (kV) transmission line and 230-kV substation in Sherman County, Oregon. The project will integrate into BPA's transmission grid up to 900-MWs of power generated by three wind projects:

- Klondike III Wind Project (300-MWs) owned by PPM Energy,
- Biglow Canyon Wind Farm Project (400-MWs) owned by Orion Energy, LLC, and
- A future (200-MWs) project for Orion.

No Secretarial action requested at this time.

Rock Creek Wind Integration Substation: Construction is complete and energization is expected in October on the 500/230-kV Rock Creek Substation on the John Day Wautoma 500-kV transmission line in Klickitat County, Washington. The project will integrate into BPA's transmission grid wind power from the Windtricity Ventures Inc., 150-MWs Goodnoe Hills wind project, and from the White Creek LLC., 200-MWs White Creek wind project.

No Secretarial action requested at this time.

Ross Woodland Tap Upgrade: Construction is expected to be complete in October on one section of an upgrade of 20 miles of BPA's Ross-Lexington No. 1 230-kV transmission line from Vancouver to Woodland, Washington. The project will help support local loads, regional transmission reliability and will help integrate power from the Mint Farm Generation Project, a 319-MWs, natural gas-fired combined cycle combustion turbine located near Longview, Washington.

No Secretarial action requested at this time.

Pikeminnow Reward Fishery: On October 14, BPA will conclude its annual sport reward fishery for northern pikeminnow in the Columbia and Snake rivers. The fishery was extended into October due to good fishing conditions. Northern pikeminnows are voracious predators on young salmon; the program is designed to reduce their numbers in the river system. BPA pays \$4 to \$8 for each northern pikeminnow caught. Since 1990, anglers have removed more than 2.8 million northern pikeminnows from the river system, reducing predation on juvenile salmon and steelhead an estimated 25 percent. This year, anglers have caught more than 160,000 northern pikeminnow so far.

No Secretarial action requested at this time.

Salmon BiOp Due: On October 31, National Oceanic and Atmospheric Administration (NOAA) Fisheries will file with District Court its draft Biological Opinion (BiOp) of Federal agencies' Federal Columbia River Power System (FCRPS) plan on operations for fish.

No Secretarial action requested at this time.

Lyle Falls Fish Passage Project: BPA expects to release a draft Environmental Impact Statement and conduct public meetings in October on the proposed Lyle Falls Fish Passage Project, located near Lyle,

Washington. BPA proposes to modify an existing fish passageway next to a steep, cascading waterfall to more effectively allow adult fish to move into spawning areas in the upper Klickitat River. The project is also intended to improve facilities for fish monitoring, fish data collection, and broodstock collection.

No Secretarial action requested at this time

Chief Joseph Hatchery Program: BPA expects to release a final Environmental Impact Statement in October on a proposed program to improve summer/fall chinook populations in the Okanogan River subbasin and the Columbia River below Chief Joseph Dam. The program is sponsored by the Confederated Tribes of the Colville Reservation and would augment tribal ceremonial and subsistence salmon harvests. It would include a new hatchery near the base of Chief Joseph Dam and acclimation ponds throughout the Okanogan subbasin. A Record of Decision is expected in December.

No Secretarial action requested at this time.

Port Angeles/Juan de Fuca Project: BPA expects to issue a final Environmental Impact Statement in October on a proposal to run a 550-MW's underwater transmission cable from Vancouver Island, B.C. to the BPA grid at Port Angeles, Washington. The interconnection project was requested by SeaBreeze Olympic Converter, LP. The line would interconnect at BPA's existing Port Angeles Substation facilities and would require additional facilities. BPA is leading the environmental studies at the request of and in coordination with the Office of Electricity Delivery and Energy Reliability.

No Secretarial action requested at this time.

Olympic Peninsula Reliability Project: A draft Environmental Assessment is scheduled for public review in October on BPA's proposal to upgrade about 14.5 miles of an existing 115-kV transmission line between its Olympia and Shelton substations on the Olympic Peninsula in Washington. The new transmission line is needed to improve reliability by increasing voltage stability. BPA proposes to replace a portion of the existing 115-kV line with a double-circuit 230-kV line.

No Secretarial action requested at this time.

November
Next 60 Days

2007 Annual Report: BPA will post the 2007 Annual Report for the FCRPS in November. The agency expects it will end Fiscal Year (FY) 2007 in good financial condition.

No Secretarial action requested at this time.

Caribou-Lower Valley Project: BPA will hold a public scoping meeting on November 1 in Soda Springs, Idaho, on a proposal to build and operate a new 138/115-kV Hooper Springs substation. The substation is part of a joint effort of BPA, PacifiCorp and Lower Valley Energy to stabilize the southeast Idaho regional grid and provide for recent and expected growth. BPA would build its substation next to a proposed PacifiCorp substation and would connect to PacifiCorp's new substation. Lower Valley Energy would build, own and operate a new 20 mile, double-circuit 115-kV line from BPA's new substation to its distribution system. BPA proposes to help fund this transmission line with a third-party financing arrangement. Lower Valley is working to acquire all rights-of-way for its line.

No Secretarial action requested at this time.

Reardan Twin Buttes Wind Project Interconnection: Energy Northwest has asked BPA to interconnect 75-MWs of power from its proposed Reardan Twin Buttes wind energy project into the BPA transmission grid. BPA proposes to build a new substation for this interconnection in Lincoln County, Washington, and is accepting public comments on its proposal through November 2.

BiOp Remand Status Conference: Judge James Redden has said he expects to hold a status conference in November on the draft BiOp and ongoing litigation, following release of the NOAA Fisheries BiOp on FCRPS fish operations on October 31.

No Secretarial action requested at this time.

December
Next 90 Days

Wind Integration Rate Proposal: BPA expects to issue an initial rate proposal in December for within-hour balancing services for wind resources in BPA's control area. This rate will recover the cost of providing within-hour balancing services for wind generators connected to the BPA control area. Workshops on issues to be considered in the initial proposal are now underway. The rate is intended to go into effect on October 1, 2008.

No Secretarial action requested at this time.

WP-07 Rate Case Reopening Proposal: On December 3, BPA expects to issue an initial proposal to resolve issues raised by two Ninth Circuit Court of Appeals opinions issued May 3, 2007. The rulings primarily address the Residential Exchange Program (REP). The rate case will deal with issues addressed by the court in its review of BPA's 2002-2006 power rates and establish new Priority Firm power rates for FY 2009 that account for changes in REP costs. Workshops addressing these and related issues are now in progress.

No Secretarial action requested at this time.

Ongoing

Regional Dialogue Implementation: BPA is conducting numerous workshops with its customers on power products, rate methodologies, power sales contracts, and other aspects of BPA's Long-Term Regional Dialogue Policy implementation. Workshops are expected to continue through November. BPA issued its Long-Term Regional Dialogue Policy and Record of Decision on July 19. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals, and provides the framework for BPA's long-term power business, particularly as it applies to publicly owned utility customers. BPA's goal is to offer contracts for long-term power sales to publicly owned utility customers, the residential exchange program, and benefits to direct-service industries at the same time in 2008.

No Secretarial action requested at this time.

Residential Exchange Processes: BPA continues facilitating discussions between Northwest investor-owned and publicly owned utilities to seek resolution to residential exchange benefits issues. In August, the agency also began proceedings to implement a new Residential Exchange Program (REP). This entails establishing revised Average System Cost and rate test methodologies and conducting a formal rate-setting process. Accordingly, the new REP would begin in October 2008. Any agreement the parties reach would inform these processes and would likely speed rate relief. Following a court ruling against existing Residential Exchange benefits settlements in May, BPA suspended residential exchange benefit payments.

No Secretarial action requested at this time.

Wind Integration Rate Case Workshops: BPA is conducting workshops with utility customers, wind power developers, public interest groups, and other interested parties on technical aspects of designing a rate

to recover the cost of providing within-hour balancing services for wind generators connected to the BPA control area. The need for this rate was identified in the Northwest Wind Integration Action Plan completed in March of this year.

No Secretarial action requested at this time.

West Coast Utilities Developing Intertie Protocols: BPA is partnering with other capacity owners and users of the Pacific Northwest-Pacific Southwest Intertie transmission line to develop collaborative messages and protocols to address press and public inquiries in the event of problems. This began as an initiative to respond to summer heat in Southern California and potential wildfires, the initiative has now been expanded to cover extreme weather in winter as well. Energy conservation will be a major theme of the messages. BPA's partners in this effort include the Western Area Power Administration, California Independent System Operator; Sacramento Municipal Utility District and the Los Angeles Department of Water and Power.

No Secretarial action requested at this time.

McNary-Badger Canyon Line Rebuild: BPA is conducting environmental review this fall on a proposal to rebuild its 18.3 mile McNary-Badger Canyon 115-kV line outside Kennewick, Washington. The line was built in 1949; wood poles now need replacement. In addition, Energy Northwest has asked BPA to interconnect 32-MWs from its Nine Canyon wind farm; BPA will need to upgrade the McNary-Badger Canyon line to provide adequate transmission capacity. If the project is approved, construction could begin in early spring 2008.

No Secretarial action requested at this time.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

November 7, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

November
Next 30 Days

2007 Annual Report: The Bonneville Power Administration (BPA) will post the 2007 Annual Report for the Federal Columbia River Power System (FCRPS) on November 15. The agency ended Fiscal Year (FY) 2007 in good financial condition, with modified net revenues for the year of \$217 million, well above the agency's start of year target of \$144 million. BPA paid \$1.045 billion to the U.S. Treasury in FY 2007. This includes \$290 million in pre-payments to retire a portion of the agency's Treasury debt early, as part of its Debt Optimization Program. This is the 24th straight year in which BPA has made its Treasury payment in full and on time.

No Secretarial action requested at this time.

Caribou-Lower Valley Project: BPA will take public comments through November 16 on a proposal to build and operate a new 138/115-kilovolt (kV) Hooper Springs substation. The substation is part of a joint effort of BPA, PacifiCorp and Lower Valley Energy to stabilize the southeast Idaho regional grid and provide for recent and expected growth. BPA would build its substation next to a proposed PacifiCorp substation and would connect to PacifiCorp's new substation. Lower Valley Energy would build, own and operate a new 20 mile, double-circuit 115-kV line from BPA's new substation to its distribution system. BPA proposes to help fund this transmission line with a third-party financing arrangement.

No Secretarial action requested at this time.

December
Next 60 Days

Salmon BiOp: U.S. District Court Judge James Redden is expected to convene a status conference in December on the October 31, 2007, National Oceanic and Atmospheric Administration (NOAA Fisheries)

draft Biological Opinion (BiOp) on FCRPS operations for 13 salmonoids listed under the Endangered Species Act. NOAA Fisheries also released a parallel draft BiOp on Federal irrigation projects in the Upper Snake River Basin. The draft BiOps include actions proposed by Federal action agencies and additional actions identified by NOAA Fisheries, which, together, constitute a reasonable and prudent alternative for hydro project operation. The draft BiOp concludes that, with this comprehensive set of actions, each of the listed species will avoid extinction and have an adequate potential for recovery.

No Secretarial action requested at this time.

Wind Integration Rate Proposal: BPA expects to issue an initial rate proposal in December for within-hour balancing services for wind resources in BPA's control area. This rate will recover the cost of providing within-hour balancing services for wind generators connected to the BPA control area. Workshops on issues to be considered in the initial proposal are underway. The rate is intended to go into effect on October 1, 2008.

No Secretarial action requested at this time.

WP-07 Rate Case Reopening Proposal: On December 3, BPA expects to issue an initial proposal to resolve issues raised by Ninth Circuit Court of Appeals rulings issued May 3, 2007 and October 11, 2007, on several related cases, all involving the Residential Exchange Program (REP). The rate case will deal with issues addressed by the court in its review of BPA's 2002-2006 power rates and will establish new Priority Firm power rates for FY 2009 that account for changes in REP costs. Workshops addressing these and related issues are now in progress.

No Secretarial action requested at this time.

ASC Methodology Reconsultation: Beginning in mid-December, BPA expects to launch a formal consultation with the Northwest Power and Conservation Council, Northwest utilities, public utility commissions, and other interested parties on the methodology to be used to calculate utilities' Average System Costs (ASC), for purposes of determining their benefits under the REP. The reconsultation is expected to conclude in July 2008.

No Secretarial action requested at this time.

January 2008
Next 90 Days

Tiered Rates Methodology Development: By the end of January 2008, BPA expects to conclude preliminary development of a tiered rates methodology, which will then be subject to a formal rate-setting process. Tiered rates are a key concept in BPA's Regional Dialogue Policy. BPA expects to charge a Tier 1 priority-firm power rate for power from its existing Federal Base System, reflecting generally the costs of BPA's existing power supply. Tier 2 would apply to firm power sales to BPA customers over and above Tier 1 purchases. Tier 2 rates would reflect the cost of resources BPA acquires to serve its customers' Tier 2 load. Customer workshops to develop elements of the tiered rates methodology are underway.

No Secretarial action requested at this time

Draft Master Contract Template: By the end of January 2008, BPA expects to complete a draft master power sales contract for power sales to its customers after 2011, implementing the Regional Dialogue Policy. Customer workshops on contract issues and preliminary drafts of template elements are in progress. The draft contract templates will be subject to public review in spring 2008. BPA intends to offer contracts to customers by August 2008.

No Secretarial action requested at this time

Ongoing

Regional Dialogue Implementation: BPA is conducting numerous workshops with its customers on power products, rate methodologies, power sales contracts, and other aspects of BPA's Long-Term Regional Dialogue Policy implementation. Workshops are expected to continue through November. BPA issued its Long-Term Regional Dialogue Policy and Record of Decision on July 19. The policy defines BPA's power supply and marketing role for the long term so as to meet key regional and national energy goals, and provides the framework for BPA's long-term power business, particularly as it applies to publicly owned utility customers. BPA's goal is to offer contracts for long-term power sales to publicly owned utility customers, the residential exchange program, and benefits to direct-service industries at the same time in 2008.

No Secretarial action requested at this time.

Residential Exchange Processes: BPA continues facilitating discussions between Northwest investor-owned and publicly owned utilities to seek resolution to residential exchange benefits issues. BPA began proceedings in August to implement a new REP. This entails

establishing revised ASC and rate test methodologies and conducting a formal rate-setting process. Accordingly, the new REP would begin in October 2008. Any agreement the parties reach would inform these processes and would likely speed rate relief. Following a court ruling against existing Residential Exchange benefits settlements in May, BPA suspended residential exchange benefit payments.

No Secretarial action requested at this time.

Redispatch Pilot Phase II Considered: BPA's July-September reliability redispatch project to better manage transmission congestion has been judged a success. During the pilot there were 11 redispatch events, six of which were test events and five were redispatch events for paths that were congested. In general, the redispatch tool worked as expected in relieving congestion. The main weakness was the lack of bids received from generators. BPA is now considering phase II of the reliability redispatch pilot. Currently, BPA only has the capability to include generators in its own balancing authority to test the redispatch method. One recommendation from customers for next phase is to expand the pilot to include generators from one or two other balancing authorities, but this would require overcoming some technical complexities. Other recommendations for phase II include testing the pilot over a longer period of time and at different times of the year.

No Secretarial action requested at this time.

West Coast Utilities Developing Intertie Protocols: BPA is partnering with other capacity owners and users of the Pacific Northwest-Pacific Southwest Intertie transmission line to develop collaborative messages and protocols to address press and public inquiries in the event of problems. This began as an initiative to respond to summer heat in Southern California and potential wildfires, the initiative has now been expanded to cover extreme weather in winter as well. Energy conservation will be a major theme of the messages. BPA's partners in this effort include the Western Area Power Administration, California Independent System Operator, Sacramento Municipal Utility District, and the Los Angeles Department of Water and Power.

No Secretarial action requested at this time.

McNary-Badger Canyon Line Rebuild: BPA is conducting environmental review this fall on a proposal to rebuild its 18.3 mile McNary-Badger Canyon 115-kV line outside Kennewick, Washington. The line was built in 1949; wood poles now need replacement. In addition, Energy Northwest has asked BPA to interconnect 32-megawatts (MW) from its Nine Canyon wind farm; BPA will need to upgrade the McNary-Badger Canyon line to provide adequate transmission capacity. If the project is approved, construction could begin in early spring 2008.

No Secretarial action requested at this time.

Juan de Fuca Underwater Cable: BPA expects to issue a Record of Decision in November or December on a proposal to interconnect the proposed Port Angeles-Juan de Fuca transmission project with its transmission system. The Department of Energy's (DOE) Office of Electricity Delivery and Electric Reliability will determine whether to issue a presidential permit for the international project. The project would consist of a 550-megawatt direct current underwater cable from Victoria, British Columbia to Port Angeles on Washington's Olympic Peninsula, where it would interconnect with BPA's transmission grid. A final Environmental Impact Statement on the project was issued in October. The project is sponsored by private developer Sea Breeze Olympic Converter LP.

No Secretarial action requested at this time.

Olympic Peninsula Reinforcement Project: BPA expects to release a preliminary Environmental Assessment this fall on a proposal to replace about 14.5 miles of an existing 115-kV transmission line between its Olympia and Shelton substations on the Olympic Peninsula in Washington. This project also would require adding equipment at the two substations. The project would improve voltage stability during winter peak load conditions on the Olympic Peninsula. If no significant environmental impact is found through the environmental assessment, and if BPA decides to proceed with the project, construction could begin in late 2007.

No Secretarial action requested at this time.

Lyle Falls Fish Passage Project: BPA expects to release a draft Environmental Impact Statement and conduct public meetings this winter on the proposed Lyle Falls Fish Passage Project, located near Lyle, Washington. BPA proposes to modify an existing fish

passageway next to a steep, cascading waterfall to more effectively allow adult fish to move into spawning areas in the upper Klickitat River. The project is also intended to improve facilities for fish monitoring, fish data collection, and broodstock collection.

No Secretarial action requested at this time



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

December 5, 2007

In reply refer to: DKR-7

MEMORANDUM FOR THE SECRETARY

FROM: Stephen J. Wright
Administrator and Chief Executive Officer

SUBJECT: 30-60-90 Day Report

December
Next 30 Days

Salmon BiOp: U.S. District Court Judge James Redden has called a status conference for December 12 on the October 31, 2007, National Oceanic and Atmospheric Administration (NOAA Fisheries) draft Biological Opinion (BiOp) on Federal Columbia River Power System operations (FCRPS). On November 30, parties to the litigation on the BiOp submitted two-page summaries of issues they wish to discuss at the status review.

No Secretarial action requested at this time.

FERC Tariff 890 Filing: The Bonneville Power Administration (BPA) hopes to make an Order 890 filing with FERC by the end of December. At the latest, BPA expects to make the filing during the first half of January. BPA customer meetings to discuss the filing, continued through November. This filing responds to FERC's February order modifying its pro forma transmission Tariff and directs a number of changes and requirements that are designed to ensure non-discriminatory open access to transmission service.

No Secretarial action requested at this time.

Public Comment on Proposed Calpine Settlement: BPA is seeking public comment on whether it should recommend to the Department of Justice Settlement of a lawsuit on the terms of an agreement with a geothermal developer. Comment is due December 10. The lawsuit concerns a geothermal project at Telephone Flats in Northern California. BPA proposes to settle a claim by the developer, CPN Cascade, Inc., also known as Calpine, for \$1.5 million in exchange for voluntary dismissal of the lawsuit. CPN Cascade claims damages

of \$9 million, this could increase to about \$10.4 million with interest. The final decision to accept or reject the settlement rests with the Department of Justice.

No Secretarial action requested at this time

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No Secretarial action requested at this time.

January 2008
Next 60 Days

Initial Proposal on WP-07 Supplemental Rate Case: In January, BPA plans to file the Federal Register Notice for an initial proposal to resolve issues related to the Residential Exchange Program (REP). BPA continues to hold discussions with customers in an effort to resolve issues resulting from the Ninth Circuit Court of Appeals' rulings of May 3, 2007 and October 11, 2007 related to the REP. BPA expects the WP-07 rate case reopening to remain on schedule to be completed by October 1, 2008.

No Secretarial action requested at this time.

February
Next 90 Days

Wind Integration Rate Proposal: In February 2008, BPA expects to issue an initial rate proposal in for within-hour balancing services for wind resources in BPA's control area. This rate will recover the cost of providing within-hour balancing services for wind generators connected to the BPA control area. Workshops on issues to be considered in the initial proposal are underway. The rate is intended to go into effect on October 1, 2008.

No Secretarial action requested at this time.

Transmission Open Season: BPA plans to initiate its first "Network Open Season" in early 2008. The "Network Open Season" will improve how BPA manages and provides transmission service over the BPA network. Currently, BPA has about 230 requests for long-term firm transmission capacity in its request queue adding up to 16,000 megawatts. Many of these requests are for new generators, including wind farms. The Network Open Season approach would secure service commitments from requestors that sign purchase contracts and obligate BPA to provide transmission capacity if precedent conditions are met. These conditions include the ability to provide service at BPA's embedded cost rates and completion of NEPA requirements where new transmission facilities are needed.

No Secretarial action requested at this time.

Ongoing

Draft Master Contract Template: By the end of March 2008, BPA expects to complete a draft master power sales contract for power sales to its customers after 2011, implementing the Regional Dialogue Policy. Customer workshops on contract issues and preliminary drafts of template elements are in progress. The draft contract templates will be subject to public review in spring 2008. BPA intends to offer contracts to customers by August 2008.

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No Secretarial action requested at this time