

journal

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BPA proposes major transmission investment

BPA is proposing five new transmission projects as a result of studies concluded following a Network Open Season. The agency will consider stakeholder feedback and make a final decision on whether to pursue these projects by mid-February.

The proposal includes the West of McNary reinforcement (McNary-John Day and Big Eddy-Substation Z), I-5 corridor reinforcement, Little Goose Area reinforcement, and a remedial action scheme for West of Garrison. These projects would cost an estimated \$800 million and create upward rate pressure of 2.4 percent over a 20-year period.

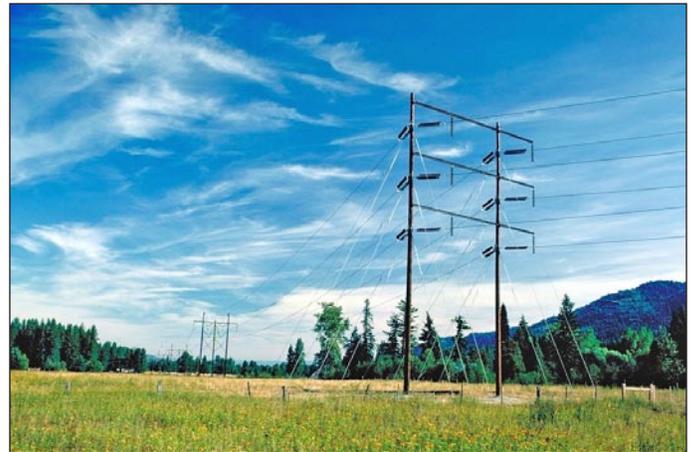
"If we decide to pursue these projects," said Vickie VanZandt, senior vice president of Transmission Services, "they will enhance the Federal Columbia River transmission system, create jobs and infuse significant capital into the Northwest."

BPA conducted the nation's first Network Open Season last year to ensure the region will have sufficient transmission infrastructure available to deliver the next generation of power resources to loads. Customers that requested service on BPA's transmission network were offered the opportunity to secure long-term firm capacity by signing precedent agreements.

Network Open Season received a robust response, resulting in signed agreements from customers totaling 6,410 megawatts of transmission, 74 percent of which was for wind project interconnections. After evaluating all the requests together (in clusters) and studying what would need to be done to accommodate the requests, BPA arrived at its proposal.

BPA determined that three potential transmission projects resulting from the cluster study could not be undertaken at embedded rates. The agency is working with customers whose transmission requests would be served by those projects to determine the next steps.

After reviewing comments on the proposal, which were accepted until Jan. 29, BPA will issue a decision by Feb. 16. If the agency decides to pursue these projects, they will be subject to environmental review and an extensive public involvement process.



Partial transmission rate case settlement reached

BPA's transmission services and parties to the 2010 BPA Rate Case have reached a partial transmission rate case settlement agreement. This agreement extends existing transmission rate levels through the fiscal years 2010–2011 rate period. This means no rate increase for transmission services and two required ancillary services.

The remaining ancillary and control area service rates, including the wind integration within-hour balancing rate, are not included in the partial settlement and will remain as active issues in rate case. This approach allows parties to focus on the outstanding ancillary and control area services.

BPA will issue an initial proposal that includes the terms of the partial settlement agreement and an initial rate proposal for the remaining ancillary and control area services. The formal rate proceeding will begin with the publication of the initial proposal on or around Feb. 9 in the Federal Register. This also marks the beginning of ex parte. Once ex parte begins, BPA cannot discuss rate case issues with any party, except in noticed public meetings. A prehearing conference will be held Feb. 18, and the remainder of the 2010 BPA Rate Case schedule will follow.

For more information, go to www.bpa.gov/corporate/ratecase/2008/2010_BPA_Rate_Case/.



BPA plans for future of EE

BPA is launching a new public process to enhance energy efficiency programs in the Pacific Northwest. This comes on the heels of a banner year for BPA and its customer utilities, as the agency significantly surpassed its regional conservation goal. The new public process will facilitate improvements on this successful efficiency effort.

Numerous factors are driving BPA's initiative to update its energy efficiency program including new state regulations requiring energy efficiency, a need to meet increasing electricity demand and a national focus on energy independence. BPA's focus on energy efficiency also supports President Obama's goals of enhancing the economy, securing energy independence and reducing greenhouse gases.

"BPA wants to hear directly from customers and other regional stakeholders," says Mike Weedall, BPA vice president of Energy Efficiency. "We want input about the role BPA should play in developing, incentivizing and monitoring energy efficiency programs."

The region has been a national leader in energy efficiency for more than 30 years, and 2008 served as a landmark for BPA in terms of surpassing its regional goal. In partnership with its utility customers, the agency captured over 76 average megawatts of new conservation savings against a target of 52 aMW. This translates to the equivalent power consumption of about 65,000 households in the Pacific Northwest.

The public process will also help define BPA's role in energy efficiency after 2011, when a new tiered-rate

structure kicks in as part of new long-term power sales contracts. Energy efficiency is affected by this new rate structure because it provides a financial incentive for utilities to acquire the least-cost energy efficient resources to avoid paying market rate power prices for new load growth.

For more information about this initiative, see the public involvement section or go to www.bpa.gov/Energy/N/post-2011/.

BPA seeks info on new renewables

To help meet increasing demand for energy and reduce greenhouse gas emissions, BPA issued a request for information to find out the potential type and price range of new renewable generation available in the Pacific Northwest.

BPA will use the information to plan for future acquisitions, better understand the types of renewable technologies and determine the projected cost impacts if these resources are included in BPA rates. BPA will also share the information with its utility customers to help them meet state renewable portfolio standards.

The request for information encourages independent power producers, qualifying cogeneration facilities, small power production facilities, electric utilities and any other entity to send their submissions to bpa.renewable.rfi@bpa.gov by Feb. 27. BPA is interested in all types of renewable projects, including waste heat and cogeneration.

For more details, visit www.bpa.gov/resource/rfi.

publicinvolvement

updates and notices

AGENCY – PROJECTS UNDER REVIEW

2010 BPA Rate Case – Regionwide

On or around Feb. 9, BPA will begin the formal 7(i) process of setting power and transmission rates for fiscal years 2010–2011 with the release of its Wholesale Power and Transmission Rate Case Initial Proposal in the Federal Register. Publication of the Federal Register Notice also initiates ex parte, meaning no BPA employee can discuss the merits of the issues in the rate case with anyone outside the agency. The rate case will be conducted under two subdockets: TR-10 (transmission rates) and WP-10 (power rates). The proceedings will be administered by the same hearing officer, who will ensure that a complete record is compiled as a basis for the BPA administrator's decision on a final rate proposal. BPA expects to file a final rate proposal with FERC around Aug. 1, 2009. With FERC approval, rates will be effective Oct. 1. The resulting power and transmission rates will apply in FY 2010 and FY 2011. A pre-hearing conference will be held Feb. 18. For more information, go to www.bpa.gov/corporate/ratecase/2008/2010_BPA_Rate_Case/.

Access to capital and debt optimization – Regionwide

BPA will hold two back-to-back workshops Feb. 12 from 9 a.m. to 1 p.m. to address the Debt Optimization and Access to Capital programs. The workshops are designed to inform stakeholders and solicit ideas and approaches for ensuring

BPA's continued, long-term access to capital. To participate by phone, call Joyce Chan at (503) 230-5863. For additional information on these subjects, go to www.bpa.gov/corporate/Finance/Debt_Management/presentations/ (dept optimization) or www.bpa.gov/corporate/Finance/financial_plan/ (access to capital). You may also contact Nadine Coseo at (503) 230-3337 or Jinah Nakaji at (503) 230-4080. (See calendar of events.)

BPA's energy efficiency role post-2011 – Regionwide

BPA is starting a regional conversation to determine the agency's role in the development and use of energy efficiency for the post-2011 period. The region has a history of leadership and low cost acquisition of EE, and BPA has played a strong role. As part of the Regional Dialogue implementation, BPA is working with stakeholders to continue the region's leadership in energy efficiency. BPA's goal is to build on this leadership by working collaboratively with its public utility customers to pursue conservation equivalent to all cost-effective conservation in the service territories of such customers at the lowest cost to BPA. While this goal forms the baseline from which we will begin the conversation, BPA is seeking input from the region to help shape how BPA will achieve this goal. For more information, go to www.bpa.gov/Energy/N/post-2011/. (See calendar of events.)

Integrated Program Review – Regionwide

The Integrated Program Review, a process that provides an overview of spending levels and strategic direction for FY 2010–2011, is one element of the Integrated Business Review. In July 2008, BPA held its first IPR workshops to present BPA's revenue requirements for power and transmission rate case initial proposals for FY 2010–2011. A second round of IPR workshops focused on FY 2010–2011 will be held March 19–20 in the Rates Hearing Room in Portland, Ore. More information about these workshops will be published in the March issue of the Journal.

Exchange clarification for consumer-owned utilities and RPSA exchange load – Regionwide

BPA is inviting public review and comment on two separate but jointly run proposals relating to exchange benefits for consumer owned utilities. In Public Process 1: Residential Purchase and Sales Agreement exchange load, BPA is proposing to finalize the methodology for calculating the exchange load of a utility that holds a contract high water mark (CHWM) contract post-2011. In Public Process 2: Exchange clarification for consumer owned utilities, BPA is proposing contract language that will provide clarity and certainty to a utility that holds a CHWM contract and wants to participate in the Residential Exchange Program post-2011. Comments will be accepted until 5 p.m., Feb. 23. The information is posted at www.bpa.gov/power/pl/regionaldialogue/implementation/Correspondence/.

Proposed Avista deemer settlement – Regionwide

BPA is seeking public review and comment on a proposed settlement of the Avista deemer account. Settlement of the deemer issue would resolve a long-standing dispute, avoiding potentially expensive litigation over past deemer balances and the treatment of those balances in the new Residential Exchange Program, and would help clear the way for Avista's residential and small-farm consumers to immediately receive their share of the benefits of the Federal Columbia River Power System. Comments will be accepted until 5 p.m. Feb. 26. A copy of the proposed settlement is posted at www.bpa.gov/power/pl/regionaldialogue/implementation/documents/. In addition, BPA staff will discuss the proposed settlement at a public meeting on Feb. 11. (See calendar of events.)

Quarterly Business Review – Regionwide

BPA will hold its Quarterly Business Review meeting from 1 to 4 p.m. on Feb. 10. Discussion topics include, but are not limited to, start of year budget, budget-to-actuals through December, first quarter review, potential changes to external monthly reports and current events, such as Integrated Program Review 2. A final agenda and presentation materials will be posted a day or two before the meeting at www.bpa.gov/corporate/Finance/IBR/QBR/. The QBR is intended to be an ongoing forum of quarterly meetings that focus on BPA's finances with a review of current fiscal year actual financial results compared to financial forecasts, such as start-of-year targets. BPA also will report on how actual spending compares to rate case assumptions. The QBR is one element of the two-pronged Integrated Business Review, the process designed to address the regional cost review portion of the Regional Dialogue Policy. (See calendar of events.)

FISH AND WILDLIFE – PROJECTS UNDER REVIEW

Chief Joseph Hatchery Program – Okanogan County, Wash.

The Northwest Power and Conservation Council recommended that BPA study a program sponsored by the Confederated Tribes of the Colville Reservation to assist in mitigation and recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River below Chief Joseph Dam. This program would include a new hatchery near the base of Chief Joseph Dam and acclimation ponds throughout the Okanogan

River subbasin. Also being considered is the use of the proposed facilities to help return spring chinook salmon in the Okanogan subbasin. The program would augment the ceremonial and subsistence harvest of salmon for the Colville Tribes and would be designed to have no effect on Chief Joseph Dam operations. Public meetings on the draft EIS were held and comments were accepted through June 18, 2007. A final EIS and ROD are expected in spring 2009. The U.S. Army Corps of Engineers is a cooperating agency in the EIS. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/.

Lyle Falls Fish Passage Project – Klickitat County, Wash.

In March 2008, BPA and its cooperating agencies released the draft Environmental Impact Statement for the proposed Lyle Falls Fish Passage Project located in Lyle, Wash. On May 12, 2008, the public comment period concluded on the DEIS. BPA released the final EIS in November 2008 and the ROD is expected to be completed and noticed this month. BPA proposes to fund modification of the existing Lyle Falls fishway to more effectively allow adult fish to move into spawning areas in the upper Klickitat River, in accordance with current fish passage guidelines and standards. The project is also intended to improve facilities for fish monitoring and fish data collection. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/.

Northeast Oregon Hatchery Program, Grande Ronde-Imnaha Spring Chinook Hatchery Project – Wallowa County, Ore.

BPA has conducted value engineering, land acquisition and final design according to the initial ROD signed March 11, 2005. A ROD authorizing construction is planned for late fall 2009 to coincide with National Marine Fisheries Service review of the programs Hatchery Genetics Management Plan. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/.

POWER – PROJECTS UNDER REVIEW

FCRPS Draft Systemwide Cultural Resources Programmatic Agreement – Regionwide

The Federal Columbia River Power System Draft Systemwide Cultural Resources Programmatic Agreement (PA) covers the management of historic properties affected by the multi-purpose operations of 14 FCRPS hydro projects. It provides the systemwide principles and commitments for the Lead Federal Agencies' compliance with Section 106 of the National Historic Preservation Act. Comments on the draft PA were accepted through May 11, 2008 and are currently being addressed. A new version of the PA and a comment/response spreadsheet explaining how comments were addressed will be available in 2009. For more information, go to www.efw.bpa.gov/environmental_services/fcrps.aspx.

Long-term contract with Alcoa suspended – Regionwide

BPA and Alcoa worked for several months on a new long-term contract for service to the company's Intalco plant near Ferndale, Wash. The parties, however, were unable to settle on terms of an agreement that would serve the long-term interests of both parties adequately. In the meantime, BPA and Alcoa have agreed to an amendment of the current service contract for the remainder of fiscal year 2009 that responds to last month's ruling of the United States Court of Appeals for the Ninth Circuit. BPA will continue to discuss with Alcoa and the region the potential for future service for both the remainder of the current contract period as well as the longer-term, post-2011 Regional Dialogue timeframe. A joint Alcoa/BPA letter explaining to the Northwest Delegation this current situation, as well as the last version of the Regional Dialogue contract offered to Alcoa, are posted on BPA's Web site at www.bpa.gov/power/pl/regionaldialogue/implementation/documents/.

TRANSMISSION – PROJECTS UNDER REVIEW

Albany-Burnt Woods/Santiam-Toledo Pole Replacement – Linn and Benton counties, Ore.

BPA is proposing to rebuild the wood pole sections of the Albany-Burnt Woods and Santiam-Toledo transmission lines by replacing existing wood poles and improving access roads that approach the line. BPA accepted comments on the potential environmental impacts of these construction activities through Nov. 24, 2008. BPA expects to release a preliminary EA for review and comment this month. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Golden Hills Wind Farm Interconnection – Sherman County, Ore.

BP Alternative Energy requested interconnection of 200 MW of power generated from the proposed Golden Hills Wind Project that would be located in Sherman County, Ore. BPA proposes to interconnect the project by installing equipment and expanding PGE's existing Biglow Substation. BPA would also purchase a portion of the substation and the control house. For more information, go to www.transmission.bpa.gov/PlanProj/Wind/.

Kittitas Valley Wind Project Interconnection – Kittitas County, Wash.

Sagebrush Power Partners LLC, a wholly owned subsidiary of Horizon Wind Energy LLC, requested interconnection of up to 108 MW of electricity generated from the proposed Kittitas Valley Wind Project in Kittitas County, Wash. BPA proposed to interconnect the project by constructing a new substation adjacent to its Columbia-Covington 230-kV line. BPA accepted comments on the proposed interconnection through Aug. 25, 2008. For more information, go to www.transmission.bpa.gov/PlanProj/Wind/.

Leaning Juniper III-Jones Canyon Substation Expansion Wind Interconnection Project – Gilliam County, Ore.

Iberdrola Renewables requested interconnection of up to 200 MW of electricity generated from the proposed Leaning Juniper III Wind Power Project. Iberdrola would independently build, own and operate the wind project and its associated facilities. The project is in the early stages of environmental review. BPA accepted public comments on the proposed interconnection from Jan. 7 through Feb. 2, 2009. For more information, go to www.transmission.bpa.gov/PlanProj/Wind/.

McNary-John Day Transmission Line Project – Sherman & Umatilla counties, Ore., Klickitat & Benton counties, Wash.

BPA is considering building a 79-mile 500-kV transmission line that was originally scheduled for construction six years ago and then put on hold. The line would run between the McNary and John Day substations in Oregon, but would mostly be located in Washington parallel to the Columbia River. BPA completed an EIS on the project in 2002, and is now preparing a supplement analysis to determine if there have been significant changes to the environment or project since the EIS was completed. BPA held public meetings in early November and accepted public comments through Nov. 20, 2008. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

TRANSMISSION – PROJECTS UNDER CONSTRUCTION

Libby (Flathead Electric Cooperative)-to-Troy Section of the Libby-to-Bonniers Ferry 115-kV Transmission Line Rebuild – Lincoln County, Mont.

BPA completed the EIS and made a decision to proceed with the project. BPA is rebuilding the 17-mile Libby-to-Troy section of the Libby-to-Bonniers Ferry single-circuit 115-kV transmission line to provide stable and reliable transmission service. Road-widening work began in September 2008 and was completed in November 2008. Access road construction and improvement and line reconstruction will begin as soon as weather permits in spring 2009. The project is expected to be completed in 2010. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Libby/.

Olympic Peninsula Transmission Line Reinforcement Project – Thurston and Mason counties, Wash.

BPA completed the EA and FONSI and decided to proceed with the project. Activities include removing most of its existing Olympia Shelton No. 1 115-kV transmission line (structures and conductor) from Olympia Substation to Shelton Substation and replacing the last 14.5 miles of this line into Shelton Substation with a double-circuit 230-kV line on lattice steel towers. This will improve voltage stability during winter-peak load conditions on the Olympic Peninsula. The project is expected to be complete in fall 2009. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Olympic/.

CALENDAR OF EVENTS

To view BPA's public involvement calendar, visit www.bpa.gov/corporate/public_affairs/Calendar/.

2010 BPA Rate Case prehearing conference – Feb. 18, 1:30 to 5 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Energy Efficiency post-2011 public process:

- **Feb. 10**, 1 to 4 p.m., Red Lion Hotel at Seattle-Tacoma International Airport, 18220 International Blvd., Seattle, Wash.
- **Feb. 11**, 9 a.m. to 1 p.m., Shilo Inn and Convention Center, 780 Lindsay Blvd., Idaho Falls, Idaho.
- **Feb. 12**, 8:30 a.m. to 12:30 p.m., Mirabeau Park Hotel, 1100 N. Sullivan Road, Spokane, Wash.
- **Feb. 20**, 9 a.m. to 1 p.m., Best Western Pasco, 2811 N 20th Ave., Pasco, Wash.

Quarterly Business Review workshop – Feb. 10, 1 to 4 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Proposed Avista deemer settlement workshop – Feb. 11, 1 to 4 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

CLOSE OF COMMENT

To view BPA's public involvement comment Web site, visit www.bpa.gov/comment.

Feb. 2 – Leaning Juniper III-Jones Canyon Substation Expansion Wind Interconnection Project

Feb. 23 – Exchange Clarification for Consumer-Owned Utilities and RPSA Exchange Load

Feb. 26 – Proposed Avista deemer settlement

March 2 – BPA's Energy Efficiency role post-2011

The Journal is a monthly publication of the Bonneville Power Administration. If you have questions or comments, or you want to be added to the mailing list for any project, call toll free (800) 622-4519.

To order copies of documents, call: (800) 622-4520 or (503) 230-7334. Written comments may be sent to: BPA, P.O. Box 14428, Portland, OR 97293-4428. E-mail address: comment@BPA.gov. BPA home page: www.bpa.gov. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see www.efw.bpa.gov/environmental_services/nepadocs.aspx. Process Abbreviations: EA-Environmental Assessment, EIS-Environmental Impact Statement, ESA-Endangered Species Act, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision.