

# JOURNAL

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A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION



*Grand Coulee Dam, Washington*

*Photo by A. Morrell*

## **BPA successfully enters 2000**

After years of planning and the hard work of hundreds of employees, BPA entered the year 2000 with the lights on and absent Y2K problems. When the clocks rolled over to Jan. 1, 2000, BPA's power and transmission functions performed well, as expected.

## **TBL to release preliminary rates**

BPA's Transmission Business Line (TBL) will be conducting two workshops on Jan. 11 and 12. On Jan. 11, the proposed rate case transmission tariffs will be addressed. On Jan. 12, transmission rates methodologies and preliminary results will be addressed. Risk analysis, segmented revenue requirement, ancillary service rates and transmission rates will all be covered. The meetings will be held in BPA's Rates Hearing Room from 9 a.m. to 4 p.m. each day, at 911 NE 9th Ave., Portland, Ore. Please note that all meeting notices and handouts are posted under "Rate Case" on the TBL Web site at: [http://](http://www.transmission.bpa.gov/tblib/RateCase/default.htm)

[www.transmission.bpa.gov/tblib/RateCase/default.htm](http://www.transmission.bpa.gov/tblib/RateCase/default.htm). If you have any questions, please contact Linda Hunziker at (360) 418-8232 or e-mail at [lhunziker@bpa.gov](mailto:lhunziker@bpa.gov)

## **BPA takes comments on new power product**

On Dec. 10, BPA announced the availability of its contract prototype for the Slice of the System (Slice) power product to be offered post-2001. The Slice power product will sell firm energy indexed to the capability of the Federal Columbia River Power System for at least 10 years. It is a unique and untried approach for BPA's power sales, and public comment on key issues was deemed necessary. Three issues in the contract prototype are of particular interest: 1) the proposed 20-year contract term, 2) the proposed limit on the amount of BPA power costs that can be passed on to Slice purchasers and 3) the sales volume of the Slice product.





Copies of the draft prototype contract are available by contacting your BPA account executive. BPA will take comments through Jan. 14. Please send comments to: Slice Comments, Bonneville Power Administration, P.O. Box 12999, Portland, OR, 97232 or e-mail them to: [slicecomments@bpa.gov](mailto:slicecomments@bpa.gov). Additional Slice product information can be found on the BPA Web site at: <http://www.bpa.gov/power/PSP/products/slice/announcements.shtml>

### **Reliability and the future of transmission costs comment period extended**

BPA's Transmission Business Line (TBL) held a series of five public meetings during November 1999 to discuss its transmission capital and expense programs, and invited customer comments. BPA had originally planned to close the comment period on Dec. 20, 1999, but customers and constituents have asked for additional information on the program levels and for more time to submit their comments. In response, BPA is extending the deadline for submitting comments to Feb. 25 with the exception of fiber comments, which were due on Jan. 6. Sessions to explain the programs are tentatively scheduled for Feb. 7 and 8 for the expense and capital programs respectively. Additional information on the expense and capital programs will be posted on the TBL Web site by mid-January. The Web site is at: [http://www.transmission.bpa.gov/tbl/lib/newsevents/relia\\_future.htm](http://www.transmission.bpa.gov/tbl/lib/newsevents/relia_future.htm). Comments for the expense and capital programs should be sent to TBL Programs, P.O. Box 12999, Portland, OR 97212 or e-mailed to [comments@bpa.gov](mailto:comments@bpa.gov)

### **Eligibility requirements remain the same**

BPA recently announced it would retain its current policies regarding service to new consumer-owned utilities. Such utilities must own the distribution poles and wires needed to serve retail consumers in order to qualify for BPA's lowest cost power. The decision comes after lengthy public comment on standards for service proposed in May. Some respondents from the four Northwest states served by BPA sought changes that

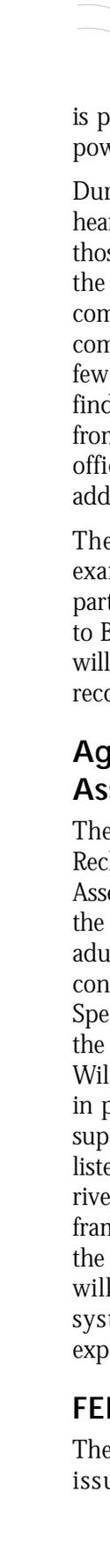
would allow entities that distribute power over poles and wires owned by others to purchase BPA's lowest cost power. The vast majority of comments, however, indicated that BPA should not change its standard for service.

BPA decided to stick with its current ownership requirement because it provides a clear and tested standard. To do otherwise would put the agency in a regulatory role. Federal law gives preference to public agencies and cooperatives in the sale of low-cost federal hydropower. These utilities must own the assets necessary to deliver the power. They must also take on the responsibility for serving all retail consumers in their area.

This policy does not change the value of benefits per capita flowing to Montana residents through BPA power sales to existing utilities. These benefits are currently greater than those going to all types of customers in Washington, Oregon and Idaho. A recent recommendation by the public utility commissions of the four states allocates an additional 24 megawatts to residential customers of Montana Power Company between 2001 and 2006. This amount would be roughly proportional to the allocations to the other states for residential customers of their investor-owned utilities.

### **Power rate case update**

BPA and the rate case parties have now reached a new phase in the formal hearing for the development of BPA's 2002 wholesale power rates. On Dec. 17, BPA and the parties filed "rebuttal" testimony. In rebuttal, BPA and each party read all of the material submitted by the other parties and present their analyses of the positions taken by others. There are four major groups who are interested in the rates for BPA power: public utilities, private utilities, direct service industrial customers and stakeholders (environmental and conservation groups, and other affected parties such as state public utility commissions, tribal interests and utility associations). Each group has positions that it would like to see BPA adopt in the final rates. BPA's task during the rates process is to hear all these points of view, plus the concerns raised by the participants, and develop a final decision based on the record. BPA's rebuttal testimony



is posted on the BPA Web site at <http://www.bpa.gov/power/ratecase>

During the fall of 1999, BPA held a series of nine field hearings around the region. Over 500 people attended those meetings, providing their comments to BPA and the hearing officer. BPA also received almost 5,000 comment letters from participants by the close of the comment period on Nov. 30. BPA staff spent the last few weeks reading and analyzing those comments to find common themes and concerns. The transcripts from the hearings and the letters become part of the official record of the rate proceeding, and will be addressed in the record of decision (ROD).

The next step in the legal process will be cross-examination of the different parties' witnesses. The parties will have additional opportunities to respond to BPA during the winter in their briefs, and then BPA will issue a draft record of decision in March and a final record in April.

## **Agencies release draft Biological Assessment**

The U.S. Army Corps of Engineers, the Bureau of Reclamation and BPA recently prepared a draft Biological Assessment (BA) outlining how they propose to operate the Federal Columbia River Power System for improved adult and juvenile fish passage. The BA is part of the consultation process required under the Endangered Species Act between BPA, the Corps, the Bureau and the National Marine Fisheries Service and U.S. Fish and Wildlife Service. The BA currently includes measures in place under the 1995 biological opinion and 1998 supplements as well as the 1999 biological opinion for listed Columbia River chum. The BA describes existing river operations and recommends using a conceptual framework to define new actions. BPA, the Corps and the Bureau are proposing a conceptual framework that will establish performance measures for the hydro system, prioritize actions, measure results and experimentally manage key uncertainties.

## **FERC rules on RTOs**

The Federal Energy Regulatory Commission (FERC) issued its final rule on regional transmission

organizations (RTOs) on Dec. 20. It calls on the nation's transmission providers to create and join RTOs but stopped short of making it mandatory.

FERC estimates cost savings of \$2.4 billion a year by moving control of the nation's transmission from individual utilities to regional umbrella organizations. The rule requires all investor-owned utilities that own, operate or control interstate transmission to file by Oct. 15, 2000, either a plan to join an RTO or an explanation of their efforts to do so and why those have failed. FERC calls for RTOs to be operational by Dec. 15, 2001. Rather than defining how an RTO should be structured, FERC outlined minimum functions and characteristics such as independence from power market participants.

BPA is not subject to FERC regulation but has complied voluntarily with FERC rules on open and non-discriminatory transmission access. BPA continues to discuss RTO concepts for the Northwest with other utilities.

## **Council says NW needs more power**

In its draft regional electricity reliability study, the Northwest Power Planning Council found that without new sources of electricity, there's a one-in-four chance the Northwest will not have enough power to fully meet demand in a cold, dry winter in the next few years. But market forces are not likely to stimulate construction of much in the way of new power plants before 2004. The study was requested by BPA. Reducing the odds to an industry-standard percent probability in 2003 would require adding almost 3,000 megawatts of new capacity, roughly enough for three cities the size of Seattle. But market prices for power probably will not be high enough to trigger new construction by independent producers until around 2004, the Council's study showed. The Council said the Northwest now relies on "a few slender lines" to import power from southwestern states to meet winter peak loads. It noted that using flexibility in the hydro system to keep the lights on in winter could conflict with requirements to protect fish and wildlife. For more, check the Council's Web site at [http://www.nwppc.org/pow\\_sup.htm](http://www.nwppc.org/pow_sup.htm)

# PUBLIC INVOLVEMENT

## STATUS REPORTS

**Big Eddy-Ostrander Vegetation Management.** Ore. — To control vegetation on two segments of the 500- kV transmission line right-of-way. One segment is from Lolo Pass to near Parkdale. The other segment is east of Parkdale. An EA is being prepared. Call to be added to the mail list.

**Fish and Wildlife Implementation Plan.** Regionwide — To examine the impacts that may arise from implementing one of the fish and wildlife policy directions being considered in the ongoing regional processes. Scoping is underway. See Calendar of Events and Close of Comment. Call to be added to the mail list.

**Fourmile Hill Geothermal Development Project (Calpine).** No. Calif. — A geothermal power plant and new transmission line have been proposed on U.S. Forest Service land in the Klamath and Modoc forests. BLM has the lead. BPA is a cooperating agency. A final EIS and summary are available. Call to receive a copy.

**IDFG Snake River Chinook Captive Rearing.** Idaho — To fund Idaho Department of Fish and Game's captive rearing project for Endangered Species Act-listed Snake River spring/summer chinook salmon. The EA is being finalized. A FONSI is anticipated.

**Johnson Creek Artificial Propagation Enhancement.** Idaho — Development of a native chinook salmon broodstock for rearing of acclimated smolts to preserve and recover the population. An EA is being prepared. Call to be added to the mail list.

**Northwest Regional Power Facility.** Wash. — To construct a combustion turbine near Creston. The final EIS (#2887) and a supplement analysis are available. Call to receive a copy.

**NEW! Tanner Electric Transmission Line.** Wash. — To build a 4.5 mile transmission line that would tie a new substation, proposed by Tanner Electric Cooperative, into an existing transmission line (owned by Puget Sound Energy). An EA is being prepared. Call to be added to the mail list.

EA: Environmental Assessment, EIS: Environmental Impact Statement, FONSI: Finding of No Significant Impact, ROD: Record of Decision

FOR MORE INFORMATION OR TO GET INVOLVED: The Journal is a monthly newsletter of the Bonneville Power Administration for customers and interested publics. To order documents, call: 800-622-4520 or (503) 230-3478 (Portland). For questions/comments call: (503) 230-3478 (Portland) or 800-622-4519. Written comments may be sent to: BPA, P.O. Box 12999, Portland, OR 97212. Public Involvement, Internet, E-mail address [comment@BPA.gov](mailto:comment@BPA.gov), BPA home page:<http://www.bpa.gov>

**Telephone Flats Geothermal Project (CalEnergy).** No. Calif. — A geothermal power plant and new transmission line have been proposed on U.S. Forest Service land in the Modoc Forest. BLM has the lead and BPA is a cooperating agency. The final EIS (#0298) and summary are available. Call to receive a copy.

**Tucannon River Spring Chinook Captive Broodstock Program.** Wash. — To rear and spawn broodstock, raise their progeny and release smolts into the Tucannon River to quickly rebuild the run. An EA is being prepared. See Close of Comment. Call to be added to the mail list.

**Vegetation Management Program.** Regionwide — To develop a vegetation management program while maintaining a safe and reliable transmission system. The final EIS is being prepared. Call to be added to the mail list.

## CALENDAR OF EVENTS

Fish and Wildlife Implementation Plan Scoping Meeting, **Feb. 3**, 8:30 a.m. to 5 p.m., Governor Hotel, Portland, Ore.

## CLOSE OF COMMENT

Residential Exchange Settlement — **Jan. 7**

Slice of the System — **Jan. 14**

Tucannon River Spring Chinook Captive Broodstock Program Preliminary EA — **Jan. 21**

Reliability and the Future of Transmission Costs — **Feb. 25**

Fish and Wildlife Implementation Plan scoping period — **Feb. 29**