

JOURNAL

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A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION



Painted Hills, John Day Fossil Beds National Monument, central Oregon

photo by Tony Morrell

Contract signing delayed

On Aug. 1, BPA Administrator Judi Johansen sent a letter to customers informing them that power sales contract signing will be temporarily suspended. The contracts would lock BPA into rates for a five-year period at a time when the market is experiencing price volatility. As market prices have increased, the loads BPA will serve through Subscription contracts have increased. It now appears that the firm load placed on BPA may be 1,400 average megawatts higher than anticipated in the rate case, which would require additional major purchases in the market by BPA. The Treasury Payment Probability in the recent power rate case is 80 to 88 percent for the 2002-2006 rate period. The new load requests and higher trends in market prices could reduce Treasury Payment Probability to less than 65 percent. BPA believes such a low probability is unacceptable. BPA is presently in a sound financial position and the lower

probability would most likely be in the last three years of the five-year rate period, if at all.

The agency is suspending contract signing to allow it time to determine what additional flexibility BPA may need to ensure it can meet all of its obligations and maintain the 80 to 88 percent Treasury Payment Probability. A public meeting will be held on Aug. 21 at the Portland Airport Holiday Inn in Portland, Ore., from 10 a.m. to 2:30 p.m. to discuss alternative BPA responses. Comments on the alternative responses will be accepted through close of business on Aug. 22. Written comments should be sent to: Bonneville Power Administration, P.O. Box 12999, Portland, OR 97212. You may also send comments electronically to: comment@bpa.gov. A copy of the proposed alternatives may be obtained by calling BPA's Public Information Office at 1-800-622-4520 or by accessing BPA's Subscription Web site at <http://www.bpa.gov/Power/subscription>.





BPA plans new wind power purchase

BPA and SeaWest WindPower Inc. signed a pre-development agreement for the 24-megawatt Condon Wind Project on July 17. BPA is considering a 20-year power purchase agreement for the project's output. The predevelopment agreement describes how SeaWest and BPA will cooperate while BPA conducts an environmental impact statement (EIS).

The Condon Wind Project would be located on private land in Gilliam County, Ore., near the town of Condon. This is one of several new sites that SeaWest believes hold great promise. SeaWest and BPA are interested in pioneering the Condon site to see if it is a dependable source of wind power. BPA could add the Condon project's output to its portfolio of Environmentally Preferred Power, which is in high demand from regional utilities. BPA currently has 33.9 MW of wind power in its environmentally preferred power portfolio.

As the first step in conducting the EIS, BPA will set a 30-day scoping period during which affected landowners, concerned citizens, special interest groups, local governments and other interested parties can comment on the scope of the EIS. SeaWest will work closely with the local community regarding any concerns about the environmental effects of the development.

BPA sells Slice of the System

BPA Administrator Judi Johansen has assigned 2,000 average megawatts to sell as Slice of the System product. Slice is a power sale based on a customer's annual net firm requirements load and mapped to provide power in the shape of BPA's generation from Federal System resources over the year.

BPA had said it would offer between 1,150 aMW and 2,000 aMW for sale under Slice. Potential Slice purchasers requested over 4,200 aMW. Johansen decided to limit Slice sales because, based on current market predictions, a larger Slice allocation could ultimately shift significant costs to other customers. BPA believes that, over time, the average price of market power will tend to moderate from the extremely high levels seen in the last two months. This should reduce the potential for Slice cost shifts and make the risks associated with Slice manageable.

BPA will allocate Slice shares using a methodology recommended by potential Slice purchasers. If the total Slice volume requested by customers exceeds 2,000 aMW, BPA will reduce the amounts requested by each customer on an equal percentage basis until it equals the Slice volume limit. If the total volume is less than 2,000 aMW, BPA will not reallocate to bring the volume back up. The final Slice amount could be less than 2,000 aMW. Slice customers may choose to sign a contingency agreement so that, if their allocated Slice is less than a minimum defined by them, they will automatically revert to a full-service Subscription contract.

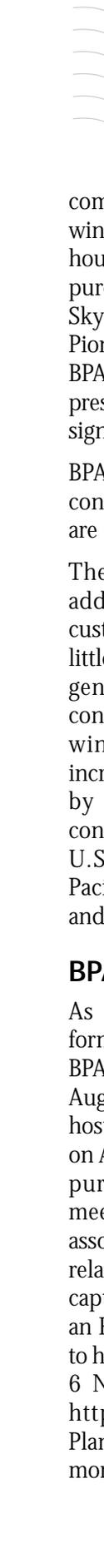
Draft salmon recovery plan, biological opinions released

The much anticipated Federal Caucus salmon/steelhead recovery strategy was released July 27 along with the draft final biological opinions from the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service. BPA is supportive of the strategy's approach and is pleased that performance standards are a critical part of the strategy. Eventually, all evaluation standards will be based on biological results rather than on the dollars spent.

The draft final Basin-Wide Salmon Recovery Strategy (formerly the All-H Paper) outlines the federal recovery strategy for threatened and endangered salmon and steelhead across their life cycle and includes human activities in all the "Hs" - hatcheries, habitat, harvest and hydropower. The draft final NMFS biological opinion outlines how the Federal Columbia River Power System should be configured and operated to protect salmon and steelhead and the draft final Fish and Wildlife Service biological opinion addresses resident fish such as white sturgeon and bull trout. To see copies of the recovery strategy, biological opinions and related documents, visit the Federal Caucus Web page at <http://www.bpa.gov/federalcaucus>. The documents will be finalized after a 60-day technical review period by states and tribes.

BPA and PacifiCorp sign Blue Sky deal

On Aug. 3, BPA and PacifiCorp celebrated their partnership in a new wind power project. In May, BPA



committed to buy 460 shares of PacifiCorp's "Blue Sky" wind power. The 460 shares amount to 46,000-kilowatt hours per month at an annual cost of \$26,220. The purchase makes BPA the largest purchaser of the Blue Sky product. The celebration took place on Aug. 3 at Pioneer Courthouse Square in downtown Portland, Ore. BPA Administrator Judi Johansen and Alan Richardson, president and CEO of PacifiCorp, attended the contract signing event.

BPA is purchasing the Blue Sky power for its own consumption and will use the power at its facilities that are served by PacifiCorp.

The Blue Sky program is a new way to develop additional renewable energy resources. PacifiCorp customers have been offered the opportunity to pay a little extra each month to increase the amount of wind-generated energy on the electricity grid. When a consumer enrolls in Blue Sky, as BPA did, it is buying wind-generated electricity in 100 kilowatt-hour increments called "blocks" or shares. The money raised by the sale of Blue Sky shares will pay for the construction of new wind power plants in the Western U.S. and the energy the power plants generate. PacifiCorp expects the Blue Sky wind turbines to be up and running by the end of 2001.

BPA to hold meetings on RTO West

As part of the public process associated with the formation of the Regional Transmission Organization, BPA will be having a public comment period beginning Aug. 7 and closing Sept. 8, 2000. In addition, BPA will host two public meetings; the first will be in Spokane on Aug. 22 and the second in Portland on Aug. 25. The purpose of the comment period and two public meetings is to take comment on the major issues associated with the development of the RTO as they relate to BPA and on whether all the issues have been captured. A public meeting in Spokane will incorporate an RTO West briefing to fulfill part of its commitment to host RTO Regional Workshops referenced in the April 6 Northwest RTO Collaborative Process Plan (at <http://208.55.67.64/doc/NWRTO-Collaborative-Plan.pdf>). See Calendar of Events on the back page for more information on the public meetings.

BPA's Business Plan Environmental Impact Statement (EIS) and Business Plan Record of Decision (ROD) documented a decision strategy for subsequent business decisions. Consistent with that tiered decision strategy, BPA will conduct this public process to make sure that all relevant issues related to BPA participation in an RTO have been considered. BPA will then review the Business Plan EIS to ensure that these issues have been adequately covered before proceeding with a ROD on how BPA will participate in RTO West. For additional information, please contact the official RTO West Web site at www.rtoWest.com. If you have any questions, please contact Mike Hansen at (503) 230-4328.

What types of power does BPA sell?

BPA markets several categories of wholesale electric power to customers. The main categories include firm power, industrial firm power, nonfirm power, surplus firm power and surplus power.

- Firm power is composed of firm energy, firm capacity, or both, and is guaranteed to be available to the customer at all times during the period covered by a contract, except for reason of certain uncontrollable forces or service provisions.
- Industrial firm power is a grade of power for delivery to industries on a contract demand basis with greater rights of restriction than firm power.
- Nonfirm power is (1) power available in varying amounts depending on season and weather conditions and supplied by BPA to a purchaser without the guaranteed continuous availability of firm power. It is often used interchangeably with surplus power but is distinct from surplus firm power. (2) Nonfirm power is the portion of power that serves an industrial load that can be interrupted.
- Surplus firm power can be provided on a guaranteed basis, is excess to system demand and can be provided in an agreed-upon shape.
- Surplus power is excess power (firm or nonfirm) for which there is no demand in the Pacific Northwest.

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.

Coeur d'Alene Tribe (CDA) Trout Production Facility Project. Idaho — To fund the design, construction, operations and maintenance of the facility to help meet the need for off-site mitigation for losses on the mainstem Columbia River. A final EA (#3276) is being prepared.

Condon Wind Project. Ore. — To acquire about 24.5 megawatts of electricity from the proposed Condon Wind Project. An EIS is being prepared on the wind project and its associated transmission. Call to be added to the mail list. See Close of Comment.

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. An EIS is being prepared. 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. Call to be added to the mail list.

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.

Kangley-Echo Lake Transmission Line Project. Wash. — To build a 500-kV transmission line in central King County that would connect an existing transmission line near the community of Kangley into the Echo Lake Substation. An EIS 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.

Shelton-Kitsap Transmission Rebuild. Wash. — To rebuild a 31-mile 115-kV transmission line between Shelton and Kitsap substations as a double circuit 230-kV line within the existing right-of-way. An EA is being prepared. Call to be added to the mail list.

Stateline Wind Project. Wash. and Ore. — To acquire up to

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

300 megawatts of electricity from the proposed Stateline Wind Project. An EIS is being prepared on the wind project and its associated transmission. Call to be added to the mail list.

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). The final EA will be available in August. Call to receive a copy. A FONSI is anticipated.

Telephone Flats Geothermal Project (CalEnergy). No. Calif. — A geothermal power plant and new transmission line were proposed on U.S. Forest Service land in the Modoc Forest. BLM had the lead. BPA was a cooperating agency. The Forest Service and BLM issued a ROD selecting the no action alternative. For more information call Randall Sharp, Modoc National Forest, (530) 233-8848.

Transmission System Vegetation Management Program. Regionwide — BPA has made a decision on the vegetation management program. The ROD (#3315) is available on the Web at www.efw.bpa.gov or call to receive a copy.

CALENDAR OF EVENTS

BPA/RTO public meetings, **Aug. 22**, 1 to 5 p.m., Ramada Inn, Spokane International Airport, Spokane, Wash., (509) 838-5211 (includes RTO West briefing). **Aug. 25**, 1 to 4 p.m., Sheraton Portland Airport Hotel, Columbian Room, 8235 NE Airport Way, Portland, Ore. (503) 281-2500

Conservation and Renewables Discount public meetings, **Aug. 23**, 9 a.m. to noon, Room 122, BPA, 905 NE 11th Ave., Portland, Ore. Agenda and handouts are on the Web at www.bpa.gov/Energy/N/

Conservation as part of Augmentation Effort public meetings, **Aug. 23**, 1 to 4 p.m., Room 122, BPA, 905 NE 11th Ave., Portland, Ore. Agenda and handouts are on the Web at www.bpa.gov/Energy/N/

CLOSE OF COMMENT

Condon Wind Project — Scoping, **Aug. 7**

SUPPLEMENT ANALYSIS

Watershed Management Program EIS — Grande Ronde Model Watershed Program, Conservation Reserve Enhancement Program Incentive, Wallowa Soil and Water Conservation District (SA-31) Ore.; Grande Ronde Model Watershed Program, Imnaha/Parks Ditch Water Conservation Project (SA-32) Ore.; Lolo Creek Watershed Project (Jim Brown Creek) (SA-33) Ore.; Eliminate Gravel Push-up Dams in Lower North Fork John Day River (SA-34) Ore.; Mitigate Effects of Runoff and Erosion on Salmonid Habitat in Pine Hollow Watershed (SA-35) Ore.; Yakima Basin Side Channels – Dixon Acquisition (SA-36) Wash.

Wildlife Mitigation Program EIS — Ladd Marsh Wildlife Management Area Additions, Simonis and Wallender Properties (SA-10) Ore.

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 or to be added to a mail list, call: 800-622-4520 or (503) 230-7334 (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, BPA home page: <http://www.bpa.gov>