

JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

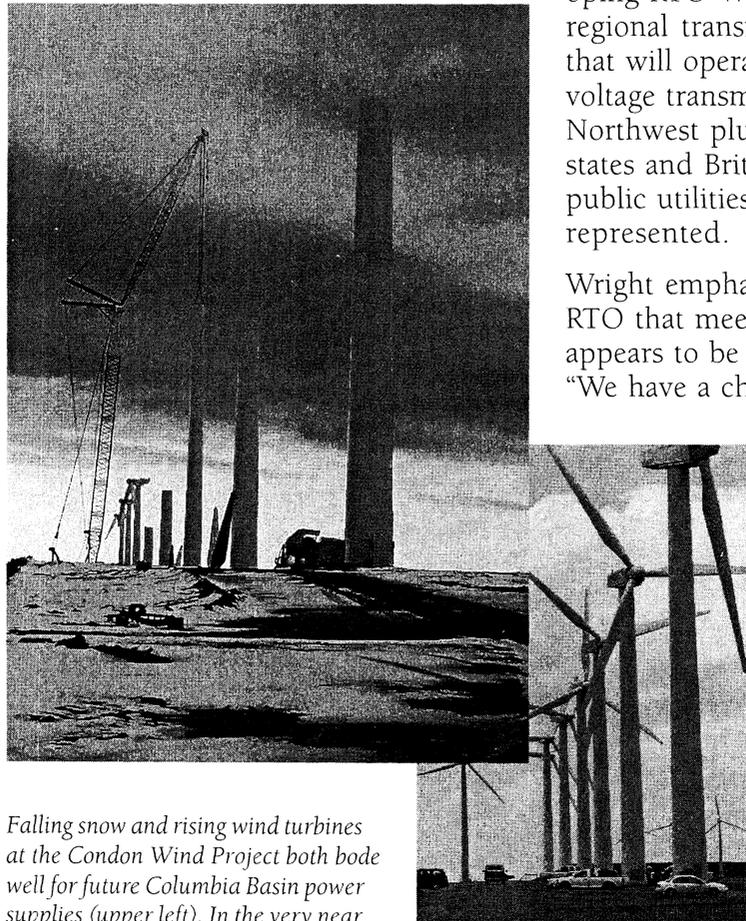
December 2001

BPA BUYS CONDON WIND

BPA is buying the entire output of the Condon Wind Project for 20 years. The first turbines should be spinning by the end of December. By mid-2002, all 83 turbines should be online. The 49.8-megawatt capacity project will produce about 13 average megawatts, enough to supply about 6,350 people. The project is located on private farmland in Gilliam County, Ore. SeaWest Wind Power of San Diego, Calif., is the project developer.

The Condon project will enlarge BPA's portfolio of environmentally preferred "green" power and provide data to assess the impact of adding large amounts of wind power to BPA's system in the future. Power from the Condon project will cost about 5.5 cents per kilowatt-hour.

Secretary of Energy Spencer Abraham lauded the purchase, saying, "This project is a step forward in our efforts to diversify energy resources and strengthen America's energy security."



Falling snow and rising wind turbines at the Condon Wind Project both bode well for future Columbia Basin power supplies (upper left). In the very near future, turbines will begin to spin at Condon as they do at the Wyoming Wind project (lower right). Photos courtesy of George Darr and SeaWest.

BPA AFFIRMS RTO DIRECTION

BPA Acting Administrator Steve Wright and other BPA representatives met in November with members of the Idaho Consumer-Owned Utility Association to discuss the progress of the developing RTO West, the proposed regional transmission organization that will operate and maintain high voltage transmission systems in the Northwest plus parts of adjoining states and British Columbia. Fifteen public utilities and entities were represented.

Wright emphasized that creating an RTO that meets BPA's principles appears to be in the public interest. "We have a chance to push this across

the goal line, develop an RTO that benefits the consumers of this region and develop a national model for RTO formation," Wright said. He delivered five key messages:

- From a national perspective, RTOs have clear momentum and bi-partisan support for moving forward.

- The Northwest's best approach is to work together to

shape an RTO that fits the region's needs.

- An RTO must meet BPA's principles before the agency will join.



- This is a critical time - the region must address all outstanding issues before a comprehensive filing scheduled for next March 1.
- An independent cost-benefit report is underway.

BPA's principles are on the Web at http://www.bpa.gov/corporate/kc/regionalization/rto_principles.shtml.

RTO WEST FILES STATUS REPORT WITH FERC

RTO West representatives submitted a status report to the Federal Energy Regulatory Commission on Dec. 3. The filing, in response to an April 26 FERC order, addresses seams resolutions, participation by Canadian entities, framework for the formation of a West-wide RTO, and a timetable. More notably, it includes a vision for the West that reflects the framework for a seamless West-wide market.

RTO West's goal is to create three fully operational RTOs in the region (RTO West, WestConnect, and California ISO), which will work together to create a single market for transmission services. The report holds that RTO formation "is achievable in the near term if three RTOs form the initial organizational base... In the future it may be possible to consolidate the initial three RTOs into fewer RTOs."

While the majority of the filing utilities (Avista, BC Hydro, BPA, Idaho Power, Montana Power, PacifiCorp, and Puget Sound Energy) are signing onto the filing, Portland General Electric, Sierra Pacific and Nevada Power indicated that they cannot support the report's assertion that three RTOs are a necessary first step. They intend to make a separate filing to FERC on this point. The status report will be posted on the Web at <http://www.rto west.org/tage2DraftDec1StatusRprt.htm>.

TIME TO DEFINE BPAs POST-2006 OBLIGATIONS

The Northwest should decide as soon as possible how to share the resources of the Federal Columbia River Power System after 2006 when the current BPA power rate period ends, Acting Administrator Steve Wright told a group of BPA customers in November. BPA expects to facilitate a process shortly after the first of the year that will allow the region to address post-2006 issues. The challenge will be for all participants to "determine where the public interest truly lies," he said. BPA's obligation to serve occurs when it has a contract placed on it, Wright said. BPA does not want to wait until a year before contracts start to find out what its contractual commitments are, he added. Under those circumstances, BPA and its customers could be caught with little time to arrange power supply, in a high priced market.

"We need to make decisions soon," Wright said, "so that those who need to build resources can get the contractual sales commitments they need to arrange financing for construction." The alternatives, he suggested, are that new generation would not be built or would be built and committed to load outside the region.

VERNITA BAR OPERATIONS END SUCCESSFULLY

Columbia River operations for chinook spawning at Vernita Bar concluded Nov. 18. Biologists visiting the spawning area found thousands of redds - nests of fish eggs - and characterized the spawn as very good. From now until spring, when the eggs hatch and the young leave their nests, operators will maintain a minimum flow from Priest Rapids Dam of 50,000 cubic feet per second to keep the redds covered with water. Vernita Bar operations require steady, low flows in the mid-Columbia to encourage chinook to spawn in spots that can be kept submerged through the winter.

CHUM OPERATIONS BEGIN

This year's operations to help threatened chum salmon below Bonneville Dam began Nov. 20, shortly after chinook salmon finished spawning in the Vernita Bar upstream, under an agreement among tribes and federal and state agencies. Chum, coho and chinook were seen a few days earlier



spawning in Hardy and Hamilton creeks, three miles below Bonneville Dam. Recent rains raised river and creek levels and fish started building redds both in the mainstem near Ives Island and in the two target creeks. To protect these redds, water will be released from Bonneville Dam to maintain a river elevation of 11 feet above sea level from now until spring. The level may be raised if needed depending on weather conditions. To maintain the water level, flows from Bonneville Dam will vary daily depending on tides and local runoff.

Chum operations may produce some surplus energy, which BPA will sell as available. How much and when will depend on the rain, the tides and loads. The operations usually begin by Nov. 1, but this year they were held up to coordinate with the Vernita Bar Agreement that supports chinook spawning below Priest Rapids Dam on the Columbia River.

FISH TRANSPORT PROVIDES SAFE PASSAGE

Transporting fish downstream provided safe passage for more than 22.3 million juvenile salmon and steelhead this year, including about 90 percent of Snake River salmon and steelhead and about 50 percent of the summer migrants in the mainstem Columbia, according to the U.S.

Army Corps of Engineers. "The transportation program is especially useful in low water years such as this," said Dave Hurson of the Corps' Walla Walla District. The survival rate of fish transported by barge averages 98 percent. The latest research shows that about twice as many transported fish return to spawn as fish that travel in-river to below Bonneville Dam, the Corps reported.

The system survival rate for Snake River spring migrants, which reflects the combined survival rate of both in-river and transported migrants, is estimated at 45-64 percent.

2002 FISH IMPLEMENTATION PLAN IS OUT

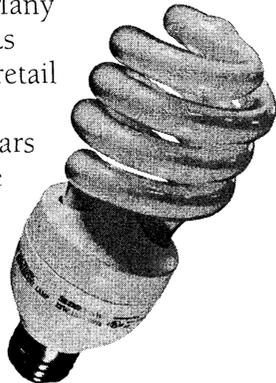
BPA, the U.S. Army Corps of Engineers and the Bureau of Reclamation have released their annual Implementation Plan for 2002, as required under the National Marine Fisheries Service and Fish and Wildlife Service 2000 Biological Opinions for the Federal Columbia River Power System. The plan incorporates many of the actions BPA funds under the Northwest Power Planning Council's Fish and Wildlife Plan, as well as still-to-be-completed new projects approved under the BPA high priority solicitations in 2001. It also includes \$81 million in capital improvements at the dams to assist fish passage and hydro operations strategies.

DOE BUYS MORE BPA GREEN POWER

The U.S. Department of Energy's Richland, Wash., office has increased its purchases of environmentally preferred power from BPA by half-a-megawatt. This brings DOE's green power purchases from BPA for the Hanford site to 1.5 average megawatts for the first two years and one aMW for the last three of the current BPA rate period.

CFL PROGRAM A HUGE SUCCESS

Northwest ratepayers have redeemed more than two million coupons for ENERGY STAR® compact fluorescent light bulbs this year under BPA's CFL promotion program. Many people are now buying CFLs without the coupons. The retail prices of the CFLs have dropped from \$15 three years ago to about \$6 today while the quality has improved. Satisfaction with the products was very high (81 percent of recent buyers were satisfied or very satisfied according to a recent customer survey). Since the program has achieved its goal of building market acceptance of CFLs, the CFL rebate will be suspended. The program will continue by focusing on other lighting products such as torchieres. BPA has the option to offer another CFL coupon rebate later in the year should the market require further stimulus.



ALL NEW CONTRACTS STICK

All 141 of BPA's new power sales contracts with its utility, federal and direct-service industrial customers that went into effect on Oct. 1 remain in place today. The contracts contained a 30-day cancellation clause that expired Nov. 1, allowing any customer that wanted to cancel its BPA power purchases and go with a different supplier to do so. None did.

"We're grateful for our customers' support," said BPA Vice President for Requirements Marketing Allen Burns. "Six years ago, when our rates were above market, a lot of customers wanted out. Some who went to market wound up paying hundreds or even thousands of dollars per megawatt-hour during the California power crisis. After that, I guess BPA's cost-based rates

look pretty good. However, our goal continues to be to reduce the 46 percent cost recovery adjustment clause in the future so our customers can reduce their retail rates. Lower electric rates will help with the economic recovery of the region, and our customers and the citizens of the Northwest should expect nothing less of BPA."

"REMEDIAL ACTION SCHEMES" WORK

Power flow on the California-Oregon Intertie was crimped to just 600 megawatts north to south, and the Northern Intertie to Canada was limited to 800 megawatts over a recent weekend to see if systems - called Remedial Action Schemes - that are supposed to stop power outages from ricocheting through the Western grid really work. Normal capacities are 4,800 megawatts and 3,675 megawatts, respectively. Within one-quarter of a second after a serious power system problem, Remedial Action Schemes act to protect the system. Such schemes can divide the Western power grid into two islands, trip up to 2,850 megawatts of generation, insert reactive support at eight different substations and turn on a huge braking resistor to help stabilize the system. The Western States Coordinating Council requires an annual test of remedial action schemes, and this year's results indicate that they are effective.

CCC DRAWS TO A CLOSE

BPA's Community Conservation Challenge will draw to a close this month, culminating with a drawing for a hybrid gasoline-electric car to be held after Dec. 15. So far, Northwest residents have returned 14,500 total pledge cards to save energy during the campaign. The 8,000 pledge cards tallied so far pledge installation of over 39,000 compact fluorescent lightbulbs. Cards counted so far are averaging a pledge of about five CFLs each.