

JOURNAL

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More vandals, more damage, higher rewards

Since the first of the year, BPA has experienced six separate vandalism incidents on its transmission system. As a result, BPA, through its Crime Witness program, is offering significantly increased rewards ranging from \$1,000 to \$25,000 for information leading to the arrest and conviction of people who vandalize BPA facilities. Previous rewards topped out at \$10,000.

"We are trying to send the strongest possible message that willful and senseless attacks upon our transmission system and other facilities are totally unacceptable," said BPA security chief Bob Windus.

Windus commented that the higher rewards are also related to homeland security concerns, and he encouraged citizens to be vigilant about anything suspicious happening near BPA power lines. (See page 2)

Windus says these incidents tend to happen around holidays as well as during vacation season. "We hope our new rewards of up to \$25,000 will strongly encourage citizens to be vigilant and report what they see and hear," he stated. All information is kept confidential.

First of two October rate adjustments finalized

BPA customers gathered at the agency's Portland headquarters June 20 for a look at the forecast for the load-based cost recovery adjustment clause. That is the rate adjuster based on the agency's cost to serve customer power requirements. They heard good news: the adjustment scheduled for October 2002 through March 2003 is 32.94 percent. The figure is adjusted slightly from the previously reported 32.64 percent. The adjustment is a substantial decrease from the current level of about 41 percent.

Further, The load-based CRAC preliminary forecast for April through September of 2003 is approximately 39 percent. That final figure will be announced in December of this year.

But the load-based CRAC is only part of the power rate picture for this fall. The financial-based CRAC (based on BPA's financial health) could trigger up to its 11-percent cap, bringing the combined rate number back to about where it is today. However, it's too soon to predict where the financial-based CRAC will end up because it depends on BPA's financial position heading into fiscal 2003.

BPA rate analysts predict that a volatile power market and shifting seasonal cash flow will keep wholesale rates seesawing for the next few years.

Public comment sought on BPA's financial future

BPA is facing a significant financial shortfall for fiscal year 2003 and beyond. Letters to the region earlier this year from Administrator Steve Wright and Power Business Line Senior Vice President Paul Norman advised of the problem. They also signaled that, if the established rate mechanisms operate without some other options, there would likely be an increase in BPA's wholesale power rates covering the period from 2003 to 2006.

Norman has said it is imperative to consider a wide range of financial and program options now to address the situation. "Finding the right financial and value choices necessary to balance public responsibilities, rates, reliability and financial integrity won't be easy," he said. "BPA needs a credible, sound and sustainable plan to manage the financial situation through 2006. Tough financial and program decisions must be made, and we want active regional involvement in determining solutions."

The region will be asked to comment on the following alternatives or combinations of alternatives, as well as to provide any new ideas:

- Let rate mechanisms work after further belt tightening
- Cut costs for capital and expense items
- Take more risk repaying the U.S. Treasury debt for investments in the Federal Columbia River Power System;
- Push the financial problem into the future with various financial management tools
- Recalculate base rates to achieve a five-year 80 percent probability of making Treasury payments.



BPA will make available a package called "Financial Choices for the Region, FY 2003-FY 2006: BPA Power Rates and Costs," which will provide background and outline options. A public comment process will begin in July and run through September. (See *Public Involvement section*)

BPA invites comments on power sales after 2006

BPA has opened a public process to discuss with the region how the agency will market the power and distribute the costs and benefits of the Federal Columbia River Power System in the Pacific Northwest after 2006.

While the final policy decision is BPA's, the agency will work with the Northwest Power Planning Council in conducting the first phase of the public process. The goal is to develop a creative and sustainable approach to the sale and allocation of power and benefits from the Federal Columbia River Power System while ensuring that BPA continues to provide long-term benefits to the region.

A few of the questions citizens might consider in assessing BPA's future could include:

- What kinds of power products should BPA offer its customers?
- Should customers limit the amount of additional power they demand from BPA, thus reducing the power resources BPA would have to acquire? If BPA must obtain new power supplies to meet customer demands, should customers pay the full cost of that power or a rate that averages old and new power supply costs?
- What role should the utility customers have in developing resources and serving their power requirements?
- What level of power or financial benefits should the residential and small farm customers of investor-owned utilities receive?
- Should direct service industries, such as aluminum companies, receive cost-based power from BPA after 2006? If so, how much?
- What provisions should be made for service to newly formed public utilities?

People are invited to submit their suggestions before Sept. 12. In September and October, BPA and the council will hold a series of public meetings to discuss the ideas and proposals submitted. BPA and the council will continue to accept proposals until the close of comment on Oct. 18. BPA will then develop its draft proposal and hold another series of public meetings for further review of the proposal.

"We have not excluded any possible outcomes," Power Business Line Senior Vice President Paul Norman commented. "We expect the ideas and alternatives considered during this process to range from dramatic changes to minor adjustments to our current contracts." A BPA decision on this issue is likely to come sometime next year. (See *Public Involvement section*)

Utility customer proposal gets review

BPA recently concluded a preliminary look at a proposal for how power and benefits from the Federal Columbia River Power System should be shared within the region after 2006. The proposal came to BPA in April from a large and diverse group of public and investor-owned utilities and covers a range of topics including power contracts, products, rates and other matters.

In summarizing BPA's first look at the proposal, Power Business Line Vice President Paul Norman said, "We neither endorse nor reject the proposal. We have found positive characteristics, but we also have areas of concern. At this point, we are encouraging the customers to continue their work, but we also want input from our public process in which we hear everyone's ideas about how BPA should provide service after the current rate period ends."

Comment period extended on Kangley-Echo Lake project

In response to public requests, BPA has extended the time period for public comments on the proposed Kangley-Echo Lake transmission line project in eastern King County, Wash. Another public meeting has been added on July 11.

The new deadline for public comments is July 22, extended from June 19. The public scoping meeting will be held from 4 p.m. to 8 p.m. on July 11 at the Best Western Summit Inn, Conference Room, 603 State Route 906, Snoqualmie Pass, Wash. Two of the alternatives under consideration follow Interstate 90 westward from Stampede Pass to BPA's Echo Lake Substation near North Bend.

The public comment period is part of BPA's public involvement process for developing the supplemental draft environmental impact statement on the Kangley-Echo Lake transmission project. The agency is examining four alternate routes not studied in detail in the original draft environmental impact statement released last summer. The Kangley-Echo Lake project would improve transmission reliability through the Puget Sound area.

BPA plans to issue the draft supplemental environmental impact statement for public review and comment this winter with a final EIS in the spring. BPA proposes to make a decision on the project following the completion of its environmental review. (See *Public Involvement section*)

Tips can catch vandals

Call toll free to report theft, vandalism to government property, suspicious activity, illegal dumping, aquatic nuisance species (zebra mussels) or threats of harm to government personnel.



STATUS REPORTS

NEW

- **Fiscal Year 2003 to 2006 Financial Choices Public Process**
- **Solicitation of Proposals and Comments on the Sale of Power by BPA after 2006**

CONTINUING

Cliffs Energy Project ROD – Klickitat Co., Wash.

BPA is analyzing possible transmission integration services for a combustion turbine proposed by GNA Energy, LLC. The company would build the power plant, five miles of new natural gas line, and 700 feet of 230-kV transmission line to BPA's Harvalum Substation. Klickitat County issued a new Mitigated Determination of Non-Significance on June 6 for the power plant project. BPA will accept comments on the proposal to integrate this project into the Federal Columbia River Transmission System until July 8. A Record of Decision is expected in late July.

COB Energy Facility Interconnect EIS – Klamath Co., Ore.

Peoples Energy Resources Corp. has requested interconnection of its proposed 1,200-MW combustion turbine project at a site near Bonanza in Klamath Co., Ore. The project would require a new 500-kV transmission line to BPA's Captain Jack Substation. The project is subject to Oregon Energy Facility Siting Council certification.

Conservation and Renewables Discount Program

The public comment period on C&RD program requirements and technical information begins in June. This is a yearly opportunity for BPA customers, constituents and other interested parties to offer petitions to improve C&RD policy, program implementation and technical issues. Petitions were due on June 15. Copies of the C&RD Manual can be found on BPA's Web site: http://www.bpa.gov/Energy/N/projects/cr_discount/index.shtml. A summary of comments received and BPA's proposed changes will be distributed for a 30-day comment period July 1.

Fed. Columbia River Power System Implementation Plan

This federal draft plan for Columbia River Power System Operations in 2002-2006 would carry out biological opinions issued under the Endangered Species Act. See www.salmonrecovery.gov.

Fiscal Year 2003 to 2006 Financial Choices Public Process

BPA's financial condition has deteriorated since the initial rates were set for FY 2002-2006. BPA has opened a public comment period to engage the region in finding the right mix of choices necessary to balance public responsibilities, rates, reliability and financial integrity. The comment period is open until Sept. 30. Public meetings will be scheduled with customers, constituents and tribes. Notification of meeting dates and locations will be published. Send written comments to: David Basaraba, PL-6; Bonneville Power Administration; PO Box 3621; Portland, OR 97208-3621, or fax comments to (503) 230-3613.

Fish and Wildlife Implementation Plan EIS – Regionwide

This EIS examines potential impacts of implementing any of the fish and wildlife policy directions being considered in regional processes. The final EIS is expected later this year.

Grand Coulee-Bell 500-kV Transmission Line (Eastern Washington Reinforcement) EIS – Wash.

This project would replace about 84 miles of 115-kV transmission line with a new, higher capacity 500-kV line. The proposed line would connect BPA's Bell Substation in Spokane to the Bureau of Reclamation's switchyard at Grand Coulee Dam. It would be located primarily on existing BPA right-of-way. A draft EIS will be available for comment this summer.

Grande Ronde and Imnaha Spring Chinook Project EIS – Wallowa and Union Cos., Ore.

This project would build fish trapping, rearing and release facilities to help restore spring chinook in the Lostine and Imnaha rivers of northeast Oregon. Planned facilities would modify and supplement existing Lower Snake River Compensation Plan facilities. A summary of the comments is available on request. Or see www.efw.bpa.gov/cgi-bin/psa/nepa/summaries/granderonde. A draft EIS will be available for comment later this year.

Grizzly Generation Project EIS – Jefferson Co., Ore.

Cogentrix proposes to build a 980-MW combined-cycle combustion turbine power plant and has requested interconnection at BPA's Grizzly Substation. An EIS will evaluate natural gas, water pipeline and transmission easements for facilities servicing the project. The U.S. Forest Service is the lead federal agency; BPA and the Bureau of Land Management are cooperating. Oregon EFSC is conducting a coordinated state siting process.

Horse Heaven Wind Project EIS – Benton Co., Wash.

BPA proposes to purchase up to 50 aMW from a 225-MW wind project proposed by Washington Winds Inc. The developer would build, own and operate the project and would build about 12 miles of transmission line to interconnect with BPA's transmission grid.

Johnson Creek Artificial Propagation Enhancement EA – Valley Co., Idaho

This project seeks to recover the creek's depleted native summer chinook salmon population. It would include additional facilities at the McCall Fish Hatchery in McCall, Idaho, and acclimation facilities along Johnson Creek. An EA will be available for public comment in fall 2002.

Kangley-Echo Lake Transmission Line Project EIS – King and Kittitas Cos., Wash.

BPA proposes to build a 500-kV transmission line to connect an existing transmission line near Kangley to Echo Lake Substation in Washington. BPA's preferred alternative would run parallel to its existing Raver-Echo Lake 500-kV line. The project is needed to improve transmission system reliability and to enhance BPA's ability to meet its treaty requirements with Canada. BPA is preparing a supplemental draft EIS that will analyze the impacts of four alternatives not considered in detail in the draft EIS. Five public meetings were held in the Seattle-King County area in June to take public comment on the supplemental draft EIS. Another public meeting is scheduled for July 11. The comment period has been extended to July 22. The report will be released in December 2002, followed by public meetings and a comment period in January 2003. The final report will be released in May 2003, with a decision scheduled for June 2003. (*See Calendar of Events on back page*)

Maiden Wind Farm EIS – Benton and Yakima Cos., Wash.

Washington Winds Inc. proposes to build and operate a wind project of up to 494 MW north of Prosser. BPA proposes to acquire and transmit up to 50 aMW, but will study the full electrical output of the project. The draft EIS is available. See www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MaidenWindFarm.

McNary-John Day 500-kV Line Project EIS – McNary to John Day Dams, Ore. and Wash.

BPA proposes to build about 79 miles of new 500-kV transmission line parallel to existing BPA lines between McNary and John Day substations. The line would cross the Columbia River below McNary Dam, run parallel to the north side of the Columbia through Benton and Klickitat counties, and cross back into Oregon near John Day Dam. It is needed to integrate some of the many new generating projects considered for this area and to reinforce transmission reliability. A final EIS will be available late summer.

Plymouth Generating Facility EIS – Benton Co., Wash.

Plymouth Energy requested interconnection of its proposed 306-MW combustion turbine project near Plymouth in Benton Co., Wash. BPA is preparing a joint NEPA/SEPA EIS with Benton Co. A draft EIS is anticipated this summer.

Raymond-Cosmopolis 115-kV Transmission Line EA – Grays Harbor and Pacific Cos., Wash.

BPA proposes to rebuild an existing 115-kV transmission line between Raymond and Cosmopolis, roughly parallel to Hwy. 101. Most of the 18-mile long line will remain in existing right-of-way. A preliminary EA will be available for public review in fall 2002.

Salmon Creek EIS – Okanogan Co., Wash.

BPA proposes to fund a project to enhance fish habitat and fish passage, and to increase instream flows in 4.3 miles of lower Salmon Creek, a tributary of the Okanogan River. The project would rehabilitate the stream channel, revegetate stream banks and increase streamflows. Scoping closed in March. A draft EIS is anticipated in summer 2003.

Satsop Combustion Turbine ROD – Grays Harbor, Wash.

Duke Energy requests integration of its 650-MW Satsop Combustion Turbine Phase 1 project near Elma, Wash., into the federal transmission grid. To supply natural gas to the facility, Williams Gas Pipeline proposes to construct a new gas pipeline. The Federal Energy Regulatory Commission issued a Finding of No Significant Impact on the proposed gas pipeline.

Schultz-Hanford Area 500-kV Line Project EIS – near Ellensburg to near the Hanford Reservation, Wash.

BPA proposes to build a new 500-kV line from Schultz Substation to the new Wautoma Substation, southwest of the Hanford Monument. See www.efw.bpa.gov under environmental planning/analysis.

Solicitation of Proposals and Comments on the Sale of Power by BPA after 2006

BPA is announcing the beginning of a regional discussion regarding how BPA will market power and share the costs and benefits of the Federal Columbia River Power System in the Pacific Northwest after 2006. In the first phase of this discussion, jointly sponsored by BPA and the Northwest Power Planning Council, BPA is requesting interested parties to share proposals and comments with the region. Proposals and comments that reach BPA prior to Sept. 12, 2002, can be part of the discussions at public meetings that will occur in September and October. Close of comment is Oct. 18, 2002.

South Fork Flathead Watershed Cutthroat Trout Conservation Program – Flathead National Forest, Mont.

BPA proposes to fund a project to remove exotic trout species from selected lakes in the South and Middle forks of the Flathead drainage and replace them with genetically pure westslope cutthroat trout. A preliminary EA is being drafted.

Summit/Westward Project – Columbia Co., Ore.

Westward Energy Co. proposes a 520-MW natural gas-fired, combustion turbine facility in Columbia County near Clatskanie, Ore., and requested interconnection to the federal grid. Oregon EFSC is the lead agency for the environmental review of the generation project; BPA has the lead on integrating transmission.

Umatilla Generating Project EIS – Umatilla Co., Ore.

Umatilla Generating Co., LP, proposes to build a 550-MW combined-cycle combustion turbine. Umatilla Electric Co-op would reconductor about 11 miles of transmission to 230-kV, and

build about a half mile of new 230-kV line to BPA's McNary Substation, where BPA would integrate the power into the grid. A final EIS is available. See www.efw.bpa.gov/cgi-bin/PSA/NEPA/summaries/Umatilla. BPA expects to issue a ROD on the interconnection this summer.

Wallula-McNary Transmission Line Project EIS – Walla Walla Co., Wash., and Umatilla Co., Ore.

Two segments of 500-kilovolt transmission line are proposed for construction. A 5.1-mile segment would connect power from a 1,300-megawatt natural gas-fired combined-cycle combustion gas turbine facility (the Wallula Power Project) to a new BPA switchyard (Smiths Harbor) near Wallula Junction in Walla Walla County, Wash. A second segment of transmission line is proposed between the Smiths Harbor switchyard and BPA's existing McNary Substation adjacent to an existing transmission line. This 28-mile segment is proposed but may not be needed for firm transfer of power from the Wallula Power Project. Upgrades to the McNary Substation would be needed if the 28-mile segment of line is built. BPA is working with Washington EFSEC on environmental review. A draft EIS was released to the public on Feb. 22. BPA and EFSEC are evaluating public comments received on the draft EIS. See www.efsec.wa.gov/wallula.html.

Wanapa Energy Center Generation Proj. EIS – Umatilla Co.

The Confederated Tribes of the Umatilla Indian Reservation requested interconnection of the Wanapa Energy Center, a proposed 1,000-MW gas-fired combined-cycle combustion turbine project, into the transmission grid. The project would be located on tribal trust land. The Bureau of Indian Affairs plans to prepare an EIS on the project and BPA requested to be a cooperating agency. A draft EIS is expected this summer.

SUPPLEMENT ANALYSES

Watershed Management EIS

SA-82 Clark Creek/Bryant Alternative Watering System (6/13/02)
SA-81 Indian Creek/Trick Runoff and Buffering System (6/5/02)
SA-80 Rangeland Drill/Watershed Restoration in the Grande Ronde Basin (6/6/02)

Wildlife Management Program EIS

SA-25 Purchase of Fisher River Conservation Easement (Fiscal Years 2002-2004) (6/13/02)

CALENDAR OF EVENTS

Conservation and Renewables Discount Program Review

Public forum to discuss proposed changes:

July 24, 1-3 p.m., BPA's Spokane office, 707 W. Main, Suite 500, Spokane, Wash.

July 25, 1-3 p.m., BPA headquarters, Rm. 122, 905 N.E. 11th Ave., Portland, Ore.

Kangley-Echo Lake Transmission Line Project

Open House:

July 11, 4 - 8 p.m., Best Western Summit Inn Conference Room, 603 State Route 906, Snoqualmie Pass, Wash.

CLOSE OF COMMENT

Cliffs Energy Project ROD - July 8, 2002

Integration Project

Kangley-Echo Lake - July 22, 2002

Supplemental Draft EIS

If you have questions or comments, or to be added to the mailing list for any project, call (503) 230-3478 (Portland) or 1-800-622-4519.

To order copies of documents, call: 1-800-622-4520 or (503) 230-4413. Written comments may be sent to: BPA, P.O. Box 12999, Portland, OR 97212. E-mail address: comment@BPA.gov. BPA home page: <http://www.bpa.gov>. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/Projects>. **Process Abbreviations:** DEIS-Draft Environmental Impact Statement, EA-Environmental Assessment, EFSEC-Energy Facility Site Evaluation Committee, EIS-Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.

