

JOURNAL

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Web Site: www.bpa.gov/corporate/kc/home/journal

BPA issues 2002 financial results

The Bonneville Power Administration ended fiscal year 2002 in the black but only due to significantly reduced expenses resulting from refinancing Energy Northwest bonds. The bonds were originally issued to finance construction of a series of power plants in Washington state.

Absent the refinancing of the bonds, losses would have exceeded \$300 million, according to BPA Administrator Steve Wright. "BPA had severely depressed hydro revenues in 2002 due primarily to the 2001 drought, which left the Columbia River system short of surplus power to sell, and market prices that were far lower than expected," said Wright.

BPA has contracts with Energy Northwest to pay all of the entity's costs, including principal and interest on bonds. Refinancing the bonds extended their life while reducing interest and payments, lowering BPA's expenses associated with their principal operations.

BPA drew down its financial reserves from \$625 million to \$188 million because of an overall revenue shortfall.

The weather has everyone talking

BPA is talking with its river operations partners about what to do if snow and rainfall continue below normal. The latest forecasts project a January-June Columbia River runoff above The Dalles Dam at approximately 82.6 million acre feet. This is well below the average of 105 maf, but much better than the drought of 2001, which produced runoff of only 58.2 maf. Forecasts vary widely. Snow pack readings in January will provide much more information.

BPA Administrator Steve Wright cautioned, "Even if we get average precipitation from now on, it will be hard to catch up." His comment referred to the deficit created by two previous years of below average runoff.

Wright previously told the region that nature and the power markets would have a lot to say about averting a future rate increase.

Council to review F&W spending

The Northwest Power Planning Council has agreed to take on BPA's request to reprioritize projects in its fish and wildlife program. Council Chairman Larry Cassidy wrote to Administrator Steve Wright asking for clear criteria for prioritizing the projects and for any side issues that would affect BPA's eventual decision to adopt

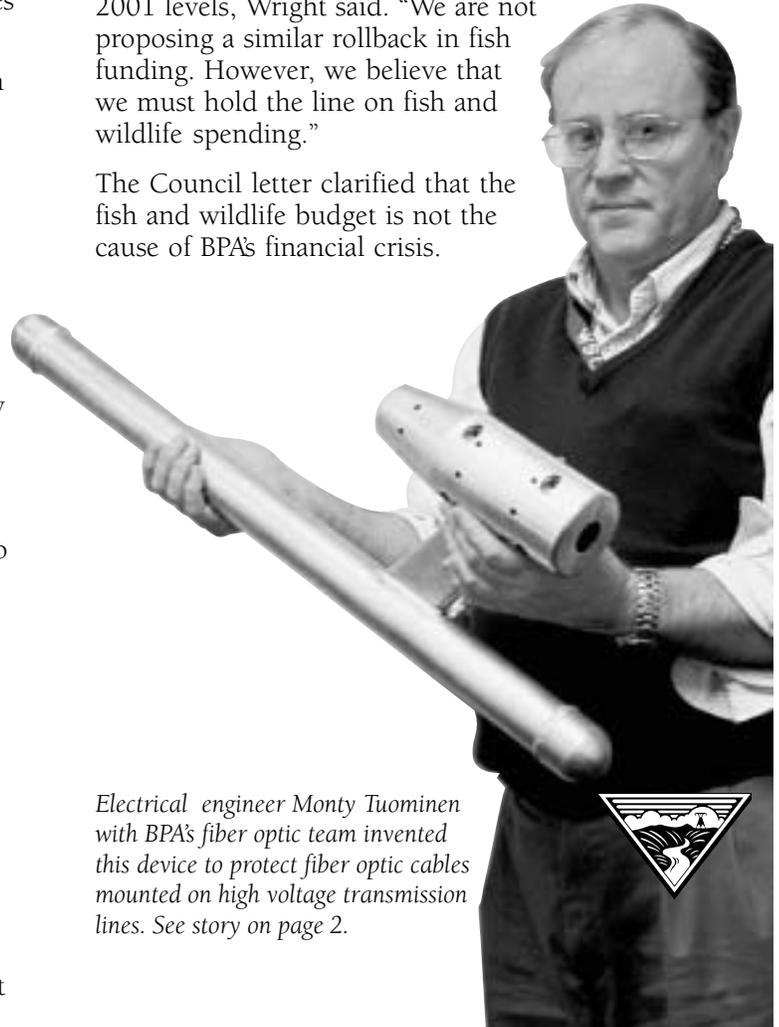
the Council's recommendations. The Council agreed to provide its recommendations by Feb. 21, 2003.

The administrator and BPA Fish and Wildlife Manager Sarah McNary told the Council that estimated expense accruals for fish and wildlife in fiscal year 2002 were very close to the annual average BPA had agreed to fund. While the Council's recommendations for new projects have been within budget guidelines, BPA estimates that the combination of new projects, contract extensions and accruals could drive BPA fish and wildlife well beyond budget targets.

The BPA leaders noted that the agency's deteriorating financial situation means the agency cannot absorb fish and wildlife costs in FY 2003 in excess of \$139 million.

BPA has worked hard to bring its internal costs that must be recovered in power rates back to 2001 levels, Wright said. "We are not proposing a similar rollback in fish funding. However, we believe that we must hold the line on fish and wildlife spending."

The Council letter clarified that the fish and wildlife budget is not the cause of BPA's financial crisis.



Electrical engineer Monty Tuominen with BPA's fiber optic team invented this device to protect fiber optic cables mounted on high voltage transmission lines. See story on page 2.



Kangley-Echo Lake environmental study available

On Jan. 15, BPA will release a supplemental draft environmental impact statement for the proposed Kangley-Echo Lake transmission line project. The proposed line in central King County, Wash., is needed to accommodate electrical growth and reliability concerns in the Puget Sound area.

The new study analyzes four additional transmission alternatives not covered in detail in the draft environmental impact statement issued in June 2001. It also looks at a number of nontransmission alternatives.

BPA looked at the impacts of the new alternative routes outside the Cedar River Municipal Watershed along with the impacts of the previously analyzed alternatives within the watershed.

Because the supplemental EIS is over 1,800 pages long, BPA will circulate a summary of the document with a compact disk that contains the entire document, with appendices. Copies will be sent to local libraries.

In addition, four public meetings are being scheduled in February to receive input on the supplemental draft and to answer questions.

Coulee-Bell EIS is final

BPA has issued a final environmental impact statement on its Grand Coulee-Bell Transmission Project, the largest of several transmission construction projects now planned to reinforce BPA's transmission grid. A record of decision is expected in January. If the administrator decides to proceed, construction could begin as early as February and the project could be complete by November 2004.

The Grand Coulee-Bell project would replace about 84 miles of existing 115-kilovolt wood-pole transmission line with a new, higher-capacity 500-kV steel-lattice line. The line connects BPA's Bell Substation in Spokane to the Bureau of Reclamation's Grand Coulee Switchyard in Grand Coulee, Wash.

Burns spells out vision for RTO West

BPA believes RTO West has the potential to improve power service and lower costs for Northwest consumers and will continue to pursue development of the proposed regional transmission organization. But BPA will join a regional transmission organization only if it meets the agency's original principles for RTO participation. The ultimate form of RTO West will determine whether benefits are realized, whether the principles are met and whether BPA will join RTO West.

That's the message from Allen Burns, BPA's new executive vice president for Industry Restructuring. "We share a common goal with the Federal Energy Regulatory

Commission," said Burns, "to build a future that assures that electricity consumers will receive high levels of service at the lowest possible cost."

International DC line proposed

The 30-year-old record held by the Pacific DC Intertie as the longest direct-current transmission line in North America may one day be eclipsed.

NorthernLights Transmission of Alberta, Canada, is proposing a 1,100-mile-long 500-kilovolt DC transmission line from Fort McMurray, Alberta, to the Pacific Northwest in the United States. It would allow power generated in northern Alberta to be marketed to the Pacific Northwest and points south.

A NorthernLights report says developers have proposed building more than 5,000 megawatts of new generation in Alberta, primarily cogenerated from steam used to extract oil from oil sands. That much generation would far exceed demand in the province.

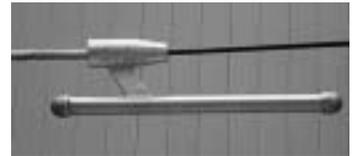
"The new line could create significant transmission impacts and, perhaps, benefits in the Northwest," said Cliff Perigo, BPA senior transmission account executive. "At this point, we are staying informed, providing information and making suggestions."

Enterprising engineers envision elegant electrical element

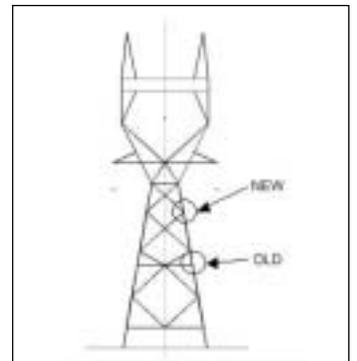
It looks like part of the Starship Enterprise; it means big savings for BPA transmission system builders as they expand the agency's fiber optic cable network, which carries communications and control information.

At first, it appeared BPA might have to make the towers up to 25 feet higher to hang fiber optic cables on the newest 500-kilovolt towers at a point within acceptable electromagnetic field tolerances. That could cost up to \$25,000 per tower.

Instead, engineers invented a new 18-inch \$250 device called a "grading tube." Grading, in this case, means



BPA secures fiber optic cables to transmission towers with sleeves of armor rod (braided wire, left). The grading tube (center) reduces electrical field strength at the end of the armor rod, protecting the fiber cable (right) from corrosive effects of corona.



With the grading tube, BPA can hang fiber optic cable higher on its new 500-kV towers. Without the grading tube, the cables would be placed lower on the towers where they might hang too close to the ground.

reducing electrical fields. The aluminum tube will hang from fiber optic cables near their mounting points, and BPA will not have to raise the towers. Len Custer, a civil engineer with BPA's Conductor Design group worked with fiber cable hardware manufacturer Preformed Line Products of Cleveland, Ohio, to complete the design.

"The villain is corona (intense electrical sparking), which could cause the cables to literally burn from their mountings," said Monty Tuominen, electrical effects engineer in BPA's Fiber Optic group. The grading tube disperses the electrical field around the cable mounting. This reduces corona, which could otherwise mix with moisture in the air creating acid that corrodes the fiber optic cable.

"An added benefit is that we can install and maintain the fiber without taking lines out of service," said Glen Van Bergen, fiber optic project manager. "It's a win-win for the industry and us."

Transmission planning roundtable forms

BPA will create a nonconstruction alternatives roundtable to help the agency gain insights and perspectives on transmission system planning and determine if nontransmission initiatives could provide reliable and cost-effective alternatives. The new roundtable is slated to hold its initial meeting Jan. 22 in Portland, Ore.

"Before proceeding with the construction of transmission projects, we want to fully consider whether nonconstruction alternatives can be viable alternatives," said Vickie VanZandt, vice president for BPA Transmission Operations and Planning. "We want to be sure BPA has evaluated all alternatives such as energy efficiency programs, demand reduction initiatives, pricing strategies and distributed generation, among other things."

The idea comes from a study BPA commissioned that recommended enhancements to transmission planning and named several projects as potential candidates for further examination of nonconstruction alternatives.

PUBLIC INVOLVEMENT Updates and Notices

ONGOING PROJECTS

BPA's Power Supply Role After 2006

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 is continuing with its second phase, characterized by public workshops and technical workgroups. Workshops and technical workgroup meetings will be scheduled on different topics for most Tuesdays, Wednesdays and Thursdays starting on Jan. 7, 2003. Please refer to BPA's Web site at www.bpa.gov/power/regionaldialogue for up-to-date information on workshop dates, times and agendas. Or contact Jenifer Scott at (503) 230-7685. Please note that workshops could be canceled or added, so frequent checking of the Web site will be useful.

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. The draft EIS is scheduled for publication later this year.

Federal 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.

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. BPA has developed a preferred alternative from the regional guidance. The final EIS is expected this winter.

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. The final EIS was released Dec. 6. Public meetings have been held and comments are closed.

The ROD is scheduled for release Jan. 15. See www.transmission.bpa.gov/projects for more information.

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

This project would build fish trapping, incubation, rearing and release hatchery facilities to help boost native spring chinook salmon populations in the Grande Ronde and Imnaha rivers of Northeast Oregon. Planned hatchery facilities would modify and augment existing Lower Snake River Compensation Plan facilities. A summary of the public scoping comments is available on request. A draft EIS will be available for comment in February.

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

BPA was proposing 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. In order to meet the schedule, BPA moved forward with project scoping activities, and the developer collected site specific data. However, the project is no longer being considered by BPA, and all work on the EIS has stopped. Due to timing and economics, WWI has requested that BPA remove the wind project from the transmission integration study queue. Since the wind resource is less than originally estimated, the prices quoted by WWI to BPA cannot be met. When economics improve the Horse Heaven Wind Project may again be considered by BPA.

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. This project is currently on hold.

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

BPA proposes to build a 500-kV transmission line to connect an existing transmission line near Kangley to BPA's Echo Lake Substation in western Washington. BPA's preferred alternative would run parallel to the major portion of the Raver-Echo Lake 500-kV line. The project

is needed to improve transmission system reliability and to enhance BPA's ability to meet treaty requirements with Canada. BPA has prepared a supplemental draft EIS (SDEIS) that analyzes alternatives not considered in detail in the draft EIS. Six public meetings were held in June and July to take comments on the scope of the SDEIS. The SDEIS will be released for a 45-day public and agency review in January 2003. Public meetings will be held on the following dates: Feb. 3 in North Bend, Wash.; Feb. 4 in Seattle, Wash.; Feb. 5 in Maple Valley, Wash.; and Feb. 6 in Kent, Wash. (See *calendar of events*.) See www.transmission.bpa.gov/projects for more information.

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 final EIS will be mailed in January. See www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MaidenWindFarm.

McNary-John Day 500-kV Line Project – 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. The final EIS is available. This project is on hold until financing is secured. A ROD was released Nov. 1. See www.transmission.bpa.gov/projects for more information.

Noxon to Kalispell (Libby Loop Section) Fiber Optic Cable Project

BPA plans to add fiber optic cable to some of the existing transmission lines between the Noxon Communications Hut in Sanders Co., Mont., and the Libby Substation located in Lincoln Co., Mont. The project route is approximately 23 miles in length. This fiber optic cable installation will complete work that was started last year. The cable, which ranges from 3/4 to 1 inch in diameter, will be attached to each transmission structure along the route.

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 available for review. The comment period on the DEIS ended on Oct. 15, 2002.

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 the winter of 2003, followed by public meetings in mid-February. See www.transmission.bpa.gov/projects for more information.

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. A draft EIS is anticipated in summer 2003.

Schultz-Hanford Area 500-kV Line Project – 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. A final EIS is expected in January. The ROD is expected in February/March. See www.transmission.bpa.gov/projects for more information.

South Fork Flathead Watershed/Westslope 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 Fork of the Flathead drainage and replace them with genetically pure westslope cutthroat trout. BPA is preparing an EIS. A scoping period will begin in the winter.

Summit/Westward Project – Columbia Co., Ore.

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

Wallula-Smiths Harbor Transmission Line Project – Walla Walla Co., Wash.

A 5.1-mile segment of 500-kV transmission line is proposed to connect power from a 1,300-MW 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 Co., Wash. An additional 28-mile segment of transmission line adjacent to an existing transmission line was also proposed between the Smiths Harbor switchyard and BPA's existing McNary Substation. However, this segment will not be needed for firm transfer of power from the Wallula Power Project. The final EIS was released to the public. A ROD is expected this winter. This project is on hold until financing is secured. See www.efsec.wa.gov/wallula.html or www.transmission.bpa.gov/projects for more information.

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 1,300-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 is participating as a cooperating agency. A draft EIS is expected in December 2002.

White Sturgeon Mitigation and Restoration in the Columbia and Snake Rivers Upstream of Bonneville Dam EA – Ore., Wash. and Idaho

To restore and mitigate for documented lost white sturgeon productivity caused by development and operation of the hydropower system. An EA is being prepared. Call to be added to the mail list.

SUPPLEMENT ANALYSES

Watershed Management EIS

SA-99 Longley Meadows Restoration Project

SA-100 Oregon Fish Screening Project, Screen Replacements 2003

Yakima Fisheries Project

SA-03 New Acclimation Sites

CALENDAR OF EVENTS

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

Public meetings to take comments on the supplemental draft EIS.

- Feb. 3, 12 to 4 p.m., Mount Si Senior Center, Multi Purpose Room, 411 Main Ave. So., North Bend, Wash.
- Feb. 4, 4 to 8 p.m., Seattle Center, Rainier Room, 305 Harrison St., Seattle, Wash.
- Feb. 5, 4 to 8 p.m., Maple Valley Community Center, Main Hall, 22010 SE 248th St., Maple Valley, Wash.
- Feb. 6, 4 to 8 p.m., Tahoma High School, The Commons, 18200 SE 240th St., Kent, Wash.

If you have questions or comments, or you want 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) 230-7334. 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-Washington Energy Facility Site Evaluation Council, EFSC-Oregon Energy Facility Siting Council, EIS-Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.

