

# JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

July 2003

Web site: [www.bpa.gov/corporate/kc/home/journal](http://www.bpa.gov/corporate/kc/home/journal)

## FERC orders utilities, BPA to explain California sales

The Federal Energy Regulatory Commission has ordered BPA and numerous other Western power marketers to show that they did not intentionally drive up prices in California during the 2000-01 west coast energy crisis. The state of California is seeking refunds, claiming that 60 marketers drove up prices by using unfair and misleading practices. In separate rulings, FERC also turned down petitions to order refunds in the Pacific Northwest and denied bankrupt Enron future access to the market revoking its license to trade in gas and electricity.

BPA is reviewing the show-cause order to see precisely what allegations are included. Based on the information currently available, BPA officials believe the agency and many of the other market participants named will be absolved of any wrongdoing.

## BPA rate increase projected at about 5 percent

The Bonneville Power Administration estimates its wholesale power rates could go up approximately 5 percent above current rates over the next three years beginning Oct. 1. That's significantly less than the 15 percent increase proposed last February.

BPA Administrator Steve Wright said the reduction in the proposal is due primarily to stringent cost management, improved water conditions and better than expected secondary (surplus) power revenues. The final adjustment will be announced in August.

"We listened to stakeholders and took aggressive steps to cut costs," Wright asserted. "That, along with better water and power market conditions, has put us in much better shape than we were just a few months ago."

The single largest outstanding item is the potential settlement of a lawsuit filed by public utility customers challenging the benefits currently flowing to the region's investor-owned utilities under their BPA contracts.

"We continue to work with the parties to resolve this litigation, which would mean a significant additional reduction in our rates," Wright said.

BPA has saved about \$100 million over the remainder of the rate period by terminating its remaining Enron contracts. Additional cost cutting has saved another \$80 million, including \$35 million in internal budget reductions. The agency has also been able to improve cash flow in fiscal 2003 by refinancing debt, taking advantage of historically low interest rates.

## Judge orders BiOp to remain in force

The NOAA Fisheries 2000 biological opinion (BiOp) will remain in force while its deficiencies are addressed according to a June 26 order from U.S. District Court Judge James Redden.

Redden added that in early July he will discuss his expectations for revising the BiOp as NOAA, other federal agencies including BPA, states and other parties undertake the effort.

Judge Redden ruled in May that the BiOp relies improperly on mitigation actions that are not reasonably certain to occur. He gave agencies a year to revise the plan and ordered quarterly status reports.

In his most recent order, Judge Redden said he would discuss his quarterly reporting requirement in more detail. Further, the judge said that a status conference would be scheduled to discuss a road map for the



*Spring spill at lower Columbia River dams and other projects aiding the survival of Northwest salmon will continue while the program guiding those actions is re-examined by federal and state agencies and tribes.*



revision process including specific timetables for the activities that are to be undertaken and reported upon.

Redden's order agreed with NOAA Fisheries and numerous supporters including BPA that the BiOp should be left in place while agencies work to repair its deficiencies. Generally they stated there was no urgent reason to vacate the BiOp, as requested by plaintiffs, and there could be river management and fish program chaos without it.

Taking note of recent record salmon returns, federal attorneys argued to the court, "Given the improved status of the stocks, there is simply no need for the court to set aside the opinion on remand creating a great deal of uncertainty and disruption throughout the Pacific Northwest."

Similar expressions were presented to the U.S. Senate Subcommittee on Fisheries, Wildlife and Water, which held a late June hearing on the implementation of the Federal Columbia River Power System biological opinion for salmon and steelhead.

Committee Chair, U.S. Sen. Mike Crapo, R-Idaho, said the region has been struggling to design and pay for salmon restoration for at least a decade.

"Here we are again, trying to find the best path forward that will restore this incredible icon of the Pacific Northwest," said Crapo.

"I am proud of what BPA and its partners have accomplished for salmon recovery," said BPA Administrator Steve Wright. "We are collaborating on successful projects and implementing cutting edge actions throughout the Columbia River Basin. In the face of some very challenging financial circumstances, BPA remains fully committed to meeting our obligations. Together with our partners, we are focusing on results, and we are getting them – in the most cost effective way possible."

Sen. Crapo urged the panelists to take a close look at the biological benefits of summer spill, and he asked Wright to estimate the amount of lost revenue that resulted from summer spill.

Wright also stated that BPA agrees with the four Northwest governors on the keys to accomplishing biological objectives and meeting performance standards in fish programs.

### **Chinook returns top 10-year average**

The number of returning adult spring chinook salmon passing Bonneville Dam on the Columbia River this year has topped 192,000, making it the fourth largest count since record keeping began in 1938. "This year's good return of spring chinook is yet another indication that the investments in fish recovery are paying off," said BPA Administrator Steve Wright. "It also is a relief to find that the 2001 drought and our decisions to

protect regional electric reliability have not harmed salmon recovery."

NOAA Fisheries biologists said good ocean conditions were a major factor in the strong numbers. However, they also said the returns indicate that sufficient numbers of juvenile fish made it past the hydro system in 2001 to take advantage of the good conditions.

This is the fourth year in a row of good returns. The 2003 return of upriver spring chinook passing Bonneville Dam as of May 31 was 192,012. The 10-year average (1993-2002) for returning spring chinook during this time is 122,209. The returns for 2001 and 2002 were 391,367 and 268,813 respectively. Counts of jacks (young adults that return a year early) also indicate next year's run size could be solid.

### **Governors unite on fish; BPA**

All four Northwest governors signed a letter to President George W. Bush conveying their joint recommendations for protecting and restoring Columbia River fish and wildlife and preserving the benefits of the Federal Columbia River Power System.

"There are some very important policy issues here," Administrator Steve Wright said at the signing ceremony. "The governors call for protecting fish and wildlife, preserving the value and assets of the Columbia River power system for the region and promoting the improvement of the electricity infrastructure."

The governors renewed their commitment to a fish recovery strategy that avoids dam breaching and follows the "All-H" approach to fish recovery – including habitat, harvest, hatcheries and the hydro system. They asked the courts to retain the 2000 biological opinion in force while addressing concerns about its shortcomings.

The governors called on the Northwest Power Planning Council and BPA to put a new fish funding agreement in place by October 2003 "to provide more predictability and certainty for fish and wildlife spending over the next few years." And they called for "clear, reasonable goals to measure success and ensure accountability."

The governors called on BPA and its customers to work hard to avoid rate increases. They urged BPA to work with the Northwest Power Planning Council to reinstate the regional dialogue on BPA's long-term regional role.

### **New vision for regional transmission**

BPA and regional utilities working to develop a regional transmission organization are offering a new vision intended to ensure that the RTO West proposal is shaped to respond to the region's needs. The draft vision was first aired at a late June meeting of the RTO West Regional Representatives Group, which is made up of representatives of utilities, end use customers, public interest groups, states and other stakeholders affected by transmission service and infrastructure in the region.

“We have heard the region’s concerns that the RTO West process has been too strongly driven by the Federal Energy Regulatory Commission and its Standard Market Design rulemaking process,” said Allen Burns, BPA’s executive vice president for Industry Restructuring. “Fortunately, the efforts of RTO West and other regional leaders have succeeded in communicating to FERC our need for flexibility to allow for voluntary solutions that focus on solving regional problems and issues.”

Since fall of 1999 BPA and the utilities in seven Western states and British Columbia have been working to respond to RTO and standard market design directives from FERC.

In an April 28 report, FERC stated, “We have heard the concerns expressed about the merits of locational pricing and a day ahead market in a region dominated by interdependent hydroelectric resources. With respect to these concerns, our commitment is to work with interested parties, including state commissions, to find solutions that are appropriate to the unique needs of the Pacific Northwest.”

FERC also said in its report, “Bonneville’s participation in RTO West is essential for RTO West to succeed. Thus, we encourage Bonneville’s continued voluntary participation in RTO West.”

Well before FERC developed SMD, most of the major transmission owners in the region concluded that there were problems and opportunities in areas such as planning, expansion, use, management and pricing with the existing transmission system. The owners agreed that these problems, if not corrected, could threaten the continuation of reliable, cost-effective transmission service. Other important stakeholders took the position that the regional transmission system is in excellent shape and doubted that the benefits of change would outweigh the costs. Regional dialogue continues on those points.

The new vision for the RTO West calls on all participants to unify transmission management to maintain reliability, improve efficient use of the system, and provide the region’s customers with access to diverse, widespread wholesale energy alternatives.

RTO West regional representatives also discussed the possibility of phasing the new approach for managing and expanding the regional transmission system. One proposal is that lower cost and less complex changes could be put in place quickly. An important issue in the phasing discussion is the degree to which the end result should be defined before proceeding with the initial phases.

“The objectives under that vision can produce real regional benefits,” says Burns, “including better use, planning, expansion and pricing of transmission systems and services. These objectives are more easily accomplished collectively in some type of independent regional transmission entity designed to meet regional needs and to be accountable to regional interests than through individual companies and agencies working separately.”

### **BPA helps dedicate wildlife area**

More than 10 years ago, the Ladd Marsh Wildlife Area near LaGrande, Ore., was a 400-acre marsh. Today the area consists of about 5,000 acres called the Tule Lake Restoration Project, a newly dedicated wildlife area.

BPA was part of the project team that included the Oregon Department of Fish and Wildlife, Ducks Unlimited Inc., the city of LaGrande, Union County, The Nature Conservancy, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers and the U.S. Natural Resources Conservation Service.

BPA purchased 940 acres for the Tule Lake project and provided further funding to convert the land into a marsh. The project solved several local problems. The city of LaGrande was going to send its treated wastewater to an area near the local airport, which was a problem for the airport because the ponds attract birds. The Tule Lake project spares the airport, provides the city with an outlet for its treated wastewater and helps BPA meet its obligation to wildlife while the new wetlands provide a home to diverse species including ducks, elk, wild turkeys, whitetail deer, mule deer and migrating birds.

## **PUBLIC INVOLVEMENT** Updates and Notices

### **ONGOING PROJECTS**

#### **BP Cherry Point Cogeneration Project Interconnection EIS – Whatcom Co., Wash.**

BP West Coast Products LLC has requested interconnection of its proposed 720-MW combustion turbine project at its Cherry Point Refinery near the community of Birch Bay, Wash. The project may require rebuilding an existing single-circuit 230-kV transmission line to double-circuit from Cherry Point to Custer Substation. The project is subject to Washington energy facility siting process. BPA and

Washington EFSEC are developing a joint SEPA/NEPA DEIS expected to be published this summer.

#### **BPA’s Power Supply Role After 2006 – Regionwide**

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 proceeding at a slower pace. BPA expects to begin again in full on this project in the fall. Please refer to BPA’s Web site at [www.bpa.gov/power/regionaldialogue](http://www.bpa.gov/power/regionaldialogue) for up-to-date information, or contact Jenifer Scott at (503) 230-7685.

### **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 DEIS is scheduled for publication this summer.

### **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 using regional guidance. The three-volume FEIS is available in CD or hard copy format. See <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/FishWildlifeImplementation> for more information.

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

Fish trapping, incubation, rearing and release hatchery facilities would be built to help boost spring chinook salmon populations in the Grande Ronde and Imnaha river basins of northeast Oregon. Planned facilities would modify and augment existing Lower Snake River Compensation Plan facilities. The DEIS is available on CD, hard copy or online at [www.efw.bpa.gov](http://www.efw.bpa.gov) under links to environmental analysis/planning and active projects. Comments will be accepted until July 7, 2003. (See close of comments.)

### **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. The FEIS was released to the public on June 18. A decision on whether to proceed with the project will be documented in the ROD and will be released by the end of July. If the decision is to proceed, construction could start soon thereafter and be completed by December 2003. A proposed settlement between BPA and the city of Seattle would add nearly 600 acres of land to the Cedar River Watershed in exchange for allowing construction of a proposed power transmission line through the watershed. See [www.transmission.bpa.gov/projects](http://www.transmission.bpa.gov/projects) for more information.

### **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 DEIS was released in September 2002. An FEIS was released in June 2003.

### **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 the existing right-of-way. The preliminary EA was released for public review in February. The comment period ended Feb. 26. Public meetings were held Feb. 11 in Cosmopolis and Feb. 12 in Raymond. The final EA is scheduled

for release in July. See [www.transmission.bpa.gov/projects](http://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 DEIS is anticipated in fall 2003.

### **Schultz-Wautoma 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. An FEIS was released in February. The ROD was released in March. Construction on the new Wautoma Substation began May 5. Energization of the Sickler-Schultz portion of the line began in May 2003. Major line construction is now scheduled to start in the fall of 2004, to be completed by winter 2005 and to be energized by spring 2006. See [www.transmission.bpa.gov/projects](http://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. BPA is preparing an EIS. Additional information at [www.efw.bpa.gov/cgi-bin/efw/E/Welcome.cgi](http://www.efw.bpa.gov/cgi-bin/efw/E/Welcome.cgi).

### **Wanapa Energy Center Generation Proj. EIS – Umatilla Co., Ore.**

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 DEIS in February 2004 with an FEIS in July and a ROD in September 2004. BPA is participating as a cooperating agency.

## **CLOSE OF COMMENT**

- Grande Ronde and Imnaha Spring Chinook Project EIS – July 7, 2003

## **CALENDAR OF EVENTS**

## **SUPPLEMENT ANALYSES**

- SA-103-EIS-0265** Install Fish Screens to Protect ESA Listed Steelhead and Bull Trout in the Walla Walla Basin – Phase II Minor Diversion Screen Installations, Walla Walla County, Wash.
- SA-104-EIS-0265** Water Entity (Deschutes Resources Conservancy 2003), Crook County, Ore.
- SA-105-EIS-0265** Water Entity (Washington Water Trust 2003), Okanogan County, Wash.
- SA-106-EIS-0265** Water Entity (Trout Unlimited Montana Water Project 2003), Missoula County, Mont.

**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](mailto: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:** EA-Environmental Assessment, EFSEC-Washington Energy Facility Site Evaluation Council, EFSC-Oregon Energy Facility Siting Council, EIS-Environmental Impact Statement, DEIS-Draft Environmental Impact Statement, FEIS-Final Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.

