

# JOURNAL

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

## Views offered on proposed utility settlement

*Editor's Note – The following opinion piece by BPA Administrator Steve Wright appeared in the Seattle Post-Intelligencer. Since it was written, at least one utility has voted negatively on the settlement. However, all the litigating utilities have until Jan. 21, 2004, to vote or reconsider votes.*

The Pacific Northwest is at a crossroads with respect to opportunities for near-term electricity rate relief. Months of talks with the Bonneville Power Administration, regional utilities and state utility commissions have produced a proposed settlement of litigation brought by public power customers against BPA.

If all litigants sign the settlement, the region will see a 10 percent drop in current wholesale power rates retroactive to Oct. 1. This should help the health of local businesses, industries and jobs.

Given the poor state of the regional economy, BPA has sought to respond to urgent calls to lower power rates now. This settlement represents a balanced effort to create near-term rate relief while minimizing long-term consequences.

We've made this our priority. We've cut nearly \$400 million in actual and projected power-related costs over the five-year power rate period. We've set a target to find another \$100 million in cost cuts and revenue enhancements. We've also committed to hold our power-related internal operations costs to 2001 actuals through 2006, a target we exceeded by nearly 10 percent this past year.

If signed, the settlement would produce an additional \$200 million in cost savings and defer \$269 million in expenses from the current rate period. Since BPA is nonprofit and sells power at cost, these savings would allow us to cut current power rates by about 10 percent.

Parties supporting the proposal include the governors of Washington, Oregon, Idaho and Montana; many members of the Northwest congressional delegation; several utility managers (both public and private); and the

executive director of Northwest Requirements Utilities, representing over 40 public utilities.

Despite this support, if only one public litigant fails to sign, there is no settlement. A few utilities have indicated they may veto the agreement and pursue litigation, which challenges the level of benefits BPA provides to residential and small farm customers of investor-owned utilities.



*Ruth Bennett, named BPA Chief Operating Officer, has served BPA since 1973 in personnel management, transmission sales, power marketing, conservation and materials management. See story, page 2.*

Those who oppose the settlement have a responsibility, not just to say what's wrong with it, but also to show the region an alternative that is better for the Northwest economy. There are three alternatives.

As a region, we can continue pursuing litigation, but most of the multiple lawsuits have not reached the briefing stage and will take years to resolve. There is no way of knowing how they will turn out, but we do know this path will not provide near-term rate relief.

A second course would be to attempt a different settlement. The current proposal evolved out of months of intense effort involving dozens of utilities and utility commissions across four states. Proponents of this path have a responsibility to describe a better settlement and explain how it would gain the broad support needed to implement near-term rate relief.

The third alternative would be finding a way to generate equivalent savings that would bring about a rate reduction. The challenge is doing that in a way that does not compromise reliable power delivery and environmental responsibilities, abrogate contracts or create even greater costs in the future. After more than a year of discussions, we do not see an option that can produce a 10 percent rate decrease and meet these tests.

Because one litigant utility's vote against the proposal will stop the settlement and prevent many others from realizing a significant rate decrease, I urge any party considering this path to describe its alternative vision and how it will get the broad public support needed to



implement that vision. The Northwest economy affects us all, and we must all work together if we are to have an economically and environmentally healthy region.

### **BPA asks a \$100 million question**

BPA is launching a Power Net Revenue Improvement Sounding Board to help identify up to \$100 million in cost reductions and revenue enhancements over fiscal years 2004-2005. The sounding board will include BPA customers and a broad range of Northwest interests. In the proposed settlement of litigation over the amount of benefits going to residential and small farm customers of the region's investor-owned utilities, BPA committed to seek these cost reductions and revenue enhancements through an open and collaborative process. Members must offer their suggestions no later than June 2004.

### **Ruth Bennett named chief operating officer**

Ruth Bennett has been named BPA chief operating officer and a member of the Senior Executive Service. Bennett has been acting in the position since January 2003. The permanent appointment takes effect immediately.

"The focus of the chief operating officer position is aligning internal operations with our vision of where we want to take the agency," said BPA Administrator Steve Wright. "Ruth's 30 years of achievements in the agency make her eminently qualified to assume these duties."

As the chief operating officer (COO), Bennett will focus on the day-to-day operations of BPA, which include coordinating and supervising the agency's four senior vice presidents responsible for the power and transmission business lines, employee and business resources and general counsel.

Other BPA officers under her supervision include the vice president of Environment, Fish and Wildlife; chief financial officer; chief risk officer; and manager for Internal Audit. Bennett will report to BPA Deputy Administrator Steve Hickok.

### **BPA ends fiscal year in black, pays U.S. Treasury**

The Bonneville Power Administration ended fiscal 2003 in the black despite low water conditions. The agency also sent to the U.S. Treasury more than \$1 billion, including an early payment of \$328 million designed to reduce overall debt costs. BPA has made 20 successive Treasury payments.

"BPA vigorously managed debt and reduced costs last year," said Steve Wright, BPA administrator. He said potential losses projected early in 2003 were averted through a combination of spending reductions and debt refinancing.

BPA set a target of limiting internal power-related expenses to actual 2001 levels and beat the objective by

nearly 10 percent in 2003. Debt management reduced expenses \$463 million, the agency reported.

Transmission-related cost management efforts in fiscal year 2003 produced operating expense savings of approximately \$29 million, or 8.3 percent below the start of year plan, contributing to the agency's efforts to keep its probability of paying the U.S. treasury at an acceptable level.

The agency's audited financial results for fiscal year 2003 ending Sept. 30 show net revenues of \$555 million on total revenues of \$3.6 billion. However, absent bond re-financings and other actions taken by BPA to hold down rates, net revenues would have been \$37 million.

The Treasury payment included \$544 million in principal and \$466 million in interest. BPA also paid \$47 million in other obligations, such as reimbursement for civil service retirement benefits.

Most of the \$328 million of early retirement of Treasury debt was made possible by refinancing Energy Northwest bonds at lower interest rates. By this means, BPA reduced expenses and freed up borrowing authority for upgrading the regional electrical transmission grid. BPA borrows money from the Treasury for construction of the federal electrical system and related purposes.

### **BPA grid capacity calculated**

BPA has developed a new method for managing available transfer capacity on its transmission grid. The ATC methodology, results and documents are posted on BPA's Transmission Business Line Web site.

"With the ATC methodology in place, we'll be able to make a limited number of new long-term transmission service offers, increase transmission revenues and more effectively manage existing transmission assets," said Dennis Oster, BPA transmission account executive. "Results derived from the ATC methodology confirm that some of our transmission paths are approaching capacity."

For almost two years the queue for new, long-term firm transmission service has been in limbo awaiting this event. The queue is where customers file requests to integrate new power plants or receive new transmission services. But those requests often exceed the available capacity on BPA's transmission lines. BPA will apply a Federal Energy Regulatory Commission directive and require a deposit at sign-up for new requests filed after Oct. 1. The deposit will help ensure that entities are not making capricious requests.

Most applications on the queue were submitted prior to Oct. 1. Whether those projects are active or dormant, they hold their queue positions without penalty. When projects at the head of the line don't move forward, those behind can be blocked.

# PUBLIC INVOLVEMENT Updates and Notices

## NEW PROJECTS

### **SnoKing Tap to Monroe-Echo Lake Project – Snohomish County, Wash.**

The project is needed to allow BPA's existing SnoKing Tap to Monroe-Sammamish 230-kV transmission line to tap (connect) to the Monroe-Echo Lake 500-kV transmission line as part of several projects known as the Puget Sound Area additions. The SnoKing Tap to Monroe-Echo Lake 500-kV transmission line was energized to 500-kV on Sept. 29, 2003. The original transmission line was constructed in the 1970s as a 500-kV line, but had been operated at 230-kV until recently. An increase in ambient noise levels was anticipated but the level of concern from area residents along the transmission line and in the vicinity of the SnoKing Substation was not. BPA has tentatively scheduled a public meeting on Jan. 27, 2004 to respond to public concern about the voltage and noise increase. Meeting information will be posted at [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/). (See calendar of events.)

### **Transmission Policy and Planning EIS – Regionwide**

This EIS will look at a broad range of policy options for supporting decisions on issues related to the planning, construction, operation, marketing and maintenance of the transmission system. The EIS will enhance BPA's understanding of the impacts its transmission policy and planning activities have on the human environment and support the agency's transmission business decisions. The scoping period begins in December, with a public meeting scheduled for Jan. 13. See <http://www2.transmission.bpa.gov/PlanProj/> for more information. (See calendar of events.)

## FISH AND WILDLIFE – ONGOING PROJECTS

### **Fish and Wildlife Implementation Plan EIS – Regionwide**

This EIS examines potential impacts of implementing and funding alternative 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. A ROD was issued on Oct. 31. See <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/FishWildlifeImplementation> for more information.

### **Grande Ronde and Imnaha Spring Chinook Project EIS – Wallawa and Union counties, Ore.**

Fish trapping, incubation, rearing and release hatchery facilities are proposed 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, in hard copy or online at [www.efw.bpa.gov](http://www.efw.bpa.gov) under links to environmental analysis/planning and active projects. Public review and comment period ended July 7, 2003. Responses and an FEIS are being prepared.

### **Methow Valley Irrigation District Supplemental EA – Okanogan County, Wash.**

BPA proposes to fund a fish screen replacement project for the Methow Valley Irrigation District in Okanogan County, Wash. The proposed screen replacement improvements, located on the Twisp and Methow rivers, are related to a proposal to rehabilitate the MVID irrigation system. BPA prepared an EA and FONSI for the larger proposal in 1997. BPA plans to issue a draft supplemental EA for the current fish screen replacement proposal in December 2003 for public review and comment.

### **Salmon Creek EIS – Okanogan County, 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 scheduled for release in early 2004.

### **South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program EIS – 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 is available at [www.efw.bpa.gov/cgi-bin/efw/E/Welcomes.cgi](http://www.efw.bpa.gov/cgi-bin/efw/E/Welcomes.cgi).

## POWER – ONGOING PROJECTS

### **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 is planning a full restart of regional discussions early in 2004 that will include ample opportunity for public comment. 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.

## TRANSMISSION – ONGOING PROJECTS

### **Bonneville-Alcoa Access Road Project EA – Skamania County, Wash.**

BPA proposes to establish a half-mile-long access road along the Bonneville-Alcoa 115-kV transmission line. The proposed road is located approximately 3.5 miles west of Skamania, Wash. The preliminary EA was released in July 2003. The final EA is scheduled for release in winter 2003/04.

### **BP Cherry Point Cogeneration Project Interconnection EIS – Whatcom County, 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 and is subject to Washington state energy facility siting processes. BPA and Washington EFSEC developed a joint SEPA/NEPA DEIS, which was released in September 2003. The comment period for the joint SEPA/NEPA ended Nov. 3, 2003. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

### **COB Energy Facility Interconnect EIS – Klamath County, Ore.**

Peoples Energy Resources Corp. has requested interconnection of its proposed 1,200-MW combustion turbine project at a site near Bonanza in Klamath County, 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 release winter 2003. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

### **Grand Coulee-Bell 500-kV Transmission Line – Spokane and Lincoln counties, Wash.**

Construction is under way on the rebuilding of 84 miles of an existing 115-kV wood-pole transmission line with a new, higher capacity 500-kV steel lattice line. The transmission line corridor between the Grand Coulee and Bell substations currently contains two 115-kV transmission lines on two wood-pole structures and three 230-kV transmission lines on two steel lattice structures. The existing transmission lines cannot reliably move power from existing generation sources east of Spokane to the west. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information and construction photos.

### **Hanford Reach National Monument CCP/EIS – Benton, Franklin and Grant counties, Wash.**

BPA is participating as a cooperating agency in a land management

planning process being led by the U.S. Fish and Wildlife Service. The USFWS seeks to develop a comprehensive conservation plan as required by the Refuge System Improvement Act of 1997. BPA is providing information and writing sections of the plan that pertain to transmission facilities, roads, energy facilities and river management within the monument. A DEIS is scheduled for release in June 2004.

#### **Kangley-Echo Lake 500-kV Transmission Line Project – King County, Wash.**

Construction is near completion on the Kangley-Echo Lake 500-kV transmission line. The line will connect an existing transmission line near Kangley to BPA's Echo Lake Substation in western Washington. The project is needed to improve transmission system reliability and to enhance BPA's ability to meet treaty obligations with Canada. The new nine-mile-long transmission line will parallel an existing BPA transmission line in central King County, Wash. Five miles of the line cross the Cedar River Municipal Watershed, which is the source for much of the city of Seattle's drinking water. BPA and the city of Seattle reached an agreement on the project and continue to work together to ensure protection of the watershed during construction. Construction is scheduled to be complete by late December 2003. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information and construction photos.

#### **Nisqually Transmission Line Relocation Project EA – Thurston County, Wash.**

BPA is proposing to relocate two miles of transmission line corridor off the Nisqually Indian Reservation in Thurston County, Wash. BPA has an existing transmission line corridor across the reservation and a portion of the Fort Lewis military base just north of State Route 510. This corridor contains two transmission lines: the Olympia-Grand Coulee 287-kV line and the Olympia-South Tacoma 230-kV line. This relocation is being proposed because the 50-year easement for one of the lines on the reservation has expired. Public scoping meetings were held on Oct. 21 and Oct. 22. BPA is developing a preliminary EA schedule for release spring 2004 and the final EA is scheduled for release fall 2004. The scoping comment period ended Nov. 21, 2003. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

#### **Plymouth Generating Facility EIS – Benton County, Wash.**

Plymouth Energy requested interconnection of its proposed 307-MW combustion turbine project near Plymouth in Benton County, Wash. BPA prepared a joint NEPA/SEPA EIS with Benton County. A DEIS was released in August 2002, and an FEIS was released in June 2003. The ROD was released Oct. 14, 2003. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

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

BPA proposes to rebuild an existing 115-kV transmission line between Raymond and Cosmopolis, roughly parallel to Highway 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 and FONSI were released Sept. 5, 2003. Line construction is scheduled to begin in spring 2004 and be completed by fall 2004. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

#### **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 2003. Construction on the new Wautoma Substation began May 5, 2003. Construction of the Sickler-Schultz portion of the line is scheduled to begin in winter 2004. Major line construction is now scheduled to start in the fall of 2004, be completed by winter/spring 2005 and energized by spring 2006. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information and construction photos.

#### **Wanapa Energy Center Generation Project EIS – Umatilla County, 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 released the DEIS in October 2003. BPA is participating as a cooperating agency. Two public meetings will be held Dec. 3 and 4. The comment period ends Dec. 29, 2003. A FEIS is scheduled for March 2004 and a ROD in April 2004. See [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information. (See calendar of events and close of comments.)

### **SUPPLEMENT ANALYSES**

#### **Watershed Management Program EIS**

SA-128 McWenegar Slough Conservation Easement. Flathead County, Mont.

### **CLOSE OF COMMENT**

#### **Wanapa Energy Center Generation Project EIS – Umatilla County, Ore.**

Dec. 29, 2003

### **CALENDAR OF EVENTS**

#### **Wanapa Energy Center Generation Public Meeting**

- Dec. 3, 7 to 9 p.m., Tamastlikt Cultural Institute, 72789 Highway 33, Pendleton, Ore.
- Dec. 4, 7 to 9 p.m., Oxford Suites, 1050 North First Highway 395, Hermiston, Ore.

#### **TBL Business Practice Technical Forum**

- Dec. 9, 9 a.m. to 3:30 p.m., Van Mall, Parkway Plaza One, Room 40, 8100 NE Parkway Drive, Vancouver, Wash.

#### **FERC Order 2003 (Large Generator Interconnect Procedures and Application) Public Meeting**

- Dec. 11, 9 a.m. to 4 p.m., Van Mall, Parkway Plaza One, Room 40, 8100 NE Parkway Drive, Vancouver, Wash.

#### **Transmission Policy and Planning EIS Meeting**

- Jan. 13, 4 to 7 p.m., State Office Building, Room 120C, 800 NE Oregon St., Portland, Ore.

#### **Non-Wires Solutions Round Table**

- Jan. 21 – 22, Time TBA, BPA headquarters, Room 122, 905 NE 11<sup>th</sup> Ave., Portland, Ore.

#### **SnoKing Tap to Monroe-Echo Lake Project Public Meetings (Tentatively scheduled)**

- Jan. 27, Visit [www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for the meeting times and location.

**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 14428, Portland, OR 97293-4428. 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.

