

# JOURNAL

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

## BPA, Umatilla tribes sign agreement

Antone Minthorn, chairman of the Board of Trustees of the Confederated Tribes of the Umatilla Indian Reservation, and Steve Wright, BPA administrator, commemorated an agreement on Jan. 16 to extend BPA's power line right-of-way easements across the reservation.

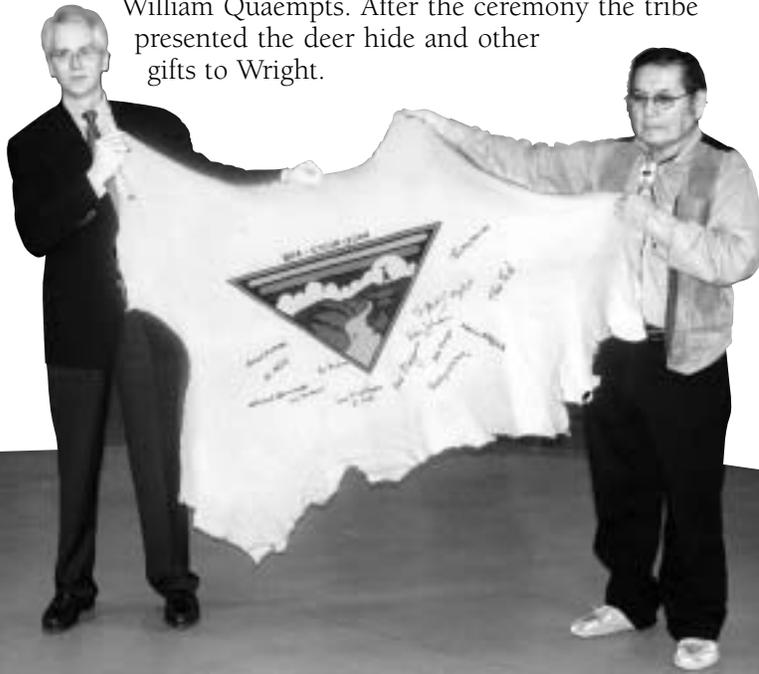
"We appreciate BPA's efforts in finishing this agreement," Minthorn said. "Besides fairly compensating the individual tribal landowners for the use of their lands, the agreement will assist in developing our economic development opportunities on the reservation."

"This agreement reflects a spirit of cooperation in meeting the needs of both the tribe and BPA," said Wright. "We look forward to continuing a long and positive relationship with the Confederated Tribes as they develop economic opportunities for their members."

The agreement, negotiated over several years, renews BPA's easements for 20 years with an option to renew at the end of the period should the parties so chose. In return, BPA will provide payments to land owners and economic development services for the tribe.

During the commemoration, held at the tribal longhouse near Pendleton, Ore., tribal leaders, Wright and BPA staff signed a deer hide to mark the occasion. Wright and Les Minthorn, treasurer of the Board of Trustees for the Confederated Tribes of the Umatilla Reservation, displayed the deer hide, (see photo) which features a BPA logo, hand painted by tribal member

William Quaempts. After the ceremony the tribe presented the deer hide and other gifts to Wright.



## BPA cleared of market manipulation

The Federal Energy Regulatory Commission has cleared BPA of any allegations of market manipulation during the 2001 West Coast energy crisis.

The Commission agreed to dismiss a "show cause order" that would have required BPA to explain whether particular energy transactions involved Enron-like gaming strategies. In its ruling, the Commission confirmed the earlier FERC staff conclusion that BPA did not engage in such strategies.

"People have a right to expect that a federal agency will serve the public interest broadly and ethically," said Steve Wright, BPA administrator. "This decision affirms that BPA met that standard during a very challenging time."

During the energy crisis, BPA helped the state of California avoid shortages and blackouts where possible, while protecting the interests of Northwest ratepayers.

Market manipulation allegations arose after California energy entities gave information to FERC suggesting widespread gaming of the California energy market by a large number of utilities and marketers from Jan. 1, 2000, to June 20, 2001. This was a period when Western power supplies ran short and prices shot up to unprecedented levels.

The Commission's latest order clears BPA and 22 other utilities and marketers of all allegations of engaging in gaming activities during this period.

## Settlement fails to earn regional approval

A deadline passed on a proposed settlement that could have brought wholesale power rates down several percentage points. The region's utilities did not settle lawsuits over the level of BPA benefits going to the residential and small-farm consumers of the region's investor-owned utilities.

Formal support came from 86 public utilities (which included some non-litigants) and five expressed opposition. Since unanimous support from the litigants was required, the settlement did not succeed.



"I am disappointed that the settlement proposal was not adopted," said BPA Administrator Steve Wright. "We believe the proposal offered the best opportunity for near-term rate relief for the region's public power customers. Still, I want to thank those who took the time to negotiate the settlement and those who carefully considered it."

In the absence of a settlement, BPA will continue to implement its existing power contracts and to pursue stringent cost-management measures, including those that were part of the settlement proposal. Had the proposal succeeded, BPA's wholesale power rates would have dropped by nearly 7 percent, retroactive to Oct. 1, 2003. When the settlement proposal was first released for review last fall, rates were projected to go down approximately 10 percent with approval of the settlement. Since then, fiscal year 2004 rates have gone down approximately 3 percent due to various adjustments.

The proposed rate decrease would have been possible largely by eliminating \$200 million in payments to the investor-owned utilities and deferring another \$270 million of their benefits into the five-year rate period beginning in 2007.

BPA will examine any new settlement proposal if it has broad support from public power, investor-owned utilities and state utility commissions, Wright said. He cautioned that any new proposal would have to provide near-term rate relief, and it could not rely on abrogating existing contracts. It could not ignore environmental commitments, jeopardize reliability or increase the risk of BPA failing to pay the U.S. Treasury on time and in full.

But BPA will not have as much time to spend on settlement issues according to Wright. "Our attention to the future needs to increase," he said. "There are major issues on the horizon, including power rates after 2006, post-2005 transmission rates, implementation of a cost-effective fish and wildlife program that meets performance objectives and assurance that cost-effective electricity infrastructure investments are implemented."

While issues determining future rates will get increasing attention, he said BPA will continue to pursue actions that could provide near-term rate relief and will continue to work with its customers and other regional stakeholders to find additional cost savings and revenue enhancements. "We made a commitment to stringently manage our costs, and that commitment does not depend on the success or failure of the proposed settlement," Wright said.

### **Kangley-Echo Lake transmission line project energized**

BPA passed a major milestone in upgrading its transmission system when it energized the Kangley-Echo Lake

500-kilovolt transmission line on Dec. 31, 2003. It's the first transmission line BPA has completed in 16 years.

"We accomplished all of our goals: energizing in 2003, increasing local and main grid reliability, and safeguarding Seattle's drinking water quality and wildlife habitat," said Lou Driessen, Kangley project manager.

Line construction started in July 2003 and was completed on Dec. 28. On New Year's Eve the line was officially energized just in time to meet high energy demands during the early January cold snap. The line is necessary to improve system reliability in the King County area and to enhance the return of power to Canada as required by the Columbia River Treaty.

### **Summer spill studied**

BPA, the Army Corps of Engineers and NOAA Fisheries are considering ways to operate the federal hydro system more cost effectively in 2004. One option being considered is to reduce the amount of water spilled over the dams during the summer, after most of the juvenile salmon and steelhead have moved down river past Bonneville Dam.

The federal agencies are committed to more cost effectively achieving the biological objectives set out in the 2000 Federal Columbia River Power System Biological Opinion. Agency representatives believe there may be ways to reduce summer spill and achieve the same or better results for fish.

In a recent meeting with the Northwest Power and Conservation Council, representatives of the federal agencies described the results of computer modeling that estimated that reducing summer spill might reduce the numbers of adult salmon returning to the Columbia and Snake rivers. They said the changes would have the greatest impact on fish not listed under the Endangered Species Act, particularly the wild Hanford Reach fall chinook. Those fish make up approximately half of the summer migration and are of particular concern because they are healthy and spawn naturally.

Snake River fall chinook are the only fish listed under the Endangered Species Act that might be affected by changing summer spill. The models estimate that even if summer spill were eliminated entirely, the number of returning Snake River fall chinook would be reduced by only 24 adults. Completely eliminating summer spill is not being advocated.

The federal agencies are also studying alternatives designed to achieve equal or better survival for ESA-listed fish as well as mitigate impacts on non-listed summer migrants. Some of the options include more improvements to spawning and rearing habitat and stepped-up efforts to reduce the impacts of predators on both juvenile and adult fish. Preliminary analysis indicates that such proposals may be effective and cost significantly less than full summer spill.

BPA would fund alternatives using some of the savings from spill reductions. BPA representatives told the Council that full summer spill from July through August, as described in the BiOp, costs BPA an average of

\$77 million annually. The agencies are taking comment on the options through Feb. 13. They plan to decide the issue by March.

# PUBLIC INVOLVEMENT Updates and Notices

## NEW PROJECTS

### **Annual Review of the Conservation and Renewables Discount Program**

The annual Conservation and Renewables Discount review process is prescribed in the C&RD Manual. BPA's Energy Efficiency group is accepting comments for improvements to the fiscal year 2005 program until March 31, 2004. Following the close of comments, all recommendations will be compiled and made available for specific review and comment in April. Comments will be accepted for the manual or technical components of the C&RD. For instructions on submitting recommendations call (503) 230-7669. Or, electronic recommendations are accepted at the Web site listed below.

Copies of the C&RD Manual are on the web at [http://www.bpa.gov/Energy/N/projects/cr\\_discount/index.shtml](http://www.bpa.gov/Energy/N/projects/cr_discount/index.shtml). This site also provides a link to the Regional Technical Forum, which has a list of the current approved efficiency measures.

### **Summer spill alternatives**

Federal agencies are taking comments through Feb. 13, 2004, on alternatives to the 2000 Biological Opinion regimen for summer spill that might offer the same or better biological results at less cost, including offset options such as predator reduction and habitat improvements. For details, see <http://www.salmonrecovery.gov>.

## FISH AND WILDLIFE – ONGOING PROJECTS

### **Grande Ronde and Imnaha Spring Chinook Project EIS – Wallowa 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 <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 issued a preliminary EA for the current fish screen replacement proposal on Dec. 4, 2003. Public comment period closed Jan. 2, 2004. A final EA and FONSI are being prepared. The preliminary EA is available on BPA's Web site at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MethowValley>.

### **Salmon Creek EIS – Okanogan County, Wash.**

BPA proposes to fund a project to enhance fish habitat and 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 <http://www.efw.bpa.gov/cgi-bin/efw/E/Welcomes.cgi>.

## POWER – ONGOING PROJECTS

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

BPA plans to initiate discussions later this spring regarding how BPA will market power and share the costs and benefits of the Federal Columbia Power River System in the Pacific Northwest after 2006. The schedule has not yet been finalized, but the discussions will provide ample opportunity for all interested parties to participate. As details of the process become available, updated information will be posted to BPA's Web site at <http://www.bpa.gov/power/regionaldialogue>.

## 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 was released in January 2004. See [http://www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

### **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. The final EIS is scheduled for release in March 2004. See [http://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 was released for public review in November 2003 and comments are due by Feb. 13, 2004. Public meetings were held on Jan. 22, 2004, in conjunction with Oregon EFSC hearings. See [http://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 [http://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 flow management within the monument. A DEIS is scheduled for release in late 2004.

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

The new Kangley-Echo Lake 500-kV transmission line was energized on Dec. 31, 2003. The line connects 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 parallels 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 maintained a working relationship throughout the project to ensure protection of the watershed during construction. See [http://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, 2003. BPA is developing a preliminary EA scheduled for release spring 2004 and the final EA is scheduled for release fall 2004. The scoping comment period ended Nov. 21, 2003. See [http://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. Public meetings were held in February and the comment period ended Feb. 26, 2003. 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 [http://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 2003. 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. Fiber construction began in late January 2004 and the project will be completed by November 2005. See [http://www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information and construction photos.

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

This project allows 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 held a public meeting on Jan. 27, 2004, to respond to public concern about the voltage and noise increase and to discuss recommendations. See [http://www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

### **Transmission Business Policy EIS – Regionwide**

The Business Policy 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 Business Policy 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 began in December 2003 and closes March 31, 2004. Public scoping meetings were held on Jan. 13, 14, 15 and 27. The next public scoping meeting will be held on Feb. 26. See <http://www2.transmission.bpa.gov/PlanProj/> for more information. (See calendar of events.)

### **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 were held Dec. 3 and 4. The comment period ended Dec. 29, 2003. A FEIS is scheduled for March 2004 and a ROD in April 2004. See [http://www2.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

## **SUPPLEMENT ANALYSES**

### **Wildlife Mitigation Program EIS:**

- SA-37 Blue Creek Winter Range – Spokane Reservation (Acquisition of Sampson, Lantz, Allotment #0065-C and Allotment 154 Properties). Stevens County, Wash.
- SA-38 Proposed Weaver Slough conservation Easement. Flathead County, Mont.

## **CLOSE OF COMMENT**

Feb. 13, 2004 – COB Energy Facility Interconnect EIS  
Feb. 13, 2004 – Summer Spill Alternatives  
March 31, 2004 – Transmission Business Policy EIS

## **CALENDAR OF EVENTS**

### **Transmission Business Policy EIS Meeting**

- Feb. 26, 1:30 to 4 p.m., Statehouse Inn, 981 Grove St., Boise, Idaho

**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.

