

JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

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Web site: www.bpa.gov/corporate/pubs/Journal

Wholesale power rate cut starts Oct. 1

Oct. 1 is the first day that BPA's reduced wholesale power rates go into effect. BPA announced a 7.5 percent rate cut on Sept. 16. Administrator Steve Wright said that action is aimed at strengthening the region's economy.

"Cost cutting and a positive outlook for surplus sales revenues make this reduction possible," Wright said. "This is the result of more than two years of hard work by many parties throughout the region and particularly the BPA staff to take responsible actions that can benefit the region's economy," he said.

BPA reduced costs \$70 million since the rates were last set in 2003. Another \$350 million in savings are forecast for fiscal years 2005 and 2006. Over half of the latter were secured last June through agreements with investor-owned utilities about their benefits from the Federal Columbia River Power System.

Wright said, "I am especially heartened that BPA was able to take this positive step despite five consecutive years of low streamflows in the Columbia Basin. The rate reduction effectively leaves \$123 million in the pockets of Northwest ratepayers."

Technically, BPA reduced the Safety Net Cost Recovery Adjustment to zero. This adjustment clause, which is contained in the rates, triggered last year to ensure BPA could make its annual payment of principal and interest to the U.S. Treasury.

This wholesale rate reduction might or might not mean that local utilities will reduce their retail rates. That will depend on the type of power product and amount of power purchased from BPA. Many other utility-specific factors, such as cash reserves, net operating income and capital plans come into play. For information on retail rates, contact local utilities.

BPA honored with national award

The Alliance to Save Energy has named BPA a "Star of Energy Efficiency." BPA is being recognized for its successful promotion of conservation as a cost-effective resource and for its innovative energy-efficiency efforts such as the nonwires alternatives to solve transmission grid reliability and congestion problems in the West.

ASE is a nonprofit coalition of leaders from business, government, consumer and environmental fields. It's the leading world organization that promotes energy efficiency to achieve a healthier economy, a cleaner environment and greater energy security. More than 80 corporations and business trade associations work together through the ASE to promote greater investment in cost-effective energy efficiency.

The award will be presented at a Dec. 9 ceremony in Washington, D.C. Acting Under Secretary of Energy

David Garman commended BPA for its selection. "Enhancing energy efficiency is generally the quickest, easiest and cheapest method to improve reliability and relieve congestion on the power grid," he said. "BPA has applied innovative solutions that are a good fit for its service area and a great value for its customers."

Mike Weedall, vice president for Energy Efficiency, likens the ASE "Star" awards to the Academy Awards for motion pictures. "Only four awards are being made this year out of more than 100 nominations," he said. Other winners are Bank of America, Southern California Edison and Marriott International. The Natural Resources Defense Council nominated BPA for the award.



McNary Dam on the Columbia River marked 50 years of operation in September. See the story on page 2.



BPA Administrator Steve Wright said, "I'm particularly proud of the conservation partnership we have enjoyed with our utility customers. This award is as much theirs as it is ours because, without our regional teamwork, we would not have achieved this milestone."

DC intertie to shut down three months

Transmission of direct-current energy between the Pacific Northwest and California stops on Oct. 1. The shutdown of the DC intertie will allow the Los Angeles Department of Water and Power to complete a nearly total rebuild of its Sylmar DC converter station at the southern end of the 846-mile long DC line. The project is expected to be completed by Dec. 31.

The work at Sylmar is part of the overall project to replace aging equipment at both ends of the intertie in order to increase reliability and reduce maintenance. Work at BPA's Celilo substation near The Dalles, Ore., was completed in April of this year at a cost of about \$45 million. The DC intertie work will not affect the operation of the Pacific Northwest-Pacific Southwest AC intertie lines.

McNary Dam marks 50th anniversary

On Sept. 23, 50 years ago, President Dwight D. Eisenhower dedicated McNary Lock and Dam, located on the lower Columbia River at Umatilla, Ore.

McNary Dam was originally named the Umatilla Rapids Dam when Congress authorized it in 1945. It was renamed that same year to honor Oregon Senator Charles McNary who served 26 years in the U.S. Senate. McNary was a supporter of President Franklin Delano Roosevelt's New Deal and of hydroelectric development on the Columbia and Snake rivers.

McNary Dam went into service in 1953. The project employed a work force of 3,500 to 4,000 during construction, which got under way in 1947. Today McNary Dam employs about 80 people.

A program to upgrade turbine generators and other critical equipment at the McNary powerhouse is moving forward. When completed, the upgrades will increase the water flow through the plant, increase its electrical output and better protect migrating salmon.

Columbia River treaty has anniversary

Forty years ago — on Sept. 16, 1964 — President Lyndon Johnson and Canadian Prime Minister Lester Pearson met at the Peace Arch along the U.S./Canada border near Blaine, Wash., to sign the Columbia River Treaty. This culminated a series of international agreements for electric energy and flood control development, cooperation and coordination to benefit the Western U.S. and Canada.

Under the treaty, Canada built three large dams — Duncan, Keenleyside and Mica — for flood control and to increase hydroelectric power generating potential in both countries. The treaty gave Canada one-half of the power and flood control benefits created on the Columbia River in the U.S. by virtue of these new dams. The treaty also allowed the U.S. to build and operate Libby Dam on Montana's Kootenai River, forming Kooconusa Reservoir, which backs into Canada. The name Kooconusa is a memorial to the unity of the two countries. It was formed by combining parts of Kootenai, Canada and the U.S.A.

The added reservoir storage from the new Canadian dams doubled the storage capacity on the Columbia River. That enabled the expansion of virtually all of the powerhouses at Federal Columbia River Power System facilities in order to handle the additional fall and winter flows.

BPA forecasts reflect uncertainty

BPA has issued its annual Pacific Northwest Loads and Resources Study, better known as the "White Book." Analysis shows the supply of energy will meet regional needs for the next four or five years, but only with a big "if." That "if" is if the owners of power from new generators sell the power within the region.

BPA Administrator Steve Wright cautioned that the region "can't afford to be complacent" and should continue to focus on providing adequate energy infrastructure, including new generators, transmission lines and energy efficiency. The White Book forecasts indicate BPA's energy demand obligations are expected to overtake BPA's supply as early as 2009. The region as a whole would need additional supplies by 2011. Both dates assume that all power from independent producers stays in the Pacific Northwest.

PUBLIC INVOLVEMENT Updates and Notices

NEW PROJECTS

Kootenai River Ecosystem/Fisheries Improvement Study - Boundary and Bonners counties, Idaho and Lincoln County, Mont.

The Kootenai Tribe of Idaho (in coordination with Idaho Fish and Game; Montana Fish Wildlife and Parks; and British Columbia Ministry of Environment, Land and Parks) plan to initiate a

controlled large-scale nutrient enhancement effort in the mainstem Kootenai River near the Montana-Idaho border. An EA will be prepared.

Post-2006 Conservation Work Group

In October, a work group composed of regional stakeholders will begin the two-step process to develop and design a post-2006 conservation plan. The Post-2006 Conservation Work Group's first

meeting will be Oct. 7 at BPA's Spokane, Wash., office from 9 a.m. until 4 p.m. The group will determine the schedule for the subsequent dates and locations for Phase I, which will occur from October through December. Phase I will set the approach and direction. After public review during January and February 2005, Phase II will be a refined proposal with public review sessions. Additional information is available online at <http://www.bpa.gov/Energy/N/Post2006conservation/> or by contacting Daniel Lehmann at 503-230-7417. (See calendar of events.)

Supplemental Analysis to the Business Plan EIS – Regionwide
BPA will be preparing an SA to its Business Plan EIS. The 1995 EIS analyzed the environmental, economic and social effects of BPA's business practices, such as marketing and transmitting power, energy conservation, renewable energy development and fish and wildlife mitigation activities. In response to emerging regional and agency issues, this process will replace the development of the Transmission Business Policy EIS initiated December 2003. Consequently, BPA is preparing a Notice of Termination for the TBP EIS scheduled for publication in the Federal Register in October.

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 FEIS is available online at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/Granderonde>. A ROD is scheduled for publication in October 2004.

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 was released in September and is available at: <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/SalmonCreek>. A public meeting was held Sept. 28, 2004, and comments are due by Oct. 19, 2004. (See close of comment section.)

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. A DEIS was released and the comment period closed Aug. 20, 2004. Additional information is available at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MountainLakesTrout>.

POWER – ONGOING PROJECTS

BPA's Power Supply Role after 2006 (Regional Dialogue) – Regionwide

The public comment period on BPA's Regional Dialogue policy proposal closed Sept. 22. BPA's immediate goal is to decide issues for the FY 2007–2011 period that prepare the way for setting rates for the next rate period while assuring that the agency's long-term strategic goals and its long-term responsibilities to the region are aligned. Internal review of comments received is now under way. The final Regional Dialogue policy will be issued in December 2004. Additional information is available on BPA's Web site at <http://www.bpa.gov/power/regionaldialogue>.

Long-Term Transfer Agreements – Regionwide

The proposed 20-year Transfer Service Long-Term Agreement would provide clarity regarding roles and responsibilities between BPA and its power customers served by transfer over third-party systems. General Transfer Agreements (GTAs) have been one means to provide such transfer services to enable delivery of federal power from the BPA main transmission system over third-party systems to BPA's preference power customers that are not directly connected to the main grid. The comment period has been extended until Oct. 14, 2004. (See close of comment section.)

TRANSMISSION – ONGOING PROJECTS

Anderson Ranch 115-kV Rebuild – Elmore County, Idaho

BPA is replacing five wood pole structures located in rough terrain with two steel dead-end towers on the Boise River crossing. The purpose of the rebuild is to maintain line reliability and ensure public safety. All of the aged and decaying wood poles on the remaining portion of the 18-mile line will be replaced with steel poles. Construction began July 2004 and is scheduled to be completed by December 2004. Additional project information is available on BPA's Web site at http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=AR.

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 FEIS was released in August 2004. See 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 nearing completion on a rebuild of 84 miles of a 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 contains one 115-kV transmission line on wood-pole structures and three 230-kV transmission lines on two steel lattice structures. Residents of Spokane, Wash., should be aware that the project will utilize implosive devices to connect lengths of wire to each other on the new transmission line periodically throughout September, October and November. The local community will hear a number of loud explosions during the day within the construction zone. The implosive charges, which are set on lines suspended from towers, make a loud bang accompanied by some smoke. The immediate area will be secured before the detonations which pose no danger to property and land. Methods to prevent grass fires will be employed. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Grid West Bylaws – Regionwide

BPA's comment period for the proposed Developmental and Operational Grid West Bylaws closed on Sept. 3, 2004. Approximately 50 comments were received from interested parties, generating over 70 suggestions/issues BPA will now consider. Between now and early November, BPA will continue to participate in the Regional Representatives Group meetings and bring forward any issues that may need regional consideration before the decision is called on whether to support adoption of the bylaws.

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 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 2004.

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 Oct. 21 and Oct. 22, 2003. BPA is developing a preliminary EA scheduled for release fall 2004, and the final EA is scheduled for release winter 2004. The scoping comment period ended Nov. 21, 2003. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

McNary-John Day 500-kV Transmission Line - Various counties in Wash. and Ore.

TBL hosted public meetings in July to review the process and schedule for the open season to seek funding for the McNary-John Day project. TBL invited applicants to submit transmission service requests that cross the West of McNary/West of Slatt paths to determine if there is sufficient interest to proceed with construction of the McNary-John Day 500-kilovolt line project. This 79-mile-long project was placed on hold in late 2002 due to lack of funding. TBL is assessing all transmission service requests received in July to determine whether there is sufficient participation in the McNary-John Day transmission project to enable construction. Participants will need to provide financing for the project before it can proceed. TBL hopes to determine whether the project will go forward by early November. Further information will be provided on the Web site at http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=MJD.

Programs in Review - Regionwide

TBL has completed seven Programs in Review meetings throughout the region. These meetings were held to discuss TBL proposed program levels for 2006 and 2007. Per customer request, additional technical workshops were held on debt optimization, corporate and shared services programs, TBL capital and expense programs, and staffing. End of comment period was Sept. 15 with the close-out letter expected Oct. 15. For more information, visit the Web site at http://www.transmission.bpa.gov/Business/Customer_Forum_and_Feedback/Programs_in_Review/pir2004.cfm for additional information. (See close of comment.)

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

BPA is rebuilding 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 began in June 2004 and will be completed by November 2004. See 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 is building 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, and is halfway complete. Construction of the Sickler-Schultz portion of the line began February 2004. Fiber construction began in late January 2004. The project will be completed by November 2005. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Transmission Rate Case Workshops

BPA's TBL is holding several rate case workshops in Portland as part of its process to develop its transmission rates for fiscal years 2006 and 2007. Four workshops have been held with more planned. For more information, see this Web site http://www.transmission.bpa.gov/Business/Rates_and_Tariff/default.cfm?page=2006RC.

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 in December 2003. The comment period ended Dec. 29, 2003. An FEIS is scheduled for December 2004, with a ROD to follow. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

SUPPLEMENT ANALYSES

Watershed Management Program EIS:

- SA-177 Klickitat Watershed Enhancement Project - Klickitat Meadows Restoration (Caldwell and Kessler Meadows). Yakima County, Wash.
- SA-178 Yakima Tributary Access and Habitat Program - Pellicer Barrier Removal. Yakima County, Wash.
- SA-179 Joseph Creek Steelhead Restoration Project. Wallowa County, Ore.
- SA-180 Hood River Fish Habitat - East Fork Irrigation District (Central Lateral Canal Upgrade). Hood River County, Ore.
- SA-181 Swamp Creek Hardwood and Wetland Restoration Project. Wallowa County, Ore.
- SA-182 Toppenish Creek Watershed Restoration Project. Yakima County, Wash.
- SA-183 Bear Creek Road Work. Wallowa County, Ore.
- SA-184 Idaho Model Watershed Habitat Projects - L-3AO Irrigation Diversion Modification. Lemhi County, Idaho

Wildlife Mitigation Program EIS:

- SA-41 Willamette Basin Mitigation - Green Island Conservation Easement Acquisition. Lane County, Ore.

Transmission Vegetation Management Program EIS

- SA-227 Tanner Tap - Snoqualime Lake Tradition #1. King County, Wash.
- SA-228 Reston-Fairview #1 and 2. Douglas and Coos counties, Ore.

CALENDAR OF EVENTS

Post-2006 Conservation Work Group

Oct. 7, 9 a.m. to 4 p.m., BPA's Eastern Area Customer Service Center, 707 W. Main Ave., Suite 500, Spokane, Wash.

Non-Wires Solutions Round Table meeting

Oct. 27, 8 a.m. to 5 p.m., BPA headquarters, Room 122, 911 N.E. 11th Ave., Portland, Ore.

CLOSE OF COMMENT

Oct. 14 - Long Term Transfer Agreements (**NOTE: Close of comment period extended**)

Oct. 19 - Salmon Creek EIS

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. 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.

