

# JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

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Web site: [www.bpa.gov/corporate/pubs/Journal](http://www.bpa.gov/corporate/pubs/Journal)

## Broad issues affect BPA costs

BPA's costs after 2006 are up, in large part due to providing substantially more benefits to the region than BPA did prior to 2002, and those benefits are for all customer and constituent groups. That's one of the major points Administrator Steve Wright discussed in a May 2 letter to Pacific Northwest citizens. The letter accompanied the Power Function Review draft closeout report (see following story).

Wright's letter outlines why the agency's post-2006 power costs will be higher despite a reduction in direct-service industry loads and holding down internal costs to fiscal year 2001 levels. Wright also discussed risk, saying, "We face significantly greater risks now than we have previously. Our reserves are projected to be at the lowest level ever for entering a rate case."

## Draft conclusions from Power Function Review

BPA's new proposed power cost structure for 2007-2009 includes both significant cost reductions and increases compared to BPA's initial program cost estimates. So reported Paul Norman, senior vice president for Power, in a draft closeout report on the Power Function Review May 2.

"After listening to PFR participants and completing our review, we're proposing to cut the costs in our earlier forecasts by about \$80 million a year over the new three-year rate period," Norman said. "We are now asking for a final round of public review before we lock in cost estimates for our new rate proposal."

The Power Function Review process establishes costs for all programs supported by wholesale power rates in the 2007 through 2009 rate period. The final closeout report is due this summer.



*An air crane helicopter delicately lowers the top of a tower onto its legs on the Schultz-Wautoma transmission line project. The air cranes help BPA minimize impacts on sensitive environmental areas, enable BPA to work easier in places that are hard to get to, and otherwise enable the construction to move along much more quickly.*

## Which way works best for the PNW?

For the next few months, Northwest utilities, including BPA, are actively pursuing two ways to improve management and operation of the region's high-voltage power grid. The two — Transmission Improvements Group and Grid West — differ primarily in their governance. TIG would avoid creating a new entity under Federal Energy Regulatory Commission jurisdiction. Grid West would operate under FERC jurisdiction. BPA will request public comments this summer before deciding in September whether to commit two years of funding for further Grid West development or to pursue the TIG approach. For details, see the following Web sites: TIG is at <http://www.tig-nw.org/>; Grid West is at <http://www.rto-west.com/>; and BPA's industry restructuring Web site is <http://www.bpa.gov/corporate/business/restructuring/>.

## BPA asks FERC to accept Grid West features

On April 29, BPA asked the Federal Energy Regulatory Commission whether it will accept key features of Grid West designed to meet Northwest needs and

protect existing rights. Answers now from FERC on aspects of Grid West will help the region understand



how Grid West would work for BPA and for the region. BPA requested a response by July 1.

Grid West would operate under FERC jurisdiction, but it would not be an RTO. It would not fulfill all of the criteria in FERC's Order 2000 or its proposed Standard Market Design. PacifiCorp and Idaho Power Co. joined BPA in the filing.

### **Cle Elum hatchery opens to public**

Kiosks, exhibits and a picnic area are now open to visitors at the BPA-funded Cle Elum fish hatchery on the Yakima River in central Washington. BPA funded the facility under the Northwest Power and Conservation Council's fish and wildlife program. Hatchery hosts will help provide public education, information and guided tours.

The spring chinook hatchery is officially called a salmon supplementation and research center. Juvenile salmon are raised with as little human contact as possible in raceways that attempt to mimic natural stream conditions. Fish raised at the hatchery are released at sites where they acclimate to the river water, then migrate downstream when they are ready. When the fish return as adults, they spawn naturally in the area near their acclimation sites, thereby supplementing the wild salmon population. The hatchery is operated by the Yakama Nation and managed in coordination with the Washington Department of Fish and Wildlife.

### **Public interest collaborative meets**

Regional public interest groups are now meeting monthly with Administrator Steve Wright and other BPA leaders in a forum similar to the Customer Collaborative. In their May meeting, the groups focused on future funding for renewable resources in the region along with other long-term Regional Dialogue issues.

### **Fish agreement in Montana**

BPA has signed a memorandum of agreement with the Confederated Salish and Kootenai Tribes to fund \$3.49 million in tribal land purchases. BPA will receive a conservation easement for each parcel of riparian land purchased by the tribes, and each parcel will be credited against BPA's obligation to mitigate for the effects on resident fish from the construction of Hungry Horse

Dam and inundation of land behind it. The tribes agreed to protect the land in perpetuity and manage it to maintain habitat conditions for resident fish.

The funding for these purchases will come from BPA's fish and wildlife capital budget for fiscal year 2005. Capital funding is possible because BPA has a defined obligation for Hungry Horse Dam through a loss assessment that was adopted into the Northwest Power and Conservation Council's program in 1993.

As a part of the agreement, the tribes will not seek additional funding from BPA for managing the lands that are purchased for the benefit of resident fish.

### **Schultz-Wautoma line is on target**

The transmission line part of the new Schultz-Wautoma 500-kilovolt-transmission line is now about 70 percent complete. The project is well under its \$175-million budget, says Lou Driessen, BPA project manager.

Construction of the 64-mile line began in March 2004 and is scheduled to be completed in November. Primarily a north-south line, it crosses the Columbia River, a corner of the Hanford Reach National Monument and the U.S. Army's Yakima Firing Range. The line is one of several projects to improve reliability and shore up the Pacific Northwest transmission system.

### **Wind forecasting is in full swing**

The BPA Wind Forecasting Network goes into full operation June 1. The two-year research and development demonstration project will try to forecast wind generation in a two-day to seven-day time frame. It's the first effort of its kind in the U.S. BPA teamed up with a private firm, 3Tier Environmental Forecast Group of Seattle, for the project.

BPA began ramping up the research and development demonstration project in April. So far, the project has shown promise to add value to BPA's effort to optimize its hydro operations in the Columbia Basin system. Later this year, the Network will try to forecast when wind will ramp up or down within the hour. That would further help the operation of the hydro system.

# **PUBLIC INVOLVEMENT** Updates and Notices

## **AGENCY – ONGOING PROJECTS**

**Supplement Analysis to the Business Plan EIS – Regionwide**  
BPA is preparing an SA to its Business Plan EIS. The 1995 EIS analyzed the environmental impacts of BPA's business practices, such as marketing and transmitting power, energy conservation, renewable energy development, and fish and wildlife mitigation activities. The

impacts analyzed include effects on the natural, economic and social environments. Public letters announcing and outlining the SA to the Business Plan EIS went out in December 2004. The comment period on the SA closed on March 1, 2005. For additional information about the SA and the comments that were received, see BPA's Web site at [http://www.efw.bpa.gov/environmental\\_services/Document\\_Library/bpsa/](http://www.efw.bpa.gov/environmental_services/Document_Library/bpsa/).

## CONSERVATION – ONGOING PROJECTS

### Conservation and Renewables Discount Program – Regionwide

As prescribed in the C&RD Implementation Manual, BPA's Energy Efficiency staff took comments for improvements to the C&RD program for fiscal year 2006. The proposed changes for the manual or technical components of the C&RD program were posted on the Web in May. The comment period closes on June 3, 2005. For more information call (503) 230-7669. Copies of the C&RD Manual are on the Web at [http://www.bpa.gov/Energy/N/projects/cr\\_discount/](http://www.bpa.gov/Energy/N/projects/cr_discount/). This site also provides a link to the Regional Technical Forum, which has a list of the current approved efficiency measures. (See close of comment.)

## 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/environmental\\_services/Document\\_Library/Grand\\_Ronde/](http://www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/). A ROD to proceed with land acquisition, final design and further evaluation studies was signed March 11, 2005.

### Kootenai River Ecosystem/Fisheries Improvement Study – Boundary and Bonner counties, Idaho, and Lincoln County, Mont.

The Kootenai Tribe of Idaho (in coordination with Idaho Fish and Game; Montana Fish, Wildlife and Parks; and the British Columbia Ministry of Environment, Land and Parks) plans to initiate a controlled nutrient restoration effort in the mainstem Kootenai River near the Montana-Idaho border. A Preliminary EA is available for review and comment. Comments were due May 5, 2005. More information is available online at [http://www.efw.bpa.gov/environmental\\_services/Document\\_Library/Kootenai/](http://www.efw.bpa.gov/environmental_services/Document_Library/Kootenai/).

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

BPA proposes to fund a project to enhance fish habitat, fish passage and 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 2004 and is available at [http://www.efw.bpa.gov/environmental\\_services/Document\\_Library/Salmon\\_Creek/](http://www.efw.bpa.gov/environmental_services/Document_Library/Salmon_Creek/). A public meeting was held Sept. 28, 2004, and the comment period closed Nov. 9, 2004. Further environmental analysis and comment on this project is delayed until summer 2005 and will continue only if given approval for funding by the Northwest Power and Conservation Council.

### 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. An DEIS was released and the comment period closed Aug. 20, 2004. An FEIS is being prepared. Additional information is available at [http://www.efw.bpa.gov/environmental\\_services/Document\\_Library/South\\_Fork\\_Flathead/](http://www.efw.bpa.gov/environmental_services/Document_Library/South_Fork_Flathead/).

## POWER – ONGOING PROJECTS

### BPA Service to DSI Customers, "Straw Proposal" – Regionwide

On Feb. 4, 2005, BPA sent a letter to customers, constituents, tribes and other regional stakeholders announcing additional opportunities for public input on BPA service to DSI customers during the FY 2007-2011 period. The public process was to seek comments on the BPA "straw proposal" described in the letter and on other alternatives that may be proposed. BPA held a public meeting on March 1 to hear comments from the public. The comment period closed March 11, 2005. For a complete list of comments received or to find more information, check out BPA's Web site at <http://www.bpa.gov/power/pl/regionaldialogue/announcements.shtml>.

### Power Function Review – Regionwide

BPA's Power Business Line's Power Function Review comes to an end this month. This process has provided interested parties an opportunity to examine, understand and provide input on the program costs that will be included in the FY 2007 wholesale power rate case initial proposal, which is expected in the fall of 2005. A number of technical workshops, management discussions and regional public meetings have been held. A draft of the closeout report was issued on May 2, 2005. The public comment period closed May 20, 2005, and the final report will be issued mid-June. Additional information is posted on BPA's Web site at [www.bpa.gov/power/review](http://www.bpa.gov/power/review).

### Regional Dialogue – Regionwide

BPA is working on this second phase of the Regional Dialogue, with the goal of releasing a policy proposal for public review and comment in July 2005. In order to develop a policy proposal that reflects the region's interests, BPA has been meeting frequently over the last six months with groups of customers, public interest groups, tribes and other parties and will continue to meet with these parties. BPA is also open to meeting with others who wish to provide input to us before we issue the policy proposal. BPA has set a deadline of June 13, 2005, for interested parties to send specific suggestions to us as to what our policy proposal should contain. PA has also scheduled a Regional Dialogue workshop on Wednesday, June 8, to allow all interested parties in the region to share their points of view on what should go into BPA's policy proposal. More information on this workshop will be posted to BPA's Regional Dialogue Web site by June 1, 2005. (See calendar of events for time and location.) Additional information is available at [www.bpa.gov/power/regionaldialogue](http://www.bpa.gov/power/regionaldialogue).

## TRANSMISSION – ONGOING PROJECTS

### Big Horn Wind Project Interconnection – Klickitat County, Wash.

PPM Energy has requested to integrate up to 200 MW of power generated from the Big Horn Wind Project into the Federal Columbia River Transmission System. BPA would need to build a new switching substation, which would be called Spring Creek Substation. Klickitat County issued a conditional use permit for the wind project. A tiered ROD to the Business Plan EIS was issued on March 24, 2005. See <http://www.transmission.bpa.gov/PlanProj/Wind/> for more information.

### 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 August 2005.

### Hopkins Ridge Wind Project Interconnection – Columbia County, Wash.

BPA was asked by RES America Developments to interconnect 150 MW of the output of the proposed Hopkins Ridge Wind Project, which will require constructing a BPA switching substation adjacent to an existing BPA transmission line. BPA decided to offer contract terms for interconnection in a ROD tiered to BPA's Business Plan EIS and the Business Plan ROD. The tiered ROD was finalized on Dec. 20, 2004. Construction began on the BPA substation in March 2005. See <http://www.transmission.bpa.gov/PlanProj/Wind/> for more information.

### Klondike III Wind Project Interconnection – Sherman County, Ore.

BPA has been asked by PPM Energy Inc. to interconnect 300 MW of the output of the proposed Klondike III Wind Project. Interconnection would require BPA to build and operate a new 230-kV transmission line and two substations. The new facilities would be built near the towns of Wasco and Rufus, Ore. BPA plans to analyze the effects of the BPA action and the PPM wind project in an EIS. BPA expects to issue a Draft EIS in summer 2005. On March 1, 2005,

a scoping meeting was held in Wasco, Ore. The initial comment period closed March 17. An additional public scoping meeting was held on April 27, and the new comment period closed on May 13. See <http://www.transmission.bpa.gov/PlanProj/Wind/> for more information.

#### **Leaning Juniper Wind Project Interconnection (Formerly Arlington PPM Wind Project Interconnection) - Gilliam County, Ore.**

This project has been postponed and moved to the 2006 construction schedule. Pacific Power Marketing has requested to integrate up to 200 MW of power generated from the Leaning Juniper Wind Project into the Federal Columbia River Transmission System. A tiered ROD, under the Business Plan EIS, was signed March 11, 2005. See <http://www.transmission.bpa.gov/PlanProj/Wind/> for more information.

#### **Libby (Flathead Electric Cooperative) to Troy 115-kilovolt Transmission Line Rebuild - Lincoln County, Mont.**

BPA is proposing to rebuild a 17-mile-long section of the Libby to Bonners Ferry 115-kV transmission line in order to improve its reliability and meet future load growth in the Libby, Mont., area. Current options for the project include rebuilding the line in-kind as a single-circuit 115-kV wood-pole H-frame line with some wood-pole equivalent steel poles; rebuilding the line as a double-circuit 115-kV tubular steel-pole line; rebuilding the line as a double-circuit 230-kV tubular steel pole line; and the alternative of not rebuilding the line. Other alternatives may be identified through the scoping process. The open comment period for this project closes June 9, 2005. A notice was mailed on May 5 for two scoping meetings that were held on May 19 in Libby, Mont. For more information on the project visit: [http://www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/default.cfm?page=LTL](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=LTL) or <http://www.efw.bpa.gov>. (See close of comment.)

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

BPA will relocate two miles of transmission line corridor off the Nisqually Indian Reservation in Thurston County, Wash. Timber clearing for the transmission lines on Fort Lewis property is scheduled to begin in June 2005, installation and removal of the existing lines will start August 2005 and completion of the project is expected by December 2005. A preliminary EA was released for public comment in October 2004. There were few public comments. A revision sheet for the EA, a FONSI and a mitigation action plan were released Feb. 7, 2005. BPA is scheduled to receive land permits from Ft. Lewis for the transmission lines in August 2005. In the meantime, Ft. Lewis has issued BPA a temporary permit to begin timber clearing. The Nisqually Tribe and Thurston County have reached an agreement for the purchase of the county lands that will be swapped with the fort for its lands. See [http://www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information.

#### **Port Angeles Transmission Line Interconnection - Port Angeles, Wash.**

Olympic Converter LP has requested interconnection to the Federal Columbia River Transmission System of a 550-MW transmission line across the Strait of Juan de Fuca from Vancouver Island, B.C., to Port Angeles, Wash., on the Olympic Peninsula. The line would interconnect at BPA's existing Port Angeles Substation facilities and would not require any additional facilities to be constructed by BPA. BPA is leading the environmental studies and coordinating efforts with the Department of Energy's Office of Electricity and Energy Assurance. A public scoping meeting was held on May 24 in Port Angeles, Wash. The comment period for the environmental scoping for the project

closes June 8, 2005. For more information on the project visit: [http://www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/). (See close of comment.)

#### **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. Construction of the Sickler-Schultz portion of the line began in February 2004. A construction update letter was sent in December 2004. Fiber construction began in late January 2004. Seventy-three transmission towers were flown into place the week of Jan. 24 and stringing is under way. The project is scheduled to be complete by December 2005. 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. See [http://www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/) for more information and construction photos.

### **SUPPLEMENT ANALYSES**

#### **Hood River Fisheries Project EIS**

- SA-01 Hood River Production Program Activities, Hood River County, Ore.

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

- SA-209 John Day Watershed Restoration Program 2005, Wheeler and Grant counties, Ore.
- SA-210 Pine Hollow Watershed Enhancement - Jackknife Watershed Projects, Sherman County, Ore.
- SA-211 Upper Red River Restoration Project - Idaho County, Idaho

#### **Transmission Vegetation Management Program EIS**

- SA-254 Dworshak - Taft Corridor, Clearwater, Latah and Shoshone counties, Idaho, and Mineral County, Mont.
- SA-255 Franklin-Walla Walla transmission upgrades, Walla Walla County, Wash.
- SA-257 Kitsap-Bangor and Kitsap-Bremerton No. 1, Kitsap County, Wash.

### **CALENDAR OF EVENTS**

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

- **June 8**, 9 a.m. to 4 p.m., in the BPA Rates Hearing Room, 911 N.E. 11<sup>th</sup> Ave., Portland, Ore.

#### **CLOSE OF COMMENT**

- **June 3** - Conservation and Renewables Discount Program
- **June 8** - Port Angeles-Juan de Fuca High-Voltage Direct-Current Transmission Interconnection Project
- **June 9** - Libby (Flathead Electric Cooperative) to Troy 115-kilovolt Transmission Line Rebuild

**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: [www.bpa.gov/comment](http://www.bpa.gov/comment). 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.

