

JOURNAL

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

Court-ordered spill in progress

Summer spill at four lower Snake River dams began June 20 in accordance with an order from District Judge James Redden. The judge ordered additional summer spill at federal dams in granting an injunction requested by tribes and environmental groups. The 9th U.S. Circuit Court of Appeals in San Francisco turned down an appeal of that order.

The spill injunction applies only to 2005 hydro operations. Under the order, the Corps of Engineers is spilling additional water at Lower Granite, Little Goose, Lower Monumental and Ice Harbor dams on the lower Snake River from June 20 through Aug. 31. Beginning July 1, the Corps is adding round-the-clock spill at McNary Dam on the Columbia River through August.

The federal agencies – BPA, the Corps, Bureau of Reclamation and NOAA fisheries – had expressed concern about the additional spill regime because it leaves a large number of fish in the rivers to migrate under adverse conditions in a low water year.

BPA releases DSI policy

BPA announced in late June that it will offer power benefits to three Northwest aluminum companies and one paper mill for five additional years. Beginning in the fall of 2006, BPA expects to provide the equivalent of up to 577 average megawatts to the industries that it has traditionally served directly.

“This was a very difficult decision,” said Steve Wright, BPA administrator. “There is not enough low-cost federal system power to satisfy all interests, and we have worked hard to appropriately balance regional interests. On the one hand, low-cost federal power keeps important

jobs in the region and helps support the economy of many Northwest communities. On the other hand, we have a responsibility to the rest of the region’s ratepayers not to inappropriately shift costs to them.”

Under the agreement, Alcoa Aluminum Company would receive the value of up to 320 average megawatts; Columbia Falls Aluminum up to 140 average megawatts; Golden Northwest up to 100 average megawatts, and Port Townsend Paper will receive the remaining 17 average megawatts.

BPA made three stipulations. First, the agency committed to provide up to \$59 million annually for the five years to bring aluminum company rates down to be more in line with the rates BPA’s public agency customers pay. Due to the uncertainty of world aluminum markets and electric power market prices, this full value may not be completely utilized, and therefore could have less impact on BPA rates.

Second, under no conditions will the aluminum companies pay less than BPA’s preference rate, and, third, to be eligible, a company must prove that it is creditworthy.

Ten years ago, the DSI load was 3,000 average megawatts. Under current contracts, it is 1,500. Today’s DSI loads average about 300 average megawatts.

BPA will negotiate contractual agreements to implement this proposal by this fall and submit proposed contracts for regional review and comment. BPA would then incorporate comments and proceed to offer contracts in early 2006.



This little fellow was among several Western pond turtles raised at the Oregon Zoo until it was big enough to be re-released safely into the wild. BPA funding supports the zoo’s Conservation Lab, which houses the turtles. Just 10 years ago, Western pond turtles were on the verge of extinction in Washington state, with only 150 turtles in the wild. Today, there are nearly 1,000. (Photo courtesy of Oregon Zoo and Washington Dept. of Fish and Wildlife.)



Power Function Review closes

After an extensive public process, BPA closed its Power Function Review and issued its final report outlining the program forecast levels that will be used in the agency's initial power rate proposal this fall for the fiscal year 2007 through 2009 period. The final report notes total expense reductions of \$96 million a year from the base case. However, cost implications of the 2004 Biological Opinion are not yet known, which could affect rate case numbers.

BPA will review all Power Function Review decisions after the impacts of court decisions are clearer. Senior Vice President of Power Paul Norman said, "We believe the cost levels included in the Power Function Review report represent good public policy and balance between near and long-term impacts." He added that the agency will take additional steps to further reduce costs before submitting the final rate proposal next year.

BPA goes to the dogs

BPA and local dog owners will celebrate the opening of an off-leash dog area from 8 a.m. to noon in Vancouver, Wash., on Saturday, July 9. There will be a formal dedication and ribbon cutting at 10 a.m. The event will feature vendors and canine care experts.

BPA is providing nine acres on its Ross Complex grounds along N.E. 15th Avenue, across from the C-Tran parking lot for the dogs and their owners. The non-profit group Dog Paws put up fences, installed dog-doo disposal stations and will maintain the land. Vancouver Mayor Royce Pollard and Transmission Senior Vice President Vickie VanZandt will kick off the festivities.



Regional Dialogue "concept paper" due

BPA's Power Business Line has made changes in its Regional Dialogue process in response to public comments. This phase of the dialogue addresses BPA's role after 2011. Several parties had asked BPA to hold off in releasing a formal policy proposal in July as planned because there is as yet little consensus on a number of issues.

BPA will release a document in July, but is characterizing it as a "concept paper." The paper will address key issues such as service to public utilities, benefits to residential and small-farm consumers of investor-owned utilities, service to direct-service industries, resource adequacy standards, cost control and dispute resolution, conservation and renewables and transfer service.

BPA will then sponsor a three-month series of public workshops designed to help build consensus on these issues. A formal policy proposal is scheduled for December.

Understanding reached with UCUTs

BPA and the Upper Columbia United Tribes have signed a Memorandum of Understanding to benefit fish and wildlife in the upper Columbia Basin. Under the agreement, the tribes will seek dismissal of their lawsuit against BPA.

The agreement places increased emphasis on implementing fish and wildlife measures in the upper Columbia Basin, the source of about 35 percent of the federal system's annual power production. The area also represents about 40 percent of the basin's total fish and wildlife hydro-connected habitat losses.

According to parties on both sides, the MOU is a result of a decision to focus on what the parties can accomplish together. The UCUT organization includes the Coeur d'Alene, Kalispel, Spokane, Colville and Kootenai tribes.

Proposed line put on hold

Proposed construction of a new 500-kilovolt transmission line from McNary Dam to John Day Dam has been put on hold due to declining interest. BPA is withdrawing its Advanced Payments Agreement associated with funding the line. From the start, BPA had said it would build the line only if there was sufficient interest from potential users who would be willing to help fund construction.

The 79-mile long project was projected to cost \$167 million and would have added approximately 1,000 megawatts of capacity to the federal transmission system. While the line is not needed for system reliability, it would make it possible to integrate new power plants on the grid.

Line moved from reservation

Work began to remove short sections of two transmission lines off the Nisqually Indian Reservation and onto Fort Lewis land in Washington state. With easements on the reservation expiring, BPA agreed with the tribe, the U.S. Army and the U.S. Bureau of Indian Affairs to relocate short sections of the Grand Coulee-Olympia and the Olympia-Covington lines. The project is due for completion in December.

BPA releases conservation program

In late June, BPA released its conservation program through 2009. The cost levels in this program structure will be included in the initial rate proposal for the power rate case for the FY 2007-2009 period.

Over 65 utility representatives and conservation stakeholders participated in a conservation workgroup that made recommendations and comments to help the agency design the proposal, which was distributed for public review last March. The final program reflects the comments the agency received during that review period.

BPA sees investments in cost-effective conservation as key to long-term regional goals of resource adequacy, sustainability and stability. The final program structure contains significant changes from the draft proposal – including restoring the budget level to \$80 million per year and providing more flexibility to small utilities.

A Phase 2 workgroup has been established to provide input to BPA on incentives, energy conservation measures and other implementation issues.

BPA increases focus on technology

BPA has established a new Office of Technological Innovation, naming Terry Oliver as chief technology information officer. He formerly served on BPA's energy efficiency staff. The new office will lead development and management of the agency's strategy for research, development, demonstration and deployment of new technology by BPA.

"Amid all the cost cutting that we have been doing to position BPA for the future, we have identified areas that are under-invested and in need of serious reinvigoration. This is one," Deputy Administrator Steve Hickok explained. "We believe we should be proactively guiding and supporting the research and development that has potential to take electric service to new levels in the Pacific Northwest."

Hickok said the office will focus on adapting those technologies that have been successfully researched and developed for demonstration programs and commercial deployment here in the region. "If we don't, we are not creating the value that BPA uniquely can create for the people of the Pacific Northwest," Hickok added.

PUBLIC INVOLVEMENT Updates and Notices

NEW PROJECTS

Cotterel Wind Power Project – Cassia County, Idaho

BPA is a cooperating agency on a DEIS issued by the Burley Field Office of the Bureau of Land Management. Windland Energy proposes to build a wind power project on Cotterel Mountain outside of the towns of Albion, Malta and Burley, Idaho, primarily on BLM lands. Windland has requested to interconnect 200 MW of wind generation to the Federal Columbia River Transmission System. A comment period is open on the DEIS until Sept. 20, 2005. For additional information, see BPA's Web site at http://www.efw.bpa.gov/environmental_services/nepadocs.aspx. (See calendar of events and close of comment.)

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/.

FISH AND WILDLIFE – ONGOING PROJECTS

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

BPA has completed the final EA for the proposed Kootenai River Ecosystem Project in the Kootenai River. Based on that assessment, BPA made a FONSI, which is included in the final EA. Comments were invited on the preliminary EA in April 2005, and the EA was modified following the review of all comments received. 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. The final EA and FONSI are now available. These documents can be viewed online at 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. 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. A 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/.

POWER – ONGOING PROJECTS

Power Function Review – Regionwide

BPA's Power Business Line's Power Function Review concluded in June with the release of the final report. The final report and additional information is posted on BPA's Web site at <http://www.bpa.gov/power/review>.

Regional Dialogue – Regionwide

BPA is working on this second phase of the Regional Dialogue. On June 16, BPA announced an update to the schedule for the release of the long-term Regional Dialogue policy proposal. This update is in response to comments received at the June 8 public workshop. BPA will maintain its end-of-July target; however, instead of releasing a policy proposal, BPA will release a "concept paper" as a starting point for further regional discussion. At a minimum, the concept paper will address the seven key issues discussed in Paul Norman's May 11 letter, which include service to public utilities, benefits to the residential and small-farm consumers of the investor-owned utilities, resource adequacy standards, cost controls and dispute resolution, conservation and renewables, and transfer service. Following the release of this concept paper, BPA will sponsor a three-month series of intense public workshops on BPA's future role in power supply. At the conclusion of the public workshops, BPA will issue a policy proposal and open a formal comment period. The tentative target date for the policy proposal is December 2005.

TRANSMISSION – ONGOING PROJECTS

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.

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 and by Orion Energy, Inc. to interconnect 350 MW of the proposed Sherman County Wind Project. Interconnection would require BPA to build and operate a new 230-kV transmission line, approximately 12 miles long, and one or 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 both wind projects in an EIS. BPA expects to issue a Draft EIS in winter 2005 or early 2006. Scoping meetings were held in Wasco, Ore., on March 1 and April 27, 2005, and the comment period closed on May 13. See <http://www.transmission.bpa.gov/PlanProj/Wind/> for more information.

Libby (Flathead Electric Cooperative) to Troy Section of the Libby to Bonners Ferry 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 to improve its reliability and meet future load growth in the Libby, Mont., area. Current options 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. BPA plans to analyze the environmental effects of the proposed project and comments received during the scoping process in an EIS and expects to issue a DEIS in spring 2006. The comment period closed June 9, 2005. For more information on the project visit: http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=ETL or <http://www.efw.bpa.gov>.

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. BPA is leading the environmental studies and coordinating efforts with the Department of Energy. A public scoping meeting was held on May 24 in Port Angeles, Wash. The comment period for the environmental scoping closed June 8, 2005. For more information visit: http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Transmission Rate Settlement ROD signed – Regionwide

On June 20, TBL issued the final transmission and ancillary service rate proposal and Record of Decision for the 2006 Transmission Rate Case. The final is consistent with terms and conditions of the settlement agreement and effectively concludes the 2006 Transmission Rate Case. The final proposed transmission and ancillary service rates were filed with the Federal Energy Regulatory Commission for approval for the new rates to go into effect on Oct. 1, 2005 (beginning of fiscal year 2006). The ROD and final proposal documents have been posted to the TBL 2006 Rate Case Web site at: http://www.transmission.bpa.gov/Business/Rates_and_Tariff/2006RateCase.cfm

SUPPLEMENT ANALYSES

Watershed Management Program EIS

- SA-212 Restoring Anadromous Fish Habitat, Lapwai Creek Project – Nez Perce and Lewis counties, Idaho
- SA-213 Lostine Bank Stabilization Project (Phase 2) – Wallowa County, Ore.
- SA-214 Poley Allen Diversion Structure Modification Project – Wallowa County, Ore.

CALENDAR OF EVENTS

July 26 through 28 – Cotterel Wind Power Project.

Time and place to be determined. Please check BLM's Web site at <http://www.id.blm.gov/planning/cotterel> for time and place. (NOTE: If you are unable to connect to BLM's Web site, please try again at a later date. The bureau has been experiencing technical difficulty.)

CLOSE OF COMMENT

Sept. 30, 2005 - Cotterel Wind Power Project

RECORD OF DECISION SIGNED

March 24, 2005 - Big Horn Wind Project

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. 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/cgf-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.

