

# journal

January 2006

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

## New high-voltage line dedicated

U.S. Department of Energy officials on Dec. 7 joined BPA near Sunnyside, Wash., to dedicate the new 63-mile \$175-million Schultz-Wautoma 500-kilovolt transmission line for central Washington state. The line forms a key energy link to major cities in the Interstate-5 corridor and to southwestern markets.

The line runs from north of Ellensburg to west of the Hanford Reservation in Benton County. It provides more capacity for moving power north and south through central Washington, thereby improving flow between mid-Columbia generators and major east-west power lines. Construction began in March 2004.

## Power Function Review returns

BPA will kick off a second set of Power Function Review meetings on Jan. 23. The purpose of PFR 2 is to provide information on how specific changes in costs, revenue credits and risk treatments would affect BPA's wholesale power rates for fiscal years 2007-2009 and to solicit input and ideas from the region.

The agenda and topics are outlined in a Dec. 22 letter to interested parties from Paul Norman, senior vice president of the Power Business Line. Additional meetings will be held in February and March. The follow-up process will conclude in April 2006 to allow time to incorporate any changes into the fiscal year 2007 to 2009 final power rate proposal.

## Financial-Based CRAC nears zero

BPA auditors reported an increase of \$24 million in modified net revenues during fiscal year 2005 above the figures used when the FY 2006 Financial-Based Cost Recovery Adjustment Clause was originally set. This will result in a decrease in the FB CRAC, which will affect wholesale power rates beginning April 1, 2006.

Also at a Dec. 14 workshop, BPA provided calculations for the next Load-Based Cost Recovery Adjustment Clause, which will also take effect April 1, 2006. This adjustment is not changing from the estimate made in June 2005. As a result of these two adjustments, fiscal year 2006's average power rate will be about 3 percent lower than fiscal year 2005's average power rate.

## Annual Report marks full year

BPA's 2005 Annual Report has been posted and is now available at [http://www.bpa.gov/corporate/finance/a\\_report/05/AR2005.pdf](http://www.bpa.gov/corporate/finance/a_report/05/AR2005.pdf). The report notes highlights of

the year including the nation's largest transmission construction program. Since 2001, BPA has invested over \$1 billion in transmission system projects that include construction of new high-voltage lines, rebuilding existing lines and upgrading substation to increase reliability.

It also marked the third year in a row that wholesale power rates decreased. Other highlights for BPA included capturing 43 megawatts of new conservation, improving federal generation efficiency by 20 megawatts and interconnecting two major wind projects into the agency's transmission system.

New efforts to help endangered salmon included improvements in dam and flow configurations and installation of removable spillway weirs (fish slides) to help juvenile fish traverse dams more safely. BPA also helped restore critical habitat, funded water leases, enhanced control of predators and funded purchase of 20,000 acres of land and easements for wildlife.

## Feds to appeal court decision

The U.S. Department of Justice filed a notice on Dec. 21 that it would appeal U.S. District Court decisions that held the 2004 NOAA Biological Opinion invalid and ordered federal agencies to develop a new biological opinion on the operation of the Federal Columbia River Power System. The appeal is on behalf of NOAA Fisheries, the agency responsible for developing the new biological opinion, and agencies responsible for operating the dams. They include the U. S. Army Corps of Engineers, Bureau of Reclamation and BPA.

The federal agencies believe all options must remain open during the remand process. They also remain committed to developing a long-term program for strengthening endangered stocks of salmon. The agencies will work with tribes, states and other stakeholders on a new biological opinion as well as on a collaborative process on actions needed to support recovery of stocks listed under the Endangered Species Act.

## Clark and BPA settle tentatively

Clark Public Utilities of Vancouver, Wash., and BPA have tentatively reached a settlement for BPA's payment of \$15 million in benefits to Clark under the Residential Exchange Program. Clark and BPA have also agreed



that Clark will return to BPA's control area and will enter into a new power supply contract with BPA through 2011.

Before finalizing the agreement, BPA is seeking public comment on the proposal. The deadline is Jan. 16. See the Public Involvement section for details.

### **BPA sells some substations**

BPA closed a deal Dec. 1 to hand over 12 low-voltage substations to Franklin, Wahkiakum, Skamania and Mason #1 public utility districts for \$2.35 million. The sale is part of an ongoing effort by BPA to sell low voltage delivery facilities, and free up resources to focus on network operations maintenance and construction.

Customers benefit by avoiding BPA's delivery fees, which are often higher than the cost of owning and maintaining the facilities. BPA now has 57 substations remaining on the market.

### **Salmon runs above average**

As 2005 comes to an end, fish counts at Bonneville Dam are moderately above average for adult salmon returns in the Columbia Basin with just over 569,000 chinook and 315,000 steelhead passing the dam by mid-December. Coho returns (83,000) are also above average and sockeye returns (73,000) are even stronger.

The numbers were reported by the NOAA Fisheries Service. While spring chinook counts were lower than

average in 2005, summer and fall chinook adult returns were above average. Government biologists said that the numbers reflect improvements to salmon habitat and to hydropower dams on the Columbia and Snake rivers, which helped offset slowly declining ocean conditions that may have dampened adult returns.

Because ocean conditions strongly influence the rate of adult returns, government biologists say that the timing of when juvenile salmon arrive in the seawater environment may be crucial.

### **Salmon returns depend on ocean**

Conclusions from studies of Northwest salmon migrations strongly point to ocean conditions as a major factor in the numbers of adult salmon that return to spawn. Two scientists from British Columbia told the Pacific Northwest Power and Conservation Council that smolt survival in the Columbia River system seemed reasonably high.

Dr. David Welch said, "The problem is the deficit of adults coming back." Welch went on to say, "There's a tremendous amount of effort being put into how [the Columbia and Snake river stocks] get past the dams, but the mortalities that are happening in-river are insufficient to explain the overall decline" in the percentage of adults that return.

BPA funded the research following the emergency power operations of 2000-01.

## **publicinvolvement**

## **updates and notices**

### **NEW PROJECTS**

#### **Proposed Settlement Agreement with Clark Public Utilities - Regionwide**

BPA announced a public comment period on a proposed settlement agreement with Clark Public Utilities in response to Clark's request to participate in the Residential Exchange Program. BPA will accept comments on this proposed settlement agreement through Jan. 16, 2006. Additional information is available on BPA's Web site: [www.bpa.gov/power/pl/subscription/announcements.shtml](http://www.bpa.gov/power/pl/subscription/announcements.shtml). (See close of comment)

#### **Port Townsend Contract Prototypes - Regionwide**

Contract prototypes for direct service industry customers were released for public comment on Nov. 28, 2005. At that time, BPA committed to release the Port Townsend contract prototype at a later date. The Port Townsend contract was released for public comment on Dec. 22. BPA will be taking comment on these draft prototypes through Jan. 31, 2006. Additional information is available on the BPA Web site: [www.bpa.gov/power/regionaldialogue](http://www.bpa.gov/power/regionaldialogue). (See close of comment)

#### **Power Function Review - Regionwide**

In June 2005, the Power Business Line issued the closeout report for the Power Function Review, committing to follow up in early 2006 on a number of issues. BPA is now preparing to kick off this follow-up process. On Jan. 23, 2006, BPA will hold a workshop to provide an overview of the topics to be covered in the follow-up process. Following this kickoff, additional workshops will be held in February and March. A schedule for these workshops will be made

available following the Jan. 23 workshop. Additional information is available on BPA's Web site: [www.bpa.gov/power/review](http://www.bpa.gov/power/review). (See calendar of events)

### **AGENCY - ONGOING PROJECTS**

#### **Supplement Analysis to the Business Plan EIS - Regionwide**

BPA is preparing a Supplement Analysis to its Business Plan environmental impact statement, which is scheduled for release in early 2006. The 1995 Business Plan 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 analysis looked at effects on the natural, economic and social environments. Public letters announcing and outlining the supplement analysis to the Business Plan EIS went out December 2004. Comments were accepted through March 1, 2005. For more on the supplement analysis and the comments that were received, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/bpsa](http://www.efw.bpa.gov/environmental_services/Document_Library/bpsa).

### **FISH AND WILDLIFE - ONGOING PROJECTS**

#### **Bonner County Kalispel Acquisition (Albeni Falls Wildlife Mitigation Program) - Bonner County, Idaho**

BPA is currently working with the Kalispel Tribe to acquire and manage one parcel (approximately 80 acres) of land in Bonner County, Idaho. BPA funds the Albeni Falls Wildlife Mitigation Program, which is working to acquire and restore key habitats within the Pend Oreille Watershed. This is a mitigation program that purchases private land to be owned and managed by program

participants for the protection, mitigation and enhancement of wildlife affected by the construction and operation of the federal hydroelectric facilities on the Columbia River. Comments were accepted through Nov. 15, 2005. If you would like more information, please call 1-800-622-4519.

#### **Chief Joseph Hatchery Program – Okanogan County, Wash.**

The Northwest Power and Conservation Council has recommended that BPA fund a program sponsored by the Confederated Colville Tribes to assist in the conservation and recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River between the Okanogan River and Chief Joseph Dam. This program would include construction, operation and maintenance of a hatchery at the base of the Chief Joseph Dam and a few acclimation ponds throughout the Okanogan River subbasin. Adult fish broodstock collection for gathering eggs would occur throughout the project area by various means. Egg incubation and early rearing would occur at the new hatchery. Final rearing and release of juvenile fish would occur at new and existing acclimation ponds. While the focus of the program would be the propagation of summer/fall chinook salmon, the environmental impact statement will also consider use of the proposed facilities to reintroduce extirpated spring chinook salmon to historical habitats in the Okanogan subbasin. Comments were accepted through Sept. 19, 2005. A draft EIS will be available for public review and comment in spring 2006. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Chief\\_Joseph/](http://www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/).

#### **Gold Creek Idaho Department of Fish and Game Acquisition (Albeni Falls Wildlife Mitigation Program) – Bonner County, Idaho**

BPA is working with the Idaho Department of Fish and Game to acquire and manage approximately 310 acres of land that fronts the Pack River at the confluence of Gold Creek. BPA funds the Albeni Falls Wildlife Mitigation Program, which is acquiring and restoring key habitats within the Pend Oreille Watershed. This is a mitigation program that purchases private land to be owned and managed by program participants for the protection, mitigation and enhancement of wildlife affected by the construction and operation of the federal hydroelectric facilities on the Columbia River. Comments were accepted through Nov. 15, 2005. If you would like more information, please call 1-800-622-4519.

#### **Proposal for Alternative Contracting Approach for Capitalizing BPA Funded Wildlife Land Acquisitions – Regionwide**

BPA is interested in getting feedback on a draft proposal for an alternative contracting concept for capitalizing land acquisitions for wildlife mitigation. The draft proposal addresses some of the issues that have led to a perceived slowing of mitigation efforts resulting from implementation of the agency's capitalization policy. For more information, see BPA's Web site: [www.efw.bpa.gov/](http://www.efw.bpa.gov/).

#### **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 draft environmental impact statement was released in September 2004 and is available on BPA's Web site: [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 September 2004, and comments were accepted through Nov. 9, 2004. Further environmental analysis on this project is delayed until a master plan is completed. Environmental analysis will continue only if the master plan is 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 released the final environmental impact statement for the South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program on July 25, 2005. Subsequently, some parties interested in this program informed BPA that the FEIS did not include comments they submitted during the draft EIS comment period (July 12 through Aug. 20, 2004). BPA is accepting comments that raise new information or identify changed circumstances from those discussed in the FEIS. The comment period was open through Dec. 12, 2005.

The FEIS is available on BPA's Web site: [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**

### **Opportunities for public comment on BPA's service to DSI customers – Regionwide**

BPA will be seeking comment on its draft prototype contract for service to BPA's direct service industry customers for fiscal years 2007 to 2011. On June 30, 2005, BPA issued a record of decision on the level of benefits to be provided to the DSIs after 2006. The ROD established that BPA would provide the DSIs up to 577 average megawatts of service benefits and offer Port Townsend Paper Corp. 17 aMW of surplus firm power through its local utility at a rate approximately equivalent to, but in no case lower than, the priority firm rate. This invitation to comment on the prototype fulfills the promise in the ROD to make the prototype contract for aluminum smelter benefits available for regional review and comment for the purpose of ensuring consistency with the decisions and policies contained in the ROD. The DSI draft prototype comment period opened Nov. 28 and runs through Jan. 4, 2006. BPA currently intends to finalize and offer these contracts in mid-February 2006. The Port Townsend draft contract is posted on the Regional Dialogue Web site. BPA will accept comments on the draft Port Townsend contract through Jan. 31. Both draft prototype contracts are available for comment at: [www.bpa.gov/power/pl/regionaldialogue/announcements.shtml](http://www.bpa.gov/power/pl/regionaldialogue/announcements.shtml). Please monitor the Web site for more information. (See close of comment)

### **Power Rates 2007 to 2009 – Regionwide**

In the fall of 2005, BPA began the formal 7(i) process of setting power rates for fiscal years 2007 to 2009 with the release of the 2007 Wholesale Power Rate Case Initial Proposal (WP-07). BPA held six field hearings around the region to provide the general public with an opportunity to comment on the initial proposal. More information about this rate process is available on BPA's Web site: [www.bpa.gov/power/ratecase](http://www.bpa.gov/power/ratecase). (See close of comment)

### **Transfer Service – Regionwide**

BPA held four meetings in November and December 2005 to discuss outstanding issues from the April 2005 agreement regarding transfer service that BPA executed with customers served through general transfer agreements or open access transmission tariff arrangements. BPA will now review the issues discussed and bring proposals back to the group in late January.

## **TRANSMISSION – ONGOING PROJECTS**

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

BPA is participating 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 draft environmental impact statement is scheduled for release in spring 2006.

### **Klondike III/Biglow Canyon Wind Integration Project – Sherman County, Ore.**

BPA has been asked by PPM Energy Inc. to interconnect 300 megawatts of the output of the proposed Klondike III Wind Project and by Orion Energy LLC to interconnect 400 MW of the proposed Biglow Canyon (formerly Sherman County) Wind Project. Integration would require BPA to build and operate a new double-circuit 230-kilovolt transmission line, approximately 12 miles long, with one or two substations. The new facilities would be built near the towns of Wasco and Rufus, Ore. BPA is analyzing the effects of the proposed action and both wind projects in an environmental impact statement. BPA expects to issue a draft EIS in April 2006. Scoping meetings were held in Wasco, Ore., in March and April 2005. The comment period was extended through Jan. 5, 2006, to include the Orion Energy Interconnect request. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

### **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 Lincoln County, Mont. Current options include: (a) rebuilding the line as a single-circuit 115-kV wood-pole H-frame line with some wood-pole equivalent steel poles; (b) rebuilding the line as a double-circuit 115-kV tubular steel-pole line; (c) rebuilding the line as a double-circuit 230-kV tubular steel-pole line; and, (d) not rebuilding the line. BPA plans to analyze the environmental effects of the proposed project and comments received during the scoping process in an environmental impact statement and expects to issue a draft EIS in spring 2006. The extended comment period closed on Oct. 30. An informational public meeting on electric and magnetic fields was held Nov. 17 in Libby, Mont. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

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

Olympic Converter LP has requested interconnection to the Federal Columbia River Transmission System of a 550-megawatt transmission cable 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. BPA is leading the environmental studies and coordinating efforts with the Department of Energy. The draft EIS is scheduled for release in winter 2006. Comments were accepted through June 8, 2005. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Rock Creek Substation - Klickitat County, Wash.**

BPA has decided to offer contract terms for interconnection of 150 megawatts of power from the Goodnoe Hills wind project and up to 200 MW of power from the White Creek wind project into the Federal Columbia River Transmission System. The tiered record of decision was signed Nov. 9, 2005. The interconnection involves constructing a new 500/230-kilovolt substation along the Wautoma-John Day 500-kV transmission line between structures 85/4 and 85/5. This new facility, called Rock Creek Substation, will require approximately 7.5 acres of land in the Goodnoe Hills area, off Hoctor Road in Klickitat County, Wash. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

### **Seven Mile Hill Wind Project - Wasco County, Ore.**

UPC Wind Partners, LLC, submitted a request to BPA for the interconnection of 50 megawatts of power it plans to generate from its proposed wind development southwest of The Dalles, Ore. BPA would provide the interconnection to enable UPC to market wind power. BPA is considering constructing a simple tap to create a three-terminal line within a switchyard to be constructed beneath BPA's The Dalles-Hood River 115-kilovolt transmission line. UPC would build a 115/34.5-kV substation adjacent to the switchyard, but outside the transmission line right-of-way. BPA will largely parallel its National Environmental Policy Act review process with the Wasco County review of the conditional use permit application for this project. BPA plans to issue a tiered record of decision under the Transmission Business Plan environmental impact statement. UPC is currently conducting bat and bird studies and tentatively plans to file a conditional use permit application with Wasco County in January 2006.

### **Thurston-Willakenzie 115-kilovolt transmission line - Lane County, Ore.**

BPA will relocate a segment of its Thurston-Willakenzie 115-kV transmission line located in the city of Springfield, Ore. The Oregon

Department of Transportation has asked BPA to move two transmission structures adjacent to Interstate Highway 5 just south of the Beltline Road interchange and the existing transmission line away from buildings and proposed development in the Gateway Industrial Park. BPA will construct approximately one mile of new single circuit 115-kV transmission line from the Thurston-Willakenzie transmission line just west of the McKenzie River to Eugene Water and Electric Board's McKenzie Substation. Construction of this new line will begin in early January 2006 and be completed by early March 2006 to meet ODOT's construction schedule. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Willow Creek Wind Project - Gilliam and Morrow Counties, Ore.**

Invenergy, LLC submitted an interconnection request for up to 180 megawatts of power generated from the proposed Willow Creek Wind Project located in Gilliam and Morrow Counties, Ore. BPA proposes to interconnect up to 150 MW to BPA's Tower Road-Alkali 115-kilovolt transmission line in Gilliam County. Interconnection would require rebuilding one mile of transmission line and constructing two switch structures within the existing BPA right-of-way. Invenergy is currently proposing a 72-MW project with no firm expansion plans at this time. A public scoping meeting was held Oct. 18, in Arlington and comments were accepted through Nov. 1. BPA will analyze project impacts in a tiered ROD under the Business Plan EIS, scheduled to be completed in summer 2006. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

## **SUPPLEMENT ANALYSES**

To view copies of the supplement analysis, visit the link provided.

### **Watershed Management Program EIS**

[www.efw.bpa.gov/environmental\\_services/Document\\_Library/Watershed\\_Management/](http://www.efw.bpa.gov/environmental_services/Document_Library/Watershed_Management/)

- SA-244 Idaho Fish Screening Improvement - Kenny Creek LKC-03, Lemhi County, Idaho
- SA-245 Idaho Fish Screen Improvement - Shallis Creek Diversions, Custer County, Idaho

### **Wildlife Mitigation Program EIS**

[www.efw.bpa.gov/environmental\\_services/Document\\_Library/Wildlife\\_Mitigation/](http://www.efw.bpa.gov/environmental_services/Document_Library/Wildlife_Mitigation/)

- SA-50 Albeni Falls Wildlife Mitigation - Eaton Lake Acquisition, Bonner County, Idaho

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

- SA-270 Lapine-Chiloquin, Klamath and Deschutes Counties, Ore.
- SA-271 Bonneville-Alcoa, Clark and Skamania Counties, Wash.

## **CALENDAR OF EVENTS**

### **Power Function Review**

- Jan. 23 - 9 a.m. to 4 p.m., BPA Rates Hearing Room, 911 N.E. 11<sup>th</sup> Avenue, Portland, Ore.

### **CLOSE OF COMMENT**

- Jan. 4, 2006 - Opportunities for public comment on BPA's service to DSI customers
- Jan. 16, 2006 - Proposed Settlement Agreement with Clark Public Utilities
- Jan. 31, 2006 - Opportunities for public comment on BPA's service to Port Townsend Paper Company
- Feb. 13, 2006 - Power Rates 2007 to 2009

**The Journal is a monthly publication of the Bonneville Power Administration. If you have questions or comments, or you want to be added to the mailing list for any project, call (503) 230-3478 in Portland or toll free 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: [www.bpa.gov](http://www.bpa.gov). For details on BPA environmental reviews listed above, including site maps and documents issued to date, see [www.efw.bpa.gov/environmental\\_services/nepadocs.aspx](http://www.efw.bpa.gov/environmental_services/nepadocs.aspx). Process Abbreviations: EA-Environmental Assessment, 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.

