

# journal

August 2006

www.bpa.gov/corporate/pubs/Journal

## BPA expects rate cut in October

BPA announced it expects to cut its wholesale power rates by 3 percent effective Oct. 1. This would be the fourth year in a row that BPA has lowered its rates.

BPA Administrator Steve Wright cited extraordinary collaboration among the agency's customers and others as a key factor in the rate decrease. Other factors included stringent cost management and better than expected surplus power sales as a result of a relatively normal water year.

The collaboration led to innovative financial arrangements with customers and Energy Northwest that increased BPA's liquidity and reduced cash requirements. Rate case parties also settled several rate design issues early on in the rate-setting process.

The new rates are adjustable to accommodate certain conditions such as poor water conditions or potential court-ordered fish measures. Final rates will be announced in September.

## Proposal on BPA's future role released

BPA released "The Long-term Regional Dialogue Policy Proposal" in July. The proposal reflects five years of discussions about BPA's long-term power sales role after fiscal year 2011 when current power contracts expire.

A key element of the proposal calls for implementing an earlier decision to limit the amount of power BPA sells to its preference customers (public utilities, municipalities and cooperative utilities) at its lowest rate to the amount of power provided by the federal system. This would be Tier 1 power. BPA would meet remaining net requirements on request for its preference customers, but would do so at a Tier 2 rate designed to cover the marginal cost of securing power beyond what the federal system can supply.

"Knowing BPA's plans for the future will help other regional utilities make informed choices about their power supply and to do so early enough that adequate resources can be developed to meet growing demand," said BPA Administrator Steve Wright. BPA is taking comments on the proposal through Sept. 29.

## Projects improve habitat in John Day

In July, tribal, local and federal officials celebrated and toured projects to restore habitat for salmon and

steelhead in the John Day River in eastern Oregon. It is the nation's longest river containing entirely wild runs of anadromous fish. With funding from BPA and others, a number of improvements have been installed in the basin, including diversion dams, pipelines that allow fish-friendly use of water, return-flow cooling projects, fencing to keep cattle out of riparian habitat and off-channel water projects.

The partnership in bringing about the improvements includes the Confederated

Tribes of the Warm Springs, Grant Soil and Water Conservation District and local farmers and ranchers, along with BPA.

## Many species benefit from Green Island

In late June, representatives from a number of organizations toured the Green Island fish and wildlife project managed by the McKenzie River Trust. The island is near the confluence of the McKenzie and Willamette rivers in Oregon. The project protects several miles of side channels and four miles of mainstem Willamette River. The complex also contains 500 acres that are being restored to native wetlands, forests and grasslands for birds, Western pond turtles, bull trout and other wildlife.

The collaborative conservation project is backed by a number of organizations including BPA.



Green Island provides habitat for many species.



## BPA employees honored for service

For the third consecutive year, the Department of Energy presented BPA with an award for its high employee participation in the Secretary of Energy's Community Service Awards. The award is based on the number of hours of community service employees contribute on their own time. These volunteer efforts include helping with youth programs, food programs, cultural programs and local libraries. They also include tutoring and mentoring at schools, volunteering for research and rescue, and raising money for non-profits and charities.

## BPA meets hot weather challenges

Record-setting hot temperatures scorched the West in late July. BPA took a number of steps to ensure that the Northwest would be able to meet the high energy demand and also to help California should health and safety be endangered.

These steps included adding more water to the pools behind the dams in the lower Columbia River to provide greater capability to generate more power and rescheduling maintenance that could be safely deferred on generation and transmission resources. No measures taken to address the heat wave affected fish operations.

## Nuclear site restoration going well

BPA and Energy Northwest have been working to retrieve as much value as they can from the assets of uncompleted nuclear plants WNP-1 and WNP-4, as well as to clean up the project sites. Both projects are on the Hanford Reservation in eastern Washington.

Approximately \$10 million has come in during the last year from sales of the assets of the two projects. Asset sales are due to be completed this December. Health, safety and environmental restoration are complete, while the demolition work is nearing completion.

BPA and Energy Northwest are studying the potential for long-term re-use of the remaining site facilities. Ideas under consideration include a regional potable water plant, a pilot scale bio-fuels plant and an energy storage facility.

## BPA moves to settle SCE suit

Following a 30-day public comment period, BPA moved ahead to complete a settlement agreement with Southern California Edison that would resolve long-standing and potentially expensive litigation, while retaining a good business relationship with SCE.

The settlement involves two claims, totaling \$208 million, brought by SCE. BPA has agreed to pay SCE \$28.5 million, plus interest, to settle the claims. BPA will not pay SCE until the California Public Utility Commission approves SCE's participation in the agreement and there is resolution of the pending California Refund Process with respect to the net amounts owed to or owed by BPA. Under the terms of the settlement, the commission has 18 months to approve or deny SCE's application. It is uncertain when the California Refund Process will be resolved.



Improvised spray system cools off converters.

## Creative crew keeps Celilo cool

When temperatures at The Dalles topped 110 degrees July 22-23, BPA's DC Intertie was carrying close to its maximum load. Celilo is the northern terminus of the DC line that carries power between the Columbia River and Los Angeles. The combination of heat and load stressed Celilo's cooling system, and when converter 3 and 4's water spray system malfunctioned, BPA crews faced potential converter failure and the loss of 2,000 megawatts. That's when they got creative.

The crew designed a temporary water spray system in front of the cooling building intake, which brought the temperature down dramatically. The improvised water spray system was not a part of the cooling system's design and far from conventional. "We basically hooked up a fire hose to a four-wheeler and used the spray to pre-cool the air before it went through the radiator," said Dave Potter, chief substation operator.

publicinvolvement

updates and notices

## AGENCY – PROJECTS UNDER REVIEW

### ColumbiaGrid – Regionwide

BPA continues to actively participate as a member in ColumbiaGrid – a nonprofit corporation seeking to implement

integrated, or "one-utility," approaches in the Northwest. In June 2006, BPA signed a new two-year funding agreement. Six other utilities supporting ColumbiaGrid have also signed or will soon sign this agreement. BPA's funding share is \$2.4 million over two years. BPA's signing of this funding

agreement supports the seating of a three-member board in August 2006, the hiring of key staff and two years of developmental activity. This agreement does not represent a BPA decision to enter into any proposed functional agreements that will specify the scope of ColumbiaGrid's responsibilities. The next ColumbiaGrid Forum meeting will be Aug. 17. All Forum meetings are open to the public. See [www.columbiagrid.org/](http://www.columbiagrid.org/) for the latest information. (See calendar of events)

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

BPA is preparing a Supplement Analysis to its Business Plan EIS, scheduled for release later this summer. For more information, 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 – PROJECTS UNDER REVIEW**

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

The Northwest Power and Conservation Council recommended that BPA study a program sponsored by the Confederated Colville Tribes to assist in conservation and recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River. This program would include a new hatchery near the base of the Chief Joseph Dam and acclimation ponds throughout the Okanogan River subbasin. The EIS will also consider use of the proposed facilities to reintroduce spring chinook salmon to historical habitats in the subbasin on an experimental basis. The program includes production to augment the ceremonial and subsistence harvest of salmon for the Confederated Colville Tribes. A draft EIS will be available for public comment this fall. 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/).

#### **Lyle Falls Fish Passage Project – Klickitat County, Wash.**

BPA will be preparing an EIS for the proposed Lyle Falls Fish Passage Project and expects the draft EIS in May 2007. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Lyle\\_Falls/](http://www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/).

#### **Northeast Oregon Hatchery Program, Grande Ronde-Imnaha Spring Chinook Hatchery Project – Wallowa County, Ore.**

BPA has conducted value engineering, land acquisition and final design according to the ROD signed March 11, 2005. Several minor changes to facility features and sites resulted, so additional environmental analysis was conducted that included Endangered Species Act compliance, cultural resources surveys and hydrologic effects. No substantial new environmental effects or public issues are anticipated by the changes. A Supplement Analysis was completed March 23, 2006, which found that a supplemental EIS was not warranted by the minor changes. USFWS and NOAA Fisheries have concurred that the original ESA consultation remains valid. A ROD authorizing construction is planned for later this month. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Grand\\_Ronde/](http://www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/).

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

BPA is seeking feedback on a draft proposal for an alternative contracting concept for capitalizing land acquisitions for wildlife mitigation. The draft addresses some 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/).

### **POWER – PROJECTS UNDER REVIEW**

#### **2007 Wholesale Power Rate Case (WP-07) – Regionwide**

On July 17, 2006, the administrator of the Bonneville Power Administration signed the Final Record of Decision concluding the 2007 Wholesale Power Rate Adjustment Proceeding (WP-07). This 7(i) rate-setting process began with the publication of the Federal Register Notice on Nov. 8, 2005, and BPA's Initial Proposal on Nov. 21, 2005. The final ROD includes BPA's General Rate Schedule Provisions that will govern rates for FY 2007-2009. The final ROD, GRSPs and supporting studies

and documentation are on BPA's Web site at: [www.bpa.gov/power/ratecase](http://www.bpa.gov/power/ratecase). BPA will now send the record for this rate proceeding to the Federal Energy Regulatory Commission by Aug. 1, 2006, to seek approval of these rates, which if approved, become effective Oct. 1, 2006.

#### **Regional Dialogue – Regionwide**

BPA has issued a policy proposal for public comment. The comment period is open through Sept. 29, 2006. Public meetings are scheduled throughout the region. Additional information is available on BPA's Web site: [www.bpa.gov/power/regionaldialogue](http://www.bpa.gov/power/regionaldialogue). (See close of comment and calendar of events)

### **TRANSMISSION – PROJECTS UNDER REVIEW**

#### **Caribou-Lower Valley Project – Caribou County, Idaho**

BPA is proposing to build, own, operate and maintain a new 138/115-kV substation near a proposed new PacifiCorp substation near Soda Springs, Idaho. BPA would connect to PacifiCorp's new substation for the purpose of improving service to Lower Valley Energy. Lower Valley Energy would construct, own and operate a new 20-mile double-circuit 115-kV transmission line from BPA's new substation to a tap on the Lower Valley Energy transmission system between Lanes Creek and Valley substations. Lower Valley Energy would work with BPA to acquire all land and rights-of-way for the 115-kV transmission line. BPA accepted comments through July 14. BPA held a public meeting June 6. Field work and design are planned for this summer. BPA expects to release a draft EA in winter 2006/2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

#### **Congestion Management White Paper – Regionwide**

BPA has prepared a white paper, "Challenge for the Northwest: Protecting and managing an increasingly congested transmission system," describing how and why the Northwest grid has become increasingly stressed and identifying underlying causes of congestion. The white paper is available on BPA's Web site: [www.bpa.gov/corporate/pubs/Congestion\\_White\\_Paper\\_April06.pdf](http://www.bpa.gov/corporate/pubs/Congestion_White_Paper_April06.pdf). BPA is engaging customers and constituents this summer to develop an agency strategy for dealing with congestion on the transmission system. BPA anticipates a public comment period in late August through September. A public meeting is planned for Sept. 6. For more information or to participate, see the Congestion Management project Web site: [www.transmission.bpa.gov/business/CongestionManagement/](http://www.transmission.bpa.gov/business/CongestionManagement/). (See calendar of events)

#### **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 is working on a comprehensive conservation plan under the Refuge System Improvement Act of 1997. BPA is helping with sections of the plan that pertain to transmission facilities, roads, energy facilities and river flow management within the monument. A draft EIS is scheduled for release this summer.

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

BPA has completed the draft EIS considering impacts of requests 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 Wind Project. Comments were accepted through June 19, 2006. BPA plans to issue a final EIS this fall. 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-Bonniers Ferry 115-kV Transmission Line Rebuild – Lincoln County, Mont.**

BPA is proposing to rebuild a 17-mile-long section of the Libby-to-Bonniers Ferry 115-kilovolt transmission line to improve its reliability and meet future load growth in Lincoln County, Mont. BPA plans to analyze the environmental effects of the proposed project and comments received during the scoping

process and expects to issue a draft EIS later this summer. Comments were accepted through Oct. 30, 2005. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/%20Transmission\\_%20Projects/](http://www.transmission.bpa.gov/PlanProj/%20Transmission_%20Projects/).

#### **Port Angeles/Juan de Fuca Transmission Project – Port Angeles, Wash.**

Olympic Converter LP has requested interconnection to the Federal Columbia River Transmission System of a 550-MW transmission cable across the Strait of Juan de Fuca from Vancouver Island, B.C., to Port Angeles, Wash. The draft EIS is expected to be released this summer. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

#### **Programs in Review – Regionwide**

The 2006 PIR process will set planned spending levels apart from Transmission's rate case. BPA held five public meetings to share proposed operating costs for both capital and expense programs for its 2008 to 2009 transmission rate period. BPA also hosted one technical workshop to respond to questions and share more details on its proposed capital programs. BPA will accept comments on the program levels through Aug. 31. See BPA's Web site for more information: [www.transmission.bpa.gov/business/Customer%5FForums%5Fand%5FFeedback/Programs\\_in\\_Review/pir2006.cfm](http://www.transmission.bpa.gov/business/Customer%5FForums%5Fand%5FFeedback/Programs_in_Review/pir2006.cfm). (See close of comment)

#### **TRANSMISSION – PROJECTS UNDER CONSTRUCTION**

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

A tiered Record of Decision under the Business Plan Environmental Impact Statement was issued in March 2005. Interconnection required BPA to build a 230-kV switching station, Spring Creek Substation, that looped into the Midway-Big Eddy 230-kV transmission line. Construction was completed on the Spring Creek Substation in July 2006. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

##### **Leaning Juniper Wind Project – Gilliam County, Ore.**

A tiered Record of Decision under the Business Plan EIS was issued in January 2005. Interconnection requires BPA to build a new 230-kV switching station called Jones Canyon substation and connect to the McNary-Santiam 230-kV transmission line approximately two miles south of the town of Arlington, Ore. Construction was completed on the Jones Canyon Substation in July 2006. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

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

Construction of Rock Creek Substation is under way and is expected to be complete in fall 2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

##### **Tucannon River-North Lewiston 115-kV Transmission Line – Garfield County, Wash., and Nez Perce County, Idaho**

Construction on the Tucannon River-North Lewiston transmission line is under way and expected to be complete in fall 2006. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

##### **Windy Point Wind Interconnection – Klickitat County, Wash.**

BPA is considering the interconnection of up to 250 megawatts from Windy Point Partners LLC. This wind project would interconnect at the Rock Creek Substation, now under construc-

tion. Two groups filed an appeal to the county's SEPA determination and a hearing was held on July 19. A tiered ROD is expected to be released after the appeal process is complete. 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 analyses, visit the link provided.

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

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

- SA-263 Rehabilitate Lapwai Creek, Protect and Restore the Big Canyon Creek Watershed, Nez Perce County, Idaho
- SA-264 Satus Creek Watershed Restoration Project – Lincoln Meadow Road Removal and Relocation, Yakima County, Wash.
- SA-265 Meadow Creek Habitat Restoration, Union County, Ore.
- SA-266 End Creek Habitat Restoration, Union County, Ore.
- SA-267 Lemhi SWCD Habitat Projects for FY 06: L-13 Diversion Modification, L-63 Diversion Modification and L-8A Side Channel Riparian Protection Fence, Lemhi County, Idaho
- SA-268 John Day Watershed Restoration Program, Wheeler and Grant Counties, Ore.

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

- SA-307 Big Eddy-Chenoweth, Nos. 1 & 2, Wasco County, Oregon and Klickitat Counties, Wash.
- SA-308 McNary Santiam No. 2, Linn and Marion Counties, Ore.
- SA-309 Trojan-Allston, Columbia County, Ore.

#### **CALENDAR OF EVENTS**

Aug. 17 – 9:30 a.m. to 3:30 p.m. ColumbiaGrid Forum meeting, Red Lion Seattle Airport, 18220 International Blvd., Seattle, Wash.

Sept. 6, 2006 – 9 a.m. to 4 p.m., Congestion Management Business Practices Technical Forum, BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

#### **Regional Dialogue Public Meetings:**

Aug. 1 – Registration: 3 to 3:30 p.m., Meeting: 3:30 to 7 p.m., Mountaineers Building, 300 3rd Ave. W., Seattle, Wash.

Aug. 7 – Registration: 1 to 1:30 p.m., Meeting: 1:30 to 5 p.m., Franklin PUD Auditorium, 1411 W. Clark St., Pasco, Wash.

Aug. 9 – Registration: 3 to 3:30 p.m., Meeting: 3:30 to 7 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Aug. 21 – Registration: 1 to 1:30 p.m., Meeting: 1:30 to 5 p.m., Wingate Inn, 5252 Airport Blvd., Missoula, Mont. Please note this is a date and location change from the original announcement.

Aug. 23 – Registration: 3 to 3:30 p.m., Meeting: 3:30 to 7 p.m., Shilo Inn Suites Hotel, 780 Lindsay Blvd., Idaho Falls, Idaho

#### **CLOSE OF COMMENT**

Aug. 31 – Transmission Programs in Review

Sept. 29 – Regional Dialogue

#### **RECORD OF DECISION SIGNED**

July 17, 2006-2007 Wholesale Power Rate Case

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 toll free (800) 622-4519.

To order copies of documents, call: (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, ESA-Endangered Species Act, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision.

