

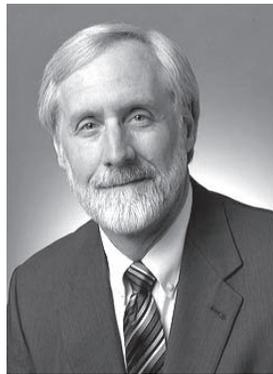
journal

March 2007

www.bpa.gov/corporate/pubs/Journal

BPA executive gets NERC post

BPA Deputy Administrator Steve Hickok has been elected vice chair of the Member Representatives of the North American Electric Reliability Corporation. Hickok previously had been elected as a committee representative of the U.S. Federal and Canadian Provincial Utilities sector. A special election will be held to elect a replacement. The committee that Hickok will help chair elects NERC's independent board of trustees and advises the trustees and NERC management on policy, budget and operations.



Steve Hickok

NERC's mission is to improve the reliability and security of the bulk power system in North America. The Energy Policy Act of 2005 authorized the creation of a self-regulatory electric reliability organization spanning North America. In 2006, the Federal Energy Regulatory Commission certified NERC as the electric reliability organization for the United States.

Renewable research projects considered

BPA has selected 11 renewable resource research and development projects for further negotiation, after reviewing 25 responses to a request for proposals for research and development projects on wind integration and ocean wave and tidal power generation. Selection for negotiation does not guarantee award. BPA expects to complete negotiations and award contracts by March 15.

BPA works to improve system efficiency

BPA expects to participate in a new Electric Power Research Institute initiative to address climate change by improving power system efficiency. EPRI will accelerate research and augment deployment of advanced energy efficiency end-use devices, power control systems and peak load management tools. This national effort will leverage contributions from numerous individual utilities.

"The Pacific Northwest has a long history of supporting and being a leader in energy efficiency efforts," said BPA Deputy Administrator Steve Hickok. "Our participation in this initiative and collaboration with dozens of participating utilities will move us further

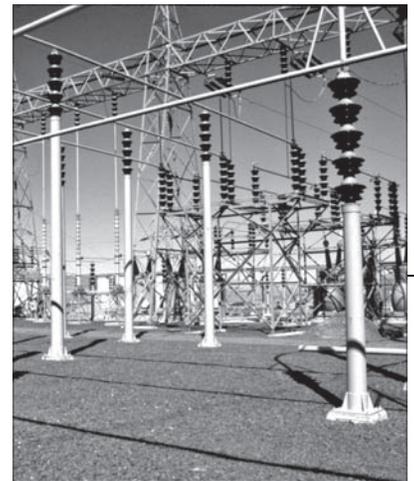
along in the development of energy efficiency technologies than we could do alone."

Energy efficiency program enhanced

On Feb. 13, BPA enhanced its energy efficiency initiatives implemented through its customer utilities. The move will help meet an aggressive target to acquire 52 average megawatts of energy efficiency this year. BPA is increasing incentives to achieve energy efficiency in industrial applications and non-lighting commercial loads. It also is increasing contract technical advisors available to BPA utility customers, particularly to advise on opportunities for efficiency in commercial lighting. The agency also is simplifying and clarifying certain reporting requirements for participating utilities.

Energy supply/demand requires action

BPA recently released its annual forecast of Pacific Northwest Electric Loads and Resources, known as the White Book. The study forecasts modest regional power surpluses through 2016, but only if the region's power supply includes 3,360 average megawatts of independent electric power generation sources that are located in the Northwest but are not contractually committed to serve



Chief Joseph Dam substation yard.

Northwest consumers. While regional forecasts display a surplus, many individual utilities are looking at near-term deficits. The Federal Base System is forecast slightly in deficit throughout the planning period.

"The bottom line is that the Northwest should not gamble on its energy future. Adequate power supplies are necessary to fuel the region's economy," said BPA Administrator Steve Wright. "Given the lead time needed to develop new energy infrastructure, now is



the time to be making critical decisions about our electricity future.”

The 2006 White Book is available online at www.bpa.gov/power/whitebook2006 or by calling BPA’s Public Information Center at 1-800-622-4520.

BPA delivers progress report

BPA delivered a special progress report on its internal efficiency project to customers in late February. The report fulfills Administrator Steve Wright’s 2003 pledge to customers that he would aggressively pursue and report on process improvements. This progress report details the history of the agency’s efforts and the progress for each of the Enterprise Process Improvement Program initiatives conducted since 2003.

A key subject of the report is how the agency is meeting two key strategic objectives, to improve both its efficiency and effectiveness and enhance cross-agency communications while still complying with the Federal Energy Regulatory Commission’s Standards of Conduct.

After BPA hired KEMA consultants in 2004 to do a high-level comprehensive review of major agency business processes, nine key areas were identified as opportunities for increasing efficiency and effectiveness. As the process reviews on the nine areas proceeded, it became evident that BPA needed an organizational structure to support and maintain improvements being made.

The subsequent reorganization went into effect Oct. 1, 2006. To view the report, which describes the EPIP in more detail, go to: bpaweb.bpa.gov/sites/EIP/Updates/1/Progress%20report%20on%20BPA's%20efficiency%20initiatives.pdf.

Ex parte communications prohibited

On Feb. 14, Transmission Services began a formal rate case to set its transmission and ancillary services rates for the fiscal year 2008-2009 rate period.

Until the rate case record of decision is signed, ex parte communications regarding any matter pending before

BPA in the rate proceeding (i.e., any such communication that is not on the record, except for certain non-substantive communications) are prohibited. The purpose of the ex parte rule is to assure that all oral or written communications with BPA during the rate case are shared and on the record. Transmission Services expects the ROD to be signed in late April.

To view the memo describing the prohibition on ex parte communications, go to: www.transmission.bpa.gov/Business/Rates_and_Tariff/ratesdocs/ExParteGeneralMemo.pdf.

BPA signs planning and expansion agreement

On March 5, Steve Wright, on behalf of BPA, signed the functional agreement offered by ColumbiaGrid to implement a regional transmission planning process. ColumbiaGrid’s Planning and Expansion Functional Agreement is one of several agreements the nonprofit regional transmission entity will offer as part of its mission to improve the operational efficiency, reliability and planned expansion of the region’s transmission grid.

“BPA is pleased to participate in the development of an open, coordinated, one-utility regional transmission planning process that supports regional utilities’ resource plans,” said Syd Berwager, BPA’s manager of Industry Restructuring. “We hope more parties will sign the functional agreement, which will have the benefit of increasing the robustness and overall value of ColumbiaGrid’s planning efforts.”

For more information on BPA’s participation in ColumbiaGrid, visit www.bpa.gov/corporate/business/restructuring/.

A complete copy of the ColumbiaGrid Planning and Expansion Functional Agreement, as well as information about ColumbiaGrid’s public process, is available at www.columbiagrid.org.

publicinvolvement

updates and notices

NEW PROJECTS

Fish and Wildlife

BPA has issued its decision on which fish and wildlife projects the agency will implement in fiscal years 2007-2009 to protect, mitigate and enhance fish and wildlife in the Columbia River Basin. The decision letter and supporting documents are located at: www.efw.bpa.gov/Integrated_Fish_and_Wildlife_Program/policyframework.aspx.

AGENCY – PROJECTS UNDER REVIEW

ColumbiaGrid – Regionwide

ColumbiaGrid members and board of directors hosted a public meeting Jan. 17 and agreed to offer a finalized Planning and Expansion Functional Agreement to regional parties. The agreement will become effective for the initiating parties 60 days after the offer. Other qualified entities may sign later. BPA has already indicated its intention to sign the agreement. ColumbiaGrid members continue to develop additional functional agreements.

BPA and six other utilities supporting ColumbiaGrid are funding this new organization's development. See BPA's Web site: www.bpa.gov/corporate/business/restructuring/ for more information on its participation. For the complete draft ColumbiaGrid Planning and Expansion Functional Agreement, and information about ColumbiaGrid's public process, see www.columbiagrid.org/.

FCRPS Revised Draft Systemwide Programmatic Agreement – Regionwide

The U.S. Army Corps of Engineers, Bureau of Reclamation and BPA (lead federal agencies) have released a Federal Columbia River Power System Revised Draft Systemwide Programmatic Agreement. It covers the management of historic properties affected by the multi-purpose operations of 14 of the dam/reservoir projects within the FCRPS. It provides the systemwide principles and commitments for the lead federal agencies, and compliance with Section 106 of the National Historic Preservation Act. Comments were accepted through Jan. 19. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/culturalresources.aspx.

Supplement Analysis to the Business Plan EIS – Regionwide

BPA is preparing a Supplement Analysis to its Business Plan EIS, scheduled for release this spring. For more information, see BPA's Web site: 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 below Chief Joseph Dam. This program would include a new hatchery near the base of Chief Joseph Dam and acclimation ponds throughout the Okanogan River subbasin. The EIS also will consider use of the proposed facilities to reintroduce spring chinook salmon to historical habitats in the Okanogan subbasin on an experimental basis. The program includes production to augment the ceremonial and subsistence harvest of salmon for the Confederated Colville Tribes. This program would be designed to have no effect on the operational flexibility of Chief Joseph Dam. A draft EIS for public comment is planned for this spring. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/.

Lyle Falls Fish Passage Project – Klickitat County, Wash.

BPA is preparing an environmental impact statement for the proposed Lyle Falls Fish Passage Project. The project addresses the modification and upgrade to the existing fishway located on the lower Klickitat River in Klickitat County, Wash. The draft EIS is scheduled for release in May 2007 with a public meeting to follow shortly thereafter. For more information, see BPA's Web site: 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. The U.S. Fish and Wildlife Service and NOAA Fisheries have concurred that the original ESA consultation remains valid. A ROD authorizing construction is planned for this spring. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/.

POWER – PROJECTS UNDER REVIEW

Regional Dialogue – Regionwide

BPA is preparing the Long-Term Regional Dialogue final policy and ROD. For more information, see BPA's Web site: www.bpa.gov/power/regionaldialogue.

TRANSMISSION – PROJECTS UNDER REVIEW

Caribou-Lower Valley Project – Caribou County, Idaho

BPA is proposing to build, own, operate and maintain a new 138/115-kilovolt substation near a proposed PacifiCorp substation near Soda Springs, Idaho. BPA would connect to PacifiCorp's new substation to improve 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 line. Field work and design are planned for spring 2007. BPA expects to release a draft EA in fall or winter 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_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. 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 was released to the public Dec. 8. Comments were accepted through Feb. 23.

Libby (Flathead Electric Cooperative)-to-Troy Section of the Libby-to-Bonnors Ferry 115-kV Transmission Line Rebuild – Lincoln County, Mont.

BPA is proposing to rebuild a 17-mile section of the Libby-to-Bonnors Ferry 115-kilovolt transmission line to improve its reliability and meet future load growth in Lincoln County, Mont. BPA is analyzing the environmental effects of the proposed project and the comments received during the scoping process. BPA expects to issue a draft environmental impact statement for public comment in early 2007. For more information and the latest update to stakeholders, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Olympic Peninsula Reinforcement Project – Thurston and Mason Counties, Wash.

BPA is proposing to remove 14.5 miles of a portion of an existing 115-kilovolt transmission line between Olympia and Shelton substations and replace it with a double-circuit, 230-kV line and add equipment at the two substations. This will improve voltage stability during winter-peak load conditions on the Olympic Peninsula. BPA will complete an environmental assessment on the proposed project. The preliminary EA

is expected in summer 2007. If BPA decides to proceed with this project, construction could begin in late 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

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 environmental impact statement is expected to be released this spring. Once the draft EIS is released, BPA will hold a public meeting in Port Angeles to take public comments and answer questions about it. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Shepherds Flat Wind Farm Interconnection Project – Gilliam and Morrow Counties, Ore.

Lifeline Renewable Energy, Inc., requested interconnection of up to 750 megawatts of power generated from the proposed Shepherds Flat Wind Farm that would be located in Gilliam and Morrow Counties, Ore. BPA proposes to interconnect up to 750 MWs by expanding the existing Slatt Substation in Gilliam County. BPA will analyze project impacts in a tiered ROD under the Business Plan EIS. The ROD is scheduled to be completed in 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Wind/.

Summer Falls/Main Canal Interconnection Project – Grant and Douglas Counties, Wash.

BPA proposes to interconnect 122 megawatts of generation from Summer Falls and Main Canal hydropower projects to the federal transmission grid. BPA proposes to construct a new 230-kilovolt substation (Pinto Ridge) in Grant County and a new communications site (Banks Lake) in Douglas County to complete the interconnection by 2008. Seattle City Light and Tacoma Power requested the interconnection and also requested that BPA construct six miles of new 115-kV transmission line between Main Canal and the new Pinto Ridge Substation, three miles of new 115-kV transmission line between Summer Falls and Pinto Ridge, and their new 115-kV substation adjacent to the proposed substation. Seattle City Light and Tacoma Power would own these facilities. BPA, Seattle and Tacoma are working together to complete a combined state and National Environmental Policy Act process and associated environmental compliance. A meeting will be held in Coulee City, Wash., when more information about the project is available. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/. When the date of the meeting has been set, the information will be added to the site.

Transmission Rate Case – Regionwide

BPA recently negotiated a settlement with its customers and customer representatives for the FY 2008-2009 Transmission Rate Case. BPA transmission customers supported the proposal, enabling BPA to sign the settlement on Jan. 12. BPA has now initiated the rate case hearing process and filed the initial rate proposal consistent with the settlement. A pre-hearing conference was held Feb. 14. A public comment period is open for interested persons who are not a party to the rate case. The comment period closes March 16, 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/Business/Rates_and_Tariff/.

TRANSMISSION – PROJECTS UNDER CONSTRUCTION

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

BPA will interconnect the Klondike III and Biglow Canyon wind projects in Sherman County, Ore. A record of decision was signed on Oct. 25, 2006. Construction has begun on the John Day Substation and construction of the transmission line will begin May 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Wind/.

Rock Creek Substation – Klickitat County, Wash.

Rock Creek Substation is under construction and will be complete in fall 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Wind/.

SUPPLEMENT ANALYSES

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

Transmission Vegetation Management Program

- SA-324 Port Angeles-Sappho No. 1, Clallam County, Wash.
- SA-325 Naselle-Tarlet, Pacific County
- SA-326 Benton-Franklin No. 1 & No. 2, Franklin County, Wash.
- SA-327 Malin-Hilltop and Hilltop-Warner, Kalamath County, Ore. and Modoc County, Calif.
- SA-328 Olympia-Satsop No.3, Thurston County, Wash.
- SA-329 McNary-Coyote Springs and Coyote Springs – Slatt, Morrow County, Ore.
- SA-330 Sandcreek Bonners Ferry, Bonner and Boundary County, Idaho

CALENDAR OF EVENTS

Port Angeles/Juan de Fuca Transmission Project Public meeting April 2007 (tentative). For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Close of Comment

Transmission Rate Case – March 16, 2007

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. BPA home page: 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. 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.

