

# journal

August 2007

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

## BPA releases Regional Dialogue Policy

BPA released its Long-Term Regional Dialogue Policy and accompanying Record of Decision July 19 after five years of efforts by BPA, its customers and other regional stakeholders. The policy and ROD define BPA's long-term power supply role for the region in a way that keeps the economic benefits of the Federal Columbia River Power System in the Northwest and ensures the agency's ability to meet its U.S. Department of Treasury obligations. This release marks a major milestone in advancing key national and regional goals and prepares the way for post-2011 BPA power sales contracts. These contracts will provide Northwest utilities with greater certainty to prepare for their future energy needs.

A primary focus of the policy is on the products and services that will be available to publicly owned utility customers through long-term contracts. The policy also proposes a tiered rate structure which defines the amount of energy each publicly owned utility can purchase at the cost of the existing federal system, referred to as a Tier 1 rate. A Tier 2 rate would be used for energy purchased beyond this established amount to serve customer load growth and would be designed to recover BPA's costs of securing additional resources to serve the higher load. Tiering the rates should create a strong incentive for customers to pursue conservation to lessen the need to purchase power at the higher priced Tier 2 rate.

## BPA won't seek rehearing

The federal government has decided not to request a rehearing of a May 3 Ninth Circuit Court of Appeals decision related to BPA's Residential Exchange Program (REP) settlement agreements. Instead, BPA is working with public and private utilities to find a resolution for the REP that is equitable and legally and politically sustainable.

As this publication went to press, BPA was anticipating a public meeting on Aug. 1 on the REP. The purpose of the meeting was to provide perspective and background on the program and discuss the processes BPA intends to use to resolve residential exchange issues. The meeting was not a venue for discussing or debating the level of REP benefits.

BPA expects to begin workshops in August to discuss the various issues that affect REP benefits. BPA plans to begin the formal average system cost methodology and rate case processes this coming December, with

the goal of signing new REP contracts (Residential Purchase and Sale Agreement contracts) by Dec. 1, 2008, in concert with Regional Dialogue contracts for public utilities and direct-service industries.

More information on the public's opportunity to participate in this process will be available soon.

A fact sheet on the history of the REP is now available online at: [www.bpa.gov/corporate/pubs/fact\\_sheets/07fs/fs061507.pdf](http://www.bpa.gov/corporate/pubs/fact_sheets/07fs/fs061507.pdf).

## Financing arrangement helps transmission projects

BPA and Northwest Infrastructure Financing Corporation II entered into a third-party financing agreement on June 12 that will provide \$90 million in nonfederal funds to finance new transmission projects. This approach allows BPA to build more transmission lines at a relatively low cost to ratepayers without relying on limited capital resources from the U.S. Department of Treasury.



The Black Hawk Fire, which began July 5 near Idaho Falls, Idaho, spread across 6,500 acres and burned most everything in its path, including this transmission pole. No one lost power thanks to a coordination of efforts by the Idaho Falls and Bonneville County Fire Districts, the Bureau of Land Management and BPA employees.  
(Photo by David Hodder)



Through the new financing agreement, BPA will enter into a number of short-term commitments for a variety of transmission assets. The agency will obtain full rights from the third-party owner to construct, manage and control the assets.

BPA is already using the newly signed agreement to arrange for installation and construction of four small transmission projects in Oregon and Washington. It's expected that the agency will finance an average of about \$100 million each year using third-party, non-federal sources.

BPA has invested more than \$1.2 billion in new transmission infrastructure in the Northwest since 2001. In 2003, Congress extended BPA's borrowing authority with Treasury by \$700 million to enable some of the agency's needed infrastructure investments, but also encouraged BPA to seek third-party financing opportunities.

### **BPA earns sustainability award**

The City of Portland Office of Sustainable Development presented BPA with a BlueWorks Award on July 19 for its commitment to going above and beyond the norm with its waste reduction, recycling and sustainability practices.

"It's great to see an organization like BPA – whose mission includes responsible environmental stewardship and accountability to the region – taking the steps to walk the talk and do things in a better way," said Dan Saltzman, Portland city commissioner.

Portland's BlueWorks program assists businesses in the city to improve recycling, reduce waste and buy products with recycled content. According to city data, 75 percent of Portland's waste is generated by businesses.

BPA has taken many steps to be more sustainable in its business practices, such as participating in Tri-Met's PASSport program, purchasing energy from Pacific Power's Blue Sky renewable energy program, and buying earth-friendly office supplies and energy efficient business equipment.

BPA's aggressive conservation efforts for 2007 aim to achieve 47 to 57 average megawatts of new conservation. That's the equivalent reduction of energy consumed by 35,000 average Northwest homes in a typical year. Since passage of the Northwest Power Act in 1980, BPA conservation programs have saved more

than 1,000 average megawatts annually, or as much as a large nuclear plant produces.

### **Third Quarter Review published**

BPA published its Third Quarter Review financial statement on July 27. While the Third Quarter Review shows the agency forecasting modified net revenues for the agency and both business units exceeding start-of-year targets, uncertainty remains. Water and market conditions could still affect the agency's financial results. Secondary power revenues could deteriorate from third quarter expectations with continued dry conditions. The review is available at [www.bpa.gov/corporate/Finance/q\\_review/](http://www.bpa.gov/corporate/Finance/q_review/).

### **Libby-to-Troy draft EIS available**

BPA has prepared a draft EIS that considers the environmental impacts of its proposed Libby-to-Troy transmission line rebuild. BPA is accepting comments on the draft EIS through Sept. 4. Comments will help BPA refine the EIS and decide whether to implement the project. A public meeting will be held August 15 from 6 to 8 p.m. at the Kootenai National Forest Supervisor's Office in Libby, Mont.

The purpose of the project is to ensure continued safe and reliable service to the local communities and to provide for future growth in the area. The proposal includes replacing 17 miles of the existing 115-kV line that runs west from Flathead Electric Cooperative's Libby Substation near the town of Libby, to BPA's Troy Substation, east of Troy, Mont.

Projects like this one, while small in comparison to some of the agency's key infrastructure developments, demonstrate a commitment to improving the reliability of the region's transmission system. At the same time, BPA is committed to minimizing the environmental impacts of its projects. The draft EIS lists actions that could lessen or eliminate the potential impacts of the Libby-to-Troy project.

For more information about the project or how to get involved, see BPA's Web site at [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Libby/](http://www.efw.bpa.gov/environmental_services/Document_Library/Libby/).

### **Correction**

In the July edition of the Journal it was reported that BPA paid \$8 million of the \$12 million Tacoma Narrow Crossing project. The actual project cost was \$16 million, and BPA paid \$12 million.

## **publicinvolvement**

## **updates and notices**

### **NEW PROJECTS**

#### **Cascade Wind Interconnection Project – Wasco County, Ore.**

BPA has been asked by UPC Oregon Wind, LLC to interconnect up to 50-MW of electricity generated from UPC's proposed Cascade Wind Project. UPC would independently build, own and operate the wind project and its associated facilities. The

Oregon Energy Facility Siting Council has siting and approval jurisdiction over the proposed wind project. If UPC's project is approved, BPA proposes to construct a new switchyard and tap beneath BPA's existing Hood River-The Dalles 115-kV transmission line. The project is in the early stages of environmental review. Comments will be accepted through Aug. 10, 2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/default.cfm?page=cascade](http://www.transmission.bpa.gov/PlanProj/Wind/default.cfm?page=cascade). (See close of comment)

## **Columbia-Ellensburg Transmission Line Upgrade – Kittitas County, Wash.**

BPA's Columbia-Ellensburg 115-kV transmission line needs upgrades to address line overloads in the area. The portion of line that needs to be upgraded extends from the Ellensburg Substation about 10 miles north to the Schultz Substation and then approximately four miles east toward the Columbia Substation. All existing wood poles and associated hardware would be replaced. Most new poles would be located in or as close to existing holes as possible. A portion of the existing conductor may be replaced to meet current industry standards. Three switches would also be replaced. Some existing access roads may need improvements and additional access routes may need to be purchased. BPA will conduct environmental field surveys this summer to complete a categorical exclusion. If BPA decides to proceed with the project, construction would likely begin in spring 2008 with a scheduled completion date of June 2009.

## **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 Tribes of the Colville Reservation 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 use of the proposed facilities to reintroduce spring chinook salmon to historical habitats in the Okanogan subbasin is also being considered. The program would augment the ceremonial and subsistence harvest of salmon for the Colville Tribe. This program would be designed to have no effect on the operational flexibility of Chief Joseph Dam. Comments on the draft EIS were accepted through June 18, 2007. Public meetings were held in Okanogan and Bridgeport, Wash. 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 is preparing an EIS for the proposed Lyle Falls Fish Passage Project. The project addresses the modification and upgrade to the existing fishway in order to meet state and federal fish passage standards. The project would also facilitate the collection of valuable biological information. The draft EIS is being finalized with a scheduled release in September 2007. A public meeting to take comments will follow. 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 initial ROD signed March 11, 2005. A ROD authorizing construction is planned for winter 2007/08. 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/).

### **Yakima Fisheries Project, Coho Reintroduction Feasibility Study Phase II – Yakima and Kittitas Counties, Wash.**

BPA, the Yakama Nation and Washington Department of Fish and Wildlife are proposing to initiate Phase II of the Coho Reintroduction Feasibility Study under the Yakima/Klickitat Fisheries Project. The study will involve outplanting of juvenile and adult coho in a number of tributaries in the upper Yakima

and Naches watersheds. Scoping was completed last fall, and a white paper describing the project and its impacts was available for public review in June. A Supplemental Analysis was issued in July. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Yakima\\_Fisheries/](http://www.efw.bpa.gov/environmental_services/Document_Library/Yakima_Fisheries/).

## **POWER – PROJECTS UNDER REVIEW**

### **Regional Dialogue – Regionwide**

BPA released the Long-Term Regional Dialogue final policy and ROD on July 19. For more information, see BPA's Web site: [www.bpa.gov/power/regionaldialogue](http://www.bpa.gov/power/regionaldialogue).

## **TRANSMISSION – PROJECTS UNDER REVIEW**

### **Albeni Falls-Sand Creek Transmission Line Project – Bonner County, Idaho**

BPA will replace poles on a section of the Albeni Falls-Sand Creek transmission line in northern Idaho and perform other upgrades to improve the reliability of the line. Approximately 340 wood poles will be replaced along about 25 miles of the existing transmission line. The project area is on an existing right-of-way from the Albeni Falls Dam to one mile north of BPA's Sandpoint Substation. In addition, 17 miles of the line will be reconducted to a larger conductor. Although construction would not begin until 2008 or 2009, BPA employees or contractors will be in the area through the summer performing various activities in support of the project, such as surveying for cultural resources and noxious weeds as well as reviewing the area for dangerous trees. An informational open house will be held Aug. 16. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/). (See calendar of events)

### **Caribou-Lower Valley Project (includes Hooper Springs Substation) – Caribou County, Idaho**

BPA is proposing to build, own, operate and maintain the new Hooper Springs 138/115-kV substation near a proposed PacifiCorp substation near Soda Springs, Idaho. BPA would connect to PacifiCorp's new substation (Threemile Knoll) 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. BPA is proposing to help fund this transmission line with a third-party financing arrangement. Lower Valley Energy is working to acquire all rights-of-way for the 115-kV line. Field work and design are planned for summer 2007. BPA expects to release a draft EA in fall/winter 2007/08. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Caribou/](http://www.efw.bpa.gov/environmental_services/Document_Library/Caribou/).

### **LaPine Substation – Deschutes County, Ore.**

BPA proposes building a 140-foot communications tower at its LaPine Substation located near Finley Butte, Ore. The current structures are approximately 70-feet tall. This tower is part of a larger BPA project to replace outdated communications equipment with more reliable technology. No trees will be removed or topped, now or in the future. A lower tower height would require trimming or cutting a substantial number of trees since the terrain is relatively flat at the substation. The project site is about 2.6 miles east of Finley Butte and southeast of the town of LaPine, Ore. The Bend-Fort Rock Ranger District is preparing a categorical exclusion. This notice is being re-issued to clarify that this tower will be used exclusively by BPA and the public comment period had been extended. Public comments were accepted through July 11, 2007. For more information, see BPA's Web site: [www.bpa.gov/corporate/public\\_affairs/comment.cfm](http://www.bpa.gov/corporate/public_affairs/comment.cfm).

### **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-kV transmission line to improve reliability and meet future load growth in Lincoln County, Mont. BPA issued a draft EIS on July 20 and will hold a public meeting Aug. 15. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/). (See calendar of events)

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

BPA is proposing to remove a 14.5 mile portion of an existing 115-kV 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 would improve voltage stability during winter-peak load conditions on the Olympic Peninsula. BPA expects to release a preliminary EA this summer. 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/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Palisades-Goshen Transmission Line Rebuild – Bonneville and Bingham Counties, Idaho**

The Palisades-Goshen 115-kV transmission line was built in 1949. The line extends from Palisades Dam in eastern Idaho approximately 52 miles west to BPA's Goshen Substation south of Idaho Falls, Idaho. The majority of the wood poles and cross arms are in need of replacement. BPA proposes to rebuild this line due to its age and deteriorated condition to ensure safe and reliable transmission service. BPA held public meetings in Shelley and Irwin, Idaho. Field work has begun and BPA expects to issue an EA in early 2008. 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/Juan de Fuca Transmission Project – Port Angeles, Wash.**

Sea Breeze Olympic Converter LP has requested interconnection of a 550-MW transmission cable to the Federal Columbia River Transmission System. The cable would run from Vancouver Island, B.C., across the Strait of Juan de Fuca to Port Angeles, Wash. The draft EIS was released for review March 9. An open house and public hearing were held April 10 and comments were accepted through April 24. BPA expects to issue the final EIS in fall 2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

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

BPA proposed to interconnect 122 MW of generation from Summer Falls and Main Canal hydropower projects to the federal transmission grid. The proposal included construction of a new 230-kV substation (Pinto Ridge) in Grant County, and a new communications site (Banks Lake) in Douglas County. It also included construction of 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 a new 115-kV substation adjacent to the proposed substation. Seattle City Light and Tacoma Power requested the interconnection, but are currently

evaluating other alternative actions. This project is on hold. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

## **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. The ROD was signed Oct. 25, 2006. Construction has begun on the John Day Substation and construction of the transmission line began May 14, 2007. 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.**

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/](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/)

### **Yakima Fisheries Project**

[www.efw.bpa.gov/environmental\\_services/Document\\_Library/Yakima\\_Fisheries/](http://www.efw.bpa.gov/environmental_services/Document_Library/Yakima_Fisheries/)

- SA-13 Implement Phase II of the Yakima Coho Reintroduction Feasibility Study – Benton, Yakima and Kittitas Counties, Wash.

## **CALENDAR OF EVENTS**

### **Libby (Flathead Electric Cooperative)-to-Troy Section of the Libby-to-Bonnors Ferry 115-kV Transmission Line Rebuild Public Meeting**

Aug. 15, 6 to 8 p.m., Kootenai National Forest Supervisor's Office, 1101 Hwy. 2 West, Libby, Mont.

### **Albeni Falls-Sand Creek Transmission Line Project Informational Meeting**

Aug. 16, 6 to 8 p.m., Priest River City Hall, 209 High Street, Priest River, Idaho

## **CLOSE OF COMMENT**

Aug. 10, 2007 – Cascade Wind Interconnection Project

## **RECORD OF DECISION SIGNED**

July 19, 2007 – Long-Term Regional Dialogue policy and ROD

**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.

