

journal

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BPA protects wildlife habitat

BPA recently funded the purchase of a 199-acre conservation easement in Oregon's Willamette Valley and three land acquisitions in Idaho. Together they total 1,805 acres. These parcels are located near other lands already under protection for wildlife. The parcel in Oregon would add more acreage to the almost 5,000 acres BPA has helped set aside for wildlife mitigation in the Willamette Valley.

A five-acre parcel in northern Idaho would contribute to a long-term plan of providing a safe movement corridor for wildlife along the Pack River. The two other recent acquisitions, which are in south central Idaho, total 1,800 acres. These parcels, when combined with nearby Idaho Department of Fish and Game lands, will help create a contiguous wildlife area of almost 5,000 acres and will provide protected habitat for various aquatic wildlife species for six miles along Camas Creek. For more information, visit www.efw.bpa.gov.



Wildlife habitat in the Camas Creek land acquisition area.

Network Open Season set for launch

Transmission Services has launched a comprehensive effort to ensure that there will be sufficient infrastructure available to deliver the next generation of power resources to loads. BPA has been working with the region to address this challenge from multiple fronts, including ways to better manage congestion on existing transmission flowgates, squeezing more out of the existing infrastructure and exploring nonwires alternatives.

Nevertheless, with growing loads and new renewable resource standards, new transmission infrastructure will be needed. To ensure priority transmission is built,

BPA will hold Network Open Seasons (NOS) for parties wishing to secure long-term firm capacity on BPA's network transmission system.

The first NOS starts April 15. To join this process, participants will be required to sign "precedent agreements," which commit them to take service at a specified time and under specified terms. Those not yet ready to sign a precedent agreement will have other opportunities as NOS is expected to be offered at least annually.

Once precedent agreements are signed, BPA proposes to "cluster" those requests to determine how much available transfer capability can be offered and which new transmission facilities, if any, will be required to accommodate the requests. By studying confirmed requests in a "cluster," BPA will be able to more efficiently determine collective system impacts and new facility requirements.

The NOS approach is expected to improve transmission queue management by winnowing out the speculative transmission requests and those who are not yet ready to commit to new resources.

Process improvement project secures savings

BPA began the Enterprise Process Improvement Program (EPIP) in 2004 – the agency's largest effort ever to improve its internal systems and processes to deliver greater value to the Pacific Northwest. The project produced \$112.4 million in avoided or reduced capital and expenses in fiscal years 2006 and 2007, and more savings can be expected as the EPIP projects are fully implemented.

Two of the agencies nine EPIP projects are complete, and the remaining seven are well into implementation, which is the most significant and crucial stage for achieving sustainable savings. Most remaining EPIP work will be completed in the next two years with some remaining in 2010.

For more information, visit www.bpa.gov/corporate/pubs/fact_sheets/08fs/.



Strong bonds ratings affirmed

Fitch Ratings, a major financial rating agency, has assigned strong ratings on Energy Northwest bonds and all other nonfederal debt backed by BPA. Fitch also signals that even higher ratings are possible with a positive outcome of long-term contract discussions taking place between BPA and its customers.

The assignment of the “AA-” rating from Fitch comes on the heels of Standard & Poors’ and Moody’s ratings affirmations for BPA-backed debt that came in late January.

Strong bond ratings mean BPA pays lower interest costs. Steve Wright, BPA administrator, said the solid financial ratings helps support BPA’s efforts to provide safe, reliable power to the Northwest at a reasonable price.

BPA currently backs \$6.2 billion in bonds issued by Energy Northwest for construction of nuclear generating projects in the Northwest. BPA and Energy Northwest have worked together for many years to refinance bonds at lower interest rates to help keep power rates low.

Wind integration rate case settled

The 2009 Wind Integration Within-Hour Balancing Service Rate Case has been settled. The rate will recover the costs of balancing the within-hour variability of wind generation in the BPA balancing authority (formerly referred to as “control area”). Under the settlement, BPA will charge wind generators in its balancing authority 68 cents per kilowatt of installed wind capacity per month for within-hour balancing services in FY 2009.

BPA now has 1,380 megawatts of wind power integrated in its balancing authority, with 2,877 MW expected on line by the end of fiscal year 2009. Because wind power output can vary moment-to-moment based on changes in wind speed, BPA has to adjust power produced from other sources to respond to the variable wind output, so that loads and generation remain balanced. This “balancing service” carries costs. The Northwest Wind Integration Action Plan, completed in March 2007, recognized the need for BPA to develop a rate to recover the cost of this service.

The costing methodology for this rate proposal was developed in a series of workshops with BPA customers and other interested parties in the fall of 2007. BPA and most of those parties have signed a settlement agreement, and the remaining parties have agreed not to contest the settlement. BPA expects to file a record of decision with the Federal Energy Regulatory Commission in May, and the rate is expected to go into effect Oct. 1. BPA is also proceeding with steps called for in the settlement agreement to address wind integration issues for the long term.

For more information, see BPA’s Web site: www.transmission.bpa.gov/Business/Rates_and_Tariff/2009WindIntegRateCase.cfm.



Rock Creek Substation in Klickitat County, Wash., was built to integrate 600 MW of wind generation from multiple customers. Two customers were integrated at the end of last year and one more is expected to be integrated by November.

AGENCY – PROJECTS UNDER REVIEW

WI-09 Wind Integration Rate Case – Regionwide

BPA is proposing a new transmission rate to recover the costs of balancing the variable output of wind farms in its control area within each hour. The rate would be in effect for one year from October 2008 to September 2009, and would be charged to wind power producers in BPA's control area. BPA and a significant number of rate case parties have signed a settlement agreement under which BPA is proposing a monthly rate of 68 cents per kilowatt of installed wind capacity. BPA is accepting comments through April 15. For more information, see BPA's Web site: www.transmission.bpa.gov/Business/Rates_and_Tariff/2009WindIntegRateCase.cfm.

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 in the Okanogan subbasin is also being considered. The program would augment the ceremonial and subsistence harvest of salmon for the Colville Tribes. This program would be designed to have no effect on Chief Joseph Dam operations. Public meetings on the draft EIS were held and comments were accepted through June 18, 2007. A final EIS is planned for May 2008 and a ROD is expected by July 2008. 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 issued the Lyle Falls Fish Passage draft EIS for public review on March 19. BPA prepared the analysis along with cooperating agencies: the Yakama Nation, Washington Department of Fish and Wildlife and the U.S. Forest Service. The draft EIS addresses the proposed modification and upgrade to the existing fishway to improve fish access to upper reaches of the Klickitat River, meet state and federal fish passage standards and assist biologists in collecting valuable biological (fisheries) information. Comments on the draft EIS will be accepted until May 12. The public comments will help BPA and its partners prepare a final EIS later this year. A public meeting will be held April 16. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/. (see calendar of events)

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 summer 2008. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/.

POWER – PROJECTS UNDER REVIEW

Average System Cost Methodology Consultation Process – Regionwide

BPA's 2008 Average System Cost Methodology (ASCM) Consultation process will result in a revised ASCM which

will be used to determine ASCs that will be incorporated into the revised power rates for FY 2009. With the issuance of this proposal, BPA welcomes different approaches, new ideas and other types of feedback from interested parties. This proposal was developed with guidance from public workshops and is meant to provide a foundation that will facilitate further ideas and approaches. BPA is accepting comments through May 2. Workshops will be held throughout the comment period to address key issues and explore different approaches to the ASCM. A draft ROD will be issued around May 2008 with a final ROD issued around June 2008 and then filed with FERC for approval. For more information, see BPA's Web site: www.bpa.gov/corporate/Finance/ascm.

FCRPS Draft Systemwide Cultural Resources Program Programmatic Agreement – Regionwide

BPA, the Bureau of Reclamation and the U.S. Army Corps of Engineers seek your comments on a newly revised draft of the Federal Columbia River Power System Systemwide Cultural Resources Program Programmatic Agreement. The draft PA covers the management of historic properties affected by the multi-purpose operations of 14 FCRPS hydro projects. The draft PA provides the systemwide principles and commitments for the Lead Federal Agencies' compliance with Section 106 of the National Historic Preservation Act. Please direct inquiries, requests for meetings or provide written comments by April 11, 2008, by mail or e-mail to Kimberly St. Hilaire, BPA, Attn. KEC-4, P.O. Box 3621, Portland, OR 97208, krsthilaire@bpa.gov. The PA and related documents can be viewed at www.efw.bpa.gov/environmental_services/culturalresources.aspx.

Tiered Rate Methodology – Regionwide

BPA is preparing the Tiered Rate Methodology initial proposal for publication in early May. Publication of the initial proposal will begin the official 7(i) rate setting process. For more information, see BPA's Web site: www.bpa.gov/corporate/ratecase/2008/2008_TRM/.

WP-07 Supplemental Wholesale Power Rate Case – Regionwide

BPA is holding its 2009 Supplemental Wholesale Power Rate Adjustment Proceeding (WP-07 Supplemental Proceeding) to respond to recent rulings by the U.S. Court of Appeals for the Ninth Circuit regarding the 2000 Residential Exchange Program settlement agreements and the allocation of their costs to consumer-owned utilities. This proceeding will result in revised power rates for FY 2009 and the foundation for the future implementation of the REP under the NW Power Act. The supplemental proposal is the start of the formal legal process. There are many ways to respond to the Court's rulings, and BPA is proposing one technically and legally defensible approach. BPA would like to emphasize, however, that it looks forward to the alternatives that parties bring forward during this process. These alternatives, as well as other information made available through this process, will inform the BPA administrator when he makes final decisions in the summer of 2008. BPA is accepting comments through May 2. For more information, see BPA's Web site: www.bpa.gov/corporate/ratecase/.

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 re-conducted to a larger conductor. An informational open house was held Aug. 16, 2007. 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. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

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

BPA is proposing to build, own, operate and maintain the new 138/115-kV Hooper Springs 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. BPA held a public scoping meeting Nov. 1, 2007, to discuss the proposed project. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Caribou/.

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 and is concurrently reviewing UPC's 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. Comments to BPA's possible point of interconnection were accepted through Aug. 10, 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Wind/default.cfm?page=cascade.

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 section of the Libby-to-Bonniers 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, 2007 and held a public meeting Aug. 15, 2007. Comments were accepted through Sept. 4, 2007. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

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

BPA has completed the EA and FONSI and made a decision to proceed with the project. Activities include removing most of its existing Olympia Shelton No. 1 115-kV transmission line (structures and conductor) from Olympia Substation to Shelton Substation and replace the last 14.5 miles of this line

into Shelton Substation with a double-circuit 230-kV line on lattice steel towers. This would improve voltage stability during winter-peak load conditions on the Olympic Peninsula. BPA accepted comments on the preliminary EA through March 6, 2008. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Olympic/.

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. Field work has been completed and BPA expects to issue a preliminary EA this month. 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.

BPA released the final EIS Oct. 4, 2007. The EIS evaluates the request from Sea Breeze Olympic Converter LP to interconnect 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. BPA expects to issue a ROD this month to determine if it will allow the interconnection. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

SUPPLEMENT ANALYSES

SA-358 – Olympia–Grand Coulee, 287-kV and Olympia–South Tacoma, 230-kV, Pierce and Thurston Counties, Wash.

SA-361 – Chief Joseph–Monroe #1, 35/2 to 64/5 and Chief Joseph–Snohomish #3 and #4, 35/2 to 64/5, Chelan County, Wash.

SA-362 – Grand Coulee–Bell, Grant, Lincoln and Spokane Counties, Wash.

CALENDAR OF EVENTS

To view BPA's public involvement calendar, visit: www.bpa.gov/corporate/public_affairs/Calendar/.

Lyle Falls public meeting – April 16, 6 to 9 p.m., Lyle Lions Club Community Center, Fifth and State Highway 14, Lyle, Wash.

Financial Plan Workshop – (good year/bad year planning), April 10, 9 a.m. to noon, BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

CLOSE OF COMMENT

April 15, 2008 – WI-09 Wind Integration Rate Case

May 2, 2008 – Average System Cost Methodology Consultation Process

May 2, 2008 – Supplemental Wholesale Power Rate Case (WP-07 Supplemental)

May 12, 2008 – Lyle Falls Fish Passage Project

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.

