

journal

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www.bpa.gov/corporate/pubs/Journal

BPA responds to Residential Exchange rulings

BPA has completed the final step in its WP-07 Supplemental rate proceeding. In its Final Record of Decision, BPA responded to three 2007 Ninth Circuit Court rulings regarding the 2000 Residential Exchange Program (REP) Settlement Agreements and their treatment in the WP-02 rates. BPA's decision is to lower wholesale power rates by 1 percent for fiscal year 2009, return an additional quarter of a billion dollars in past overcharges to the region's consumer-owned utilities in 2009, return additional overpayments in future years, and re-establish REP benefits to most of the region's investor-owned utilities.

The REP was established by the 1980 Northwest Power Act to distribute financial benefits of the Federal Columbia River Power System to residential and small-farm customers of the region's investor-owned utilities (IOUs). In 2000, BPA reached settlement agreements with IOUs over exchange benefits. But on May 3, 2007, the U.S. Ninth Circuit Court of Appeals ruled that BPA's settlement agreements and the allocation of exchange settlement costs to publicly owned utilities were not in accordance with the Northwest Power Act.

BPA officially re-opened its WP-07 wholesale power rate proceeding in early February 2008 to respond to the court rulings. The agency came to its final decisions only after months of discussions with regional representatives and the formal administrative hearing process that involved rate case parties.

The Final ROD is available at www.bpa.gov/corporate/pubs/RODS/2008/.

Intertie owners to implement improvements

BPA, PacifiCorp and Portland General Electric are collaborating to reinforce the California-Oregon Intertie (COI), the Northwest portion of a high-voltage transmission superhighway that connects the Pacific Northwest and the Southwest. BPA owns the majority of the transmission capacity on the COI and is responsible for its operation.

Electricity consumers on the West Coast have benefited from this system for three decades. But the availability

of the COI has declined over the years while the demand for its transmission has grown. Although the COI is able to carry 4,800 megawatts, it often does not due to precautions BPA and the other owners take to ensure reliability.

Today, the growing demand for transmission capacity on the COI well exceeds its capacity. The COI owners concluded that installing new high-voltage equipment at several critical bottlenecks in the system would allow it to operate at full capacity more frequently and under a wider range of conditions.

Proposed improvements include adding and upgrading equipment at three BPA substations in Oregon and installing higher-capacity conductor on two spans of line. This would provide increased transmission availability for Western and regional power markets.

Construction for these improvements will begin in spring 2009 and be complete in 2011.

For more information, see the fact sheet at www.bpa.gov/corporate/pubs/fact_sheets/08fs/factsheet_-_COI_4800_-_Sept_2008.pdf.

PCB-containing capacitors removed

BPA has completed a multi-year effort to remove and replace capacitors that contain high levels of Polychlorinated Biphenyls (PCB) in its transmission system. Elin D. Miller, the Region 10 administrator of the Environmental Protection Agency (EPA), will join BPA to commemorate this accomplishment on Oct. 8 in Vancouver, Wash.

BPA's PCB-contaminated Capacitor Replacement Program grew out of a memorandum of agreement with EPA in 1985, in which BPA committed to conducting a planned and organized approach to toxic waste clean up. While capacitors were not mentioned specifically in the MOA, BPA took the additional step of replacing them.

Although no longer commercially produced in the United States, PCBs were once used in hundreds of industrial and commercial applications. Their production was banned in the United States after being linked to health problems in humans and animals. BPA has replaced more than 100,000 PCB-containing capacitors since 1991.



New agreement proposed with tribes

The Shoshone-Bannock Tribes and BPA, along with the U.S. Army Corps of Engineers and the Bureau of Reclamation, propose to enter into a 10-year agreement to support fish and wildlife mitigation and recovery in the Columbia River Basin.

Under the proposed Memorandum of Agreement (MOA), BPA would provide \$61 million over 10 years, enabling the tribes to continue existing programs and implement new projects to strengthen stocks of Snake River salmon, steelhead and sockeye and benefit wildlife. The proposed agreement provides for long-term funding certainty for the tribes' fish and wildlife projects and supports BPA's tribal trust and treaty relationships.

By entering into the proposed MOA, the Shoshone-Bannock Tribes would join four Columbia River tribes and two states (Idaho and Montana) who signed similar agreements with the federal action agencies in May 2008. These agreements, referred to as the Columbia Basin Fish Accords, represent an historic partnership to benefit fish, particularly Columbia River Basin salmon and steelhead stocks. They represent a growing consensus among states and tribes in the region that implementation rather than litigation is the best way to help fish.

BPA is asking for public comment on the proposed MOA until Oct. 20. To find out how to comment, see the Public Involvement section. For more information, go to www.salmonrecovery.gov.

BPA supports Kids in the Creek event

BPA is a sponsor of Kids in Creek, an annual festival that helps fourth through sixth graders determine whether a stream is healthy or polluted and what that means for salmon. This year, high gas prices and shrinking field trip budgets threatened to reduce



Using the natural surroundings as teaching tools, biologists at the Kids in the Creek event taught students to identify how a vibrant forest canopy and riparian area on a stream can influence its water quality. Students, armed with laminated cards to help them identify insects, looked under rocks and around plants, comparing insects found in healthy streams to those found in polluted waterways.

attendance, so BPA kicked in extra money to help pay fuel costs for schools.

"We want today's students to have the same educational opportunity of the students who came before them. It would be unfortunate if the cost of fuel was the only thing holding them back," said Cheri Benson, BPA's community relations coordinator.

Kids in the Creek is part of the Wenatchee River Salmon Festival in Leavenworth, Wash. BPA sends biologists and volunteers to manage the program, which takes place in Icicle Creek. This year's event was Sept. 18 and 19. A second event, Families in the Creek, was held Sept. 20 and 21.

Historic agreement for sturgeon reached

A federal district court dismissed a case regarding the operation of Libby Dam after the parties reached a settlement. BPA, the U.S. Fish and Wildlife Service (USFWS), the U.S. Army Corps of Engineers, Montana and the Kootenai Tribe of Idaho finished extensive negotiations with the Center for Biological Diversity (CBD) in September. The CBD sued the USFWS in a Montana federal district court on the adequacy of its 2006 Biological Opinion for endangered Kootenai River white sturgeon.

The agreement calls for habitat restoration, measures to manage the temperature of water releases at Libby, and continuation of interim operations and tests at Libby Dam to assist sturgeon reproduction.

The parties asked the court to accept the agreement without dismissing the case, pending the government's actions required by the settlement. The plaintiffs are considering whether to petition the court for reconsideration.

Feds, tribes, states celebrate salmon return

Idaho governor Butch Otter joined BPA and partners on Sept. 2 to celebrate the largest number of sockeye salmon to return to Redfish Lake since 1956. This year more than 630 fish have made the 900-mile journey from the ocean back to the lake.

The celebration started with the release of sockeye into Redfish Lake for natural spawning. This event was followed by the dedication of a new state-of-the-art sockeye facility at Eagle State Fish Hatchery. The new facility was funded by BPA and is designed to help support the artificial propagation of Snake River sockeye salmon. This program aims to prevent extinction and advance recovery of this endangered species. It is a collaborative effort between BPA, Idaho Department of Fish and Game, NOAA Fisheries, the Shoshone-Bannock Tribes, Oregon Department of Fish and Game, and the University of Idaho.

BPA began funding the program in 1991, the year the sockeye were listed as endangered under the Endangered Species Act.

AGENCY – PROJECTS UNDER REVIEW

2010 BPA Rate Case – Regionwide

In October, BPA will continue public workshops in preparation for the development of power and transmission rates for FY 2010 and 2011. For more information, go to www.bpa.gov/corporate/ratecase/2008/2010_BPA_Rate_Case/. For workshop dates and times, go to www.bpa.gov/corporate/public_affairs/calendar/.

Integrated Program Review – Regionwide

In October, BPA expects to release its final report for FY 2010–2011 spending levels. BPA completed public discussions for its Integrated Program Review (IPR) in July; the comment period ended Aug. 15. The IPR provides an overview of spending levels and strategic direction for FY 2010–2011. The results of that process will inform BPA's revenue requirements for the power and transmission rate case initial proposals for FY 2010–2011. For more information, go to www.bpa.gov/corporate/finance/libr/.

Quarterly Business Review – Regionwide

In November, BPA plans to kick off its Quarterly Business Review. The QBR is the second docket of the Integrated Business Review, the process designed to address the regional cost review portion of the Regional Dialogue Policy. The QBR will focus on cost trends and implications for expense and capital programs.

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 the dam and acclimation ponds throughout the subbasin. The use of the proposed facilities to reintroduce spring chinook salmon in the subbasin is also being considered. The program would augment the ceremonial and subsistence harvest of salmon for the Colville Tribes and 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 and ROD are expected by late fall 2008. For more information, go to 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 its cooperating agencies: 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 were accepted until May 12 and a public meeting was held April 16. The final EIS is currently being prepared and is expected to be issued in fall 2008. For more information, go to 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 late fall 2008. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/.

Proposed Memorandum of Agreement with the Shoshone-Bannock Tribes – Idaho

BPA, the U.S. Army Corps of Engineers and the Bureau of Reclamation are proposing to enter into a Memorandum of Agreement (MOA) with the Shoshone-Bannock Tribes of Fort Hall, Idaho. The proposed MOA would provide 10-year commitments for fish and wildlife mitigation and recovery, with an emphasis on actions for strengthening Snake River populations of steelhead and salmon, including sockeye. Comments will be accepted through Oct. 20. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Implementation_Plan/.

POWER – PROJECTS UNDER REVIEW

Contract High Water Mark Calculations – Regionwide

In mid-September, BPA issued its closeout summary, entitled "Clarification on the Use of Customer Resource Amounts for High Water Mark Calculations." In the summary, BPA responds to the concerns stated in the 31 public comments received and explains what criteria it will apply when making corrections and adjustments to customer resources that will be used for contract high water mark determination purposes. The final numbers will be included as an attachment to the final Tiered Rate Methodology. The summary follows the June public comment process for its proposal to clarify and correct the FY 2010 Existing Resources amounts that will be used in contract high water mark calculations. The closeout summary is available at www.bpa.gov/power/pl/regionaldialogue/implementation/documents/2008/2008-09-17_CloseOut.pdf. Other information on FY 2010 Resources is available at www.bpa.gov/power/pl/regionaldialogue/implementation/documents/

Average System Cost Methodology – Regionwide

In October, BPA will begin its process for establishing Average System Costs for exchanging utilities for FY 2009 as well as the 2010-2011 power rates period. Those utilities will make their initial system cost filings this month, and then BPA will hold a public process for review of those filings. BPA completed its Average System Cost Methodology ROD in June after reviewing comments received on a draft ROD. The final ROD responds to comments received during the ASCM consultation process, and presents the administrator's decisions on all issues raised. ASCs determine the benefits residential and small farm customers of exchanging utilities receive under the Residential Exchange Program. For more information, go to www.bpa.gov/corporate/Finance/ascm.

FCRPS Draft Systemwide Cultural Resources Programmatic Agreement – Regionwide

The Federal Columbia River Power System Draft Systemwide Cultural Resources Programmatic Agreement (PA) covers the management of historic properties affected by the multi-purpose operations of 14 FCRPS hydro projects. It provides the systemwide principles and commitments for the Lead Federal Agencies' compliance with Section 106 of the National Historic Preservation Act. Comments on the draft PA were accepted through May 11 and are currently being addressed. A new version of the PA and a comment/response spreadsheet explaining how comments were addressed will be available in fall or winter 2008. For more information, go to www.efw.bpa.gov/environmental_services/fcrps.aspx.

Regional Dialogue contract templates – Regionwide

In October, BPA will continue to work closely with its public

and investor-owned utility customers on new long-term power sales contracts. The contracts were developed as part of BPA's Long-Term Regional Dialogue Policy and ROD and are the culmination of several years of regional collaboration exploring how to establish a new tiered rate structure that will ensure BPA recovers its costs, provides customers choices to meet load growth, promotes conservation and equitably shares the benefits of BPA's low-cost power with the region. BPA issued the final Load Following contract templates in August and the final NR Block and Slice/Block templates in September. BPA will be working with its customers on final individual contracts by filling in the templates with the customer specific information. BPA expects to sign all new contracts by Dec. 1. For more information on the Long-Term Regional Dialogue, its products and processes, see the fact sheet, "A roadmap to the provisions of Regional Dialogue contracts and tiered rates," available at www.bpa.gov/corporate/pubs/fact_sheets/08fs/.

Tiered Rate Methodology – Regionwide

BPA plans to conclude its Tiered Rate Methodology process this month when it issues the final ROD. The TRM establishes a rate design that creates a predictable and durable means by which to tier BPA's Priority Firm rate. Actual rate levels will be set in Northwest Power Act section 7(i) rate proceedings for two-year rate periods beginning in FY 2012, consistent with the TRM. BPA submitted an initial proposal for its Tiered Rate Methodology (TRM) for publication in the Federal Register May 6. A prehearing conference was held May 9. BPA and parties agreed to waive the rules of Ex Parte and enter into a series of settlement discussions in June and a set a second pre-hearing conference, held July 9. BPA accepted comments on the initial proposal through Aug. 13. For more information, go to www.bpa.gov/corporate/ratecase/2008/2008_TRM/.

TRANSMISSION – PROJECTS UNDER REVIEW

Golden Hills Wind Farm Interconnection – Sherman County, Ore.

BP Alternative Energy requested interconnection of 200 MW of power generated from the proposed Golden Hills Wind Project that would be located in Sherman County, Ore. BPA proposed to interconnect the project by installing equipment and expanding PGE's existing Biglow Substation. BPA would also purchase a portion of the substation and the control house. BPA expects to complete a ROD this year that will analyze project impacts under the Business Plan EIS. For more information, go to www.transmission.bpa.gov/PlanProj/Wind/.

Kittitas Valley Wind Project Interconnection – Kittitas County, Wash.

Sagebrush Power Partners LLC, a wholly owned subsidiary of Horizon Wind Energy LLC, has submitted a request to BPA to interconnect up to 108 MW of electricity generated from Sagebrush's proposed Kittitas Valley Wind Project to the federal transmission system. In order for BPA to interconnect the project, BPA would need to construct a new substation adjacent to its Columbia-Covington 230-kV line. BPA accepted comments on the proposed interconnection through Aug. 25. For more information, go to www.transmission.bpa.gov/PlanProj/Wind/.

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

BPA has decided to rebuild a 17-mile section of the Libby-to-Bonnors Ferry single circuit 115-kV transmission line to provide

stable and reliable transmission service. BPA issued the ROD in July 2008 based on the Final EIS, which was released in May 2008. Road-widening work began Sept. 15. An informational public meeting was Sept. 4. For more information on the ROD, go to www.efw.bpa.gov/environmental_services/Document_Library/Libby/.

Walker Mountain Communications Project – Klamath County, Ore.

BPA proposes to construct a new communications building and microwave tower at Walker Mountain near Chemult, Ore. The building and tower are part of a larger BPA project to replace outdated communications equipment with more reliable technology. BPA is accepting comments through Oct. 9. For more information, go to www.bpa.gov/comment.

TRANSMISSION – PROJECTS UNDER CONSTRUCTION

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

BPA 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 replacing the last 14.5 miles of this line into Shelton Substation with a double-circuit 230-kV line on lattice steel towers. This will improve voltage stability during winter-peak load conditions on the Olympic Peninsula. The project is expected to be complete in fall 2009. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Olympic/.

Palisades-Goshen Transmission Line Reconstruction – Bonneville and Bingham Counties, Idaho

BPA completed a revision sheet to the preliminary EA, a Mitigation Action Plan and a FONSI in May. BPA is rebuilding the Palisades Goshen line due to its age and deteriorated condition to ensure safe and reliable transmission service. Access-road construction began in June and line construction began in July. The project is expected to be complete in 2010. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

SUPPLEMENT ANALYSES

SA-382 – Monroe-Custer No.1, Snohomish and Skagit Counties, Wash.

SA-384 – Libby-Troy section of the Libby-Bonnors Ferry No. 1, Lincoln County, Mont.

SA-385 – Olympia-Shelton, Thurston and Mason Counties, Wash.

CLOSE OF COMMENT

Oct. 9 – Walker Mountain Communication Project

Oct. 20 – Shoshone-Bannock Tribes Memorandum of Agreement

CALENDAR OF EVENTS

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

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.