

journal

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EE Taskforce making progress

After six months of collaboration, members of the Northwest Energy Efficiency Taskforce reviewed preliminary workgroup recommendations at an Oct. 3 meeting. The taskforce, which includes regional energy and policy leaders, is looking for ways the Northwest can be more energy efficient.

Many of the group's early recommendations involve end-use consumers, not just utilities and businesses. They include focusing on technologies and solutions the end-user can employ and identifying high-impact initiatives for both businesses and homeowners. Recommendations also included developing a regional marketing effort and promoting policies, incentives and regulations that are easy to navigate, encourage customer involvement and innovation, and minimize costs to individuals, the environment and utilities.

Taskforce members were urged to think about how to turn these recommendations into actions and to determine who will do the work and why. The co-chairs also underscored the need to move quickly with recommendations so they will be useful for utilities currently planning future resources and for state legislatures that may address energy legislation in 2009. The group expects to issue a draft report in January 2009.

The taskforce is co-chaired by Steve Wright, BPA administrator, Pat Reiten, president of Pacific Power, and Tom Karier, a Washington member and former chair of the Northwest Power and Conservation Council.

For more information, go to www.nwccouncil.org/energy/need/Default.asp.

Treasury payment reflects stability

BPA made its annual payment to the U.S. Treasury – a total of \$963 million for fiscal year 2008, which ended Sept. 30. The payment underscores BPA's financial stability and its return in value to U.S. taxpayers, who originally invested in the region's federal dams and transmission infrastructure.

BPA is a self-financed agency that covers its costs with revenues from Northwest ratepayers and others who purchase its wholesale power and transmission products and services. BPA receives no annual

appropriations from the U.S. Congress and repays borrowing from taxpayers with interest.

"BPA's record of on-time and in-full payments reflects our conservative approach to fiscal management," said Steve Wright, BPA administrator. "This is a clear indicator that taxpayers are getting a solid return on their investment and that BPA has proven to be financially stable in the long term despite turbulence over the years in economic and power markets, including the West Coast energy crisis of 2000–2001."

BPA has focused on maintaining appropriate reserves to ensure its ability to make its Treasury payments even during economic downturns and low water conditions. Wright explained that BPA's financial stability, including healthy reserves, is particularly important now. "During this period of global financial stress, BPA's financial reserves provide a cushion against unexpected events, which will benefit both ratepayers and taxpayers."

A look back: Why the 2008 Treasury payment marks a milestone

This year's Treasury payment marked a milestone. BPA has paid its bill without fail for a quarter of a century. But what happened just over 25 years ago that led BPA to miss payments?

The region had seen decades of burgeoning growth, and energy demand forecasts all pointed up. Utilities unveiled resource projects, the largest of which was construction of five nuclear plants by the Washington Public Power Supply System – now known as Energy Northwest. The plan called for BPA to market power from three of the plants.

But plant construction costs soared due to cost overruns and double digit interest rates on construction bonds. Then a deep recession hit in the early 1980s, curtailing demand for power.

To help recover costs, BPA doubled its power rate in 1979 but couldn't increase rates in 1980 as costs continued to rise because, prior to the Northwest Power Act, BPA could adjust rates only once every five years.

Only plant 2, now called the Columbia Generating Station, was completed. BPA was not associated with plants 4 and 5, which led to the largest default in



U.S. history at the time. Halting construction of plants 1 and 3 and a series of rate increases allowed BPA to catch up on its Treasury payments and pay off deferred interest.

Wright receives presidential award

BPA Administrator Steve Wright has garnered one of the U.S. government's top honors: a 2008 Presidential Rank Award. The president recognizes elite career members of the federal government's senior executive service each year. U.S. Secretary of Energy Samuel Bodman nominated Wright for the award.

Wright was one of 61 federal executives honored in the "Distinguished Executives" category for government leaders who have made extended and extraordinary contributions sustained over a period of years earn this honor.

Wright has served with BPA since 1981. He stepped in as BPA's acting administrator in 2000 (a position made permanent in 2001) just before one of the most turbulent times in the history of the energy industry: the West Coast energy crisis. During and following that crisis, he brokered innovative and collaborative agreements to restore BPA's financial health.

Agreement good for fish, fishing

A landmark agreement signed late October will reprogram fish production at Spring Creek National Fish Hatchery in Washington and result in a win-win for fish, federal, tribal, states and fishery constituents.

The U. S. Fish and Wildlife Service, U. S. Army Corps of Engineers, NOAA Fisheries and BPA signed the agreement to increase high-value fish for harvest upstream of Bonneville Dam while maintaining similar numbers of hatchery tulle fall chinook.

The agreement calls for moving a portion of Spring Creek's production to other facilities so the hatchery can raise the remaining juvenile salmon until they are larger. These larger fish will be released later and will pass the dam during the spring spill period, thus improving the odds for survival. The action was a high priority for tribes and federal agencies, and the concept was incorporated into the historic Columbia Basin Fish Accords, signed earlier this year.

Save money this winter

With colder weather and higher heating bills approaching, it is a good time to evaluate your energy use. You will see savings in your electric bill by following these low- and no-cost tips:

- Use compact fluorescent light bulbs. They last up to 10 times longer than standard lighting and use 75 percent less energy. By replacing the five most frequently used light fixtures in your home with more efficient models, you can save \$70 each year in energy costs.
- Set your thermostat as low as is comfortable when you are home and even lower when you are asleep or out of the house. Turning your thermostat back 10 to 15 degrees for eight hours will save you around 10 percent a year on your heating and cooling bills.
- Lower your hot water heater to 120° F. Water heating can account for 14 to 25 percent of home energy consumption.
- Close fireplace dampers unless a fire is going. An open damper acts just like an open window; warm air escapes through the chimney.

For more tips, visit www.energysavers.gov.

Spreading the word on DTV

The Federal Communications Commission has asked federal agencies to share information on the transition to digital television. Feb. 17, 2009, is the last day full-power TV stations can broadcast in analog. Converting to DTV will enable broadcasters to offer better picture and sound quality, and it will make room on the broadcast spectrum for public safety communications.

Consumers who have an analog TV and watch free programming through a rooftop antenna or "rabbit ears" will need a digital-to-analog converter box. If you are unsure about the type of TV you have and whether you need to purchase new equipment, go to www.dtv.gov. You will also find information on a government coupon program for converter boxes.

publicinvolvement

updates and notices

AGENCY – PROJECTS UNDER REVIEW

2010 BPA Rate Case – Regionwide

BPA is continuing 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

BPA expects to release its final report for FY 2010–2011 spending levels in early November. 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

BPA will kick off its Quarterly Business Review this month. 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. A workshop will be held Nov. 12. For more information, go to www.bpa.gov/corporate/Finance/IBR/QBR/. (See calendar of events).

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 help return 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 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. The U.S. Army Corps of Engineers is a cooperating agency in the EIS. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/.

Lyle Falls Fish Passage Project – Klickitat County, Wash.

In March 2008, BPA and its cooperating agencies released the draft Environmental Impact Statement for the proposed Lyle Falls Fish Passage Project located in Lyle, Wash. On May 12, 2008, the public comment period concluded on the DEIS. BPA will release a final EIS for this project in November 2008. A ROD is expected by the end of this year. BPA proposes to fund modification of the existing Lyle Falls fishway to more effectively allow adult fish to move into spawning areas in the upper Klickitat River, in accordance with current fish passage guidelines and standards. The project is also intended to improve facilities for fish monitoring, fish data collection, and broodstock collection. 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 2009 to coincide with National Marine Fisheries Service review of the programs Hatchery Genetics Management Plan. 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 were accepted through Oct. 20. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Implementation_Plan/.

POWER – PROJECTS UNDER REVIEW

Average System Cost Methodology – Regionwide

BPA is continuing its process for establishing Average System Costs for exchanging utilities for FY 2009 as well as the 2010–2011 power rates period. Those utilities made their initial system cost filings in October, and BPA is now in the process of holding 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.

Proposed agreement with Alcoa – Regionwide

BPA is seeking comments through Nov. 10 on a proposed set of principles that, if adopted, would lead to a power sale contract for a regional aluminum smelter owned by Alcoa, Inc. The outline for power service is intended to provide Alcoa's Intalco plant, located in Ferndale, Wash., a reasonable chance of survival without causing significant impacts on other power customers. Under the proposed set of principles, BPA would provide 240 aMW of power for 10 years starting in 2012 and 160 aMW for an additional seven years. This compares to Alcoa's current financial benefits from BPA that are equivalent to 390 aMW. BPA has posted for public review and comment a memorandum of understanding signed by BPA and Alcoa, as well as a framework for negotiating a subsequent contract, on BPA's Web site at <http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/>.

Regional Dialogue contract templates – Regionwide

BPA continues 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. For more information, go to www.bpa.gov/corporate/ratecase/2008/2008_TRM/.

TRANSMISSION – PROJECTS UNDER REVIEW

Albany-Burnt Woods/Santiam-Toledo Pole Replacement – Linn and Benton counties, Ore.

BPA is proposing to rebuild the wood pole sections of the Albany-Burnt Woods and Santiam-Toledo transmission lines by replacing existing wood poles and improving access roads that approach the line. BPA is accepting comments on the potential environmental impacts of these construction activities through Nov. 24, 2008. BPA expects to release a preliminary EA for review and comment before spring 2009. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

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 held Sept. 4. Line reconstruction will begin spring 2009. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Libby/.

McNary-John Day Transmission Line Project – Sherman and Umatilla counties, Ore., Klickitat and Benton counties, Wash.

BPA is considering building a 79-mile 500-kV transmission line that was originally scheduled for construction six years ago and then put on hold. The line would run between the McNary and John Day substations, but would mostly be located in Washington parallel to the Columbia River. BPA completed an EIS on the project in 2002, and is now preparing a Supplement Analysis to determine if there have been significant changes to the environment or project since the EIS was completed. Public

meetings are scheduled for November 5 and 6, in Paterson and Roosevelt, Wash., respectively. Public comments are being accepted through November 20. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/. (See calendar of events).

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 construction season will end this month and begin again as soon as weather permits in spring 2009. The project is expected to be complete in 2010. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

SUPPLEMENT ANALYSES

SA-02 – Klondike III/Biglow Canyon Wind Integration Project EIS

SA-14 – Yakima Fisheries Project: Raceway Construction and Outfall Modification at Prosser Hatchery, Benton County, Wash.

SA-15 – Yakima Fisheries Project: Early-Run Fall Chinook Program, Yakima and Benton counties, Wash.

CLOSE OF COMMENT

Nov. 10 – Proposed agreement with Alcoa

Nov. 20 – McNary-John Day Transmission Line Project

Nov. 24 – Albany-Burnt Woods/Santiam-Toledo Pole Replacement Project

CALENDAR OF EVENTS

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

McNary-John Day Transmission Line Project open houses:

- **Nov. 5**, 4 to 7 p.m. – Paterson School Library, 51409 West Prior Road, Paterson, Wash.
- **Nov. 6**, 4 to 7 p.m. – Roosevelt School Gymnasium, 615 Chinook Avenue, Roosevelt, Wash.

Quarterly Business Review workshop

- **Nov. 12**, 9 a.m. to noon – BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

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.