

# journal

June 2009

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

## BPA to purchase \$9.5 million of cable from local supplier

BPA's planned McNary-John Day high-voltage transmission line will not only add green power to the Northwest's energy mix, it will also help green the local economy. BPA has entered into a five-year agreement with Alcan Cable to purchase \$9.5 million worth of cable for the new 500-kilovolt power line.

Construction on the line begins this summer. The aluminum transmission conductor will be manufactured at Alcan Cable's production facility located in Roseburg, Ore.

"This agreement is great news for the region," said Congressman Peter DeFazio (D-OR). "Infrastructure spending is a proven way to create jobs and stimulate an ailing economy. This is a good investment that will get people back to work and improve access to clean, renewable wind power for generations to come."

BPA will select a contractor later this spring to build the line, which will facilitate the delivery of 870 megawatts of energy, 700 of which will be from wind. BPA estimates the line will be completed in winter 2012. It will run from BPA's McNary Substation in Oregon, cross the Columbia River and run parallel to the river for 75 miles, mostly within existing rights-of-way, then cross the river back into Oregon and end at BPA's John Day Substation.

## BPA, utilities join to develop dynamic scheduling

BPA and 14 other Western utilities will issue a Request for Proposals for a vendor to develop a common dynamic scheduling system. Such a system could reduce costs of integrating large amounts of wind and other variable power sources for participating utilities.

Dynamic scheduling allows a balancing authority to control a load or generation that is physically located in another balancing authority's geographic area. This requires a system to electronically connect the generation or load to the remote balancing authority that will control it.

Currently, BPA supplies reserves exclusively from the federal hydro system to balance the variations in wind power. Improved dynamic scheduling with other utilities could provide access to more reserves at lower cost.

A balancing authority is the geographic area in which one transmission provider maintains the constant balance between generation and loads needed to keep the lights on. BPA's balancing authority covers much of rural

Oregon and Washington but excludes larger cities in the balancing authorities of Portland General Electric, Seattle City Light, Tacoma Public Utilities, Avista, Idaho Power Company and other utilities.

BPA signed an Agreement of Interest with regional transmission organizations ColumbiaGrid and the Northern Tier Transmission Group to create a common, consistent dynamic scheduling system. Utilities that signed up serve areas from British Columbia to New Mexico.

ColumbiaGrid expects to award a contract for dynamic scheduling system development by the end of June and to launch the system by the first quarter of 2010. BPA will determine whether to implement the dynamic scheduling system on its transmission grid after the system is developed.

For more information, go to [www.columbiagrid.org/notices-detail.cfm?NoticeID=46](http://www.columbiagrid.org/notices-detail.cfm?NoticeID=46).

## Second quarter financial reports released

BPA has posted two quarterly financial reports on its external Web site. The Quarterly Report looks back at the previous 90 days and contains actual figures to date. The Quarterly Review, which looks forward, is of particular interest to BPA customers because it provides an up-to-date forecast of the agency's expected financial results for the current fiscal year.

The Second Quarter Review is currently forecasting the agency will finish the fiscal year with modified net revenue of negative \$125 million. The two major reasons for the negative forecast are the projected low January-July streamflow and forecasts of reduced net secondary revenues because of low electricity prices driven by a decline in natural gas prices.

The review is also important because its forecasts for Power Services' finances will be used in the final power rates proposal. BPA has taken aggressive steps to mitigate the potential rate impact of fiscal year 2009's poor financial prognosis by implementing cost reductions this year. In addition, BPA is reducing spending levels for fiscal years 2010-2011, which will also reduce the potential rate impact.

For more details, check the Quarterly Reports and Quarterly Review pages on BPA's Web site at [www.bpa.gov/corporate/Finance/](http://www.bpa.gov/corporate/Finance/).



## Major pole replacement project begins

Construction begins this month to replace old wood poles with new ones along the Albany-Burnt Woods and the Santiam-Toledo transmission lines. Installed more than 50 years ago, the existing poles have gradually deteriorated due to exposure to the elements and normal wear and tear. Replacing the poles will ensure continued safe and reliable transmission service for customers in Oregon's Linn, Benton and Lincoln counties.

Since 2007, BPA has replaced more than 2,600 wood poles across the transmission system. The work on the Albany-Burnt Woods and Santiam-Toledo lines will increase this figure by over 500 poles. BPA expects to complete the work this fall.

The Albany-Burnt Woods transmission line is about 26 miles long, connecting BPA's Albany Substation and the Burnt Woods Substation near the Benton and Lincoln county line. The Santiam-Toledo line extends approximately 67 miles between the Santiam and Toledo

substations, but poles will only be replaced on about 21 miles of the line.

## BPA pursues changes in EE Industrial Program

In 2008, BPA Energy Efficiency reviewed its approach to the industrial sector. Results indicated that, due to inadequate BPA Energy Efficiency staffing levels, inconsistent marketing and program delivery and other factors, the industrial program was not meeting desired targets.

A new approach has been developed that includes a third-party program partner to work with BPA to provide a variety of industrial services, including project development, marketing services and implementation of industrial sector energy-efficiency acquisition. The program partner will continue to work through utilities for program delivery. The new program model is scheduled to be rolled out by FY 2010.

# publicinvolvement

## updates and notices

### NEW PROJECTS

#### Big Eddy-Knight Transmission Project – Wasco County, Ore., and Klickitat County, Wash.

BPA is proposing a new 500-kV transmission line between BPA's existing Big Eddy Substation in The Dalles, Ore., to a new substation (Knight Substation) proposed to be connected to an existing BPA line about four miles northwest of Goldendale, Wash. BPA is considering three routing alternatives and a no action alternative for the proposed transmission line; portions of all three routes parallel existing BPA lines in the area. The length of the routing alternatives ranges from about 26 to 28 miles. The proposed line is needed to increase transmission capacity to respond to requests for transmission service in this area. To inform its decision on whether to build the line and substation, BPA will prepare an EIS. BPA will hold public scoping meeting to receive comments on the scope of the EIS. This scoping process may help identify other issues and alternatives suitable for consideration in the draft EIS. BPA is accepting comments through July 21, 2009. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Big\\_Eddy-Knight/](http://www.efw.bpa.gov/environmental_services/Document_Library/Big_Eddy-Knight/). (See calendar of events)

### AGENCY – PROJECTS UNDER REVIEW

#### DSI service workshop – Regionwide

BPA will hold a public meeting this month to discuss terms for a long-term service contract for aluminum direct service industries. BPA is looking to the region to help it decide if the amount of power previously negotiated between Alcoa and BPA under the unsigned, draft contract released in January 2009 should be changed and what changes are needed for the term of future contracts. The goal is to be able to develop a contract or contracts that provide power to DSIs as early as Oct. 1, 2009 and beyond. BPA and Alcoa, Inc., worked several months last year and early this year to develop a long-term contract to provide service to the company's Intalco plant near Ferndale, Wash., from 2012 to 2028. Negotiations revealed that neither party could settle on terms that would serve the long-term interests of both parties. Since that time, aluminum prices are no longer in the freefall they were in at the beginning of the year. In addition, wholesale market power prices are lower. Aluminum prices still have not completely rebounded, but they have remained fairly stable for the past several weeks.

Therefore, BPA is interested in exploring possible changes to the draft contract that would make a subsequent offer to the DSIs successful. BPA is proposing to start with the previously negotiated draft contract and determine what modification to the terms are applicable. The draft contract is posted at [www.bpa.gov/power/pl/regionaldialogue/implementation/documents/2009/DSI/2009-01-23\\_09PB-13268.pdf](http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/2009/DSI/2009-01-23_09PB-13268.pdf). (See calendar of events).

#### TRM Supplemental Rate Case – Regionwide

BPA kicked off its Tiered Rates Methodology supplemental rate case May 28 with a notice in the Federal Register describing its proposed modifications to its TRM. The posting in the FRN also marked the beginning of the 90-day expedited rate case that will conclude in early September. The TRM, together with new power sales contracts, is a key component of implementing BPA's post-2011 power marketing policy and tiered rate construct as defined in BPA's Long-Term Regional Dialogue Final Policy and the corresponding ROD (July 19, 2007). Since the TRM was developed and established before BPA's Regional Dialogue contracts were finalized and signed, the TRM included a special provision to modify the TRM so long as these modifications were agreed to by BPA and customer representatives prior to Feb. 1, 2009. This supplemental rate case addresses those modifications. During the supplemental rate case, the ex parte rule for BPA employees is in effect, meaning no BPA employee can discuss the merits of the issues in the rate case with anyone outside the agency outside of a publicly noticed meeting. For more information, go to [www.bpa.gov/corporate/ratecase](http://www.bpa.gov/corporate/ratecase).

#### Tier 2 Rate Alternatives Workshop – Regionwide

BPA will hold a public workshop June 22 to help customers better understand options for serving their above-rate period high water mark (above-RHWM) load in the first three years of the Regional Dialogue contract. By Nov. 1, 2009, customers must elect whether they intend to have BPA supply all or a portion of their above-RHWM power needs for FY 2012, 2013 and 2014, and if so, how much and through what rate alternative. For several months now, BPA has worked with its customers to help them assess their options for meeting their above-RHWM load. BPA has committed to work with customers between now and Nov. 1 to bring as much certainty as possible about the types, costs, risks and other characteristics of resources BPA expects to secure for each

rate alternative. For more information, go to [www.bpa.gov/power/pl/regionaldialogue/implementation/documents/](http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/) or contact your customer account executive. (See calendar of events).

### **Integrated Program Review 2 – Regionwide**

BPA identified a total of \$105 million in Power Services cost reductions for the FY 2010–2011 rate period through its IPR-2 process. These reductions average about \$53 million per year. Another \$43 million in power cost reductions were identified for FY 2009. These reductions will help BPA reduce the size of the potential Power rate increase. As BPA reviewed planned spending levels in the IPR2 process, the primary emphasis was on reducing proposed costs directly in Power Services and making planned reductions in Agency Services costs that are included in power rates through cost allocations. Likewise, the U.S. Army Corps of Engineers, Bureau of Reclamation and Energy Northwest all identified additional reductions in their planned programs. For more information on the IPR2 including the final report, go to [www.bpa.gov/corporate/Finance/IBR/IPR/](http://www.bpa.gov/corporate/Finance/IBR/IPR/) or call Valerie Lefler at (503) 230-3521.

### **Proposed Avista Deemer Settlement – Regionwide**

BPA has decided to move forward with a \$55 million “deemer” settlement it negotiated with Spokane-based utility Avista. The decision will be documented and explained in a ROD to be released on or about Tuesday, June 16. BPA made its proposed settlement available for public comment and review through Feb. 26. Settlement of the deemer issue makes it possible for Avista’s residential and small-farm consumers to participate in the Residential Exchange Program and receive a share of the benefits of the Federal Columbia River Power System without putting undue costs on other wholesale customers. Settlement also resolves a long-standing dispute, avoids potentially protracted litigation over past deemer balances and the treatment of those balances in the new Residential Exchange Program, and furthers the business relationship between Avista and BPA. For more information and to view the Administrator’s ROD, go to [www.bpa.gov/power/pl/regionaldialogue/implementation/documents/](http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/).

### **Access to Capital workshop – Regionwide**

BPA will hold a meeting this month to inform stakeholders and solicit ideas and approaches for ensuring BPA’s continued, long-term access to capital. BPA has actively managed its limited Treasury borrowing authority for the past 10 years by developing programs such as Debt Optimization and engaging in lease financing as another source of capital. This meeting will provide an update on the issue and cover current initiatives. (See calendar of events).

## **FISH AND WILDLIFE – PROJECTS UNDER REVIEW**

### **Chief Joseph Hatchery Program – Okanogan County, Wash.**

This program, sponsored by the Confederated Tribes of the Colville Reservation, would assist in mitigation and recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River below Chief Joseph Dam. The program would include a new hatchery near the base of Chief Joseph Dam and acclimation ponds throughout the Okanogan River subbasin. Also being considered is the use of the proposed facilities to help return spring chinook salmon in the Okanogan subbasin. Public meetings on the draft EIS were held and comments were accepted through June 18, 2007. A final EIS and ROD are expected in spring 2010. 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/](http://www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/).

### **Lyle Falls Fish Passage Project – Klickitat County, Wash.**

BPA completed its environmental planning for the Lyle Falls Fish Passage Project. Environmental scoping and public involvement occurred in 2006, a draft EIS was issued in March 2008, a final EIS was issued in December 2008, and the ROD was issued

in February 2009. The cooperating agencies with BPA were the Yakama Nation, Washington Department of Fish and Wildlife and the U.S. Forest Service. BPA has decided to approve funding of the proposed action (preferred action) as described in the EIS. Construction is planned to begin this summer. The project will improve fish passage to more effectively allow fish to move into the upper Klickitat River basin and to improve facilities for fish monitoring, biological data collection and fish management. For more information, go to [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 late winter 2010 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/](http://www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/).

## **POWER – PROJECTS UNDER REVIEW**

### **FCRPS Draft Systemwide Cultural Resources Programmatic Agreement – Regionwide**

The Federal Columbia River Power System 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. The final PA was distributed for signature in late April and May 2009. For more information, including previous drafts and comments, go to [www.efw.bpa.gov/environmental\\_services/fcrps.aspx](http://www.efw.bpa.gov/environmental_services/fcrps.aspx).

## **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 proposes 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. For more information, go to [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

### **Hooper Springs Substation and Hooper Springs-Lower Valley Transmission Line Project (formerly the Caribou Valley Energy Project)**

BPA is proposing to build a new 138/115-kV substation near Soda Springs, Idaho, and to partially fund construction by Lower Valley Energy of a new 22-mile, double-circuit 115-kV transmission line. BPA released a preliminary EA for review in May 2009 and hopes to issue a FONSI late this month. For more information, go to [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Kittitas Valley Wind Project Interconnection – Kittitas County, Wash.**

Sagebrush Power Partners LLC, a wholly owned subsidiary of Horizon Wind Energy LLC, requested interconnection of up to 108 MW of electricity generated from the proposed Kittitas Valley Wind Project in Kittitas County, Wash. BPA proposed to interconnect the project by constructing a new substation adjacent to its Columbia-Covington 230-kV line. BPA accepted comments on the proposed interconnection through Aug. 25, 2008. For more information, go to [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

### **Whistling Ridge Wind Interconnection Project – Skamania County, Wash.**

BPA has been asked by SDS Lumber Company to interconnect its proposed Whistling Ridge Energy Project in Skamania County, Wash., to the Federal Columbia River Transmission System. WRE would independently build, own and operate the wind project and associated facilities. To inform its decision on whether to allow the proposed interconnection, BPA will prepare a joint EIS with the State of Washington Energy Facility Site Evaluation Council. BPA and Washington EFSEC held a joint public scoping meeting last month. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Whistling\\_Ridge/](http://www.efw.bpa.gov/environmental_services/Document_Library/Whistling_Ridge/).

## **TRANSMISSION – PROJECTS UNDER CONSTRUCTION**

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

BPA will replace wood pole structures along sections of the Albany-Burnt Woods and Santiam-Toledo transmission lines located in Linn, Benton and Lincoln counties, Ore. BPA released a preliminary EA for review in March 2009 and issued a FONSI in May. For more information, go to [http://www.efw.bpa.gov/environmental\\_services/Document\\_Library/Albany/](http://www.efw.bpa.gov/environmental_services/Document_Library/Albany/).

### **Chehalis-Centralia No. 1 Transmission Project – Lewis County, Wash.**

BPA is rebuilding its Chehalis-Centralia No. 1, 69-kV transmission line with new structures and new conductors. The Chehalis-Centralia No. 1 transmission line is located in Lewis County, Wash., and runs from BPA's Chehalis Substation west of I-5 to BPA's Centralia Substation east of I-5. A rebuild and upgrade is required due to aging wood poles, increased industrial loads and other load growth in the area. The line will be rebuilt to a standard 115-kV design but will continue to operate at 69-kV until load in the area requires 115-kV operation. Most construction will take place within BPA's existing easements and access roads. Activities include upgrading segments of existing access roads, building some new access roads, removing and replacing existing structures and installing new conductors. Most structures will generally be replaced within 10 feet of their existing locations. Work is expected to begin on June 3, 2009. For more information, go to [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/default.cfm?page=CHECEN](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=CHECEN).

### **Leaning Juniper II - Jones Canyon Substation Expansion Wind Interconnection Project – Gilliam County, Ore.**

Iberdrola Renewables requested interconnection of up to 200 MW of electricity generated from the proposed Leaning Juniper II Wind Power Project. Iberdrola will independently build, own and operate the wind project and its associated facilities. BPA signed a tiered ROD on April 3, 2009 to interconnect the project. BPA will expand its existing Jones Canyon Substation by about one acre, adding one 230-kV circuit breaker and two disconnect switches to the substation in Gilliam County, Ore. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Leaning\\_Juniper/](http://www.efw.bpa.gov/environmental_services/Document_Library/Leaning_Juniper/).

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

BPA completed the EIS and made a decision to proceed with the project. BPA is rebuilding the 17-mile Libby-to-Troy section of

the Libby-to-Bonnors Ferry single-circuit 115-kV transmission line to provide stable and reliable transmission service. Road-widening work began in September 2008 and was completed in November 2008. Access road construction and improvement and line reconstruction will begin as soon as weather permits in spring 2009. The project is expected to be completed in 2010. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Libby/](http://www.efw.bpa.gov/environmental_services/Document_Library/Libby/).

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

BPA will build a 79-mile 500-kV transmission line that will run between the McNary and John Day substations in Oregon but will mostly be located in Washington parallel to the Columbia River. BPA will begin preliminary work on the project this spring and expects to begin construction this summer. For more information, go to [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Olympic Peninsula Transmission Line Reinforcement Project – Thurston and Mason counties, Wash.**

BPA completed the EA and FONSI and decided 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/](http://www.efw.bpa.gov/environmental_services/Document_Library/Olympic/).

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

An EA and FONSI were completed in May 2008. BPA decided to rebuild the Palisades Goshen line due to its age and deteriorated condition to ensure safe and reliable transmission service. Access-road and line reconstruction for the first 25 miles was completed in summer 2008. Construction on remaining roads and line is scheduled to begin in June 2009 and will continue, weather permitting, until November. The project is expected to be complete in 2010. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Palisades/](http://www.efw.bpa.gov/environmental_services/Document_Library/Palisades/).

## **CALENDAR OF EVENTS**

To view BPA's public involvement calendar, go to [www.bpa.gov/corporate/public\\_affairs/Calendar/](http://www.bpa.gov/corporate/public_affairs/Calendar/).

**DSI service** – June 8, 1 to 4 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

**Tier 2 rate alternatives** – June 22, 1 to 4 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

**Access to Capital** – June 30, 9 a.m. to noon, BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

### **Big Eddy-Knight Transmission Project**

- June 30, 4 to 7 p.m., Shilo Inn Suites Hotel, 3223 Bret Clodfelter Way, The Dalles, Ore.
- July 1, 2009, 4 to 7 p.m., Goldendale High School, 525 E. Simcoe Drive, Goldendale, Wash.

## **CLOSE OF COMMENT**

July 21 – Big Eddy-Knight Transmission 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](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.