



Journal

December 2010

BPA proposes power rate increase

BPA released an initial proposal in late November that includes an 8.5 percent average wholesale power rate increase. The actual rate is likely to change during the lengthy rate process and with input from parties to the rate case.

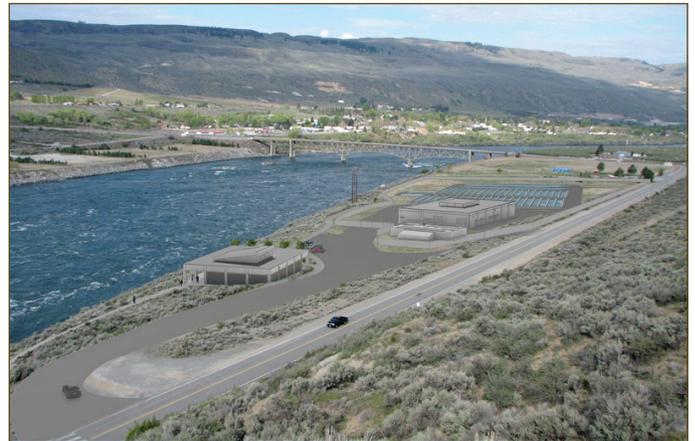
The main costs behind the proposed rate increase include upgrades and major maintenance to the aging federal hydroelectric system; fuel purchases and repairs at Columbia Generating Station, the region's only nuclear plant; and improvements at dams and habitat restoration to protect Northwest salmon and steelhead.

BPA is holding down the proposed rate increase by not rebuilding its financial reserves, which have been diminished by two years of low runoff and reduced energy prices that resulted in losses exceeding \$300 million. This strategy keeps rates lower for now amid a difficult economy, but exposes ratepayers to greater rate volatility. If Columbia River streamflow and the economy do not improve over the coming year, BPA would rely on short-term borrowing instead of reserves to meet financial obligations. The agency would then have to quickly raise rates further to repay the borrowed funds.

"The hardest issues in any rate case involve balancing near-term and long-term rate consequences," said BPA Administrator Steve Wright. "We are trying to keep rates as low as possible now without compromising the tremendous value of these low cost electricity generating resources, which will help us keep rates reasonable in the long term."

The rate proposal will be considered during a public rate-setting process in the coming months, culminating in a July decision on final rates that would take effect Oct. 1, 2011.

Transmission Services rates are currently under settlement discussions, so the initial proposal does not include these rates. If BPA and rate case parties reach settlement, BPA will issue a separate Federal Register notice in early February. The results of the settlement, if one is reached, will be incorporated into the BP-12 process following the publication of the Federal Register notice.



Conceptual drawing for Chief Joseph Hatchery illustrates the facility location just below Chief Joseph Dam with the office building in foreground, the hatchery building, raceways and rearing ponds.

Agreement gives salmon a boost

Chinook salmon will get a boost thanks to a unique partnership among the Confederated Tribes of the Colville Reservation, BPA and Grant County Public Utility District. After years of discussion, the three entities have signed a cost-sharing agreement to build and operate the Chief Joseph Hatchery, an estimated \$43 million construction project on the Columbia River near Bridgeport, Wash. This is part of their overall effort to support the recovery of Columbia River spring chinook salmon.

The hatchery is, in part, a result of a historic agreement, known as The Columbia River Basin Fish Accords, signed in 2008. Under these agreements, the federal agencies and tribes are working together as partners to provide tangible survival benefits for salmon recovery — by upgrading passage over federal dams, by restoring river and estuary habitat and by creative use of hatcheries. The accords ended years of litigation and are delivering results for the region's fish.

The main hatchery facility will be located on the north bank of the Columbia River near the base of Chief Joseph Dam, which is owned and operated by the U.S. Army Corps of Engineers. The complex will include acclimation ponds



at several locations on the Okanogan River as well as housing for hatchery workers near the main hatchery site.

When complete in 2013, the Chief Joseph Hatchery will annually produce close to two million summer/fall chinook to increase their abundance in the Okanogan and Columbia rivers and nearly one million spring chinook for reintroduction in historic Okanogan habitats. The hatchery is also expected to increase tribal ceremonial and subsistence fisheries and enhance a local recreational sport fishery.

The Colville Tribes will manage the hatchery under guidelines recommended by the Hatchery Scientific Review Group, a committee of scientists that recently completed a review of all salmon and steelhead hatcheries in the Columbia Basin at the request of the U.S. Congress.

Under the agreement, Grant PUD will fund 18.3 percent or approximately \$10 million of the total project planning and construction for the hatchery. The agreement also commits Grant PUD to funding 18.3 percent of the annual operation and maintenance, equipment replacement and monitoring and evaluation costs of the program. BPA is using increased borrowing authority provided by the American Reinvestment and Recovery Act to pay for its portion of the project.

BPA turns in first greenhouse gas report

BPA sent its first annual calculation of greenhouse gas emissions to The Climate Registry in November, launching the agency into a new world of knowledge about itself and its place in the utility environment.

“This report establishes BPA as one of the lowest-emitting utilities in the United States,” says Janelle Schmidt, BPA greenhouse gas analyst. “This is largely thanks to the fact that BPA’s hydro and nuclear generation sources are virtually carbon free.” (The very small amount of emissions associated with dam and nuclear facility operation would show up on The Climate Registry’s accounts under the U.S. Army Corps of Engineers, Bureau of Reclamation and Energy Northwest, which own the generators.)

The report covers calendar year 2009. It identifies 70,000 tons of direct greenhouse gas emissions, primarily associated with leakage of a gas used to insulate transmission equipment and with fuels combusted by BPA’s vehicle fleet. BPA also accounted for about 16,000 tons of indirect emissions, primarily from electricity purchased from local utilities for its headquarters and other buildings.

“Together, our direct and indirect emissions add up to the equivalent of those from about 16,000 cars. That’s a very small amount for a large energy supplier,” Schmidt says.

The Climate Registry is a non-profit organization founded in 2007 to create consistent and publicly transparent standards for organizations of all types to report their

greenhouse gas emissions. BPA joined as a founding reporter in 2008, committing to start its annual reporting in 2010 with 2009 emissions.

Interactive project map released

An interactive online map released today provides the most detailed information yet about the potential design of BPA’s proposed I-5 Corridor Reinforcement 500-kilovolt transmission line in southwest Washington.

The new map shows BPA’s preliminary designs with tower locations on the existing and proposed new rights-of-way (typically 150-foot wide) for each potential segment of the new line.

The map refines years of preliminary examination of routes for the proposed high-voltage transmission line. The proposed project is needed to resolve a critical electric bottleneck that could otherwise lead to outages in southwest Washington and northwest Oregon as early as 2016. No new 500-kilovolt power lines have been built in the area in nearly four decades, although the area population has doubled.

The interactive map is available at www.bpa.gov/go/i5. In addition, BPA will provide printed copies for anyone without internet access.

BPA will now focus on studying the potential impacts on all proposed route segments, which are identified on the map by numbers and letters. A preferred route could be announced next fall in the draft environmental impact statement.

2010 Annual Report available

Fiscal year 2010 brought below average water, resultant poor revenues and angst about a rate increase. But, in terms of accomplishments, the “best” outweighed the bad. BPA made astonishing progress on integrating wind energy and developing innovative ways to meet system challenges; captured over 90 megawatts of energy efficiency; saw some of the largest returns of endangered fish returns since the 1950s; got national attention for its sustainability program and much more.

You can read all about it in BPA’s 2010 Annual Report, available online at www.bpa.gov/corporate/Finance/A_Report/.

Public Involvement [Updates & Notices]

AGENCY PROJECTS

2012 BPA Rate Proceeding [Regionwide]

BPA released an initial rate proposal and held a prehearing conference Nov. 19 for its combined power and transmission rate proceeding that will set rates for fiscal years 2012 and 2013. The agency proposes an 8.5 percent average wholesale power rate increase. Transmission Services rates are under settlement, so the initial proposal did not include those rates. If BPA and rate case parties reach settlement, BPA will issue a separate Federal Register notice in early February. For information, go to www.bpa.gov/corporate/ratecase/2012/.

Energy Efficiency post-2011 proposal [Regionwide]

Five workgroups are working to provide recommendations to BPA on the implementation of energy efficiency programs. BPA will consider these recommendations and make a proposal available for public comment, which will provide guidance to BPA on program implementation. For information, go to www.bpa.gov/Energy/N/post-2011/.

FISH AND WILDLIFE — PROJECTS UNDER REVIEW

West Swan Valley land acquisition [Lake County, Mont.]

BPA is proposing to fund the acquisition of land or a conservation easement on up to 9,500 acres in the Swan Valley in northwestern Montana. BPA is working in partnership with the Montana Department of Fish, Wildlife and Parks; Montana Department of Natural Resources and Conservation; and The Nature Conservancy. For information, go to www.bpa.gov/corporate/pubs/fact_sheets/10fs/West_Swan_Valley-Oct_2010-revised_Nov_2010.pdf.

Yakama Nation – Mid-Columbia Coho Restoration Project [Chelan and Okanogan Counties, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Mid-Columbia_Coho_Restoration_Project/.

Northeast Oregon Hatchery Program, Grande Ronde-Imnaha Spring Chinook Hatchery Project [Wallowa County, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Grande_Ronde/.

POWER — PROJECTS UNDER REVIEW

Follow-up workshop on power over-generation events [Regionwide]

BPA will hold a workshop in December to capitalize on concepts developed during an October workshop on the region's June high stream flow event. Attendees will explore additional operational and policy tools that may be available or needed to respond effectively during future power over-generation events (see calendar). For information, go to www.bpa.gov/corporate/AgencyTopics/ColumbiaRiverHighWaterMgmt/.

TRANSMISSION — PROJECTS UNDER REVIEW

I-5 Corridor Reinforcement Project [Oregon and Washington]

BPA is proposing a new 500-kilovolt transmission line from a new substation near Castle Rock, Wash., to a new substation near BPA's Troutdale Substation, Troutdale, Ore. BPA released preliminary design

information this month for proposed tower locations and rights-of-way for each proposed segment. An updated interactive map is available on the project website. A draft EIS is scheduled for fall 2011 followed by a formal comment period. For information, go to www.bpa.gov/go/i5.

Big Eddy-Knight Transmission Project [Wasco County, Ore., and Klickitat County, Wash.]

BPA is proposing a new 500-kilovolt transmission line between BPA's existing Big Eddy Substation in The Dalles, Ore., and a new substation (Knight) under an existing BPA line near Goldendale, Wash. BPA will issue the proposed project draft EIS in December for public comment. The agency will hold public meetings in January. The public comment period will run through Jan. 28, 2011. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Big_Eddy-Knight/.

Albany-Eugene Transmission Line Rebuild [Lane and Linn counties, Ore.]

BPA is proposing to rebuild approximately 32 miles of a 115-kilovolt wood pole transmission line. After initial environmental review, BPA determined an EIS instead of an EA is necessary for this project. BPA held two EIS public scoping meetings and accepted comments in November. A draft EIS is expected in summer 2011. For information, go to www.bpa.gov/go/albany-eugene

Central Ferry-Lower Monumental Transmission Line Project [Garfield, Columbia and Walla Walla counties, Wash.]

BPA is proposing a new 500-kilovolt transmission line between the new BPA Central Ferry Substation in Garfield County and BPA's Lower Monumental Substation in Walla Walla County, Wash. For information, go to www.bpa.gov/go/centralferrylomo.

Hooper Springs Transmission Project [Caribou County, Idaho]

BPA is proposing a new 115-kilovolt transmission line and a new 138/115-kV substation, called Hooper Springs Substation, in Caribou County, Idaho. For information, go to www.bpa.gov/go/hoopersprings.

Walla Walla-Tucannon River Transmission Line Rebuild [Walla Walla and Columbia counties, Wash.]

BPA is proposing to rebuild the 47-mile Walla Walla-Tucannon River 115-kilovolt transmission line. The agency will produce a preliminary EA this fall or winter. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Walla_Walla-Tucannon_River_Rebuild/.

Bandon-Rogue No.1 Transmission Line Rebuild [Coos and Curry counties, Ore.]

BPA is proposing to rebuild the 115-kilovolt wood-pole Bandon-Rogue line. The agency will produce a preliminary EA this fall or winter. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Bandon-Rogue_Rebuild/.

Grand Coulee Dam Line Replacement [Okanogan, Grant and Douglas counties, Wash.]

The Bureau of Reclamation asked BPA to construct six new 500-kilovolt overhead transmission lines at Grand Coulee Dam to replace aging underground lines between the dam's third powerhouse and the 500-kV spreading yard. BPA expects to release a draft EA in spring 2011. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Grand_Coulee/.

Juniper Canyon II Wind Interconnection Project [Klickitat County, Wash.]

Iberdrola Renewables, Inc., asked BPA to interconnect up to 101 megawatts from the proposed Juniper Canyon II Wind Project. To interconnect the project, BPA would build a new substation, the Wood Creek Substation, along an existing BPA transmission line near Roosevelt, Wash. BPA will complete a ROD this fall or winter. For information, go to www.bpa.gov/go/junipercanyonII.

Radar Ridge Wind Project Interconnection [Pacific County, Wash.]

Energy Northwest asked BPA to interconnect up to 82 megawatts of power generated from the proposed Radar Ridge Wind Project in Pacific County, Wash. The U.S. Fish and Wildlife Service will complete an EIS, and BPA will serve as a cooperating agency under NEPA. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Radar_Ridge_Wind_Project/.

Whistling Ridge Energy Project [Skamania County, Wash.]

BPA and the Washington Energy Facility Site Evaluation Council accepted comments on a joint draft EIS. BPA and EFSEC will address the comments in the final EIS, expected in spring 2011. For information, go to www.bpa.gov/go/whistling.

Horn Butte Wind Project [Gilliam and Morrow counties, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Horn_Butte_Wind_Project/.

Antelope Mountain Communication Project [Deschutes County, Ore.]

BPA proposes to construct a new 616 square-foot communications building and 80-foot microwave tower at the Antelope Communications Site on Pine Mountain near Bend, Ore. BPA is waiting for approval from the U.S. Forest Service to begin construction. For information, go to www.bpa.gov/corporate/public_affairs/docs/2010/.

Transmission Services Facility Project [Vancouver, Wash.]

BPA is conducting a feasibility study on building a new office building on its Ross Complex in Vancouver, Wash., to meet workspace needs. BPA will produce a preliminary EA this fall or winter. The feasibility study is expected to be complete by early 2011. For information, go to www.efw.bpa.gov/pdf/Transmission_Services_September_2009.pdf.

FISH AND WILDLIFE – PROJECTS UNDER CONSTRUCTION

Chief Joseph Hatchery Program [Okanogan County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/.

Lyle Falls Fish Passage Project [Klickitat County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/.

TRANSMISSION – PROJECTS UNDER CONSTRUCTION

Juniper Canyon I Wind Interconnection Project [Klickitat County, Wash.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Juniper_Canyon_Wind/.

Albeni Falls-Sand Creek Transmission Line Project [Bonner County, Idaho]

For information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=albe.

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

For information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Leaning Juniper II-Jones Canyon Substation Expansion Wind Interconnection Project [Gilliam County, Ore.]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Leaning_Juniper/.

Palisades-Goshen Transmission Line Reconstruction [Bonneville and Bingham counties, Idaho]

For information, go to www.efw.bpa.gov/environmental_services/Document_Library/Palisades/.

CALENDAR OF EVENTS

To view BPA's public involvement calendar, go to www.bpa.gov/go/calendar. For Americans with Disabilities Act accommodations, please call toll free 800-622-4519.

Power over-generation events workshop: Dec. 3, 8:30 a.m. to 12:45 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Phone bridge: 503-230-5566, passcode 1104#.

Agricultural outreach meeting: Dec. 8, 4 to 7 p.m., Columbia River Gorge Discovery Centre, 5000 Discovery Drive, The Dalles, Ore.

BPA will discuss new vegetation management standards for safety and reliability. The agency is committed to working with individuals and agricultural communities to facilitate ongoing land-use activities in transmission rights-of-way as long as those uses are compatible with the standards. For information, read, "Power lines and crops can be good neighbors," at www.bpa.gov/corporate/pubs/Veg_Management_-_lines-and-crops.pdf.

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.

