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A PUBLICATION FROM THE BONNEVILLE POWER ADMINISTRATION

Journal

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December 1995



Rate case schedule revised

BPA has revised its 1996 rate case schedule. BPA has delayed filing the supplemental rate proposal until Dec. 8. The supplemental rate proposal includes additional information and changes to the initial rate proposal that was filed on July 10. The Dec. 8 filing also will include BPA's and the rate case parties' rebuttal testimony, as well as the rate case parties' direct case on BPA's revised Segmentation Study and revised Rate Analysis Model. BPA was unable to file its supplemental rate proposal on Nov. 22 because of the overall complexity of the 1996 rate case. On Nov. 17, BPA requested an emergency hearing for an oral motion to stay the rate case schedule, which meant no party would be required to file testimony, studies or other documentation until a new schedule was determined. At the emergency hearing, BPA and the rate case parties agreed on the new schedule for the rate proceeding. The rate case is still expected to conclude on May 31, 1996.

Comments requested on draft White Book

BPA annually totals its loads and resources, and publishes the results in the Pacific Northwest Loads and

Resources Study commonly known as the White Book. The White Book describes the status of the federal system in terms of load-resource balance. It is usually issued around Dec. 1 each year. This year, BPA is publishing the White Book in draft form and inviting public comments before issuing a final study. The draft White Book reflects new constraints on the hydro system from the 1995 Biological Opinion issued last March by the National Marine Fisheries Service as part of its draft Recovery Plan for endangered salmon. The Biological Opinion dramatically changed the operation of the hydro system. BPA has accordingly revised how much firm power the federal hydro system can produce. The draft study also reflects changes in BPA's expected loads due to customer choices and BPA power resource cuts made over the last year. The draft White Book shows a modest surplus of energy on BPA's system for the next 5 years. After 2001, the draft White Book shows BPA in load-resource balance. This is a place-holder based on the fact that BPA has no commitment to serve direct-service industrial load after 2001. BPA will take public comments on the draft White Book through Dec. 22. A public workshop is scheduled for Dec. 11. The final White Book will be issued on Jan. 31, 1996. ([see public involvement section](#))

BPA separates transmission and generation

BPA is moving to functionally separate its transmission business from its power business beginning in January 1996. BPA is committed to aligning its business with utility industry deregulation initiated by the Federal Energy Regulatory Commission in a draft Notice of Proposed Rulemaking issued in March 1995. The final NOPR, scheduled to be issued in April 1996, is expected to require utilities that have both generation and transmission businesses to separate the two and to make transmission facilities available to third parties under terms, conditions and prices comparable to those they charge themselves. To comply with the NOPR, BPA is separating the administration of the transmission grid from power sales. Accounting systems will be separated. Functional separation will create self-supporting business lines for power and transmission and make sure there are no cross-subsidies between them.

BPA's financial outlook improves

Fiscal year 1995 was a much improved year over the last several years. Net revenues at the end of the quarter stood at \$99 million, \$50 million more than third quarter estimates and much improved over fiscal year 1994's \$61 million loss. Total revenues increased to \$2.385 billion, up from \$2.196 billion in fiscal year 1994. Total expenses at the end of the fourth quarter were slightly above fiscal year 1994 (\$2.286 billion versus \$2.257 billion) but the trend was downward throughout fiscal year 1995. The fourth quarter review numbers are preliminary and unaudited. The audited financial statements will be released in December. BPA's fourth quarter review also projects that fiscal year 1996 total revenues will increase to \$2.479 billion, almost \$100 million more than fiscal year 1995. The increase is due to the 4 percent surcharge applicable to BPA power and transmission rates for the year and to strong agency-wide cost-cutting efforts. Expenses are projected to be virtually flat compared to fiscal year 1995.

BPA explores alternatives in public utility contracts

BPA has gotten authorization from the Department of Energy to explore a load retention strategy with its public utility customers. The strategy is designed to give customers greater flexibility while allowing BPA to retain at least as much load as could be expected under existing contracts. Under the proposed strategy, BPA is considering offering new five-year power sales contracts as an option to the existing contracts which expire in five years. To accomplish this, the public customers as a group would have to

commit to putting somewhere in the neighborhood of 90 percent of their load on BPA. In return, customers would receive 1) rate certainty for five years, 2) no stranded investment costs during the five years, 3) a partial ability to diversify and 4) greater flexibility in tailoring contracts to individual needs. The required load commitment would provide sufficient revenues to ensure that a stranded investment cost recovery charge would not be necessary during the five years. BPA hopes that by giving customers greater flexibility now, BPA will be more likely to retain a substantial amount of their business when current contracts expire. BPA will seek public comments on the proposed contracts.

Energy trading floor increases BPA revenues

An electricity trading floor has been up and running for about a year at BPA's Ross Complex Dittmer Control Center in Vancouver, Wash. The trading floor was created to position BPA at the forefront of the volatile short-term electricity marketplace as it evolves to a commodity-based market. Beginning in the spring, the electric market will change dramatically when electricity futures begin to be traded on the New York Mercantile Exchange. The BPA trading floor brings together current West Coast electricity market conditions, up-to-the-minute hydro and power system status, and short-term weather and streamflow projections to develop a daily BPA marketing strategy. The trading floor is where decisions are made on whether to sell or buy power, what products to offer and what the prices will be. The trading floor has produced about \$50 million in gross revenues this fall because of the good water year and aggressive trading. Risk mitigation is a central goal of BPA's trading floor operation. BPA is getting training from Wall Street and marketers on how to use futures, options and swaps to hedge short-term price risks. BPA has done some hedging already and is looking forward to trading electricity futures to gain more price certainty.

Hungry Horse power for sale

BPA has notified Montana utilities that wholesale electric power from the Hungry Horse Reservation will be available for redistribution on Oct. 1, 1996. The Hungry Horse Reservation was established by the Hungry Horse Dam Act that gives geographical preference to Montana for a portion of the power generated at Hungry Horse Dam in northwestern Montana. The power has become available for redistribution because the Columbia Falls Aluminum Company has terminated its 1981 power sales contract and entered into a new five-year power sales contract with BPA effective Oct. 1, 1996. The amount of power available to Montana under the Hungry Horse Reservation is 221 average megawatts. As of the end of fiscal year 1994, BPA's western Montana preference customers' loads were 119 average megawatts. BPA must give first priority to its western Montana preference customers and second priority to eastern Montana preference customers. Any power not purchased by preference customers can then be offered to nonpreference customers in Montana, then to preference customers within the rest of the Pacific Northwest region.

Regional Review update

In a November 6 letter to Senator Hatfield, the governors of Idaho, Montana, Oregon and Washington proposed that the Northwest Power Planning Council facilitate the regional review. The governors believe new legislation will be needed to respond to the deregulated electric power industry in the Pacific Northwest. They have asked to see recommendations from the regional review by December 1, 1996. The recommendations are expected to be introduced into new congressional legislation in January 1997. The review is expected to include the implications of overall changes in the electric power industry for private and public utilities, fish and wildlife interests, tribal and state governments and their

agencies, as well as others. The review is prompted by the competitive environment in the wholesale electric market in light of deregulation and utility restructuring.

Power system update

Last month was the seventh wettest November in the 58 year record. Precipitation above The Dalles through Nov. 14 was 169 percent of average. Heavy precipitation continued through the end of November. Total November streamflow measured at The Dalles was expected to be 139 percent of average. The Dalles streamflows were 198 percent of average on Nov. 19.

Federal system storage was 82 percent full on Nov. 15 and 56 percent full on the same date in 1994. The surplus and non-firm market continues to be soft due to mild weather conditions in the Pacific Northwest and California. The system is being operated to position storage reservoirs for the winter firm loads and to make non-firm sales under advantageous market conditions.

BPA reduces outages

In fiscal year 1995, BPA had the lowest number of electrical power outages at customer points of delivery in five years. The overall duration of these outages was the lowest in the last three years. BPA crews prepare for winter storms by patrolling the lines looking for seasonal hazards, such as creeks undercutting transmission towers, before major damage occurs. Last year, BPA recorded 132 power outages caused by wind, ice and falling trees. Cold temperatures, heavy rain, high winds and snow are to blame for some outages, but lightning is the number one cause of power outages.

National Research Council issues salmon report

The National Research Council has issued a study on pacific salmon calling for limiting hatchery production, limiting salmon harvest in the ocean and restoring habitat in the Pacific Northwest. The report opposed drawdowns and supported transportation of smolts until a better method of getting fish to the ocean can be found. The council, part of the National Academy of Sciences, released its scientific study on pacific salmon with recommendations for a comprehensive approach to salmon recovery. The study stresses that maintaining genetic diversity is crucial for long-term survival of salmon. The council looked at all factors related to salmon recovery including habitats, dams, hatcheries, ocean conditions, fishing and fishery management. BPA supports the comprehensive, scientifically based approach to salmon recovery called for in the study and continues to maintain its commitment to addressing damage to fish and wildlife caused by the federal hydroelectric system.

Public Involvement

STATUS REPORTS

1996 Rate Case. BPA has revised its 1996 rate case schedule. The filing of the supplemental rate proposal is delayed until Dec. 8. The supplemental rate proposal includes additional information and changes to the initial rate proposal that was filed July 10. When BPA files on Dec. 8, it will also include rebuttal testimony and the rate case parties' direct case on BPA's revised segmentation study and revised rate analysis model. *A Keeping Current* (#2752) will be available Dec. 8 which explains the

supplemental rate case and identifies all supporting documentation. Call for a copy.

Albeni Falls Wildlife Management Plan/EA. Work on the EA is progressing and the preliminary draft should be available in December. Call to be added to the project mail list.

Anderson Ranch Wildlife Management Plan/EA. Initial work on the EA is beginning. Anticipate the preliminary draft in January. Call to be added to the project mailing list.

BPA/Puget Power NW Washington Transmission Project. The mitigation action plan is available. Call for a copy.

Canadian Entitlement. BPA is preparing the final EIS, which should be available in December. Call to be placed on the mailing list.

Columbia Windfarm #1 Project. BPA expects to issue a ROD after the USFWS finalizes the Biological Opinion. Call to be put on the mail list.

Firm Resource Exhibit Submittals (White Book). BPA is publishing a draft White Book and will be taking comments through Dec. 22. A workshop will be held on Dec. 11 to discuss the White Book's methodologies and assumptions. The final 1995 White Book will be issued on Jan. 31, 1996, with final submittal of FREs by utilities on Feb. 15. ([return to Journal stories](#))

Hood River Fisheries Project. The draft EIS is expected in January. BPA is planning to hold two public meetings toward the end of the comment period (late January or early February). Call the numbers below to be added to the mail list.

KENETECH/PacifiCorp Windpower Project. BPA's Record of Decision should be released in December. Call for a copy.

Lower Red River Meadow Restoration Project. The EA is on hold until consensus is reached on stream restoration designs.

Olympia-South Tacoma Reconductor Project. The EA will be available in December. Please call for a copy.

Resource Contingency Program. The EIS has been divided into two parts: RCP Oregon and RCP Washington. The Oregon RCP (#2685) was released in October. The Washington RCP (2 vols., #2756 and #2757) is now available. Call for a copy.

Sierra Pacific Power Co. Alturas Transmission Line Project. The final EIS was published in the Federal Register on Nov. 24, followed by a 30-day no-action period. Copies of the Executive Summary are available.

System Operation Review. The project is drawing to a close. We anticipate release of the Final EIS and the Summary in December. The final issue of the SOR Streamline (#2582SOR) is also available. It addresses the final EIS. Call for a copy.

Washington Wildlife Mitigation Trust Projects Programmatic EA. Initial work on the Programmatic EA has begun. Call to be added to the mail list.

Washington Windplant #1 Project. BPA's Record of Decision is expected in December.

Wildlife Mitigation Program EIS. Scheduled publication of the draft EIS has been postponed until January 1996.

Yakima Fisheries Project EIS. The final EIS should be available in early January. Call to be added to the mail list.

CALENDAR OF EVENTS

Firm Resource Exhibit Submittals (White Book): **Dec. 11, 9 a.m. - 12 p.m.**, Sheraton Airport Hotel, Portland, Ore.

CLOSE OF COMMENT

Firm Resource Exhibit Submittals (White Book): **Dec. 22.**

Acronyms:

EA: Environmental Assessment

EIS: Environmental Impact Statement

FONSI: Finding of No Significant Impact

ROD: Record of Decision

For More Information or To Get Involved:

The *Journal* is a monthly newsletter of the Bonneville Power Administration for customers and interested publics. **To order documents:** call 800-622-4520 or 230-3478 (Portland) or [click here](#).

For questions/comments: call 230-3478 (Portland) or 800-622-4519, or E-mail to comment@bpa.gov. Address comments to: P.O. Box 12999, Portland, OR 97212.

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