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A PUBLICATION FROM THE BONNEVILLE POWER ADMINISTRATION

# Journal

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*May 1996*



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#### **Debt refinancing increases rate certainty**

In late April, Congress passed and President Clinton signed legislation to refinance BPA's outstanding appropriations owed to the U.S. Treasury. The Appropriations Refinancing Act is designed to put an end to recurring repayment reform proposals that would have raised electric rates and created economic uncertainty in the region. The act restates BPA's outstanding federal appropriated repayment responsibility of an estimated \$6.8 billion at an estimated average interest rate of 3.5 percent to about \$4.6 billion at market-determined interest rates currently estimated at about 6.5 percent. The plan takes effect with the 1997 fiscal year which begins Oct. 1, 1996. The net effect of the refinancing is to return about \$100 million more in net present value to the Treasury than would have been paid under previous terms and conditions. According to the Congressional Budget Office, the act will reduce the federal deficit debt by about \$89 million over the next seven years.

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#### **Transmission rates settlement reached**

On April 4, BPA and a majority of its customers, as well as the British Columbia Power Exchange Corporation, jointly proposed a five-year settlement of the transmission rates, terms and conditions that BPA would apply to the use of its transmission lines. If approved by the BPA administrator, the agreements would go into effect Oct. 1, 1996. This agreement also includes a proposal for implementing the current open access transmission requirements of the Federal Energy Regulatory Commission under the National Energy Policy Act of 1992. The 1996 rate proceeding is scheduled for completion in June when the BPA administrator makes a final decision on all issues. The settlement is a tentative agreement subject to approval by the BPA Administrator, and, ultimately, by the Federal Energy Regulatory Commission in October 1996.

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#### **BPA aids fish**

BPA is taking steps to aid salmon as they migrate downstream because high natural streamflow conditions combined with some generator units being temporarily out of service on Columbia and Snake river dams have created excess spill on these rivers. High spill levels lead to nitrogen gas supersaturation, which many believe is harmful to salmon. BPA is maximizing power generation on the federal hydroelectric system by flooding the market with power even if it means lower prices. The more power that is sold, the more of the streamflow is used for generation. Water run through generators reduces spill levels. BPA is also adjusting generation at federal dams so spill can be spread around the federal system, where possible, to reduce spill at those areas where gas supersaturation levels are dangerously high. When BPA can't find a market to sell to, normally it would spill the water. Instead, BPA is giving the energy away to other hydro-based utilities if those utilities will turn down their generation and spill at their hydroelectric projects. This allows spill to be further spread, reducing gas supersaturation levels at any single area.

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#### **BPA negotiates contracts with public utility customers**

BPA is currently negotiating five-year power sales contracts with its public utility customers. Customers will receive five-year rate certainty and five-year stranded investment protection under several different load commitment options. BPA is responding to customer ideas by offering increased flexibility in each of four options. Those options, each with its own terms and advantages, include:

1. 100 percent commitment;
2. ability to diversify up to 10 percent;
3. ability to diversify more under a new contract which yields margins equal to 85 percent of what BPA would otherwise have earned from the customer; and
4. stay with existing contracts.

Customers are able to take advantage of 5-year rate certainty and stranded cost protection under the first three options.

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#### **BPA pursues renewable energy project**

Bonneville reached an agreement last month with the Calpine Corporation and Trans-Pacific Geothermal Corporation to move forward with an environmental analysis of the Glass Mountain geothermal project in northern California. The agreement allows work to begin this month on an environmental impact statement for the project. Located about 50 miles south of Klamath Falls, Ore., the Glass Mountain Known Geothermal Area is considered one of the largest undeveloped renewable resources in the United States with potential for over 500 megawatts of energy. The Calpine partnership has proposed construction of a 49-megawatt geothermal generation project. The project would require construction of a 24-mile transmission line to connect it to the main transmission grid. The project is expected to be completed in 1999.

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#### **Hardy chairs EPRI**

Randy Hardy, administrator and chief executive officer of BPA, was sworn in as chairman of the board of directors of the Electric Power Research Institute on April 16. The ceremony took place at the Institute's annual member and board meeting in San Francisco. Hardy was elected to the position after serving two terms as vice chair. EPRI, headquartered in Palo Alto, Calif., is a national organization of approximately 700 utilities. The institute is dedicated to the research and development of new technologies for electricity generation, transmission and demand-side management.

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#### **Regional Review outcome could affect BPA credit**

Moody's Investors Service, a national credit rating agency, has issued a report stating that the outcome of the Comprehensive Review of the Northwest Energy System could affect BPA's credit and the \$6.8 billion of Washington Public Power Supply System's outstanding bonds. BPA pays the debt service on these bonds for Washington Nuclear Projects 1, 2, and 3. Moody's states that, if BPA is restructured, it "must continue to have the legal, competitive and financial strengths that are now currently behind the bonds." The Moody's report also states that "if the policy outcome of the regional review restricts BPA's role, limiting its ability to compete, BPA's own credit and that of the Supply System...bonds outstanding could erode." The report is in the March issue of Moody's Credit Perspectives.

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#### **Oliver line meetings planned**

The Columbia River Treaty, signed in 1961, between Canada and the United States required three storage dams to be constructed on the Columbia River in Canada and allowed for one in the United States. The dams help control floods in both countries and enable dams downstream in the United States to produce additional power. Canada and the United States share these downstream benefits equally which includes power generated at federal and non-federal dams. Canada is entitled to its share of the benefits at least until 2024, the earliest the treaty can be terminated. In the 1960s, Canada sold its share of power to a consortium of United States utilities. The first of the 30-year contracts expires in 1998, the last in 2003. The treaty specifies that Canada's share, called the Canadian Entitlement, must be delivered at a point on the Canada - United States border, near Oliver, British Columbia. BPA has begun a community-based public involvement process meeting with Douglas County and Okanogan County commissioners in Washington and also with the Confederated Tribes of the Colville Reservation. BPA will hold public scoping meetings to determine the public's concerns and issues, including the location of the line. Public comments are due by June 30. The environmental impact statement process for the project is expected to take 18 to 24 months.

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#### **BPA proposes new line**

BPA, in cooperation with Lower Valley Light & Power in Afton, Wyo., has proposed to build a 115-kilovolt transmission line from BPA's Swan Valley Substation in Idaho across Teton Pass to BPA's Teton Substation near Jackson, Wyo. The region's population has grown significantly, increasing electric usage and creating a voltage stability problem, especially during the winter months. The proposed line would extend over parts of the Targhee National Forest in Idaho and the Bridger-Teton National Forest in Wyoming. BPA has signed a notice of intent to build the line and has met with the U.S. National Forest Service, the Bureau of Land Management and Lower Valley Light & Power. BPA will hold public meetings in Wyoming and Idaho in May and June to determine the public's issues and concerns of the project. BPA and Lower Valley will likely share the cost of the transmission line if it is built. BPA, in cooperation with the National Forest Service, will begin an Environmental Impact Statement process on the proposed project that is expected to continue for up to 24 months.

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#### **Squawfish season begins**

The 1996 Northern Squawfish Sport Reward Season has begun and will continue through Sept. 15. Sports anglers will receive monetary incentives of from \$3 to \$5 for every qualifying squawfish caught in the Columbia and Snake rivers. Nearly 200,000 squawfish were caught in 1995. Squawfish are natural predators of young salmon. In cooperation with Northwest fish management agencies and tribes, BPA and its ratepayers sponsor the squawfish program as part of a comprehensive effort to protect and recover fish and wildlife affected by hydropower development in the Columbia River Basin. To learn more about the squawfish program, call the Washington Department of Fish and Wildlife's squawfish hotline at (800) 858-9015. In Vancouver, Wash., call (360) 737-2091.

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## Public Involvement

### Status reports

**1996 Rate Case.** The BPA draft ROD will be available on May 14 and the final ROD on June 17.

**Albeni Falls Wildlife Management Plan/EA.** Work on the EA is progressing and the preliminary draft is expected in May. Call to be added to the mail list.

**Columbia Gorge Project Vegetation Management.** The EA is currently being written. Call to be added to the mail list.

**Comprehensive Review of the Northwest Energy System (Regional Review).** For information, please call the Northwest Power Planning Council's Public Affairs office at 1-800-222-3355 or E-mail comments to [comments@nwppc.org](mailto:comments@nwppc.org). If you have access to the World Wide Web, visit the Comprehensive Review Home Page at <http://www.newsdata.com/enernet/review/review.html>.

**Excess Federal Power Statute Implementation Process.** Written comments will be received until May 28, the end of the 60-day comment period. Call for a copy of the Federal Register notice.

**Hood River Fisheries Project.** The final EIS is expected in July. Call to be put on the mail list.

**Hungry Horse Reservation.** BPA has notified Montana utilities that wholesale electric power from Hungry Horse Reservation will be available on Oct. 1, 1996. A proposed method of redistributing that power was available for comment until April 10. A draft ROD will be available in early May, with a final ROD available on May 30. Call to be put on the mail list.

**Lower Red River Restoration.** The preliminary EA is expected in May. Call to get on the mail list.

**Lower Valley Transmission Project.** BPA is beginning the environmental review process for the proposal to build a line from its Swan Valley substation in Idaho to its Teton substation in Jackson, Wyo. Scoping meetings are scheduled — see Calendar of Events. A FYI (#2875) is available. Call to get on the mail list. *(see accompanying story)*

**Nez Perce Tribal Hatchery EIS.** The draft EIS is expected in late May/early June. Call to get on the mail list.

**Northwest Regional Power Facility.** The final EIS is expected in May. Call to be added to the mail list

or to get a copy.

**Oliver Delivery Project.** An EIS will assess the environmental effects of building a transmission line from either the Grand Coulee Switchyard or the Chief Joseph Substation to a point on the U.S.-Canada border near Oliver, B.C. Public scoping meetings are planned for early June. Call for meeting locations and dates or to get on the mail list. (*see [accompanying story](#)*)

**Vancouver Lowlands Columbia River Wildlife Mitigation Project EIS.** A FYI (#2839) that summarizes the project is available. Work is now started on the EIS. Cultural resource surveys will be contracted through WDFW. A draft EIS is expected August 1996. Call to be added to the mail list.

**Washington Wildlife Mitigation Project.** A draft EA is expected in May. Call to be added to the mail list.

**Watershed Management Program.** Work is progressing on the EIS. Public meetings will be held in May and June (*see [Calendar of Events](#)*). A FYI (#2874) is available.

**Wildlife Mitigation Program EIS.** The draft EIS publication is expected in May. Call to be added to the mail list.

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#### Calendar of Events

Regional Review: **May 9, 10 a.m. - 4 p.m.**, Red Lion Lloyd Center, Portland, Ore.

BPA/Lower Valley Transmission Project: **May 20, 4 p.m. - 8 p.m.**, Idaho Falls High School Cafeteria, Idaho Falls, Idaho; **May 21, 4 p.m. - 8 p.m.**, Lower Valley Power and Light offices, Jackson, Wyo.; **May 22, 4 p.m. - 8 p.m.**, University of Idaho Fair Building, Driggs, Idaho; **May 23, 4 p.m. - 8 p.m.**, Swan Valley School Gymnasium, Irwin, Idaho.

Watershed Management Program: **May 22, 7 p.m. - 9 p.m.**, Asotin County Courthouse, Asotin, Wash.; **May 23, 1:30 p.m. - 3:30 p.m.**, Starbuck Public School, Starbuck, Wash.; **May 23, 7 p.m. - 9 p.m.**, Garfield County Courthouse, Pomeroy, Wash.; **May 30, 6:30 p.m. - 8:30 p.m.**, Elgin Community Center, Elgin, Ore.; **June 3, 1 p.m. - 3 p.m.**, Dept. of Forest, Wildlife and Parks — Region 2 Office, Missoula, Mont.; **June 4, 7:30 p.m. - 9:30 p.m.**, Stagecoach Inn, Salmon, Idaho.

*(visit BPA's most recent [public meeting calendar](#).)*

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#### CLOSE OF COMMENT

Excess Federal Power Rulemaking: **May 28**

BPA/Lower Valley Transmission Project: **May 31**

Watershed Management Program: **June 17**

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Acronyms:

EA: Environmental Assessment

EIS: Environmental Impact Statement

FONSI: Finding of No Significant Impact

NOI: Notice of Intent

ROD: Record of Decision

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The *Journal* is available on the Internet at <http://www.bpa.gov/Corporate/KC/home/journal/>.

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We welcome all comments from you at Journal-CKC, Bonneville Power Administration, P.O. Box 3621, Portland, OR 97208-3621 or [enballa@bpa.gov](mailto:enballa@bpa.gov).

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**For More Information or To Get Involved:**

The *Journal* is a monthly newsletter of the Bonneville Power Administration for customers and interested publics.

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