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A PUBLICATION FROM THE BONNEVILLE POWER ADMINISTRATION

# Journal

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*July 1996*



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## **Executives selected**

As part of an ongoing re-engineering effort, BPA has redefined its functions and selected executives to

manage the new functions. The new structure strongly emphasizes the organization's focus on BPA's three business lines — Transmission, Power and Energy Services. The executives heading up these lines are Walt Pollock, senior vice president, Transmission Business Line; Steve Hickok, senior vice president, Power Business Line; and Terry Esvelt, vice president, Energy Services Business Line. The entire organization is being engineered to support the business lines. Fred Johnson and Vickie VanZandt will manage planning, designing, building, operating, maintaining and supplying materials for the federal transmission system.

Other selections include Jim Curtis, senior vice president, Business Services; Harvey Spigal, vice president, Transmission Marketing and Sales; Judi Johansen, vice president, Power Sales and Account Servicing; Alex Smith, vice president, Environment, Fish and Wildlife; and Ed Sienkiewicz, vice president, Corporate Planning. Prior to the re-engineering, George Bell, group vice president of Transmission Services, had made a decision to retire. Bell will retain his group vice president title until his retirement next March, with primary focus on carrying re-engineering to conclusion. Pollock will continue to devote most of his time to being BPA's liaison to the Comprehensive Review of the Northwest Energy System through the rest of this year, but will begin working with Bell on a transition. The selections were made jointly by Administrator Randy Hardy, Deputy Administrator Jack Robertson and Chief Operating Officer Sue Hickey. A few key positions have yet to be named because the new selectees will be participating in the selection of the remaining positions. The new executive positions will become official Oct. 1, but transition periods will begin as soon as possible and will vary according to the needs of each area.

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#### **BPA submits options to Comprehensive Review**

The steering committee of the [Comprehensive Review](#) of the Northwest Energy System asked BPA to submit ideas for electricity restructuring alternatives in the region. BPA is preparing a white paper responding to the request. The paper will not be a proposal, nor is it intended to define how restructuring should occur. Instead, it defines a range of alternatives that could meet the region's needs under different scenarios. The options presented are not meant to describe a final product, but to add to the region's work in progress. BPA Administrator Randy Hardy plans to present the paper at a public forum in Seattle on July 12. U.S. Department of Energy Deputy Secretary Charles Curtis will be a keynote speaker at the event. Copies of BPA's white paper will be available in mid-July by calling BPA's document request line listed on the back page.

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#### **Five-year rates released**

BPA released its final five-year wholesale power and transmission rates on June 17. BPA's new average rate for priority firm power will be 2.44 cents per kilowatt-hour, a 13 percent reduction from the current average rate of 2.81 cents per kilowatt-hour. This is the first time since passage of the Northwest Power Act of 1980 that BPA has proposed a rate package that goes beyond two years. Because changes in BPA's wholesale rates affect each of its utility customers differently, retail customers of public utilities are not assured of a parallel decrease in their electricity bills. Some utility customers will see a reduction in rates, others will see little or no change and some retail customers may see their rates go up because of the complexities of the market and differences in the mix of products and services BPA sells to its individual customers. To bring its rates in line with prevailing market prices, BPA has reduced its

projected expenses by an average \$600 million per year for fiscal years 1996 through 2001. The new rates, subject to approval by the Federal Energy Regulatory Commission, will be effective from Oct. 1, 1996, through Sept. 30, 2001. (See [Status Report](#).)

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#### **Committee moves ahead on market transformation trust**

Representatives from BPA and the Northwest Power Planning Council met with a group of public utilities, investor-owned utilities and conservation groups in Portland on June 17 to form a chartering committee to set up a market transformation trust. BPA Administrator Randy Hardy and Northwest Power Planning Council Chair John Etchart called the meeting. All participants were responsive to establishing an ongoing, collaboratively funded project to transform markets. A preliminary proposal is expected to be distributed to all members of the chartering committee by July 5 for review. The committee will meet again on July 15. Market transformation programs focus on making permanent market changes by increasing demand for energy-efficient products. The proposed trust would fund and administer the Northwest's market transformation efforts. The trust would have a regional governing committee to review and select proposals for market transformation programs. BPA will commit up to \$15 million per year through fiscal year 2001 on behalf of its utility customers. Other utilities in the region are being asked to contribute up to an additional \$15 million collectively. The trust would distribute all the funds.

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#### **Credit rating drops but outlook is stable**

Standard & Poor's, a national credit rating agency, has downgraded bonds backed by BPA to double-A-minus from double-A. The reduced credit rating is caused by the competition BPA now faces in the deregulated utility industry and reduced demand for power from public utility and direct service industrial customers, which results in a loss of financial flexibility. The long-term outlook was upgraded to stable from negative as a reflection of BPA's improving competitive position, cost-cutting efforts and strong projected financial reserves. The ratings apply to \$7.2 billion of BPA-backed bonds, including \$6.9 billion Washington Public Power Supply System bonds.

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#### **BPA and Chase settle suit**

BPA has settled a lawsuit with Chase Manhattan Bank related to a canceled gas-fired combustion turbine. BPA withdrew from the 248-megawatt Tenaska Washington II project near Tacoma, Wash., in April 1995 when it became apparent that BPA did not need the power. Chase sued BPA for recovery of funds loaned to the Tenaska II partners, the developers for the plant. BPA is paying Chase \$115 million, the amount Chase loaned to Tenaska II partners for construction, plus accrued interest and related expenses. This settlement will not affect BPA's recently announced rate reduction. The Tenaska II partners are suing BPA for damages in a separate lawsuit. That lawsuit has been submitted to binding arbitration by the court. The settlement with Chase simplifies the Tenaska arbitration by narrowing the number of parties involved. It also stops interest from accruing. The money paid Chase will directly offset any money BPA owes the Tenaska II partners. If the arbitrators find that BPA owes more than

\$115 million, BPA will pay the difference. If BPA owes less than it has paid Chase, the partners will owe BPA the difference. BPA has a lien on the project assets for security against any funds Tenaska may owe to BPA.

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#### **BPA and PNGC reach agreement**

BPA and the Pacific Northwest Generating Cooperative have reached an agreement on contract principles and expect to negotiate and sign contracts based on these principles. The contracts are expected to go into effect Aug. 1, 1996. The cooperative's 11 member utilities collectively would be able to purchase an average of about 30 percent of their power from other sources over the life of the contract. BPA would, however, receive as much net revenue as it would have if the utilities had continued to buy at least 85 percent of their power from BPA. This will be accomplished through a combination of revenues BPA will receive from marketing the freed-up power to other buyers, reductions in costs to BPA, purchases of BPA services by PNGC and exit fees. The 11 utilities will continue to purchase a total of 320 average megawatts from BPA. BPA continues to negotiate contracts with its other public utility customers.

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#### **MOA consultations continue**

BPA, the U. S. Army Corps of Engineers, the Bureau of Reclamation, the U. S. Fish and Wildlife Service and the National Marine Fisheries Service, in collaboration with the Northwest Power Planning Council, held meetings on June 13 and 14 in Portland and June 20 in Spokane on a government-to-government basis with the Columbia Basin tribes for consultation on a fish and wildlife memorandum of agreement. The tribes requested these meetings, as well as several additional meetings, in order to complete a final draft MOA by July 8.

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#### **BPA proposes energy services business line**

BPA has submitted a description of its Energy Services Business Line proposal for review to the Conservation, Renewables and Public Purposes workgroup of the [Comprehensive Review](#) of the Northwest Energy System. For the past 16 years, BPA has been a leader in developing and implementing energy conservation programs in partnership with the Northwest's public utilities, state and local governments and private companies. BPA now proposes to use the experience gained from its conservation programs to sell customized packages of products and services to other federal agencies and to power customers for serving their own direct needs or assisting them in providing a greater variety of products and services to their customers. BPA's proposed role is to make the region's energy services marketplace larger than it would be in BPA's absence. BPA's proposal would remove barriers by opening up new markets that would be left untouched or underdeveloped if it were not for BPA's market presence. This would generate additional business opportunities for business partners from the private sector, government and utilities.

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## Public Involvement

### Status reports

**1996 Rate Case.** New electricity and transmission rates were announced on June 17, to go into effect on October 1. A Keeping Current on the new rates will be available this month. Call to request a copy.

**Albeni Falls Wildlife Management Plan/EA.** The preliminary draft (#1099) is available for public review. Written comments are requested (see [Close of Comment](#)). Call to request copies or to be added to the mail list.

**BPA/Lower Valley Transmission Project.** An FYI (#2902) which summarizes comments will be available in July. Field work begins this summer. Call to get on the mail list.

**BPA/Pearl-Sherwood Transmission Project.** An EA is being prepared on a proposed 230 kV transmission line between BPA's Pearl Substation in Wilsonville and the Sherwood Substation in Sherwood. The EA is expected this fall. Call to be added to the mail list.

**Columbia Gorge Project Vegetation Management.** The draft EA (#2886) is expected in July. Call to reserve your copy.

**[Comprehensive Review of the Northwest Energy System \(Regional Review\)](#).** The "Putting It All Together" forum will be held at Seattle Center on July 12. 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). Visit the Comprehensive Review Home Page at <http://www.newsdata.com/enernet/review/review.html>.

**Excess Federal Power Statute Implementation Process.** The ROD will be available in July. Call to be put on the mail list.

**Four Mile Hill Geothermal Project EIS (Glass Mountain).** The draft EIS is being prepared. Call to be added to the mail list.

**Hood River Fisheries Project.** The final EIS (#2903) is expected in July. Call for a copy.

**Hungry Horse Reservation.** The final ROD that was to be available in June has been delayed by approximately one month. However, it will now be available in July. Call to get on the mail list.

**Kalispel Tribe Resident Fish Project EA.** The EA (#2899) is available for comment. Anticipate a FONSI in late July. Call to be added to the mail list.

**Kootenai River White Sturgeon Aquaculture Project.** An EA is being prepared. Call to be added to the mail list.

**Lower Red River Meadow Stream Restoration Project.** The final EA (#2880) and FONSI are available. Please call to request copies.

**Nez Perce Tribal Hatchery EIS.** The draft EIS (#2884) is available. A DEIS summary (#2885) and

FYI (#2882) are also available. Call to get copies. The comment period for the DEIS ends August 16. See [Close of Comment](#).

**Northwest Regional Power Facility.** The final EIS (#2887) is available. Call to get a copy.

**Oliver Delivery Project.** Public scoping meetings are planned for mid-July (see [Calendar of Events](#)). An FYI (#2874) is available. Call to get on the mail list. The comment period ends July 31. See [Close of Comment](#).

**Olympia-South Tacoma Reconductor Project.** The final EA and FONSI (#2892) are available. Call to receive copies.

**Vancouver Lowlands Columbia River Wildlife Mitigation Project EIS.** BPA and WDFW have identified a more efficient way to meet NEPA obligations and still take timely advantage of land availability. The environmental review for this project will be covered under a BPA “umbrella” EIS for the Wildlife Mitigation Program. An FYI (#2883) that explains the process and summarizes comments received to date on this project is available. A draft program EIS is expected in July. Call to be added to the mail list.

**Washington Wildlife Mitigation Project.** A final EA (#2878) is expected in July. Call to be added to the mail list. Watershed Management Program. An FYI (#2904) summarizing scoping comments will be available in late July. Call to be added to the mail list.

**Wildlife Mitigation Program EIS.** The draft EIS is anticipated in July. Call to be added to the mail list. Yakima River Basin Water Enhancement Project Programmatic EIS. BPA is cooperating with the Bureau of Reclamation and the state of Washington in preparing an EIS. Call Roberta Ries, Bureau of Reclamation, at 509-575-5848 ext. 265 to be added to the mail list.

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#### Close of Comment

Kalispel Tribe Resident Fish Project EA: **July 8**

Albeni Falls Wildlife Management Plan/EA Preliminary Draft: **July 15**

Oliver Delivery Project Scoping: **July 31**

Nez Perce Tribal Hatchery EIS: **August 16**

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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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Visit the BPA home page at <http://www.bpa.gov>.

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

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