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A PUBLICATION FROM THE BONNEVILLE POWER ADMINISTRATION

# Journal

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*September 1997*

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### Third quarter financial update

BPA's Third Quarter Financial Review projects year-end net revenues to be \$80.7 million, \$10 million more than projected in the 1996 rate case. Cash reserves are projected to be \$425.5 million at year-end,

\$65 million more than rate case projections.

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### **U.S. Treasury approves appropriations refinancing**

The U.S. Treasury has approved BPA's appropriations refinancing of debt. The refinancing was authorized by the Bonneville Power Administration Appropriations Refinancing Act of April 1996. The 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. As a result of this approval, BPA's total federal debt has been reduced from \$9.1 billion to \$6.6 billion. At the same time, the average interest rate on BPA's federal debt has increased from 4.5 percent to 7.3 percent. BPA's federal debt now carries an interest rate equivalent to the Treasury's long-term cost of money. 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. The appropriations debt is for the federal investment in the power generating facilities at federally-owned hydro projects in the Pacific Northwest and for the cost of the BPA transmission system.

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### **BPA refinances its Treasury bonds**

Since 1974 BPA has been authorized to borrow from the U.S. Treasury by issuing bonds to the Treasury for the capital costs of the transmission system, in addition to certain capital conservation and fish and wildlife costs since 1980. BPA continues to take advantage of lower interest rates in the economy by refinancing its Treasury bond portfolio whenever possible. On Aug. 22, BPA refinanced a \$103.3 million Treasury construction bond that had an interest rate of 8.8 percent. The new interest rate is 6.65 percent and will save BPA and Northwest ratepayers about \$1.4 million each year for the next 10 years.

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### **NWPPC releases power plan**

The Northwest Power Planning Council recently released an updated version of its Fourth Northwest Power Plan. The draft plan was updated from March 1996 to incorporate recommendations of the Comprehensive Review of the Northwest Energy System. Subjects covered in the draft plan are power generation and conservation, markets for natural gas and electricity, renewable energy, new companies created in response to competition, and changing federal and state policies. The draft plan is available from the council by calling 1-800-222-3355. The public is invited to comment on the draft plan through Oct. 31.

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### **Supply System reduces costs**

The Washington Public Power Supply System recently announced it reduced its fiscal year 1997 costs for the Washington Nuclear Plant 2. Supply System fiscal years are from July 1 to June 30. The cost of generating electricity at Plant 2 was 2.46 cents per kilowatt-hour, down from the previous year's cost of 2.57 cents per kilowatt-hour. Fiscal year operating and capitol costs were \$171.6 million, down 13 percent from the previous year. The Supply System has been reducing costs since 1994 when power costs were at 3.45 cents per kilowatt-hour. The Supply System expects to reach its goal of 2.12 cents per kilowatt-hour in fiscal year 1998.

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## **EIA releases deregulation report**

The Energy Information Administration released a report on Aug. 13 describing the possible impact to electric rates in the year 2000 under deregulation. The EIA is an agency of the U.S. Department of Energy. Most regions would see a decrease in electric prices in the short-term, but the Northwest would see an increase in prices. While California's market rates could decrease from an average of 9.58 cents per kilowatt-hour to 7.92 cents per kilowatt-hour, the Northwest's rates would increase from an average of 4.88 cents per kWh to 6.28 cents per kWh according to the report. The report, *Electricity Prices in a Competitive Environment: Marginal Cost Pricing of Generation Services and Financial Status of Electric Utilities; A Preliminary Analysis Through 2015*, does not assume stranded cost recovery in the rate calculations. Stranded costs are costs that can not be recovered because of a decrease in revenues caused by lower competitive prices. In the short-term, with 100 percent stranded cost recovery, competitive prices would be close to regulated prices. With no stranded cost recovery, prices would decrease in most regions of the country but not in the Northwest. Long-term prices are expected to decline if there are efficiency improvements or other cost reductions that result from competitive pressures. The report is available on EIA's Internet web site at <http://www.eia.doe.gov/oiaf/elepri97/comp.html>.

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## **Chinook returning upstream**

Spring and summer adult chinook are returning up the Columbia River system in much higher numbers than last year according to the Fish Passage Center. Spring and summer chinook counts are up at every dam along the Columbia and Snake rivers where counts are taken. The spring chinook counts are above the 10-year average at eight of the 12 dams, and the summer count is above the 10-year average at 10 of the dams. As of Aug. 7, the adult chinook passage numbers at each dam were up over last year by the following amounts:

**Bonneville** -- spring chinook up 54 percent; summer chinook up 43 percent  
**The Dalles** -- spring chinook up 66 percent; summer chinook up 36 percent  
**John Day** -- spring chinook up 70 percent; summer chinook up 41 percent  
**McNary** -- spring chinook up 75 percent; summer chinook up 35 percent  
**Ice Harbor** -- spring chinook up 85 percent; summer chinook up 64 percent  
**Lower Monumental** -- spring chinook up 84 percent; summer chinook up 66 percent  
**Little Goose** -- spring chinook up 86 percent; summer chinook up 66 percent  
**Lower Granite** -- spring chinook up 87 percent; summer chinook up 76 percent  
**Priest Rapids** -- spring chinook up 63 percent; summer chinook up 19 percent  
**Rock Island** -- spring chinook up 69 percent; summer chinook up 15 percent  
**Rocky Reach** -- spring chinook up 71 percent; summer chinook up 13 percent

**Wells** -- spring chinook up 64 percent; summer chinook up 30 percent

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### **NEEA director resigns**

Will Lutgen, the executive director of the Northwest Energy Efficiency Alliance, recently resigned. Deputy Director Margie Gardner was selected by the alliance board members to be the new executive director. Gardner is a former conservation analyst with the Northwest Power Planning Council. The NEEA requested proposals for future projects and received 35 proposals on Aug. 1. The board will review the proposals and decide which projects to pursue.

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### **Hydromania science camps**

BPA's Hydromania Summer Science Camps give inner city kids in grades four through six an opportunity to experience science hands-on. The kids spent two weeks learning about the science involved in generating power, preserving fish runs, exploring caves, rafting, fishing and flying private airplanes. More than 200 Portland children participated in this year's program. BPA began sponsoring the community outreach program in 1992. The Portland Parks Bureau, high school student counselors and local businesses and organizations support the Hydromania program.

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### **Power production resumes at Bonneville Dam**

The U.S. Army Corps of Engineers restarted three of the eight main turbine units at the Bonneville Dam Second Powerhouse on Aug. 25 following a late July shut down to correct problems with the fish ladder used by adult salmon and steelhead returning upriver to spawn. Problems with the dam's fish ladder began when high water flows in the Columbia River swept large amounts of debris down river, causing 25 gratings in the auxiliary water supply system to dislodge from excess pressure. At a recent management team meeting, the Corps said it made necessary repairs and that there was a minimal risk of equipment failure. The Corps also agreed to develop an extensive monitoring and evaluation program to oversee the fish passage system. The Corps checked the system shortly after restarting the turbines. No problems were detected. After Sept. 1, BPA will generate enough power to keep from spilling water over the dam. If there are changes in the status of the facility, BPA agrees to take all of the necessary steps, including curtailing power generation, to protect fish passing by the dam.

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### **Status Reports**

**BPA/Lower Valley Transmission Project. Idaho and Wyoming** -- To resolve a voltage stability problem in the Jackson and Afton, Wyo. areas; new 115-kV line proposed on existing right-of-way where possible. A final EIS is being developed. Call to be added to the mail list.

**Big Eddy-Ostrander Vegetation Management EA. Oregon** -- To control vegetation on two segments of the 500-kV transmission line right-of-way. One segment, about eight miles long, is from Lolo Pass to near Parkdale. The other segment, about one mile long, is east of Parkdale. The Forest Service is a partner in developing the EA. Call to be added to the mail list.

**Bonneville-Hood River Vegetation Management EA. Oregon** -- To control vegetation on the 115-kV transmission line right-of-way between Bonneville Dam and Hood River in the Columbia Gorge Scenic Area. The Forest Service is a partner in developing the EA. Call to be added to the mail list.

**Columbia Windfarm #1. Washington** -- The final EIS (#2682) is available. Call to receive a copy.

**Four Mile Hill Geothermal Project EIS (Calpine). Northern California** -- A geothermal power plant and about 24 miles of new transmission line have been proposed on Forest Service land in the Klamath and Modoc forests. The Bureau of Land Management has the lead. BPA is a cooperating agency. The draft EIS is available. Call to receive a copy.

**Grande Ronde River Spring Chinook Project. Oregon** -- Spring chinook supplementation program. An EA is being prepared. Call to be added to the mail list.

**Methow Valley Irrigation District EA. Northern Washington** -- A proposal to convert the open canal irrigation system to pressurized pipes and wells. An EA is being prepared. Call to be added to the mail list.

**Nez Perce Tribal Hatchery EIS. Idaho** -- Supplementation of anadromous salmonids. The final EIS (#2985) is available. Call to receive a copy.

**Northwest Regional Power Facility. Washington** -- To construct a combustion turbine near Creston. The final EIS (#2887) and a Supplement Analysis is available. Call to receive a copy.

**Telephone Flats Geothermal Project EIS (Calenergy). Northern California** -- A geothermal power plant and about 21 miles of new transmission line have been proposed on Forest Service land in the Modoc Forest. The Bureau of Land Management has the lead. BPA is a cooperating agency. The draft EIS is being prepared. Call to be added to the mail list.

**Upper Snake River Fish Culture Facility. Idaho** -- A proposal to purchase a tribal hatchery for redevelopment of Yellowstone cutthroat and redband trout. An EA is being prepared. Call to be added to the mail list.

**Vegetation Management Program EIS. Region-wide** -- To develop principles for cost-effective, consistent, efficient and environmentally acceptable means of controlling vegetation to maintain a safe and reliable transmission system. The Forest Service and Bureau of Land Management are cooperating agencies. The draft EIS is being prepared. Call to be added to the mail list.

**Yakima River Basin Water Enhancement Project Programmatic EIS. Washington** -- The Bureau of Reclamation is taking the lead on this project. BPA is a cooperating agency. The draft programmatic EIS is being prepared. For further information or to receive a copy, contact John Tiedeman, BOR, at (509) 575-5848 ext. 238.

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## Calendar of Events

**BPA Cost Review Process Briefing:** Oct. 9, 1:30 - 5 p.m., NWPPC, 851 SW Sixth Ave., Suite 1100, Portland, Ore. Follow along by phone at 1-800-230-6608, or via computer at [http://www.nwppc.org/cost\\_rev.htm](http://www.nwppc.org/cost_rev.htm).

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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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