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A PUBLICATION FROM THE BONNEVILLE POWER AD



Journal

April 1999[Click here for past Journals.](#)

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BPA is ready for Y2K

BPA has met the federally mandated March 31 deadline to be Y2K ready. Being ready means the agency's automated business systems and date-sensitive equipment have been tested and those that failed have been replaced, repaired or reprogrammed. Hardware (including embedded chips), software, applications and integrated systems have been determined to be functional into the year 2000.

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Rate case update

BPA is splitting its rate setting activities into two parts to determine rates for the power and the

transmission business lines for the post-2001 period. The power rate case will begin later this spring. The Transmission Business Line is in the process of consulting its customers on what transmission products and services might be offered, and on the timing of the formal transmission rate process. Certain issues will be addressed in the power rate case that affect both the power and transmission rates. BPA plans to decide these “interbusiness line” issues in the power rate case and apply those decisions in the transmission rate case.

These interbusiness line issues include assignment of generation-integration and overhead costs; the methodology for determining the generation cost that will become the basis for ancillary service rates (the actual ancillary service rates will be developed in the transmission rate case); and the determination of certain other small generation costs for services required by the Transmission Business Line. In addition, all issues regarding the acquisition of non-Federal transmission for customers traditionally served by general transfer agreements will be addressed in the upcoming power rate case.

If you are interested in the interbusiness line issues described above, you are encouraged to follow the power rate case. Please call the document request line listed on the back page to be placed on the mailing list for the power rate case (request mailing list number 1187), or send your E-mail address to power-ratecase@bpa.gov.

BPA staff have been conducting technical analyses to include the views expressed by customers and other interested participants during workshops in January and February. BPA staff will present detailed technical workshops in late May on the models that were used to develop the numbers. BPA will announce the meetings in the Journal and on the rate case Web site at <http://www.bpa.gov/power/ratecase>. BPA is developing an E-mail notification list to let you know when new material is posted on the Web site. If you would like to receive these electronic notifications, please send an E-mail to power-ratecase@bpa.gov and put “Rates — 1188” in the subject line.

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FERC dismisses remaining challenges to BPA tariff

On March 15, the Federal Energy Regulatory Commission issued an order that put to rest all remaining challenges to BPA’s 1996 transmission tariff. FERC found that BPA had fully complied with FERC’s Order 888 issued in July 1998. FERC found that BPA’s proposal to honor existing contracts is appropriate and consistent with FERC’s order. It rejected the Industrial Customers of Northwest Utilities’ argument regarding how BPA defined eligible customer. FERC also found that BPA’s tariff “properly included the pro forma tariff scheduling provisions” and that BPA’s OASIS scheduling provisions “merely implement the pro forma scheduling provisions.” As a result, FERC did not even address the specific challenges to BPA’s scheduling provisions. It said that if BPA were to change those provisions, any new provisions must be consistent with or superior to the pro forma tariff provisions. Finally, FERC denied requests that BPA include its scheduling provisions in its tariff.

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Service and net requirements standards may change

BPA will propose changes to certain standards for service as well as review its approach to determining net requirements. The proposal will be published in the Federal Register in early April.

Standards for service are a set of criteria BPA uses in determining whether a prospective customer will qualify to purchase priority firm power. These are based on sections 3 and 4 of the Bonneville Project Act. The standards for service have remained basically unchanged for over 60 years but wholesale electricity deregulation, the subscription strategy and increased interest by some regional parties in

becoming eligible to buy federal power at the priority firm rate have prompted BPA to review its standards. Historically, one of BPA's standards for service requires that customers own the distribution system by which federal power is delivered to retail consumers. BPA will propose that a potential customer may use an ownership-type lease arrangement to provide for distribution of federal power.

The term "net requirement" means the amount of federal power that a public utility, cooperative or investor-owned utility is entitled to purchase from BPA to serve its consumer's load. A customer's net requirement is equal to the difference between its consumer firm loads and the amount of nonfederal generation and power obtained through contracts that the customer uses to serve those loads. This is based on section 5(b) of the Pacific Northwest Electric Power Planning and Conservation Act. This is only the second time since the Northwest Power Act became law that BPA has addressed the issue of how net requirements should be determined. Again, wholesale electricity market deregulation and the subscription strategy have prompted BPA to review how net requirements are calculated. The method of calculating net requirements is an important issue because it determines the amount of federal power an eligible customer can purchase for its loads. Since this is the primary means of distributing the benefits of the federal system to eligible Pacific Northwest customers, BPA's proposal will be of significant interest.

A 30-day formal comment period will begin after the proposal has been published in the Federal Register. BPA will hold at least one public meeting to discuss the proposal and will take comment from interested parties. Once the Federal Register notice has been published, BPA will notify customers, constituents, tribal representatives and other interested parties of the time and place of the public meeting and provide the dates of the public comment period. Following the close of the comment period, BPA will evaluate the comments it has received from all parties and publish a Record of Decision on these issues.

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New technologies update

Within the next five years, environmentally friendly distributed power technologies will provide power delivered at or below 5 cents per kilowatt-hour, with an energy conversion efficiency of 95 percent including use of waste heat. That's the challenge BPA Administrator Judi Johansen laid down as she closed Electric Revolution. The March event turned out to be one of the largest conferences on distributed power technologies ever held, with almost 400 attendees.

The term "distributed power" encompasses many small power sources — from natural gas microturbines to solar photovoltaic panels — that are emerging to supplement or provide an alternative to central-station generation. Utilities are "in the catbird seat," Johansen said, because they have the channels to deliver distributed power products.

Speakers said small power sources in substations or at end-use could support voltage, shave peaks and improve the use of distribution assets. But industry structure and regulation can affect whether the ideas are used.

Several speakers noted potential global benefits of distributed power sources. Many distributed power sources produce little or no air pollution. Countries that have no central grid may find distributed power cheaper than building a central-station infrastructure.

A brief conference overview is available on BPA's Web site at www.bpa.gov/Corporate/KCC/conferences/electric_rev/summary.htm

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Electric industry plans Y2K readiness conference

The Northwest electric utility industry will present a [Y2K readiness conference](#) on April 22 in Portland, Ore. Members of the electric industry will discuss power supply, transmission and wheeling, technical and system operations, legal issues, communications, emergency planning and policy issues. Speakers include representatives from the Northwest Public Power Association, U.S. Army Corps of Engineers, Bureau of Reclamation, Washington Public Power Supply System, Avista Energy, BPA, Portland General Electric, PacifiCorp, California Independent System Operator, U.S. West, National Rural Utility Cooperative Finance Corporation, Peninsula Light Company, Central Lincoln PUD, Clark Public Utilities and Puget Sound Energy. Gerry Cauley, Y2K program manager for the North American Electric Reliability Council, will discuss results of the April 1999 national grid test. The conference is sponsored by the U.S. Army Corps of Engineers, the U.S. Bureau of Reclamation, the Washington Public Power Supply System, the Northwest Public Power Association and BPA. (See [Calendar of Events](#) below.)

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BPA and Flathead Electric Cooperative reach agreement

BPA and Flathead Electric Cooperative have an agreement that will provide 36,000 more customers in western Montana with clean low-cost federal hydropower. Flathead Electric Cooperative's contract with BPA will provide a fixed wholesale price so the utility can continue to meet its commitment for price stability to its customers. Under the agreement, Flathead Electric Cooperative will purchase an additional 40 average megawatts of power from BPA from March 1, 1999, through Sept. 30, 2001. The deal makes Flathead Electric Cooperative one of BPA's largest publicly owned utility customers. In November 1998, Flathead Electric Cooperative and its subsidiary, Energy Northwest Inc., purchased all of PacifiCorp's electric service area in Montana. In addition to Flathead Electric Cooperative, BPA sells power directly to seven other public utilities in western Montana and to the Columbia Falls Aluminum Company.

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PUBLIC INVOLVEMENT

Status Reports

Big Eddy-Ostrander Vegetation Management EA. Ore. — To control vegetation on two segments of the 500- kV transmission line right-of-way. One segment is from Lolo Pass to near Parkdale. The other segment is east of Parkdale. An EA is being prepared. Call to be added to the mail list.

Fourmile Hill Geothermal Development Project EIS (Calpine). No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Klamath and Modoc forests. BLM has the lead. BPA is a cooperating agency. A final EIS and summary are available. Call to receive a copy.

Johnson Creek Artificial Propagation Enhancement. Idaho — Development of a native chinook salmon broodstock for rearing of acclimated smolts to preserve and recover the population. An EA is being prepared. Call to be added to the mail list.

Mid-Columbia Coho Reintroduction Feasibility Project. Wash. — To implement various studies and

research projects on the feasibility of restoring coho salmon to the mid-Columbia tributaries. The Yakama Indian Nation and the Washington Department of Fish and Wildlife are cooperating agencies. A preliminary EA (#1282) is available. Call to receive a copy.

Northwest Regional Power Facility. Wash. — To construct a combustion turbine near Creston. The final EIS (#2887) and a Supplement Analysis are available. Call to receive a copy.

Reedsport-Fairview Transmission Project. Ore. — To improve reliability and limit maintenance costs on a segment of Reedsport-Fairview No. 1, a 115-kV transmission line. Would either replace a segment of the line with a shorter line in a new location or rebuild the segment where it is now. comments on preliminary EA (#1286) being addressed. Call to be added to the mail list.

South Oregon Coast Reinforcement EIS. Ore. — To reinforce electrical service to the southern Oregon coast and provide the necessary transmission for Nucor Corp. to build a new steel mill in the Coos Bay/North Bend area. The Bureau of Land Management, Forest Service, U.S. Fish and Wildlife and Corps of Engineers are cooperating agencies. A draft EIS is being prepared. Call to be added to the mail list.

Telephone Flats Geothermal Project EIS (CalEnergy). No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Modoc Forest. BLM has the lead and BPA is a cooperating agency. The final EIS (#0298) and summary are available. Call to receive a copy.

Vegetation Management Program EIS. Regionwide — To develop a vegetation management program while maintaining a safe and reliable transmission system. The draft EIS is being prepared. Call to be added to the mail list.

Yakima River Basin Water Enhancement Project Programmatic EIS. Wash. — The Bureau of Reclamation has the lead and BPA is a cooperating agency. The final programmatic EIS is available. Call Robert Black, BOR 303-445-2704 to receive a copy.

CALENDAR OF EVENTS

Electric Industry Y2K Readiness Conference — April 22. Lloyd Center DoubleTree Hotel, Portland, Ore., contact Northwest Public Power Association, (360) 254-0109. On-line registration at <http://www.nwppa.org>

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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

An archive of past *Journals* is available to the public on BPA's external Web site at <http://www.bpa.gov/Corporate/KC/home/journal/>.

We welcome all comments from you at Journal-AC, Bonneville Power Administration, P.O. Box 3621, Portland, OR 97208-3621 or enballa@bpa.gov.

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. Address comments to: P.O. Box 12999, Portland, OR 97212.

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