



Journal

December 2013

Annual report describes BPA's achievements



BPA's new annual report, titled "Leading and Innovating," is available at www.bpa.gov/goto/AnnualReport.

The Year in Review opens with a letter from acting Administrator Elliot Mainzer to President Barack Obama. Mainzer describes how BPA performed its many significant responsibilities over the course of a very challenging year, moving ahead

on an array of regional issues while actively addressing shortcomings in its hiring practices.

The narrative section features seven sidebars describing some of 2013's unique projects and accomplishments, from replacing key transmission lines at Grand Coulee Dam to improving wind forecasting methodologies to helping restore electricity after Hurricane Sandy.

The report also provides final figures for the financial year. BPA had net expenses of \$104.8 million based on total operating revenues of \$3.35 billion. With adjusted net revenue of \$56.3 million, BPA met a key financial target for fiscal 2013.

Transmission Services continued a pattern of healthy financial performance, netting \$71.4 million to exceed BPA's rate case forecast by \$42.7 million. Power Services recorded net expenses of \$15.1 million, \$13.6 million below the rate case forecast of \$1.5 million.

Transmission net revenues exceeded expectations because of significantly lower interest expense, lower depreciation expense and higher revenues related to contracts. Power's performance was influenced by the continuation of low electricity market prices and lower-than-expected revenues from sales to our utility customers.

Financial reserves were \$1.27 billion. Of that total, \$641 million was reserves available for risk.

"Despite challenging economic conditions and low wholesale power prices, BPA is in sound financial condition and taking the lead on issues of consequence to the Northwest," Mainzer writes.

BPA selects new HR officer, acting deputy

BPA took two major steps in its efforts to rebuild and improve its human capital management function and ensure it has high-performing compliance and governance functions. First, Brian E. Carter, currently the Civilian/Human Resources Officer for the 502nd Air Base Wing at Joint Base San Antonio, Texas, will soon join BPA as its Human Resources director. Second, longtime BPA executive Greg Delwiche will temporarily leave his role as BPA's senior vice president of Power Services to fill in as acting deputy administrator.

"These moves are very positive developments for BPA," said acting Administrator Elliot Mainzer. "Mr. Carter brings a wealth of knowledge and experience in federal hiring practices, which are vital to our efforts to establish a world-class human capital management function. Greg brings many years of BPA knowledge and executive experience to the BPA front office, which also allows him to continue to conduct a thorough review of our broader governance and compliance program that is already underway under his leadership."

Carter, who will join BPA in early December, currently leads a civilian human resources program that serves more than 12,000 federal employees at the Department of Defense's largest joint air base. He has served in numerous human resources leadership positions that include supervisory roles in staffing, benefits, job classification and employee relations at small and large military installations.

"I am excited about joining BPA and working with the Department of Energy and BPA teams to work through the challenges and opportunities during this critical rebuilding period for BPA's human capital program," said Carter.

Carter's career spans more than 20 years and includes stints in the Air Force Reserves and the Arkansas



National Guard. He is a licensed attorney, holds a master's degree in military operational arts and sciences as well as a Bachelor of Science degree in accounting.

Delwiche has served as BPA's senior vice president of Power Services since June 2010. Before that, he served approximately six years as BPA's vice president for Environment, Fish and Wildlife.

"I come to the deputy position with the hope that my perspective and knowledge can help BPA move forward in successfully facing its challenges and getting healthy," said Delwiche.

Delwiche came to BPA in 1992 from the U.S. Army Corps of Engineers as a first-line manager in power and river operations planning. He became vice president of Generation Asset Management in 1999. Delwiche holds undergraduate and graduate degrees in civil engineering from the University of Florida and Oregon State University, respectively.

Ductless heat pumps lowering power bills

In the five years since Northwest utilities, the Northwest Energy Efficiency Alliance and BPA launched a pilot program to get ductless heat pumps into homes, more than 16,000 units have been installed. Many utilities are incentivizing homeowners to buy the energy-saving devices, and hundreds of contractors have been trained as qualified installers.

"Ductless heat pumps have taken off in the Northwest," exclaims Mark Johnson, BPA's ductless heat pump program manager. "The interest by homeowners, contractors and utilities has exceeded our expectations," he adds. "And for many HVAC [heating, ventilation and air conditioning] contractors, ductless heat pumps were crucial to their ability to weather the 2008 recession."

Ductless heat pumps use an external unit to capture heat from outdoors and deliver conditioned air to an indoor wall mounted unit. They can also ramp up and down to meet the conditioning needs of the home. As its name suggests, the system does not use ducts to distribute condi-

The Benefits of Ductless Heat Pumps

Energy-efficient ductless heat pumps can ramp up or down to meet home heating and cooling needs year round — even when outdoor temperatures fall below freezing.



Unit and image provided by Mitsubishi Electric US Cooling & Heating Division, Suwanee, Ga.

Ductless heat pumps:

- reduce energy use by 25–50 percent.
- include cooling systems.
- use ultra-quiet fans.
- have built-in air filters that improve indoor air quality.
- provide even, consistent heat.
- supplement an existing heating system.
- are simple to install — no ductwork is required.
- may qualify for energy saving rebates.

Contact your local utility for information on how to purchase and install a ductless heat pump.



tioned air, which eliminates efficiency losses associated with ducted heating systems. As a result, the technology is incredibly efficient. It uses 30 to 50 percent less energy to heat homes than electric baseboards or forced-air systems. On top of that, the units are quiet, continue to provide heat well below freezing and offer extremely efficient air conditioning year-round.

One satisfied homeowner is John Hesch from Shelton, Wash., who heard about the benefits of a ductless system and called his local utility, Mason County PUD No. 3. Hesch says the installation process was straightforward and that using it is “as easy as falling off a log.” Go to www.BPA.gov to see Hesch and Bruce Manclark, director of training with Fluid Market Strategies, in a video that shows how a ductless heat pump can be installed easily and effectively in a manufactured home.

Justin Holzgrove, conservation manager at Mason County PUD No. 3, says more of its ratepayers are going ductless. “We’ve continued to spread the word that ductless heat pumps are a great way to heat your home and save money on your bill,” Holzgrove says.

Many people with high heating bills are living in manufactured homes with inefficient electric forced air furnaces. The PUD’s rebate is making this upgrade accessible to more of its ratepayers.

“We’re trying to remove the cost barrier associated with escaping the burden of large winter heating bills,” Holzgrove adds. “And when partnered with our low-income weatherization program for insulation and existing duct sealing, the relatively low-cost installation of a ductless heat pump can provide a possible solution to the vicious and burdensome cycle that people fear every winter.”

BPA partners with Northwest utilities and NEEA to provide utility, contractor, and consumer support for ductless heat pumps. Click here to learn more about BPA’s ductless heat pump program. If you’re considering a heat pump for your home, visit www.goingductless.com.

Dam removed from Snake River tributary

The Latah Soil and Water Conservation District recently removed a defunct dam near Troy, Idaho, on a tributary to the Snake River. The dam, designed to create a reservoir and water supply for the town, silted in soon after construction and had lain dormant for nearly a century.

BPA funded surveys that were ultimately conducted by the Idaho Department of Fish and Game to determine where steelhead were spawning. Much to everyone’s surprise, the intermittent West Fork of the Little Bear River was a stronghold for the species. But access to thousands of acres of prime spawning habitat was blocked by the old concrete dam.

Working in collaboration with the City of Troy, the Latah Soil and Water Conservation District drew upon grant funds from NOAA Fisheries through the Idaho Governor’s Office of Species Conservation as well as BPA.

BPA’s funding comes from ratepayers and supports habitat improvement projects to mitigate the impacts from the construction and operation of federal dams along the Columbia and Snake rivers.

Watch a video about the dam’s removal at www.bpa.gov.

BPA invests in energy literacy

For less than a dollar a child, BPA invested in the energy education of more than 24,000 students across its service area during the initial year of the BPA Education Grants program.

As part of its 75th anniversary celebration, BPA launched the education grants program in 2012, funding seven efforts that included educational field trips, hands-on design and construction activities and research projects.

“You can’t realize a better return on investment than taking the chance to inspire the imagination of a child and help them make real-world connections with concepts they learn in the classroom,” said BPA acting Administrator Elliot Mainzer. “For a nominal amount provided through our ratepayers, we’re impacting future leaders and workforce in the energy sector, as well as increasing energy literacy. That’s why BPA is committed to promoting science, technology, energy and mathematics education throughout the Northwest.”

BPA issued the 2012–13 BPA Education Grants program final report to document how the funding was used across Washington, Idaho and Oregon. In all, some 24,875 students participated in grant-funded programming at a cost of roughly 81 cents per child.

In Pasco, Wash., students were given the opportunity to construct pop-up models of dams and hydro facilities while they learned how hydroelectricity is produced. In Idaho Falls, Idaho, students waded into rivers to learn how to classify macroinvertebrates and conduct water-quality index tests. The Yakima Basin Environmental Education Program in central and eastern Washington used its grant funding to deliver 47 outdoor field trip education sessions, where students learned about aquatic ecosystems, food webs and riparian zones.

The grants for the 2013–2014 school year have been awarded, and many of those projects are underway. Applications for the 2014–2015 school year will be available in May 2014.

For more information on the BPA Education Grants program, visit www.bpa.gov/goto/EducationGrants.

AGENCY PROJECTS

Debt Management Strategy [Regionwide]

BPA is accepting comments through Dec. 11 on its debt management strategy, which is aimed at financing generation and transmission investments at low cost, securing sufficient access to capital for these investments, and reducing debt service costs on outstanding debt. For information, go to www.bpa.gov/Finance/FinancialInformation/Debt.

Cost Verification for FY 2013 Slice True-up Adjustment Charge [Regionwide]

BPA is accepting comments through Dec. 12 on the Composite Cost Pool True-Up table and the Slice True-Up Adjustment, which reflects the actual expenses and revenue credits for FY 2013. BPA will consider the identification of any Slice True-up Adjustment issues for inclusion in the agreed-upon procedures. AUPs are miscellaneous financial services provided contractually to BPA by an external auditor. BPA will draft the tasks to be included in the AUPs to address any identified issues no later than Dec. 31. The FY 2013 Slice True-Up Adjustment that is applicable to Slice customers is a credit of \$31.5 million. For information, go to www.bpa.gov/goto/costverification.

Columbia River Treaty 2014/2024 Review [Regionwide]

After hosting five public round-table meetings around the region to solicit feedback and after carefully considering more than 4,000 comments received, the U.S. Entity continued to refine the final recommendation regarding the future of the Columbia River Treaty with Canada. The Entity is on track to submit its final recommendation to the U.S. Department of State in mid-December. The Entity plans to release the final recommendation for public review immediately after submitting it to the State Department. To see a summary of public comments regarding the Draft Regional Recommendation, go to www.crt2014-2024review.gov. For more information, email U.S. Entity staff at treatyreview@bpa.gov, or call BPA at 800-622-4519 or the U.S. Army Corps of Engineers at 503-808-4510.

OS-14 Rate Case [Regionwide]

In the OS-14 rate case, BPA will propose rates to recover the costs incurred under the Oversupply Management Protocol. In November, BPA filed a motion to further amend the schedule. The draft ROD is scheduled to be issued Feb. 13, 2014. For information, go to www.bpa.gov/goto/RateCase.

TRANSMISSION

Morrow Flat Substation and Transmission Line Improvement Project [Morrow, Gilliam and Umatilla counties, Ore.]

BPA is accepting comments and will host a public meeting in December on the proposal to construct a new substation and improve two existing transmission lines in Oregon. BPA would construct the new 230/115-kV Morrow Flat Substation approximately 1.5 miles east of Boardman, Ore., in an area zoned for industry adjacent to the existing BPA transmission lines. BPA's McNary-Boardman and McNary-Jones Canyon 230-kV transmission lines would be connected to the proposed substation. Some line improvements would be needed to ensure that

the conductor would not sag too close to the ground and to meet operational safety standards. BPA may also need to improve existing access roads or acquire rights to develop new access roads to transmission line towers that are difficult to access. The project would help serve increased energy demand from existing development, food processing plants, and new data centers in the Boardman area. BPA is reviewing the potential environmental impacts of the project and has scheduled a public meeting to answer questions and accept comments. **SEE CALENDAR**

Pacific Direct Current Intertie Upgrade Project [Lake, Jefferson, Crook, Deschutes and Wasco counties, Ore.]

BPA has selected ABB as the primary contractor for the Celilo Converter Station upgrade in The Dalles, Ore. Preparatory work at Celilo started this fall. The project includes proposed upgrades on the DC transmission line south to the Nevada-Oregon border. BPA expects to complete and release the Environmental Assessment for the DC line upgrade portion of the project in May 2014. For information, go to www.efw.bpa.gov/environmental_services/Document_Library/PDCI_Upgrade/.

I-5 Corridor Reinforcement Project [Cowlitz and Clark counties, Wash., and Multnomah County, Ore.]

BPA and its contractors are conducting field work in the existing and proposed transmission line corridor to collect information for the project. The information will help BPA refine the proposed design for the project and determine its potential impacts. For information, go to www.bpa.gov/goto/i-5 or call 800-230-6593.

FOR MORE INFORMATION

Information on other projects under environmental review is available at www.bpa.gov/goto/NEPA.

For information about the National Environmental Policy Act in general, go to www.bpa.gov/goto/environmentalplanning.

CLOSE OF COMMENT

Submit comments to www.bpa.gov/comment.

- **Dec. 11**, Debt Management Strategy
- **Dec. 12**, Cost Verification for the Slice True-up Adjustment Charge
- **Dec. 31**, Morrow Flat Substation and Transmission Line Improvement Project

CALENDAR OF EVENTS

Morrow Flat Substation and Transmission Line Improvement Project public meeting

- **Dec. 4**, 4 to 7 p.m.
SAGE Center Auditorium, 101 Olson Road, Boardman, Ore.

To view BPA's public involvement calendar, go to www.bpa.gov/goto/calendar. For Americans with Disabilities Act accommodations, call toll free 800-622-4519.

The Journal is a monthly publication of the Bonneville Power Administration. If you have questions or comments, or you want to be added to the mailing list for any project, call toll free 800-622-4519.

To order copies of documents, call: 800-622-4520 or 503-230-7334. Written comments may be sent to: BPA, P.O. Box 14428, Portland, OR 97293-4428. Email address: comment@BPA.gov. BPA home page: www.bpa.gov. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see www.efw.bpa.gov/environmental_services/nepadocs.aspx. Process Abbreviations: EA-Environmental Assessment, EIS-Environmental Impact Statement, ESA-Endangered Species Act, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision.

