

# journal

December 2006

www.bpa.gov/corporate/pubs/Journal

## BPA puts power crisis behind it

The 2006 annual report for BPA, released in mid-November, shows that BPA earned record-setting modified net revenues at the same time it reduced its wholesale power rates for 2007. Administrator Steve Wright called it an outstanding year. "We have now recovered from the financial effects of the 2000-2001 West Coast power crisis," he said.

A return to normal water conditions and aggressive cost management efforts over the past several years enabled BPA to rebuild its financial health.

Audited results for fiscal year 2006, which ended Sept. 30, recorded BPA net revenues of \$611 million on total operating revenues of \$3.4 billion. Adjusted for certain debt management actions and the effects of market accounting, BPA's modified net revenues were \$445 million.

BPA reduced its wholesale power rates for 2007 on average by about 3 percent. It made its U.S. Treasury payment in full and on time and continued to control costs and reduce staff. The 2007-2009 power rates provide the highest probability (95 percent during both years) BPA has ever had that it will cover all its costs in the next rate period.

BPA ended the fiscal year with \$1.193 billion in financial reserves. About \$250 million of the reserves are a cash flow shift that comes from a new arrangement with Energy Northwest related to costs for the operation of Columbia Generating Station.

## Regional Dialogue moves forward

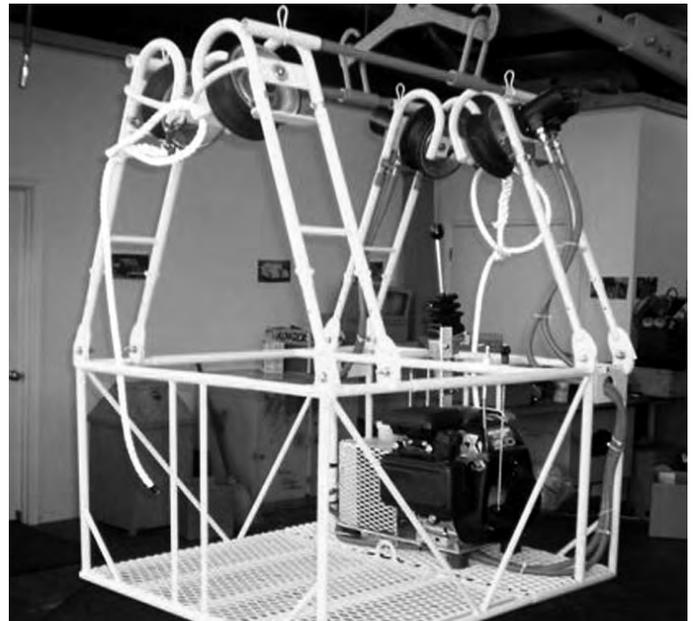
The comment period for Regional Dialogue Policy Proposal officially closed on Oct. 31. BPA received 147 comments and many phone calls and letters. BPA is now working on a final policy and record of decision. Department of Energy officials will be at SeaTac airport for a public meeting on Dec. 6 to hear Northwest constituents' views on the proposal.

While Regional Dialogue policy decisions rest with the BPA administrator, the hearing will give Deputy Secretary Clay Sell and other DOE officials an opportunity to personally hear views of Northwest constituencies.

## Shops make new cart for high-wire work

BPA's shops have developed a new prototype hydraulic "aerial cart" for crews to use on line work high

above the ground. The new carts ride directly on the transmission lines, while linemen move them on the lines to get to the area that needs work. They are frequently used to replace spacer dampers, which keep lines from coming into contact.



BPA is working on a more reliable "aerial cart" for line crews to use for replacing spacer dampers on the high-voltage transmission lines.

The hydraulic-driven aerial cart uses the baskets from carts now in service. The new hydraulic drive system also eliminates most of the failing parts on the older style carts, ensuring less down time and superior reliability. The prototype cart is now in the testing phase, and engineers will work to lighten the 200-pound cart over the winter.

## New SCADA systems go live

After about 14 months of work, BPA put new Supervisory Control and Data Acquisition (SCADA) systems into operation at its Munro and Dittmer control centers. SCADA is the main tool dispatchers use to monitor and control equipment in all major substations in the BPA transmission grid.

SCADA communicates with more than 200 substations every two seconds, reporting back information such as the power flows, voltage levels and the current state of



control equipment in the substations. Dispatchers also use the system to remotely take lines in and out of service and balance power flows on the lines.

### **Building gets another green award**

BPA earned more recognition for its green efforts when the Office of the Federal Environmental Executive named the Ampere Annex a “showcase building” for demonstrating sustainability. The building is at BPA’s Ross Complex in Vancouver, Wash. It was built in 1943, and in 2003 underwent a complete makeover.

The renovation project used sustainability throughout, including recycled demolition materials. The building got an Energy Star® roof and a storm water treatment system. Water use was reduced by 45 percent, and energy savings designs went into the lighting and indoor air systems. In 2004, the U.S. Green Building Council gave the building a Leadership in Energy and Environmental Design (LEED) silver rating.

### **Wind efforts move along**

BPA and the Northwest Power and Conservation Council plan to release a proposed Northwest Wind Integration Action Plan for public review in January. The plan will outline cost-effective ways to manage challenges associated with the current pace and scale of the region’s wind development. A policy steering committee made up of representatives of major organizations involved in renewable energy development in the Northwest is overseeing the work.

### **NW Act heroes honored**

The Northwest Power Act was one of the most pivotal moments in the region’s energy history. BPA and the Northwest Power and Conservation Council dedicated the current calendar year to celebrating this milestone and 25 years under the Act. The two agencies are honoring contributions of individuals from around the region who have been instrumental in pursuing the goals that Congress envisioned with the Act. These included assuring an adequate, efficient, economic and reliable power supply; protecting fish and wildlife; and encouraging broad public participation.

To see a list of those nominated as a “Power Act Leader,” go to the Council’s Web site at: [www.nwccouncil.org/](http://www.nwccouncil.org/).

### **Slice litigation settled**

After nearly two years of mediation, BPA and its public agency customers settled litigation related to adjustment charges for the Slice product true-up. Under the Slice product, customers purchase a portion (slice) of the federal generating capability with the rights to manage generation but also the responsibility to assume risks. Because Slice customers pay estimated costs of the year’s power they purchase, there is a true-up at the end of the year when BPA knows the true costs of the power it supplies. In the settlement, BPA agreed to pay Slice customers \$26 million resolving issues over the 2002-2005 Slice true-ups. Aspects of the Slice contract and rate were open to interpretation, and the settlement creates precedent for future true-ups. Resolution of the litigation paves the way for the likelihood that BPA will offer a Slice product post 2011.

## **publicinvolvement**

## **updates and notices**

### **NEW PROJECTS**

#### **AGENCY – PROJECTS UNDER REVIEW**

##### **ColumbiaGrid – Regionwide**

ColumbiaGrid is seeking comments on a draft Planning and Expansion Functional Agreement through Dec. 7. BPA accepted comments on its potential participation in this Functional Agreement through Nov. 29. BPA will consider comments received when submitting its own final comments to ColumbiaGrid. BPA will also consider the comments when deciding whether to sign and support a final Planning and Expansion Functional Agreement. ColumbiaGrid hopes to offer a finalized agreement to regional parties in mid-December. The agreement would become effective for the initiating parties 60 days after the offer. Other qualified entities may sign later. ColumbiaGrid members are continuing their efforts to develop additional functional agreements.

While BPA has not yet decided whether it will sign any proposed ColumbiaGrid functional agreements, the agency is fully engaged in drafting these agreements. BPA and six other

utilities supporting ColumbiaGrid are funding this new organization’s development. See BPA’s Web site: [www.bpa.gov/corporate/business/restructuring/](http://www.bpa.gov/corporate/business/restructuring/) for more information on its participation. For the complete draft ColumbiaGrid Planning and Expansion Functional Agreement, and information about ColumbiaGrid’s public review process, see [www.columbiagrid.org/?page\\_id=409](http://www.columbiagrid.org/?page_id=409).

##### **FCRPS Revised Draft Systemwide Programmatic Agreement – Regionwide**

The U.S. Army Corps of Engineers, Bureau of Reclamation, and BPA (lead federal agencies) have released a Federal Columbia River Power System Revised Draft Systemwide Programmatic Agreement. It covers the management of historic properties affected by the multi-purpose operations of 14 of the dam/reservoir projects within the FCRPS. It provides the systemwide principles and commitments for the lead federal agencies, compliance with Section 106 of the National Historic Preservation Act. The comment period is open until Jan. 19, 2007. For more information, see BPA’s Web site: [www.efw.bpa.gov/environmental\\_services/culturalresources.aspx](http://www.efw.bpa.gov/environmental_services/culturalresources.aspx). (See close of comment)

## **Supplement Analysis to the Business Plan EIS – Regionwide**

BPA is preparing a Supplement Analysis to its Business Plan EIS, scheduled for release this winter. For a copy of the Supplement Analysis, or for more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/bpsa](http://www.efw.bpa.gov/environmental_services/Document_Library/bpsa).

## **Within-Year Treasury Payment Probability – Regionwide**

In the fiscal years 2007-09 wholesale power rate case, two risk mitigation tools, the National Marine Fisheries Service Federal Columbia River Power System Biological Opinion (NFB) Adjustment and the Emergency NFB Surcharge, were put into place to address uncertainties surrounding litigation over the 2004 Biological Opinion. If a "trigger event" as defined in the General Rate Schedule Provisions occurs and results in changes to BPA's Endangered Species Act obligations, the NFB Adjustment will trigger. If a trigger event with a financial effect of greater than \$10 million occurs and the agency within-year Treasury payment probability is less than 80 percent, the Emergency NFB Surcharge will trigger. Rate case parties indicated they would like to have an opportunity to review BPA's methodology for calculating the within-year TPP. BPA held a kickoff workshop Nov. 7. Additional workshops will be scheduled after the first of the year. For more information, see BPA's Web site: [www.bpa.gov/power/psp/rates/announcements.shtml](http://www.bpa.gov/power/psp/rates/announcements.shtml).

## **FISH AND WILDLIFE – PROJECTS UNDER REVIEW**

### **Chief Joseph Hatchery Program – Okanogan County, Wash.**

The Northwest Power and Conservation Council recommended that BPA study a program sponsored by the Confederated Colville Tribes to assist in conservation and recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River below Chief Joseph Dam. This program would include a new hatchery near the base of the Chief Joseph Dam and acclimation ponds throughout the Okanogan River subbasin. The EIS also will consider use of the proposed facilities to reintroduce spring chinook salmon to historical habitats in the Okanogan subbasin on an experimental basis. The program includes production to augment the ceremonial and subsistence harvest of salmon for the Confederated Colville Tribes. This program would be designed to have no effect on the operational flexibility of Chief Joseph Dam. A draft EIS for public comment is planned for this winter. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Chief\\_Joseph/](http://www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/).

### **Lyle Falls Fish Passage Project – Klickitat County, Wash.**

BPA will be preparing an EIS for the proposed Lyle Falls Fish Passage Project and expects a draft EIS in May 2007. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Lyle\\_Falls/](http://www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/).

### **Northwest Oregon Hatchery Program, Grande Ronde-Imnaha Spring Chinook Hatchery Project – Wallowa County, Ore.**

BPA has conducted value engineering, land acquisition and final design according to the ROD signed March 11, 2005. Several minor changes to facility features and sites resulted, so additional environmental analysis was conducted that included Endangered Species Act compliance, cultural resources surveys and hydrologic effects. No substantial new environmental effects or public issues are anticipated by the changes. A Supplement Analysis was completed March 23, which found that a supplemental EIS was not warranted by the minor changes. The U.S. Fish and Wildlife Service and NOAA Fisheries have concurred that the original ESA consultation remains valid. A ROD authorizing construction is planned for this winter. For more information, see BPA's Web site: [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Grand\\_Ronde/](http://www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/).

## **POWER – PROJECTS UNDER REVIEW**

### **Regional Dialogue – Regionwide**

BPA is currently working on preparing the Long-Term Regional Dialogue final policy and ROD. Department of Energy Deputy Secretary Clay Sell, DOE General Counsel David Hill, DOE Director of the Office of Electricity Delivery and Energy

Reliability Kevin Kolevar, and BPA Administrator Steve Wright will hold a public meeting on Dec. 6, 2006. For more information, see BPA's Web site: [www.bpa.gov/power/regionaldialogue](http://www.bpa.gov/power/regionaldialogue). (See calendar of events)

## **TRANSMISSION – PROJECTS UNDER REVIEW**

### **Caribou-Lower Valley Project – Caribou County, Idaho**

BPA is proposing to build, own, operate and maintain a new 138/115-kilovolt substation near a proposed PacifiCorp substation near Soda Springs, Idaho. BPA would connect to PacifiCorp's new substation for the purpose of improving service to Lower Valley Energy. Lower Valley Energy would construct, own and operate a new 20-mile double-circuit 115-kV transmission line from BPA's new substation to a tap on the Lower Valley Energy transmission system between Lanes Creek and Valley substations. Lower Valley Energy would work with BPA to acquire all land and rights-of-way for the 115-kV line. BPA held a public meeting June 6 and received comments through July 14. Field work and design are planned for spring 2007. BPA expects to release a draft EA in late summer or fall 2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Hanford Reach National Monument CCP/EIS – Benton, Franklin and Grant Counties, Wash.**

BPA is participating in a land management planning process led by the U.S. Fish and Wildlife Service. The USFWS is working on a comprehensive conservation plan under the Refuge System Improvement Act of 1997. BPA is helping with sections of the plan that pertain to transmission facilities, roads, energy facilities and river flow management within the monument. A draft EIS is scheduled for release this winter.

### **Libby (Flathead Electric Cooperative)-to-Troy Section of the Libby-to-Bonnars Ferry 115-kV Transmission Line Rebuild – Lincoln County, Mont.**

BPA is proposing to rebuild a 17-mile-long section of the Libby-to-Bonnars Ferry 115-kilovolt transmission line to improve its reliability and meet future load growth in Lincoln County, Mont. BPA is analyzing the environmental effects of the proposed project and the comments received during the scoping process. BPA expects to issue a draft EIS this winter. Comments were accepted through Oct. 30, 2005. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Olympic Peninsula Reinforcement Project – Thurston County, Wash.**

BPA is proposing to remove 14.5 miles of an existing 115-kilovolt transmission line between Olympia and Shelton substations and replace it with a double-circuit, 230-kV line and add equipment at the two substations. This will improve voltage stability during winter-peak load conditions on the Olympic Peninsula. BPA will complete an environmental assessment on the proposed project. The preliminary EA will be released in summer 2007. If BPA decides to proceed with this project, construction could begin in late 2007. BPA will host two public scoping meetings in December to seek public feedback on the proposal. Information on those meetings will be posted to the BPA Web site soon. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Port Angeles/Juan de Fuca Transmission Project – Port Angeles, Wash.**

Olympic Converter LP has requested interconnection to the Federal Columbia River Transmission System of a 550-MW transmission cable across the Strait of Juan de Fuca from Vancouver Island, B.C., to Port Angeles, Wash. The draft EIS is expected to be released in the 2006/07 winter. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **Programs in Review – Regionwide**

The 2006 PIR process will set planned spending levels which become the foundation for the revenue requirement in the Transmission rate case. BPA held five public meetings to share

proposed operating costs for both capital and expense programs for its 2008 to 2009 transmission rate period. BPA also hosted a technical workshop to respond to questions and share more detailed information on the proposed capital programs. BPA accepted comments on the program levels through Sept. 7 and issued a draft letter to customers and stakeholders for comment in November (instead of October as stated in the November Journal), prior to issuing a final closeout. The final letter will be released soon. For more information, see BPA's Web site: [www.transmission.bpa.gov/business/Customer%5FForums%5Fand%5FFeedback/Programs\\_in\\_Review/pir2006.cfm](http://www.transmission.bpa.gov/business/Customer%5FForums%5Fand%5FFeedback/Programs_in_Review/pir2006.cfm).

#### **Shepherds Flat Wind Farm Interconnection Project – Gilliam and Morrow Counties, Ore.**

Lifeline Renewable Energy, Inc. requested interconnection of up to 750 megawatts of power generated from the proposed Shepherds Flat Wind Farm that would be located in Gilliam and Morrow Counties, Ore. BPA proposes to interconnect up to 750 MW by expanding the existing Slatt Substation in Gilliam County. BPA held a public meeting Oct. 25 in Arlington. Comments were accepted through Nov. 10. BPA will analyze project impacts in a tiered ROD under the Business Plan EIS. The ROD is scheduled to be completed in 2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

#### **Summer Falls/Main Canal Interconnection Project – Grant and Douglas Counties, Wash.**

BPA proposes to interconnect 122 megawatts of generation from Summer Falls and Main Canal hydropower projects to the federal transmission grid. BPA proposes to construct a new 230-kilovolt substation (Pinto Ridge) in Grant County and a new communications site (Banks Lake) in Douglas County to complete the interconnection by 2008. Seattle City Light and Tacoma Power requested the interconnection. They also requested that BPA construct eight miles of new 115-kV transmission line between Main Canal and the new Pinto Ridge Substation, one mile of new 115-kV transmission line between Summer Falls and Pinto Ridge, and their new 115-kV substation adjacent to BPA's proposed substation. Seattle City Light and Tacoma Power would own these facilities. BPA, Seattle and Tacoma plan to work cooperatively to complete a combined state and National Environmental Policy Act process and associated environmental compliance. A public meeting was held in August. Comments were accepted through Sept. 24. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

#### **Windy Point Wind Interconnection – Klickitat County, Wash.**

BPA is considering the interconnection of up to 250 megawatts from Windy Point Partners LLC. This wind project would interconnect at the Rock Creek Substation, now under construction. Two groups filed an appeal to the county's SEPA determination. A settlement agreement was signed by the developer and the appellants on Nov. 3, 2006. Under the settlement, the developer has agreed to fund a habitat conservation set aside program to be set up with an institutional nonprofit organization. A tiered ROD is expected to be released this winter. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

## **TRANSMISSION – PROJECTS UNDER CONSTRUCTION**

#### **Klondike III/Biglow Canyon Wind Integration Project – Sherman County, Ore.**

BPA has decided to interconnect the Klondike III and Biglow Canyon wind projects in Sherman County, Ore. The ROD was signed on Oct. 25, 2006. Construction is expected to begin soon on the John Day Substation and construction of the transmission line is scheduled to begin May 2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

#### **Rock Creek Substation – Klickitat County, Wash.**

Rock Creek Substation is under construction and is expected to be complete in fall 2007. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

#### **Tucannon River-North Lewiston 115-kV Transmission Line – Garfield County, Wash., and Nez Perce County, Idaho**

Construction on the Tucannon River-North Lewiston transmission line is under way and expected to be complete in fall 2006. For more information, see BPA's Web site: [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

## **SUPPLEMENT ANALYSES**

To view copies of the supplement analyses, visit the link provided.

#### **Watershed Management Program**

[www.efw.bpa.gov/environmental\\_services/Document\\_Library/Watershed\\_Management/](http://www.efw.bpa.gov/environmental_services/Document_Library/Watershed_Management/)

- SA-281 Creek Passage and Sediment Improvement Project, Union County, Ore.
- SA-282 Butte Creek/Hampton Bridge Crossing, Union County, Ore.
- SA-283 Barnes Road Diversion Site – Manastash Creek Fish Barrier Removal and Screening Project, Kittitas County, Ore.
- SA-284 Yakima Tributary Access and Habitat Program – Diversion 31 Fish Screen Project, North Fork Ahtanum Creek, Yakima County, Wash.

#### **Grande Ronde Basin Endemic Spring Chinook Salmon Supplementation Program**

[www.efw.bpa.gov/environmental\\_services/Document\\_Library/Grand\\_Ronde\\_Basin/](http://www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde_Basin/)

SA-09 Continuation of the Grande-Ronde Satellite Hatchery Facilities O&M and M&E, Union and Wallowa Counties, Ore.

#### **Transmission Vegetation Management Program**

- SA-319-Ashe-Slatt#1 and Ashe-Marion #2, Benton County, Wash.
- SA-320-Albeni Falls-Sandcreek #1, 1/1 to 31/2, Bonner County, Idaho
- SA-321- Shelton-Fairmount No. 4, Mason and Jefferson County, Wash.
- SA-322- Ponderosa - Pilot Butte, Deschutes County, Ore.

## **CALENDAR OF EVENTS**

Regional Dialogue public meeting with Department of Energy Dec. 6, 2006, from 2 to 6:30 p.m., Seattle-Tacoma International Airport Conference Center, located at 17801 International Blvd. (Pacific Highway S.), Seattle, Wash., 98158

## **CLOSE OF COMMENT**

Jan. 19, 2007 – FCRPS Revised Draft Systemwide Programmatic Agreement

**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. E-mail address: [comment@BPA.gov](mailto:comment@BPA.gov). BPA home page: [www.bpa.gov](http://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](http://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.

