

# journal

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[www.bpa.gov/corporate/pubs/Journal](http://www.bpa.gov/corporate/pubs/Journal)

## BPA, utilities sign historic contracts

As of Dec. 1, all of BPA's 135 consumer-owned (preference) customers had signed Regional Dialogue power sales contracts. The contracts, which will run from 2012 to 2028, follow more than six years of discussions – called the Regional Dialogue – with BPA customers and other stakeholders.

“These agreements assure the benefits of low-cost power supply for the next 20 years – thus preserving the value of the federal system for another generation of Northwest citizens,” said Paul Norman, senior vice president of Power Services.

He also noted that the contracts promote energy efficiency and renewable energy. “Through a tiered rate system, the contracts provide powerful price incentives for energy conservation and for development of new generating resources including new renewable resources,” Norman said.

When they go into effect in 2012, the contracts will implement a tiered rates system. Tier 1 power will be limited to the output of the federal system, with little augmentation. As these utilities have greater power needs, they can either purchase power from BPA at Tier 2 prices, which will be set to cover BPA's costs of augmentation, or they can secure nonfederal resources.

This gives customers greater clarity and certainty about their future power supply and time to make decisions to ensure adequate resources.

## Wind success comes with challenges

Wind power in BPA's balancing area has grown from 25 megawatts 10 years ago to more than 1,500 MW today, and that number is expected to continue to rise rapidly. While the agency anticipated having 3,000 MW of wind on its grid in the early 2020s, it now expects that amount to be on line by December 2009. This will be one of the highest, if not the highest, proportion of wind power serving load in any U.S. power system.

While the growth of the wind resource is a real success story, the speed and amount of wind power is overtaking the federal hydropower system's ability to provide sufficient integration services, which maintain the constant balance of generation and loads needed to maintain system reliability. Without this balance, the lights can go out. Variable wind power requires large amounts of balancing services to back up times when the wind isn't blowing.

Today, BPA provides these balancing services from federal dams. But the hydro system's limits are being reached. When the amount of wind in BPA's balancing authority was small, systems designed to handle swings in loads also accommodated variations in wind output without difficulty. Now, with so much wind entering the system, swings in wind output are beginning to challenge the systems that were designed to handle only variations in loads, and BPA is working with the wind community and its customers to resolve these challenges.

To learn about the steps BPA is taking to integrate wind, read “Balancing act: BPA grid responds to huge influx of wind power,” at [www.bpa.gov/corporate/About\\_BPA/wind/docs/Wind-background-November2008.pdf](http://www.bpa.gov/corporate/About_BPA/wind/docs/Wind-background-November2008.pdf).

If you'd like to keep up with BPA's wind integration efforts, bookmark the wind Web page: [www.bpa.gov/corporate/About\\_BPA/wind/index.cfm](http://www.bpa.gov/corporate/About_BPA/wind/index.cfm).

## Shoshone-Bannock Tribes join fish effort

The Shoshone-Bannock Tribes and BPA, along with the U.S. Army Corps of Engineers and the Bureau of Reclamation, have entered into a 10-year agreement that will strengthen Snake River populations of steelhead and salmon, including sockeye. The parties signed a memorandum of agreement last month in Fort Hall, Idaho.

Under the agreement, BPA will provide \$61 million over 10 years, enabling the Tribes to continue existing programs and implement new projects to benefit Endangered Species Act-listed and nonlisted fish and wildlife. The agreement identifies comprehensive actions and recognizes the Tribes' proven scientific and resource management expertise.

This agreement also reflects the growing regional sentiment to focus on collaboration rather than litigation. This past May, four Columbia River tribes and two states (Idaho and Montana) signed similar agreements with the federal agencies.

These earlier agreements, collectively referred to as the Columbia River Basin Fish Accords, focus on Columbia River salmon and steelhead stocks. The Shoshone-Bannock Tribes' agreement adds to the Accords, providing commitments for projects focused in the Snake River Basin.





Pictured from left to right: Witt Anderson (U.S. Army Corps of Engineers), Bill McDonald (Bureau of Reclamation), Alonzo Coby (Shoshone-Bannock Tribes) and Steve Wright (BPA), sign the ceremonial deerskin. The original Accords parties signed the hide May 2.

The Shoshone-Bannock Tribes are committed to achieving biological objectives linked to meeting the federal agencies' statutory requirements. They also agree that the federal government's requirements under the ESA, Clean Water Act and Northwest Power Act regarding the federal hydropower projects of the Columbia and Snake rivers are satisfied for the next 10 years. This agreement will specifically resolve, for the Shoshone-Bannock Tribes, ESA issues currently pending before U.S. District Court Judge James Redden.

For specific details on the MOA and the planned projects, visit [www.salmonrecovery.gov](http://www.salmonrecovery.gov).

### **BPA FY 2008 Annual Report available**

BPA's Annual Report for fiscal year 2008, which ended Sept. 30, is now available online at [www.bpa.gov/corporate/Finance/A\\_Report/](http://www.bpa.gov/corporate/Finance/A_Report/). Hard copies will be available in the BPA Library in mid-December.

In his letter to the president at the beginning of the report, Administrator Steve Wright notes that it was

a year of "collaboration" between BPA and its stakeholders. He cites, among other things, the work on long-term Regional Dialogue power sales contracts, transmission's Network Open Season, the Columbia Basin Fish Accords and energy savings that well exceeded the year's target.

Despite a year of problematic runoff (water wasn't available when most needed and vice versa), BPA as a whole slightly exceeded its revenue targets. Power Services dropped slightly below its target largely due to the water year, while Transmission Services dramatically exceeded its targets.

Details of these and other aspects of BPA's performance are in the report.

### **BPA files Open Access Transmission Tariff**

After months of work, including an extensive public process with customers, BPA filed its Open Access Transmission Tariff (OATT) with the Federal Energy Regulatory Commission in October. This filing responds to FERC's Order 890, which aims to ensure transmission service is offered on a non-discriminatory basis and provides for more transparency in transmission planning and marketing.

For the most part, BPA adopted Order 890 as it was written. But because parts of the new rule conflicted with statutes the agency must follow or could impair the efficient and reliable operation of the federal power or transmission systems, BPA requested several deviations. These requests must be approved by FERC before they become effective.

The requested changes include some modifications to the rules regarding interest on customers' deposits for transmission service, a proposal to allow Network Integration customers to provide attestations regarding resources that they own and have not sold any portion of for one year or more, and modifications to the previously-filed cluster study language that supports BPA's Network Open Season process. BPA discussed these proposed deviations with FERC and expects most of them will be accepted.

## publicinvolvement

## updates and notices

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

#### **2010 BPA Rate Case – Regionwide**

BPA is continuing public workshops in preparation for the development of power and transmission rates for FY 2010 and 2011. For more information, go to [www.bpa.gov/corporate/ratecase/2008/2010\\_BPA\\_Rate\\_Case/](http://www.bpa.gov/corporate/ratecase/2008/2010_BPA_Rate_Case/). For workshop dates and times, go to [www.bpa.gov/corporate/public\\_affairs/calendar/](http://www.bpa.gov/corporate/public_affairs/calendar/).

#### **Integrated Program Review – Regionwide**

BPA has officially closed out its Integrated Program Review, an examination of FY 2010–2011 Power and Transmission costs

that began in May. IPR is one of two dockets of the Integrated Business Review, the process designed to address the regional cost review portion of the Regional Dialogue Policy. The comment period for the FY 2010–2011 program levels closed Aug. 15, 2008. Taking into account the comments received, BPA executives have made decisions on program levels for the initial 2010 Rate Case. This report addresses the comments received and outlines BPA's decisions regarding the FY 2010–2011 program level forecasts, which will form the basis for power and transmission rate case initial proposals for FY 2010–2011 rates. Regional stakeholders will have an opportunity to reevaluate these forecasts in the spring of 2009 before the final

rate proposals are developed. The close-out report for FY 2010–2011 program levels is posted on BPA's Web site at [www.bpa.gov/corporate/Finance/IBR/IPR/](http://www.bpa.gov/corporate/Finance/IBR/IPR/).

### **Quarterly Business Review – Regionwide**

BPA kicked off its Quarterly Business Review process Nov. 24. The QBR is intended to be an ongoing forum of quarterly meetings that focus on BPA's finances with a review of current fiscal year actual financial results compared to financial forecasts, such as start-of-year targets. At all future QBR meetings, BPA also will report on how actual spending compares to rate case assumptions. The QBR is one element of the two-pronged Integrated Business Review, the process designed to address the regional cost review portion of the Regional Dialogue Policy. The IBR allows stakeholders to review projected costs before those costs are put in rates. Meeting materials are posted on BPA's Web site: [www.bpa.gov/corporate/Finance/IBR/QBR/](http://www.bpa.gov/corporate/Finance/IBR/QBR/).

## **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 Tribes of the Colville Reservation to assist in mitigation 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 Chief Joseph Dam and acclimation ponds throughout the Okanogan River subbasin. Also being considered is the use of the proposed facilities to help return spring chinook salmon in the Okanogan subbasin. The program would augment the ceremonial and subsistence harvest of salmon for the Colville Tribes and would be designed to have no effect on Chief Joseph Dam operations. Public meetings on the draft EIS were held and comments were accepted through June 18, 2007. A final EIS and ROD are expected by late fall 2008. The U.S. Army Corps of Engineers is a cooperating agency in the EIS. For more information, go to [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.**

In March 2008, BPA and its cooperating agencies released the draft Environmental Impact Statement for the proposed Lyle Falls Fish Passage Project located in Lyle, Wash. On May 12, 2008, the public comment period concluded on the DEIS. BPA released the final EIS in November. A ROD is expected to be completed by the end of this year. BPA proposes to fund modification of the existing Lyle Falls fishway to more effectively allow adult fish to move into spawning areas in the upper Klickitat River, in accordance with current fish passage guidelines and standards. The project is also intended to improve facilities for fish monitoring, fish data collection and broodstock collection. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Lyle\\_Falls/](http://www.efw.bpa.gov/environmental_services/Document_Library/Lyle_Falls/).

### **Northeast 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 initial ROD signed March 11, 2005. A ROD authorizing construction is planned for late fall 2009 to coincide with National Marine Fisheries Service review of the programs Hatchery Genetics Management Plan. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Grand\\_Ronde/](http://www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/).

### **Proposed Memorandum of Agreement with the Shoshone-Bannock Tribes – Idaho**

BPA, the U.S. Army Corps of Engineers and the Bureau of Reclamation have entered into a Memorandum of Agreement

(MOA) with the Shoshone-Bannock Tribes of Fort Hall, Idaho. The MOA will provide 10-year commitments for fish and wildlife mitigation and recovery, with an emphasis on actions for strengthening Snake River populations of steelhead and salmon, including sockeye. Comments on the proposed MOA were accepted through Oct. 20. A ROD was signed Nov. 6. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Implementation\\_Plan/](http://www.efw.bpa.gov/environmental_services/Document_Library/Implementation_Plan/).

## **POWER – PROJECTS UNDER REVIEW**

### **Average System Cost Methodology – Regionwide**

BPA is continuing its process for establishing Average System Costs for exchanging utilities for FY 2009 as well as the 2010–2011 power rates period. Those utilities made their initial system cost filings in October, and BPA is now in the process of holding a public process for review of those filings. BPA completed its Average System Cost Methodology ROD in June after reviewing comments received on a draft ROD. The final ROD responds to comments received during the ASCM consultation process, and presents the administrator's decisions on all issues raised. ASCs determine the benefits residential and small farm customers of exchanging utilities receive under the Residential Exchange Program. For more information, go to [www.bpa.gov/corporate/Finance/ascm](http://www.bpa.gov/corporate/Finance/ascm).

### **FCRPS Draft Systemwide Cultural Resources Programmatic Agreement – Regionwide**

The Federal Columbia River Power System Draft Systemwide Cultural Resources Programmatic Agreement (PA) covers the management of historic properties affected by the multi-purpose operations of 14 FCRPS hydro projects. It provides the systemwide principles and commitments for the Lead Federal Agencies' compliance with Section 106 of the National Historic Preservation Act. Comments on the draft PA were accepted through May 11 and are currently being addressed. A new version of the PA and a comment/response spreadsheet explaining how comments were addressed will be available in winter 2008. For more information, go to [www.efw.bpa.gov/environmental\\_services/fcrps.aspx](http://www.efw.bpa.gov/environmental_services/fcrps.aspx).

### **Proposed agreement with Alcoa – Regionwide**

BPA received nearly 640 public comments in response to its proposed memorandum of understanding signed by BPA and Alcoa, Inc., and a framework for negotiating a subsequent contract. The comment period closed Nov. 10. The MOU included a proposed set of principles that, if adopted, would lead to a power sale contract for a regional aluminum smelter owned by Alcoa. The outline for power service is intended to provide Alcoa's Intalco plant, located in Ferndale, Wash., a reasonable chance of survival without causing significant impacts on other power customers. Under the proposed set of principles, BPA would provide 240 aMW of power for 10 years starting in 2012 and 160 aMW for an additional seven years. This compares to Alcoa's current financial benefits from BPA that are equivalent to 390 aMW. BPA staff is now analyzing the comments. If BPA decides to move forward with a contractual agreement, a draft contract template will be released for public review and comment. A copy of the MOU and proposed agreement is available on BPA's Web site at [www.bpa.gov/power/pl/regionaldialogue/implementation/documents/](http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/).

### **Regional Dialogue contract templates – Regionwide**

Dec. 1, BPA signed new long-term power sales contracts with 135 customers. The contracts were developed as part of BPA's Long-Term Regional Dialogue Policy and ROD and are the culmination of several years of regional collaboration exploring how to establish a new tiered rate structure that will ensure BPA recovers its costs, provides customers choices to meet load growth, promotes conservation and equitably shares the benefits of BPA's low-cost power with the region. For more information on the Long-Term Regional Dialogue, its products and processes, see the fact sheet, "A roadmap to the provisions

of Regional Dialogue contracts and tiered rates," available at [www.bpa.gov/corporate/pubs/fact\\_sheets/08fs/](http://www.bpa.gov/corporate/pubs/fact_sheets/08fs/).

### **Tiered Rate Methodology – Regionwide**

BPA concluded its Tiered Rate Methodology rate case Nov. 10 when Administrator Steve Wright signed and released the TRM record of decision and Tiered Rate Methodology. The TRM establishes a rate design that creates a predictable and durable means by which to tier BPA's Priority Firm rate; it does not set rates. Actual rate levels will be set in Northwest Power Act section 7(i) rate proceedings for two-year rate periods beginning in FY 2012, consistent with the TRM. For more information about the Tiered Rate Methodology, go to [www.bpa.gov/corporate/ratecase/2008/2008\\_TRM/](http://www.bpa.gov/corporate/ratecase/2008/2008_TRM/).

### **TRANSMISSION – PROJECTS UNDER REVIEW**

#### **Albany-Burnt Woods/Santiam-Toledo Pole Replacement – Linn and Benton counties, Ore.**

BPA is proposing to rebuild the wood pole sections of the Albany-Burnt Woods and Santiam-Toledo transmission lines by replacing existing wood poles and improving access roads that approach the line. BPA accepted comments on the potential environmental impacts of these construction activities through Nov. 24. BPA expects to release a preliminary EA for review and comment before spring 2009. For more information, go to [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

#### **Golden Hills Wind Farm Interconnection – Sherman County, Ore.**

BP Alternative Energy requested interconnection of 200 MW of power generated from the proposed Golden Hills Wind Project that would be located in Sherman County, Ore. BPA proposed to interconnect the project by installing equipment and expanding PGE's existing Biglow Substation. BPA would also purchase a portion of the substation and the control house. For more information, go to [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

#### **Kittitas Valley Wind Project Interconnection – Kittitas County, Wash.**

Sagebrush Power Partners LLC, a wholly owned subsidiary of Horizon Wind Energy LLC, has submitted a request to BPA to interconnect up to 108 MW of electricity generated from Sagebrush's proposed Kittitas Valley Wind Project to the federal transmission system. In order for BPA to interconnect the project, BPA would need to construct a new substation adjacent to its Columbia-Covington 230-kV line. BPA accepted comments on the proposed interconnection through Aug. 25. For more information, go to [www.transmission.bpa.gov/PlanProj/Wind/](http://www.transmission.bpa.gov/PlanProj/Wind/).

#### **McNary-John Day Transmission Line Project – Sherman & Umatilla counties, Ore., Klickitat & Benton counties, Wash.**

BPA is considering building a 79-mile 500-kV transmission line that was originally scheduled for construction six years ago and then put on hold. The line would run between the McNary and John Day substations, but would mostly be located in Washington parallel to the Columbia River. BPA completed an EIS on the project in 2002, and is now preparing a Supplement Analysis to determine if there have been significant changes to the environment or project since the EIS was completed. Public meetings were held in early November and public comments were accepted through November 20. For more information, go to [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **TRANSMISSION – PROJECTS UNDER CONSTRUCTION**

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

BPA completed the EIS and made a decision to proceed with the project. BPA is rebuilding the 17-mile Libby-to-Troy section of the Libby-to-Bonniers Ferry single circuit 115-kV transmission line to provide stable and reliable transmission service. Road-widening work began in September and was completed in November. Access road construction and improvement and line reconstruction will begin as soon as weather permits in spring 2009. The project is expected to be completed in 2010. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Libby/](http://www.efw.bpa.gov/environmental_services/Document_Library/Libby/).

#### **Olympic Peninsula Transmission Line Reinforcement Project – Thurston and Mason counties, Wash.**

BPA completed the EA and FONSI and made a decision to proceed with the project. Activities include removing most of its existing Olympia Shelton No. 1 115-kV transmission line (structures and conductor) from Olympia Substation to Shelton Substation and replacing the last 14.5 miles of this line into Shelton Substation with a double-circuit 230-kV line on lattice steel towers. This will improve voltage stability during winter-peak load conditions on the Olympic Peninsula. The project is expected to be complete in fall 2009. For more information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Olympic/](http://www.efw.bpa.gov/environmental_services/Document_Library/Olympic/).

#### **Palisades-Goshen Transmission Line Reconstruction – Bonneville and Bingham counties, Idaho**

BPA completed a revision sheet to the preliminary EA, a Mitigation Action Plan and a FONSI in May. BPA is rebuilding the Palisades Goshen line due to its age and deteriorated condition to ensure safe and reliable transmission service. Access-road construction began in June and line construction began in July. The construction season will end in November and begin again as soon as weather permits in spring 2009. The project is expected to be complete in 2010. For more information, go to [www.transmission.bpa.gov/PlanProj/Transmission\\_Projects/](http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/).

### **CALENDAR OF EVENTS**

To view BPA's public involvement calendar, visit [www.bpa.gov/corporate/public\\_affairs/Calendar/](http://www.bpa.gov/corporate/public_affairs/Calendar/).

**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.