

journal

August 2009

www.bpa.gov/corporate/pubs/Journal

BPA announces new power rates

BPA announced new wholesale power rates in July to take effect Oct. 1. Rates for consumer-owned utilities will increase by an average of 7 percent. This is the first power rate increase since 2002, and it's driven by both rising costs and decreasing surplus revenues. Transmission rates will stay the same.

The new rates cover fiscal years 2010–2011. Under the rates, the average priority firm rate for wholesale power is \$28.77 per megawatt hour. That compares to the previous rate of \$26.90 per megawatt hour.

As upward pressure on rates became evident, BPA identified more than \$100 million in cost reductions through a public cost review process. These reductions, combined with an innovative agreement with the U.S. Treasury Department to provide an expanded line of credit, helped keep the power increase to 7 percent.

"We have worked very hard to keep the increase as low as possible," BPA Administrator Steve Wright said. "We tightened our belt and worked with stakeholders to keep the increase to a minimum, while honoring our commitments to fish, wildlife and system reliability."

Wind rate lower than initial proposal

BPA's new wind integration rate of \$1.29 per kilowatt per month is dramatically down from the initial rate proposal of \$2.72 per kilowatt per month. This is due primarily to actions taken by wind generators to reduce their use of BPA generation for reliability when wind power ramps up or down unexpectedly.

"The wind integration rate is part of a larger agency strategy to bring more of this renewable resource into the system," Administrator Steve Wright said. "There's been an explosion of wind power on the BPA system, especially since 2005. We're proud of this, but it has led to operational challenges including risks to reliability and substantial costs. The new rate, reduced due to collaboration with the wind power industry, will help address those issues and put us in a position to bring more wind on board."

Network Open Season nets 98 requests

BPA's second Network Open Season for new transmission service brought in 98 service requests totaling 5,542 megawatts. Of those, approximately 3,800 megawatts were for wind generation. These are preliminary figures based on the requests.

Final figures will be available after contracts are signed and BPA can determine what currently available transmission capacity it can use to offer service or if system upgrades or new transmission projects are needed to provide additional service. A decision is scheduled for late May 2010.

Network Open Season is BPA's approach to managing long-term firm transmission requests and determining network transmission facility reinforcements that might be required to accommodate the requests.

A river is rerouted

BPA-funded crews freed nearly a mile of Northeastern Oregon's Wallowa River in July from a straightened channel, shifting it to a new course that once again resembles a natural river and resurrects prime salmon and steelhead spawning habitat. Crews used heavy equipment to build a dike shifting the Wallowa River from its old channel to the new, more natural channel.

Rerouting the river through the private 6 Ranch north of Enterprise, Ore., highlights a kind of habitat restoration that provides more immediate results than traditional streamside planting and fencing efforts. While those may take years to yield improved habitat as vegetation grows in, the 6 Ranch project showed immediate results as the river coursed within hours in a more fish-friendly direction.

Bill Maslen, who manages BPA's Fish and Wildlife Program, called the project a good investment for BPA's ratepayers, for fish and for the region. It boosts both the quality and quantity of fish habitat.

Award added for pikeminnow anglers

Something extra has been added to the Northern Pikeminnow Sport Reward Fishery Program. Weekly drawings will be held in August, with \$1,000 awards to each of 15 lucky anglers. Anglers will get an entry card each day they check in fish.

The program provides cash incentives to catch northern pikeminnow, voracious predators of young salmon. Since 1990, more than three million pikeminnow have been removed from the Snake and Columbia rivers through the program. As a result, pikeminnow predation on juvenile salmon is estimated to have been cut by 38 percent.



The more pikeminnow an angler catches, the more the fish are worth. The first 100 are worth \$4 each; the next 300 are worth \$5 each, and, after 400 fish are turned in, they are worth \$8 each. As an added incentive, specially tagged fish are worth \$500.

The program runs through Sept. 27. It is administered by the Pacific States Marine Fisheries Commission and is funded by BPA. Additional information is available by calling (800) 858-9015 or visiting www.pikeminnow.org.

Paul Norman announces retirement

After a 27-year career with BPA and 34 years of government service, Paul Norman, senior vice president of Power

Services, announced he will retire Sept. 12. Mark Gendron, currently vice president of Northwest Requirements Marketing, will be acting senior vice president of Power Services while the formal process for filling the position proceeds. His appointment will be effective Sept. 14.

In 2006, Norman was awarded a prestigious "Presidential Rank Award," an award that honors an elite group of career members of the federal government's Senior Executive Service. Norman's award reflected his sustained and exceptional performance and leadership in an exceedingly challenging period.

publicinvolvement

updates and notices

NEW PROJECTS

Grand Coulee Dam Line Replacement – Okanogan, Grant and Douglas counties, Wash.

The Bureau of Reclamation has asked BPA to design and construct six new 500-kV transmission lines at Grand Coulee Dam. The proposed overhead lines would replace existing aging underground lines between Grand Coulee's third powerhouse and the 500-kV spreading yard. Both are operated and maintained by Reclamation. The project would help ensure safe and reliable transmission from Grand Coulee. BPA and Reclamation will prepare an EA and hold a public meeting Aug. 11 (see calendar) for comments on the EA scope. For more information, go to BPA's Web site www.efw.bpa.gov/environmental_services/nepadocs.aspx, and click on "Project Reviews – Active," "Grand Coulee Line Replacement Project."

Klickitat Hatchery Program EIS – Klickitat County, Wash.

BPA will prepare an EIS on proposed changes to the existing salmon and steelhead hatchery program in the Klickitat subbasin in Klickitat and Yakima counties, Wash. The Washington Department of Fish and Wildlife will participate on the EIS. The proposed action involves modifying the Klickitat Hatchery near Glenwood, Wash., and also proposes new facilities at the Wahkiacus Hatchery and Acclimation Facility on the Klickitat River in Wahkiacus, Wash., and a steelhead acclimation at McCreedy Creek. BPA will hold a public scoping meeting Aug. 4 (see calendar). Comments will be accepted through Aug. 31. For more about the project, go to www.efw.bpa.gov/environmental_services/Document_Library/Klickitat_Hatchery_Program/.

Yakama Nation – Mid-Columbia Coho Restoration Project

BPA will prepare an EIS that addresses reintroducing coho salmon into mid-Columbia River basin tributaries in Chelan and Okanogan counties, Wash. The Confederated Tribes and Bands of the Yakama Nation would sponsor the reintroduction program with BPA funding. The project is an effort to restore coho salmon to the Methow and Wenatchee basins using information and techniques developed as part of the Yakama Nation's Mid-Columbia Coho Restoration Feasibility Project. The Tribe has prepared a master plan that would involve use of existing hatchery facilities, construction of new permanent and temporary facilities for broodstock development, and modification of existing ponds or side channels to serve as semi-natural rearing areas. BPA will hold two public scoping meetings (Aug. 20 and 21) and will accept comments through Sept. 15. For more, go to BPA's Web site www.efw.bpa.gov/environmental_services/nepadocs.aspx, and click on "Project Reviews – Active," "Mid-Columbia Coho Reintroduction Project."

AGENCY PROJECTS

Quarterly Business Review – Regionwide

BPA will hold its Quarterly Business Review meeting from 1 to 4 p.m. Aug. 11 in BPA's Rates Hearing Room. A final agenda and presentation materials will be posted a day or two before the meeting at www.bpa.gov/corporate/Finance/IBR/QBR/. The QBR is an ongoing forum that focuses on BPA's finances with a review of current fiscal year actual financial results compared to financial forecasts, such as start-of-year targets. 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. (See calendar.)

FISH AND WILDLIFE – PROJECTS UNDER REVIEW

Chief Joseph Hatchery Program – Okanogan County, Wash.

This program, sponsored by the Confederated Tribes of the Colville Reservation, would assist in mitigation and recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River below Chief Joseph Dam. A final EIS and ROD are expected in fall 2009. 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/.

Lyle Falls Fish Passage Project – Klickitat County, Wash.

BPA completed environmental planning for the Lyle Falls Fish Passage Project. Cooperating agencies are the Yakama Nation, Washington Department of Fish and Wildlife and the U.S. Forest Service. The project will improve fish passage to more effectively allow fish to move into the upper Klickitat River basin and to improve facilities for fish monitoring, biological data collection and fish management. BPA has prepared a supplemental analysis to address design changes made subsequent to the final EIS and ROD. Based on this analysis, BPA has determined that a supplemental EIS is not required. Construction is scheduled to begin in August 2009. For more information and to view the supplemental analysis, go to 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 winter 2010 to coincide with National Marine Fisheries Service review of the program's Hatchery Genetics Management Plan. For more

information, go to www.efw.bpa.gov/environmental_services/Document_Library/Grand_Ronde/.

POWER – PROJECTS UNDER REVIEW

TRM Supplemental Rate Case – Regionwide

BPA has issued a draft ROD on proposed modifications to the Tiered Rate Methodology to be used to determine the Priority Firm Preference rate beginning Oct. 1, 2012. The 90-day expedited rate case concludes in early September. The TRM, together with new power sales contracts, is a key component of implementing BPA's post-2011 power marketing policy and tiered rate construct as defined in BPA's Long-Term Regional Dialogue Final Policy. For more information, go to www.bpa.gov/corporate/ratecase.

Direct-Service Industries Lookback – Regionwide

In June, BPA wrote a letter to the region indicating it would begin a process to address lookback issues arising out of the Ninth Circuit Court's remand in *Pacific Northwest Generating Cooperative, et al. v. Bonneville Power Administration*, 550 F.3d 846 (9th Cir. 2008) (PNGC). At the time, BPA expected to issue a draft ROD in July, pursuant to the Court's instructions on "the applicability and construction of the severability clause, the damage waiver, and the physical power sale option." BPA has now decided to delay issuing its draft ROD until at least 30 days after the mandate issues in PNGC or Dec. 1, 2009. BPA will continue to evaluate pertinent issues and await the Court's final determination in the hope that the Court will provide some degree of finality in the near future. A letter to the region announcing this delay is posted on BPA's Web site at www.bpa.gov/power/pl/regionaldialogue/implementation/documents/ under the sub-heading Long-term contract with aluminum smelter Alcoa.

DSI Term Sheet – Regionwide

BPA released one seven-year option for a power sale at the Industrial Firm Power rate designed to meet a portion of direct service industry loads. The proposed power sales would begin Oct. 1, 2009, and extend through Sept. 30, 2016. The proposed term sheet is available for review and comment on BPA's Web site at www.bpa.gov/power/pl/regionaldialogue/implementation/documents/. Columbia Falls Aluminum Company (CFAC) had asked for a shorter term option that could provide more flexibility. However, BPA and CFAC have not been able to agree on principles for a shorter term. Any resulting long-term contract offers would be made available for additional public review, likely in mid- to late-August. BPA's "Summary of BPA's Use of the Regional Economic Study to Contemplate the Service Concept," which is BPA's update to the results of the "2006 Regional Employment and Economic Study," is available for review on the Web site. The update demonstrates a small net gain in jobs from offering the new service constructs to the DSIs compared to the proposal under consideration earlier in January 2009.

Tier 2 pricing – Regionwide

By Nov. 1, 2009, customers must elect whether they intend BPA to supply all or a portion of their above-high water mark (HWM) power needs for FY 2012, 2013 and 2014, and, if so, how much and through what rate alternative. BPA will work with customers between now and Nov. 1 to bring greater certainty about the types, costs, risks and other characteristics of resources BPA expects to secure for each rate alternative. For more information, go to www.bpa.gov/power/pl/regionaldialogue/implementation/meetings/

TRANSMISSION – PROJECTS UNDER REVIEW

Invenergy Winds Project – Gilliam and Morrow Counties, Ore.

Invenergy (as Willow Creek Energy LLC) requested interconnection to BPA for up to 150 MW from the proposed Willow Creek Winds Project in Gilliam and Morrow Counties, Ore. BPA has already agreed to interconnect up to 72 MW to BPA's Tower-Alkali 115-kV transmission line in Gilliam County. Invenergy (as Horn Butte Wind Energy LLC) is currently proposing an additional 78 MW of wind power under the existing interconnection request. Construction of the Horn Butte Wind Farm is scheduled for 2011. BPA has already constructed

the interconnection site as part of the Willow Creek phase of the project. No new infrastructure would be needed to interconnect the remaining 78 MW; however, some metering equipment would be placed within several existing substations. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Horn_Butte_Wind_Project/.

Big Eddy-Knight Transmission Project – Wasco County, Ore., and Klickitat County, Wash.

BPA is preparing an EIS on a proposed new 500-kV transmission line between BPA's existing Big Eddy Substation in The Dalles, Ore., to a new substation (Knight Substation) to connect to an existing BPA line about four miles northwest of Goldendale, Wash. Routing alternatives range from about 26 to 28 miles. The proposed line is needed to increase transmission capacity to respond to requests for transmission service in this area. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Big_Eddy_Knight/. (See calendar of events).

Central Ferry-Lower Monumental Line Project – Garfield, Columbia and Walla Walla counties, Wash.

BPA is proposing a new 500-kV transmission line between a new BPA 500-kV substation, Central Ferry Substation, in Garfield County, to BPA's existing Lower Monumental Substation in Walla Walla County, Wash. Portions of two routes under consideration may parallel existing BPA lines. Routing alternatives range from about 38 to 40 miles. The proposed line is needed to increase transmission capacity to respond to requests for transmission service in the area. BPA is preparing an EIS and is accepting public comments through Aug. 3. BPA expects to issue a draft EIS in summer 2010. For more information, go to www.bpa.gov/gol/centralferry.

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 proposes 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/.

Hooper Springs Substation and Hooper Springs-Lower Valley Transmission Line Project (formerly the Caribou Valley Energy Project)

BPA is proposing to build a new 138/115-kV substation near Soda Springs, Idaho, and to partially fund construction by Lower Valley Energy of a new 22-mile, double-circuit 115-kV transmission line. BPA released a preliminary EA for review in May 2009 and hopes to issue a FONSI this summer. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Kittitas Valley Wind Project Interconnection – Kittitas County, Wash.

Sagebrush Power Partners LLC, a wholly owned subsidiary of Horizon Wind Energy LLC, requested interconnection of up to 108 MW of electricity generated from the proposed Kittitas Valley Wind Project in Kittitas County, Wash. BPA proposed to inter-connect the project by building a new substation adjacent to its Columbia-Covington 230-kV line. For more information, go to www.transmission.bpa.gov/PlanProj/Wind/.

Whistling Ridge Wind Interconnection Project – Skamania County, Wash.

SDS Lumber Co. has asked BPA to interconnect its proposed Whistling Ridge Energy Project in Skamania County, Wash., to BPA's grid. WRE would independently build, own and operate the wind project and associated facilities. BPA will prepare a joint EIS with the Washington Energy Facility Site Evaluation Council. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Whistling_Ridge/.

TRANSMISSION – PROJECTS UNDER CONSTRUCTION

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

BPA will replace wood pole structures along sections of the Albany- Burnt Woods and Santiam-Toledo lines in Linn, Benton and Lincoln counties, Ore. Construction began in May and is expected to be completed in December 2009. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Albany/.

Chehalis-Centralia No. 1 Transmission Project – Lewis County, Wash.

BPA is replacing structures and transmission wire along the Chehalis-Centralia No. 1, 69-kV transmission line in Lewis County, Wash., due to aging wood poles, increased industrial loads and other growth in the area. The line is being rebuilt to a standard 115-kV design but will continue to operate at 69-kV until load in the area requires 115-kV operation. Most construction will be within BPA's existing easements and access roads. BPA will replace most structures within 10 feet of their existing locations. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=CHECEN.

Leaning Juniper II - Jones Canyon Substation Expansion Wind Interconnection Project – Gilliam County, Ore.

Iberdrola Renewables requested interconnection of up to 200 MW of electricity generated from the proposed Leaning Juniper II Wind Power Project. Iberdrola will independently build, own and operate the wind project and its associated facilities. BPA will expand its existing Jones Canyon Substation by about one acre, adding one 230-kV circuit breaker and two disconnect switches to the substation in Gilliam County, Ore. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Leaning_Juniper/.

Libby-to-Troy Line Rebuild – Lincoln County, Mont.

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. Access road construction and improvement and line reconstruction has begun and is expected to be completed in 2010. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Libby/.

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

BPA will build a 79-mile 500-kV transmission line running between McNary and John Day substations in Oregon but mostly located in Washington parallel to the Columbia River. BPA expects to begin construction this summer. For more information, go to www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

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

BPA completed the EA and FONSI and decided 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/.

Palisades-Goshen Transmission Line Reconstruction – Bonneville and Bingham Counties, Idaho

An EA and FONSI were completed in May 2008. BPA decided to rebuild the Palisades Goshen line due to its age and deteriorated condition. Construction on remaining roads will continue, weather permitting, until November and is expected to be complete in 2010. For more information, go to www.efw.bpa.gov/environmental_services/Document_Library/Palisades/.

SUPPLEMENT ANALYSES

SA-01 – Lyle Falls Fish Passage EIS, Klickitat County, Wash.

CALENDAR OF EVENTS

To view BPA's public involvement calendar, go to www.bpa.gov/corporate/public_affairs/Calendar/.

Klickitat Hatchery Program EIS – Aug. 4, 6 to 8:30 p.m., Lyle Community Center, 5th Street and State Highway 14, Lyle, Wash.

Grand Coulee Dam Line Replacement – Aug. 11, 4 to 7 p.m., Coulee Dam Town Hall, 300 Lincoln Ave., Coulee Dam, Wash.

Quarterly Business Review – Aug. 11, 1 to 4 p.m., BPA Rates Hearing Room, Portland.

Mid-Columbia Coho Restoration Project – Aug. 20, 6:30 to 9 p.m., Chelan Fire District 3 Community Center, 228 Chumstick Hwy, Leavenworth, Wash., and Aug. 21, 6:30 to 9 p.m., Methow Valley Community Center, 201 S. Methow Valley Highway, Twisp, Wash.

Resource Program Workshop – Aug. 25, 9 a.m. to noon (or longer), BPA Rates Hearing Room, Portland.

CLOSE OF COMMENT

Aug. 3 – Central Ferry-Lower Monumental Transmission Line Project

Aug. 31 – Klickitat Hatchery Program EIS

Sept. 14 – Grand Coulee Dam Line Replacement

Sept. 15 – Yakama Nation-Mid-Columbia Coho Restoration Project

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. 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.