

California/Oregon Intertie (COI) Project

This project includes the following physical upgrades:

1. Series Capacitors
 - 25 Ω (47%) on John Day - Grizzly #1 and #2 at Bakeoven
2. Shunt Capacitors
 - Captain Jack 500 kV: 2 x 200 Mvar
 - Slatt 500 kV: 1 x 300 Mvar
3. John Day – Grizzly #1 and #2 Line Upgrades
 - Reconductor canyon crossing segments with a higher rated conductor
 - Re-sag 24 miles of line to increase maximum operating temp.

The project goals are to: increase California/Oregon Intertie (COI) and Pacific Direct Current Intertie (PDCI) availability so that BPA is able operate the COI and PDCI closer to the existing rated path capacities (COI-4800/PDCI-3100) more of the time; remove limits due to nomogram operation (COI-274/PDCI-269); and enhance service and market access in the Western interconnection.

This project provides a higher transfer capability in the summer months without building new transmission lines and will also provide a higher transfer capability if certain outages occur (planned or unplanned), reduce congestion, and improve system stability and performance.

The COI ownership is shared between BPA, Pacificorp (PAC), and Portland General Electric (PGE) (collectively “Joint Owners”). BPA owns 71.9%, PAC owns 8.3%, and PGE owns 19.8% of the total capacity. In 1994, BPA sold 21% of its share to the “3rd AC Capacity Owners” (Seattle City Light, Puget, Tacoma, Snohomish, PAC, and Pacific Northwest Generating Coop). Due to the COI project improvements, the Joint Owners and 3rd AC Capacity Owners should experience greater availability of their share of the capacity. For BPA, once the project is complete, capacity that is currently withheld for operational purposes will be released, thus enabling BPA to make additional long-term sales on the COI and PDCI.

The total estimated capital cost, which includes overheads, a 15% contingency, and AFUDC, is \$63.5 million. Actual project costs will be allocated to the Joint Owners and 3rd AC Capacity Owners pursuant to their respective agreements with BPA. BPA's share of the total estimated cost is \$45.7M (71.9% of loaded cost). The 3rd AC Capacity Owners are obligated to pay a portion of BPA's costs and will be billed following project completion. PAC and PGE, are responsible for the remaining 28.1% of the total estimated costs; PAC's share is \$5.3M (8.3% of loaded cost) and PGE's is \$12.6M (19.8% of loaded cost).

Project expected energization date is: May 31, 2011. Project cost estimates are business sensitive information and cannot be disclosed until the competitive solicitation, evaluation, negotiation and award processes with vendors is completed.