

JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

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Web site: www.bpa.gov/corporate/kc/home/journal

IOU agreements nearly final

At Journal press time, BPA expected to sign agreements with the region's investor-owned utilities that will benefit all Northwest consumers of electricity. The agreements make BPA wholesale power rates for public agency utilities 6 percent lower than they would otherwise be for FY 2005 and 2006. Residential and small-farm customers of the region's investor-owned utilities receive greater certainty about rate benefits from the Federal Columbia River Power System after 2006.

A number of public agency customers sued BPA over the level of benefits going to investor-owned utilities under contracts signed in 2000. The agreements succeeded where a proposed litigation settlement failed earlier this year. The agreements do not affect the existing lawsuits.

"Many months of hard work by the parties and strong support of regional leaders for an agreement kept alive efforts to amend the contracts in mutually beneficial ways," BPA Administrator Steve Wright said. "As a result, we've been able to achieve two of our original objectives - near-term rate relief for public utility customers and long-term certainty about federal power benefits for customers of investor-owned utilities."

BPA, PacifiCorp and Puget Sound Energy have signed agreements that modify existing power contracts in a way that reduces the federal agency's costs by more than \$200 million in 2005-2006. The two investor-owned utilities will forgo \$100 million in BPA payments and defer the remaining \$100 million until 2007-2011, with interest.

Avista Corporation, Portland General Electric, Idaho Power Company, and North Western Energy signed agreements that provide their residential and small-farm customers the same increased certainty in benefits for 2007-2011. In return, they also would give up some of their current benefits under the original contracts signed in 2000.

While it is not possible to predict what adjustments BPA will need to make in wholesale rates this fall, the agreement has a net effect of reducing rates 6 percent for most public agency customers, absent other factors. A relatively low water year and uncertainties about BPA's revenue from surplus power sales will also affect the size of the rate adjustment scheduled for October.

Bond sale reduces rate pressure

BPA and Energy Northwest sold about \$611 million in bonds May 19 as part of BPA's ongoing debt management program. Interest rates for the various components ranged generally around 4.5 percent and reflected recently improved ratings for Energy Northwest bonds. The bond sale will:

- Refinance \$315 million in bonds for interest rate savings that will reduce pressure on BPA's power rates by \$1.8 million in 2004-2006 and by \$23.8 million in 2007-2011.
- Extend \$291 million in bonds maturing in 2004 into the 2013-18 timeframe as part of the continuing debt optimization program. This, combined with \$55 million in other refinancing, will make it possible for BPA to amortize an additional \$346 million in Treasury debt this year to preserve borrowing authority.
- Finance \$29 million for new capital projects at the Columbia Generating Station.



This new corner collector helps more juvenile fish get around better and more safely. See the article on right.

(Photo by Mike Hansen)

Corner collectors may boost fish

The corner collector, a new route for juvenile fish passage, is open for business at Bonneville Dam. The collector is a \$48 million concrete water slide. "The idea of the corner collector came when it was noticed that a lot of [juvenile] fish were congregating at the power house's ice and trash sluice chute," said Blaine Ebberts,



biologist for the U.S. Army Corps of Engineers. "Could the chute be modified to move those fish more safely past the dam?"

All indications are that it can, BPA and Corps biologists agree. The modified chute carries fish past the dam in a flow of about 6,000 cubic feet per second. If it proves successful, operators may be able to reduce spill and achieve similar biological benefits at \$4 million to \$7 million a month lower cost.

Visitors see water churning fiercely through the spill gates at the dam and then watch as water empties from the corner collector's long chute into the river downstream of the powerhouse and spillway. "It doesn't take a rocket scientist — or a fish biologist for that matter — to see how fish would be far better off using the corner collector to get past the dam and avoid the churning water and predators below the spillways," said BPA's Mike Hansen of Public Affairs.

Symposium set for September

BPA will host a two-day symposium, Energizing the Northwest Today and Tomorrow, Sept. 28-29 at the Jantzen Beach DoubleTree Hotel in Portland. The focus of this Northwest energy program will be electric system reliability and environmental stewardship through energy efficiency.

The program will include speakers, panel discussions and concurrent sessions. Transmission topics will address system adequacy, technology and innovation, and progress in nonwires solutions. Energy efficiency topics will include EnergyWeb and GridWise™ technologies, current and future regional acquisition, infrastructure programs and more.

A tradeshow will exhibit the latest technologies, products and services for transmission and energy efficiencies. BPA will take registrations beginning June 1. For more information, visit BPA's Web site at www.bpa.gov/conferences. If you have questions, call Cheri Benson at BPA, (503) 230-3325.

Bylaws proposed for Grid West

Grid West is now the official name of the regional transmission proposal being developed by the Regional Representatives Group, a group of Northwest utilities, public utility commissions, states and public interest groups. If the Grid West bylaws and articles of incorporation are accepted by the RRG, the RTO West Filing Utilities may adopt those bylaws and articles and change the name of the existing nonprofit RTO West corporation, which is registered in the state of Washington, to Grid West.

Proposed bylaws for the developmental stage of Grid West topped the agenda at a May 5-6 meeting of the Regional Representatives Group. These developmental bylaws are, effectively, rules for convening and conduct-

ing a constitutional convention on Northwest grid management. They would establish five member classes to elect a five-member developmental board. Under these bylaws, Grid West could not control transmission facilities, offer any transmission services or take any action that would subject it or its members to Federal Energy Regulatory Commission jurisdiction. What Grid West would do under the developmental bylaws is create new contractual agreements to plan and operate transmission for willing utilities.

Testing starts on "smart home" technology

BPA and the city of Ashland, Ore., May 25 announced a partnership to test new "smart home" technology to reduce power use during peak hours. If successful, the system will also reduce or defer the need to build additional costly and environmentally challenging power lines.

Smart home equipment will be installed in 100 Ashland area homes. This equipment will allow the local utility to use its existing fiber-optic broadband network to communicate with the homes to monitor and, when appropriate, reduce the electric demand of selected appliances.

During the two-year test, the city, with support from BPA, will work with homeowners to attach energy management equipment to selected customers' water heaters and air conditioning systems. During times of peak energy consumption, the electric demand of these appliances will be reduced while minimally affecting customer comfort. The time of day when these energy management events will most likely occur is from 3 p.m. to 6 p.m. during the summer months. This is the time when electricity use is at its highest.

"We are excited to work with BPA on this cutting edge technology," said Dick Wanderscheid, Electric and Telecommunication Director for the city of Ashland. "We hope to learn how effective this system is to keep Ashland's electric costs low while helping solve future Pacific Northwest transmission challenges. We will be checking installation costs, capacity savings and the level of customer acceptance closely to evaluate a larger scale implementation."

The customers who participate in this test will get an annual rebate from the city of Ashland. In addition, homeowners will have the unique capability to adjust their thermostats remotely via the Internet. This smart home technology will enable homeowners to create custom programs for heating and cooling their homes. They can create special schedules for weekends, holidays, vacations or any special reason. The system will be fully installed and in operation by August 1.

PUBLIC INVOLVEMENT Updates and Notices

TRANSMISSION – NEW PROJECTS

Anderson Ranch 115-kV rebuild – Elmore County, Idaho

BPA proposes to replace five wood pole structures, located in rough terrain, with two steel dead-end towers on the Boise River crossing. The purpose of the rebuild is to maintain line reliability and ensure public safety. All of the aged and decaying wood poles on the remaining portion of the 18-mile line would be replaced with steel poles. Construction is scheduled to begin July 2004 and completed by December 2004. A letter was sent to landowners in May. Additional project information is available on BPA's Web site at http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=AR.

FISH AND WILDLIFE – ONGOING PROJECTS

Grande Ronde and Imnaha Spring Chinook Project EIS – Wallowa and Union counties, Ore.

Fish trapping, incubation, rearing and release hatchery facilities are proposed to help boost spring chinook salmon populations in the Grande Ronde and Imnaha river basins of Northeast Oregon. Planned facilities would modify and augment existing Lower Snake River Compensation Plan facilities. The DEIS is available on CD, in hard copy or online at <http://www.efw.bpa.gov> under links to environmental analysis/planning and active projects. Public review and comment period ended July 7, 2003. Responses and an FEIS are being prepared.

Methow Valley Irrigation District Supplemental EA – Okanogan County, Wash.

BPA proposes to fund a fish screen replacement project for the Methow Valley Irrigation District in Okanogan County, Wash. The proposed screen replacement improvements, located on the Twisp and Methow rivers, are related to a proposal to rehabilitate the MVID irrigation system. BPA prepared an EA and FONSI for the larger proposal in 1997. A final EA, including a public comment period, and FONSI were completed in March 2004 and are available on BPA's Web site at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MethowValley>. Construction of the project has begun and the new screens are expected to be operational by summer 2004.

Reduction in Summer Spill Proposal – Regionwide

The U.S. Army Corps of Engineers and BPA, in consultation with NOAA Fisheries, are planning to release an amended proposal to reduce summer spill regime for a one-year period and mitigation for potential effects on the Snake and Columbia rivers. See <http://salmonrecovery.gov> for more information.

Salmon Creek EIS – Okanogan County, Wash.

BPA proposes to fund a project to enhance fish habitat and passage and to increase instream flows in 4.3 miles of lower Salmon Creek, a tributary of the Okanogan River. The project would rehabilitate the stream channel, revegetate stream banks and increase streamflows. A DEIS is scheduled for release in spring 2004.

South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program EIS – Flathead National Forest, Mont.

BPA proposes to fund a project to remove exotic trout species from selected lakes in the South Fork of the Flathead drainage. BPA is preparing an EIS. Additional information is available at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/MountainLakesTrout>.

POWER – ONGOING PROJECTS

BPA's Power Supply Role After 2006 – Regionwide

BPA plans to publish a draft proposal and begin a public comment period in July, followed by public meetings in August and September, regarding how it will market power and share the costs and benefits of the Federal Columbia Power River System in the Pacific Northwest after 2006. The exact schedule has not yet been finalized, but there will be ample opportunity for all interested parties to participate. As

details of the process become available, updated information will be posted to BPA's Web site at <http://www.bpa.gov/power/regionaldialogue>.

IOU Residential Exchange Program Agreements

On May 25, 2004, the BPA administrator signed the ROD on the Proposed Contracts or Amendments to Existing Contracts With the Regional Investor-Owned Utilities Regarding the Payment of Residential and Small-Farm Consumer Benefits Under the Residential Exchange Program Settlement Agreements FY 2007-2011. This ROD describes BPA's decision to offer agreements or amendments to the region's investor-owned utilities that will reduce BPA's near-term costs while providing the investor-owned utilities increased certainty in the benefits for their residential and small-farm consumers. The ROD also includes BPA's decision to clarify the 1998 Power Subscription Strategy. The ROD includes BPA's response to public comments received on the proposed agreements. The ROD is posted on BPA's Web site at www.bpa.gov/power/subscription.

TRANSMISSION – ONGOING PROJECTS

Bonneville-Alcoa Access Road Project EA – Skamania County, Wash.

BPA proposes to establish a half-mile-long access road along the Bonneville-Alcoa 115-kV transmission line. The proposed road is located approximately 3.5 miles west of Skamania, Wash. The preliminary EA was released in July 2003. The final EA was released in February 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

BP Cherry Point Cogeneration Project Interconnection EIS – Whatcom County, Wash.

BP West Coast Products LLC has requested interconnection of its proposed 720-MW combustion turbine project at its Cherry Point Refinery near the community of Birch Bay, Wash. The project may require rebuilding an existing single-circuit 230-kV transmission line to double-circuit from Cherry Point to Custer Substation and is subject to Washington state energy facility siting processes. BPA and Washington EFSEC developed a joint SEPA/NEPA DEIS, which was released in September 2003. The comment period for the joint SEPA/NEPA ended Nov. 3, 2003. The final EIS is scheduled for release in September 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

COB Energy Facility Interconnect EIS – Klamath County, Ore.

Peoples Energy Resources Corp. has requested interconnection of its proposed 1,200-MW combustion turbine project at a site near Bonanza in Klamath County, Ore. The project would require a new 500-kV transmission line to BPA's Captain Jack Substation. The project is subject to Oregon Energy Facility Siting Council certification. The DEIS was released for public review in November 2003 and the comment period ended Feb. 13, 2004. Public meetings were held Jan. 22, 2004, in conjunction with Oregon EFSC hearings. The final EIS is scheduled for release in June 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

FERC Order 2003-A: Large Generator Interconnection – Regionwide

The Transmission Business Line held a public meeting in April to discuss its proposed compliance filing of FERC Order 2003-A. This meeting was a reschedule of a March 19, 2004, meeting due to FERC's recent release of an updated order carrying significant and numerous changes that TBL must reconsider for its proposed filing. Comments were due by May 18, 2004. More information is available at http://www2.transmission.bpa.gov/Business/Customer_Forum_and_Feedback/FERC_order_2003/. Please contact tblfeedback@bpa.gov for questions.

Grand Coulee-Bell 500-kV Transmission Line – Spokane and Lincoln counties, Wash.

Construction is under way on the rebuilding of 84 miles of an existing 115-kV wood-pole transmission line with a new, higher

capacity 500-kV steel lattice line. The transmission line corridor between the Grand Coulee and Bell substations currently contains two 115-kV transmission lines on two wood-pole structures and three 230-kV transmission lines on two steel lattice structures. The existing transmission lines cannot reliably move power from existing generation sources east of Spokane to the west. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Hanford Reach National Monument CCP/EIS – Benton, Franklin and Grant counties, Wash.

BPA is participating as a cooperating agency in a land management planning process led by the U.S. Fish and Wildlife Service. The USFWS seeks to develop a comprehensive conservation plan as required by the Refuge System Improvement Act of 1997. BPA is providing information and writing sections of the plan that pertain to transmission facilities, roads, energy facilities and river flow management within the monument. A DEIS is scheduled for release in 2004.

Nisqually Transmission Line Relocation Project EA – Thurston County, Wash.

BPA is proposing to relocate two miles of transmission line corridor off the Nisqually Indian Reservation in Thurston County, Wash. BPA has an existing transmission line corridor across the reservation and a portion of the Fort Lewis military base just north of State Route 510. This corridor contains two transmission lines: the Olympia-Grand Coulee 287-kV line and the Olympia-South Tacoma 230-kV line. This relocation is being proposed because the 50-year easement for one of the lines on the reservation has expired. Public scoping meetings were held Oct. 21 and Oct. 22, 2003. BPA is developing a preliminary EA scheduled for release spring 2004 and the final EA is scheduled for release fall 2004. The scoping comment period ended Nov. 21, 2003. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Programs in Review – Nationwide

In June, TBL will start a public process known as Programs In Review. In this process, TBL will disclose proposed operating costs for both capital programs and expense programs for the 2006 and 2007 rate period. All customers, constituents and other interested parties are invited to join TBL executives at one or more of the meetings scheduled throughout the region in June and July. (See *calendar of event for the full schedule.*) See http://www2.transmission.bpa.gov/Business/Customer_Forums_and_Feedback/Programs_in_Review/pir2004.cfm for more information.

Raymond-Cosmopolis 115-kV Transmission Line EA – Grays Harbor and Pacific counties, Wash.

BPA proposes to rebuild an existing 115-kV transmission line between Raymond and Cosmopolis, roughly parallel to Highway 101. Most of the 18-mile-long line will remain in the existing right-of-way. The preliminary EA was released for public review in February. Public meetings were held in February and the comment period ended Feb. 26, 2003. The final EA and FONSI were released Sept. 5, 2003. Line construction began in spring 2004 and will be completed by fall 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Schultz-Wautoma Area 500-kV Line Project – near Ellensburg to near the Hanford Reservation, Wash.

BPA is building a new 500-kV line from Schultz Substation to the new Wautoma Substation southwest of the Hanford Monument. An FEIS was released in February 2003. The ROD was released in March 2003. Construction on the new Wautoma Substation began May 5, 2003, and is nearly complete. Construction of the Sickler-Schultz portion of the line began February 2004. Fiber construction began in late January 2004. The project will be completed by November 2005.

See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

SnoKing Tap to Monroe-Echo Lake Project – Snohomish County, Wash.

This project allowed BPA's existing 500-kV SnoKing Tap to Monroe-Sammamish 230-kV transmission line to be reconnected to the Monroe-Echo Lake 500-kV transmission line as part of several projects known as the Puget Sound Area Additions. The SnoKing Tap to Monroe-Echo Lake 500-kV transmission line was energized to 500-kV Sept. 29, 2003. The original transmission line was constructed in the 1970s as a 500-kV line but had been operated at 230-kV until recently. An increase in ambient noise levels was anticipated but the level of concern from area residents along the transmission line and in the vicinity of the SnoKing Substation was not. BPA held a public meeting Jan. 27, 2004, to respond to public concern about the voltage and noise increase and to discuss recommendations. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Wanapa Energy Center Generation Project EIS – Umatilla County, Ore.

The Confederated Tribes of the Umatilla Indian Reservation requested interconnection of the Wanapa Energy Center, a proposed 1,300-MW gas-fired combined-cycle combustion turbine project, into the transmission grid. The project would be located on tribal trust land. The Bureau of Indian Affairs released the DEIS in October 2003. BPA is participating as a cooperating agency. Two public meetings were held in December 2003. The comment period ended Dec. 29, 2003. A FEIS is scheduled for August 2004, with a ROD to follow. See <http://www2.transmission.bpa.gov/PlanProj/> for more information.

SUPPLEMENT ANALYSES

Watershed Management Program EIS:

- SA-143 Therriault Creek Meadow Restoration Project. Lincoln County, Mont.

CALENDAR OF EVENTS

Programs In Review

- June 11, 12:30 to 3:30 p.m., 140 S. Capital Ave., Idaho Falls Power Conference Room, Idaho Falls, Idaho
- June 16, 9 a.m. to 1 p.m., 2721 N. 10th Ave, Benton PUD Auditorium, Kennewick, Wash.
- June 18, 1 to 5 p.m., 106 W. Nora, Spokane Teachers Credit Union, Spokane, Wash.
- June 24, 9 a.m. to 1 p.m., Tacoma Auditorium, 3628 S. 35th Street, Tacoma, Wash.
- June 25, 9:30 a.m. to 1:30 p.m., 911 NE 11th Ave., BPA Rates Hearing Room, Portland, Ore.
- June 30, 9 a.m. to 1 p.m., 250 A Street, Springfield Utility Boardroom, Springfield, Ore.
- July 22, 1:30 to 3:30 p.m., Location TBD, Missoula, Mont.

Non-Wires Solutions Round Table Load Forecasting Workshop

- June 16, 8:30 a.m. to 4 p.m., 911 NE 11th Ave., Rates Hearing Room, Portland, Ore.

Business Practices Technical Forum VII

- June 23, 9 a.m. to 3:30 p.m., Parkway Plaza One, 8100 NE Parkway Drive, Room 40, Vancouver, Wash.

If you have questions or comments, or you want to be added to the mailing list for any project, call (503) 230-3478 (Portland) or 1-800-622-4519.

To order copies of documents, call: 1-800-622-4520 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: <http://www.bpa.gov>. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/Projects>. **Process Abbreviations:** EA-Environmental Assessment, EFSEC-Washington Energy Facility Site Evaluation Council, EFSC-Oregon Energy Facility Siting Council, EIS-Environmental Impact Statement, DEIS-Draft Environmental Impact Statement, FEIS-Final Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.

