

JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

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Web site: www.bpa.gov/corporate/pubs/Journal

Draft biological opinion delayed

NOAA Fisheries Regional Administrator Bob Lohn announced Aug. 31 that release of a new draft biological opinion on Columbia River hydro system operation for endangered salmon and steelhead will be delayed by one week to 10 days. NOAA originally planned to release the draft on Aug. 31. Release of the draft BiOp will be followed by a 30-day comment period.

The BiOp has been undergoing a year of revision. It was remanded to NOAA Fisheries by federal district court judge James Redden in June 2003 in response to an ongoing lawsuit. Lohn didn't go into details about the draft revised BiOp, but stated that NOAA expects to make a finding of "no jeopardy," meaning that hydro operation under the proposed federal actions are not expected to place the listed fish in jeopardy of extinction.

NOAA is scheduled to submit the final version of the BiOp to Judge Redden by the end of November. NOAA Fisheries is the former Marine Fisheries Service of the National Oceanic and Atmospheric Administration. For more information, check out this Web site: www.salmonrecovery.com.

BPA proposes power rate decrease

BPA is proposing to reduce its wholesale power rates between 5 and 7.5 percent in fiscal year 2005. A 7.5 percent reduction would eliminate the Safety Net Cost Recovery Adjustment Clause for FY 2005 by taking it to zero. BPA made the announcement at a rates workshop on Aug. 18.

"We have worked very hard with our customers and other regional stakeholders to reduce costs," said Administrator Steve Wright. "This hard work is paying off in terms of a rate reduction that should provide a boost to the Northwest economy."

The rate reduction is made possible because of cost reductions and forecasts of future revenues from the sale

of surplus power. BPA has reduced its costs by about \$350 million for the next two years. BPA revised its estimate of future revenues from surplus sales based on updated higher natural gas price forecasts over the next two years. Surplus power sales are linked to natural gas prices because natural gas is the primary source of power generation in the West.

Even though BPA updated its natural gas price forecasts, it is still taking a cautious approach by not relying too heavily on surplus revenues in rate setting. One reason

for this is the agency's experience in FY 2002 when it relied on market projections that did not foresee the market collapse of 2002, and BPA's actual revenues came in more than \$300 million below forecasts.

BPA's modeling of risk and rates suggests it is still subject to tremendous volatility. A high rate reduction for FY 2005 and a continuation of low water and/or lower-than-expected market electricity prices, could force BPA's power rates to rise in FY 2006.

The level of the rate reduction was the most popular subject during the public comment period that closed Aug. 27. Many comments held that BPA should lower its wholesale power rates as much as possible – all the way to a 7.5 percent rate decrease. Other comments noted an appreciation of BPA's concern about the possibility of needing to raise rates in FY 2006.

BPA will announce its final decision on the rate reduction in September. Final rates will go into effect on Oct. 1. BPA sells wholesale power at cost to 135 retail utilities and several industries in the Pacific Northwest. Utilities buy differing amounts of power from BPA, and each one has unique operating costs and retail rates, so the effect of the wholesale decrease will vary by utility.



Work continues on new transmission projects.



Wind projects would add 800 MW

Four wind farms proposed for the Columbia River Basin are requesting transmission integration services from BPA. Three of the proposals are now out for public review, and the fourth is expected to be issued shortly.



Together, the four projects would add more than 800 megawatts of generation capacity in the basin. For more details on these projects, see BPA's Transmission Business Line

Web site at <http://www.transmission.bpa.gov/PlanProj/Wind>.

Arlington Wind Project

Columbia Energy Partners has asked BPA to connect to its Arlington Wind Project south of Arlington, Ore. BPA would integrate up to 200 megawatts at a tap on the 230-kilovolt McNary-Santiam transmission line. CEP would construct and own a substation on the wind project site. BPA would build an adjacent switching station. The proposal is open for public comments through Sept. 17.

Wild Horse Wind Project

Wind Ridge Power Partners, LLC, is proposing the 312-megawatt Wild Horse Wind Power Project 10 miles east of Kittitas, Wash. It has requested transmission interconnection services of both Puget Sound Energy and BPA. BPA would provide interconnection at its Schultz Substation, 14 miles northwest of the wind farm. Public comments are open through Sept. 10.

Hopkins Ridge Wind Project

The Hopkins Ridge Wind Project of Blue Sky Wind, LLC, is a 150-MW site near Dayton, Wash. BPA would need to build a substation near its Walla Walla-North Lewiston 115-kV transmission line. The developer would build an eight-mile transmission line from its

wind farm to the new BPA substation. An initial public meeting was scheduled for Sept. 1. The proposed schedule is for BPA to begin design and environmental analysis in September.

Kittitas Valley Wind Project

The 182-megawatt Kittitas Valley Wind Power Project would connect to either Puget Sound Energy or BPA lines, both of which run directly over the site between Ellensburg and Cle Elum, Wash. A supplemental draft environmental impact statement on this project is expected to be out for public review soon. This project is sponsored by Sagebrush Power Partners, LLC.

Agreement reached on GTAs

In an issue that affects both power and transmission rates, a number of BPA customers have agreed in principle how to propose handling the cost of general transfer agreements (GTAs) in future BPA rate cases through 2024. After discussions over the summer, customers have generally agreed that BPA should propose to continue to include GTA costs in its power rates, but only for existing customers and only for sales of federal power to those customers.

BPA has a draft proposal out for public review this month. The result would be a basis for initial proposals in upcoming BPA rate cases for power and transmission rates. The proposal does not, however, require a specific outcome in the administrator's final decision on rates.

GTAs are contracts by which BPA delivers federal power to customer utilities over other utilities' lines rather than building lines to reach all customer points of delivery. When BPA power and transmission rates were separated, some customers suggested GTA costs should be placed in transmission rates while others suggested they should be in power rates. The issue was resolved for 2002 through 2006 by placing GTA costs in power rates. See the last section in this Journal for the Public Involvement process.

PUBLIC INVOLVEMENT Updates and Notices

NEW PROJECTS

Long-Term Transfer Agreements – Regionwide

The proposed 20-year Transfer Service Long-Term Agreement would provide clarity regarding roles and responsibilities between BPA and its power customers served by transfer over third-party systems. General Transfer Agreements (GTAs) have been one means to provide such transfer services to enable delivery of federal power from the BPA main transmission system over third-party systems to BPA's preference power customers that are not directly connected to the main grid. The comment period is open until Sept. 30, 2004. (See news and close of comment sections.)

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 FEIS is available online at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/Granderonde>. A ROD is scheduled for publication in October 2004.

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 the fall 2004. For current information, check online at <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/SalmonCreek>.

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. A DEIS was released and the comment period closed Aug. 20, 2004. 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 (Regional Dialogue) – Regionwide

On July 7, 2004, BPA issued its Regional Dialogue policy proposal for public comment. The proposal addresses how BPA will market power and share the costs and benefits of the Federal Columbia River Power System in the Pacific Northwest after 2006. The public comment period closes Sept. 22, 2004. Public meetings have been scheduled throughout the region. (See *calendar of events*.) Additional information is available on BPA's Web site at <http://www.bpa.gov/power/regionaldialogue>. (See *close of comment*.)

Power Rate Levels for FY 2005 – Regionwide

On Aug. 18, the PBL held a workshop to present initial calculations for the Financial-Based Cost Recovery Adjustment Clause and the Safety Net Cost Recovery Adjustment Clause for fiscal year 2005. Aug. 18 also marked the opening of a 10-day public comment period.

TRANSMISSION – ONGOING PROJECTS

Anderson Ranch 115-kV Rebuild – Elmore County, Idaho

BPA is replacing 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 will be replaced with steel poles. Construction began July 2004 and is scheduled to be completed by December 2004. Additional project information is available on BPA's Web site at http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=AR.

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. 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 ROD was signed on Aug. 20, 2004. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

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

Construction is nearing completion on a rebuild of 84 miles of 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 contains one 115-kV transmission line on wood-pole structures and three 230-kV transmission lines on two steel lattice structures. Residents of Spokane, Wash., should be aware that the project will utilize implosive devices to connect lengths of wire to each other on the new transmission line periodically throughout September, October and November. The local community will hear a number of loud explosions during the day within the construction zone. The implosive charges, which are set on lines suspended from towers, make a loud bang accompanied by some smoke. The immediate area will be secured before the detonations that pose no danger to property and land. Methods to prevent grass fires will be employed. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Grid West Bylaws – Regionwide

BPA is seeking comments on the proposed Developmental and Operational Grid West Bylaws. (See *article in news section*.) The comment period closes Sept. 3, 2004. Go to the following Web sites for more information http://www.rtowest.com/Doc/DevBylaws_Clean_July72004.pdf and http://www.rtowest.com/Doc/OpBylawsClean_July72004.pdf. The following Web site offers a PowerPoint overview of the bylaws http://www.bpa.gov/corporate/public_affairs/comment.cfm. (See *close of comment*.)

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 fall 2004, and the final EA is scheduled for release winter 2004. The scoping comment period ended Nov. 21, 2003. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

McNary-John Day 500-kV Transmission Line – Various counties in Wash. and Ore.

TBL hosted public meetings in July to review the process and schedule for the open season to seek funding for the McNary-John Day project. TBL invited applicants to submit transmission service requests that cross the West of McNary/West of Slatt paths to determine if there is sufficient interest to proceed with construction of the McNary-John Day 500-kilovolt line project. This 79-mile-long project was placed on hold in late 2002 due to lack of funding. TBL is assessing all transmission service requests received in July to determine whether there is sufficient participation in the McNary-John Day transmission project to enable construction. Participants will need to provide financing for the project before it can proceed. TBL hopes to determine whether the project will go forward by early October. Further information will be provided on the Web site at http://www.transmission.bpa.gov/PlanProj/Transmission_Projects/default.cfm?page=MJD.

Programs in Review – Regionwide

TBL has completed seven Programs in Review meetings throughout the region. These meetings were held to discuss TBL proposed

program levels for 2006 and 2007. Per customer request, additional technical workshops were held on debt optimization, corporate and shared services programs and TBL capital and expense programs and staffing. End of comment period is Sept. 15 with the close-out letter expected Oct. 15. For more information, visit the Web site at http://www.transmission.bpa.gov/Business/Customer_Forum_and_Feedback/Programs_in_Review/pir2004.cfm for additional information. (See close of comment.)

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

BPA is rebuilding 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 June 2004 and will be completed by November 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. A 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 halfway 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 five public to respond to public concern about the noise increase and to discuss solutions. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Transmission Rate Case Workshops

BPA's TBL is holding several rate case workshops in Portland as part of its process to develop its transmission rates for fiscal years 2006 and 2007. Three workshops have been held with more planned. For more information, see this Web site http://www.transmission.bpa.gov/Business/Rates_and_Tariff/default.cfm?page=2006RC. (See calendar of events.)

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. An FEIS is scheduled for December 2004, with a ROD

to follow. See http://www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

SUPPLEMENT ANALYSES

Watershed Management Program EIS:

- SA-161 Grave Creek Channel Stabilization Project – Phase II. Lincoln County, Mont.
- SA-162 Libby Creek (Lower Cleveland) Stabilization Project. Lincoln County, Mont.
- SA-163 John Day Watershed Restoration Program. Wheeler and Grant counties, Ore.
- SA-164 Idaho Model Watershed Habitat Projects – L-9 Irrigation Diversion Modification. Lemhi County, Idaho
- SA-165 Idaho Model Watershed Habitat Projects – Welp Riparian Enhancement Fence. Custer County, Idaho
- SA-166 Coleman Creek Fish Passage Restoration. Kittitas County, Wash.
- SA-167 Klickitat Watershed Enhancement Project – Klickitat Meadows Restoration. Yakima County, Wash.
- SA-168 Protect and Restore Lolo Creek Watershed – Jim Brown Creek Streambank Stabilization. Clearwater County, Idaho
- SA-169 Idaho Model Watershed Habitat Projects – Pahsimeroi Fence Crossing. Lemhi County, Idaho
- SA-170 Taptal Bend Riparian Corridor Restoration Project. Benton County, Wash.
- SA-171 Wallowa River/McDaniel Habitat Rehabilitation. Wallowa County, Ore.
- SA-172 Gravel Push-Up Dam Removal, Lower North Fork John Day – Portable Pump Intake Screens. Grant County, Ore.
- SA-173 Idaho Model Watershed Habitat Projects – Kenney Creek Riparian Fence. Lemhi County, Idaho
- SA-174 Blue Creek Site Restoration Project. Walla Walla County, Ore.
- SA-175 Malarkey Ranch Culvert Replacement Project. Columbia County, Ore.
- SA-176 Gravel Push-Up Dam Removal, Lower North Fork John Day River – Murphy Cottonwood Creek Diversion. Grant County, Ore.

CALENDAR OF EVENTS

Transmission Rates Case Workshops

- Sept. 16, 9 a.m. to 4 p.m., Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

Regional Dialogue Public Meetings

- Sept. 9, 6 to 8 p.m., East Portland Community Center, 740 S.E. 106th Ave., Portland, Ore.
- Sept. 15, 5 to 7 p.m., West Coast Kalispell Center Hotel, 20 North Main St., Kalispell, Mont.

Energizing the Northwest – Today and Tomorrow

Sept. 28, 7:30 a.m. to 5 p.m., Sept. 29, 7:30 a.m. to 2:30 p.m. DoubleTree Hotel Jantzen Beach, Portland, Ore.

For more information see our Web site at <http://www.bpa.gov>, or call Jennifer Eskil at (509) 527-6232.

CLOSE OF COMMENT

- Sept. 3 – Grid West Bylaws
- Sept. 15 – Programs in Review
- Sept. 22 – BPA's Power Supply Role After 2006 (Regional Dialogue)
- Sept. 30 – Long-Term Transfer Agreements

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.

