

journal

December 2005

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

BPA proposes new power rates

BPA proposes to adopt adjustable wholesale power rates for the 2007 through 2009 period. BPA's initial rate proposal was published in the Federal Register Nov. 8, signaling the start of formal proceedings including ex parte rules for discussing the merits of issues in the rate case.

Administrator Steve Wright said that based on current market assumptions and a range of probable expenses and revenues, the average rate for the next three years would be about \$30 per megawatt-hour. However, he cautioned that actual rates are likely to be different. The rate will be adjusted based on weather and market conditions.

In addition, ongoing litigation over the impacts of federal dams on migrating salmon could result in significant new costs, Wright said, which would put additional upward pressure on the region's electric rates.

Field hearings began in November and will continue through December across the Northwest. (See the schedule in the public involvement section of this publication.)

Public comment runs through Feb. 13, 2006.

Feds file river operations plans

Federal agencies responsible for operating Columbia River dams on Nov. 23 submitted to the U.S. District Court in Portland improved plans for increasing adult salmon returns. The federal agencies say their plans for river operations in 2006 would improve salmon survival on the Columbia and Snake rivers and are an alternative to a proposal from plaintiffs who seek an injunction regarding dam operations.

The federal agencies have also submitted an economic analysis showing the plaintiffs' proposal would cost regional ratepayers about \$450 million a year. The figures generally agree with an analysis from the Northwest Power and Conservation Council.

That could mean BPA wholesale power rates would be about 15 percent higher. In contrast, the federal proposal

would cost \$46 million and would have a BPA wholesale power rate impact of 2 to 3 percent. The merits of both plans will be argued Dec. 15 before Judge James Redden in Portland.

Save energy this winter

BPA is urging Northwest consumers to save money, help the economy and protect the environment by conserving energy this winter in the face of higher fuel costs. Consumers can contact their local utilities for tips on energy-saving programs funded by BPA. They can also go to the BPA Energy Efficiency Web site.

If there's any doubt yet that energy efficiency programs work, consider the following. Along with federal standards, state codes and appliance efficiency improvements in the last 25 years, the Northwest has saved cumulatively about 3,000 average megawatts.

Nuke debt extension examined

BPA is looking at extending a portion of outstanding debt for Energy Northwest's

Columbia Generating Station nuclear power plant as a way to provide some rate relief for fiscal years 2007 through 2009. BPA held a workshop at Portland Nov. 28 to discuss the proposal.

BPA will also discuss the possibility of debt financing nuclear plant capital improvements to 2024, rather than the present date of 2018. The change would again reduce near-term power rate pressure and would match bond maturities more closely to the planned life of the plant. Watch for more on this in the news.

BPA shares in Navy award

Two BPA employees were honored by the U.S. Navy in a Washington, D.C., program this fall for their work at BPA that helps the Navy save energy. The Navy picked Naval Base Kitsap to receive its



Eleven 500-kilovolt towers on BPA's Chief Joseph-Sickler line crumpled under the weight of 10-inch thick ice that built up on the lines Thanksgiving Day. The line in north-central Washington went out of service, but no customers lost power. Repairs were expected to take about two weeks.

FY 2005 National Energy Award as the most energy efficient Navy large shore facility around the world. Frank Brown and Mike Huber received an award for their ongoing work with the Kitsap base and other Defense bases in the area. The Navy paid for their recognition travel.

Conservation goal surpassed

BPA's energy-efficiency program for federal agency customers surpassed its FY 2005 goals for total energy savings, cost per conserved kilowatt-hour and net revenues. About 1.9 average megawatts are being saved from projects completed at federal agencies in FY 2005, at a cost to BPA of about 5 cents per kilowatt-hour. BPA provided about \$883,000 in incentives while the federal agencies contributed \$5.1 million.

As a percentage of total loads, BPA realizes proportionately more savings from the federal sector than any other sector of the regional economy, and at a low cost to BPA.

Feds seek comment on Montana dams

Federal agencies have released a draft environmental impact statement on operation of Libby and Hungry Horse dams in Montana. Public meetings were scheduled in Montana, Canada and Washington for the week of Nov. 28.

Libby and Hungry Horse are among five major federal Columbia system dams that are operated to store water from season to season for later power production. The draft document addresses the effects of a revised flood control operation, and the effects of drafting down these dams in summer for anadromous fish flow augmentation.

It's the first official federal document on Libby and Hungry Horse operations since the projects were tapped for flow augmentation under a 1993 biological opinion.

Fish Passage Center funds to stop

The president signed Public Law 109-103, the 2006 Energy and Water Development Appropriations Act, on Nov. 19. The conference report on the act includes language that restricts BPA from further funding of the Fish Passage Center.

The Fish Passage Center www.fpc.org/about_fpc.html in Portland has been funded by ratepayers with oversight provided by the Northwest Power and Conservation Council. The center's purpose is to monitor and store data collected at the various federal dams on juvenile salmon and steelhead migration. BPA will work with the Council for an orderly transition of the functions performed by the FPC.

publicinvolvement

updates and notices

NEW PROJECTS

Opportunities for public comment on BPA's service to DSI customers – Regionwide

BPA will be seeking comment on its draft prototype contract for service to BPA's direct service industry customers for fiscal years 2007 to 2011. On June 30, 2005, BPA issued a record of decision on the level of benefits to be provided to the DSIs after 2006. The ROD established that BPA would provide the DSIs up to 577 average megawatts of service benefits and offer Port Townsend Paper Corp. 17 aMW of surplus firm power through its local utility at a rate approximately equivalent to, but in no case lower than, the priority firm rate. This invitation to comment on the prototype fulfills the promise in the ROD to make the prototype contract for aluminum smelter benefits available for regional review and comment for the purpose of ensuring consistency with the decisions and policies contained in the ROD. The DSI draft prototype comment period opened Nov. 28 and runs through Jan. 4, 2006. BPA currently intends to finalize and offer these contracts in mid-February 2006. The Port Townsend draft contract should be available for review in mid-December and will be posted on the Regional Dialogue Web site. BPA will accept comments on the draft Port Townsend contract through Jan. 31, 2006. Both draft prototype contracts will be available for comment at: www.bpa.gov/power/pl/regionaldialogue/announcements.shtml when available. Please monitor the Web site for more information. (See close of comment)

Thurston-Willakenzie 115-kilovolt transmission line – Lane County, Ore.

BPA will relocate a segment of its Thurston-Willakenzie 115-kV transmission line located in the city of Springfield, Ore. The Oregon Department of Transportation has asked BPA to move two transmission structures adjacent to Interstate Highway 5 just south of the Beltline Road interchange and the existing transmission line away from buildings and proposed development in the Gateway Industrial Park. BPA will construct approximately one mile of new single circuit

115-kV transmission line from the Thurston-Willakenzie transmission line just west of the McKenzie River to Eugene Water and Electric Board's McKenzie Substation. Construction of this new line will begin in early December 2005 and be completed by early March 2006 to meet ODOT's construction schedule. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

AGENCY – ONGOING PROJECTS

Northwest Transmission Planning and Operation – Regionwide

The Regional Representatives Group considered an Oct. 28 proposal to integrate elements of Grid West and the Transmission Improvements Group proposals to improve Northwest transmission operation and planning. The integration proposal, discussed by representatives of publicly and investor-owned utilities and presented by BPA, called for near-term transmission services including a common Northwest OASIS (transmission reservation system), independent system monitor and transmission expansion plan. The Grid West interim board rejected BPA's "integration" proposal on Nov. 1. The board decided to restructure the organization into a nonprofit, nonmember corporation that would move forward with the Grid West proposal. Because BPA does not intend to participate or follow the establishment of a policy to limit board members to the funding parties, BPA resigned from the board. BPA continues to believe that integration is the preferred option for making regionwide progress toward unified transmission operations and planning, and BPA is considering its next steps. For more information, see BPA's Web site: www.bpa.gov/corporate/business/restructuring/.

Supplement Analysis to the Business Plan EIS – Regionwide

BPA is preparing a Supplement Analysis to its Business Plan environmental impact statement, which is scheduled for release in early 2006. The 1995 Business Plan EIS analyzed the environmental impacts of BPA's business practices, such as marketing and transmitting power, energy conservation, renewable energy development, and fish and

wildlife mitigation activities. The analysis looked at effects on the natural, economic and social environments. Public letters announcing and outlining the Supplement Analysis to the Business Plan EIS went out in December 2004. Comments were accepted through March 1, 2005. For additional information about the Supplement Analysis and the comments that were received, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/bpsa.

FISH AND WILDLIFE – ONGOING PROJECTS

Bonner County Kalispel Acquisition (Albeni Falls Wildlife Mitigation Program) – Bonner County, Idaho

BPA is currently working with the Kalispel Tribe to acquire and manage one parcel (approximately 80 acres) of land in Bonner County, Idaho. BPA funds the Albeni Falls Wildlife Mitigation Program, which is working to acquire and restore key habitats within the Pend Oreille Watershed. This is a mitigation program that purchases private land to be owned and managed by program participants for the protection, mitigation and enhancement of wildlife affected by the construction and operation of the federal hydroelectric facilities on the Columbia River. Comments were accepted through Nov. 15, 2005. If you would like more information, please call 1-800-622-4519.

Chief Joseph Hatchery Program – Okanogan County, Wash.

The Northwest Power and Conservation Council has recommended that BPA fund a program sponsored by the Confederated Colville Tribes assisting in the conservation and recovery of summer/fall chinook salmon in the Okanogan subbasin and the Columbia River between the Okanogan River and Chief Joseph Dam. This program would include construction, operation and maintenance of a hatchery at the base of the Chief Joseph Dam and a few acclimation ponds throughout the Okanogan River subbasin. Adult fish broodstock collection for gathering eggs would occur throughout the project area by various means. Egg incubation and early rearing would occur at the new hatchery. Final rearing and release of juvenile fish would occur at new and existing acclimation ponds. While the focus of the program would be the propagation of summer/fall chinook salmon, the environmental impact statement will also study using the proposed facilities to reintroduce extirpated spring chinook salmon to historical habitats in the Okanogan subbasin. Comments were accepted through Sept. 19, 2005. A draft EIS will be available for public review and comment in spring 2006. For more information, see BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Chief_Joseph/.

Gold Creek Idaho Department of Fish and Game Acquisition (Albeni Falls Wildlife Mitigation Program) – Bonner County, Idaho

BPA is working with the Idaho Department of Fish and Game to acquire and manage approximately 310 acres of land that fronts the Pack River at the confluence of Gold Creek. BPA funds the Albeni Falls Wildlife Mitigation Program, which is acquiring and restoring key habitats within the Pend Oreille Watershed. This is a mitigation program that purchases private land to be owned and managed by program participants for the protection, mitigation and enhancement of wildlife affected by the construction and operation of the federal hydroelectric facilities on the Columbia River. Comments were accepted through Nov. 15, 2005. If you would like more information, please call 1-800-622-4519.

Proposal for Alternative Contracting Approach for Capitalizing BPA Funded Wildlife Land Acquisitions – Regionwide

BPA is interested in getting feedback on a draft proposal for an alternative contracting concept for capitalizing land acquisitions for wildlife mitigation. The draft proposal addresses some of the issues that have led to a perceived slowing of mitigation efforts resulting from implementation of the agency's capitalization policy. For more information, see BPA's Web site at www.efw.bpa.gov/.

Salmon Creek EIS – Okanogan County, Wash.

BPA proposes to fund a project to enhance fish habitat, fish passage and 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 draft environmental impact statement was released in September 2004 and is available on BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/Salmon_Creek. A public meeting was held

September 2004, and comments were accepted through Nov. 9, 2004. Further environmental analysis on this project is delayed until a master plan is completed. Environmental analysis will continue only if the master plan is given approval for funding by the Northwest Power and Conservation Council.

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

BPA released the final environmental impact statement for the South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program on July 25, 2005. Subsequently, some parties interested in this program informed BPA that the FEIS did not include comments they submitted during the draft EIS comment period (July 12 through Aug. 20, 2004). BPA is accepting comments that raise new information or identify changed circumstances from those discussed in the FEIS. This comment period is open until Dec. 12, 2005. The FEIS is available on BPA's Web site: www.efw.bpa.gov/environmental_services/Document_Library/South_Fork_Flathead/. (See close of comment)

POWER – ONGOING PROJECTS

Power Rates 2007 to 2009 – Regionwide

In the fall of 2005, BPA began the formal 7(i) process of setting power rates for fiscal years 2007 to 2009 with the release of the 2007 Wholesale Power Rate Case Initial Proposal (WP-07). During November and December 2005, BPA is holding six field hearings around the region to provide the general public with an opportunity to comment on BPA's initial proposal. Hearing locations include Kalispell, Idaho Falls, Spokane, Tacoma, Springfield and Portland. More information about this rate process is available on BPA's Web site: www.bpa.gov/power/ratecase. (See calendar of events)

Regional Dialogue – Regionwide

BPA continues work on the second phase of the Regional Dialogue. Additional meetings have been scheduled in December 2005 to address the issues outlined in BPA's Concept Paper released in September 2005. Upon conclusion of these meetings, BPA will issue a policy proposal and open a formal public comment period. The target date to release the policy proposal for comment is early 2006. For a schedule of meetings and more information on this process, see the Regional Dialogue Web site: www.bpa.gov/power/regionaldialogue.

Transfer Service – Regionwide

BPA is holding more meetings in December 2005 to discuss outstanding issues in the April 2005 agreement regarding transfer service that BPA executed with customers served through general transfer agreements or open access transmission tariff arrangements. For more information and location of the December meetings, see BPA's Web site: www.bpa.gov/power/regionaldialogue. (See calendar of events)

TRANSMISSION – ONGOING PROJECTS

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 draft environmental impact statement is scheduled for release in spring 2006.

Klondike III Wind Project Interconnection – Sherman County, Ore.

BPA has been asked by PPM Energy Inc. to interconnect 300 megawatts of the output of the proposed Klondike III Wind Project and by Orion Energy LLC to interconnect 350 MW of the proposed Biglow Canyon (formerly Sherman County) Wind Project. Interconnection would require BPA to build and operate a new double-circuit 230-kilovolt transmission line, approximately 12 miles long, and one or two substations. The new facilities would be built near the towns of Wasco and Rufus, Ore. BPA is analyzing the effects of the BPA action and both wind projects in an environmental impact statement. BPA expects to issue a draft EIS in April 2006. Scoping meetings were held

in Wasco, Ore., in March and April 2005. Comments were accepted through May 13, 2005. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Wind/.

Libby (Flathead Electric Cooperative) to Troy Section of the Libby to Bonners Ferry 115-kilovolt Transmission Line Rebuild – Lincoln County, Mont.

BPA is proposing to rebuild a 17-mile-long section of the Libby to Bonners Ferry 115-kV transmission line to improve its reliability and meet future load growth in Lincoln County, Mont. Current options include: (a) rebuilding the line as a single-circuit 115-kV wood-pole H-frame line with some wood-pole equivalent steel poles; (b) re-building the line as a double-circuit 115-kV tubular steel-pole line; (c) rebuilding the line as a double-circuit 230-kV tubular steel-pole line; and, (d) not rebuilding the line. BPA plans to analyze the environmental effects of the proposed project and comments received during the scoping process in an environmental impact statement and expects to issue a draft EIS in spring 2006. The comment period had been extended until Oct. 30. An informational public meeting on electric and magnetic fields was held Nov. 17 in Libby, Mont. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Port Angeles Transmission Line Interconnection – Port Angeles, Wash.

Olympic Converter LP has requested interconnection to the Federal Columbia River Transmission System of a 550-megawatt transmission cable across the Strait of Juan de Fuca from Vancouver Island, B.C., to Port Angeles, Wash., on the Olympic Peninsula. The line would interconnect at BPA's existing Port Angeles Substation. BPA is leading the environmental studies and coordinating efforts with the Department of Energy. The draft EIS is scheduled for release in winter 2006. Comments were accepted through June 8, 2005. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Transmission_Projects/.

Rock Creek Substation – Klickitat County, Wash.

BPA has decided to offer contract terms for interconnection of 150 megawatts of power from the Goodnoe Hills wind project and up to 200 MW of power from the White Creek wind project into the Federal Columbia River Transmission System. The tiered record of decision was signed Nov. 9, 2005. The interconnection involves constructing a new 500/230-kilovolt substation along the Wautoma-John Day 500-kV transmission line between structures 85/4 and 85/5. This new facility, called Rock Creek Substation, will require approximately 7.5 acres of land in the Goodnoe Hills area, off Hoctor Road in Klickitat County, Wash. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Wind/.

Seven Mile Hill Wind Project – Wasco County, Ore.

UPC Wind Partners, LLC, submitted a request to BPA for the interconnection of 50 megawatts of power it plans to generate from its proposed wind development southwest of The Dalles, Ore. BPA would provide the interconnection to enable UPC to market wind power. BPA is considering constructing a simple tap to create a three-terminal line within a switchyard to be constructed beneath BPA's The Dalles-Hood River 115-kilovolt transmission line. UPC would build a 115/34.5-kV substation adjacent to the switchyard, but outside the transmission line right-of-way. BPA will largely parallel its National Environmental Policy Act review process with the Wasco County review of the conditional use permit application for this project. BPA plans to issue a tiered record of decision under the Transmission Business Plan environmental impact statement. UPC is currently conducting fall bat and bird studies and tentatively plans to file a conditional use permit application with Wasco County in December 2005.

Willow Creek Wind Project – Gilliam and Morrow Counties, Ore.

Invenery, LLC submitted an interconnection request for up to 180 megawatts of power generated from the proposed Willow Creek

Wind Project located in Gilliam and Morrow Counties, Ore. BPA proposes to interconnect up to 150 MW to BPA's Tower Road-Alkali 115-kilovolt transmission line in Gilliam County. Interconnection would require rebuilding one mile of transmission line and constructing two switch structures within the existing BPA right-of-way. Invenery is currently proposing a 72-MW project with no firm expansion plans at this time. A public scoping meeting was held Oct. 18, in Arlington and comments were accepted through Nov. 1. BPA will analyze project impacts in a tiered ROD under the Business Plan EIS, scheduled to be completed in early 2006. For more information, see BPA's Web site: www.transmission.bpa.gov/PlanProj/Wind/.

SUPPLEMENT ANALYSES

To view copies of the Supplement Analysis, visit the link provided.

Watershed Management Program EIS

www.efw.bpa.gov/environmental_services/Document_Library/Watershed_Management/

- SA-240 Yakima Tributary Access and Habitat Program – Wilson Creek-Eaton Property Instream Habitat Improvements, Kittitas County, Wash.
- SA-241 Idaho Model Watershed Projects for FY 05 – L-3 Return Flow Screen, Lemhi County, Idaho
- SA-242 SWSC-01, Warm Springs – Install a modular rotary drum fish screen and remove an unsuccessful infiltration screen, Custer County, Idaho
- SA-243 Yakima Tributary Access and Habitat Program – Snow Mountain Ranch-South Fork Cowiche Creek Dam Removal and Creek Restoration, Yakima County, Wash.

Wildlife Mitigation Program EIS

www.efw.bpa.gov/environmental_services/Document_Library/Wildlife_Mitigation/

- SA-49 Albeni Falls Wildlife Mitigation – Gold Creek Acquisition, Bonner County, Idaho

Transmission Vegetation Management Program EIS

- SA-270 Lapine-Chiloquin, Klamath and Deschutes Counties, Ore.
- SA-271 Bonneville-Alcoa, Clark and Skamania Counties, Wash.

CALENDAR OF EVENTS

Power Rates 2007 to 2009 Hearings

- Dec. 1 – 6 to 8:30 p.m., Red Lion at the Park, 303 W. North River Drive, Spokane, Wash.
- Dec. 5 – 6 to 8:30 p.m., Red Lion Hotel on the Falls, 475 River Parkway, Idaho Falls, Idaho
- Dec. 6 – 6 to 8:30 p.m., Sheraton Hotel, Ballroom, 1320 Broadway Plaza, Tacoma, Wash.
- Dec. 7 – 6 to 8:30 p.m., DoubleTree Hotel, Mt. St. Helens Room, 1000 N.E. Multnomah St., Portland, Ore.

Transfer Service Meetings

- Dec. 8 – 9 to 4 p.m., location to be determined
- Dec. 13 – 9 to 4 p.m., location to be determined

CLOSE OF COMMENT

- Dec. 12 – South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program EIS (reopened)

RECORD OF DECISION SIGNED

- Nov. 9 – Rock Creek Substation

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: www.bpa.gov. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see 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.

