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A PUBLICATION FROM THE BONNEVILLE POWER ADMINISTRATION

Journal

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September 1996



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Moody's upgrades credit

On Aug. 23, Moody's Investors Service, a national credit rating agency, upgraded the credit rating for

BPA-backed Washington Public Power Supply System Bonds from Aa to Aa1, the second highest rating possible. BPA provides the security for the bonds. According to Moody's, reasons for the upgrade include "the strength of the net billing agreements, the importance of BPA's role as the federal power marketing agency in the region and continued improvements in BPA's competitive and financial position." Despite the uncertainty over the ultimate outcome of the Comprehensive Review of the Northwest Energy System, Moody's rating upgrade recognizes BPA's improved financial position resulting from cost-cutting, renewing power sales contracts, reducing rates and refinancing BPA's debt to the U.S. Treasury.

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BPA sells power to California

On Aug. 27, New Energy Ventures, Inc. of Pasadena, Calif., agreed to purchase 200 megawatts of surplus power from BPA for five years beginning Jan. 1, 1998. The agreement includes an option for an additional 200 megawatts of surplus power for five years from the time the option is signed. The surplus power is power Northwest customers no longer wish to purchase from BPA. The agency offers all power to regional customers first. BPA expects higher revenues from the long-term agreement with NEV than if the power were sold on the short-term or spot market. The agreement provides a low-cost supply of power and significant savings to California consumers because BPA's rates are lower than most California utility rates. The sale to NEV will generate revenues that will help keep all BPA customers' rates low and help BPA continue to make its payments to the U.S. Treasury. In 1995, the California Public Utilities Commission established a new regulatory framework, scheduled to be effective in 1998, that will allow utility customers to purchase electricity from someone other than their local utility. NEV was formed in 1995 to act as a buyer's agent for companies and other entities seeking to lower their electricity costs.

In June, BPA signed a 20-year contract with the Bay Area Rapid Transit Authority of Oakland, Calif., to provide surplus power to BART. Under terms of the contract, BPA will provide between 5 megawatts and 69 megawatts of power in the first six years. For the remaining 14 years, BPA will provide 50 megawatts, subject to availability of power that is surplus to Northwest needs.

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Power outage hits the West

On Aug. 10, a major West Coast power outage occurred, affecting about four million people in nine states. Power was restored to most areas within three hours. The Northwest electrical system was under heavy demand at the time due to a heat wave in Oregon, Washington and California. The problem began when power lines sagged too close to trees causing a flashover. During hot weather, power lines can sag as much as 2.5 meters (8 feet). Then two other lines lost power when lines sagged. A short time later, power generators at McNary Dam shut down. The California-Oregon Intertie lines automatically disconnected. This caused a ripple effect into northern and southern California and the West Coast electrical system broke into four islands consisting of southern Oregon and northern California; southern California; New Mexico, Arizona and western Texas; and part of Alberta, Canada. The Western Systems Coordinating Council called an emergency meeting in Portland with the U.S. Department of Energy, BPA and Oregon and California utilities to investigate the power outage. The cause of the outage has not yet been determined.

On Aug. 12, San Francisco-based Pacific Gas & Electric Company contacted BPA seeking power deliveries to California from the Northwest to avert an emergency. Portions of California faced the threat of widespread power outages with the potential to affect millions of customers. Factors contributing to the threat included:

1. record power usage as temperatures reached triple digits in most of the state,
2. PG&E's system was stretched to its limit with all available generation operating, and
3. two nuclear units at California's Diablo Canyon were out as a result of the Aug. 10 power outage.

BPA's system also was stretched due to high demand in the Northwest as a result of high temperatures. BPA, National Marine Fisheries Service and the U. S. Army Corps of Engineers declared a state of emergency and agreed to a temporary waiver of spill requirements at The Dalles Dam to increase generation by approximately 700 megawatts. The Dalles was selected because it is nearest the northern end of the Intertie and would reduce stress on the transmission system.

On Aug. 15, the Corps returned to normal summer operations and increased spill at The Dalles Dam to the full amount needed to help move migrating fish downriver. The Corps plans to continue full spill and has decreased power generation to 400 megawatts. Up to 1,400 megawatts of power were generated during the peak of the emergency. During the peak energy demand period, additional water was released from Grand Coulee, Dworshak, McNary and John Day reservoirs to help the Corps spill water for fish and generate power. The water releases have now been cut back and the reservoirs are releasing normally scheduled volumes of water.

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BPA and Canada help Montana

A unique water trade with Canada helped keep Montana's Libby Reservoir near full during the important August recreational season. Under the innovative arrangement, BPA negotiated a water "swap" with British Columbia that involved no additional cost to Northwest ratepayers. The Canadians released water from Arrow Reservoir in British Columbia through Aug. 31 to help meet the downstream flow requirements of migrating salmon. This action significantly reduced the water that would have come out of Libby Reservoir to meet flow targets for salmon. The Canadians also reaped recreational benefits because Lake Kookanusa, which forms Libby's reservoir, backs up into Canada so both countries saw higher water levels. In addition, both countries will share some energy benefits. The changes at Libby will reduce spill at downstream Canadian projects. The higher water height above turbines resulting at Libby Dam will make for more efficient power production.

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Financial update

BPA's probability of making its full payment to the U. S. Treasury on Oct. 1 is projected to be 99 percent, according to BPA's Third Quarter Review. Net revenues are projected to be \$77.1 million at the end of the fiscal year. The review projects cash reserves of \$341 million by the end of September.

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BPA expects to sell or lease some delivery facilities

BPA will adopt a policy by Oct. 1 to sell or lease its delivery facilities to customers. BPA agreed to establish the policy as part of its 1996 transmission rates settlement. BPA sent a draft policy out for review Aug. 12 on sale or lease of delivery facilities. Comments are due Sept. 11.
(See [status report section](#).)

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BPA files procedures with FERC

BPA has filed procedures for implementing the Standards of Conduct with the Federal Energy Regulatory Commission. The agency decided to comply with the FERC Standards of Conduct, even though BPA is not defined by FERC as a public utility and is not required to comply. The Standards of Conduct require public utilities to separate their wholesale power marketing function from their transmission system operation and reliability function. BPA will begin to implement the procedures on Nov. 1.

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NWPPC considers amending fish and wildlife plan

On Aug. 7, the Northwest Power Planning Council agreed to consider amending its regional fish and wildlife plan. The Council plans to release an issue paper in February 1997 and request recommendations from states, tribes, federal agencies and the public. The issue paper will incorporate recommendations from the independent scientific group. The comments will be due to the Council by May 1997. The Council will then review all recommendations and act on them within a year. BPA funds the Council's fish and wildlife plan.

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Supply System cuts costs at WNP-2

The Washington Public Power Supply System reports that the fiscal year 1996 cost of power for Washington Nuclear Plant 2 was 2.56 cents a kilowatt hour, nearly a full cent lower than the 3.55 cents posted in 1995. The Supply System expects to meet or exceed its 1997 cost of power goal of 2.42 cents per kilowatt-hour by June 30, 1997, and to achieve 2.23 cents per kilowatt-hour or lower by June 1999. The Supply System cut costs at the same time the nuclear plant is improving its reliability. This year, WNP-2 completed its first-ever continuous operating run between annual maintenance and refueling, operating 242 consecutive days from July 3, 1995, to March 2, 1996, without a shutdown. Also during this period, the Supply System received a first-place safety award from the American Public Power Association for its safety performance. The power generated at WNP-2 is transmitted to BPA which in turn supplies this power to its customers.

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Public Involvement

Status reports

Albeni Falls Wildlife Management Plan/EA. The final EA will be available by early October. Call to get on the mail list.

Anderson Ranch Wildlife Management Plan/EA. The preliminary EA will be available in early November. Call to get on the mail list.

Billy Shaw Dam and Reservoir Resident Fish Project EA. The preliminary EA will be available in September. Call to get on the mail list.

BPA/PGE Transmission Support Project. The preliminary EA will be available in October. Call to be added to the mail list.

Columbia Gorge Project Vegetation Management. An EA/ FONSI will be available in September. Call to reserve your copy.

Comprehensive Review of the Northwest Energy System (Regional Review). Public workshops and hearings will be held around the region on the following dates:

- Oct. 9 in Eugene,
- Oct. 12 in Portland and Wenatchee,
- Oct. 13 in Spokane,
- Oct. 15 in Tri Cities/Hermiston,
- Oct. 16 in Boise,
- Oct. 17 in Portland (Steering Committee),
- Oct. 21 in Idaho Falls,
- Oct. 22 in Seattle and
- Nov. 6 in Missoula.

For further information, please call the Northwest Power Planning Council's Public Affairs office at 1-800-222-3355 or E-mail comments to comments@nwppc.org. Visit the [Comprehensive Review Home Page](http://www.newsdata.com/enernet/review/review.html) at <http://www.newsdata.com/enernet/review/review.html>.

Excess Federal Power Statute Implementation Process. DOE is reviewing the ROD prior to public release. Call to be put on the mail list.

Four Mile Hill Geothermal Project EIS (Glass Mountain). The draft EIS is being prepared. Call to be added to the mail list.

Grande Ronde River Captive Broodstock Project. The draft EA is being prepared. Please call to be added to the mail list. Hood River Fisheries Project. A ROD is expected in late September. Call for a copy.

Kalispel Tribe Resident Fish Project EA. A FONSI is available. Call to receive a copy.

Kootenai River White Sturgeon Aquaculture Project. A preliminary EA is expected in early November. Call to be added to the mail list.

Methow Valley Irrigation District EA. An EA is being prepared on a proposal to convert the open

canal irrigation system in the Methow River Valley. Located near Twisp, Wash., the MVID would be converted to pressurized pipe and wells. Call to be added to the mailing list.

Nez Perce Tribal Hatchery EIS. The FYI summarizing comments on the DEIS will be available in late September. Call to reserve a copy.

Northwest Regional Power Facility. The final EIS (#2887) is available. Call to get a copy.

Oliver Delivery Project. An FYI summarizing scoping comments will be available in September. Call to get a copy.

Sale of Facilities Policy. BPA's rates settlement in April 1996 led to the creation of a more formal transmission policy. The draft policy is now available for comment (see [Close of Comment](#)). Please call for a copy.

Watershed Management Program. An FYI summarizing scoping comments will be available in September. Call to be added to the mail list.

Wildlife Mitigation Program EIS. The draft EIS (#2913) is now available. Call for a copy. Briefings can be arranged; call Tom McKinney at (503) 230-4749 if you are interested. (see [Close of Comment](#)).

Yakima River Basin Water Enhancement Project Programmatic EIS. The Bureau of Reclamation is taking the lead on this project. Call Roberta Ries at (509) 575-5848 ext. 265 to be added to the mail list.

[Calendar of Events](#)

Energy Forum: "Energy Innovations for Tomorrow's Marketplace": **Sept. 11**, 9 a.m. - 5 p.m., Monarch Hotel, Clackamas, Ore. For more information, contact Gabrielle Foulkes at (503) 230-4217.

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Close of Comment

Sale of Facilities Draft Policy: **Sept. 11**

Wildlife Mitigation Program EIS: **Oct. 1**

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Acronyms:

EA: Environmental Assessment

EIS: Environmental Impact Statement

FONSI: Finding of No Significant Impact

NOI: Notice of Intent

ROD: Record of Decision

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We welcome all comments from you at Journal-CKC, Bonneville Power Administration, P.O. Box 3621, Portland, OR 97208-3621 or enballa@bpa.gov.

For More Information or To Get Involved:

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