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Journal

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BPA reviews Subscription comments

The public comment period closed on Oct. 23 for the [Subscription proposal](#) for power purchases beginning in fiscal year 2002. BPA is reviewing the comments and considering changes to the proposal. BPA plans to issue a final Subscription strategy and record of decision in late November. The Subscription strategy will set up broad terms for pricing. Actual pricing will take place in the power rate case. BPA has received many comments from customers and constituents. Here is a sampling of the comments.

Public utility customers — The publics want to ensure that they keep their preference status. They want BPA to figure out a way to get benefits to the residential and small farm customers of the investor-owned utilities while still giving preference to the publics and meeting the requirements of the public utilities. The publics do not like tiered rates or option fees for rights to the lowest cost power in the future.

Investor-owned utilities — IOUs either want more power allocated for their residential and small farm customers or they want to go back to the residential exchange. IOUs do not want BPA to pursue resource acquisition to meet increased needs in the region. This group is generally against a risk mitigation transmission fee.

Direct-service industries — Some DSIs are concerned about BPA's proposal to sell power to the IOUs for their residential and small farm customers. The DSIs would prefer that BPA return to the residential exchange. Other DSIs want BPA to augment the federal system by buying power or committing to new resources to meet increased load. Like the IOUs, the DSIs are against the risk mitigation transmission fee.

Public interest groups — The interest groups are pleased with the rate discount for utilities that pursue conservation and renewable resources. The interest groups are cautiously optimistic about the Subscription proposal but want to ensure that BPA can meet a wide range of fish costs.

Tribes — Tribes are most concerned about fish and wildlife, and want to ensure that BPA will continue fish recovery efforts.

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Year-end financial update

BPA ended the 1998 fiscal year with operating revenues that are \$48.7 million higher than the previous year. Operating expenses were up from last year because of settlements related to the Tenaska combustion turbine and because of power purchases for resale. BPA terminated construction of the Tenaska power plant because it was no longer needed. If BPA had proceeded with the original deal for 20 years, it could have cost the agency an additional \$400 to \$700 million. [Tenaska Washington Partners](#) sued BPA for \$1.055 billion and an arbitration panel awarded Tenaska \$158.6 million in July 1998. Unaudited year end financials show BPA finishing fiscal year 1998 with a net loss of \$31.8 million. Without the Tenaska expenses, net revenues would have been \$119.5 million, almost \$2 million more than the previous year. BPA's rate case had projected fiscal year 1998 net revenues to be \$59.1 million.

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BPA sends \$852 million to Treasury

BPA recently paid \$852 million to the U.S. Treasury for fiscal year 1998. The payment is the return on the federal government's investment in Columbia River Basin hydroelectric projects and BPA's high-voltage transmission system. Of this year's payment, \$247 million went to principal, \$500 million went to interest and \$105 million went to operations and maintenance on the federal dams operated by the [U.S. Army Corps of Engineers](#) and the [Bureau of Reclamation](#).

Since fiscal year 1995, BPA has cut its planned operating expense level by \$600 million a year — the agency's total budget is around \$2 billion. The agency has also adopted recommendations from an outside financial panel to reduce its costs by another \$131 million annually for the years 2002 to 2006. BPA has repaid the U.S. Treasury over \$4 billion of the federal investment in the power system. Seven billion dollars remains to be paid. BPA is entirely self-financed, receiving no appropriations from Congress.

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BPA continues commitment to renewable resources

BPA continues to honor its commitment to renewable resources with several projects in various stages of development. Here is an update of three BPA-involved projects.

Vansycle Ridge Wind Farm — Vansycle Ridge Wind Farm is located in northeastern Oregon and is being developed by FPL Energy, a Florida company. Portland General Electric will purchase the energy produced by this 24.9 megawatt wind project. BPA's transmission business line has constructed a new substation to interconnect the project with BPA's transmission system and will transmit the power to PGE's power system. In order for PGE to be able to count on a predictable amount of energy from the wind farm, the BPA power business is storing the energy that is actually produced and will deliver this energy to PGE on a delayed basis.

Wyoming Wind Project — Major construction has been completed at the Wyoming Wind Project located at Foote Creek Rim near Arlington, Wyo. All 69 original turbines have been erected, and the transmission and communications systems have been energized. Commercial operation is scheduled for Dec. 15. BPA is purchasing 37 percent of the output of the 41.1 megawatt wind turbine project. Salem Electric is buying the project's power from BPA and has been notified to expect deliveries under its green power contract on that date. The project is owned by PacifiCorp and the Eugene Water and Electric Board. Also, as reported in last month's *Journal*, BPA will purchase electricity from three more wind-powered turbines at the site. The developer, Seawest Corp. of San Diego, Calif., has begun construction on the three new turbines.

Fourmile Hill — The final environmental impact statement is now complete for the Fourmile Hill Geothermal Project. The project is a 49.9 megawatt power plant located in the Glass Mountain Geothermal Resource Area in northern California. A proposed 24 mile 230-kilovolt transmission line would connect the power to the BPA transmission system. The project is expected to take three years to construct and has an expected operating life of 45 years. BPA is considering the purchase of 30 average megawatts of output, but has not made a final decision to proceed with the project. The federal and state agencies involved with the project are expected to make a decision in early December whether to approve the project. The agencies are Bureau of Land Management, U.S. Forest Service, Siskiyou County Air Pollution Control District and BPA.

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Transfer of Satsop site planned

The [Washington Public Power Supply System](#) and BPA plan to turn over the Satsop nuclear power plant site to the Satsop Redevelopment Project. The land is currently owned by the Supply System and several investor-owned utilities. The Supply System and the SRP are in the final stages of negotiating a contract to transfer the site to the SRP in November or December. The IOUs will also quit claim their interest at the site. BPA is funding \$15 million to the SRP for transition of the site to light industrial use. The 1600-acre site and infrastructure is valued at an additional \$15 million. Most of the land, 1200 acres, is undeveloped and will remain wildlife mitigation land. The rest of the site will be used for economic development by bringing small businesses to the site. Transfer of the site will substantially reduce restoration costs for the Supply System and BPA while creating jobs and increasing the tax base for the county.

Safe Harbor, a company that provides software support, will be moving to the site soon. Safe Harbor expects to provide 200 to 400 jobs. Governor [Gary Locke](#) will attend a ribbon-cutting ceremony on Nov. 17 at the site to celebrate the transfer of the Satsop site and to welcome Safe Harbor. Representatives from SRP, the Supply System and BPA are also expected to attend. The SRP members are County of Grays Harbor, Grays Harbor Public Utility District and the Port of Grays Harbor. Satsop was the site of the Supply System's nuclear power plants 3 and 5. The plants were never completed.

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BPA prepares transmission system for winter weather

Forecasts predict the 1998/99 winter season will bring wetter-than-average weather conditions with cooler temperatures and higher-than-average snowfall in the Cascades and much of eastern Oregon and Washington. BPA is preparing its transmission system to meet these weather conditions. BPA expects its transmission to load centers will be sufficient to serve all load even in extremely cold weather with all lines in service. BPA is working to ensure that all lines stay in service to minimize risk of voltage collapse in Puget Sound and the Willamette Valley. Since 1989, BPA has added two substations that reinforce the transmission system in the Puget Sound area.

Crews are checking transmission lines including lines that make up the interties to British Columbia, Montana, Idaho and California to assure adequate power import capability. Crews are preparing for colder temperatures and stormy conditions by inspecting critical equipment and transmission circuits and performing anticipated maintenance prior to the winter months. Employees are also reviewing stocking levels and location of critical spares and assuring work equipment is ready for the winter season.

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Duncan to head Bonneville Environmental Foundation

Angus Duncan will be the executive director of the Bonneville Environmental Foundation. U.S. Senator Mark O. Hatfield (retired), the foundation's president, made the announcement. Duncan served as president and senior fellow of the Columbia/Pacific Institute for Energy and the Environment. The institute, which is affiliated with Portland State University, initiates and participates in the making of energy and Columbia River management policies.

The Bonneville Environmental Foundation will enhance fish runs and wildlife habitat in the Northwest while investing in clean energy. The Renewable Northwest Project, the Natural Resources Defense Council and the Northwest Energy Coalition unveiled the Bonneville Environmental Foundation in June. The three environmental groups agreed to endorse select, environmentally preferred resources. BPA would market the power to purchasers who agreed to pay an environmental premium. The premium, an amount above BPA's basic cost of power, will help support the foundation.

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PUBLIC INVOLVEMENT

Status Reports

BPA/Lower Valley Transmission Project.

Idaho and Wyo. — To resolve a voltage stability problem in the Jackson and Afton, Wyo. areas; new 115-kV line proposed on existing right-of-way. BPA and the Forest Service have decided to build the line. ROD is available. Call to receive a copy.

Big Eddy-Ostrander Vegetation Management EA.

Ore. — To control vegetation on two segments of the 500- kV transmission line right-of-way. One segment is from Lolo Pass to near Parkdale. The other segment is east of Parkdale. An EA is being prepared. Call to be added to the mail list.

Bonneville-Hood River Vegetation Management EA.

Ore. — To control vegetation on the 115-kV transmission line right-of-way between Bonneville Dam and Hood River. The EA and FONSI are available. Call to receive a copy.

Columbia Wind Farm #1.

Wash. — The final EIS (#2682) is available. Call to receive a copy.

Fourmile Hill Geothermal Development Project EIS (Calpine).

No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Klamath and Modoc forests. BLM has the lead. BPA is a cooperating agency. A final EIS and summary are available. Call to receive a copy.

Johnson Creek Artificial Propagation Enhancement.

Idaho — Development of a native chinook salmon broodstock for rearing of acclimated smolts to preserve and recover the population. An EA is being prepared. Call to be added to the mail list.

Northwest Regional Power Facility.

Wash. — To construct a combustion turbine near Creston. The final EIS (#2887) and a Supplement Analysis is available. Call to receive a copy.

Select Area Fisheries Evaluation.

Ore. and Wash. — Placement of net pens in Clifton Channel, Deep River and Steamboat Slough. A revised FONSI is being prepared. Call to be added to the mail list.

South Oregon Coast Reinforcement EIS.

Ore. — To reinforce electrical service to the southern Oregon coast and provide the necessary

transmission for Nucor Corp. to build a new steel mill in the Coos Bay/North Bend area. The Bureau of Land Management, Forest Service, U.S. Fish and Wildlife and Corps of Engineers are cooperating agencies. A draft EIS is being prepared. Call to be added to the mail list.

Telephone Flats Geothermal Project EIS (CalEnergy).

No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Modoc Forest. BLM has the lead and BPA is a cooperating agency. The draft EIS and summary are available. Call to receive a copy.

Vegetation Management Program EIS.

Regionwide — To develop a vegetation management program while maintaining a safe and reliable transmission system. The draft EIS is being prepared. Call to be added to the mail list.

Yakima River Basin Water Enhancement Project Programmatic EIS.

Wash. — The Bureau of Reclamation has the lead and BPA is a cooperating agency. The final programmatic EIS is being prepared. Call 1-800-861-5443 to be added to the mail list.

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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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An archive of past *Journals* is available on the Internet at <http://www.bpa.gov/Corporate/KC/home/journal/>.

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:

The *Journal* is a monthly newsletter of the Bonneville Power Administration for customers and interested publics.

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