



# Journal

December 2012

## I-5 project draft EIS released

After three years of information gathering and thorough analysis of likely advantages and disadvantages documented in its draft environmental impact statement, BPA has identified the Central Alternative using Central Option 1 as its preferred alternative for the I-5 Corridor Reinforcement Project. The proposed 79-mile line would connect a new substation north of Castle Rock, Wash., with another new substation in Troutdale, Ore.

“We have heard from many people their desire for us to identify a preferred alternative sooner rather than later,” said BPA Administrator Steve Wright. “The preferred alternative represents a healthy balance of our accountability to the region, particularly to those who participated in the public process; our responsibility to manage costs for regional ratepayers; our role as responsible environmental stewards and our goal of operating a reliable transmission system.”

Though BPA has identified a preferred alternative, all other alternatives in the draft EIS are still being considered. It is important that landowners along the preferred route help BPA further identify issues that may exist with proposed transmission tower and access road locations.

The current cost estimate for the preferred alternative is \$459 million – not the lowest-cost or highest-cost alternative. However, the preferred alternative avoids many small, rural parcels of private land by crossing significant lengths of land held by large public and private landowners, as well as avoiding the most environmentally, mission-sensitive and high impact lands these entities manage on the East Alternative. Also, BPA expects that the Army Corps of Engineers will ultimately be able to issue the required wetland permits to build this preferred route.

The primary driver for the proposed line is to maintain system reliability in the area. BPA has recently committed to invest in facility upgrades that delay the reliability need from roughly 2016 to 2018. Some commercial requests for BPA transmission service impact the project area. But even if there were no commercial requests for service requiring the I-5 Corridor Reinforcement Project, BPA would still need to take action to assure reliability of electrical service.

A CD copy of the nearly 2,000-page draft EIS was mailed to everyone on the project mailing list. To save paper and

reduce costs, BPA is limiting the number of print copies available. Individuals who are unable to access the document via the Internet or CD can review print copies at community locations listed in the latest Project Update.

Between Dec. 4 and Dec. 15, 2012, BPA will make project staff available at drop-in sessions in Castle Rock, Amboy, Camas and Vancouver, Wash. Six formal public meetings are scheduled between Jan. 10 and Feb. 6, 2013. These meetings will include designated times for verbal comments and open house stations where attendees can interact with BPA staff and obtain project information.

BPA will take public comment on the draft EIS through March 1, 2013 and expects to complete and release the final EIS in 2014. Following that release, BPA will issue its final decision on whether to build the project. If a decision is made to build, that record of decision will explain which route BPA will build. A decision to build would result in construction beginning in 2015 and energization in 2018.

For more information, go to [www.bpa.gov/goto/I-5](http://www.bpa.gov/goto/I-5).

## BPA proposes rate increase to bolster system

Energy market prices have been, and are forecast to be, suppressed by low natural gas prices, reducing BPA's revenue expectations from surplus power sales. The agency recently proposed a 9.6 percent average wholesale power rate increase to compensate for reduced revenue expectations from surplus power sales and to continue funding needed for investments in the Federal Columbia River Power System.

BPA is also proposing a 13 percent increase in its transmission rates, mainly due to continued efforts to maintain system reliability and meet increasing demands for transmission in the Pacific Northwest. BPA initially managed these increasing costs without rate increases. If adopted, it would be the first transmission rate increase in eight years.

In January of this year, BPA began a discussion with the region about its proposed programs, future costs and potential rates for fiscal years 2014 and 2015. At the outset of those discussions, BPA forecast that its power rates



could increase between 12 and 21 percent for those years. Transmission rates were forecast to increase by approximately 12 percent.

“We are acutely aware of the economic impact of our rates and have worked closely with the region to develop a plan that keeps rates as low as possible while making needed investments in infrastructure,” said Steve Wright, BPA administrator and chief executive officer. “We remain committed to covering all our costs and providing timely repayment to the U.S. Treasury.”

The rate proposal will be considered during a public rate setting process in the coming months, culminating in a July 2013 decision on final rates to take effect Oct. 1, 2013.

Concurrent with the power and transmission rate case, BPA is holding an oversupply rate case. This rate case is limited to the recovery of the costs BPA incurs while implementing its Oversupply Management Protocol, under which BPA pays generators for the income they lose when the agency curtails their output during oversupply. BPA is proposing to collect 50 percent of the oversupply costs from its power customers and 50 percent from the generators.

During the rate proceeding, ex parte restrictions are in effect. Under ex parte, any communications regarding the merits of any issue in BPA’s rate case by BPA or other Department of Energy personnel with other executive branch agencies, Congress, existing or potential BPA customers, and nonprofit or public interest groups, must occur at an open meeting that has been noticed to all parties.

For more information, go to [www.bpa.gov/Finance/RateCases/Pages/default.aspx](http://www.bpa.gov/Finance/RateCases/Pages/default.aspx), or see the fact sheet called “What’s a rate case?” at [www.bpa.gov/news/pubs/Pages/FactSheets.aspx](http://www.bpa.gov/news/pubs/Pages/FactSheets.aspx).

## **BPA helps restore power following Hurricane Sandy**

In the wake of the powerful winds and storm surge of Hurricane Sandy, some 8.5 million customers across a 21-state region were left without power. On Nov. 3, BPA began deploying transmission and electrician crews, along with vegetation removal contractors, to the Jersey shore to help get the lights back on.

In all, 106 employees – 67 BPA and 39 contractors – were sent along with 72 pieces of heavy equipment ranging from utility trucks to power generators and backhoes. The crews and equipment were transported by U.S. Air Force C-5s and C-17s from Joint Base Lewis McChord near Olympia, Wash., and Fairchild Air Force Base near Spokane, Wash.

The response was part of a larger effort from the Department of Energy and Federal Emergency Management Agency to help communities and infrastructure damaged by the storm. On Nov. 9 at midnight, the formal FEMA mission assignment ended and BPA entered into a mutual aid agreement with First Energy, the parent company of Jersey Central Power and Light. The cost of the BPA deployment was covered by FEMA and First Energy.

In New Jersey, line crews worked on restoring power to individual homes as well as repairing lines. Substation crews traveled to the barrier islands – one of the hardest hit areas – to begin the daunting challenge of bringing four substations back on line after they were flooded with more than 3 feet of seawater, mud and debris.

With critical infrastructure work waning, crews began demobilizing Nov. 17 to ensure that everyone could return home for Thanksgiving.

BPA crews were met with great gratitude by a public that had faced an extended power outage. A letter from the McNamara family of Little Silver, N.J., captured the sentiment best:

“I am writing this note to you to let you know how grateful I am for the work that Marty, Travis, Mike and all the other guys did to help us out. I know how hard you guys have been working – long 16 hour days – and I can’t imagine how exhausted they must have been at the end of the day on Saturday – yet they stopped and helped us.

“I am convinced that no one else could have done this job. Nobody had the tree-climbing gear to get up into those trees and do what they did...”

“While I can’t remember all of the names of the guys, they referred to themselves as the ‘Bare Hand Crew’ – so I think you know who they are. They should be commended for the work they did, and we will be forever grateful!!!!!!!!!!!!”

## **2012 Annual Report available**

The agency’s current triumphs and challenges are laid out in the 2012 Annual Report, now available online. Over the course of BPA’s 75th year, a positive financial outcome was anything but certain. But after three challenging quarters, the interplay of consistent hard work and inconsistent weather patterns found a favorable conclusion, and BPA finished fiscal year 2012 solidly in the black for the second year in a row.

With net revenues of \$87 million, BPA met its financial targets and made an \$886 million payment to the U.S. Treasury. The agency remained faithful to its commitment to disciplined financial management in 2012, the 29th consecutive year it has made its Treasury payment on time and in full.

The annual report also provides a glimpse of the storytelling that will be featured in BPA's 75th anniversary history book, "Power of the River," expected to be released in December. From the dogged quest to uncover Woody Guthrie's lost musical legacy to the agency's seminal role as a commercial wind farm pioneer with DOE, Boeing and NASA, the annual report offers seven enticing snapshots of BPA history from 1980 to the present, adapted from the 75th anniversary book.

Read the report at [www.bpa.gov/goto/AnnualReport](http://www.bpa.gov/goto/AnnualReport).

## Murray, Cantwell kick off smart grid project

Highlighted by appearances from Sens. Patty Murray and Maria Cantwell, both D-Wash., a press conference at the University of Washington officially kicked off the "go-live" phase of the Pacific Northwest Smart Grid Demonstration Project.

"Lighting up the largest smart grid demonstration in the nation" was the official theme of this event, part of the university's Sustainability Week celebration. But many of the event's speakers focused on a more subtle aspect of the project – the unparalleled collaboration that brought such a large and diverse group of partners together.

As Sen. Cantwell remarked, "Looking around this room, it's clear we have the talent, technology and tools to become a leader in the energy economy of the future. So congratulations to all of the project's partners and the students who are making this possible."

BPA Deputy Administrator Bill Drummond summed up how the regional cooperation started at the top, with elected officials, and trickled down to the heart and soul of the smart grid project – the people who are implementing the technologies and programs in their homes, businesses and even dormitories.

"I want to thank Sen. Murray for her leadership on the Appropriations Committee, for securing the funding that took this project from a small demonstration to a major initiative," Drummond said.

"And I want to thank Sen. Cantwell for championing smart grid, including sponsoring legislation that provided framework for smart grid demonstrations nationally. I also want to thank our utilities, Pacific Northwest National Laboratory, and our end-use partners – the consumers of electricity – for making this a collaborative effort. The Pacific Northwest is providing national leadership in sustainability, and we couldn't do it without all of these dedicated partners."

One of BPA's major roles in the project is developing the business case for smart grid investments, which will inform the Northwest which major infrastructure and technology investments will provide the greatest value to ratepayers in the long run. The regional pilot project will help the Pacific Northwest make those decisions. And considering the scale of the project, the results of the business case will also serve as a resource to other regions across the country.

For an overview of the Pacific Northwest Smart Grid Demonstration Project, go to [www.pnwsmartgrid.org](http://www.pnwsmartgrid.org).

# Public Involvement [Updates & Notices]

## AGENCY PROJECTS

### BP-14 and OS-14 Rate Cases [Regionwide]

BPA released two initial rate proposals and initiated two rate proceedings to set rates for the 2014-2015 fiscal years. Power and transmission rates will be set in one docket, BP-14. The initial proposal contains supporting studies and documentation detailing an average Power rate increase of 9.6 percent and an average Transmission increase of 13 percent. A separate docket, OS-14, proposes rates to recover the costs BPA incurs under its Oversupply Management Protocol. The protocol authorizes BPA to displace generation in its balancing authority with federal hydropower and provide compensation to generators for certain costs related to the displacement. The rate proceedings will culminate in the agency filing final rate proposals and administrator's records of decision with the Federal Energy Regulatory Commission in late July 2013. BPA will request approval for the rates to be effective Oct. 1, 2013. For information, go to [www.bpa.gov/Finance/RateCases/Pages/default.aspx](http://www.bpa.gov/Finance/RateCases/Pages/default.aspx).

## PROJECTS UNDER REVIEW

### Power

#### Port Townsend power purchase contract [Regionwide]

The administrator signed the Record of Decision to extend Port Townsend Paper Corp.'s existing power purchase contract nine years, until September 2022. Agency executives plan to sign the extension to the contract this month, marking a significant step toward preserving jobs and supporting the economy of Jefferson County. The ROD is posted at [www.bpa.gov/goto/DSI](http://www.bpa.gov/goto/DSI).

#### Cost Verification Process for the FY 2012 Slice True-Up Adjustment Charge [Regionwide]

BPA has posted for public review and comment the Composite Cost Pool True-Up Table and the Slice True-Up Adjustment, which reflects the actual expenses and revenue credits for FY 2012. This resulted in an FY 2012 Slice True-Up Adjustment that is an \$11.831 million credit

to Slice customers. This posting initiates the Cost Verification Process for the Slice True-Up Adjustment Charge. Through Dec. 14, customers may submit Slice True-Up Adjustment issues for consideration by BPA to be included in the Agreed Upon Procedures. These are miscellaneous financial services provided to BPA by an external auditor. For information, go to [bpa.gov/Finance/CostVerification](http://bpa.gov/Finance/CostVerification). To submit issues, go to [www.bpa.gov/goto/publiccomments](http://www.bpa.gov/goto/publiccomments).

### Prepayment Program [Regionwide]

BPA will select participants for the Prepayment Program in early December. The agency decided in November to offer customers the option to prepay for a portion of their planned power purchases through FY 2028. For BPA, prepayment of power bills offers a potentially attractive low-cost method for funding projects and a viable source of nonfederal financing. In consideration for the prepayment, the prepaid amount would be amortized and credited monthly on participants' power bills through Sept. 30, 2028. Selected customers will provide funds to BPA in April 2013. For information, go to [www.bpa.gov/goto/powerprepay](http://www.bpa.gov/goto/powerprepay).

## FISH AND WILDLIFE

### Lolo Creek permanent weir fish trapping facility [Clearwater County, Idaho]

BPA is considering comments on a proposal to fund the replacement of a 10-year-old seasonal fish weir. The draft EA is expected in December. For information, go to [www.bpa.gov/go/lolocreekweir](http://www.bpa.gov/go/lolocreekweir).

### Kootenai River Native Fish Aquaculture Program [Boundary County, Idaho]

BPA expects to release a preliminary EA in December. For information, go to [www.bpa.gov/go/kootenaiaquaculture](http://www.bpa.gov/go/kootenaiaquaculture).

### Klickitat Hatchery Complex Program [Klickitat and Yakima counties, Wash.]

BPA is incorporating comments into the final EIS, expected in early 2013. For information, go to [www.efw.bpa.gov/environmental\\_services/Document\\_Library/Klickitat\\_Hatchery\\_Program/](http://www.efw.bpa.gov/environmental_services/Document_Library/Klickitat_Hatchery_Program/).

## TRANSMISSION

### I-5 Corridor Reinforcement Project [Cowlitz and Clark counties, Wash., and Multnomah County, Ore.]

BPA has released the draft EIS documenting potential impacts of a proposed 500-kV transmission line that would run from a new substation near Castle Rock, Wash., to a new substation near Troutdale, Ore. The draft EIS describes the proposed project and why it is needed, discusses the environmental impacts the project would create, lists mitigation measures that would lessen or eliminate those impacts, and identifies BPA's preferred alternative. BPA is accepting comments on the draft EIS through March 1, 2013, and will host several opportunities for public participation during the comment period. For information, go to [www.bpa.gov/goto/i-5](http://www.bpa.gov/goto/i-5) or call 800-230-6593. [SEE CALENDAR]

### Precedent Transmission Service Agreement reform [Regionwide]

BPA finalized negotiations with individual customers on their proposals to withdraw or modify PTSAs. The agency posted the term sheets

in late November and will accept public comments on each proposal through Dec. 14. For information, go to [http://transmission.bpa.gov/customer\\_forums/nos\\_gi\\_reform/](http://transmission.bpa.gov/customer_forums/nos_gi_reform/).

### Network Open Season and Generation Interconnection reform [Regionwide]

BPA briefed Federal Energy Regulatory Commission staff in November on aspects of the plan for the next Network Open Season process. The agency expects to update customers and stakeholders at a meeting in early December. BPA will update the project website and external event calendar when a date is selected. For information, go to [http://transmission.bpa.gov/customer\\_forums/nos\\_gi\\_reform/](http://transmission.bpa.gov/customer_forums/nos_gi_reform/).

### Northern Mid-Columbia joint transmission construction project [Douglas and Chelan counties, Wash.]

BPA and Douglas County PUD are assessing potential environmental impacts of a proposed transmission construction project in Washington – a nine-mile 230-kV transmission line that would interconnect with BPA's Columbia Substation south of Rock Island, Wash. BPA is accepting comments through Dec. 14. For information, go to [http://efw.bpa.gov/environmental\\_services/Document\\_Library/NMC\\_Joint\\_Project](http://efw.bpa.gov/environmental_services/Document_Library/NMC_Joint_Project).

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## CALENDAR OF EVENTS

To view BPA's public involvement calendar, go to [www.bpa.gov/go/calendar](http://www.bpa.gov/go/calendar). For Americans with Disabilities Act accommodations, call toll free 800-622-4519.

### NOS and PTSA Reform customer workshop

- **Dec. 6**, 9 a.m. to 4:30 p.m., BPA Rates Hearing Room, 911 NE 11th Ave., Portland, Ore.

### I-5 Corridor Reinforcement Project public meetings

- **Jan. 10**, 5 to 9 p.m., Liberty Middle School Cafeteria, 1612 NE Garfield St., Camas, Wash.
- **Jan. 12**, 1 to 5 p.m., Amboy Middle School Common Room, 22115 NE Chelatchie Road, Amboy, Wash.
- **Jan. 23**, 5 to 9 p.m., Battle Ground Community Center, 912 E. Main St., Battle Ground, Wash.
- **Feb. 2**, 1 to 5 p.m., Mark Morris High School Common Room, 1602 Mark Morris Court, Longview, Wash.
- **Feb. 4**, 5 to 9 p.m., Castle Rock Elementary Multipurpose Room, 700 Huntington Ave. S., Castle Rock, Wash.
- **Feb. 6**, 5 to 9 p.m., Clark College Gaiser Hall Student Center and Fireplace Room, 1933 Fort Vancouver Way, Vancouver, Wash.

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## CLOSE OF COMMENT

Submit comments to [www.bpa.gov/comment](http://www.bpa.gov/comment).

- **Dec. 14** – Northern Mid-Columbia joint transmission project
- **Dec. 14** – Precedent Transmission Service Agreement proposals
- **Dec. 14** – Cost Verification Process for the Slice True-Up Adjustment Charge
- **Feb. 15** – BP-14 and OS-14 Rate Cases

The Journal is a monthly publication of the Bonneville Power Administration. If you have questions or comments, or you want to be added to the mailing list for any project, call toll free (800) 622-4519.

To order copies of documents, call: (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](mailto:comment@BPA.gov). BPA home page: [www.bpa.gov](http://www.bpa.gov). For details on BPA environmental reviews listed above, including site maps and documents issued to date, see [www.efw.bpa.gov/environmental\\_services/nepadocs.aspx](http://www.efw.bpa.gov/environmental_services/nepadocs.aspx). Process Abbreviations: EA-Environmental Assessment, EIS-Environmental Impact Statement, ESA-Endangered Species Act, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision.

