



A PUBLICATION FROM THE BONNEVILLE POWER ADMINISTRATION



December 1998



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1999 BPA priorities

BPA will focus on four priorities in 1999. They are Subscription, controlling costs, a unified fish plan and positioning the Transmission Business Line to respond to Federal Energy Regulatory Commission initiatives supporting transcos and independent system operators.

- [Subscription](#) — BPA will have a [Subscription](#) process for power sales contracts that would go into effect in fiscal year 2002 and could extend five years or more. BPA expects to negotiate contracts and sign customers throughout 1999 and into the first quarter of 2000. BPA's 1999 power rate case will establish prices for the Subscription power products.
- [Controlling costs](#) — BPA's cost-based rates need to be below market rates for BPA to retain and attract customers. To keep rates down, BPA plans to control costs and enhance efficiencies. BPA agreed to accept recommendations from a panel of industry experts to make a total of \$130 million in annual cost reductions and revenue enhancements for the years 2002-2006. BPA intends to pursue legislation that would allow the agency to redesign its personnel, procurement and property management rules with the goal to help BPA become a more efficient organization in the deregulated market.

- Fish and wildlife — BPA's most challenging goal is to seek a long-term agreement that will define the obligations the federal hydro system must meet on behalf of Columbia Basin fish and wildlife. The agreement is also expected to include the actions that will be required to meet those obligations. The agreement is expected to include a financial goal to keep BPA's cost-based rates below market so it will be affordable and predictable for ratepayers. BPA has hired Lorri Bodi to lead the agency in seeking the unified fish plan.
- Separating generation and transmission — BPA has administratively separated its power and transmission functions to voluntarily comply with the [Federal Energy Regulatory Commission's](#) order for investor-owned utilities to separate generation and transmission. It is possible that the industry is headed for a future in which all transmission businesses will be completely separate from power marketing functions, and that future could be relatively soon. FERC is expected to issue a notice in 1999 that may lead to the establishment of independent system operators or separate transmission companies known as transcos. BPA Administrator Judi Johansen has suggested that the Pacific Northwest Utilities Conference Committee lead the region in discussions to create a single grid entity. BPA wants to be prepared in the event it becomes necessary to legally separate BPA's transmission function into an agency distinct from its power business.

No decision has been made, and it would require legislation to separate BPA into two agencies. But BPA is studying the challenges raised by separation, such as protecting the security of BPA's capital repayment obligations, including Washington Public Power Supply System bonds.

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BPA announces leadership team

BPA recently announced four new senior vice presidents in a new organization that is streamlined and focused on achieving key strategic directions. The changes are subject to approval by the [U.S. Department of Energy](#).

The agency's three top-level positions remain the same: Judi Johansen as administrator, Jack Robertson as deputy administrator and Steve Hickok as chief operating officer. All other agency functions will be grouped into four broad areas: General Counsel, Corporate, Power Business Line and Transmission Business Line. Senior vice presidents will head each of the four areas.

Harvey Spigal will return to General Counsel after heading BPA's transmission functions for the past two years. He returns to lead the agency through much legislative scrutiny and great potential for legal change. Ahead are a Northwest chapter of a national electricity restructuring bill as well as legislative initiatives that could mean total BPA business separation, administrative changes, river governance and greater regional determination.

BPA's Corporate group will lean on the experience of Steve Wright, who will phase out from BPA's Washington, D.C., office. The Corporate group will pull together the overarching agency strategy and strategic support functions. These functions include Finance and Administration, Environment/Fish and Wildlife, Strategic Planning and Public Affairs.

Paul Norman was named permanent head of the Power Business Line. As acting vice president of PBL, Norman already has guided the business through tumultuous change. Most recently, Norman shepherded the business through successful pre-Subscription contract sign-ups, major public involvement initiatives, establishment of fish funding principles and the current Subscription proposal for power contracts.

Mark Maher will head the Transmission Business Line on an acting basis. Because he is a new member of the Senior Executive Service, his position must be competed. Maher, who has been vice president of Generation Supply in the PBL, brings strong management skills and experience in how the hydro system and transmission system interact.

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BPA saves over \$17 million a year

BPA will save \$17.4 million annually in fiscal years 2002-2006 through recent bond refinancings. BPA took advantage of the economy's low interest rates by refinancing seven of the agency's U.S. Treasury bonds in fiscal year 1998. When BPA issued each of the bonds, the agency paid for options to call the bonds prior to their due dates. BPA exercised these options when the agency refinanced these bonds. The principal amount of the seven bonds was \$664 million — more than a quarter of BPA's Treasury bond portfolio. Periodically, BPA issues bonds to the Treasury to finance BPA transmission, conservation, fish and wildlife, environment and some [U.S. Army Corps of Engineers](#) and [Bureau of Reclamation](#) capital expenditures. BPA pays back these bonds to the Treasury with interest. Most of the debt service savings were realized on transmission bonds because those bonds have longer maturities and, therefore, tend to have higher interest rates than other bonds. If interest rates continue at low levels, BPA hopes to achieve more savings, particularly in FY2000, as other Treasury bonds become due or callable.

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Environmental foundation receives first payment

The Bonneville Environmental Foundation received a payment of \$228,636 recently as a result of a BPA sale to Emerald PUD. The money represents a premium over BPA's priority firm rate that Emerald was willing to pay to buy power from the Packwood and Idaho Falls dams. Power from these dams that are not in areas with significant fish migrations, has been endorsed as environmentally superior by the Renewable Northwest Project, [Northwest Energy Coalition](#) and [Natural Resources Defense Council](#). The funds will be used to promote renewable resources and enhance fish and wildlife habitat in the Pacific Northwest. This is the first power sale payment to the new foundation, which was launched earlier this year with Sen. Mark Hatfield as its chairman.

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BPA will accept your comments on contract provisions

Based on comments on BPA's draft Subscription Strategy Proposal, BPA has decided to issue three key contract provisions for a 30-day public review once the final Subscription Strategy is released. They include: (1) cost recovery, (2) uncontrollable forces and (3) governing law and dispute resolution. Your comments will help BPA craft language that balances regional concerns. BPA will accept comments through Jan. 22, 1999, and will make decisions on final language before the start of Subscription, currently scheduled for Feb. 1, 1999. Comments on the contract provisions are to be sent to: Bonneville Power Administration, P.O. Box 12999, Portland, OR 97212 or fax them to (503) 230-4019. The contract provisions are available on [BPA's Web site](#) or are also available by calling BPA's Public Information Center at 1-800-622-4519.

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New technology comes to the NW

The first Northwest home powered by a fully integrated fuel cell system was unveiled in Bend, Oregon, by Northwest Power Systems, which built the experimental unit under contract to BPA. The company

described the power unit as a manually operated one-of-a-kind prototype for a new generation of environmentally friendly power. The fuel uses methanol and water. "The BPA unit supplied all of the base-load electric power required by the residence," according to Alan Guggenheim, president of Bend-based Northwest Power Systems. The operating cost to power the three-bedroom, 2,200 square foot home is 14 cents a kilowatt hour, compared to 6 cents for a regular utility hook-up. Guggenheim said the goal is to reduce operating costs and introduce a commercial product by 2000. The company predicts that hundreds of large utilities, as well as electric co-ops in the region, will use fuel cells in remote locations to replace emergency propane or diesel power back-up. BPA is planning a conference on new technologies (including fuel cells) tentatively scheduled for next February.

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Pikeminnow program helps save salmon

During BPA's 1998 Northern Pikeminnow Sport Reward season, anglers were able to take more than 107,000 of the salmon-eating northern pikeminnow out of the Columbia and Snake rivers. Over one million predatory northern pikeminnow have been removed from the Snake and Columbia rivers since 1990. As a result of these removals, researchers estimated a 38 percent reduction in juvenile salmon losses to northern pikeminnow for 1999.

Larry Shimp of The Dalles, Ore., won \$5,000 in the prize drawing from vouchers turned in during the season. The top angler this year was Earl Miller of Camas, Wash. Miller earned over \$15,000 during the 1998 season that began May 4 and was extended through Oct. 11. BPA offered a \$3 to \$5 reward for every northern pikeminnow 11 inches or longer returned to a registration station. Next year BPA plans to boost the reward to \$4 to \$6 per fish.

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PUBLIC INVOLVEMENT

Status Reports

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.

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.

Mid-Columbia Coho Restoration Feasibility Project.

Washington — A project to implement various studies and research projects on the feasibility of restoring coho salmon to the mid-Columbia tributaries. BPA has the lead and the Yakama Indian Nation and the

Washington Department of Fish and Wildlife are cooperating agencies. 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 Robert Black, BOR 303-445-2704 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

Visit the BPA home page at <http://www.bpa.gov>.

An archive of past *Journals* is available on the Internet at <http://www.bpa.gov/Corporate/ACC/jl/jl2x.htm>.

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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Address comments to: P.O. Box 12999, Portland, OR 97212.

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