

Journal

January 2013

FERC issues oversupply orders

FERC issued two orders on Dec. 20 that address seasonal power oversupply. In one order, FERC denied BPA's request for rehearing of the Commission's Dec. 7, 2011, order on the agency's Environmental Redispatch policy. In the second order, FERC conditionally accepted BPA's Oversupply Management filing, in which BPA set forth terms to displace generation as a last resort under certain oversupply conditions, and to compensate edispatched generators for their unavoidable costs. FERC indicated that BPA's proposal of a 50/50 cost allocation between generators that submit displacement costs and federal power customers would not provide comparable transmission service. Within 90 days of the order, BPA is to file a revised cost allocation methodology or a new method to ensure comparability in the provision of transmission service. The agency is assessing the orders.

BPA and Alcoa sign 10-year contract

In December, BPA and Alcoa signed a 10-year power sales agreement during a ceremony at the aluminum smelter's Intalco Works plant in Ferndale, Wash. The new contract provides long-term certainty to the plant and its 625 employees while providing BPA and the Northwest financial and operational benefits.

"This is fantastic news for Washington state and the Intalco community in Ferndale," said U.S. Senator Patty Murray, D-Wash., at the ceremony. "Today's signing of this long-term contract shows what can happen when government and industry come together to create jobs and help families across our state."

Beginning Jan. 1, 2013, the new agreement will provide 300 average megawatts yearly through September 2022. Intalco started operations in 1966 and has three potlines capable of producing 279,000 metric tons of aluminum per year.

BPA's current power sales contract with Alcoa was set to expire May 26, 2012, but was extended via a series of short-term agreements to allow time for the development and public review of the long-term agreement.

"With this agreement, Alcoa is electing to be part of the Northwest community seeking to solve some of our most difficult challenges," said Steve Wright, BPA administrator. "It provides benefits for BPA power customers in the form of lower rates in the near term and increased long-term rate stability. It also provides operating flexibility to help deal with intermittent resources like wind while moving a step closer to resolving longstanding litigation over benefits BPA provides to residential and small-farm customers of investor-owned utilities."

While preparing the power sales agreement, BPA conducted an analysis, called the equivalent benefits test, to determine whether net benefits would flow to BPA ratepayers through a contract with Alcoa. The results of that analysis show that service can be provided through September of 2022 while continuing to benefit all BPA ratepayers.

For fiscal years 2014 and 2015, BPA is forecast to receive a yearly net benefit of \$15 million, lowering the proposed preference power rate for those two years by nearly a full percentage point (from 10.5 percent to the proposed 9.6 percent rate increase).

Port Townsend Paper contract extended

BPA and Port Townsend Paper Corp. signed an amendment to the existing power sales contract that provides one of the largest employers on the Olympic Peninsula another nine years of low-cost federal power. The amendment extends the term of the contract through September 2022, preserving 300 family wage jobs in a community of 8,300 residents while providing BPA and the Northwest financial and operational benefits.

The amendment was signed during a ceremony in December at the Northwest Maritime Center in Port Townsend, Wash.

"Congratulations to BPA and Port Townsend Paper for this ongoing successful partnership," said Washington Gov. Chris Gregoire. "These 300 jobs make the world



of difference to these families and the economy of the peninsula.”

Port Townsend Paper Corp.’s current contract with BPA runs through Aug. 31, 2013, with the amendment starting the following day. It has BPA continuing to provide 20.5 average megawatts. However, BPA expects the newly formed Jefferson County PUD to take over serving 8.5 average megawatts of Port Townsend Paper’s load in July 2013. In that case, BPA would continue to serve the remainder of the mill’s load, approximately 12 average megawatts, enough electricity to serve more than 8,000 homes for a year.

Roger Loney, Port Townsend Paper president, said, “Today we are celebrating the signing of a new nine-year power supply contract with BPA, which is critical for additional growth for the mill.”

In addition to the financial benefits, the power sales contract requires Port Townsend Paper to make available to BPA 10 percent of the power delivered to the mill should BPA need it to meet its obligations during a system disturbance.

“For more than 65 years, this important foundation of the Olympic Peninsula economy has operated using low cost, zero air-emissions electric power from the dams on the Columbia and Snake rivers,” said Steve Wright, BPA administrator. “Now, after years of debate, we are committing to at least another 10 years of service that we believe creates a symbiotic effect of benefiting ratepayers across the Northwest as well as this community.”

Port Townsend Paper Corp., celebrating its 85th anniversary this year, has received power from BPA since 1947.

BPA customers pay it forward

Four BPA customers will provide nearly \$350 million in electricity prepayments that BPA will use to fund capital investments at the Northwest’s 31 federal hydroelectric dams. The customers’ prepayments will be reflected as credits in their monthly power bills through 2028. The funds will be used primarily to refurbish aging federal hydropower facilities in the Pacific Northwest, such as Grand Coulee Dam.

Through the 2012 Power Prepayment Program, BPA provided customers the opportunity to bid on blocks of power worth \$50,000 per month. Acceptance of these prepayment offers is the product of two years of collaboration between BPA and its power customers. After presenting the concept to its customers, BPA and a regional team of representatives from its customer utilities worked to design the program.

BPA accepted offers at \$6.8 million for each of the 51 blocks. In exchange for each block, BPA will provide a prepayment credit of \$50,000 per month, which will be reflected on each participating customer’s bill. The transaction results in a 4.26 percent return for participants, which is slightly higher than the 3.63 percent 30-year rate BPA would otherwise use to make hydro improvements through U.S. Treasury borrowing. BPA’s ability to borrow from the Treasury is limited by statute.

BPA’s forecast for capital spending includes \$1 billion a year or slightly more through 2016. If BPA were to use only its Treasury borrowing authority to fund its capital activities, the agency forecasts it could exhaust that low-cost source of funding as early as 2017. The Prepayment Program, as well as other potential financing mechanisms BPA is exploring or using to optimize use of Treasury borrowing authority, is outlined in the agency’s draft 10-year access to capital strategy at www.bpa.gov/Finance/FinancialPublicProcesses/Pages/Access-to-Capital.aspx.

BPA selects two new VPs

BPA named two new vice presidents in December. Larry Bekkedahl is the new senior vice president for Transmission Services, and Richard G nec  will be the vice president of Energy Efficiency.

Larry Bekkedahl joined BPA in the spring of 2008, serving as Transmission Services vice president of Engineering and Technical Services until he was appointed deputy senior vice president of Transmission Services in July 2012. In that position, he oversaw most of the organization’s day-to-day operations.

“Larry has helped BPA manage a growing capital program, which includes an almost unprecedented expansion of our transmission network and several other high-profile projects, since joining BPA almost five years ago,” Administrator Steve Wright said. “His knowledge of Northwest energy issues and experience at every level with a variety of transmission customers in the region will help BPA continue to provide adequate, reliable and safe transmission service to the region.”

Bekkedahl will manage vice presidents overseeing engineering and technical services, field services, planning and asset management, and marketing and sales. Bekkedahl takes over as BPA Transmission Services continues to meet challenges including constructing or considering several new high-voltage lines, managing its transmission service requests through a revised Network Open Season process and meeting increasing regulatory requirements.

Richard Génécé will join BPA on Jan. 7. He brings with him more than two decades of energy efficiency, sustainability and marketing experience to the vice president of Energy Efficiency position.

Greg Delwiche, BPA senior vice president for Power Services, expressed enthusiasm about the opportunity to add a senior executive of Génécé's experience and ability to the Power Services management team.

"Richard understands the value of energy efficiency and has the background and marketing experience to lead our effort to expand energy efficiency in the Northwest," Delwiche said. "His knowledge and skill will be valuable as BPA and the region's other utilities work to meet 85 percent of the Northwest's growing energy needs with our resource of choice — energy efficiency."

Most recently, Génécé worked as the residential portfolio manager of energy efficiency programs in Southern

California Edison's Customer Energy Efficiency and Solar Division. Since November 2008, he has managed a portfolio of programs consisting of hundreds of millions of dollars in incentives and rebates for energy efficiency programs available to SCE's nearly 14 million customers. It includes one of the country's largest lighting programs, with more than 4,000 participating retail locations, as well as energy efficiency initiatives promoting appliances and home devices.

BPA's Energy Efficiency vice president is one of four vice president positions in Power Services. Génécé will manage a diverse portfolio of commercial, industrial, residential, agricultural and federal energy efficiency activities, mostly accomplished through partnerships with BPA customer utilities. Four branch managers report to the vice president of Energy Efficiency. They supervise BPA's energy efficiency planning and evaluation, program implementation, contract administration and smart grid efforts.

Public Involvement [Updates & Notices]

AGENCY PROJECTS

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

BPA is holding two rate proceedings to set rates for the 2014–2015 fiscal years. Power and transmission rates will be set in one docket, BP-14. A separate docket, OS-14, proposes rates to recover the costs BPA incurs under its Oversupply Management Protocol. 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.

POWER

Port Townsend power purchase contract [Regionwide]

BPA and Port Townsend Paper Corp. signed an amendment to extend the existing power purchase contract in December. The amendment will provide Port Townsend Paper with another nine years of power, extending the term of the contract through September 2022, potentially preserving about 300 family wage jobs. For information, go to www.bpa.gov/goto/DSI.

Alcoa power purchase contract [Regionwide]

BPA and Alcoa signed a 10-year power sales agreement in December. The new contract, to begin Jan. 1, provides long-term certainty to Alcoa's Intalco plant in Ferndale, Wash., and its 625 employees while providing BPA and the Northwest financial and operational benefits. The new agreement will provide 300 average megawatts yearly through September 2022. For information, go to www.bpa.gov/goto/DSI.

Prepayment Program [Regionwide]

Four BPA customers will provide nearly \$350 million in electricity prepayments that BPA will use to fund capital investments at the Northwest's 31 federal hydroelectric dams. Through the 2012 Power Prepayment Program, BPA provided customers the opportunity to bid on blocks of power worth \$50,000 per month. BPA accepted offers at \$6.8 million for each of the 51 blocks. In exchange for each block, BPA will provide a prepayment credit of \$50,000 per month, which will be reflected on each participating customer's bills through FY 2028. The selected customers will provide funds to BPA in April 2013. For information, go to 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 preliminary EA is expected in early 2013. For information, go to www.bpa.gov/go/lolocreekweir.

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

BPA expects to release a preliminary EA in January 2013. For information, go to www.bpa.gov/go/kootenaiaquaculture.

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

BPA is incorporating comments into the final EIS, expected in 2013. For information, go to 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 is accepting comments on the draft EIS through March 1, and will host several opportunities for public participation during the comment period. For information, go to www.bpa.gov/goto/i-5 or call 800-230-6593. **SEE CALENDAR**

Midway-Benton No. 1 Replacement Project [Benton County, Wash.]

BPA expects to make a decision in January on its proposal to rebuild the 115-kV Midway-Benton No. 1 and Benton-Othello No. 1 transmission lines. A preliminary EA was published June 2012. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/MidwayBentonRebuild/.

Salem-Albany Line Rebuild [Polk, Benton, Marion and Linn counties, Ore.]

BPA proposes to rebuild the Salem-Albany No. 1 (23.9 miles) and No. 2 (27.85 miles) 115-kV wood pole transmission lines between Salem and Albany, Ore. BPA will hold scoping meetings in January, and is accepting comments through Jan. 31. For information, go to http://efw.bpa.gov/environmental_services/Document_Library/Salem-Albany. **SEE CALENDAR**

Grand Coulee-Creston Line Rebuild [Grant and Lincoln counties, Wash.]

BPA is proposing to rebuild nearly 28 miles of the Grand Coulee-Creston No. 1 115-kV transmission line between Coulee Dam and Creston, Wash. BPA will hold scoping meetings in January and is accepting comments through Jan. 24. For more information visit: www.bpa.gov/goto/CouleeCrestonRebuild. **SEE CALENDAR**

Midway-Moxee Line Rebuild [Benton and Yakima counties, Wash.]

BPA is proposing to rebuild the 34-mile Midway-Moxee No. 1 115-kV transmission line. The line begins at Midway Substation and ends at Moxee Substation, about five miles east of Yakima. This transmission line was built in the early 1940s. Its wood pole structures and conductors show normal deterioration due to age and weather. BPA will begin public scoping to inform the environmental assessment in February and expects to produce a preliminary EA in fall or winter 2013.

Precedent Transmission Service Agreement Reform [Regionwide]

BPA accepted comments through Dec. 14. The comments are posted at www.bpa.gov/comment. For project information, go to http://transmission.bpa.gov/customer_forums/nos_gi_reform/.

Network Open Season and Generation Interconnection Reform [Regionwide]

ColumbiaGrid hosted a workshop on Dec. 14, during which BPA described and evaluated options for restarting the NOS process. Discussions were detailed and constructive. Materials for the workshop are posted on the NOS project Web page. BPA is seeking public comments through Jan. 11. For information, go to http://transmission.bpa.gov/customer_forums/nos_gi_reform/.

CALENDAR OF EVENTS

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

I-5 Corridor Reinforcement Project public meetings

- **Jan. 10**, 5 to 9 p.m., Liberty Middle School Cafeteria, 1612 N.E. Garfield St., Camas, Wash.
- **Jan. 12**, 1 to 5 p.m., Amboy Middle School Common Room, 22115 N.E. 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.

Grand Coulee-Creston Transmission Line Rebuild Project public meetings

- **Jan. 9**, 4 to 7 p.m., Coulee Dam Town Hall, 300 Lincoln Ave., Coulee Dam, Wash.
- **Jan. 10**, 4 to 7 p.m., Wilbur Community Center, 5 S.W. Railroad Ave., Wilbur, Wash.

Salem-Albany Transmission Line Rebuild Project public meetings

- **Jan. 16**, 4 to 7 p.m., Ash Elementary School, 1360 N. 16th St., Monmouth, Ore.
- **Jan. 17**, 4 to 7 p.m., Ray's Food Place Community Room, 621 NW Hickory Ave., Albany, Ore.

Quarterly Business Review

- **Feb. 5**, 9:30 a.m. to 3:20 p.m., BPA Rates Hearing Room, 911 N.E. 11th Ave., Portland, Ore.

CLOSE OF COMMENT

Submit comments to www.bpa.gov/comment.

- **Jan. 11**, Network Open Season Reform Project
- **Jan. 24**, Grand Coulee-Creston Line Rebuild
- **Jan. 31**, Salem-Albany Line Rebuild
- **Feb. 15**, BP-14 and OS-14 Rate Cases
- **March 1**, I-5 Corridor Reinforcement Project

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. 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/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.

