

Bonneville
Power
Administration

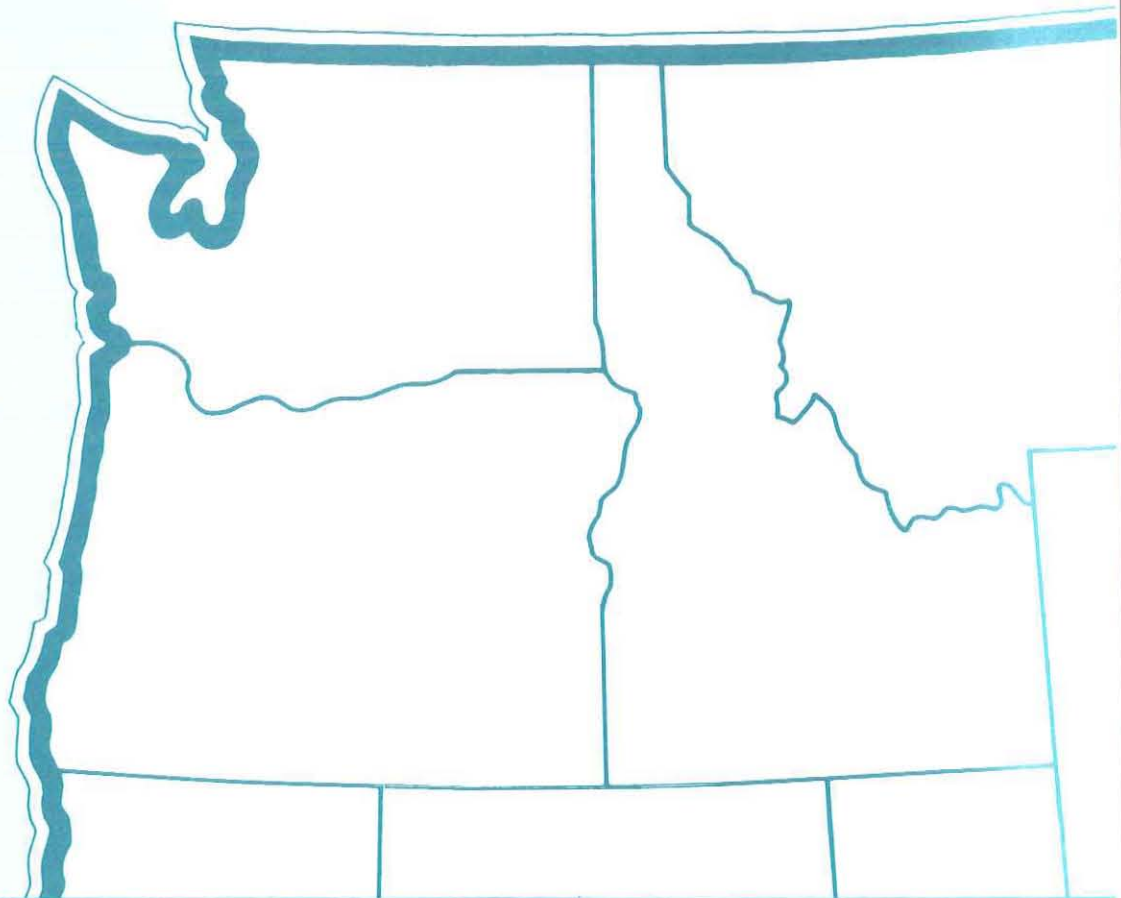
Final Environmental
Impact Statement

INITIAL
NORTHWEST
POWER ACT
POWER SALES
CONTRACTS

U.S. Department
of Energy

January 1992

Volume 4:
Comments and
Responses



DOE/EIS - 0131

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Power
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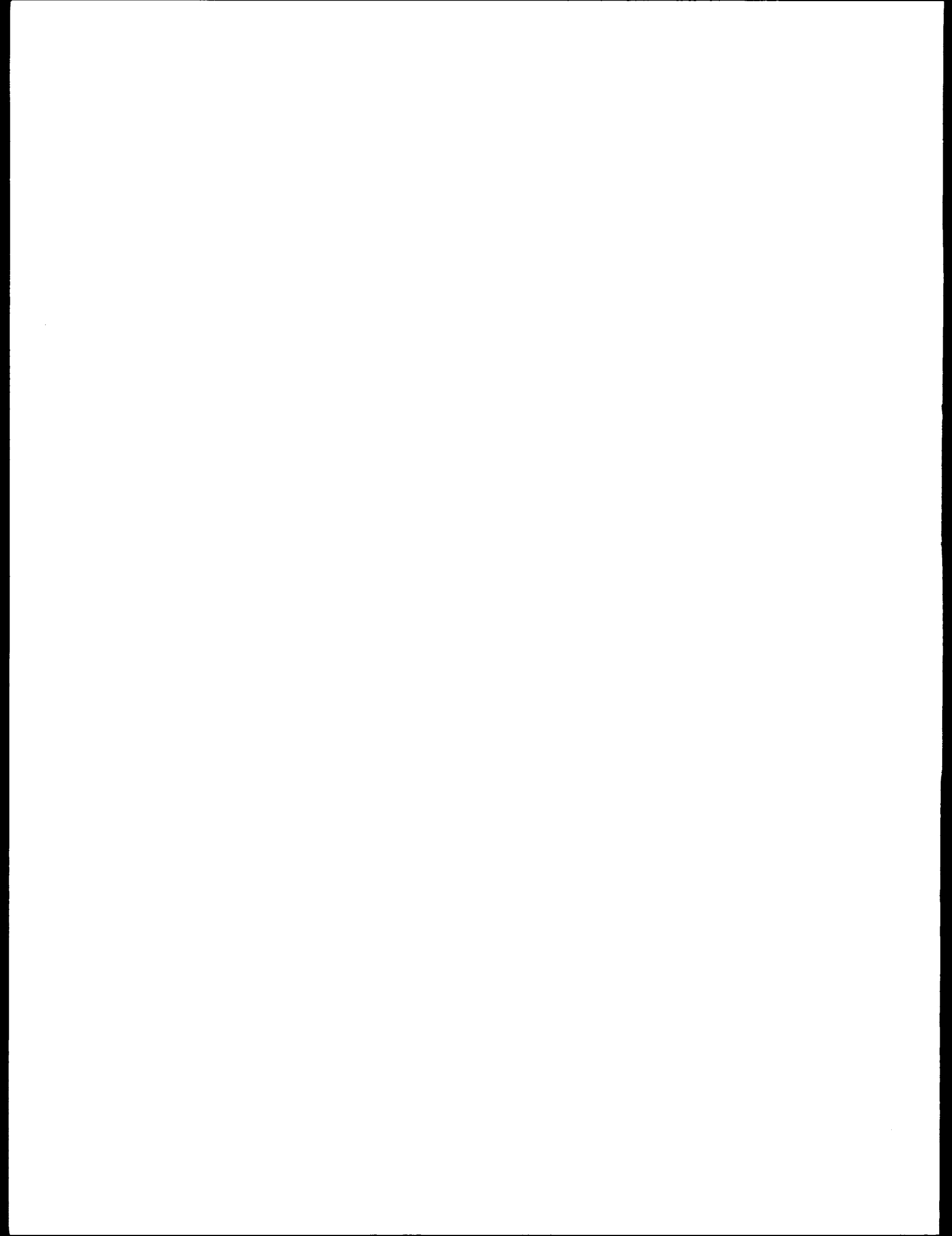
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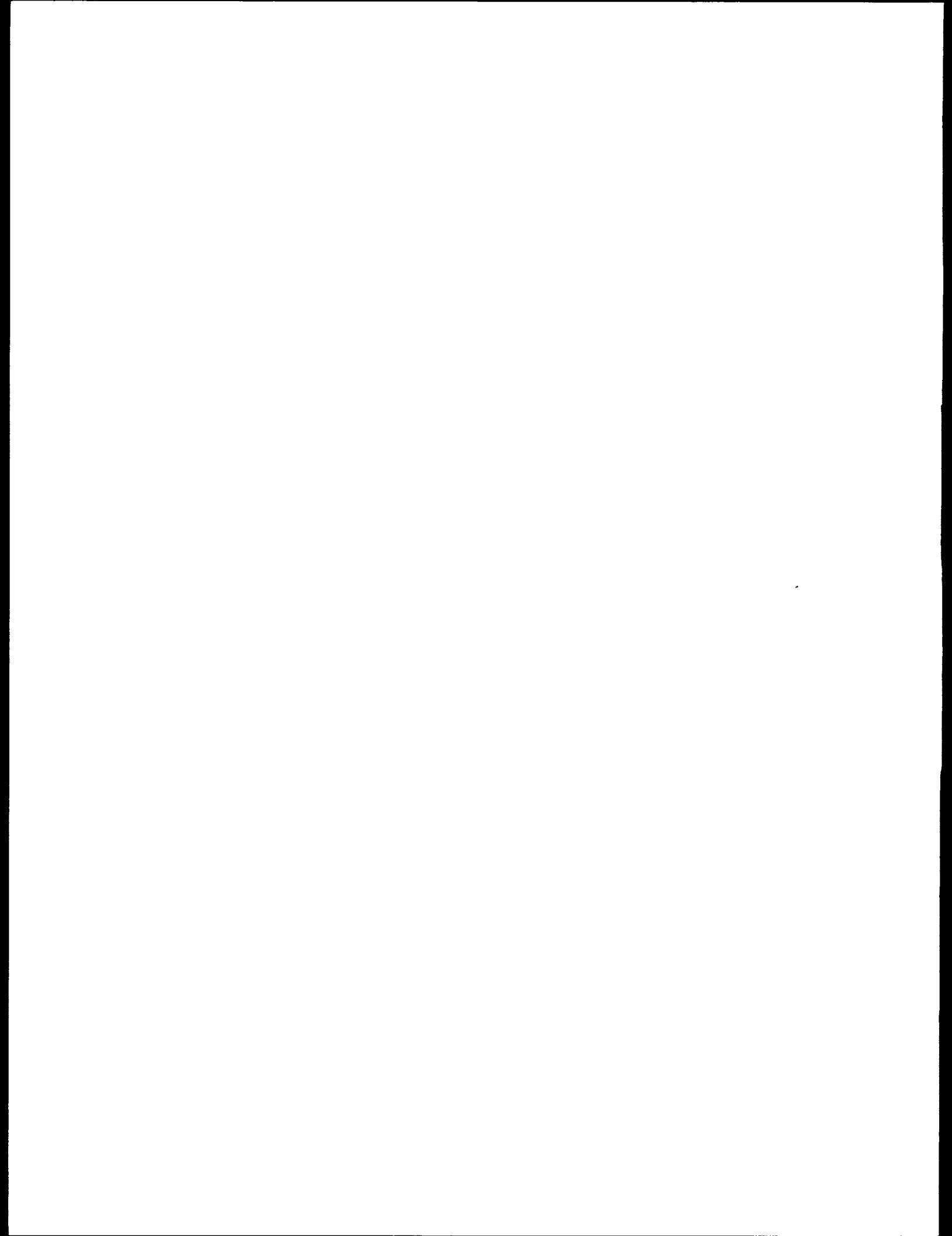


VOLUME IV
INITIAL NORTHWEST POWER ACT POWER SALES
CONTRACTS FINAL EIS

COMMENTS AND RESPONSES

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VOLUME IV

COMMENTS AND RESPONSES

INTRODUCTION

This volume of the Initial Northwest Power Act Power Sales Contracts Final Environmental Impact Statement (Final EIS) contains public comments addressing the Initial Northwest Power Act Power Sales Contracts Draft EIS, August 1990 and Bonneville Power Administration's (BPA) responses. The Introduction provides information about the process BPA follows in addressing these comments. Part I contains a listing of the Alternative Actions evaluated in the Final EIS; Part II is organized by Alternatives and includes summaries of the comments and BPA responses; Part III provides copies of the original comment letters, and, for ease of identification, are coded in the margins according to the alternative(s) addressed.

How Comments Were Collected

When a draft EIS is completed and printed, it is mailed to interested members of the public and government agencies. Readers were urged to review the document and the findings and to comment on both during the comment period, either by letter or at the scheduled public meeting.

Copies of the Initial Northwest Power Act Power Sales Contracts Draft EIS were distributed in October 1990, for a 10-week comment period. A public comment meeting was conducted on November 15, 1990, in Portland. Only one person (other than BPA staff and the official recorder) attended the public meeting. The sole comment was a general endorsement of the EIS analysis and process. The remaining 25 comments were written to BPA during the comment period. Each written comment was logged and coded for reading analysis. (Public involvement activities prior to the publication of the Draft EIS are described in Appendix I.)

How Comments Are Identified

As written comment letters were received by BPA, they were assigned a alpha/numeric code to easily identify them. This code consisted of an acronym to identify the relevant project the comments addressed, a number to identify the phase of the EIS process the comments addressed, and a number to identify the commenter. This system is used throughout this volume and is illustrated below.

Sample

- | | |
|---------------------|---|
| <u>PSC-02-009</u> | Identifies the relevant project. Example: Identifies letters with the Initial Power Sales Contracts EIS. |
| PSC-02- <u>009</u> | Identifies the chronological order of the letter received. Example: Ninth letter received. |
| PSC- <u>02</u> -009 | Identifies the phase of the EIS process addressed. Example: Second round of comments (the first round occurred during EIS scoping). |
| Issue No. 1.1 | Identifies the issue addressed. |

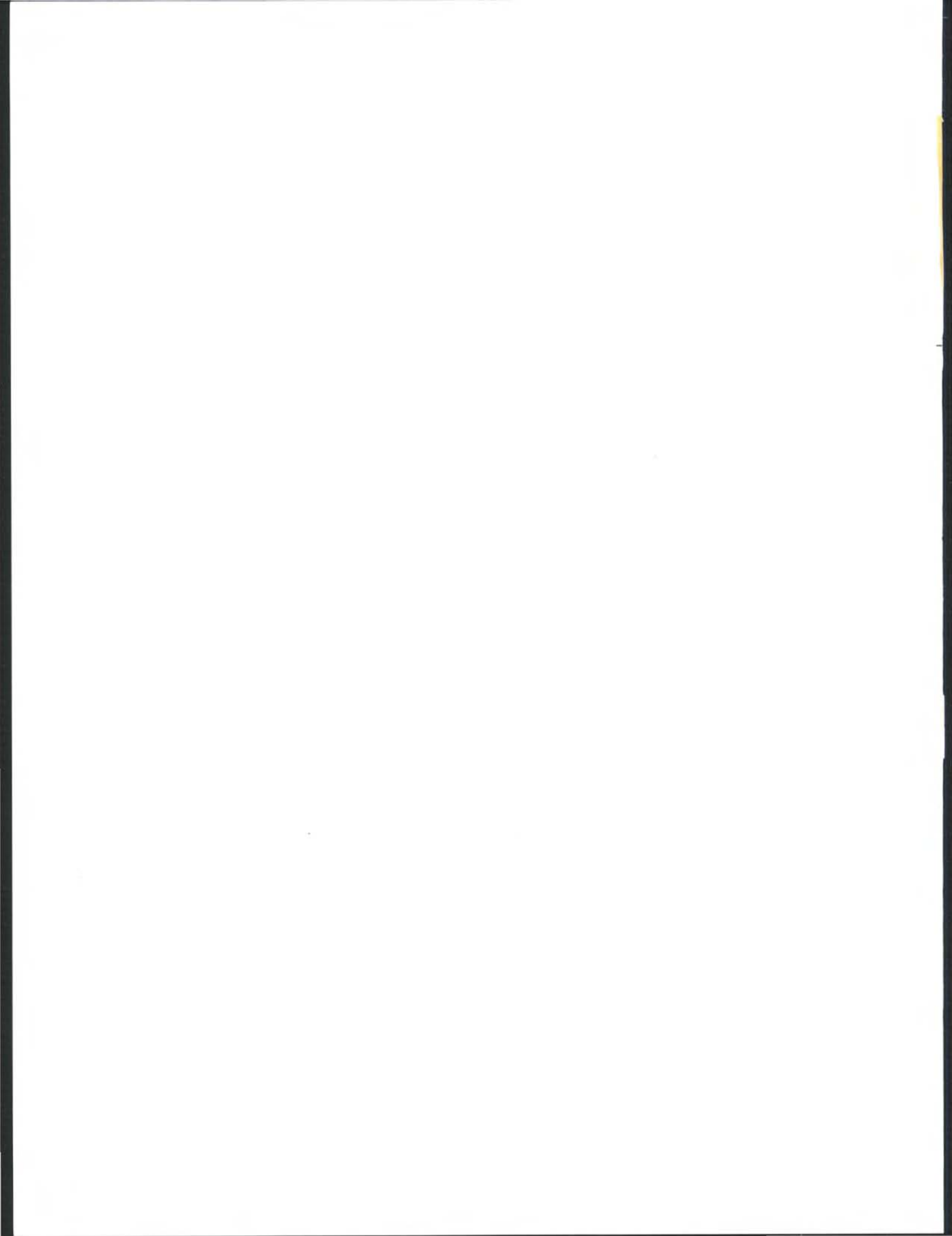
How the Comments Were Analyzed and Answered

BPA responses to public comments follows guidelines provided in the Council on Environmental Quality's (CEQ) Regulation 40 CFR 1503.4:

An agency preparing a final EIS shall assess and consider comments both individually and collectively, and shall respond by one or more means listed below, stating its response in the final statement. Possible responses are to:

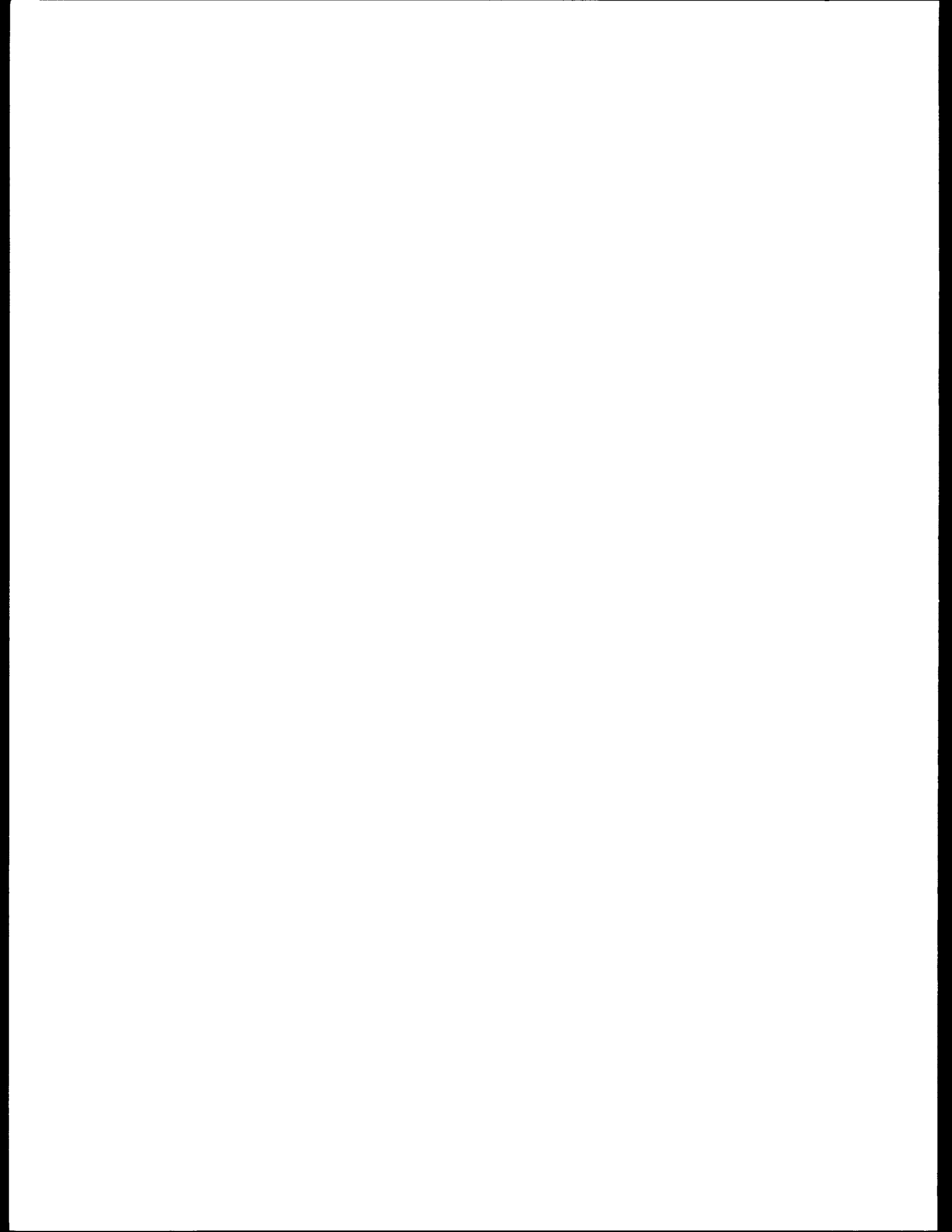
1. Modify alternatives including the proposed action.
2. Develop and evaluate Alternatives not previously given serious consideration by the agency.
3. Supplement, improve, or modify its analysis.
4. Explain why the comments do not warrant further agency response, citing the sources, authorities, or reasons which support the agency's position and, if appropriate, indicate these circumstances which would trigger agency reappraisal or further response.

The response to a particular letter can be found by locating the comment letter in Part III, noting the alternative number(s) in the margin, and then locating the desired alternative number in Part II. Part II includes the commentator's name, a summary of the comment, and the BPA response.



Part I

**Alternatives List
and
Abbreviations for Commenting Organizations**



VOLUME IV
COMMENTS AND RESPONSES
ALTERNATIVES LIST

<u>ISSUE NO.</u>	<u>SUBJECT</u>
1.1.	Alternative 1.1. Fish and Wildlife Compliance as a Condition of Service.
1.2.	Alternative 1.2. No Use of Borrowing Techniques for DSI First Quartile Service.
1.3.	Alternative 1.3. Limit Firm Load Changes within Operating Year.
2.1.	Alternative 2.1. Conservation Compliance as a Condition of Service.
2.2.	Alternative 2.2. Conservation Transfers Facilitated.
3.1.	Alternative 3.1. BPA Load Placement Alternatives.
3.2.	Alternative 3.2. BPA as Regional Supplier.
3.3.	Alternative 3.3. Customer Planning on Other Than Critical Water Basis.
3.4.	Alternative 3.4. Improved Ability to Exercise Provisions to Make Purchases in Lieu of Exchanges.
3.5.	Alternative 3.5. Shorter Contract Terms (10 Years).
4.1.	Alternative 4.1. Increase First Quartile-Type Interruptibility.
4.2.	Alternative 4.2. No BPA Purchase Required for Certain Exercise of First Quartile Restriction Rights.
4.3.	Alternative 4.3. Increase Quality of Service to First Quartile.
4.4.	Alternative 4.4. No DSI-Type Reserves.
5.1.	Alternative 5.1. Larger DSI Firm Load.
5.2.	Alternative 5.2. Smaller DSI Firm Load.
5.3.	Alternative 5.3. Remove New Large Single Load Constraints.
6.0.	No Action Alternative and Miscellaneous Comments.

Abbreviations for Commenting Organizations

COE United States Army Corps of Engineers, North Pacific Division

DSI, INC. Direct Service Industries, Inc.

EPA Environmental Protection Agency (Regions 10 and 8)

FOE Friends of the Earth

IDAHO H & W State of Idaho Department of Health and Welfare

NCAC Northwest Conservation Act Coalition

NRDC Natural Resources Defense Council

NWPPC Northwest Power Planning Council

PNUCC Pacific Northwest Utilities Conference Committee

OR DEQ Oregon Department of Environmental Quality

PPC Public Power Council

SCL Seattle City Light

USDOC, NOAA United States Department of Commerce, National Oceanic and Atmospheric Administration

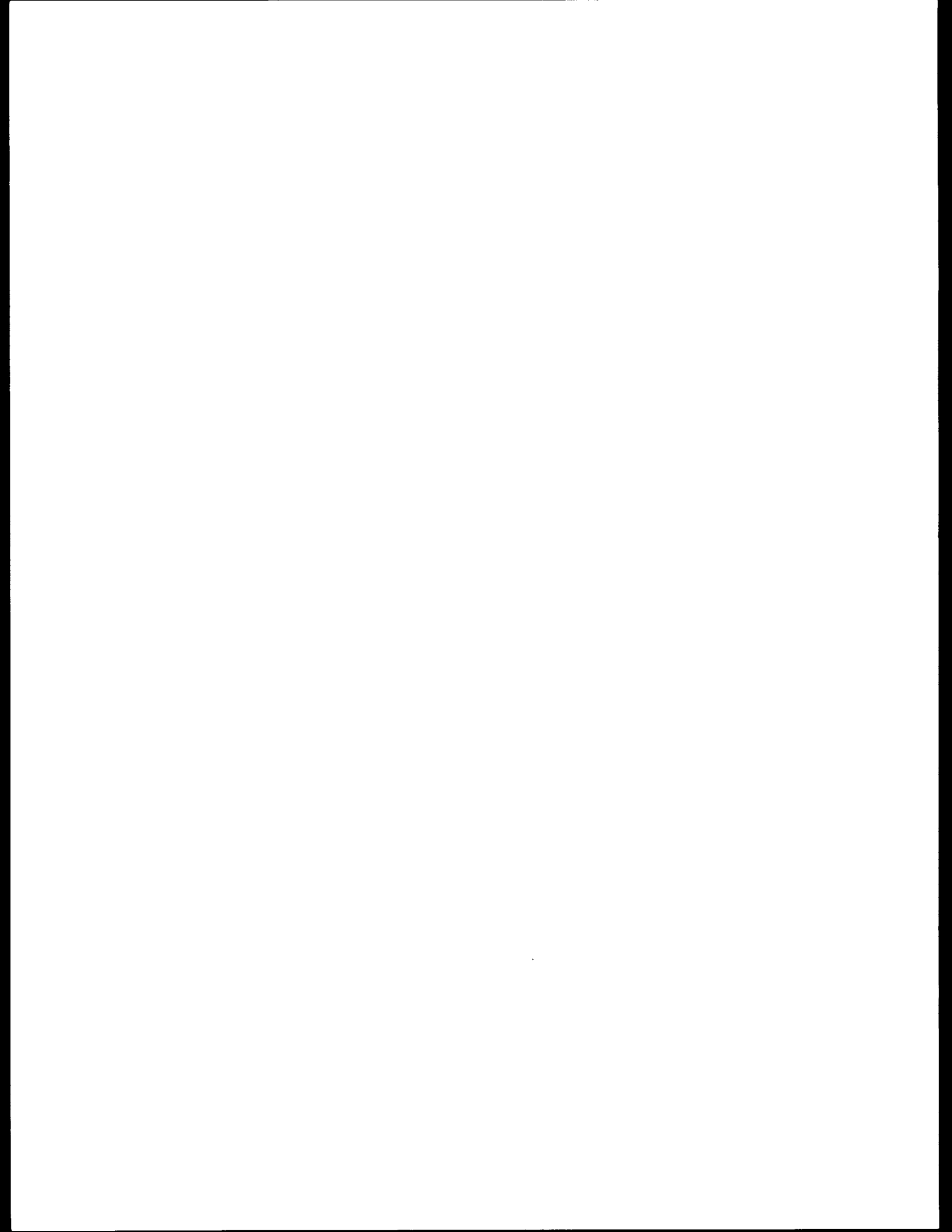
US DOI United States Department of Interior

WA WILDLIFE State of Washington Department of Wildlife

WWP Washington Water Power Company

Part II

Comments and Responses



ALTERNATIVE 1.1. FISH AND WILDLIFE COMPLIANCE AS A CONDITION OF SERVICE

AFFILIATION: RALPH CAVANAGH, NRDC (PSC-02-011)

COMMENT: Alternative 1.1 of the DEIS proposes to incorporate the Council's initiative.

RESPONSE: Comment noted.

AFFILIATION: RALPH CAVANAGH, NRDC (PSC-02-011)

COMMENT: The DEIS overlooks an issue that we deem very important: conditions on new hydropower development that conform with the Council's Fish and Wildlife Program (see Section 1103). Any holder of a BPA power sales contract should be willing to accept the Council's protective regime for new projects; again, we would urge inclusion of such a provision in existing as well as new contracts.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources. BPA supports the Rule, and will use the policy process to evaluate the merits of requiring compliance within the Columbia Basin as compared with compliance throughout the region.

AFFILIATION: R. L. BAILEY, PUGET POWER (PSC-02-017)

COMMENT: Attempting to require utilities to implement the Regional Council's Fish and Wildlife Program would not only ignore the existing Federal Energy Regulatory Commission ("FERC") licensing process but also appear to be a "blank check" that would expose utilities to unknown costs. In light of the extensive FERC regulation of hydroelectric projects, such a provision is unnecessary. (In that regard, it is noted that the statutory authority for the Fish and Wildlife Program applies only to the Columbia River Basin, and the Regional Council has no authority to establish protected areas outside the Columbia River Basin. 16 USC Sec 839(b)(h)(1)(B).)

RESPONSE: The analysis in the DEIS showed that, with the exception of the Protected Areas Rule, a power sales contract requirement requiring utilities to implement the Northwest Power Planning Council's Fish and Wildlife Program was not likely to have a

significant effect on the implementation of the program. Compliance with the Protected Areas Rule was found to have beneficial effects on the impacts of new hydroelectric resources. (See Chapter 4, Section 1.1.2.3.) The Northwest Power Planning Council, in its comments on the DEIS, notes that the FERC has generally implemented the Council's fish and wildlife program, but that experience with FERC implementation is limited and the Council may reevaluate its satisfaction with FERC implementation when BPA renegotiates its power sales contracts. Although statutory authority for the fish and wildlife program is limited to the Columbia Basin, there are fish and wildlife responsibilities applicable to BPA under the council's power plan which are not limited to the Columbia Basin, in section 4(e)(2) of the Northwest Power Act, 16 USC Sec 839(b)(e)(2).

AFFILIATION: MICHAEL ROSSOTTO (PSC-02-018)

COMMENT: Alternative 1.1 is not only the best environmental policy, it is good business policy for Bonneville. Bonneville resource acquisitions are clearly constrained by the Protected Areas rule. Bonneville fish and wildlife investments are clearly protected and enhanced by the Protected Areas rule. Bonneville should not allow the Power Sales Contracts EIS to sanction environmentally damaging actions which would be illegal for Bonneville to undertake itself, and which threaten ratepayer investments in fish and wildlife protection and enhancement.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources.

AFFILIATION: MICHAEL ROSSOTTO (PSC-02-018)

COMMENT: The DEIS points out that Bonneville has included fish and wildlife compliance provisions in its Long Term Intertie Access Policy (LTIAP). It seems to me that it would be inconsistent and arbitrary for Bonneville to hold itself to compliance with the Protected Areas rule; hold one class of its customers (those accessing the Intertie) to compliance; and yet absolve another class of customers from compliance. This makes no sense.

RESPONSE: In its development of a policy requiring compliance with the Protected Areas Rule, BPA will consider terms consistent with

the Protected Areas provisions incorporated into the Long-Term Intertie Access Policy.

AFFILIATION: MICHAEL ROSSOTTO (PSC-02-018)

COMMENT: Conditions requiring compliance with the Protected Areas rule should not be limited to Protected Areas within the Columbia Basin. All the arguments that support requiring compliance with Protected Areas within the Columbia Basin also apply to Protected Areas throughout the rest of Bonneville's service area. DEIS Sec. 1.1.2.3 (pp. 4-8 thru 4-9) indicates that implementation and enforcement of Alternative 1.1 at this time would be relatively easy and straightforward. A whole range of potential enforcement measures are listed on page 4-9. These should be developed more thoroughly, if necessary through a supplemental EIS, and the most effective mechanism adopted in the final EIS.

RESPONSE: BPA will consider regionwide application of the Protected Areas Rule in its development of a policy requiring compliance with the Rule.

AFFILIATION: MICHAEL ROSSOTTO (PSC-02-018)

COMMENT: I am also concerned how the lack of fish and wildlife compliance as a condition of service might relate to the acquisition of new resources under the billing credits program. The November 1990 issue of the BPA Journal states that utilities have proposed 10 hydro projects totalling 38 MW for billing credits. Do any of these projects conflict with the Protected Areas rule? Is it foreseeable that future projects proposed for billing credits will conflict with the Protected Areas rule? How might the presence or absence of power sales contract conditions requiring compliance with the Council's Fish and Wildlife Program affect resources proposed under the billing credits program? Clearly, Bonneville activities can create incentives for projects that conflict with the Fish and Wildlife Program (and thus conflict with ratepayer investments). Bonneville recognized this when it wrote provisions to protect fish and wildlife into the LTIAP. Bonneville should make it clear, at every opportunity available, that it will neither create incentives nor sanction activities which are in direct conflict with the protected Areas rule and the rest of the Fish and Wildlife Program. Requiring compliance with the Fish and Wildlife program at every opportunity, including power sales contracts, will help protect fish and wildlife, will help protect ratepayer investment, and will help provide the certainty that utilities consistently argue is crucial to their endeavors.

RESPONSE: Two of the projects proposed for billing credits were located in Protected Areas. BPA has notified the sponsors that facilities located in Protected Areas are not being considered for billing credits in the initial round of billing credits. Future treatment of Protected Areas for acquisitions, including billing credits, will be addressed in the Resource Program EIS. According to the Implementation Plan for the Resource Program EIS, resources included in the hydropower supply curves exclude potential resources located in Protected Areas.

AFFILIATION: MICHAEL ROSSOTTO (PSC-02-018)

COMMENT: I strongly support Alternative 1.1, "Fish and Wildlife Compliance as a Condition of Service." The people of the Pacific Northwest have consistently shown their concern that power system impacts on fish and wildlife be minimized. This was demonstrated more clearly than ever during the public comment on the Northwest Power Planning Council's (the Council's) Protected Areas rule. Bonneville should do everything within its power to help ensure that Protected Areas designations are complied with. It is indefensible for Bonneville to produce a court-ordered environmental impact study as a result of a suit brought by an environmental group, and then fail to adopt the single alternative action identified to offer potential environmental benefits. Furthermore, the DEIS itself states that these environmental benefits would "be gained by negotiation of reasonable alternative contract provisions." (DEIS Abstract, emphasis added.)

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources. BPA supports the Rule, and will use the policy process to evaluate the merits of requiring compliance within the Columbia Basin as compared with compliance throughout the region. The DEIS provided that BPA would address areas of environmental concern through either contractual or noncontractual methods. BPA has chosen to pursue the benefits of Protected Areas compliance through the development of a policy rather than through amendments or renegotiation of power sales contracts.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: Our primary concern here is with the conclusion flowing from the "analysis" of the effects of requiring compliance with the Council's "Protected Areas" program. We concur in Bonneville's finding that this alternative could, "provide environmental benefits based on the Protected Areas rule for stream reaches within the Columbia Basin and outside of it." We further concur with the findings that: "A Protected Areas provision would provide a clear rule for a utility to follow to avoid violating its power sales contract..." and that "Protected Areas provisions would not duplicate existing forums in that FERC's standards for decisionmaking did not include protection of BPA's investment [in fish and wildlife programs]." We would also agree that, as the Draft notes, present BPA policies related to Protected Areas provide less comprehensive protection than contract provisions; specifically, the Intertie Access Policy provisions relating to Protected Areas do not affect utilities which do not use the Intertie, and do not affect utilities contemplating projects outside the Columbia Basin. Given all of this, we are taken aback by the conclusion, nowhere discussed or explained, that No Action to secure these benefits is justified. That conclusion is, we think, implicit in the general preference expressed--on a draft basis, to be sure--for no changes whatsoever in these contracts. The decision to ignore these findings, authorities and responsibilities cries out for explanation or, better, correction.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources. BPA supports the Rule, and will use the policy process to evaluate the merits of requiring compliance within the Columbia Basin as compared with compliance throughout the region.

AFFILIATION: RONALD A. LEE, EPA (PSC-02-023)

COMMENT: The DEIS also indicates that certain provisions may duplicate existing Federal Energy Regulatory Commission (FERC) licensing procedures or Northwest Power Planning Council (Council) measures as implemented by BPA. Other possible contract provisions could provide a clear benefit (e.g., contract-related fish and wildlife protection measures under the Council's Protected Areas Rule as described under Alternative 1.1).

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources.

AFFILIATION: CARL R. LIND, FOE (PSC-02-024)

COMMENT: A Protected Areas provision would improve upon the protection now offered by the Intertie Access Policy by affecting utilities which do not use the intertie, and utilities which are contemplating projects outside the Columbia Basin. Although the benefits of a Protected Areas provision are clear and significant, the DEIS supports the No-Action Alternative without justification. We believe that a Protected Areas provision is both justified and necessary to help ensure that Protected Areas are indeed protected.

RESPONSE: BPA has adopted Alternative 1.1 as the proposal, to the extent of requiring compliance with the Protected Areas Rule. The mechanism for achieving compliance is the development of a BPA policy requiring compliance in BPA's resource-related activities.

AFFILIATION: EDWARD SHEETS, NWPPC (PSC-02-025)

COMMENT: First, we reiterate the Council's prior observations (letter of October 4, 1989) that the Federal Energy Regulatory Commission (FERC) has generally implemented the Council's fish and wildlife program measures applicable to non-Federal utilities in a satisfactory manner. However, since the Council's protected areas policy was only adopted in August 1988, there has not been extensive experience with FERC implementation. When Bonneville renegotiates the contracts, we will again consider this issue in light of our experience with FERC's implementation of the protected areas policy.

RESPONSE: Comment noted.

AFFILIATION: EDWARD SHEETS, NWPPC (PSC-02-025)

COMMENT: Second, we support the analysis in section 1.1.2.3 regarding the environmental benefits of a contract provision linked to protected areas regionwide. The Council has previously expressed a similar view in the context of Bonneville's long-term intertie access policy, and we believe those comments are equally applicable here.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources. BPA supports the Rule, and will use the policy process to evaluate the merits of requiring compliance within the Columbia Basin as compared with compliance throughout the region.

AFFILIATION: EDWARD SHEETS, NWPPC (PSC-02-025)

COMMENT: Third, the description of the status of bypass installation at the Priest Rapids and Wanapum projects is no longer accurate. Currently, the parties disagree over the installation of bypass, and the matter is scheduled for a contested hearing before a FERC administrative law judge in July 1991.

RESPONSE: The discussion of bypass installation at the Mid-Columbia dams has been updated.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA should also state that the customers currently take actions not only to implement the Council's Fish and Wildlife Program, by paying charges based on the costs of that Program, but also to protect fish and wildlife through other mechanisms, such as FERC license conditions that do not reference the Council's Program. That is, the Council's Program and the power sales contracts are not the only means to protect fish and wildlife.

RESPONSE: Comment noted. The EIS text has been revised to address these points. Also, as a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources. Note that the mechanism for promoting compliance will be a BPA policy requiring compliance in specific BPA activities, and not a specific term in BPA's power sales contracts.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA has not heretofore agreed that the Council has authority to impose Protected Areas designations outside the Columbia River Basin, and yet a contract provision requiring compliance with the Protected Areas policy would apply to utilities whose service areas, and thus perhaps some potential hydroelectric sites, would be outside the Basin. BPA should not implicitly concede in a proposed or potential contract provision a legal argument that it has not conceded up to this point.

RESPONSE: Comment noted. BPA supports the Rule, and will use the planned policy process to evaluate the merits of requiring compliance within the Columbia Basin as compared with compliance throughout the region.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-14: In Sec. 1.1.1, it would be useful to point out that there are many potential mechanisms by which the utilities might carry out measures in the Council's Program. If the utilities were required by contract to "implement measures," that might well reduce BPA's own role in implementing the Program. There would then be environmental consequences both of the utilities' actions and of the reduced role for BPA.

RESPONSE: Comment noted. See responses above. The purpose of Alternative 1.1 is to determine "the likelihood that a power sales contract provision would improve the implementation of the Northwest Power Planning Council's Fish and Wildlife Program" (Chapter 4, section 1.1.1, page 4.2). It is correct that many mechanisms might be devised by which the utilities could carry out measures in the Council's Program. It is not clear what environmental consequences might result, however, nor is it clear that an increased role for utilities would decrease BPA's role. Discussion of the alternative is meant to analyze the likelihood of improved implementation rather than speculation about conditions for or impacts of that implementation.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA should recognize that "requiring customers to abide by the Fish and Wildlife Program" could have several institutional shapes: utilities could directly implement the Program by undertaking the projects themselves, but this would also result in more direct control of the projects by the customers.

RESPONSE: Comment noted. See above responses.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-4: The answers to the question, "Would Alternative 1.1 Improve Implementation?" appear satisfactory but might benefit from further support. It would be useful to indicate the extent to which all interested parties are involved in the negotiations, and the extent to which the relevant FERC licenses are being modified or are expected to be modified to assure implementation of the appropriate measures.

RESPONSE: Comment noted. The provisions of the Council's Fish and Wildlife Program (Program) are both general and project-specific. However, in most cases, site-specific provisions are not precise enough to be integrated wholesale into the licensing of any one project. This is due to the potential lack of reliable project-specific information, changing needs, and the impossibility of addressing all projects in the region in a comprehensive fashion. Further, the number and types of interests that must be included in the decision process suggest that such up-front decisions may not be capable of incorporating all of the concerns that could be considered through project-specific negotiations. Also of note is the fact that circumstances change over time and that retaining flexibility, rather than locking existing Program provisions into long-term licenses, has merit. Given these considerations, it would be unwise to make before-the-fact decisions for a project through fixed provisions in the project license, based exclusively on the Program. Rather, a "step-down" approach is needed, whereby the provisions of the Program are evaluated in light of a specific project's configuration and refined to resolve issues surrounding the project. Relicensing of facilities provides an ideal opportunity to do this. In other cases it may be beneficial to seek to reopen licenses on projects where adoption of new provisions will provide substantial short-term benefits.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-8: The discussion in Sec. 1.1.2.3 assumes that BPA would be able to amend the contracts to incorporate a Protected Areas provision. There is no discussion of the additional environmental benefits or costs associated with such a provision, nor of the contractual tradeoffs that might be necessary to achieve such a provision. In fact there is no analysis of the actual development of hydro sites in Protected Areas, to see if there is indeed an environmental problem that requires solution. Have the 108 proposed projects acquired licenses? Has the Council exhausted all its avenues for

influencing those licensing decisions? Do they all require FERC licenses? Without the answers to these questions, speculating on changes in contracts is not a useful endeavor, and concluding that "Alternative 1.1 could provide environmental benefits" (p. 4-9) is premature.

RESPONSE:

BPA's decision to develop a Protected Areas policy rather than an amendment to the power sales contracts was based on consideration of the uncertainties of proposing a contract amendment.

Concerning the progress of development in Protected Areas, evidence to date suggests that the Protected Areas Program has been successful, in terms of both acceptance by the public and effectiveness in guiding new hydropower development away from environmentally sensitive areas. Since 1988 when the Protected Areas Rule was adopted by the Power Planning Council (by amendments to the Fish and Wildlife Program and the Power Plan) and made a provision of BPA's Long-Term Intertie Access Policy, no projects have been licensed by the Federal Energy Regulatory Commission (FERC) that conflict with the Protected Areas Rule. This has been due to a combination of decisions by applicants not to pursue projects in Protected Areas and decisions by FERC not to grant licenses.

The fundamental concern is whether FERC's licensing decisions will continue to be consistent with Protected Areas. While acknowledging that the Council's Plan and Fish and Wildlife Program--including the Protected Areas provision--meet the requirements for a comprehensive plan under Section 10(a) of the Federal Power Act, FERC takes the position that it must make licensing decisions on a case-by-case basis. The Commission therefore has not been willing to guarantee consistency with Protected Areas, and, in fact, continues to issue preliminary permits to projects located in Protected Areas. This may well result in developers expending resources pursuing projects that, under the Protected Areas Rule, should never be built.

Regardless of FERC's licensing decisions, development of a BPA policy to enforce the Protected Areas Rule under the Preferred Alternative could play a major role in influencing developers' decisions regarding whether to proceed with a given project. If FERC decisions continue to be consistent with Protected Areas, a BPA policy to enforce the Protected Areas Rule will not place additional burdens on resource developers, and will demonstrate consistency with existing Council and BPA policy. In addition, a BPA Protected Areas policy will caution potential developers not to spend money and time on projects that will be excluded from BPA acquisition and services. If FERC chooses not to enforce the rule in its licensing decisions, a BPA Protected Areas policy could prove to be a

critical component in protecting the ratepayers' investment in fish and wildlife habitat protection.

Every non-Federal hydro development currently contemplated in the Northwest requires a FERC license prior to construction. BPA adoption of a policy to enforce the Protected Areas Rule should avoid the need for BPA and the Council to devote staff time and resources to intervening in the FERC process for each Protected Areas hydro project. This policy will cut down on both BPA and FERC workload while bringing an additional measure of certainty to the hydro licensing process in the Northwest.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-14: In Sec. 1.1.2, BPA should point out that requiring the utilities to take on additional responsibilities for implementing the Council's Program would probably be accompanied by other changes that would either compensate the utilities for such additional responsibilities, or give them greater control over the cost and performance of projects included in the Council's Program, including the budget of the Council itself.

RESPONSE: Comment noted. The EIS text has been revised to address this concern. It is not clear what changes might accompany a decision to require the utilities to assume additional responsibility for implementing the Council's Program. Note that the conclusion in the DEIS analysis was that none of the alternatives resulted in significant environmental benefits except for the Protected Areas element of Alternative 1.1. See Chapter 4.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: In general, PPC concurs with BPA's conclusions regarding the environmental impacts of the alternatives considered. The major exception is the conclusions regarding Alternative 1.1, where BPA finds a potential environmental benefit from the inclusion of a Protected Areas provision in the contract. As we discuss further below, this result ignores current orders and practices of the Federal Energy Regulatory Commission, which must issue, review, and renew licenses for all hydroelectric facilities in the region, not just those within Protected Areas designated by the Power Planning Council. The result also ignores other legal constraints on the ability of utilities to gain the permits necessary to build and operate hydroelectric dams. When these orders, practices, and legal constraints are taken into account, the practical impact of a potential Protected Areas provision in the contract

disappears. Thus, there can be no environmental impact of having or not having this provision.

RESPONSE:

The legal constraints at State and Federal levels on development of hydroelectric projects do not incorporate the Protected Areas rule, and will not necessarily be administered to require compliance. As the Northwest Power Planning Council notes in its comments (comment PSC-02-025 above), it is not yet clear whether FERC will implement the Council's Fish and Wildlife Program, and particularly the Protected Areas rule. If other authorities ultimately prove to be effective mechanisms for enforcing the rule, there would be no burden from a BPA compliance requirement, but in the absence of a BPA requirement, incomplete enforcement in other non-Federal forums could result in environmental damage and losses to the investment of BPA's ratepayers in fish and wildlife enhancement measures.

AFFILIATION:

WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT:

Page 4-2: The final paragraph before Sec. 1.1.2 indicates that BPA assumed that implementation of a Program measure has the intended environmental benefit. The final EIS should note that petitions under the Endangered Species Act now question the environmental benefit of actions taken under the Council's Program, especially the impacts of such actions on naturally spawning stocks of anadromous fish. The point is that simple compliance with the Council's Program provides no assurance of environmental improvement, and utilities should not be penalized for any environmental consequences of actions that they do take to implement the Council's Program. Furthermore, as noted on page 4-7, the Council's Program has been amended to incorporate settlements reached at FERC regarding license conditions. As the Council merely responded to agreements reached among interested parties in a separate and pre-existing regulatory arena, this would appear to leave the Council's Program somewhat short of a commanding role regarding impacts to utility actions on fish. These comments reinforce BPA's conclusion that amendments to the contracts would not further implementation of the Council's Program.

RESPONSE:

Comment noted. The DEIS recognizes that compliance with the Council's Program does not necessarily lead to environmental improvement. The DEIS also noted no expected benefit from requiring fish and wildlife compliance at existing sites. The preferred alternative does not compel compliance at existing facilities, but would enforce the Protected Areas rule at new hydro projects.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA should also state affirmatively the nature of conditions or restrictions placed on hydroelectric construction and operation by the FERC and state agencies charged with issuing permits and licenses. PPC will submit specific citations to the Federal Power Act, the Electric Consumers Protection Act, and FERC orders to assist BPA in making this affirmation.

RESPONSE: BPA believes that language appearing in Chapter 2 in the "Overview of Hydro Development and Operations Issues" is sufficient to address this concern.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-16: In the first paragraph of Sec. 1.1.2.2, BPA asks the correct question, but the last sentence is not clear: how would the power sales contracts in effect before 1981 prevent any utility from performing operations in favor of fish?

RESPONSE: Chapter 2, section 1.1.2.2., does not imply that the power sales contracts in effect before 1981 would prevent utilities from performing operations in favor of fish. Instead, section 1.1.2.2 states that fish and wildlife agencies were concerned that BPA customers could argue that their pre-Act contract obligations prevented them from performing operations for fish. The EIS's treatment of this issue is stated in the second paragraph of Chapter 2, section 1.1.2.2., with detailed explanation following. The three considerations in that section evaluate the flexibility of the power sales contract to provide flexibility for responding to nonpower needs.

AFFILIATION: DAVID COTTINGHAM, USDOC, NOAA (PSC-02-028)

COMMENT: As stated in our letter of October 13, 1989, we recommend that the preferred alternative be one that can provide for contract modification and incorporation of fish protection measures. Thus, we continue to support alternatives that provide for inclusion of fish protection measures in the Power Sales Contracts (PSC). We support the choice of alternatives 1.1 and 1.2 which, according to the DEIS, provide for benefits to fish. A protected areas provision in the PSC (Alternative 1.1) would strengthen the protected areas designation concept and, thus, provide additional protection for anadromous fish in the future while protecting BPA's Fish and Wildlife Program investments.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement

this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources.

AFFILIATION: FRED H. MAYBEE, WA WILDLIFE (PSC-02-029)

COMMENT: Our major criticism of this document is that the discussion relating to impacts on fish and wildlife resources is too general and broad to be of much use to the decisionmaking process. We feel that the existing contracts should be discussed on an individual basis rather than as a whole, and that resource impacts and problems be related to specific stream segments such as Bonneville Dam to the Dalles as an example for the Columbia River.

RESPONSE: Comment noted. The specific suggestions in the foregoing comment are beyond the scope of the power sales contracts EIS. In particular, considering the contracts on an individual basis rather than as a whole would not allow the comprehensive analysis necessary to accurately evaluate the contracts' impacts. In addition, other forums exist to address some or all of these concerns, such as the System Operation Review EIS process, and environmental analyses of BPA's fish and wildlife activities.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: We believe that the No-Action Alternative would not recognize the recent policy and environmental issues (i.e., endangered status for salmon, "Protected Areas" designations, etc.) affecting the region's fish and wildlife resources. Bonneville should reexamine the existing contract provisions for potential environmental consequences with the aforementioned policy issues in mind.

RESPONSE: Note that in the Final EIS, BPA's preferred alternative is the Protected Areas element of Alternative 1.1, and not the No-Action Alternative. As stated in the introductory page of Chapter 2, the Draft EIS notes that the No-Action Alternative might be considered as less desirable than other alternatives because certain key issues were not as sharply focused in 1981 as they are today. Such issues include in particular fish and wildlife issues, as pointed out in this comment. The Draft EIS does, however, include extensive discussion of fish and wildlife issues as related to the power sales contracts and hydro resource development and operation. The Draft EIS also recognizes the limitations involved. For example, Chapter 2, section 1.1.2, states that operation of the Columbia River hydroelectric system is managed primarily by agreements and

practices outside of the power sales and residential exchange contracts. Another pertinent factor is that fish and wildlife issues are currently being discussed in various other forums, including the System Operation Review; for this EIS to assume a certain solution would be premature and speculative. BPA believes that the intent of this comment will be fulfilled, if not through the power sales contracts, then through mechanisms such as the Water Budget with which utilities will explicitly or implicitly comply.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: We do, however, agree that the Council's Protected areas amendment would be implemented and enforced under Alternative 1.1. This alternative would allow Bonneville to: (1) Protect remaining critical fish and wildlife resources and their habitat in the Columbia Basin. (2) Guide hydroelectric power developers to use less sensitive areas for development. (3) Coordinate power distribution and resolve uncertainties in forecasting future power needs in the Pacific Northwest Region.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Altern. 1.1: Fish and Wildlife Compliance as a Condition of Service, Page 2-14. We disagree w/the conclusion this "alternative is not likely to significantly affect the implementation of the F and W Program (Program) aimed at the fishery impacts" at existing dams. If all utility customers were required to abide by the NWPPC (Council) Program, BPA would be able to better coordinate basin wide water storage and flow conditions to move upstream and downstream fish migrants. This would also enable BPA to protect the Program's substantial ratepayer investment in fish and wildlife. For example, hydropower peaking operations would be evaluated for impacts to migrating juvenile and adult salmon. Another example of a power sales contract provision that may influence power peaking is the capacity/energy exchange--a transaction in which one utility provides another with capacity energy in exchange for power, usually during off peak hours. Reduced flows at night may harm outmigrating juvenile fish when outmigrating behavior is strongest. Peaking operations may also cause elevation fluctuations in forebay and tailwaters

beyond the dam's design limits of fish passage facilities, which in turn reduce attractant flows for upstream migrant.

RESPONSE:

System operations, including coordination of water storage and flow or to protect ratepayer investments in fish and wildlife programs, are being analyzed in the System Operations Review EIS, which will result in a strategy for system operation which will address peaking and exchange concerns. Even if Alternative 1.1 were implemented at existing projects, system operation would continue to be performed according to existing agreements and contracts, for example, the Coordination Agreement. Making BPA's customers responsible for implementing the Council's Program would increase the complexity of the contractual relationships in exchange for unsubstantiated benefit. In addition, as stated in Chapter 2, section 1.1.2.2. of the Draft EIS, the existing contracts do not hamper any customer from meeting fish and wildlife program measures.

AFFILIATION:

CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT:

BPA has examined the environmental effects of the power sales/residential exchange contracts issued in 1981 and has elected to preserve the existing contracts without change (the No-Action Alternative). The decision not to pursue modifications in the existing power sales contracts does not consider important fish and wildlife issues currently being debated in the Pacific Northwest Region. For example, the National Marine Fisheries Service is currently reviewing the status of Snake River spring, summer, and fall chinook, Snake River sockeye, and Lower Columbia River coho salmon for possible listing as endangered species. Measures designed to revive these threatened fish stocks are under discussion and would affect BPA's power planning and distribution system. These measures would most likely affect the Columbia Basin's reservoir storage schedule so that additional water will be available to flush juvenile salmon downstream to the ocean. In addition, the existing "water budget" program would require further "fine-tuning" to benefit outmigrating wild fish and the effects of power peaking operations on juvenile and adult migrants would need to be studied.

RESPONSE:

See similar comment and response above. BPA has selected the Protected Areas element of Alternative 1.1 as its preferred alternative in the FEIS. Activities to respond to proposed listings of Snake River salmon runs as threatened or endangered species are being addressed in the 1992 Columbia River Salmon Flow Measures EIS and Options Analysis. BPA will participate in activities to protect these species if any of the proposed species are listed.

AFFILIATION: MICHAEL K. COLLMEYER, COE (PSC-02-032)

COMMENT: Major Policy Category 1. Operating constraints on the Corps' hydroelectric projects are required to insure that all project purposes are protected. Each year project owners submit operating constraints to the Northwest Power Pool in accordance with the Coordination Agreement. As long as the operating constraints and project limits are adhered to, the Corps would have no objection to any of the contract issues.

RESPONSE: Comment noted.

**ALTERNATIVE 1.2. NO USE OF BORROWING TECHNIQUES FOR
DSI FIRST QUARTILE SERVICE**

AFFILIATION: JOHN D. CARR, DSI, INC. (PSC-02-022)

COMMENT: On page 4-19, Section 1.2.2.3, ... BPA has previously identified the impacts of lost aluminum plants on various Northwest communities in the DSI Options Final EIS and that EIS should be referred to this point.

RESPONSE: Comment noted. The suggested reference has been added to the EIS text.

AFFILIATION: JOHN D. CARR, DSI, INC. (PSC-02-022)

COMMENT: On page 2-5, under Alternative 1.2, BPA discusses the results of an inability on BPA's part to use the borrowing techniques presently used to serve the DSI top quartile. ... BPA should specify, at this point in the EIS, the consequences that it only hints at: loss of DSI reserves from loss of DSI load, need to construct resources to replace the lost DSI reserves, detrimental economic effects in various regional cities whose economies are tied to the DSIs (cite April 1986 Direct Service Industries Option Final EIS for analysis of magnitude of socioeconomic impacts of given levels of DSI plant reductions).

RESPONSE: Comment noted. The suggested language has been added to the EIS text. (Please note that the discussion referred to, which appeared in Chapter 2 in the Draft EIS, has been moved to Chapter 4 in the Final EIS.) Note that reserves may be available from non-DSI load interruptions so that it may not be necessary to construct resources to obtain similar reserves to those currently available from DSI loads.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA should recognize that the inability to use borrowing techniques to serve the First Quartile could also result in (1) changes in transmission planning, depending on the location of the relevant DSI loads; and (2) a preference by some DSI customers for power supplies from alternative sources, perhaps in combination with supplies of certain components of bulk power from BPA. It would be speculative to describe the environmental impacts of these changes absent some more detailed thought on what the alternative sources of power supply might be.

RESPONSE: Comment noted. The EIS text has been revised to include these possibilities.

AFFILIATION: DAVID COTTINGHAM, USDOC, NOAA (PSC-02-028)

COMMENT: We note that Alternative 1.2 has the potential to provide for anadromous fish benefits, such as decreased flows in the fall, increased flows in the early spring, a slight increase in overgeneration spill and increased reservoir elevations in the spring of low water years. These characteristics of Alternative 1.2 shift operation of the hydropower system towards the historic runoff shape and provide additional storage for fish flow releases in the spring and summer, thus increasing anadromous fish survival.

RESPONSE: Comment noted. The changes noted in studies are of small relative magnitude and are not considered to offer significant benefits to fish survival.

AFFILIATION: MICHAEL K. COLLMEYER, COE (PSC-02-32)

COMMENT: Alternative 1.2. No use of Borrowing Techniques for DSI First Quartile Service. The response to the question on page--Summary--3 states that ... "Dam operation would not change significantly and therefore no significant environmental effects are foreseen." This may be true on an annual basis, however at Libby during the late summer recreation period any reduction in reservoir drawdown would be a benefit to reservoir users. Later in the year during the winter months, reservoir use is much less and the impacts at that time would not be as severe. The response also states that ... "The same amount of water would probably be drafted from the same reservoirs for other purposes, such as short-term sales." If the borrowing techniques were stopped, drawdown below Energy Content Curve (ECC) would not be permitted on a regular basis, especially in late summer.

RESPONSE: Comment noted. Chapter 4, section 1.2.2.2.2, refers to reservoir elevation impacts.

ALTERNATIVE 1.3. LIMIT FIRM LOAD CHANGES WITHIN OPERATING YEAR

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-20: The final sentence still assumes that increases in demand do not lead to increases in supply sufficient to limit price increases. This conclusion is reasonable only in the short-run, and the sentence can easily be rewritten to make that point.

RESPONSE: Comment noted. The text has been revised to refer to short-run effects. It is not clear to BPA, however, that increases in demand will lead to increases in supply that will limit price increases in the short run or the long run. The sentence is conditional to reflect BPA's lack of perfect knowledge about the future.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: There is no evidence that limitations on firm load changes within an operating year would lead to the development of less conservation and more thermal resources than if BPA developed these resources in the long run. Any such conclusion must rely on very old and thus outdated information, or perhaps on mistaken logic. The conclusion is also not supported by any current utility planning documents of which we are aware.

RESPONSE: Alternative 1.3 examines limiting firm load changes under the power sales contract within the operating year. Rather than make BPA responsible for serving load changes within the year, the utilities would serve those changes by operating existing resources, acquiring new resources, or purchasing energy. Such acquisitions could of course include conservation. The discussion in the DEIS was based on the best available information on utility resource costs and planning, which indicated that, on the average, utilities would rely more on thermal resources and less on conservation than BPA would (see Chapter 4, Section 3.2.2.). More recent information may indicate increases in the amounts of conservation utilities would develop to meet their own resource needs.

ALTERNATIVE 2.1. CONSERVATION COMPLIANCE AS A CONDITION OF SERVICE

AFFILIATION: RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT: Over the course of the first decade of the regional experience with conservation under the Regional Act, several complex conservation policy and implementation issues have emerged, such as Bonneville budget levels, budget allocations, cost sharing, preferred approaches for conservation delivery, degree of flexibility for utility program design, energy code strategies in state legislatures, and the reliability and persistence of conservation savings. None of these issues is explicitly addressed in the Power Sales Contracts. With time and experience, some of these issues are being solved or at least a consensus is being reached. Some other issues are still quite controversial. We recommend that Bonneville not try to resolve these difficult issues in a document as fundamental and difficult to change as the Power Sales Contracts.

RESPONSE: Comment noted.

AFFILIATION: RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT: Alternative 2-1: Conservation Compliance as a Condition of Service. The Regional Power Act introduced a new role for Bonneville in funding and promoting energy conservation as a priority resource for responding to regional load growth. The language of the current Power Sales Contracts provides an adequate basic mechanism for carrying out the conservation mandates of the Regional Act.

RESPONSE: Comment noted.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: A more specific and analyzable option should indicate what the criteria for "conservation achievement" might be. It should also indicate what contractual mechanism might be used to enforce such a standard. We would suggest that an achievement criteria must be more demanding than simply participating in some or all of the conservation programs offered by BPA. The contracts could, and should, be designed to affirmatively encourage utility conservation going well beyond the range of BPA programs. Any standard for achievement proposed for the contracts should use independent activity, as well as participation in regional programs, as its measure.

RESPONSE: Alternative 2.1 assumes that "achievement" refers to implementing conservation programs offered by BPA or similar programs of their own design. Since this is a hypothetical alternative, BPA believes that it is unnecessary to specify further criteria for achievement. BPA's conservation efforts are guided by the Resource Program and are designed to enable BPA to meet its obligations at the least cost consistent with BPA's other obligations. Resource acquisitions to meet load growth are the subject of the Resource Program EIS. Conservation efforts beyond amounts necessary to meet loads could lead to increased costs by rendering other operating resources surplus to firm requirements.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: In regard to Alternative 2.1, "Conservation compliance as a condition of service," we're particularly troubled by the "Rosy Scenario" view of utility conservation activities that is the foundation of the draft's discussion of this option. ... Three sentences of analysis are all that is required to conclude that the alternative could have no effect on preference customer conservation activities. The draft finds it a little less easy to gloss over the deficiencies of past private utility conservation programs. Even so, in no more than 3 paragraphs, in a triumph of "qualitative analysis," we are told to expect no significant impacts on IOU conservation from a new contract provision. In real life, over past decade we have frittered away several hundred MW of conservation just in "lost opportunity resources" (narrowly defined as new buildings and appliances; if we used a broader definition of lost opportunity, which included commercial and industrial retrofits of facilities and plants, the total would be much higher). In real life, as the Planning Council staff found just last year (in Council Issue Paper 89-8): "While the framework for capturing savings in new residential construction appears to be in place, more substantial efforts to build capability to acquire conservation in the commercial and industrial sectors must be undertaken by all utilities.... We have hardly begun to achieve all of the low cost benefits associated with capturing lost opportunity conservation. Significant conservation opportunities are being lost in all sectors."

RESPONSE: BPA's conservation efforts during recent periods of surplus firm power in the region have been focused on "lost opportunity" conservation. Conservation activity has expanded in response to increased loads and the need to acquire additional resources. Efforts have increased among utilities and state regulators in recent years to obtain "lost opportunity" conservation. The existence of these increased efforts supports the conclusion in the DEIS that the effect of

a contract term requiring participation in BPA conservation programs would be insignificant.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: As to enforcement mechanisms, a variety of options come to mind. The contracts could simply reduce BPA's obligation to serve the customer, in the event of an insufficiency, by the amount by which the customer fell short of capturing the conservation it would have, had it met its contractual conservation achievement targets. Or a "variable rate" (to coin a phrase) could be employed, with PF rates reduced for leading utility performers, and increased by a like amount for laggards. Whatever is chosen, it is important for the final EIS to consider the efficacy of various specific alternatives, if it is to determine whether any contractual provision could make a real difference in the conservation performance of customers (and their consumers).

RESPONSE: The specific mechanisms for enforcement of conservation obligations are not the critical part of the analysis. The analysis of conservation requirements should focus on the difference between the achievement of conservation which is possible in comparison to the status quo and the reasons for the difference. Fundamentally, the differences among specific enforcement mechanisms do not alter the DEIS conclusion that a conservation condition on service under the power sales contract would not significantly increase the levels of conservation developed in the region.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: The final EIS is not entitled to assume, simply because regulatory commissions are addressing least-cost planning and "regulatory incentives" for conservation, that least cost planning and effective motivations for its implementation will necessarily follow. The final EIS must confront more squarely the fact that while preference customers participate in BPA conservation programs, almost none do anything more on their own initiative.

RESPONSE: Comment noted. However, other forums, specifically, BPA's Resource Program and the Resource Program EIS now under preparation, exist for determining the optimum level of conservation programs.

AFFILIATION: RONALD A. LEE, EPA (PSC-02-023)

COMMENT: The DEIS indicates that improvements to conservation efforts and fish and wildlife enhancement could potentially occur as a result of amendments to the Northwest power sales contracts. Provisions which do not appear to result in a "significant" change are discounted in the DEIS.

RESPONSE: Comment noted. Given the complexity of a contract amendment process or other efforts to obtain potential benefits, it would be impractical to develop a contract amendment which did not offer the prospect of significant benefit.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA expects no change in levels of conservation for IOUs, "since they will continue to acquire cost-effective conservation in accordance with least-cost planning principles." This comment should be expanded to apply to all utilities that engage in least-cost planning, public or private. The implications of the statement as written are that public utilities that do not purchase most of their power from BPA neither participate in BPA's conservation programs nor do least-cost planning, and that public utilities that do purchase most of their power from BPA do not engage in least cost planning.

RESPONSE: Comment noted. The EIS text has been revised to address this concern. Chapter 2 of the DEIS, in the "Summary: Comparison of Impacts of All Alternatives, recognized that preference customers participate in BPA's programs. (Please note that the discussion referred to, which appeared in Chapter 2 in the Draft EIS, has been moved to Chapter 4 in the Final EIS.)

ALTERNATIVE 2.2. CONSERVATION TRANSFERS FACILITATED

AFFILIATION: RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT: Alternative 2.2: Conservation Transfers. We support the caution expressed in the DEIS concerning further extension of the conservation transfers concept to permitting utilities to market freed-up Bonneville power. Mechanisms already exist to permit the entire region to benefit from conservation efforts in any utility's service area. We believe that no further contract authority is required to make this concept work.

RESPONSE: Comment noted.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: If, as the Act insists, conservation is a "resource" in every sense of the word, why do the contracts treat a kilowatthour conserved through an independent conservation program offered by a full requirements customer, not as the customer's owned resource, but as a theft of Bonneville property? Is such a reading really required by any law other than the contracts themselves? Does a sale of independently conserved energy actually reduce the Federal Base System, if it does nothing to reduce the pre-existing ability of the Administrator to meet his or her obligations to the other customers of that system (remember that the amount of power now be sold by the conserving utility was not previously available to BPA or any of its other customers, and that, in the event of an insufficiency, the customer will have the same options as if it owned a dam and was selling the output)?

RESPONSE: The primary question raised in Alternative 2.2 is whether or not BPA would want to allow resale of Federal power as incentive for conservation transfers. Chapter 4, Section 2.2.2.2, specifies several authorities other than the contracts that limit resale of Federal power to assure that Federal base system power is available to preference customers. Conservation "built" by a utility as a resource is not the same as if the utility built a dam to serve its needs, as suggested by this comment. The fact remains that if a full requirements utility builds a conservation resource, the power freed up from serving the utility's load is not "generated" by the utility's conservation resource and does not automatically become the utility's power. Rather, it remains BPA power, which was sold to the utility to serve its firm requirements load. Due to this limitation, conservation is not "a 'resource' in every sense of the word," as shown by the statutory restrictions summarized in section 2.2.2.2.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: The draft itself, in its pass at an analysis of environmental consequences, presents three brief scenarios, in two of which such a change in contractual interpretation would increase the amount of conservation captured. So in this case, as with Alternative 1.1, the draft apparently discovers an option with some environmental benefits, but finds a way to get from there to a preference for "No Action."

RESPONSE: First, the DEIS does not claim that a mere "change in contractual interpretation" could result in conservation achievement. Rather, it discusses the need for contract amendment and possible statutory and policy changes as well to facilitate conservation program implementation. Second, it is far from clear whether the costs in terms of contentiousness and loss of preference customer rights to BPA's least expensive power would be greater or less than the benefits of achieving increased conservation. Finally, achievement of an increased amount of conservation is uncertain, because it depends on the regional and Federal load/resource balances and the amount of conservation captured by BPA. The comment omits to mention that the first of these two scenarios, used for illustration, is based on the unlikely continuation of large BPA energy surpluses. The second scenario could result in increased conservation compared to the first, but not necessarily more conservation in comparison to the base case.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: This issue deserves to be taken seriously, not simply brushed off on account of the "political/ legal issues" which attend it. The final EIS must recognize that there are alternatives to BPA's "political/legal" view of the situation and must explore, with rather more candor than we see here, the implications and effects of accepting those alternatives.

RESPONSE: BPA believes that the EIS's treatment of conservation is adequate. BPA believes that there are more effective and less costly means than contract amendment to encourage energy conservation in the region. The DEIS analysis does not "brush off" the issue of conservation transfers of Federal base system power, but puts them into a category considered less likely to be implemented because of their conflict with settled law concerning the resale of Federal power.

AFFILIATION: NCAC (PSC-02-019)

COMMENT: The second conservation option, facilitating conservation transfers, also fails to very squarely confront the issues. The draft describes it thusly (p. 2-28): "We will assume that

the increased transactions involving conservation transfers involve the resale of entitlement to firm requirement power, including Federal Base System resources, because that is the only conservation transfer transaction that is prohibited by the Power Sales Contracts." It is not at all clear to us that this view of a conservation transfer is consistent with the Act's treatment of conservation. The fundamental question is whether the power made available by the savings from an independent conservation program run by a utility which buys power from BPA is a "resource" in a real sense. If the utility in question (let's assume it's presently a full requirements customer for ease of analysis) chose to build a dam, with its own funds, there would no question of the utility's right to sell the dam's output to another utility, and keep taking as much BPA power as it ever had, to serve its own loads. (Of course, in the event that BPA ended up with insufficient resources to meet its obligations, the utility could be forced to either make the dam's power available to BPA, or use it to meet its own needs, or have its deliveries from BPA restricted. But this is an unlikely eventuality, and even in this case the utility has a number of options as to how it will employ its own power).

RESPONSE: As discussed in the response above, there are real differences between generation and conservation resources. If the utility constructs a dam, the power generated is "its [the utility's] own power" and can be sold by the utility. If the utility "builds" a conservation resource, however, the power saved retains its identity as BPA's resource. The reasons for this are summarized in Chapter 4, Section 2.2.2.2.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Finally, the DEIS assumes that conservation transfers would only occur from consumer-owned utilities to IOUs. Depending on the nature of resource development in the future, other configurations are possible as well, such as from a surplus consumer-owned utility to a deficit consumer-owned utility.

RESPONSE: Comment noted. Chapter 4, section 2.2.2.1 of the DEIS refers to "new resource needs of other Pacific Northwest utilities, chiefly IOUs." The common assumption is that BPA's requirements customers (preference customers) will continue to rely on BPA to serve their loads, for convenience and economic reasons. In addition, Chapter 2, section 2.2.1 adds that IOUs may need to add resources before BPA and most of BPA's preference customers. As Chapter 4, section 2.2.2.1 alludes, however, it is quite possible that preference customers could acquire resources and sell power to other publicly owned utilities. The EIS text now includes the possibility of transfers among preference customers.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: It is also not clear what "diluting" preference rights and "certain rates" might mean, or how such transfers are necessarily "inconsistent" with the 5-year cancellation provision required by law.

RESPONSE: If transfers were developed for conservation measures or programs which would be implemented over a period of 5 years or produce energy savings over a longer than 5-year period, a 5-year cancellation provision would reduce the value of the transfer and lessen its usefulness to prospective purchasers as a long-term firm resource.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA states that facilitating conservation transfers would have "undesirable side effects." This statement should be rewritten to refer to "difficult legal and policy questions." The current wording does not necessarily represent a consensus opinion in the region regarding the values and legality of conservation transfers.

RESPONSE: The suggested language has been included in the EIS summary.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-29: In Sec. 2.2.2, the described relationship to Alternative 3.2 is incomplete. If BPA were the region's sole supplier, conservation transfers might be "automatic", but the cost of those transfers might not be the lowest possible. That is, the region might not be following a least-cost path if BPA were the region's sole power supplier.

RESPONSE: Comment noted. The discussion on page 2-29, however, appears sufficient for a description of the No-Action Alternative related to Alternative 2.2.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: The first five "bullets" in this section [Chapter 4, Section 2.2.2.2] assume that conservation transfers take place only from preference customers to IOUs; the expressed concerns do not apply if preference customers arrange conservation transfers among themselves, with or without involving purchases of PF power from BPA. The final "bullet" assumes that BPA has some "right" to cost-effective conservation, which of course is not true.

RESPONSE: Although conservation transfers among preference customers are conceivable, the much more likely circumstance for transfers, given the service choices under their power sales contracts and their resource requirements, is conservation transfers from preference customers to IOU's. The EIS discussion is written with emphasis on this more likely scenario. The reference to BPA access to conservation does not assume a right, but recognizes the effect of transfers on BPA's opportunities for conservation.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-25: The description of conservation transfers (Sec. 2.2.2) should not assume that such transfers would take place only from public utilities to IOUs.

RESPONSE: Comment noted; see earlier response.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-26: The discussion in Sec. 2.2.2.2 assumes that "firm requirements power supplied to preference customers" has "relatively low, predictable costs compared to alternate resource acquisitions." This statement is less clear now that BPA is moving away from cost-based rates and toward revenue-financing of major capital additions.

RESPONSE: BPA believes that this statement remains valid, due to BPA's ratemaking practice of melding costs into rate pools. The enormous existing cost/rate bases of the rate pools provide a dampening effect to new costs.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: In general, the relevance or usefulness of the scenarios on pp. 4-25 and 4-26 is unclear. The discussion is sufficiently qualitative ("increased ... budget levels and programs") that clear distinctions among the conclusions of the three scenarios are difficult to find. Unless there is some overriding reason for including these scenarios, they should be eliminated in the interest of lower levels of confusion.

RESPONSE: The scenarios in section 2.2.2 of the DEIS are meant to provide examples of the variation in conservation transfers that could occur assuming certain situations occur. The situations discussed in section 2.2.2.1 are simplified to make the point that the amount of conservation transfers depends on several factors: the need for resources; BPA's funding levels for conservation acquisition; the new resource needs of other PNW utilities; and the costs of new resources.

ALTERNATIVE 3.1. BPA LOAD PLACEMENT ALTERNATIVES

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: It is not clear that only coal plants have lead times longer than 7 years. If other resources have similarly long lead times (due, for example, to environmental restrictions), then the distinction between 7 and 10 years may be moot completely. The third paragraph in this section is very confusing.

RESPONSE: This comment references Chapter 4, section 3.1.2.1. The comment is correct that assuming different lead times for resources could affect the results of the analysis. BPA's analysis for the DEIS depended on BPA's assumptions for long-term planning purposes. In that examination, only coal plants have lead times longer than 7 years. Reducing speculation requires basing analyses on assumptions of some sort; this assumption was deemed to be most reasonable for the DEIS. The issue addressed in the third paragraph regards the timing of the decision to complete WNP-1 and -3. If BPA received notice that load growth appeared possible for the eighth, ninth, or tenth years of the planning horizon, and if BPA received notice by the year 2000, BPA could decide to complete construction. The difference between the contracts' 7-year notice period and the 10-year notice period of Alternative 3.1 is the length of time BPA would have to decide to complete WNP-1 and -3.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-30: In Sec. 3.3.1, BPA should point out that requiring longer notice periods would reduce the flexibility of BPA's customers to respond to resource opportunities, and that reduced flexibility would then probably imply some other concession by BPA.

RESPONSE: While it is true that such an amendment to the power sales contracts could result in BPA providing a concession to the utility's for BPA's increased certainty of future loads, to assume for the EIS the form or even the existence of such a concession would be speculative.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-28: In Sec. 3.1.2, it should be made clear that the restrictions on "load increases or decreases" apply to a utility's rights to change its Firm Resource Exhibit.

Customers without resources declared in an FRE (metered requirements customers and DSIs) do not have these restrictions, so the analysis does not apply to most of BPA's customers.

RESPONSE:

Comment noted. Such clarification appears in Chapter 2, Category 3, pages 2-30 and 2-31, which describes Alternative 3.1 and the No-Action Alternative. Metered requirements customers are subject to the same requirements to list Firm Resources and the same limitations on changes in their Firm Resource Exhibits as other utilities which are parties to BPA's utility power sales contracts.

ALTERNATIVE 3.2. BPA AS REGIONAL SUPPLIER

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-29: In Sec. 3.2.1, it is important to define "much smaller," given that the amounts noted in Table 3.2.1 (p. 4-31) are already small relative to the total system additions expected over the specific time horizons. Also Table 3.2.1 should list changes in net resource additions not only in aMW but also as percentage deviations from the base case.

RESPONSE: The 1987 Resource Strategy determined the difference between resources needed to serve the region's load growth in two cases. The first case assumes that the IOUs purchase their load growth needs from BPA, which serves as the regional power supplier. The second assumes that the IOUs do not purchase their load growth needs from BPA. The descriptive phrase "much smaller" refers to the difference between the resource differences determined for the 1987 Resource Strategy and an updated analysis performed for the PSC EIS. The resource difference relevant to the PSC EIS is not the difference between the 1987 Resource Strategy and the updated analysis, however, but the resource differences between the two cases (BPA as regional supplier vs. no IOU load growth purchases from BPA) found in the updated study, shown in Table 3.2.1. Therefore, it is not clear what additional clarity would result from adding the suggested information. For the purposes of analysis in the EIS, it is not necessary to show changes in net resource additions as percentage deviations from the base case. Rather, the important information is the absolute net changes, which have implications for environmental effects, as described in section 3.2.2.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-32: The last (incomplete) paragraph assumes that firming nonfirm strategies must be implemented by BPA. However, resources used to firm federal nonfirm energy MUST BE ACQUIRED BY BPA FROM OTHER ENTITIES, and there is a high likelihood that those other entities will be the region's utilities.

RESPONSE: The comment is correct. However, the point remains that different resources would likely be developed if BPA were backing them versus the utilities developing the resources without BPA backing. Nonutility resources which could be used to firm nonfirm energy have recently been proposed for development within the Pacific Northwest.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Finally, in its draft Fourth Biennial Energy Plan (November 1990), the State of Oregon is moving toward explicit incorporation of the costs of environmental externalities in the decisions of the Oregon Public Utilities Commission regarding new resource development by IOUs.

RESPONSE: Comment noted.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA refers to an old study done jointly with the Council that concluded that centralized resource development would result in lower regional power costs. BPA should clearly state that the "study" of centralized resource development by BPA and the Council took place several years ago and was based on assumptions and data that were questionable even then. Current least-cost plans of both IOUs and publics do not support the conclusion that more coal plants will be developed. BPA should examine the least-cost plans of all regional utilities and all applicable state and federal statutes and regulations before simply restating these old conclusions. We attach here data compiled by staff of the Pacific Northwest Utilities Conference Committee (PNUCC), and urge BPA to consider the primary documents from which this data was derived. PNUCC's summary clearly indicates that through 2001 there will be no significant difference in the nature of resources developed, whether BPA or the region's utilities develop those resources. In significant contrast to BPA's conclusions, no coal plants are currently planned through 2001 by any entity in the region. Coal plants only occur in the contingency plans associated with extraordinarily high load growth for the year 2000, a situation that BPA is more appropriately considering the Resource Program EIS.

RESPONSE: The comment is correct that this issue is more appropriately considered in the Resource Program EIS. The power sales contracts DEIS used the best information available. The effect of a lesser likelihood of construction of additional coal plants is to reduce the impacts of Alternative 2.2, which reinforces BPA's conclusion that there would not be significant environmental impacts from this alternative.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA's conclusions regarding coal plants are also contradicted by recent changes in Federal legislation (amendments to the Clean Air Act), which will make it more difficult to site, build, and operate coal plants in the future.

RESPONSE: Constraints on development of coal generation under the Clean Air Act amendments will likely inhibit such development, by internalizing at least some environmental costs of coal plants. The economic and social costs of constructing and operating coal plants are determined by many factors in addition to emissions restrictions. The power sales contracts EIS uses the most current and least speculative information available on resource development and operation. If coal development is less likely as a result of these amendments, the impacts of Alternative 3.2 would be lessened.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-30: The first paragraph, under RESOURCE PLANNING AND DEVELOPMENT PROCESSES [sic] should note that many of BPA's consumer-owned utilities develop their own resource plans under local regulation.

RESPONSE: The paragraph cited is a general introduction; the discussion is not improved by the addition of the suggested qualification.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-31: The last full sentence on the page tells only one side of the story. BPA should also note that: (1) least-cost resources may also be acquired by consumer-owned and investor-owned utilities, constrained by local and state regulation; (2) there is no evidence that centralized acquisition will lead to lower costs than otherwise, given the institutions and technologies that will prevail in the future; and (3) economies of scale associated with the federal system are merely assumed and must be compared with all the costs of centralized acquisition, including the delays, uncertainties, imperfect incentives, and transactions costs associated with the federal procurement process.

RESPONSE: The sentence following the referenced sentence discusses utility rights to plan and develop conservation and generation resources. The paragraph in which the referenced sentence appears does not imply that the conditions stated in the comment do not exist. For purposes of description of the alternatives, specifically Alternative 3.2, it is not clear that language such as that in the comment would improve clarity or understanding. The EIS text has been revised to address this concern.

ALTERNATIVE 3.3. CUSTOMER PLANNING ON OTHER THAN CRITICAL WATER BASES

AFFILIATION: MICHAEL K. COLLMEYER, COE (PSC-02-032)

COMMENT: Critical Water Planning has and is a contractual agreement for all members of the Coordination Agreement. Any change by the Federal projects to, say average water planning would have a major impact on storage projects in the late summer and fall. Local pressure from reservoir users has been and is now underway to further restrict summer and fall drawdown to benefit at-site recreation. Any added drafting of the reservoirs to support average water planning would not be an acceptable alternative to those who already object to drafts required to support Critical Water Planning.

RESPONSE: Comment noted.

**ALTERNATIVE 3.4. IMPROVED ABILITY TO EXERCISE PROVISIONS TO
MAKE PURCHASES IN LIEU OF EXCHANGES**

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-35: The five questions listed regarding in lieu purchases are not clear.

RESPONSE: The questions referred to have been rephrased.

ALTERNATIVE 3.5. SHORTER CONTRACT TERMS (10 YEARS)

AFFILIATION: R. L. BAILEY, PUGET POWER (PSC-02-017)

COMMENT: The "alternative" of a shorter contract duration would increase the uncertainty of the terms upon which power would be available from BPA in the long run and further discourage utilities such as Puget from relying upon BPA for long-term power purchases.

RESPONSE: Comment noted. See discussion in Chapter 2, section 3.5.1. The EIS text has been supplemented to address this concern.

AFFILIATION: JOHN D. CARR, DSI, INC.(PSC-02-022)

COMMENT: On page 4-37, 3.5.2.1.2, ... BPA states that resources developed for self-generation could increase competition for regional fuel supplies, driving up prices. While that is a possible result, this would only be true if the use of self-generation resulted in less efficiency and more fuel use. BPA should also discuss that DSI cogeneration might be more fuel efficient than alternative resources, thus resulting in less fuel use, and less competition for regional fuels.

RESPONSE: The general discussion in section 3.5.2.1.2 is meant to briefly cover the most likely possibilities for the effects of shortened contract terms. Section 3.5.2.1.2 addresses the potential for self-generation to sustain efficient resource development. It is also possible, as mentioned in section 3.5.2.1.2, that self-generation need not be redundant; in fact, coordinated planning could result in fuel efficiency benefits. The EIS text has been supplemented to include a reference to potential fuel efficiency benefits of DSI cogeneration.

AFFILIATION: JOHN D. CARR, DSI, INC.(PSC-02-022)

COMMENT: On page 2-8 BPA discusses potential results of shorter contract terms. BPA concludes that DSIs, effected [sic] the uncertainty posed by shorter contract terms, could look for other suppliers and BPA could lose the DSI reserves. BPA should point out the implication of this would be to require the construction of additional resources to replace the reserves, and/or purchases of additional power.

RESPONSE: The EIS text has been supplemented to address this concern. Language regarding the need for additional resources appears in the Final EIS in Chapter 4, in the discussion of Alternative 3.5 in the section "Summary: Comparison of Impacts

of All Alternatives." (Please note that the discussion referred to, which appeared in Chapter 2 in the Draft EIS, has been moved to Chapter 4 in the Final EIS.)

AFFILIATION: JOHN D. CARR, DSI, INC.(PSC-02-022)

COMMENT: Page 2-36, 3.5.1, last paragraph. BPA fails to mention at this point in the EIS that not only would BPA not escape the service obligation, but its own obligation to acquire firm resources might increase because of the loss of DSI reserves associated with the shift by DSIs to other regional utilities.

RESPONSE: The EIS text has been supplemented to address this concern.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-37: In the paragraph entitled "Service from another utility," it is not clear why transmission costs would be higher if a DSI were served by an entity other than BPA.

RESPONSE: In most cases, transmission costs could be expected to be much the same for retail service as for DSI service. Transmission costs could increase if additional BPA wheeling charges were applicable to delivery to the retail utility, or if resources used to serve the load were subject to additional charges. Utility load shape might be altered, which could also result in additional costs. The potential for these costs is highly dependent on the individual situation concerning resources, location, and utility load.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-37: In the paragraph entitled "Self-generation," it is important to cite references for the conclusion that self-generation leads to redundancy. Otherwise, the conclusion may simply be false. Again, the last sentence continues to assume that the supply response has no downward impact on market prices, which is unsupported.

RESPONSE: The discussion in Chapter 4, section 3.5.2.1.2., is not meant to be a definitive statement of results of shorter contract terms. Rather, it attempts to introduce various possibilities. It is intuitively obvious that self-generation could lead to redundant development of resources if certain conditions occur. One possible scenario would be if the utility serving the area including the DSI site anticipated an obligation to serve the load if the DSIs' attempts to obtain resources were unsuccessful. As implied in section 3.5.2.1.2., though, such redundancy is far from certain.

Results depend on the situation. It is difficult to imagine a situation in which self-generation would result in a downward impact on market prices of fuel, especially considering the huge price advantage of the hydropower generated by the FCRPS.

ALTERNATIVE 4.1. INCREASE FIRST QUARTILE-TYPE INTERRUPTIBILITY

AFFILIATION: EDWARD SHEETS, NWPPC (PSC-02-025)

COMMENT: Section 4.1.3.2.2, ... The Draft correctly notes that increased DSI interruptibility will mean a decrease in firm load, and therefore will increase the amount of firm power available to non-DSIs. However, the analysis then assumes that this newly available firm power will not be needed by others at the time of year when the DSIs would have used it. Instead, the analysis assumes that the operation of the hydrosystem will be substantially readjusted to "shift" this increment of firm power (FELCC) to other times of year. We do not agree that increased DSI interruptibility would automatically be accompanied by a major change in river operations. The current limits on FELCC shift are the result of concerns about fall flow levels and reservoir refill. Restrictions on flow and reservoir levels can be, and have been, made independent of desires to meet loads. The analysis apparently assumes that these existing limits will be lifted, and that the river will be operated to maximize the firm power benefits of the hydrosystem. Section 4.1.3.2.2 does not explain which of the impacts are the result of increased DSI interruptibility and which are the result of this FELCC shift. However, it appears that most of the adverse impacts described in the section are not the inevitable result of increased DSI interruptibility, but rather the result of new assumptions about how the hydrosystem will be operated.

RESPONSE: Since the EIS analysis was developed, BPA, together with the U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation, has begun the System Operation Review, which includes preparation of an EIS on the operation of the hydro system. In addition, the proposed listings of Snake River salmon species as threatened or endangered may result in new requirements limiting the operation of federal hydro generators on the Columbia River System. These influences could supersede the results of the EIS analysis.

The discussion in Chapter 4, section 4.1.3.2.2, covers the potential effects on the hydroelectric system of having a load equivalent to four quartiles of the DSI load being interruptible. The discussion is limited in that it analyzes impacts to the hydropower generation system only. That is, it does not assume any other changes to operations other than those resulting from changing the amount of interruptible load. In that sense, the discussion is not perfectly realistic. However, the discussion's limitations are necessary and useful for purposes of the EIS, which cannot analyze every possible contingency. BPA does recognize that

restrictions on flow and reservoir levels exist, and BPA actively supports these and other efforts to facilitate fish migration and spawning.

Constraints on the operation of the FCRPS are currently being evaluated in the EIS on the System Operation Review (SOR) which is scheduled for completion in late 1993 or early 1994. Operations to serve BPA's obligations under its power sales contracts will be limited by constraints adopted through the SOR process, as they are currently subject to limitations which have already been established for nonpower uses of the system. The EIS does not assume changes in existing constraints. The effect discussed in Section 4.1.3.2.2. in Chapter 4 is the result of ceasing the use of shift, provisional, and flexibility energy to serve DSI loads due to the absence of firm DSI loads under Case B.

AFFILIATION: JIM LAZAR (PSC-02-031)

COMMENT: BPA's arrogance in evaluating alternatives is best demonstrated by its summary on page 2-4 of the impact of increased interruptibility of DSI loads, where the "answer" is as follows: Yes. Could also significantly harm DSI customers. This is not an environmental evaluation, but rather only an economic judgment, totally lacking in either environmental or economic analysis. Continued service to DSI customers implies an economic subsidy by other power users of \$100,000 to \$150,000 per employee, suggesting that the subsidy may exceed the regional value-added of these customers. BPA's evaluation of the question of DSI interruptibility should look at impacts on air quality, water quality, fish and wildlife issues, and land use, not simply reject the concept because of an unquantified and irrelevant economic impact on a highly subsidized industry.

RESPONSE: Under present conditions for BPA sales, in which sales are based on average costs and the cost of marginal resources is higher than average cost, the comparison of service costs of any customer class to marginal costs will appear to be a subsidy. The commenter's comparison of BPA's rates to DSIs to marginal costs of new resources shows an apparent "subsidy" for this reason. None of BPA's current sales are charged at the marginal costs cited by the commenter; on this basis, all of BPA's customers would appear to be "subsidized." BPA's rates are limited by law to recovery of its costs; marginal cost rates for sales to DSIs would necessitate below-cost rates for other sales unless the statutes governing BPA sales were amended.

The calculation of costs on a per-employee basis also exaggerates the status of DSIs among BPA's customers.

Evaluating an industry's energy consumption on the basis of consumption per employee will always suggest that energy-intensive industries are more costly to the region relative to less energy-intensive operations. The commenter's point of view is that the region would be better off if BPA's DSIs were charged the marginal cost of electricity, which almost certainly would result in shutting down a major portion of DSI capacity in the Pacific Northwest. The suggestion is that this result would be environmentally preferable. However, the market for aluminum would probably stimulate the development of new production capacity elsewhere in the world, perhaps in Third World countries. Although the result of a shutdown of Pacific Northwest capacity could be viewed as environmentally beneficial, unless environmental regulations in the locations of new capacity are as strict as in the United States, the new capacity might have worse impacts than the capacity in the Pacific Northwest which would be shut down.

The environmental effect of a DSI shutdown would not necessarily be positive even within the Pacific Northwest. If the power used to serve DSIs became available to serve other loads, other energy-intensive uses of power might be induced to locate in the Northwest. The net effect would be to exchange the impacts of DSIs for the impacts of other industries. Some possible industrial consumers in the Pacific Northwest are pulp and paper manufacturers, chemicals, and mining operations. Each of these results in additional environmental impacts. If DSI power were used to serve less energy-intensive loads, the same amount of power would supply more dispersed activities which might cumulatively have greater adverse environmental impacts than the DSIs, particularly on land use. Air and water pollution from dispersed uses would likely be more expensive to control and more difficult to monitor and regulate for numerous less energy-intensive sites than for DSI sites.

The presence of DSIs is largely a result of the historical availability of low-cost power in the Northwest. As loads have increased, DSI rates have increased and DSI service has become more vulnerable. While it has not been decided whether DSIs will continue to receive service from BPA after their current contracts expire, DSIs are an established element of the Pacific Northwest economy which has improved in efficiency in response to changing power costs. It is inaccurate to conclude that DSI rates are a subsidy, and it is questionable whether DSIs would be shut down to avoid the environmental impacts of their operations.

The assumption that DSIs should pay the marginal cost of power is open to question. It is not clear why DSI load should be assumed to be the marginal load; regional load forecasts indicate that the DSI load is expected to decline in future

years. The marginal load in the region appears to come from load growth of other consumers. Assuming, only for the sake of argument, that the costs of providing power to the DSIs exceeded their rates, any such excess cost would be offset by other economic benefits to the power system and the region. A study of the value of DSI loads in March 1990 showed power system benefits from DSI service only of \$33,000 per employee annually. Other economic effects of DSI loads are comparable to the assumed subsidy described in the comment: Total expenditures by aluminum DSIs per employee during 1990 were over \$175,000. These figures show that the power system and economic benefits of DSI operations outweigh the difference between their power costs and the marginal cost of power.

Chapters 3 and 4 of the DEIS include analyses of environmental and economic considerations concerning DSI service. The discussion in Chapter 4 covers the topics of resource construction and operation, anadromous and resident fish, recreation, system refill, irrigation, air quality, fuel use, land use, and water use.

**ALTERNATIVE 4.2. NO BPA PURCHASE REQUIRED FOR
CERTAIN EXERCISE OF FIRST QUARTILE RESTRICTION RIGHTS**

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA's understanding of the economics of DSI plant operations has improved considerably in the last few years. It should be possible to model the operation of these plants with various assumptions regarding the cost of replacement power, in order to estimate the impacts of this alternative. PPC concludes that this additional analysis should be included in the Final EIS.

RESPONSE: The analysis in the DEIS was as complete as reasonably possible. As discussed in Chapter 4, section 4.2.1., it would be unreasonably speculative to quantify certain key impacts of the changes in service to the DSIs. In addition, it is unclear what the benefits to the EIS would be of attempting such additional "accuracy." Too many assumptions would be needed to make the analysis anything but speculative.

ALTERNATIVE 4.3. INCREASE QUALITY OF SERVICE TO FIRST QUARTILE

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: BPA should explain why changes in statutes would be required in order to firm up the entire DSI load. [Page Summary-7]

RESPONSE: Section 5(d)(1)(A) of the Northwest Power Act authorizes BPA's administrator to sell power to existing DSIs, and requires that sales to DSIs provide reserves for firm power loads in the Pacific Northwest. Full firm service to DSIs would conflict with this provision.

ALTERNATIVE 4.4. NO DSI-TYPE RESERVES

AFFILIATION: EDWARD SHEETS, NWPPC (PSC-02-025)

COMMENT: At page 2-44 the Draft says regarding DSI sales that "some future assignments of contract may be approved." Bonneville has approved certain transfers of DSI contract demand in the past that were equivalently transfers to successors in interest. The environmental impacts of such transfers appear adequately covered by the Draft. If, however, Bonneville were to allow other transactions, whether or not characterized as assignments, the environmental impacts could be far greater and could require considerably more analysis than reflected in the EIS.

RESPONSE: Comment noted. BPA does not intend to approve any assignments of DSI contracts to parties other than successors-in-interest without appropriate public involvement and NEPA processes.

ALTERNATIVE 5.1. LARGER DSI FIRM LOAD

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-43: The discussion of assignability of DSI contracts assumes that the legality of such actions has been established. BPA should point out that no court opinion on assignability has been issued, and that there are substantial questions still unanswered regarding the ability to assign contracts among DSIs. At the very least, BPA should refer to the language in Sec 5(d)(3) of the Northwest Power Act that is subject to a variety of interpretations.

RESPONSE: It is clear throughout the DEIS that the alternatives analyzed are hypothetical, assumed for the purpose of determining to the extent possible the potential impacts of such alternatives. BPA recognizes that questions remain about assignability; BPA and the EIS make no assumptions about the reasonableness of assignability in general.

ALTERNATIVE 5.2. SMALLER DSI FIRM LOAD

AFFILIATION: JOHN D. CARR, DSI, INC. (PSC-02-022)

COMMENT: Page 2-44, 5.2.1. BPA describes the alternative of smaller DSI firm loads and states "The analysis would assume that BPA is not obligated to plan to serve DSI load after contract expiration dates." BPA should point out that this assumption is contrary to the position that BPA took at the time it offered its initial Northwest Power Act Contracts in the letter transmitting those contracts dated August 28, 1981 which indicated that the Northwest Power Act: "contemplates in section 5(d)(1)(B) additional future contracts with each" DSI.

RESPONSE: Although the Northwest Power Act may imply additional future DSI contracts, it does not require them. Current DSI contracts provide for notice to BPA from DSIs of whether they will request follow-on contracts from BPA for service beyond the expiration dates of the current contracts. the EDEIS analysis is intended to address the hypothetical decrease in DSI loads for the purpose of analyzing its environmental impacts. The assumptions made for the analysis do not imply that BPA assumes that such changes in service would be made. BPA recognizes its current commitments and the realities implicit in changing the status quo.

ALTERNATIVE 5.3. REMOVE NEW LARGE SINGLE LOAD CONSTRAINTS

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-46: In Sec. 5.3.1, BPA states that the alternative implies that "(n)ew loads of preference customer utilities would be entitled to FBS resources." In fact, FBS resources are now inadequate to meet all preference loads, so new loads do not have an entitlement to FBS resources, but rather to power at rates based in large part on the costs of FBS resources.

RESPONSE: The text should have indicated that such loads would be served with Priority Firm power under Alternative 5.3. The EIS text has been revised to address this concern.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-45: Purpose (2) for the NLSL provisions is not quite accurate, because new loads do have access to the FBS, just as long as they increase in increments smaller than 10 aMW per year. It is also the case that BPA may declare increases in any load, whether at an existing site or not, that exceed 10 aMW to be NLSLs, even if the resulting total load is smaller than previously registered at the site. It is also not at all clear what is meant by the paragraph immediately following (5) ("more appropriate in a scenario ...").

RESPONSE: Regarding the first part of the above comment, the second paragraph in Chapter 2, section 5.2.2., preceding the numbered items, states that "A New Large Single Load (NLSL) is a load ... that increases by 10 aMW or more" Therefore, an NLSL does not have access to FBS power because by definition it would be 10 aMW or more. The point of the paragraph following item #5, regarding adequate regional economic viability and competition, is that the NLSL provisions of the Northwest Power Act can be discouraging to new and expanding industries. If the region is in a period of recession or depression, or the region has a power surplus, or both conditions are present, compliance with the NLSL provisions can create economic hardships, since they discourage economic expansion and competition.

ALTERNATIVE 5.4: INCREASE NEW LARGE SINGLE LOAD CONSTRAINTS

NO COMMENTS RECEIVED

ALTERNATIVE 6.0. NO ACTION ALTERNATIVE AND MISCELLANEOUS COMMENTS

AFFILIATION: ORVILLE D. GREEN, IDAHO H & W (PSC-02-008)

COMMENT: I was unable to find a discussion of the effects of air pollution emissions from the coal-fired facilities on visibility. Visibility/regional haze issues are particularly important to us, since Idaho is in and adjacent to the highest visibility region in our country.

RESPONSE: There was no discussion of impacts on visibility in the draft EIS. Operation of coal-fired generating plants indeed affects visibility. The changes in visibility would tend to track in a qualitative sense the changes reported in the EIS for annual average generation for coal-fired generating plants. (See Appendices H-5 and H-6.) However, assessing visibility impacts is a complex matter requiring consideration of local and regional meteorology, plant specific factors, local and regional terrain, and the presence or absence of sites having special scenic value or which have some special status (e.g., National Parks). Considering the broad scope of the EIS, the degree and direction of changes in generation (and, correspondingly, emissions of air pollutants) by existing plants shown by the analyses, and the inability to predict the site-specific characteristics necessary to evaluate visibility impacts for new plants projected to come on line, we do not believe a detailed analysis of visibility impacts is warranted in the Final EIS. Section 3.2.1, beginning on page 3-15, and Appendix H discuss air quality with regard to SO₂, TSP, and acid deposition.

AFFILIATION: RICHARD RUTZ, SCL (PSC-02-012)

COMMENT: The analysis of thermal plant impacts should be redone for the final to reflect costs of the operation of facilities expected under the new Clean Air Act amendments. For example, the cost of operating Centralia would be substantially higher because it would now require a scrubber.

RESPONSE: It is unclear what impact the Clean Air Act amendments would have on the costs or emissions of specific existing plants or of projected new plants at this time. To adjust the costs of coal-fired generating facilities in the DEIS analysis based on what we know at this time about individual plant operations to meet these new requirements would be speculative.

AFFILIATION: LARRY D. MILLER, OR DEQ (PSC-02-014)

COMMENT: Errors were found in Appendix E, Tables E.5 and E.6.

RESPONSE: The errors identified were on tables showing ambient air quality at Pacific Northwest coal plants and listing federal air quality standards. Units for certain pollutants were shown in milligrams, where the correct units should have been micrograms. The error was typographical, arising from an attempt to print the "mu" (for micro) symbol, and has been corrected in the final EIS.

AFFILIATION: LARRY D. MILLER, OR DEQ (PSC-02-014)

COMMENT: Impacts of Power Sales Contracts on the Thermal Plants such as Boardman are unclear. However, DEQ-Air Quality has full authority for air quality over these plants through the permit process. This is adequate protection.

RESPONSE: Comment noted.

AFFILIATION: AL WRIGHT, PNUCC (PSC-02-015)

COMMENTS: PNUCC believes that BPA has met the requirements of the Ninth Circuit Court of Appeals order to prepare an EIS on the initial power sales contracts under the Northwest Power Act. We believe that the scope of inquiry and the analysis of this EIS is both adequate and sufficient from a NEPA perspective.

RESPONSE: Comment noted.

AFFILIATION: AL WRIGHT, PNUCC (PSC-02-015)

COMMENT: PNUCC agrees with BPA's conclusion to support the No-Action Alternative, i.e., to preserve the existing contracts without change. The power sales contracts contain provisions designed to facilitate acquisition of conservation and fish and wildlife mitigation, but leave BPA substantial flexibility to advance these objectives without resorting to the compulsion of specific contractual obligations. BPA's EIS analysis assures that the existing contracts will not impede its ability to meet these objectives.

RESPONSE: Comment noted. BPA has selected as its Preferred Alternative a modification of Alternative 1.1 under which BPA would develop a policy for enforcing the NWPPC Protected Areas Rule in its resource-related transactions. The policy process would not require changes in the terms of existing contracts.

AFFILIATION: RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT: ... Seattle City Light ... believe(s) that fish and wildlife resources should be protected and enhanced by reducing the adverse impacts of storage facilities and power plants developed in the region. The development of Protected Areas by the Northwest Power Planning Council is a major step in that direction. The Overview of Hydro Development and Operations Issues on page 2-13 does not discuss this concern. Rather, it presents a discussion of the constraints that exist on the power system, together with conclusions that power uses have been subordinated to operational constraints in favor of nonpower uses, and that a "high level" of fish and wildlife benefit now exists in the No-Action Alternative. ... Many people do not agree that power uses have in actual practice been subordinated to nonpower uses even though large sums of money have been allocated over the past several years. Furthermore, it is now generally acknowledged by all interests, that the existing measures for fish should be reevaluated because they fail to meet the needs of some wild salmon stocks in the Snake and Columbia Rivers. Some runs are in such poor shape that recently these stocks have been proposed for listing under the Endangered Species Act. It is also obvious that power users alone cannot solve all the complex interrelationships which need to be in place for solving this problem. A comprehensive regional framework is needed so that all parties can cooperatively develop amiable solutions.

RESPONSE: BPA agrees with the substance of this comment. BPA is cooperating with the U.S. Army Corps of Engineers and the Bureau of Reclamation in the System Operation Review, an extensive regional review of the Columbia River system and its operation. In that process, the three sponsoring Federal agencies, other agencies and groups, and the general public will discuss and seek consensus on means to use the Columbia River system to the highest benefit of all users, including fish and wildlife. Other efforts also are underway, including the Salmon Summit and research into topics connected with the Endangered Species Act and specific efforts to evaluate potential operational changes in the FCRPS to enhance the survival of salmon species proposed for listing as threatened or endangered species. An EIS on such changes is under preparation by the U.S. Army Corps of Engineers, and is scheduled for completion in early 1992.

AFFILIATION: RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT: Some scenarios in this DEIS include discussions of air quality impacts that could result from changes in thermal plant operations if the scenarios were implemented. These discussions are based on regulatory requirements as of 1989 (as was confirmed by phone conversation with Bonneville staff). However, major new amendments to the Federal Clean

Air Act have recently been enacted. Further analysis of air impacts and thermal plant operations is necessary for the FEIS in light of these major regulatory changes.

RESPONSE:

The DEIS found few significant effects related to resource construction and operation. In several scenarios, potentially significant amounts of new resources were required to serve regional firm loads. Such resources might consist partially of coal plants; in BPA's case, resources are chosen from a least-cost resource stack that takes into account environmental costs and regulations. In any case, emissions from such new resources, which might be coal plants, would be required to be within national and local standards for emissions. Air quality impacts thus would be minimized. It is unclear what benefit would be provided by "more accurate" quantification of air quality effects, since national and local standards would be met. It is unclear what impact the Clean Air Act amendments would have on the costs or emissions of specific existing plants or of projected new plants at this time. To adjust the costs of coal-fired generating facilities in the DEIS analysis based on what we know at this time about individual plant operations to meet these new requirements would be speculative.

AFFILIATION:

RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT:

Over the next several years a new set of power sales contracts will be negotiated, which will replace the current contracts when they expire. The DEIS does not discuss the relationship between this review of the current power sales contracts with the future negotiation of the new contracts over the next several years. Some discussion should be included in the FEIS to indicate how the information and insight acquired from this EIS process will assist and facilitate the negotiation of new contracts.

RESPONSE:

Comment noted. A brief discussion of the planned renegotiation has been included in Chapter 1 of the EIS at section 1.6.9. This EIS is directed at the terms of the existing contracts under the terms of the Ninth Circuit decision in Forelaws on Board v. Johnson. BPA will conduct an EIS process and public involvement process on the renegotiation of the power sales contracts, and will include this EIS among the sources used to identify issues. This EIS is also a useful example for the analysis of impacts of power sales contracts.

AFFILIATION: RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT: We agree with the general conclusions of this DEIS that, while energy production and distribution have environmental impacts that can and should be further reduced, amending the current power sales contracts is not a good mechanism for accomplishing such improvements. Perhaps the Resource Program EIS can be used to better cover these concerns.

RESPONSE: Comment noted. In addition, BPA is beginning planning for renegotiation of the power sales contracts.

AFFILIATION: RANDALL W. HARDY, SCL (PSC-02-016)

COMMENT: First of all, we wish to commend Bonneville for the development of this draft EIS. Throughout the process, Bonneville has solicited input from different parties, interest groups and the public.

RESPONSE: Comment noted.

AFFILIATION: R. L. BAILEY, PUGET POWER (PSC-02-017)

COMMENT: BPA should encourage regional cooperation and not seek to adopt changes to the power sales contracts which would discourage utilities from purchasing from BPA.

RESPONSE: Regional cooperation is of primary concern to BPA. The Northwest Power Planning Council and BPA both are concerned about regional load and resource planning. BPA continues to believe that regional planning is the most effective and efficient way to meet regional needs for power.

AFFILIATION: R. L. BAILEY, PUGET POWER (PSC-02-017)

COMMENT: BPA should adopt its preferred alternative of No Action and should not as a result of this EIS process seek changes with respect to the current power sales contracts. In any event, the "alternatives" which the Draft EIS discusses would, almost without exception, further restrict utilities such as Puget in their ability to operate their resources, would reduce the value of the BPA Power Sales Contract to them and would further discourage them from relying on BPA for power.

RESPONSE: Comment noted. BPA has selected as its Preferred Alternative a modification of Alternative 1.1 under which BPA would develop a policy for enforcing the NWPPC Protected Areas Rule in its resource-related transactions. The policy process would not require changes in the terms of existing contracts.

AFFILIATION: W. LESTER BRYAN, WWP (PSC-02-020)

COMMENT: WWP believes the extra time and consideration put forth during the scoping stages of this analysis were extremely important in developing a supportable and sound document. We commend BPA for incorporating the ideas and suggestions brought forward by others during this stage of the analysis.

RESPONSE: Comment noted.

AFFILIATION: W. LESTER BRYAN, WWP (PSC-02-020)

COMMENT: WWP fully supports the No-Action Alternative whereby no modifications are made to the effective/existing contracts. Reopening these contracts, especially at this late date, would provide no additional benefits.

RESPONSE: Comment noted. BPA has selected as its Preferred Alternative a modification of Alternative 1.1 under which BPA would develop a policy for enforcing the NWPPC Protected Areas Rule in its resource-related transactions. The policy process would not require changes in the terms of existing contracts.

AFFILIATION: W. LESTER BRYAN, WWP (PSC-02-020)

COMMENT: WWP believes the draft EIS does a sufficient job of addressing the potential environmental effects resulting from both the Power Sales and Residential Exchange contracts. We feel the range of alternatives which were compared to the "No-Action Alternative" was reasonable and provided a good basis for the analysis.

RESPONSE: Comment noted.

AFFILIATION: RONALD A. LEE, EPA (PSC-02-023)

COMMENT: EPA supports the second of the two broad alternatives available to BPA (i.e., to pursue contract modifications) and recommends that BPA continue to explore contract modifications which could result in additional conservation and fish and wildlife protection and enhancement. Such potential benefits are identified under DEIS Alternatives 1.1, 2.2, 3.2, 3.3, 4.1, and 4.2. Those provisions need to be incorporated into a reasonable range of action alternatives and further analyzed and compared in the FEIS, and, as applicable, a subsequent Stage 2 NEPA review.

RESPONSE: Comment noted. BPA agrees with the principle of encouraging conservation and fish and wildlife mitigation. However, BPA believes that the power sales contracts, and especially amendments to the existing contracts, may not be the most effective and efficient way of encouraging such efforts. BPA

is already pursuing other, more-direct, means. As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources.

AFFILIATION: RONALD A. LEE, EPA (PSC-02-023)

COMMENT: The preferred alternative identified by BPA (the "No Action" alternative) represents status quo reliance on existing environmental protection mechanisms (e.g., of BPA, FERC, and the Council) and would result in resource impacts that could otherwise be avoided through implementation of power sales contract modifications. The FEIS, and, as applicable, Stage 2 review, needs to present a more refined, reasonable range of action alternatives which incorporate feasible and environmentally beneficial conservation and fish and wildlife contract modifications which have been generally identified in the DEIS. The impacts of the alternatives in relation to one another and to the stated objectives of BPA need to be further delineated. Sufficient rationale for selection of the preferred alternative should be provided.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources. Based on the DEIS analysis, further development of alternatives other than the application of the Protected Areas Rule is not warranted, as they were not shown to result in environmental benefits in comparison to the No Action Alternative.

AFFILIATION: RONALD A. LEE, EPA (PSC-02-023)

COMMENT: Further refinement and narrowing down of the 18 alternatives presented is needed, as is a clearer comparison of their impacts in relation one another and to the stated objectives of the EIS. This would in turn facilitate development of the rationale (or "justification") for selection of a preferred alternative, which is lacking in the DEIS. The FEIS needs to discuss specifically how the preferred alternative would best meet BPA mandates and objectives. The rationale for selection of the preferred alternative is made more difficult to understand because statements regarding the impacts of some of the alternatives are inconclusive.

RESPONSE: A discussion comparing the impacts of the alternatives has been moved to Chapter 4 from Chapter 1. BPA believes that the selection of the Protected Areas element of Alternative 1.1 as its preferred alternative results in greater conformity between the DEIS analysis and the Preferred Alternative, and better conforms the proposed action to BPA's mandates and objectives.

AFFILIATION: RONALD A. LEE, EPA (PSC-02-023)

COMMENT: EPA has rated the DEIS EC-2 (Environmental Concerns--Insufficient Information).

RESPONSE: Comment noted. The selection of the Protected Areas element of Alternative 1.1 as BPA's preferred alternative and improvements in the EIS text comparing the alternatives are intended to improve the rationale for the selection of the preferred alternative and provide sufficient information to support the selection.

AFFILIATION: CARL R. LIND, FOE (PSC-02-024)

COMMENT: Our reading of this DEIS leads us to question BPA's resolve to blindly (or so it would seem) support the no action alternative in the case of contract provisions concerning Protected Areas. The DEIS offers no justification (nor can we think of any) for selecting the no action alternative, given the conclusions presented in the DEIS.

RESPONSE: As explained in earlier responses, as a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. To implement this alternative, BPA has committed to the development of a policy to require compliance with the Protected Areas Rule for BPA resource-related activities, such as acquisition, billing credits, and system services to resources.

AFFILIATION: EDWARD SHEETS, NWPPC (PSC-02-025)

COMMENT: Bonneville has indicated its intention to renegotiate the power sales contracts by 1996. We recognize that Bonneville is only one party to the contracts and that other parties may have different desires about early renegotiation. Whenever renegotiation occurs, we expect that the conclusions in this EIS will have to be updated, and the Council will participate in the comment process at that time.

RESPONSE: Comment noted.

AFFILIATION: EDWARD SHEETS, NWPPC (PSC-02-025)

COMMENT: The Council staff is not aware of instances in which Bonneville's power sales contracts have significantly interfered with the implementation of the plan or the program.

RESPONSE: Comment noted.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 1-4: Section 1.4.3 is a good description of the changed circumstances since passage of the Act. However, the DEIS should also refer to changes in costs, technologies, willingness to accept risk, regulation, and public perception that have led to the development of different sources of bulk power: cogeneration, independent power producers, and energy services companies, all of which will likely contribute to a different mix of resources than was envisioned in the late 1970s or the mid-1980s.

RESPONSE: The purpose of Chapter 1, section 1.4.3., is not to discuss all changed circumstances since passage of the Northwest Power Act. Rather, its purpose is to discuss the changes that have affected regional compliance with the resource planning intent of the Northwest Power Act. That is, the Northwest Power Act was designed to permit BPA to become the regional wholesale power supplier. The Northwest Power Act does not address in detail, as implied by the above comment, the type of resources to be acquired, except that conservation is given priority. Changes in costs, technologies, willingness to accept risk, regulation, and public perception are outside the scope of the Northwest Power Act and outside the scope of the power sales contracts, so are outside the scope of the EIS.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 1-1: BPA should make clear that the third paragraph is a paraphrase of the Court's opinion, and not a blanket statement regarding the relationship between the contracts and NEPA. Taken out of context, this statement could be misinterpreted.

RESPONSE: Text has been added to show that the points referred to are the views of the Court.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 2-42: The discussion of the IP-PF Link should be updated to reflect the decision to extend the formula through rate periods beginning on or before the termination of the VI contracts, or September 30, 1995, whichever is later.

RESPONSE: The EIS text has been revised to address this concern.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: This DEIS is described as "Stage One" (page 1-5), with "Stage Two" to include mechanisms to address environmental concerns. At some point in the document, BPA should include a list of topics intended or proposed to be addressed in Stage Two, if any are discovered, and indicate how it intends to proceed.

RESPONSE: Stage Two will consist of the policy development process under the preferred alternative for BPA enforcement of the Northwest Power Planning Council's Protected Areas Rule in resource-related transactions.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: Page 4-3: The last full sentence appears to have been written before 1989, because it refers to events that "will take place prior to the 1989 juvenile migration." The remainder of this paragraph contains statements that underscore this appearance. The final EIS should update this section.

RESPONSE: The discussion of installation of bypass facilities at Mid-Columbia projects has been updated.

AFFILIATION: WILLIAM K. DRUMMOND, PPC (PSC-02-026)

COMMENT: This DEIS and all the others in preparation on at this time (e.g., those associated with the System Operations Review, the Resource Program, and possibly the Endangered Species Act) should contain a common section describing the interrelationships among all the DEISs.

RESPONSE: The relationship of this EIS to other BPA EIS's under preparation is discussed in Section 1.6 of Chapter 1.

AFFILIATION: DAVID COTTINGHAM, USDOC, NOAA (PSC-02-028)

COMMENT: Choice of the No Action Alternative, the present PSC, results in continued operation of the hydro power system in the present manner, a manner that has resulted in declining stocks of fish and petitions being filed for the listing of several species under the Endangered Species Act. Further, continued present operations would not, in our view, allow for a doubling of the fish runs, as set out in the Northwest Power Planning Council's Fish and Wildlife Program.

RESPONSE: BPA's preferred alternative for the FEIS is the Protected Areas element of Alternative 1.1. Operations to generate power to meet BPA's obligations under these power sales

contracts are and will be constrained by limits imposed on power operations for nonpower uses of the river system. Operational regimes of the Columbia River system are outside the scope of the power sales contracts, which affect operations only indirectly. Various efforts are underway in the region to mitigate for damage to fishery resources. The largest, the System Operation Review, is a regionwide cooperative effort sponsored by the U.S. Army Corps of Engineers, the Bureau of Reclamation, and BPA. Other actions in response to proposed listings include operational changes for spring and summer 1991, and the preparation of an EIS by the U.S. Army Corps of Engineers on actions to enhance survival of runs proposed for listing, titled "1992 Columbia River Salmon Flow Measures EIS and Options Analysis." The 1992 flow EIS is scheduled for completion in early 1992. Operational concerns are best addressed in forums such as the SOR, which will directly address the impacts on fish caused by the hydroelectric system.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Page 3-19. Fishery losses are occurring below Jackson Lake Dam in Grand Teton National Park, Wyoming, as a result of downstream hydroelectric projects. Therefore, Bonneville should consider this reach for additional flows to benefit fisheries. We recommend that Bonneville work with state and Federal agencies to develop appropriate flows to mitigate fisheries impact in this river reach.

RESPONSE: As discussed in the response above, this is an issue properly considered in the System Operation Review EIS and the 1992 flow EIS.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: The statement (Section 3.3.3, page 3-13) that the PA [on cultural resource impacts] "will provide any necessary mitigation for impacts associated with the power sales contracts studied in this EIS" is an overstatement since the PA does not commit to mitigation for all impacts. The draft PA simply commits Reclamation and others to prepare action plans, and the level to which Bonneville intends to provide funds to mitigate sites is not indicated. A copy of the draft or final PA should be attached to the EIS, and the EIS should more clearly indicate the degree to which Bonneville will fund or conduct site protection or mitigation programs.

RESPONSE: BPA is now circulating for signature the Programmatic Agreement for Compliance with the National Historic Preservation Act Regarding Federal Columbia River Power System

Hydroelectric Operations. A copy of the Agreement is included as Appendix H-10 of this FEIS. The Programmatic Agreement is BPA's means of satisfying its historic preservation responsibilities for BPA actions affecting the drawdown areas of the five Federal Storage reservoirs.

Several jurisdictions are involved in executing and implementing the Programmatic Agreement. BPA is committed to funding 100 percent of archeological survey and evaluation work, and a percentage of mitigation work commensurate with each project's costs allocated to power production. At present, these allocations are: Albeni Falls, operation and maintenance (O&M) 98 percent, plant and service (P) 97.5 percent; Dworshak, O&M 83.4 percent, P 87.4 percent; Grand Coulee, O&M 69.7 percent, P 43.2 percent; Hungry Horse, O&M 63.4 percent, P 68.7 percent; and Libby, O&M 78.4 percent, P 78.0 percent.

The statement in the EIS that this Programmatic Agreement will "provide any necessary mitigation for impacts associated with the power sales contracts studied in this EIS" (emphasis added) is accurate. Mitigation of all cultural resource impacts is not necessarily required by the National historic Preservation Act or any other law.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Discussions of cultural resources at Lake Roosevelt (Section 3.3.3.3, Page 3-13) are unclear. The reader cannot clearly determine the number of sites that are affected by reservoir operation nor the evaluation criteria used to make the determination. The narrative should indicate the total number of sites recorded around the reservoir; the number within the area affected by lake operation; those outside the affected area; and the number for which insufficient information is available to make that determination. The methods and sources used to make these assessments should be indicated. It should also be stated that numerous unrecorded sites are believed to be present. The assessment that 72 potentially significant sites are present appears low. The methods used to make this determination should be identified. Also, the statement that only the 48 historic sites were evaluated requires explanation. What the "evaluation" involved and why were the remaining 119 sites excluded from the process should be discussed in the final document. The potential area of effects from lake operations was considered to be at the 1,290-foot elevation. Why this elevation was selected, should be explained. We know that sites located above this elevation are being affected because erosion at the foot of unstable slopes is causing bank slumpage above 1,290 feet. The EIS should acknowledge this factor, identify the number of recorded sites being affected above 1,290 feet elevation, and commit to their protection or mitigation.

RESPONSE: The DEIS is clear that BPA considers existing information on cultural resources to be incomplete, especially the effect on such resources of hydroelectric project operation. See pages 3-12 and 3-13 of the DEIS. That is why BPA is negotiating the Programmatic Agreement for the study and mitigation of cultural resource impacts. The effects of FCRPS operations on cultural resources will be evaluated in greater detail in the SOR EIS. In the interest of completing the EIS in timely fashion, BPA used information from existing studies and did not perform an exhaustive investigation prior to publication of the DEIS. The studies and mitigation performed for the Programmatic Agreement should address the concerns expressed in the above comment.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: The EIS should discuss the ongoing exposure of human burials around the lake through erosion and bank slumpage; and acknowledge the concerns expressed by the Colville Confederated Tribes and the Spokane Tribe about this matter.

RESPONSE: As mentioned in the previous response, BPA is aware that current information regarding cultural resources is incomplete. Thus, the discussion of cultural resources in the DEIS is not specific about particular areas or resources. The concerns of the Tribes have been voiced during negotiations of the Programmatic Agreement and will be addressed during the Agreement's study and mitigation phases.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Page 3-12. Regarding the tradeoffs between water use and irrigation and power production (which will be addressed in the Bureau of Reclamation's (Reclamation) EIS on Continued Development of the Columbia Basin Project), we recommend that Bonneville work closely with Reclamation to ensure that impacts on fisheries are addressed in that document and appropriate mitigation measures are put into place.

RESPONSE: BPA intends to work with both Bureau of Reclamation and the U.S. Army Corps of Engineers, as well as State and local interests, to balance the competing uses of the Columbia River system, not only in the EIS mentioned in the above comment, but in the System Operation Review and other regional studies and actions.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Recreational resources are briefly discussed in Chapter 3, "affected Environment." The impacts to these resources from reservoir operations, however, and the means to mitigate the adverse impacts are not discussed in Chapter 4, "Environmental Consequences." Recreational facilities are being adversely affected by current reservoir operations, and these effects should be addressed in this document.

RESPONSE: Analyzing the issue of reservoir operations involves consideration of many factors in addition to the need for providing firm power under the power sales contracts. Thus, the power sales contracts EIS is not the best forum for considering such diverse issues. Reservoir operations will be addressed in detail in the System Operation Review EIS, the cooperative analysis of BPA, the U.S. Army Corps of Engineers, and the Bureau of Reclamation, and will also be addressed in the 1992 flow EIS.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Discussions of recreation at Hungry Horse Reservoir (Section 3.3.1.2, page 3-10) state that low water resulting from drawdown occurs primarily in the winter. This is not the case. Annually the reservoir is severely drawn down during the summer months, isolating land-based recreational facilities.

RESPONSE: It is true that drawdowns at Hungry Horse can occur at times other than winter; drawdowns occur for purposes including flood control and power generation. Reservoir drawdowns can affect recreational and other use of the reservoirs, as noted in Section 3.3.1 on page 3-10 of the DEIS. Issues related to system operation are being considered in detail in the System Operation Review. The power sales contracts EIS is not the most useful forum for discussion of the competing uses of the system, since many factors in addition to the power sales contracts affect operations.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Chapter 3 briefly outlines the known archeological resources, but the impacts on the resource and the means to avoid or mitigate them are not discussed in Chapter 4.

RESPONSE: BPA's investigation of existing information for the DEIS provided the material shown in Chapter 3. As noted there, information on cultural resources is incomplete, so BPA is negotiating a Programmatic Agreement for the study of cultural resources. The Agreement will also provide for mitigation of cultural resources affected by hydropower operations.

AFFILIATION: CHARLES S. POLITYKA, US DOI (PSC-02-030)

COMMENT: Before making a decision, Bonneville should initiate the interagency consultation process with the Fish and Wildlife Service and the National Marine Fisheries Service pursuant to Section 7 of the Endangered Species Act.

RESPONSE: As a result of the proposed listings of Snake River salmon runs as threatened or endangered species, BPA and NMFS have started discussions concerning the review of BPA's activities to avoid jeopardy to species proposed for listing.

AFFILIATION: JIM LAZAR (PSC-02-031)

COMMENT: The "No Action" alternative ASSUMES continuation of the September 1981 contracts without modification. Since this EIS is the one by which the terms of those contracts are to be evaluated, the correct "No Action" alternative should assume the pre-1980 contracts, with expiration dates as contained therein. The no action alternative, therefore, should assume that Bonneville is beginning with a "blank slate" in preparing post-Act contracts. Since the September 1981 contracts contain language binding the parties to negotiate amendments, if any party refuses to so negotiate they would appear to be in violation of the contracts, and any validity the contracts might have would appear to be invalidated by such action. I recommend that BPA undertake to revise the EIS assuming the no action alternative to be expiration of the Pre-Act contracts on the schedule then in effect, rather than the continuation of the September 1981 contracts.

RESPONSE: Due to the unique circumstances if this EIS, the condition which will result from no action will be the continuation of the existing contracts. The Ninth Circuit recognized this situation in its decision in Forelaws on Board v. Johnson, indicating that the EIS on the contracts should consider amendments to the 1981 contracts.

BPA was required by the Northwest Power Act of 1980 to offer new power sales contracts to its customers within 9 months of passage of the Act. BPA did so, and those contracts still are in effect. To assume continuation of the pre-Act contracts, as the above comment suggests, would not accurately reflect the No-Action Alternative and would be contrary to the intent of the Northwest Power Act. In addition, BPA's pre-Act relationships with its customers have already been analyzed, in the Role EIS (1978). The Act-mandated contracts have been effect for 10 years and cannot be assumed away. The Northwest Power Act significantly changed the way BPA does business with its customers, adding complex economic and operational requirements that did not exist prior to passage of the Northwest Power Act. A blank slate is not possible at this time, nor would it be meaningful.

AFFILIATION: JIM LAZAR (PSC-02-031)

COMMENT: [The commenter attached to his letter 17 pages of comments, dated July 10, 1981, which were originally submitted in the public review of BPA's prototype power sales contracts. These comments address a variety of recommendations concerning the prototype contracts, including shorter contract terms, use of critical water planning, energy conservation as a condition of service, fish and wildlife compliance language, service to DSI first quartile loads, and in-lieu purchases under the residential purchase and sale agreements. The comments also include a number of more detailed comments concerning specific sections of the prototype contracts.]

RESPONSE: The attachment to the commenter's letter consists of comments on the prototype contracts prepared in the public review process BPA conducted in the summer of 1981. These voluminous comments do not address the EIS or its analysis, but instead discuss a prototype of the power sales contracts which differed in various particulars from the contracts which were eventually executed. The principal comments are addressed by alternatives in this EIS. Other points, such as the need for an EIS on the contracts or the earliest date for Notice of Restriction under the contracts, are no longer relevant, as events have resolved the concerns or rendered them moot. The concerns expressed by the commenter in the attachment were addressed and considered in the scoping process for the EIS, which established the issues and alternatives to be analyzed. To the extent the commenter raised these issues in that scoping process, they were addressed in preparing this EIS.

AFFILIATION: JIM LAZAR (PSC-02-031)

COMMENT: The following changes in contract terms will have beneficial environmental consequences: 1) Require participation in regional resource activities as a condition of contract execution; 2) Provide for greater interruptibility of loads used to serve industries with a low value-added to electricity consumption ratio, such as DSI contracts and contracts with utilities serving similar loads. 3) Proscribe resource development activities by entities executing contracts which are not consistent with the Plan adopted by the Northwest Power Planning Council, such as development of noncost-effective resource or development of resources in an order other than that anticipated by the Act--Conservation first, conventional resources last. 4) Prescribe the provision of other services--such as transmission, load factoring, etc, to nonconforming resources as a condition of contract execution. 5) Provisions limiting entities executing contracts to then-current levels of power purchase at melded rates, with all additional purchases at new resources rates. 6) Provisions explicitly allowing BPA to implement surcharges for quantifiable environmental costs when found appropriate. 7) Long-term take or pay provisions for DSI loads, to provide

BPA with certainty of revenue recovery for resource acquisition needed to continue to serve such loads.
8) Elimination of obligation of BPA to acquire replacement power to serve DSI loads prior to assisting priority customers [public and investor-owned utilities] in meeting load requirements.

RESPONSE: The alternatives examined in this EIS were selected through an exhaustive scoping process. This process identified reasonable alternatives to the terms of the existing contracts. A renewed process to identify alternatives is not expected to result in identification of alternatives beyond those addressed in the EIS. Some of the concepts discussed in the comment are within the range of alternatives analyzed in the DEIS. Others are topics for consideration in BPA's periodic rate development process. BPA continues to believe that the alternatives and scenarios analyzed in the DEIS provide results that allow consideration of the full range of possible environmental effects.

AFFILIATION: MICHAEL K. COLLMEYER, COE (PSC-02-032)

COMMENT: The DEIS has apparently been prepared without recognition of the Endangered Species Act (ESA) and the ongoing Salmon Summit activities. The potential impacts regarding operational adjustments for threatened and endangered species may have significant impact with regards to the existing contracts. In fact, changes in generation may require amendments or new contracts. Concerns relating to the ESA should have surfaced several extreme alternatives as they have during the SOR scoping process. It is our opinion that the preferred alternative may not be implementable given these recent developments.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. BPA's obligations under its power sales contracts do not dictate the operation of the FCRPS. Rather, service to BPA's customers under the power sales contracts is subordinate to operational constraints imposed for nonpower uses of the river, as established under current operating plans or as they will be established through the SOR EIS process. BPA recognizes that the listing of threatened and endangered species may have significant impacts on the existing power sales contracts and on any new contracts negotiated. BPA is engaged in discussions with NMFS regarding appropriate review of BPA's activities in light of the proposed salmon listings.

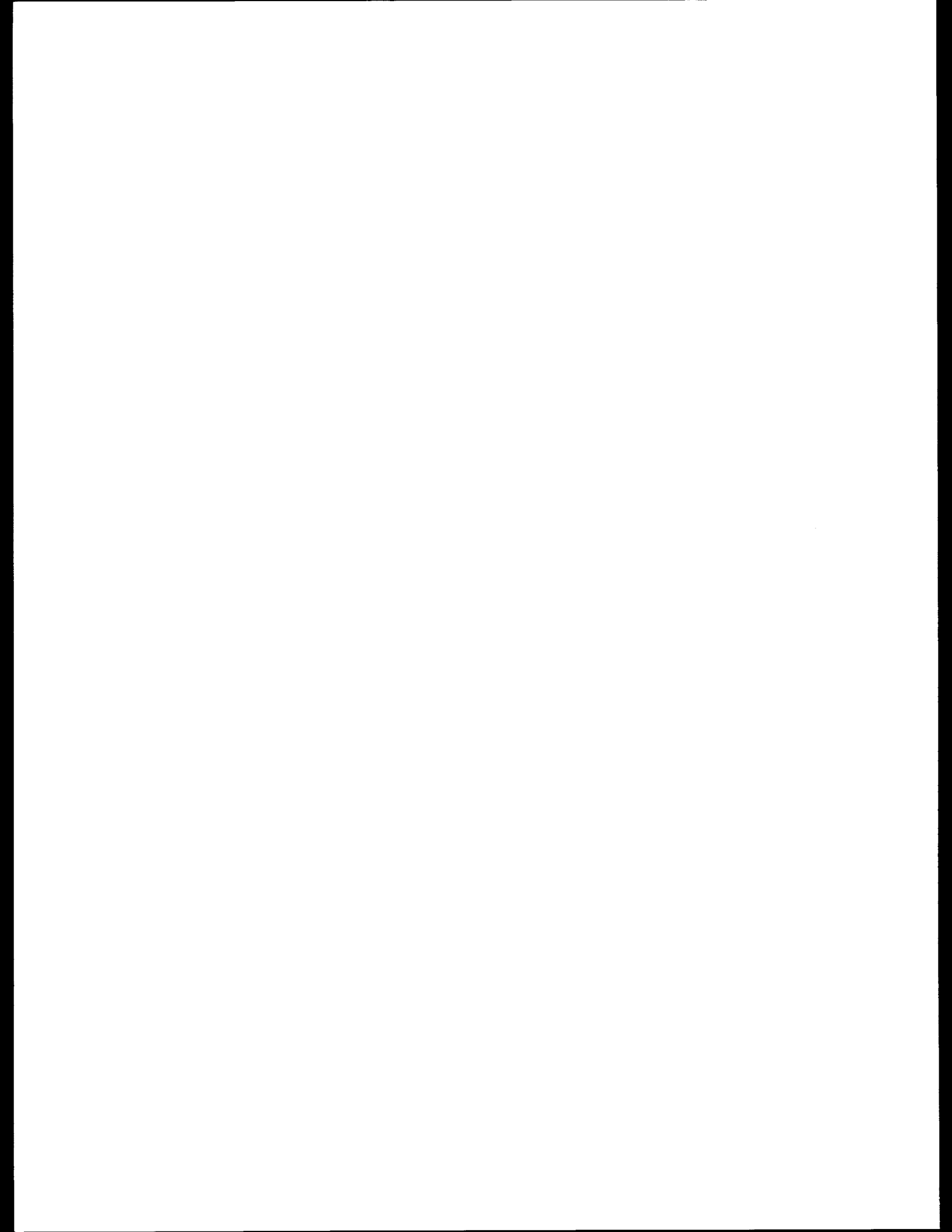
AFFILIATION: MICHAEL K. COLLMEYER, COE (PSC-02-032)

COMMENT: We are also concerned that the DEIS does not adequately address contract pricing alternatives. Since the DSIs have a contract demand for about 3500 Mw, and as they enjoy a rate based on encouraging sales, it follows that an increase in rates can have a major economic impact. It also follows that current views of an impending deficit may be due to the fact some contracts may have been established without careful attention to long run marginal cost. As such, we are concerned that the document has not adequately identified or evaluated significant alternatives and impacts related to these issues nor the type and amount of future generating resources that will be needed let alone the manner and cost levels at which the Federal system will be operated. As such, the lack of developing and evaluating this information may have led the DEIS to select the incorrect alternative.

RESPONSE: As a result of the analysis included in the DEIS and comments received, BPA has adopted the Protected Areas element of Alternative 1.1 as its preferred alternative. [Add discussion to address the assertion that DSI rates are designed to encourage sales.] Pricing alternatives are outside the scope of the power sales contracts EIS. BPA evaluates the potential environmental impacts of its rates in conjunction with rate development processes, as required by the National Environmental Policy Act (NEPA) and other regulations. The power sales contracts apply to the customers' purchases from BPA the rates established in BPA's rate filings with the Federal Energy Regulatory Commission (FERC). The type and amount of future generating resources is being discussed in the Resource Program EIS.

Part III

Original Comment Letters

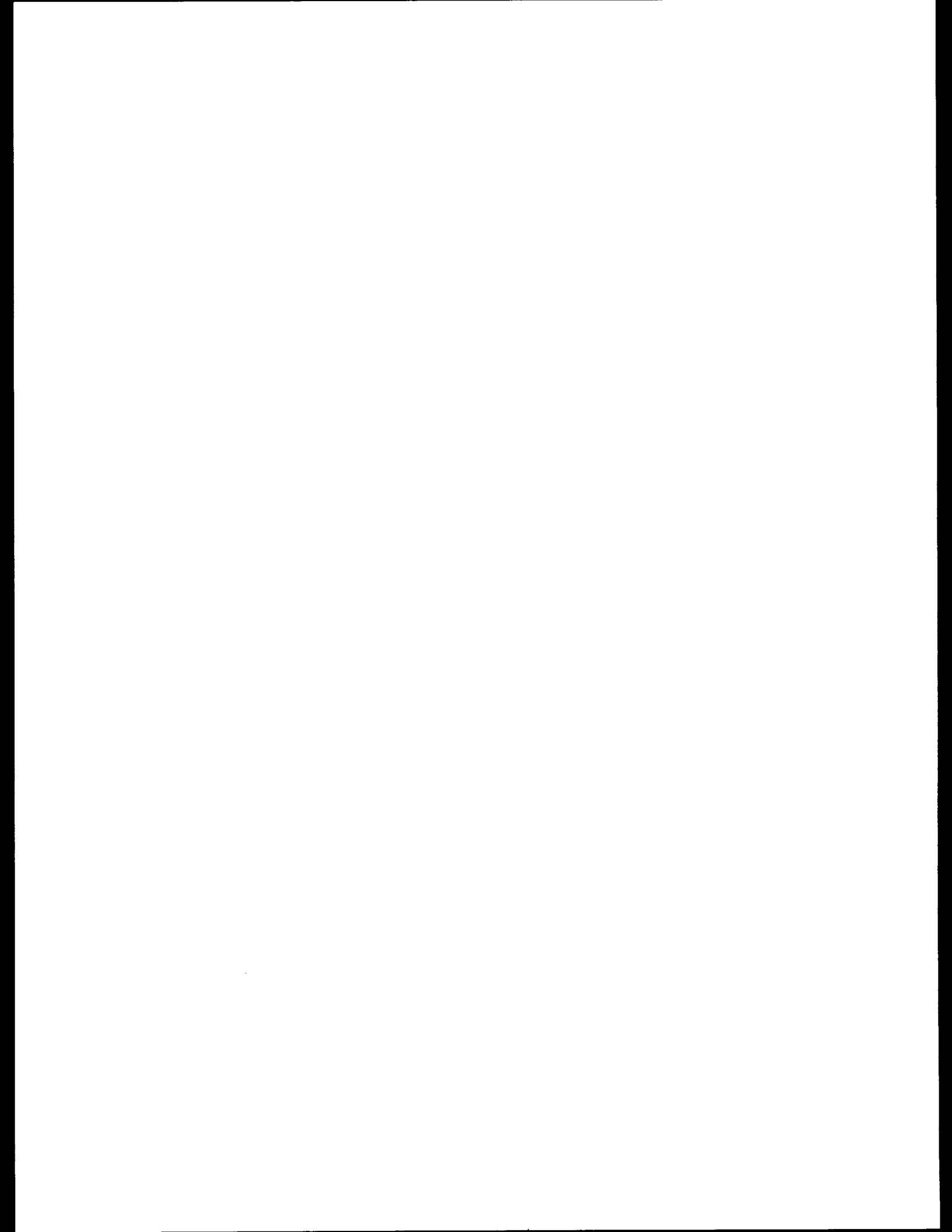


VOLUME IV
COMMENTS AND RESPONSES
PSC COMMENT LOG

CLOSE OF COMMENT: December 10, 1990

<u>LETTER NO.</u>	<u>COMMENTS/AFFILIATION</u>
PSC-2-7	OR State Clearinghouse
PSC-2-8	Orville Green, State of ID, Dept. of Health and Welfare
PSC-2-9	David Schirer, State of Utah Division of State History
PSC-2-10	L. Geoney, Coos County Board of Commissioners (Clearinghouse Review)
PSC-2-11	Ralph Cavanagh, Natural Resources
PSC-2-12	Richard Rutz, Seattle City Light
PSC-2-13	Mislogged
PSC-2-14	Dolores Streeter, State of OR Executive Department
PSC-2-15	PNUCC
PSC-2-16	Randall Hardy, Seattle City Light
PSC-2-17	B. Bailey, Puget Power
PSC-2-18	Michael Rossotto
PSC-2-19	NW Conservation Act Coalition
PSC-2-20	W. Lester Bryan, WA Water Power
PSC-2-21	Merritt Tuttle, NOAA/NMFS
PSC-2-22	John Carr, DSI's
PSC-2-23	Ronald Lee, EPA
PSC-2-24	Carl Lind, Friends of the Earth
PSC-2-25	Edward Sheets, NWPPC
PSC-2-26	William Drummond, PPC
PSC-2-27	William Drummond, PPC
PSC-2-28	David Cottingham, NOAA
PSC-2-29	Barbara Ritchie, State of WA, Dept. of Ecology
PSC-2-30	Charles Polityka, DOI, Office of Environmental Affairs
PSC-2-31	Jim Lazar, Consulting Economist
PSC-2-32	Michael Collmeyer, COE

NOTE: Letter No.'s PSC-2-1 through PSC-2-6 were received from the Technical Review Panel and addressed the preliminary copy of the Northwest Power Act Power Sales Contracts Draft EIS. Therefore they are not listed.



OREGON PROJECT REVIEW ACKNOWLEDGMENT

State Clearinghouse
Intergovernmental Relations Division
155 Cottage Street NE
Salem, Oregon 97310
503)373-7652

RECEIVED BY BPA
PUBLIC INVOLVEMENT
LOG # PSC-2-7
REC #
OCT 10 1990
AREA: DISTRICT
L

APPLICANT: BONNEVILLE POWER ADMINISTRATION
PROJECT TITLE: INITIAL NORTHWEST POWER ACT POWER SALES CONTRACTS
DATE RECEIVED: 10/4/90 (start of 60-day review period)

PNRS#: OR901005-005-4 BE SURE TO PLACE THIS NUMBER ON YOUR APPLICATION BEFORE SUBMITTING TO FEDERAL AGENCY.

Your project notice has been assigned the file title and number that appear above. Please use it in correspondence and, if applicable, enter it in Block 3A on the 424 form for the project. IN ADDITION, YOUR PROJECT NOTICE MUST BE SUBMITTED FOR REVIEW TO YOUR LOCAL CLEARINGHOUSE.

GRANT TYPE: DRAFT ENVIRONMENTAL IMPACT STATEMENT

NOTE: Your project was circulated to the following state agencies:

GOVERNOR'S OFFICE	DEQ
F&W	SHPO
ENERGY	ECON DEVEL
DLCD	GEOLOGY
LANDS	WATER RES
HEALTH	PUC

STATE CLEARINGHOUSE USE ONLY:

State Agency Due Date: 11/30

CFDA#: Amount Requested: \$

County(ies): S/W

1116T



State of Idaho
 DEPARTMENT OF HEALTH AND WELFARE
 Division of Environmental Quality

1410 N. Hilton
 Boise, Idaho 83706

CECIL D. ANDRUS
 Governor
 RICHARD P. DONOVAN
 Director

RECEIVED BY BPA PUBLIC INVOLVEMENT LOG # PSC-2-8	
RECEIVED DATE: OCT 25 1990	
AREA:	DISTRICT
W	

October 23, 1990

Public Involvement Manager
 Bonneville Power Administration
 P. O. Box 12999
 Portland, OR 97212

Subject: DEIS for the Initial Northwest Power Act Power Sales
 Contracts

Dear P. I. Manager:

Thank you for the opportunity to review and respond to your DEIS. Since the BPA has no coal-fired power plants in Idaho, our concerns are primarily associated with long-range transport of air pollution rather than the ambient standards.

Although you did mention acid deposition -- a concern because of the high sensitivity of our lakes to increased acid deposition -- I was unable to find a discussion of the effects of air pollution emissions from the coal-fired facilities on visibility. Visibility/regional haze issues are particularly important to us, since Idaho is in and adjacent to the highest visibility region in our country.

6.0

Sincerely,

Orville D. Green
 Manager
 Technical Services and Standards

ODG:br

cc: File 49.3
 COF 1.1
 BPA.ltr/odg2





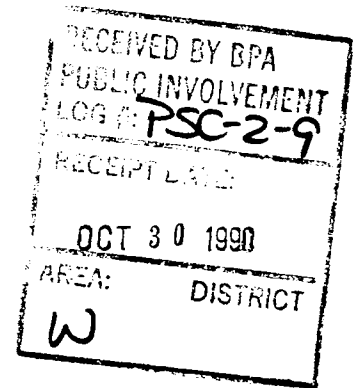
Norman H. Bangarter
Governor
Max J. Evans
Director

State of Utah

Division of State History
(Utah State Historical Society)
Department of Community and Economic Development

300 Rio Grande
Salt Lake City, Utah 84101-1182
801-533-5755

October 22, 1990



Roy B. Fox
Coordination and Review Manager
Department of Energy
Bonneville Power Administration
P. O. Box 3621
Portland, Oregon 97208-3621

RE: PG-4, Initial Northwest Power Act Power Sales Contracts, Draft EIS

In Reply Please Refer to Case No. 90-1307

Dear Mr. Fox:

The Utah State Historic Preservation Office received information on the project referenced above on October 9, 1990. After examining the documents, it appears that the referenced contracts do not effect Utah properties or cultural resources, therefore, we have no additional comment at this time. We appreciate being informed as to the progress of the project and will be adding this information to the case file.

This information is provided on request to assist the Bonneville Power Administration, as required by the Federal Energy Regulatory Commission, in identifying historic properties, as specified in 36 CFR 800 for Section 106 consultation procedures. If you have questions or need additional assistance, please contact me at (801) 533-7039.

Sincerely,

David L. Schirer
Regulation Assistance Advisor

DLS:90-1307 FERC

c: Mr. Ed Slatter
Office of Hydropower Licensing
Federal Energy Regulatory Commission
Room 308RB
825 North Capitol Street, N.E.
Washington, D.C. 20426

NOV 1 1990 pm

LOCAL CLEARINGHOUSE REVIEW

RECEIVED BY
NOV 19 1990
RSC-2-10
REC'D
NOV 19 1990
DISTRICT
L

Submitted by: **COOS COUNTY BOARD OF COMMISSIONERS**
 Courthouse
 Coquille, Oregon 97423
 Telephone: 396-3121

Tom Leaney

 Authorized Representative

10-24-90

 Date

PNRS # OR901005-005-4 Local CH # 90 141

PROJECT: Applicant Bonneville Power Administration
 Title Initial Northwest Power Act Power Sales Contract
 County Coos

Comments:

- Approval
- No comment
- Project has no adverse effect
- Project has adverse effects (Explanation attached)
- Comments attached

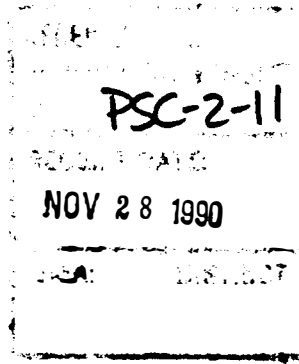
cc: Dept. of Energy, Bonneville Power Administration

RETURN TO STATE CLEARINGHOUSE
 155 COTTAGE ST. NE
 SALEM, OR 97310



Natural Resources
Defense Council

90 New Montgomery
San Francisco, CA 94105
415 777-0220
Fax 415 495-5996



November 21, 1990

Jo Ann Scott
Public Involvement Manager
P.O. Box 12999-ALP
Portland, OR 97212

re: Draft EIS on Power Sales Contracts

NRDC has not attempted a comprehensive review of this very large and very long delayed undertaking. We do want, however to outline two points of particular concern:

(1) Fish and Wildlife Compliance as a Condition of Service: Alternative 1.1 of the DEIS proposes to incorporate as a condition of service a contract provision addressing implementation of the Northwest Power Planning Council's Protected Areas Program. We strongly support this concept; indeed, we would urge immediate renegotiation of existing contracts to incorporate it. The region should not have to wait another decade for contractual assurances on the Protected Areas issue, particularly since -- to our knowledge -- no utility now opposes the Council's initiative.

1.1

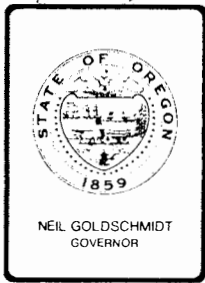
(2) Conditions on New Hydropower Development: As far as we can tell, the DEIS overlooks an issue that we deem very important: conditions on new hydropower development that conform with the Council's Fish and Wildlife Program (see § 1103). Any holder of a BPA power sales contracts should be willing to accept the Council's protective regime for new projects; again, we would urge inclusion of such a provision in existing as well as new contracts.

1.1

We appreciate the opportunity to comment, and congratulate you on the imminent completion of the Northwest version of Jarndyce v. Jarndyce.

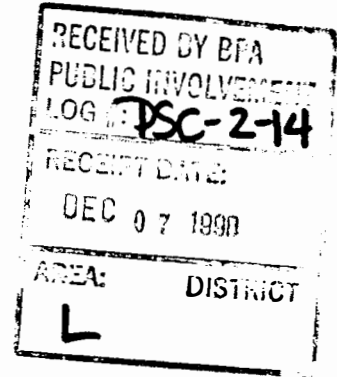
Best regards,

Ralph Cavanagh
Director, Northwest Programs



Executive Department

155 COTTAGE STREET NE, SALEM, OREGON 97310



December 4, 1990

Roy B. Fox
Coordination and Review Manager
Bonneville Power Administration (PG-2)
P.O. Box 1299
Portland, OR 97212

Subject: Initial Northwest Power Act Power Sales Contract
PNRS #OR901005-005-4

Thank you for submitting your Draft Environmental Impact Statement for State of Oregon review and comment.

Your draft was referred to the appropriate state agencies for review. The Department of Environmental Quality and the State Historic Preservation Office offered the enclosed comments which should be addressed in preparation of the Final Environmental Impact Statement.

The project was also reviewed and approved by the Coos County Board of Commissioners.

We will expect to receive copies of the final statement as required by Council of Environmental Quality Guidelines.

Sincerely,

INTERGOVERNMENTAL RELATIONS DIVISION

Dolores Streeter
Clearinghouse Coordinator

Attachment

2315T



OREGON INTERGOVERNMENTAL PROJECT REVIEW

I. R. D.

OCT 2 1990

State Clearinghouse
Intergovernmental Relations Division
155 Cottage Street N. E.
Salem, Oregon 97310
373-7652

STATE AGENCY REVIEW

Project Number OR901005-005-4 Return Date: NOV 8 1990

ENVIRONMENTAL IMPACT REVIEW PROCEDURES

If you cannot respond by the above return date, please call to arrange an extension at least one week prior to the return date.

s/w

ENVIRONMENTAL IMPACT REVIEW
DRAFT STATEMENT

- This project has no significant environmental impact.
- The environmental impact is adequately described.
- We suggest that the following points be considered in the preparation of a Final Environmental Impact Statement.
- No comment.

REMARKS

6.0 Errors were found in Appendix E, Tables E.5 and E.6. They were passed on verbally to Randy Seafert at Bonneville Power Admin.

6.0 Impacts of Power Sales Contracts on the Thermal Plants such as Boardman are unclear. However, DEQ-Air Quality has full authority for air quality over these plants through the permit process. This is adequate protection.

Agency DEQ By Terry D. Miller

IPR #5

Phone Number 322-5988



OREGON INTERGOVERNMENTAL PROJECT REVIEW

J. R. D.

State Clearinghouse
Intergovernmental Relations Division
155 Cottage Street N. E.
Salem, Oregon 97310
373-7652

NOV 30 1990

STATE AGENCY REVIEW

Project Number OR901005-005-4 Return Date: NOV 30 1990

ENVIRONMENTAL IMPACT REVIEW PROCEDURES

If you cannot respond by the above return date, please call to arrange an extension at least one week prior to the return date.

S/W

ENVIRONMENTAL IMPACT REVIEW
DRAFT STATEMENT

in Oregon

- This project has no significant environmental impact
- The environmental impact is adequately described.
- We suggest that the following points be considered in the preparation of a Final Environmental Impact Statement.
- No comment.

REMARKS

*Draft EIS
BPA*

RECEIVED

OCT 8 1990
STATE PARKS AND
RECREATION DEPARTMENT

*The major reservoirs mentioned
are outside Oregon so that
is major impact zone*

NOTEL
GIJSEN

Agency SHPU By AND OTHER INFORMATION
IPR #5 Phone Number PLEASE CONTACT LELAND
GIJSEN AT 378-5023

OCT 30 1990

PNUCC

PACIFIC NORTHWEST UTILITIES CONFERENCE COMMITTEE

December 7, 1990

RECEIVED BY BPA
PUBLIC INVOLVEMENT
LOG PSC-2-15
DEC 07 1990
AREA: DISTRICT
L

Ms. JoAnn C. Scott
Public Involvement Manager
Bonneville Power Administration
P.O. Box 12999
Portland, Oregon 97212

RE: Initial Northwest Power Act Power Sales Contract Draft Environmental Impact Statement (EIS)

Dear Ms. Scott:

The Pacific Northwest Utilities Conference Committee (PNUCC) submits the following comments on the Initial Northwest Power Act Power Sales Contract Draft Environmental Impact Statement (EIS).

PNUCC believes that BPA has met the requirements of the Ninth Circuit Court of Appeals order to prepare an EIS on the initial power sales contracts under the Northwest Power Act. We believe that the scope of inquiry and the analysis of this EIS is both adequate and sufficient from a NEPA perspective. **6.0**

PNUCC agrees with BPA's conclusion to support the No Action Alternative, i.e., to preserve the existing contracts without change. The power sales contracts contain provisions designed to facilitate acquisition of conservation and fish and wildlife mitigation, but leave BPA substantial flexibility to advance these objectives without resorting to the compulsion of specific contractual obligations. BPA's EIS analysis assures that the existing contracts will not impede its ability to meet these objectives. **6.0**

We appreciate the open public process conducted by BPA and the willingness of BPA staff to meet with us throughout the EIS process to hear and understand our concerns. Thank you.

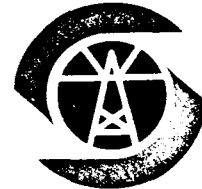
Sincerely,



Al Wright
Executive Director

Seattle City Light

Randall W. Hardy, Superintendent
Norman B. Rice, Mayor



December 5, 1990

Roy B. Fox
Bonneville Power Administration,
Post Office Box 3621
Portland, OR 97208-3621

RECEIVED BY BPA	
PUBLIC INVOLVEMENT	
LOG #: PSC-2-16	
RECEIPT DATE:	
DEC 10 1990	
AREA:	DISTRICT
T	

Dear Mr. Fox:

Comments on BPA's Draft Environmental Impact Statement (DEIS)
for the Initial Northwest Power Act Power Sales Contracts

Seattle City Light has the following comments on the recently issued Draft Power Sales Contracts EIS:

First of all, we wish to commend Bonneville for the development of this draft EIS. Throughout the process, Bonneville has solicited input from different parties, interest groups and the public. As a member of Bonneville's Technical Review Panel for this DEIS, Seattle City Light has participated by providing input over the past several years. We are satisfied that active participation by all parties and willingness by Bonneville Staff to consider everyone's input has resulted in a much improved document. This DEIS incorporates most of our desired changes and reflects positive results of the continuing dialogue between the Technical Panel and Bonneville Staff.

6.0

Seattle is providing input into this DEIS as members of organizations such as PNUCC, PGP, and PPC. We are participating in joint comment letters from these organizations to you.

Bonneville has produced a DEIS which covers a reasonable range of alternatives and examines the major environmental consequences which would result from the implementation of various scenarios. We agree with the general conclusions of this DEIS that, while energy production and distribution have environmental impacts that can and should be further reduced, amending the current power sales contracts is not a good mechanism for accomplishing such improvements. Perhaps the Resource Program EIS can be used to better cover these concerns.

6.0

Below are some of our specific comments:

Alternative 1: Hydro Development and Operations Alternatives.

6.0

Several parties including Seattle City Light, other utilities, as well as environmental interest groups representing significant elements of the public, believe that fish and wildlife resources should be protected and enhanced by reducing the adverse impacts of storage facilities and power plants developed in the region. The development of Protected Areas by the Northwest Power Planning Council is a major step in that direction. The Overview of Hydro Development and Operations Issues on page 2-13 does not discuss this concern. Rather, it presents a discussion of the constraints that exist on the power system, together with conclusions that power uses have been subordinated to operational constraints in favor of non-power uses, and that a "high level" of fish and wildlife benefit now exists in the No Action Alternative. It is necessary for the EIS to recognize that strong opinions also exist on the part of various interest groups which do not agree with these conclusions. Many people do not agree that power uses have in actual practice been subordinated to non-power uses even though large sums of money have been allocated over the past several years. Furthermore, it is now generally acknowledged by all interests, that the existing measures for fish should be reevaluated because they fail to meet the needs of some wild salmon stocks in the Snake and Columbia rivers. Some runs are in such poor shape that recently these stocks have been proposed for listing under the Endangered Species Act.

6.0

It is also obvious that power users alone cannot solve all the complex interrelationships which need to be in place for solving this problem. A comprehensive regional framework is needed so that all parties can cooperatively develop amiable solutions.

Alternative 2.1: Conservation Compliance as a Condition of Service.

2.1

The Regional Power Act introduced a new role for Bonneville in funding and promoting energy conservation as a priority resource for responding to regional load growth. The language of the current Power Sales Contracts provides an adequate basic mechanism for carrying out the conservation mandates of the Regional Act.

Over the course of the first decade of the regional experience with conservation under the Regional Act, several complex conservation policy and implementation issues have emerged, such as Bonneville budget levels, budget allocations, cost sharing, preferred approaches for conservation delivery, degree of flexibility for utility program design, energy code strategies in state legislatures, and the reliability and persistence of conservation savings. None of these issues is explicitly addressed in the Power Sales Contracts. With time and experience, some of these issues are being solved or at least a consensus is being reached. Some other issues are still quite controversial. We recommend that Bonneville not try to resolve these difficult issues in a document as fundamental and difficult to change as the Power Sales Contracts.

2.1

Alternative 2.2: Conservation Transfers.

We support the caution expressed in the DEIS concerning further extension of the conservation transfers concept to permitting utilities to market freed-up Bonneville power. Mechanisms already exist to permit the entire region to benefit from conservation efforts in any utility's service area. We believe that no further contract authority is required to make this concept work.

2.2

Final Comments:

Over the next several years a new set of power sales contracts will be negotiated, which will replace the current contracts when they expire. The DEIS does not discuss the relationship between this review of the current power sales contracts with the future negotiation of the new contracts over the next several years. Some discussion should be included in the FEIS to indicate how the information and insight acquired from this EIS process will assist and facilitate the negotiation of new contracts.

6.0

Some scenarios in this DEIS include discussions of air quality impacts that could result from changes in thermal plant operations if the scenarios were implemented. These discussions are based on regulatory requirements as of 1989 (as was confirmed by phone conversation with Bonneville staff). However, major new amendments to the federal Clean

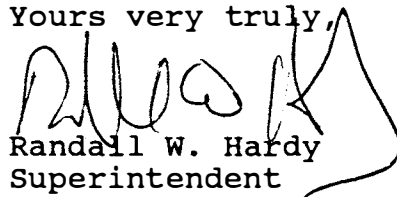
6.0

Roy B. Fox
Page 4
December 5, 1990

6.0 Air Act have recently been enacted. Further analysis of air impacts and thermal plant operations is necessary for the FEIS in light of these major regulatory changes. The new requirements, for example, might result in changes to the resource mix, or to the magnitude or kinds of impacts which would result in various scenarios.

Again, we appreciate the opportunity to file these comments.

Yours very truly,



Randall W. Hardy
Superintendent

EE:jf

December 10, 1990

PSC-2-17
DEC 16 1990
T

Public Involvement Manager
Bonneville Power Administration
P. O.Box 12999
Portland, Oregon 97212

**Re: Initial Northwest Power Act Power Sales Contracts
- Draft EIS**

Dear Public Involvement Manager:

In response to BPA's October 1, 1990 request for comments on its Draft Environmental Impact Statement ("Draft EIS") on Initial Northwest Power Act Power Sales Contracts, Puget Sound Power & Light Company ("Puget") submits the following comments. By letters dated October 31, 1985, April 17, 1987, and March 4, 1988, Puget previously submitted comments regarding the development of the above-referenced Environmental Impact Statement. Copies of these comments are attached hereto and are incorporated herein by this reference.

BPA should adopt its preferred alternative of no action and should not as a result of this EIS process seek changes with respect to the current power sales contracts. In any event, the "alternatives" which the Draft EIS discusses would, almost without exception, further restrict utilities such as Puget in their ability to operate their resources, would reduce the value of the BPA Power Sales Contract to them and would further discourage them from relying on BPA for power. For example, attempting to require utilities to implement the Regional Council's Fish and Wildlife Program would not only ignore the existing Federal Energy Regulatory Commission ("FERC") licensing process but also appear to be a "blank check" that would expose utilities to unknown costs. In light of the extensive FERC regulation of hydroelectric projects, such a provision is unnecessary. (In that regard, it is noted that the statutory authority for the Fish and Wildlife Program applies only to the Columbia River Basin, and the Regional Council has no authority to establish protected areas outside the Columbia River Basin. 16 USC § 839(b)(h)(1)(B).)

6.0

1.1

By way of further example, the "alternative" of a shorter contract duration would increase the uncertainty of the terms upon which power would be available from BPA in the long run

3.5

Public Involvement Manager
December 10, 1990
Page 2



3.5 and further discourage utilities such as Puget from relying upon BPA for long-term power purchases.

BPA should encourage regional cooperation and not seek to adopt changes to the power sales contracts which would discourage utilities from purchasing from BPA.

6.0 Puget appreciates the opportunity to submit these comments and looks forward to continued participation in the development of the Power Sales Contract EIS.

Very truly yours,

Puget Sound Power & Light
Company

By: 
Its: 

PUGET POWER

March 4, 1988

ENVIRONMENTAL COORDINATOR'S OFFICE - BPA	
No.	Date
DIP-PSC-36	3/4/88
Referred to:	
<i>M. Flynn</i>	
Action Taken:	
<input type="checkbox"/> Ans	<input type="checkbox"/> No Reply
By	Date

HAND-DELIVERED

Mr. Roy B. Fox
Environmental Coordinator
Office of Power Sales
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Re: Draft Implementation Plan for Power Sales Contract
Environmental Impact Statement

Dear Mr. Fox:

In response to BPA's February 11, 1988 request for comments on its Draft Implementation Plan ("Draft Plan") for the Power Sales Contract Environmental Impact Statement, Puget Sound Power & Light Company ("Puget") submits the following comments. By letters dated October 31, 1985 and April 17, 1987, Puget previously submitted comments regarding the development of the above Environmental Impact Statement ("EIS"). Copies of these comments are attached hereto and are incorporated herein by this reference.

As set forth in our earlier comments, the Power Sales Contracts are bilateral agreements, and cannot be changed unilaterally by BPA through amendment. BPA correctly acknowledges in the Draft Plan that it cannot unilaterally amend the Contracts and that any amendments thought to be necessary as a result of this EIS process "would have to be proposed and then negotiated between BPA and its customers." (Draft plan, p. 4.) But the Draft Plan still appears to suggest that unilateral action may be permissible with respect to "interpretations" of contract provisions. (See, for example, Section III of Attachment 1 regarding alternatives for defining New Large Single Loads.) Any changes to the Contracts after the final EIS has been completed, whether by "amendment" or "interpretation," must be agreed to by both parties to each Contract in a negotiation process.

As noted in our earlier comments, the previous draft implementation plan was deficient in that it failed to acknowledge that additional environmental analyses may be required with respect to amendments, if any, which may be agreed upon by the parties after negotiations. The Draft Plan appears to remedy this deficiency; it states at page 4 that a two-stage environmental analysis may be necessary, with the second stage being devoted to the development of any contract amendments and the NEPA analysis of such amendments.

The Draft Plan contains a number of alternatives to be considered in addition to the "no action" alternative. Inasmuch as these possible actions are identified as alternatives for study purposes only and would be subject to further discussion and negotiation prior to any implementation, we will not undertake to state our legal and policy concerns with respect to each of the range of alternatives within the major categories. By our not commenting on specific alternatives, however, it should not be inferred that we concur in BPA's analysis with respect to its authority to implement such alternatives. Without limiting the generality of the foregoing, we offer the following comments:


- The inclusion within the Contracts of mandatory compliance provisions with respect to fish and wildlife matters (Alternative 1.1) and conservation measures (Alternative 2.1) appears to assume an expanded role for BPA which is inconsistent with BPA's statutory obligations under the Regional Power Act.
- With respect to these fish and wildlife matters and conservation measures, the Draft Plan should consider the extent to which these issues are or should be addressed through means other than inclusion as contract provisions within the Power Sales Contracts.
- Many of the proposed alternatives are so broad or undefined as to preclude meaningful comment. For example, Alternative 1.1 (relating to mandatory compliance with fish and wildlife measures) refers to "necessary measures", which is defined as those measures specified by FERC, the Power Planning Council and BPA, "including recommendations to BPA by F & W agencies and tribes." (Study Plans, p. 1.) It simply cannot be anticipated what will be included as "necessary measures" as this term is defined within the Draft Plan, and we are therefore provided no basis upon which to evaluate the appropriateness of this alternative.

Mr. Roy B. Fox
March 4, 1988
Page 3

- We note that certain of the proposed alternatives would depend upon statutory revision. Alternative 5.3, for example, assumes the modification of Regional Power Act provisions relating to New Large Single Leads.

We appreciate the opportunity to submit these additional comments. We look forward to continued participation in the development of the Power Sales Contract EIS.

PUGET SOUND POWER & LIGHT COMPANY


By: R. G. Bailey
Vice President Power Systems

Attachments
0316V

April 17, 1987

Mr. Roy B. Fox
Environmental Coordinator
Office of Power and Resources
Management
Bonneville Power Administration - PGC
P.O. Box 3621
Portland, Oregon 97208

ENVIRONMENTAL COORDINATOR'S OFFICE	
No.	Date 4/17/87
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Action Taken:	
<input type="checkbox"/> Ans	<input type="checkbox"/> No Reply
By	Date

Re: Draft Implementation Plan For
Environmental Impact Statement On Power Sales Contracts

Dear Mr. Fox:

This is in response to the Bonneville Power Administration's February 9, 1987 request for comments on its draft Implementation Plan for an Environmental Impact Statement ("EIS") on its long-term Power Sales Contracts.

By letter dated October 31, 1985, Puget Sound Power & Light Company ("Puget") previously provided comments regarding the development of the above EIS. A copy of those comments is attached hereto and incorporated herein by this reference.

As set forth in our earlier comments, the Power Sales Contracts are bilateral agreements, and cannot be changed unilaterally by BPA, whether by "amendment" or "interpretation." BPA correctly acknowledges in the draft Implementation Plan that contracts cannot be amended unilaterally by BPA. (Draft, page 2.) But the draft Implementation Plan erroneously suggests that unilateral action may be permissible with respect to "interpretations" of contract provisions. (Draft, page 2) Any changes to the contracts after the final EIS has been completed must be agreed to by both parties to each contract in a negotiation process.

The draft Implementation Plan is further deficient in that it does not appear to acknowledge that additional environmental analyses may be required with respect to amendments, if any, which may be agreed upon by the parties after negotiations. This is the approach contemplated in Forelaws on Board

Mr. Roy B. Fox
April 17, 1987
Page 2

v. Johnson, which expressly stated that additional environmental impact statements may be required with respect to any contract amendments. See 743 F.2d at 679. Of course, only after completion of the EIS ordered by the Court can BPA decide whether or not it will propose amendments to various contracts.

We appreciate the opportunity to provide these comments to BPA, and look forward to further participation in the EIS process.

Very truly yours,

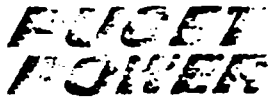
PUGET SOUND POWER & LIGHT COMPANY

By:

Its:




0258V



October 31, 1985

ENVIRONMENTAL COORDINATOR'S OFFICE	
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PSC-24	11/1/85
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R. Fox	
Action Taken:	
<input type="checkbox"/> Ans	<input type="checkbox"/> No Reply
By	Date

Mr. Roy B. Fox
 Environmental Coordinator
 Bonneville Power Administration - PGC
 P. O. Box 3621
 Portland, Oregon 97208

Re: Environmental Impact Statement on Long-Term
 Contracts for Power Under the Regional Act

Dear Mr. Fox:

This is in response to the Bonneville Power Administration's request dated October 21, 1985 for "scoping comments" regarding the development of the above environmental impact statement ("EIS").

The EIS should address the major policy choices and a broad range of alternatives with respect to the initial long-term contracts for power under the Regional Act. Such an EIS will, as contemplated by the Forelaws decision, inform BPA and the public of the "environmental consequences of the contracts and serve as a guide to future actions." However, rather than preparing a broad EIS which fulfills these requirements, BPA appears to be focusing, even before completion of the EIS, almost exclusively on possible amendments to the contracts-- thus constricting its analysis to a narrow range of alternatives and in large part ignoring the "no action" alternative required to be considered. Bonneville's approach suggests that the matter has been prejudged or that Bonneville wishes to change contracts for non-environmental reasons.

The Forelaws decision indicated that Bonneville's original environmental report was not a sufficiently detailed analysis. Although the initial environmental report was found inadequate in this instance, Bonneville clearly entertained comments on environmental considerations in developing that report. Further development of the initial environmental report should form a logical starting point for the EIS required here.

The Forelaws decision does not mandate contract amendments. After completing the EIS, Bonneville may well conclude that it will propose no amendments. On the other hand, if after the EIS is completed, Bonneville decides to propose contract amendments for consideration by the other parties to the contracts, it can

Mr. Roy B. Fox
October 31, 1985
Page 2

do so. An environmental analysis may be required with respect to any amendments which are arrived at through the negotiations. This is the approach contemplated in Forelaws by the Ninth Circuit, which expressly stated that additional environmental impact statements may be required with respect to any amendments. In short, only following completion of the EIS ordered by the Court can Bonneville decide whether or not it will propose amendments to various contracts.

Particularly in view of Bonneville's emphasis to date in the EIS process on contract amendments, we wish to point out that our contracts are obviously bilateral and cannot be changed unilaterally by Bonneville, whether by "amendment" or "interpretation". (In connection with any negotiations regarding contract amendments, Puget may itself make proposals in addition to any proposals Bonneville may make.)

We appreciate the opportunity to provide these comments to Bonneville and look forward to providing further input to Bonneville in the EIS process.

Very truly yours,

Puget Sound Power & Light Company

By: Robert H. Meyer
Its: SR VICE PRESIDENT

Michael Rossotto
P.O. Box 4663
Seattle, WA 98104

12/10/90

ORDERED BY EPA	
PUBLIC INVOLVEMENT	
LOG #	PSC-2-18
RECEIVED DATE:	
DEC 10 1990	
AREA:	DISTRICT
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Jo Ann Scott
Public Involvement Manager
Bonneville Power Administration
P.O. Box 12999 - ALP
Portland, OR 97212

re: Initial Northwest Power Act Power Sales Contracts Draft Environmental Impact Statement (DEIS)

Dear Ms. Scott:

I strongly support Alternative 1.1, "Fish and Wildlife Compliance as a Condition of Service." The people of the Pacific Northwest have consistently shown their concern that power system impacts on fish and wildlife be minimized. This was demonstrated more clearly than ever during the public comment on the Northwest Power Planning Council's (the Council's) Protected Areas rule. Bonneville should do everything within its power to help ensure that Protected Areas designations are complied with.

1.1

It is indefensible for Bonneville to produce a court-ordered environmental impact study as a result of a suit brought by an environmental group, and then fail to adopt the single alternative action identified to offer potential environmental benefits. Furthermore, the DEIS itself states that these environmental benefits would "be gained by negotiation of reasonable alternative contract provisions." (DEIS Abstract, emphasis added.) There have been times when Bonneville has shown signs of becoming an environmentally responsible member of the Pacific Northwest community. Here, I find it incredible that Bonneville has yet to endorse the single reasonable action beneficial to the environment that the agency has itself identified in these circumstances.

1.1

Alternative 1.1 is not only the best environmental policy, it is good business policy for Bonneville. Bonneville resource acquisitions are clearly

1.1

1.1

constrained by the Protected Areas rule. Bonneville fish and wildlife investments are clearly protected and enhanced by the Protected Areas rule. Bonneville should not allow the Power Sales Contracts EIS to sanction environmentally damaging actions which would be illegal for Bonneville to undertake itself, and which threaten ratepayer investments in fish and wildlife protection and enhancement.

1.1

The DEIS points out that Bonneville has included fish and wildlife compliance provisions in its Long Term Intertie Access Policy (LTIAP). It seems to me that it would be inconsistent and arbitrary for Bonneville to hold itself to compliance with the Protected Areas rule; hold one class of its customers (those accessing the Intertie) to compliance; and yet absolve another class of customers from compliance. This makes no sense.

1.1

I am also concerned how the lack of fish and wildlife compliance as a condition of service might relate to the acquisition of new resources under the billing credits program. The November 1990 issue of the *BPA Journal* states that utilities have proposed 10 hydro projects totalling 38 MW for billing credits. Do any of these projects conflict with the Protected Areas rule? Is it foreseeable that future projects proposed for billing credits will conflict with the Protected Areas rule? How might the presence or absence of power sales contract conditions requiring compliance with the Council's Fish and Wildlife Program affect resources proposed under the billing credits program? Clearly, Bonneville activities can create incentives for projects that conflict with the Fish and Wildlife Program (and thus conflict with ratepayer investments). Bonneville recognized this when it wrote provisions to protect fish and wildlife into the LTIAP. Bonneville should make it clear, at every opportunity available, that it will neither create incentives nor sanction activities which are in direct conflict with the Protected Areas rule and the rest of the Fish and Wildlife Program. Requiring compliance with the Fish and Wildlife program at every opportunity, including power sales contracts, will help protect fish and wildlife, will help protect ratepayer investment, and will help provide the certainty that utilities consistently argue is crucial to their endeavors.

Now, before utilities become committed to acquiring new hydro resources located in Protected Areas, is the time to incorporate Fish and Wildlife Program compliance conditions into existing power sales contracts.

Compliance with the Protected Areas rule and the rest of the Council's Fish and Wildlife Program should be required in all future power sales contracts.

Conditions requiring compliance with the Protected Areas rule should not be limited to Protected Areas within the Columbia Basin. All the arguments that support requiring compliance with Protected Areas within the Columbia Basin also apply to Protected Areas throughout the rest of Bonneville's service area.

1.1

DEIS § 1.1.2.3 (pp. 4-8 thru 4-9) indicates that implementation and enforcement of Alternative 1.1 at this time would be relatively easy and straightforward. A whole range of potential enforcement measures are listed on page 4-9. These should be developed more thoroughly, if necessary through a supplemental EIS, and the most effective mechanism adopted in the final EIS.

While I have not read the entire DEIS, I find no explanation of why Bonneville decided not to adopt alternative 1.1. Certainly, the "answer" given on page 2 of the summary is no justification for the failure to adopt alternative 1.1. Neither is the statement that "BPA remains generally comfortable" with the status quo (DEIS Abstract) an adequate justification for the failure to require compliance with the fish and wildlife program. There is no suggestion that Alternative 1.1 would be too complex, costly or otherwise difficult to implement. Given Bonneville's inability to justify not including fish and wildlife compliance requirements, and given that imposing such requirements would clearly benefit the environment, Bonneville, and the ratepayers of the Pacific Northwest, I strongly endorse including such conditions in the final EIS and, of course, the contracts themselves.

Sincerely,



Michael Rossotto
J.D. Candidate, Stanford Law School

cc: Bodi, NMFS
Cavanagh, NRDC
Golden, NCAC

NORTHWEST CONSERVATION ACT COALITION

6532 Phinney Avenue North • Suite 15 • Seattle, WA 98103
206/784-4585 • FAX: 206/784-4577

RECEIVED BY	
PUBLIC INVOLVEMENT	
LOG #:	PCG-2-19
RECEIPT DATE:	DEC 10 1990
AREA:	DISTRICT
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COMMENTS ON THE DRAFT POWER SALES CONTRACT EIS

December 8, 1990

INTRODUCTION

It was on August 28, 1981, by its offer of new customer contracts without benefit of adequate environmental review, that BPA committed the violation of the National Environmental Policy Act (NEPA) which caused the Ninth Circuit Court of Appeals, on September 25, 1984, to decide to order preparation of an EIS.

BPA compliance with that order has glided majestically forward and now -- only five years and eleven months after the court's decision; only nine years after the initial failure to comply with NEPA -- we have before us the present draft document.

We would offer the following comments.

HYDRO DEVELOPMENT AAND OPERATIONS ALTERNATIVES

We will leave to our colleagues in fish and wildlife agencies and advocacy groups the judgement as to whether Bonneville's view of the general state of utility compliance with the Council's Columbia Basin Fish and Wildlife Program is accurate or overly sanguine. Our primary concern here is with the conclusion flowing from the "analysis" of the effects of requiring compliance with the Council's "Protected Areas" program.

We concur in Bonneville's finding that this alternative could, "provide environmental benefits based on the Protected Areas rule for stream reaches within the Columbia Basin and outside of it." We further concur with the findings that: "A Protected Areas provision would provide a clear rule for a utility to follow to avoid violating its power sales contract..." and that "Protected Areas provisions would not duplicate existing forums in that FERC's standards for decision-making did not include protection of BPA's investment [in fish and wildlife programs] ."

1.1

We would also agree that, as the Draft notes, present BPA policies related to Protected Areas provide less comprehensive protection than would contract provisions; specifically, the Intertie Access Policy provisions relating to Protected Areas do not affect utilities which do not use the Intertie, and do not affect utilities contemplating projects outside the Columbia Basin.

1.1

Given all of this, we are taken aback by the conclusion, nowhere discussed or explained, that no action to secure these benefits is justified. That conclusion is, we think, implicit in the general preference expressed -- on a draft basis, to be sure -- for no changes whatsoever in these contracts.

What's the rationale for this? We have a clear identified benefit, a benefit provided by no other existing provisions or forums. We have a workable and effective mechanism for realizing that benefit. We have existing contractual provisions that require both parties, including Bonneville, to "negotiate amendments to this contract as may be necessary to permit the plan or program adopted by the Pacific Northwest Electric Power and Conservation Planning Council pursuant to P.L. 96-501, including but not limited to provisions pertaining to conservation, renewable resources, and fish and wildlife, to be effective in the manner and for the purposes set forth in sections 4 and 6 of P.L. 96-501" (General Contract Provisions; Clause 45).

The decision to ignore these findings, authorities and responsibilities cries out for explanation or, better, correction.

CONSERVATION

Both of the conservation alternatives discussed deserve some comment. In regard to Alternative 2.1, "Conservation compliance as a condition of service," we're particularly troubled by the "Rosy Scenario" view of utility conservation activities that is the foundation of the draft's discussion of this option.

2.1

In a single self-congratulatory paragraph we are assured that "in general, most preference customers have participated in conservation programs sponsored by Bonneville in spite of the lack of a contract mandate...A few preference customers have augmented BPA's residential weatherization programs with funding of their own." And that's all we are thought to need to know on this subject. Three sentences of analysis are all that is required to conclude that the alternative could have no effect on preference customer conservation activities.

The draft finds it a little less easy to gloss over the deficiencies of past private utility conservation programs. Even so, in no more than three paragraphs, in a triumph of "qualitative analysis," we are told to expect no significant impacts on IOU conservation from a new contract provision.

We know a number of the BPA staff involved in the preparation of this document too well to conceive that they can really believe in this Panglossian vision of conservation achiev-

ment by Northwest utilities over the past decade. In real life, over the past decade we have frittered away several hundred megawatts of conservation just in "lost opportunity resources" (narrowly defined as new buildings and appliances; if we used a broader definition of lost opportunity, which included commercial and industrial retrofits of facilities and plants, the total would be much higher). In real life, as the Planning Council staff found just last year (in Council Issue Paper 89-8):

2.1

"While the framework for capturing savings in new residential construction appears to be in place, more substantial efforts to build capability to acquire conservation in the commercial and industrial sectors must be undertaken by all utilities...We have hardly begun to achieve all of the low cost benefits associated with capturing lost opportunity conservation. Significant conservation opportunities are being lost in all sectors."

2.1

The analysis of this option in the final EIS just must begin from a much more detailed and realistic description of the state of utility conservation progress in the region. The final EIS is not entitled to assume, simply because regulatory commissions are addressing least-cost planning and "regulatory incentives" for conservation, that least cost planning and effective motivations for its implementation will necessarily follow. The final EIS must confront more squarely the fact that while preference customers participate in BPA conservation programs, almost none do anything more on their own initiative.

2.1

The final EIS might fruitfully begin its analysis of this option by more clearly defining the option itself. In the draft we are given one sentence: "For this alternative the Power Sales Contracts are assumed to require conservation achievement by BPA customers." Period. That's all folks.

A more specific and analyzable option should indicate what the criteria for "conservation achievement" might be. It should also indicate what contractual mechanism might be used to enforce such a standard.

2.1

We would suggest that an achievement criteria must be more demanding than simply participating in some or all of the conservation programs offered by BPA. We expect to see, and we think the Regional Act envisioned, a variety of independent, utility-designed and -sponsored conservation activities. We don't think it's fruitful for BPA to aim at totally preempting the field of conservation among its customers, offering a range of programs to capture all conceivable conservation while requiring customers to do no more than sign up and follow the instructions (nor do we think that BPA itself desires any such exclusive preeminence). The contracts could, and should, be designed to affirmatively encourage utility conservation going well beyond the range of BPA programs. Any standard for achievement proposed for the contracts should use independent activity, as well as participation in regional programs, as its measure.

2.1

2.1 As to enforcement mechanisms, a variety of options come to mind. The contracts could simply reduce BPA's obligation to serve the customer, in the event of an insufficiency, by the amount by which the customer fell short of capturing the conservation it would have, had it met its contractual conservation achievement targets. Or a "variable rate" (to coin a phrase) could be employed, with PF rates reduced for leading utility performers, and increased by a like amount for laggards. Whatever is chosen, it is important for the final EIS to consider the efficacy of various specific alternatives, if it is to determine whether any contractual provision could make a real difference in the conservation performance of customers (and their consumers).

2.2 The second conservation option, facilitating conservation transfers, also fails to very squarely confront the issues. The failure begins with the definition of the option. The draft describes it thusly (p. 2-28): "We will assume that the increased transactions involving conservation transfers involve the resale of entitlement to firm requirement power, including Federal Base System resources, because that is the only conservation transfer transaction that is prohibited by the Power Sales Contracts."

2.2 That's one way of looking at it, but it's not the only way -- a fact which the draft EIS utterly ignores. It is not at all clear to us that this view of a conservation transfer is consistent with the Act's treatment of conservation. The fundamental question -- which is not mentioned, let alone discussed in the draft -- is whether the power made available by the savings from an independent conservation program run by a utility which buys power from BPA is a "resource" in a real sense.

If the utility in question (let's assume it's presently a full requirements customer for ease of analysis) chose to build a dam, with its own funds, there would be no question of the utility's right to sell the dam's output to another utility, and keep taking as much BPA power as it ever had, to serve its own loads. (Of course, in the event that BPA ended up with insufficient resources to meet its obligations, the utility could be forced to either make the dam's power available to BPA, or use it to meet its own needs, or have its deliveries from BPA restricted. But this is an unlikely eventuality, and even in this case the utility has a number of options as to how it will employ its own power).

It's pretty much like Ronald Reagan's favorite slogan on the Panama Canal: "We built it. We paid for it. And we're going to keep it." But if it's a utility-sponsored conservation program, rather than a dam, that we're talking about, the slogan has to be changed to "We built it. We paid for it. And BPA's going to keep it."

2.2 If, as the Act insists, conservation is a "resource" in every sense of the word, why do the contracts treat a kilowatt

hour conserved through an independent conservation program offered by a full requirements customer, not as the customer's owned resource, but as a theft of Bonneville property? Is such a reading really required by any law other than the contracts themselves? Does a sale of independently conserved energy actually reduce the Federal Base System, if it does nothing to reduce the pre-existing ability of the Administrator to meet his or her obligations to the other customers of that system (remember that the amount of power now be sold by the conserving utility was not previously available to BPA or any of its other customers, and that, in the event of an insufficiency, the customer will have the same options as if it owned a dam and was selling the output)?

2.2

We fully understand that our colleagues at a number of preference utilities are somewhat nervous about this topic. But we believe that there are plausible answers to their concerns -- answers which will not emerge if the question is never posed or confronted. In fact we believe that, in the long run, the preference customers themselves would be the greatest beneficiaries of a Bonneville reinterpretation on this point. They are the ones who would be put in position to develop their own resources, within their own communities and seek a profitable market for them.

This issue deserves to be taken seriously, not simply brushed off on account of the "political/legal issues" which attend it. The final EIS must recognize that there are alternatives to BPA's "political/legal" view of the situation and must explore, with rather more candor than we see here, the implications and effects of accepting those alternatives.

2.2

The draft itself, in its pass at an analysis of environmental consequences, presents three brief scenarios, in two of which such a change in contractual interpretation would increase the amount of conservation captured. So in this case, as with alternative 1.1, the draft apparently discovers an option with some environmental benefits, but finds a way to get from there to a preference for "No Action."

2.2



Washington Water Power

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W. Lester Bryan
Vice President
Power Supply

December 7, 1990

JoAnn C. Scott
Public Involvement Manager
Bonneville Power Administration
P. O. Box 12999
Portland, Oregon 97212

RE: Initial Northwest Power Act Power Sales Contract Draft EIS

Dear Ms. Scott:

The Washington Water Power Company (WWP) wishes to submit the following general comments regarding BPA's August 1990 Draft Initial Power Sales Contract EIS:

- 1. WWP believes the draft EIS does a sufficient job of addressing the potential environmental effects resulting from both the Power Sales and Residential Exchange contracts. We feel the range of alternatives which were compared to the "no action alternative" was reasonable and provided a good basis for the analysis. 6.0
- 2. WWP fully supports the no action alternative whereby no modifications are made to the effective/existing contracts. Reopening these contracts, especially at this late date, would provide no additional benefits. 6.0
- 3. WWP believes the extra time and consideration put forth during the scoping stages of this analysis were extremely important in developing a supportable and sound document. We commend BPA for incorporating the ideas and suggestions brought forward by others during this stage of the analysis. 6.0

In closing, WWP would like to stress that the cooperative effort demonstrated by BPA and other parties during the final stages of this process should be carried forward into future regional issues and negotiations.

Sincerely,

W. Lester Bryan

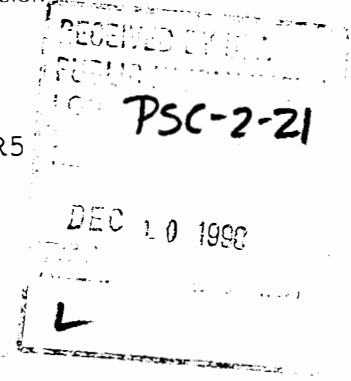
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UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
ENVIRONMENTAL & TECHNICAL SERVICES DIVISION
911 NE 11th Avenue - Room 620
PORTLAND, OREGON 97232
503/230-5400 FAX 503/230-5435

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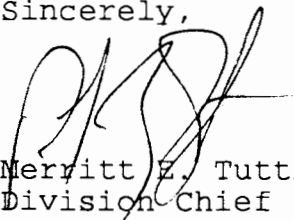
Ms. Jo Ann Scott
Bonneville Power Administration
P.O. Box 12999-ALP
Portland, OR 97212

Re: DOE/EIS - 0131 - Draft Environmental Impact Statement -
Initial Northwest Power Act Power Sales Contracts

Dear Ms. Scott:

The National Marine Fisheries Service has reviewed the subject document. In order to provide as timely a response to your request for comments as possible, we are submitting the enclosed draft comments to you directly, in parallel with their transmittal to the Department of Commerce for incorporation in the Departmental response. These comments represent the views of the National Marine Fisheries Service. The formal, consolidated views of the Department should reach you shortly.

Sincerely,


For Merritt E. Tuttle
Division Chief

Enclosure

cc: (with enclosure)
CBFWA

* Refer to comment letter PSC-2-28 (formal comments from National Marine Fisheries Service). Alternatives addressed are noted in margin.



Ms. Jo Ann Scott
BPA
P.O. Box 12999-ALP
Portland, OR 97212

Dear Ms. Scott:

We have reviewed the Power Sales Contracts Draft Environmental Impact Statement (DEIS) and provide the following comments relative to our responsibilities for anadromous fish.

As stated in our letter of October 13, 1989, we recommend that the preferred alternative be one that can provide for contract modification and incorporation of fish protection measures. Thus, we continue to support alternatives that provide for inclusion of fish protection measures in the Power Sales Contracts (PSC).

We support the choice of alternatives 1.1 and 1.2 which, according to the DEIS, provide for benefits to fish. A protected areas provision in the PSC (Alternative 1.1) would strengthen the protected areas designation concept and, thus, provide additional protection for anadromous fish in the future while protecting BPA's Fish and Wildlife Program investments. Likewise, we note that Alternative 1.2 has the potential to provide for anadromous fish benefits, such as decreased flows in the fall, increased flows in the early spring, a slight increase in overgeneration spill and increased reservoir elevations in the spring of low water years. These characteristics of Alternative 1.2 shift operation of the hydropower system towards the historic runoff shape and provide additional storage for fish flow releases in the spring and summer, thus increasing anadromous fish survival.

Conversely, choice of the No Action Alternative, the present PSC, results in continued operation of the hydropower system in the present manner, a manner that has resulted in declining stocks of fish and petitions being filed for the listing of several species under the Endangered Species Act. Further, continued present operations would not, in our view, allow for a doubling of the fish runs, as set out in the Northwest Power Planning Council's Fish and Wildlife Program.

Thank you for the opportunity to comment.

Sincerely,

Merritt E. Tuttle
Division Chief

Direct Service Industries, Inc.

925 LLOYD CENTER TOWER □ 825 N.E. MULTNOMAH STREET □ PORTLAND, OREGON 97232-2150 □ (503) 233-4445

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December 10, 1990

Roy B. Fox
Public Involvement Manager
Bonneville Power Administration
P. O. Box 12999
Portland, OR 97212

Dear Mr. Fox:

The following are the DSI Comments On the Draft Contract EIS.

General

BPA has worked closely with its customers and the public to produce the Draft Contract EIS. The Draft EIS is substantially complete and should, with the minor corrections and additions we identify below, be finalized in its present form. The Draft reflects the many comments submitted by BPA's customers and the general public.

We are grateful that BPA has acknowledged the enforceability of its existing contracts, and its obligation to complete additional NEPA analysis if contract amendments are proposed at the end of this NEPA analysis.

Chapter 2--Alternatives Including the Proposed Action

On page 2-5, under Alternative 1.2, BPA discusses the results of an inability on BPA's part to use the borrowing techniques presently used to serve the DSI top quartile. BPA states that there would be the potential for reduced DSI load due to reduced quality of service, and concludes: "This could reduce the need for new resources and have other effects associated with loss of DSI economic health." BPA should specify, at this point in the EIS, the consequences that it only hints at:

1.2

- Loss of DSI reserves from loss of DSI load.
- Need to construct resources to replace the lost DSI reserves.
- detrimental economic effects in various regional cities whose economies are tied to the DSIs (cite April 1986 Direct Service Industries Options Final EIS for analysis of magnitude of socioeconomic impacts of given levels of DSI plant reductions).

1.2

These same points should be made in the more detailed analysis of future resource development in Chapter 4, on page 4-10 under Section 1.2.2.1.

3.5

On page 2-8 BPA discusses potential results of shorter contract terms. BPA concludes that DSIs, effected the uncertainty posed by shorter contract terms, could look for other suppliers and BPA could lose the DSI reserves. BPA should point out the implication of this would be to require the construction of additional resources to replace the reserves, and/or purchases of additional power.

3.5

Page 2-36, 3.5.1, last paragraph. BPA recognizes that shorter contract terms between BPA and its DSI customers could cause uncertainty that would cause the DSIs to turn to other regional power suppliers. BPA recognizes that it might indirectly supply power to the DSI loads through sales to the utilities that ultimately serve the DSIs. However, BPA fails to mention at this point in the EIS that not only would BPA not escape the service obligation, but its own obligation to acquire firm resources might increase because of the loss of DSI reserves associated with the shift by DSIs to other regional utilities.

5.2

Page 2-44, 5.2.1. BPA describes the alternative of smaller DSI firm loads and states "The analysis would assume that BPA is not obligated to plan to serve DSI load after contract expiration dates." BPA should point out that this assumption is contrary to the position that BPA took at the time it offered its initial Northwest Power Act Contracts in the letter transmitting those contracts dated August 28, 1981 which indicated that the Northwest Power Act: "contemplates in section 5(d)(1)(B) additional future contracts with each" DSI.

Chapter 4--Environmental Consequences

1.2

On page 4-19, Section 1.2.2.3, BPA analyzes the effects that could result from eliminating the use of borrowing techniques to serve the DSI load. While the SAM model does not attempt to quantify the loss of DSI load associated with the adverse economic effects of this alternative to the DSIs, BPA has previously identified the impacts of lost aluminum plants on various Northwest communities in the DSI Options Final EIS and that EIS should be referred to at this point.

3.5

On page 4-37, 3.5.2.1.2, BPA analyzes the effects of shortening the term of power sales contracts to 10 years on the DSIs. BPA concludes that one scenario would see the DSIs build self-generation. BPA states that resources developed for self-

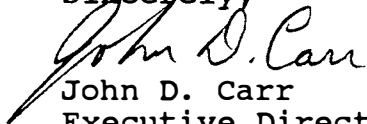
Public Involvement Manager
December 10, 1990
Page 3

generation could increase competition for regional fuel supplies, driving up prices. While that is a possible result, this would only be true if the use of self-generation resulted in less efficiency and more fuel use. BPA should also discuss that DSI co-generation might be more fuel efficient than alternative resources, thus resulting in less fuel use, and less competition for regional fuels.

3.5

The DSIs appreciate the opportunity to file these comments and join in the comments filed by the PNUCC. We congratulate BPA on completing this difficult project and urge BPA to promptly publish the Final Contract EIS and adopt the "No Action" alternative.

Sincerely,


John D. Carr
Executive Director



DEC 07 1990

REPLY TO
ATTN OF: WD-136

Jo Ann Scott
Public Involvement Manager
Bonneville Power Administration
P. O. Box 12999-ALP
Portland, Oregon 97212

RECEIVED BY BPA PUBLIC INVOLVEMENT LOG #: PSC-2-73	
RECEIPT DATE: DEC 11 1990	
AREA: T	DISTRICT

Re: Initial Northwest Power Act Power Sales Contracts Draft
Environmental Impact Statement

Dear Ms. Scott:

The Region 10 and 8 offices of the Environmental Protection Agency (EPA) have reviewed the Initial Northwest Power Act Power Sales Contracts Draft Environmental Impact Statement (DEIS), prepared by the Bonneville Power Administration (BPA). The DEIS was prepared as a result of a 1984 decision by the Ninth Circuit Court of Appeals and addresses the initial contracts offered by BPA in 1981 pursuant to the Northwest Power Act. Our review was conducted in accordance with the National Environmental Policy Act and EPA's responsibility under Section 309 of the Clean Air Act to determine whether the impacts are acceptable in terms of environmental quality, public health, and welfare.

Two broad BPA decision alternatives exist in the context of the EIS. The first alternative, the "no action" alternative, is to preserve the existing contracts without change. This has been identified in the DEIS as BPA's "preferred alternative". The other broad alternative is to further examine modifications to the contracts or other implementation measures in a subsequent NEPA review. Within the context of the second broad alternative, five general policy issues are defined, including hydroelectric operations and development, conservation, resource planning and development, quality of service as resource choice, and industrial load constraints. An additional 18 potential alternatives are in turn presented under these policy issues.

Our comments pertain primarily to the analysis and presentation of alternatives in the DEIS, and the selection of the preferred alternative. Further refinement and narrowing down of the 18 alternatives presented is needed, as is a clearer comparison of their impacts in relation one another and to the stated objectives of the EIS. This would in turn facilitate development of the rationale (or "justification") for selection of a preferred alternative, which is lacking in the DEIS. The FEIS needs to discuss specifically how the preferred alternative would best meet BPA mandates and objectives. The rationale for

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selection of the preferred alternative is made more difficult to understand because statements regarding the impacts of some of the alternatives are inconclusive.

2.1 The DEIS indicates that improvements to conservation efforts and fish and wildlife enhancement could potentially occur as a result of amendments to the Northwest power sales contracts. Provisions which do not appear to result in a "significant" change are discounted in the DEIS. The DEIS also indicates that certain provisions may duplicate existing Federal Energy Regulatory Commission (FERC) licensing procedures or Northwest Power Planning Council (Council) measures as implemented by BPA. 1.1 Other possible contract provisions could provide a clear benefit (e.g. contract-related fish and wildlife protection measures under the Council's Protected Areas Rule as described under Alternative 1.1).

6.0 Where feasible and environmentally beneficial contract provision amendments potentially exist, they should be further explored and not ruled out in the Stage 1 EIS through implementation of the no action alternative. EPA supports the second of the two broad alternatives available to BPA (i.e. to pursue contract modifications) and recommends that BPA continue to explore contract modifications which could result in additional conservation and fish and wildlife protection and enhancement. Such potential benefits are identified under DEIS alternatives 1.1, 2.2, 3.2, 3.3, 4.1, and 4.2. Those provisions need to be incorporated into a reasonable range of action alternatives and further analyzed and compared in the FEIS, and, as applicable, a subsequent Stage 2 NEPA review.

6.0 EPA has rated the DEIS EC-2 (Environmental Concerns - Insufficient Information). A summary of the EPA rating system for EISs is enclosed for your reference. The preferred alternative identified by BPA (the "No Action" alternative) represents status quo reliance on existing environmental protection mechanisms (e.g. of BPA, FERC and the Council) and would result in resource impacts that could otherwise be avoided through implementation of power sales contract modifications. The FEIS, and, as applicable, Stage 2 review, needs to present a more refined, reasonable range of action alternatives which incorporate feasible and environmentally beneficial conservation and fish and wildlife contract modifications which have been generally identified in the DEIS. The impacts of the alternatives in relation to one another and to the stated objectives of BPA need to be further delineated. Sufficient rationale for selection of the preferred alternative should be provided.

Thank you for the opportunity to review the DEIS. We would be pleased to assist the BPA in addressing our comments. Rick

Seaborne in the EPA Region 10 Environmental Review Section is the lead contact person for this review and can be contacted at (206) 553-8510, (FTS) 399-8510.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronald A. Lee".

Ronald A. Lee, Chief
Environmental Evaluation Branch

Enclosure

SUMMARY OF THE EPA RATING SYSTEM
FOR DRAFT ENVIRONMENTAL IMPACT STATEMENTS:
DEFINITIONS AND FOLLOW-UP ACTION *

Environmental Impact of the Action

LO--Lack of Objections

The EPA review has not identified any potential environmental impacts requiring substantive changes to the proposal. The review may have disclosed opportunities with no more than minor changes to the proposal.

EC--Environmental Concerns

The EPA review has identified environmental impacts that should be avoided in order to provide adequate protection for the environment. Corrective measures may require substantial changes to the preferred alternative or consideration of some other project alternative (including the no action alternative or a new alternative). EPA intends to work with the lead agency to reduce these impacts.

EO--Environmental Objections

The EPA review has identified significant environmental impacts that must be avoided in order to provide adequate protection for the environment. Corrective measures may require substantial changes to the preferred alternative or consideration of some other project alternative (including the no-action alternative or a new alternative). EPA intends to work with the lead agency to reduce these impacts.

EU--Environmentally Unsatisfactory

The EPA review has identified adverse environmental impacts that are of sufficient magnitude that they are unsatisfactory from the standpoint of public health or welfare or environmental quality. EPA intends to work with the lead agency to reduce these impacts. If the potential unsatisfactory impacts are not corrected at the final EIS stage, this proposal will be recommended for referral to the CEQ.

Adequacy of the Impact Statement

Category 1--Adequate

EPA believes the draft EIS adequately sets forth the environmental impact(s) of the preferred alternative and those of the alternatives reasonably available to the project or action. No further analysis or data collection is necessary, but the reviewer may suggest the addition of clarifying language or information.

Category 2--Insufficient Information

The draft EIS does not contain sufficient information for EPA fully assess environmental impacts that should be avoided in order to fully protect the environment, or the EPA reviewer has identified new reasonably available alternatives that are within the spectrum of alternatives analyzed in the draft EIS, which could reduce the environmental impacts of the action. The identified additional information, data, analyses, or discussion should be included in the final EIS.

Category 3--Inadequate

EPA does not believe that the draft EIS adequately assesses potentially significant environmental impacts of the action, or the EPA reviewer has identified new, reasonably available alternatives that are outside of the spectrum of alternatives analyzed in the draft EIS, which should be analyzed in order to reduce the potentially significant environmental impacts. EPA believes that the identified additional information, data, analyses, or discussions are of such a magnitude that they should have full public review at a draft stage. EPA does not believe that the draft EIS is adequate for the purposes of the NEPA and/or Section 309 review, and thus should be formally revised and made available for public comment in a supplemental or revised draft EIS. On the basis of the potential significant impacts involved, this proposal could be a candidate for referral to the CEQ.

*From EPA Manual 1640 Policy and Procedures for the Review of Federal Actions Impacting the Environment

7 December 1990

RECEIVED BY EPA PUBLIC INVOLVEMENT LOG #: PSC-2-24	
RECEIPT DATE: DEC 11 1990	
AREA: T	DISTRICT

Jo Ann Scott, Public Involvement Manager
Bonneville Power Administration
P.O. Box 12999-ALP
Portland, OR 97212

Dear Ms. Scott:

Introduction

We have received a copy of the Draft Environmental Impact Statement regarding the initial Northwest Power Act power sales contracts. The following are the comments of the Friends of the Earth, Northwest Office.

Our comments focus only on Alternative 1.1 (Fish and Wildlife Compliance as a Condition of Service) of Category 1: Hydro Development and Operations Alternatives.

General Comments

Our reading of this DEIS leads us to question BPA's resolve to blindly (or so it would seem) support the no action alternative in the case of contract provisions concerning Protected Areas. The DEIS offers no justification (nor can we think of any) for selecting the no action alternative, given the conclusions presented in the DEIS:

6.0

First, in addressing the question of whether a Protected Areas provision would result in clearly defined obligations of the parties, the DEIS concludes that "[a] Protected Areas provision would provide a clear rule for a utility to follow to avoid violating its power sales contract by acquiring a project in a Protected Area."

Second, on whether the Protected Areas provision would duplicate existing forums, the DEIS concludes that "FERC's standards for decision-making did not include protection of BPS's investment" [in fish and wildlife programs].

Third, the DEIS states that a Protected Areas provision could indeed be implemented through several types of enforcement mechanisms, though actual mechanisms would be determined in contract negotiations.

In addition to these conclusions the DEIS discusses the shortcomings of the Intertie Access Policy and presents the BPA finding that Protected Areas provide the "... best assurance for fish and wildlife protection with the least amount of procedural duplication." However, a Protected Areas provision would improve upon the protection now offered by the Intertie Access Policy by 1.1

affecting utilities which do not use the Intertie, and utilities which are contemplating projects outside the Columbia Basin.

1.1

Although the benefits of a Protected Areas provision are clear and significant, the DEIS supports the no action alternative without justification. We believe that a Protected Areas provision is both justified and necessary to help ensure that Protected Areas are indeed protected. We urge BPA to change its position on this alternative, and thus accurately reflect the information presented in the DEIS.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Carl R. Lind".

Carl R. Lind
Research Associate

NORTHWEST POWER PLANNING COUNCIL

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December 10, 1990

Roy B. Fox
Coordination and Review Manager
Bonneville Power Administration - PG
P.O. Box 12999
Portland, Oregon 97212-0999

RECEIVED
PUBLIC INVOLVEMENT
LOG #: PSC-2-25
RECEIPT DATE: DEC 11 1990
AREA: DISTRICT
L

RE: Draft Power Sales Contract Environmental Impact Statement

Dear Mr. Fox:

Thank you for the opportunity to comment on Bonneville's Draft Power Sales Contract Environmental Impact Statement (Draft). The comments that follow emphasize positions the Council has taken in earlier comments on the power sales contracts, fish and wildlife issues and the Council's interpretation of the Northwest Power Act. References are to page numbers in Volume I of the Draft.

You asked for specific comment on the selection of the no action alternative as the preferred alternative with regard to the Council's protected areas policy. We have several comments on the fish and wildlife sections of the analysis, beginning with section 1.1. First, we reiterate the Council's prior observations (letter of October 4, 1989) that the Federal Energy Regulatory Commission (FERC) has generally implemented the Council's fish and wildlife program measures applicable to non-federal utilities in a satisfactory manner. However, since the Council's protected areas policy was only adopted in August 1988, there has not been extensive experience with FERC implementation. When Bonneville renegotiates the contracts, we will again consider this issue in light of our experience with FERC's implementation of the protected areas policy.

1.1

Second, we support the analysis in section 1.1.2.3, regarding the environmental benefits of a contract provision linked to protected areas region-wide. The Council has previously expressed a similar view in the context of Bonneville's long-term intertie access policy, and we believe those comments are equally applicable here.

1.1

Third, the description of the status of bypass installation at the Priest Rapids and Wanapum projects is no longer accurate. Currently, the parties disagree over the installation of bypass, and the matter is scheduled for a contested hearing before a FERC administrative law judge in July 1991.

1.1

The Council staff is not aware of instances in which Bonneville's power sales contracts have significantly interfered with the implementation of the plan or the program. Bonneville has indicated its intention to renegotiate the power sales contracts by 1996. We recognize that Bonneville is only one party to the contracts and that other parties may have different desires about early renegotiation. Whenever renegotiation occurs, we expect that the conclusions in

6.0

6.0 this EIS will have to be updated, and the Council will participate in the comment process at that time.

4.4 At page 2-44 the Draft says regarding DSI sales that "some future assignments of contract may be approved." Bonneville has approved certain transfers of DSI contract demand in the past that were equivalently transfers to successors in interest. The environmental impacts of such transfers appear adequately covered by the Draft. If, however, Bonneville were to allow other transactions, whether or not characterized as assignments, the environmental impacts could be far greater and could require considerably more analysis than reflected in the EIS.

4.1 Finally, we have a technical comment on section 4.1.3.2.2., which deals with the hydrosystem impacts of increased DSI interruptibility. The Draft correctly notes that increased DSI interruptibility will mean a decrease in firm load, and therefore will increase the amount of firm power available to non-DSIs. However, the analysis then assumes that this newly available firm power will not be needed by others at the time of year when the DSIs would have used it. Instead, the analysis assumes that the operation of the hydrosystem will be substantially readjusted to "shift" this increment of firm power (FELCC) to other times of year.

4.1 We do not agree that increased DSI interruptibility would automatically be accompanied by a major change in river operations. The current limits on FELCC shift are the result of concerns about fall flow levels and reservoir refill. Restrictions on flow and reservoir levels can be, and have been, made independent of desires to meet loads.

4.1 The analysis apparently assumes that these existing limits will be lifted, and that the river will be operated to maximize the firm power benefits of the hydrosystem. Section 4.1.3.2.2. does not explain which of the impacts are the result of increased DSI interruptibility and which are the result of this FELCC shift. However, it appears that most of the adverse impacts described in the section are not the inevitable result of increased DSI interruptibility, but rather the result of new assumptions about how the hydrosystem will be operated.

The final EIS should clearly identify the impacts caused by increased DSI interruptibility alone. If the final EIS reports the results of the present analysis, those results should be characterized as the results of changing both DSI interruptibility and the existing limitations on river operations.

Thank you for the opportunity to comment on this Draft.

Sincerely,



Edward Sheets
Executive Director



December 10, 1990

Jo Ann C. Scott
Public Involvement Manager
Bonneville Power Administration
Post Office Box 12999
Portland, Oregon 97212

RECEIVED BY BPA PUBLIC INVOLVEMENT LOG #: PSC-2-26	
RECEIPT DATE: DEC 14 1990	
AREA:	DISTRICT
ALL	

Dear Jo Ann,

Enclosed please find a copy of PPC's comments on BPA's Draft EIS on the Initial Northwest Power Act Power Sales Contracts.

If you have any questions regarding our comments, please call me or Lon Peters on my staff.

PPC appreciates the opportunity to submit these comments.

Sincerely,

for William K. Drummond
Manager

Enclosure
LP:Contracts:DEIS Letter

Public Power Council

**Comments on BPA's
Draft EIS on the Initial Northwest Power Act
Power Sales Contracts
(DOE/EIS-0131)**

GENERAL COMMENTS

For the past several years, PPC has participated in the development of this Draft EIS (DEIS) on the power sales contracts. Over that time, substantial improvements in the process and product have occurred, and we want to acknowledge the extent to which BPA has responded to the concerns and input of its customers. In the whole, the DEIS reflects our previous comments. In some areas, though, the analysis and data continue to ignore certain observations, especially those related to the need to recognize current events.

1.1
In general, PPC concurs with BPA's conclusions regarding the environmental impacts of the alternatives considered. The major exception is the conclusions regarding Alternative 1.1, where BPA finds a potential environmental benefit from the inclusion of a Protected Areas provision in the contract. As we discuss further below, this result ignores current orders and practices of the Federal Energy Regulatory Commission, which must issue, review, and renew licenses for all hydroelectric facilities in the region, not just those within Protected Areas designated by the Power Planning Council. The result also ignores other legal constraints on the ability of utilities to gain the permits necessary to build and operate hydroelectric dams. When these orders, practices, and legal constraints are taken into account, the practical impact of a potential Protected Areas provision in the contract disappears. Thus, there can be no environmental impact of having or not having this provision.

PPC has some general recommendations.

- 6.0
- This DEIS and all the others in preparation at this time (e.g., those associated with the System Operations Review, the Resource Program, and possibly the Endangered Species Act) should contain a common section describing the interrelationships among all the DEISs.
 - This DEIS is described as "Stage One" (page 1-5), with "Stage Two" to include mechanisms to address environmental concerns. At some point in the document, BPA should include a list of topics intended or proposed to be addressed in Stage Two, if any are discovered, and indicate how it intends to proceed.

- Whenever the DEIS summarizes a court opinion or a document prepared by another agency, BPA should make clear where the opinion or work of others ends, and BPA's own conclusions begin. Also, citations should be set off by quotation marks or indentations, so the reader is not led astray.
- Whenever possible, conclusions (especially in Chapter 4) should be tied to tables or other information in the Appendices. As currently written, the Appendices are unattached and of minimal value to the reader.
- Lack of comment on a particular section of the DEIS indicates general concurrence with the discussion and conclusions.

The remainder of these comments follow the organization of the Draft EIS.

SUMMARY

Alternative 1.1

BPA should recognize that "requiring customers to abide by the Fish and Wildlife Program" could have several institutional shapes: utilities could directly implement the Program by undertaking the projects themselves, but this would also result in more direct control of the projects by the customers. BPA should also state that the customers currently take actions not only to implement the Council's Fish and Wildlife Program, by paying charges based on the costs of that Program, but also to protect fish and wildlife through other mechanisms, such as FERC license conditions that do not reference the Council's Program. That is, the Council's Program and the power sales contracts are not the only means to protect fish and wildlife.

1.1

BPA should also state affirmatively the nature of conditions or restrictions placed on hydroelectric construction and operation by the FERC and state agencies charged with issuing permits and licenses. PPC will submit specific citations to the Federal Power Act, the Electric Consumers Protection Act, and FERC orders to assist BPA in making this affirmation.

1.1

Alternative 1.2

BPA should recognize that the inability to use borrowing techniques to serve the First Quartile could also result in (1) changes in transmission planning, depending on the location of the relevant DSI loads, and (2) a preference by some DSI customers for power supplies from alternative sources, perhaps in combination with supplies of certain components of bulk power from BPA. It would be speculative to describe the environmental impacts of these changes absent some more detailed thought on what the alternative sources of power supply might be.

1.2

Alternative 1.3

1.3

There is no evidence that limitations on firm load changes within an operating year would lead to the development of less conservation and more thermal resources than if BPA developed these resources in the long run. Any such conclusion must rely on very old and thus out-dated information, or perhaps on mistaken logic. The conclusion is also not supported by *any* current utility planning documents of which we are aware.

Alternative 2.1

2.1

BPA expects no change in levels of conservation for IOUs, "since they will continue to acquire cost-effective conservation in accordance with least-cost planning principles." This comment should be expanded to apply to *all* utilities that engage in least-cost planning, public or private. The implications of the statement as written are that public utilities that do *not* purchase most of their power from BPA neither participate in BPA's conservation programs nor do least-cost planning, and that public utilities that *do* purchase most of their power from BPA do not engage in least-cost planning.

Alternative 2.2

2.2

BPA states that facilitating conservation transfers would have "undesireable side effects". This statement should be rewritten to refer to "difficult legal and policy questions". The current wording does not necessarily represent a consensus opinion in the region regarding the value and legality of conservation transfers. It is also not clear what "diluting" preference rights and "certain rates" might mean, or how such transfers are necessarily "inconsistent" with the 5-year cancellation provision required by law. Finally, the DEIS assumes that conservation transfers would only occur from consumer-owned utilities to IOUs. Depending on the nature of resource development in the future, other configurations are possible as well, such as from a surplus consumer-owned utility to a deficit consumer-owned utility.

Alternative 3.2

3.2

BPA refers to an old study done jointly with the Council that concluded that centralized resource development would result in lower regional power costs. BPA should clearly state that the "study" of centralized resource development by BPA and the Council took place several years ago and was based on assumptions and data that were questionable even then. Current least-cost plans of both IOUs and publics do not support the conclusion that more coal plants will be developed. BPA should examine the least-cost plans of *all* regional utilities and all applicable state and federal statutes and regulations before simply restating these old conclusions.

We attach here data compiled by staff of the Pacific Northwest Utilities Conference Committee (PNUCC), and urge BPA to consider the primary documents from which this data

was derived. PNUCC's summary clearly indicates that through 2001 there will be no significant difference in the nature of resources developed, whether BPA or the region's utilities develop those resources. In significant contrast to BPA's conclusions, *no* coal plants are currently planned through 2001 by *any* entity in the region. Coal plants only occur in the contingency plans associated with extraordinarily high load growth for the year 2000, a situation that BPA is more appropriately considering the the Resource Program EIS.

Finally, in its draft Fourth Biennial Energy Plan (November 1990), the State of Oregon is moving toward explicit incorporation of the costs of environmental externalities in the decisions of the Oregon Public Utilities Commission regarding new resource development by IOUs. BPA's conclusions regarding coal plants are also contradicted by recent changes in federal legislation (amendments to the Clean Air Act), which will make it more difficult to site, build, and operate coal plants in the future.

3.2

Alternative 4.2

BPA's understanding of the economics of DSI plant operations has improved considerably in the last few years. It should be possible to model the operation of these plants with various assumptions regarding the cost of replacement power, in order to estimate the impacts of this alternative. PPC concludes that this additional analysis should be included in the Final EIS.

4.2

Alternative 4.3

BPA should explain why changes in statutes would be required in order to firm up the entire DSI load.

4.3

CHAPTER 1

page 1-1: BPA should make clear that the third paragraph is a paraphrase of the Court's opinion, and not a blanket statement regarding the relationship between the contracts and NEPA. Taken out of context, this statement could be misinterpreted.

6.0

page 1-4: Section 1.4.3 is a good description of the changed circumstances since passage of the Act. However, the DEIS should also refer to changes in costs, technologies, willingness to accept risk, regulation, and public perception that have led to the development of different sources of bulk power: cogeneration, independent power producers, and energy services companies, all of which will likely contribute to a different mix of resources than was envisioned in the late 1970s or the mid-1980s.

6.0

CHAPTER 2

page 2.13: The Overview of Hydro Development and Operations Issues is generally an accurate representation, especially in its reference to agreements and practices outside the power sales contracts.

1.1 page 2.14: In §1.1.1, it would be useful to point out that there are many potential mechanisms by which the utilities might carry out measures in the Council's Program. If the utilities were required by contract to "implement measures", that might well reduce BPA's own role in implementing the Program. There would then be environmental consequences both of the utilities' actions and of the reduced role for BPA.

pages 2-14, 2-15, and 2-20: There are several paragraphs that appear to be direct quotes, but are not set off by indentation or some other markings. This is confusing at best, and potentially misleading.

1.1 page 2-14: In §1.1.2, BPA should point out that requiring the utilities to take on additional responsibilities for implementing the Council's Program would probably be accompanied by other changes that would either compensate the utilities for such additional responsibilities, or give them greater control over the cost and performance of projects included in the Council's Program, including the budget of the Council itself.

1.1 page 2-16: In the first paragraph of §1.1.2.2, BPA asks the correct question, but the last sentence is not clear: how would the power sales contracts in effect before 1981 prevent any utility from performing operations in favor of fish? In fact, there are numerous examples that the converse is true: the Coordination Agreement allows operations to take into account fish and other non-power constraints.

page 2-25: The description of conservation activities taking place outside the power sales contracts is good.

2.2 page 2-29: In §2.2.2, the described relationship to Alternative 3.2 is incomplete. If BPA were the region's sole supplier, conservation transfers might be "automatic", but the cost of those transfers might not be the lowest possible. That is, the region might not be following a least-cost path if BPA were the region's sole power supplier, in which case the amount, nature, and cost of conservation acquired, and thus "transferred", would be different from the least-cost configuration. Without taking these second-order effects into account, there can be no conclusions regarding the comparability of these two cases.

3.2 page 2-30: The first paragraph under RESOURCE PLANNING AND DEVELOPMENT PROCESSES should note that many of BPA's consumer-owned utilities develop their own resource plans *under local regulation*.

page 2-30: In §3.3.1, BPA should point out that requiring longer notice periods would reduce the flexibility of BPA's customers to respond to resource opportunities, and that reduced flexibility would then probably imply some other concession by BPA, about which we cannot really speculate. 3.1

page 2-31: The last full sentence on the page tells only one side of the story. BPA should also note that: (1) least-cost resources may also be acquired by consumer-owned and investor-owned utilities, constrained by local and state regulation; (2) there is no evidence that centralized acquisition will lead to lower costs than otherwise, given the institutions and technologies that will prevail in the future; and (3) economies of scale associated with the federal system are merely *assumed* and must be compared with all the *costs* of centralized acquisition, including the delays, uncertainties, imperfect incentives, and transactions costs associated with the federal procurement process. 3.2

page 2-35: The five questions listed regarding *in lieu* purchases are not clear. If they are discussed later, some reference to that discussion should be made at this point, or the questions should be more clearly explained here. 3.4

page 2-37: BPA is correct to point out that critical water planning and firming nonfirm energy are beyond the scope of this DEIS. BPA is also correct to note that changing the quality of service would "involve ... tradeoffs among contract provisions which cannot be analyzed here."

page 2-42: The discussion of the IP-PF Link should be updated to reflect the decision to extend the formula through rate periods beginning on or before the termination of the VI contracts, or September 30, 1995, whichever is later. 6.0

page 2-43: The discussion of assignability of DSI contracts assumes that the legality of such actions has been established. BPA should point out that no court opinion on assignability has been issued, and that there are substantial questions still unanswered regarding the ability to assign contracts among DSIs. At the very least, BPA should refer to the language in §5(d)(3) of the Northwest Power Act that is subject to a variety of interpretations. 5.1

page 2-45: Purpose (2) for the NLSL provisions is not quite accurate, because new loads *do* have access to the FBS, just as long as they increase in increments smaller than 10 aMW per year. It is also the case that BPA may declare increases in *any* load, whether at an existing site or not, that exceed 10 aMW to be NLSLs, even if the resulting total load is smaller than previously registered at the site. It is also not at all clear what is meant by the paragraph immediately following (5) ("more appropriate in a scenario ..."). 5.3

page 2-46: In §5.3.1, BPA states that the alternative implies that "[n]ew loads of preference customer utilities would be entitled to FBS resources." In fact, FBS resources are now inadequate to meet all preference loads, so new loads do not have an entitlement to FBS resources, but rather to power at rates based in large part on the costs of FBS resources. 5.3

CHAPTER 4

1.1

page 4-2: The final paragraph before §1.1.2 indicates that BPA assumed that implementation of a Program measure has the intended environmental benefit. The final EIS should note that petitions under the Endangered Species Act now question the environmental benefit of actions taken under the Council's Program, especially the impacts of such actions on naturally spawning stocks of anadromous fish. The point is that simple compliance with the Council's Program provides no assurance of environmental improvement, and utilities should not be penalized for any environmental consequences of actions that they *do* take to implement the Council's Program. Furthermore, as noted on page 4-7, the Council's Program has been amended to incorporate settlements reached at FERC regarding license conditions. As the Council merely responded to agreements reached among interested parties in a separate and pre-existing regulatory arena, this would appear to leave the Council's Program somewhat short of a commanding role regarding impacts of utility actions on fish. These comments reinforce BPA's conclusion that amendments to the contracts would not further implementation of the Council's Program.

6.0

page 4-3: The last full sentence appears to have been written before 1989, because it refers to events that "will take place prior to the 1989 juvenile migration." The remainder of this paragraph contains statements that underscore this appearance. The final EIS should update this section.

1.1

pages 4-4: The answers to the question, "Would Alternative 1.1 Improve Implementation?", appear satisfactory but might benefit from further support. It would be useful to indicate the extent to which all interested parties are involved in the negotiations, and the extent to which the relevant FERC licenses are being modified or are expected to be modified to assure implementation of the appropriate measures.

1.1

page 4-8: The discussion in §1.1.2.3 assumes that BPA would be able to amend the contracts to incorporate a Protected Areas provision. There is no discussion of the additional environmental benefits or costs associated with such a provision, nor of the contractual tradeoffs that might be necessary to achieve such a provision. In fact there is no analysis of the actual development of hydro sites in Protected Areas, to see if there is indeed an environmental problem that requires solution. Have the 108 proposed projects acquired licenses? Has the Council exhausted all its avenues for influencing those licensing decisions? Do they all require FERC licenses? Without the answers to these questions, speculating on changes in contracts is not a useful endeavor, and concluding that "Alternative 1.1 could provide environmental benefits" (p. 4-9) is premature. In addition, BPA has not heretofore agreed that the Council has authority to impose Protected Areas designations outside the Columbia River Basin, and yet a contract provision requiring compliance with the Protected Areas policy *would* apply to utilities whose service areas, and thus perhaps some potential hydroelectric sites, would be outside the Basin. BPA should not implicitly concede in a proposed or potential contract provision a legal argument that it has not conceded up to this point.

1.1

pages 4-17 and 4-18: Tables 1.2.1 and 1.2.2 show the impacts not only in absolute quantities but also as percentage deviations from some reasonably expected operational level. This supports the conclusion that the changes modeled would not be significant from an environmental perspective.

page 4-20: The final sentence still assumes that increases in demand do not lead to increases in supply sufficient to limit price increases. This conclusion is reasonable only in the short-run, and the sentence can easily be rewritten to make that point.

1.3

pages 4-23 to 4-24: This provides a good, comprehensive examination of how the contracts currently treat conservation, including other factors likely to influence decisions to invest in conservation.

page 4-25: The description of conservation transfers (§2.2.2) should not assume that such transfers would take place only from public utilities to IOUs. It is possible that a public utility would agree to fund conservation in the service territory of a second public utility with generation, and that the latter would then deliver generated bulk power to the first utility. It may also be the case that public utilities would also seek to avoid placing new requirements load on BPA, to avoid the uncertainties associated with BPA's rate levels and rate design.

2.2

In general, the relevance or usefulness of the three scenarios on pp. 4-25 and 4-26 is unclear. The discussion is sufficiently qualitative ("increased ... budget levels and programs") that clear distinctions among the conclusions of the three scenarios are difficult to find. Unless there is some overriding reason for including these scenarios, they should be eliminated in the interest of lower levels of confusion.

2.2

page 4-26: The discussion in §2.2.2.2 assumes that "firm requirements power supplied to preference customers" has "relatively low, predictable costs compared to alternate resource acquisitions". This statement is less clear now that BPA is moving away from cost-based rates and toward revenue-financing of major capital additions. The rates are significantly less predictable once this connection to embedded costs is removed.

2.2

The first five "bullets" in this section assume that conservation transfers take place only from preference customers to IOUs; the expressed concerns do not apply if preference customers arrange conservation transfers among themselves, with or without involving purchases of PF power from BPA. The final "bullet" assumes that BPA has some "right" to cost-effective conservation, which of course is not true. There will undoubtedly be some cost-effective conservation resources, as well as supply-side resources, that are not brought to light by BPA's programs and payments, but in no case does BPA have a "right" to any of these resources. This conclusion should be eliminated. In any event, its inclusion does not add anything substantial to the discussion of conservation transfers.

2.2

page 4-28: The introduction in §3.1.1 is right on target. However, the calculated changes in probabilities referred to in the text (§§3.1.1 and 3.1.2) are not obviously available

anywhere in the DEIS. If these results have been calculated, they should be made available and referred to in §3.1.2.

3.1 page 4-28: In §3.1.2, it should be made clear that the restrictions on "load increases or decreases" apply to a utility's rights to change its Firm Resource Exhibit. Customers without resources declared in an FRE (metered requirements customers and DSIs) do not have these restrictions, so the analysis does not apply to most of BPA's customers.

3.1 Also, it is not clear that only coal plants have lead times longer than seven years. If other resources have similarly long lead times (due, for example, to environmental restrictions), then the distinction between seven and ten years may be moot completely.

The third paragraph in this section is very confusing. If BPA assumes now that the last year in which a decision could be made on WNP-1 or -3 is 2000, then BPA already has ten years of planning information on which this assumption or projection is based. Again, the additional three years would seem to make little difference, if any.

3.2 page 4-29: In §3.2.1, it is important to define "much smaller", given that the amounts noted in Table 3.2.1 (p. 4-31) are already small *relative to* the total system additions expected over the specific time horizons. Also, Table 3.2.1 should list changes in net resource additions not only in aMW but also as percentage deviations from the base case.

page 4-32: The last full paragraph still implicitly assumes that coal plants are currently part of utility resource stacks for a reasonable planning horizon. In fact, coal plants are receding into the future as a resource option, at least in the published least cost plans of the region's utilities. *Certainly there are no coal plants in any utility's resource plan through the year 2001, which is the expiration of the power sales contracts that are the subject of this DEIS.* Therefore, a stronger conclusion is possible: "development of coal plants that the DAM study assumes is not projected to occur before the expiration of the current contracts." Given the significant divergence between current least cost plans and the assumptions that drove the much earlier analysis, the final EIS should include a table that compares the coal plants *assumed* by DAM in the old study, including their on-line dates, and the coal plants now in utility least cost plans, including their on-line dates. The final EIS should also refer to the amendments to the Clean Air Act, which make construction of new coal plants more expensive and less likely than even a year ago.

3.2 page 4-32: The last (incomplete) paragraph assumes that firming nonfirm strategies *must* be implemented by BPA. However, resources used to firm federal nonfirm energy *must be acquired by BPA from other entities*, and there is a high likelihood that those other entities will be the region's utilities. The last (incomplete) sentence continues to perpetuate the coal plant myth (see above).

page 4-33: The discussion in §3.3 is generally good.

page 4-34: Given the complexity of the *in lieu* issue, the qualitative discussion in §3.4.2.1 is adequate and accurate.

page 4-37: In the paragraph entitled "Service from another utility", it is not clear why transmission costs would be higher if a DSI were served by an entity other than BPA. Transmission will probably be necessary for any source of bulk power, whether BPA provides it or not. As we have commented before, the last sentence in this paragraph continues to assume that increased competition will lead to higher market prices, whereas the actual market prices that result from the competition will be determined also by the supply response to the increased competition.

3.5

page 4-37: In the paragraph entitled "Self-generation", it is important to cite references for the conclusion that self-generation leads to redundancy. Otherwise, the conclusion may simply be false. Again, the last sentence continues to assume that the supply response has no downward impact on market prices, which is unsupported.

3.5

page 4-61: §4.2 is a reasonable qualitative discussion, given the speculative nature of this alternative.

page 4-74: The discussion in §4.4 is reasonable given the complexity of the alternative.

pages 4-83 to 4-94: The results in §§5.3 and 5.4 appear reasonable, but should also be stated in terms of percentage differences from the base case (Tables 5.3.1 through 5.4.2).

Attachment

Contracts:DEIS Comments



December 10, 1990

RECEIVED BY BPA PUBLIC INVOLVEMENT LOG #: PSC-2-27	
RECEIPT DATE: DEC 17 1990	
AREA: All	DISTRICT

Jo Ann C. Scott
Public Involvement Manager
Bonneville Power Administration
Post Office Box 12999
Portland, Oregon 97212

RE: Draft EIS on the Initial Northwest Power Act Power Sales Contracts

Dear Jo Ann,

The attached pages were inadvertently omitted from the comments we filed on this subject. We would appreciate having these pages attached to our comments.

Thank you.

Sincerely,

for William K. Drummond
Manager

Attachment
LP:Contracts:DEIS Letter 2

The Energy Picture in 2001 The Utilities' View

August 1990

PNUCC

Prepared by:
Pacific Northwest Utilities Conference Committee (PNUCC)
101 S.W. Main #810
Portland, Oregon 97220
(503) 223-9343

For further information contact
Shauna McReynolds, Senior Power Systems Analyst
at PNUCC

What New Resources are in Store for the Region?

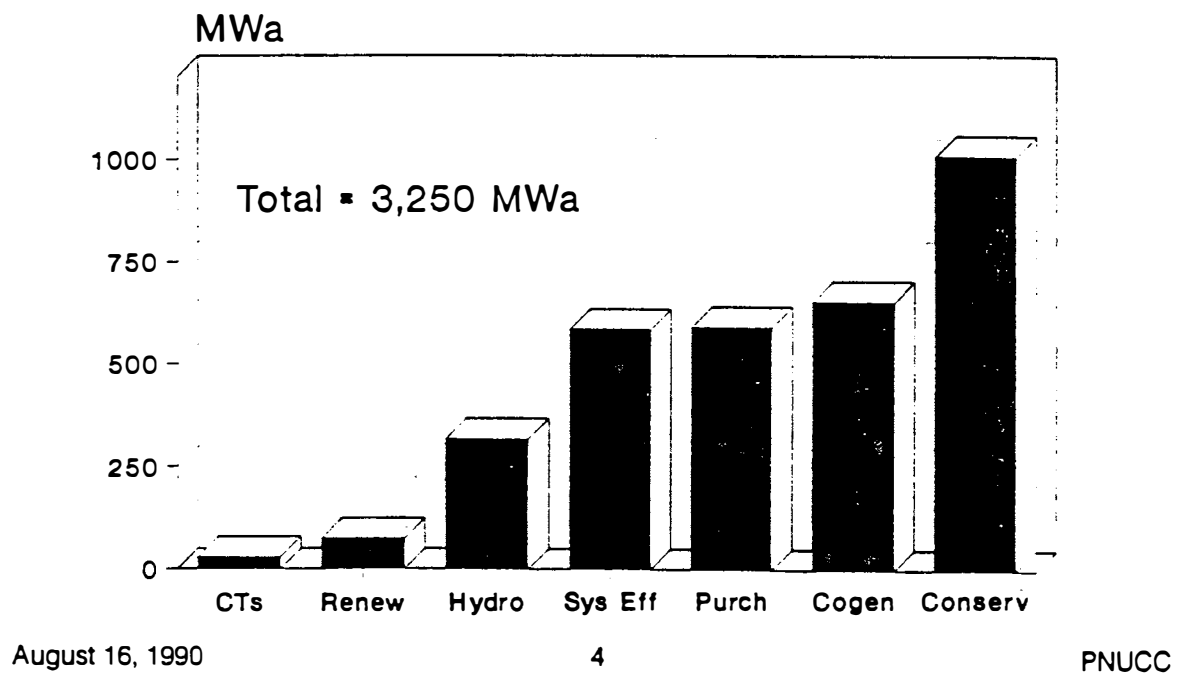
Over the next 10 years the region's utilities plan new energy sources including savings from conservation programs, cogeneration, purchases from utilities outside the Pacific Northwest, improvements in the efficiency of the power system, small hydropower projects, renewable resources including geothermal energy, and combustion turbines.

Figure 2 shows the amount of energy, by resource type, that has been identified as

planned to meet regional needs for the next decade. This is not intended to be an exhaustive list of all possible new resources. It reflects the resources that are identified as most likely to be built to meet expected needs. These resources total nearly 3,300 MWa.

Although the focus has been mostly on resource acquisitions for expected loads, a pool of contingency resources is identified for development in case unex-

Figure 2
Regional Planned Resources
Energy (Year 2001)



pected events occur. For example, additional resources may be needed if load growth is higher than expected, or development of planned resources is restricted. Figure 3 shows there are 6,200 MWa identified as contingency resources to cover unexpected events. This is an increment above and beyond the identified planned resources.

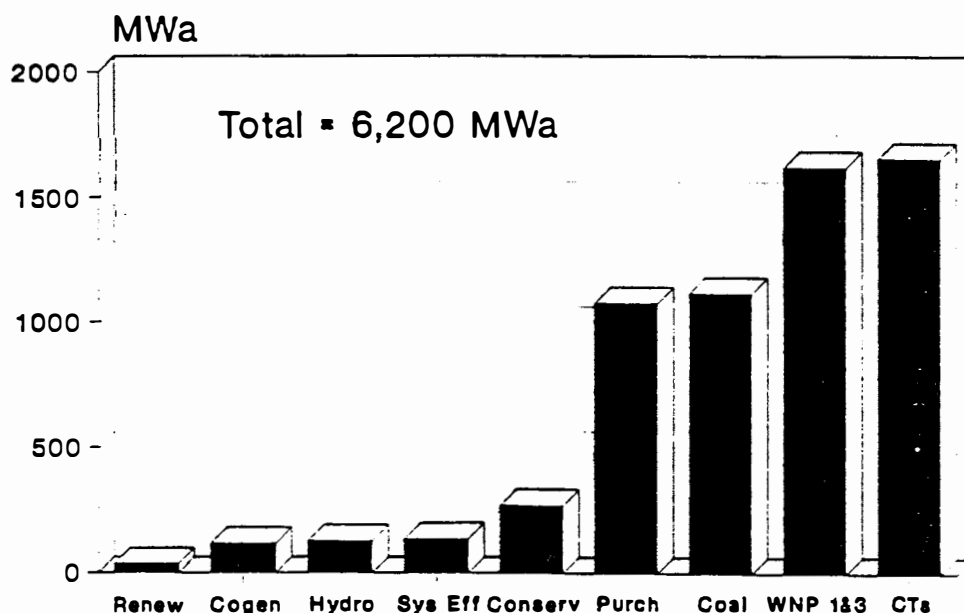
These resources include 1,700 MWa of combustion turbines, 1,600 MWa of nuclear (WNP 1 & 3), 1,100 MWa of coal generation, 1,100 MWa of additional purchases from outside the region, and 700 MWa of other resources.

Some of the contingency resources, such as conservation and cogeneration, are directly related to the event of high

load growth. It is assumed that high load growth means more construction of residential and commercial buildings, and development of industry. Consequently, there are additional savings from conservation in new buildings and added cogeneration potential at new industrial sites.

Under an expected load growth scenario, the contingency resources will not be needed as long as other planned resources are developed and the existing system operates as we expect. Some near-term activities for development of these resources include maintaining the current status of the resources; for example, acquiring extensions to current site licenses, and preserving WNP 1 & 3.

Figure 3
Regional Contingency Resources
Energy (Year 2001)



August 16, 1990

5

PNUCC

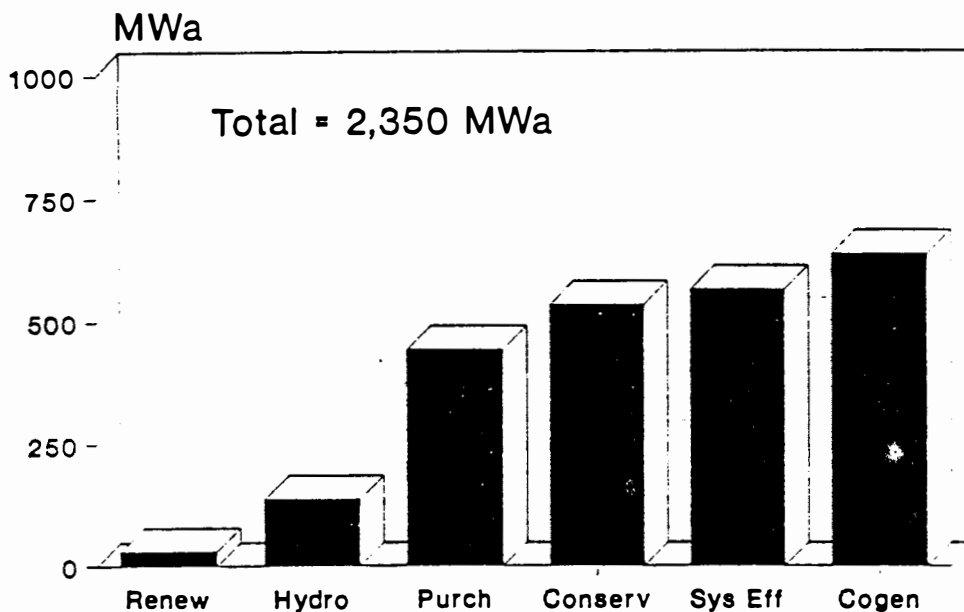
What Are the IOUs Planning?

The investor-owned utilities are relying on cogeneration savings, improvements in the efficiency of the power system, conservation, purchases from utilities outside the region, small hydropower, and renewable resources to meet their needs through the year 2001. Improvements to the power system include transmission and distribution upgrades, refurbishment of a thermal plant in Utah, contracts for load management, and thermal generation improvements. Figure

4 shows that planned resources total 2,400 MWa.

Contingency resources considered by the investor-owned utilities include combustion turbines, coal plants, more purchases, more conservation, more small hydro, and more cogeneration. The combustion turbines include both new plants and additional generation at existing plants. Coal generation includes the Creston units in eastern Washington.

Figure 4
IOU Planned Resources
Energy (Year 2001)



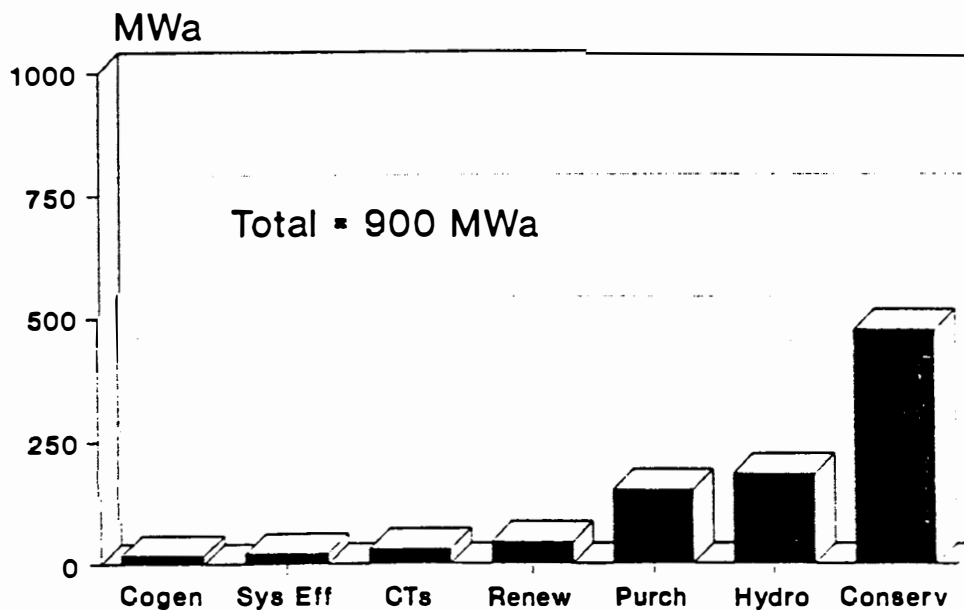
What Are BPA and the Publics Planning?

Bonneville Power Administration and the public utilities need fewer new resources than the investor-owned utilities. They plan to substantially bolster conservation programs and begin acquiring small hydropower, some purchases from independent power producers, renewable resources, a combustion turbine, efficiency improve-

ments to the power system and cogeneration. Figure 5 shows a total of 900 MWa of planned new resources.

BPA has identified two combined-cycle combustion turbines, some additional conservation, and WNP 1 & 3 as contingency resources.

Figure 5
BPA/Public Planned Resources
Energy (Year 2001)



**The Energy Picture in 2001
The Utilities' View**

**Technical Appendix
August 1990**

PNUCC

PLANNED RESOURCES (ENERGY - MWh)

Region

	<u>1991-92</u>	<u>1994-95</u>	<u>1997-98</u>	<u>2000-01</u>
Cogeneration	149.00	325.00	500.00	655.40
Combustion Turbine	0.00	30.30	30.30	30.30
Conservation	185.98	427.30	720.42	1008.03
Hydro	57.20	257.49	314.06	321.08
Purchases	10.00	240.00	429.00	593.00
Renewable	0.00	37.00	57.00	72.40
Steam	0.00	0.00	3.00	3.00
System Efficiency	<u>175.00</u>	<u>326.22</u>	<u>548.32</u>	<u>587.25</u>
Total Region	577.18	1643.31	2602.10	3270.46

Investor-Owned Utilities

	<u>1991-92</u>	<u>1994-95</u>	<u>1997-98</u>	<u>2000-01</u>
Cogeneration	140.00	316.00	491.00	637.00
Conservation	75.98	212.30	378.42	534.03
Hydro	3.30	99.55	136.70	137.70
Purchases	0.00	115.00	279.00	443.00
Renewable	0.00	27.00	27.00	27.00
Steam	0.00	0.00	3.00	3.00
System Efficiency	<u>175.00</u>	<u>310.00</u>	<u>530.00</u>	<u>565.00</u>
Total IOU	394.28	1079.85	1845.12	2346.73

BPA/Public Utilities

	<u>1991-92</u>	<u>1994-95</u>	<u>1997-98</u>	<u>2000-01</u>
Cogeneration	9.00	9.00	9.00	18.40
Combustion Turbine	0.00	30.30	30.30	30.30
Conservation	110.00	215.00	342.00	474.00
Hydro	53.90	157.94	177.36	183.38
Purchases	10.00	125.00	150.00	150.00
Renewable	0.00	10.00	30.00	45.40
System Efficiency	<u>0.00</u>	<u>16.22</u>	<u>18.32</u>	<u>22.25</u>
Total BPA/Public	182.90	563.46	756.98	923.73

CONTINGENCY RESOURCES (ENERGY - MWh)

Region

	<u>1991-92</u>	<u>1994-95</u>	<u>1997-98</u>	<u>2000-01</u>
Coal	0.00	0.00	0.00	1118.00
Cogeneration	60.00	140.00	140.00	120.00
Combustion Turbine	0.00	553.00	1454.00	1654.00
Conservation	22.00	42.00	152.00	270.00
Hydro	0.00	10.00	52.50	130.40
Nuclear	0.00	0.00	1619.00	1619.00
Purchases	61.00	113.00	671.00	1079.00
Renewable	0.00	0.00	0.00	38.00
System Efficiency	<u>77.00</u>	<u>238.00</u>	<u>134.00</u>	<u>139.00</u>
Total Region	220.00	1096.00	4222.50	6167.40

Investor-Owned Utilities

	<u>1991-92</u>	<u>1994-95</u>	<u>1997-98</u>	<u>2000-01</u>
Coal	0.00	0.00	0.00	1118.00
Cogeneration	60.00	140.00	140.00	120.00
Combustion Turbine	0.00	553.00	740.00	940.00
Conservation	22.00	42.00	152.00	200.00
Hydro	0.00	10.00	52.50	85.00
Purchases	61.00	113.00	671.00	1079.00
Renewable	0.00	0.00	0.00	38.00
System Efficiency	<u>77.00</u>	<u>238.00</u>	<u>134.00</u>	<u>139.00</u>
Total IOU	220.00	1096.00	1889.50	3719.00

BPA/Public Utilities

	<u>1991-92</u>	<u>1994-95</u>	<u>1997-98</u>	<u>2000-01</u>
Combustion Turbine	0.00	0.00	714.00	714.00
Conservation	0.00	0.00	0.00	70.00
Hydro	0.00	0.00	0.00	45.40
Nuclear	<u>0.00</u>	<u>0.00</u>	<u>1619.00</u>	<u>1619.00</u>
Total BPA/Public	0.00	0.00	2333.00	2448.40



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
Office of the Chief Scientist
Washington, D.C. 20230

December 10, 1990

RECEIVED BY EPA PUBLIC INVOLVEMENT LOG #: PSC-2-28	
RECEIPT DATE: DEC 17 1990	
AREA:	DISTRICT

Ms. Jo Ann Scott
Bonneville Power Administration
P.O. Box 12999-ALP
Portland, Oregon 97212

Dear Ms. Scott:

Enclosed are comments to the Draft Environmental Impact Statement - Initial Northwest Power Act Power Sales Contracts. We hope our comments will assist you. Thank you for giving us an opportunity to review the document.

Sincerely,

David Cottingham
Director
Ecology and Environmental
Conservation Office

Enclosure





UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
ENVIRONMENTAL & TECHNICAL SERVICES DIVISION
911 NE 11th Avenue - Room 620
PORTLAND, OREGON 97232
503/230-5400 FAX 503/230-5435

F/NWR5

Ms. Jo Ann Scott
Bonneville Power Administration
P.O. Box 12999-ALP
Portland, OR 97212

Dear Ms. Scott:

We have reviewed the Power Sales Contracts Draft Environmental Impact Statement (DEIS) and provide the following comments relative to our responsibilities for anadromous fish.

As stated in our letter of October 13, 1989, we recommend that the preferred alternative be one that can provide for contract modification and incorporation of fish protection measures. Thus, we continue to support alternatives that provide for inclusion of fish protection measures in the Power Sales Contracts (PSC).

11 We support the choice of alternatives 1.1 and 1.2 which, according to the DEIS, provide for benefits to fish. A protected areas provision in the PSC (Alternative 1.1) would strengthen the protected areas designation concept and, thus, provide additional protection for anadromous fish in the future while protecting BPA's Fish and Wildlife Program investments. Likewise, we note that Alternative 1.2 has the potential to provide for anadromous fish benefits, such as decreased flows in the fall, increased flows in the early spring, a slight increase in overgeneration spill and increased reservoir elevations in the spring of low water years. These characteristics of Alternative 1.2 shift operation of the hydropower system towards the historic runoff shape and provide additional storage for fish flow releases in the spring and summer, thus increasing anadromous fish survival.

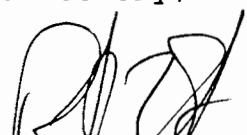
12

6.0 Conversely, choice of the No Action Alternative, the present PSC, results in continued operation of the hydropower system in the present manner, a manner that has resulted in declining stocks of fish and petitions being filed for the listing of several species under the Endangered Species Act. Further, continued present operations would not, in our view, allow for a doubling of the fish runs, as set out in the Northwest Power Planning Council's Fish and Wildlife Program.



Thank you for the opportunity to comment.

Sincerely,


For Merritt E. Tuttle
Division Chief



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

Mail Stop PV-11 • Olympia, Washington 98504-8711 • (206) 459-6000

December 10, 1990

RECEIVED BY BPA PUBLIC INVOLVEMENT LOG #: PSC-2-29	
RECEIPT DATE: DEC 17 1990	
AREA:	DISTRICT
T	

Public Involvement Manager
Bonneville Power Administration
P.O. Box 12999
Portland, Oregon 97212

Dear Sir:

Thank you for the opportunity to comment on the draft environmental impact statement for the Initial Northwest Power Act Power Sales Contracts. We coordinated the review of this document with other state agencies and received comments from the Department of Wildlife. Their letter is attached for your information.

If you have any questions, please call Mr. Fred Maybee of the Department of Wildlife at (206) 753-3318, or me at (206) 459-6025.

Sincerely,

Barbara J. Ritchie
Environmental Review Section

BJR:
5784

Attachment

cc: Fred Maybee, Wildlife

RECEIVED

CURT SMITCH
Director

DEC 10 1990

DEPARTMENT OF ECOLOGY
ENVIRONMENTAL REVIEW

5784



STATE OF WASHINGTON

DEPARTMENT OF WILDLIFE

600 Capital Way North • Olympia, Washington 98501-1091 • (206) 753-5700

December 3, 1990

Barbara Ritchie
Environmental Review Section
Department of Ecology
Mail Stop: FV-11
Olympia, Washington 98504

DRAFT ENVIRONMENTAL IMPACT STATEMENT: Initial Northwest Power Act Power Sales Contracts

Dear Ms. Ritchie:

This document was reviewed by our staff as requested; comments follow.

Our major criticism of this document is that the discussion relating to impacts on fish and wildlife resources is too general and broad to be of much use to the decision making process. We feel that the existing contracts should be discussed on an individual basis rather than as a whole, and that resource impacts and problems be related to specific stream segments such as Bonneville Dam to the Dalles as an example for the Columbia River. This is necessary because without such information, it is difficult, if not impossible, to determine if amendment of any of the contracts would result in reduction of impacts or other benefits to fish and wildlife resources.

11

Thank you for the opportunity to provide comments.

Sincerely,

Fred H. Maybee
Applied Ecologist

FHM:mjf

cc: Jerry Neal, Columbia River Program Administrator
David Mudd, Regulatory Services Program Manager
Department of Fisheries
U. S. Fish and Wildlife Service
Fisheries Management Division, Dept. of Wildlife



United States Department of the Interior



OFFICE OF THE SECRETARY
Office of Environmental Affairs
1002 NE Holladay Street, Suite 354
Portland, Oregon 97232-4181

December 13, 1990

ER 90/935

Public Involvement Manager
Bonneville Power Administration
P.O. Box 12999
Portland, Oregon 97212

RECEIVED BY BPA
PUBLIC INVOLVEMENT
LOG #: PSC-2-30
RECEIPT DATE:
DEC 17 1990
AREA: DISTRICT

The Department of the Interior has reviewed the Draft Environmental Impact Statement for Initial Northwest Power Act Power Sales Contracts; Washington, Oregon, Idaho, Montana, Wyoming, and Utah (Vols. 1,2, and 3). The following comments are provided for your use and consideration when preparing the final document.

General Comments

Bonneville Power Administration (Bonneville) has examined the environmental effects of the power sales/residential exchange contracts issued in 1981 and has elected to preserve the existing contracts without change (the no-action alternative). The decision not to pursue modifications in the existing power sales contracts does not consider important fish and wildlife issues currently being debated in the Pacific Northwest Region. For example, the National Marine Fisheries Service is currently reviewing the status of Snake River spring, summer, and fall chinook, Snake River sockeye, and Lower Columbia River coho salmon for possible listing as endangered species. Measures designed to revive these threatened fish stocks are under discussion and would effect Bonneville's power planning and distribution system. These measures would most likely affect the Columbia Basin's reservoir storage schedule so that additional water will be available to flush juvenile salmon downstream to the ocean. In addition, the existing "water budget" program would require further "fine-tuning" to benefit outmigrating wild fish and the effects of power peaking operations on juvenile and adult migrants would need to be studied.

11

We believe that the no-action alternative would not recognize the recent policy and environmental issues (i.e., endangered status for salmon, "Protected Areas" designations, etc.) affecting the region's fish and wildlife resources. Bonneville should reexamine the existing contract provisions for potential environmental consequences with the aforementioned policy issues in mind.

11

Before making a decision, Bonneville should initiate the interagency consultation process with the Fish and Wildlife Service and the National Marine Fisheries Service pursuant to Section 7 of the Endangered Species Act.

60

Specific Comments

1.1 Alternative 1.1: Fish and Wildlife Compliance as a Condition of Service, Page 2-14. We disagree with the conclusion that this "alternative is not likely to significantly affect the implementation of the Fish and Wildlife Program (Program) aimed at the fishery impacts" at existing dams. If all utility customers were required to abide by the Northwest Power Planning Council's (Council) Program, Bonneville would be able to better coordinate basin wide water storage and flow conditions to move upstream and downstream fish migrants. This would also enable Bonneville to protect the Program's substantial rate payer investment in fish and wildlife. For example, hydropower peaking operations would be evaluated for impacts to migrating juvenile and adult salmon. Another example of a power sales contract provision that may influence power peaking is the capacity/energy exchange--a transaction in which one utility provides another with capacity energy in exchange for power, usually during off peak hours. Reduced flows at night may harm out migrating juvenile fish when outmigrating behavior is strongest. Peaking operations may also cause elevation fluctuations in forebay and tailwaters beyond the dam's design limits of fish passage facilities, which in turn reduce attractant flows for upstream migrants.

We do, however, agree that the Council's Protected areas amendment would be implemented and enforced under Alternative 1.1. This alternative would allow Bonneville to:

- 1.1
1. Protect remaining critical fish and wildlife resources and their habitat in the Columbia Basin.
 2. Guide hydroelectric power developers to use less sensitive areas for development.
 3. Coordinate power distribution and resolve uncertainties in forecasting future power needs in the Pacific Northwest Region.

Environmental Analyses

6.0 Page 3-12. Regarding the trade-offs between water use and irrigation and power production (which will be addressed in the Bureau of Reclamation's (Reclamation) EIS on Continued Development of the Columbia Basin Project), we recommend that Bonneville work closely with Reclamation to ensure that impacts on fisheries are addressed in that document and appropriate mitigation measures are put into place.

6.0 Page 3-19. Fishery losses are occurring below Jackson Lake Dam in Grand Teton National Park, Wyoming, as a result of downstream hydroelectric projects. Therefore, Bonneville should consider

this reach for additional flows to benefit fisheries. We recommend that Bonneville work with state and Federal agencies to develop appropriate flows to mitigate fisheries impact in this river reach.

6.0

Recreation

Recreational resources are briefly discussed in Chapter 3, "affected Environment." The impacts to these resources from reservoir operations, however, and the means to mitigate the adverse impacts are not discussed in Chapter 4, "Environmental Consequences." Recreational facilities are being adversely affected by current reservoir operations, and these effects should be addressed in this document.

6.0

Discussions of recreation at Hungry Horse Reservoir (Section 3.3.1.2, page 3-10) state that low water resulting from drawdown occurs primarily in the winter. This is not the case. Annually, the reservoir is severely drawn down during the summer months, isolating land-based recreational facilities. The EIS should be changed to reflect this occurrence, and the impacts of drawdown should be discussed in Chapter 4.

6.0

Cultural Resources

Chapter 3 briefly outlines the known archeological resources, but the impacts on the resource and the means to avoid or mitigate them are not discussed in Chapter 4. These discussions should be added. The statement in Section 3.3.3 (page 3-12) that Bonneville, Reclamation, and others are "negotiating a Programmatic Agreement (PA) for the study and mitigation of cultural resource impacts of Bonneville power marketing policies and programs" does not appear to fulfill the requirement to describe impacts and mitigation efforts.

6.0

The statement (Section 3.3.3, page 3-13) that the PA "will provide any necessary mitigation for impacts associated with the power sales contracts studied in this EIS" is an overstatement since the PA does not commit to mitigation for all impacts. The draft PA simply commits Reclamation and others to prepare action plans, and the level to which Bonneville intends to provide funds to mitigate sites is not indicated. A copy of the draft or final PA should be attached to the EIS, and the EIS should more clearly indicate the degree to which Bonneville will fund or conduct site protection or mitigation programs.

6.0

Discussions of cultural resources at Lake Roosevelt (Section 3.3.3.3, Page 3-13) are unclear. The reader cannot clearly determine the number of sites that are affected by reservoir operation nor the evaluation criteria used to make the determination. The narrative should indicate the total number of sites recorded around the reservoir; the number within the area

6.0

affected by lake operation; those outside the affected area; and the number for which insufficient information is available to make that determination. The methods and sources used to make these assessments should be indicated. It should also be stated that numerous unrecorded sites are believed to be present. The assessment that 72 potentially significant sites are present appears low. The methods used to make this determination should be identified. Also, the statement that only the 48 historic sites were evaluated requires explanation. What the "evaluation" involved and why were the remaining 119 sites excluded from the process should be discussed in the final document.

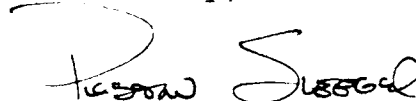
The potential area of effects from lake operations was considered to be at the 1,290-foot elevation. Why this elevation was selected, should be explained. We know that sites located above this elevation are being affected because erosion at the foot of unstable slopes is causing bank slumpage above 1,290 feet. The EIS should acknowledge this factor, identify the number of recorded sites being affected above 1,290 feet elevation, and commit to their protection or mitigation.

60 The EIS should discuss the ongoing exposure of human burials around the lake through erosion and bank slumpage; and acknowledge the concerns expressed by the Colville Confederated Tribes and the Spokane Tribe about this matter.

Section 3.3.3.3 lists several factors that are damaging sites around Lake Roosevelt. The DEIS implies that the principal effect is from relic collection. This statement should be amended to clearly recognize that the primary factor is erosion caused from the frequent and extreme fluctuations in the water elevation. It should also acknowledge that most of the relic collection occurs during extreme drawdown. Also, this brief statement in Chapter 3 does not satisfy the requirement for a thorough discussion of effects of water operation in Chapter 4.

Thank you for the opportunity to comment on this document.

Sincerely,



for Charles S. Polityka
Regional Environmental Officer

December 21, 1990

Mr. Don Wolfe
PSC EIS Project Manager
Bonneville Power Administration
Box 3621
Portland, OR 97208

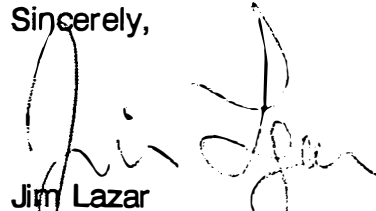
RECEIVED BY BPA PUBLIC INVOLVEMENT LOG #: 1582-02-01	
RECEIPT DATE: DEC 26 1990	
AREA: T	DISTRICT

Dear Mr. Wolfe:

As a member of the EIS Review Panel, I received copies of all comments which you had logged as of December 14. The comments which I submitted were not among these. I presume they were misrouted by the postal service or at Bonneville.

Another copy is enclosed.

Sincerely,



Jim Lazar
Consulting Economist

December 8, 1990

Bonneville Power Administration
Box 3621
Portland, OR 97208

RE: COMMENTS ON POWER SALES CONTRACT EIS

The draft EIS prepared by Bonneville continues to ignore the directive of the court in forcing Bonneville to prepare this document. The court made it clear that it expected modifications to the contracts if the EIS demonstrated that alternatives were environmentally preferable. The failure of the proposed action to comply with the directive of the Northwest Power Planning Council, to double fish runs, or to recognize the environmental benefits of additional DSI interruptibility and therefore the need to implement such amendments to the contracts in inexcusable.

6.0 The "No Action" alternative assumes continuation of the September, 1981 contracts without modification. Since this EIS is the one by which the terms of those contracts are to be evaluated, the correct "No Action" alternative should assume the pre-1980 contracts, with expiration dates as contained therein. The no action alternative, therefore, should assume that Bonneville is beginning with a "blank slate" in preparing post-Act contracts.

Since the September, 1981 contracts contain language binding the parties to negotiate amendments, if any party refuses to so negotiate they would appear to be in violation of the contracts, and any validity the contracts might have would appear to be invalidated by such action.

6.0 I recommend that BPA undertake to revise the EIS assuming the no action alternative to be expiration of the Pre-Act contracts on the schedule then in effect, rather than the continuation of the September, 1981 contracts.

The following changes in contract terms will have beneficial environmental consequences:

- 6.0**
- 1) Require participation in regional resource activities as a condition of contract execution;
 - 2) Provide for greater interruptibility of loads used to serve industries with a low value-added to electricity consumption ratio, such as DSI contracts and contracts with utilities serving similar loads.
 - 3) Proscribe resource development activities by entities executing contracts which are not consistent with the Plan adopted by the Northwest Power Planning Council, such as development of non-cost-effective resource or development of resources in an order other than that anticipated by the Act -- Conservation first, conventional resources last.
 - 4) Proscribe the provision of other services -- such as transmission, load factoring, etc, to non-conforming resources as a condition of contract execution.

- 5) Provisions limiting entities executing contracts to then-current levels of power purchase at melded rates, with all additional purchases at new resources rates.
- 6) Provisions explicitly allowing BPA to implement surcharges for quantifiable environmental costs when found appropriate.
- 7) Long-term take or pay provisions for DSI loads, to provide BPA with certainty of revenue recovery for resource acquisition needed to continue to serve such loads.
- 8) Elimination of obligation of BPA to acquire replacement power to serve DSI loads prior to assisting priority customers [public and investor-owned utilities] in meeting load requirements.

6.0

BPA's arrogance in evaluating alternatives is best demonstrated by it's summary on page 2-4 of the impact of increased interruptibility of DSI loads, where the "answer" is as follows:

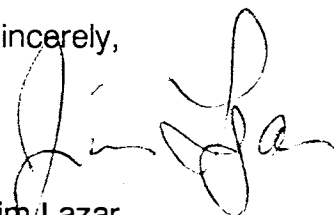
Yes. Could also significantly harm DSI customers.

This is not an environmental evaluation, but rather only an economic judgment, totally lacking in either environmental or economic analysis. The attached page shows that continued service to DSI customers implies an economic subsidy by other power users of \$100,000 to \$150,000 per employee, suggesting that the subsidy may exceed the regional value-added of these customers. BPA's evaluation of the question of DSI interruptibility should look at impacts on air quality, water quality, fish and wildlife issues, and land use, not simply reject the concept because of an unquantified and irrelevant economic impact on a highly subsidized industry.

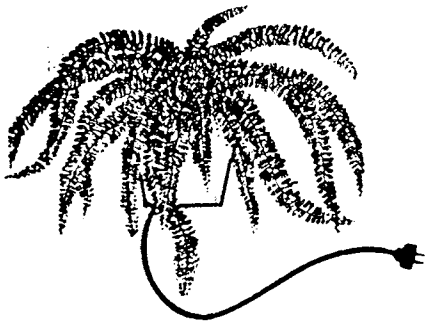
4.1

BPA's evaluation of the alternatives available is so grossly deficient that it is non-responsive to comments submitted to date. As evidence of that, I again submit as comments on the EIS the comments which were submitted in July of 1981 by Fair Electric Rates Now, and resubmitted during the scoping process for this EIS. These comments addressed approximately 100 specific provisions of the then-draft contracts which are the subject of this EIS. I would have expected Bonneville's Power Sales Contract EIS to have addressed the alternatives proposed in the FERN comments. They have not, and I now propose that a revised EIS be prepared which does specifically address the comments posed nearly a decade ago by FERN.

Sincerely,



Jim Lazar
Consulting Economist



FERN

Fair electric rates now.

July 10, 1981

FERN COMMENTS ON BPA DRAFT PROTOTYPE POWER SALES AND RESIDENTIAL EXCHANGE CONTRACTS

6.0

I. RELATING TO ALL CONTRACTS

In several major areas, Bonneville's interpretation of its responsibilities under the Regional Power Planning and Conservation Act as embodied in the proposed contracts violate the intent of the Act, to the long term detriment of regional ratepayers.

As Deputy Administrator Earl Gjelde pointed out during the December 18, 1980 technic session discussing PL 96-501, the Act contains few specific mandates. However, the legislative history of the Act clearly shows that the primary purpose of the Act was to authorize Bonneville and the Regional Planning Council to take the steps necessary to assure the people of the Pacific Northwest a reliable energy supply, and to do so in a manner that would minimize the economic and environmental costs of that commitment.

Sections 2(3)(A), 4(e)(1) and 6(e) of the Act, among others, recognize that the widespread development of conservation, increased energy efficiency, and renewable energy and cogeneration resources is generally an economically and environmentally superior option to a commitment to large scale thermal generation. Both the legislative history and the Act itself indicate that a strong commitment to conservation and renewable energy sources is one of the central nondiscretionary mandates of the Act.

The portions of PL-501 relating to new contracts, on the other hand, leave quite a bit up to Bonneville's discretion, as BPA has admitted on page 1-7 of the June 1981



Draft Environmental Report, stating that "On the day PNEPPCA was enacted, there was only the mandate to enter into power sales contracts." On page 1-2 of the report, BPA lists several of the discretionary aspects of the contracts, including "points of delivery, language choices to achieve the statutory purposes of PNEPPCA, conservation language, development of reserves among and for customers consistent with DSI reserve responsibility, the term of the contract, allocation method, the method of delivery/scheduling of computed requirements, and other issues."

It is highly distressing, therefore, to discover that BPA has chosen to take a business as usual approach in its negotiations with regional utilities and DSI's. Bonneville's interpretation of both the discretionary and nondiscretionary portions of the Act as they relate to new power contracts appear to ignore the central mandates of the Act directing Bonneville to take a least cost approach in development of the regions energy future. We find Bonneville's resistance to the inclusion of contract language promoting BPA's primary responsibilities difficult to understand. The Computed Requirement sections of the proposed Power Sales contracts appear to indicate that Bonneville is committed to a "one utility" concept for purposes of electrical generation. Why is BPA unwilling to embrace the same concept for purposes of energy conservation and protection of fish and wildlife? Our comments include several points of major concern about specific contract provisions as they relate to the Act.

There is another aspect to the discretionary nature of most of the contract provisions: BPA's contention on page 1-6 of the Draft Environmental Report that the contracts are not subject to NEPA requirements because the offering of contracts is a nondiscretionary action is largely irrelevant, since most of what is contained within the contracts is clearly up to BPA and regional Customers. FERN is in complete agreement with the position taken by the Natural Resources Defense Council (NRDC) and others that BPA is obligated to prepare an Environmental Impact Statement that reaches far beyond the scope of BPA's Draft Environmental Report.

II. RELATING TO GENERAL CONTRACT PROVISIONS

* Contract Flexibility

Bonneville has chosen to interpret its mandatory contract responsibilities to mean that it must offer 20 year contracts by September 5, 1981. FERN feels that both the length and timing of the contracts is inappropriate.

20 year contracts will allow for planning certainty on the part of regional customers only if the situation remains fairly stable, as it was between the late 1940's and the early 1970's. The Northwest is in the midst of a period of dramatic changes. Few would have predicted ten years ago that our energy choices would appear as they do today. It would be a serious mistake to lock the region into a set of commitments and assumptions for the next 20 years before the direction and priorities of our energy future has been established.

In a similar vein, closing the contract process to outside input after September 5, 1981 would cripple the ability of the Regional Planning Council to implement portions of the Plan that may conflict with certain provisions of the contracts.

FERN suggests that the following language be included in the General Contract Provisions in order to allow for maximal flexibility for implementation of the Regional Plan and other major changes that may occur:

"In the event of any conflict between the provisions of these contracts and implementation of the Regional Plan or sections of PL 96-501 relating to Bonneville's resource acquisition and fish and wildlife responsibilities, the provisions of the Regional Plan or PL 96-501 shall take precedence. Upon a minimum of 12 months notice, Bonneville shall, after an appropriate review process, amend any portions of these contracts that have been found to be inconsistent with the provisions of the Plan and/or Sections 2(3)(A), 3(4), 4(e)(1), and 6(e) of PL 96-501."

* Critical Water Assumptions

There are several planning assumptions made by regional utilities and Bonneville that have a major impact on resource acquisition. Of these, the most important is the use of critical water years for determining hydro resource capability. The cost effectiveness of building expensive new generating resources to meet loads that will occur a relatively small percentage of the time, as opposed to restriction of DSI loads and voluntary load reduction measures on the part of regional consumers is certainly open to debate. The Planning Council is currently examining the use of critical water assumptions to determine if it is an appropriate standard for regional planning. Until the Council has made a decision, it would be unwise to base the contracts on the premise that critical water assumptions will be used. Accordingly, we suggest that all references to the use of critical water assumptions be deleted from all contracts.

* Conservation Language

On page 2-8 of the Draft Environmental Report, BPA has indicated that they view "...conservation as a condition of service as a policy issue. BPA believes that requiring conservation as a condition of service may not be the most practical approach to achieving regionwide conservation, as sufficient conservation incentives (primarily financial) already exist." FERN believes that the legislative history of the Act indicates that this is not the case. We strongly support the position taken by NRDC and others, although some of our suggestions regarding appropriate contract concepts and language may differ.

We suggest that the words "to the extent appropriate" should be deleted from Section 5 of the Power Sales contracts, and that Section 5 be included as part of the conservation provisions of the general contract provisions. Similarly, Section 7(f)(4) of the Power Sales contracts should be universally applicable, and should be included in the general contract provisions with the words "...under paragraph (3) above..." deleted. In addition all contracts should include the following language:

"The Purchaser agrees to acquire and make available to Bonneville all conservation

and renewable resources available to it which are determined by Bonneville or the Council to be cost effective and eligible for financing by Bonneville, or eligible for billing credits which will offset the cost of the measures to the Purchaser."

***Local Entities and Wheeling**

Page 50 of the House Interior Report states that 6(e)(2) requires BPA to work through "...local entities to the extent practicable in making any direct arrangements with consumers." Since the House version of the Act is the one that was eventually adopted, FERN believes that the House interpretation should be the determining definition of this portion of the Act. Very little of the innovative work that has been done in the field of energy efficiency and renewable energy has come from regional utilities. Most of it has come from the efforts of individuals, community based profit and non-profit groups, and a few local governments. We see no reason why the region should be entirely dependent on the efforts of utilities with little experience in the conservation or small scale production of energy. Some utilities with a large financial interest in thermal generation may assert that it is in their best interest to aggressively pursue conservation and renewable energy options, even though that pursuit is clearly in the best interests of the region. Finally, utilities do not have the ability or the authority to implement a number of promising conservation options, such as energy efficient building codes, vocational training, and low income weatherization programs. These options are best implemented on a local government level.

FERN suggests that the following clauses be included in the general contract provisions:

"Nothing in this contract shall be construed to prevent Bonneville from exercising its authority under Section 6(e)(2) of PL 96-501 to deal directly with local entities in development of cost effective conservation, renewable energy and cogeneration resources." In order to protect small power producers in a manner consistent with PURPA, the

following language should also be included:

" The Purchaser agrees to provide power transmission and wheeling facilities to any requesting small power producer in a manner that has been determined by BPA to be consistent with the ~~intent~~ of the Public Utilities Regulatory Policy Act of 1978."

*Fish and Wildlife

Page 49 of the House Commerce Committee report states that "...it is the intention of the Committee to treat fish and wildlife as a co-equal partner with other uses in the management and operation of hydro projects of this region." FERN supports the fisheries language suggested by the National Marine Fisheries Service and is in agreement with the position taken by NMFS, the National Wildlife Federation, and many other groups and individuals on this issue.

*Contract Amendments and Comments

+ Section 1(d) FERN is opposed to the IPC proposal that guaranteed purchase resources be included in the definition of "Federal System".

+ Section 7 should include the following language:

"No provision of this contract shall prevent BPA from adopting wholesale rate structures in a manner pursuant to Bonneville's obligations under PL 96-501 to promote cost effective energy conservation to the maximum extent practicable."

+ Section 30 FERN supports this section as written and is opposed to the deletions suggested by the PPC.

+ Section 40(c) should be changed to read in part: "Bonneville agrees that it will comply with all restrictions and requirements of the Acts relating to regional customer priority, and that it will perform all such duties..."

+ Section 41 should apply to all customers, and should include the contract language suggested above under the heading "Contract Flexibility".

+ Section 50 should include specific language permitting BPA to restrict customers

that have not complied with a BPA model conservation rate structure to the extent that such non-compliance results in increased loads for BPA.

III. RELATING TO RESIDENTIAL EXCHANGE CONTRACTS

* IOU Conservation

We find BPA's assertion that "Since under the exchange agreements a utility must provide resources to meet its own load, conservation programs would not reduce any load on the Administrator." (page 2-9 of the Draft Environmental Report) difficult to accept in light of the fact that Section 5(b)(1) of PL 96-501 clearly outlines BPA's responsibility to meet the load growth of regional IOUs. Any reduction in current and future demand is a reduction in the load placed on Bonneville. The proposed exchange contracts should include conservation provisions similar to the clauses we have suggested as part of the general contract provisions.

* Contract Amendments and Comments

+ Section 4 Although we recognize a need for a suitable lead time for utility planning purposes, FERN believes that BPA should not be tied to the purchase of an expensive IOU resource for ten years before it is allowed to make in-lieu purchases of cheaper power. Five years is a more appropriate time frame for BPA notification of in-lieu purchase.

+ Section 9 As currently written, this clause will allow IOUs to terminate this agreement if BPA includes a supplemental rate charge. Conceivably, this could result in a situation where IOU customers would be forced to buy power from BPA that is not surcharged but is still more expensive than the IOUs average cost of power. Prudent utility practice makes it unlikely that any utility would sign such an agreement. In keeping with the opinion of the Oregon PUC, FERN suggests that the words "...the supplemental rate charge provided for in section 7(b)(3) of the Act is applied by Bonneville and.." and "..., after application of such rate charge..." be deleted.

IV. RELATING TO POWER SALES CONTRACTS

* Contract Amendments and Comments

+ Section 5 As previously indicated, this section should be slightly amended and included in the general contract provisions

+ Section 6 As previously indicated, this section should be amended and included in the general contract provisions.

+ Section 7 It is interesting to note that contrary to claims by Bonneville and regional utilities, passage of the Act has done little to resolve short term energy shortages or to resolve the question of how power will be allocated in the event of such a shortage. Although somewhat flawed in several respects, Bonneville's proposed allocation policy prior to passage of the Act contained several laudable concepts that have mysteriously vanished from current allocation proposals. FERN supports the position taken by the NRDC on this matter, with the following additions and suggestions:

7(a) FERN supports the ICP proposal that the earliest date for a Notice of Restriction be set at December, 1984, in order to allow time for initial implementation of the Regional Plan. However, setting the earliest date for actual implementation of the provisions of Section 7 at 1990 for IOUs and 1995 for PUDs appears to be considerably less efficient than simply offering shorter contracts. Furthermore, this section will do nothing to alleviate projected power shortages between 1983 and 1990, when shortages are most likely to occur. As the House Commerce report (page 26) points out, "Although it is too late to avert such shortages by building new thermal plants it is not too late to reduce the incidence and duration of such shortages through conservation." BPA could provide a powerful incentive for the implementation of conservation in a timely fashion by including the contract language proposed by NRDC in section IV of their contract comment in Section 7 of the Power Sales contracts.

7(c) Section 5(b) of PL 96-501 requires Bonneville to include an inventory of firm capability resources that will be considered a Federal Base System Resource. FERN has been unable to find language anywhere in the legislative history of the Act that supports Bonneville's contention that all resources available under long term contract on December 5, 1980 qualify as an FBSR. The Act requires Bonneville to provide an amount of power equal to the firm capability of FBS resources listed in the contracts (Section 5(b)). If there is a shortfall, BPA must make up the shortfall. It is disconcerting to find that BPA has vastly overrated the amount of reliable power available to it. FERN has calculated a more realistic assessment of thermal FBS resources currently available to BPA.

	<u>MW(BPA)</u>	<u>av MW (BPA)</u>	<u>av MW (firm)</u>	<u>Difference(av MW)</u>
Hanford	0	515	0	515
WNP 1	1250	938	750 (60% CF)	188
WNP 2	1100	825	660.0 "	165
WNP 3 (70%)	868	651	520.8 "	130.2
Trojan (30%)	324	230	194.4 "	35.6
Peak/Energy Exchange	0	446	0	446
	3542	3605	2125.2	1479.8

Capacity of WPPSS 4&5 at 60% capacity - 1494 av MW

FERN believes that the Act was framed with the inherent assumption that prudent utility practice would prevail. In this case, that means that firm capability should be just what it says it is - power that is reliable, with realistic estimates of how much power is available based on historical experience and contracts that assure that the power will be there when it is needed.

BPA estimates of a 75% capacity factor for WPPSS 1,2,3, and Trojan are clearly unrealistic. Historical experience with large nuclear plants has shown an average capacity factor in the range of 55%. Trojan has yet to reach a 50% capacity factor.

Hanford is even less reliable. It is rarely mentioned as a firm resource in utility rate bases, and FERN has been unable to determine how BPA arrived at a capacity factor

approaching 60%. Furthermore, since Hanford is due to be decommissioned in 1983, it does not qualify as a long term contract under section 3(12) of the Transmission Act, which specifies that such contracts must be for a period of at least 5 years.

Finally, we do not understand how the Peak/Energy exchange contracts can be considered a firm resource. It is somewhat misleading to put this contract in terms of average Megwatts, since it is highly seasonal. Furthermore, the contracts only specify a maximum net gain of power to the region. If Southwestern utilities do not choose to exercise their options under the contract, they have no obligation to provide regional utilities with energy. Similarly, BPA is under no obligation to provide exchange power to the Southwest if the power is not available, meaning that energy from Southwest utilities cannot be counted on in a low water year, when it would be needed most.

Overall, BPA has chosen to play fast and loose with its definition of a FBS resource. We are unable to see any positive reason for this decision. However, we have had little trouble developing a scenario with some very negative implications. Under the Act, BPA must find replacement sources to meet an FBSR shortfall. Unfortunately, those replacement sources do not have to be cost effective if the Administrator determines that they are needed to meet BPA's 5(b)(6B) obligations (Section 6(c)(3)). Inclusion of the proposed PPC revision of Section 7(c)(3) of the Power Sales contracts could allow regional PUD's to contractually force BPA to attempt the acquisition of WPPSS 4 and 5 to make up for an FBSR shortfall. Even without the proposed PPC revision, Section 7(c) of the contracts, as written, could provide a loophole for BPA acquisition of major new resources that are not cost effective. FERN strongly suggests that the FBSR exhibit be amended to include a realistic, defensible estimate of available thermal resources. If the PPC amendment is included, PUD approval should be based on the approval of customers representing at least two-thirds of power sales.

7(e) This clause should also be based on actual historical experience, and BPA should reserve the right to re-rate plants on two years notice to avoid long term commitments to plants that do not perform as specified.

7 (Exhibit J) The Ordinate Ranking Formula should include load reduction efforts through rate structures and other load management techniques, energy conservation and efficiency measures, and renewable energy and cogeneration undertaken or contracted by a utility as part of variable R.

Base allocations should be tied to compliance with BPA model conservation programs or the conservation of a comparable amount of power by other means.

+Section 8 FERN strongly supports the inclusion of a restrictive definition of a New Large Single Load, and is in general agreement with the position taken by NRDC and others in this area. We believe that BPA should explicitly state that any increase above 10 average Megawatts by facilities operated by a single consumer qualify as a NLSL, whether or not the increase occurs at a single location. We feel that the permissive interpretation would totally negate both the letter and intent of the Act.

BPA should include specific provisions in this section that would exclude DSI purchases from utilities for the purpose of expanding production output.

+ Section 10 In keeping with Sections 2(3), 4(g)(1), and 4(h)(5) of the Act, this section should include language allowing public access to BPA and utility documents under the terms outlined in this section.

+ Section 11 This section should specify that reimbursement to utilities by BPA for curtailments be passed through directly to consumers.

11(c) Historically over the last several years, monthly Estimated Firm Energy Loads have been 5% to 8% high. As written, 7(c) could also give utilities an incentive to overforecast. FERN suggests that a combination of estimated loads, historical monthly data, and monthly data from the previous year be used to provide a more accurate determination of load curtailment.

+ Section 12(a) should include language specifying conservation promoting rate structures, load management, energy conservation, renewable energy and cogeneration as

part of the Purchasers Firm Resources.

12 (b) should strike the 27 month limit for adding new small Firm Resources. FERN also supports the PPC deletion of 12(b)(6) requiring submittal of a firm resource exhibit before April of 1985.

+ Section 16(b)(2) should include conservation and renewable energy undertaken by a utility as part of a utility's Assured Capabilities.

+ Section 17(e)(3) This is an excellent concept that should be expanded. FERN believe that in order to promote maximum implementation of load reduction options, BPA should be prepared to pay a utility an amount in excess of the utility's payment to a consumer. In practice, this concept would be similar to a modified billing credit, and would allow utilities to make an attractive offer to customers while improving its financial stability and reducing regional loads in a cost effective manner. We suggest the following revisions: delete the words "wholesale purchaser" (utilities should not be selling power for resale to consumers in this situation), replace the words "load curtailment" with "load reduction" (to allow the use of an expanded variety of load management techniques), after the word "Purchaser" insert ", consumer, or local entity" (to allow direct BPA dealings with local entities if appropriate), final sentence should read "If Bonneville accepts such offer, it shall pay the Purchaser, consumer, or local entity an amount up to Bonneville's avoided costs of foregone power purchases, the total amount not to exceed 125% of the Purchasers payment, if any, to the consumer or local entity for such month."

17(e)(4) should be adjusted accordingly, as should other provisions of this section. 17(e) should also include a variety of measures for determining the Purchaser's Estimated Firm Energy Load, as described in Section 11 of our comments.

+ Section 18(c)(1) Insert conservation and load reduction as resources.

V. RELATING TO DSI CONTRACTS

* First Quartile Reserves

The legislative history of PL 96-501 is exceptionally clear in its analysis of the role of DSI reserves. The House Interior report states that first quartile loads may be restricted "at any time in order to protect the Administrators firm loads within the region and for any reasons, including low or critical streamflow conditions and unanticipated growth of regional firm loads." (p. 48). The House Commerce report concurs: "An operating reserve of roughly 25% of the DSI load which may be interrupted including instances of low or critical stream flow conditions or an account of the unanticipated growth of regional firm loads; in order to protect the Administrator's firm loads within the region for any time and for any period, as determined by BPA." (p. 62)

In view of the above statements, we find it incredible that BPA has chosen to "...operate the system as a firm load although not acquiring firm resources for this portion of the DSI load." (p. 4-11, DER). BPA has based its position on a single paragraph of a two year old rate analysis which was attached as an appendix to the Senate report on the Senate version of the bill, which is not the version that was passed. We are very skeptical of BPA's claim that this constitutes a valid basis for a policy that would totally negate the value of DSI reserves.

BPA has given DSI's the best of both worlds - the rate breaks of an interruptable contract, and the security of a firm contract. In order to provide that security, BPA is willing to take steps it was never willing to take previously for regional utilities. In a critical water year, BPA is willing to risk a regional shortfall by shifting FELCC to protect DSI first quartile loads, to the detriment of utilities, consumers, agricultural irrigation, and fish and wildlife. If an FELCC shift is not sufficient, BPA is willing to acquire any power that is available at a "reasonable price", defined during BPA's most recent rate hearings to be equal to the cost of oil-fired generation from Southwest utilities. The costs of acquiring that power would be spread among regional ratepayers.

in clear violation of Section 9(i)(1) of PL 96-501, which states in part that the cost of replacement power for first quartile loads shall "be distributed among the direct service industrial customers requesting such power." Taken together, these measures will assure the DSI's of continued access to first quartile power in any situation short of a national disaster.

BPA's assertion that FELCC will have minimal impact since "...refill is expected to occur 85-90 percent of the time..."(4-12 DER), along with its assertions that it is obligated to treat first quartile loads as firm loads, miss the central question at hand. If BPA is operating on the assumption that it will not restrict first quartile loads, then those loads are no longer reserves, and DSI's should be charged the full new resource rate for that power.

If the loads are to be interruptible, as they have been in the past, the contracts must specify that they may be interrupted under any of the conditions outlined in the House Commerce report quoted above. The legislative history of the Act indicates that if they are in fact reserves, the conditions under which loads can be restricted can be expanded considerably.

The value of these reserves must somehow be determined. The Oregon PUC has determined that the rate to the DSI's is sufficiently low, compared with other industrial rates in the region, that other customers would be willing to provide comparable reserves to BPA at no additional cost whatsoever, if they were allowed access to power now being sold to DSI's. FERN believes that there is no better place to judge the value of these reserves than the open market.

The Commerce Committee report (p. 63) indicates "...concern that previous rates adopted by Bonneville for DSI sales inhibited the use of reserves furnished by the DSI contracts." FERN believes that the best approach is one similar to the one proposed by the Oregon PUC, in which DSI's would be charged a higher secondary power rate for first quartile power. This position is also in accordance with BPA's proposed allocation policy prior to the passage of the Act, where BPA indicated its intention to "...establish a special higher rate for this system reserve energy so that the benefits will accrue to all customers through lower BPA firm energy rates."(page 14, Notice of Proposed Policy to Guide Allocation of Firm Electric Energy and System Reserve Energy From the FCRPS)

*Conservation

Page 63 of the House Commerce report indicates that "...the Committee expects that the DSI's will do their part to conserve energy ...". BPA expectations that higher rates alone will force the DSI's to implement all cost effective conservation ignores the fact that there is still a very substantial difference between the cost of power to DSI's and the avoided cost of new thermal generation to meet new loads if DSI's do not reduce their demand to the fullest extent possible. At the May 13 Public Hearing in Seattle regarding BPA contracts, Davis Straub of Ecotope Group pointed out that rebuilding the regional aluminum industry from the bottom up using state of the art technology would could reduce DSI loads by an amount equivalent to the expected output of WPPSS 4 and 5 for about one-third the cost. Clearly, BPA should be seeking to maximize DSI conservation for the benefit of the region as a whole. As written, DSI contracts appear to indicate that everyone in the region is expected to conserve for the benefit of the DSI's.

FERN is in general agreement with the comments made by the NRDC regarding DSI conservation. Additionally, we suggest that the offering of 20 year contracts to DSI's be conditional on DSI conservation efforts. We suggest that DSI contracts be offered initially for 10 years, and extended one year for every 1% improvement in plant efficiency over 10%, based on average regional aluminum plant efficiency as of January 1, 1981.

*Contract Amendments and Comments

+Section 5(d) Technological Allowances, as this portion of the contracts are written, would allow DSI's to accumulate substantial amounts of additional power while removing an incentive to increase the efficiency of their operations. FERN is in general agreement with the comments made here by NRDC and others. However, we believe that it is not unreasonable to expect temporary increases in demand to be offset by increased operations efficiency. The first sentence of 5(d) should be changed to read in part: "...Purchaser's Contract Demand, Operating Demand, and/or Auxiliary Demand may be increased..."

5(d)(1) should narrow the definition of allowable technological improvements to include only temporary increases for equipment modification and environmental protection.

5(d)(4) should be eliminated to prevent load creep that could eventually be in the range of several hundred average Megawatts.

5(d)(5) FERN believes the total size of the TA pool should be limited to 320 av MW, about the size of a medium coal plant or BPA's commitment to Alumax.

In addition, each TA request should have a time limit of three years, on the premise that DSI's should seek to meet temporary demand increases with increased efficiency. Any request for a TA that eventually exceeds 10 av MW should be considered a New Large Single Load, and DSI's should be charged accordingly. Technological allowances should not be available to DSI's that increase their production, since any available DSI energy should go to needed technical improvements before it goes to expanded production. An exemption to this provision should be included for DSI's that make use of on-site renewable energy or cogeneration to provide power for increased production.

+Section 7 BPA should include provisions for ^{BPA} ~~the~~ purchase of voluntarily curtailed DSI third and fourth quartile power at BPA's full avoided cost.

7(c)(2) should include a definition of "reasonable price" as the DSI average cost of power, in accordance with current practice and Section 9(i) of PL 96-501.

7(c)(3) should include language clearly specifying the priority of fisheries, planning considerations, and the Regional Plan over DSI access to first quartile power.

7(d) In light of forced outage of six to nine months at Boardman and Trojan, restriction of loads for not more than 375 hours in the event of a forced outage appears unrealistic. FERN suggests that the maximum period specification be deleted.

7(e)(1) should specify fisheries and planning considerations as reasons for restriction of DSI loads.

7(e)(5) implies that BPA is willing to go to bat for the DSI's against any federal, state or local agency that threatens DSI access to first quartile demand. This section should be deleted.

7(e)(6) is repetitive of 7(c)(2) and should be deleted.

7(e)(8) restricts regional access to DSI interruptable power and should be deleted.

7(e)(10F) allows DSI input into BPA regional conservation programs aimed at regional consumers. How much influence should they be allowed to have in a program that affects them only indirectly?

+Section 9(i) should include purchaser financed conservation measures.

+Section 10 should include language prohibiting DSI access to power above the specified Contract Demand from any Preference Customer.

+Section 11 should specify fish and wildlife precedence over first quartile demand.

+Section 12 Insert "shall use its best efforts to" regarding BPA efforts to acquire and maintain reserves in the first sentence of this section. FERN suggests that BPA seriously consider shorter contract terms as a more efficient alternative to mid term contract reviews.

DIFFERENCE BETWEEN COST OF SERVING DSI LOAD AND REVENUES RECEIVED FROM DSI LOAD

ANNUAL USAGE, MWa	3200
ANNUAL USAGE, KWH:	28,032,000,000
REVENUE/KWH:	\$0.0250
ANNUAL REVENUE:	\$700,800,000

MEDIUM-LOW LOAD SCENARIO

VALUE OF POWER, MEDIUM-LOW LOAD GROWTH:	\$0.06
COST OF POWER, MEDIUM-LOW LOAD GROWTH:	\$1,681,920,000
ANNUAL SHORTFALL:	\$981,120,000
EMPLOYEES:	10,000
SHORTFALL/EMPLOYEE:	\$98,112

MEDIUM-HIGH LOAD SCENARIO

VALUE OF POWER, MEDIUM-HIGH LOAD GROWTH:	\$0.08
COST OF POWER, MEDIUM-HIGH LOAD GROWTH:	\$2,242,560,000
ANNUAL SHORTFALL:	\$1,541,760,000
EMPLOYEES:	10,000
SHORTFALL/EMPLOYEE:	\$154,176



DEPARTMENT OF THE ARMY

NORTH PACIFIC DIVISION, CORPS OF ENGINEERS

P.O. BOX 2870

PORTLAND, OREGON 97208-2870


REPLY TO
ATTENTION OF:

DEC 27 1990

PSC-2-32

RECEIVED BY BPA ADMINISTRATOR'S OFC - LOG 91-2429
RECEIPT DATE: DEC 31 1990
DUE DATE: 1/18/90

Planning and Engineering
Directorate

Reply Direct: 
CC: JJJ, JSR-A, EWS-A,
AR, P
(Copy AL-15 on Response)


Mr. James Jura, Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Mr. Jura:

We have reviewed the Draft Environmental Impact Statement for the Northwest Power Act Power Sales Contracts. Our comments are enclosed.

If you have any question, please contact Mr. John Tyger at (503) 326-3829.

Sincerely,


Michael K. Collmeyer
Colonel, Corps of Engineers
Deputy Division Engineer

Enclosure

North Pacific Division Comments
DEIS Initial Northwest Power Act
Power Sales Contracts

General Comments

6.0 The DEIS has apparently been prepared without recognition of the Endangered Species Act (ESA) and the ongoing Salmon Summit activities. The potential impacts regarding operational adjustments for threatened and endangered species may have significant impact with regards to the existing contracts. In fact, changes in generation may require amendments or new contracts. Concerns relating to the ESA should have surfaced several extreme alternatives as they have during the SOR scoping process. It is our opinion that the preferred alternative may not be implementable given these recent developments.

6.0 We are also concerned that the DEIS does not adequately address contract pricing alternatives. Since the DSIs have a contract demand for about 3500 Mw, and as they enjoy a rate based on encouraging sales, it follows that an increase in rates can have a major economic impact. It also follows that current views of an impending deficit may be due to the fact some contracts may have been established without careful attention to long run marginal cost.

6.0 As such, we are concerned that the document has not adequately identified or evaluated significant alternatives and impacts related to these issues nor the type and amount of future generating resources that will be needed let alone the manner and cost levels at which the Federal system will be operated. As such, the lack of developing and evaluating this information may have led the DEIS to select the incorrect alternative.

Specific Comments

Alternative 1.2 No use of Borrowing Techniques for DSI First Quartile Service

12 The response to the question on page - Summary - 3 states that . . . "Dam operation would not change significantly and therefore no significant environmental effects are foreseen." This may be true on an annual basis, however at Libby during the late summer recreation period any reduction in reservoir drawdown would be a benefit to reservoir users. Later in the year during the winter months, reservoir use is much less and the impacts at that time would not be as severe.

The response also states that . . . "The same amount of water would probably be drafted from the same reservoirs for other purposes, such as short-term sales." If the borrowing techniques were stopped, drawdown below Energy Content Curve (ECC) would not be permitted on a regular basis, especially in late summer.

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Major Policy Category 1.

Operating constraints on the Corps' hydroelectric projects are required to insure that all project purposes are protected. Each year project owners submit operating constraints to the Northwest Power Pool in accordance with the Coordination Agreement. As long as the operating constraints and project limits are adhered to, the Corps would have no objection to any of the contract issues.

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Major Policy Category 3.

Critical Water Planning has and is a contractual agreement for all members of the Coordination Agreement. Any change by the Federal projects to, say average water planning would have a major impact on storage projects in the late summer and fall. Local pressure from reservoir users has been and is now underway to further restrict summer and fall drawdown to benefit at-site recreation. Any added drafting of the reservoirs to support average water planning would not be an acceptable alternative to those who already object to drafts required to support Critical Water Planning.

33

