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October 25, 2006

Stephen J. Wright  
Administrator  
Bonneville Power Administration  
P.O. Box 3621  
Portland, OR 97208-3621

Re: Comments on BPA's Long-Term Regional Dialogue Policy Proposal

Dear Steve:

Weyerhaeuser is one of the world's largest integrated forest products companies, with headquarters in Washington State. We have operated in the Northwest since 1900 and we directly employ 12,000 people in Oregon and Washington; 5,000 of which are employed at manufacturing plants running on power from BPA. The loads at these plants represent about 5% of BPA's total retail load, making us currently the largest consumer of BPA power in the Northwest.

We appreciate all of the effort that BPA has put into developing the Long-Term Regional Dialogue Policy Proposal, and we further appreciate the opportunity to comment on it. While we are generally supportive of the proposal, we have concerns about several of the provisions. These are detailed below.

**III. SERVICE TO PUBLIC UTILITIES**

**B. ACCESS TO POWER AT LOWEST COST-BASED RATES**

Two of our major manufacturing sites have "Contracted For/Committed To" (CF/CT) amounts that exceed their current consumption. We believe that these commitments entitle us to receive additional amounts of BPA power, up to the limit of our CF/CT amount, at PF rates. The proposed method of allocating BPA power to each utility does not factor this into the equation – which we believe it should. Under the current proposal, our serving utilities would lose access to Tier I power to serve our load growth after 2010, despite this contractual commitment.

In addition, we have power generation at both of these sites that we installed at our cost and that we run at our cost. The proposed method of allocating power to the utilities appears to treat our generation as if it was owned and operated by the serving utilities – which it is not. We believe that we should retain the right to run or not run our generators and to sell or use the power from these generators according to our needs; and not have it impact the serving utility's allocation of BPA power. To ensure that short-term "gaming" does not occur, we agree that reasonable restrictions should be placed on the frequency with which we can change the status of the generators.

## **VI. SERVICE TO DIRECT-SERVICE INDUSTRIES**

As BPA has no legal obligation to serve the Direct Service Industries (DSIs), we believe that they should be treated the same as any other customer seeking new service from BPA. We find it incongruous that BPA would consider removing the value of Weyerhaeuser's CF/CT right to grow our load at PF rates while simultaneously waiving the New Large Single Load restriction on DSIs.

As has been pointed out numerous times by numerous entities, subsidizing one industry at the expense of other industries carries the risk of having a net-negative impact on employment in the region. Plus, providing subsidies of \$71,000 to \$110,000 per employee per year to preserve positions for a single company or industry does not pass the test of reasonableness. Weyerhaeuser has not sought subsidies from BPA to preserve our Northwest jobs, and we don't want to see our power rates increased so that subsidies can be provided to others.

Weyerhaeuser supports the regional economy by converting local timber resources into commodity products that are often subject to international competition. One of the advantages we had in the Northwest in the past was low power rates that offset some of the other higher costs here. We've lost that advantage, even with the new lower rates just announced by BPA. BPA's wholesale power rates are below wholesale market rates in the West, but the retail rates that we pay to our public utilities in the Northwest are no longer lower than those that many of our competitors pay in other parts of the country.

We don't want to see new entitlements that increase BPA's costs and, therefore, our rates. While it may be tempting to offer enhanced benefits to some, please remember that the cost of those benefits is coming from the pockets of others.

Thank you for the opportunity to provide comments.

Sincerely,



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