

Regional Dialogue – Service to DSIs
Emerald PUD Comments
October 31, 2006

BPA should not provide any benefits to DSIs after 2011. BPA's proposal to provide power to DSIs places risk of market fluctuations on BPA, and risks a replay of the terrible impacts of the California Energy Crisis. The DSIs have no legal right to Preference Power and should not be given any power or dollars post-2011. There should be no special deals given to the DSIs!

Any money or power given to the DSI after 2011 is directly paid by Emerald PUD rate-payers, and the rest of public power in the northwest. The amount could range from \$59m - \$89M per year, and the distribution of this benefit is limited to only three counties in the northwest. Payments to the DSIs represents a massive redistribution of income from our counties to their counties, most of which goes directly into the pockets of large corporations that made hundreds of millions of dollars last year in profits. Giving any part of the low-cost power from the BPA system to the DSIs actually fact reduces the amount of this valuable asset that can go the public power Preference customers, like Emerald PUD.

The trend is clear that the DSIs are declining and their continued viability, at best, is very uncertain. Competition from the global market and the lack of investment in these mills makes these plants unlikely to survive into the near future. As well, the trend in prices of the electricity market, one of the keys to DSI survival, is to go higher, making their closure an almost certainty. The conclusion of BPA's recent study of DSI economics is that while we **MAY** get some short-term employment and income (depending on the market price of power); in the long-run there is **NO BENEFIT** to the region by subsidizing these mills and artificially keeping them alive. Therefore, we believe that any special deal to the DSIs after 2011 is unwarranted and bad public policy.

Board of Directors
Emerald People's Utility District