

DSI-012
FEB 28 2005



The Cooperative Way!

BENTON RURAL ELECTRIC ASSOCIATION

402 7TH Street ❖ P.O. BOX 1150 ❖ PROSSER, WASHINGTON 99350 ❖ 509/786-2913 ❖ Fax: 509/786-0291

February 22, 2005

Bonneville Power Administration
P.O. Box 14428
Portland, OR 97293-4428

TO WHOM IT MAY CONCERN:

In response to your request for public comment concerning the ongoing subsidy to the Aluminum industry, Benton Rural Electric Association provides the following comments. While we firmly believe that the DSI's should not receive any benefit from the FBS, we acknowledge the BPA Administrator's position that any comments along this line are impractical, and we have refrained from forwarding such a position.

Steve Wright's letter to Customers, Constituents, Tribes, and Other Regional Stakeholders, dated February 4, 2005, suggests that the other customers of BPA subsidize the aluminum industry over the next five years. In the letter Wright states:

*"BPA intends to provide DSI benefits because of the industries' important historic role as a source of **family wage jobs** that are very important to many communities in the region. However, we are also mindful of the costs of this decision to other BPA customers. Finding the balance between supporting DSI jobs and minimizing rate impacts is an important and worthwhile regional initiative."*

It is not the industry that needs support, it is the people who work for the industry. Therefore, it makes more sense to focus our efforts and money on helping displaced workers retrain for other employment, rather than attempting to breathe life into a dead industry. With this in mind, Benton Rural Electric Association believes that, if ratepayer money is to be spent on this industry, it should be targeted to retraining those in the aluminum industry work force, who are struggling to find other employment. If doing nothing is impractical, then any effort or money spent on this industry should be focused on the goal of retraining displaced aluminum company employees as a **last regional effort** to impact this industry.

The straw proposal drafted by Steve Wright suggests that the region is willing to spend, over the next 5 years (2007-2011), a maximum of \$40M per year to, once again, attempt to resurrect an industry that frankly may not be capable of competing in today's global market. We know from past experience that these subsidies have not been able to make Northwest aluminum production competitive. So rather than beating this dead horse again, Benton REA would like to suggest that BPA take one half (1/2) of the amount suggested by the BPA Administrator (\$20M) to retrain the DSI workforce.

Some advantages of a retraining program as opposed to the BPA's straw proposal are:

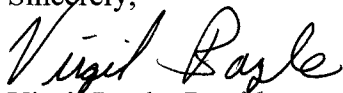
- Retraining will eliminate BPA establishing unique plant operating criteria that is required in order for a DSI to participate in the BPA program to secure funds.
- Retraining will eliminate the frustration caused when the DSIs manipulate BPA programs and leverage additional funds from the regional ratepayers.
- Retraining will also ease BPA's ability to adequately police and monitor the effectiveness of the program.
- Retraining will eliminate the difficulty of projecting market rates that will inevitably be incorrect, or manipulated by the DSIs.
- Retraining will eliminate BPA's involvement in attempting to determine the viability of the future business plans of the DSIs.
- Directing efforts to retrain the DSI work force will eliminate the possibility that the DSI could use the local public power utility as the vehicle to avoid the provisions of the BPA large single load policy. In the event the DSIs can figure out a way so their load can somehow become a public utility load, the DSIs then can access the FBS through a preference customer further eroding the future feasibility of a fair methodology for allocating the federal base system to preference utilities.
- A retraining program will be transparent to those who participate and to those who are providing the funds.
- A retraining program is politically sustainable.
- An ending point for ongoing subsidize to DSIs is now possible (9/30/2010).

If it is truly workers of the DSIs that we want to reach for the long term, let's retrain them to participate in other industries that are viable. Any currently active employee of a DSI, one that is receiving unemployment benefits, would be eligible for the retraining program.

It would be another huge regional error to have inefficient aluminum plants that are in the process of closing or those who have already closed, reopen only because of short-term BPA (electric ratepayer) subsidies.

If the intent of the BPA Administrator is to raise the PF rate another \$.25/Mwh (\$20M/yr) to recognize industry workers, then we suggest BPA use the funds provided to retrain workers with the understanding that such a retraining program stops September 30, 2010, and thereafter eliminates any further obligation that the region or BPA feels it has to this industry. This five-year program will provide ample opportunity for anyone who is currently employed by the aluminum industry who is trainable, who wants retraining, to be retrained into another profession, one that can complete and is viable.

Sincerely,



Virgil Boyle, President
Benton Rural Electric Association



Office of the President
360.738.3105 ext. 333

05I-013

FEB 28 2005

March 1, 2005

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Mr. Wright:

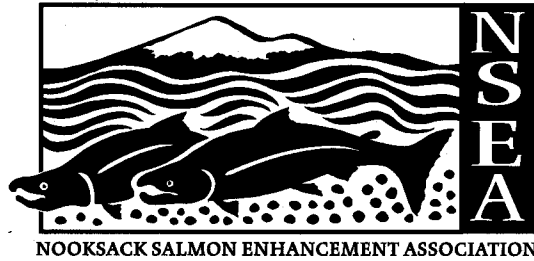
The Intalco plant is a vital part of our community, and that plant needs enough low-cost power to operate at near capacity to be competitive with other primary aluminum plants in the world. Intalco and the community have relied on BPA service to that plant since it was opened in 1968, and believe that you should, at a minimum, continue the same level of service contained in Alcoa's current contract. This power should be sold to Alcoa at the same rate offered to other long-standing companies traditionally served directly or indirectly with BPA power.

It has been the role of Bellingham Technical College to retrain the workers already laid off from Alcoa Intalco Works, and we partner with this business in many ways. To us, this is not an abstract economic issue, but an issue populated with human faces. I can tell you without a doubt, that the remaining workers at this plant face overwhelming odds in replacing their current wages, even after two years of technical training. The same is true for the employees of the various vendors and contractors who service the facility. Even if appropriate replacement jobs in our community existed for these workers, current constraints on the state budget assure that our college will not have the capacity to serve all who would need retraining.

Sincerely,

Gerald Pumphrey
President

C: Mike Rousseau



DSI-014
FEB 28 2005

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

February 25, 2005

Dear Mr. Wright:

The Intalco aluminum plant is a vital part of our Bellingham/Whatcom County community. This plant needs enough low-cost power to operate at near capacity to be competitive with other primary aluminum plants in the world. Intalco and our community have relied on BPA service to that plant since it was opened in 1968, and believe that you should, at a minimum, continue the same level of service contained in Alcoa's current contract. This power should be sold to Alcoa at the same rate offered to other long-standing companies traditionally served directly or indirectly with BPA power.

We urge you to recognize more than just the economic impact the aluminum industry has on our community. Alcoa is an excellent example of a regional business that has made a meaningful and tangible difference for our environment and within our community in northwest Washington. Alcoa is committed to supporting workplace skills, education and leadership in the field of environmental conservation in Whatcom County. Keeping the Ferndale Alcoa plant open means our community will continue to benefit *both* economically and environmentally. **We need to help this business be able to stay in our community.**

Nooksack Salmon Enhancement Association (NSEA) has been proud to partner with Alcoa through the Alcoa/BPA fund, as well as other Alcoa grants. Alcoa has supported environmental conservation internships for college students and jobs for Washington Conservation Corps crews in Whatcom County and has resulted in on-the-ground restoration of our streams and salmon runs. This win-win partnership between Alcoa and NSEA has resulted in significant environmental, economic, and personal benefits throughout our community.

Please keep the BPA rates at the existing level contained in Alcoa's current contract. Thank you for the opportunity to comment on this matter.

Sincerely,

Wendy Scherrer
Executive Director

DSI-015
MAR 01 2005

Kuehn,Ginny - DM

From: dworkentin@peoplepc.com
Sent: Monday, February 28, 2005 6:01 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

David Workentin

dworkentin@peoplepc.com
360-366-3769
2949 Canlin Dr.
Ferndale Wa. 98248

Affordable low cost power must be allotted to the DSI,s in the Pacific Northwest to keep jobs here. The Pacific Northwest economy is still stuggling. Industry needs to know that they can be guaranteed low cost power for the long term or they will have to move on and take the jobs they supply away. BPA must help the people in the region that they were intended to be for. THANKS

**CITY HALL**

2095 Main Street
P.O. Box 936 - Ferndale, WA 98248

DJI-016

MAR 01 2005

March 1, 2005

Mr. Steven Wright – Administrator
Bonneville Power Administration
P O Box 3621
Portland, Oregon 97208

Greetings Mr. Wright,

As the Mayor of the City of Ferndale, I am encouraged that the BPA is again considering service to Alcoa-Intalco after the 2006 contracts expire. I can not emphasize enough the tremendous impacts of this company in our community.

The partnership between Alcoa-Intalco and the City of Ferndale is one of community, employees, families, industry, and government, and that partnership connects all of those families, wage-earners, and bread-winners in our close-knit community.

In 2001, our production facility employed 725 men and women that were gainfully employed in the aluminum production business. Within a year, the power rates had risen to such a high level that production was curtailed and the Ferndale facility was closed for major upgrades and repairs. The plant returned to partial production in April of 2002. At this same time, a reduction in the work force was implemented in order to compensate for the much higher electricity rates. Our community has never recovered from this event. We have witnessed distress and anxiety from our citizens and neighbors who were laid-off and unable to find work full-time. There is literally no one in Whatcom County who was not either directly affected, or knows someone who was directly affected, by these lay-offs.

You might think that these people could just pick up and find new jobs in other parts of this great Country, but for the most part, they have stayed in our community and searched for other employment. Those who have moved on have discovered that jobs in other areas are no more plentiful that they are here. Besides, these folks are members of our community. Community is, and always has been, a strong and positive influence in their attitudes and lives. That strong sense of community encourages good people to participate in the events and activities that make our society and our Country strong. We need these good people who retain and pass on strong work-ethics and positive civic-mindedness to be a part of, and anchor, our home towns.

Hundreds of good people depend on your support of making certain that power is sold to Alcoa at the same rate afforded to other companies traditionally served directly or indirectly with BPA power.

Respectfully Submitted

Jerry Landcastle, Mayor – City of Ferndale, Washington

Administrative Offices
Phone: (360) 384-4302
Fax: (360) 384-1163

Clerk/Treasurer's Office
Phone: (360) 384-4302
Fax: (360) 384-1163

Planning & Building Dept.
Phone: (360) 384-4006
Fax: (360) 384-5189

Public Works Dept.
Phone: (360) 384-4006
Fax: (360) 384-5189

City Website: <http://www.ci.ferndale.wa.us>

City E-Mail: signetti@compuserve.com

DSI-017
MAR 02 2005

Kuehn,Ginny - DM

From: claw3@aol.com
Sent: Wednesday, March 02, 2005 12:59 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

charles law
intalco-alcoa
claw3@aol.com
3606509050
2 sudden vly dr se #41
bellingham wa 98229

Electricity is a necessity not a luxury to be manipulated by market conditions. Homeowners, businesses and industries should not be "bushwacked" by deregulated energy companies such as Eron. These energy markets manipulate prices, turn off power at will and reap big profits. We need a fair price not a free market. We demand obligation to serve the consumer not deregulation to serve the industry.

DSI-018
MAR 02 2005

Kuehn,Ginny - DM

From: LUMMI5@AOL.COM
Sent: Wednesday, March 02, 2005 2:39 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Ronald
ALCOA
LUMMI5@AOL.COM
360-380-2731
4188 HAXTON WAY
BELLINGHAM WA 98226
I SUPPORT ALCOA'S D S I PROPOSAL.

DSI-019

MAR 02 2005

Kuehn,Ginny - DM

From: jon.bezona@alcoa.com
Sent: Wednesday, March 02, 2005 2:48 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Jon Bezona

jon.bezona@alcoa.com
360-384-7441
5335 Belfern Dr.
Bellingham Wa. 98226

BPA - I support the "Alcoa Proposal for BPA Service" Please make it happen. It's fair and equitable. Jon Bezona

DSI-020
MAR 03 2005

Folder Profile	
Control # 2005-001904	Name Letter to Secretary Samuel Bodman from Bob & Shirley Salter
Priority Routine	Folder Trigger Letter
DOE Addressee Samuel W. Bodman	Source PM-I
Subject Text Bob & Shirley Salter encourage Secretary Bodman to maintain the selling of BPA power on a cost basis, and not change to a market basis	Date Received 2/23/2005
Action Office #	Image-In Time 11:24 AM
Signature/Approval NA	Correspondence Date 2/23/2005
Action Requested Prog Determination	RIDS Information Head of Agency
Special Instructions	Sensitivity NA
	Classification None
	Point of Contact SEISERP
	Organization ID EXECCORR2
	Assigned To BPA
	Date Due
	Date Completed 3/1/2005
	Status COMPLETED

DSI-020
MAR 03 2005

P.O. Box 955, Cornelius, OR 97113

Haystack Rock and seagulls at Cannon Beach.
SPC-3509

Photo © Edward August

Smith-Western Inc

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Dear Secretary Bodman

My wife and I encourage you to maintain the selling of BPA power on a cost basis rather than change to a market basis.

A change would hurt the economy of the Northwest and place a much heavier burden on consumers, particularly the elderly + those of low incomes.

Sincerely
Bob + Shirley Saffer



Secretary of Energy
Samuel Bodman
US Dept. of Energy
1000 Independence Ave SW
Washington DC
20585-1290

Photo by © Smith-Western, Inc., 11801 NW Glisan St., Portland, Oregon 97229 • (503) 227-8111

EB 22

PLEASE DO NOT WRITE BELOW THIS LINE



DSI-021
MAR 03 2005

Kuehn,Ginny - DM

From: AnonymousComment@somewhere.com
Sent: Wednesday, March 02, 2005 3:49 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

RICHARD MONAGHAN

No E-mail Address Submitted

5444 MT. BAKER HWY.
DEMING WA 98244
I FEEL THAT ALCOA'S PROPOSAL IS A FAIR PROPOSAL FOR ALL.

DSI-022
MAR 02 2005

Kuehn,Ginny - DM

From: pamarmit@msn.com
Sent: Wednesday, March 02, 2005 3:20 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Paul Mitchell
Intalco Aluminum-Alcoa
pamarmit@msn.com
360-384-1710
2508 Brown Rd.
Ferndale WA 98248

As an employee of Intalco Aluminum in Ferndale Washington, I would like to urge you to consider Alcoa's proposal to the BPA concerning power allotment. I realize that the Aluminum producers all over the world hold the distinction of being high power consumers and most power suppliers want them off their grids. Intalco, Wenatchee, and all the other NW aluminum smelters have all been hit hard by power shortages and high costs. As you know, Alcoa has only two smelters left in the Pacific NW. We as employees want to remain in our industry and employed in our areas. Please consider our proposal as one that is not seeking favoritism but one that is fair to all the DSI customers and power users in the NW. Thank you.

DSI-023

MAR 03 2005

Kuehn, Ginny - DM

From: AnonymousComment@somewhere.com
Sent: Thursday, March 03, 2005 12:14 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

David Green

No E-mail Address Submitted
360 3846386
5797 Northwest rd
Ferndale WA 98248

help save jobs, and keep our regional economy strong! Adopt Alcoas proposal. Thank you D.Green

DSI-024
MAR 03 2005

Kuehn,Ginny - DM

From: mj.mahala@gte.net
Sent: Wednesday, March 02, 2005 7:02 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on Additional Comments on BPA Service to DSI Customers
View open comment periods on <http://www.bpa.gov/comment>

Marshall Mahala
Alcoa Employee (Ferndale)
mj.mahala@gte.net
360 428-4649
4215 Apache Drive
Mount Vernon WA 98273

BPA, Per the DSI Open Forum, March 1st, 2005 ... I strongly believe that the proposal submitted by Alcoa is a better solution than the other two proposals presented. I urge you to accept Alcoa's proposal "as is". Alcoa's proposal does NOT ask for special treatment or special ways of pricing from other public utilities. It is a fair proposal, which will allow all eligible DSI's to participate and continue contributing to the economy of the Northwest. Alcoa recognizes the potential for power crisis's in the Northwest and their plan allows for flexibility on the part of the DSI's to curtail allowing BPA to distribute power among the more critical customers in a time of need. Again, I urge you to accept the Alcoa proposal and participate in contributing to the economy of the Pacific Northwest. Thank you, Marshall Mahala mm

DSI-025
MAR 03 2005

Kuehn,Ginny - DM

From: Mark_Stadt@alcoa.com
Sent: Wednesday, March 02, 2005 4:55 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Mark
Alcoa
Mark_Stadt@alcoa.com
360-966-5379
602 Mead Ave.
Everson WA 98247
I support the Alcoa Proposal for BPA power. Mark Stadt

DSI-026
MAR 03 2005

Kuehn, Ginny - DM

From: Isbells@aces4less.net
Sent: Thursday, March 03, 2005 10:56 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Lyle Isbell
Alcoa Intalco works
Isbells@aces4less.net
(360)384-5153
1479 Crestview Rd.
Ferndale Wa 98248

I support Alcoa's short term proposal to provide DSIs with power for the 2006-2009 rate period. If Alcoa Intalco Works and Wenatchee Works are compelled to close their doors, how will the people that lose their jobs pay for the power they need to run their homes? Further, how will they pay for their homes? In spite of what they are saying about the economy and job growth, family wage jobs are decreasing, wages are decreasing and inflation is increasing. Are we heading towards being a nation of the poor? Sincerely Lyle E. Isbell

This comment includes an attachment!

Alcoa Short-Term Proposal for BPA Service

Background

The Bonneville Power Administration (BPA) has started a “Regional Dialogue” process to decide how it will market power and distribute the costs and benefits of the Federal Columbia River Power System in the Northwest after September 30, 2006. BPA recognizes that it will not be able to implement a long-term program prior to the time existing contracts with Direct Service Industrial (DSI) customers expire, and is seeking public input on future electrical service to DSI customers in the short-term (the 5 years that begins October 1, 2006) while long-term plans are being designed. Alcoa Inc (Alcoa) is a long-standing DSI customer, and makes the following proposal for short-term service:

Summary of Alcoa’s Short-Term Proposal

1. BPA should offer to sell 438 MW of power to consumer-owned (public) utilities for service to Alcoa for the next rate period (October 1, 2006 through September 30, 2009). This will extend the current level of service to Alcoa until BPA can offer new, long-term contracts to all BPA customers. Long-term service to Alcoa and other regional consumers after October 1, 2009 should be determined at the same time following completion of BPA’s Regional Dialogue.
2. BPA should sell this power at a rate that is equivalent to the rate paid by other consumer-owned utilities for service to their long-standing industrial loads.
3. To protect BPA and its customers from extreme market rates, Alcoa is willing to provide “catastrophic insurance” by agreeing to temporarily reduce purchases of BPA power if BPA faces high purchase power costs such as those in 2000/2001. This essentially will put a cap on BPA’s exposure to the market, and, if market conditions again become unstable, will reduce rates and rate volatility to other BPA customers.

Questions and Answers about Alcoa's Short-Term Proposal, and Long-Term Needs

Q1. Where are the Alcoa Northwest plants?

A1. Alcoa currently operates two primary aluminum reduction plants in Washington State; Wenatchee Works near Wenatchee and the Intalco plant near Ferndale.

Q2. How would Alcoa like to operate its Northwest plants?

A2. Alcoa would like to operate both of these plants continuously at full capacity producing aluminum at the lowest possible cost and providing maximum employment and financial benefits to the region.

Q3. Has BPA supplied power to these plants in the past?

A3. Yes. BPA has served Alcoa loads in the Northwest since 1940. During the 1996-2001 contract period, the five Northwest facilities that Alcoa owned (Wenatchee, Intalco, Troutdale, Longview and Addy) had power supply contracts with BPA totaling 1317 MW. The sale of the Longview plant lowered Alcoa's contract demand to 1037 MW. In spite of Alcoa's request for enough power to operate its plants at capacity, BPA lowered Alcoa's total demand to 438 MW in a contract that began October 1, 2001 (a reduction of almost 600 MW and about 42% of the previous amount). Because we did not have enough economical power to operate all of our Northwest plants, we internally dedicated the entire amount of our BPA contract to Intalco in an attempt to operate one plant at an economical level. The Troutdale and Addy plants were shut down, and one potline at Wenatchee was removed. As it turned out, BPA rates were too high, and we are currently using about 177 MW of this BPA power at Intalco. The remainder of our BPA power supply has been returned to BPA, and BPA is selling that power at market rates for the benefit of all customers.

To meet the full load requirements of both of our current Northwest plants, Alcoa would need a total of 625 MW which would still be a 412 MW reduction from previous amounts. Alcoa will ask that this amount be considered in the long-term allocation process that BPA intends to conduct later this year. We are hopeful that if BPA rates to all of its customers are restrained in the future, we will be able to operate those two plants at full production capacity.

Q4. Why can't Alcoa purchase its needed power from other suppliers?

A4. Electricity represents about 1/3 of the cost in a competitive primary aluminum plant. Alcoa needs low-cost power to be competitive, and BPA has the ability

to supply our facilities at cost from the Northwest federal hydroelectric system as it has traditionally done. Market quotes for power for the 2007-2009 period are about \$45/MWh, which are too high to sustain aluminum operations. Recent statements by Northwest delegation members have responded to the proposal to price all BPA power at market by stating that those prices would devastate the Northwest economy. This is true for Alcoa's facilities as well.

Q5. Is the current limited production level sustainable for Alcoa plants in the Northwest in the long-term?

A5. No. Nearly all manufacturing facilities operate most economically at full production capacity. Reduced capacity utilization causes a higher per-unit cost because the plant's fixed costs are spread over a smaller quantity of goods produced. That means that when Alcoa's plants are operating a less than full capacity, the cost to produce each pound of aluminum is higher. At the same time, it is expected that the Wenatchee plant can economically operate at about half capacity for an extended period of time because of the low-cost power available from Chelan PUD. Higher production levels at Wenatchee would provide more economic benefit to the region and extend the economic life of that plant.

We expect that under the best circumstances, the lowest BPA rate in the future will be near \$27/MWh. Even at that rate (which is lower than the existing BPA rate, but still very high for primary aluminum plants), Intalco cannot economically operate at reduced capacity for very long. Both plants need enough cost-based power to operate near capacity in the long-term.

Q6. Can Alcoa's Northwest plants be competitive in the long-term?

A6. There are no guarantees in the competitive world of primary aluminum production, but we believe that if Alcoa can access 625 MW of BPA power there is a good chance that both plants can operate competitively for many years. The opportunity for long-term operations is decreased if BPA rates remain high, or if Alcoa is not offered enough power to operate near full capacity.

Q7. How do other industrial consumers in the Northwest get their needed power supplies?

A7. With the limitation that loads do not grow by more than 9.9 megawatts in one year, BPA sells power at its lowest rate to consumer-owned utilities for resale to industrial loads, like Alcoa, that were served with federal power prior to 1980. In this way, many large, long-standing industrial consumers continue to get the benefits of low-cost federal power to help keep them competitive. Some industrial customers have traditionally been served by investor-owned utilities, but our plants have always received BPA power and are located within or adjacent to consumer-owned utility service territories, and would have been served by their local consumer-owned utilities had not BPA wanted to serve them directly in the past.

Q8. How should BPA serve Alcoa in the future?

A8. In the long-term, BPA should sell traditional amounts of power at its lowest rates to consumer-owned utilities for service to our plants in their service territories. Since BPA is planning to offer new long-term contracts to its consumer-owned utilities in the near future, a short-term contract with Alcoa is necessary as a “bridging” mechanism so we can continue to operate with existing contract amounts (438 MW) until those long-term contracts are in effect for all BPA customers.

Q9. Why should BPA serve Alcoa through local utilities?

A9. There are several advantages to the region, to BPA and to Alcoa:

(1) **Equity.** By providing service to traditional Alcoa loads under the same terms as other similarly-situated industries in the Northwest, Alcoa is placed on a level playing field with other consumers in the region. This does not guarantee that power rates will be low enough for our continued operation, but it does guarantee that we will be given a chance to be competitive, and not forced to close because of an arbitrary policy decision on service level or rates. Alcoa helped pay for the development of the federal hydroelectric system by providing revenues when there was an abundance of power and few customers. The region should not now force Alcoa to leave when power supplies get tight.

(2) **Simplicity.** By allowing service through local utilities, BPA can allocate all of its future power supplies to its consumer-owned “preference” utility customers thereby eliminating the need to establish an “Industrial Power” rate with all of the complexities and dissention that results from that process.

(3) **Alignment.** By allowing service to Alcoa under the same terms as other similarly-situated industries, the interests of Alcoa are automatically aligned with other public utility customers in the region. We can work together to keep BPA rates affordable for all BPA customers in the long-term.

Q10. Does Alcoa qualify for future BPA service?

A10. Yes. Alcoa is a creditworthy company that has met all of its obligations under current and past BPA contracts. Alcoa is able to help BPA and its customers in the future and will not bring unfair risks to other customers. We believe we qualify for future service.

Q11. What is the impact on other customers of offering to serve qualifying DSI loads through local utilities?

A11. Alcoa loads in the Northwest have not grown in the last 20 years, and are not expected to grow in the future. In fact, they have shrunk as we curtailed operations at several plants. But other regional loads have grown, and the electrical production of federal resources has decreased because of added river constraints. BPA now finds that it does not have enough power to meet all of its

customers' needs under poor hydroelectric conditions unless it replaces lost federal generation. One solution is for BPA to purchase power, when necessary, to meet all of its customers' loads. Under that solution, without offsetting cost reductions BPA rates would increase because of higher cost purchased power costs. Some BPA customers have proposed that instead of purchasing additional power, BPA should further reduce or even eliminate the amount of power sold to DSI customers. The proponents of this approach claim that other BPA loads would be "subsidizing" DSI loads by paying more for their power than if the DSI loads did not exist. This economic argument, however, would apply if any load is thrown off the system. Instead of selecting one sector to bear the burden of these changes, BPA should treat qualifying historical loads in the same way.

Serving Alcoa's existing loads so its plants can be treated equitably would result in more BPA purchases during poor water conditions and smaller surplus sales during good water conditions. Without any offsetting cost reductions, the impact compared to not augmenting would probably be about \$1/MWh or about \$1.50 per month for a typical residential consumer.

Some people ask, "How much *more* would BPA service to Alcoa cost the system?" That is the wrong question. A better question is, "How much *more* Alcoa load should be forced off the system to further reduce BPA rates?" Other BPA customers already gained more than \$1/MWh from past Alcoa load reductions, and much of the Northwest aluminum industry has unintentionally reduced BPA rates by going out of business. BPA should not force qualifying DSI loads out of the region so other customers can have lower rates.

If Alcoa is supplied by BPA, we will actively work with federal and state governments to help keep BPA costs down. Impacts from other BPA programs are several times larger than from serving this load, and Alcoa's help could offset, or even eliminate any actual rate impact of equitable service to Alcoa.

Q12. Does BPA have the authority to provide service to DSIs through local utilities?

A12. BPA has the authority to sell power to consumer-owned utilities for resale to Alcoa at a rate (under section 7(f) of the Northwest Power Act) that is equivalent to the lowest cost-base rate established under Section 7(b) for power which is sold to utilities for resale to other industries in the region.

Q13. Does BPA's straw proposal (up to 500 MW of financial benefits to DSIs with an annual cap of \$40 million) work?

A13. No. The 500 MW limit may be enough for the short-term if Alcoa were to receive at least 438 MW of that amount, but it is not adequate in the long-term. The \$40 million cap would establish a rate for service to Alcoa that varies with market prices. The resulting rate to Alcoa is expected to be higher than BPA

rates to other customers. This difference is not fair, and could decide whether our facilities are economical or not.

Let us assume that the BPA average rate is \$27/MWh and the market rate is \$45/MWh, and further assume that Alcoa is granted the entire allotment. Let us now look at the results of the straw proposal. Alcoa would buy up to 500 MW of market rate power and would have enough power to operate its Intalco plant at full capacity, and even increase production at its Wenatchee Works. While the amount is sufficient in the near-term, BPA would limit the benefits to \$9.10/MWh based on the cap, thereby making the effective power rate to Alcoa \$35.90/MWh. This is almost \$9/MWh higher than the rate to other customers, and would almost certainly make the Intalco plant non-competitive, whereas, it is much more likely be competitive at the assumed average rate. The cap in the straw proposal is not a viable service option.

Furthermore, this creates a misalignment between Alcoa and other BPA customers in the Northwest since the BPA rate to Alcoa would not be impacted by BPA rate increases unless the market rate declined to less than \$36.10/MWh. Our rate would be different from most other BPA customers, and that would lead to continued wasteful and contentious BPA rate cases.

Q14. What will Alcoa do in the short-term if BPA offers Alcoa 438 MW at its lowest cost-based rate?

A14. If contract terms are satisfactory, rates are expected to be in a competitive range, and there is an expectation for longer term BPA contracts, Alcoa will likely sign a new BPA contract for the next rate period and make plans to increase production at Intalco, at Wenatchee, or both beginning on October 1, 2006. While 438 MW is not enough power to run both plants at capacity, it will allow us to add employment, make necessary capital improvements, and operate at more economical levels. During the period of the new contract, Alcoa will work with other BPA customers in an attempt to implement a secure and sustainable BPA long-term role under which BPA is able to serve existing customers at low and stable rates.

Q15. What will Alcoa do in the short term if BPA offers Alcoa less than 438 MW at its lowest cost-based rate?

A15. If contract terms are satisfactory, and rates are expected to be in a competitive range, Alcoa will likely sign a new BPA contract for the next rate period, and try to operate up to the limitations of the contract amount. Our ability to operate at Intalco will depend on a variety of matters including the level of the BPA power rate, the actual amount of power available, and short-term metal markets. With considerable uncertainty about the future, it will be difficult to make capital expenditures, and employment levels will certainly be lower than under the 438 MW case above. Having failed to get sufficient regional support, and since lack of capital investment due to no long-term commitment by BPA would eventually cause closure of the facility, our efforts would be split

between helping regional parties keep BPA short-term rates down and obtaining solutions to our long-term problems outside of the region.

Q16. What will Alcoa do in the long-term if BPA offers Alcoa 625 MW at its lowest cost-based rates?

A16. If contract terms are satisfactory, and rates are expected to be in a competitive range, Alcoa would likely operate both plants at capacity. In 2002, an economist estimated that the statewide impact of these two plants at full capacity would be:

- (1) \$396 million of Gross State Product
- (2) 6,030 jobs
- (3) \$328 million of personal income
- (4) \$30 million of state and local taxes

In other words, if federal power availability and price permitted both Alcoa plants to operate at capacity, just these two plants would support about 0.2% of the entire state's economic activity, and substantially higher level of economic activity in the local communities. Alcoa would also be a full, participating member of the BPA customer team on issues such as power costs, transmission costs, and challenges to BPA's cost based rates from outside the region.

Q17. In summary, what does Alcoa want?

A17. Alcoa wants to be treated like other qualifying industrial loads that traditionally bought BPA power from their local consumer-owned utilities.

Q18. Is there anything else that Alcoa can offer to the region?

A18. Yes. If BPA purchase power costs become extreme, as they were in 2000/2001, Alcoa is willing to curtail operations to reduce the impact on all BPA customers as long as BPA reimburses Alcoa for the cost of the temporary shutdown. We believe this will provide a valuable "catastrophic insurance" policy to protect all BPA customers from future extreme price excursions.

The exact details will have to be developed between BPA, Alcoa and other regional interests to make certain we get the best regional solution, but we envision an arrangement something like the following:

1. If BPA expects to purchase power at an average rate that exceeds a certain price threshold (say \$150/MWh) for more than a specific period of time (say 12 months), then BPA will have the right to curtail Alcoa loads.
2. Alcoa will agree to reduce BPA loads by the amount of the purchase need, or 75% of Alcoa's contract demand, whichever is smaller.
3. Alcoa will agree not to lay off any employees and to keep local taxing authorities whole during the curtailment, so there will be no political backlash due to the exercise of this provision.
4. BPA will reimburse Alcoa for:

- a. Wages and benefits of the employees who would have otherwise been laid off due to the curtailment.
 - b. Lost taxes to local taxing authorities due to the curtailment.
 - c. The cost to repair electrolytic cells that were damaged due to the curtailment and restart.
5. Alcoa would not be reimbursed for any other costs including; lost production, lost profits, or cost of capital during the curtailment.

It is expected that these costs will be less than \$25/MWh resulting in considerable savings to BPA and other customers if these conditions should occur. While we want to be treated like other industrial customers, we are willing to provide this significant extra benefit not offered by other regional customers.

DSI-027
MAR 03 2005**Kuehn, Ginny - DM**

From: msigfrinius@gorge.net
Sent: Thursday, March 03, 2005 12:20 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**

View open comment periods on <http://www.bpa.gov/comment>

Mark Sigfrinius
City of Goldendale
msigfrinius@gorge.net
(509) 773-3771
1103 S. Columbus St.
Goldendale WA 98620

The Administration of the Bonneville Power Administration is amazing. In the letter dated 2-4-05 (reference PT-5) the second paragraph states, "Although there was not consensus, BPA decided...that it would serve some level of DSI load during the 2007-2001 period." How nice of the BPA to now retract their initial cut off policy of the DSI industry. I'm sure it had nothing to do with excess load that was being wasted and unsold. However, the next sentence absolutely put the PBA in the worst possible light. "...The (DSI) industries' important historic role as a source of family wage jobs." I have followed with great interest the BPA's handling of the DSI issue. This is the first time I recall that BPA has acknowledged their role in devastating many communities with the decision to cut off power sales to DSL's & the loss of family wage jobs. It was always a 'misfortunate oversales of supply issue'. The real kicker is the next sentence. "However, we are also mindful of the costs of this decision (to supply a minimal load to the DSI's) to other BPA customers." Oh come on now. You already shifted tremendous costs to customers by the 12,500 people who lost employment in your decisions in the first place. Giving DSL's a cost break on only 500 MW's isn't going to amount to a hill of beans compared to the re-employment of hundreds of workers plus your loss on not selling all of your electric load. Tell the truth on how much it costs to produce each megawatt of power through the BPA system which, of course, has been financed by ratepayers. Your mark-up is still quite substantial. The meeting on 2-1-05 must have been a surprise when members of the Goldendale Aluminum plant showed up. BPA not personally inviting others to attend the "Alcoa" meeting really doesn't look good. Redemption is still possible on the part of BPA. In the allocation of the DSI load I believe a fair way to dole out the amount of power would be by the unemployment rate. In that case Goldendale would get all 500 MWs! (Mark Peterson of Goldendale Aluminum made that point). Please. Just be fair about the allocation. Is that too much to ask? Sincerely, Mark Sigfrinius, Mayor City of Goldenale (509) 773-3771

3/3/2005

DIEHL

SINCE 1908

JSI-028
MAR 04 2005

February 28, 2005

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Mr. Wright,

I understand you have personally agreed to chair an open forum regarding the provision of service to your Direct Service Industrial customers in the future. As a business person in Whatcom County for several decades, I am concerned about the future of the Alcoa Intalco aluminum plant near Ferndale and I appreciate your efforts in gathering information needed to make the right decision.

The Intalco plant is a vital part of our community. Since it opened in 1968, the plant and its staff have bolstered our local economy. It has been a "bright star" in an otherwise sluggish economic area. I urge you to make the decision that will allow the plant to continue operations.

Thank you for your efforts in this regard.

Sincerely,



R.C. Diehl
President



DIEHL FORD, INC.

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(360) 734-2640 1-800-628-9331



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DSI-029

MAR 04 2005

March 1, 2005

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Mr. Wright:

I am pleased that you have decided to continue some form of service to your Direct Service Industrial customers after current contracts expire in 2006. I also appreciate that you personally have decided to chair an open forum on March 1, 2005 to help you decide the amounts of DSI service, mechanisms for providing such service and eligibility criteria.

I am very concerned that you make the right decisions regarding future service to the Alcoa Intalco aluminum plant near Ferndale, however, the time for public input at your March 1 meeting is limited, and so I am sending this letter instead of attending the meeting in person.

The Intalco plant is a vital part of our community, and that plant needs enough low-cost power to operate at near capacity to be competitive with other primary aluminum plants in the world. Intalco and the community have relied on BPA service to that plant since it was opened in 1968, and believe that you should, at a minimum, continue the same level of service contained in Alcoa's current contract. This power should be sold to Alcoa at the same rate offered to other long-standing companies traditionally served directly or indirectly with BPA power.

Sincerely,



Diane Shelton
Vice President & Human Resources Manager
Peoples Bank

DSI-030

MAR 04 2005

Kuehn,Ginny - DM

From: AnonymousComment@somewhere.com
Sent: Thursday, March 03, 2005 4:28 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**

View open comment periods on <http://www.bpa.gov/comment>

GEORGE BOYER
INTLACO
No E-mail Address Submitted
384-7317

GIVE THEM THE POWER SO I CAN KEEP ON WORKING SO I CAN SUPPORT MY FAMILY.

DSI-031

MAR 04 2005

Kuehn, Ginny - DM

From: clindberg360@msn.com
Sent: Thursday, March 03, 2005 5:02 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Chris

clindberg360@msn.com
360-714-8999
3730 Canterbury Lane #63
Bellingham WA 98225

My comments will be brief. I am writing to support Alcoa's short-term proposal for power allocation. It is vital that power be provided to support livable-wage jobs in our area. This is as much needed for the community as anything else. Thank you.

DSI-032

MAR 04 2005

Kuehn,Ginny - DM

From: dworkentin@peoplepc.com

Sent: Thursday, March 03, 2005 6:31 PM

To: BPA Public Involvement

Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**

View open comment periods on <http://www.bpa.gov/comment>

David Workentin

dworkentin@peoplepc.com

2949 Casnlin Dr.

Ferndale Wa. 98248

BPA: Please accept the Alcoa proposal for DSI allocation , and save the jobs in the Pacific Northwest that we so deperately need. THANK YOU

DSI-033

MAR 04 2005

Kuehn,Ginny - DM

From: AnonymousComment@somewhere.com
Sent: Friday, March 04, 2005 9:26 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

No E-mail Address Submitted

Bush's plan is a diaster for the pacific north west. The economic fallout would destroy any chance the region has to recover from the last power mess. We need to put our own people to work and not put them into a worse mess than they already are in from the Bush economic follies. It is time to take a stand against the president and let the people in the region decide what is best for them. The BPA has a chance to help our region prosper again by keeping power rates down and allowing business to hire back laid off workers. When industry is back on its feet in the north west then we can look at what we can do to make the return on the BPA rates better for the treasury. Mark Moldenhauer

DSI-034
MAR 04 2005

Kuehn,Ginny - DM

From: daonguyen@alcoa.com
Sent: Friday, March 04, 2005 10:29 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

DAO NGUYEN

daonguyen@alcoa.com
360 7349253
707 willow ct
BELLINGHAM WA 98225

TO WHOM IT MAY CONCERN I AM WRITING THIS LETTER TO ASK YOU ACCEPTING THE ALCOA'PROPOSAL IT'S VERY IMPORTANT FOR OUR COMPANY TO HAVE THE AFFORDABLE POWER TO OPERATE. THANKYOU FOR YOUR CONSIDERATION.

Kuehn, Ginny - DMDSI-035
MAR 07 2005

From: HUGHDIEHL@aol.com
Sent: Friday, March 04, 2005 12:23 PM
To: BPA Public Involvement
Subject: DSI service

Last Tuesday, March 1, I had the opportunity to take part in BPA's Direct Service Industries conference in Portland Oregon. Thank you for your time and concern.

DSI service in the Pacific northwest has been, and will continue to be a "hot potato" to all those involved. BPA's obligation in the past has been to serve all DSI's players regardless of creditworthiness, past practice, business plan or forward thinking. As BPA prepares to make a decision on the direction of DSI's, BPA must ask itself numerous questions:

1. Are DSI's necessary?
2. Is there a responsibility to serve?
3. Who does BPA serve?
4. At what allocation does BPA serve DSI's?

In my opinion:

1. Yes, DSI's are necessary. Jobs, communities and local schools have relied upon the employees and companies where the surviving DSI's have operated for the last 60 to 40 years.
2. Responsibility to serve, yes. BPA has a responsibility to serve those that have paid their bills on time, displayed creditworthiness, developed a forward thinking business plan and keep workers employed on a full time basis. During Tuesday conference the phrase "swing plant" surfaced on numerous occasion. Swing aluminum plants are not the direction BPA needs to go. Swing plants are not full time employers, communities are drained of their social services due to unsteady employment. But most of all, swing plants only operator in good times, the possibility to take the money and run mentality is challenge BPA does not want to put itself in.
3. BPA must serve those that have paid their bills, are creditworthy and have developed a long term commitment to BPA and the community where the DSI exists.
4. BPA must allocate enough power for the DSI to operate and compete in the world aluminum market.

Of the array of proposals made throughout the day, the only plan for BPA to consider is the Alcoa proposal. Alcoa's plan answered all the criteria set forth by Administrator Steven Wright at the days beginning. Creditworthiness, past practice, forward thinking and business plan. As you make decision as to who get what and how much, please look at all but consider only those that have the ability live up their proposal, Alcoa.

Thank you
Hugh Diehl
816 40th. street
Bellingham WA. 98229

3/7/2005

DSI-036

MAR 07 2005

Kuehn,Ginny - DM

From: daveling5384@comcast.net
Sent: Friday, March 04, 2005 1:47 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

David Ling

daveling5384@comcast.net
360-441-1753
320 32nd street
Bellingham Wa. 98225

As the hub of the Pacific Northwest economy, the affordable power provided by the BPA is essential not only to this region, but our country's economy as a whole. I believe the "damage estimates" of the proposed switch to market based rates to be modest. It is my hope that the Alcoa supported plan be adopted, to include a minimum of 438 M/W for the smelting of aluminum in the Northwest. As well as providing power for many other industries at rates that allow these industries to remain competitive on the global stage. Just as the economic hardship of adopting market based rates would be far reaching, conversely a fair and appropriate allocation of power to the DSI's would send reverberations of economic vigor and ultimately growth not just throughout the PNW, but across our entire country. Very Kindly Yours, David Ling

3/7/2005

DSI-037
MAR 07 2005

Kuehn,Ginny - DM

From: AnonymousComment@somewhere.com
Sent: Friday, March 04, 2005 1:51 PM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Dave Vanselow

No E-mail Address Submitted

4061 James Street Rd.
Bellingham Wa. 98226

Dear Sirs, I would like to implore the BPA to give due consideration to the ravaging economic effects of switching to market based power rates as evidenced by numerous studies. It is my sincerest hope that the proposal devised by Alcoa will be given serious scrutiny, and that ultimately any plan adopted will include a minimum of 438 M/W of power specifically for the production of Northwest aluminum, as well as continuing the practice of low rates for all DSI's. Thanking You Kindly, David Vanselow

DSI-038
MAR 07 2005

Kuehn,Ginny - DM

Sent: Saturday, March 05, 2005 6:44 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on Additional Comments on BPA Service to DSI Customers
View open comment periods on <http://www.bpa.gov/comment>

Chuck Wagner
iamaw
chuck.wagner@alcoa.com
360.384.4253
1686 grandview pl.
ferndale wa 98248

I believe the Alcoa proposal is a very fair plan. It is the only proposal that would allow the Aluminum production that is left in the northwest to not only be sustained but to grow to its capabilities. If you do not accept the Alcoa plan then all the hopes of sustaining any type of aluminum industry production in the northwest will vanish. Please give a great deal of consideration and conscious thought to this matter. Thank you very much for your time. Chuck Wagner

DSI - 039

MAR 07 2005

Kuehn, Ginny - DM

From: chuckwagner@alcoa.com
Sent: Saturday, March 05, 2005 6:47 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**

View open comment periods on <http://www.bpa.gov/comment>

Chuck Wagner
IAMAW
chuckwagner@alcoa.com
360.384.4253
1686 grandbview pl.
Ferndale wa 98248

Alcoa has presented a VERY FAIR proposal that would benefit not only itself but all of the DSI's. The only way aluminum production will stay in the northwest and the future of all the service industries will be the acceptance of the Alcoa rate proposal. Please with all concience,choose the Alcoa plan. Thank You Chuck Wagner

DSI-040
MAR 07 2005

Kuehn,Ginny - DM

From: AnonymousComment@somewhere.com
Sent: Saturday, March 05, 2005 11:05 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Terry DePasquale

No E-mail Address Submitted

3611 Alderwood Av.
Bellingham Wa. 98225

I believe the "damage assessments" predicted by the economic impact studies of a switch to market based power rates by the BPA to be modest at best. As evidenced by the unforeseen, far reaching impact of the California power shortage. I believe a continued practice of providing affordable power to the DSI's is imperative, not only to the health of our local economy, but the economy of our nation as a whole. I implore due consideration be given the Alcoa fostered proposal that allots a minimum of 438 M/W for Northwest aluminum smelting, as well as providing power to the other DSI's at rates that would enable competition on the global stage. I believe the balance of our regions economic health very well lies in the decisions to be levied by the BPA momentarily. I hope the right decisions will be made. Thanking You
In Advance Mr. Terry DePasquale

DSI-041

MAR 07 2005

Kuehn, Ginny - DM

From: Carl Ratcliff [thats.us@comcast.net]**Sent:** Sunday, March 06, 2005 9:49 PM**To:** BPA Public Involvement**Subject:** DSI - Alcoa

To the BPA,

Please make every effort to allow Alcoa to purchase the 438 megawatts of power needed to run our plant efficiently. I am a 50 year old aluminum worker at Alcoa's Intalco Plant in Ferndale, Washington. I have worked at Intalco for over 30 years and would really like to retire from this plant if possible. My Dad worked at Intalco for 15 years before he was forced to retired early and my brother-in-law worked here for 32 years before he was "let go" about 1-1/2 years ago when our plant had to curtail and his job was eliminated. I would like to be the one member of our family that actually got to retire on my own terms, but that won't happen if we don't get some reasonably priced power. I have heard that our sister plant in Wenatchee is recommending the 100 megawatts per facility, which would allow them to run (the 100 megawatts from BPA plus their power from the Rocky Reach dam would be enough for them), but would shut us down. I would prefer the proposal Alcoa has put forth for an interim 438 for us and 625 in the future so both plants could run. The new Alcoa proposal is not asking for any special treatment and would treat our industry like any other, rather than a special DSI. I know this letter is self serving since this decision directly affects my job, but contrary to what the President says and what the unemployment figures show, there are not many (if any) family wage jobs out there in my community just waiting for me to be able to switch to. Talking to the employees, that were just called back after a year and a half of unemployment, there just isn't anything out there that pays what were getting here. So I ask you to please do everything in your power to make sure Alcoa gets the power it needs so they can continue to run our plants and I'll have a chance to continue to work here until "I'm" ready to retire. That would be a first for my family. Thank you.

Sincerely,
Carl Ratcliff

Alcoa Intalco Works Employee
Bellingham, Washington

3/7/2005

DSI-042
MAR 07 2005

Kuehn,Ginny - DM

From: gerald.turnbow@alcoa.com
Sent: Monday, March 07, 2005 5:04 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Gerald Turnbow
Past Plant Manager - Intalco
gerald.turnbow@alcoa.com

1310 S. Riverside Harbor Dr.
Post Falls ID 83854

Intalco is a large, reasonably modern (by U.S. standards) aluminum smelter with a cell design that utilizes electrical energy more efficiently than most of the industry. Intalco has an excellent workforce and outstanding labor relations between Management and the Labor Union. The entire workforce has "kept the faith", have set new safety and health records for themselves and Alcoa USA, and are doing everything they possibly can to stay competitive in the world aluminum market. They can and will become a world benchmark facility if they can get a long term power contract at competitive rates. These are strong and true Americans that deserve to keep their jobs. Please help them.

DSI-043

MAR 07 2005

Kuehn,Ginny - DM

From: RSpr579856@aol.com
Sent: Monday, March 07, 2005 7:25 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Robert Sprague

RSpr579856@aol.com
(360) 734-0695
2822 Nequalicum Ave
Bellingham WA 98225

Dear Sir I would hope that you would see the need to give more power to the DSI's. After what has been going on and the lose to good jobs in the state we don't need to do any thing to drive more jobs out of this state. I have lived in Washington all of my life. And had hoped to be able to spend the rest of it hear. I have also been working at Alcoa Intalco Works for the past 8 1/2 years. And when I started working hear we had over 1200 workers. Now we have jest over 400. There are no jobs in the county that are on the same leavel as what I do now. And if your plan gos in I will be with out work. I will have to go into the sistem and live off of the workes that are left. And that is not what I wish to do. Or move out of state. And that is not what I would like to do. So please make it posable to keep the DSI's open and give us the power we need. And also live up to what BPA was first started to do. Provid power to bild the economy of the state not drive it out with this plan. Thank yo! u. Robert Sprague

DSI-044

Kuehn, Ginny - DM

MAR 07 2005

From: catscanf@peoplepc.com
Sent: Monday, March 07, 2005 8:28 AM
To: BPA Public Involvement
Subject: Comment on Additional Comments on BPA Service to DSI Customers

Comment on **Additional Comments on BPA Service to DSI Customers**
View open comment periods on <http://www.bpa.gov/comment>

Susan D. Fischer

catscanf@peoplepc.com
360-676-8210
915 Sudden Valley
Bellingham WA 98229

My husband works at the Alcoa Intalco Works aluminum plant in Ferndale. We have been barely hanging in there as far as my husband's job and our family income is concerned. Please consider Alcoa's long term proposal as they have been a good customer to you throughout our power crisis. Please help to keep these jobs in WA State. Thank You, Susan Fischer



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March 2, 2005

DSI-045
MAR 07 2005

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

Re: Comments regarding Policy Proposal for Power Supply and the DSI Workshop

Dear Mr. Wright:

First of all I want to thank you for holding the DSI Workshop and for providing the opportunity for me to participate on one of the panels.

I appreciate your comments that BPA understands the unique situation of Port Townsend Paper Corporation and how we are different from the rest of the DSIs.

Port Townsend Paper operates in much different markets and has a very different cost structure than the aluminum companies. While no aluminum company buys public power from a local PUD at PF or close to PF rates, there are other pulp and paper mills that do so. This puts us at a direct disadvantage to some of our competitors within the region. During the last few years, when the Northwest aluminum companies have been shut down or curtailed because they can't compete, Port Townsend Paper has been increasing its production (50% since 1998), acquiring box plants in Canada, and continuing to invest in its facilities and conservation projects. We have been competing very well despite the 20 to 25% power cost disadvantage.

Unlike the aluminum smelters, we don't have the ability to scale our production up or down depending on the amount of electricity available. However, we do provide 10 times more jobs per MW of purchased power than the aluminum DSIs and have operated continuously for over 77 years.

I know the desire is to treat all the DSIs equitably but BPA hasn't always done that; as with the variable rate that benefited only the aluminum smelting DSIs. From what I heard yesterday, I believe the proposal put forth by John Saven has the potential to meet Port Townsend Paper's needs as well as the needs of BPA and the Public Utilities. I would like to better understand John's proposal but in theory I think Port Townsend Paper could support it.

Sincerely,

Bruce McComas
VP & General Manager
Port Townsend Paper Corporation

cc: Paul Norman, BPA
Chuck Forman, BPA



DSI-046
MAR 9 2004

WHATCOM VOLUNTEER CENTER

Building Community in Whatcom County – One Volunteer Connection at a Time

3 March 2004

Mr. Steve Wright, Administrator
Bonneville Power Administration
P O Box 3621
Portland OR 97208-3621

Dear Mr. Wright,

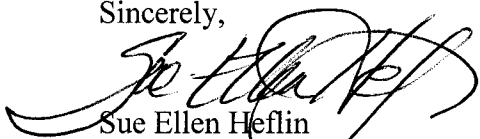
The Whatcom Volunteer Center, as an active part of the Whatcom County community, is deeply concerned over the proposal by the President to raise BPA power rates and also is concerned about the negotiations currently underway regarding the Alcoa need for BPA power.

The Northwest has a reliance on inexpensive power and our economic base has been predicated on the availability of such power. While we wholeheartedly support conservation of power resources and efforts to make our dams take less of a toll on our fisheries and wildlife, we do not believe that BPA should charge customers in the Northwest market rates. This issue is raised every few years and so far this effort has not prevailed. We hope that the power that is generated with our resources in the region will be available first to the people of the region, for the benefit of those people who live with the dams, transmission lines, and environmental impact of this power generation.

Alcoa's proposal to BPA for extension of the current level of service through the fall of 2009 at a rate comparable to consumer-owned utilities seems reasonable. Alcoa is a crucial element in the economic structure of Whatcom County. This largely rural area has few industries; losing a business of this size would have a significant impact on our community. Our concern is not only the potential loss of the jobs that Alcoa provides; those businesses that serve Alcoa employee families, the organizations that benefit from the involvement of Alcoa employee volunteers, and the community in general would all be affected if Alcoa cannot get adequate power at a favorable rate.

I lived for almost 19 years in Spokane and saw the dreadful effect that the loss of Kaiser Aluminum jobs have had on that community. That is a larger and more diverse economic base than that we enjoy in Whatcom County. I believe that the loss of an economic engine of Alcoa's size in a small county such as Whatcom would be devastating. Please work with Alcoa to ensure that the Whatcom plant can continue to operate efficiently, safely, and economically so that we can enjoy the benefits of a stable economic base in Whatcom County.

Sincerely,



Sue Ellen Heflin
Executive Director