

JUN 01 2005



Northwest Public Power Association



Public Power Council

May 24, 2005

Mr. Steve Wright, Administrator
Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

Dear Mr. Wright:

As you know, the Direct Service Industry (DSI) customers of the Bonneville Power Administration (BPA) are actively lobbying Congress, your agency and the U.S. Department of Energy to increase their benefits from the federal power system for 2007-2011. We are asking that you oppose this effort, and support the \$40 million cap as originally proposed by BPA.

A capped amount of \$40 million will mean a half mill rate increase for our ratepayers, which has been agreed to by public power stakeholders. We believe that is the maximum threshold that the region can tolerate without further adverse impacts to our ratepayers and the Northwest economy, as experienced in the energy crisis of 2000-2001.

BPA, by its own admission, has indicated that it has no obligation to serve the DSIs. The market price of alumina and other market forces have a much greater influence on the ability of the DSIs to do business than the benefits they could receive from BPA. These benefits should never be the determining factor in the ability of the DSIs to operate.

Likewise, these benefits should not be seen as a floor for what the DSIs receive. Each company should be assessed on a case-by-case basis. If one company is not able to use the benefit, these benefits should not automatically flow to another company, rather it should be returned to benefit Northwest ratepayers.

Members of our associations belong to People Power, a regional grassroots network of non-profit utility consumers that formed to advocate on issues affecting wholesale electric rates from BPA. We have asked citizens and businesses to contact the Northwest delegation to express their opposition to increasing benefits for the DSIs above the \$40 million cap.

We ask that you join us in supporting the original proposal as presented by your agency. Thank you for your attention to this matter.

Sincerely,



WILL LUTGEN
Northwest Public Power Association



MARILYN SHOWALTER
Public Power Council



STEVE JOHNSON
Washington PUD Association



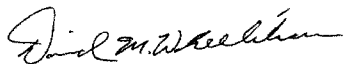
DON GODARD
Oregon PUD Association



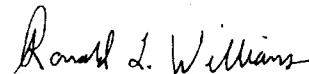
MARY PLACE
Association of Washington Cities



SANDY FLICKER
Oregon Rural Electric
Cooperative Association



DAVE WHEELIHAN
Montana Electric Cooperative Association



RON WILLIAMS
Idaho Consumer-Owned Utilities



TOM O'CONNOR
Oregon Municipal Electric Utilities



DSI-097

JUN 01 2005

May 29, 2005

Senator Maria Cantwell
U.S. Senate
915 Second Ave., Ste.3206
Seattle, WA 98174

Subject: BPA DSI Issue

Dear Senator Cantwell:

I know that you are familiar with Kimberly-Clark's integrated pulp and consumer products tissue mill in Everett, and are deeply aware of the drastic jump in the mill's electricity rates that occurred in 2001. These exorbitant rates have not subsided, and continue to adversely distinguish this mill's electricity costs among the company's many manufacturing facilities throughout the U.S. and Canada. The effect has been a significant erosion of the mill's economic value to Kimberly-Clark. Investment in the mill has been reduced, and concerns about its continued viability are elevated. Spending has been cut wherever possible through conservation, cost-saving programs, and reduced staffing. Consequently, the mill's 850 employees are keenly alert to news about electricity costs – wishing that a price reduction will come into view. So with the greatest concern, I write to express *fear of any increase in benefits to Direct Service Industries (DSI's) provided by BPA at the expense of existing customers*. I ask for your influence to prevent or to minimize this giveaway, and look for your recognition of the value of this business and these jobs that have already been so severely impacted. This mill supports its local PUD, built its business with an expectation of low-cost Northwest hydropower supplied by public power, and provides benefits to the community that extend well beyond its annual spending of \$280 million.

I would be pleased if you would consider making a visit to the mill during the summer. It will be an honor to show you our operation and the products that we make, explain the impact that electricity rates have at this mill, and introduce you to some of the people who enjoy the good union and management jobs that this mill provides. Please have your staff contact me directly if your recess schedule can include a visit to the Everett Mill.

Thank you for your support on this and the range of other energy matters. Your efforts and those of the Northwest delegation are appreciated.

Sincerely,

Scott T. Helker
Mill Manager – Everett Mill
Kimberly-Clark Worldwide, Inc.
425.259.7373
shelker@kcc.com

c: Senator Patty Murray
Congressman Rick Larsen
Steve Wright, Bonneville Power Administration
Ed Hansen, Snohomish PUD
Ken Canon, Industrial Customers of Northwest Utilities

May 29, 2005

Senator Patty Murray
U.S. Senate
2988 Jackson Federal Building
915 Second Ave.
Seattle, WA 98174

Subject: BPA DSI Issue

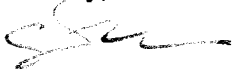
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Congressman Rick Larsen
Steve Wright, Bonneville Power Administration
Ed Hansen, Snohomish PUD
Ken Canon, Industrial Customers of Northwest Utilities

May 29, 2005

Congressman Rick Larsen
U.S. House of Representatives
2930 Wetmore Ave. Ste. 9E
Everett, WA 98201

Subject: BPA DSI Issue

Dear Congressman Larsen:

I know that you are familiar with Kimberly-Clark's integrated pulp and consumer products tissue mill in Everett, and are deeply aware of the drastic jump in the mill's electricity rates that occurred in 2001. These exorbitant rates have not subsided, and continue to adversely distinguish this mill's electricity costs among the company's many manufacturing facilities throughout the U.S. and Canada. The effect has been a significant erosion of the mill's economic value to Kimberly-Clark. Investment in the mill has been reduced, and concerns about its continued viability are elevated. Spending has been cut wherever possible through conservation, cost-saving programs, and reduced staffing. Consequently, the mill's 850 employees are keenly alert to news about electricity costs – wishing that a price reduction will come into view. So with the greatest concern, I write to express *fear of any increase in benefits to Direct Service Industries (DSI's) provided by BPA at the expense of existing customers*. I ask for your influence to prevent or to minimize this giveaway, and look for your recognition of the value of this business and these jobs that have already been so severely impacted. This mill supports its local PUD, built its business with an expectation of low-cost Northwest hydropower supplied by public power, and provides benefits to the community that extend well beyond its annual spending of \$280 million.

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shelker@kcc.com

c: Senator Patty Murray
Senator Maria Cantwell
Steve Wright, Bonneville Power Administration
Ed Hansen, Snohomish PUD
Ken Canon, Industrial Customers of Northwest Utilities

Please note these are samples of Longview Fibre letters sent to the entire Congressional Delegations in Washington, Oregon and Idaho.

DSI-098



Longview Fibre Company

Value-Added Products • Sustainable Forestry

VIA FACSIMILE: 202-228-0514

June 1, 2005

The Honorable Maria Cantwell
United States Senator
Washington, DC 20510

Dear Senator Cantwell:

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 05-0087
RECEIPT DATE: 6.3.05
DUE DATE: APP ACTION

APP ACTION: Chuck Forman-PSW-6
cc: FO3, DC/Wash, L-7, PN-1, John Lebens-PSW-6,
PT-5, Scott Wilson-PT-5, DR-7, DR-7C,
Cindy Custer-DR/WSGL, Christy Brannon-DM-7,

It's our understanding that the Bonneville Power Administration (BPA) will soon be deciding how much public-power customer rates will be increased to provide low-cost BPA energy to the Direct Service Industries (DSIs) for the 2007-'09 rate period. Since BPA lacks enough of its own power to supply DSIs, it would have to buy higher-cost energy on the market and then sell it to DSIs for less than BPA paid.

Unfortunately, this would translate to industrial customers of public utilities, including Longview Fibre Company, paying higher electric energy costs. Longview Fibre can't afford to subsidize other companies.

Our annual spend for our Longview, Wash., mill for power purchased from the Cowlitz PUD is approximately \$24 million. This includes a 50% increase in the last five years. Although we are sympathetic to the DSIs economic problems, it is unfair to expect other industries struggling to recover from the recent recession, in a still fragile Pacific Northwest economy, to subsidize another industry.

Our Longview mill, one of the largest pulp-paper complexes in North America, that has been involved in a massive cost-reduction program and other successful cost-saving initiatives, finally reached a break-even point in the second quarter of our 2005 fiscal year. We have lost \$ in manufacturing for the past several years in the tough global market in which we have to compete. Energy costs are very critical to our company, as well as the entire pulp-paper industry, and such a proposed DSI subsidy would adversely impact us.

At our Longview operations, including our corporate headquarters, Longview Fibre currently employs about 1,800 people, generating a \$92 million annual payroll and \$83 million in yearly local purchases and taxes paid. Also in Washington, we employ more than 300 men and women at our Seattle, Yakima, and Longview container plants and Leavenworth sawmill. Any additional energy costs at our Longview pulp-paper mill,

CORPORATE OFFICES

300 Fibre Way • P.O. Box 639, Longview, WA 98632
Phone (360) 425-1550 • Fax (360) 575-5934 • www.longviewfibre.com

which manufactures the containerboard for converting by our packaging plants, will also raise costs at those plants (as will any higher electric rates that they pay). Increased energy costs will make all of our operations less competitive.

We do not want to jeopardize the substantial contributions that Longview Fibre makes to the economy in the Pacific Northwest. Our company's jobs are just as important as the DSIs.

It's extremely important that BPA limit any DSI subsidy. We have been advised that some of the public utilities agreed to provide up to \$40 million to assist on power costs to the DSIs, but later the DSIs surprisingly requested a two-to-three times larger subsidy. Even though public power agreed to the minimum DSIs subsidy, Longview Fibre opposes any such special deal.

It should be noted that the DSIs buy directly from BPA, and not through publicly-owned utilities. BPA has no statutory obligation to provide power to the DSIs. Unlike other industries, the DSIs don't support their local public utility by purchasing power through the utility as do other industrial customers like Longview Fibre.

Your consideration of our concerns about the potential for BPA to make a decision that would have a very negative affect on industrial customers of public power in the region is much appreciated. We ask that you help guard against any excessive energy subsidy provided to DSIs at the expense of existing industrial customers of public power.

Sincerely,



Richard J. Parker
Senior Vice President-Production
and Mill Manager



Richard H. Wollenberg
President, Chief Executive Officer
and Chairman of the Board

cc: Steve Wright
Administrator, BPA

Please note these are samples of Longview Fibre letters sent to the entire Congressional Delegations in Washington, Oregon and Idaho.



Longview Fibre Company

Value-Added Products • Sustainable Forestry

VIA FACSIMILE: 202-228-3997

June 1, 2005

The Honorable Gordon Smith
United States Senator
Washington, DC 20510

Dear Senator Smith:

It's our understanding that the Bonneville Power Administration (BPA) will soon be deciding how much public-power customer rates will be increased to provide low-cost BPA energy to the Direct Service Industries (DSIs) for the 2007-'09 rate period. Since BPA lacks enough of its own power to supply DSIs, it would have to buy higher-cost energy on the market and then sell it to DSIs for less than BPA paid.

Unfortunately, this would translate to industrial customers of public utilities, including Longview Fibre Company, paying higher electric energy costs. Longview Fibre can't afford to subsidize other companies.

Our annual spend for our Longview, Wash., mill for power purchased from the Cowlitz PUD is approximately \$24 million. This includes a 50% increase in the last five years. Although we are sympathetic to the DSIs economic problems, it is unfair to expect other industries struggling to recover from the recent recession, in a still fragile Pacific Northwest economy, to subsidize another industry.

Our Longview mill, one of the largest pulp-paper complexes in North America, that has been involved in a massive cost-reduction program and other successful cost-saving initiatives, finally reached a break-even point in the second quarter of our 2005 fiscal year. We have lost \$ in manufacturing for the past several years in the tough global market in which we have to compete. Energy costs are very critical to our company, as well as the entire pulp-paper industry, and such a proposed DSI subsidy would adversely impact us.

At our Longview operations, including our corporate headquarters, Longview Fibre currently employs about 1,800 people, who reside in SW Washington and NW Oregon, generating a \$92 million annual payroll and \$83 million in yearly local purchases and taxes paid. In Oregon, our company owns more than one-third million acres of timberlands managed under Sustainable Forestry, which are linked to our Longview pulp-

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300 Fibre Way • P.O. Box 639, Longview, WA 98632
Phone (360) 425-1550 • Fax (360) 575-5934 • www.longviewfibre.com

paper mill. A majority of our logs are sold to Oregon sawmills...and, importantly, Longview Fibre annually purchases about \$40 million in wood chips from the Oregon mills that are transported to Longview for papermaking.

Also in Washington, we employ more than 300 men and women at our Seattle, Yakima, and Longview container plants and Leavenworth sawmill. Any additional energy costs at our Longview pulp-paper mill, which manufactures the containerboard for converting by our packaging plants, will also raise costs at those plants (as will any higher electric rates that they pay). Increased energy costs will make all of our operations less competitive.

We do not want to jeopardize the substantial contributions that Longview Fibre makes to the economy in Oregon, Washington and Idaho. Our company's jobs are just as important as the DSIs.

It's extremely important that BPA limit any DSI subsidy. We have been advised that some of the public utilities agreed to provide up to \$40 million to assist on power costs to the DSIs, but later the DSIs surprisingly requested a two-to-three times larger subsidy.

It should be noted that the DSIs buy directly from BPA, and not through publicly-owned utilities. BPA has no statutory obligation to provide power to the DSIs. Unlike other industries, the DSIs don't support their local public utility by purchasing power through the utility as do other industrial customers like Longview Fibre.

Your consideration of our concerns about the potential for BPA to make a decision that would have a very negative affect on industrial customers of public power in the region is much appreciated. We ask that you help guard against any excessive energy subsidy provided to DSIs at the expense of existing industrial customers of public power.

Sincerely,



Richard J. Parker
Senior Vice President-Production
and Mill Manager



Richard H. Wollenberg
President, Chief Executive Officer
and Chairman of the Board

cc: Steve Wright
Administrator, BPA

Please note these are samples of Longview Fibre letters sent to the entire Congressional Delegations in Washington, Oregon and Idaho.



Longview Fibre Company

Value-Added Products • Sustainable Forestry

VIA FACSIMILE: 202-228-1067

June 1, 2005

The Honorable Larry Craig
United States Senator
Washington, DC 20510

Dear Senator Craig:

It's our understanding that the Bonneville Power Administration (BPA) will soon be deciding how much public-power customer rates will be increased to provide low-cost BPA energy to the Direct Service Industries (DSIs) for the 2007-'09 rate period. Since BPA lacks enough of its own power to supply DSIs, it would have to buy higher-cost energy on the market and then sell it to DSIs for less than BPA paid.

Unfortunately, this would translate to industrial customers of public utilities, including Longview Fibre Company, paying higher electric energy costs. In Idaho, Longview Fibre's large container plant at Twin Falls and related distribution warehouse at Caldwell also would be negatively impacted. Our Twin Falls plant current employment approximates 150 people, generating an annual payroll of about \$5.5 million plus sizeable local purchases in assisting the region's economy.

Any additional energy costs at our Longview, Wash., pulp-paper mill, which manufactures the containerboard for converting at our Twin Falls facility and other packaging plants, will also raise costs at those plants (as will any higher electric rates that they pay).

Increased energy costs will make all of our operations less competitive. Longview Fibre can't afford to subsidize other companies.

At our Longview mill, our annual spend for power purchased from the local PUD is approximately \$24 million. This includes a 50% increase in the last five years. One of the largest pulp-paper complexes in North America, the Longview mill has been involved in a massive cost-reduction program and other successful cost-saving initiatives in order to compete in a tough global market.

Although we are sympathetic to the DSIs economic problems, it is unfair to expect other industries struggling to recover from the recent recession, in a still fragile Pacific

CORPORATE OFFICES

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Northwest economy, to subsidize another industry.

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It should be noted that the DSIs buy directly from BPA, and not through publicly-owned utilities. BPA has no statutory obligation to provide power to the DSIs. Unlike other industries, the DSIs don't support their local public utility by purchasing power through the utility as do other industrial customers like Longview Fibre.

Since energy costs are very critical to our company, as well as the entire pulp-paper industry, Longview Fibre opposes the proposed DSI subsidy. We do not want to jeopardize the substantial contributions that Longview Fibre makes to the economy in Idaho, Washington and Oregon. Our company's jobs are just as important as the DSIs.

Your consideration of our concerns about the potential for BPA to make a decision that would have an adverse affect on industrial customers of public power in the region is much appreciated. We ask that you help guard against any excessive energy subsidy provided to DSIs at the expense of existing industrial customers of public power.

Sincerely,

RJ Parker

Richard J. Parker
Senior Vice President, Production
and Mill Manager

R H Wollenberg

Richard H. Wollenberg
President, Chief Executive Officer
and Chairman of the Board

cc: Steve Wright
Administrator, BPA

Distribution List for Letters to NW Congressional Delegation

Washington:

Sen. Patty Murray
Sen. Maria Cantwell
Rep. Jay Inslee
Rep. Rick Larsen
Rep. Brian Baird
Rep. Doc Hastings
Rep. Cathy McMorris
Rep. Norman Dicks
Rep. Jim McDermott
Rep. Dave Reichert
Rep. Adam Smith

Oregon

Sen. Ron Wyden
Sen. Gordon Smith
Rep. David Wu
Rep. Greg Walden
Rep. Earl Bulmenauer
Rep. Peter DeFazio
Rep. Darlene Hooley

Idaho

Sen. Larry Craig
Sen. Mike Crapo
Rep. C.L. "Butch" Otter
Rep. Mike Simpson

Congress of the United States

Washington, DC 20515

DSI-099

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 05-0050
RECEIPT DATE: 4.4.05
DUE DATE: 4.18.05

March 29, 2005

Stephen J. Wright
Administrator
Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

ASSIGN: DR-7C
cc: FO3, DC/Wash, DR-7, L-7, P-6, PF-6, PL-6,
Anne Morrow-DR-7C, Cindy Custer-DR/WSGL,
Rob Swedo-DR/Spokane

Dear Mr. Wright,

We write in response to Bonneville Power Administration's (BPA) current proposal that specifies the service level, eligibility criteria, and delivery mechanism through which BPA will provide service benefits to its direct service industry (DSI) customers during the 2007-11 period.

We acknowledge that BPA decided in its February 2005 Regional Dialogue Record of Decision that it would serve some level of DSI load during the 2007-11 period at a known and capped cost, and that BPA has also undertaken an additional public process regarding the appropriate 2007-11 DSI benefit level, details regarding how such benefits should be delivered, and criteria to guide BPA in its determination of which DSIs will be eligible for the benefits. We applaud BPA's efforts to reach a consensus among affected parties and fully support the current process.

We urge you to make any provided benefits available to all remaining DSIs on a non-discriminatory basis. BPA should not adopt eligibility criteria that appear to assist some companies to the detriment of their direct competitors in the region. We are concerned that by adopting criteria that attempt to predict viability, BPA itself will determine which smelters and jobs survive and which do not.

We appreciate BPA's decision to continue their historic relationship with DSIs in an effort to continue to protect jobs and communities in the Northwest, especially in rural and distressed areas. It is our belief that BPA's policy should give each remaining DSI an equal opportunity to operate and provide jobs, rather than adopting eligibility criteria that may pre-determine who remains viable. We are hopeful that you will continue to work with all of the direct service customers to reach solution that will be equitable to all parties.

Congress of the United States

Washington, DC 20515

Letter to Steven Wright

March 29, 2005

-- Page 2 --

Thank you for your consideration of this request. We look forward to remaining engaged as this process continues.

Sincerely,



BRIAN BAIRD
Member of Congress



EARL BLUMENAUER
Member of Congress



GREG WALDEN
Member of Congress