

Kuehn, Ginny

R. Day - 074
SEP 22 2004

From: Don André [don@nwseed.org]
Sent: Wednesday, September 22, 2004 1:56 PM
To: BPA Public Involvement
Cc: lisa@nwenergy.org; Heather Rhoads-Weaver; Sarah Peterson
Subject: Regional Dialogue comments

Hello,

We appreciate the opportunity to comment on the Regional Dialogue. The attached file contains our comments, hard copy will follow.

Thank you,
Don

Don André
Executive Director
NW Sustainable Energy for Economic Development
119 1st Avenue South, Suite 400
Seattle, WA 98104
direct 206-267-2216 / cell 206-491-0460
main 206-328-2441 / eFax 206-770-6570

9/22/2004

R004-0074
SEP 22 2004



September 22, 2004

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

Re: Comments on BPA's Regional Dialogue Policy Proposal

As Bonneville Power Administration plans for its future role in energy production, transmission, and sales in the Northwest, Northwest Sustainable Energy for Economic Development (Northwest SEED) respectfully submits the following comments on behalf of our broad regional network of supporters of renewable energy.

About Northwest SEED

Founded in 2001, Northwest SEED is a regional non-profit organization that assists farmers and rural communities throughout the Northwest in harvesting community based renewable energy resources. Through direct outreach, strategic partnerships and collaborative efforts, Northwest SEED engages and builds support among rural communities, Tribes, utilities and businesses, ensuring local participation, accountability, and long-term benefits of truly sustainable energy. Northwest SEED has emerged as a regional leader in supporting and developing creative programs, policies, and financing approaches—strengthening rural economies and diversifying the region's energy supply with affordable, distributed "green" generation.

Renewable Energy for the Region's Future

BPA has played a unique and historic role as a leader in promoting the use of energy efficiency and renewable energy technologies. BPA invested nearly \$200 million annually in world-class conservation programs in the 1980s and early 1990s because the agency knew it was the right thing to do for the economy, ratepayers and environment. Though BPA drastically scaled back those investments in the mid-90s, a decision that has cost the region hundreds of millions of dollars in added power costs with recent price spikes, BPA has begun to rebuild these programs in recent years. In addition, BPA's work to actively identify and overcome barriers to renewable energy development – including acquisition of nearly 200 MW of wind generation, support for solar power projects, wind monitoring, development of a green power marketing program, and

efforts to simplify integration of renewables into the transmission system – has been a boon to renewable energy development in our region.

However, the promise of BPA's 1000 MW wind solicitation issued in 2001 has yet to be realized, eroding both the confidence in BPA's commitment to support renewable energy development and in utility acceptance of this low-cost resource. Many wind developers and landowners have been directly impacted by the publicity and delayed implementation of this goal.¹

Renewable energy is good business for our region's economy. Utility-scale wind projects have already generated millions of dollars in tax revenues and lease payments to communities and individual landowners. Construction of renewable energy generating facilities creates, on average, more jobs per MW of capacity as construction of fossil-fuel energy facilities; many short-term construction and long-term management jobs have already been created through the development of new renewable energy facilities in the region. The addition of renewable energy to our region's energy portfolio and investments in energy efficiency also help buffer consumers against the effects of fuel price swings. Renewable energy truly is a win-win proposition for the Northwest. We encourage BPA to seize this planning opportunity to reaffirm its commitment to lead the Northwest towards a clean and profitable energy future.

Northwest SEED and our network of urban and rural clean energy supporters believe that strong support for renewables and energy efficiency must play a pivotal role in BPA's long-term planning processes, in order to protect the environmental and economic future of our region. The following key ideas should be included in any strategic plans for the agency's future operations:

- 1) **Continued meaningful investment in renewable energy.** Investment in renewables, especially locally owned and operated projects, have long-term environmental and economic benefits for our region. Reduced dependence upon fossil fuel inputs – including coal, oil and natural gas – insulates utilities and ratepayers from the effects of unpredictable fuel price fluctuations. Fewer polluting fossil-fuel power plants means cleaner air, land and water for current and future generations of Northwest residents. Increased regional generating capacity reduces dependence upon the volatile wholesale power market, with price fluctuations causing severe rate hikes like those seen during the recent “Energy Crisis,” thus protecting consumers from sharply rising energy costs. The Northwest has abundant renewable energy resources, including wind, solar, and biomass resources. Development of these resources will create jobs and revenue for our local communities, and is feasible today.
- 2) **Support for energy efficiency and conservation initiatives.** Lower demand helps reduce the need for new power plants and decreases dependence on the regional wholesale power market to fill gaps in regional supply. Consumer awareness campaigns,

¹ See e.g., “Wind prospectors are knocking on doors looking to mine the wind; Landowners need to know the value of their energy resource,” <http://www.bpa.gov/corporate/BPAnews/archive/2001/nr092001A.pdf>

support for energy efficiency improvements and low-income weatherization programs can all help regional consumers to lower their power bills, ease pressure on the grid during peak times, and lower total regional energy consumption.

Specific recommendations:

- We strongly encourage BPA to expand and enhance the C&RD program, in particular retaining renewables as an eligible investment. We would caution against implementing a strict cost effectiveness test related to small-scale renewable development, and would support BPA granting “extra credit” for clean distributed generation easing transmission congestion in targeted areas, as discussed in the Non Wires Solutions Roundtable.
- We would like to request BPA’s assistance to customer utilities in developing policies to offer standard contracts for interconnection of renewables, especially small-scale installations.
- We urge BPA to devote more adequate funding to develop a full range of environmentally responsible non-wires alternatives to transmission construction, including requiring biodiesel or mitigation measures in diesel generators used for emergency response and demand exchange programs. A major goal of this effort should be to reserve transmission capacity for intermittent renewable resources and structuring transmission planning to maximize the amount of diverse renewable energy resources the system can support. BPA’s integration products are a good first step and further work in this area should be continued.
- We support BPA’s continued acquisition of new renewables, as an anchor tenant and as part of an overall acquisition preference policy such as suggested by the Last Mile Electric Cooperative.
- We support BPA taking a flexible approach, allowing sufficient budget and flexibility for staff to be able to identify and respond to barriers to achieving renewables/conservation targets. We agree with the Renewable Northwest Project on the need for convening a stakeholder group to help BPA shape its agenda and set goals, including a regional MW goal for renewable energy development and getting every customer utility to participate in renewable energy in some way to gain familiarity with the technologies and overcome misconceptions or fears.

Renewable energy is the right choice for our regional economy and environment. A strong ongoing commitment from BPA to support to renewable energy development will help ensure a clean and affordable energy future for the Pacific Northwest.

Thank you for taking the time to consider our recommendations.

Sincerely,

Don André
Executive Director

Evergreen Aluminum, LLC
5701 NW lower River Road
Vancouver, WA 98660

RDo4-0075
SEP 22 2004

September 22, 2004

Submitted by Email to: comment@BPA.gov

Public Involvement
Bonneville Power Administration
P.O. Box 14428
Portland, OR 97293

Subject: Comments on Bonneville Power Administration Policy Proposal for Power Supply Role, July 7, 2004

The Regional Dialogue Proposal released by Bonneville on July 7, 2004, speaks to issues critical to the future of Evergreen Aluminum LLC ("Evergreen"). Our comments are focused on the issue of service to DSI customers beginning October 2006.

Evergreen Aluminum is a subsidiary of Glencore AG, a Swiss based commodity trading and manufacturing company. Glencore acquired the smelter assets in Vancouver, WA in the spring of 2002. Since its purchase, Glencore has completed a substantial portion of the rectifier upgrade project begun under the previous ownership and has maintained the plant in a ready state for eventual restart. All at considerable expense.

At present, we are not producing any metal and employ very few people. We have been shut down since December 2000. While we face significant challenges we are determined to restart our plant. When we return to full production we will again be able to produce 115,000 metric tones of high quality aluminum ingot and billet, and employ upwards of 600 people in some of the highest paying industrial jobs in the Northwest.

The Northwest aluminum industry is no longer able to operate through all market conditions. Its new role appears to be that of swing plants, operating at full production during robust times and at reduced levels during periods of low aluminum prices and/or high power prices. It is in this new role that we must find ways to survive the difficult times and be ready to return our plant to full production when market power, world prices for aluminum and alumina, and other critical factors are favorably aligned. If we can operate at around 50% of capacity or higher during the tough times, we believe we can maintain the core of our workforce, raw material suppliers relationships and other infrastructure elements so that we can take advantage of the good times. What is needed

to maintain through the tough times is a reliable cost-based power supply. At 50% of production capacity our power load would be about 120 MW.

As Bonneville addresses the important question of allocating MW among its DSI customers it is vital to the future of the Evergreen smelter that Bonneville not lose sight of Evergreen Aluminum. We may not be as noticeable in the Portland-Vancouver metropolitan area as we would be if we were in a rural community, but we have been an important contributor to the local economy in the past and we can be one again. We ask Bonneville to look favorably at an allocation of cost-based power sufficient to operate about one-half of our plant.

Both Bonneville and the Northwest Power Council have stated that any offer to DSIs should be available only to companies that are creditworthy and that have lived up to their obligations under the current Bonneville power contract. Evergreen is backed by Glencore, which is rated investment grade, and Evergreen has lived up to all of the provisions in its contract with Bonneville.

Thank you for the opportunity to comment.

Sincerely,

Charles D. Reali
Vice President & General Manager

Bonneville Power Administration Regional Dialogue Public Meetings

**Kalispell, Montana
September 15, 2004**

**WestCoast Kalispell Center Hotel – 5-7 p.m.
Approximate Attendance: 50**

Opening Remarks

Alex Smith (BPA) welcomed people to the meeting and introduced herself, **Helen Goodwin (BPA)**, **C.T. Beede (BPA)** and **Gail Kuntz (BPA)**. She thanked the audience for joining BPA to talk about the Regional Dialogue and pointed out that a high level summary of BPA's proposal were available on the registration table. Smith asked speakers to limit their remarks to about five minutes. If you have a prepared statement, please turn it in for the public record, she requested.

BPA will take written comments on the Regional Dialogue policy proposal until September 22, Smith added. She also noted that detailed notes of the meeting would become part of the public record for BPA's decision.

This is the sixth of six public meetings on the Regional Dialogue, and we are also having independent meetings with customers and others if upon request, Smith continued. The purpose of this meeting is to give the public an opportunity to offer input on our proposal, she said.

Goodwin gave a brief summary of the key elements in BPA's Regional Dialogue proposal, pointing out that the entire proposal is on BPA's Web site. She said BPA proposes to defer consideration of tiered rates and limit the next rate period to two or three years. BPA also proposes to offer contract amendments or new contracts at the lowest PF rate to preference customers with five-year purchase commitments with certain caveats and to establish a deadline for providing service to new publics at the lowest PF rate, Goodwin said. Our proposal does not support product switching during the next rate period, she stated.

BPA will make a decision about service to the Direct Service Industries (DSIs) in the Regional Dialogue policy, Goodwin continued. We have four proposals regarding service to the DSIs and would like the public to look them over and comment, she said.

With regard to investor-owned utilities (IOUs), we propose to implement the settlement that was reached, Goodwin said. For conservation, the Regional Dialogue proposal calls for BPA to form a working group to develop conservation programs for the future,

consistent with the Council's plan, she explained. BPA proposes to have a facilitation role with development of renewables, Goodwin said.

We have been working successfully with stakeholder groups on cost control, and we want to continue those efforts, plus have a Power Functions Review process to develop program budgets for the rate case, she explained. In the long term, we propose to limit our firm load service obligation to the resources in the existing system and to no longer meld the cost of new resources, Goodwin said, adding, "that's an important change." There is a schedule in the policy proposal for resolving the long-term issues, and we'd like you to take a look and see what you think about it, she wrapped up.

Public Comments

Karl J. Skindingsrude, who runs a NAPA auto parts business in Columbia Falls, said he would like to be able to continue operating, and the employees of the Columbia Falls Aluminum Company (CFAC) are important to his business. "The things that happen with the big wheels make the little wheels go around," he said. I hope BPA continues to sell power to the Columbia Falls plant – the plant is important to the community and so are its employees, Skindingsrude said. I'd like to see BPA take favorable action toward CFAC – it makes a big difference to us, he stated.

Bill Shaw, City Manager of Columbia Falls, said he was appearing at the behest of the mayor and the city council to support BPA selling cost-based power to CFAC. The plant once had 600 employees, but is now down to 140, he said. That has made a significant difference to our community, and we would like to see the plant receive enough power from BPA to operate at 50 percent capacity, Shaw said. It would be a big help to our community and to vendors like Karl, he said.

Jack Speer, Alcoa, said his company has two primary aluminum smelters in the Northwest that depend on BPA. BPA is proposing long-term changes, and it will take a while – until 2008 – before those changes are final, he said. Our problem is that our contract ends in 2006, and we propose that BPA continue to serve our load until 2008, so we can work with others in the region on a long-term plan, Speer said. BPA has offered four proposals for the DSIs in its Regional Dialogue document, and we are willing to work with others in the region to see how to get to a resolution on them, he said. The region has to come up with a long-term solution to these issues, and we need a rollover of our contract to be at the table to help shape things, Speer said.

We are one of the region's DSIs, and the current terms of service to us were put into the Northwest Power Act, he continued. Under those terms, it is not desirable for us to be served by a local utility, Speer said. He suggested the region consider putting the DSIs in the same category as other industries that are served by a local utility. "Don't preclude doing that," Speer urged, saying BPA should "keep the door open" in its short-term Regional Dialogue decision.

Steve Knight, CFAC, said he supports BPA selling power to the DSIs. We currently employ 150 people at CFAC, but if we were at full operation, we'd have over 500 employees, he said. These are some of "the best paying jobs in Montana," Knight said. CFAC cares about the community, pays significant taxes and is generous with the charities in the valley, he indicated. We produce a commodity that is affected by global conditions, and we pay the highest power rates of anyone producing this worldwide commodity, Knight said. Most smelters in the region have closed because of the power costs, he added.

Knight said CFAC has worked to be efficient and keep its operating costs down in whatever way it can, doing so with fewer employees. We must address the challenges that power prices present, he said. We want enough cost-based power to keep our base operation at 50 percent capacity. Knight stated CFAC wants to maintain our operations and return to full production in the future when conditions improve. We are committed to bringing the plant to full production when market conditions can allow that to happen, Knight said.

The jobs and taxes are important to our community, and BPA is positioned to sell us the power at cost-based rates, he said. The citizens of this valley should benefit from the dams that are in our backyard, Libby and Hungry Horse, Knight summed up.

Terry Smith, CFAC, said he had worked at CFAC for 30 years and was appearing on behalf of the union members who work there. The plant has been important to the valley since 1955 – next year, we will have our 50th anniversary of being part of the community and providing good jobs, he said. Global competition has made things difficult for us, but if we get cost-based, reliable power, we can survive, Smith said. We are "a survivor" and are still here at 20 percent production because of the employees and because of good decisions made by our owner, he said. Our jobs are important to the valley – I would like to bring another 375 employees back to the plant, Smith said. Give CFAC reliable, cost-based power so we can return to full production when the world aluminum prices make it possible, he urged.

Myrt Webb, Flathead County administrator, said that while it appears the valley has a thriving economy, for the 29 percent of residents who don't have things like health insurance, times are tough. Families here have trouble making ends meet, he said. When people lose their jobs, they lose their benefits, which affects others in the community, and eventually their jobs and benefits suffer, Webb pointed out. We support BPA providing power for the aluminum companies, he stated.

I am lucky because I am still working, **Brian Doyle, CFAC**, said. Our jobs are very important to our families and to the local community, he said. I know many people who have been laid off from CFAC and can't find another job that pays as well, Doyle added. I support the comments made by Terry Smith, and I encourage BPA to provide power to the DSIs after the current contracts expire, he stated.

Daren Krag of IMAW/Alcoa said the Intalco plant where he works has also been around 36 or 37 years, and we are the only smelter producing aluminum in the Northwest right now. When you consider the multiplier effect of jobs lost on the rest of our communities, it's significant, he indicated. It's important to us and important to our communities that we stay in operation, Krag said. BPA provided 3,000 megawatts (MW) to our industry just a few years ago, and now it is below 500 MW, he said. We've paid too high of a price already, Krag stated. When I started at Intalco, there were 1,200 employees, but now there are about 400, he said. We'd ask you to tell BPA that these jobs are important, and that we need to be at the table and part of the long-term solution, Krag concluded.

Dave Toavs, CFAC, said he had worked at CFAC for 25 years and hopes to work there for many more. Our management said we need enough cost-based power to maintain our operation at 50 percent of capacity to maintain and restore good jobs, he said. I'd urge you to provide us that power, Toavs said. We've been a BPA customer since 1955, and it's unfair to cut us off, he stated.

Carol Pike, Columbia Falls Chamber of Commerce, said the chamber represents 150 local businesses. We are the first incorporated city outside of Glacier National Park, she said. Our large industries, like CFAC, are vital to the community, she said. CFAC has long been important to the community, and it supports local activities, Pike stated. CFAC meets and exceeds environmental standards for the industry, and that is important since we all want a clean environment, she said. When CFAC is at full production, it has a \$32 million annual payroll, Pike said. "It's humongous" for the local community, including the support it provides for schools and other services, she stated. We urge BPA to provide 500 MW to the DSIs and to see that CFAC gets its share, Pike said. "We are proud to be the industrial hub of Flathead Valley," she concluded.

Jason Bronec, General Manager, Glacier Electric Co-op, described Glacier's service territory and noted that the co-op serves the Blackfeet Reservation and that a large percentage of the co-op's customers are low income. We support the Regional Dialogue proposal – it's important to clarify things for the future and have a plan to stabilize BPA rates, he said. We have a pre-Subscription contract, Bronec pointed out, and it's important for BPA to give its customers an early "heads up" on its policies for the future and protect cost-based rates – it allows us an opportunity to plan ahead and to do things like phase in changes to rates. We appreciate your proposal to allow five-year contract holders to renew and get power at the lowest cost-based rate, he added. This was in support of Flathead.

With regard to cost control, there is discussion of risk to BPA in the proposal, but no mention of risk to end-use customers, like homeowners, businesses and farmers, Bronec said. As utilities, it should be a top priority to remind ourselves who we serve, he said. We tend to get focused internally on ourselves and our organizations, but we can't forget who our customers are and that we are here to serve them, he said. Your proposal talks about getting at best practices in its operations, but is silent on setting the same standard

for best practices on fish costs – there is no reason fish and wildlife programs should not meet that same standard of accountability, Bronec said.

We feel BPA must keep in mind the foundation of public and regional preference, he continued. The Bonneville Project Act says that BPA will operate for the benefit of the general public, and preference will go to public bodies and co-ops, he said. BPA must protect all preference rights, Bronec said. Our communities depend on it, he concluded.

Keith Haverfield, CFAC, said CFAC needs to be able to keep the jobs it has and to add back the ones that have been lost. We have workers who are the second and third-generations of families that have worked at the plant, he pointed out. CFAC needs enough cost-based power to run at 50 percent capacity so we can make it through the tough times, Haverfield said. I support Terry Smith's and Steve Knight's comments, he stated.

Matt Leow, MontPIRG, said his organization applauds BPA's conservation and renewables proposal. I hope the way you meet new demand is to acquire conservation and renewable resources, he said. Conservation and renewables reduce environmental impacts, and they offer the cheapest way to meet load growth, Leow said. We applaud BPA's energy efficiency efforts, and we are glad to see that your Regional Dialogue proposal acknowledges that energy efficiency does not require new transmission to serve customers, he stated. BPA needs to further define its obligation on conservation by setting a target and seeing that it is met, Leow said. We applaud you for pledging \$21 million for renewables, he stated, adding that BPA with its hydro system could firm up wind power in the system. We support your conservation and renewables work and encourage you to continue it and strengthen your commitment, Leow wrapped up.

Patrick Judge, MEIC, said he supports a clean, affordable, reliable energy system for Montana, and "I think this document does that." He pointed to a recent study that said future load growth can be met with conservation and renewables. Another important benefit of renewables is that they bring diversity to the system and reduce risk in the hydro system posed by drought, as well as risk posed by increases in the price of fossil fuels, Judge said. We encourage you to bring more renewables into the system, he added. We support having a low-income weatherization goal in the proposal – we need to see more about that goal and how fast it can be achieved, Judge stated.

Pat Flaherty of IMAW/Alcoa told the audience the Regional Dialogue "is a big deal for us." Like the workers at CFAC, we've lost much of "our family," and there are a lot of people in our community without jobs, who can no longer contribute tax dollars to the local economy, he said. Those who used to pay for services now stand in line to receive them, Flaherty added. We can't keep doing this to American industry, letting jobs go away, he said. BPA has heard us, but we're trying to educate communities about this, Flaherty said. We have a modern plant with a good safety record, he continued.

Flaherty explained that Alcoa Intalco has an arrangement with a Portland extrusion company to provide aluminum ingots, which keeps people working in Portland. We need

to keep viable jobs here in the United States, he stated. It's nice to see other aluminum workers here and to hear from the public and community officials – we're pushing our people to get comments in to support keeping these jobs, Flaherty said.

Representative Doug Ericksen of Washington's 42nd legislative district said the Whatcom County district he represents is a great place to live “if you can find a good paying job.” As a legislator I have two jobs, he said. First, I need to help create an economic environment where people can get jobs and thrive and be successful, Ericksen said. When we do that, communities thrive, he said. Energy drives industry, and our vision should be clear: we want to give energy to industry to keep those jobs, Ericksen stated. My second job is to help people in need, he said. If I do the first part of my job well, there is not as much to do when it comes to helping people in need, Ericksen pointed out.

We need to do what we can to keep jobs here – “once the plants go cold, how do we bring them back?” he asked. Ericksen said he was glad to see BPA's proposal for energy efficiency and renewables – we have to do what we can to save energy. We're working hard to give our Congressional delegation information about this and keep them involved in these issues, he wrapped up.

Ken Sugden, manager of Flathead Electric Co-op, thanked BPA for coming to the Kalispell area for one of its Regional Dialogue meetings. Flathead Electric agrees with most of your policy, he said. We agree with your proposal to extend lowest cost PF to utilities with 5 year contract options, Sugden said, noting that Flathead Electric is one of the utilities that would be offered an extension. It would mean a lot to our members to have lower rates, and we thank you for that part of the proposal, he said.

CFAC is a major employer here with the best jobs in the valley, Sugden said. We agree with your proposal to provide 500 MW to the DSIs so they can keep operating, he said. With regard to conservation and renewables, we agree with your policy, Sugden said. Conservation is best done at the local level, and we've committed to have our employees work on the committee that will be developing the region's conservation programs, he said. We also agree with your facilitation role for renewables, Sugden said. We agree that you should step back from large-scale involvement and get back to the facilitation role, he stated. (Ken also mentioned serving DSI through local utilities)

Hugh Diehl of IAMAW/Alcoa pointed out that the Kalispell area is like the area where he lives in Washington, a nice community with beautiful scenery. We urge BPA to go back to its original mission statement and to stimulate rural economies, he said. “Go back to your roots,” he said. This is another one of the region's small towns that needs large industry, Diehl said. We are here to support Alcoa's proposal, he continued. BPA, you have listened to everyone, and now you have to go back and consider what you've heard: we need jobs, so consider the need for jobs and do what you can to keep industries going in the Northwest, Diehl urged.

Bill Drummond, Western Montana G&T, said his organization represents seven utilities in western Montana that serve about 100,000 customers. BPA did an excellent job on this proposal and made the right policy calls on most of the issues, he said. That's important because this sets the stage for major long-term decisions, Drummond said.

We believe it's appropriate for BPA to offer extensions at the lowest PF rate to the five-year contract holders, he said. This offer must be preceded by a net-requirements determination that people see as fair and credible, Drummond said. The net-requirements determination is preparation for the long-term questions, he added. With regard to new public power loads, public power did not give BPA a lot of direction, Drummond said, but a net requirements determination could be part of the answer to this issue. If a new public entity is formed from a former IOU, it should come into the system with existing resources and exchange benefits and that would limit the amount of power needed from BPA, he pointed out.

We have worked on the DSI issue for over 20 years, Drummond continued. BPA has no statutory obligation to serve the DSIs and doing so would hasten load/resource balance, he said. Some DSIs have "arbitraged" power in the past and some left BPA with unpaid debts, Drummond stated. We think 300 MW is the right amount to offer the DSIs, but we don't think they should have any special rate treatment, he said. We could discuss the idea of a capped financial benefit to the companies that are now operating, Drummond added. And, as Jack Speer suggested, we could examine the idea of moving the DSI load to local utilities – that examination makes sense, he stated.

We support the Regional Dialogue proposal on renewables, Drummond said. With regard to conservation, it is best done at the local level, and we will be represented on the committee that is developing the region's new conservation programs, he said. This proposal is going in the right direction, Drummond wrapped up.

Gene Dziza, Flathead Business and Industry, said business and industry "pay the light bill" here and in other places. It provides the jobs that allow people to pay their bills, he stated. Our concern is with BPA providing an adequate and reliable power supply to CFAC, Dziza stated. There is so much power generated here in Montana, he said, BPA should "show some compassion for our state and communities" and preserve the jobs. They pay the bills, Dziza summed up.

Vicki Henley of IAMAW/Alcoa said she was touched by the stories the CFAC workers had to tell – "we have the same story." We want to keep jobs and we need jobs in the Northwest, she said. CFAC feels the same as we do – we don't want special deals, we just want a piece of the pie, Henley stated.

State Senator Jerry O'Neil pointed out that his parents sold property and mining claims to CFAC years ago. The understanding back then was that the dams would go in, and the power would go to businesses in Flathead County, he said. That has been a good agreement, and it should continue, O'Neil stated. I speak for the co-ops and for CFAC in asking BPA to continue that agreement, he said.

Jim Stromberg, power manager for CFAC, thanked BPA for coming to Kalispell and said his first point was not a DSI issue. The co-ops want contract extensions in order to get most of their power from BPA at the lowest PF rate. That would be good for consumers and good for the valley, he stated.

None of the DSIs have taken all of the power they were entitled to under their current contracts, Stromberg pointed out. There are smelters in the region that are in bankruptcy, and it's a very tough situation for the companies now, he said. We can support the idea that companies have to be creditworthy to get more power from BPA, Stromberg said, pointing out that CFAC is creditworthy and has met its obligations. Some companies have not, and they owe BPA money; I want to be clear – that's not us, he stated.

Stromberg made the point that because CFAC is a large load east of the Cascades, when the plant is taking power, reduces the need to transfer federal power west from Montana resources. He also said CFAC provides reserves, and BPA's trading floor can call the plant and ask them to drop load in order to provide stability if there is a problem on the system. It's a huge benefit to BPA, Stromberg said. Without us, the other solutions would be a \$150 million investment in transmission, which is something BPA does not want to do, he added.

Stromberg said he did not endorse the 500 MW figure in BPA's proposal for the DSIs – between Alcoa and CFAC, our need is more than that. If BPA were to provide more power than 500 MW to the DSIs, the rate impact would not be great, even if market purchases were \$10 per MW above the price of BPA power. As for BPA's "preferred option" of financial incentives, "we prefer power," Stromberg said. We will look at the other options, but we prefer BPA as a power supplier, he reiterated.

With regard to service from a local utility, it's not a new idea, but we could work toward that, Stromberg said. "It could be a great solution," he added.

Montana State Representative Dee Brown said the Flathead Valley has been the beneficiary of great jobs, but things have taken a downhill turn because of the power situation. We need high-paying jobs, she said, adding that the residual effect of job loss is significant in the valley. We've lost a lot of good-paying jobs and lost a huge portion of our tax base, Brown stated. We need jobs with benefits, and we'd ask that you do what you can to help the aluminum companies in the region become viable businesses again, she concluded.

Liz Harris, Jobs Now, Inc., said at one time, CFAC accounted for 12 to 15 percent of the income in the valley, and with the multiplier effect of those jobs, "it was huge." I am constantly engaged in attracting new businesses and in job development, but the Number 1 rule in economic development is "keep what you have," she said. CFAC needs enough cost-based power to keep partial operations going, Harris said. If they are able to get power to operate at 50 percent capacity, they can ramp up again in more robust times, she pointed out. BPA can go a long way to helping us with that, Harris stated.

Doug Grob, Flathead Electric Board of Trustees, said he appreciated BPA's proposal to renew Flathead's five-year contract at the lowest PF rate. Our current power supply contracts make us the highest-priced utility in western Montana, he said. And that is not a good thing since we have a number of low-income people here who suffer having their lights turned off, Grob said. CFAC is in our backyard, he continued. The federal dams were built before there were people or loads to take the power, and the aluminum industry paid a lot of money toward making those original dams possible, Grob said. Not all of the dams would have been built if it hadn't been for the aluminum companies, and we would not have the federal power system we have today, he said.

"The industry that is most responsible for the system should not be barred from the door," Grob stated. Other industries have access to low-cost power through their local utilities, so let's not bar the industry that has the closest connection to the benefits we get from the federal system, he urged.

Joe Unterrine, Kalispell Chamber of Commerce, spoke in support of the Alcoa proposal. The effect of CFAC job loss has a ripple effect on the economy, and it ripples down to Kalispell, he said. There was a closure of a big outdoor store here recently, and it was due to job layoffs in the valley, including those at CFAC, Unterrine said. CFAC has taken many steps toward being efficient, and it allows them to be in the position they are in, he pointed out. We support the DSI proposal, and ask BPA to help us out here in Flathead County.

Wrap Up

Smith thanked the audience for attending. I encourage you to submit written statements, she said.

The meeting adjourned at 6:45 p.m.

RDC4 - 0077
SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:38 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on **BPA's Regional Dialogue Policy Proposal for FY 2007-2011**
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Jeanne & Dan Olson

No E-mail Address Submitted

160 West Valley Acres
Kalispell MT 59901

We welcome BPA's commitment to help development new sources of renewable energy. Private developers need the certainty the BPA can provide. Endorsing energy efficient goals and recommending that low-income weatherization programs continue is a step in the right direction. We would hope that BPA would increase its funding of such programs. We are concerned that if BPA gives too much responsibility to the local utilities for developing new energy resources that could lead to additional harm to fish stocks. Sincerely, Dan Olson Jeanne Olson Kalispell, MT

RD04-0078

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:40 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on **BPA's Regional Dialogue Policy Proposal for FY 2007-2011**
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Paul Allen

No E-mail Address Submitted

2938 Limited Lane NW
Olympia WA 98502

I would like to thank Bonneville Power Administration for pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. I request that you also: - Significantly increase the funding the low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis by developing renewable, environmentally clean energy sources. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff.

9/22/2004

RD04-079
SEP 22 2004**Kuehn, Ginny**

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:43 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on **BPA's Regional Dialogue Policy Proposal for FY 2007-2011**
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Thomas Schmidt

No E-mail Address Submitted

3215 Garfield St.
Enumclaw WA 98022

I would like to thank Bonneville Power Administration for the bold, positive steps it has taken in its Regional Dialogue proposal, such as pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. The importance of energy efficiency and renewable energy sources cannot be emphasized enough. Decreasing our dependence on foreign energy supplies will improve our national security and help to stabilize the world political situation. Energy efficiency and renewables are also good for the environment and the quality of life here in the northwest. Increased use of wind and solar power will also leave more water for farmers and salmon. I hope never again to see a situation like what happened in the Klamath Basin of Oregon a few years ago, where farmer's crop withered for lack of water, and thousands of fish died as the streams dried up. For a more thorough analysis of the Northwest Energy Coalition proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, acquiring energy efficiency and providing low-income services. Sincerely, Thomas Schmidt

9/22/2004

R. Day - 0030

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:44 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Chris Herman
Winter Sun Design
No E-mail Address Submitted

6848 23rd Av. NE
Seattle WA 98115

I would like to thank Bonneville Power Administration for the bold, positive steps it has taken in its Regional Dialogue proposal, such as pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Specify money specifically for solar energy projects. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. - Don't sacrifice instream flows to make up for shortfalls in supply. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, solar specific projects, acquiring energy efficiency and providing low-income services. Sincerely, Chris Herman, owner, Winter Sun Design

9/22/2004

Kuehn,Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:46 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

James Dailey

No E-mail Address Submitted

7014 16th Ave NW
Seattle WA 98117

I want to encourage the BPA to take an even stronger stand on support for energy efficiency, renewable sources, and smart power development, while commending the BPA for pledging \$21/year for renewable power development and efficiency measures. I believe that policy decisions should recognize the uncertainty that climate change introduces to the fossil fuel based market. Specifically, the BPA should include plans to fully develop and test smart energy technologies, sometimes known as the "smart energy web", within the next five years. This effort should be funded as a new source of energy through efficiency as well as a potential market mechanism that could be on sold to other public utilities. Specifically, the BPA should study the policy and intertie changes necessary for fast track shifts to include new sources of energy. For example, a five year plan should study large scale alternative sources of energy including waste heat production, near shore wave/tidal sources, and off shore wave source. Specifically, BPA should send strong market signals through long term purchase plans for renewables and set aside funds for that. Lastly, I agree with the NW Energy Coalition staff's comments to a large degree and hope you would read them carefully. Sincerely, James Dailey

R004-0082

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:48 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on **BPA's Regional Dialogue Policy Proposal for FY 2007-2011**
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

John O'Rourke
Citizens Utility Alliance
No E-mail Address Submitted

212 W. 2nd Ave., Suite 100
Spokane WA 99201

My name is John O Rourke and I am the director of the Citizens Utility Alliance of Washington. We are a statewide consumer advocacy and education group headquartered in Spokane. We have over 2200 hundred members from 120 different Washington cities and towns. Thank you for this opportunity to participate in the regional dialogue. I am writing on behalf of our members. All of who are consumers of this region's energy resources and all of who have felt the harm from unexpected price increases due mainly to circumstances outside their control. Below average snow packs and increased demand for fossil fuels like natural gas have driven prices up and forced greater participation in the unpredictable wholesale power markets. The Alliance sees investment in renewable sources of energy and expansion of conservation and weatherization programs as imperative to protecting consumers from major rate hikes. Renewables help stabilize electricity supply and protect against supply disruptions. Adding other sources to our energy supply means less pressure on the hydro system, and less reliance on fossil fuel markets over which we have little control. Weatherization and conservation programs help reduce bills, especially for the most vulnerable. They lower the demand for power and can even prevent the need to obtain and pay for new power generating facilities, facilities whose costs are passed along to customers. The Northwest Power and Conservation council estimates that since 1980 this region has reduced demand for power by 1500 average megawatts through investments in conservation. When you add in savings achieved through new building and manufacturing codes the total is more than 2600 average megawatts. The council also estimates 2,800 average megawatts of future savings through conservation. The economic value of energy conservation was demonstrated by the energy crisis of 2000-01. Having to buy 2,600 fewer megawatts of high-priced electricity saved the region's power customers hundreds of millions of dollars. Customers could have saved much more had there been additional investments in conservation and efficiency. Therefore, we ask that you help the region realize the savings these efforts provide as soon as possible. There needs to be specific targets and enforceable incentives that require investments in energy efficiency by BPA and its customers. General policy goals will not get the job done. There should be specific targets and designated funding for weatherization programs and an increase in funding levels. Current funding is inadequate to service all the eligible homes. BPA has already noted the successes achieved by these programs. They need to be expanded. Recent history shows they are a great investment. Sincerely yours, John O'Rourke Director Citizens Utility Alliance of Washington

9/22/2004

R004-0083
SEP 22 2004

Kuehn,Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:50 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Marianne Edain
Whidbey Enviro. Action Network
No E-mail Address Submitted

Box 53
Langley WA 98260

I would like to thank Bonneville Power Administration for the bold, positive steps it has taken in its Regional Dialogue proposal, such as pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. - Commit to using only environmentally sound energy sources. - Commit to finding and using the Best Available Science to assure that energy sources are truly environmentally sound. - Commit to full cycle cost accounting. - End all subsidies of energy sources which are not environmentally sound. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, acquiring energy efficiency and providing low-income services. Sincerely, Marianne Edain

R004-0084

SEP 22 2004

Kuehn,Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:47 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Larry Owens
Solar Washington
No E-mail Address Submitted

16744 Wallingford Ave N.
Shoreline WA 98133-5546

We would like to take this opportunity to comment on the Regional Dialogue as proposed by the Bonneville Power Administration. It is encouraging to see the bold, positive steps you outline in the proposal, and we commend the BPA in taking a pro-active approach regarding the Northwest's energy future. Energy efficiency is a key element that must be aggressively addressed in the final proposal. BPA's commitment to achieving its share of cost-effective energy efficiency is commendable. However, it is essential that BPA clearly define what its share means, and the final power contracts must clearly specify that BOTH the utilities and BPA are responsible for their fair share of the regional efficiency potential- not just the BPA-served share. Low income family weatherization programs are another element of the Dialogue that we support. Not only can energy efficiency goals be attained, but also important side-benefits are evident to the residents in terms of comfort and reduced energy costs. We encourage the BPA to increase funding for low income family weatherization programs, and to set specific dollar commitments to these services. New Renewable energy development is the most important issue for meeting the future increases in electricity needs projected in the Northwest. The role of the BPA as the anchor tenant for specific programs is essential to the success and viability of many projects, especially for BPA's smaller customers. Depending solely on individual utilities clean energy initiatives has resulted in unpredictable and inconsistent results. With economies of scale, a developed transmission system, and a region-wide perspective, the BPA is in a strong position to get new projects started and completed. Your pledge of \$21 million a year to help develop new renewable energy will create thousands of new jobs, will boost agricultural income, and help the environment. It is extremely important that the BPA insure that newly developed resources do not put consumers, fish, and wildlife at risk. If the region's utilities fail to maintain adequate supply, the BPA must acquire resources to ensure that fish and wildlife do not suffer as a result. We do not want to see any repeats of 2001 and the termination of spill from the dams. Sincerely, Executive Board, Solar Washington

9/22/2004

R.D. 04-0085

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:51 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Ralph Cavanagh
NRDC
No E-mail Address Submitted

111 Sutter Street, 20th Floor
San Francisco CA 94105

I write to celebrate all of BPA's good work on this proposal, including but not limited to very strong submissions on energy efficiency (including low-income weatherization, although let's be sure and add a proposed funding level) and a very welcome set of renewable energy commitments -- and I note also my strong support of all the Northwest Energy Coalition's thoughtful comments on how to strengthen the proposal further.

R Doc - 1086

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:54 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on **BPA's Regional Dialogue Policy Proposal for FY 2007-2011**
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

David Robison
Solar Energy Association of Or
No E-mail Address Submitted

205 SE Grand #202
Portland OR 97214-1145

I would like to thank Bonneville Power Administration for the bold, positive steps it has taken in its Regional Dialogue proposal, such as pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, acquiring energy efficiency and providing low-income services. Sincerely,

9/22/2004

R004-0087

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:56 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on **BPA's Regional Dialogue Policy Proposal for FY 2007-2011**
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Richard Louis

No E-mail Address Submitted

10250 NE Darden Lane
Bainbridge Island WA 98110

I would like to thank Bonneville Power Administration for the bold, positive steps it has taken in its Regional Dialogue proposal, such as pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, acquiring energy efficiency and providing low-income services. Sincerely, Richard Louis

R004-0083

SEP 22 2004

Kuehn,Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 2:58 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on **BPA's Regional Dialogue Policy Proposal for FY 2007-2011**
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

John Smith
Housing Authority of Skagit C.
No E-mail Address Submitted

2021 E. College Way, Suite 101
Mount Vernon WA 98273

I thank Bonneville Power Administration for the its Regional Dialogue proposal to pledge \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, acquiring energy efficiency and providing low-income services. Sincerely, John M. Smith

R Day - 0089

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 3:00 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Stonewall Bird

No E-mail Address Submitted

608 S. First St., Apt. 212
Mount Vernon WA 98273

I would like to thank Bonneville Power Administration for the bold, positive steps it has taken in its Regional Dialogue proposal, such as pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, acquiring energy efficiency and providing low-income services. Sincerely, Stonewall Bird

R004-0090

SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 3:02 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Dorli T Rainey

No E-mail Address Submitted

320 W Roy #213
Seattle WA 98119-4464

I would like to thank Bonneville Power Administration for the bold, positive steps it has taken in its Regional Dialogue proposal, such as pledging \$21 million a year to assist renewable power development and committing to acquiring its share of the 2,800 megawatts of cost-effective energy efficiency available in the region. However, to make this proposal truly beneficial to the Northwest economy, to working families, all consumers and the environment, BPA must: - Specify how it will work with customer utilities to meet region-wide efficiency goals. - Acquire targeted renewables to provide the certainty private developers need to proceed with new projects and ensure small utilities access to new renewable resources. - Significantly increase the funding of its low-income weatherization program. - Ensure adequate power supplies and reserves to prevent a future energy crisis. For a more thorough analysis of the proposal, I urge you to read the comments submitted by NW Energy Coalition staff. I appreciate and look forward to BPA's continued positive role in facilitating and developing renewable energy, acquiring energy efficiency and providing low-income services. Sincerely,

9/22/2004

RD04-0091
SEP 22 2004

Kuehn, Ginny

From: AnonymousComment@somewhere.com
Sent: Wednesday, September 22, 2004 3:03 PM
To: BPA Public Involvement
Subject: Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011

Comment on BPA's Regional Dialogue Policy Proposal for FY 2007-2011
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Bill Eddie
Advocates for the West
No E-mail Address Submitted

PO Box 1612
Boise ID 83701

Thank you BPA for your "Regional Dialogue" proposal to pledge \$21 million annually to boost renewable power development and acquisition of cost-effective energy efficiency. I hope that BPA will bring its vision into reality by actually acquiring renewables, ensuring utilities around the region meet the NWPCC's efficiency goals, boosting low-income weatherization funds, and averting a future energy crisis through the balanced portfolio these acquisitions will help create. I strenuously concur with comments submitted by the NW Energy Coalition. And I hope that BPA can play a role in renewable energy development in my home state of Idaho. Bill Eddie Boise



**WESTERN MONTANA ELECTRIC
GENERATING & TRANSMISSION COOPERATIVE, INC.**

1001 SW Higgins, Panorama Park, Suite 206, Missoula, MT 59803-1340 (406) 721-0945/721-3738 FAX

September 23, 2004

RD 04-0092
SEP 22 2004

BY ELECTRONIC MAIL

Paul E. Norman
Senior Vice President
Power Business Line
Bonneville Power Administration
Post Office Box 3621
Portland, OR 97208

RE: Western Montana G&T Comments on BPA's Regional Dialogue

Dear Paul;

On behalf of the seven members of Western Montana Electric Generating and Transmission Cooperative (WMG&T), which represent over 100,000 consumers in Western Montana, we appreciate the opportunity to comment on Bonneville's Regional Dialogue proposal. The WMG&T members purchase all or the majority of their power supply requirements from Bonneville. As Bonneville notes in its Regional Dialogue paper, this is an extremely important exercise not only because it will decide a series of issues for the 2007-11 period, but also because it will set the stage for the long-term discussion to follow.

The members of WMG&T believe that in general the Bonneville staff did an excellent job of listening to its customers, accurately assessing the issues and challenges Bonneville faces, and making the correct draft policy decisions. We are encouraged to see Bonneville taking a proactive approach to addressing the problems that resulted from the most recent contract exercise known as Subscription. That approach placed Bonneville in an untenable position and the consequent rate impacts have been devastating to the region's economy. We look forward to working to develop a long-term approach that avoids the previous problems.

The three main areas we would like to address include five-year contract issues, service to new public utilities, and service to the Direct Service Industries (DSIs). With regard to five year contracts, the WMG&T members believe it is appropriate to offer contract extensions to public utilities with 5-year contracts expiring in 2006 and those with off-ramps in 2006. These extensions would be at the lowest, cost-based PF rate along with most other public utility customers.

One extremely important element proposed by Bonneville with which we wholeheartedly agree is that before Bonneville offers any contracts to these utilities, it must perform a net requirements determination to make sure that the net load of each utility is at least as large as the amount of power Bonneville proposes to sell. If a utility wishes to purchase an amount of power greater than its load, that utility should pay a Targeted Adjustment Clause or market-based rate as opposed to the lowest-cost PF rate.

Additionally, we believe Bonneville should take this opportunity to work with its customers to develop a process for making net requirements determinations that is legally-defensible, transparent and not overly onerous for either party. It is not clear to us that the current methodology fits these criteria, but the need for regular net requirements determinations will grow with the offering of post-2011 power contracts. Bonneville and its customers must have a process for determining net requirements that will meet the necessary legal criteria and yet not impose a significant burden on either party. The sooner this methodology can be developed or the existing methodology revised, the better prepared Bonneville and its customers will be to move on to the discussion of long-term contracts.

With regard to service to new public utilities, the members of WMG&T support the proposal Bonneville put forth for the near term. It is appropriate to require that a new public be formed and meet the Bonneville standards for service before June 30, 2005, in order to be eligible for the lowest PF rate until 2011. The costs of serving any new public utilities formed in the near-term should be borne by all Bonneville customers.

For the longer term – post-2011 – we believe that a viable net requirements determination process, as described above, can play a significant role in reducing Bonneville's exposure to sudden and significant demands from new public utilities for power at the lowest PF rate. Through this process, Bonneville would be able to determine what resources a new public has, may have had, or should have had available to it prior to coming to Bonneville for service. We believe that it is appropriate for Bonneville to require that a new public utility formed out of an existing investor-owned utility should not only receive their proportionate share of that investor-owned utility's financial benefits from Bonneville, but also that they should have a proportionate share of the investor-owned utility's generating or other power supply resources. Again, the purpose is to make certain that the Bonneville be obligated to serve only that load net of a new public utility's resources.

Bonneville service to the DSIs is a very difficult issue. It is clear that Bonneville has no statutory obligation to serve the DSIs. Selling any power to the DSIs would hasten the time when Bonneville reaches load/resource balance and would be forced to acquire additional resources at a cost likely to exceed the cost of its current resources. Some DSIs have arbitrated federal power in the past making obscene profits in the process while other Bonneville customers were stuck subsidizing that scheme. Finally, some DSIs have gone bankrupt leaving Bonneville and its customers with unpaid bills amounting to tens of millions of dollars.

Bonneville has proposed offering up to 500 aMW of "service" benefits to the DSIs that have met their Subscription contract obligations and who can meet Bonneville's credit requirements. WMG&T members believe that the service benefit level proposed by Bonneville is too high. We believe that 300 aMW – approximately 100 aMW per operating smelter in the Northwest – is more than generous. This level of benefits is roughly equal to what was proposed per smelter in the Joint Customer proposal of several years ago. Coupled with a short contract term and the other requirements that Bonneville proposes, we believe that this service level limits the financial exposure faced by Bonneville's customers.

We are willing to discuss the concept of providing financial benefits to the DSIs in lieu of providing power. There are attributes of this concept that are attractive, including the elimination of the difficulties associated with take-or-pay obligations and the potential for arbitraging federal power. Any such financial benefits must be capped and only available to operating DSIs that are providing employment in the Northwest. While this concept merits further discussion, we will need to develop the details before we can provide our wholehearted endorsement.

We also want to briefly comment on two other issues. First, we agree with Bonneville's proposal regarding its reduced role in renewable resource acquisition. Given the future role Bonneville is likely to play in new resource acquisition generally, it is appropriate that the agency no longer engage in large-scale renewable resource acquisition. The market for large scale renewables is now sufficiently developed that Bonneville's acquisitions are not necessary to guarantee success. Also, other factors such as the federal production tax credit have a far greater impact on renewable resource development than the size of Bonneville's acquisitions.

Second, we also support Bonneville's proposal for its role in future conservation acquisition. We particularly agree that conservation is best achieved at the local level and that it must be done in the most cost-effective manner possible. While we acknowledge that the conservation and renewables discount (C&RD) has been more expensive with respect to conservation acquisition, it is important to remember that this program has other goals, including the support of utility conservation infrastructure that might not otherwise be available. We look forward to participating in the discussions Bonneville has announced on conservation acquisition.

In conclusion, the decisions made as part of this Regional Dialogue process are an important precursor to the longer-term decisions and opportunities available to Bonneville and its customers. We are encouraged that Bonneville has carefully and thoughtfully listened to its

customers as is evidenced in the proposals included in this process. With the comments and recommendations included above, we look forward to working with Bonneville on the longer-term issues.

Very truly yours,

/s/ William K. Drummond

William K. Drummond
Manager

cc: WMG&T Board of Trustees
WMG&T Managers
MT Power Planning Council Members
John Saven
Jerry Leone
Alex Smith
Helen Goodwin
Garry Thompson
C.T. Beede