

SN-03-Rate Case

23-Apr-03

Specialist: Gabrielle Foulkes

Program Office: Power

Comment Close Date: 5/1/2003

Comment Log #	First Name	Last Name	Affiliation	Receipt Date	Notes
SN-03-W-0871	Frank	Horst		4/22/2003	
SN-03-W-0872	Merritt	Ketcham		4/22/2003	
SN-03-W-0873	Richard	Kim		4/22/2003	
SN-03-W-0874	G.	Smith	Crescent View Condo Unit 105		
SN-03-W-0875	John	Tarrant	City of Shelton	4/22/2003	
SN-03-W-0876	Gary	Ash	National Frozen Foods Corporation	4/22/2003	
SN-03-W-0877	Joan	Zook	Shelton School District	4/22/2003	
SN-03-W-0878	Michael W.	Durga	Simpson Timber Company	4/22/2003	
SN-03-W-0879	Hilda M.	Mills		4/22/2003	
SN-03-W-0880	John	Eshuis		4/22/2003	
SN-03-W-0881	Todd	Hittenmiller		4/22/2003	
SN-03-W-0882	Lyle E.	Isbell		4/22/2003	
SN-03-W-0883	Judith	Bryant		4/22/2003	form letter
SN-03-W-0884	Wayne	Harkleroad		4/22/2003	
SN-03-W-0885	Ricardo	Gonzales		4/22/2003	
SN-03-W-0886	Vlado	Matuska		4/22/2003	
SN-03-W-0887	Aarron	Adams		4/22/2003	
SN-03-W-0888	Lyle E.	Isbell		4/22/2003	
SN-03-W-0889	Lyle E.	Isbell		4/22/2003	
SN-03-W-0890	Kay	Waggoner		4/22/2003	
SN-03-W-0891		unknown		4/22/2003	
SN-03-W-0892	John	Robson		4/22/2003	
SN-03-W-0893	Alan B.	Duncan		4/22/2003	
SN-03-W-0894	Alan	Duncan		4/22/2003	
SN-03-W-0895	Cheryl	Mahala		4/22/2003	
SN-03-W-0896	Janet	Mitchell		4/22/2003	
SN-03-W-0897	Rick	Franey		4/22/2003	
SN-03-W-0898	Kaye	Willand		4/22/2003	
SN-03-W-0899	David	Speed		4/22/2003	
SN-03-W-0900	Jody	Jappert		4/22/2003	
SN-03-W-0901	Kimiharu	Okura	Mitsui & Co. (U.S.A.), Inc.	4/22/2003	
SN-03-W-0902	Darlene	Bartley		4/22/2003	
SN-03-W-0903	Pat	Kearney	Georgia-Pacific	4/22/2003	April 16th Field Hearing in Po
SN-03-W-0904	Vicki	Henley	Alcoa Intalco Works	4/22/2003	April 16th Field Hearing in Po
SN-03-W-0905	Gary	McDonough	AWPPW Local 13	4/22/2003	April 16th Field Hearing in Po
SN-03-W-0906	Robert K.	Trout	IAMAW HPWO Coordinator/Alcoa Intalc	4/22/2003	April 16th Field Hearing in Po

Comment Log #

First Name

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Notes

SN-03-W-0907
SN-03-W-0908
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SN-03-W-0912
SN-03-W-0913
SN-03-W-0914
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SN-03-W-0916
SN-03-W-0917

	unknown	Inter. Assoc. of Machinists & Aerospace W	4/22/2003
Pat	Flaherty	Alcoa Intalco Works	4/22/2003
Daren	Krag	Alcoa Intalco Works - IAMAW LL 2379, D	4/22/2003
George	Wilson	Assoc. Western Pulp & Paper Workers, Lo	4/22/2003
Hugh	Diehl	Intalco/Alcoa	4/22/2003
	unknown	Columbia-Snake River Irrigators Assoc./E	4/22/2003
Hans J.	Schauer		4/22/2003
Jerry	Lentz	Alcoa - HPWO Maintenance	4/22/2003
Jon	Bezona		4/22/2003
Peter B.	Sorgenfrei		4/22/2003
Michael	Allen		4/22/2003

April 16th Field Hearing in Po

APR 22 2003

Frank and LaVerne Horst
408 E 8th St.
Warden, WA. 98857
Phone- (509) 349-2001

April 16, 2003

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

Dear Steve Wright,

We are an elderly couple on a fixed income that was classified 'low' some years ago.

Fortunately we do own our own home and do get some tax relief consideration. It all helps and we sincerely thank the Lord of heaven. He does give us each day "...our daily bread..." And we are thankful.

We have several kerosene lamps available in case of emergency and we have a small wood-burning heater. But kerosene and fuel wood are also expensive.

So, thank you for and all considerations.

Frank and LaVerne Horst

Frank Horst

Please, "No", rate increase!

Some things we might have if there were not for so many organizations trying to squeeze "Just a Bit More" out of us.

But we have

NO late-model car

NO computer

NO CD

NO cable TV

NO daily newspaper

NO cell phone. We'd like to have one. But they cost "Just a Bit More"!

A.

Merritt (Buz) Ketcham

APR 22 2003

Mr. Steve Wright
Bonneville Power Administrator
PO Box 3621
Portland, OR 97208-3621

Dear Mr. Wright

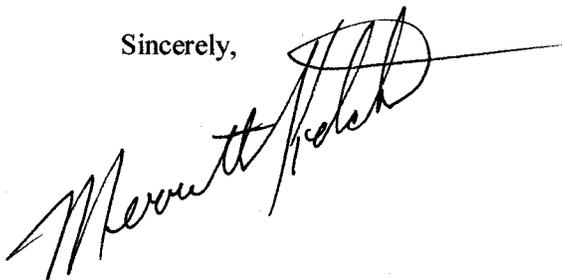
I am the District 1 Commissioner for Cowlitz PUD. As such I have participated in PPC and WPUDA work sessions where we generated several cost cutting and financial management suggestions for BPA to consider. It appears that some of these suggestions are being implemented by BPA. I was hopeful that these measures plus BPA's own cost-cutting initiatives would result in no trigger for SN-CRAC. Many of us are bewildered that you felt a SN-CRAC trigger was necessary.

No one doubts that the drought, bad debts from DSI customers, high costs from outside power purchases due to over subscription and the disappointing secondary revenue market have hit BPA particularly hard. But we have all suffered as BPA passed these difficulties on to the consumer. I realize that you often have little choice but I hope you recognize that while BPA set a plan to return to financial health through SN-CRAC, the financial health of your customers continues to decline as a result of those same energy pressures you pass on to us. This is the tactic of a business bully, not what one expects from an agency of the people.

You must do more to reduce your costs and the temptation to utilize the SN-CRAC. The rest of us are reducing FTE while BPA is increasing FTE. The rest of us are delaying or scaling back capital growth or infrastructure resupport, BPA is moving ahead. We are both hoping for better years to come but BPA's survival is far more assured than many of the businesses my utility sells to.

I respectfully urge you to delay or suspend the SN-CRAC imposition. We must all stand together to reduce our internal costs and weather this tough time together.

Sincerely,

A handwritten signature in black ink, appearing to read "Merritt Ketcham", with a long horizontal line extending to the right.

314 B Todd Rd KALAMA, WASHINGTON 98625
PHONE 360-673-4505
Email bketcham@cascadenetworks.net

SN-03-W-0872

Steve Wright CEO

Richard Kivi
120 Evergreen Lane
Montesano, Wash.

98563

The original mission of the Bonneville Power Administration was to market the low cost hydro power from the Columbia River system. Public Utilities were supposed to get the first options on this power with the remainder going to private companies. If, in fact, that mission was being fulfilled we wouldn't be suffering these huge rate hikes in the Pacific Northwest. I don't understand the logic that allows you to go onto the open market to buy power to resell. All that this accomplishes, besides making your bureaucracy bigger, is to put a financial hardship on ratepayers. Private utilities & large corporations have plenty of options for their power besides BPA. What you're doing appears to me to be illegal & I hope someday you're made to atone for these immoral actions. Unfortunately by then the damage to our economy will have already happened.

Richard Kivi

APR 22 2003

4-18-03

We are a retired couple living on a fixed income. The potential increase will hurt our small budget!

Is it possible that the BPA is a potential ENRON or WORLD COM ?

L. Smith, Unit 105
Crescent View Condo
Peeney, Wa 98848

SN-03-W-0874

APR 22 2003



*"Building A Stronger Community
TOGETHER"*

April 15, 2003

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

Dear Mr. Wright:

The City of Shelton Commission represents customers of Mason County PUD No. 3, a consumer-owned electric utility that buys power from Bonneville Power Administration (BPA).

We are concerned about BPA power costs that have increased dramatically since October 2001. In addition, we are especially concerned about what has been publicly announced as a possible increase of up to 41% in wholesale costs that are proposed in the Safety Net Cost Recovery Adjustment Clause in October.

Not only is the City Commission concerned about the financial impact on the citizens of Shelton, but on the City's budget as well. In this time of substantial economic decline, increases such as the BPA is proposing would create additional employee layoffs and reduce critical services to our residents.

The Pacific Northwest is already reeling from a bad economy and loss of jobs – we suffer some of the highest unemployment rates in the nation. The economy in this region must turn around and begin to recover. We absolutely cannot begin that recovery if we suffer another increase in our power bills.

BPA has dramatically exceeded its own budget the past two years, and we read that it will take another three years of the current high rates plus the proposed large price increase before costs are under control.

BPA must consider all options for cutting costs, including the following:

- Address financial problems on a year-by-year basis. BPA could save \$400 million by not building up excessive financial reserves;

Page 2

Attn: Mr. Steve Wright

- BPA offered some utilities in the Northwest goodwill money in order to encourage others not to pursue a lawsuit. We urge BPA to take all actions necessary to reduce payments to third parties, including this \$200 million lawsuit bonus;
- Cut non-purchased power costs and payments to related agencies back to at least 2001 levels in order to save \$100 million;
- Treat a portion of your upcoming bond refinancing as a reserve to deal with financial problems;
- Delay an accelerated repayment schedule for debt to the US Treasury, seek credit for prepayments, and then stay with your regularly scheduled payments;
- Evaluate whether the large amount of money being spent on fish and wildlife is giving us the expected results; and,
- Delay large capital projects to a time when revenue from generation (a question mark in this drought year) can be expected to support them.

Our region needs relief from rate increases now. BPA must realize the part it has played in building our regional economy, and the impacts that higher electricity rates will have on us. BPA must solve its budget crisis -- passing these costs on to my neighbors and me is not the answer.

The answer to these high electricity prices is in your agency's control. I urge you to do as others have in the region: find ways to cut costs. Use the advice of your customers and develop a region wide solution to our electricity supply issues.

Sincerely,



City of Shelton
John Tarrant, Mayor

C: Senator Murray
Senator Cantwell
Representative Dicks
Governor Locke

SN-03-W- 0875

APR 22 2003



NATIONAL
FROZEN FOODS CORPORATION

Steve Wright, administrator
Bonneville Power Administration
PO Box 3621
Portland, OR 97208

April 16, 2003

Dear Steve,

It has come to our attention that the BPA is considering substantial rate hikes for the Northwest. The company I represent, National Frozen Foods Corporation, is a 91 year old, family owned, frozen vegetable processing company. We have two plants in Washington State, (Chehalis and Moses Lake), and one in Albany, Oregon. We have over 500 year 'round employees and 1500 seasonal employees that work at those three facilities. We used to have a fourth plant in Burlington, Washington until it was closed in 2000 due to economic conditions.

Our industry is a highly energy intensive business, with our freezing process consuming large quantities of electricity. We use the most modern refrigeration compressors and electrical gear in the world, to keep our power usage to a minimum, but that still represents a large portion of our operating cost.

As I just mentioned, we closed a plant and consolidated our resources in Moses Lake to improve our efficiency and maximize our output. One of the primary motivations for our location in Grant County (besides good farmland) was the availability of reasonably priced electrical power. If we lose that resource, as it is currently available, we will be severely hurt, economically.

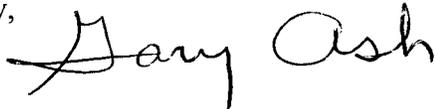
Food processors in Washington State are a struggling industry. There used to be over 10 major food processing plants in Whatcom, Skagit, and Snohomish counties, in the northwest corner of this state. Today there is only one and it is considering closing in the next year or two. Processors throughout the entire state are closing or selling off plants. Our industry has been affected by economic ups and downs for decades, as all businesses have. A 25% (or even 15%) rate hike would, however, be devastating to our industry.

APR 22 2003

Most food processors operate on very narrow profit margins. Many food companies today are barely turning a profit, or are losing money, which is a poor sign for the food industry in the United States.

We would strongly encourage the BPA to continue its money-saving practices, as the rest of us in the private business sector are forced to do. While many of our costs are rising at 5, 10, or 15% annually, we are lucky if we can squeeze a 2 or 3% increase in our product prices. Please, do whatever you can to keep power rate increases at a minimum.

Sincerely,

A handwritten signature in black ink that reads "Gary Ash". The signature is written in a cursive style with a large, sweeping initial "G".

Gary Ash
General Manager
National Frozen Foods Corporation
PO Box A
Moses Lake, WA 98837

SN-03-W-0876



**Shelton
School
District**

700 S. 1st Street
Shelton, Wa. 98584
(360) 426-1687 • Fax 427-8610
www.sheltonschools.org

APR 22 2003

April 17, 2003

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

Dear Mr. Wright:

Shelton School District No. 309 is a customer of Mason County PUD No. 3, a consumer-owned electric utility that buys power from Bonneville Power Administration (BPA).

We are concerned about BPA power costs that have increased dramatically since October 2001. In addition, we are especially concerned about what has been publicly announced as a possible increase of up to 41% in wholesale costs that are proposed in the Safety Net Cost Recovery Adjustment Clause in October.

The Pacific Northwest is reeling from a bad economy and loss of jobs – we suffer some of the highest unemployment rates in the nation. The economy in this region must turn around and begin to recover. We absolutely cannot begin that recovery if we suffer another increase in our power bills.

For Shelton School District, a 41% increase in electrical costs would equate to approximately \$186,000 and have a drastic effect on services to students at a time when the state legislature is also reducing funding to schools. \$186,000 would fund approximately 3.6 teachers or 11 classroom assistants, which if we had to cut would have a significant impact on class size and how we deliver services to students. We do not have many other options since we do not have the mechanism to pass this increase onto our customers who will already be experiencing the increase on their own personal budgets. It is our hope that you will seriously consider the effects on entities such as ours before implementing this kind of rate increase.

BPA has dramatically exceeded its own budget the past two years, and we read that it will take another three years of the current high rates plus the proposed large price increase before costs are under control.

SN-03-W-0877

BPA must consider all options for cutting costs, including the following:

- Address financial problems on a year-by-year basis. BPA could save \$400 million by not building up excessive financial reserves;
- BPA offered some utilities in the Northwest goodwill money in order to encourage others not to pursue a lawsuit. We urge BPA to take all actions necessary to reduce payments to third parties, including this \$200 million lawsuit bonus;
- Cut non-purchased power costs and payments to related agencies back to at least 2001 levels in order to save \$100 million;
- Treat a portion of your upcoming bond refinancing as a reserve to deal with financial problems;
- Delay an accelerated repayment schedule for debt to the US Treasury, seek credit for prepayments, and then stay with your regularly scheduled payments;
- Evaluate whether the large amount of money being spent on fish and wildlife is giving us the expected results; and,
- Delay large capital projects to a time when revenue from generation (a question mark in this drought year) can be expected to support them.

Our region needs relief from rate increases now. BPA must realize the part it has played in building our regional economy, and the impacts that higher electricity rates will have on us. BPA must solve its budget crisis – passing these costs on to those of us who are already struggling to operate as efficiently as possible is not the answer.

The answer to these high electricity prices is in your agency's control. I urge you to do as others have in the region: find ways to cut costs. Use the advice of your customers and develop a region wide solution to our electricity supply issues.

Sincerely,



Joan Zook
Superintendent

cc: Senator Patty Murray
Senator Maria Cantwell
Representative Norman Dicks
Governor Gary Locke

APR 22 2003

Simpson®

April 16, 2003

Mr. Steve Wright
Bonneville Power Administrator
PO Box 3621
Portland, OR 97208-3621

Re: Proposed Wholesale Power Rate Increase

Dear Mr. Wright:

Simpson Timber Company, a subsidiary of Simpson Investment Company in Seattle, owns and operates three sawmills and associated facilities in Washington State. We are very concerned about a potential rate increase of up to 15 percent, proposed as a "Safety Net Cost Recovery Adjustment Clause," this fall.

As you know, the Pacific Northwest is struggling mightily in this latest of recessions. Our industry is in what I typically refer to as a "brick fight," battling some of the lowest lumber prices in our history. Industry bulletins weekly note curtailments throughout the Pacific Northwest. We compete with the whole of North America for market share, and while Simpson has invested heavily in its facilities to maintain our competitive edge, every element of our cost structure is critical in such a tough market.

As a member of the Association of Washington Business, we are aware of comparative studies showing how Washington ranks against other states on "cost of doing business" issues. In several categories, Washington ranks among the highest costs in the country. Traditionally, our competitive power costs offset some of these other disadvantages, but new data finds that in some instances, we now have some of the highest energy costs in the world. Over the last couple of years, 50 percent rate increases have negated the tradition of "low power costs" and have thus wiped out any competitive advantage we may have seen in the past.

In Washington, the daily news out of Olympia confirms the extraordinary lengths our state government is going to in order to balance its budget. At the local level, the municipalities we're operating in are also looking for new revenues to balance their budgets. For example, in the City of Shelton, where Simpson owns a 100-acre industrial complex, garbage and sewerage rates have already been raised, and government leaders are now considering exponential increases in storm water rates. At the state level, workers' compensation rates are increasing by an average 29 percent; unemployment insurance is going up an average 16 percent, health care insurance and liability insurance are increasing between 25 and 60 percent. Obviously, this is not the time to raise power rates, forcing more businesses to close and our economy to sag even further.

APR 28 2000

These recessionary times have forced every business to tighten its belt and implement cost saving measures. We urge you to implement the cost savings recommended by your internal review in 1998, and to look for additional cost-cutting measures.

Again, I urge you on behalf of Simpson Timber Company's Northwest Lumber Division to hold the line on power rate increases of any kind. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Mike Durga".

Michael W. Durga
General Manager

SN-03-W-0878

APR 22 2003



Mr. Steve Wright
Bonnerille Power administrator
P.O. Box 3621

Portland, Oreg 97208-3621

Dear Mr. Wright,

I am a customer of Lewis County PUD that buys ^{nearly} all its power from Bonnerille Power Administration BPA. I'm worried about my electric bill. BPA Power costs have increased dramatically since Oct 2001. Now BPA threatens a 25% Safety Net ORAC in Oct.

The Pacific N.W. is reeling from a bad economy & loss of jobs. We suffer some of the highest unemployment rates in the nation. Businesses have closed & our basic public services, schools & our very future are threatened. The economy in this region must turn around & begin to recover. We absolutely cannot begin that recovery if we suffer another increase in our power bills. Add any personal experience or facts, such as lost jobs, and any ^{bill} ^{was} increased,

SN-03-W-0879

APR 22 2002

fixed income & etc.

BPA has dramatically exceeded its own budget the past two yrs & we read that it will take another three yrs of the current high rates plus the proposed large price increase before costs are under control. Customers like me need relief now. BPA must realize the part it has played in our dismal regional economy. BPA must stop its budget crisis - passing these costs on to my neighbor & me is not the answer. The answer to these high electricity prices is in your agency's control. I urge you to do as others have in the region. BPA must find ways to cut costs. Don't let your agency force the Northwest into total economic collapse.

Sincerely

Hilda M. Mills

A. Senior

SN-03-W-0879

APR 22 2003

Kuehn, Ginny - DM-7

From: Eshuis, John [John.Eshuis@alcoa.com]
Sent: Monday, April 21, 2003 1:09 PM
To: 'comments@bpa.gov'
Subject: POWER RATES

PLEASE RETHINK YOUR PROPOSAL TO RAISE POWER RATES. ONE OF THE REASONS FOR GREAT INDUSTRY IN THIS AREA WAS CHEAP POWER. THE DAYS OF CHEAP POWER MAY BE GONE, BUT THAT DOESN'T MEAN WE CAN'T HAVE REASONABLE POWER. PLEASE HELP US KEEP HUNDREDS OF BUISNESSES AND THOUSANDS OF JOBS IN TACT BY HELPING US THROUGH THE TOUGH TIMES. EVERYONE IS STRUGGLING RIGHT NOW, AND IF WE CAN GET THROUGH THESE TOUGH TIMES IT WILL BE BETTER FOR EVERYONE. THANK YOU.

APR 22 2003

Kuehn, Ginny - DM-7

From: Hittenmiller, Todd [thittenmiller@Speccast.com]
Sent: Monday, April 21, 2003 1:12 PM
To: 'comment@bpa.gov'
Subject: promotional programs

Good Afternoon,

My name is Todd Hittenmiller and I was hoping that you could help me in finding the proper contact at your company. The company I represent, SpecCast Collectibles, manufactures die-cast replicas of vintage cars and trucks that we imprint with company logos and color schemes. The items may be used as premiums and promotions, give to customers as appreciation gifts, celebrate company anniversaries, etc. If you could please let me know the person in charge of promotional programs, I would like to send our catalog and other related information for their review. Your help in this matter is greatly appreciated.

Have a great day!

Todd Hittenmiller

APR 22 2003

Kuehn, Ginny - DM-7

From: Isbell, Lyle E. [Lyle.Isbell@alcoa.com]
Sent: Monday, April 21, 2003 1:53 PM
To: 'comments@bpa.gov'
Subject: SN CRAC rate case

Dear Steve Wright,

It makes little sense, from the average users perspective, to raise power rates. To me it looks like The BPA would be driving businesses out of the region and consequently average ratepayers, to cover for short sightedness on the part of The BPA administrators. You would, in effect, be driving away your customers. Granted, The BPA has the ability to sell its power to users outside the region, but consider this, it was the Northwest region's customers, particularly the Aluminum industry that afforded you the ability to make those sales. Any service or product provider would be delighted to have a steady customer who purchased their wares in such huge quantities as the Aluminum industry. They would in fact, be inclined to offer quantity discounts to keep them as a customer.

There must be a way whereby The BPA can keep the cost of power low enough so business' can afford to stay in business, the average ratepayer can afford to pay their electric bill and at the same time assuage the Federal Government. If the average homeowner mismanages their funds they stand a chance of loosing their house, their credit, their self-respect and possibly even their freedom. They haven't the recourse to petition their employer for more money to pay their debt or their mortgage company to withhold payments in order to buy food or gas for their car so they can get to work so they can make money to pay their exorbitant electric bill. But the electric company can shut off power to the customer that doesn't pay their bill and there isn't a thing they can do about it.

So please, consider not only the economic impact to the Pacific Northwest region, but to the individual rate payer who over the years has contributed to making the BPA the greatest power provider in the United States and even possibly the world.

Thank you,

Lyle E. Isbell
1479 Crestview Rd.
Ferndale, Wa. 98248

April 21, 2003

Kuehn, Ginny - DM-7

From: judy/harvey bryant [pedagogs@crcwnet.com]
Sent: Monday, April 21, 2003 1:55 PM
To: Comment@bpa.gov
Cc: senator_murray@murray.senate.gov; maria_cantwell@cantwell.senate.gov; rbjork@gcpud.org
Subject: New Microsoft Word Document

April 21, 2003

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

Dear Mr. Wright:

We are customers of Grant County PUD in Central Washington State. Our PUD is a consumer-owned utility that buys half of its power from Bonneville Power Administration (BPA). We are concerned. BPA power costs have risen dramatically since October 2001. Now BPA threatens a 25% Safety Net CRAC this coming October.

The Pacific Northwest is reeling from a bad economy and loss of jobs. Washington's unemployment rate is the second highest in the nation. Businesses have closed; basic services and schools are threatened. The economy in our region must turn around. Another BPA rate increase on top of the rate increases since October 2001 would be devastating.

BPA has dramatically exceeded its own budget the past two years, and we read that it will take another three years of the current high rates plus the proposed large increase before costs are under control. BPA must realize the part it has played in our dismal regional economy and work to solve its budget crisis without passing these costs on to its customers.

The answer to these high electric prices is in your agency's control. We urge you to do as others have in the region—find ways to cut costs. Find a way to allow the BPA to be a part of this region's economic recovery, not a force that contributes to its total economic collapse.

Sincerely,

Judith Bryant

Harvey Bryant

Cc: NW delegation
Grant County PUD

SN-03-W-0882

APR 22 2003

Kuehn, Ginny - DM-7

From: Wayne.Harkleroad@alcoa.com
Sent: Monday, April 21, 2003 2:14 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Wayne Harkleroad

Wayne.Harkleroad@alcoa.com

360 384-0936

4832 Beachway Drive

Ferndale Wa 98248

As a concerned citizen of Whatcom county, I'm against your decision to raise power rates in the Northwest. I've worked in the aluminum industry for 30 years and I'm well aware what this will do to the future of our plant and the surrounding community. You will not only be affecting the security of jobs at our plant but those in our in our towns and cities, schools, small business that need cheap power to survive. I ask you to reconsider your decision to raise power rates. Lets look for a better solution. Sincerely, Wayne Harkleroad

SN-03-W-0884

APR 21 2003

Kuehn, Ginny - DM-7

From: AnonymousComment@somewhere.com
Sent: Monday, April 21, 2003 2:23 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on SN CRAC Rate Proposal
View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

Ricardo Gonzales

No E-mail Address Submitted

360-366-7203

po box 178

Lynden Wa. 98264

I write these few words to influence you away from an increased power price. I am a father of two beautiful children and a lovely wife who works at home raising them. I need this job just as others here at Intalco do, yet I want to stress that my family is being led by the one true God that will see to it that his will be done. Please don't raise the price of our power. Don't let so many more families fall to the jobless market; better yet would you help us in keeping the increase to 0% and I know God will bless your agency for doing so.

Sincerely, Ricardo Gonzales

SN-03-W-0885

APR 22 2003

Kuehn, Ginny - DM-7

From: vladimir.matuska@alcoa.com
Sent: Monday, April 21, 2003 2:38 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Vlado Matuska

vladimir.matuska@alcoa.com

360-384-4392

2432 Heather Drive

Ferndale WA 98248

Dear Mr. Steve Wright and BPA Administration

I am sure that you have received hundreds of comments regarding SN CRAC rate case, so it might be hard to listen to this one. I do not like to picket and yell, so I thought that submitting comment will be better way to communicate.

In the country where I came from, former communistic Czechoslovakia, government almost never listened to the concerns of its people. Here, in the United States, I have always believed, that government is for the people, government should try very hard to serve them and that some times means compromise. It is not easy to resolve the energy crisis in the Northwest region, but to increase the power rate to the point of killing many industries, that does not sound like government for the people, it does not mean sound business practice. I believe that this crisis can be resolved by compromise, one power rate increase already happened, can we postpone another one? I am working for the ALCOA Intalco Corporation and of course I might be bias regarding this issue, but if you are in our shoes, you too would have hard time to understand why our power rates had to increase so much to be from one of the cheapest one in the nation, prior to 1999 to be one of the most expensive one, why our aluminum smelter, which was one of the most efficient in the w!

orld just three years ago is on the verge of being shut down. Please listen to the concerns of my company and other industries, it is not about corporate profits, of which I will receive only tiny bit in the form of my paycheck, it is about my family, about my wife and my six and half years old daughter I have to feed and many other families like mine.

Thank you.

Sincerely
Vlado Matuska

APR 22 2003

Kuehn, Ginny - DM-7

From: aaron1@juno.com
Sent: Monday, April 21, 2003 2:39 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal

View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Aarron Adams

aarron1@juno.com

(360)380-4423

5312 Bellaire Drive

Bellingham Wa 98226

I just wanted to say that we cannot afford any raise on power prices in the Northwest! Some people won't be able to pay their power bills, like people on fixed incomes, they may have to decide between power or food! The economy can't take another power price increase! Please don't raise your rates!!!

Sincerely, Aarron Adams

Kuehn, Ginny - DM-7

From: lsbells@ncplus.net
Sent: Monday, April 21, 2003 4:12 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Lyle Isbell

lsbells@ncplus.net

(360)384-5153

1479 Crestview Rd.

Ferndale Wa 98248

Dear Steve Wright,

It makes little sense, from the average users perspective, to raise power rates. To me it looks like The BPA would be driving businesses out of the region and consequently average ratepayers, to cover for short sightedness on the part of The BPA administrators. You would, in effect, be driving away your customers. Granted, The BPA has the ability to sell its power to users outside the region, but consider this, it was the Northwest region's customers, particularly the Aluminum industry that afforded you the ability to make those sales. Any service or product provider would be delighted to have a steady customer who purchased their wares in such huge quantities as the Aluminum industry. They would in fact, be inclined to offer quantity discounts to keep them as a customer.

There must be a way whereby The BPA can keep the cost of power low enough so business' can afford to stay in business, the average ratepayer can afford to pay their electric bill and at the same time assuage the Federal Government. If the average homeowner mismanages their funds they stand a chance of loosing their house, their credit, their self-respect and possibly even their freedom. They haven't the recourse to petition their employer for more money to pay their debt or their mortgage company to withhold payments in order to buy food or gas for their car so they can get to work so they can make money to pay their exorbitant electric bill. But the electric company can shut off power to the customer that doesn't pay their bill and there isn't a thing they can do about it.

So please, consider not only the economic impact to the Pacific Northwest region, but to the individual rate payer who over the years has contributed to making the BPA the greatest power provider in the United States and even possibly the world.

Thank you,

Lyle E. Isbell
1479 Crestview Rd.
Ferndale, Wa. 98248

Kuehn, Ginny - DM-7

From: lsbells@ncplus.net
Sent: Monday, April 21, 2003 4:39 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Lyle Isbell

lsbells@ncplus.net

(360)384-5153

1479 Crestview Rd.

Ferndale Wa 98248

To whom it may concern,

I know you have just recieved a letter from me but after sending it I decided to peruse your web site a bit. I would now like to send you some excerpts from your own web site pages. "Who are we?"

"BPA is a federal agency headquartered in Portland, Ore., that markets wholesale electricity and transmission to the Pacific Northwest's public and private utilities as well as to some large industries"

"BPA's service territory covers all of Washington, Oregon and Idaho, and western Montana, as well as small contiguous portions of California, Nevada, Utah, Wyoming and eastern Montana. BPA's wholesale customers include public utilities, public utility districts, municipal districts, public cooperatives, some investor-owned utilities and a few large industries such as aluminum companies."

"While BPA is part of the Department of Energy, it is not tax-supported through government appropriations. Instead, BPA recovers all of its costs through sales of electricity and transmission and repays the U.S. Treasury in full with interest for any money it borrows."

"Dispatchers coordinate and monitor power flowing throughout the Northwest as well as to other parts of the West, making sure that this complex, interconnected system runs smoothly.

In addition to the transmission network within the Northwest, BPA operates large interregional transmission lines that connect to Canada, California, the Southwest and eastern Montana. These transmission lines enable BPA to bring power into the region when it's needed, such as on very cold winter days when there is high demand, and to sell power outside the region when it is surplus to the Northwest's needs."

We helped BPA to become the agency, with all it's transmission lines, that it is today. We now need some help to keep our jobs and businesses in the region.

Sincerely

Lyle E. Isbell

APR 21 2003

Kuehn, Ginny - DM-7

From: kayw@gorge.net
Sent: Monday, April 21, 2003 4:30 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Kay Waggoner

kayw@gorge.net

509-773-1915

30 Burlington Loop Rd

Goldendale WA 98620

I totally understand wanting to recover costs, but this is NOT the time to do this. This country is rocking with many issues. PLEASE reconsider and recover these costs when our economy has leveled out. Now we only need to be concerned with keeping jobs available for our people. Thank You.

APR 22 2003

Kuehn, Ginny - DM-7

From: AnonymousComment@somewhere.com
Sent: Monday, April 21, 2003 5:02 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on SN CRAC Rate Proposal

View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

No E-mail Address Submitted

I am an employee at intalco and oppose the rate increase because it would cost me my job and most likely my home.

APR 21 2003

Kuehn, Ginny - DM-7

From: AnonymousComment@somewhere.com
Sent: Monday, April 21, 2003 5:56 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on SN CRAC Rate Proposal

View open comment periods on <http://webit2/corporate/kc/home/comment.cfm>

JOHN ROBSON

No E-mail Address Submitted

7770 VALLEY VIEW RD

FERNDALE WA 98248

WE CAN NOT TAKE A RATE HIKE AND MAKE IT IN THIS STATE AND NOT JUST INDUSTREY IT IS AT HOME

THANK FOR YOUR TIME

JOHN

APR 22 2003

Kuehn, Ginny - DM-7

From: duncmail@msn.com
Sent: Monday, April 21, 2003 6:56 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Alan B. Duncan

duncmail@msn.com

360-384-5305

1540 Main St.

Ferndale WA 98248

First...I am sorry about the two "blank" comment forms I must have inadvertantly sent you.

I would like to comment that the Pacific Northwest, especially industries such as the Aluminum Industry, cannot tolerate ANY rate increase. Rates have already gone up tremendously (I heard over 40%). The Northwest is already hard hit economically. This is not the time to do something that will cause local economies to loose jobs. Please do not raise rates at all.
Thank you.

APR 22 2003

Kuehn, Ginny - DM-7

From: Alan Duncan [dunc12@msn.com]
Sent: Monday, April 21, 2003 7:01 PM
To: comments@bpa.gov
Subject: SN CRAC rate case

Dear BPA,

Please do not raise electrical rates ANY higher. The Pacific Northwest is in tough economic times as it is. This would be very detrimental to the economy. Thank you for taking my comment.

Alan Duncan
1540 Main St.
Ferndale, WA 98248

4/22/2003

SN-03-W-0894

APR 22 2003

Kuehn, Ginny - DM-7

From: mj.mahala@gte.net
Sent: Monday, April 21, 2003 7:45 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Cheryl Mahala

mj.mahala@gte.net

360 428-4649

4215 Apache Drive

Mount Vernon WA 98273

My husband has worked at Alcoa Intalco Works for approx. 25 years. We have contributed to the economy of the Northwest by buying a home, new cars, a camp trailer, we purchase \$700 in groceries every month, dine out, and supply two teenage daughters with clothing, entertainment etc. etc.

Take all of the above and multiply it by thousands of families that reside in the Northwest and then subtract it from the dollars that flow within our region. Why? because these families will move to where the work is and it won't be in Washington and Oregon!

If BPA increases the power rate, our employer, (Alcoa Intalco Works) will close operations. Other big companies in the Northwest have indicated that they too will close and/or move operations.

The great Northwest will become a retirement community, perhaps a "right to work state". Plenty of low paying jobs with lower tax dollars generated. Lower tax dollars to run our already ailing state funded operations.

I urge BPA to reconsider the proposed rate hike. Any rate increase is not tolerable!

Cheryl Mahala

SN-03-W-0895

April 21, 2003

Kuehn, Ginny - DM-7

From: mitchj [mitchj@mymailstation.com]
Sent: Monday, April 21, 2003 8:01 PM
To: Comment@bpa.gov
Subject: Raise Rates:

PUD of Snohomish Co. encourage us customers to input toward this critical BPA decision on increase rates that concern us. We customers can't afford too high rate and we request BPA not to increase the rate, please!

In Phoenix, Electricity Power company called SRP has cheap rate in comparison with here in Wash. State, please keep the rate low for us to afford. Thank you lot.

I appreciate to hear from you very much.

Janet Mitchell

APR 22 2003

Kuehn, Ginny - DM-7

From: salish@memes.com
Sent: Tuesday, April 22, 2003 8:23 AM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Rick Franey

salish@memes.com

3606717109

1708 E. Lopez Ct.

Bellingham WA 98226

I fully support BPA making decisions "...in accordance with sound business principles, the costs associated with the acquisition, conservation, and transmission of electric power, and to recover the Federal investment in the Federal Columbia River Power System (FCRPS) and other costs incurred by BPA". These decisions should also take into account the customers and infrastructure that BPA was established to support in the Northwest. Raising rates at this point in time when the Northwest economy is in disarray does not make sense. Postpone the rate increase and review the situation in at least another year. DO NOT IMPOSE A RATE INCREASE!

APR 22 2003

Kuehn, Ginny - DM-7

From: kwilland@juno.com
Sent: Tuesday, April 22, 2003 9:30 AM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Kaye Willand

kwilland@juno.com

(360) 671-7647

4921 Fremont

Bellingham wa 98229

I am very much against the 15% power rate increase to Alcoa Intalco. My husband retired from Intalco after 33 years of service. This increase would make Intalco shut down. With this happening about 900 hundred employees would be out of work. This would devastate our community as well as our state. At a time when our President is working hard to improve our economy this is unacceptable!!!

Please reconsider your plan on balancing your budget on the backs of the working population.

Sincerely
Kaye Willand

APR 22 2003

Kuehn, Ginny - DM-7

From: David Speed [DSpeed@baf.com]
Sent: Tuesday, April 22, 2003 10:21 AM
To: 'Comment@bpa.gov'
Subject: BPA Rate Increase

April 16, 2003

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

RE: BPA Proposed Rate Increase

Dear Mr. Wright:

The Columbia Basin is in as much of a struggling local economy and is facing challenges as any other entity or group in our present economic climate. We have lost many employers. Those who help us pay the costs of our local and national societies.

With wages practically froze, the citizens of our fair country suffer often for administrators increasing costs for services and products. We continually absorb costs that in many cases are over and above what is necessary to continue reasonable operating standards.

All private business and individuals are forced to reduce their operating costs to stay competitive and liquid, thus results the coalition of business and the citizen's inability to absorb, absorb costs that should be reduced and streamlined to effectively operate in any economy. Private business and citizens who do not operate that way will no longer compete for market share and will fail in their personal endeavors. All of their employees and their dependents stand to lose their stake value in society as well. The homeless are not all there due to the mishandling of their personal affairs. It is usually a last straw demand the family unit cannot absorb without personal disaster.

Jobs are few and far between; companies continue to shrink their bottom lines trying to stay profitable while serving their communities need for profitable work and their relationships. We must all resist calling for more cheese in an economic climate that is living on less and less capital each and every day.

Are our needs and goals fair and equitable to all we interact with and serve? We are all serving someone and that service is all that stands in the way of progress and the personal freedoms we all desire.

In closing, we as citizens and the companies we serve, cannot suffer another large rate increase to promote large organizations that may need to plane their administrations to the same model as the successful citizens and private business of this great country. I trust your group will re-think this proposal of a rate increase in the interest of your entire dependant constituents.

Sincerely,

David Speed
1131 Mather Dr.
Moses Lake WA. 98837

APR 22 2003

Kuehn, Ginny - DM-7

From: pana@telcomplus.net
Sent: Tuesday, April 22, 2003 11:01 AM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Jody Jappert

pana@telcomplus.net

360-371-8685

7943 E. Golf Course Dr

Blaine WA 98230

Please reconsider your unrealistic budget measures. Your personal gain and welfare should not be considered more important than the livelihood of our community.

mitsui & co. (U.S.A.), Inc.

**200 Park Avenue
New York, NY 10166-0130
U.S.A.**

APR 22 2003

PHONE : 212-878-4126
FAX : 212-878-4001
E-MAIL : KOkura@nyc.mitsui.com

April 17, 2003

**Mr. Stephen J. Wright,
Administrator and Chief Executive Officer
Bonneville Power Administration
P.O. Box 12999
Portland, Oregon 97212**

Re: SN Rate Case

Dear Mr. Wright:

We, Mitsui & Co. (U.S.A.), Inc. together with our parent company Mitsui & Co., Ltd. (“Mitsui Group”) are writing this letter based on the suggestion of Mr. Robert Price of DOE to express our concern regarding the possible raise of power rates against Intalco Aluminum Corporation (“Intalco”).

Intalco is a joint venture company that owns the Intalco primary aluminum plant near Ferndale, Washington. Mitsui Group owns 32% of Intalco asset through a 100% subsidiary, Mitalco Inc., while Alcoa Inc., who is responsible for the operation and maintenance of the facility including the acquisition of electrical power supplies, owns 61% and remaining 7% by YKK Corporation through its subsidiary.

Our plant, Intalco, relies on electric power purchased from BPA under an October 31, 2000 agreement with Alcoa. Intalco purchases BPA power at the IP-02 Rate, which is subject to change by the SN CRAC currently under consideration.

We urge BPA in the strongest possible terms not to further increase power rates under the SN CRAC. Increasing rates by any amount at this time, or even the expectation that rates may increase in the near future, will have significant impacts on the current and future operations of Intalco, which will result in economic harm to people in the United States as well as Japan and could hurt the development of trade and investment between two countries.

SN-03-W-0901

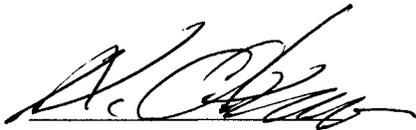
APR 22 2005

We first discussed this matter with the Japanese Embassy in Washington, who raised this issue with the United States Department of State pursuant to the U.S.-Japan Economic Partnership For Growth” which was established by the agreement between the President of the United States and Prime Minister of Japan. As a result the Japanese Embassy subsequently obtained response from the DOE through the Department of State, to make this effect.

We understand the financial difficulty that BPA faces, but ask you to work with your customers and other stakeholders to reduce your costs, and to fully utilize all available financial flexibility so that no rate increase is necessary. This will require BPA to take a leadership role, not only in the reduction of costs you directly control, but also in persuading other constituents to reduce their demands on you. We understand this is a difficult task, but one that is absolutely essential, and that only BPA is positioned to accomplish.

Thank you for your renewed efforts.

Sincerely,



Kimiharu Okura
Senior Vice President

cc: **Minister Katsuhiko Umehara**
Embassy of Japan

SN-03-W-0901

April 13, 2003

APR 22 2003

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

Dear Mr. Wright;

I am a customer of Columbia River PUD, one of the many regional utilities that buys power from Bonneville Power Administration (BPA). I'm worried about my electric bill. BPA rates have increased dramatically since October 2001, and now you are threatening a Safety Net CRAC of as much as 41% in October.

Columbia County is reeling from a bad economy and a loss of jobs. We suffer from some of the highest unemployment rates in the nation. Businesses have closed and our basic public services, our schools and our very future are threatened. Our economy must turn around and begin to recover, and we absolutely cannot begin that recover if faced with another increase in our power bills.

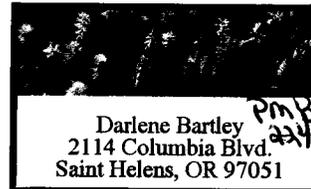
BPA has dramatically exceeded its own budget the past two years, and we read that it will take another three years of the current high rates, plus the proposed large increase, before costs are under control. Customers like me need relief now. BPA must recognize the part it has played in damaging our regional economy and solve its own budget crisis without burdening my neighbors and me with even higher costs.

As BPA's Administrator, the answer to these high electricity prices is in your control. I urge you to do as other in the region have done – find ways to cut costs. Don't let your agency force the northwest into total economic collapse.

Sincerely,



Darlene Bartley



cc. Senators Smith and Wyden, Representative Wu

SN-03-W-0902

Public Comment to BPA
Pat Kearney
April 17, 2003 in Portland

My name is Pat Kearney. I'm Purchasing and Stores Manager of the Georgia-Pacific pulp and paper operations in Toledo, Oregon and I'm representing the Georgia-Pacific Toledo mill and its almost 500 industrial employees in rural coastal Oregon.

Georgia Pacific is concerned that BPA is, yet again, proposing to increase its rates. This time via its Safety Net Cost Recovery Adjustment Clause. Our Vice President and Mill General Manager has already sent letters to our U.S. Congressional Delegation urging them to oppose this increase and to work with BPA to substantially reduce its costs of doing business; just like all other Northwest businesses and governmental agencies are doing in this time of budget crises and economic hardship.

If BPA increases its rates again, it will significantly impact the competitiveness and long-term viability of the Georgia-Pacific Toledo mill. Our mill has already been very negatively impacted by the prior BPA rate increases.

Since early 2000, the Toledo mill has implemented unprecedented cost reduction and cost avoidance measures in all areas to maintain the viability of the mill, and to combat the ever-weakening domestic economy

Although we have worked hard to not lay off employees, our headcount at the Toledo mill has dropped from 520 family-wage jobs to 480 since 2001 due to strategically designed reorganization and attrition. This cost cutting reduction was absolutely necessary to maintain viability and competitiveness in the face of deteriorating business conditions.

Fiber and energy are the two highest cost areas for the Toledo mill and are areas over which we have little control. Due to recent BPA rate increases, Toledo mill energy costs are now over 150% of what they were in 2001. And this does NOT include the current proposed BPA rate increase. Given this highest cost area, we cannot continue along this path of unbridled BPA rate increases for very much longer without considering the option of ceasing mill operations.

With business conditions remaining poor, we have cut capital spending to such an extent that we no longer cover depreciation on our mill assets. We just cannot afford to fund capital expenditures; which is the beginning of an industrial facilities' death spiral.

On a mill-wide basis, we meet formally weekly to glean creative and innovative suggestions to further cut costs in all areas of our mill.

We urge the same diligence and resolve from BPA to drastically cut its costs so that these continuing BPA rate increases are unnecessary. Based on data that we have received, we believe that there have been little, if any, serious cost cutting efforts at BPA. And delaying a BPA proposed cost or budget increase does not in any way equate to the immediate, necessary and drastic cost cutting on which we think BPA should be focusing its utmost efforts and energy.

Unfortunately, BPA has no incentive to cut costs to remain in existence like Northwest manufacturers and Northwest cities and counties do. How much belt tightening has BPA done? How many

positions and programs has BPA eliminated to survive? What good does a BPA rate increase do if it causes Northwest manufacturers to close their doors?

Over the years, BPA power rates have gone from a regional advantage to a distinct competitive dis-advantage, and a dis-incentive to locating or continuing industrial operations in the Northwest.

BPA needs to be controlled, audited and corrected by oversight that currently does not exist so that it drastically cuts its costs of operation and becomes in tune with current business and economic realities. We do not want or need yet another BPA rate increase that will only exacerbate the already serious business condition in which we find ourselves now in 2003.

We urge BPA to become responsible and accountable to these current Northwest realities. And the first step is to withdraw its proposed rate increase.

Thank you.



4/16/03

SN-03-W-0903



I'm Vicki Henley.

I'm an employee of Alcoa Intalco Works located in Ferndale, WA.

I'm also the Chief Shop Steward of Local 2379 of the International Association of Machinists and Aerospace Workers, which represents the bargaining workforce at Alcoa Intalco Works.

For two years now, I've attended numerous BPA Hearings throughout all of Washington State and Oregon. I've met and discussed our power situation with any and every politician I could get to listen, including the Governors of Washington, Oregon, and Idaho. Two years ago, it appeared to be everyone against the DSI's, namely the aluminum companies. Steve Wright and BPA did their very best to convince everyone that with us on the grid, BPA wouldn't be able to make it. We were supposedly the reason that everyone's power bill would increase. Prior to that time, the DSI's were receiving more than 3000 MW of power from BPA. We were reduced to about 1500 MW in 2001. Every aluminum company in Washington and Oregon either partially or completely curtailed or shut their doors for good. Even with 1500 MW more in BPA's control, the rates have more than doubled. Who do you think paid for that? The answer is simple, every power user, whether a business or consumer, paid for this increase. Do you still think it's because the DSI's are on the grid? Not hardly. Now two years later, we're asking BPA to offer us 700 MW of power but BPA will not issue a draft proposal on DSI sales until this Fall. The Power Planning Council has recommended 650 MW of power to aluminum companies. From 3000 MW to 700 MW, a reduction of 2300 MW of power and Steve Wright is proposing yet another rate increase. The difference this time is that the DSI's aren't standing alone. We have the PUD's, IOU's, Boeing, Kimberly Clark, Weyerhaeuser, Mom and Pop Shops, and consumers, just to name a few, all stating the same message: "NO RATE INCREASE."

Mr. Wright, you need to start making some internal changes. BPA has had poor managing practices for much too long now. While other businesses have had to make all kinds of sacrifices including reductions, curtailments and even closures, BPA was handing their employees retention bonuses. I recently was informed that BPA had stopped this particular practice which left me with mixed feelings. After all, it isn't hard to stop a practice, which has already been completed. Point is, you did it when you should have been looking at ways to reduce costs! Mr. Wright, I've heard you tell many

people that your concern is not to default on your loan. I'm a person who practices empathy and no matter how hard I try with you, I can't understand your concern. How do you default on a loan that is prepaid?

Steven Wright, you've done your best to convince everyone that this 15% rate increase is necessary. You've even gone as far as reminding the politicians that if you don't increase the rates this year, you'll have to next year and it's an election year. I guess those types of tactics are necessary for the message that you are presenting. Washington State didn't fall for it though. Every Legislature in Washington, whether Democrat or Republican, has signed a Joint Memorial that is going straight to President Bush and the Director of the Department of Energy, saying, "NO RATE INCREASE." Our politicians know what a rate increase would do to our state. They also know that we will stand behind them 100% as long as they are representing us.

This isn't just about the aluminum workers or the DSI's losing their jobs anymore, because it effects everyone. It's about the economy. Start managing your company Mr. Wright. Start making the internal changes, your business practices, that need to be made instead of having every power user pay for your bad business practices. I'm not saying no to a 15% rate increase. I'm saying no to ANY kind of rate increase. Any rate increase at all, with the economy the way that it is now, will definitely destroy Washington and Oregon. Use other alternatives Mr. Wright. Absolutely "NO RATE INCREASE."



ASSOCIATION OF WESTERN PULP AND PAPER WORKERS

A Union for Today... and Tomorrow

Affiliated with the United Brotherhood of Carpenters and Joiners of America, AFL-CIO
Local No. 13 • P.O. Box 640 • Toledo, OR 97391-0640 • (541) 336-3352

BPA Speech.

Gary McDonough

VPP Facilitator/AWPPW Local 13 Safety Representative

I'm Gary McDonough and I am here representing the 385 members of AWPPW Local 13. While I am here representing the AWPPW members, I feel that our views are reflected by workers throughout the NW. We are very concerned about the impact of any further BPA rate increases. Those rate increases have a direct impact on AWPPW members. We see those impacts twice - once in our homes as residential customers and at our jobs.

We are very concerned that BPA would even consider further increasing rates through the Safety Net Cost Recovery Adjustment Clause (SN CRAC) process. BPA's rates are at an all-time high. The companies we work for have a variety of competitors, both here in the US and overseas. Some of our strongest competitors are from company-owned facilities located in more cost-effective regions. BPA's cost-based power has traditionally been an economic benefit for residential and business customers. We could compete. That is no longer the case. As a consequence,

this region faces further economic harm unless BPA takes the steps necessary to ensure that it makes a positive contribution to this region.

We do not know your business. We know how to make paper - paper that is sold in a globally competitive market. We know what happens when the market for paper is bad.

Paper machine operations are curtailed, capital projects are deferred or shelved, employees are laid off and any and all measures are taken to reduce costs so as to remain a viable facility. That is what is happening today. We are all worried about our jobs. Our jobs are typically in rural Oregon and Washington. It is not easy to find a replacement job at anywhere near the same wage that we can earn as highly skilled pulp and paper workers. While you can increase your rates at will, and the local utilities can pass along those rates - the rubber hits the road at our facility. If they can't pass along those costs - then we and others suffer the consequences - not BPA or the local utility. We ask you to carefully consider the consequences of your actions and ask

yourself - has BPA done all it can to actually reduce rates. How many people have you actually laid off? Have you cut programs and activities that in the past were considered important but in today's circumstances are not absolutely essential? Have you done absolutely everything possible to reduce rates and then went even further? That is what we are currently facing with the increase in electrical costs hitting our facilities. We expect BPA to do the same before it further raises rates.

Gary A. McDonough



Georgia-Pacific

Georgia-Pacific Corporation
Georgia-Pacific West, Inc.

Gary A. McDonough

VPP Facilitator
Toledo Pulp & Paper Operations
AWPPW Local 13



One Butler Bridge Road
P.O. Box 580
Toledo, OR 97391
(541) 336-8332
(541) 336-2874 fax

gamcdono@gapac.com

SN-03-W-0905



**Robert K. Trout
IAMAW HPWO Coordinator
Alcoa Intalco Works
P.O. Box 937
Ferndale, WA. 98248**

**To: the Bonneville Power Administration
April 16, 2003**

Thank you for allowing us this opportunity to share our perspectives.

My name is Bob Trout; I am a life long resident of Whatcom Co. I was born in Bellingham Washington in 1959. My desire, and my dream have always been to raise my family here, pay my taxes here, and support businesses here.

I am a member of the International association of Machinists and Aerospace Workers employed by Alcoa Intalco works in Ferndale Washington.

In the spring of 2001, out of nowhere and seemingly overnight my livelihood was threatened by what has become known as "The Power Crisis of 2001". I won't go into detail, but through a series of grass roots efforts, negotiations, compromise and creative solutions to complicated issues, I am still employed today.

In 2001 there were approximately 7500 aluminum industry workers earning approximately \$431,000,000.00 in annual salaries in Washington State. \$45,000,000.00 in annual salaries at Intalco alone.

Regional Industries have weathered a 46% increase in power rates without major layoffs.

The Aluminum industry however is quite a different story. The "Energy Crisis of 2001" has all but eliminated this industry from the Pacific Northwest. With the pressures of competing in a world market where most producers pay less than half what they do for electricity, only two of the region's eleven Aluminum smelters are currently operating. Operating at drastically reduced levels below capacity. If Steven Wright goes through with his proposed rate hike, or any rate hike it will spell the end for this industry and 7,500 family wage jobs.

We are not alone, as evidenced by the formation of the groups: Pacific Northwest Generating Cooperatives (PNGC) and the Industrial Customers of Northwest Utilities (ICNU).

The ICNU is a group of thirty-two Businesses representing virtually every sector of our regional economy. From Weyerhaeuser in the Timber industry to Intel in the High Tech industry, from BPB Gypsum in the Building materials industry to Boeing in the Aerospace & Defense industry, from Equilon and Tesoro in the Petrochemical industry to Georgia Pacific and Kimberly-Clark in the Pulp and Paper industry.

All are saying NO. They have reached the limit of operating costs due to excessively high power rates and simply cannot continue in this region if there is another rate hike.

According to the U.S. Department of Labor, these industries are responsible for 1,188,017 jobs that is approximately 30% of all jobs in the Pacific Northwest, and \$38.8 Billion dollars in annual payroll. If those jobs are eliminated, no amount of retraining will be adequate; there simply will not be any jobs.

Remember the recession of the 1980's, and the impact on cities like Detroit and Cleveland? It was triggered in large part by the demise of the Steel Industry. This has the potential to exceed that calamity.

Another Rate increase will threaten our tax base and the economic future of our region.

It doesn't take economic genius to envision how the lost revenue associated with these jobs will affect our public safety in the Pacific Northwest, the public schools, the real estate tax rates for homeowners, small businesses, and on, and on ...

It is not my intention to cast any stones, however,

In my research I recently visited the Bonneville Power Administration website careers page. The Management pay scale within the BPA is interesting. Salaries range from \$50,617.00 for office managers to \$142,500.00 annually Vice Presidents. Mr. Wright's position is not listed at this time so we can only speculate as to how much WE are paying him.

In light of the fact that the BPA recently awarded several retention bonuses, coupled with these high salaries, I question whether the BPA has truly cut internal operating costs.

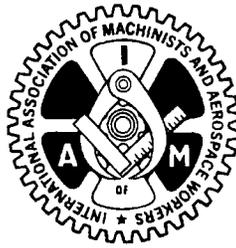
In the March 13,2003 edition of the Federal Register, part 1, paragraph 19, The BPA reported: "both operating and non-operating cost increases, relative to the levels assumed in the rates that BPA filed with FERC, have contributed to BPA's eroding financial condition. These increases include: BPA internal operating costs". I personally think the BPA can do more to cut its internal operating costs.

Regional businesses (the ICNU and Alcoa included) HAVE reduced Their internal operating costs. As a result of your 46% increase in power rates, workers in the private sector are being asked to accept reduced wage and benefit packages. Family wage jobs ARE being eliminated. The two-income family is no longer a luxury, it's a necessity.

There exists a creative solution to this complicated issue that none of us can imagine at this point. The key is the willingness of Steven Wright to seek that creative solution as he did in 2001.

And thousands will be employed with family wage jobs in the future.

Thank You.



APR 22 2003

International Association of Machinists and Aerospace Workers

Public Hearing Statement

It is the position of the International Association of Machinists and Aerospace Workers to oppose the Bonneville Power Administration's intent to raise power prices by 15% to 16% over current levels. We find the current rate and the proposed increase to be unacceptable and believe it puts manufacturing at an unfair disadvantage due in part to the inability to remain competitive in today's marketplace.

While the past several years have been very difficult for the power industry, we believe that it would be short sighted to increase power prices without first implementing aggressive cost cutting measures similar to those being made by BPA customers both public and private. We believe that BPA must do everything within its power to help insure survivability for the industries around which our communities are built.

Should the BPA be unwilling to divert plans to raise rates yet again, the IAMAW would like to know what plan BPA has in place to help the workforce which will be unemployed and displaced. What level of responsibility is the BPA going to take regarding the impact these rates will have on our working men and women, their families and communities? We have asked that the BPA take a long hard look at themselves first and make the difficult and painful decisions business and labor have already made and continue to make in order to survive.

To date the IAMAW does not believe the BPA has yet explored, implemented, or even identified all the internal and external cost saving measures available. Under no circumstances should the BPA consider any further rate hikes and should in fact be looking for ways to reduce the rate hikes imposed during the manufactured energy crisis of 2000/2001. The IAMAW believes that BPA has either not taken into account or has chosen to ignore the impact any proposed rate increase will have on the already fragile Northwest economy.

In conclusion, the members of the IAMAW demand that the BPA drop its proposed rate increase and recognize that no longer can its customers, the working men and women, their families, communities and employers afford to pay for BPA mistakes and mismanagement.

SN-03-W-0907

**BPA Field Hearing
Portland, Oregon
April 16, 2003**



Name: Pat Flaherty

Member: International Association of Machinist and Aero Space Workers

Work: Alcoa Intalco Works

First and foremost: Consumer

Thank you for the opportunity to address this hearing:

Over the past few months, we as employees of Intalco and members of the International Association of Machinist and Aero Space workers have traveled all across the State of Washington and to Portland, 4 different times, to voice concerns about BPA's allocation and pricing of the power that is generated in the Northwest. Early on in this process we, as DSI's, stood alone. The issue then was the availability of power to the DSI's (in particular the Aluminum Smelters) at an equitable price.

Today we are here voicing our concern again, the difference being, we are no longer standing alone but speaking for every consumer in the Northwest. The SN CRAC is not acceptable.

We as individual consumers have seen our rates increase more than two-fold over the past couple of years and simply cannot afford to pay higher power rates. We as an Aluminum Smelter cannot pay higher rates and realistically expect to keep our plant viable. As any businessperson knows you can't keep a business operating if you're not making a return on your investment.

I would like to revisit some facts and numbers that I have brought up before at BPA hearings.

First, I would like to talk about the significance Intalco plays on our local rural community and economy.

- ❖ **Alcoa Intalco Works employees over 700 people**
- ❖ **Alcoa Intalco Works supports over 3,700 jobs or about 4.2% of the total Whatcom County employment. One out of every 24 jobs in Whatcom County is tied directly or indirectly to our Ferndale plant.**
- ❖ **Alcoa Intalco Works and its employees pay about 4.6 percent of the county's taxes.**
- ❖ **Intalco has contributed about \$1million dollars directly since 1996 to support programs such as Western Washington University Distinguished Lecture Series, Arthritis Foundation Jingle Bell Run, Mt. Baker Theater, Boys and Girls clubs and United Way. In addition Intalco employees have contributed another \$300,000 through the Contrib. Club and plant matching gift program to programs ranging from United Way to Project Santa Claus and Whatcom Crisis Services.**
- ❖ **In September of last year Alcoa Intalco Works gave \$75,000 to the local Nooksack Indian Tribe for a fish enhancement project. Over the past twenty years Intalco has contributed over \$200 million to fish enhancement programs.**

- ❖ Also last September; Alcoa allocated more than \$1/4 million to the city of Ferndale and the local school systems as well as \$425,000 to the County Executive for different programs around the county. In total, Alcoa Intalco Works gave more than \$1.2 million to the community. This is over and above the monies the community received from taxes.
- ❖ These monies are used by the local governments to support Law Enforcement agencies in Whatcom County, which is the first line of defense against drug traffickers, illegal aliens and even terrorists that try to enter our country illegally. Our local Law Enforcement officers played a major role in the apprehension of the terrorist that was headed to Seattle to try and blow up the Space Needle.
- ❖ Curtailed Intalco workers worked more than 14,000 hours doing Community projects such as building playgrounds and helping the sick, handicapped and elderly with home improvements.

I think everyone gets the idea of what Alcoa Intalco Works means to our local community. If we go away, where are these monies and commitments to the community going to come from? You don't really think that new industries will come to the Northwest to invest in the future with the uncertainty of power cost and allocations.

So with all this being said, now consider what adding 750 people from Intalco plus who knows how many of the 3700 jobs we support, to the ranks of the unemployed. Our local businesses noticed a significant drop in business while we were curtailed and our local suppliers had to reduce their work force to accommodate the loss of revenues. We still had everyone at the plant getting a 40-hour a week paycheck even though we weren't producing Aluminum.

All I have been talking about is one small part of industry in the Northwest. Now multiply these numbers by who knows how much and look at the effects this will have on the state and region wide. The numbers are too much for me to conceive. The effect on the region will be more than devastating. It will be catastrophic.

I ask Mr. Steve Wright where any added monies will come from if businesses leave the Northwest, no new industry locates here, the ranks of the unemployed climbs and the number of disconnects of power skyrocket. The elderly and low-income families have to choose between food, medicine or electricity. I'm sorry Sir, I can't see your proposed rate increase doing anything but hurting the short term and absolutely devastating the long term needs of the Northwest.

As I stated earlier I'm speaking for all consumers. For my mother and your mother (Mr. Wright), for all of our grandparents, for all the children that want a good education and for the low-income families that will have to make some very hard decisions on what has to be cut out of their lives.

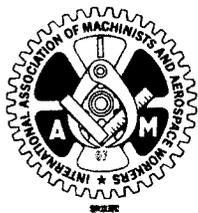
Mr. Wright, we as consumers are demanding that you listen to us.

ABSOLUTLEY NO TO YOUR SN-CRAC!!!!!!!!!!!!!!

Thank you for allowing me to comment.

Pat Flaherty

Consumer



Daren Krag
IAMAW LL 2379, District 160
Negotiating Representative
Alcoa Intalco Works, Ferndale WA.
360-384-7206 daren.krag@alcoa.com

I would like to thank BPA for the opportunity to comment again on its proposed rate increase. Although BPA has held several rate case hearings it is unfortunate that you have, to date, chosen to ignore the comments and suggestions of those the increased rates would negatively impact.

On February 25 of this year I testified at the rates hearing held here in Portland. I listened to the customers that BPA services, from the smallest consumers to the largest. The message given to the BPA was very clear, straightforward and consistent... **BPA customers cannot afford any further increases.**

The consequences for past rate increases as well as the latest proposed increases varied from unprecedented numbers of disconnect notices to BPA's most vulnerable low-income consumers, to proposed plant closings by most if not all of BPA's larger consumers. These closures would be due to the inability to remain competitive in today's global market, largely due to BPA's failure to fulfill its primary objective of providing low cost, affordable power to its customers. I testified as to what rate increases would mean to the people I represent at Alcoa Intalco Works, and what it would mean to my family and to my community. I listened to additional testimony from other BPA consumers and how an increase in rates would impact their jobs, families, and communities. I grew increasingly frustrated at what seemed to be a lack of interest by BPA to sincerely consider proposed alternatives to a rate increase by customers present at the hearing. I spoke again and I asked Mr. Wright if he heard what was being said; was he really hearing the message from his customers? Mr. Wright assured me that indeed he did hear what we had said and that he would look into some of the alternatives proposed. It is now very clear that

while Mr. Wright may have heard what was said, he didn't listen to what was said.

Apparently Mr. Wright and the BPA have concluded that the loss of businesses, jobs, and consumers as well as further devastation of the NW economy is a fair trade for rebuilding its financial reserves. I would like to pose a couple of questions to the BPA. What happens when you have driven away your consumers; the Alcoa's, Boeing's, Weyerhaeuser's, Kimberly Clarks as well as the smaller consumers and the loss of revenue they provide to BPA? Who would have the ability to take on the additional cost associated with this loss of revenue?

While needlessly attempting to rebuild its reserves, BPA has failed to take into account its negative impact on any new business, large or small, locating itself in a region where power rates would make it difficult if not impossible to operate profitably. How can anyone survive in a region in the midst of economic crises, compounded by the highest proposed electricity rates in the nation?

I would like to briefly speak on behalf of one consumer, Alcoa Intalco Works, where I have been employed since 1987. A 15% increase translates into a yearly cost of over 21 million dollars to Alcoa, roughly half of Intalco's yearly payroll, a cost that can't be simply passed along to our customers. Unfortunately, BPA has very effectively and successfully targeted the aluminum industry in the Northwest for removal. BPA has used the aluminum industry as a scapegoat for its mismanagement, blaming the industry for consumer rate increases due to its high-energy consumption, forgetting that BPA was created to bring economic stimulus to the region by providing low cost power to businesses willing to locate there. With the exception of Alcoa's two facilities (one in Ferndale, Washington and the other in Wenatchee, Washington) the other smelters are gone, along with the jobs and families they once supported. It seems that BPA was not honest with its other consumers when it said if the aluminum industry went away things would be much better for everyone else. Who's next on the list, now that the majority of the aluminum industry in the Northwest is gone? Alcoa and the International Association of Machinists, which represent the employees of Alcoa, have fought to survive by making extremely

difficult and painful decisions, decisions that have affected each and every employee. Alcoa Intalco Works employed 1157 people in the first quarter of 1998. That number was reduced to 969 employees by the year 2000, a reduction of 188 employees. Alcoa is currently operating at 2/3 capacity with 714 employees and layoffs a strong possibility in the near future. At full capacity Alcoa is proposing to operate the plant with 800 employees. As you can see, at capacity this would be a reduction of 315 employees from 1998 employment levels while operating at the same or higher production levels. This is just **one** example of the efforts and sacrifices BPA customers are making to remain viable. Alcoa Intalco Works and the IAMAW have made these difficult decisions because we fully intend to do everything within our power to survive, despite what appears to be BPA plans to the contrary.

BPA on the other hand, has made no real cost cuts; it has merely lowered the increases in its proposed budgets back toward 2001 levels. These reductions were termed "cost cuts", when in actuality they were not. The consumers of BPA electricity actually **making** the difficult cost saving decisions have the right to expect the same level of commitment in cost reductions from the BPA. We have not yet seen that commitment. BPA has seriously underestimated the resolve of its' consumers and their supporters. In closing I would like to direct BPA back to its own words, located under the heading **Serving the Public Interest**, in the BPA website. And I quote- **Because BPA markets energy and transmission at cost, rather than at market prices, it has traditionally provided some of the lowest cost energy in the nation. This low cost power has been a cornerstone of the Northwest economy, stimulating growth and new jobs.** End quote. BPA has lost sight of that statement and needs to step back and refocus its commitment to those words. BPA must abandon its shortsighted and economically damaging intent to increase rates, and return to the goal of stimulating economic growth and new jobs with affordable power. **The time has come to listen to and work with your customers to insure the long-term survivability and the continued success of all. Consumers can not and will not tolerate any additional increases.** Thank you.

Good evening. My name is George Wilson and I am here representing the members of the Association of Western Pulp and Paper Workers, Local 680, who work at the Weyerhaeuser Fine Paper mill in Longview, Washington. We would like to express a serious concern about the impact of BP A's proposed rate increase associated with the Safety Net CRAC. Past rate increases have had serious impact on A WPPW members in both jobs and in our homes, the mill I work in has had a fifty per-cent reduction in it's work force because of a competitive disadvantage. These are family wage jobs that will be difficult, if not impossible, to replace. We feel the proposed rate increase will place the rest of these jobs in jeopardy

The company we work for has competition across the United States and over seas. In the Past BP A rates provided an economic benefits for both residential and business customers in the Northwest. That is no longer the case as rates have increased far above other areas of the United States and Canada. The pulp, paper and paperboard industry in Washington and Oregon have lost many jobs, most of these jobs are in the rural communities that are already depressed by some of the highest unemployment figures in the United States. We also have many retirees who are living on a fixed income and are having a very difficult time keeping up with the continued increases in their utility bills.

We believe that BP A should work on cost control, especially in difficult times, rather than merely raise their rates and pass additional cost along to the rate payers. Our facility markets products in a global market that has not been favorable for a number of years. The company has curtailed production, deferred or canceled capital projects, laid off

employees and taken all steps necessary to remain in business. If BP A is to continue as an economic benefit in the region it must also take drastic actions to reduce its costs.

WE would request that you carefully consider the consequences of another rate increase on the communities and jobs in this region, and do everything possible, including drastic measures, to reduce rates to competitive levels. In these difficult times another rate increase is unacceptable.

Thank you for your time.

Bonneville Power Administration
SN CRAC Rate Hearing
April 16, 2003
Portland Oregon

Good evening, my name is Hugh Diehl; I live in Bellingham Washington. This evening I will be the last of the speakers on record that work at Intalco/Alcoa works in Ferndale Washington. One issue that requires clarification from the start, this may be the last scheduled hearing on Bonneville Power Administrations proposed rate increase, I guarantee however, it will not be the last time our voice of protest will be heard. BPA's rate increase proposal will add fuel to the already skyrocketing unemployment in our region.

As a ratepayer, a union leader for the International Association of Machinists and Aerospace Workers, and a citizen of the United States my frustration and disappointment with a governmental agency that was created to provide the region with low cost hydropower is unimaginable. Is there not an old document in our nation archives that states that you as a governmental agency are to be, "of the people, for the people and by the people"? The people have spoken; we will not tolerate rate increases.

As a father of three with twenty-eight years of service at the Alcoa/Intalco Works facility, my families' future is not, as we would say, bright with BPA's proposed rate increase. My oldest child Kyle is finishing his third year at Western Washington University. Kyle's recently declared his major, it is business. At every rate hearing I have attended, businesses have strongly stated they will leave the region if your rate increase goes into effect. Now, you tell me, in this type of environment, where will he find employment when he graduates? My second child Carrie graduates from Sehome High School in June. Next September she hopes to attend Whatcom Community College. For my wife and I, that will be two kids in college. The last time I checked, unemployment benefits are not quite high enough to help two kids with college. My last child Stephanie is a 16-year-old sophomore at Sehome High School. If any of you have teenage girls, you know what that involves, money, money and more money. BPA's financial decisions not only affect today's ratepayers, employers and employee in our region, these decisions affect our future generation. Where will our children find family wage jobs? At the present rate of businesses leaving in our region, my children will not have the ability to live and work where they grew up. Last but not least, your rate increase will affect my wife Lana. Recently she had surgery, last week we received the bill, fifteen thousand dollars. Our out of pocket expense was only nine hundred dollars. Where will my family's health care come from? Is the Bonneville Power Administration willing to step up to the plate today, and promise me, my family's health care benefits will not be affected by the proposed rate increase? You and I both know that will not happen.

Your decisions, affects those that you are to serve, hard working American families. All we want is an opportunity to compete in the world market and keep our jobs. The American worker has been, and will be successful. Your proposed rate increase will put us, as working families on the unemployment line. As we stated three years ago during the supposed energy crisis, we do not want a handout, we want to save our jobs, and our message has not changed. Your responsibility has not changed since the creation of the Bonneville Power Administration; you are mandated to stimulate our economy by providing low cost hydropower. At this point, you are failing in your responsibility to those you are to serve, working families.

In the last two years, I have been in Portland Oregon numerous times, Olympia four times and Washington D.C. twice. Next month I will make that trip to D.C a third time. I have lost count of how many times I have been in the Seattle area. During these visits I have picketed the governor of Washington on the streets of Seattle, sat in a television audience, talked to federal legislators, spoke to my union brother and sisters through out the state, all concerning Bonneville Power Administration's inability to serve it's region efficiently and effectively. As I stated earlier, our voices of protest will not be silenced, your rate increase is not the answer for those you are to serve.

Thank you
Hugh Diehl
816 40th Street
Bellingham Washington
98229

***Columbia-Snake River Irrigators Association
Eastern Oregon Irrigators Association
Policy Memorandum***

DATE: April 16, 2003

TO: Submitted to BPA Rate Case Field Hearing Record, April 16, 2003
Sect. Spencer Abraham, U.S. Dept. of Energy
Deputy Sect. Kyle McSlarrow, U.S. Dept. of Energy
Sect. Donald Evans, U.S. Dept. of Commerce
Deputy Sect., Samuel Bodman, U.S. Dept. of Commerce
WA Reps. Jennifer Dunn, Doc Hastings, George Nethercutt,
OR Sen. Gordon Smith, Rep. Greg Walden
ID Sens. Mike Crapo, Larry Craig

FROM: CSRIA/EOIA Board of Directors

SUBJECT: Hydropower System Operations, Northwest Economic Well-Being,
And Bonneville Power Administration Leadership

At the crux of the Bonneville Power Administration's current fiscal crisis rests the issue of hydropower system operations and economic well-being. While the accounting landscape has been littered with fiduciary debates surrounding imprudent power sales contracts, Energy Northwest bond repayment schedules, and risk aversion relative to missed U.S. Treasury repayments, the underlying key to the agency's fiscal integrity, and the region's economic competitive advantage, should be clearly perceived as the vitality and performance of the hydropower system. The fate of Bonneville is the fate of hydropower production.

Given this irrefutable truth, there exists great irony that the BPA Administrator precludes criticism of the single greatest impairment to the system's fundamental operations and inflicts its dominant cost:¹ a highly unaccountable fish mitigation program that squanders or negates economic resources—even at the expense of optimal fish production. As the Administrator states: *"the Hearing Officer [is] to exclude from the record any material attempted to be submitted or arguments attempted to be made in the hearing which seeks in any way to revisit the policy merits or wisdom of implementation of the [NMFS] Biological Opinion, or the related operations, assumptions, and program spending level forecasts included in BPA's rate proposal..."*

***3030 W. Clearwater, Suite 205-A, Kennewick, WA 99336
509-783-1623, FAX 509-735-3140***

¹ BPA's budgeted costs for fish program direct capital costs (hydro project hardware), replacement power for water management operations, and discretionary fish agency project expenditures is approximately one-half billion dollars annually.

Under the sacred shroud of the NMFS BIOP policy process, the region—that is, the residential, commercial, and industrial rate payers—are called upon to ignore any and all defects surrounding the BIOP's "*wisdom of implementation*." After all, the NMFS BIOP has been purified at the altar of the Salmon Recovery Industry's high priests, the state-federal-tribal fish agencies, other self-serving agency bureaucrats, and a very small sect of extremists baptized in the blood of environmental paganism. Surely indeed, the NMFS BIOP should be shielded from further accountability from the interests who must actually be accountable to fiscal reality and the regional economy.

Surely we should ignore ineffective water management programs affecting river flow augmentation and project spill, and we should expect full funding of agency projects regardless of whether those who pay for this largess can afford it. After all, has not the Northwest Power Planning Council also feared the high priests' consecrations, seeking redemption for their brief encounter with cost-effectiveness and fiscal responsibility? Surely we should acknowledge the Council's "Passover" here, that we too may not be momentarily afflicted with a false passion for competence and responsibility.²

If the BPA Administrator and the Federal Columbia River Power System operators cannot forcefully challenge ill-conceived management actions or prudently operate the hydropower system, their principal charge of responsibility, then why should we expect the power system's chief financial officer to prevail in more financially rigorous endeavors concerning inter-regional power markets and power distribution? Why should we expect the BPA Administrator to do more than simply "Pass-On" the costs of incompetence to the region's economic stakeholders? If the basic fabric of the power system is left to unravel, why should we be surprised to find the overall financial cloth frayed and soiled?

If the BPA Administrator takes the hydro system for granted, then regional economic well being and competitive advantage will be beyond contemplation. Administrator Wright is not alone in this failing, but he is a willing partner, joining with the NMFS

² The Council's "Passover" overlooked much of its own consultant's report (Giorgi, et al., 2002) on hydro operations and river management, as well as staff analyses questioning the efficacy of certain operations (as reported in the "Clearing-Up" regional newsletter on energy and fish policy). Moreover, the Council ignored several other sources presented/provided to them, including: river flow management reviews by the Idaho Dept. of Water Resources; D. Olsen, J. Anderson, J. Pizzimenti, et al., Review of the NMFS Flow Targets/Augmentation Program, Pacific Northwest Project, 1998; Technical Memorandum from Darryll Olsen, Ph.D., to Larry Cassidy, Chairman, Northwest Power Planning Council, Technical Analyses of Mainstem Water Withdrawals—Salmon Survival Impacts on the Columbia River, July 30, 2002 (Memorandum includes recent University of Washington, Columbia Basin Research Office modeling runs for fall Chinook impacts on the mainstem Columbia River); J. Anderson, The Flow-Survival Relationship and Flow Augmentation Policy in the Columbia River Basin, Columbia Basin Research, University of Washington, September 2002; J. Anderson, Supplement to The Flow-Survival Relationship and Flow Augmentation Policy in the Columbia River Basin, Analysis of New Results, Columbia Basin Research, University of Washington, November 2002; and J. Anderson, Response to the Northwest Power Planning Council's ISAB Review of Flow Augmentation: Update and Clarification (February 2003), Columbia Basin Research, University of Washington, February 2003, and papers cited therein.

Regional Director and other federal power system operators to desecrate the hydro system's integrity.

So being, the necessary act for the Federal Administration and national political leadership to bring about critical reform is to replace the management of the Bonneville Power Administration, the NMFS Northwest Regional Office, and other federal hydro system managers (USBR) that are unwilling to challenge the false orthodoxy of the Salmon Recovery Industry or to acknowledge the fundamental importance of a prudently managed hydropower system. At Bonneville, new, empowered leadership must be brought forth to reinstate the agency's mission to become the low-cost power provider for the region and nation.

What is now required from the regional and federal political leadership is to bring new management into the federal hydro power system that understands the primary significance of the power system and water management to the regional economy.

cc: BPA Administrator Steve Wright
NMFS NW Regional Director Bob Lohn
USBR Commissioner John Keys
Northwest Power Planning Council
Interested Parties

Attachments for Inclusion in Rate Hearing Record:

- 1) Legal and Policy Reasons That Imposing an SN CRAC Is Inappropriate.
- 2) CSRIA April 29, 2002, Letter to BPA Administrator Steve Wright.
- 3) CSRIA June 11, 2002, Letter to BPA Administrator Steve Wright.

Distribution: FAX and Mail

LEGAL AND POLICY REASONS THAT IMPOSING AN SN CRAC IS INAPPROPRIATE

This memorandum summarizes (1) the reasons that BPA is not authorized to impose its "Safety-Net Cost Recovery Adjustment Clause" (SN CRAC); and (2) why, even if BPA were authorized to trigger the SN CRAC, it would represent poor public policy to do so.

Background

BPA's 2002 Wholesale Power Rate Schedules, General Rate Schedule Provisions, provide (at p. 115) that the SN CRAC:

will be available if the Administrator determines that, after the implementation of the FB [Financial Based] CRAC and any Augmentation True-Ups, either of the following conditions exist:

- BPA forecasts a 50 percent or greater probability that it will nonetheless miss its next payment to Treasury or other creditor, or
- BPA has missed a payment to Treasury or has satisfied its obligation to Treasury but has missed a payment to any other creditor

Insofar as BPA has not missed any Treasury payments or payments to other creditors so far during the rate period, the Administrator can only impose the SN CRAC to the extent he can reasonably determine BPA has a 50% or greater probability of missing BPA's next Treasury payment, which is due September 30, 2003.

BPA has not missed any Treasury payments since 1982. Moreover, in the past three years (FY 2000-2002), BPA has prepaid a total of \$514 million in Treasury obligations. BPA obtained \$448 million of the funds to make these prepayments by causing Energy Northwest (ENW), the nuclear plant operator whose annual budgets constitute a significant BPA expense, to refinance outstanding ENW debt obligations. By refinancing its existing debt with longer term bonds at more favorable interest rates, ENW reduces the bond repayment amount in its near-term budget and thus reduces the corresponding expense BPA must reimburse. By prepaying an amount of Treasury debt equal to the refinanced ENW debt, BPA holds constant the combined amount of ENW and Treasury debt for which it is ultimately responsible.

In making these prepayments, BPA also achieves greater flexibility to borrow within its Congressionally-mandated debt ceiling, because ENW debt does not count toward BPA's debt ceiling. We note, however, that Congress recently increased BPA's borrowing authority by \$700 million, greatly reducing the need to swap ENW debt for Treasury debt.

BPA's governing statutes confirm that \$448 million in excess payments made by refinancing ENW bonds constitute advance payments of Treasury obligations. By law, BPA must attempt to pay its expenses, including reimbursement to the U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation for operation and maintenance costs at the dams, reimbursement of certain fish and wildlife expenses, interest on Treasury obligations, and then *principal payments to the Treasury as established pursuant to a schedule established in connection with the rate case.*

Specifically, §13(a) of the Transmission System Act requires that principal payments be made at any time before the end of the fiscal year for which they are scheduled in the rate case repayment studies, or BPA may be penalized with higher interest rates. (BPA is not liable for any interest penalty if the late payment has been the result of low water conditions or other factors outside of its control.) BPA may also pay amounts in excess of the principal obligations, just as a private individual can prepay a mortgage; §13(a) expressly declares that "the Secretary of the Treasury shall take into account amounts that the Administrator has repaid in advance of any repayment criteria in determining whether to increase [the interest] rate [on BPA obligations]."

BPA Has Virtually No Risk of Missing the September 2003 Treasury Payment

BPA staff estimates the probability of missing Treasury payments by forecasting its finances in light of the full range of its normal business risks, utilizing more than 3,000 scenarios with varying assumptions about BPA's costs, water conditions, and market prices for electricity. For purposes of the SN CRAC, BPA defines "missing" a Treasury payment to mean having insufficient cash to pay all current obligations, plus the scheduled Treasury payment, and still retain at least \$70 million in cash for working capital. (BPA intends that, in such event, BPA would reduce its Treasury payment to retain enough cash to meet its estimated working capital requirement.)

Even if ENW were to engage in no additional refinancing, previous refinancings have reduced ENW's FY 2003 principal payments by \$76 million. In addition, BPA and ENW plan a \$239 million refinancing, to be completed by the end of March, producing a total reduction of \$315 million in principal payments and thus expenses for BPA in FY 2003. We understand that BPA intends to utilize the resulting cash to prepay \$315 million in federal debt some time before the end of this fiscal year, but has not yet done so.

For purposes of forecasting its probability of missing its Treasury payment in FY 2003, BPA is including among the expenses that *must* be paid the \$315 million of principal payments on ENW debt that, due to refinancing, it currently does not expect to incur in FY 2003. This is improper and inconsistent with the plain language of the General Rate Schedule Provisions. This can be seen through contrast with the FB CRAC language. The General Rate Schedule Provisions provide (at p. 111) that, "for purposes of determining if the FB CRAC threshold has been reached, actual and forecasted expenses will include BPA expenses associated with Energy Northwest debt service *as forecasted in the WP-02 Final Studies*" (emphasis added). In other words, improvements

in actual net revenues from expense reductions due to the ENW refinancing do not reduce the probability of the FB CRAC triggering. The FB CRAC can be imposed notwithstanding BPA's plan to prepay Treasury debt with ENW refinancing proceeds. *In contrast*, the SN CRAC design contains no similar qualification for ENW refinancing because it is triggered by actual expectations, not hypothetical calculations.

The difference between the SN and FB CRACs was intentional. The FB CRAC contains express rate limits because customers were willing to bear *limited* rate increases to permit BPA to meet financial goals (as opposed to obligations). On the other hand, the SN CRAC is a potentially *unlimited* rate increase that was designed as a tool of last resort to ensure that BPA did not fall behind in the pace of its *required* Treasury payments or default on other debts. BPA's inability to *prepay* Treasury obligations, however, is not an event that was designed to trigger the SN CRAC, and none of BPA's customers so understood it.

BPA did not conduct its SN CRAC modeling to reflect the \$315 million reduction in ENW expenses (and that the prepayments were optional). If it had, BPA's own model would have shown that *in every one of the 3,000 scenarios reflecting the range of BPA's normal risks, BPA would meet its scheduled Treasury payment and still retain at least \$70 million in working capital*. In short, there is virtually zero chance of BPA missing the September 2003 Treasury payment. Indeed, BPA's model shows that it has a 36% probability of making the scheduled payment and, in addition, making the entire \$315 million in planned advance payments. Under the absolute worst scenario modeled, BPA could make the scheduled Treasury payment and still be able to make \$78 million in advance payments. In the median case, BPA could make the required payment, plus pay roughly \$280 million of Treasury debt in advance of scheduled payments. Pursuant to its own Rate Schedules, BPA cannot lawfully impose any SN CRAC adjustment for FY 2003 under these circumstances. Even if all future ENW refinancings were cancelled, the \$76 million available this year due to past refinancings is alone sufficient to prevent the SN CRAC from triggering.

BPA Has No Valid Policy Justification for Raising Rates

In claiming that the SN CRAC is justified, BPA has calculated that there is a greater than 50% chance that BPA will not be able to pay Treasury the entire \$315 million that it plans to *pay in advance* of when required, but there is no compelling policy reason for BPA to insist upon carrying out its prepayment plans irrespective of circumstances. Even if BPA could make no prepayment at all, BPA's effective debt (*i.e.*, the sum of BPA debt and ENW debt) would rise only modestly over the currently-planned level. In the median case, BPA would come only \$35 million short of its \$315 million prepayment goal. This would increase its effective total debt (Treasury plus ENW) of \$13 billion by less than one half of one percent.

BPA's deteriorating financial condition arises principally from the fact that BPA allowed its costs to rise (BPA's senior staff acknowledges that the agency "lost its focus") because it forecasted abnormally high revenues this rate period from the sale of

surplus power. BPA program spending (exclusive of purchased power, residential exchange benefits and debt service) in FY 2002 exceeded the rate case projections by over \$56 million. BPA estimates the overrun in FY 2003 will be \$90 million.

Unfortunately for BPA and the Region, FY 2001 was one of the worst years of the 74 water years of record; FY 2002 had close to average water conditions, but very poor generation due to low starting reservoirs and poorly-timed runoff (creating a "revenue drought"); and FY 2003 is shaping up to be another dry year. Such conditions call BPA's insistence upon raising rates to make *advance* payments to Treasury into serious question.

It is not low rates but lower-than-hoped-for revenues, compounded by BPA's failure to control costs, that may frustrate BPA's desires to stay on target with its prepayment plan. Even a modest spending cut of \$30 to \$40 million in FY 2003 (1-2% of BPA spending) would allow BPA to make the full advance payment it would like to make without raising rates.

Yet BPA threatens to raise rates at a time when the United States is suffering a severe recession and the Pacific Northwest is the hardest-hit region in the country. It is unreasonable for BPA to raise rates to guarantee that its refinancing program can be kept inviolate in the face of severe drought affecting its revenues, particularly when rates already remain excessive in the aftermath of 2001 power crisis. Imposing such further burdens upon an already suffering region would constitute extraordinarily poor public policy.

BPA's true motivation to impose an SN CRAC may well be perceived risks in future fiscal years. However, the SN CRAC trigger under the General Rate Schedule Provisions is limited to looking forward only through the current fiscal year. There is some risk to BPA's ability to make currently-planned Treasury payments in future years of the rate period (FY 2004-06) due to possible further adverse water conditions or deterioration in the market price of electric energy. But the millions of dollars in prepayments BPA has already made since FY 2000 provide a significant cushion against BPA actually getting behind the payment schedule to which it committed in the last rate case. There is simply no valid basis for BPA to raise rates at this time.

2/24/03

Columbia-Snake River Irrigators Association Policy Memorandum

FAX and E-Mail Distribution

DATE: April 29, 2002

TO: Mr. Steve Wright, Administrator
Bonneville Power Administration, FAX: 503-230-4018

FROM: CSRIA Board of Directors

SUBJECT: Another Wholesale Power Rate Increase?
Request That You Meet With Us and Explain

It is a dismal prospect that BPA would be considering issuing another 11% wholesale rate increase under its financial-based CRAC provisions. To state succinctly the issue, do not even think about it, unless your objective is to drive significant amounts of irrigated agriculture out of business, along with other industries in the region.

The effect of last year's rate increase is now being felt by the regional economy, and specifically by irrigated agriculture. Many irrigation operations have had to internalize 40-50% retail rate increases, with profit-loss statements going negative for many crops. To compensate, some farms have eliminated standard crop rotation practices or shifted more acreage into low input, low-value crops; while other farms have "eaten" the increased power costs within capital improvement budgets, trading operations today for future farm investment. These are not healthy business practices.

From a broader societal perspective, every dollar that is thrown into BPA rates is effectively one less dollar of household income to bolster local and regional economies. The timing of another rate increase could not be worse, with business conditions being far from stabilized, much less indicating an upward trend (for example, see the April 29, 2002, *Clearing-Up* article on "the Lagging Economic Indicator Is Lagging;" or AWB's *Washington Business* report).

The BPA must reduce costs—and make prudent business decisions—and do so now. At the top of the list should be changing hydro operations on the Snake-Columbia River system. The region can no longer afford the luxury of wasting millions-of-acre-ft. of water annually on an unjustified flow augmentation program, reducing power revenues by tens-of-millions-of dollars. This expensive nonsense should be stopped, and the BPA Administrator should be leading the charge to correct matters. *If BPA is not demanding a sound financial posture for its key revenue resource—the hydropower system—then it will be impossible to handle prudently other factors governing costs.*

***3030 W. Clearwater, Suite 205-A, Kennewick, WA 98336
509-783-1623, FAX 509-735-3140***

We believe that an ability to bring a much needed measure of control over this situation is now before the BPA Administrator, with the Northwest Power Planning Council about to approve new amendments to the Mainstem Hydro Operation Plan. Empowered by the federal administration and a sense of responsibility to the economic well-being of the region, the Administrator should be forcefully advocating to the Council—in a very public manner--the need to make immediate changes to the mainstem operations.

As well, the Administrator should be working with Bob Lohn at NMFS to initiate immediate changes to the mainstem BIOP—specifically, the elimination of unsound, technically flawed flow targets that yield no measurable impact other than increasing power costs and stifling much needed economic activity throughout the Greater Columbia River Basin.

As BPA Administrator, the burden of leadership is on your shoulders, and the charge of leadership is to ensure prosperity for our communities and region. It is not acceptable to reasoned men, seeking competent public policy, that BPA should be contemplating another rate increase while watching the most precious economic resource of the region being squandered away by the disciples of empty-gesture environmentalism.

Our next CSRIA Board of Directors meeting is on the evening of May 23, 2002 (Kennewick, WA), and we invite you to join us and discuss fully the viable alternatives that are within your grasp. We believe that you would find value in talking more directly to the primary economic stakeholders, the men and women who shepherd the commerce of the region, and who place their trust in you to ensure reliable, low cost power service from the great Columbia River power system.

Distribution:

U.S. Dept. of Energy, Sect. Spencer Abraham
 Northwest Power Planning Council Members
 Gov. Gary Locke, WA
 Gov. Dirk Kempthorne, ID
 Gov. Judy Martz, MT
 U.S. Sen. Maria Cantwell, WA
 U.S. Sen. Patty Murray, WA
 U.S. Sen. Gordon Smith, OR
 U.S. Sen. Larry Craig, ID
 U.S. Rep. Doc Hastings, WA
 U.S. Rep. Norm Dicks, WA
 U.S. Rep. George Nethercutt, WA
 U.S. Rep. Jennifer Dunn, WA
 Other Interested Parties

***Columbia-Snake River Irrigators Association
Policy Memorandum***

DATE: June 11, 2002

TO: Administrator Steve Wright
Bonneville Power Administration
FAX: 503-230-4018

FROM: Tom Mackay, President, CSRIA
Darryll Olsen, Ph.D., CSRIA Board Representative

SUBJECT: Avoiding Another BPA Wholesale Power Rate Increase

Our thanks for your timely response to our April 29, 2002, memorandum, and your willingness to meet with us on June 14th in Hermiston, Oregon.

To facilitate an agenda for the meeting with CSRIA and EOIA Board members and utility/NIU staff, we suggest reviewing the questions and issue areas summarized below. The questions cover a broad range of factors related to a wholesale power rate adjustment, as well as more long-term financial stability measures.

To be sure, irrigators are well aware of the Irrigation Rate Mitigation Product (IRMP) and the praiseworthy work by BPA and the NIU utilities to bring it into being. Without doubt, it helps our situation.

But unlike many other businesses—including the power industry—production agriculture has no way to “pass-on to others” the increased variable costs not covered by IRMP. Nor do irrigators avert the cost increases our vendors and service providers incur (it all comes back to us); nor can we escape the increased costs affecting our product processors, as we are forced to bear their increased O&M costs during annual contract negotiations.

The buck—or the lack thereof—stops with us. The current market refuses to allow us to increase product prices to compensate for any increased operating costs.

Also, we are well aware of the criticism already leveled against BPA for being caught-up in the “buy long, sell short” conditions of the past two years. We

**3030 W. Clearwater, Suite 205-A, Kennewick, WA 99336
509-783-1623, FAX 509-735-3140**

have little desire to join this chorus, nor was BPA alone in making poor, short-term business decisions.

But what we do expect is for BPA to take responsibility for its decisions, and to do so by identifying a plan—likely based on multiple actions—to prevent further, near-term wholesale power rate increases. This means that extraordinary measures may need to be taken, but this is what is now required of the Administrator.

BPA Plan to Avoid Rate Increase:

At the head of our list, is the need for BPA to approach this issue from the perspective of: “We must avoid another rate increase, now what is our plan to do so? How do we reduce near-term costs?” What we would like to see is a plan outlining action steps or options that can be pursued by the agency. Specifically, what would it take for BPA to avoid the financial-based CRAC (or any net rate increase)?

CRACs and Net Revenues, An Observation:

The risk mitigation tools developed to ensure the treasury payment probability goal—load-based and financial-based CRACs—allow for shifting and readjusting between each. From our perspective, this “CRAC shifting” is something of a “shell game” relative to payment of the annual BPA costs—particularly when loads are reduced and power supply is cheap and abundant.

At the end of day, what really counts is net revenues, and the CRAC adjustments and cost shifting are simply short-term, internal cost allocation measures (no doubt, with some anguish exhibited between different BPA customers). The financial objective should be positive cash flow and sufficient net revenues, with reduced power costs to customers.

Because the treasury payment probability goal is high and “fixed” within the rate case process, the only way to achieve the goal without inflicting economic hardship on rate-payers (either through new increased retail rates or inducing utilities to sustain relatively high cash reserves) is to reduce the costs of BPA operations.

“Illegal” Power Sales Contracts—ENRON, et al.; and Load Buy-Downs:

BPA apparently still has a number of power sales contracts in place with Enron, and other parties, subject to the past California Independent System Operator purview. Given the latest disclosures of market manipulation by Enron (and possibly other power transactions), such contracts should be cancelled, as other entities have done? If not, why not?

Related similarly to the power purchases in affect to BPA net revenues are the IOU load buy downs. Given the above market costs of these purchases and the circumstances thereof, BPA should renegotiate or cancel such contracts. If not, why not?

Direct Hydropower Fish Operations:

For more than a decade, we have maintained a working relationship with BPA, NPPC, and PNUCC staff reviewing the direct hydropower costs associated with mainstem hydro operations; and we have carefully analyzed the technical data collected by NMFS and UW research teams; and we have independently evaluated the hydrologic data provided by the Corps of Engineers and the USBR.

The data speak for themselves and the conclusions are undeniable—the average annual costs to the power system are about \$230 million, but much of these costs cannot produce measurable or even moderate benefits. It is no longer acceptable to sacrifice hundreds of millions-of-dollars simply to honor the gods of the “salmon recovery industry,” rather than to identify and pay for the costs of prudent salmon recovery measures.

As stated previously, the vehicle to make needed changes is the current amendment process for the NPPC Mainstem Hydro Operations Plan, but we see little evidence here of aggressive or substantive action by the agency (or the Corps, or NMFS, or USBR). We are aware of the legal and institutional factors affecting hydro operations, but we do not accept that BPA is impotent to make meaningful changes via administrative operating rules. Specifically, what prevents BPA from being a visible proponent of the “New Water Management Alternative” developed by CSRIA-EOIA-NIU (see attachment) and currently being reviewed by the NPPC. BPA should be actively supporting a plan to optimize mainstem hydro operations to benefit both people and fish. If not, why not?

We note further that support of the current hydro regime not only impairs BPA's revenue requirements, but it contributes to significant economic opportunity costs to local communities prevented from acquiring new water rights due to the scientifically groundless flow targets.

WNP-2 Refinancing:

Among other objectives, the end effect of WNP-2 debt refinancing should be to reduce short-term annual power costs. Unfortunately, this benefit is not being allocated within BPA profit-loss statements—it apparently exists as some form of “capital financing reserve” on the balance sheets, but does not affect annual net revenues related to operations.

This being the situation, the rate case offers a limited rationale for BPA's current accounting practice. What can be done administratively—and quickly—to change this situation?

We can see very little strategic value in keeping debt refinancing "savings" separate from overall agency net revenues, at this time. The end result is to offer no current rate relief.

BPA Reductions in General Administrative and Operating Costs:

All measures to limit BPA's near-term administrative and operations costs should be identified. While it is never pleasant to have to make agency (or business) cut-backs during tough financial times, our general understanding is that further cost-cutting measures could be employed. What could be done here under an aggressive cost-savings posture?

In business, when revenues fall, it is the product producer that makes the financial adjustment—the customer seldom responds by paying a higher price.

Deferring Short-Term Capital Obligations:

Given BPA's current financial circumstances and an anemic regional economy, near-term capital expenditures that cannot be clearly defined as "lost opportunities" should be deferred—that would include renewable resource and conservation acquisitions, transmission hardware, and near-term capital improvement measures for the mainstem hydro projects. And given our own recent experience in "chewing-up" capital improvement budgets, we would expect great flexibility here by BPA. What can be done?

What could be done administratively, as an accounting adjustment, to shift some capital budgeting funds into current revenues or as a "revenue credit?"

Near-Term Market Conditions:

To What extent does BPA believe that near-term market conditions—power sales and prices—could assuage some of the agency's net revenues condition?

Regional Settlement Agreement:

Will BPA assume that the regional settlement proposed by the publics and IOUs shall be implemented, thereby allowing the agency to set aside the need to pay the IOUs an additional \$50 million per year, beginning FY 2003, above the subscription contract payment and load buy-back levels?

Regional Transmission Organization (RTO):

As you know, much of the Northwest power community is skeptical of the RTO West proposal and its financial implications to BPA customers.

Aside from the national-regional politics at play and other factors concerning BPA's management of the existing large transmission facilities, any action that subjects the region to any additional transmission (retail rate) costs should be avoided at this time.

While we understand the underlying economic arguments for the RTO West proposal, we cannot afford it at this time. If it cannot be adopted without regional cost increases, then do not move forward with the proposal.

Leadership—BPA's Responsibility Toward Regional Economic Development:

As a concluding observation, we take strongly-to-heart our previous comments regarding the leadership role of the BPA Administrator. From the days of FDR and J. D. Ross to the recent past, the Administrator has dominated much of the underlying foundation for economic stability and development for the region.

The BPA Administrator should be a relentless and clever advocate for our regional economy and the economic fortitude of our communities.

We believe that the new federal administration both seeks and benefits from a strong regional economy in the Pacific Northwest.

cc: Hon. Spencer Abraham, Sect., US Dept. of Energy
 Northwest Power Planning Council Members
 Gary Locke, Gov. WA
 Dirk Kephthorne, Gov. ID
 Judy Martz, Gov. MT
 U.S. Sen. Maria Cantwell, WA
 U.S. Sen. Gordon Smith, OR
 U.S. Sen. Larry Craig, ID
 U.S. Rep. Doc Hastings, WA
 U.S. Rep. George Nethercutt, WA
 U.S. Rep. Jennifer Dunn, WA
 Interested Parties

Attachment: Summary—A New Water Management Policy for the Columbia River Basin

From: bgandmum@msn.com
Sent: Tuesday, April 22, 2003 11:50 AM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Hans J. Schauer

bgandmum@msn.com

(360) 384-4045

5390 Belfern Drive

Bellingham WA 98226

I am a lifetime resident of Whatcom County, Washington and have been employed at Alcoa - Intalco Works since 1970. I am writing to you in regard to the SN CRAC rate case proposal to increase the BPA power rates by 15%. I cannot understand how the Bonneville Power Administration can justify any rate increase at a time when the economic situation in the country and particularly the Pacific Northwest is as bad as it is today. This decision, if implemented, will not only signal the death knell of the aluminum industry in the area, but also force many other major employers out of our region. These are the types of jobs that pay top wages and continuing to force these types of jobs overseas is not the way to improve the situation in this country. At this rate, soon the only types of jobs left here will be for us to work in Espresso Stands and for Environmental supply companies!

I have been employed at Intalco for over 30 years, have paid my taxes year after year (income, property, sales, etc, etc, etc) and love living in this part of the world. There is no reason our power rates should be higher than most other parts of the country. Alcoa has a number of other aluminum plants located in other parts of this nation paying less for their power than we do, here in the 'Pacific Northwest' which has traditionally always prided itself on having the lowest power cost in the country. Those low power rates are what brought the aluminum industry, and many other industries as well, to the Northwest. I don't know if you've noticed, but these industries are now leaving!

Please consider what other possible options you might have to avoid this disasterous proposed increase. Our jobs, families and way of life in the Northwest depend on it. The economy of this region depends on it. I will probably be retiring within the next 5 to 10 years anyway, so for me this is not a life and death topic. However, for the sake of those young people just entering the job market and our children, born and raise here, we need to retain an economic base in this area that will ensure that those young folks will not have to migrate to other parts of the country to find good jobs.

Thank you for allowing us common folk out here to express our opinions.

APR 22 2003

Kuehn, Ginny - DM-7

From: Lentz, Jerry [Jerry.Lentz@alcoa.com]
Sent: Tuesday, April 22, 2003 11:50 AM
To: 'comments@bpa.gov'
Subject: Rate case

This letter is addressed to Steve Wright:

Mr. Wright, I am truly aghast that you felt compelled to hide out at the office on the 16th while we came to address our concerns about how the decision to raise rates is going to effect the communities where we live work and play. We did not come down to have you assign your responsibility of our issues to sub members of the BPA. Your board members at the hearing where quite rude and as far their comment on us needing to get a life, If we lose our jobs over your greed than you may find yourselves wishing that I had my old life back. The attitude and behavior of your staff regarding a group of very concerned rate payers who's families happened to finance the building of the dams and your wages is unacceptable. We are all facing very challenging times with the economic down trend that the Pacific Northwest is facing, If the financial burden being placed on the BPA is more than it can deliver then we need to address this form of hidden taxation at a different level. I am prepared to support this effort. If it is just poor management of assets then you need to clean your own house before you foreclose on mine. I am sorry that this is not a thank you letter for your support of the economy in the Northwest and that I am not better at conveying how truly upsetting this whole issue has been for us. I would appreciate you at least returning a note to let me know you took a moment of your time to read this. Thanks JL

Jerry Lentz HPWO Maintenance
360-384-7574
jerry.lentz@alcoa.com

APR 22 2003

Kuehn, Ginny - DM-7

From: jon.bezona@alcoa.com
Sent: Tuesday, April 22, 2003 12:50 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Jon Bezona

jon.bezona@alcoa.com

360-384-7441

937 Mt. View Rd.

Ferndale Wa. 98248

STEVE WRIGHT - PLEASE, Do not raise the BPA power rate (SN CRAC) it will cost me my job. Washington Sate and N.W. United States already has a high unemployment rate. You will place to many people out of good paying jobs with this rate increase. Please find an alternative.

Jon Bezona

APR 22 2003

Kuehn, Ginny - DM-7

From: peter.sorgenfrei@alcoa.com
Sent: Tuesday, April 22, 2003 1:11 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Peter B. Sorgenfrei

peter.sorgenfrei@alcoa.com

360-384-7621

205 w. KingTut Rd. #7

Lynden Wa 98264

Mr. Steve Wright,
If you allow the SN CRAC Rate increase over 700 jobs will
be lost here at Intalco. This will affect other jobs and
the community in a bad way.

Peter B. Sorgenfrei

APR 22 2003

Kuehn, Ginny - DM-7

From: mikey8152@msn.com
Sent: Tuesday, April 22, 2003 1:48 PM
To: comment@bpa.gov
Subject: Comment on SN CRAC Rate Proposal

Comment on
SN CRAC Rate Proposal
View open comment periods on <http://www.bpa.gov/corporate/kc/home/comment.cfm>

Michael Allen

mikey8152@msn.com

360-303-1351

2531 Huron St.

Bellingham Wa 98226

I would like to make a short comment about the proposed rate hike. I have worked in the aluminum industry for almost 28 years and now my son is working here also. This has been a good job that has allowed me to raise and take care of my family. I hope it will be the same for my son. But if the cost of electrical power is allowed to continue rising up both my son and I will be out of work and our families will suffer. Even if we were to keep our jobs the high cost of power would have an impact on my family. Please consider all of us in this state that rely on you to provide power at a reasonable cost to light and heat our homes and power to keep our jobs.

Thank you for the opportunity to comment.