

RECEIVED BY BPA PUBLIC INVOLVEMENT LOG#: <u>RO-0113</u>
RECEIPT DATE: SEP 24 2002

State of  
Washington  
House of  
Representatives



RECEIVED BY BPA ADMINISTRATOR'S OFF-LOG #: <u>02-0296</u>
RECEIPT DATE: <u>9.23.02</u>
DATE: <u>10.7.02</u>

September 20, 2002

ASSIGN: DR-7C

cc: A-7, D-7, K-7, DC/Wash, DM-7 (GKuehn),  
DR/WSGL (CCuster)

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

Dear Mr. Wright,

In response to your call for a regional dialogue on the allocation of BPA power post 2006, we are writing to urge you to assure that Alcoa has an opportunity to purchase affordable power from the Federal Columbia River Power System (FCRPS). It is vitally important that you make reasonable efforts to provide adequate, affordable power to Alcoa. We are aware of the challenges you face as you necessarily strive to keep costs as low as possible for the region's power users. But it is simply not a fair or reasonable decision to lower costs for some by denying access to others. Furthermore, I am deeply concerned about the potential impact on this region if Alcoa is cut off from their historic access to BPA power.

Alcoa Wenatchee Works historically relied on BPA for about half of its power requirements and Chelan PUD for the other half. Today Wenatchee Works is curtailed, and not using power to produce aluminum from either of its traditional suppliers. Chelan PUD is eager to supply its share of power to Alcoa, but Alcoa needs more affordable power to operate its plant at economical levels in the long run. About 400 people are producing materials for internal customers and preparing for a potential restart. Those 400 workers are still on the payroll. We shudder to think of the impact on this community if the call for a restart never comes because Alcoa cannot obtain economical power to run its plant at an efficient scale. It would be next to impossible to replace those high wage jobs if they are lost to our community.

A similar story can be told about the Alcoa Intalco Works plant in Ferndale, which has historically relied on BPA for the vast majority of its power needs. Both plants provide high wage jobs in rural communities which would be decimated by the economic loss from a plant closure.

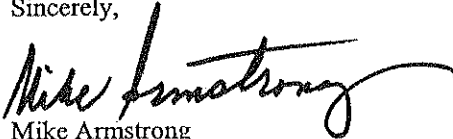
You well know that the aluminum industry must have access to affordable power if it is to continue operations in the state of Washington. We are writing to urge you to assure that BPA does not to deny them that access. It makes no sense to us, and seems patently unfair, to deny power to one industry while continuing to provide it to other industries who just happen to receive power through their local public utilities. The aluminum industry did not cause the supply problem. That results from increased populations and economic activity that increases demands for power.

Certainly BPA has difficult choices to make. It is, however, incumbent on you to make a fair allocation of power to all of your stakeholders, and to take whatever actions you can to reduce your costs in order to provide reasonably priced electricity to Northwest consumers.

Alcoa has made a responsible proposal for power allocation which assures that BPA and its customers would have to assume absolutely no economic risk for of the aluminum business. Please give it careful consideration and work with them to develop a plan for power allocation that provides a fair opportunity for that industry to continue as a vital player in our county and our state's economy.

Thank you.

Sincerely,



Mike Armstrong  
State Representative  
12<sup>th</sup> District



Cathy McMorris  
State Representative  
7<sup>th</sup> District

cc: Frank Cassidy, Jr., Chair; Tom Karier NW Power Planning Council