

RD-0337

**Sent:** Saturday, October 12, 2002 9:45 PM

**To:** comment@bpa.gov

**Subject:** The Single Most Important Factor That BPA Is Ignoring In It's Rate Planning.

Canada.

Bonneville Power Authority is shooting itself in the foot. The better plan to the continual raising of rates in this region of our country, is the plan that keeps rates at current levels and maybe lowers them.

Why? At some point in the War On Terror, this country will need to use Canadian troops as peacekeepers. We have a policy that we use our forces to attack and defeat the enemy and then allies to keep order in the nation we defeated. ISAF uses mostly German troops in Kabul.

In the "new" Iraq, we will use Canadian peace keepers. Why? Canada has a close connection to Iraq. Many that left Iraq live in Toronto and Quebec and want to return to an Iraq that is free. There will be a reverse immigration of ex patriots back to Iraq from the Eastern Provinces of Canada to rebuild that country. To use the great oil wealth for schools and hospitals, not WMD.

And for that we will lift the tariffs on soft timber. BPA competes with Canadian hydro electric power in British Columbia. The BPA forgets this. If our rates are not competitive

with BC Hydro and the tariffs are lifted, where do you think the forest product industry will thrive? Indeed, Weyco, in it's Q3 report indicted the drop in earnings and the loss

in the Wood Products Business was a result of the tariffs. Weyco purchased Macmillan

Bloedel, the Canadian company, prior to the purchase of Willamette.

Moreover, with the Canadian dollar selling for 62.5 cents, in US dollars, the Canadian unit labor costs are lower, as they pay labor in their local currency. Their material costs are lower, as the cost of timber is priced in their local currency and the selling price is in US dollars, when it is exported here, free of tariffs, as it soon will be. Quid Pro Quo, America. They make a higher profit margin then we do, as their production costs are all denominated in the Canadian dollar and they sell it in our currency. Do the math.

So BPA has competition. The cheap and abundant supplies of power across our border, the very favorable exchange rates and the fact that Canada was not fooled by the Enronization of our west coast. They have an edge, a big one and if we are so foolish to think that they will not compete with us, well take it from this ole retiree that went to college in upstate New York (Troy) and watched Ken Dryden play goal at Cornell. Oh yeah they will compete, just taste their beer. Oh, Canada!

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