



United Steelworkers of America

District 11

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PUBLIC INVOLVEMENT

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RECEIPT DATE:

SEP 17 2002

Federal Columbia River Power System Allocations, Post 2006 *A NW Energy Policy that Promotes Jobs & the Environment*

The United Steelworkers (USWA) supports a comprehensive Northwest energy policy that provides *adequate, reliable, affordable, and diversified* supplies of energy in an environmentally sound manner that also preserves Northwest aluminum jobs.

History

The aluminum industry has been an integral part of the Pacific Northwest since 1937, when industrial customers were sought by the Bonneville Power Administration to provide a stable revenue base.

Today, with continued energy from the Federal Columbia River Power System, the network of aluminum smelters would provide thousands of jobs and stimulate some of the Northwest's most economically depressed areas, such as Klickitat and Wasco Counties.

Aluminum Industry's Economic Benefits to the PNW

With Washington and Oregon recording the highest unemployment rates for the 12th consecutive month, the region urgently needs to retain valuable aluminum jobs in the region.

- The industry provides on average, wage and benefits of nearly \$50,000 per year, compared to \$37,000 for WA State's average.
- Every aluminum industry job supports 2.9 jobs elsewhere in the economy.
- The industry provides significant property tax benefits- in WA state alone, the industry contributed \$129 million (0.9%) in state and local taxes in 1998.

According to John Stucke, of the Spokane Spokesman-Review, "Smelters...have long been among the best big-labor jobs in the state," September 12, 2002.

- The aluminum industry also helps stabilize BPA rates by preventing power from being sold to the market at low rates during years when there is a surplus of power.

BPA Allocations to the Direct Service Industry (DSI), Post 2006

With a high level of uncertainty about the Northwest's aluminum industry, it is unclear what the level of operation will be in the future. However, every effort should be made to retain

operations in the Northwest and to keep businesses viable by making affordable power accessible.

Aluminum smelting should remain in the U.S. to meet our domestic market where labor and environmental standards far surpass those in other parts of the world.

USWA's Recommendations

The United Steelworkers supports a fair and modest minimum allocation of 100 Megawatts to each operating smelter, contingent upon:

- Full compensation for all affected workers during any limited energy curtailment of no more than 6 months;
- Aluminum companies demonstrating long-term viability with stable outside power contracts or independent production of matching energy to augment the limited BPA power.

The United Steelworkers additionally supports 5-year credit support to the DSIs for the development of additional power including renewable energy and other environmentally sound generation.

USWA Additionally Supports:

- Modulation agreements, where less power is used during peak times, and more during off times;
- Interruptibility rights, giving BPA the ability to interrupt service (with advance notice & appropriate compensation) in times of severe drought when relying on hydro power would negatively impact threatened fish species;
- A Federal Columbia River Power System that achieves the legal responsibility of salmon restoration and recovery;
- Adequate investments made in conservation, renewable energy, and cost-effective energy efficiency services to meet a minimum level of standards.

Conclusion

The United Steelworkers believes this proposal will help to create a flexible Northwest energy system that would:

- Stimulate the region's economies;
- Maintain workers' income during energy curtailments;
- Reduce the threat to salmon during low water years;
- Provide new sources of highly efficient energy at-cost to BPA, and
- Help keep rates affordable for all customer groups.

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