

# In the Power Crunch, Aluminum Won Out

By Joel Connelly

The Bonneville Power Administration loaned power to aluminum producers late last year at a time when utility and BPA officials were warning of a serious electrical shortage in the Northwest.

About 800 million kilowatt-hours of borrowed power were delivered to aluminum producers between Oct. 16 and Dec. 1, the time Oregon's Trojan Nuclear Plant — operated by Portland General Electric — was shut down.

Bonneville Power did loan Portland General Electric 320 million kilowatt-hours during the Trojan shutdown.

But PGE and other utilities still had to go as far as El Paso, Texas, to make up a 1.1 billion kilowatt-hour shortfall and get power to serve customers. Washington utilities, including Seattle City Light, provided about 75 million kilowatt-hours to help make up the shortage.

Oregon's U.S. Rep. Jim Weaver charged that the BPA's power loans to aluminum companies "show that Bonneville has been and still is an operating arm of private industry . . . This agency is simply not serving the public in the Northwest."

Weaver said Trojan-dependent Oregon utilities had to buy power outside the Northwest, at high prices, while cheap advance sales of hydroelectric power went to aluminum producers.

But Bonneville Power Administrator Sterling Munro said: "This is energy the industry is entitled to. It is firm energy that is stored in the reservoir system."

Firm energy is power which the BPA is under contract to provide to its public utility and industrial customers.

The advance power sales allowed the aluminum plants to keep from shutting down pot lines at Northwest plants. It costs producers as much as \$1 million to refire a pot line once it has been allowed to cool.

Aluminum producers needed the power. They have been short of power since last July, when the BPA cut off the interruptible part of the industry's electrical supply.

The power loaned to aluminum producers, which must be returned by July 1, 1980, was enough to supply more than 120,000 homes for a year. It was equal to a month's output of the Trojan plant when it's operating at full capacity.

The BPA, a federal agency, markets power, most of which comes from federal dams on the Columbia River. Under federal law, it must give preference in sales to public utilities. It also has long-term contracts with aluminum producers.

The BPA's contracts with aluminum companies take precedence over any supplies of power to the region's private utilities. The BPA, claiming its supplies are insufficient, has not provided firm power to private utilities since 1973. It does put surplus power up for sale, when it is available.

PGE spokesman Bruce Landrey said the power shortage "was serious, but never got critical" during the Trojan shutdown. Since it did not get critical, PGE "was not

in a position" to ask the BPA to take power away from its firm customers, Landrey added.

"It (firm power) is the sort of thing we would have asked for last month during the cold weather, had Trojan stayed shut down," said Landrey. "The situation would have become critical in January."

In early December, however, the Pacific Northwest Utilities Conference Committee did ask all utilities — public and private — to cut back power use so PGE would be able to supply its customers.

Aluminum industry attorney Eric Redman said it is "a normal procedure" for plants to borrow power during the late fall and early winter months. "It's firm power for the industry," he added. "It simply gets shifted from one period of the year to another."

Redman added that the BPA could have cut off the industry's power altogether if supplies to public utilities had been jeopardized.

The industry's power borrowing is a complicated business.

If it rains heavily later in the winter, reservoirs fill up and the industry doesn't have to return the power it has borrowed. It just pays the BPA for it.

But if drought conditions persist, the aluminum producers must pay back power to the BPA — either by shutting down operations to make up what is owed, or by buying expensive power outside the Northwest.

The Northwest's 10 aluminum plants use about a quarter of the power mar-

keted by the BPA. The industry enjoys the nation's lowest industrial power rates.

About 31 percent of the nation's primary aluminum is produced in the Northwest.

Munro was asked why the BPA did not make available similar power loans to PGE. "We provided them what we could," he said. "But we cannot make big loans to a utility because it would have no ability to return the power to us. What would be our guarantee of repayment?"

Loans to the aluminum industry have the firmest possible guarantee of repayment, Munro added. If the BPA doesn't get back power it is owed, "we can accomplish that ourselves by not delivering power to them," he said.

The aluminum industry was originally invited to the Northwest during the 1940s, to provide a market for then plentiful power from Columbia River dams.

About 75 percent of the power to aluminum plants is firm, meaning producers get it regardless of water conditions in the region. It can be cut off only in emergencies. The industry's long-term power contracts expire between 1984 and 1988.

Firm power can be borrowed in advance if the industry is willing to gamble on heavy rains to come. The BPA draws down reservoirs, even below minimum levels, to provide it.

But the remaining 25 percent of the industry's power is interruptible: It can be shut off during periods of low water. The industry is currently operating at 9 percent below full capacity due to shutoff of its interruptible power.

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