

REPORT TO THE COMMUNITY

Simpson Tacoma Kraft Company, LLC

"Investing in Tacoma's Future"



Simpson steam project saves energy



George Skinner, pulp mill operator, handles the number 6 and 7 boilers at Simpson Tacoma Kraft Company. The boilers can produce 460,000 pounds of steam per hour or 46 percent of the total steam output at the mill.

As a protection against runaway fossil fuel prices, steam from Simpson Tacoma Kraft Company, LLC boilers is now being used to dry hemlock lumber at Simpson Timber Company's Commencement Bay Operations' sawmill next door. Dry lumber helps maintain product quality and stability for builders who use the lumber for construction framing.

"What this project does is continue our ongoing practice of maximizing our investment in our mills," says Don Johnson, vice president and general manager at Simpson Tacoma Kraft Company. "This allows us to run equipment at capacity and remain competitive in a world marketplace."

The \$3 million investment will insulate Simpson Timber Company from increasing natural gas prices. Commencement Bay Operations has been using natural gas to fuel heaters to dry its lumber. Today, steam is doing the work as the mill dries dimensional lumber in six kilns—each more than 200 feet long and more than 30 feet tall—at about 200 degrees Fahrenheit.

"There's a lot of synergy in (the two operations) working together," says Mike Durga, general manager of Simpson Timber Company – Northwest Operations. "This project will be a real help—it

controls costs, maintains product quality and production, all important to our workforce."

The project, which started this month, maximizes the use of renewable resources. Hog fuel—bark, sawdust and wood shavings from the sawmill—is sold to the pulp and paper mill to help fuel its boilers. Some of the steam produced by Simpson Tacoma Kraft Company is sold to the sawmill and then travels through more than a half



Dave Henden, finish end superintendent at Commencement Bay Operations, checks the steam-oil heater near the kilns.

mile of pipe to a steam heater there. The steam heats coils, which in turn radiate heat to evaporate moisture from the wood. After use, about half the steam returns to the pulp and paper mill as water, where it is collected, reheated and reused.

The result helps control costs to keep the sawmill and pulp mill competitive in a commodity marketplace, Durga notes. It will also give Simpson Timber Company more leverage in its energy purchases while maintaining product quality, he notes.

"We're always looking for ways to improve the business," says Frank Ortiz, shift coordinator in charge of the project for Simpson Tacoma Kraft Company. "Simpson's owners have been willing to spend money to modernize the plant and stay competitive."



Employee Spotlight

Frank Ortiz, Shift Coordinator (special projects)

For Frank Ortiz, tending boilers aboard U.S. Navy ships has led to a 28-year career with Simpson Tacoma Kraft Company, LLC, and overseeing its latest energy-saving innovation.

"I knew I would want to spend my career here," says Ortiz, a shift coordinator the past eight years who also instructs workers on boiler operations. "I'm glad I've stayed."

Over the past six months, he's been directing the steam exchange effort between Simpson Tacoma Kraft and the adjacent sawmill, part of Simpson Timber Company.

Ortiz, 50, was born in LaVerne, Calif., near Los Angeles. The family moved to Tacoma in 1967 to be near relatives. After the Navy, he started work at Simpson.

Ortiz lives with his wife, Carla, and two daughters, Brandi and Lisa, and also co-owns a 108-acre farm in Morton.

Simpson Investment Company includes Simpson Tacoma Kraft Company, LLC, manufacturers of bleached and unbleached kraft pulp and linerboard; Simpson Timber Company, makers of dimension lumber for construction; and Simpson Door Company, makers of high-quality interior and exterior wood doors.



Simpson Tacoma Kraft Company's Impact on the Local Community—2005*

Mill production	448,000 tons
Labor hours worked	651,620 hours
Payroll (incl. benefits).....	\$28.0 million
Fiber supply	\$59.3 million
Electricity & water purchases.....	\$15.6 million
Fuel oil & gas purchases.....	\$7.4 million
Taxes paid.....	\$2.8 million
Total export shipments.....	81,462 short ton

*Capital expenditures and miscellaneous expenditures not included. Payroll includes hourly workers only.