



## Public Power Council

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February 29, 2008

Mr. Allen Burns  
Vice President, Bulk Marketing  
Bonneville Power Administration  
Portland, OR 97208-3621

RE: Process Regarding DSI Treatment Post-2011

Dear Mr. Burns:

Thank you for your letter of February 19 regarding the process for determining treatment of direct-service industries (DSIs) in the future. While there may be valid legal and workload reasons arguing for some delay in this process, I wanted to make note of several matters of concern we have regarding this issue.

The first reason you cite for delay (so that you may have additional informal discussions with DSIs) raises several questions in the minds of members of PPC. We have not been allowed to be a party to those discussions and are concerned about their direction and content. As you know, PPC's position continues to be that the regional economy should not shoulder the burden of higher electricity rates to ensure smelter operations that are otherwise uneconomic. Even the "Regional Employment and Economic Impact Study" commissioned by BPA in 2006 underscored the questionable long term benefit of continuing this subsidy.

Second, you mention the possibility of receiving a ruling from the Ninth Circuit Court of Appeals that may give some guidance on this issue. While we agree that a ruling would help clarify the options and risks to BPA and its customers, the timing of Ninth Circuit rulings has been notoriously difficult to predict.

Nevertheless, if a delay is anticipated, we would hope that you endeavor to provide enhanced information to preference customers and outline a schedule that allows utilities to be fully informed before signing power contracts for the post-2011 time period. Thank you for this opportunity to provide feedback to you on this important issue. Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Scott Corwin".

Scott Corwin  
Executive Director