



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

July 17, 2009

In reply refer to: D-7

To regional customers, stakeholders, and other interested parties;

The Bonneville Power Administration (BPA) held a public meeting June 8, 2009, to discuss service to the aluminum direct service industries (DSIs) commencing in FY 2010 and beyond. In BPA's May 29 letter to the region announcing the public discussion BPA asked the parties to help it decide the amount of power that should be offered the DSIs and the terms of such offer. During the discussion parties requested, and BPA agreed, to release the proposed term sheet that BPA and the DSIs would likely develop as one of the steps toward drafting a new contract. BPA and the DSIs have finished the negotiation of proposed terms for drafting a long-term service contract, which would be made available for additional public comment in mid-to-late August. This does not represent a decision to offer service to the DSIs, which would be made later in the process.

The DSI current contracts are monetized power sales which terminate Sept. 30, 2009.

BPA is proposing two separate options for the terms of the potential new service. Both are for a power sale at the Industrial Firm Power rate that is sufficient to meet a portion of the smelters' load. The proposed power sales would begin Oct. 1, 2009, and extend through either Sept. 30, 2013, or Sept. 30, 2016, depending on the option selected. Columbia Falls Aluminum Company has currently expressed a desire for the 4-year option and Alcoa Inc. a preference for the 7-year option so the proposed term sheets are drafted in that fashion. However, BPA is proposing that the DSIs will have an option to select their preferred approach prior to any final execution of contracts which is planned for late September if BPA decides to go forward.

The Alcoa proposed term sheet will be available for public review and comment beginning July 17, 2009, through Aug. 3, 2009, on BPA's Website at <http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/>

The CFAC proposed term sheet and analysis titled BPA's "Summary of BPA's Use of the Region Economic Study to Contemplate the Service Concept" which is BPA's update to the results of the "2006 Regional Employment and Economic Study" will be available for public review at the website early next week. The update demonstrates there is a small net gain in jobs from offering the new service constructs to the DSIs compared to the proposal that was under consideration earlier in January 2009.

We look forward to any comments you may have, which should be provided via BPA's electronic comment system at [www.bpa.gov/comment](http://www.bpa.gov/comment), by 5 p.m. Aug. 3, 2009. If you have

additional questions about this issue, please call Harry Clark at (503) 230-3662 or Heidi Helwig of the Public Affairs Office at (503) 230-3458.

Sincerely,

*//s// Allen Burns, 7/19/09*

Allen Burns  
Acting Deputy Administrator  
Bonneville Power Administrator