



## Department of Energy

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

POWER SERVICES

February 19, 2008

In reply refer to: PT-6

To Parties Interested in Service to BPA's Direct-Service Industries:

As you know, BPA canceled the February 15, 2008, workshop originally scheduled to discuss the agency's preferred alternative for service to the direct-service industries (DSI) under Long-Term Regional Dialogue contracts.

BPA and DSI representatives have been meeting regularly to discuss whether and to what degree the DSI service arrangement being provided in the current 2007-2011 period might need to be increased to provide the DSIs with a reasonable chance of an economic operation in the post-2011 timeframe, given the uncertainty of aluminum and power markets. Unfortunately, BPA and the DSIs still are too far apart to have a productive public discussion of alternatives in a workshop. BPA now believes it is more beneficial to continue to have informal discussions with the DSIs and delay the time when we will release a preferred alternative.

In addition to allowing more time to get closer on a DSI benefits proposal, a delay has other benefits. First, the delay provides time for the U.S. Ninth Circuit Court of Appeals to rule on lawsuits challenging the legality of the existing DSI contracts. Having a Ninth Circuit opinion in hand would enable us to more accurately weigh the sustainability of various options. Second, a delay does not take any of the service alternatives off the table – including providing no benefits, offering financial benefits or physical power – and there is more time to consider the pros and cons of each alternative given changes in market conditions.

BPA will take the next 10 days, until February 29, 2008, to engage in informal dialogue with interested parties on the length of the delay. We are anticipating a break that would move the discussions into late summer or early fall, but are open to other ideas. Please direct questions to Mark Miller, (503) 230-4003.

Sincerely,

Allen L. Burns  
Vice President, Bulk Marketing