



## Department of Energy

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

POWER SERVICES

October 8, 2009

In reply refer to: PT-5

### **To regional customers, stakeholders and other interested parties:**

The Bonneville Power Administration (BPA) is proposing to offer a Block Power Sales Agreement (Block Contract) to Port Townsend Paper Company at the Industrial Power (IP) rate. Port Townsend currently receives service as a direct-service industry (DSI) through a one month FPS sale from BPA priced at the equivalent of the IP-10 rate for October 2009.

On August 28, 2009, the Ninth Circuit issued its opinion in Pacific Northwest Generating Cooperative v. BPA, Slip Op. 09-70228 (August 28, 2009) ("PNGC II"). BPA believes that with modifications to the draft contract for Port Townsend proposed June 22, 2009, service to Port Townsend is consistent with sound business principles, as described in PNGC II, since the forecasted market value of the energy is below the value of an IP sale. Therefore, the projected revenues BPA recovers from the IP sale Port Townsend exceed the forecasted revenues that BPA would otherwise obtain from the market.

The modifications that BPA and Port Townsend have negotiated reduce the term of the Block Contract from 2-years to 14-months (November 1, 2009 through December 31, 2010). BPA's analysis of the Block Contract, which will be posted by Tuesday October 13th, and this proposed contract will be available for public review and comment until Monday, October 19, 2009, on BPA's Web site at:

[www.bpa.gov/power/pl/regionaldialogue/implementation/documents/](http://www.bpa.gov/power/pl/regionaldialogue/implementation/documents/)

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. October 19, 2009. If you have additional questions about this issue, please call Mark Miller at (503) 230-4003 or Heidi Helwig of the Public Affairs Office at (503) 230-3458.

Sincerely,

/s/ Mark E. Miller

Mark E. Miller  
Trading Floor Manager