



## Department of Energy

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

POWER SERVICES

October 9, 2012

To: Regional Customers, Stakeholders, and Other Interested Parties

Re: Alcoa DSI Service

You are invited to review and comment on a proposed long-term power sales agreement between Bonneville Power Administration (BPA) and Alcoa's Intalco plant in Ferndale, Wash. The proposed contract would provide long-term certainty to Alcoa and its employees while allowing BPA to serve energy needs that yield operational and financial benefits for the region.

Under the proposed agreement, BPA would sell a maximum of 300 average megawatts (aMW) to Alcoa at the Industrial Firm Power (IP) rate through Sept. 30, 2022.

The term of the proposed contract is supported by the Equivalent Benefits Test (EBT), an analysis that helps the agency determine whether the proposed contract would produce net benefits to BPA ratepayers. EBT results for the proposed agreement show that BPA's forecast benefits for providing firm power service to Alcoa's Intalco Plant equal or exceed the forecast cost of providing such service at the IP rate.

You may view and comment on the proposed long-term agreement and EBT online at [www.bpa.gov/goto/DSI](http://www.bpa.gov/goto/DSI) until 5 p.m., Nov. 7, 2012. Comments may be submitted to BPA:

- 1) online at: [www.bpa.gov/comment](http://www.bpa.gov/comment);
- 2) via mail to Bonneville Power Administration, Public Affairs Office – DKE-7, P.O. Box 14428, Portland, OR 97293-4428; or,
- 3) via fax to (503) 230-4019.

In addition to providing Alcoa 300 aMW at BPA's IP rate, the proposed agreement requires Alcoa to:

- Employ a specified number of workers at the Intalco facility for the duration of the contract;
- Make available to BPA 10 percent of the power delivered to Alcoa should BPA need it to meet its obligations during a system disturbance;
- Invest \$35 million in capital improvements in the facility during the first seven years if it wants the contract to run for the full term.

BPA has amended Alcoa's existing Firm Power Sales Agreement (Extension Amendment) through December 2012 to ensure continued service for Alcoa's load at the IP rate during the public comment period and final review of the proposed contract and EBT. The extension is consistent with sound business principles based on BPA's current market analysis comparing the price of electricity on the spot market to the IP rate. BPA expects to earn several million dollars in additional revenues during the extended term of the agreement.

We look forward to hearing from you as we consider moving forward with this proposed agreement. If you have questions about this issue, please call Mark Miller of my staff at (503) 230-4003 or Heidi Helwig of the Public Affairs Office at (503) 230-3458.

Sincerely,

*/s/ Suzanne B. Cooper*

Suzanne B. Cooper  
Vice President, Bulk Marketing