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March 28, 2006

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Update on Economic Effects of Bonneville Aluminum Benefits

Bonneville has asked the Council's assistance in facilitating an assessment of information about the likely economic effects of Bonneville providing alternative levels of benefits to aluminum plants. I sent an email to Council members on March 17 informing you of the request and asking for any questions or concerns. I received no negative responses and the process is moving forward.

Bonneville has established an advisory group including representatives from three public utilities, three aluminum companies, and an investor-owned utility. This group will select three independent experts to assess analyses of the economic impacts of aluminum plants and of the cost of supplying aluminum plants financial benefits or power. The Council's role would be to contract with the three experts and coordinate their work. The final report would be from the experts to Bonneville, not from the Council.

Bonneville would reimburse the Council for its expenses and the cost of the contracts with the independent experts. Bonneville would pay for the work through an intergovernmental agreement with the Council. Attached is a working draft of the statement of work for the Council. The statement of work contains a proposed schedule, which calls for a final report from the reviewers on June 30, 2006.

Attachment

q:\tm\council mtgs\apr 06\aluminum study.doc