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Alcoa contract discussions continue

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PUD commissioners Monday continued discussion of proposed terms for a new, 17-year power contract with Alcoa's Wenatchee Works aluminum smelter that would provide enough electricity to run three pot lines through 2028.

Proposed terms were unveiled last week. If approved as **presented**, the new contract would provide Alcoa with about 25 percent of the output of Rocky Reach and Rock Island dams in exchange for paying 25 percent of the power production costs, plus other fees including an up-front capacity reservation change of \$17.5 million to \$21 million. Alcoa would be required to use the energy locally for the Wenatchee Works and would be prohibited from shipping it elsewhere or from selling it on the open energy market.

Alcoa now operates two pot lines under a power contract that provides the company the equivalent of 23 percent of the output from Rocky Reach Dam until 2011. Alcoa also is entitled to about 42 megawatts of additional power from the PUD under various conditions.

Monday's discussion included questions from PUD commissioners about the value of the power if it was sold on the market, compared with the value returned under the proposed contract terms; about the proposed length of the contract; and about how much time is needed to evaluate the proposal before taking action.

Information about the market value and the **proposed terms** is posted on the PUD Web site, www.chelanpud.org.

Bill Stokes of Wenatchee told the board that the proposed terms did not provide enough return to the PUD, saying the proposed terms were more appropriate for enough power for two pot lines.

Richard Thompson, East Wenatchee, asked what evaluation of possible drought conditions was included in the proposal.

Bart Clennon of Wenatchee thanked the commission for conducting the analysis of the proposed contract terms in public meetings.

Representatives from Alcoa will meet with PUD commissioners at a public meeting on Tuesday, starting at 9 a.m. in the board room, to offer the company's perspective on the proposed terms.

In other business, commissioners:

- Discussed changes to the board governance policies and how they are reflected in the Balanced Scorecard. Board members voted to include contacts with customers and attendance at board meetings among indicators that will contribute to an assessment of responsible board representation.
- Agreed that the board's governance policy on attending meetings by telephone when a board member is out of town would be applicable going forward and that board members should notify the board president or the next officer in line if they are going to be participating in an upcoming meeting via telephone.
- Heard from Jeanne Poirier, Cashmere, who requested the board take a position against an integrated gasification combined cycle (IGCC) coal power plant proposed for the Kalama area by Energy Northwest. Commissioners did not support a motion made by Commissioner Werner Janssen to contact the state agency reviewing the application and oppose it, but board members did explain to Poirier that they had chosen not to participate in the IGCC project when it was first offered to Chelan County PUD by Energy Northwest as a possible future power supply option.

Commissioners will hold a special meeting at 9 a.m. on Tuesday, Oct. 23, in the boardroom at 327 N. Wenatchee Ave., to hear from Alcoa representatives on proposed terms for a long-term energy supply for the Wenatchee Works. The meeting will recess and continue at 1:30 p.m. at the Confluence Technology Center, 285 Technology Way, for a meeting with commissioners from Chelan County and the Port of Chelan County to discuss issues of mutual interest.

The next regular meeting of the PUD commission is at 1 pm. on Oct. 29, 2007, in the boardroom at PUD headquarters, 327 N. Wenatchee Ave.

Most PUD commission meetings are recorded, and a link to the audio is available on the PUD's home page at www.chelanpud.org.

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