Chelan County PUD and Alcoa

Power Sales Agreement

Potential Contract Restructuring to Preserve an Opportunity for Restart

May 1, 2017
Next Steps From Apr. 17 Meeting

- **Apr 17-May 1**: Customer and Commissioner questions and feedback
- **May 1**: Request Board approval of resolution, if needed
- **Ongoing**: Continue positive relationship to support restart of the Wenatchee Works for community benefit
• April 21 – Morning session with Alcoa Working Group sub-team and Alcoa (~15 attendees)
• April 25 – Evening session with Alcoa Working Group and Alcoa (~50 attendees)
• Various service groups (60+ total)
• Received two customer-owner emails through chelanpud.org
• Prepared frequently asked questions “FAQ”
Apr 17-May 1

- Customer and Commissioner questions and feedback

See separate FAQ handout provided
Apr 17-May 1

• Customer and Commissioner questions and feedback

Additional FAQ’s

• Would Alcoa be willing to discuss property that is not needed for plant operations (Yes - contact information for Pat Jones, Port Executive Director provided to Alcoa)

• Do Alcoa laid-off employees lose any benefits due to the potential of a 1-year delay?

• Update from Alcoa on activities over the last 2 weeks

• Action item from April 25 evening meeting for Alcoa and Union
  ➢ Is Alcoa willing to extend supplemental unemployment benefits to laid off workers?
Options for consideration

1. No contract changes and $67 million payment becomes due in June 2017 should Wenatchee Works remain curtailed

2. Renegotiate contract for a one-year deferral of contract payment terms in exchange for a payment from Alcoa
Options for consideration

Option 2: Renegotiate contract for a one-year deferral of contract payment terms

- Alcoa pays a deferral payment of $7,325,000 in June 2017
  - Represents one year increment of Shutdown Settlement Amount of $4,538,552
  - Includes ~$2.8 million additional for value of delay
- District agrees to defer $62 million remaining amount for 1 year
- Collateral extended to require $83 million during the deferral period to further protect customer-owners
- If restart before June 2018, existing contract terms apply
- If remain curtailed, deferred payment due in June 2018 and existing contract terms apply
Staff Recommendation

Option 2: Renegotiate contract for a one-year deferral of contract payment terms for a $7,325,000 payment from Alcoa

- Has a neutral impact on the District and Customer-Owners
- Extends collateral required to further protect customers
- Key contract terms remain
- Preserves opportunity for restart
- Overall positive benefit for community
Next Steps

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