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Alcoa power sales contract signed

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Following several years of discussion, PUD commissioners Monday unanimously approved a new power sales contract with Alcoa to start in 2011 that will supply power for its Wenatchee aluminum smelter through October 2028.

The contract will provide Alcoa with electricity equal to 26 percent of the output of Rocky Reach and Rock Island dams, in exchange for Alcoa paying 26 percent of the cost of producing and delivering the power, plus other costs and charges.

General Manager Rich Riazzi thanked the PUD negotiating team lead by General Counsel Carol Wardell and the Alcoa officials they worked with. "Throughout this process we have both benefitted, and the community will benefit," Riazzi said.

With an average water supply, Alcoa officials have said that 26 percent of the dams' output would supply approximately enough energy to operate three pot lines. The plant is now running two lines. Alcoa has operated in Chelan County since 1952.

"It's an exciting day," said Commission President Norm Gutzwiler. "It means stability for Chelan County, stability for our citizens and stability for our region."

Alcoa will also pay about \$22.9 million of an \$89 million capacity reservation charge within 30 days, with the balance deferred as long as the plant continues to operate.

Several Alcoa executives and employees, along with other local officials attended the meeting to show their support.

John Thuestad, president of Alcoa U.S. primary products from New York, said he supports making technology improvements at the plant that would help keep it going for another 20 years.

"It's fantastic to see how the plant and the community are working together here," Thuestad said.

"On behalf of all five unions I want to say thank you. You've made a lot of people very happy today," said Jo Keyser, Wenatchee Aluminum Trades Council president.

An outline of major points of the power sales contract and related agreements are posted on the [PUD Web site](#).

Wildfire damages PUD transmission line

Many of the wooden structures that carry a 230-kilovolt transmission line through the area burned by the Badger Mountain Fire are damaged, commissioners were told. Kirk Hudson, Utility Services operations director, estimated repair of the line that carries power through Douglas County from Rocky Reach Dam to operate Alcoa's aluminum smelter could take several months. Closer inspection later Monday showed 27 of the 44 structures have significant damage.

Hudson also reported a 115-kV transmission line that carries power from Rocky Reach Dam to Chelan Falls could be threatened if the fire continues to burn north.

Alcoa is using federal power lines to deliver its Rocky Reach power to the smelter south of Wenatchee, but there are concerns about reliability if something were to happen to those lines, said Randy Lowe, PUD Energy Resources executive manager. The PUD is working with Alcoa and Bonneville Power Administration to strengthen connections and find backup routes.

In other business, commissioners:

- Asked Tracy Yount, PUD Natural Resources director, to meet with Chelan-Douglas Land Trust head Bob Bugert about problems with people straying off the Sage Hills Trail in west Wenatchee and onto PUD land required for wildlife habitat by the federal license for Rock Island Dam. Board President Norm Gutzwiler said he was disappointed by the Land Trust's failure to protect the habitat. The PUD allows the trail across its land to link to other trails. The PUD plans to fence access to unauthorized trails starting this week.
- Received an update on PUD investments in bonds issued by federal home loan agencies. Chief Financial Officer Joe Jarvis and Treasurer Debbie Litchfield outlined the investment policies governing the PUD's purchase of securities issued by Freddie Mac and Fannie Mae. They said recent news stories have focused on concerns about stock price for the two entities, but experts have affirmed the financial strength of the debt issued.

The next meeting of the PUD commission will begin at 11 a.m. on Monday, July 21, 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.

*Kimberlee Craig
Public Information Officer
509-661-4320, direct line
509-679-6858, cell
kimberlee.craig@chelanpud.org*

[Link to board meeting.](#)

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