



Fact Sheet

October 2012

Proposed Power Sales Agreement with Alcoa Aluminum Plant

The Bonneville Power Administration is proposing to enter into a long-term power sales agreement that would provide 300 average megawatts of power service to Alcoa’s Intalco aluminum smelter in Ferndale, Wash., for a little less than 10 years. You can read the draft agreement at www.bpa.gov/goto/DSI.

The proposed agreement would provide benefits to both Alcoa and Northwest ratepayers by preserving hundreds of family-wage jobs and allowing BPA to serve energy needs that yield operational and financial benefits to the region.

The length of the proposed contract is supported by the Equivalent Benefits Test, which determines whether the benefits of providing power service to Alcoa equal or exceed the costs of such service. This test was

developed in response to two decisions by the U.S. Court of Appeals for the Ninth Circuit, which dealt with BPA’s authority to offer contracts to direct-service industry customers, including Alcoa. BPA has completed a draft of this EBT analysis, and the results show benefits will exceed the costs of service for the proposed contract.

BPA will accept comments on the proposed power sales agreement until 5 p.m., Nov. 7, 2012, at www.bpa.gov/comment.

The BPA administrator and his staff will review all public comments and other pertinent information before making a final decision. The administrator’s decision on providing service to Alcoa is expected in late December 2012.

For more information call 800-622-4519.

Summary of Alcoa proposed power sales agreement

TERM	DESCRIPTION
Amount of sale	300 average megawatts
Duration of power sale	Nine years, nine months
Start of power sale period	January 1, 2013
Power rate	Industrial Firm Power Rate
Power reserves	10 percent of the power sale (30 megawatts) is available to provide operating reserves to BPA
Performance assurance	BPA may request a letter of credit up to \$30 million

