

For More Information Contact:
Kathi VanderZanden, PNGC Power, 503-288-5561

Utilities Question Costly Deal for Aluminum Companies

Portland, Oregon - 10/10/2008 - Upon release today of a proposal by the Bonneville Power Administration to serve an Alcoa Aluminum plant in Washington with federal power, leaders representing consumer-owned utilities raised serious questions about the deal.

"The trouble is the deal is paid for by a rate increase totaling up to \$70 million per year for customers and businesses already struggling to make ends meet," said Scott Corwin, Executive Director of the Public Power Council. "What will be the job loss suffered in communities bearing the cost of this subsidy?"

"BPA is proposing to sell power that it doesn't have. We believe that it is illegal for BPA to purchase power for resale to the aluminum companies at a loss. We think that BPA cannot legally require public power to cover those losses. And, they will be huge over the life of this contract," said John Prescott, President & CEO of PNGC Power.

"The annual subsidy here will cost up to \$145,000 for each job at this plant within this multinational corporation," explained John Saven, CEO of Northwest Requirements Utilities. "That is a tough thing to justify to the rest of the ratepayers."

For the first 10 years of the deal, it would provide 240 aMW of power. For scale, the entire city of Seattle uses about 1200 aMW. Customer-owned utilities with first right to power of the federal Columbia River system sign contracts that guarantee payment of all BPA's costs; they are concerned about the impacts to their local consumers and taking on additional risk in these agency obligations.

There may be another shoe yet to drop. A deal not yet reached for the other remaining aluminum company in the Northwest could cost ratepayers an additional \$30 million per year. Utility representatives will be analyzing these proposals carefully in order to provide detailed comments. But, our first look gives us cause for concern that the risk to ratepayers region-wide outweighs any intended benefit.