



**COMMISSION
AGENDA MEMORANDUM**

Item No. 10a

ACTION ITEM

Date of Meeting September 23, 2025

DATE: September 23, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Dan Liska, Aviation Utility Program Manager
Keith Warner, Aviation Utilities Manager
Keri Stephens, Director, Aviation Facilities and Capital Programs

SUBJECT: Bonneville Power Administration (BPA) Power Contract Renewal (2028-2044)

Amount of this request: \$0

Total estimated contract \$150,000,000
cost: (over 16 years of
power deliveries)

ACTION REQUESTED

Requesting Commission authorization for the Executive Director to execute the renewal of the Bonneville Power Administration (BPA) contract serving the airport for electrical power deliveries beginning October 1, 2028 and ending September 30, 2044.

EXECUTIVE SUMMARY

The airport has received electrical power from BPA since 2001. Renewal of existing contract, for power deliveries through the 2028-2044 period, is necessary by December 4, 2025 to maintain access to this reliable, clean, and low-priced source of power. The value of this agreement is estimated at \$150,000,000 over the 16-year contract period.

JUSTIFICATION

The airport and its tenants depend on electrical power to continue operation and as a public utility, the airport has an obligation to serve such needs. This contract supports many Century Agenda goals including being a highly effective public agency as well as the greenest and most energy efficient port in North America. BPA offers the lowest cost, lowest risk, and most reliable power in the region.

The electric utility landscape in the Pacific Northwest is undergoing significant changes as AI data centers plus the transition towards electrified transportation and heating are increasing demand for both electricity and associated transmission resources. The long-range regional planning for

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these electrical resources is the responsibility of the Northwest Power and Conservation Council and its key partner, BPA. The Northwest Power Act requires the Council to develop a plan to ensure an adequate, efficient, economical, and reliable power supply for the region. Working with regional partners and the public, the Council evaluates energy resources and their costs, electricity demand projections, and new technologies to determine a resource strategy for the region. The Council publishes a power plan every five years, with interim updates as needed.

Increasing intra-regional efforts are also an important part of the solution. New electricity markets along the West Coast will facilitate easier and more frequent energy exchanges from regions that have an abundance to those that have deficits. While it is common today for power to be exchanged between the Pacific Northwest and California, these new market mechanisms expedite and increase those exchanges and extend them across the West.

Diversity in Contracting

Utility contracts are excluded from these requirements due to a lack of alternative options available.

DETAILS

BPA is a nonprofit federal power marketing administration and the largest supplier of electrical power and transmission in the Pacific Northwest, providing cost-based wholesale power from 31 federal hydroelectric dams and the nuclear Columbia Generating Station across 15,000 miles of high-voltage transmission. On an annual basis, BPA power is currently 90-95% carbon-free, with new resources expected to be 100% carbon-free.

A signed contract for power deliveries between October 1, 2028 and September 30, 2044 is due to BPA by December 4, 2025 to maintain our existing priority customer relationship with BPA. This relationship provides the airport with access to cost-based electricity to serve its current needs and access to collective regional purchasing for future load growth. BPA also provides its customers significant power management resources including load forecasting, regulatory compliance support, and a comprehensive energy efficiency incentive program.

The estimated cost of this electricity during the contract period is \$150M. This cost estimate is based on anticipated BPA rate changes during the contract period as well as higher electrical consumption at the airport. BPA rates are adjusted every two years based on the costs of the system and is governed through a public process with customers and stakeholders. The higher electrical consumption anticipated at the airport is based on studies and capital projects that may include new and refurbished buildings, an all-electric central mechanical plant, and fleet vehicle electrification, partially mitigated through advanced conservation measures.

Scope of Work

Obtain electrical power supplies for transmission to SEA substations between 2028 and 2044.

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Schedule

Contract must be signed and returned to BPA by December 4, 2025.

Activity

Commission authorization	2025 Quarter 3
Signed contract due to BPA	December 4, 2025
Power deliveries start	October 1, 2028
Power deliveries end	September 30, 2044

Cost Breakdown

This Request

Total Contract

Total estimated costs (2028-2044)	\$0	\$150,000,000
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ALTERNATIVES AND IMPLICATIONS CONSIDERED**Alternative 1** – Obtain an alternative provider from the wholesale marketCost Implications: market prices expected to be at least double (\$300,000,000+ for 16 years)Pros:

- (1) Ability to select specific sources of power (wind, solar, hydroelectric, etc.).

Cons:

- (1) Greater price and supply risk exists with market participants and smaller providers.
- (2) Would require the airport to obtain a new transmission contract.
- (3) A 16-year contract term would likely not be available at the lowest prices.

This is not the recommended alternative.

Alternative 2 – Sign a contract renewal for power from the Bonneville Power AdministrationCost Implications: \$150,000,000 rate cost estimated over 16 yearsPros:

- (1) Maintain access to low-priced power for existing load and access to collective regional purchasing for load growth needs.
- (2) Minimize risk by maintaining priority customer relationship with BPA, the largest and most reliable regional provider of power and transmission services.
- (3) BPA power is currently 90%-95% carbon-free, and future resource acquisitions are expected to be 100% carbon-free.
- (4) BPA provides its customers with significant power management services including load forecasting and regulatory compliance support as well as a comprehensive energy efficiency incentive program.

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Cons:

- (1) Due to annual variability in electricity supplies (water availability, Columbia Generating Station refueling outages, etc.) and current regional data limitations on specification of origin for incidental market power purchases, BPA is not currently able to offer a 100% carbon-free product.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Costs are estimated over the 16-year term of the contract, but actual charges are due monthly as power is delivered. Electricity costs are included in existing Aviation budget and projections.

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$150,000,000	\$150,000,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	0	0	0
Total authorizations, including this request	0	0	0
Remaining amount to be authorized	\$0	\$150,000,000	\$150,000,000

Annual Budget Status and Source of Funds

Electricity operating expenses will be incorporated into the Aviation Utilities operating budget. It is estimated that approximately 25% of these costs will be recovered directly from tenants with individual meters. The remaining 75% will be recovered through established rates and charges mechanisms applied to the airlines.

Future Revenues and Expenses (Total cost of ownership)

Not applicable.

ADDITIONAL BACKGROUND

The Port of Seattle invested substantial effort into qualifying the airport as a public utility and obtaining access to BPA priority power in 2001. A lapse in purchasing would relinquish the airport's current allocation of cost-based power and re-establishing that allocation, if possible, would only happen gradually over multiple future years after the airport restarted its BPA priority customer relationship.

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BPA currently serves 142 public power customers in the Pacific Northwest. The Northwest Power Act gives BPA a legal mandate to provide for its public power customers such as the Port of Seattle, its only port district customer. BPA power currently serves the SEA passenger terminal and cargo areas and some associated facilities. The airport's current contract, expiring in 2028, was signed in 2008 for deliveries beginning in 2011.

BPA is self-funded through rates yet backed by US Treasury borrowing authority. BPA contracts, rates, and business practices are established via public processes with substantial customer input and involvement. The Port of Seattle participates individually in these processes and as a member of the Public Power Council, a regional trade association. The airport has been participating in the regional development of this renewal contract since 2022.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 11, 2008 – The Commission authorized the execution of a Power Sales Agreement contract between Seattle-Tacoma International Airport and the Bonneville Power Administration

May 8, 2001 – The Commission authorized the execution of a Power Sales Agreement contract between Seattle-Tacoma International Airport and the Bonneville Power Administration